

Quality of Life Survey (QLS) Year 2008

Main results

- Spanish households receive an average annual income of 26,010 euros, with a 6.0% increase as compared with the previous year.
- The percentage of persons below the relative poverty line in Spain is 19.6%. This percentage decreases to 15.5% if the value of the imputed rent is included¹.
- The Autonomous Communities with the highest poverty rates are Extremadura (38.4%) and Andalucía (28.9%), whereas those with the lowest rates are Comunidad Foral de Navarra (6.5%) and País Vasco (8.5%).
- One in three households cannot afford one week of holidays away from home per year. Seven out of 10 consider themselves able to handle unforeseen expenses.
- 31.9% of households have loans for purchasing the main dwelling.
- Each household spends, on average, 296 euros per month on the main dwelling (rent or mortgage interest, homeowners' association costs, water and other associated expenses).
- 15.4% of households have problems with crime and vandalism in their neighbourhood, 13.2% have problems with pollution, and 21.8% complain of noise from neighbours or from the street.

The Quality of Life Survey was carried out between the months of April and June 2008.

Household income in 2007

The annual average net income per household rose to 26,010 euros during 2007, indicating an increase of 6.0% as compared with the previous year.

Considering the sex of the household reference person, it is worth noting that the average income where the aforementioned reference person was female (23,706 euros) was lower than when that person was male (27,411 euros).

By age, the lowest income corresponded to households in which the reference person was aged 65 years old or over.

¹ The 2008 QLS, in accordance with Community regulations, estimates the value of the use made of the dwelling by the household, when it is owned. This involves a non-monetary component, which is relevant to measuring income and poverty rates, which is estimated using the imputed rent method (valuation of the use of the dwelling with a mixed method, based on prices of real rents and on the subjective valuation of the household itself).

Average net annual income by household, by sex and age of the reference person. Year 2007

Data in euros

	Both sexes	Males	Females
Total	26,010	27,411	23,706
From 16 to 29 years of age	23,456	22,518	24,910
From 30 to 44 years of age	27,884	28,013	27,649
From 45 to 64 years old	30,543	31,580	28,522
65 years or more	18,198	21,010	14,819

By educational level, average income of households where the reference person had completed higher education was 35,930 euros. However, this average income stood at 19,210 euros per household where the reference person had completed primary education or lower.

Average net annual income per household, by educational level of the reference person. Year 2007

Data in euros

	Average income per household
Total	26,010
Primary education or lower	19,210
First stage secondary education	24,061
Second stage secondary education	27,944
Higher education	35,930

Relative poverty²

19.6% of the population resident in Spain was below the relative poverty threshold², this being measured without taking into account ownership of the dwelling. This rate decreased to 15.5% when the value of the imputed rent was taken into account.

Taking into account the value of the dwelling in which the household resided in the calculation, when it was owned or granted free of charge, meant that poverty decreased in all categories.

² The relative poverty rate was the percentage of persons below the poverty threshold, this being measured as 60% of the median of income per unit of consumption of persons. The median is the value which, ordering all individuals from lowest to highest income, leaves half of them below the aforementioned value, and the other half above it.

Therefore, since it involved a relative measurement, its value depended on how income was distributed among the population.

By age, the poverty rate before considering the value of imputed rent was 16.7% for persons aged 16 to 64 years old, reaching 27.6% for those aged over 65 years old. Nevertheless, this group of persons over 65 years of age showed a below-average rate considering the value of imputed rent (14.1% as compared with 15.5%).

The evolution of both rates in the last three years for the population as a whole has been stable, with differences not going beyond one point.

Relative poverty rate, by age. QLS 2006-2008

Percentages

	2006		2007		2008	
	Without imputed rent	With imputed rent*	Without imputed rent	With imputed rent*	Without imputed rent	With imputed rent*
Total	19.9	14.9	19.7	15.2	19.6	15.5
Under 16 years	23.8	20.3	23.4	19.7	24.0	21.5
From 16 to 64 years old	16.3	13.3	16.8	14.1	16.7	14.4
65 years old and over	30.6	16.8	28.5	15.6	27.6	14.1
16 and over	19.1	13.9	19.1	14.4	18.8	14.4

* Provisional data. Please see definition of imputed rent at the end of this document.

By Autonomous Community, Extremadura (with 38.4%) and Andalucía (28.9%) showed the highest rates of risk of poverty in Spain, excluding the value of imputed rent.

In contrast, the Communities with the lowest proportion of the population below the aforementioned poverty line were Comunidad Foral de Navarra (6.5%) and País Vasco (8.5%).

Relative poverty rate, by Autonomous Community

Percentages

	Without imputed rent
Navarra (Comunidad Foral de)	6.5
País Vasco	8.5
Cantabria	12.0
Asturias (Principado de)	12.5
Cataluña	12.8
Aragón	13.3
Balears (Illes)	13.8
Madrid (Comunidad de)	14.5
Rioja (La)	19.3
Total Spain	19.6
Comunitat Valenciana	20.2
Castilla y León	20.4
Galicia	21.0
Canarias	24.8
Murcia (Región de)	25.0
Castilla-La Mancha	28.0
Andalucía	28.9
Ceuta y Melilla	32.7
Extremadura	38.4

Household economic situation

In 2008, 28.1% of households considered themselves unable to handle unforeseen expenses. This percentage rose to 51.3% in households with an annual income below 9,000 euros.

33.5% of households could not afford one week of holidays away from home per year. Among households with income below 9,000 euros, that percentage rose to 56.4%.

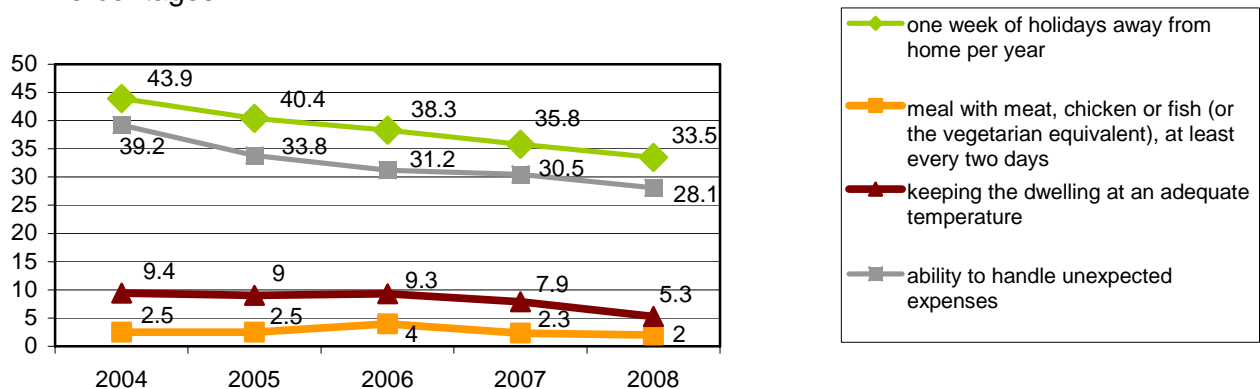
Conversely, 5.3% of households were unable to keep the dwelling at an adequate temperature during the winter months.

The composition of the household was a determining factor in its economic situation. Thus, households composed of an adult with dependant children were the ones which experienced the greatest difficulty when handling unforeseen expenses (44.6% were unable to do so). These households were the ones with greatest difficulty paying for holidays of at least one week each year (50.9%).

Considering the evolution of the economic situation between 2004 and 2008, a decrease was observed in the percentage of households which were unable to afford certain expenditures. This decrease was most notable in the case of holidays away from home and the inability to handle unforeseen expenses.

Evolution of households unable to afford certain expenditures

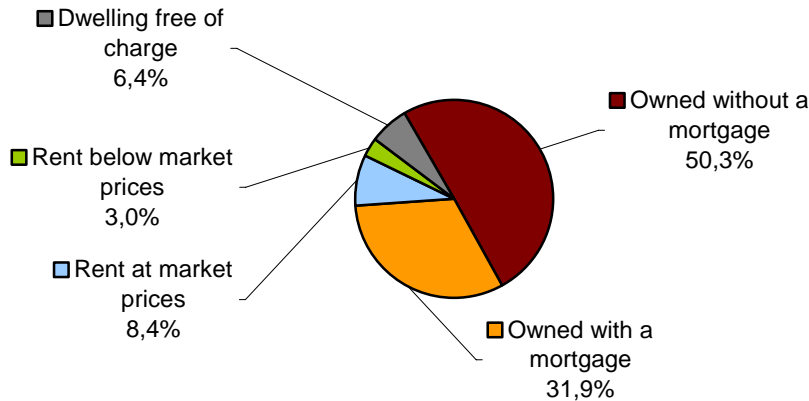
Percentages



Tenancy regime and expenditure on the dwelling

50.3% of households lived in dwellings that they owned and with no mortgage outstanding in 2008. On the other hand, 31.9% of households lived in dwellings that they owned but still had a mortgage outstanding, of which they paid an average monthly instalment of 605 euros. Another 8.4% of households were paying rent at market prices.

Distribution of the tenancy regime of the main dwelling



Each household spent a monthly average of 296 euros on expenses related to the main dwelling during the year 2008. These expenses included rent or mortgage interest, homeowners' association costs, water and other expenses associated with the dwelling.

By tenancy regime, households renting a dwelling at market prices had an average monthly expenditure of 599 euros. Those residing in dwellings that they owned with a mortgage outstanding paid 467 euros and those residing in dwellings that they owned with no mortgage outstanding had an average expenditure of 158 euros.

Problems with the dwelling

5.9% of household suffered from a lack a natural light in the dwelling in 2008. With regard to problems in the neighbourhood in which the dwelling was located, 13.2% suffered from pollution and other environmental problems, 15.4% of households were affected by crime and vandalism, and 21.8% suffered from noise produced by neighbours or from outside.

By Autonomous Community, Comunitat Valenciana was the one with the highest percentages of households affected by problems with noise and pollution in 2008, and Comunidad de Madrid had the highest percentage of households suffering problems with crime or vandalism in their neighbourhood.

Comunidad Foral de Navarra and Extremadura had the lowest percentages of households with pollution. On the other hand, Cantabria and Principado de Asturias had the lowest percentages of households with crime or vandalism in the neighbourhood.

Households suffering specific problems by Autonomous Community

Percentages

	Insufficient natural light	Noise produced by neighbours or from outside	Pollution and other environmental problems	Crime or vandalism
Total	5.9	21.8	13.2	15.4
Andalucía	6.4	19.5	10.9	15.1
Aragón	4.8	13.6	8.5	11.4
Asturias (Principado de)	3.1	17.0	10.7	6.2
Balears (Illes)	7.4	26.1	14.6	20.7
Canarias	5.4	23.1	15.0	12.9
Cantabria	1.1	13.2	10.8	5.9
Castilla y León	5.2	18.6	8.2	10.9
Castilla-La Mancha	5.9	19.0	8.4	11.7
Cataluña	7.4	22.1	16.5	17.3
Comunitat Valenciana	7.6	32.6	19.0	21.9
Extremadura	4.9	19.0	6.0	7.9
Galicia	5.2	13.8	10.6	8.3
Madrid (Comunidad de)	4.9	26.3	15.6	23.3
Murcia (Región de)	3.7	13.6	6.8	10.3
Navarra (Comunidad Foral de)	3.1	14.6	4.7	6.6
País Vasco	4.2	22.9	16.0	9.4
Rioja (La)	3.3	15.8	9.8	7.8
Ceuta y Melilla	6.3	29.1	10.3	18.2

Overburdening with debt and financial exclusion

This year the Quality of Life Survey includes a module on debt and financial exclusion, which was also carried out between the months of April and June 2008.

According to the results of this module, **98.7% of households had current accounts, savings books or deposits in financial institutions**. 4.2% of these households claimed to have an overdraft or negative balance in the aforementioned accounts, with this percentage rising to 7.2% where the household reference person was aged between 16 and 29 years old.

Conversely, **63.1% of households had a credit card** (3.1% had had financial difficulties which prevented them from making scheduled repayments).

Outstanding payments and late payment

According to data collected between April and June 2008, 31.9% of households had payments outstanding on loans taken out to purchase their main dwelling. Another 6.7% had taken out a loan in order to purchase a dwelling other than the main one.

In terms of other outstanding payments, **15.7% of households had payments outstanding on instalment purchases of durable consumer goods** (motor cars, motorcycles,...) and **9.8% for the acquisition of goods and/or services for the dwelling** (household appliances, equipment, minor repairs,...).

5.4% of households had outstanding payments and late payments when paying expenses related to the main dwelling (mortgage or loan, gas or electricity bills, homeowners' association costs,...) in the 12 months prior to the interview.

Households with late payment of expenses related to the main dwelling by situation of the household with regard to activity

Thousands of households and percentages

	Total households (thousands)	Households with late payments (%)	Households with late payments (thousands)	Total payment accounts for less than 10% of the monthly household income (%)	Total payment accounts for more than 10% of the monthly household income (%)	Outstanding payment unknown (%)
All households	16,580.5	5.4	901.3	63.1	35.3	1.6
Total inactive persons	4,272.6	2.2	95.2	64.1	35.9	0.0
All active persons employed	10,491.3	5.3	552.6	62.3	37.0	0.7
Employed and unemployed people	1,197.9	12.5	149.1	70.6	27.7	1.7
All active persons unemployed	577.5	16.4	94.5	56.5	35.1	8.4
Unclassifiable	41.2	24.1	9.9	44.8	55.2	0.0

2.1% of households were late in making deferred payments on purchases and other loans not related to the main dwelling.

Regarding expectations of households for the future, during the survey collection period (between April and June 2008), **26.2% of those surveyed believed that their household's financial situation would worsen in the coming 12 months**. 16.7% considered that it would improve, and 54.1% expected it to remain more or less the same.

For further information see INEbase-www.ine.es All press releases at: www.ine.es/prensa/prensa_en.htm

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Methodological note

The Quality of Life Survey (QLS) is an annual survey aimed at households, and is carried out in all European Union countries. These statistics are harmonised with the European Union (EU), supported by Ruling (EC) No. 1177/2003 of the European Parliament and Council of 16 June 2003 regarding community statistics on income and quality of life.

The QLS was carried out for the first time in 2004, and the first data was released in December 2005. On this occasion, the INE is presenting the results for the year 2008 with regard to Spain, before their dissemination by Eurostat, with data for all EU countries.

The primary objective of the survey is to provide information on income, and level and composition of poverty and social exclusion in Spain, and to enable the drawing of comparisons with other European Union countries.

Among its uses, the survey is of note due to its constituting a fundamental reference element for tracking the National Action Plan for Social Inclusion.

The QLS also provides longitudinal information, since it is a panel survey in which the persons interviewed cooperate over several consecutive years. It is thus possible to ascertain the evolution of variables researched over time.

The QLS is specifically designed to obtain information on:

1. Income in private households, and in general, on their economic situation (the information on income refers to the year prior to the survey year).
2. Poverty, deprivation, social protection and equality of treatment.
3. Employment and activity.
4. Retirement, pensions and socio-economic situation of elderly persons.
5. Housing and the costs associated with it.
6. Regional development.
7. Level of training, health and effects of both on the socio-economic situation.

In addition to this information, the QLS includes a different thematic module each year in order to cover relevant social aspects each year. The module for QLS 2008 includes information on toverburdening with debt and financial exclusion.

Definitions

Net household income

The income received, during the year 2007, by the members of the household, who are the persons providing this information for the compilation of the survey. This income is composed of income from employment, profits / losses from freelance work, social benefits, income from capital and property, transfers between other households, income received by children and the outcome of the income tax and tax on wealth return. Non-monetary components are not included, with the exception of company cars.

Net income per household consumption unit and personal income

Income per household consumption unit is calculated taking into account economies of scale in households. It is obtained by dividing total household income by the number of consumption units. These are calculated using the modified OECD scale, which assigns a weight of 1 to the first adult, a weight of 0.5 to remaining adults and a weight of 0.3 to children under 14 years of age.

Once the income per household consumption unit is calculated, it is assigned to each of its members. This income per consumption unit of persons (or equivalent personal income), is used to calculate relative poverty measurements.

Imputed rent

Imputed rent constitutes a non-monetary component of household income. Imputed rent is applied to those households that do not pay a complete rent, either because they are the resident-owners, or because they reside in the dwelling rented at a price under the market price, or because they live in the dwelling free of charge. The amount imputed is equivalent to the going market price of the rent that would have to be paid for a dwelling similar to that occupied, minus any rent actually paid.

The amount of imputed rent is obtained by combining the amount obtained via an objective method, with the subjective rent provided by the household informant. The objective method used consists of imputing the average of the real rent of dwellings with similar characteristics in terms of the number of bedrooms, type of dwelling, degree of urbanisation of the area and period of occupation of the dwelling.

As with last year's publication, the relative poverty rate by age and sex is also calculated without considering the imputed rent in the definition of household income. As has been highlighted in the document, the data is not final since adoption of a final indicator by Eurostat is still pending.

Relative poverty

The poverty threshold depends on the distribution of income per consumption unit for persons (giving rise to the term relative poverty, which takes into account the situation of the population to which it belongs). The poverty threshold is set at 60% of the median income per consumption unit of persons. The median is the value which, ordering all individuals from lowest to highest income, leaves half of them below the aforementioned value, and the other half above it.

The relative poverty rate is the percentage of persons below the poverty threshold.

In the results presented, the threshold for the national group has been used.

The value of the poverty threshold, expressed as the equivalent income of the person, is established in euros. That is to say, a person with **an annual income per consumption unit** below this threshold, is considered to be in relative poverty.

The value of the poverty threshold, expressed according to the total household income, depends on the size of the household and the age of its members, that is, the number of household consumption units. This is obtained by multiplying 7,753.3 by the number of household consumption units. For example, for a household with one adult, the threshold is 7,753.3 euros, for a household with two adults, it is 11,630 euros (or 5,815.0 euros per person), for a household with two adults and one child under the age of 14, it is 13,955.9 euros (or 4,652 euros per person), for a household with two adults and two children under the age of 14, it is 16,281.9 euros (or 4,070.5 euros per person),...

Ability to assume an unexpected expense

This is considered to be the ability of the household to assume an unexpected expense of 550 euros, relying solely on its own resources, that is, without turning to loans or payment in instalments to assume everyday expenses which were previously paid for at the time of purchase.

Household expenses

Household expenses include: rent (when the dwelling is rented), mortgage interest (when the dwelling is owned) and other expenses associated with the household (homeowners' association, repairs, water, electricity, gas, contents insurance, some municipal rates and taxes).

Reference person

The reference person is considered to be the person responsible for the dwelling, defined as the household member with the property (owned dwelling) or rental (rented dwelling) contract in his or her name. If the dwelling is used by the household free of charge, the person responsible for the dwelling will be the person to whom it was granted.

Dependent child

Dependent children are considered to be those persons under the age of 18, and persons aged 18 to 24 years old, who are economically inactive and who live with at least one of their parents.