

Living Conditions Survey (LCS)
Year 2013. *Provisional data*

The average annual income of Spanish households reaches 23,123 euros, with a 3.5% decrease as compared with 2011

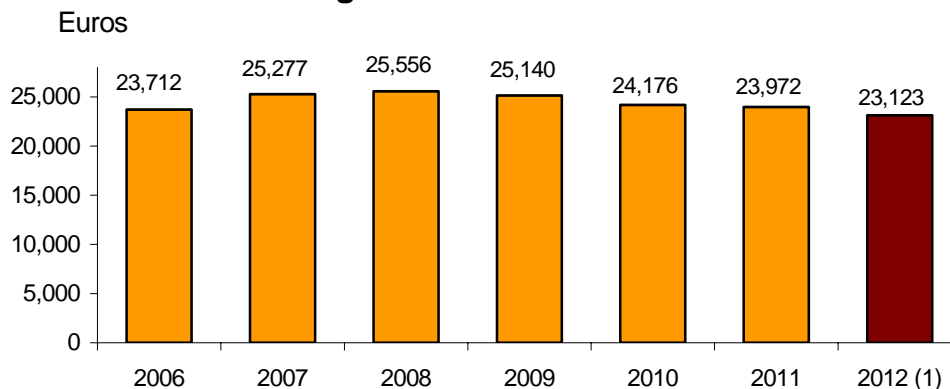
21.6% of the Spanish population is at risk of poverty, as compared with 22.2% in the previous year

Average income

The provisional results of the Living Conditions Survey (LCS) for the year 2013 provided information regarding the average income of households during the year 2012¹. According to these results, average net annual monetary income per household reached 23,123 euros, with a 3.5% decrease, as compared with the previous year.

The average income per person reached 9,098 euros, 2.4% lower than that registered in the previous year.

Evolution of average household income



(¹) Provisional data

¹ Furthermore, on the occasion of the publication of the new figures of population derived from the 2011 census, the historical series of the LCS, from its beginning in 2004, has been recalculated, which results in small variations in the data as compared with data already published. For further information, see the *Methodological Note* on page 11.

At-risk-of-poverty threshold

Due to the fact that the population's income decreased, the at-risk-of-poverty threshold did so as well. This threshold is calculated each year using the distribution of income for the previous year. Following the criteria recommended by Eurostat, this threshold is set at 60% of the median² income per *consumption unit*³ of persons. Therefore, it increases or decreases as does the median income.

At-risk-of-poverty threshold

Euros

	2009	2010	2011	2012	2013 ⁽¹⁾
One person households	7,714	7,600	7,272	7,182	7,040
Households with 2 adults and 2 children	16,199	15,960	15,271	15,082	14,784

⁽¹⁾ Provisional Data.

In 2013, the at-risk-of-poverty threshold for households including one person stood at 7,040 euros, that is, 2.0% below that calculated for the previous year. In the case of the households including two adults and two minors, said threshold stood at 14,784 euros.

Population at risk of poverty

Although average income decreased, the percentage of the population below the poverty threshold (the so-called *at-risk-of-poverty rate*⁴) was also reduced, as compared with the previous year, above all due to the effect of those persons over 65 years of age. The population at risk of poverty is a relative indicator that measures inequality. It does not measure absolute poverty but the number of persons with low income as compared with the total population.

Thus, in 2013, the at-risk-of-poverty rate stood at 21.6% of the population resident in Spain, as compared with the 22.2% registered in the previous year.

Worth noting was the decrease in this rate among those persons over 65 years of age (2.6 points between 2012 and 2013). In turn, the rate among those persons under 16 years of age decreased 1.2 points.

At-risk-of-poverty rate by age (without imputed rent)

Percentages

	2009	2010	2011	2012	2013 ⁽¹⁾
TOTAL	20.1	21.4	22.2	22.2	21.6
Under 16 years old	26.5	28.3	28.7	28.9	27.7
16 to 64 years old	17.9	20.1	21.3	22.4	22.5
65 years old and over	23.1	20.5	19.5	14.8	12.2

⁽¹⁾ Provisional Data.

² The **median** is the value that orders all individuals from lowest to highest income, leaving half of them below the aforementioned value, and the other half above it. Therefore, as this is a relative measurement, its value depends on the income level and on how income is distributed throughout the population.

³ A **consumption unit** is a person living alone. A household made up of two adults makes 1.5 consumption units. Therefore, the at-risk-of-poverty threshold is calculated for each type of household. The methodological note (page 12) provides a more detailed definition of consumption unit as well as reference values for the poverty thresholds.

⁴ The **at-risk-of-poverty rate** in the LCS-2013 is the percentage of persons whose income of the previous year is below the poverty threshold.

On considering the value of imputed rent⁵, the at-risk-of-poverty rate decreased to 19.6% in the year 2013.

The fact of considering the value of the dwelling in which the household resides in the calculation, when said dwelling is owned by the household or the household has it free of charge, leads to the at-risk-of-poverty rate decreasing for all age groups.

The population over 65 years old, for which a greater proportion owned its dwelling of residence, presented the lowest at-risk-of-poverty percentage (6.3% in 2013). In turn, the highest percentage was registered among the persons under 16 years of age (28.7%).

At-risk-of-poverty rate by age (with imputed rent)

Percentages

	2009	2010	2011	2012	2013 ⁽¹⁾
TOTAL	17.1	18.2	19.4	19.7	19.6
Under 16 years old	27.1	28.2	29.0	28.5	28.7
16 to 64 years old	16.4	18.2	19.7	21.0	20.8
65 years old and over	10.2	9.0	8.9	6.2	6.3

⁽¹⁾ Datos provisionales.

Household economic situation

In the year 2013, a total of 16.9% of Spanish households stated that they had “a great deal of difficulty” making ends meet. This percentage was 3.4 points higher than that registered in the previous year.

In turn, 40.9% of households could not handle unforeseen expenses, as compared with 41.4% from the year 2012.

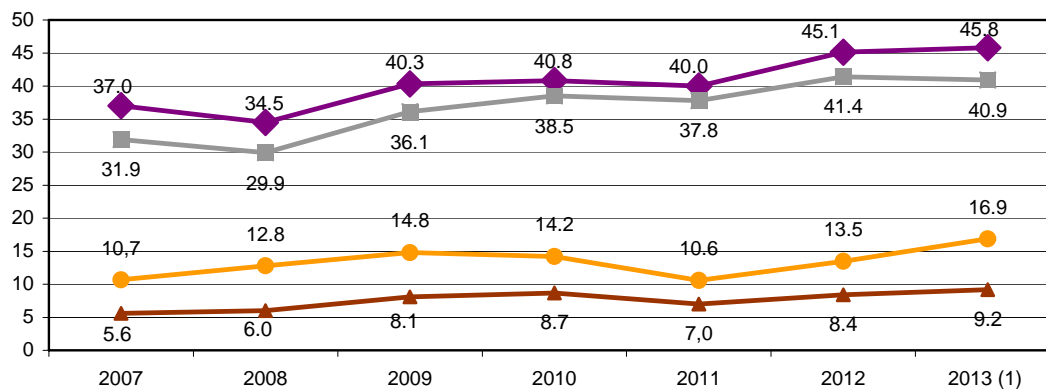
45.8% of households could not afford to pay for at least one week of holidays away from home per year. This percentage was 0.7 points higher than that registered in 2012.

9.2% of households had late payments when paying expenses related to the main dwelling (mortgage or rent, gas or electricity bills, community costs, etc.) in the 12 months prior to the interview. This percentage was 0.8 points higher than that from the previous year.

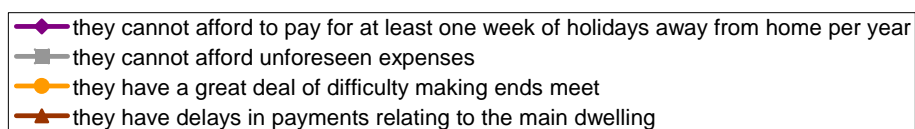
⁵ The LCS, in accordance with community regulations, estimates the value of the use made of the dwelling by the household, when it is owned by said household. See the methodological note on page 12.

Evolution of household economic difficulties

Percentages



(1) Provisional data



Household economic situation by Autonomous Community

Región de Murcia (24.8%), Andalucía (23.4%) and Extremadura (20.9%) were the Autonomous Communities that registered the highest percentages of households that had “a great deal of difficulty” making ends meet. The Autonomous Communities that presented the lowest percentages were Comunidad Foral de Navarra (4.7%), Principado de Asturias (7.1%) and Castilla y León (8.5%).

64.1% of households in Canarias, 55.0% in Andalucía and 53.3% in Región de Murcia could not handle unforeseen expenses. At the other end of the spectrum were Comunidad Foral de Navarra and País Vasco (with 24.2% of households) and Castilla y León (24.8%).

Región de Murcia (63.6%), Andalucía (57.4%) and Galicia (57.0%) presented the highest percentages of households that could not afford to pay for at least one week of holidays away from home per year. The lowest percentages corresponded to País Vasco (25.7%), Comunidad Foral de Navarra (29.6%) and Comunidad de Madrid (33.7%).

In the case of households with late payments when paying expenses related to the main dwelling, Región de Murcia (19.7%), Illes Balears (17.2%) and Canarias (15.1%) presented the highest percentages. In turn, Comunidad Foral de Navarra (2.8%), Castilla y León (3.1%) and Principado de Asturias (4.6%) registered the lowest percentages.

Household economic difficulties by Autonomous Community. Year 2013

Percentages

	They cannot afford to pay for at least one week of holidays away from home per year	They cannot afford unforeseen expenses	They have delays in payments relating to the main dwelling	They have a great deal of difficulty making ends meet
Total	45.8	40.9	9.2	16.9
Andalucía	57.4	55.0	11.7	23.4
Aragón	34.3	29.5	9.0	12.8
Asturias, Principado de	34.9	26.6	4.6	7.1
Balears, Illes	44.4	42.6	17.2	18.4
Canarias	54.8	64.1	15.1	16.6
Cantabria	51.4	30.9	5.3	16.5
Castilla y León	40.4	24.8	3.1	8.5
Castilla - La Mancha	50.0	37.9	11.2	19.0
Cataluña	41.9	37.7	7.8	13.8
Comunitat Valenciana	50.6	41.5	11.6	19.8
Extremadura	53.4	47.3	7.7	20.9
Galicia	57.0	38.1	5.2	16.6
Madrid, Comunidad de	33.7	37.8	7.9	16.1
Murcia, Región de	63.6	53.3	19.7	24.8
Navarra, Comunidad Foral de	29.6	24.2	2.8	4.7
País Vasco	25.7	24.2	4.9	12.1
Rioja, La	40.2	33.6	8.4	13.0

Provisional data.

The At-Risk-of-Poverty or Social Exclusion Indicator, AROPE (Europe 2020 Strategy)

The At-Risk-Of-Poverty or Social Exclusion Indicator, AROPE, is a new aggregated indicator combining three concepts: risk of poverty, material insufficiency and low work intensity. It is defined as that population that is in at least one of the following three situations:

- At risk of poverty (60% of the median income per consumption unit).
- In severe material insufficiency (with sufficiency in at least four concepts from a list of nine).
- In households without work or with low work intensity (households in which the members of a working age did so for less than 20% of their total working potential during the reference year).

A more precise definition of this indicator is presented in the methodological note (page 13).

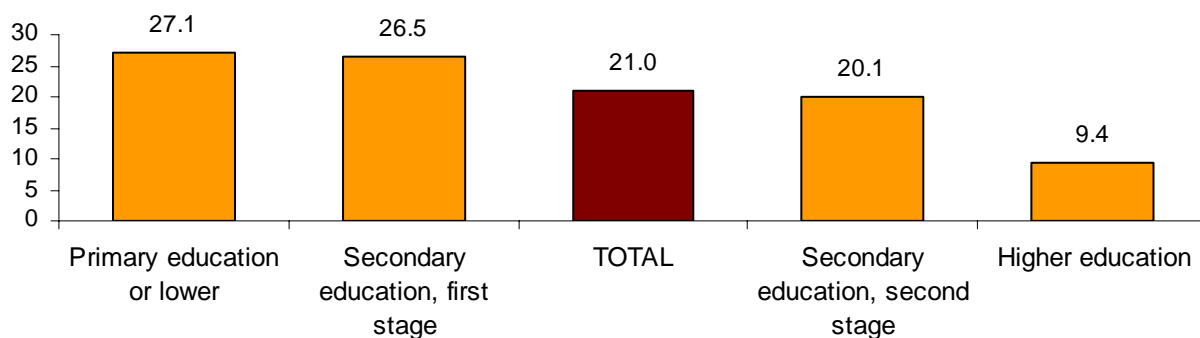
In 2013, the At-Risk-of-Poverty or Social Exclusion Indicator, AROPE, stood at 28.0% of the population resident in Spain, as compared with 28.2% registered in 2012 and 27.7% in 2011.

Population at risk of poverty, according to characteristics (final data, LCS-2012)

The National Statistics Institute (INE) also published today the final data of the LCS for the year 2012 (income of 2011), that allows a more detailed desegregation of the at-risk-of-poverty rate and of the average income according to characteristics such as the educational level or the type of household. More detailed data by Autonomous Community is provided as well.

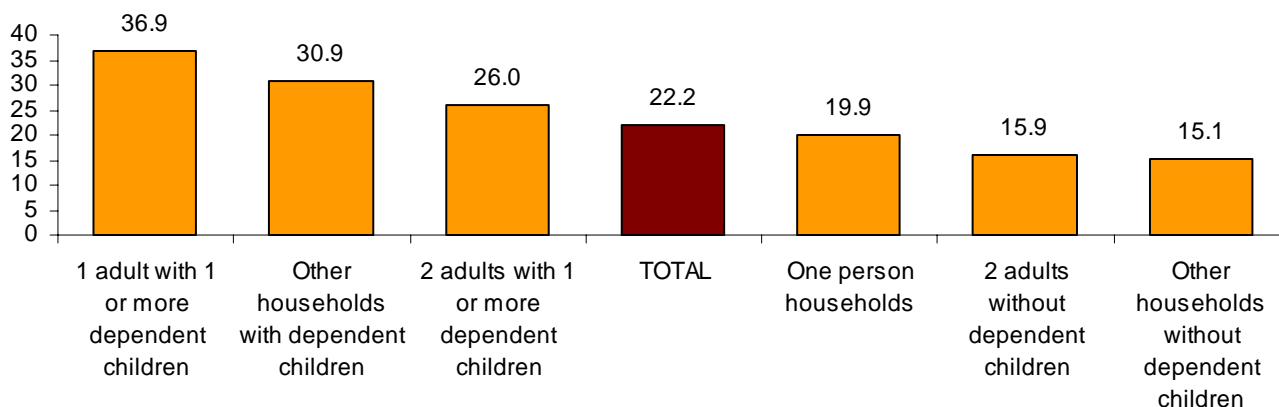
The at-risk-of-poverty rate differs, depending on the educational level of the individual, without taking into account the imputed rent. Thus, 27.1% of the population that had attained an educational level equivalent to primary education or less was at risk of poverty. In turn, when the level reached was higher education, said rate stood at 9.4%.

At-risk-of-poverty rate by educational level attained (persons aged 16 years old and over). Year 2012. Percentages



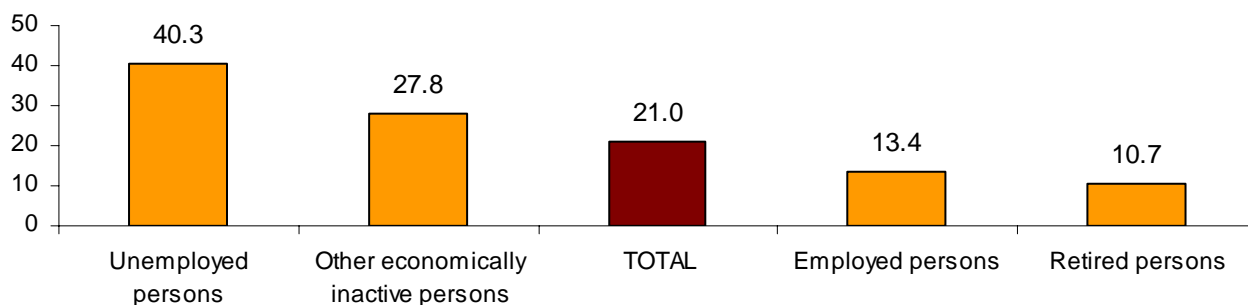
With regard to the importance of the type of household, 36.9% of the total persons living in households comprising one adult and dependent children stood at risk of poverty.

At-risk-of-poverty rate by type of household. Year 2012. Percentages



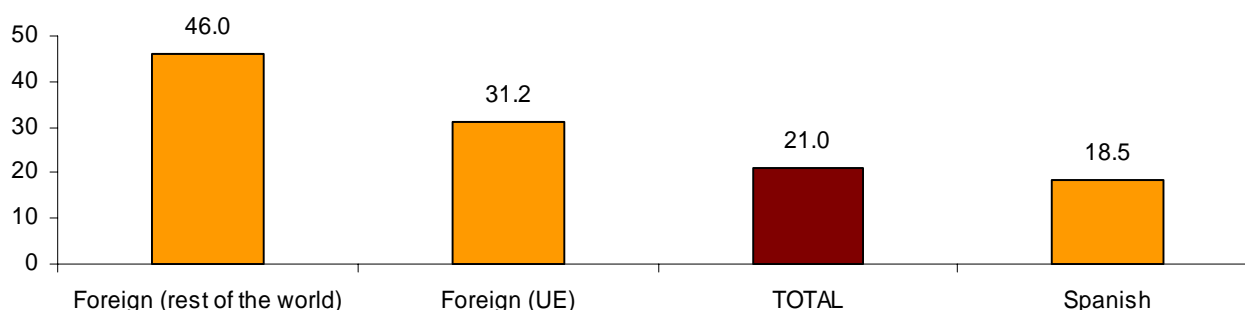
In terms of economic activity, 40.3% of unemployed persons were at risk of poverty. In turn, 10.7% of retired persons were below the at-risk-of-poverty threshold.

At-risk-of-poverty rate by relationship with economic activity (persons aged 16 years old and over). Year 2012. Percentages



According to nationality, the percentage of persons below the at-risk-of-poverty threshold was 18.5% among Spanish nationals, 31.2% among Non-Spanish nationals from a country within the European Union (EU) and 46.0% for persons whose nationality was from a country outside the EU.

At-risk-of-poverty rate by nationality (persons aged 16 years old and over). Year 2012. Percentages



Results by Autonomous Community

The highest data regarding average annual income per person (year 2011) was registered in Comunidad Foral de Navarra, País Vasco and Comunidad de Madrid. In turn, the lowest average annual income per person was registered in the Autonomous Communities of Extremadura, Región de Murcia and Canarias.

Regarding the at-risk-of-poverty rate, the highest rates were registered in Extremadura, Canarias and Castilla-La Mancha, whereas the lowest rates were those of Comunidad Foral de Navarra, País Vasco and Cantabria.

Net average annual income per person. (LCS-2012). Euros

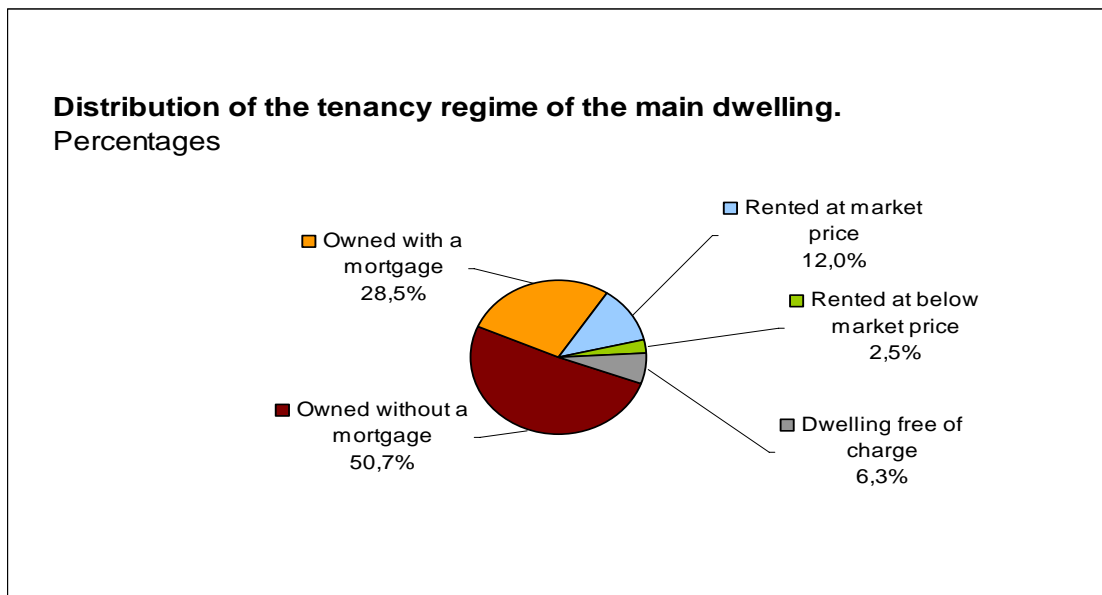
Navarra, Comunidad Foral de	12,079
País Vasco	11,901
Madrid, Comunidad de	11,148
Asturias, Principado de	10,558
Cataluña	10,185
Aragón	10,076
Cantabria	10,047
Rioja, La	9,843
Castilla y León	9,730
Balears, Illes	9,342
TOTAL	9,326
Galicia	9,225
Comunitat Valenciana	8,853
Andalucía	7,822
Castilla-La Mancha	7,446
Canarias	7,313
Murcia, Región de	7,167
Extremadura	6,958
Ceuta	7,924
Melilla	8,433

At-risk-of-poverty rate. (LCS-2012). Percentages

Navarra, Comunidad Foral de	8.1
País Vasco	12.6
Cantabria	14.9
Madrid, Comunidad de	15.0
Cataluña	16.8
Galicia	16.8
Asturias, Principado de	16.9
Castilla y León	17.3
Rioja, La	18.8
Aragón	19.5
TOTAL	22.2
Comunitat Valenciana	23.8
Balears, Illes	24.2
Murcia, Región de	29.9
Andalucía	31.0
Castilla-La Mancha	33.1
Canarias	33.2
Extremadura	34.1
Ceuta	36.2
Melilla	36.6

Situation of households with regard to the tenancy regime of the dwelling (Final data, LCS-2012)

50.7% of households owned a dwelling without a mortgage. In turn, 28.5% of households owned a dwelling, but with a pending mortgage. Another 12.0% of households were paying rent at market prices.



By Autonomous Community, País Vasco (87.5%), Cantabria (85.6%) and Principado de Asturias (84.7%) presented the highest percentages of households that owned their dwellings. The lowest percentages corresponded to Illes Balears (65.9%), Canarias (73.3%) and Cataluña (74.4%).

Tenancy regime of the main dwelling by Autonomous Community. Year 2012

Percentages

	Owned	Rented a market price	Rented a below market price	Granted free of charge
Total	79.2	12.0	2.5	6.3
Andalucía	81.9	7.5	2.3	8.3
Aragón	78.6	11.5	2.2	7.8
Asturias, Principado de	84.7	6.2	1.5	7.5
Balears, Illes	65.9	23.3	2.4	8.4
Canarias	73.3	13.6	3.0	10.1
Cantabria	85.6	7.5	1.8	5.2
Castilla y León	82.1	9.0	3.2	5.7
Castilla - La Mancha	79.3	12.8	0.7	7.1
Cataluña	74.4	16.4	4.0	5.2
Comunitat Valenciana	80.9	10.0	1.7	7.3
Extremadura	76.9	11.8	1.9	9.3
Galicia	82.6	9.6	1.3	6.6
Madrid, Comunidad de	77.3	16.9	3.4	2.4
Murcia, Región de	78.3	11.7	0.7	9.3
Navarra, Comunidad Foral de	82.4	12.6	2.5	2.5
País Vasco	87.5	7.3	2.0	3.2
Rioja, La	81.5	14.9	0.4	3.1
Ceuta	75.5	15.9	3.6	5.1
Melilla	73.8	8.3	16.4	1.5

Methodological note

Dissemination of provisional data (LCS-2013) and final data (LCS-2012)

The Living Conditions Survey (LCS) for 2013 was conducted between the months of March and July 2013. The intention is to release, with a greater degree of anticipation, the main results of the survey. The final data, together with the detailed INEbase tables, will be published around April 2014.

The data used to compile these provisional results have not been filtered in their entirety. Because of that, detailed figures of income are not provided neither by Autonomous Community nor by detailed characteristics. Likewise, this press release includes final results from the LCS for 2012, for which the filtering is already complete.

The 2012 Survey includes a module in which information on dwellings conditions is requested. **Publication thereof is planned in a press release relating to the module on 3 December 2013.**

The LCS is an annual statistical operation aimed at households, and it is conducted in all European Union countries. These statistics are harmonised with the European Union (EU), supported by Regulation (EC) No. 1177/2003 of the European Parliament and Council, of 16 June 2003, regarding community statistics on income and living conditions.

The LCS was conducted for the first time in 2004. Its main objective is to provide information regarding the income, level and composition of poverty and social exclusion in Spain, and to enable making comparisons with other European Union countries.

Among its uses, the survey is noteworthy because it constitutes a fundamental reference element for tracking the National Action Plan for Social Inclusion.

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

The LCS 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 economic activity.
4. Retirement, pensions and the socio-economic situation of elderly persons.
5. Housing and the costs associated with it.
6. Regional development.
7. Educational level, health and the effects of both on the socio-economic situation.

Incorporation of new population and households data based on the Census

LCD data has been calculated using the population Census 2011.

The Population and Dwellings Census is an operation conducted by the National Statistics Institute every ten years. The last Census is referred to the year 2011 and provides, among other data, updated information on population figures, as well as their structure according to age and composition of the households. This information is essential in surveys addressed to households in order to raise the data obtained to the total population.

Since its implementation in 2004, the LCD has incorporated successive population estimates in its calculation process. Nevertheless, the Population and Dwellings Census provides more updated information on population, that improves the estimates of the indicators. Because of that, the new data on population and number of households has been incorporated in this publication, recalculating the results since 2004, making the survey more precise and reliable.

Definitions

Net household income

This is the income received during the year prior to the interview (therefore, in the 2013 survey, questions refer to the income received in 2012, whereas in the 2012 survey, questions referred to the income received in 2011) by the members of the household, which are the persons who provide this information for the compilation of the survey. This income comprises income from employment working for others, profits/losses from freelance work, social benefits, income from private pension schemes not related to work, capital and property income, transfers between other households, income received by children and the outcome of the income tax return. Non-monetary components are not included, with the exception of company cars.

Net income per household consumption unit and personal income

In order to allow a better comparison of the income of different types of households the concept *consumption unit* is used internationally. A person living alone constitutes one consumption unit, because said person handles all the expenses of the household.

In order to determine the number of consumption units equivalent to the households, the *modified OECD scale* is used in all countries within the European Union. This scale assigns a weight of 0.5 to the rest of adults and a weight of 0.3 to the persons under 14 years of age. Thus, a household including two adults would count as 1.5 consumption units ($1+0.5=1.5$) and a household including two adults and two minors would have 2.1 ($1+0.5+0.3+0.3=2.1$) consumption units.

Income per household consumption unit is obtained by dividing total household income by the number of consumption units constituting the household. Thus, in the aforementioned household, income will be divided by 2.1 consumption units. Once income per household consumption unit is calculated, this will be assigned to each of its members. This income per consumption unit of persons (or equivalent personal income) is used in calculating measurements of poverty risk.

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. Likewise, a deduction is made, from the total household income, of the interest on the loans applied for, for the purchase of the main dwelling.

As with other publications, the at-risk-of-poverty rate by age is calculated also considering imputed rent in the definition of household income. The indicators, including imputed rent, are not final, since the adoption of a final definition by Eurostat is still pending.

Risk of poverty

The poverty threshold depends on the distribution of income by consumption unit of persons. This poverty threshold is set at 60% of the median income per consumption unit of persons. The median is the value that, ordering all individuals from lowest to highest income, leaves half of them below the aforementioned value, and the other half above it.

The at-risk-of-poverty rate is the percentage of persons who are below the poverty threshold. The threshold for the national group has been used in the results presented.

The value of the poverty threshold is established in euros. In other words, a person with annual income per consumption unit below this threshold is considered to be at risk of 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 consumption units in the household.

Thus, for the 2013 survey, the value of the poverty threshold is obtained by multiplying the number of household consumption units by 7,040. For example, for a household with one adult, the threshold is 7,040 euros, for a household with two adults, it is 10,560 euros (or 5,280 euros per person), for a household with two adults and one child under the age of 14, it is 12,672 euros (or 4,224 euros per person), for a household with two adults and two children under the age of 14, it is 14,784 euros (or 3,696 euros per person).

The At-Risk-Of-Poverty or Social Exclusion Indicator, AROPE (Europe 2020 Strategy)

The poverty risk or social exclusion rate (or *AROPE* indicator, due to the English acronym) is part of the indicators in the European Union Europe 2020 Strategy (for more information, see: http://ec.europa.eu/europe2020/index_en.htm)

It is defined according to certain criteria established by Eurostat. This is the population that is in at least one of the following three situations:

- At risk of poverty (60% of the median income per consumption unit).
- With severe material insufficiency. These are the households with insufficiency in at least four of the following nine concepts:

- 1) The person or household cannot afford to go on holiday at least one week a year.
- 2) The person or household cannot afford a meal with meat, chicken or fish at least every other day.
- 3) The person or household cannot afford to keep the dwelling at an adequate temperature.
- 4) The person or household is unable to handle unforeseen expenses.
- 5) The person or household has been late paying expenses relating to the main dwelling (mortgage or rent, gas bills, community costs, etc.) or in the payment of instalment purchases in the last 12 months.
- 6) The person or household cannot afford a car.
- 7) The person or household cannot afford a telephone.
- 8) The person or household cannot afford a colour television.
- 9) The person or household cannot afford a washing machine.

- In households without jobs or with low intensity employment. These are the households in which the members of working age actually worked for less than 20% of their total work potential during the year prior to that of the interview (income reference period).

On the one hand, this calculates the number of months in which the members of the household worked during the reference year, and on the other hand, the total months in which those same members of the household might have worked. The ratio is calculated, and it is determined whether it is less than 20%.

This variable is not applied in the case of persons aged 60 years old and over.