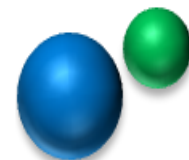




Household Consumption Expenditure

Buyung Airlangga





Introduction (1)

- ❖ Household as consumer
- ❖ Household as producer
 - Household Unincorporated Enterprises (HUE)
 - Owner of dwelling
- ❖ Household expenditures on goods & services as consumer – final consumption expenditures
- ❖ Household expenditures on goods & services as producer – intermediate consumption or capital formation



Intro ... (2)

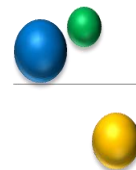
❖ Concept of National

- Including household expenditure abroad
- Excluding non-resident household expenditure in domestic geography



Household final consumption expenditures

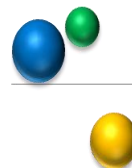
- ❖ Domestic household consumption expenditures
 - Originated from domestic production
 - Originated from imports of goods & services
- ❖ Household consumption expenditures abroad
 - Imports of goods and services





Expenditures ... (2)

- ❖ Goods & services which owned/used/
consumed by member of household
 - Expenditures on foods, clothes, housing,
transportation, education, health, personal goods,
durable goods, etc.
- ❖ Including owned production, barter,
transfer from other persons/institutions





Expenditures ... (3)

❖ Including:

- Purchase of goods and services
- Own used from own production
- Imputed rent of own dwelling
- Gifts/charities received
- Cost of financial services directly charge to consumers
- Insurance services, pension funds services
- Household expenditures on permits, licences, etc. (as purchase of services)
- Museum entry tickets, amusement arena, etc.



Expenditures ... (4)

Excluded:

- ❖ Transfer of goods
- ❖ Goods and services as intermediate consumption or capital formation:
 - Household expenditures on productive activities (unincorporated enterprises)
 - Expenditures on housing repair & maintenance
 - Purchase of dwelling (as gross fixed capital formation)
 - Expenditure/purchase on valuable goods (as gross capital formation/valuables)
- ❖ Purchase of land
- ❖ Expenditure on taxes, such as driver license, automotive tax, hunting & fishing license, etc.
- ❖ Current transfer (donation of money or in kinds to NPISH or other household)



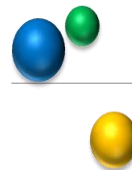
Expenditures ... (5)

- ❖ Special treatments
 - Leasing – recorded as household purchase in cash
 - Lottery – recorded as net of gains (winning)
 - Imports of second-hand goods
 - ✓ Treated the same as buying new stuff
 - ✓ Transaction between households are not recorded
 - Fee and contribution to NPISH, labor union, professional affiliation organization – treated as current transfers



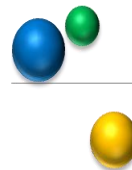
Classification (COICOP = *Clasifikasi of Individual Consumption by Purpose*)

1. Foods and non-alcoholic beverages
2. Liquor, tobacco and narcotic
3. Clothes and foot wear
4. Housing, water supply, electricity, gas and other fuels
5. Furniture, household appliance and other household minor repairs





6. Health
7. Transportation
8. Communication
9. Recreation and culture
10. Education
11. Restaurant and hotel
12. Other goods and services





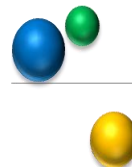
Compilation method of household final consumption expenditure

❖ Direct method

- Household income & expenditure survey (Susenas/SBH)
- Food balances (NBM)
- International trade statistic (exports, imports)
- Retail trade statistic

❖ *Commodity Flow Approach*

supply of goods & services – IC – GC – GFCF – Exports = 0

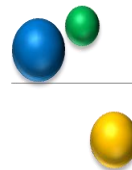




Household Actual Final Consumption

- ❖ Value of goods and services consumed and used by households

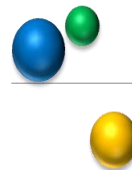
- ❖ Including :
 - Household expenditures on consumption
 - Social Transfers received from government or NPISH





Social transfer in kinds

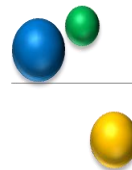
- ❖ Government and NPISH final consumption expenditures as current transfer in kinds given to individuals or households
 - Expenditure of NPISH final consumption in the form of services to individuals/households (current transfer)
 - Expenditure of Government final consumption in the form of services to individuals/households (current transfer)





Transfer in kinds ... (2)

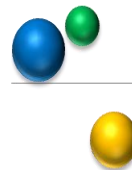
- ❖ Amounts of transfer in kinds is recorded as income under Resources side of *Redistribution of Income Account of household*
- ❖ and as uses in *Adjusted Disposable Income of household*





Transfer in kinds ... (3)

- ❖ Transfer in kinds is recorded under Uses side in *Redistribution of income* account
- ❖ and it is subtracted from consumption expenditure under Uses side in *Adjusted disposable income of general government and NPISH*





Transfer in kinds ... (4)

- ❖ Government and NPISH expenditures which classified as transfer in kinds :
 - Health
 - Education
 - Culture, religion, other community services
 - Housing and *re-use collection*
 - Including purchase of goods and services made by government destined to be given to households, which is not part of government production activity





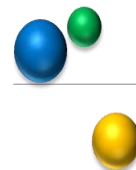
Transfer in kinds ... (5)

❖ **Example :** Government is allocated \$50 mil. into education. Education institutions owned by government are received \$12 mil. from tuition fee, books sales and other educational services.

➤ Household consumption expenditure= \$12 million

➤ Government consumption expenditure

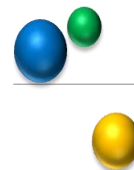
$$= 50 - 12 = \$38 \text{ million}$$





Transfer in kinds ... (6)

- ❖ Government consumption expenditure on education is transfer in kinds
 - Transfer in kinds = \$38 million
 - Household received (adjusted disposable income)
= household income + \$38 mil.
and
 - Household actual final consumption
= 12 + 38 = \$50 million





Household final consumption expenditure account

<u>Uses</u>	<u>Resources</u>
<ul style="list-style-type: none">❖ Household consumption expenditure❖ Household saving	<ul style="list-style-type: none">❖ Disposable income<ul style="list-style-type: none">➤ Compensation➤ Property income➤ Current Transfer

Household **actual** final consumption expenditure account

Uses

❖ Household actual consumption

- Household consumption
expenditure
- Individual consumption
expenditure from
government and NPISH
(transfer in kinds)

❖ Household saving

Resources

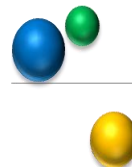
❖ Disposable income (adjusted)

- Household disposable
income
- Transfer in kinds from
government and NPISH



Data sources

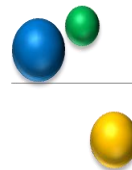
- Household consumption data from Household Income and Expenditure Survey (**Susen***as*) and Household Budget Survey (**SBH**) as benchmark data;
- Consumer Price Index (CPI) as deflator



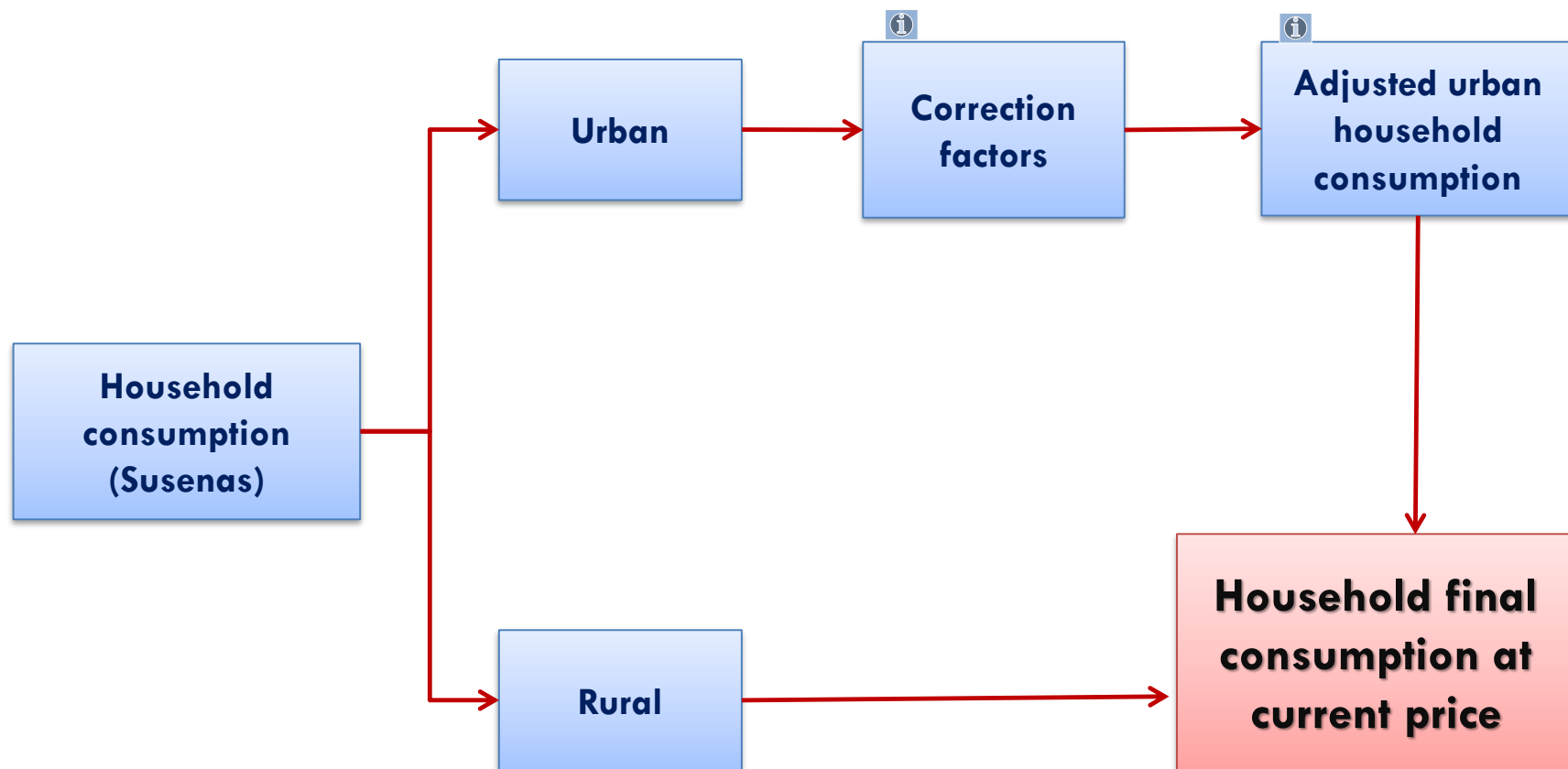


Estimation method

- Special study revealed that **Susen**as data on urban household consumption is *under estimate*, while rural household consumption is representative.
- Adjustment being made to correct urban household consumption using ratios of consumption value based on **SBH** and urban household consumption based on **Susen**as.

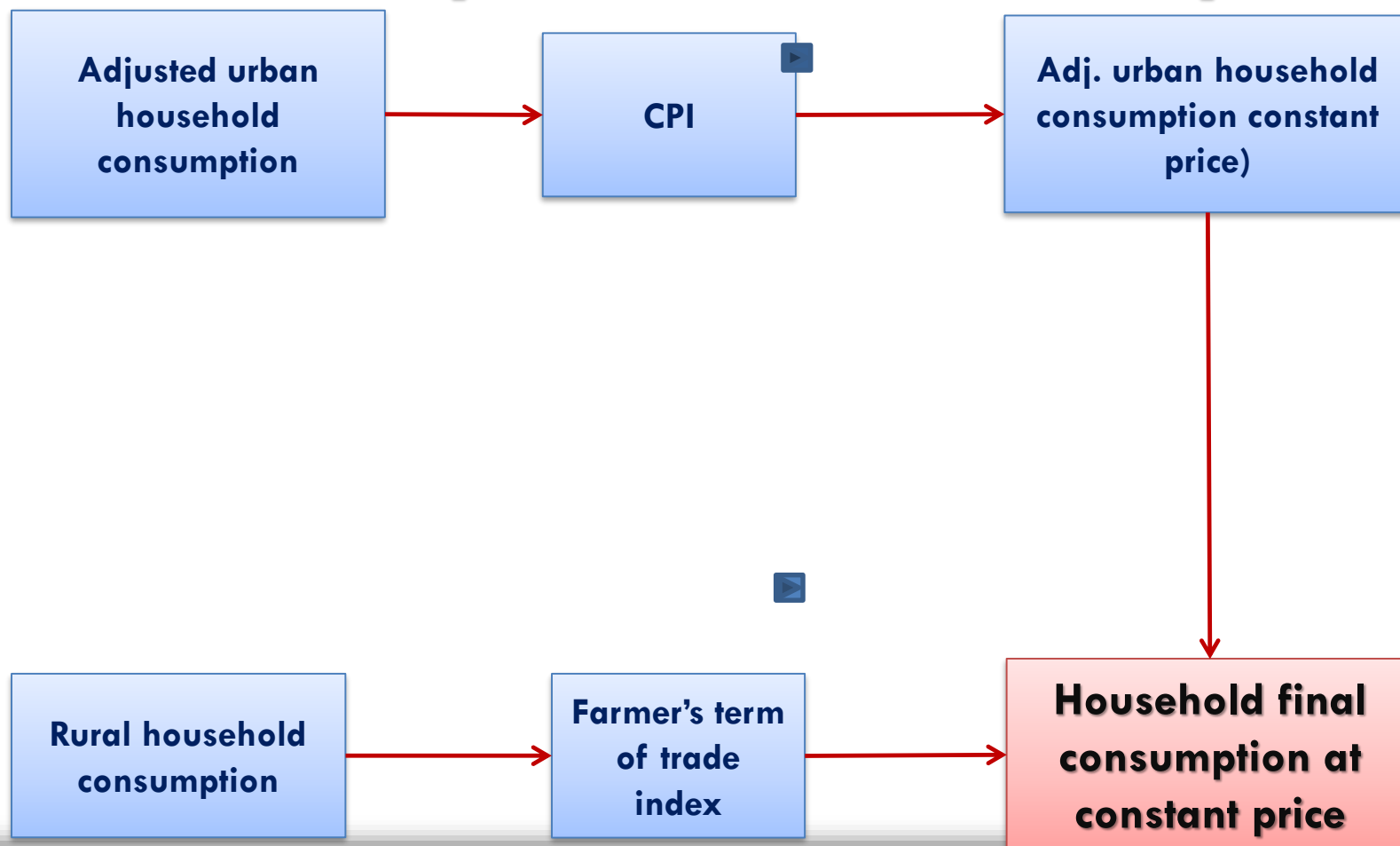


Flowchart of household final consumption at current price





Flowchart of household final consumption at constant price





Thank you

