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**Delimiting the Household Unit and Defining
Agricultural Households - Issues Faced in the
Methodology of Eurostat's Income of
Agricultural Households Sector (IAHS) Statistics**

By
Berkeley Hill and Edward Cook

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Delimiting the household unit and defining agricultural households

– issues faced in the methodology of Eurostat's Income of Agricultural Households Sector (IAHS) statistics

Berkeley Hill¹ and Edward Cook (external experts to Eurostat)

[This paper is based on the agreed methodological principles of Eurostat's IAHS statistics. However, views expressed within the paper should be regarded as personal and should not be taken as necessarily representing the opinion of Eurostat]

Introduction

A central objective of the Common Agricultural Policy (CAP) is "...to ensure a fair standard of living for the agricultural community..." (Article 39 b of the founding Treaty of Rome, repeated in *Agenda 2000* which was agreed in 1999). Traditionally, Community policy makers have been provided with measures of income derived solely from agricultural activity. A Green Paper *Perspectives for the Common Agricultural Policy* in 1985, however, directed attention to looking at other approaches to measuring incomes in the context of the social aims of agricultural policy. The known high incidence of pluriactivity among farm households and of other incomes flowing to them implied a need to take a much broader assessment of the economic situation of the agricultural community.

Eurostat's response to this paper was to develop the IAHS statistics (then known as the Total Income of Agricultural Households project – TIAH), which look at the total income (income from all sources) and deductions such as taxation and social contributions. With successive reforms of the CAP encouraging diversification, latterly within the second pillar of rural development, this approach seems even more relevant today than it was when responding to the Green Paper in the mid-1980s.

Eurostat chose to develop its IAHS methodology within the framework of national accounts, essentially by disaggregating the households sector account into sub-accounts for a range of socio-professional groups, of which agricultural households formed one. In part this was for practical reasons; progress in this direction was more likely than with microeconomic approaches (such as the Farm Accountancy Data Network, or household budget surveys). Also, a strong and harmonised theoretical framework of national accounts was already in place that permitted systematic comparisons between socio-professional groups and consistency with other economic aggregates (including the economic accounts for agricultural production – the EAA).

In specific terms, the objective of the IAHS methodology is to generate an aggregate income measure, using harmonised methodology, in order to:

- (i) Monitor the year-to-year changes in the total income of agricultural households at aggregate level in Member States.
- (ii) Monitor the changing composition of income, especially income from the agricultural holding, from other gainful activities, from property and from welfare transfers.
- (iii) Enable comparisons to be made in the development of total incomes of agricultural households per unit (household, household member, consumer unit) with those of other socio-professional groups.
- (iv) Enable comparisons to be made between the absolute incomes of farmers and other socio-professional groups, on a per unit basis.

¹ Berkeley Hill drafted for Eurostat the methodology referred to in this paper. A second major revision is in the course of development.

Central to developing these IAHS estimates have been the choice of income unit and the definition of when such a unit is “agricultural”. Both reflect the national accounts origins of these statistics. This paper provides an overview of the choices made in Eurostat’s IAHS statistics, as well as the definitions applied in the Member States.

Choice of unit

Incomes can be measured for individuals or groups of individuals. The choice of which unit should ideally be used for income measurement is based on theoretical appropriateness and practical availability.

The CAP specifically defines interest in the “agricultural community” but no clear statement has been made about how this is comprised. In order to measure the economic well-being of such a community (comprising group members), the use of a household unit is a potentially better measure than that of the individual incomes of the group members. This position reflects the fact that some income may literally be shared and that, more generally, consumption is shared.

In supporting Eurostat’s development of the then TIAH statistics, the Agricultural Statistics Committee (on which Eurostat and the statistical authorities of Member States are represented) recommended that the “household unit” was to be in line with the European Accounting System (ESA).

The ESA (third edition, 1995) defines households (S. 14) as follows :

- *(ESA 2.75) The household sector (S. 14) covers individuals or groups of individuals as consumers and possibly also as entrepreneurs producing market goods and non-financial and financial services (market producers) provided that, in the latter case, the corresponding activities are not those of separate entities treated as quasi- corporations.*
- *Households as consumers may be defined as small groups of persons who share the same living accommodation, who pool some, or all, of their income and wealth and who consume certain types of goods and services collectively, mainly housing and food. The criteria of the existence of family or emotional ties may be added.*
- *The principal resources of these units are derived from the compensation of employees, property income, transfers from other sectors or the receipts from the disposal of market products or the imputed receipts from output of products for own final consumption.*
- *(ESA 2.76) The households sector includes:*
- *Individuals or groups of individuals whose principal function is consumption;*
- *Persons living permanently in institutions who have little or no autonomy of action or decision in economic matters (e.g. members of religious orders living in monasteries, long-term patients in hospitals, prisoners serving long sentences, old persons living permanently in retirement homes). Such people are treated as comprising, together, a single institutional unit, that is, a single household.*
- *Individuals or groups of individuals whose principal function is consumption and that produce goods and non-financial services for exclusively own final use; only two categories of services produced for own final consumption are included within the system: services of owner-occupied dwellings and domestic services provided by paid employees;*
- *Sole proprietorships and partnerships without independent legal status - other than those treated as quasi- corporations - which are market producers;*
- *Non-profit institutions serving households, which do not have independent legal status or those which do but are of only minor importance (see ESA 2.88).*

In this way, the ESA gives a general description of how a household should be defined but does not precise its composition. For example, there is no specific guidance on how adult household members

who are in addition to the farmer and spouse are to be treated. Can their earnings from off-farm sources or pensions realistically be considered at the general disposal of the “household”? Such questions are not of much concern when the entire households sector is being considered but rise in significance once attempts are made to break it down into subsectors and to draw comparisons between them in terms of incomes per household, per household member or per consumer unit. A range of concepts has been developed, such as the “dwelling” household (the broadest) through “broad” family households (where the focus is on relationships by blood, marriage or adoption), to the narrower “nuclear”/ “core” or “single budget” households (based on parents and unmarried / dependent children) and its closely similar “fiscal household” used by some systems of personal taxation.

In the absence of an internationally applied definition of a household, the composition of households in the IAHS statistics was taken from the household budget surveys of Member States; these use the “dwelling” household, with national variations on the treatment of students, staff living in etc.. This implied that members of the household who do not work on the agricultural holding could comprise part of the agricultural household, and that their incomes would form part of the total household income. Criticism has been offered that this could lead to a misleading impression of the income situation of those social units that are primarily dependent on agriculture and the likely targets of the CAP. Dwellings on farms often accommodate families that, in some Member States, are relatively large and span generations, and often contain at least some individuals who are largely financially independent in terms of both their income and its use. Thus a misleading impression could be given of the income situation of those who are responsible for operating the holding.

In the light of criticism that the “dwelling” household is inappropriate for use in monitoring incomes in agriculture, Eurostat has recently considered a definition of a “single budget” household that covers only those members of the “dwelling household” who pool income and expenditure (such as couples and dependent children) and excludes financially independent adults.

Defining agricultural households in the IAHS

People may be engaged in agriculture as self-employed farmers (independent activity) and agricultural employees (dependent workers). In most EU countries the former greatly predominates. On the advice of the Agricultural Statistics Committee, the decision was taken to restrict development of the TIAH statistics to those households which are, to various degrees, dependent on self-employment in agriculture for their livelihood.² This reflected the practicality of data availability, but also might be interpreted as being in line with the target group at which the vast majority of CAP financial support is directed.

Within the IAHS statistics, the agricultural activities covered are those defined by the Nomenclature of Economic Activities in the European Communities (NACE (Rev.1)). Agricultural activity comprises principally the production of crops and crop products, animals and animal products (including hunting) and contract work at the agricultural producer stage³. Forestry and fishing are excluded.

In establishing the field of coverage of agricultural households within IAHS statistics, it was necessary to draw on ESA definitions, the experience of statistical authorities in Member States and agricultural policy requirements.

The building block

The ESA (third edition, 1995) provided the main platform for the field of coverage.

- *(ESA 2.78) Within the ESA, households are allocated to sub-sectors according to the largest income category (employers' income, compensation of employees, etc.) of the household as*

² Agricultural employee households are not separately identified in the IAHS statistics but are included among the broader employee household group. The IAHS statistics provide comparable disposable income figures across a range of socio-professional groups, of which employee households are one.

³ The classification of activities used in the EAA is not completely consistent with that of NACE. See Appendix X on p167 of Eurostat's revised *Manual on Economic Accounts for Agriculture and Forestry EAA/EAFF 97 (Rev. 1.1)*. Theme 5 Series E (2000).

a whole. When more than one income of a given category is received within the same household, the classification must be based on the total household income within each category.

- (ESA 2.85) If the main income source of the household as a whole is not available for sectoring purposes, the income of the reference person constitutes the second-best characteristic to be used for classifying purposes. The reference person of a household is normally the person with the largest income. If the latter information is not available, the income of the person who states that he/she is the reference person may be used for sub-sectoring households.
- (ESA 2.86) However, other criteria may be appropriate and needed for different kinds of analysis or as the basis for policy-making, e.g. breakdown of households as entrepreneurs by activity: agricultural households; non-agricultural households (industry, services for sale, services provided free).

The target IAHS definition

In light of the experience of statistical authorities in Member States in using existing data sources to generate results for the households sector, the need for harmonisation within the European Union, and the possibility of alternatives set out in the ESA, the basis for classifying households into socio-professional groups within the IAHS methodology is **the main source of income of the household's reference person**.

Thus, the target definition of an agricultural household is as follows:

- (TIAH Rev.1, 2.7.3) Agricultural households are all those where the income from independent agricultural activity, net of capital consumption, constitutes the main source of the total income of the reference person. Total income comprises income from dependent and independent activity, from property (including interest) and transfers received (including pensions), but before the deduction of taxation, social contributions and other negative current transfers. In the absence of an internationally applied definition of personal income at the microeconomic level, definitions should correspond to those in national family budget surveys. Main is to be interpreted as 50 per cent or more, or where no component satisfies this condition, the largest single source (where the other categories are income from independent non-agricultural activity, from dependent activity, from property, from social benefits and from other income).
- (2.7.4) The ESA gives only a broad guide to which member of the household is to be taken as the reference person. In the absence of an internationally applied definition of a reference person, the definition to be adopted is that used in the household budget surveys of Member States.
- (draft Rev.2 version, 2.7.6) For purposes of classification the use of average incomes over several years has advantages for the stability of the number of households deemed to be agricultural and for the interpretation of income results. The choice of period for averaging is still open to discussion, though a three-year average is a provisional recommendation. Where classified in this way, the reference person of an agricultural household may for individual years have income from independent agricultural activity which constitutes less than 50% of his/her total income or which may be negative.

In adopting this target classification (also termed the “narrow” definition) Eurostat recognised that the use of a reference person system for classification may result in a number of household cases being included within the agricultural sub-sector where the main income of the entire household is not from independent activity in agriculture (TIAH Rev. 1, 2.7.7)

There is no direct correspondence between the number of agricultural holdings (farms) and the number of agricultural households defined in this way. On some (large) farms there may be more than one household that satisfies the definition, whereas on some (typically smaller) farms there may be none.

Alternatives to this target

In view of the definitions already in use in data sets that form the basis for estimating the aggregate indicator, acceptable (interim) alternatives for the target definition of an agricultural household are allowed (*TIAH Rev. 1, 2.8.1*). The most significant of these is the provision for using a classification system based on the main occupation of the reference person, based on the allocation of the person's time, or a mixture of time and income (rather than the use of an income criterion exclusively). Where there is a possibility of making comparisons, it appears that this alternative can have a significant effect on the number of agricultural households and on the income picture. Thus the continued use of this alternative poses a threat to international comparability of absolute levels of income, composition of income etc., though changes through time are less likely to be affected. Because IAHS results depend almost entirely on existing data sources, there has to be a trade-off between availability and harmonisation.

Extended field of coverage

The target "narrow" definition of agricultural households does not include all operators of agricultural holdings. Those for whom farming is *not* the main income source of the head of household are excluded. For policy makers (both national and EU) there is also interest in a broader coverage of holders. In recognising this need, Eurostat established a "broad" definition of the agricultural household as:

- *those that derive some income from independent activity in agriculture (other than income solely in kind that is of a "hobby" nature). This income can arise from activity of the head of household or any other member. The "broad" field, therefore, corresponds to all households that engage in agricultural activity (TIAH Rev. 1, 2.10.1)*

As with the "narrow" definition, some alternatives (interim ones) are proposed to the target "broad" definition. Alternatives *might correspond to all those households that operate an agricultural holding (to which minimum size criteria might be applied, such as that size which qualifies the holding for inclusion in the Survey on the Structure of Agricultural Holdings), or those households which declare that a member contributes some labour input to independent activity in agriculture. (TIAH 2.10.2).*

In providing total and disposable income information about both the "narrow" and broad" definitions of the agricultural household, policy-makers are also provided with information about the "marginal" agricultural households. "Marginal" agricultural households cover those agricultural households within which some member of the household receives income from independent agricultural activity but where the reference person receives his / her main income from an activity other than independent agricultural activity.

The resulting dependency or lack of dependency on agricultural income for the considerable numbers of "marginal" agricultural households and "narrow" agricultural households in the EU, and how the composition of total income has been changing over time, provide policy-makers with important background information for establishing and assessing their CAP policies.

Priority is currently given to the "narrow" definition of the agricultural household, as these are the households that are likely to be most dependent on income from agricultural activity and therefore whose standard of living is likely to be most affected by changes in CAP policies. Whilst the current aim is to produce annual figures for the target "narrow" agricultural households and other socio-professional groups, results for the "broad" definition agricultural households may be estimated on a less frequent basis.

Some current issues in the methodology

The methodology described above has so far served adequately as the basis for generating IAHS statistics. Attempts are being made to progressively harmonise its application, in particular to eliminate differences that impact on the comparability of results between countries (such as moving to universal use of the reference person – main income system for classifying households) But the methodology is facing a number of challenges to which reference should be made.

Refining the borders of the household has already been mentioned above, though attempts at using a "single budget" household have not yet been pursued because such a unit is not universally applicable within the EU.

The exclusion of households headed by employed workers in agriculture is under reconsideration because of historical development. The early decision to define agricultural households as those where farming self-employment (independent activity in agriculture) was the main income source of the reference person soon ran up against the technical problem of family farms that were arranged as private companies, of which there are significant numbers in a few countries, including the UK. In most cases this legal form is adopted for taxation or other family convenience reasons, and these farms behave as if they were unincorporated businesses. However, if the IAHS methodology were to be applied strictly, the directors of these companies would be classed not as self-employed farmers but rather as employees of their own companies. As such they would not be eligible for inclusion in the agricultural households sector ("narrow" or "broad"). To get around this problem, the IAHS methodology provides for the operators of such family companies to be treated as an "add-on" to the main set of results. In practice, it seems that they are often treated as unincorporated businesses in data sources.

However, the exclusion of households headed by employed agricultural workers is being thrown into further question by the likely accession to the EU of new Member States that have significant numbers of large scale agricultural units staffed entirely by employees (or quasi-employees). They represent a sizeable proportion of the total labour going into agriculture and any measure of income that ignored them would be seriously compromised. Some units are joint stock companies, in which some of the people who work on them for wages may be shareholders, but some stock may be held by others. Some are more like co-operatives, in which part of the reward may come as a dividend and might be viewed as entrepreneurial income, but not all the workers may be members and some payments may be made to former members. It is becoming clear that a simple "fix" (such as that used for family company farms) is not appropriate. Some more radical rethink of the IAHS coverage is needed, even perhaps questioning the original advice from the Agricultural Statistics Committee. At present it has been agreed that all the households whose reference person works on these large units should be included as a special "add-on", irrespective of the legal status of the unit or of the worker. However, this is an area of methodology that is likely to be revisited.

Then there is the fundamental matter of whether a methodology that is based in national accounts and concentrates on results for the entire sector is really adequate for the purposes within policy monitoring to which it is intended. While the present approach generates incomes of the entire sector and averages per household, per household member and per consumer unit, the only provision for disaggregation is into the "narrow", "marginal" and "broad" coverages. Policy issues increasingly are concerned with distributions, and the present methodology is incapable of indicating, for example, the number of low income households and their location by region or by type and size of farm. Added to this, the definition of net disposable income used in national accounts differs from that used in microeconomic studies, the latter being arguably more appropriate to follow what is happening in the CAP and better served by data sources that Member States increasingly draw on when compiling IAHS results. Taken together, these factors point to the need to develop a microeconomic system for measuring the incomes of agricultural households to set alongside the aggregate approach. Any such system should, preferably, use the same definition of what constitutes an agricultural household, though a more flexible approach might be built in so that degrees of dependence on income from farming could be tested, and some attempt made to distinguish those households suffering temporary dips in their incomes from those that suffer more permanent low income problems. The aggregate approach might then be used to provide early warnings of changes, which would be fleshed out by microeconomic results when the data come available.

Finally, irrespective of whether an aggregate or microeconomic approach is used, there has to be a closer examination of the way in which the methodology results in a shrinkage over time in the size of the agricultural households sector (particularly when defined in the "narrow" way). This is not a matter of concern when making snap-shot comparisons between socio-professional groups or the national average disposable income, but it is relevant when attempts are made to trace income developments over time. This is because results relate not to a constant cohort but to successively fewer households. Those that are successful at diversifying their income sources, or whose earnings from farming fall disproportionately fast, are the first to be excluded. Though there is nothing difficult conceptually about defining a household as agricultural in a base period and applying that classification in a series of subsequent years, this often presents practical difficulties. Consequently, results over time have to be viewed with caution.

Appendix Member State deviations from target

Eurostat has established an inventory of methodology for IAHS statistics; methodologies applied by the Member States are related to the Eurostat's target methodology so that a list of deviations can be established. Those that relate to the household unit and the field of coverage in what is termed "agricultural" are presented in Tables 1 and 2 below.

It should be underlined that IAHS statistics are established on the basis of a Gentlemen's Agreement with Member States, i.e. there is no legislative basis for the IAHS target definitions. Nevertheless, Eurostat and Member States continue to work towards harmonisation as a key principal.

Table 1 Definition of a household used by the Member States for their IAHS statistics

<i>MSt</i>	<i>Departure from target</i>	<i>Comment</i>
B	Fiscal household: reference person and spouse and dependent persons, but excluding other members of the household who are gainfully employed or who receive a transfer income of their own, such as unemployment benefit or pension	Excluded individuals are thought to represent about a further 7% of the number included (1987)
DK	Families. A family is either a single person, or a group of persons, who live at the same address, and who have certain family relations. Children are included when the age is below 18. Adults in addition to the farmer and spouse are not included, except grown-up children.	Not considered to be of major significance because of the socio-economic structure of house holds in Denmark
D	*	
EL	*	In addition, an alternative concept can be used that excludes financially independent members other than the farmer and spouse. Not intended to be used in the future.
E	*	
F	*	
IRL	*	
I	*	
L	*	
NL	*	
A	All members of the family who live under the same roof and whose meals are prepared in the same kitchen	Use of term 'family' not likely to be of much significance to the coverage
P	*	
FIN	*	
S	In the HINK surveys up to 1992 the family consisted of spouses and children aged 17 years or less. Persons of age 18 and above were considered as a separate family unit irrespective of whether he/she was living with his/her parents. The main presentation of results is still for the "core family" (spouses and children aged 17 years or less). However, from the 1993 survey onwards data are also collected for the broader "dwelling household". In future the main results will probably use the concept of the "dwelling household".	It is hoped that the "dwelling house" unit can be used in the future to assist comparability. New methodology being introduced.
UK	The basic unit in the statistics is tax cases. Prior to 1989 these comprised single persons and married couples (which counted as single cases). However, independent taxation was introduced in the 1990/91 assessment year, affecting the estimates of income from self-employment (independent activity) from 1989 and of all income from 1990 onwards.	An inevitable feature of this data source.

* implies the definition used corresponds to the IAHS target

Table 2 **Classification of agricultural households (both “narrow” target and “broad”), the smoothing of household numbers and treatment of forestry / fishery households**

<i>MSt</i>	<i>Departure from target</i>
B	<p>Classification of households –“narrow”:</p> <p>Grouping is made according to the reference person’s main occupation, determined on the basis of the time spent on the occupation and, as a secondary criterion, the income brought in. This system is based on that used for the agricultural census.</p> <p>Smoothing of household numbers:</p> <p>No smoothing apart from the characteristics of the occupation system</p> <p>Treatment of forestry and/or fishery households:</p> <p>*</p> <p>Classification of households –“broad”:</p> <p>Not applied</p>
DK	<p>Classification of households –“narrow”:</p> <p>The reference person system takes agricultural households to be those where the person with the highest gross income has agriculture as his or her industry and employment status as self-employed (independent). The industry of the reference person is determined by the administration (that is, not subjectively by each reference person) according to several criteria, including the composition of income, registration for Value Added Tax and non-receipt of unemployment benefit. Reference persons are allocated to industries if that industry forms more than 50% of the total income of that reference person; total income must be positive.</p> <p>Smoothing of household numbers:</p> <p>No regular smoothing</p> <p>Treatment of forestry and/or fishery households:</p> <p>*</p> <p>Classification of households –“broad”:</p> <p>*</p>
D	<p>Classification of households –“narrow”:</p> <p>*</p> <p>Smoothing of household numbers:</p> <p>Numbers established in the five-yearly Income and Consumption Sample Survey, and extrapolated using the annual Microcensus. Smoothed between base years.</p> <p>Treatment of forestry and/or fishery households:</p> <p>*</p> <p>Classification of households –“broad”:</p> <p>*</p>
EL	<p>Classification of households –“narrow”:</p> <p>* (although alternatives based on the main employment (occupation) of the head of household and based on the main source of income of the entire household are available)</p> <p>Smoothing of household numbers:</p> <p>Numbers taken from the Family Budget Surveys (1982, 1988) and interpolated and extrapolated. Smoothed between base years.</p> <p>Treatment of forestry and/or fishery households:</p> <p>Both included with agriculture, as income from these is not separated in the Family Budget Survey, used as the basis for distribution coefficients. This is not thought to be of major significance as they collectively represented only 4.0% - 6.4% of the branch totals in national accounts 1982-90 and 2.2% of self-employed agricultural persons in the 1990 Labour Force Survey.</p> <p>Classification of households –“broad”:</p> <p>*</p>

E	<p>Classification of households –“narrow”:</p> <p>Where there is doubt about which is the main occupation of the reference person, the one providing the highest income is recorded. Incomes are used gross of capital consumption in allocating reference persons to socio-professional groups. This is unlikely to have a major impact on classification.</p> <p>Smoothing of household numbers:</p> <p>Numbers taken from the Family Budget Surveys (1980, 1990) and interpolated and extrapolated. Smoothed between base years</p> <p>Treatment of forestry and/or fishery households:</p> <p>*</p> <p>Classification of households –“broad”:</p> <p>Where agriculture is the main income source of at least one member of the household. This is substantially narrower than the IAHS target</p>
F	<p>Classification of households –“narrow”:</p> <p>Grouping is made according to the industry in which the head (reference person) declares himself/herself to be primarily active</p> <p>Smoothing of household numbers:</p> <p>Household numbers extrapolated from base years using the annual survey of employment.</p> <p>Treatment of forestry and/or fishery households:</p> <p>*</p> <p>Classification of households –“broad”:</p> <p>Not applied</p>
IRL	<p>Classification of households –“narrow”:</p> <p>*</p> <p>Smoothing of household numbers:</p> <p>Results only calculated for base years of household budget survey. Smoothing is not yet applicable.</p> <p>Treatment of forestry and/or fishery households:</p> <p>*</p> <p>Classification of households –“broad”:</p> <p>*</p>
I	<p>Classification of households –“narrow”:</p> <p>Heads declare the branch in which they pursue their main activity. Both time and income factors are taken into account.</p> <p>Smoothing of household numbers:</p> <p>N/a</p> <p>Treatment of forestry and/or fishery households:</p> <p>Agricultural households can be defined so as to include or exclude fishing (excluded for IAHS results)</p> <p>Classification of households –“broad”:</p> <p>Not applied</p>
L	<p>Classification of households –“narrow”:</p> <p>Agricultural households are taken to be those which operate “professional agricultural holdings”. These are holdings headed by a person who satisfies all the following conditions: the head of the holding works more than 50% of his time on the holding; he gets from the holding more than 50% of his income; he is affiliated to the agricultural social insurance; he has no other non-agricultural main activity.</p> <p>Smoothing of household numbers:</p> <p>Results only available for a single year. N/a</p> <p>Treatment of forestry and/or fishery households:</p> <p>N/a</p> <p>Classification of households –“broad”:</p> <p>Not applied</p>

NL	<p>Classification of households –“narrow”:</p> <p>Classification is based on the main source of income of the household as a whole. Seven income clusters are used; independent activity falls within “profit prior to deduction of stock and capital” which in turn leads to class of business being determined. A check using data for 1988 showed this to have little impact on the average income level compared with using the target.</p> <p>Smoothing of household numbers:</p> <p>Appears to be reclassified annually in the SER according to the household’s main source of income. No smoothing apparently applied</p> <p>Treatment of forestry and/or fishery households:</p> <p>*</p> <p>Classification of households –“broad”:</p> <p>*</p>
A	<p>Classification of households –“narrow”:</p> <p>A distinction is made between <i>primary</i> and <i>secondary</i> activity holdings. Primary farms are where at least half the income from the labour of the operator and spouse plus members of the family forming part of their household and working together full or part-time in farming or forestry comes from farming or forestry activities.</p> <p>Smoothing of household numbers:</p> <p>Results calculated per holding, not grossed up. N/a</p> <p>Treatment of forestry and/or fishery households:</p> <p>Agricultural activity is deemed to include forestry up to 200ha. Thus the income to the household comprises both that from the production of goods and services that are classed as belonging to agriculture within the framework of the EU’s Economic Accounts for Agriculture, and also from forestry.</p> <p>Classification of households –“broad”:</p> <p><i>Primary</i> plus <i>secondary</i> agricultural holdings. Excludes farms outside the SGM range OS 90 000 - 1.5 mio, those with horticulture >25% of total gross profit, and mixed enterprises, such as forestry plantations over 200 ha. Covers only 50% of farm numbers and is narrower than the IAHS target.</p>
P	<p>Classification of households –“narrow”:</p> <p>Households headed by a self-employed worker in agriculture, including both those with and without paid employees.</p> <p>Smoothing of household numbers:</p> <p>Main occupation classification system. Numbers taken from the General Population Census of 1981 and 1991, interpolated and extrapolated. Smoothed between base years.</p> <p>Treatment of forestry and/or fishery households:</p> <p>Agriculture is defined broadly, and also includes forestry, fishing (and hunting)</p> <p>Classification of households –“broad”:</p> <p>Not applied</p>
FIN	<p>Classification of households –“narrow”:</p> <p>*</p> <p>Smoothing of household numbers:</p> <p>In the Income Distribution Statistics the sample is rotated 50% each year. Where the classification of a household changes between two years, that for the first year is taken for both. Smoothed for cases retained for two years.</p> <p>Treatment of forestry and/or fishery households:</p> <p>*</p> <p>Classification of households –“broad”:</p> <p>*</p>

S	<p>Classification of households –“narrow”:</p> <p>In analysing the HINK, classification has been based on the main occupation of the reference person.</p> <p>A new methodology is being introduced.</p> <p>Smoothing of household numbers:</p> <p>Main occupation classification system within the Survey of Income Distribution (HINK) at present. Annual classification of samples on this basis. No smoothing apparently applied.</p> <p>A new methodology is being introduced.</p> <p>Treatment of forestry and/or fishery households:</p> <p>Agricultural activity also includes forestry. The number of households where more hours are spent on forestry than on agriculture is supposed to be very small. There is probably an influence on the classification in socio-professional groups.</p> <p>A new methodology is being introduced that should permit a separation but not a precise one.</p> <p>Classification of households –“broad”:</p> <p>All farmers in the Farm Register with more than 2 ha of arable land.</p>
UK	<p>Classification of households –“narrow”:</p> <p>On the basis of the income of the tax case. Up to the 1990/91 year of assessment agricultural cases were those in which self-employment (independent) income from agriculture or horticulture usually constituted the main or principal additional source of <i>self-employment income</i> (not, it should be noted, of <i>total</i> income) of single persons or husbands or the main source of self-employment income of wives. Since then, husbands and wives have been treated separately and included in the analysis only if they <i>as individuals</i> have a main or principal additional source of self-employment income deriving from agriculture or horticulture. Households which operate their farms as corporate bodies, and therefore receive income in the form of compensation from dependent activity rather than as income from independent activity, are therefore not treated as agricultural</p> <p>Smoothing of household numbers:</p> <p>Classification of cases by taxation authority is believed to take into consideration the normal income composition. Informal smoothing, though subjective.</p> <p>Treatment of forestry and/or fishery households:</p> <p>The classification to agriculture or horticulture is based on the Inland Revenue's Trade Classification.</p> <p>Classification of households –“broad”:</p> <p>Present coverage is between the IAHS “narrow” and “broad” definitions. Does not cover operators of farms that are arranged as companies, responsible for about a quarter of total Net Operating Surplus.</p>

* implies the definition used corresponds to the IAHS target