A. SURVEY METHODS

1. General

Purposes and uses: The survey aims to obtain data on the components of household budgets, as well as additional data that characterize various aspects of the living standard of households, such as consumption patterns, leisure activities and entertainment, level and composition of nutrition, level and composition of income and housing conditions. In addition, the survey is also used for market research, for construction of models to predict consumer behavior, for research on the incidence of indirect tax 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.

Survey population: As of 1997, the survey population includes the entire urban and non-urban population except for kibbutzim, collective moshavim and Bedouins living outside of localities.

In the years 2000 and 2001 the population of East Jerusalem was not surveyed due to difficulties encountered in collecting data, but as of 2002 this population is again included in the survey.

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

2. Sampling Method

(A) 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 was uniform for all dwellings in the population - 1:279 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 the total number of households in the survey population in the middle of the survey year.

(B) Sampling of Localities

The localities sample was extracted from a list of localities belonging to the sample population (called “framework for the sampling of localities”). The size of each locality in the survey population was calculated - an estimate of the total number of households expected in the middle of the survey investigation period.

A total of 171 localities were included in the sample.

The 60 largest localities, where approximately 80% of all households of the survey population reside, were included in the survey with certainty. Each locality constituted a separate sampling stratum.

The remaining 812 localities that fit the definition of the survey were placed in 37 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 13 dwellings in the gross sample), in accordance with its size. 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, 111 probability localities were sampled.

List of Localities, by Size and Type of Locality

2007

Type of Locality	Name of Locality	Locality Code
200,000+ residents	Jerusalem	3000
	Tel Aviv-Yafo	5000
	Haifa	4000
	Rishon LeZiyyon	8300
	Ashdod	0070
100,000-199,999 residents	Ashqelon	7100
	Be’er Sheva	9000
	Bene Beraq	6100
	Bat Yam	6200
	Holon	6600
	Netanya	7400
	Petah Tiqwa	7900
	Rehovot	8400
	Ramat Gan	8600
50,000-99,999 residents	Bet Shemesh	2610
	Herzliyya	6400
	Hadera	6500
	Kefar Sava	6900
	Lod	7000
	Modi’in-Makkabbim-Re’ut	1200
	Nahariyya	9100
	Ramla	8500
	Ra’annana	8700
20,000-49,999 residents	Ofaqim	0031
	Or Yehuda	2400
	Elat	2600
	El’ad	1309
	Betar Illit	3780
	Giv’atayim	6300
	Dimona	2200
	Hod HaSharon	9700
	Tiberias	6700

Type of Locality	Name of Locality	Locality Code
20,000-49,999 residents (cont'd)	Yavne	2660
	Yehud	9400
	Karmi'el	1139
	Mevasseret Ziyyon	1015
	Migdal HaEmeq	0874
	Modi'in Illit	3797
	Ma'ale Adummim	3616
	Ma'alot-Tarshiha	1063
	Nes Ziyyona	7200
	Nazerat Illit	1061
	Nesher	2500
	Netivot	0246
	Akko	7600
	Afula	7700
	Arad	2560
	Pardes Hanna-Karkur	7800
	Zefat	8000
	Qiryat Ono	2620
	Qiryat Atta	6800
	Qiryat Bialik	9500
	Qiryat Gat	2630
	Qiryat Yam	9600
	Qiryat Motzkin	8200
	Qiryat Shemona	2800
	Rosh HaAyin	2640
	Ramat HaSharon	2650
10,000-19,999 residents	Or Aqiva	1020
	Ari'el	3570
	Bet She'an	9200
	Binyamina-Giv'at Ada	9800
	Giv'at Shemu'el	0681
	Gedera	2550
	Gan Yavne	0166
	Ganne Tiqwa	0229
	Zikhron Ya'aqov	9300
	Tirat Karmel	2100
	Yoqne'am Illit	0240
	Kokhav Ya'ir	1224
	Kefar Yona	0168

Type of Locality	Name of Locality	Locality Code
10,000-19,999 residents (cont'd)	Zoran-Qadima	0195
	Qiryat Tiv'on	2300
	Qiryat Mal'akhi	1034
	Sederot	1031
	Shoham	1304
2,000-9,999 residents	Even Yehuda	0182
	Oranit	3760
	Efrata	3650
	Be'er Ya'aqov	2530
	Bet Arye	3652
	Bet Dagan	0466
	Hashmona'im	3770
	Yavne'el	0046
	Kefar Weradim	1263
	Mazkeret Batya	0028
	Mizpe Ramon	0099
	Nizzan	0351
	Savyon	0587
	Omer	0666
	Ofra	3617
	Atlit	0053
	Qesaryya	1167
	Qazrin	4100
	Qiryat Eqron	0469
	Ramat Yishay	0122
	Shelomi	0812
	Sha'are Tiqwa	3720
Non-Jewish urban localities	Umm Al-Fahm	2710
	Iksal	0478
	Baqa-Jatt	6000
	Beit Jann	0480
	Judeide-Maker	1292
	Zemer	1290
	Hura	1303
	Tur'an	0498
	Tayibe	2730
	Tire	2720
	Tamra	8900
	Yafi	0499

Type of Locality	Name of Locality	Locality Code
Non-Jewish urban localities (cont'd)	Yirka	0502
	Kabul	0504
	Kafar Yasif	0507
	Kafar Kanna	0509
	Kafar Manda	0510
	Kafar Qasem	0634
	Kafar Qara	0654
	Mughar	0481
	Majdal Shams	4201
	Muqeible	0635
	Mazra'a	0517
	Mi'elya	0518
	Ma'ale Iron	1327
	Nahef	0522
	Nazareth	7300
	Sakhnin	7500
	Uzeir	0528
	Ein Mahel	0532
	Ir Karmel	0494
	Arrabe	0531
	Ar'ara-BaNegev	1192
	Fureidis	0537
	Qalansawe	0638
	Rahat	1161
	Reine	0542
	Shaghor	0516
	Sha'ab	0538
	Shefar'am	8800
Non urban localities	Avne Hefez	3793
	Umm Al-Qutuf	2024
	Ahuzzat Baraq	1330
	Ani'am	4012
	Asfar	3754
	Asherat	1256
	Bet Hillel	0322
	Bet Neqofa	0672
	Bet Arif	0604
	Gannot Hadar	0549
	Har Gillo	3603

Type of Locality	Name of Locality	Locality Code
Non urban localities (cont'd)	Zanoah	0816
	Khawaled	1321
	Kefar Hoshen	0609
	Kefar Hananya	1297
	Kefar Ya'bez	0170
	Kefar Netter	0316
	Kerem Maharal	0580
	Mavqi'im	0573
	Metav	2054
	Neta'im	0174
	Nataf	1254
	Nizzane Sinay	1280
	Nir Moshe	2047
	Adi	1199
	Uza	0826
	Zafriyya	0594
	Sede Warburg	0284
	Sha'ar Efrayim	0661
	Talme Yehi'el	0727

(C) Sampling of Dwellings in Sample Localities

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

In each locality the dwellings in the sample were sorted, when possible, within the sampling frame according to geographic characteristics in the property tax files, before the sample was drawn. This was done in order to maximize the geographic distribution of the sample across the locality. Afterwards, a random-systematic sample of dwellings was drawn, on the basis of parameters that would ensure a final sampling probability for each dwelling as planned - 1:279.

In all, 7,367 dwellings were sampled from the property tax files or from household lists in small localities.

(D) Complementary Samples

The property tax files and household lists in small localities do not cover all dwellings inhabited by households that belong to the survey population. In order to reduce this non-coverage, complementary samples were taken from additional sampling frames for the following subgroups:

* New dwellings occupied after the last update of the property tax files - 105 dwellings in all.
* Dwelling units in dormitories of the seven largest universities – 20 dwellings in all.

* Dwelling units in immigrant absorption centers - 9 dwellings in all.
* Dwelling units in sheltered-housing projects that are not covered in the property tax files - 14 dwellings in all.
* Dwellings sampled in field samples in East Jerusalem - 113 dwellings in all.

Altogether, the number of additional dwellings was 261, bringing the final sample to 7,628 dwellings.

(E) Allocation of the Sample across the Survey Investigation Year

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

3. Investigation Method and Survey Period

Collecting the survey data - data were collected from each household in an integrated manner, in the following ways:

(A) A questionnaire on household structure - filled out by the **interviewer**, providing 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.)

(B) A biweekly diary - in which the **household** recorded each member's daily expenditures over a period of two weeks.

(C) A questionnaire on large or exceptional expenditures and on income - filled out by the **interviewer** on the basis of reporting by the household, related to the 3-month or 12-month period preceding the interview date (depending on the rarity of expenditures for the items investigated).

Survey period - the data were collected "in the field" over a period of approximately 13 months, beginning in January of the survey year and ending in January 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 refer approximately to the survey year. Estimates of expenditures obtained from the questionnaire pertain to a 15-month period (from October 2006 to December 2007), or a 24-month period (from January 2006 to December 2007), according to the type of expenditure.

4. Results of the Field Work

Of the 7,628 dwellings sampled there were 829 dwellings (10.9%) who it was found should not have been investigated, as detailed below:

		Absolute numbers	Percentages
Total dwellings that should not have been investigated		**829**	**100.0**
Thereof:	Vacant	419	50.5
	The occupants have another permanent address in Israel	167	20.2
	The occupants are households that do not belong to the survey population	21	2.5
	Served to house businesses, institutions, etc.	100	12.1
	Demolished, abandoned, or under construction	83	10.0
	Errors in sampling frames	39	4.7

The 6,799 dwellings that met the investigation criteria were occupied by 6,872 households that belonged to the survey population. As expected, most of the dwellings were occupied by one household, and only 1.0% was occupied by two households or more.

10.2% of the 6,872 households that met the investigation criteria were not included in the survey estimates: of these, 666 households were not investigated, and 33 households were disqualified at the editing stage. Thus, a total of 699 households were not included in the estimates, as shown below:

		Absolute numbers	Percentages	
Total households for investigation		**6,872**	**100.0**	
Not investigated – total		**666**	**9.7**	**100.0**
Thereof:	Refused	422	6.1	63.4
	Not at home	114	1.7	17.1
	Communication difficulties, illness, etc.	123	1.8	18.5
	Not located and other difficulties	7	0.1	1.0
Investigated – total		**6,206**	**90.3**	**100.0**
Thereof:	Disqualified in editing	33	0.5	0.5
	Participated in survey estimates	6,173	89.8	99.5

Among the households that were not investigated, some refused 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 the task.

		Absolute numbers	Percentages
Households not investigated – total		**666**	**100.0**
Thereof:	Did not respond at all	426	64.0
	Responded to Questionnaire A at least	240	36.0

5. Data Processing

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

Estimating the components of the household budget: Most estimates of consumption were obtained on the basis of **net expenditure** for the commodity purchased; i.e., the positive difference between the household's expenditure for the commodity, and its receipts (if any) from the sale of the same type of commodity. 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.

Other methods were used to estimate expenditure on housing and motor vehicles:

Housing

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

The imputed data on rentals in 2007 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, housing services consumption was calculated by imputing the difference between actual rent paid and the full amount of rent, according to the average rental rates on the free market, as obtained from the three above-mentioned sources.

Motor Vehicles

Motor vehicle expenditures were estimated on the basis of the "value of services" obtained from the vehicle. Thus, the value of services obtained from the car was estimated for every car-owning household on the basis of the depreciation of the car and the alternative interest on the capital invested in it. The alternative interest was also imputed as income for the household.

Imputations from outside sources were performed on several additional budget components, when the households did not provide data for them. Such imputations were also conducted for items that usually have uniform prices or have a known method of calculation: various fees (such as radio, television, and motor vehicle licenses), the values 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 approximately 2.17 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 2007 survey was 118.5 points, with a base of 1998=100.0

Estimation method – The method aims to reduce potential sampling errors and biases deriving from the fact that non-responding households may have characteristics that differ from those of the participating households.

In order to obtain estimates for the entire survey population, a **weighting coefficient** was determined for each household investigated, with all members of a given household having the same weighting coefficient. A household's weighting coefficient reflects the number of households and persons in the survey population, which that household represents.

The set of weighting coefficients was derived in a multi-stage process by the "raking" method, in which the distribution of the "weighted" sample is adjusted to ensure consistency with external distributions according to selected distribution variables. The adjustment was performed separately for characteristics of households and for individuals (without combining the two) in each of the distributions.

For households, the adjustment was made for three groups:

1. Population in Jewish and mixed localities, without new immigrants.

2. Immigrants from 2004 on.

3. Population in non-Jewish localities.

For these distributions the division differs according to household characteristics:

* Groups of households that is homogeneous in terms of their expenditure, as determined by statistical methods.
* Groups of types of households, defined according to household size and age composition of household members (elderly persons living alone, young couples, households with children, etc.).

* Groups of households defined on the basis of the time they were investigated. These groups are meant to balance the “weighted” sample over the survey year, and to prevent biases that might result from the fact that the survey sample was not retroactively evenly distributed over the months of the year, due to fieldwork constraints.

The distributions by characteristics of households, to which the survey data were adjusted, are taken from Labour Force Survey estimates that are based on a large sample.

With regard to persons in households, the weighting coefficients for the various groups of households were determined in a way that would also assure full correspondence between the survey estimates and the distribution of the survey population by sex and age groups, and geographic cross-sections based on the current demographic data of the Central Bureau of Statistics.

6. 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:

(A) **Sampling errors:** arise 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.

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

(A) Sampling Errors

The sample on which this survey is based is one of very 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 and 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 given 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 of subgroups in this publication, the sign "±" and the values of the two sampling errors for this estimate are presented beneath the estimate (in small letters).

Example: According to Table 6.2, the estimated average monthly expenditure for women's outerwear per household, in households with 2 earners, is NIS 181, and the 95% confidence interval for this estimate is NIS 181±18. I.e., it can be claimed with 95% confidence that the average monthly expenditure for women's outerwear in households in this group ranges from NIS 163 to NIS 199.

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 = $K(\alpha)$. In this example, one sampling error of 9 is obtained, and therefore a 99.5% level of confidence will be:

181 ± 25.2 x (18/2), i.e. 181 ± 2.8

It can therefore be argued with almost total confidence (99.5%) that the average monthly expenditure for women's outerwear, in households where there are 2 earners, ranges from NIS 155.8 to NIS 206.2.

Notes:

1. The confidence intervals are usually symmetrical around the estimate, but they are asymmetric 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 25% and 40% are shown in parentheses ( ), and estimates with relative sampling errors between 40% and 50% are shown in brackets < >. Estimates with relative sampling errors of over 50% 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 $X'(1)$ and, $X'(2)$, respectively, the estimate for the difference between the groups is $D' = X'(1) - X'(2)$.

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

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

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

If the confidence interval contains the value 0, the difference *D'* is not statistically significant. In other words, on the basis of the specific sample in the survey at the stipulated confidence level, it cannot be argued that X′(1) is different from 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 $D' - K(\alpha)\sigma'(D')$ and $D' + K(\alpha)\sigma'(D')$.

For the reader's convenience, the attached chart (see page 38) can be used to obtain 95% confidence intervals for the difference between mutually exclusive groups. The chart should be used in the following way:

For the estimates and sampling errors presented in this publication, the tables present the value of two confidence intervals for the estimates $X'(1)$ and $X'(2)$. These values are marked in the two columns at either end of the chart. If a line is drawn between them, the value $\sigma'(D')$ will be found in the middle column in the figure. (To facilitate use of the chart, the scale of the limits can be adjusted.) If, for example, for two estimates, the values of two sampling errors are 120 and 150, they can be divided by 2, with the results of 60 and 75, respectively. The line connecting 60 and 75 in the extreme columns intersects the middle column at the value of 96. 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 X1 is indeed different than X2 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 7.2, average monthly expenditures for dental care (in NIS) are compared for households in different cities, at a 95% confidence level.

Average expenditures for dental care were:

NIS 162±54 for households in Jerusalem,

NIS 187±80 for households in Rishon LeZiyyon.

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 dental care by households in Jerusalem versus Rishon LeZiyyon. This difference is estimated at *D'*= NIS 25.(187-162=25).

According to the sampling errors chart (see page 38), the line connecting 54 and 80 in the extreme columns intersects the middle column at 96, and therefore the value of the two sampling errors of the difference is 96. One may calculate a 95% confidence margin for the estimate of the difference: $D' \pm 2\sigma'(D') = 25 \pm 96$

Since this range contains the value 0 [the difference is between NIS 131 and NIS (-61)], the difference *D'* is not statistically significant. I.e., for the specific sample in the survey, at a 95% confidence level, it cannot be concluded that the average monthly expenditure for dental care by households in Jerusalem is really different from the average monthly expenditure for the same purpose by households in Rishon LeZiyyon.

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

$$2\sigma'(D') = 2 * \sqrt{(54/2^2) + (80/2)^2} = 2 * 48.25 = 96.5$$

(The result obtained through using the chart).

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

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

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

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

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

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

If the confidence interval excludes the value 1, the ratio is significantly different from 1 and falls within the aforementioned confidence interval.

(B) 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. In this survey, these errors fall into the following categories:

1. **Non-response biases:** About one-tenth of the households that should have been investigated in the sample did not participate in the survey for various reasons (see Part 4, "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.

2. **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 biweekly 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 course of the two-week period; omission of "small" expenses such as children's pocket money and purchases at kiosks; deliberate omission of "socially unacceptable" expenses such as alcoholic beverages and gambling; insufficient detail in the list of purchased products; inclusion of purchases made prior to the two-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. Since the responses were based on 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 or failure to follow instructions for filling out the questionnaire.

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.

3. **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.

B. 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 soldiers in the regular army.

Standard person: the standard of living that a given income can sustain is obviously affected by household size. To create a more appropriate basis for comparing standards of living of households of different sizes, it is customary to compare them in terms of per-capita income. However, it is also conventionally assumed that the number of persons in a household has an uneven and unequal effect on the standard of living that a given income can provide because, according to this premise, advantages accrue according to household size. Therefore, a transformation is performed with respect to the number of persons in a household, according to a standard scale in which a two-person household is the base unit. As the number of persons in the household rises, each added person in the household is assigned a declining marginal value. By means of this scale, household size is translated into standard persons. The scale is shown in the table below:

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		0.40

Earner: A person who worked at least one day in the three months preceding the interviewer’s visit.

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.

Decile: A decile is a group including 10% of the surveyed population, 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 used to classify households can be either gross or net, per household, per capita, or per standard person.

For example, the lowest decile (decile 1); by gross income of the household, is the group of 10% of 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 2.1 the maximum income in Decile 3 is NIS 2,214 according to the variable “net money income per standard person”.

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

Gross household money income: a household’s entire gross current financial income, i.e., before deduction of compulsory payments (income tax, National Insurance and Health Insurance contributions). Gross money income includes the income of all household members from employed or self-employed labour and from property, interest and dividends, support and allowances from institutions and individuals, pension income, and any other current income. Non-recurrent receipts such as inheritances and compensation are not included. Also, the income does not include imputation was made for income that originates in the use of one’s dwelling and for various types of in-kind income (non- financial income).

Gross income per household: The household’s entire gross current money income before deduction of compulsory payments (income tax, National Insurance, and health insurance) of all household members, or non-financial income from services deriving from use of an owned dwelling or owned vehicle. Gross income includes income from employed or self-employed work and from property, as well as income from dividends, pensions, current income from support and from institutions and individuals, or any other current income. Gross income does not include: non-recurrent payments such as inheritance, income from savings, or reparations.

Net household money income: the gross money income, as defined above, after deduction of compulsory payments (Social Insurance, Health Insurance and Income Tax). Data concerning compulsory payments were not obtained directly from the enumerated households, but were calculated on the basis of Israeli tax regulations.

Net money income per standard person: the net household money income divided by the number of standard persons in the household (Tables 2.1 and 2.2)

Net income per household: a household’s entire income, including current money income as well as non financial income from the estimation of housing services and motor vehicle services consumption from dwellings or motor vehicles owned by the household.

Net income per standard person: the net household income divided by the number of standard persons in the household (Table 1.1).

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

Income in kind: Income that is non-financial, but is worth money. This kind of income is usually income or a benefit provided by the state to assist individuals in various areas such as food or education.

Compulsory payments: direct taxes applied to current income - income tax, National Insurance contributions, and National Health Insurance. These payments were computed on the basis of Israeli tax regulations, and were not received directly from households.

Total consumption expenditure: a household’s total outlays for commodities and services and imputation of consumption expenditure for housing services and motor vehicle (since the purchase of these goods is defined as investment, not consumption). Outlays sometimes include interest, delivery and installation fees. The purchase of a product is considered as of the day the product is received, and the full purchase price is considered an expenditure for a product on the day the product reaches the dwelling, even if it was only partly paid for by that date. Therefore, advance payments on account of products or services not yet received, or payment of debts on account of products already delivered, are considered an increase in savings rather than a consumption expenditure.

Miscellaneous foods: a group which includes food products such as tea, coffee, cocoa, spices, baby food, powders, dry pulses, natural and vegetarian products, as well as the purchase or order of ready-made food.

Housing services consumption: the imputed value of the monthly outlay for consumption of owned-housing services, key-money dwellings, and housing provided free of charge (See page XXV).

Room in a dwelling: A room that household members use for dwelling purposes. The following are not considered dwelling 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 needs (part of the Home and Household Maintenance item): a group which includes dishwashing soap, laundry detergent, household cleaning materials, disinfectants, air fresheners, candles, napkins, baby wipes etc.

Health insurance: this group includes, since 1997, 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: a group that includes outlays for medicines, personal hygiene products, eyeglasses, contact lenses, etc.

Vehicle expenses: a group that includes imputed interest and depreciation of vehicles, fixed and variable expenses for all types of vehicles, purchase of two-wheeled vehicles, and rental of vehicles (See page XXVI).

Other expenses (transportation): a group that 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, DVD, washing machine, etc.).

Ownership of durable goods: an estimation 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 (table 14).

District and sub-district were defined according to the official administrative division of the state, which includes 6 districts and 15 sub-districts. In 1972, Judea, Samaria and the Gaza Area were added, in order to characterize the Jewish localities and the Jewish population in those areas. As of August 2005 – Judea and Samaria Area.