Quality review of the OECD database on household incomes and poverty and the OECD earnings database

Part I

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Social Policy Division

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QUALITY REVIEW OF THE OECD DATABASE ON HOUSEHOLD INCOMES AND POVERTY AND THE OECD EARNINGS DATABASE

1. Introduction

1. This quality review is in three main parts. Part I reports the results of a first self-assessment of different quality dimensions of the OECD Database on Household Income Distribution and Poverty. This initial quality assessment has been undertaken in 2010 and some of the recommendations ("actions to be taken") have meanwhile been implemented, in particular a more frequent data collection and a joint database management of the OECD Social Policy Division with the OECD Statistics Directorate. Part I below reflects the database assessment in 2010 but updates relevant features for the latest available date (December 2012).

2. Part II assesses the cross-country comparability of the OECD Earnings Distribution Database. This database covers the earnings of full-time dependent employees and its main indicators are reported annually in the OECD Employment Outlook. The database is managed by the OECD Employment Analysis and Policy Division.

3. Part III provides detailed country data reviews on income distribution data, for the 34 OECD member countries. These country reviews compare the features of the OECD benchmark data series with other nationally or internationally available data sources. They also compare the main results derived from these different sources and discuss possible underlying differences.

2. Background

4. The OECD has a long association with research on the distribution of household income. The first milestone in OECD work on income distribution is represented by Sawyer (1976) who, in an article for the OECD *Economic Outlook*, reviewed the performance of 12 OECD countries in the late 1960s and early 1970s based on the measures that were most commonly used in each country. An important drawback of this study was a lack of comparability because of the use of national-specific income and other concepts. Because of this limit, and of the controversies raised by the release of its findings, it took almost 20 years before the OECD ventured to analyse these issues again.

5. A second milestone is represented by Atkinson, Rainwater and Smeeding OECD Social Policy Studies 18, "Income Distribution and Poverty in OECD Countries" (1995), who presented results referring to 12 OECD countries in the second half of the 1980s based on unit-record data from the Luxembourg Income Study (LIS) database, a standardised data environment that allows analysts to apply common definitions to micro records from different national surveys. This study was critical in establishing that a reasonable degree of comparability across countries could be assured by working on the unit-record data of individual countries, and that the patterns highlighted by these comparisons had the potential to enrich policy discussions. At about the same time and based on the same micro data from LIS, OECD also published a review of methodological choices for the measurement of low incomes and poverty for international comparisons in the OECD context (Förster 1994a) and applied these to a subset of 14 OECD countries (Förster 1994b). Nevertheless, the discussion of the main results of these reports which were all based on LIS data with national authorities also highlighted areas where the "reclassified" LIS data departed from national data.

6. The third phase of OECD work marks the beginning of the OECD database on income distribution and poverty. The database builds on a regular data collection undertaken by the OECD (until 2012 at around five-year intervals) through a network of national consultants who provide standard

tabulations based on comparable definitions and methodological approaches. This is done via a detailed data questionnaire consisting of nine tabulations on income distribution and poverty indicators, together with standardised terms of references (see Annexes 1.A1 to 1.A5).

7. It is important to note that the OECD database on income distribution and poverty was conceived, at the beginning, as a "one-off" data collection, in the frame of a OECD horizontal project on income distribution and poverty in selected OECD countries. This first wave of data collection was undertaken by the OECD Social Policy Division together with OECD Economic Department in 1997 and 1998. It included data for 13 OECD countries for two data points, the mid-1980s and mid-1990s. Results from the analyses were published in Burniaux *et al.* (1998) and Oxley *et al.* (1999).

8. Due to the increased interest in inequality and poverty issues from member countries, a second wave of data collection was carried out in 1999 and 2000, under sole responsibility of the OECD Social Policy Division. It extended country coverage from 13 to 21 and included additional indicators, by requesting the same type of indicators that were collected for the entire population also for the working-age and the retirement-age population separately, as well as additional data points for a year around 1990. Results from the analyses were published in Förster and Pellizari (2000) and Förster and Pearson (2002).

9. The third wave of data collection was undertaken between 2004 and 2005. It added results for a year around 2000 and increased country coverage to 27 OECD countries. Results are documented in Förster and Mira d'Ercole (2005). Key indicators from this data collection were also used for OECD flagship publications such as *Society At A Glance* or several *OECD Economic Surveys*, as well as incorporated in main data bases such as OECD Health Data or the OECD Family Database.

10. Data collection for the fourth data wave was carried out between 2006 and 2007. Indicators were updated to the mid-2000s and included, for the first time, all 30 OECD member countries, at that time. This data wave also added a number of new indicators, namely a gender break-down, a break-down by full-time and part-time workers, a break-down by number of children, a break-down of sources of capital income and standard errors for key indicators. This data wave served as the major input for the OECD publication "*Growing Unequal?*" (2008).

11. Between 2009 and 2011, the fifth data wave has been collected, which allowed to report household income indicators up to the year 2007/08. This data collection was more limited in scope (reduced to five tabulations) but added the new four OECD member countries and a number of emerging economies (Russia, South Africa). The indicators collected from this data wave served as one input for the background papers for the OECD Meeting of Social Policy Ministers in Spring 2011 and the 2011 publication "Divided we Stand – Why Inequality Keeps Rising".

12. In 2012, the sixth data wave constituted a structural change, with the move to a joint management of the OECD income distribution data base between the OECD Social Policy Division and the OECD Statistics Directorate. This new setting should also ensure a rolling and more frequent update (annually in countries where this is possible) and takes into account the recommendations made in the preliminary quality assessment undertaken in 2010 (see Part II). Technically, the database has been moved from a collection of spreadsheet tables to a SAS database.

3. Main features

13. In order to benchmark countries-performance in the area of poverty and inequality and to review progress, the OECD has developed over the years a statistical infrastructure which made use of a number of standardised concepts. While inequalities and poverty are not only, or even mainly, about income, statistical information on the distribution of household incomes can be compared across all OECD member

countries in a more reliable way than that for various non-monetary dimensions. This is why the OECD database on income distribution and poverty focuses on incomes.

14. The main concept of the data collection is that of equivalised household disposable income. The unit of observation is the household but all income distribution indicators refer to persons. That is, in the distribution, each household is weighted by the number of individuals who belong to this household. The total household income is defined as the total disposable income, including wages and salaries, self-employment incomes, realised property incomes, cash transfers from the general government less taxes and social security contributions paid by households. The definitions used in calculating these income components are based on the recommendations adopted by the "Canberra Group on household income statistics" (Franz et al. 2008), available at: http://www.lisproject.org/links/canberra/finalreport.pdf. The data base covers three separate panels referring to the entire population, to the population of working age (18 to 65) and of retirement age (66 and over), respectively.

15. The method of data collection of the OECD database on income distribution and poverty allows covering a broader range of OECD countries, based on information that is both more up-to-date relative to that available through other statistical sources and better suited for assessing changes in income distribution over time. Its main disadvantage is that it does not allow accessing the original micro-data, which constrains the analysis that can be performed.

PART I. THE OECD DATABASE ON HOUSEHOLD INCOME DISTRIBUTION AND POVERTY: SELF-ASSESSMENT OF DIFFERENT QUALITY DIMENSIONS

16. Over the past ten years, the OECD conducted a process of quality reviews of OECD databases to improve their quality (e.g. the OECD Health Database, the OECD Database on Social Expenditures). This part reflects the initial quality review of the *OECD Database on Income Distribution and Poverty*, based on a self-assessment by the database managers and subsequent discussion with stakeholders. The quality framework of the OECD database on income distribution and poverty considers the database for the seven following areas: i) data collection; ii) coherence; iii) accuracy; iv) relevance; v) accessibility; vi) timeliness; and vii) interpretability. Each of these areas are described and assessed in terms of the following aspects:

- current practice
- evaluation of the current practice
- actions to be taken/being taken

17. The initial document has been sent to different 'stakeholders' who are either involved in the Quality Review process and/or the collection and dissemination of data: the OECD Statistics Directorate, the Executive Directorate (ITN) and the Public Affairs and Communications Directorate, the delegates of the OECD DELSA Working Party 1 on Social Policy, as well as the national correspondents to the OECD Database on Income Distribution and Poverty for comment. Stakeholders were invited to provide feedback on all different aspects of quality improvement but particularly on possible improvements of the comparability of indicators collected, practical guidance for the improvement of data collection methods, and the ways in which these data are being disseminated. The feed-back received has been accounted for in the final draft of the quality review of the OECD database on income distribution and poverty.

18. This preliminary assessment of the OECD database on income distribution and poverty by database-managers has identified the following priorities for ongoing and future work:

- Improve the timeliness of the data by carrying out updates on a yearly or bi-annual basis for a selection of key variables (e.g. Gini coefficients, poverty rates);
- Increase coverage by integrating OECD accession and emerging economies' countries into the database;
- Make greater use of micro data available in-house for calculating standard indicators (e.g. EU-SILC data);
- Improve the exhaustiveness and availability of documentation and metadata;
- Increase visibility by providing a broader range of indicators accessible to external users (e.g. percentile ratios, income decile values);
- Undertake more systematic comparisons of income components derived from survey sources to corresponding aggregates in National Accounts;
- Improve the interpretability of main indicators by providing estimates of standard errors;
- Improve the quality of data on income distribution and poverty by systematic comparisons with indicators being used in national reporting;

- Consider establishing an electronic discussion group of producers and users of income distribution and poverty data.

3.1 Data-collection and data-processing

3.1.1 Current practice

19. The data collection is undertaken with a standardised Excel questionnaire based on comparable definitions and methodological approaches (see section 3.2). This questionnaire collects indicators on household incomes which need to be calculated from appropriate micro data from household surveys. It does not collect any micro data itself. The questionnaire used for the fourth wave of data collection (2006 – 2008) which is attached as Annex 1.A1 is composed of 9 tabulations, of which:

- on income distribution (5): Evolution of Income Inequality over Time, Cumulative shares of income components by decile, Components of disposable income by decile, Cumulative shares of income components by decile, and Components of public transfers by decile

- on distribution of households (2): Households structure and inequality, and Distribution of household disposable income by age category

- on poverty (2): Evolution of "absolute" and relative poverty, and Poverty rates before and after taxes and transfers by household type.

- In addition, one table provides meta-data: characteristics of underlying surveys, definitions and concepts of underlying data.

20. The standardised questionnaire has evolved over time. For the fifth data wave it has been streamlined to 5 tabulations (Annex 1.A3) and for the current sixth data wave it has been further rationalised to four main tabulations (Annex 1.A4). This questionnaire is sent to a network of national consultants who decide on the most appropriate national data source to be used to fulfil the requirement of comparability, across countries and over time. Table 1 provides a list of consultants to the OECD database on income distribution and poverty.

Table 1. List of national consultants to the OECD database on income distribution and poverty, as at December 2012

	Correspondents	Agency
Australia	bindi.kindermann@abs.gov.au; heather.burgess@abs.gov.au dean.adams@abs.gov.au	Australian Bureau of Statistics
Austria	Martin.Bauer@statistik.gv.at; Gottfried.Wetzel@bmask.gv.at	Statistics Austria
Belgium	gerlinde.verbist@ua.ac.be	University of Antwerp
Canada	Paul.Roberts@statcan.gc.ca; Brian.Murphy@statcan.gc.ca	Statistics Canada
Chile	APenafiel@desarrollosocial.gob.cll	Ministerio de Desarrollo Social
Czech Republic	ales.kanka@czso.cz	Czech Statistical Office
Denmark	LPA@fm.dk	Ministry of Finance
Estonia	erika.taidre@stat.ee	Statistics Estonia
Finland	Veli-Matti.Tormalehto@stat.fi	Statistics Finland
France	juliette.ponceau@insee.fr	Institut national de la statistique et des études économiques (INSEE)
Germany	mgrabka@diw.de	Deutsches Institut für Wirtschafts-forschung (DIW BERLIN)
Greece	TMitrakos@bankofgreece.gr	Bank of Greece
Hungary	medgyesi@tarki.hu; toth@tarki.hu	Social Research Center (TARKI)
Island	sigurdur.gudmundsson@fjr.stjr.is	Ministry of Finance
Ireland	marion.mccann@cso.ie; tom.mcmahon@cso.ie; Pamela.Lafferty@cso.ie	Central Statistical Office
Israel	blum@cbs.gov.il	Central Bureau of Statistics
Italy	proto@istat.it; sabbadin@istat.it	Italian National Institute of Statistics (ISTAT)
Japan	katsu@ipss.go.jp	National Institute of Population and Social Security Research (IPSS)
Korea	aycool@korea.kr	Statistics Korea
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Poland	d.vargas@stat.gov.pl	Central Statistical Office
Portugal	eduarda.gois@ine.pt	National Statistics Institute

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Spain	josemaria.mendez.martin@ine.es	National Statistics Institute
Sweden	johanna.astrom@finance.ministry.se; thomas.pettersson@finance.ministry.se	Ministry of Finance
Switzerland	Dominique.Aubert@bfs.admin.ch	Office fédéral de la statistique (OFS)
Turkey	GULLU.CALIK@tuik.gov.tr; UGUZHAN.TURKOGLU@tuik.gov.tr; MURAT.KARAKAS@tuik.gov.tr; ZUHAL.DASKIRAN@tuik.gov.tr	Turkish Statistical Institute (Turkstat)
United Kingdom	peter.matejic@dwp.gsi.gov.uk	Department for Work and Pensions
United States	charles.t.nelson@census.gov'; jcoder@comcast.net	U.S. Census Bureau Consulting for the Bureau of the Census
EUROSTAT	Jean-Louis.Mercy@ec.europa.eu; Boyan.GENEV@ec.europa.eu	

21. The national questionnaire replies are processed internally, checked for omissions, errors and consistency, current national money values are transformed into constant values and standardised country data files in Excel are built which form the database for analysis. The standardised database consists of 34 Excel files, one per OECD member country, with 10 worksheets: the 9 tabulations described above and one sheet containing the characteristics of the underlying survey and concepts. As mentioned above, over the past two years, the questionnaire has been streamlined into five Excel files and the data are currently processed into a proper SAS database with annual time series variables.

3.1.2 Evaluation of current practice

22. Over the years, the list of national consultants has extended, and progressively moved from individual researchers to national CSOs. For the first wave of data collection, the large majority of data providers were individual researchers or research institutes, providing the data against fee. This was not an ideal way to collect data. First, it limits interaction with data producers. Second, the validation of results by member countries is likely to be higher when those are based on 'official' national CSO estimates. However, there has been – and for some countries, there still is – little choice in the matter. Also, while for the latest wave of data collection, a majority of national consultants is affiliated to national CSOs, these are commonly providing the questionnaire responses on a voluntary rather than regular basis, i.e. the OECD questionnaire work is not part of their regular work agenda.

23. Second, apart from slow response time, the internal data-processing proves to be complex and lengthy, given the nature of the income indicators. The process of data checking and validating in this area necessarily takes long and requires historical knowledge of many country specificities (e.g. change in treatment and definition of capital income aggregates in Nordic countries in the 1990s). Nonetheless, some rationalisation procedures were developed during the last waves, e.g. a basic Excel file which automatically checks the internal consistency of results and programmes (macros) which transform all country data files into the same format.

3.1.3 Actions to take/being taken

- Continue to co-operate preferably with national CSO contacts.
- Consider involving national OECD delegations in the process of data collection, to underline the regular rather than voluntary nature of the exercise.
- Start using micro data available in-house to produce the indicators for a set of countries (e.g. using EU-SILC data for those EU countries where this is the preferred source). Results need, however, be provided for validation to national CSOs and/or national authorities.
- Continue rationalising internal data-processing.
- Increase coverage by integrating enhanced engagement countries (Brazil, China, India, Indonesia, Russia, South Africa) into the database.

3.2 Coherence

3.2.1 Current practice

24. Until still very recently, international comparisons of household income and poverty indicators suffered from the use of nationally different definitions and concepts, perhaps more than in other fields of socio-economic reporting. A series of methodological and conceptual choices has been made for the OECD database on income distribution and poverty, in order to ensure the highest possible degree of comparability across countries. These include the income definition, the unit definition, the adjustment for needs, the poverty definition, the reporting period, and the choice of underlying data surveys. These six aspects are discussed in turn below.

Income definition

25. The definition of income on a micro level is not trivial. As a matter of fact, many countries use significantly different definitions for national publications on poverty and inequality based on income, e.g. gross income (United States); net income before housing costs (Germany); net income after housing costs (United Kingdom); or pre-tax post-social security contribution income (France).

26. The OECD definition of household income follows the definitions of the Canberra Group (Franz *et al.* 1998, Expert Group 2001) and of LIS (Smeeding *et al.* 1990). This definition of income is also used by the EU as a yardstick in the frame of inequality and "at-risk-of-poverty indicators".[1] Figure 1 sets out the standard framework. In this framework, income from wages and salaries, self-employment and property sum to "factor income"; factor income plus occupational pensions gives "market income"; market income plus public and private transfers, as well as other types of cash income, produces "gross income"; finally, gross income minus personal income taxes and employees' social security contributions gives "cash disposable income". This last concept is used as the main measure of household well-being. The approach set out in Figure 1 is an accounting framework that allows different components of income to be related to each other and suitable aggregates to be derived.

[1] Before changing to income in the mid-1990s, the European Community was using consumption as a yardstick for poverty measurement, namely 50% of the mean equivalent household expenditure, arguing that "household expenditure is a more reliable indicator for permanent income". (EUROSTAT 1990).

Figure 1. The income accounting framework

Income component
Gross wages and salaries from dependent employment
+
Self-employment income
+
Capital and property income
=
1. **Factor income**
+
Occupational and private pensions
=
2. **Market income**
+
Social security cash benefits (universal, income-related, contributory)
+
Private transfers
+
Other cash income
=
3. **Gross income**
-
Income tax (and employee social security contributions)
=
4. **Cash disposable income**

Note: income refer to household income, i.e. income sources of all household members are pooled together.

Source: Förster and Mira d'Ercole (2009)

27. It should be noted that not all countries have information on income taxes available in the micro data and all income components are therefore reported on a "net income" basis in these countries. This does not prevent comparisons of indicators based on "disposable income" but disallows comparisons of gross values such as market incomes. Table 3 below shows that, for the latest wave available, this concerns four OECD countries (income years which are shown in italics).

Unit definition

28. The OECD income questionnaire describes distribution among people rather than among households. This implies that, while the definition of income is that of household income, the income of the household is attributed to each of its members, irrespectively of who in the household receives that income. Technically, it means that a couple with two children in poverty is counted four times rather than once.[2] It also assumes equal sharing of resources within a household. This may conceal an unequal distribution of income between men and women and between different generations within a household.[3] It has been shown, however, that differences between measures based on those two reference unit definitions

2 Focusing on individuals rather than households has also been based on the argument according to which each individual in society should be treated as "equal citizen" in the distribution (Jarvis and Micklewright 1995). It also has been included in recommendation 9 in Atkinson et al. (2002) with the argument that "individuals are at the heart of our concern".

3 For a discussion of intra-household and intra-family inequality and possible effects on poverty and distribution estimates, see for example Haddad and Kanbur (1990), Jenkins (1991), Sutherland (1997) or Orsini et al. (2005).

(households and persons) are not very large, especially under a comparative perspective (EUROSTAT 1990).

Equivalence scale

29. In the OECD questionnaire definitions, incomes are reported on an "equivalised" basis. That is, incomes are adjusted to reflect differences in needs for households of different sizes. With the help of equivalence scales each household type in the population is assigned a value in proportion to its needs. Incomes reported in the OECD database on income distribution and poverty are adjusted by a scale which divides household income by the square root of household size. This implies that, for instance, a household of four persons has income needs twice as large as one composed of a single person.

30. Table 2 illustrates how needs are assumed to change as household size increases, for the OECD square root scale and four alternative equivalence scales, including the two "extreme" cases of no sharing of resources within household (per-capita income) and full sharing (household income). Note that, in general, there is no accepted method for determining equivalence scales, and no equivalence scale is recommended by the OECD for general use.

Table 2. Equivalence scales for adjusting incomes for needs of different household sizes

Household size	Equivalence scale				
	per-capita income	"Oxford" scale ("Old OECD scale")	Scale used in EU-reporting ("OECD-modified scale")	Scale used in OECD questionnaire ("Square root scale")	Household income
1 adult	1	1	1	1	1
2 adults	2	1.7	1.5	1.4	1
2 adults, 1 child	3	2.2	1.8	1.7	1
2 adults, 2 children	4	2.7	2.1	2.0	1
2 adults, 3 children	5	3.2	2.4	2.2	1
Elasticity[1]	1	0.73	0.53	0.50	0

Note: Using household size as the determinant, equivalence scales can be expressed through an "equivalence elasticity", i.e. the power by which economic needs change with household size. The equivalence elasticity can range from 0 (when unadjusted household disposable income is taken as the income measure) to 1 (when per capita household income is used). The smaller the value for this elasticity, the higher the economies of scale in consumption.

Definition of poverty

31. Income poverty in the OECD database is defined according to the so-called economic distance approach, namely as a fraction of median income. The choice for one specific percentage level rather than another is arbitrary but for the overall poverty rate and poverty gap, three thresholds (40%, 50% and 60% of the median) are reported. For the detailed poverty indicators (by age and household type), the main income poverty threshold used in the OECD framework is 50% of median equivalised household disposable income.

32. Income poverty estimates are reported on a "relative" basis, i.e. with regard to the the median income of each country and in each year. In addition, the OECD questionnaire also includes more "absolute" poverty measures. In particular, income poverty rates are calculated based on a threshold set at

half of median income in the mid-1990s, and in the mid-2000s.[4] Furthermore, the real value of poverty thresholds expressed in purchasing power parities for actual consumption are presented.

Reporting period

33. The time frame over which income for inequality and poverty comparisons is counted in the OECD questionnaire is annual, rather than weekly or monthly income. One reason for adopting the year as the accounting period is that comparisons can readily be made with total income figures in National Accounts. However, in some countries, the statistical assessment is shorter (often monthly and sometimes weekly income, transferred into annual values). This is not a trivial question: it can be expected that the fluctuation among monthly incomes is higher which would lead to an over-estimation of income inequality, hence relative income poverty.[5]

Underlying surveys

34. The OECD income distribution questionnaire collects indicators referring to a benchmark year from the mid-1980s (mid-1970s for a few countries) until the late 2000s, in approximate 5-years periods, and, since then on a more frequent basis. The data are cross-sectional, i.e. households are not followed over periods though some of the underlying surveys are actually panels.

35. The choice of underlying household surveys to be used to report on the OECD questionnaire is discussed with national data consultants. In cases where more than one income survey is available in the country, the choice is made to ensure both comparability across countries and consistency over time. Section 3.7 below discusses problems arising when different income surveys need to be used for one country. Table 3 lists the survey sources and income years of the OECD database on income distribution and poverty indicators.

36. The definitions of concepts described above as well as definitions of computations to follow for calculating the standardised indicators in the questionnaire are provided in an accompanying document to the questionnaire, the "terms of references". These are described in Annex 1.A2, for the fourth wave of data collection, undertaken between 2006 and 2008, and in Annex 1.A5, for the current data collection.

4 The EU set of social inclusion indicators includes a similar measure, namely the at-risk-of-poverty rate "anchored" in year t-3 and uprated by inflation over the following three years.

5 Some evidence exists for China: Gibson et al. (2001) analyse 1992 micro data for two urban areas in Hebei and Sichuan to demonstrate that the percentile ratio would be 1.17 times higher, and the Gini coefficient 1.23 times higher when measured for a monthly, rather than annual reference period.

Table 3. Survey sources and income years of OECD income distribution questionnaire

Country	Source	mid-1970s	mid-1980s	1990	mid-1990s	2000	mid-2000s	Late-2000s	Late-2000s new
Australia	Survey of Income and Housing				1994/95	1999/00	2003/04	2007/08	2009/10
Austria	Micro census		*1983*		*1993*	*1999*			
	EU Survey of Income and Living Conditions						2004 2005	2006 2007 2008	2009
Belgium	Tax records		1983		1995				
	European Community Household Panel				*1995*	*2000*			
	EU Survey of Income and Living Conditions						2004 2005	2006 2007 2008	2009
Canada	Survey of Labour and Income Dynamics	1976 to 1982	1983 to 1989	1990 to 1992	1993 to 1999	2000 to 2002	2003 to 2005	2006 2007 2008	2009 2010
Chile	Cross section household survey				1996			2006	2009
Czech Republic	Micro census			*1992*	*1996*	2002			
	EU Survey of Income and Living Conditions						2004 2005	2006 2007 2008	2009
Denmark	Danish Law Model System		1985	1990	1995	2000	2005	2006 2007 2008	2009 2010
Estonia	EU Survey of Income and Living Conditions						2004 2005	2006 2007 2008	2009
Finland	Household Budget Survey	1976							
	Income Distribution Survey		1986		1995	2000			
	EU Survey of Income and Living Conditions						2004	2008	2009
France	Enqûete Revenus Fiscaux		*1984 1989*						
	Enqûete Revenus Fiscaux et Sociaux				1996	2000	2005	2008	2009 2010
Germany	German Socio Economic Panel (old Länder)		1985	1990	1995				
	German Socio Economic Panel (all Länder)				1995	2000	2004	2008	2009 2010
Greece	Household Budget Survey	*1974*	*1986*		*1994 1999*		*2004*	*2008*	
	EU Survey of Income and Living Conditions								2009
Hungary	Hungarian Household Panel/Household Monitor			*1991*	*1995*	*2000*	*2005*	*2007*	*2009*
Iceland	EU Survey of Income and Living Conditions						2004 2005	2006 2007 2008	2009
Ireland	Living in Ireland Survey		1987		1994	2000			
	EU Survey of Income and Living Conditions						2004 2005	2006 2007 2008	2009
Israel	CBS household expenditure survey		1985	1990	1995	2000	2005	2008	2009 2010
Italy	ITAXMOD95		1984	1991	1993				
	MASTRICT (microsimulation based on Bank of Italy Survey of Household Income and Wealth)				1995	2000	2004	2008	
	EU Survey of Income and Living Conditions						2004 2005	2006 2007 2008	2009
Japan	Comprehensive Survey of Living Condition of the People on Health and Welfare		1985		1995	2000	2003	2006	
Korea	Household Income and Expenditure Survey (combined with Farm Household Economy Survey)							2006 2007 2008	2009 2010
Luxembourg	Panel Socio-Economique Liewen zu Lëtzebuerg		*1986/87*		1996	2001	2004		
	EU Survey of Income and Living Conditions						2005	2006 2007 2008	2009
Mexico	Survey of Household Income and Expenditure		*1984*		*1994*	*2000*	*2004*	*2008*	*2010*
Netherlands	Income Panel Survey	1977	1985	1990	1995	2000	2005	2006 2007 2008	2009 2010
New Zealand	Household Economic Survey		1985/86	1990/91	1995/96	2000/01	2003/04	2008/09	2009/10
Norway	Income Distribution Survey		1986		1995	2000	2004		
	Income Statistics for Household							2008	2009 2010
Poland	Household Budget Survey					*2000*			
	EU Survey of Income and Living Conditions						2004 2005	2006 2007 2008	2009
Portugal	Household Budget Survey	1979/80		1990	1995	2000			
	EU Survey of Income and Living Conditions						2004 2005	2006 2007 2008	2009
Slovak Republic	EU Survey of Income and Living Conditions						2004 2005	2006 2007 2008	2009
Slovenia	EU Survey of Income and Living Conditions						2004 2005	2006 2007 2008	2009
Spain	Continuous Survey of Household Budgets		*1985*	*1990*	*1995*				
	European Community Household panel				*1995*	*2000*			
	EU Survey of Income and Living Conditions						*2004 2005*	*2006 2007 2008*	*2009*
Sweden	Income Distribution Survey	1975	1983	1991	1995	2000	2004	2008	2009 2010
Switzerland	Income and Consumption Survey					2000/01	2004/05		
	EU Survey of Income and Living Conditions							2008	
Turkey	Household Income and Consumption Survey		*1984*		*1994*		*2004*		
	Household Income and Living Condition Survey							*2007*	*2009*
United Kingdom	Family Expenditure Survey	1975	1985	1991	1994/95	2000/01			
	Family Resources Survey					2000/01	2004/05 2005/06	2006/07 2007/08 2008/09	2009/10 2010/11
United States	Annual Social and Economic Supplement to the Current Population Survey	1974	1984 1989		1995	2000	2005	2008	2010

Note: Non-availability of gross income components are indicated in italics. Income years usually precede survey years by one year.

3.2.2 Evaluation of current practice

37. The standardised definitions and concepts outlined above allow reporting of internationally comparable household income indicators. There are, however, limits embedded in the household surveys underlying the OECD questionnaire data collection. One such limit is the underreporting of particular income components, leading to coherence problems between aggregate income estimates from income surveys with estimates from national accounts. The degree of under-reporting may also change over time within each country, which may distort assessments of trends.

38. Most of the income items have a counterpart in the SNA, which provides a natural external benchmark for assessing the quality of these estimates. In practice, it is not obvious that SNA aggregates are always superior and more comprehensive than survey data: they may also reflect errors in other accounts and statistical procedure used to assure consistency across accounts. Comparing information between the two sources in a given year highlights significant differences between the two sources (Table 4) [6]. The differences are generally small for the aggregate of household disposable income as well as for the component "gross earnings", but are more significant when looking at other individual components, in particular other market income which includes capital and self-employment income.

[6] Household income from the questionnaire is compared with household income from National Accounts. Currently these data from Annual National accounts are available for only about 15 countries – Detailed Non-Financial Accounts via http://dotstat.oecd.org/wbos/Index.aspx?DataSetCode=SNA_TABLE14A – the difference between NFB5GPS14 NFB5GP: Gross national income/ Balance of primary income and NFK1PS14 NFK1P: Consumption of fixed capital). The suggestions made by the Stiglitz Commission to improve the collection of data at the household level may help such comparisons in the near future.

Table 4. Ratios of grossed up income components derived from survey sources to corresponding aggregates in National Accounts

		Ratio (Survey/SNA)				
		Gross earnings	Other market income	Public transfers	Household taxes	Household disposable income
Australia	2003/04 SIH	0.92	5.62	0.65	0.74	1.08
Belgium	2004 EU-SILC	1.01	0.48	0.91	0.89	0.86
Canada	2005 SLID	0.93	0.91	1.48	0.91	0.99
Finland	2004 IDS	0.98	1.07	0.92	0.89	1.04
	2004 EU-SILC	1.59	0.81	3.00	1.68	1.50
France	2004 ERF	0.73	0.44	0.78	0.23	0.85
	2004 EU-SILC	1.38	1.28	1.24	1.23	1.23
Germany	2004 GSOP	1.06	0.59	0.79	1.16	0.82
	2004 EU-SILC	1.30	0.69	1.22	1.47	1.06
Greece	2004 EU-SILC	1.23	0.59	1.04	0.21	0.99
Italy	2004, SHIW/ISTAT	0.93	0.50	0.84	0.98	0.69
	2004 EU-SILC	1.33	0.62	1.30	..	1.25
Japan	2003 CSLC	0.60	0.69	0.54	0.59	0.60
Korea	2006 HIES	0.88	4.95	0.22	0.60	1.11
Netherlands	2004 IDS	1.04	0.99	0.84	0.62	1.17
Norway	2004 IDS	1.04	1.70	0.72	0.97	1.05
	2004 EU-SILC	1.71	2.15	1.24	1.87	1.55
Spain	2004 EU-SILC	0.71	0.23	0.80	..	0.69
United Kingdom	2004 EU-SILC	1.01	0.82	0.94	1.18	0.89
United States	2005, CPS	0.98	0.71	0.41	0.66	0.89
Average		0.94	1.35	0.79	0.76	0.92

Note:other market income is income from self-employment and capital income.

Source: Förster and Mira d'Ercole (2009)

39. Another limit embedded in the household surveys is the different treatment of missing, negative and extreme income values. Most income surveys impute missing values, and many recode very small and very high income values to "reasonable" income values. As this is not done in the same way across countries, and over time, this will affect the coherence of results.

40. A third issue is that of coherence between OECD household income estimates and those reported by other international institutions, in particular the European Union (EUROSTAT) and the Luxembourg Income Study (LIS). It is re-assuring to note that differences in results across those sources have considerably decreased over the years, not the least because differences in methodology have become minor (e.g. the concept of disposable income is quasi-identical between the three data sources). Table 5 shows alternative estimates of main poverty and inequality indicators from these three international sources, from the fourth wave of data collection. With the exception of two or three countries, differences in poverty rates and Gini coefficients remain statistically insignificant. More recent comparisons of OECD reference series with estimates from international as well as national agencies have been undertaken in the Country Data Reviews in Part III of this report.

Table 5. Comparisons of main estimates between the OECD questionnaire and alternative data sources, latest available year

	Reference years (incomes)			Poverty rate 50% median			Poverty rates 60% median			Gini coefficient		
	OECD questionnaire	EUROSTAT	LIS	OECD questionnaire	EUROSTAT	LIS	OECD questionnaire	EUROSTAT	LIS	OECD questionnaire	EUROSTAT	LIS
Australia	2004	..	2003	12	..	12	20	..	20	0.301	..	0.312
Austria	2004	2004	2000	7	6	8	13	12	13	0.265	0.260	0.257
Belgium	2004	2004	2000	9	8	8	16	15	16	0.271	0.280	0.279
Canada	2005	..	2000	12	..	12	19	..	19	0.317	..	0.315
Czech Republic	2004	2004	..	6	5	..	11	10	..	0.268	0.260	..
Denmark	2004	2004	2004	5	6	6	12	12	13	0.232	0.240	0.228
Finland	2004	2004	2004	7	5	7	15	12	14	0.269	0.260	0.252
France	2004	2004	2000	7	6	7	14	13	14	0.281	0.280	0.278
Germany	2004	2004	2000	11	7	8	17	12	13	0.298	0.260	0.275
Greece	2004	2004	2000	13	13	14	20	20	21	0.321	0.330	0.333
Hungary	2005	2004	1999	7	7	6	12	13	13	0.291	0.280	0.295
Iceland	2004	2004	..	7	5		12	10	..	0.280	0.250	..
Ireland	2004	2004	2000	15	11	16	23	20	22	0.328	0.320	0.313
Italy	2004	2004	2000	11	12	13	20	19	20	0.352	0.330	0.333
Japan	2000	..	..	15	..	..	21	..	..	0.321	..	..
Korea	2006	..	..	15	..	..	21	..	..	0.312	..	..
Luxembourg	2004	2004	2000	8	7	6	13	13	12	0.258	0.260	0.260
Mexico	2004	..	2002	18	..	20	25	..	27	0.474	..	0.471
Netherlands	2004	2004	2000	8	6	5	14	11	11	0.271	0.270	0.231
New Zealand	2003	..	..	11	..	..	23	..	..	0.335	..	..
Norway	2004	2004	2000	7	7	6	12	11	12	0.276	0.280	0.251
Poland	2004	2004	1999	15	15	13	21	21	19	0.372	0.360	0.313
Portugal	2004	2004	..	13	13	..	21	19	..	0.385	0.380	..
Slovakia	2004	2004	..	8	8	..	14	13	..	0.268	0.260	..
Spain	2004	2004	2000	14	13	14	21	20	21	0.319	0.320	0.336
Sweden	2004	2004	2000	5	5	7	11	9	12	0.234	0.230	0.252
Switzerland	2001	..	2002	7	..	8	12	..	14	0.276	..	0.274
Turkey	2004	2002	..	18	18	..	24	26	..	0.430	0.450	..
United Kingdom	2005	2004	1999	8	12	12	16	19	21	0.335	0.340	0.343
United States	2005	..	2005	17	..	17	24	..	24	0.381	..	0.372

Source: OECD (2008)

41. Finally, a fourth issue relates to the equivalence scale used. The choice of the "square root" equivalence scale in the OECD questionnaire depends on technical assumptions about economies of scale in consumption but also on value judgements about the priority assigned to the needs of different individuals such as children or the elderly. These judgements will affect results. For example, the poverty rate of the elderly will be lower (and that of children higher) when using "steeper" scales that give greater weight to each additional household member. Sensitivity analyses suggest that while the level and, in particular, the composition of income poverty are affected by the use of different equivalence scales, trends over time and rankings across countries are much less affected (Burniaux et al., 1998). It should be noted that income distribution studies prior to the 1990s commonly used steeper scales (often the "Oxford" scale); the scale currently used in EU reporting is slightly steeper than the square root scale; and the scale commonly used in less developed countries (enhanced engagement countries and some accession countries) is the steepest, namely per-capita income, reflecting the greater weight of basic needs in consumption.

3.2.3 Actions to take/being taken

- Undertake comparisons of income components derived from survey sources to corresponding aggregates in National Accounts for additional countries.

- Other possible external benchmarks may be available for other income components. For public cash transfers, information is available from the OECD Social expenditure database, both for the total and for individual components and both, on gross and net expenditure basis. A table could be constructed to present how the two relate.

- Examine possibility to compute Gini coefficients based on the information contained in the OECD income distribution questionnaire that correct for the different degree of under-reporting.

- Systematically add inequality and poverty estimates derived from alternative sources in Annexes to reports.

- Consider to include bottom and top coding in the incomes reported in the OECD questionnaire.

- The latest sensitivity tests for results using different equivalence scales (square root scale and per-capita income) date back to the first wave of the OECD questionnaire, i.e. more than ten years ago. Given the outreach to new member and emerging economies' countries in which income reporting on a per-capita basis is often the rule, repeat this sensitivity tests at least for these countries.

3.3 Accuracy

3.3.1 Current practice

42. Accuracy means that data correctly estimate or describe the quantities and characteristics of phenomena they are designed to measure. Even if income measures and concepts are standardised and consistent, the related estimates of the extent, the trends and the characteristics of inequality and poverty need to be credible to national stakeholders (government, NGOs, CSO) in order to be useful and to impact on national policy debates.

43. The OECD questionnaire focuses on relative income indicators, as opposed to absolute or subjective ones. It thus takes into account the different levels of well-being *within* a society and how it changes over time. Relative measures also allow one to compare income situations *across* countries, because they are independent of a specific country's definition of basic needs. Also, both psychological and economic analyses have documented that people assess their own conditions through comparisons with others in a reference society (Boarini et al., 2006). This implies that information on relative income matters for the assessment of the living conditions of people, independently of judgements on what is "fair" in society.

44. In addition, the real values of poverty thresholds expressed in purchasing power parities for actual consumption are presented in the database. This allows judging the estimates based on relative poverty into the perspective of overall absolute income differentials between countries.

45. The focus of the OECD data collection is on both comparability across countries and on consistency over time. The latter implies that discontinuities, due to either changes in the statistical source used or to changes in survey design or weighting, are generally addressed by collecting data for the same year both on a "new" and "old" basis, and then chain-linking the various indicators (see the columns for "income year" in table 3 above). This procedure has currently been implemented for 10 countries. In other cases – notably 6 of the EU countries which changed the micro data source to the new EU-SILC survey in the mid-2000s – no common data year was available and this constitutes a break in series, in general between 2000 and 2004.

3.3.2 Evaluation of current practice

46. Countries generally welcome the focus on relative poverty in the OECD database and appreciate that this is complemented by more 'absolute' poverty estimates, holding the threshold constant over time, and by explicitly showing the value of the relative poverty threshold in international purchasing power parities.

47. One problem, for the accurate analysis of changes over time, is that inequality and poverty indicators for individual countries refer to specific years that may differ in terms of the cyclical position of each country. In theory, changes between these years may not be fully representative of underlying trends. In practice, however, a comparison with "commonly used" measures of income inequality for several OECD countries suggests that this consideration is of limited importance for most – but not all – countries[7].

48. Another problem for accurately describing poverty characteristics is related to the fact that many countries use national benchmarks for their poverty reporting which may be well below, or above the standard threshold of 50% of median income. Also, national social minima (e.g. minimum pensions) can be situated between the 50% and 60% median threshold, resulting in very low old-age poverty estimates when using the 50% benchmark but very high ones when using the 60% benchmark (see, for instance, Country Data Review for New Zealand in Part III of this report).

3.3.3 Actions to take/being taken

- Use national estimates of poverty and inequality levels and trends as comparison benchmarks.
- Make larger use of absolute income indicators, e.g. by relating the real value of national relative poverty thresholds to social minima and by reporting the levels of decile points in international PPPs more consistently.
- In order to take into account the issue of differing cycles across countries, collect annual series on the main aggregates (inequality and income poverty) for those countries where this is possible.

3.4 Relevance

3.4.1 Current practice

49. The OECD database on income distribution and poverty is heavily used in OECD reports and publications of several Directorates, including the regular country economic surveys of the OECD Economics Department. Tables and Charts that are made on basis of the income distribution database often concern the overall levels of income inequality and income poverty (sometimes by broad age groups, i.e. children, working-age adult and elderly) for cross-country comparisons (the detailed country files are used for the analysis of national policy trends). The *OECD Factbook* edition 2009 had a special focus on "inequality", largely making use of indicators developed from the OECD database on income distribution and poverty. Since its first edition (2005), the bi-annual OECD publication "*Society at a Glance – Social Indicators*" makes use of data from the database on income distribution and poverty to report indicators in the equity domain (EQ).

[7] Annual time-series of "commonly used" measures of income inequality in nine OECD countries — shown in Atkinson (2002) — display relatively minor variations around the trend (with the exception of Italy).

50. But also the external usage of the database is growing: researchers make extensive use of levels and trends information. This growing usage is documented by the large number of quotations in journal or book articles but also by an increasing number of direct queries from academics on specificities of the database. The OECD income distribution data and analyses are also quoted in relevant books such as the *Oxford Handbook of Economic Inequality* (Salverda *et al.*, 2009).

51. Furthermore, there is a growing number of external individual requests (mainly national researchers but also administrations) enquiring further information or additional data and indicators from the OECD database on income distribution and poverty. These are often sent to OECD generic accounts such as "ELS Social Contact".

52. The large external usage of the database took off with the publication of OECD 2008 report "Growing Unequal?". The launch day of the publication was reported as the day the OECD web received a record high of traffic. Of all traffic to oecd.org in the week of the publication, traffic to "Growing Unequal?" related pages represented 10.2% – a record for a book promoted on the website. Also in the following, external users used heavily the on-line "income distribution and poverty" statistical activity. The "Growing Unequal" webpage www.oecd.org/els/social/inequality was hit 50 000 times during 2009. As for the two OECD.Stat data cubes on Inequality and Poverty, they were hit 21 000 times and 12 000 respectively in 2009 (Table 6). In June 2010, a google search for "OECD Growing Unequal" returns some 660 000 results, compared to 270 000 results for "OECD Economic Outlook". The recent OECD publication "Divided we Stand" continued to trigger a high number of demands and hits of the OECD related webpages.

Table 6. Number of hits of OECD webpages related to inequality, 2009

Webpages		2009	
OECD (2008) Growing Unequal ?	**www.oecd.org/els/social/inequality**	**50 000**	
Society at a Glance 2009	www.oecd.org/els/social/indicators/SAG	53 000	
OECD Family database	www.oecd.org/els/social/family/database	38 000	
Social expenditure database	www.oecd.org/els/social/expenditure	20 000	
OECD.Stat data cubes		**2009**	**Rank**
Income inequality	**http://stats.oecd.org/Index.aspx?DataSetCode=INEQUALITY**	**21 000**	**27th**
Poverty	**http://stats.oecd.org/Index.aspx?DataSetCode=POVERTY**	**12 000**	**50th**
SOCX Aggregated data	http://stats.oecd.org/Index.aspx?DataSetCode=SOCX_AGG	20 400	28th
ELS Pensions	http://stats.oecd.org/Index.aspx?DataSetCode=ELSPENSIONS	5 050	99th
ELS Tax/Benefit	http://stats.oecd.org/Index.aspx?DataSetCode=FIXINCLSA	5 000	100th

3.4.2 Evaluation of current practice

53. The persistently high level of internal and external usage of the OECD database on income distribution and poverty documents is high relevance. In order to better respond to outside queries, the webpage www.oecd.org/els/social/inequality has been redesigned in 2011, with a clear distinction between analyses and documents on the one hand, and data, methods and concepts on the other.

54. While external usage of OECD income distribution data has clearly increased, it is not transparent which particular aspects users are looking for and/or which aspects of data are considered as

lacking. The interaction between users of the income distribution data and OECD (as well as data producers) has been increasing but still is not handled on a more organised basis and largely relies on the availability of some OECD staff members to respond to queries.

3.4.3 Actions to take/being taken

- Continue developing the webpage www.oecd.org/els/social/inequality, making a clear link between the OECD database on income distribution and poverty and its analytical outcomes.

- "Brand" the OECD questionnaire and database on income distribution and poverty more clearly, so that it becomes a proper data package and well-known international source (e.g. OECD INCDIS); make sure that OECD publications using the database source it correctly.

- Consider sending a short questionnaire on user expectations to about 300 users of the OECD database on income distribution and poverty.

- Consider establishing an electronic discussion group of producers and users of income distribution and poverty data.

3.5 Accessibility

3.5.1 Current practice

55. Currently, data from the OECD database on income distribution and poverty can be obtained in several ways:

- Income and poverty data are available for all public from two OECD.Stat cubes that were created at the occasion of the release of OECD 2008 "Growing Unequal" in October 2008: http://stats.oecd.org/Index.aspx?DataSetCode=INEQUALITY http://stats.oecd.org/Index.aspx?DataSetCode=POVERTY

  These data can also be accessed via the "data" sub-page at the webpage www.oecd.org/els/social/inequality

- These data have also been incorporated in Gapminder graphs which allow the on-line user to unveil the interactions between income distribution/poverty data and other indicators such as social expenditures over time – via http://graphs.gapminder.org/communityproxy/ChartDataServlet?key=plL7_TnAeMdBLyRVf1rehGg.

- All figures and tables published in the OECD 2008 "Growing Unequal" publication are available using MS-Excel DOI-Statlinks.

- Key data (income and poverty) are also presented in the OECD 2011 Society at a Glance (www.oecd.org/els/social/indicators/SAG) and the OECD Factook (www.sourceOECD.org/factbook)

3.5.2 Evaluation of current practice

56. With the fourth wave of data collection and the publication of OECD 2008 "Growing Unequal" as well as OECD 2011 "Divided we Stand", for the first time a large number of OECD indicators on

income inequality and poverty became publicly available. Prior to that date, none of the indicators has been made available on a larger-scale basis, due to lack of resources and because the database was not designed for dissemination. Still, the currently disseminated data represent only some 25 to 30% of the entire data collection.

57. Meta-data can easily be accessed and revised using Metastore.

3.5.3 Actions to take/being taken

- More indicators and data from the OECD database on income distribution and poverty could be made accessible for free online, to allow researchers to carry their own analyses based from OECD data.

- More meta-data should be added to the currently available indicators.

3.6 Timeliness

3.6.1 Current practice

58. Data on household income distribution and poverty are published with a delay of three years, at minimum. The third wave of data collection, published in Förster and Mira d'Ercole (2005) referred to incomes in (or around) the year 2000. The fourth wave of data collection published in OECD "Growing Unequal" (2008) referred to incomes in the year 2004 (and 2003 and 2005 for some countries). The fifth wave of data collection published in OECD "Divided we Stand" (2011) referred to incomes in the year 2008. This lag in timeliness is not specific to the OECD database. Other international organisations collecting household income indicators experience similar and often bigger delays, e.g. LIS, the World Bank, UNDP or EUROSTAT[8]. This is related to the fact that income data become available on a national level some one to three years after the actual income year.

59. A second problem, related to the voluntary nature of the exercise, refers to response time of consultants. For the fourth wave of data collection, the median total response time – the period between the provision of the questionnaire and the receipt of the final validated responses – was 16 months (table 7). Third, a minimum additional time of some months needs to be accounted for internal data processing and checking and standardisation.

[8] Note that in the EUROSTAT online database the years of the income indicators refer to the survey not the income year (e.g. the data reported for the year 2008 in the OECD database are labelled 2009 in the EUROSTAT database).

Table 7. Response time to OECD questionnaire on household income distribution, fourth data wave

Country	*response time (months)*
Australia	15
Austria	19
Belgium	21
Canada	11
Czech Republic	23
Denmark	19
Finland	17
France	20
Germany	15
Greece	9
Hungary	9
Iceland	17
Ireland	14
Italy	20
Japan	19
Korea	14
Luxembourg	17
Mexico	16
Netherlands	22
New Zealand	13
Norway	17
Poland	16
Portugal	16
Slovak Republic	14
Spain	12
Sweden	17
Switzerland	20
Turkey	12
United Kingdom	15
United States	6
Average response time	15
Median response time	16

Note: Response time refers to the period between the provision of the questionnaire to countries and the receipt of the final validated responses OECD, often involving several re-iteration steps. Questionnaires of the fourth wave have been sent to countries between June and December 2006.

3.6.2 Evaluation of current practice

60. OECD reporting on income inequality and poverty is undertaken with considerably delays. This is a particular weakness with regard to the growing demand of up-to-date information on household income distribution, especially in the current consolidation period following the world-wide economic crisis.

61. In order to respond to this problem and in view of the OECD Ministerial Meeting of Social Policy Ministers in May 2011, it was decided to undertake a fifth wave of update already during 2010, shortening the traditional four or five-years period. This update marked the beginning of moving to a rolling and more frequent update, e.g. in view of annual or every other year, on a more reduced sub-set of the indicators which had been collected in the past.

62. This fifth data wave focused on the most important key parameters, in total representing about one third of the information that has been asked for in the past. The aim was to collect a basic set of income distribution indicators for the period just prior to the economic crisis (income years 2007 or 2008 for which surveys are becoming available in 2010). For this wave's update the number of requested tables was simplified and reduced from nine to "four plus one"[9]. The data questionnaire for this fifth wave is shown in Annex 1.A3.

63. The sixth data is currently been undertaken and marks a further structural move toward a regular and recognised OECD data collection. Since 2012, the collection and database management is undertaken jointly between the OECD Social Policy Division and the OECD Statistics Department. The latest OECD data questionnaire and the latest Terms of Reference are shown in Annex 1.A4 and Annex 1.A5. This new structure and reinforced management guarantees a higher visibility of the OECD Database on income distribution and poverty, an increased frequency of data collection and a rationalisation of the process.

64. Furthermore, a number of micro survey data sets have meanwhile become available to the Secretariat. This concerns in particular the EU Statistics on Income and Living Conditions (EU-SILC) which has become the major data source for household income distribution indicators in the EU. To further decrease the weight of the data request on national CSOs, the Secretariat started to calculate the indicators of the OECD questionnaire on the basis of these data sets in-house and sent these for verification to national consultants, CSOs and administration. In the case of calculating indicators on the basis of EU-SILC, this has also triggered a stronger co-operation with EUROSTAT.

65. The move to a more frequent and, at the same time, significantly reduced amount of data collection should, however, not prevent to continue to collect the more detailed set of data in a less frequent way, e.g. every five years as has been the case up to now. This more detailed data collection may also include specific one-off topics depending on ongoing projects, e.g. a finer distinction of "work" categories into full- and part-time work, regional or gender break-downs or household typologies (number and ages of children).

3.6.3 Actions to take/being taken

- Reduce the weight of the data collection.
- Undertake the data collection on a more regular and frequent basis (e.g. annual or bi-annual).
- Use in-house availability of micro data to calculate the indicators of the OECD questionnaire for some countries and provide results for verification to national administration and/or CSO.

3.7 Interpretability

3.7.1 Current practice

66. Interpretability reflects the ease with which a user may understand the data provided and is largely determined by a coherent and understandable documentation of definitions, concepts and

[9] Four regular tabulations and one optional one. The fifth additional data sheet asks for annual time series for two main indicators, the Gini coefficient and the poverty rate. More than half of OECD countries have now longer-term annual or bi-annual series available which permit to trace particular developments. Documenting annual series also responds to criticism that analyses of inequality trends over five-year periods with the same benchmark years for all countries neglects country-specific cyclical factors.

terminology. To that aim, the OECD database on income distribution and poverty includes three documentation features:

- The OECD questionnaire includes a worksheet "characteristics of surveys used/meta data" which details the features of the underlying micro data, such as the sample size, response rates, definitions of reference person, households, recorded income, etc.

- The website www.oecd.org/els/social/inequality has a sub-page "concepts, definitions and methodology" which includes definitions of poverty concepts, equivalence scales and the like. It also includes a summary table of the key features of the OECD data in income distribution.

- The OECD.Stat cubes on inequality and poverty include metadata indicating, for instance, a break in series.

3.7.2 Evaluation of current practice

67. Given the complexity of income distribution indicators, the currently available documentation and metadata seem not sufficient yet and could be extended. For instance, while the OECD.Stat cubes on inequality and poverty indicate the existence of breaks in series they cannot provide information on the country-specific reasons for these breaks. The summary table on the sub-page "concepts, definitions and methodology" of the OECD inequality webpage does not give exhaustive information for all countries, e.g. whether or not some bottom or top coding has been applied to the underlying income data, or how negative income values have been treated in general. This is because not all countries had provided the Secretariat with exhaustive national meta data.

68. The key indicators published from the OECD database have limited interpretability to many users as they are complex summary measures such as the Gini coefficient of income concentration, the relative income poverty rate (share of persons below 50% of the national median) or changes in *relative* income shares. For instance, the OECD.Stat cube on inequality currently includes three inequality indicators: Gini coefficients, SCV (squared coefficient of variation) and MLD (mean log deviation). This could be complemented with a more intuitive inequality measure, such as the P9/P1 percentile ratio (ratio of the income of the upper bound value of the ninth decile to the income of the upper bound value of the first decile) or the S9/S1 percentile share ratio (ratio of the average income of the top to the average income of the bottom decile).

69. Another issue for interpretability is that other international organisations report income and poverty indicators on a more or less different methodological basis – although there has been a great deal of convergence, especially with EU concepts in the past ten years. Still, the EU uses 60% of median income as a benchmark for reporting "at-risk-of-poverty" at the EU level, while the OECD benchmark is 50% of the median income.[10] Further, the equivalence scale used in the EU reporting implies slightly lower economies of scale in a household (see chapter 3.2.1 above).

70. Finally, for most OECD EU member countries, the underlying surveys for the OECD database on income distribution and poverty have been moved to the new EU-SILC survey used for EU reporting since 2005, implying a major break in series. However, for seven EU member countries, the OECD data are still based on a national survey different from EU-SILC. This is mainly motivated by the fact that these national surveys are ranging back in time until the 1980s (and for five countries until the 1970s), therefore allow analyses and consistency over a much greater span of time. However, in three cases the overall

[10] EUROSTAT had previously used 50% of the average consumption as a poverty benchmark. It should be noted that poverty rates based on these latter two benchmarks are very similar.

inequality and poverty indicators based on these national surveys differed rather significantly from EU-SILC based results, either upwards (Germany, Hungary) or downwards (UK), for the first years of EU-SILC. Differences, however, tended to decline in the past years (see country Data Reviews).

3.7.3 Actions to take/being taken

- Add more detailed information on features (and changes in features) of underlying surveys in the OECD questionnaire (in the qualitative worksheet "characteristics of survey").

- Add more documentation and metadata to the publicly available indicators.

- Make use of more "transparent" inequality and poverty indicators, in addition to summary measures (Gini coefficient), such as percentile ratios or percentile share ratios.

- Include more comparisons with results from alternative international and national data sources in the reporting of results from the database on income distribution and poverty.

- Improve the interpretability of main indicators by providing estimates of standard errors.

4. Conclusion

71. Over the past 12 years, the OECD database on income distribution and poverty has developed from a one-off collection of selected income indicators for less than half of OECD countries to a regular and internally and externally widely used standardised database covering all OECD member countries. Still, the data collection relies to a large part on the good-will of a network of national consultants, experts and CSOs. The objective for the current step in the development of the database is therefore to transform the data collection into a recognised, more official and more regular data request of the OECD Secretariat with its member countries.

72. Table 8 below summarises this preliminary review of the database under different quality aspects. The main strength of the database clearly is its relevance to internal and external users. The key indicators from the database are easily publicly accessible and allow users to assess income inequality and poverty trends on a cross-national basis. Furthermore, the OECD indicators are internally consistent and coherent and allow for the greatest possible degree of international comparability. The key weakness of the data base concerns timeliness.

Table 8 Preliminary review of the OECD database on income distribution and poverty – summary assessment of different quality aspects

	Very Weak	Weak	Satisfactory	Strong	Very Strong
Data collection and processing			X		
Coherence				X	
Accuracy				X	
Relevance					X
Accessibility				X	
Timeliness		X			
Interpretability			X		

Data collection and processing: refers to the degree to which the data collection is effective and rational and the way how data are processed into the database.
Coherence: reflects the degree to which data are logically connected and mutually consistent.
Accuracy: the degree to which the data correctly estimate or describe the quantities or characteristics they are designed to measure.
Relevance: reflects a qualitative assessment of data in terms of the extent to which they serve user needs.
Accessibility: the ease with which data products can be located and accessed.
Timeliness: the period of time between data becoming available and the event or phenomenon they describe.
Interpretability: the ease with which the user may understand and properly use and analyse the data.

73. Given the above diagnosis, the following steps should be considered for further developing the OECD database on income distribution and poverty:

Data collection and processing:

- Increase coverage
- Make greater use of micro data available in-house

Coherence and accuracy:

- Compare income components and indicators in the database with external (including national) benchmarks
- Include more sensitivity testing
- Make larger use of absolute income indicators
- Collect annual series on main aggregates for countries where this is possible

Relevance:

- Continue developing the webpage
- Continue developing the questionnaire
- Consider establishing an electronic discussion groups with data users and producers

Accessibility

- Make publicly available more data from the database

Timeliness

- Reduce the weight of the data collection
- Undertake the data collection on a more frequent basis

Interpretability

- Add more documentation and metadata to the publicly available indicators.
- Make use of more “transparent” inequality and poverty indicators.
- Improve the interpretability of main indicators by providing estimates of standard errors.

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ANNEX 1.A1 OECD QUESTIONNAIRE ON HOUSEHOLD INCOME DISTRIBUTION AND POVERTY INDICATORS, FOURTH WAVE (2006-2008)

Table 1. Evolution of Income Inequality over Time

Table data range: A1:AK26

Entire population

Equivalence elasticity = 0.5	mid-70s		mid-80s		ca. 1990		mid-90s (old def.)		mid-90s		c.a. 2000		mid-2000s	
Total number of individuals	(3)		(3)		(3)		(3)		(3)				(3)	
Total number of households														
	Upper Bound Value(1)	Real Mean Income	Upper Bound Value(1)	Real Mean Income	Upper Bound Value(1)	Real Mean Income	Upper Bound Value(1)	Real Mean Income	Upper Bound Value(1)	Real Mean Income	Upper Bound Value(1)	Real Mean Income	Upper Bound Value(1)	Real Mean Income
Decile 1														
Decile 2														
Decile 3														
Decile 4														
Decile 5														
Decile 6														
Decile 7														
Decile 8														
Decile 9														
Decile 10														
TOTAL														
Real median income:														
MLD(2)	(3)		(3)						(3)				(3)	
SCV														
Gini														
Gini before taxes and transfers														
Standard error Gini (post t&t)														
Share of income to top 1% of pop.														

Working age population (4)

Equivalence elasticity = 0.5	mid-70s		mid-80s		ca. 1990		mid-90s (old def.)		mid-90s		c.a. 2000		mid-2000s	
Total number of individuals	(3)		(3)		(3)		(3)		(3)				(3)	
Total number of households														
	Upper Bound Value(1)	Real Mean Income	Upper Bound Value(1)	Real Mean Income	Upper Bound Value(1)	Real Mean Income	Upper Bound Value(1)	Real Mean Income	Upper Bound Value(1)	Real Mean Income	Upper Bound Value(1)	Real Mean Income	Upper Bound Value(1)	Real Mean Income
Decile 1														
Decile 2														
Decile 3														
Decile 4														
Decile 5														
Decile 6														
Decile 7														
Decile 8														
Decile 9														
Decile 10														
TOTAL														
Real median income:														
MLD(2)									(3)				(3)	
SCV														
Gini														
Gini before taxes and transfers														
Standard error Gini (post t&t)														
Share of income to top 1% of pop.														

Retirement age population (5)

Equivalence elasticity = 0.5	mid-70s		mid-80s		ca. 1990		mid-90s (old def.)		mid-90s		c.a. 2000		mid-2000s	
Total number of individuals	(3)		(3)		(3)		(3)		(3)				(3)	
Total number of households														
	Upper Bound Value(1)	Real Mean Income	Upper Bound Value(1)	Real Mean Income	Upper Bound Value(1)	Real Mean Income	Upper Bound Value(1)	Real Mean Income	Upper Bound Value(1)	Real Mean Income	Upper Bound Value(1)	Real Mean Income	Upper Bound Value(1)	Real Mean Income
Decile 1														
Decile 2														
Decile 3														
Decile 4														
Decile 5														
Decile 6														
Decile 7														
Decile 8														
Decile 9														
Decile 10														
TOTAL														
Real median income:														
MLD(2)									(3)				(3)	
SCV														
Gini														
Gini before taxes and transfers														
Standard error Gini (post t&t)														
Share of income to top 1% of pop.														

(1) The upper bound value is the value of the real income at the upper breaking point of the corresponding decile. Therefore, the upper bound value of decile 1 corresponds to the income of the 10 per cent up from the bottom individual (referred to as D1 value); that of decile 9, to the income of the 90 per cent up from the bottom individual (referred to as the D9 value) and that of decile 10, to the highest (possibly top coded) income value.
(2) MLD calculations are based on "bottom coded" values Wij (see the section about bottom coding}.*
(3) Shaded cells are empty.
(4) Population 18 to 65 years old.
(5) Population above 65 years old.

	PLEASE ENTER THE YEAR TO WHICH DATA REFER
mid-70s	
mid-80s	
1990	
mid-1990s (old def)	
mid-90s	
c.a. 2000	
mid-2000s	

Table 2. Cumulative shares of income components by decile

Table 2 : Cumulative shares of income components by decile

Please enter percentage values (i.e. 16% or 0.16, rather than 16)
Table data range A1: Y71

	Entire population								Working age population (1)								Retirement age population (2)						
	EH	ES	EO	K	SE	TR	TA	EH+ES+ES+K+SE+TR-TA	EH	ES	EO	K	SE	TR	TA	EH+ES+ES+K+SE+TR-TA	EH	ES	EO	K	SE	TR	TA
mid-80s																							
Decile 1																							
Decile 2																							
Decile 3																							
Decile 4																							
Decile 5																							
Decile 6																							
Decile 7																							
Decile 8																							
Decile 9																							
Decile 10	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
ca. 1990																							
Decile 1																							
Decile 2																							
Decile 3																							
Decile 4																							
Decile 5																							
Decile 6																							
Decile 7																							
Decile 8																							
Decile 9																							
Decile 10	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
mid-90s																							
Decile 1																							
Decile 2																							
Decile 3																							
Decile 4																							
Decile 5																							
Decile 6																							
Decile 7																							
Decile 8																							
Decile 9																							
Decile 10	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
c.a. 2000																							
Decile 1																							
Decile 2																							
Decile 3																							
Decile 4																							
Decile 5																							
Decile 6																							
Decile 7																							
Decile 8																							
Decile 9																							
Decile 10	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Mid-2000s																							
Decile 1																							
Decile 2																							
Decile 3																							
Decile 4																							
Decile 5																							
Decile 6																							
Decile 7																							
Decile 8																							
Decile 9																							
Decile 10	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

Notes :
As an example, the shaded cell contains the cumulative share of transfers received by households/individuals of decile 1 and 2 as a percentage of total transfers (given that households/individuals are ranked by ascending values of disposable income per equivalent household member).
(1) Population 18 to 65 years old.
(2) Population above 65 years old.

1) EH, the wage and salary income of the household head, excluding employers' contributions to social security, but including sick pay paid by governments.
2) ES, the wage and salary income of the household spouse, excluding employers' contributions to social security, but including sick pay paid by governments.
3) EO, the wage and salary income from other household members (excluding employers' contributions to social security, but including sick pay paid by governments.
4) K, capital income, including occupational pensions and all kinds of private transfers.
5) SE, self-employment incomes.
6) TR, social security transfers from public sources (including accident and disability benefits, old-age cash benefits, unemployment benefits, maternity allowances, child and/or family allowances, all income-tested and means-tested benefits)
7) TA, taxes and social security contributions paid directly by households.

Breakdown of capital inconme (K) limited to mid-2000s

	Entire population					Working age population (1)					Retirement age population (2)				
	Private Pensions	Occupational pensions	Other private transfers	Other capital income	Total capital income (K)	Private Pensions	Occupational pensions	Other private transfers	Other capital income	Total capital income (K)	Private Pensions	Occupational pensions	Other private transfers	Other capital income	Total capital income (K)
Decile 1															
Decile 2															
Decile 3															
Decile 4															
Decile 5															
Decile 6															
Decile 7															
Decile 8															
Decile 9															
Decile 10	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

Values in cells F100..F109 correspond to values in cells E73..E82

Table 3. Components of disposable income by decile

Table 3 : Components of disposable income by decile

Please enter percentage values (i.e. 16% or 0.16, rather than 16)
Table data range A1: Y82

	Entire population								Working age population (1)								Retirement age population (2)							
	% Shares of Income Sources in each Decile								% Shares of Income Sources in each Decile								% Shares of Income Sources in each Decile							
	EH	ES	EO	K	SE	TR	TA	EH+ES+ES+K+SE+TR-TA	EH	ES	EO	K	SE	TR	TA	EH+ES+ES+K+SE+TR-TA	EH	ES	EO	K	SE	TR	TA	EH+ES+ES+K+SE+TR-TA
mid-70s																								
Decile 1								100.0%								100.0%								100.0%
Decile 2								100.0%								100.0%								100.0%
Decile 3								100.0%								100.0%								100.0%
Decile 4								100.0%								100.0%								100.0%
Decile 5								100.0%								100.0%								100.0%
Decile 6								100.0%								100.0%								100.0%
Decile 7								100.0%								100.0%								100.0%
Decile 8								100.0%								100.0%								100.0%
Decile 9								100.0%								100.0%								100.0%
Decile 10								100.0%								100.0%								100.0%
TOTAL								100.0%								100.0%								100.0%
mid-80s																								
Decile 1								100.0%								100.0%								100.0%
Decile 2								100.0%								100.0%								100.0%
Decile 3								100.0%								100.0%								100.0%
Decile 4								100.0%								100.0%								100.0%
Decile 5								100.0%								100.0%								100.0%
Decile 6								100.0%								100.0%								100.0%
Decile 7								100.0%								100.0%								100.0%
Decile 8								100.0%								100.0%								100.0%
Decile 9								100.0%								100.0%								100.0%
Decile 10								100.0%								100.0%								100.0%
TOTAL								100.0%								100.0%								100.0%
ca. 1990																								
Decile 1								100.0%								100.0%								100.0%
Decile 2								100.0%								100.0%								100.0%
Decile 3								100.0%								100.0%								100.0%
Decile 4								100.0%								100.0%								100.0%
Decile 5								100.0%								100.0%								100.0%
Decile 6								100.0%								100.0%								100.0%
Decile 7								100.0%								100.0%								100.0%
Decile 8								100.0%								100.0%								100.0%
Decile 9								100.0%								100.0%								100.0%
Decile 10								100.0%								100.0%								100.0%
TOTAL								100.0%								100.0%								100.0%
mid-90s (old def.)																								
Decile 1																								
Decile 2																								
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Decile 5																								
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TOTAL								100.0%								100.0%								100.0%
mid-90s																								
Decile 1								100.0%								100.0%								100.0%
Decile 2								100.0%								100.0%								100.0%
Decile 3								100.0%								100.0%								100.0%
Decile 4								100.0%								100.0%								100.0%
Decile 5								100.0%								100.0%								100.0%
Decile 6								100.0%								100.0%								100.0%
Decile 7								100.0%								100.0%								100.0%
Decile 8								100.0%								100.0%								100.0%
Decile 9								100.0%								100.0%								100.0%
Decile 10								100.0%								100.0%								100.0%
TOTAL								100.0%								100.0%								100.0%
c.a. 2000																								
Decile 1								100.0%								100.0%								100.0%
Decile 2								100.0%								100.0%								100.0%
Decile 3								100.0%								100.0%								100.0%
Decile 4								100.0%								100.0%								100.0%
Decile 5								100.0%								100.0%								100.0%
Decile 6								100.0%								100.0%								100.0%
Decile 7								100.0%								100.0%								100.0%
Decile 8								100.0%								100.0%								100.0%
Decile 9								100.0%								100.0%								100.0%
Decile 10								100.0%								100.0%								100.0%
TOTAL								100.0%								100.0%								100.0%
Mid-2000s																								
Decile 1								100.0%								100.0%								100.0%
Decile 2								100.0%								100.0%								100.0%
Decile 3								100.0%								100.0%								100.0%
Decile 4								100.0%								100.0%								100.0%
Decile 5								100.0%								100.0%								100.0%
Decile 6								100.0%								100.0%								100.0%
Decile 7								100.0%								100.0%								100.0%
Decile 8								100.0%								100.0%								100.0%
Decile 9								100.0%								100.0%								100.0%
Decile 10								100.0%								100.0%								100.0%
TOTAL								100.0%								100.0%								100.0%

Notes :

(1) Population 18 to 65 years old.
(2) Population above 65 years old.

1) EH, the wage and salary income of the household head, excluding employers' contributions to social security, but including sick pay paid by governments.
2) ES, the wage and salary income of the household spouse, excluding employers' contributions to social security, but including sick pay paid by governments.
3) EO, the wage and salary income from other household members (excluding employers' contributions to social security, but including sick pay paid by governments.
4) K, capital income, including occupational pensions and all kinds of private transfers.
5) SE, self-employment incomes.
6) TR, social security transfers from public sources (including accident and disability benefits, old-age cash benefits, unemployment benefits, maternity allowances, child and/or family allowances, all income-tested and means-tested benefits)
7) TA, taxes and social security contributions paid directly by households.

Breakdown of capital inconme (K) limited to mid-2000s

	Entire population					Working age population (1)					Retirement age population (2)				
	Private Pensions	Occupational pensions	Other private transfers	Other capital income	Total capital income (K)	Private Pensions	Occupational pensions	Other private transfers	Other capital income	Total capital income (K)	Private Pensions	Occupational pensions	Other private transfers	Other capital income	Total capital income (K)
Decile 1					100.0%					100.0%					100.0%
Decile 2					100.0%					100.0%					100.0%
Decile 3					100.0%					100.0%					100.0%
Decile 4					100.0%					100.0%					100.0%
Decile 5					100.0%					100.0%					100.0%
Decile 6					100.0%					100.0%					100.0%
Decile 7					100.0%					100.0%					100.0%
Decile 8					100.0%					100.0%					100.0%
Decile 9					100.0%					100.0%					100.0%
Decile 10					100.0%					100.0%					100.0%
TOTAL					100.0%					100.0%					100.0%

Table 6. Cumulative shares of income components by decile

Table 6 : Cumulative shares of income components by decile
Please enter percentage values (i.e. 16% or 0.16, rather than 16)
Table Range A1:AB71

	Entire population									Working age population (1)									Retirement age population (2)								
	OAP	DB	OIDB	SP	FCB	UB	HB	OTH	TR	OAP	DB	OIDB	SP	FCB	UB	HB	OTH	TR	OAP	DB	OIDB	SP	FCB	UB	HB	OTH	TR
mid-70s																											
Decile 1																											
Decile 2																											
Decile 3																											
Decile 4																											
Decile 5																											
Decile 6																											
Decile 7																											
Decile 8																											
Decile 9																											
Decile 10																											
mid-80s																											
Decile 1																											
Decile 2																											
Decile 3																											
Decile 4																											
Decile 5																											
Decile 6																											
Decile 7																											
Decile 8																											
Decile 9																											
Decile 10	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
ca. 1990																											
Decile 1																											
Decile 2																											
Decile 3																											
Decile 4																											
Decile 5																											
Decile 6																											
Decile 7																											
Decile 8																											
Decile 9																											
Decile 10	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
mid-90s (old def.)																											
Decile 1																											
Decile 2																											
Decile 3																											
Decile 4																											
Decile 5																											
Decile 6																											
Decile 7																											
Decile 8																											
Decile 9																											
Decile 10																											
mid-90s																											
Decile 1																											
Decile 2																											
Decile 3																											
Decile 4																											
Decile 5																											
Decile 6																											
Decile 7																											
Decile 8																											
Decile 9																											
Decile 10	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
c.a. 2000																											
Decile 1																											
Decile 2																											
Decile 3																											
Decile 4																											
Decile 5																											
Decile 6																											
Decile 7																											
Decile 8																											
Decile 9																											
Decile 10	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Mid-2000s																											
Decile 1																											
Decile 2																											
Decile 3																											
Decile 4																											
Decile 5																											
Decile 6																											
Decile 7																											
Decile 8																											
Decile 9																											
Decile 10	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	OAP	DB	OIDB	SP	FCB	UB	HB	OTH	TR	OAP	DB	OIDB	SP	FCB	UB	HB	OTH	TR	OAP	DB	OIDB	SP	FCB	UB	HB	OTH	TR

As an example, the shaded cell contains the cumulative share of family cash benefits received by households/individuals of decile 1 and 2 as a percentage of total family cash benefits (given that households/individuals are ranked by ascending values of disposable income per equivalent household member).
(1) Population 18 to 65 years old.
(2) Population above 65 years old.
Transfer types:
OAP = old-age cash benefits;
DB = disability benefits;
OIDB = occupational injury and disease benefits;
SP = survivors benefits;
FCB = family cash benefits;
UB = unemployment benefits;
HB = housing benefits;
OTH = benefits on other contingencies.
NOTE:
Total TR values correspond to table 2, e.g. cell J62 in this table equals cell G62 in table 2

Table 6bis: Components of public transfers by decile

Table 6bis : Components of public transfers by decile

Please enter percentage values (i.e. 16% or 0.16, rather than 16)

Table Range A1:AB71

	Entire population									Working age population (1)									Retirement age population (2)								
	% Shares of type of transfers in each Decile									% Shares of type of transfers in each Decile									% Shares of type of transfers in each Decile								
	OAP	DB	OIDB	SP	FCB	UB	HB	OTH	TR	OAP	DB	OIDB	SP	FCB	UB	HB	OTH	TR	OAP	DB	OIDB	SP	FCB	UB	HB	OTH	TR
mid-70s																											
Decile 1																											
Decile 2																											
Decile 3																											
Decile 4																											
Decile 5																											
Decile 6																											
Decile 7																											
Decile 8																											
Decile 9																											
Decile 10																											
TOTAL																											
mid-80s																											
Decile 1																											
Decile 2																											
Decile 3																											
Decile 4																											
Decile 5																											
Decile 6																											
Decile 7																											
Decile 8																											
Decile 9																											
Decile 10																											
TOTAL																											
ca. 1990																											
Decile 1																											
Decile 2																											
Decile 3																											
Decile 4																											
Decile 5																											
Decile 6																											
Decile 7																											
Decile 8																											
Decile 9																											
Decile 10																											
TOTAL																											
mid-90s (old def.)																											
Decile 1																											
Decile 2																											
Decile 3																											
Decile 4																											
Decile 5																											
Decile 6																											
Decile 7																											
Decile 8																											
Decile 9																											
Decile 10																											
TOTAL																											
mid-90s																											
Decile 1																											
Decile 2																											
Decile 3																											
Decile 4																											
Decile 5																											
Decile 6																											
Decile 7																											
Decile 8																											
Decile 9																											
Decile 10																											
TOTAL																											
c.a. 2000																											
Decile 1																											
Decile 2																											
Decile 3																											
Decile 4																											
Decile 5																											
Decile 6																											
Decile 7																											
Decile 8																											
Decile 9																											
Decile 10																											
TOTAL																											
Mid-2000s																											
Decile 1																											
Decile 2																											
Decile 3																											
Decile 4																											
Decile 5																											
Decile 6																											
Decile 7																											
Decile 8																											
Decile 9																											
Decile 10																											
TOTAL																											

The values in the final columns "TR" should be identical to those in columns "TR" in table 3.

(1) Population 18 to 65 years old.
(2) Population above 65 years old.
Transfer types:
OAP = old-age cash benefits;
DB = disability benefits;
OIDB = occupational injury and disease benefits;
SP = survivors benefits;
FCB = family cash benefits;
UB = unemployment benefits;
HB = housing benefits;
OTH = benefits on other contingencies.

Table 7 : Households structure and inequality

Table 7 : Households structure and inequality
Please enter percentage values (i.e. 16% or 0.16, rather than 16)
Table Range A1:R100

	Household with a head below 66 *Working age head, WA*											Household with a head 66 and over *Retirement age head, RA*					
	Single-adut no children		*Single adult, with children*		*Two-adults Households with no Children (2)*			*Two-adults Households with Children (2)*									
	WASANCWR	WASANCNW	WASACHWR	WASACHNW	WATANC2W	WATANC1W	WATANCNW	WATACH2W	WATACH1W	WATACHNW	WATOTAL	RASAWR	RASANW	RATA2WR	RATA1WR	RATANW	RETOTAL
	single adult no children working	*single adult no children not working*	*single adult with children working*	*single adult with children not working*	*Two and more adults no children two and more working*	*Two and more adults no children one working*	*Two and more adults no children non working*	*Two and more adults with children two and more working*	*Two and more adults with children one working*	*Two and more adults with children non working*	*all*	*single adult, working*	*single adult, not working*	*two and more adults, two and more working*	*two and more adults, one working*	*two and more adults, non working*	*all*
mid-70s																	
Group Mean Disposable Income in Real Terms																	
% Individuals in each group																	
Decile 1																	
Decile 2																	
Decile 3																	
Decile 4																	
Decile 5																	
Decile 6																	
Decile 7																	
Decile 8																	
Decile 9																	
Decile 10																	
TOTAL																	
mid-80s																	
Group Mean Disposable Income in Real Terms																	
% Individuals in each group																	
Decile 1																	
Decile 2																	
Decile 3																	
Decile 4																	
Decile 5																	
Decile 6																	
Decile 7																	
Decile 8																	
Decile 9																	
Decile 10																	
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
ca. 1990																	
Group Mean Disposable Income in Real Terms																	
% Individuals in each group																	
Decile 1																	
Decile 2																	
Decile 3																	
Decile 4																	
Decile 5																	
Decile 6																	
Decile 7																	
Decile 8																	
Decile 9																	
Decile 10																	
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
mid-90s																	
Group Mean Disposable Income in Real Terms																	
% Individuals in each group																	
Decile 1																	
Decile 2																	
Decile 3																	
Decile 4																	
Decile 5																	
Decile 6																	
Decile 7																	
Decile 8																	
Decile 9																	
Decile 10																	
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
c.a. 2000																	
Group Mean Disposable Income in Real Terms																	
% Individuals in each group																	
Decile 1																	
Decile 2																	
Decile 3																	
Decile 4																	
Decile 5																	
Decile 6																	
Decile 7																	
Decile 8																	
Decile 9																	
Decile 10																	
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
mid-2000s																	
Group Mean Disposable Income in Real Terms																	
% Individuals in each group																	
Decile 1																	
Decile 2																	
Decile 3																	
Decile 4																	
Decile 5																	
Decile 6																	
Decile 7																	
Decile 8																	
Decile 9																	
Decile 10																	
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Please make sure that the % of individuals in column L and R sum up to 100%.

FURTHER DETAILS ON HOUSEHOLD TYPES
HEAD OF WORKING AGE IN 2005

Breakdown by full- and part-time work: singles

	single adult without children		single adult with children	
mid-2000s	working full-time	working part-time	working full-time	working part-time
Group Mean Disposable Income in Real Terms				
% Individuals in each group				

Breakdown by full- and part-time work: two or more adults

	Two or more adults without children			Two or more adults with children		
mid-2000s	Two or more working full-time	At least one working full-time	Other working	Two or more working full-time	At least one working full-time	Other working
Group Mean Disposable Income in Real Terms						
% Individuals in each group						

Breakdown by number of children: singles

	Single adult households with children, working			Single adult households with children, not-working		
mid-2000s	One child	Two children	Three or more children	One child	Two children	Three or more children
Group Mean Disposable Income in Real Terms						
% Individuals in each group						

Breakdown by number of children: couples

	Two and more adults households with children, working			Two and more adults households with children, not-working		
mid-2000s	One child	Two children	Three or more children	One child	Two children	Three or more children
Group Mean Disposable Income in Real Terms						
% Individuals in each group						

Table 9 : Distribution of household disposable income by age category

Table 9 : Distribution of household disposable income by age category

Please enter percentage values (i.e. 16% or 0.16, rather than 16)

Table Range A1:I36

All persons	0-17 y	18-25 y	26-40 y	41-50 y	51-65 y	66-75 y	>75 y	TOTAL
mid-70s				***Total population***				
Population Share (%)								
Mean Disposable Income in Real Terms								
Structure by Deciles (%) (1)								
Decile 1								10.0%
Decile 2								10.0%
Decile 3								10.0%
Decile 4								10.0%
Decile 5								10.0%
Decile 6								10.0%
Decile 7								10.0%
Decile 8								10.0%
Decile 9								10.0%
Decile 10								10.0%
TOTAL								100.0%
Structure by Sources (%)								
EH+ES+EO								
K								
SE								
TR								
-TA								
TOTAL								
mid-80s				***Total population***				
Population Share (%)								
Mean Disposable Income in Real Terms								
Structure by Deciles (%) (1)								
Decile 1								10.0%
Decile 2								10.0%
Decile 3								10.0%
Decile 4								10.0%
Decile 5								10.0%
Decile 6								10.0%
Decile 7								10.0%
Decile 8								10.0%
Decile 9								10.0%
Decile 10								10.0%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Structure by Sources (%)								
EH+ES+EO								
K								
SE								
TR								
-TA								
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
mid-90s				***Total population***				
Population Share (%)								
Mean Disposable Income in Real Terms								
Structure by Deciles (%)								
Decile 1								10.0%
Decile 2								10.0%
Decile 3								10.0%
Decile 4								10.0%
Decile 5								10.0%
Decile 6								10.0%
Decile 7								10.0%
Decile 8								10.0%
Decile 9								10.0%
Decile 10								10.0%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Structure by Sources (%)								
EH+ES+EO								
K								
SE								
TR								
-TA								
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
c.a. 2000				***Total population***				
Population Share (%)								
Mean Disposable Income in Real Terms								
Structure by Deciles (%)								
Decile 1								10.0%
Decile 2								10.0%
Decile 3								10.0%
Decile 4								10.0%
Decile 5								10.0%
Decile 6								10.0%
Decile 7								10.0%
Decile 8								10.0%
Decile 9								10.0%
Decile 10								10.0%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Structure by Sources (%)								
EH+ES+EO								
K								
SE								
TR								
-TA								
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
mid-2000s				***Total population***				
Population Share (%)								
Mean Disposable Income in Real Terms								
Structure by Deciles (%)								
Decile 1								10.0%
Decile 2								10.0%
Decile 3								10.0%
Decile 4								10.0%
Decile 5								10.0%
Decile 6								10.0%
Decile 7								10.0%
Decile 8								10.0%
Decile 9								10.0%
Decile 10								10.0%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Structure by Sources (%)								
EH+ES+EO								
K								
SE								
TR								
-TA								
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Additonal breakdown by gender in 2000: men

	0-17 y	18-25 y	26-40 y	41-50 y	51-65 y	66-75 y	>75 y	TOTAL
mid-2000s				***Men***				
Population Share (%)								
Mean Disposable Income in Real Terms								
Structure by Deciles (%)								
Decile 1								10.0%
Decile 2								10.0%
Decile 3								10.0%
Decile 4								10.0%
Decile 5								10.0%
Decile 6								10.0%
Decile 7								10.0%
Decile 8								10.0%
Decile 9								10.0%
Decile 10								10.0%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Structure by Sources (%)								
EH+ES+EO								
K								
SE								
TR								
-TA								
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Additonal breakdown by gender in 2000: women

	0-17 y	18-25 y	26-40 y	41-50 y	51-65 y	66-75 y	>75 y	TOTAL
mid-2000s				***Women***				
Population Share (%)								
Mean Disposable Income in Real Terms								
Structure by Deciles (%)								
Decile 1								10.0%
Decile 2								10.0%
Decile 3								10.0%
Decile 4								10.0%
Decile 5								10.0%
Decile 6								10.0%
Decile 7								10.0%
Decile 8								10.0%
Decile 9								10.0%
Decile 10								10.0%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Structure by Sources (%)								
EH+ES+EO								
K								
SE								
TR								
-TA								
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Table 10: Evolution of "absolute" and relative poverty

Table 10 : Evolution of "absolute" and relative poverty

Table data range A1:N23

Equivalence elasticity = 0.5

		mid-70s		mid-80s		ca. 1990		mid-90s		ca. 2000		mid-2000s	
Poverty threshold	Poverty indicator	Before taxes and transfers	After taxes and transfers	Before taxes and transfers	After taxes and transfers	Before taxes and transfers	After taxes and transfers	Before taxes and transfers	After taxes and transfers	Before taxes and transfers	After taxes and transfers	Before taxes and transfers	After taxes and transfers
Relative poverty													
Poverty threshold = 60 per cent of the current median income													
	headcount ratio												
	standard error of the headcount ratio												
	mean pov gap												
	median pov gap												
Poverty threshold = 50 per cent of the current median income													
	headcount ratio												
	standard error of the headcount ratio												
	mean pov gap												
	median pov gap												
Poverty threshold = 40 per cent of the current median income													
	headcount ratio												
	standard error of the headcount ratio												
	mean pov gap												
	median pov gap												
Absolute poverty													
Poverty threshold = 50 per cent of the median income in the mid-1990s:													
	headcount ratio												
	standard error of the headcount ratio												
	mean pov gap												
	median pov gap												

Table 11. Poverty rates before and after taxes and transfers by household type

Table 11: Poverty rates before and after taxes and transfers by household type

Table Range A1:M36

Total population	mid-70s		mid-80s		ca. 1990		mid-90s		c.a. 2000		mid-2
	Before taxes and transfers	*After taxes and transfers*	*Before taxes and transfers*	*After taxes and transfers*	*Before taxes and transfers*	*After taxes and transfers*	*Before taxes and transfers*	*After taxes and transfers*	*Before taxes and transfers*	*After taxes and transfers*	*Before taxes and transfers*
Working age head											
Household structure and work attachment											
1) WASANCWR											
2) WASANCNW											
3)WASACHWR											
4)WASACHNW											
5) WATANC2W											
6)WATANC1W											
7)WATANCNW											
8)WATACH2W											
9)WATACH1W											
10)WATACHNW											
TOTAL											
Retirement age head											
Household structure and work attachment											
11) RASAWR											
12) RASANW											
13) RATA2W											
14) RATA1W											
15) RATANW											
TOTAL											
Age of individuals											
0 - 17y											
18 - 25y											
26 - 40y											
41 - 50y											
51 - 65y											
66 - 75y											
above 75											
TOTAL											

Remarks

All poverty thresholds refer to the entire population (50% of median income in each year)

ADDITIONAL DETAIL, INDIVIDUALS BY GENDER, IN 2005

	mid-2000s		mid-2000s	
	Before taxes and transfers	*After taxes and transfers*	*Before taxes and transfers*	*After taxes and transfers*
Age of individuals	**Men**		**Women**	
0 - 17y				
18 - 25y				
26 - 40y				
41 - 50y				
51 - 65y				
66 - 75y				
above 75				
TOTAL				

ADDITIONAL DETAILS, HOUSEHOLD TYPES

	mid-2000s	
	Before taxes and transfers	*After taxes and transfers*
Working age head		
Household structure and work attachment		
Single adult households without children:		
working full-time		
working part-time		
Single adult households with children:		
working full-time		
working part-time		
Two or more adults without children:		
Two or more working full-time		
At least one working full-time		
Other working		
Two or more adults with children:		
Two or more working full-time		
At least one working full-time		
Other working		

ADDITIONAL DETAILS, HOUSEHOLD TYPES

	mid-2000s	
	Before taxes and transfers	*After taxes and transfers*
Working age head		
Single adult households with children, working		
One child		
Two children		
Three or more children		
Single adult households with children, not-working		
One child		
Two children		
Three or more children		
Two and more adults households with children, working		
One child		
Two children		
Three or more children		
Two and more adults households with children, not-working		
One child		
Two children		
Three or more children		

Characteristics of surveys and sample size

Name of statistical sources, nature and responsible agency	Household survey? Cross-section or longitudinal? Register data integrated with household surveys?
Year to which income refers	
Period over which income is assessed	Income in the previous year, month or week? Same reporting period for all income types? If monthly/weekly, how is it converted to an annual equivalent?
Timing of the survey	In a specific month/week? Data collection spread throughout the year?
People interviewed in each household	All adults? "Proxy" reports by the reference person on the income of other household members?
Sample size (households)	
Response rate (in most recent year)	
Level of significance	Number of observations considered significant
Definition of reference person	Oldest person? Person with the higher income?
Definition of households	Persons living together? Having a common budget for essential items? Special treatment for students living away from parent home?
Definition of workers	Self-assessment of respondents? Positive labour income (earnings and self-employment)? How are full-time/part-time work defined?
Recorded income	What about lump sum income received? What categories of taxes are considered (income, property taxes)?
Values of the CPI used to deflate nominal income	Please provide values of CPI index used to deflate nominal values in each year
Other data feaures	Is there a processing/reporting limit for high income? (top coding) How are missing and negative values treated?

PLEASE ENTER BELOW THE TOTAL VALUES (ABSOLUTE AMOUNT IN CURRENT PRICES) OF THE DIFFERENT INCOME COMPONENTS
FOR THE WEIGHTED NUMBER OF RESPONDENTS CONSIDERED FOR COMPILING THIS QUESTIONNAIRE: NOMINAL, NON-EQUIVALISED INCOME VALUE

Country name	EH(1)	ES (1)	EO(1)	K(1)	SE(1)	TR(1)	-TA (1)	TOTAL
mid-2000S								

PLEASE ENTER THE AVERAGE HOUSEHOLD SIZE FOR EACH DECILE (TOTAL POPULATION IN MOST RECENT YEAR)

Country name	Decile 1	Decile 2	Decile 3	Decile 4	Decile 5	Decile 6	Decile 7	Decile 8	Decile 9	Decile 10
mid-2000S										

ANNEX 1.A2. TERMS OF REFERENCE OF OECD PROJECT ON THE DISTRIBUTION OF HOUSEHOLD INCOMES, FOURTH WAVE (UNDERTAKEN 2006 – 2008)

Definitions

The unit of observation of the survey is the **household.** A household is defined as a collection of individuals who are sharing the same housing unit.[11] In the distribution, *each household is weighted by the number of individuals who belong to this household*. For instance, a household of four people has a weight equal to four; this is equivalent to considering a distribution in which this household is represented by four individuals with the same level of income.

Individuals are ranked according with the value of *the "adjusted" disposable income per equivalent household member* of the household to which they belong. For instance, if Y_i denotes the total disposable income of household i, the "adjusted" income of each member j of household i (W_{ij}) is calculated as following :

[1] $$W_{ij} = \frac{Y_i}{S_i^{\varepsilon}}$$

where S_i is the number of members in household i and ε is the equivalence elasticity.

All income components are reported on an *annual basis and in constant prices* (prices of the most recent year provided). The total household income (Y_i) is defined as the total disposable income; it includes wages and salaries, self-employment incomes, realised property incomes, cash transfers from the general government less taxes and social security contributions paid by households. Non-cash income components (e.g. imputed rents) should be excluded. Information on the total (non-equivalised) disposable income and its component should be provided so as to allow comparisons with external data (to be reported in the sheet "Characteristics" of the Excel file).

Reference populations

For Tables 1, 2, 3, 6 and 6bis, three separate panels refer to the entire population, to the population of working age (18 to 65) and of retirement age (66 and over). Children (persons aged below 18) should be included among the entire population. For each of the three panels, income estimates are ranked separately; i.e. upper bound values should be specific to the three population groups, and each decile should contain 10% of the respective reference population.

[11] However, data on a family basis (if available, and only for 2005) are requested for the first time to allow a better identification of "lone parents". See Section 10.

Equivalence scale

The equivalence elasticity (ε) characterises the amount of scale economies that households can achieve. An equivalence elasticity lower than unity implies the existence of economies of scale in household needs: any additional household member needs a less than proportionate increase of the household income in order to maintain a given level of welfare. Under this assumption, the sum (over j) of individual "adjusted" incomes W_{ij} will exceed the total household disposable income by the amount of scale economies.

All the tables specified in this request should be calculated using an *equivalence elasticity* of 0.5. This means that all incomes are adjusted by the square root of the household size[12].

Income sources

The following income sources are identified:

1) EH, the wage and salary income of the household head, excluding employers' contributions to social security, but including sick pay paid by governments.
2) ES, the wage and salary income of the household spouse, excluding employers' contributions to social security, but including sick pay paid by governments.
3) EO, the wage and salary income from other household members (excluding employers' contributions to social security, but including sick pay paid by governments.
4) K, capital income, including occupational pensions and all kinds of private transfers.
5) SE, self-employment incomes.
6) TR, social security transfers from public sources (including accident and disability benefits, old-age cash benefits, unemployment benefits, maternity allowances, child and/or family allowances, all income-tested and means-tested benefits)
7) TA, taxes and social security contributions paid directly by households.

While this breakdown of income sources is used for most of the tables, Table 6bis asks for a more detailed information on different types of public transfers (see below).

To the possible extent, definitions used in calculating these income sources should be close to the recommendations adopted by the "Canberra Group on household income statistics", available at: http://www.lisproject.org/links/canberra/finalreport.pdf.

Individual disposable income per equivalent household member can then be expressed as follows:

[2] $$W_{ij} = EH_{ij} + ES_{ij} + EO_{ij} + K_{ij} + SE_{ij} + TR_{ij} - TA_{ij}$$

In addition, we define the individual market income per equivalent household member as:

[3] $$M_{ij} = EH_{ij} + ES_{ij} + EO_{ij} + K_{ij} + SE_{ij}$$

In both [2] and [3], all income components are expressed in terms of equivalent household member. For instance, EH_{ij} is calculated by dividing the earning of the head by the number of household

[12] For instance, the income of a household with four persons would be divided by two.

member S_j to the power of the equivalence elasticity (ε) - just like in [1] - and then allocated to each household member.

Treatment of negative income

[1] General treatment. Once equivalent household member adjustments are done, using the equivalence elasticity under consideration (see section 3), all individual components of market income (EH, ES, EO, K, SE) showing negative values should be set to zero. For instance, any negative value of self-employment income is set equal to zero.

Then, market and disposable incomes are calculated using formulas [2] and [3]. The ranking of individuals is done on the basis of these new values of disposable income. All Tables requested will be built using the same ranking (e.g. distribution held constant), even when considering specific household groups.

The mean of market income and disposable income are then computed (over all incomes e.g. zero and positive incomes)

[2] When computing the MLD, the log properties require *strictly positive income values* (see formula [4]).

> Any values of *disposable income W_{ij} lower than 1 per cent of the mean disposable income* is set equal to 1 per cent of the mean disposable income. The "bottom coded" value of disposable income per equivalent household member is denoted by W_{ij}^{*}. (see Table 1 and Table 5)
>
> Any value of *market income M_{ij} lower than 1 per cent of the mean market income* is set equal to 1 per cent of the mean market income.

As a result, taking into account the adjustments described above, mean income has to be re-calculated before computing the MLD.

Time coverage

Income distributions refer to a particular year. Trends of income distribution are analysed by comparing static distributions at several points in time: mid-1980, around 1990, mid-1990, 2000 and the most recent year for which data exist (around 2005). It is to national experts to select specific years, depending on data availability. The income-years chosen should be indicated in the Excel spreadsheet.

Aggregate trends in income distributions

Table 1 describes evolution of income inequality over the last decades by using deciles values and aggregate indicators of inequality. Individuals are ranked according with their *household disposable income per equivalent household member* as described in equation [1]. Separate panels refer to the entire population, to the population of working age (18 to 65) and of retirement age (over 65). Individuals falling in each of the three population groups should be ranked separately (i.e. working age persons in the first decile are those in the bottom 10% of the working age population). For each reported year, the Excel Table has the following format.

Table 1 : Evolution of income inequality through time.
Entire population

	Entire population		Working-age pop.		Retirement-age pop.	
Total number of individuals Total number of households						
	upper bound value(1)	real mean income	upper bound value(1)	real mean income	upper bound value(1)	real mean income
decile 1 ..... Decile 10						
TOTAL	(3)		(3)		(3)	
Real median income :						
MLD(2) SCV Gini Gini before taxes and transfers Standard error Gini (post t&t) Share of income to top 1% of pop						

(1) the upper bound value is the value of the real income at the upper breaking point of the corresponding decile. Therefore, the upper bound value of decile 1 corresponds to the income of the 10% up from the bottom individual (referred to as D1 value); that of decile 9, to the income of the 90% up from the bottom individual (referred to as the D9 value) and that of decile 10, to the highest (possibly top coded) income value.
(2) MLD calculations are based on "bottom coded" values W_{ij}^{*} (see Section 5).
(3) shaded cells are empty.

- The MLD (Mean Log Deviation) index is calculated as :

[4] $$MLD = \frac{\sum_i \sum_j \log\left(\frac{\mu}{W_{ij}^{*}}\right)}{n}$$

where log is the natural logarithm, μ is the arithmetic mean of disposable incomes $\mu = \frac{\sum_i \sum_j W_{ij}}{n}$; and n is the total number of individuals.

- The SCV (Squared Coefficient of Variation) index is calculated as :

[5] $$SCV = \frac{\text{var}\left(W_{ij}\right)}{\mu^2} = \frac{\frac{1}{n}\sum_i \sum_j \left(W_{ij} - \mu\right)^2}{\mu^2}$$

- The Gini index is calculated as :

[6] $$Gini = \left(\frac{2}{\mu.n^2} \cdot \sum_{k=1}^{n} k.W_k\right) - \frac{n+1}{n} = \frac{2\,\text{cov}\left(W_k, \frac{k}{n}\right)}{\mu}$$

$$= \frac{\frac{2}{n}\sum_{k=1}^{n}\left(W_k - \mu\right).\left(\frac{k}{n} - \frac{1}{n^2}\sum_{k=1}^{n} k\right)}{\mu}$$

- where household incomes per equivalent household members (W_{ij} = W_k) are ranked in ascending order (such as k = 1, 2, ...n).

Standard errors of the Gini coefficient (post taxes and transfers) should be provided by using "bootstrap" methods. A description of the method and programming are available on the LIS site (www.lisproject.org/keyfigures/bootsstrapmethods.htm).

Data on the share of income accruing to persons in the top 1% of the population (at least in the most recent year) should also be provided.

Income distribution by income sources

This section analyses how various income sources affect the distribution of household disposable income and how the structure of disposable incomes varies across deciles. The income sources considered are those specified in identity [2] above.

The following tables (Table 3 in the Excel sheet) indicate the distribution across deciles of the different income sources. Separate panels refer to the entire population, to the population of working age and to that of retirement age. Individual observations are ranked *following ascending values of household disposable income per equivalent household member* (W_{ij}), just as in Table 1. Each of the panels has the following format.

Table 3: Components of disposable income by decile

	EH	ES	EO	K	SE	TR	TA	EH+ES+ES+K+SE+TR-TA
year								
dec. 1								100%
dec. 2								100%
…								
dec. 10								100%

As an example, the shaded cell contains the **percentage** of public transfers (in DPI) received by households/individuals of decile 1 and 2 (given that households/individuals are ranked by ascending values of disposable income per equivalent household member). **Taxes should be entered with a negative sign**.

This information will also be used by the Secretariat to derive information on the structure of disposable income for units in each decile (Table 2, as requested in previous version of this questionnaire is no longer required).

An additional breakdown, limited to 2005, is requested for (private) capital income (K) into four components (adding up to 100%):

1) private pensions.
2) occupational pensions.
3) other private transfers.
4) other capital income.

Additional detail on public transfers

In addition to the broad income sources reported above, we would be interested in obtaining additional information on the different types of current transfers. We are aware that the type of breakdown available may differ across countries. Where possible, we would also like to distinguish between the following:

TRij = OAPij + DBij + OIDBij + SPij + FCBij + UBij + HBij + OCBij, where

1) OAP stands for (public) old-age cash benefits;
2) DB for disability benefits;
3) OIDB for occupational injury and disease benefits;
4) SP for survivor benefits;
5) FCB for family cash benefits;
6) UB for unemployment benefits;
7) HB for housing benefits;
8) OCB for benefits on other contingencies.

The categorisation of public transfers follows that used in the OECD Social Expenditure Database (OECD, 1996, "Social Expenditure Statistics of OECD Member Countries). To the extent possible, all types of occupational pensions (even when compulsory) should be **excluded** from OAP (and, a fortiori, from TR) and included in (private) "capital income.

Table 6bis: Components of public transfers by decile

	OAP	DB	OIDB	SP	FCB	UB	HB	OTH	TR
Year									
dec 1									100%
dec 2									100%
...									
dec 10									100%

As an example, the shaded cell shows the share of old age pensions in all public transfers received by individuals in the deciles 1 and 2 (given that individuals are ranked by ascending values of disposable income per equivalent household member).

Income inequality for sub-groups of the population

The aim of this section is to analyse level and changes in the relative position of sub-groups of the population on the income ladder; and how these sub-groups have contributed to the overall trends of income inequality (see Table 7).

Individuals are grouped in household categories depending *first* on the age of the household head (working age head, i.e. 18-65; and retirement age, i.e. 66 and over); and *second*, within each of the two groups, according to the number of adults in the family and to the number of household members in employment (work attachment).

1) households structure:

	WORKING AGE HEAD (WA)	RETIREMENT AGE HEAD (RA)
By number of adults in the household	Single adults (SA); Two and more adults (TA)	Single adults (SA); Two and more adults (TA)
By presence of children	With children (CH); Without children (NC)	
By work attachment of household members	No worker (NW); Worker (WR) One worker (1W); 2 and more workers (2W)	No worker (NW); Worker (WR) One worker (1W); 2 and more workers (2W)

Households with a working-age head are cross-classified according to each of the criteria, thus resulting in 10 groups:

1) WASANCWR working-age head, single adult, no children, working
2) WASANCNW working-age head, single adult, no children, non working
3) WASACHWR working-age head, single adults, with children, working
4) WASACHNW working-age head, single adults, with children, non working
5) WATANC2W working-age head, two or more adults, no children, two or more working
6) WATANC1W working-age head, two or more adults, no children, one working
7) WATANCNW working-age head, two or more adults, no children, non working
8) WATACH2W working-age head, two or more adults, children, two or more working
9) WATACH1W working-age head, two or more adults, children, one worker
10) WATACHNW working-age head, two or more adults, children, no workers

Household with a retirement-age head are cross-classified by the number of adults in the household and by work attachment of household members, resulting in 5 groups

11) RASAWR retirement-age head, single adult, one worker
12) RA SANW retirement-age head, single adult, no worker
13) RATA2W retirement-age head, two or more adults, two or more workers
14) RATA1W retirement-age head, two or more adults, one worker
15) RATANW retirement-age head, two or more adults, no worker

An adult is any individual aged 18 and above. **A worker (W) is an adult with a non-zero annual earning or self-employment income.** Therefore, for instance, an individual belongs to the WASACHNW group if he/she belongs to a household with a working-age head, with a single adult in the household, with children, and with no income from work.

Table 7 provides information for each of the above groups.

Table 7: Household structure and inequality.

	Household with a working age head				Households with a retirement age head			
	WASANCWR	....	WATACHNW	**Total (1)**	RASAWR	...	RATANW	Total (2)
Year								
Group mean disposable income in real terms % individuals in each group								
[a] % of individuals in:								
decile 1)								
...								
Decile 10)								
[b] TOTAL	100%	100%	100%		100%	100%	100%	

(1) Total, in percent of the entire population.
(2) Total, in percent of the entire population. (1) + (2) = 100%

[a] This panel *refers to individuals* across deciles, for each household type.
[b] Columns corresponding to the total for the working-age and retirement-age headed households should sum to 100%.

For households with a **head of working age and limited to the most recent year**, this version of the questionnaire also asks for information to allow a better characterisation of "workers" and of "families with children". Data on mean income and shares of persons in each group should be provided for the following categories:

Breakdown by full- and part-time work

Single adult households without children:
- Working full-time
- Working part-time

Single adult households with children:
- Working full-time
- Working part-time

Two or more adult households without children
- Two or more working full-time
- At least one working full-time
- Others working

Two or more adult households with children
- Two or more working full-time
- At least one working full-time
- Others working

When possible, individuals working full-time should be those defined as those usually working 30 hours or more per week (OECD definitions); when different definitions are used (e.g. based on self-reported status) this should be noted in the Excel file in the worksheet "Characterisitcs".

Breakdown by number of children

Single adult households with children, working:
- One child
- Two children
- Three of more children

Single adult households with children, not-working:
- One child
- Two children
- Three of more children

Two or more adult households with children, working:
- One child
- Two children
- Three of more children

Two or more adult households with children, not-working:
- One child
- Two children
- Three of more children

The profile of incomes according to the age of individuals

This section describes how the age-profile of household real incomes has evolved over the time and how its structure in terms of income sources has changed. This will be done by establishing for each period a static income distribution according with various age categories and by analysing how this distribution has changed over the time.

Lifetime profiles should identify the following age categories:

1) 0 to 17 years old.
2) 18 to 25 years old.
3) 26 to 40 years old.
4) 41 to 50 years old.
5) 51 to 65 years old.
6) 66 to 75 years old.
7) over 75 years old.

Table 9 summarises the information required for each age category.

Table 9: Distribution of household disposable income by age category.

	0-17 y.	18-25 y.	26-40 y.	41-50 y.	51-65 y.	66-75 y.	>75 y.	total
Year population share (%) mean disposable income in real terms								100 %
% of individuals in : decile 1(1) ... decile 10(1)								
TOTAL	100%	100%	100%	100%	100%	100%	100 %	100 %
% share of total disposable income: EH+ES+EO K SE TR -TA								
TOTAL	100%	100%	100%	100%	100%	100%	100 %	100 %

(1) Same ranking as in Table 1.

In addition to this breakdown by age of individuals, information is also required (for the first time) by gender. This breakdown should be provided, limited to 2005, at the bottom of Table 5.

Income poverty

This section identifies the proportion of individuals living in low-income households and the characteristics of the household to which they belong to.

Poverty is defined using both a "relative" and an "absolute" definition:

- Relative poverty: the poverty threshold is expressed as a given percentage (40, 50 and 60%) of the current median income in each year. Therefore, it changes (in real terms) over time.
- "Absolute" poverty: the (relative) poverty threshold remains constant (in real terms) over time. **Differently from previous version of this questionnaire**, consultants are asked to keep constant (in real terms) the relative (50% of median income) threshold **of mid-1990s** (even when data for the mid-1970s and mid-1980s are available).

We use two indicators to characterise poverty:

T*he headcount ratio*: the number of individuals with disposable household income per equivalent member lower or equal to the poverty threshold, as a percentage of the total number of individuals in the groups considered.

T*he income gap* expressed as % of the poverty threshold. It is calculated as the average gap between the poverty threshold and the disposable income of poor expressed as a percentage of the poverty threshold. Thus:

[13] mean poverty gap $= \frac{(z - \mu_p)}{z} = \frac{\left(\frac{1}{p}\sum_{i=1}^{p}\sum_{j}(z - W_{ij})\right)}{z}$ where p is the number of poor and μ_p the mean income of the poor.

[14] median poverty gap $= \frac{\left(z - \hat{\mu}_p\right)}{z}$ where p is the number of poor and $\hat{\mu}_p$ [13] the median income of the poor.

At least for the most recent year, the poverty gap should also be calculated using the median income of the poor.

Standard errors of the headcount rate should be provided by using "bootstrap" methods. A description of the method and programming are available on the LIS site **(www.lisproject.org/keyfigures/bootsstrapmethods.htm)**.

Table 10 gives an overview of the evolution of poverty (both absolute and relative), for the entire population. For each year, the table is as follows:

[13] The median poverty gap is defined as the extent by which, in equivalized income, the median poor person, ranked by euivalized income, falls below the poverty line, as a percentage of that line.

Table 10: Evolution of "absolute" and relative poverty.

	Before taxes and transfers	After taxes and transfers
Relative poverty :		
Poverty threshold = 60 per cent of the current median income		
Headcount ratio		
standard error of the headcount ratio		
Mean poverty gap		
Median poverty gap		
Poverty threshold = 50 per cent of the current median income		
Headcount ratio		
standard error of the headcount ratio		
Mean poverty gap		
Median poverty gap		
Poverty threshold = 40 per cent of the current median income		
Headcount ratio		
standard error of the headcount ratio		
Mean poverty gap		
Median poverty gap		
"Absolute" poverty :		
Poverty threshold = 50 per cent of the median income in the mid-1990s:		
Headcount ratio		
standard error of the headcount ratio		
Mean poverty gap		
Median poverty gap		

Table 11 gives a more detailed description of which kind of households are at risk of poverty, before and after accounting for net transfers (taxes and transfers). The household and age breakdown is the same as in the previous sections. In Table 11, the poverty threshold is set at *50% of the current median disposable income*, and poverty is expressed in terms of the headcount ratio.

Table 11 : Poverty rates before and after taxes and transfers, by household type
Head count ratio

	Year 1		Year 2	Year N
	Before taxes and transfers	*After taxes and transfers*		
Working age head				
Household structure and work attachment				
1) WASANCWR				
2) WASANCNW				
...				
10) WATACHNW				
TOTAL				
Retirement age head				
Household structure and work attachment				
11) RASAWR				
...				
15) RATA2W				
TOTAL				
Age of individuals				
0 - 17 y				
…				
above 75y				
TOTAL				

In the first columns, poverty indicators for the 1970-period are based on market income M_{ij} (see identity [3]); individuals with **market income** lower or equal to half of the *median **disposable income*** are counted as poor (i.e. the poverty threshold is the same as in Table 10). In the second column, poverty indicators are based on disposable income.

For the most recent year, data on relative poverty rates are also requested for the additional categories specified in Table 7, Section 10 (to allow a better characterisation of "workers" and of "families with children").

ANNEX 1.A3. OECD QUESTIONNAIRE ON HOUSEHOLD INCOME DISTRIBUTION AND POVERTY INDICATORS, FIFTH WAVE (2010)

Table 1. Evolution of Income Inequality over Time

Please enter values in national currency at current prices for the latest available year.
Existing values are in prices of the year corresponding to "mid-2000s"

	Entire population		rking age population		rement age populatio	
Equivalence elasticity = 0.5	latest year		latest year		latest year	
Total number of individuals	(3)		(3)		(3)	
Total number of households						
	Upper Bound Value(1)	Nominal Mean Income	Upper Bound Value(1)	Nominal Mean Income	Upper Bound Value(1)	Nominal Mean Income
Decile 1						
Decile 2						
Decile 3						
Decile 4						
Decile 5						
Decile 6						
Decile 7						
Decile 8						
Decile 9						
Decile 10						
TOTAL						
Real median income:						
MLD(2)	(3)		(3)		(3)	
SCV						
Gini						
Gini before taxes and transfers						
Standard error Gini (post t&t)						

(1) The upper bound value is the value of the real income at the upper breaking point of the corresponding decile. Therefore, the upper bound value of decile 1 corresponds to the income of the 10 per cent up from the bottom individual (referred to as D1 value); that of decile 9, to the income of the 90 per cent up from the bottom individual (referred to as the D9 value) and that of decile 10, to the highest (possibly top coded) income value.
(2) MLD calculations are based on "bottom coded" values Wij (see the section about bottom coding).*
(3) Shaded cells are empty.
(4) Population 18 to 65 years old.
(5) Population above 65 years old.

Income year and source	

Table 2. Components of disposable income by decile

Please enter values in national currency at current prices. Existing values are in prices of the year corresponding to "mid-2000s"

	Entire population								Working age population (1)								Retirement age population (2)							
	Shares of Income Sources by Decile								Shares of Income Sources by Decile								Shares of Income Sources by Decile							
	EH	ES	EO	K	SE	TR	TA	EH+ES+ES+K +SE+TR-TA	EH	ES	EO	K	SE	TR	TA	EH+ES+ES+K +SE+TR-TA	EH	ES	EO	K	SE	TR	TA	EH+ES+ES+K +SE+TR-TA
Latest year																								
Decile 1								as in Table1								as in Table1								as in Table1
Decile 2								as in Table1								as in Table1								as in Table1
Decile 3								as in Table1								as in Table1								as in Table1
Decile 4								as in Table1								as in Table1								as in Table1
Decile 5								as in Table1								as in Table1								as in Table1
Decile 6								as in Table1								as in Table1								as in Table1
Decile 7								as in Table1								as in Table1								as in Table1
Decile 8								as in Table1								as in Table1								as in Table1
Decile 9								as in Table1								as in Table1								as in Table1
Decile 10								as in Table1								as in Table1								as in Table1
TOTAL								as in Table1								as in Table1								as in Table1

(1) Population 18 to 65 years old.
(2) Population above 65 years old.

1) EH, the wage and salary income of the household head, excluding employers' contributions to social security, but including sick pay paid by governments.
2) ES, the wage and salary income of the household spouse, excluding employers' contributions to social security, but including sick pay paid by governments.
3) EO, the wage and salary income from other household members (excluding employers' contributions to social security, but including sick pay paid by governments.
4) K, capital income, including occupational pensions and all kinds of private transfers.
5) SE, self-employment incomes.
6) TR, social security transfers from public sources (including accident and disability benefits, old-age cash benefits, unemployment benefits, maternity allowances, child and/or family allowances, all income-tested and means-tested benefits)
7) TA, taxes and social security contributions paid directly by households.

Table 3. Evolution of "absolute" and relative poverty

Entire population

Equivalence elasticity = 0.5

	Latest year	
Poverty indicator	**Before taxes and transfers**	**After taxes and transfers**
Relative poverty		
Poverty threshold = 60 per cent of the current median income		
headcount ratio		
standard error of the headcount ratio		
mean pov gap		
median pov gap		
Poverty threshold = 50 per cent of the current median income		
headcount ratio		
standard error of the headcount ratio		
mean pov gap		
median pov gap		
Poverty threshold = 40 per cent of the current median income		
headcount ratio		
standard error of the headcount ratio		
mean pov gap		
median pov gap		
Absolute poverty		
Poverty threshold = 50 per cent of the median income in the mid-1990s:		
headcount ratio		
standard error of the headcount ratio		
mean pov gap		
median pov gap		

Table 4. Population shares, group mean disposable incomes and poverty rates, by household type

For group-specific mean incomes, please enter income values in national currency for the latest available year. Existing values are in prices of the year corresponding to "mid-2000s"

	latest year			
	Population shares (%)	***Mean disposable income***	**Poverty rates**	
			Before taxes and transfers	*After taxes and transfers*
Working age head (head <66)				
Household structure and work attachment				
1) WASANCWR				
2) WASANCNW				
3)WASACHWR				
4)WASACHNW				
5) WATANC2W				
6)WATANC1W				
7)WATANCNW				
8)WATACH2W				
9)WATACH1W				
10)WATACHNW				
TOTAL				
Retirement age head (head 66+)				
Household structure and work attachment				
11) RASAWR				
12) RASANW				
13) RATA2W				
14) RATA1W				
15) RATANW				
TOTAL				
Age of individuals				
0 - 17y				
18 - 25y				
26 - 40y				
41 - 50y				
51 - 65y				
66 - 75y				
above 75				
TOTAL	100.0%	as in Table1	as in Table3	as in Table3

Remarks

All poverty thresholds refer to the entire population (50% of median income in each year)

Definition of household types:

1) WASANCWR: working-age head, single adult, no children, working
2) WASANCNW: working-age head, single adult, no children, non working
3) WASACHWR: working-age head, single adults, with children, working
4) WASACHNW: working-age head, single adults, with children, non working
5) WATANC2W: working-age head, two or more adults, no children, two or more working
6) WATANC1W: working-age head, two or more adults, no children, one working
7) WATANCNW: working-age head, two or more adults, no children, non working
8) WATACH2W: working-age head, two or more adults, children, two or more working
9) WATACH1W: working-age head, two or more adults, children, one worker
10) WATACHNW: working-age head, two or more adults, children, no workers

11) RASAWR: retirement-age head, single adult, one worker
12) RA SANW: retirement-age head, single adult, no worker
13) RATA2W: retirement-age head, two or more adults, two or more workers
14) RATA1W: retirement-age head, two or more adults, one worker
15) RATANW: retirement-age head, two or more adults, no worker

Table 5. Annual time series of key distribution indicators

	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Entire population (OECD methodology)																																				
Gini coefficient																																				
Poverty rate (50% median)																																				
Working-age population (OECD methodology)																																				
Gini coefficient																																				
Poverty rate (50% median)																																				

Remarks

If time series data are only available for national defined methodology, please specify details (income concept; equivalence scale; poverty threshold etc.)

Please indicate breaks in series

Characteristics of surveys and sample size
(most recent year)

Name of statistical sources Nature and responsible agency	Household survey? Cross-section or longitudinal? Register data integrated with household surveys?	
Year to which income refers		
Period over which income is assessed	Income in the previous year, month or week? Same reporting period for all income types? If monthly/weekly, how is it converted to an annual equivalent?	
Timing of the survey	In a specific month/week? Data collection spread throughout the year?	
People interviewed in each household	All adults? "Proxy" reports by the reference person on the income of other household members?	
Sample size (households)		
Response rate (most recent year)		
Level of significance	Number of observations considered significant	
Definition of reference person	Oldest person? Person with the higher income?	
Definition of households	Persons living together? Having a common budget for essential items? Special treatment for students living away from parent home?	
Definition of workers	Self-assessment of respondents? Positive labour income (earnings and self-employment)?	
Recorded income	What about lump sum income received? What categories of taxes are considered (income, property taxes)?	
Missing and negative income items	How are missing values treated? (imputation etc.) How are negative values treated?	
Treatment of low and high income values	Is there a processing/reporting limit for high income? (top coding) Is there a processing/reporting limit for low income? (bottom coding)	
Other data features	Imputation of particular income items (taxes)? Imputation of non-response items?	

ANNEX 1.A4. OECD QUESTIONNAIRE ON HOUSEHOLD INCOME DISTRIBUTION AND POVERTY INDICATORS, SIXTH WAVE (2012)

First Part. Data questionnaire

Table 1. Inequality and Poverty indicators

General information		Entire population	Working age population (1)	Retirement age population (2)
	Total number of individuals			
	Total number of households			
	Mean disposable income (3)			
	Median disposable income (3)			
Inequality				
	Gini			
	Gini before taxes and transfers			
	Standard error Gini (after taxes and transfers)			
Poverty (5)				
Threshold = 60% of the current median income (relative poverty)				
Before taxes and transfers	headcount ratio			
	mean pov gap			
	median pov gap			
After taxes and transfers	headcount ratio			
	mean pov gap			
	median pov gap			
Threshold = 50% of the current median income (relative poverty)				
Before taxes and transfers	headcount ratio			
	mean pov gap			
	median pov gap			
After taxes and transfers	headcount ratio			
	mean pov gap			
	median pov gap			
Threshold = 50% of the median income in the mid-90s ("anchored" poverty)				
Before taxes and transfers	headcount ratio			
	mean pov gap			
	median pov gap			
After taxes and transfers	headcount ratio			
	mean pov gap			
	median pov gap			
Threshold = 50% of the median income in 2005 ("anchored" poverty)				
Before taxes and transfers	headcount ratio			
	mean pov gap			
	median pov gap			
After taxes and transfers	headcount ratio			
	mean pov gap			
	median pov gap			
Notes				
1) Working age: 18-65 years old.				
2) Retirement age: 66 years old and over.				
3) Annual income in nominal prices.				
4) Mean log deviation: calculations are based on "bottom coded" values Wij* (see ToR, section 2).				
5) Poverty: all poverty thresholds refer to the entire population.				

Table 2. Disposable income per deciles

	Deciles	Upper bound value (2)	Mean income (3)	Mean value per components (3)							
				EH	ES	EO	K	SE	TR	TA (negative sign)	TOTAL
Entire population	1										
	2										
	3										
	4										
	5										
	6										
	7										
	8										
	9										
	10										
	Total										
Working age population (1)	1										
	2										
	3										
	4										
	5										
	6										
	7										
	8										
	9										
	10										
	Total										

Notes

1) Working age: 18-65 years old.

2) Upper bound value: value of the real income at the upper breaking point of the corresponding decile. Therefore, the upper bound value of decile 1 corresponds to the income of the 10 per cent up from the bottom individual (referred to as D1 value); that of decile 9, to the income of the 90 per cent up from the bottom individual (referred to as the D9 value) and that of decile 10, to the highest (possibly top coded) income value.

3) Income components: mean icome and income components should be reported on an annual basis and in nominal prices.

EH: the wage and salary income of the household head, excluding employers' contributions to social security, but including sick pay paid by governments.

ES: the wage and salary income of the household spouse, excluding employers' contributions to social security, but including sick pay paid by governments.

EO: the wage and salary income from other household members, excluding employers' contributions to social security, but including sick pay paid by governments).

K: capital income, including occupational pensions and all kinds of private transfers.

SE: self-employment incomes.

TR: social security transfers from public sources (including accident and disability benefits, old-age cash benefits, unemployment benefits, maternity allowances, child and/or family allowances, all income-tested and means-tested benefits)

TA: taxes and social security contributions paid directly by households.

Table 3. Disposable income per household groups

		Population shares	Mean income (2)	Poverty headcount for 50% threshold (3)	
				After taxes and transfers	*Before taxes and transfers*
Persons in households with a working-age head (1) Breakdown by household structure and work attachment	Single adult, no children, working				
	Single adult, no children, non working				
	Single adult, with children, working				
	Single adult, with children, non working				
	Two or more adults, no children, two or more working				
	Two or more adults, no children, one working				
	Two or more adults, no children, non working				
	Two or more adults, children, two or more working				
	Two or more adults, children, one worker				
	Two or more adults, children, no workers				
	Total (all households with a working-age head)				
Entire population Breakdown by age of individuals	0-17 years old				
	18-25 years old				
	26-40 years old				
	41-50 years old				
	51-65 years old				
	66-75 years old				
	above 75				
	Total				
Notes					
1) Working age: 18-65 years old. 2) Annual income in nominal prices. 3) Poverty: All poverty thresholds refer to the entire population.					

Second Part. Metadata questionnaire

Part II of this questionnaire is intended to check the definitions used and the assumption made to calculate these various indicators, notably in cases where the raw data used did not make it possible to follow strictly the recommendations made in the OECD Terms of Reference. In such cases, the questionnaire has been designed so as to enable consultants to provide the alternative definitions or assumptions that have been adopted.

	Short answer	Comments
I. MAIN FEATURES OF THE DATA SOURCE		
Name of the dataset	Name	
Name of the responsible agency	Name	
Release date of the dataset (year and month)	Year / month	
Year to which income refers	Year	
Income unit (e.g. thousands, millions)	Unit	
Period over which most income components are assessed:		
- Weekly	Yes / No	
- Monthly	Yes / No	
- Annual	Yes / No	
- Other	Please specify	
Is it the same reporting period for all income components?	Yes / No	If no, please specify
Currency used	Currency	
Release date of the next dataset (year and month)	Year / month	
Periodicity of dataset:		
- Annual	Yes / No	
- Other	Please specify	
Nature of data sources (multiple responses allowed):		
- Cross-sectional data only	Yes / No	
- Panel data only	Yes / No	
- Cross-sectional data with a panel component for a subsample of observations	Yes / No	
- Administrative records from one register	Yes / No	
- Administrative records from more than one register	Yes / No	
Timing of the data collection:		
- Data collection spread throughout the year	Yes / No	
- Data collection over a specific month/week	Please specify month/week	
Unit for data collection:		
- Individuals	Yes / No	
- Households	Yes / No	
- Families	Yes / No	
- Fiscal units	Yes / No	
- Other (e.g. economic families)	Please specify	
People interviewed in each unit (multiple responses allowed):		
- All adults	Please specify age range	
- Reference person only	Yes / No	
- All adults but "proxy" reports by the reference person on the income of other household members are allowed	Yes / No	
Sample size:		
- Number of units	Number	
- Number of households	Number	
Response rate	Rate	

		Short answer	Comments
II. DEFINITIONS USED AND ASSUMPTIONS MADE TO CALCULATE THE INDICATORS REPORTED IN TABLES 1-3			
II.1	**Definitions**		
	Household:		
	- As specified by the ToR: People usually living in the same dwellings	Yes / No	
	- People having a common budget for essential items	Yes / No	
	- People living in the same dwelling and having a common budget	Yes / No	
	- Other	Please specify	
	Head of household. When relevant, please specify the rank of the following criteria:		
	- Person who owns or rents the housing unit	Rank / No	
	- Most elderly member	Rank / No	
	- Person with the highest income	Rank / No	
	- Parenthood	Rank / No	
	- Sex	Rank / No	
	- Other	Please specify	
	Workers (multiple responses allowed):		
	- As specified in the ToR: non-zero labour income (dependent workers and self-employed)	Yes / No	
	- Positive labour income (dependent workers and self-employed)	Yes / No	
	- Positive labour income for dependent workers, non-zero labour income for self-employed persons	Yes / No	
	- Persons who have worked a minimum amount of hours during the reference period (please specify)	Nb. hours / Reference priod	
	- Self-assessment of respondents	Yes / No	
	- Other	Please specify	
II.2	**Income components**		
	Wage and salary income (EH, ES, EO):		
	- Wage and salaries (excluding employers' contribution to social security)	Yes / No	
	- Related bonuses and commissions	Yes / No	
	- Goods provided by employers	Yes / No	
	- Severance and termination pay	Yes / No	
	- Sick paid day paid by the government	Yes / No	
	- Other	Please specify	
	Self-employment income (SE):		
	- Profit/looses from unincorporated enterprise	Yes / No	
	- Net values of goods and services produced for final consumption	Yes / No	
	- Other	Please specify	
	Capital income, including private pensions, private occupational pensions and all kinds of private transfers (K):		
	- Income from financial assets, net of expenses	Yes / No	
	- Income from non-financial assets, net of expenses	Yes / No	
	- Royalties	Yes / No	
	- Pensions from individual private plans	Yes / No	
	- Pensions from occupational private plans	Yes / No	
	- Regular transfers received from/paid to other households	Yes / No	
	- Other private transfers	Please specify	
	Social security transfers from public sources (TR):		***Please specify programmes names in each case (in national langage and English)***
	- Accident and disability benefits	Yes / No	
	- Old-age cash benefits	Yes / No	
	- Unemployment benefits	Yes / No	
	- Maternity allowance	Yes / No	
	- Child and/or family allowance	Yes / No	
	- Housing benefits	Yes / No	
	- Other Income-tested and means-tested benefits (please specify)	Yes / No	
	- Other	Please specify	
	Taxes and social security contributions paid by household (TA)		
	- Income taxes	Yes / No	
	- Taxes on wealth	Yes / No	
	- Employees' social security contributions	Yes / No	
	-Other	Please specify	
	Imputation procedures Please list the above income compononents that have been imputed and specify the imputation method		
II.3	**Technical issues**		
	Has the coherence of aggregate amounts with external sources been assessed?	Yes / No	
	Have income data been adjusted to establish coherence?	Yes / No	
	Treatment of negative items:		
	- As in the ToR: set to zero	Yes / No	
	- Retained	Yes / No	
	- Other	Please specify	
	This treatment has been applied to:		
	- Total disposable household income	Yes / No	
	- Each of the seven income components, EH, ES, EO, SE, K, TR, TA, separatly	Yes / No	
	- Other	Please specify	
	Is top coding used for the highest income values?	Yes / No	
	If yes, please specify the top income value retained	Value	
	Bottom coding used for the lowest income values:		
	- 1% median disposable income	Yes / No	
	- Other, please specify the bottom value retained	Value	

ANNEX 1.A5. TERMS OF REFERENCE OF OECD PROJECT ON THE DISTRIBUTION OF HOUSEHOLD INCOMES, SIXTH WAVE (UNDERTAKEN 2012)

March 2012

The OECD income distribution questionnaire aims at collecting a basic set of indicators on a yearly basis. With regard to past waves, the questionnaire has been substantially reduced and simplified, from the former nine to current three tables.

1. Main Definitions

Reference units, equivalence scale and adjusted income

Observation Unit	The unit of observation of the survey is the **household.** A household is defined as a collection of individuals who are sharing the same housing unit.
Reference unit for income distribution indicators	All income distribution indicators refer to **persons**. In the distribution, each household is weighted by the number of individuals who belong to this household. For instance, a household of four people has a weight equal to four; this is equivalent to considering a distribution in which this household is represented by four individuals with the same level of income.
Equivalence scale	All the tables specified in this request should be calculated using an ***equivalence elasticity*** **of 0.5**. This means that all incomes are adjusted by the square root of the household size. For instance, the income of a household with four persons would be divided by two. The equivalence elasticity (ε) characterises the amount of scale economies that households can achieve. An equivalence elasticity lower than unity implies the existence of economies of scale in household needs: any additional household member needs a less than proportionate increase of the household income in order to maintain a given level of welfare. Under this assumption, the sum (over j) of individual "adjusted" incomes W_{ij} will exceed the total household disposable income by the amount of scale economies.
Adjusted disposable income	Individuals are ranked according with the value of *the "adjusted" disposable income per equivalent household member* of the household to which they belong. For instance, if Y_i denotes the total disposable income of household i, the "adjusted" income of each member j of household i (W_{ij}) is calculated as following: $W_{ij}=Y_i \big/ S_i^{\varepsilon}$, where S_i is the number of members in household i and ε is the equivalence elasticity.

Income components, disposable income and market income

Income distributions refer to a particular year, which should be indicated in the Excel spreadsheet "Metadata". All income components should be reported on an *annual basis and in nominal prices*. Seven components of household disposable income are identified:

1. **EH:** the wage and salary income of the household head, excluding employers' contributions to social security, but including sick pay paid by governments.
2. **ES:** the wage and salary income of the household head spouse or partner, excluding employers' contributions to social security, but including sick pay paid by governments.
3. **EO:** the wage and salary income from other household members, excluding employers' contributions to social security, but including sick pay paid by governments.
4. **K:** capital and property income (net dividends, interests, rents), private pensions, private occupational pensions, and all kinds of private transfers.

5. **SE:** self-employment incomes.
6. **TR:** social security transfers from public sources (including accident and disability benefits, old-age cash benefits, unemployment benefits, maternity allowances, child and/or family allowances, all income-tested and means-tested benefits)
7. **TA:** taxes and social security contributions paid directly by households.

All household income components can expressed in terms of equivalent household member, by dividing the component by S_i^{ε}, the number of household member to the power of the equivalence elasticity ε. Individual disposable income per equivalent household member and individual market income per equivalent household member, for each member *j* of household *i*, can then be expressed as follows:

[1] **Equivalised disposable income**: $W_{ij} = EH_{ij} + ES_{ij} + EO_{ij} + K_{ij} + SE_{ij} + TR_{ij} - TA_{ij}$

[2] **Equivalised market income**: $M_{ij} = EH_{ij} + ES_{ij} + EO_{ij} + K_{ij} + SE_{ij}$

Treatment of negative income

- Once equivalent household member adjustments are done, using the equivalence elasticity under consideration, all individual components of market income (EH, ES, EO, K, SE) showing negative values should be set to zero. For instance, any negative value of self-employment income is set equal to zero.

- Then, market and disposable incomes are calculated using formulas [1] and [2]. The ranking of individuals is done on the basis of these new values of disposable income.

- The mean of market income and disposable income are then computed (over all incomes e.g. zero and positive incomes).

Income poverty

Poverty is defined using both a relative threshold and an absolute threshold (computed from a relative threshold anchored in time):

- *Relative poverty*: the relative poverty threshold is expressed as a given percentage of the median disposable income, expressed in nominal terms (current prices). Therefore, this threshold changes over time, as the median income changes over time. Two relative poverty thresholds are used: the first one is set at 50% of the median equivalised disposable income of the entire population, the second one is set at 60% of that income.

- *"Absolute" poverty*: the "absolute" poverty threshold is set at 50% of the median income observed in a given reference year in the past. Two reference years are used for this "absolute" threshold: **mid-1990s** and **2005**. Then, these thresholds are inflation-adjusted each year so as to remain constant, in real terms, over time.

Two types of indicators are used to characterise poverty:

- The *headcount ratio*, calculated as the number of individuals with disposable household income per equivalent member lower or equal to the poverty threshold, as a percentage of the total number of individuals in the groups considered.

- The *poverty gap ratio* (income gap expressed as % of the poverty threshold). Two measures of the poverty gap ratio are included in the questionnaire. The first is calculated as the difference between the poverty threshold and the mean disposable income of the poor, expressed as a percentage of the poverty threshold. The second is calculated as the difference between the poverty threshold and the median disposable income of the poor, expressed as a percentage of the poverty threshold.

2. Inequality and poverty indicators (Table 1)

Table 1 provides a set of aggregate indicators on disposable income, income inequalities and poverty for three different population groups: the entire population, the population of working age (individuals aged 18-65) and the population of retirement age (individuals aged 66 and over). Children (persons aged below 18) should be included among the entire population.

Individuals are ranked according with their *household disposable income per equivalent household member* as described in equation [1], except for the indicator "Gini before taxes and transfers" (*i.e.* Gini for market income), where individuals are ranked according with their market income per equivalent household member, including cases with zero market incomes.

Indicators formula

Indicator	Formula	Comments
Gini index	$Gini = \left(\frac{2}{\mu.n^2}\cdot\sum_{k=1}^{n} k.W_k\right) - \frac{n+1}{n} = \frac{2\,\mathrm{cov}\left(W_k, \frac{k}{n}\right)}{\mu} = \frac{\frac{2}{n}\sum_{k=1}^{n}(W_k-\mu).\left(\frac{k}{n}-\frac{1}{n^2}\sum_{k=1}^{n}k\right)}{\mu}$	Household incomes per equivalent household members (W_k) are ranked in ascending order (such as k = 1, 2, …, n). Individuals falling in each of the three population groups (entire population, population of working age and population of retirement age) should be ranked separately. n is the total number of individuals; μ is the arithmetic mean of disposable incomes: $\mu = \frac{\sum_k W_k}{n}$.
Mean poverty gap	$\frac{(z-\mu_p)}{z} = \frac{\left(\frac{1}{p}\sum_{i=1}^{p}\sum_{j}(z-W_{ij})\right)}{z}$	z is the poverty threshold; p is the number of poor; μ_p is the mean income of the poor.
Median poverty gap	$\frac{(z-\hat{\mu}_p)}{z}$	z is the poverty threshold; p is the number of poor; $\hat{\mu}_p$ is the median income of the poor.

Poverty indicators "before taxes and transfers"

While poverty indicators "after taxes and transfers" are based on the equivalised disposable income of each person, poverty indicators "**before** taxes and transfers" are based on the equivalised **market** income of the individual. However, both types of poverty indicators are based on a poverty threshold set in terms of equivalised **disposable** income. In other terms, people are counted as poor "before taxes and transfers" when their **market** income is lower or equal to 50% (or 60%) of the **median disposable** income (i.e. the poverty thresholds are the *same* as those used for poverty indicators "after taxes and transfers").

3. Disposable income per deciles (Table 2)

Table 2 describes the structure and composition of household disposable incomes across deciles. The income sources considered are those specified in identity [1] above. This table indicates the distribution across deciles of the different income sources, for two population groups: the entire population and the population of working age (individuals aged 18-65). Children (persons aged below 18) should be included among the entire population.

Individual observations are ranked *following ascending values of household disposable income per equivalent household member* (W_{ij}). For each of the two panels, income estimates are ranked separately; i.e. upper bound values should be specific to the two population groups, and each decile should contain 10% of the respective reference population.

The upper bound value is the income value at the upper breaking point of the corresponding decile. Therefore, the upper bound value of decile 1 corresponds to the income of the 10% up from the bottom individual; that of decile 9, to the income of the 90% up from the bottom individual and that of decile 10, to the highest (possibly top coded) income value.

For each income decile, the sum of all income components should be equal to the mean (equivalised) disposable income value reported for that decile in the second column of Table 2. Therefore, taxes should be entered with a negative sign.

4. Disposable income per household groups (Table 3)

Table 3 provides information on which types of households are at risk of low incomes, and how some particular sub-groups contribute to shape the overall pattern of inequality and income poverty. It shows, for various population sub-groups, the following variables:

- the percentage share of people in the *total population*;
- the mean disposable income (in nominal prices);
- the poverty rate, before and after accounting for net transfers (taxes and transfers), expressed in terms of the headcount ratio. The poverty threshold is equal to the first relative threshold used to calculate poverty indicators reported in Table 1, i.e. 50% of the current median equivalised disposable income of the *entire* population.

Definition of household types, by household structure and work attachment

The reference population corresponds to individuals belonging to a household with a head of working age (18-65). Therefore, all individuals belonging to a household with a head below 18 years old or above

66 years old are excluded from the sample for the purposes of filling this table. Then, within this reference population, individuals are cross-classified according to each of the following criteria:

- the number of adults in the household they belong to: single adult vs. two adults or more. An adult is any individual aged 18 and above;
- the number of children in the household they belong to: with children vs. without children. A child is any individual aged 17 or less;
- the number of household members in employment: no worker, one worker, two workers. **A worker is an adult with a non-zero annual earning or self-employment income.**

This classification results in ten household types: 1) single adult, no children, working; 2), single adult, no children, non working; 3) single adult, with children, working; 4) single adult, with children, non working; 5) two or more adults, no children, two or more working; 6) two or more adults, no children, one working; 7) two or more adults, no children, non working; 8) two or more adults, children, two or more working; 9) two or more adults, children, one worker; 10) two or more adults, children, no workers.

Definition of age groups

The reference population is the entire population, and individuals are grouped according to seven age ranges: 1) 0 to 17 years old; 2) 18 to 25 years old; 3) 26 to 40 years old; 4) 41 to 50 years old; 5) 51 to 65 years old; 6) 66 to 75 years old; 7) 76 and over.

5. Metadata

The questionnaire is divided into two sections. Part I aims at collecting general information on the raw data used to calculate the various indicators reported in Tables 1 to 3. Part II of this questionnaire is intended to check the definitions used and the assumption made to calculate these various indicators, notably in cases where the raw data used did not make it possible to follow strictly the recommendations made in this Terms of Reference. In such case, the questionnaire has been designed so as to enable consultants to provide the alternative definitions or assumptions that have been adopted.

The questionnaire is formulated as mainly closed-loop questions in order to make it easier to respond and collect relatively homogeneous information across member countries. However, blank cells are available to add important information that the questionnaire may miss, as well as to deviate from the template it follows, **whenever necessary**.