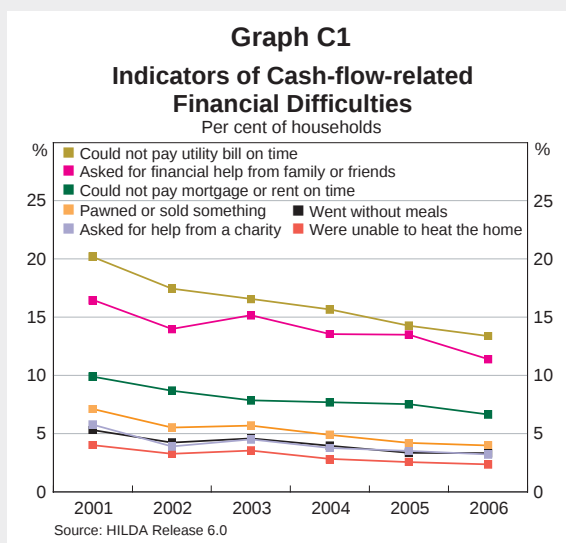


## Box C: Survey-based Indicators of Household Finances

Data on housing and credit card arrears provide a timely indication of households' ability to meet their debt obligations. As discussed in the *Household and Business Balance Sheets* chapter, arrears rates on household loans have risen a little over recent years, but remain low by both historical and international standards. Another – albeit less timely – source of information on the financial position of households is provided by the Household, Income and Labour Dynamics in Australia (HILDA) Survey, which is conducted annually.

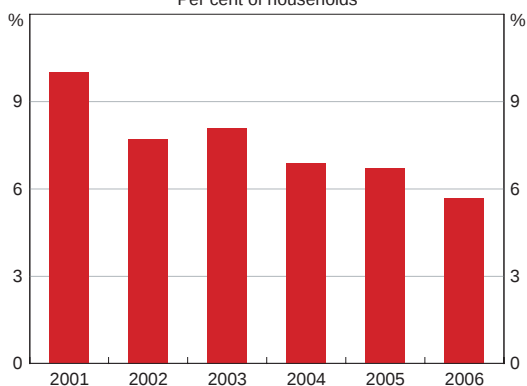
Among other things, the HILDA Survey asks each participating household a series of seven questions on whether it has experienced various specific financial difficulties during the year due to shortages of money (including, for example, difficulties in paying bills, seeking financial help or selling personal possessions). The results from the surveys undertaken since 2001 show a steady decline in the share of households reporting such problems (Graph C1).<sup>1</sup> The decline is most pronounced for the share of households that report that they had to delay payment of a utility bill at least once during the year, although it is also evident in all other specific examples of financial difficulty.

There has also been a marked decline in the share of households that report multiple occurrences of these cash-flow-related financial difficulties. For example, in 2006 around 5½ per cent of households reported positive responses to three or more of the seven questions, down from 10 per cent in 2001 (Graph C2). Renter households were more likely than indebted owner-occupiers to experience multiple cash-flow-related difficulties: in 2006, 14 per cent of renters reported three or more positive responses, compared with 4 per cent of indebted owner-occupiers. In aggregate, indebted owner-occupier households reporting positive responses to three or more questions held only 3½ per cent of outstanding owner-occupier debt in 2006.



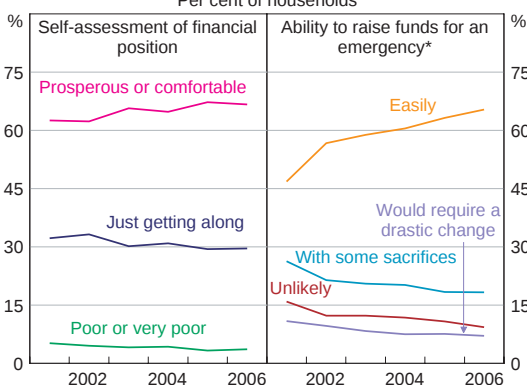
<sup>1</sup> Survey respondents are asked on a 'yes/no' basis whether they experienced a particular difficulty at any time during the year in which the survey was undertaken. Consequently, the proportions shown in Graph C1 are most likely an overstatement of the persistence of occurrences of each type of difficulty.

**Graph C2**  
**Households Experiencing Multiple**  
**Cash-flow-related Financial Difficulties\***  
 Per cent of households



\* Three or more difficulties  
 Source: HILDA Release 6.0

**Graph C3**  
**Other Indicators of**  
**Household Financial Position**  
 Per cent of households



\* \$2 000 to be raised in a week  
 Source: HILDA Release 6.0

The HILDA Survey also asks households to make a self-assessment of their relative financial position given their current needs and financial responsibilities. Notwithstanding the more subjective nature of this indicator, the proportion of households that have a more positive perception of their financial position increased over the five years to 2006, with the share of households assessing themselves as *'just getting along'*, or *'poor or very poor'* declining (Graph C3). The survey also asks households about their ability to raise funds (\$2 000) in a week for an emergency. Again, the responses suggest that fewer households were in financial difficulty in 2006 than earlier in the decade. ✎