1. GENERAL

The Household Expenditure Survey is an ongoing annual survey whose purpose is to obtain data on the components of household budgets and income, as well as additional data used for characterizing the standard of living of households in Israel. The two main uses of the survey are determination of the “weights” for the consumption basket of the consumer price index and measurement of the poverty and inequality in the population. The survey also provides an estimate of the component of private consumption in the GDP.

The 2021 Household Expenditure Survey is the 25th in a series of ongoing surveys that have been conducted by the Central Bureau of Statistics (CBS) since 1997.

From 1997 to 2011, the CBS investigated household income in two separate surveys: The first was the Household Expenditure Survey (the survey sample included an average of about 6,000 households, annually); the second was the Income Survey, conducted in combination with the quarterly ongoing Labour Force Survey, in which one-fourth of the households were asked about their income (the survey sample comprised an average of about 8,500 households, annually). Data from the two surveys were combined into one system and presented as integrated results. The Integrated Income Survey sample included an average of 14,500 households, annually.

Starting in 2012, due to the transition of the Labour Force Survey from a quarterly survey to a monthly survey, the Income Survey was removed from the Labour Force Survey and, in place of it, the Household Expenditure Survey sample was expanded.

In 2021, the sample included 13,590 households.

All of the data on expenditures, income, and compulsory payments in this publication are based on the "Household Expenditure Survey".

As of 2012, in addition to the expansion of the survey sample, changes were made in the survey population, in the survey questionnaire, and in the survey estimates, as follows:

1. The sample population of the survey was expanded, and now includes collective moshavim and renewed kibbutzim which have engaged in a process of privatization (does not include collective kibbutzim). As of 2016, it once

again includes the Bedouin population in permanent localities (which was not surveyed from 2012–2015, due to difficulties in carrying out interviews). As a result, the population coverage increased from about 95% to about 97%.

2. Soldiers in compulsory military service are defined as employees. Until 2012, the income of soldiers in compulsory military service was included in " income from other work". However, in accordance with the ILO Conventions and Recommendations the CBS, as in most other developed countries, decided to measure the entire labour force instead of the civilian labour force. This was done by adding soldiers in compulsory military service to the labour force in Israel. Following this decision, as of 2012 the income of employees and income from employed work also includes the income of soldiers in compulsory military service.
3. The sample among the Arab population of northern localities was augmented to provide more reliable estimates of the Arab population.
4. The method of population estimation was changed. The estimation method is intended to reduce sampling errors as well as biases that can occur due to differences between the characteristics of the households that did not respond to the questionnaire and those that responded. As of 2012, estimation of the population in the Household Expenditure Survey was adjusted to the new structure of the monthly Labour Force Survey.

Most of the changes mainly affect household and individual income. Therefore, **as of 2012, there is a break in the series of income data compared with previous years.**

Changes in the Household Expenditure Survey 2019

In 2019, the Household Expenditure Survey became a computer-assisted field survey. As a result, all processes of the survey were changed and there were many changes in the methods of data imputation. The following are the changes in the data collection methods and the survey methodology:

1. **A change in the method of data collection:** Until 2018, the Household Expenditure Survey was conducted as a paper survey. As of 2019, the survey has become a computerized survey.
2. **A change in the method of population estimation:** In 2019, due to a decline in survey response rates, the estimation method was changed. The change in the method of calculating the weights was intended to reduce both the

sampling errors and the biases that might have resulted from the fact that households that did not respond to the survey might differ in their characteristics from those who participated in the survey. The change made in the estimation method mainly affects the income of households and individuals. **Therefore, starting from 2019, there is a break in the series, compared to the data published in the previous years.** In order to test the stability of the method over time, and to create a basis for comparing estimates between years, weights were calculated using this method retroactively for the 2018 sample as well.

3. **The population sampled in the survey has been expanded and also includes boarding school students.** Until 2019, boarding school students were not included in the households where their parents lived. On the recommendation of international organizations, and for the purpose of uniformity between the surveys, starting in 2019 boarding school students have been included in the survey population.
4. **A change in the definition of head of household in cases where a caregiver lives in the household:** The head of a household is defined as the employed person who normally works the greatest number of hours per week. Therefore, until 2019, in households in which a caregiver lived, the caregiver was considered the head of the household. As of 2019, in these households the caregiver is no longer considered the economic head of the household.

Household Expenditure Survey 2020 and 2021, in Light of the Coronavirus (COVID-19) Crisis

The years 2020 and 2021 were particularly challenging due to the COVID-19 crisis, during which the country experienced closures and restrictions that made it very difficult for the CBS interviewers to carry out their survey of households in Israel. As a result of the crisis and the ongoing shortage of interviewers, the survey suffered from an exceptionally high incidence of non-response. Due to the closures and the economic crisis, a change occurred in the expenditures and incomes of the households.

New income items:

1. In 2020, a Grant for Each Citizen was added to income from National Insurance Institute allowances – these are the grants from the National Insurance Institute given to all citizens in April and August 2020 due to the COVID-19 crisis.

2. In 2020 and 2021, income From a Grant/Compensation From the Tax Authority to Self-Employed Persons was added to Income from other institutions.

2. MAIN FINDINGS

The findings are based on 6,057 responding households in 255 urban and rural localities, representing about 2,837,400 households in the population.

A. Income and Expenditure, by Status at Work of Head of Household and Income Composition (Table 12)

The average monthly gross money income per household, from all sources of income – work, capital, allowances and assistance – was NIS 19,916 in 2021. The median gross money income per household was NIS 14,827. After deducting compulsory payments (income tax, National Insurance, and National Health Tax), the average net money income per household was NIS 16,649; the net money income per person was NIS 5,194 per month and the net money income per standard person, which is accepted as a measure of the standard of living, amounted to NIS 6,252 per month. Income from work (NIS 14,546) comprised 73.0% of the money income of households in 2021, and 15.8% (NIS 3,137) derived from allowances and assistance. Compared to 2020, there was a slight decrease in the share of income from allowances and assistance and a slight increase in the share of income from work out of the total money income of households. However, compared to 2019, before the COVID-19 pandemic, there was an increase of 3.5 percentage points in the share of income from allowances and assistance and a decrease of 4.5 percentage points in the share of income from work out of the total money income.

The average consumption expenditure, which includes an estimate of expenditure for housing services, totalled NIS 15,122 a month in 2021. The average money expenditure per month was NIS 12,155. This expenditure constitutes 73.0% of the net money income per household.

In 2021, the average number of persons per household was 3.2, and the average number of earners was 1.3.

Gross money income of households in which the **head of household is an employee** was an average of NIS 23,515 per month per household in 2021. Less compulsory payments, the net money income for households of employees averaged NIS 19,323.

In households headed by an employee, the average age of the head of the household was 41.1, the average number of persons per household was 3.7, and the number of earners was 1.8 per household. Money expenditure of these households comprised 69.3% of the net money income (NIS 13,387 monthly expenditure compared to NIS 19,323 net money income).

Gross money income of households in which the **head of household is self-employed** was an average of NIS 24,954 per month per household in 2021. Less compulsory payments, the net money income for households of the self-employed averaged NIS 19,949.

In households headed by a self-employed person, the average age of the head of the household was 48.8, the average number of persons per household was 3.7, and the average number of earners was 1.6.

In 2021, 61.1% of the money income of households headed by a self-employed person originated from income from self-employment and occasional work (NIS 15,238) and 16.9% from income from wages and salaries (NIS 4,223). The money expenditure of these households (NIS 15,379) comprised 77.1% of the net money income (NIS 19,949).

Gross money income of households in which the **head of household was not working** was an average of NIS 9,547 per month per household in 2021. The net money income per household was NIS 9,118. This income comprised 47.2% of the net money income of households headed by employees, and 45.7% of the net money income of households headed by self-employed persons.

In households in which the head of household was not working, the average age of the head of the household was 65.5 and the average number of persons per household was 2.0.

Table A. Average Monthly Income and Expenditure of Households, by Status at Work of Head of Household and by Source of Income, 2021

Characteristics	House-holds – Total	House-holds Headed by Employee	Households Headed by Self-Employed Person	House-holds Headed by Non-Working Person*
Households in sample – total	**6,057**	**3,941**	**647**	**1,469**
Households in population (thousands)	2,837.4	1,780.3	295.4	761.6
Average persons in household	3.2	3.7	3.7	2.0
Average age of head of household	48.4	41.1	48.8	65.5
Average earners in household	1.3	1.8	1.6	0.0
Median gross money income per household (NIS)	14,827	18,614	19,931	6,347
Gross money income per household (NIS)	19,916	23,515	24,954	9,547
Net money income per household (NIS)	16,649	19,323	19,949	9,118
Net money income per standard person (NIS)	6,252	6,576	6,823	4,755
Money expenditure per household (NIS)	12,155	13,387	15,379	8,024
Average consumption expenditure (NIS)	15,122	16,447	18,524	10,708
Gross money income per household (percentages)	**100.0**	**100.0**	**100.0**	**100.0**
Income from work – total (percentages)	**73.0**	**84.3**	**78.0**	**3.1**
Income from wages and salaries (percentages)	61.5	79.6	16.9	2.8
Income from self-employment and occasional work (percentages)	11.5	4.7	61.1	0.3
Income not from work – total (percentages)	**27.0**	**15.7**	**22.0**	**96.9**
Income from capital (percentages)	5.2	2.9	7.5	16.0
From pensions and provident funds (percentages)	6.0	2.7	4.2	27.3
From allowances and assistance (percentages)	15.8	10.1	10.3	53.6
Thereof:				
From allowances from National Insurance Institute (percentages)	12.2	7.8	6.9	43.0

* As of 2019, the definition of economic head of household has changed: In households where a caregiver lives, the caregiver is not defined as the economic head of the household even if the caregiver is the main earner of the household. Therefore, starting from 2019, in households headed by a non-working person, the percentage of income from work is higher than in previous years.

B. Income and Expenditure, by Level of Religiosity and Income Composition (Table 13)

Average monthly gross money income in **Jewish households** was NIS 21,437 in 2021, and the average monthly money expenditure was NIS 12,218. The average number of persons in these households was 3.0, and the average number of earners per household was 1.3.

The average gross money income in **self-defined secular households** was NIS 23,386 per month. Less compulsory payments, the net money income per household amounted to NIS 18,871. The average number of persons per household was the lowest (an average of 2.6 persons), and the net income per standard person was the highest (NIS 8,168 per month).

In secular households, the composition of income was 73.6% from work, 13.4% from allowances and assistance (of which 10.2% were allowances from the National Insurance Institute), 6.5% from capital, and 6.5% from pensions and provident funds.

In **self-defined ultra-Orthodox households**, income was the lowest and the number of persons was the highest. The average monthly gross money income was NIS 14,978. Less compulsory payments, net monthly money income per household amounted to NIS 13,447. The average number of persons per household was 5.2, and the net income per standard person amounted to NIS 3,600 per month, which was only 44.1% of the equivalent income in secular households.

The composition of income in ultra-Orthodox households was 66.7% from work, 26.7% from allowances and assistance (of which 16.4% were allowances from the National Insurance Institute), 5.0% from capital, and 1.6% from pensions and provident funds.

Table B. Average Monthly Income and Expenditure of Jewish Households, by (Self-Defined) Level of Religiosity and by Source of Income, 2021

Characteristics	Jews – Total	Secular	Tradi-tional	Reli-gious	Ultra-Orthodox	Mixed/ Other/ Unknown
Households in sample – total	**4,911**	**2,413**	**1,088**	**723**	**550**	**137**
Households in population (thousands)	2,281.9	1,157.2	522.9	342.2	198.6	60.9
Average persons in household	3.0	2.6	2.9	3.6	5.2	3.5
Average age of economic head of household	49.6	50.5	52.5	47.9	39.3	49.3
Average earners in household	1.3	1.3	1.3	1.5	1.3	1.6
Median gross money income per household (NIS)	16,439	17,584	15,589	16,240	12,405	19,833
Gross money income per household (NIS)	21,437	23,386	19,959	20,615	14,978	22,783
Net money income per household (NIS)	17,779	18,871	16,940	17,569	13,447	19,528
Net money income per standard person (NIS)	6,914	8,168	6,851	6,090	3,600	6,922
Money expenditure per household (NIS)	12,218	12,593	11,492	12,576	10,907	13,609
Gross money income per household (percentages)	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Income from work – total (percentages)	**72.2**	**73.6**	**69.4**	**73.3**	**66.7**	**73.6**
Income not from work – total (percentages)	**27.8**	**26.4**	**30.6**	**26.7**	**33.3**	**26.4**
From capital (percentages)	5.9	6.5	5.9	4.4	5.0	3.3
From pensions and provident funds (percentages)	6.7	6.5	7.9	7.6	1.6	6.4
From allowances and assistance (percentages)	15.2	13.4	16.8	14.7	26.7	16.7
Thereof: From National Insurance Institute allowances (percentages)	11.5	10.2	13.6	11.1	16.4	12.9

C. Composition of Consumption Expenditure

The average consumption expenditure per household was NIS 15,122 in 2021, an increase of 10.4% in real terms, compared with the consumption expenditure in 2020 (NIS 13,517 a month).

The main components of the basket in the 2021 were: Housing – NIS 4,072 per month, 26.9% of the basket (28.7% in 2020); Food (including Vegetables and fruit) – NIS 2,824 per month, 18.7% of the basket (18.8% in 2020); Transport and communications – NIS 2,231 per month, 14.8% of the basket (14.2% in 2020); and Education, culture and entertainment – NIS 1,645 per month, 10.9% of the basket (9.7% in 2020).

Table C. Composition of Consumption Expenditure per Household, 2020-2021

Consumption group	2020 NIS per month	2020 Percent-ages	2021 NIS per month	2021 Percent-ages	Change in expendi-ture (in percent-ages)(1)	Change in prices (in percent-ages)(2)	Real change (in percent-ages)(3)
Total consumption expenditure	**13,517**	**100.0**	**15,122**	**100.0**	**11.9**	**1.5**	**10.4**
Food	1.962	14.5	2.241	14.8	14.2	1.5	12.7
Vegetables and fruit	582	4.3	583	3.9	0.2	-0.2	0.4
Housing	3,884	28.7	4,072	26.9	4.8	1.4	3.5
Dwelling maintenance	1,511	11.2	1,534	10.1	1.5	1.1	0.5
Furniture and household equipment	562	4.2	601	4.0	6.9	3.4	3.5
Clothing and footwear	327	2.4	518	3.4	58.4	-4.9	63.3
Health	840	6.2	967	6.4	15.1	0.5	14.6
Education, culture and entertainment	1,309	9.7	1,645	10.9	25.7	2.8	22.9
Transport and communi-cations	1,916	14.2	2,231	14.8	16.4	2.4	14.1
Miscellaneous goods and services	624	4.6	729	4.8	16.8	0.8	16.1

1. The change in expenditure in NIS between 2020 and 2021, in percentages.
2. The change in prices, according to the index of the group, between 2020 and 2021, in percentages.
3. The change in expenditure less the change in prices.

D. Consumption Expenditure by Quintiles (Table 1.1)

Income data are used as explanatory variables for the distribution of household expenditures by various income groups, such as income deciles and income quintiles.

The distribution of households by **quintiles of net income per standard person** indicates that the money income for a household in the top quintile (NIS 31,488 per month) was 5.1 times more than that of the bottom quintile (NIS 6,121 per month), and the monthly consumption expenditure per household in the top quintile (NIS 22,011 per month) was 2.2 times higher than in the bottom quintile (NIS 10,093 per month). Among households in the top quintile, the average number of persons was 2.7, and the average number of earners was 1.5. Whereas larger households were concentrated in the bottom quintile – an average of 3.7 persons per household, with a smaller number of earners – 0.7 on average per household.

Due to the substantial differences between the quintiles in the total household income and expenditure on the one hand, and household size on the other, the income and expenditure per person was compared. The net money income per person in the top quintile was 7.1 times higher than that in the bottom quintile, and the money expenditure per person in the top quintile was 2.6 times higher than this expenditure per person in the bottom quintile.

In the bottom quintile, more than half (52.7%) of the total expenditures were for basic goods such as food, housing, and clothing and footwear. In the top quintile, a smaller percentage of the expenditures were for these basic goods (45.5%).

In the top quintile, the expenditure on food, including fruit and vegetables (NIS 3,363 a month per household) was 15.3% of the total expenditure. In the bottom quintile, this expenditure (NIS 2,371 a month) was 23.5% of the total expenditure.

Regarding expenditure on food, a substantial difference can be found in the item Meals away from home. Whereas a household in the bottom quintile spent NIS 179 a month on this item, a household in the top quintile spent NIS 663 a month – 3.7 times as much.

Table D1. Selected Data in Quintiles of Households, by Net Income per Standard Person, 2021

Characteristics	Households - total	Bottom quintile	Middle quintile	Top quintile
Average persons in household	3.2	3.7	3.2	2.7
Average earners in household	1.3	0.7	1.5	1.5
Net money income per household (NIS)	16,649	6,121	15,043	31,488
Net money income per person (NIS)	5,194	1,649	4,708	11,680
Money expenditure per household (NIS)	12,155	8,832	11,479	16,968
Money expenditure per person (NIS)	3,792	2,379	3,593	6,294

Table D2. Monthly Consumption Expenditure of Quintiles of Households, by Net Income per Standard Person, 2021

Consumption group	House holds – total NIS	House holds – total Per-cent-ages	Bottom quintile NIS	Bottom quintile Per-cent-ages	Middle quintile NIS	Middle quintile Per-cent-ages	Top quintile NIS	Top quintile Per-cent-ages
Consumption expenditure – total	**15,122**	**100.0**	**10,093**	**100.0**	**14,256**	**100.0**	**22,011**	**100.0**
Food (Incl. vegetables and fruit)	2,824	18.7	2,371	23.5	2,730	19.2	3,363	15.3
Housing	4,072	26.9	2,518	25.0	3,984	27.9	6,028	27.4
Dwelling maintenance	1,534	10.1	1,007	10.0	1,452	10.2	2,335	10.6
Furniture and household equipment	601	4.0	353	3.5	563	3.9	924	4.2
Clothing and footwear	518	3.4	426	4.2	479	3.4	613	2.8
Health	967	6.4	582	5.8	839	5.9	1,591	7.2
Education, culture and entertainment	1,645	10.9	1,084	10.7	1,536	10.8	2,318	10.5
Transport and communications	2,231	14.8	1,153	11.4	2,069	14.5	3,768	17.1
Miscellaneous goods and services	729	4.8	598	5.9	603	4.2	1,072	4.9

The greatest difference in expenditure between the bottom and top quintiles was in the items Transport and communications and Health.

The expenditure per household on Transport and communications in the bottom quintile was NIS 1,153 per month, in contrast to NIS 3,768 per month in the top quintile – 3.3 times as much. In this item, there was an especially large difference in expenditures for vehicles. In the bottom quintile, vehicles comprised 58.5% of the total expenditure for Transport and communications, in contrast to 75.8% in the top quintile (NIS 674 per month, compared with NIS 2,860 per month, respectively).

The expenditure per household on Health in the bottom quintile was NIS 582 per month, in contrast to NIS 1,591 per month in the top quintile – 2.7 times as much. In this item, there was an especially large difference in expenditures for private health insurance. A household in the bottom quintile spent NIS 142 per month on private health insurance while a household in the top quintile spent NIS 643 – 4.5 times as much.

The expenditure on cigarettes, tobacco, and smoking accessories in the bottom quintile was 1.8 times higher than the expenditure in the top quintile (NIS 107 per month, compared with NIS 58 per month, respectively).

E. Income and Expenditure by Deciles (Tables 2, 3 and 4)

In the division of households by deciles of net money income per standard person, it was found that the gross monthly money income per household in the top decile was NIS 52,546, compared with NIS 4,320 in the bottom decile – 12.6 times as much.

The money expenditure of households in the three bottom deciles was higher than their net money income. (The survey's income data do not include non-recurring income such as inheritance and withdrawals from savings plans. Furthermore, only the money income reported to the interviewer is included, whereas benefits "in kind", such as discounts for education and municipal tax, are not included).

From the fourth decile on, income gradually exceeds expenditure. Whereas in the fourth decile the difference between income and expenditures is minimal (a difference of 9.8%), in the top decile the difference between income and expenditure was very high – 49.7%.

Over half of the monthly income of households in the bottom decile originated in allowances and assistance (58.0% of their total income), and 41.1% was from work. In the top decile, on the other hand, 7.3% of their income was from allowances and assistance and 72.5% of income was from work.

Table E. Monthly Income of Deciles of Households, by Net Income per Standard Person, 2021

Characteristics	Households – total	Decile 1	Decile 2	Decile 3	Decile 4	Decile 5	Decile 6	Decile 7	Decile 8	Decile 9	Decile 10
Net money income per household (NIS)	16,649	4,097	6,720	8,842	11,532	13,599	16,054	18,805	22,347	25,914	38,551
Money expenditure per household (NIS)	12,155	8,108	8,049	9,514	10,406	10,564	12,024	13,229	14,816	15,450	19,380
Gross money income – total (NIS)	19,916	4,320	7,070	9,353	12,478	14,908	18,046	21,618	26,740	32,043	52,546
Gross money income – total (percentages)	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
From work (percentages)	73.0	41.1	54.4	57.3	67.5	71.7	75.5	78.7	80.3	78.5	72.5
From capital (percentages)	5.2	0.6	1.0	1.3	1.8	2.3	2.0	2.2	2.7	5.0	12.1
From pensions and provident funds (percentages)	6.0	0.3	0.9	2.6	2.9	3.0	6.3	5.7	6.6	7.8	8.1
From allowances and assistance (percentages)	15.8	58.0	43.7	38.8	27.8	23.0	16.2	13.4	10.4	8.7	7.3

F. Income and Expenditure by Number of Earners (Table 7)

In 2021, the **gross** money income per household with three or more earners was 3.7 times as much as that in households without earners (NIS 33,346 per month, compared with NIS 9,124 per month, respectively).

Because households without earners comprised 2.0 persons on average and households with three or more earners comprised 4.8 persons on average, the income **per standard person** was compared. Using this comparison, the gap in incomes between the two types of households narrowed to only a factor of 2.1 (income per standard person in households without earners was NIS 4,784 per month, compared with NIS 10,077 in households with three or more earners).

In households without earners, the money expenditure was 10.5% . smaller than the net money income. In a household with three or more earners, the difference was much greater – the expenditure was smaller than the income by 42.4%.

In households without earners, with most of the elderly population falling into this group, more than half (54.8%) of the gross money income (NIS 5,003) derived from allowances and assistance – mainly from the National Insurance Institute. In these households. 27.9% of the income (NIS 2,548) derived from pensions and provident funds.

Table F. Monthly Income per Household, by Number of Earners, 2021

Characteristics	House holds – total	No earners	One earner	Two earners	Three earners or more
Average persons in household	3.2	2.0	2.9	4.0	4.8
Net money income per household (NIS)	16,649	8,687	13,509	22,670	29,312
Money expenditure per household (NIS)	12,155	7,779	10,930	15,658	16,869
Net money income per person (NIS)	5,194	4,400	4,616	5,626	6,115
Gross money income – total (NIS)	19,916	9,124	15,927	28,026	36,346
Gross money income – total (percentages)	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
From work (percentages)	73.0	0.3	69.2	88.4	89.6
From capital (percentages)	5.2	17.0	4.8	3.1	3.0
From pensions and provident funds (percentages)	6.0	27.9	6.5	1.4	2.1
From allowances and assistance (percentages)	15.8	54.8	19.5	7.1	5.3

G. Ownership of Durable Goods in Deciles of Households, by Net Income per Standard Person (Table 14)

Households in the top deciles were found to own more durable goods than those in the bottom deciles:

Of households in the top decile, 91.1% had at least one car, and 51.0% had two cars or more, compared with 40.4% in the bottom decile that had at least one car and 3.2% that had two or more cars.

Of households in the top decile, 93.9% had at least one computer, and 90.7% had an internet subscription, compared with 59.1% that had a computer and 51.9% that had an internet subscription in the bottom decile.

Of households in the top decile, 47.9% had a water purification system, compared with 22.6% in the bottom decile.

Of households in the top decile, 80.6% had a subscription to television broadcasts, compared with only 23.5% in the bottom decile. However, in the bottom decile, the percentages of ownership of a digital converter (24.6%) and a satellite dish (31.1%) were higher than in the top decile (10.0% and 2.0%, respectively).

Table G. Ownership of Durable Goods in Deciles of Households, by Net Income per Standard Person, 2021

Percentages, unless otherwise stated

Goods	House-holds – total	Bottom Decile	Fourth Decile	Seventh Decile	Top Decile
Average persons in household (absolute numbers)	3.2	3.9	3.3	3.1	2.5
Average earners in household (absolute numbers)	1.3	0.6	1.2	1.5	1.5
Refrigerator	99.8	99.5	100.0	99.6	99.7
Deep-freezer	30.0	29.9	29.8	31.3	28.3
Dishwasher	42.9	12.5	34.3	52.2	76.1
Water purification system	39.9	22.6	38.8	48.5	47.9
Television	85.8	71.4	82.3	92.2	96.0
Two televisions or more	51.0	21.4	46.5	63.6	72.6
Air conditioner	95.6	90.0	94.3	96.3	99.3
Washing Machine	97.0	92.6	97.5	98.1	98.3
Clothes dryer	47.0	34.6	42.0	53.5	66.2
Computer	76.5	59.1	71.2	83.7	93.9
Two computers or more	34.8	14.1	24.2	38.9	56.7
Internet subscription	77.0	51.9	75.0	83.2	90.7
Touch screen computer/tablet	33.4	17.6	29.2	37.1	50.5
Video game console	18.7	10.8	15.6	21.7	24.0
One phone line at least	41.6	18.6	40.4	48.1	55.7
One mobile phone at least	97.9	96.2	98.4	98.5	98.7
Two mobile phones or more	68.6	64.1	65.8	67.6	67.5
Cable or satellite TV	57.8	23.5	49.6	70.9	80.6
Satellite dish	15.1	31.1	16.8	9.9	2.0
Digital converter	16.6	24.6	15.2	16.1	10.0
One car at least	68.7	40.4	59.9	81.5	91.1
Two cars or more	23.7	3.2	13.1	31.8	51.0
Solar water heater	83.8	80.9	84.7	84.8	83.8

H. Housing Conditions (Tables 24–35)

In 2021, 62.7% of all households resided in owned dwellings, 31.2% of all households resided in rented dwellings, and 6.1% of all households resided in "free" dwellings, "key money" dwellings, or student dormitories. The average size of an owned dwelling was 4.2 rooms, and the average size of a rented dwelling was 3.1 rooms. The average housing density in owned dwellings was 0.82 persons per room, and the average density in rented dwellings was 0.92 persons per room. In the top decile, 80.3% of all households resided in owned dwellings, and 16.0% resided in rented dwellings, whereas in the bottom decile 34.3% resided in owned dwellings and 58.2% resided in rented dwellings.

The average value of an owned dwelling in the top decile was 3.2 times the value of a dwelling in the bottom decile (NIS 3,657,000 in the top decile, compared with NIS 1,145,000 in the bottom decile).

Top-decile households residing in rented dwellings paid an average of NIS 5,395 a month to rent a dwelling with an average of 3.2 rooms, whereas bottom-decile households residing in rented dwellings paid NIS 2,109 a month to rent a dwelling with an average of 2.8 rooms.

Table H1. Housing Conditions, Persons Living in Owned Dwellings, by Deciles of Net Income per Standard Person, 2021

Housing Conditions	House-holds – total	Bottom Decile	Fourth Decile	Seventh Decile	Top Decile
Owners of dwellings (Percentages)	62.7	34.3	60.0	73.0	80.3
Number of rooms for living in dwelling	4.2	3.5	3.8	4.2	4.9
Average number of persons in household	3.4	5.1	3.6	3.3	2.6
Housing density	0.82	1.48	0.94	0.77	0.53
Value of owned dwelling (NIS thousand)	2,082	1,145	1,615	2,026	3,657

Table H2. Housing Conditions, Persons Living in Rented Dwellings, by Deciles of Net Income per Standard Person, 2021

Housing Conditions	House-holds – total	Bottom Decile	Fourth Decile	Seventh Decile	Top Decile
Living in rented dwellings (Percentages)	31.2	58.2	34.9	19.9	16.0
Number of rooms for living in dwelling	3.1	2.8	3.0	3.5	3.2
Average number of persons in household	2.8	3.3	2.9	2.6	1.9
Housing density	0.92	1.17	0.97	0.74	0.60
Rent per month (NIS)	3,331	2,109	3,132	4,372	5,395

3. TERMS, DEFINITIONS AND EXPLANATIONS

Household: A group of persons sharing the same dwelling most days of the week, and having a shared food expenditure budget. A household includes family members serving in the regular army.

Head of household: The economic head of household is the main earner of the household; i.e., the employed person who normally works the greatest number of hours per week. If there are no earners in the household, the head of household is determined by the interviewer. As of 2019, in households where a caregiver lives, the caregiver is not considered the head of the household.

Arab household: The head of the household is a Muslim, Druze, or Christian residing in a non-Jewish locality.

Jewish household: The head of the household is Jewish.

Immigrant: Head of a household who immigrated to Israel from 1990 and onwards and is not an Arab or temporary resident.

Standard person: The size of a household affects the standard of living that can be maintained on a given income. To provide a more appropriate basis for comparing the standard of living among households of different sizes, they are usually classified in terms of per-capita income. It is also commonly assumed that the number of persons in a household does not have a uniform or equal impact on the potential standard of living that can be attained from a given income. This assumption is based on the premise that advantages accrue according to household size. Therefore, the number of persons in a household is weighted according to a uniform scale in which a two-person household is the base unit. The larger the number of persons in the household, the lower the marginal value assigned to each additional person in the household. Based on this scale, household size is expressed in terms of standard persons. The full scale is shown in the following table:

Actual number of persons in household	Number of standard persons	Marginal weight per person
1 person	1.25	1.25
2 persons	2.00	0.75
3 persons	2.65	0.65
4 persons	3.20	0.55
5 persons	3.75	0.55
6 persons	4.25	0.50
7 persons	4.75	0.50
8 persons	5.20	0.45
9 persons	5.60	0.40
Every additional person	Every additional standard person	0.40

Earner: A person who worked for pay at least one day in the three months preceding the interviewer's visit to the household.

Employee: A person who worked at least one day for another party in return for daily wages, a monthly salary, piece-work, or any other kind of remuneration, in the three months preceding the interviewer's visit.

Self-employed: Persons working in their own business or farm, who earn their wages out of the income and profits of the business.

Household in which the head of the household is an employee: A household where the head of the household is an employee or member of a cooperative (see the definition of an employee above).

Household in which the head of the household is self-employed: A household where the head of the household works as a self-employed person, including an employer (see the definition of self-employed above).

Household in which the head of the household is not working: A household where the head of the household did not work for even one day over the three months preceding the interviewer's visit.

Decile: A decile is a group that includes 10% of the surveyed population. Deciles are arranged by income level (the classifying income), from households with the lowest income levels to households with the highest income levels (the top decile).

The income level used to classify households can be either gross or net, per household, per person, or per standard person.

For example, the bottom decile (Decile 1), by gross income of the household, is the group of 10% of all households that have the lowest gross income per household.

Upper limit: The maximum income in each of the deciles according to the variable by which the deciles were classified. For example, in Table 2 the maximum income in Decile 3 is NIS 3,728 according to the variable "net money income per standard person".

Quintile: A group comprised of 20% of the population (two deciles) according to a classifying variable.

Median income: The amount that divides the income distribution of households into two equal groups, half earning more than that amount, and half earning less.

Gross money income of household: The total gross current money income of a household before deduction of compulsory payments (income tax, National Insurance, and health insurance). Gross money income includes the income of all household members from salaried or self-employed work and from property, interest and dividends, assistance and allowances from institutions and individuals, income from pensions, and any other current income. Gross money income does not include non-recurrent receipts such as inheritance and severance pay. Nor does it include imputations for income from the use of one’s dwelling and for various types of in-kind income (non-financial income).

Net money income of household: The gross money income, after deduction of compulsory payments (National Insurance, health insurance, and income tax). Data on compulsory payments were not obtained directly from the households examined in the survey, but were calculated on the basis of Israeli tax regulations.

Gross income of household: The gross current money income before deduction of compulsory payments (income tax, National Insurance, and health insurance) of all household members, and the (non-financial) income from services that derives from living in a dwelling owned by the household.

Net money income per standard person: The net household money income divided by the number of standard persons in the household.

Net income per household: A household's total income, including current money income as well as non-financial income, which is obtained by estimating the imputation of the value of housing services of the household (See Chapter 4, Par. E, Data Processing).

Net income per standard person: The net household income divided by the number of standard persons in the household.

Capital income: Total income from property and assets in Israel and abroad: Income from interest on deposits and bonds, and dividends from shares.

Income from pensions and provident funds: Income from a pension originating in Israel or abroad, from a provident fund, and from training funds.

Income from allowances and assistance: Allowances and assistance from the National Insurance Institute and additional government institutions, such as the Ministry of Construction and Housing, the Ministry of Defense, and the Ministry of Finance, as well as current assistance from other institutions such as yeshivot.

Compulsory payments: Direct taxes applied to current income – income tax, National Insurance contributions, and National Health Insurance. The data on these payments were computed in the household expenditure survey on the basis of Israeli tax regulations, and were not received directly from households.

Current transfers to other households: Current transfers in Israel and abroad and monetary gifts for events. This item is included in expenditures that are not for consumption.

Selected savings items: Funds set aside for financial savings from life insurance premiums, payments to provident funds, training funds, pension funds and managers insurance, as well as investments in dwelling and mortgage payments.

Consumption expenditure: A household's total payments for the purchase of goods and services as well as the imputation of consumption expenditure for housing (because the purchase of an apartment is defined as investment and not as consumption). The payments sometimes include interest, delivery, and installation fees. The purchase of a product is considered as of the day in which it was received, and the full sum of the purchase is considered an expenditure for a product on the day the product reaches the dwelling, even if it was only partially paid for by that

date. Therefore, advance payments for products or services not yet received, or debts paid for a product that is already in the dwelling are considered an increase in savings rather than as a consumption expenditure.

Money consumption expenditure: The household's actual expenditure on consumption of goods and services, excluding the estimated expenditure on housing services.

Miscellaneous foods: A group that includes food products such as tea, coffee, cocoa, spices, baby food, powders, dry pulses, and natural and vegetarian products, as well as purchases or orders of ready-made food.

Consumption of housing services: The imputed value of the monthly outlay for consumption of owned-housing services, key-money dwellings, and housing provided free of charge (See Chapter 4, Par. E, Data Processing).

Dwelling and household maintenance expenditure: A main consumption expenditure group that includes expenditures on water, electricity, gas and fuel for the dwelling; maintenance and renovation of the dwelling; domestic help; and miscellaneous household articles.

Room in a dwelling: A room used for living by a household or for other uses, such as for business or rental. The following are not considered rooms: Kitchen, bathroom, toilet room, balcony. A half room is counted as a half of a room.

Room for living: A room that household members use for dwelling purposes. The following are not considered rooms: kitchen, toilet, bathroom, balcony, rooms used only for business or work, and rooms rented to tenants. A half room is counted as half of a room.

Number of persons per room (housing density): Calculated by dividing the number of persons living in the household by the total number of rooms in the dwelling.

Miscellaneous household articles (within the item on Dwelling and Household Maintenance): A group that includes cleaning agents for dishes, laundry, and dwelling; disinfectants, air fresheners, candles, napkins, wipes, etc.

Health insurance: Since 1997, this group includes only payments for **supplemental** health insurance offered by health funds, and policies sold by insurance companies.

Payments for state health insurance are considered a tax and fall into the category of compulsory payments.

Other health expenses: This group includes outlays for medications, personal hygiene products, eyeglasses, contact lenses, etc.

Vehicle expenses: This group includes current expenditure on motor vehicles (insurance, fuel, repairs, check-ups, etc.). As of 2013 this item includes purchases of cars and other transportation equipment (additional details are in the chapter “Survey Methods – Data Processing”).

Other expenses – transportation: This group includes outlays for driving lessons, driver’s license renewal, various kinds of haulage, and parking charges.

Other products and services: A "main" consumption group that includes products such as cigarettes, cosmetics, jewellery, as well as legal services.

Durable goods: Goods that can be used recurrently and regularly for more than one year (e.g., a car, refrigerator, a television set, washing machine, etc.).

Ownership of durable goods: The percentage of households in a certain group that own or have use of a certain kind of durable equipment, e.g., the percentage of households in Jerusalem that have a washing machine, a television set, a personal computer, a car, a mobile phone, etc. (Tables 14–23).

Level of religiosity: The main lifestyle of the household members in terms of religion, by self-definition. The categories were: secular, traditional, religious, ultra-Orthodox (very religious), mixed lifestyle, and "other".

District and Sub-District: The districts and sub-districts are defined according to the official administrative division of the State of Israel, which includes 6 districts and 15 sub-districts. In 1972, the Judea and Samaria and Gaza Areas were added to these, to characterize the Israeli localities in these areas and their population. As of August 2005 – the Judea and Samaria Area.

4. SURVEY METHODS

a. General

From 1997 to 2011, the CBS investigated household income in two separate surveys: The first was the Household Expenditure Survey (the survey sample included an average of about 6,000 households, annually); the second was the Income Survey, which was conducted in combination with the quarterly ongoing Labour Force Survey, in which one-fourth of the households were asked about their income (the survey sample included an average of about 8,500 households, annually). Data from the two surveys were combined into one system and presented as integrated results. The Integrated Income Survey sample included an average of 14,500 households, annually.

As of 2012, due to the transition of the Labour Force Survey from a quarterly survey to a monthly one, the Income Survey was removed from the Labour Force Survey, and instead the Household Expenditure Survey sample was expanded by approximately 3,000 households. In 2021, the sample included 6,057 responding households.

All of the data on expenditures, income, and compulsory payments in this publication are based on the Household Expenditure Survey.

As of 2012, in addition to the expansion of the survey sample, changes were made in the survey population, in the survey questionnaire, and in the survey estimates, as follows:

1. The sample population of the survey was expanded, and now also includes collective moshavim and renewed kibbutzim (which have engaged in a process of privatization). As a result, the population coverage was increased from about 95% to about 97%. However, the coverage still does not include collective kibbutzim and Bedouins residing outside of localities.
2. Definition of soldiers in compulsory military service as employees. Until 2012, the income of soldiers in compulsory military service was included in "other income from work". However, in accordance with the ILO Conventions and Recommendations the CBS, as in most other countries, decided to make a change in the method of measurement (accordingly, to measure the entire labour force instead of the civilian labour force). This was done by adding

soldiers in compulsory military service to the labour force in Israel. Following this decision, as of 2012 the income of employees also includes the income of soldiers in compulsory military service.

3. Augmenting the sample among the Arab population of northern localities. The sample was augmented to provide more reliable estimates of the Arab population.
4. Changing the estimation method. The estimation method is intended to reduce sampling errors as well as biases that can occur due to differences between the characteristics of the households that did not respond to the questionnaire and those that responded. As of 2012, estimation of the population in the Household Expenditure Survey was adjusted to the new structure of the monthly Labour Force Survey.

Most of the changes made affect mainly household and individual income. Therefore, as of 2012, there is a break in the series compared with the data publicised in the previous years.

Changes in the Household Expenditure Survey 2019

In 2019, the Household Expenditure Survey became a computer-assisted field survey. As a result, all processes of the survey were changed and there were many changes in the methods of data imputation. The following are the changes in the data collection methods and the survey methodology:

1. **A change in the method of data collection:** Until 2018, the Household Expenditure Survey was conducted as a paper survey. As of 2019, the survey has become a computerized survey.
2. **A change in the method of estimation:** In 2019, due to a decline in survey response rates, the estimation method was changed. The change in the method of calculating the weights was intended to reduce both the sampling errors and the biases that might have resulted from the fact that households that did not respond to the survey might differ in their characteristics from those who participated in the survey. The change made in the estimation method mainly affects the income of households and individuals. **Therefore, starting from 2019, there is a break in the series, compared to the data published in the previous years.** In order to test the stability of the method

over time, and to create a basis for comparing estimates between years, weights were calculated using this method retroactively for the 2018 sample as well.

3. **The population sampled in the survey has been expanded and also includes boarding school students.** Until 2019, boarding school students were not included in the households where their parents lived. On the recommendation of international organizations, and for the purpose of uniformity between the surveys, starting in 2019 boarding school students have been included in the survey population.
4. **A change in the definition of head of household in cases where a caregiver lives in the household:** The head of a household is defined as the employed person who normally works the greatest number of hours per week. Therefore, until 2019, in households in which a caregiver lived, the caregiver was considered the head of the household. As of 2019, in these households the caregiver is no longer considered the economic head of the household.

Goals and uses of the survey: The survey aims to obtain data on the components of household budgets, as well as additional data that serve to characterize the standard of living of households, such as consumption patterns, leisure activities and entertainment, level and components of nutrition, level and components of income, and housing conditions. The survey is also used for market research, for designing models to predict consumer behaviour, for research on liability for indirect taxes among various population groups, etc. One of the most important uses of the survey is to determine weights for the consumption basket of the Consumer Price Index, as well as calculating income distribution and the poverty threshold.

The survey population includes the entire urban and rural population, except for non-privatized kibbutzim and Bedouin tribes.

In 1997–2011, collective kibbutzim and moshavim were not included.

In 2000 and 2001, the population of East Jerusalem was not surveyed due to difficulties encountered in data collection. However, as of 2002 this population has been included again in the survey.

Investigation unit: The investigation unit was defined as a household, i.e., a group of people living in the same dwelling most days of the week, with a shared budget for food expenditures.

b. Sampling Method

(1) Sampling Model and Probability

A two-phase sample was drawn for the survey: in the first phase, a sample of localities was selected; and in the second phase, dwellings were sampled from the chosen localities.

The final sampling probability for dwellings in Arab localities in the Southern District was 1:153.5, for dwellings in Arab localities in the Sub-districts Yizre'el-Afula and Yizre'el-Nazareth and the Sub-district Haifa it was 1:159.8, and for dwellings in the rest of the localities it was 1:210.8. The sampling probability was determined on the basis of estimates of the anticipated proportion of non-respondents in the survey, the planned size of the sample, and an estimate of the total number of households in the survey population in the middle of the survey year, and the need to augment the localities defined above.

(2) Sampling of Localities

The localities sample was drawn from a list of localities belonging to the sample population (called "the frame for sampling the localities"). The size of each locality in the survey population was calculated – the most updated estimate of the total number of households.

Altogether, 255 localities were included in the sample.

The 75 localities, where approximately 79% of all the households participating in the survey population reside, were included as a take-all sample. Each locality constituted a separate sampling stratum.

The additional localities in the sampling frame were distributed among the sampling strata on the basis of their similarity in terms of different variables such as type of locality, socio-economic characteristics, and geographic proximity to one another. Interviewing quotas were allocated to each sampling stratum (each quota comprised approximately 16 dwellings in the gross sample), in accordance with the size of the sample. The localities were arranged separately for each stratum on the basis of various characteristics, and a random-systematic sample of localities was drawn in accordance with their size. Altogether, 170 probability localities were sampled out of the approximately 940 probability localities that were in the sampling frame.

For a List of Localities by size and type of locality, 2021 – see page (59).

(3) Sampling of Dwellings from the Sampled Localities

A sample of dwellings was drawn from each of the sampled localities, usually from sampling frames that were prepared from a dwelling registry based on municipal property tax files of local authorities, or from lists of households obtained from the administrative offices of the localities (usually in small localities).

In each locality, whenever possible, the dwellings in the sample were classified within the sampling frame before a sample was drawn, according to geographic characteristics in the sample, in order to maximize the geographic distribution of the sample across the locality. A random-systematic sample of dwellings was drawn, based on variables that would ensure a final sampling probability for each dwelling as planned.

Altogether, 13,311 dwellings were sampled from the dwelling registry sample and from household lists obtained from the secretariats of small localities.

(4) Complementary Samples

The dwelling registry and household lists in small localities do not cover all of the dwellings occupied by households in the survey population. In order to reduce this non-coverage, complementary samples were drawn from additional sampling frames for the following sub-groups:

- New dwellings occupied after the last update of the dwelling registry – a total of 142 dwellings.
- Dwelling units in student dormitories at the eight large universities – a total of 34 dwellings.

- Dwelling units in assisted living plans that are not covered by the dwelling registry and absorption centers – a total of 45 dwellings.

The total number of additional dwellings was 221, bringing the final sample to 13,532 dwellings.

(5) Allocation of the Sample over the Survey Investigation Year

In addition to representing population groups, the survey aimed to represent all of the periods in the investigation year. Therefore, the interviewing quotas were allocated by weeks so that a balanced sample would be obtained for each quarter-year, by various socio-economic and geographic characteristics.

c. Investigation Method and Survey Period

Collecting the survey data: Data were collected from each household in an integrated manner, as follows:

(1) A questionnaire on the household's structure, filled out by the interviewer. The questionnaire includes basic demographic and economic data on each member of the household (e.g., age, sex, country of birth, year of immigration, status at work, etc.).

(2) A weekly diary, in which the household recorded each member’s daily expenditures over a period of a week.

(3) A questionnaire that examined large or exceptional expenditures and income. The questionnaire filled out by the interviewer on the basis of reports from the household relating to the 3-month or 12-month period preceding the date of the interview (depending on the rarity of expenditures for the items investigated).

Survey period: The data were collected "in the field" over a period of approximately 15 months, beginning in January of the survey year and ending in March of the subsequent year. Investigation of the sample was spread across the entire survey period, so that all weeks in the investigation period would be represented.

Estimates of expenditures obtained from the diary are approximations of expenditures made during the survey year. The estimates obtained from the questionnaire pertain to a 18-month period (from October 2020 to February 2022), or a 24-month period (from January 2020 to December 2021), according to the type of expenditure.

d. Results of the Field Work

Of the 13,532 dwellings sampled, there were 1,093 dwellings (8.1%) that should not have been investigated, as specified below:

Dwellings that should not have been investigated	Absolute numbers	Percentages
Total	**1,093**	**100.0**
Vacant	529	48.4
The occupants have another permanent address in Israel	173	15.8
The occupants are households that do not belong to the survey population	25	2.3
Used as businesses, institutions, etc.	126	11.5
Demolished, abandoned, or under construction	156	14.3
Errors in sampling frames	84	7.7

The 12,439 dwellings that met the investigation criteria were occupied by 12,490 households belonging to the survey population. As expected, most of the dwellings were occupied by one household, and only 0.4% were occupied by two households or more.

Of the 12,490 households in the dwellings that met the investigation criteria, 51.5% were not included in the survey estimates: 6,423 of these households were not investigated, and 10 were disqualified at the editing stage.

Thus, a total of 6,433 households were not included in the estimates, as shown below:

Households for investigation	Absolute numbers	Percentages of total	Percentages of not investigated
Total	**12,490**	**100.0**	**-**
Not investigated – total	**6,423**	**51.4**	**100.0**
Refused	1,691	13.5	26.3
Not at home	414	3.3	6.4
Communication difficulties, illness, etc.	909	7.3	14.2
Not located and other difficulties	3,409	27.3	53.1
Investigated – total	**6,067**	**48.6**	**100.0**
Disqualified in editing	10	0.1	0.2
Included in survey estimates	6,057	48.5	99.8

Among the households that were not investigated, some did not respond at all to the request to participate in the survey, some provided only limited information on household characteristics in Questionnaire A, and a few began to fill out a diary but did not complete it.

Households not investigated	Absolute numbers	Percentages
Households not investigated – total	**6,423**	**100.0**
Did not respond at all	5,573	86.8
Responded to Questionnaire A at least	850	13.2

e. Data Processing

Editing and coding: Questionnaires submitted by households underwent initial editing at the district offices of the Central Bureau of Statistics. Afterwards, the questionnaires were sent to the subject unit at the main office for data entry, which included keying in, editing, checking for logic and quality, and coding of goods.

Estimating the components of the household budget: Most of the estimates of consumption were obtained on the basis of **net expenditure** for the purchased good, i.e., the positive difference between the household's expenditure for the good, and receipts (if any) from the sale of the same type of good. For example, the difference between a household's expenditure for a new refrigerator and its receipts from the sale of an old refrigerator constitutes that household's estimated expenditure for the purchase of a refrigerator. This method was used for most goods and services in the survey.

As of 2013, **expenditure on a purchase of a motor vehicle** was obtained on the basis of net expenditure as well. Until 2012, purchase of a motor vehicle was defined in the Household Expenditure Survey as an investment product. This definition originated from the old classification of a motor vehicle as an asset or capital product (like a dwelling) and not as a durable good. Additionally, in the item "Transportation and communications" of the Household Expenditure Survey, the component "consumption of motor vehicle services" was included, and the expenditure on a motor vehicle was estimated on the basis of "value of services" received from the asset. That is, until 2012, the value of services received from the asset was estimated for each household that owned a motor vehicle according to the depreciation of the asset and the interest that would otherwise have accrued on the

capital invested in that asset. The alternative interest was imputed as income for that household as well.

However, in accordance with international definitions and the treatment of purchase of a motor vehicle in the Consumer Price Index basket, purchasing a motor vehicle was no longer viewed as an asset. As of 2013, the purchase of a motor vehicle was equated to the purchase of any other durable good.

Housing

The two main components of housing expenditure are rent payments in rented dwellings and consumption of housing services in owned dwellings. For rented dwellings, the rent expenditure was obtained directly from the households that occupied the dwellings. For owned dwellings, consumption of housing services was imputed on the basis of weighted rent in other dwellings of the same size in the same locality or in similar parts of the country.

The imputed data on rentals in 2021 were obtained from three sources:

1. The current survey of rentals, which was conducted within the framework of the Consumer Price Index;
2. Rental data on households living in rented dwellings, from the Household Expenditure Survey itself;
3. Outside sources.

For key-money dwellings, consumption of housing services was calculated by imputing the difference between actual rent paid and the full amount of rent according to average rental rates on the free market, as obtained from the three above-mentioned sources.

When the households did not provide data on these items, imputations from outside sources were performed for several additional budget components. Imputations were also conducted for items that usually have uniform prices, or for items that have a fixed method of calculation: various fees (such as motor vehicle licenses), the value of motor vehicles, and compulsory payments (income tax, national insurance and national health insurance).

All budget components for each household were reduced to a common denominator: an estimate per month at a uniform price level of the mean of the survey period.

Hence, the expenditures culled from the diary were multiplied by 4.3. to convert them to a monthly value, and the estimates based on the questionnaire were obtained by dividing by 12 or by 3, depending on the period to which the question referred.

The average price index for the period of the 2021 survey was 226.8 points, base 1993 = 100.0 points.

The Estimation Method

The estimation method is intended to reduce both the sampling errors and the biases that might result from the fact that households that do not respond might differ in their characteristics from those who participate in the survey.

In order to obtain estimates that apply to the entire survey population, a weight is given to each household surveyed, with all persons belonging to the same household receiving the same weight. The weight of a household indicates the number of households and the number of persons in the survey population represented by that household.

In order to minimize the potential bias due to non-response, a preliminary step is carried out before determining the weights. In this preliminary step, all responding households are given an initial weight as compensation for non-responding households. The initial weight is calculated as the inverse of the product of multiplying the sampling probability by the response probability, where the response probability is the outcome of a logistic regression model that uses the following explanatory variables: socio-economic index, size of household, total hours worked in the household, and income from work (data for which is obtained from administrative sources from the previous year).

Until 2018, in the method of calculating the weights, the initial weight was defined as the product of multiplying the inverse of the sampling probability by a correction factor for non-response. This correction factor was calculated in strata of geographical groups and within them, a division into socio-economic levels.

The weighting system was determined in a multi-step process using the raking method, by which the distribution of the sample given the initial weights is adjusted to a number of external distributions, according to selected distribution variables. The adjustment was made both according to the characteristics of the households and

according to the characteristics of the persons, separately (and not in combination), for each of the distributions.

For households, the adjustment was made for two groups:

1. The population in Jewish and mixed localities
2. The population in non-Jewish localities

Within the above-mentioned groups, the distribution variables according to household characteristics are:

- Groups of type of household, determined by household size and composition of ages in the household (elderly living alone, young couples, households with children, etc.)
- Groups of households, according to the date they were interviewed, designed to balance the weighted sample over the survey year, in order to avoid biases that may result from the survey sample not being evenly distributed over the months of the year due to fieldwork constraints
- Groups, according to the lifestyle of the household, for the population in the Jewish and mixed localities (ultra-Orthodox/all the rest). Adjustment by lifestyle was added in the new method. Adjustment for homogeneous groups of households in terms of expenditures was removed.

The distributions according to characteristics of the households to which the survey data were adjusted were obtained according to estimates of a labour force survey which is based on a large sample.

Regarding the characteristics of the persons, the weights for the different groups of households were determined so that there would also be complete compatibility between the survey estimates and the distribution of the survey population, according to:

- Groups which were defined by percentile of income from work. Data on income from work was obtained from administrative sources updated to the year prior to the survey year. For the population in the Jewish and mixed localities, groups of income deciles were defined; and for the population in the non-Jewish localities, groups of income quintiles. The percentile boundaries were calculated from data for the general population, separately for men and women. The addition of the adjustment of the survey distributions according to

income percentiles began with the estimate for the 2019 survey year and was made because it was found that the income from work has a high correlation with the dependent variables estimated from the survey, and it effectively minimizes the bias due to non-response.

- Integration of the characteristics of sex and age groups by geographical cross-sections, according to the current demographic data of the Central Bureau of Statistics.

f. Reliability of the Estimates

The estimates presented in this publication are based on a sample survey, and may therefore be subject to two main types of errors:

i. **Sampling errors:** These errors derive from the fact that the survey investigated only one sample of households and their individual members, and did not cover all the households and individuals in the population.

ii. **Non-sampling errors:** These errors result from other factors that may be present, even when a full census of the entire population is conducted.

(1) Sampling Errors

The sample that this survey is based on is one of many possible samples of the same size that could have been drawn from the same population by the same method.

Estimate X' is the estimated value, based on the specific sample of this survey, for the corresponding value X that would have been obtained if a full census had been conducted.

The sampling error of the estimate, $\sigma(X')$, is the mean difference between all estimates that could have been obtained from all possible samples of the same size based on the same method, and the value that would have been obtained if a full census had been conducted under the same data-collection conditions.

In some cases, it is convenient to estimate the accuracy of the estimates on the basis of the **relative sampling error**, which is defined as the sampling error of the estimate divided by the estimated value.

The confidence interval for the estimate is an interval that contains the census value X at a predetermined level of confidence. The estimate X', based on the

sample, and the estimate of its sampling error, $\sigma(X')$, make it possible to construct a confidence interval at a predetermined confidence level, so that the interval contains the census value X at the stipulated confidence level.

The confidence interval is usually presented at a confidence level of 95%. Therefore, the boundaries of this confidence level are calculated as $X' \pm 2\sigma'(X')$.

For every table in this publication, the sign "±" and the values of the two sampling errors for this estimate are presented beneath the estimate (in a small font).

> **Example:** According to Table 7, the estimated average monthly expenditure for women's outerwear per household in households with two earners is NIS 208, and the 95% confidence interval for this estimate is NIS 208 ± 22 , i.e., it can be claimed with 95% confidence that the average monthly expenditure for women's outerwear among households in this group ranges from NIS186 to NIS 230.

The confidence level can be set higher or lower, and the confidence interval can be computed in the following way:

α	67%	80%	90%	95%	99.5%
$K(\alpha)$	1.0	1.3	1.7	2.0	2.8

where $K(\alpha)$ (the number of sampling errors in either direction) is determined in accordance with the requisite confidence level, α.

> **Continuing with the previous example:** If a higher confidence level of 99.5% (near certainty) is desired, the value of the sampling error is divided by 2 and the result multiplied by 2.8 = K(α).
> In this example, one sampling error of 11 is obtained, and therefore a 99.5% level of confidence will be:
>
> 208 ± 2.8 x (22/2), i.e. 208 ± 31

It can therefore be stated with almost total confidence (99.5%) that the average monthly expenditure for women's outerwear, in households where there are two earners, ranges from NIS 177 to NIS 239.

Notes:

1. The confidence intervals are usually symmetrical around the estimate, but they are asymmetrical for estimates based on a small number of cases in

the sample (less than 40). In these cases, both the estimate itself and the estimate of its sampling error are subject to a high error.

2. In order to warn the reader about the use of estimates that are subject to high errors, estimates with relative sampling errors between 15% and 30% are shown in parentheses "( )", and estimates with relative sampling errors of over 30% cannot be published, and "~" appears instead.

Comparisons of Estimates Related to Mutually Exclusive Groups

Sampling errors can be used to compare estimates related to mutually exclusive population groups (e.g., households of different sizes) and to determine whether the difference between the two groups is statistically significant.

If the estimates for Group 1 and Group 2 are $\mathrm{X}'(1)$ and $\mathrm{X}'(2)$, respectively, the estimated difference between the groups is $\mathrm{D}' = \mathrm{X}'(1) - \mathrm{X}'(2)$.

In order to determine whether $\mathrm{X}'(1)$ is different from $\mathrm{X}'(2)$ in the population itself, it is necessary to determine the sampling error of the estimated difference, D'**:**

$\sigma'(D') = \sqrt{\sigma'\left(\mathrm{X}'(1)\right)^2 + \sigma'\left(\mathrm{X}'(2)\right)^2}$, where one sampling error of the estimates is obtained by dividing the values shown in the tables by 2.

If $\sigma'(\mathrm{D}')$ is given, it is possible to determine a confidence interval for the difference at a confidence level α: $\mathrm{D}' \pm \mathrm{K}(\alpha)\sigma'(\mathrm{D}')$**.**

If the confidence interval contains the value 0, the difference D' is not statistically significant. In other words, on the basis of the specific survey sample at the stipulated confidence level, it cannot be stated that $\mathrm{X}'(1)$ is different from $\mathrm{X}'(2)$ in the population itself (even though the two values are different in the sample).

If the confidence interval does not contain the value 0, there is a statistically significant difference between the two groups, and at the stipulated confidence level the difference will be between $\mathrm{D}' - \mathrm{K}(\alpha)\sigma'(\mathrm{D}')$ and $\mathrm{D}' + \mathrm{K}(\alpha)\sigma'(\mathrm{D}')$.

For the reader's convenience, a diagram is attached at the end of the Introduction and can be used to obtain 95% confidence intervals for the difference between mutually exclusive groups. The diagram should be used in the following way:

For the estimates and sampling errors presented in this publication, the tables present sampling errors for the two estimates $X'(1)$ and $X'(2)$. These values are marked in the two columns at either end of the diagram. If a line is drawn between them, the value $\sigma'(D')$ will be found in the middle column of the diagram. (To facilitate use of the diagram, the scale of the limits can be adjusted.) If, for example, for two estimates, the values of two sampling errors are 60 and 75: The line connecting 60 and 75 in the extreme columns intersects with the middle column at the value of 96, and this is the sampling error of the estimated difference D' . Therefore, the value of the two sampling errors of the difference is 192=2*96.

If the difference D' is smaller than $2\sigma'(D')$ in absolute terms, the difference is not statistically significant, i.e., according to the specific sample in the survey, at the set confidence level, it is impossible to state that $X'(1)$ is indeed different than $X'(2)$ in the population itself (despite the fact that in the sample they are different).

If the difference D' is greater than $2\sigma'(D')$ in absolute terms, the difference is statistically significant and lies within the range $D' \pm 2\sigma'(D')$**.**

> **Example:** Based on Table 8, average monthly expenditures for miscellaneous household articles (in NIS) are compared for households in different cities, at a 95% confidence level.
>
> Average expenditures for miscellaneous household articles were:
> NIS 120±20 for households in Jerusalem.
>
> NIS 58±13 for households in Tel Aviv-Yafo.

The question is whether the difference between these groups is statistically significant. Based on these estimates alone, there would appear to be a difference in average monthly expenditures for miscellaneous household articles by households in Tel Aviv-Yafo versus Jerusalem.

This difference is estimated at

$.D'$ = (120-58) = NIS 62

According to the diagram of sampling errors appearing at the end of the Introduction, the line connecting 13 and 20 in the extreme columns intersects the middle column at 24, and therefore the value of the two sampling errors of the difference is 48. One

may calculate a 95% confidence margin for the estimate of the difference: $\mathrm{D}' \pm 2\sigma'(\mathrm{D}') = 62 \pm 48$**.**

This range does not contain the value 0 (the difference is between NIS 62 and NIS 48). Therefore, the difference is statistically significant. That is, for the specific sample in the survey, at a 95% confidence level, it can indeed be concluded that the average monthly expenditure for miscellaneous household articles by households in Tel Aviv-Yafo is different from the average monthly expenditure for the same purpose by households in Jerusalem.

A more accurate computation of the two sampling errors of the difference is based on the following formula:

$$2\sigma'(D') = 2 * \sqrt{(13/2)^2 + (20/2)^2 = 2 * 12 = 24}$$

(The result obtained through using the diagram).

Ratio of estimates among mutually exclusive groups: The ratio R' of $\mathrm{X}'(1)$ to $\mathrm{X}'(2)$ for two mutually exclusive groups, 1 and 2, is estimated as follows:

$$\mathrm{R}' = {\mathrm{X}'(1)}\Big/{\mathrm{X}'(2)}$$

And the estimate for the sampling error of the ratio estimate $\sigma'(R')$ will be:

$$\sigma'(\mathrm{R}') = \mathrm{R}' * \sqrt{\left(\frac{\sigma' X(1)}{X'(1)}\right)^2 + \left(\frac{\sigma' X(2)}{X'(2)}\right)^2}$$

Therefore, a 95% level of confidence for R' will be $\mathrm{R}' \pm 2\sigma'(R')$**.**

If the confidence interval includes the value 1, the ratio is not significantly different from 1.

If the confidence interval does not include the value 1, the ratio is significantly different from 1 and falls within the aforementioned confidence interval.

(2) Non-Sampling Errors

The obtained estimate and its sampling error make it possible to deduce the census value. However, this value may be different from the real value for the population

because it may be affected by non-sampling errors. These errors are difficult and sometimes even impossible to estimate.

The main categories of non-sampling errors in this survey are:

i. **Non-response biases:** About 51.5% of the households that should have been investigated in the sample did not participate in the survey for various reasons (see Section "Results of the Field Work"). Since the characteristics and consumption habits of this group of households may be different from those of households that participated in the survey, the survey estimates may be biased.

   The method of estimation used in the survey (weighting) substantially reduces errors of this type but does not eliminate all of them.

ii. **Response errors:** The survey estimates are based on data provided by interviewees and, therefore, may be subject to response errors.
   The detailed expenditure records in the weekly diaries were not always complete and accurate. Deficiencies in recording may be attributed to several causes: the family got tired of keeping the diary during the one-week period; omission of "small" expenses (such as children's pocket money and purchases at kiosks, etc.); deliberate omission of "socially unacceptable" expenses (such as alcoholic beverages, gambling, etc.); insufficient detail in the list of purchased products; inclusion of purchases made prior to the one-week period of the diary; and omission caused by failure to keep a current record of expenses as they are incurred.

   Information collected about the various questionnaire items may also be subject to errors of various types. Because the responses were based on the interviewees' memory (with reference to three months or an entire year), some current expenses may be excluded or, alternatively, expenses incurred prior to the relevant period may be included. Inaccurate reporting of details related to various expenses may also be caused by reliance on memory – unless the information is based on documents. Moreover, response errors may be generated by misinterpretation of the questions, failure to follow instructions for filling out the questionnaire, or intentional concealing of information.

The interviewers asked household members to base their reports on documentation, and in cases where data seemed unreliable they would return to the households and make corrections when necessary. Despite these attempts, and notwithstanding various tests performed in the course of data processing, the responses may still contain inaccuracies that can bias the survey estimates.

iii. **Processing errors:** In the various stages of processing, which include entry of data from the questionnaires, coding the commodities, and logical checks, there is potential for errors that affect the reliability of the estimates.

It is usually very difficult, if not impossible, to estimate the effect of non-sampling errors on the survey estimates. Nevertheless, it should be noted that the biases caused by these errors are sometimes in opposite directions and may therefore partially offset each other.