



# No Stress, No Debt Aussies

## Social Survey 2010

- **New Social Survey:** In mid-March the Australian Bureau of Statistics released the results of the 2010 social survey for States and Territories. The results of the survey for Australia as a whole were released in September 2011. The release of the survey results is an opportune time to revisit the financial shape of Australians.
- **Range of issues:** While the social survey covered a raft of topics like internet use, attendance at sporting events, acceptance of other cultures, we will focus on the results that relate to the economy and financial markets.
- **No debt Aussies:** Around 61 per cent of Aussies claim to have no consumer debt, up from 58.8 per cent in 2006. Taswegians are the most “debt free”; Northern Territorians are the least “debt free”.
- **Healthy Aussies:** Around 83 per cent of Aussies rank their health as “excellent” or “good”. People in the ACT feel the healthiest, from Western Australia and Tasmania.
- **Financial stress:** Only one in eight people couldn’t access \$2,000 in an emergency (better than the 2006 survey). ACT people are in the best shape; Queenslanders are less liquid.
- **Lower unemployment than thought:** Only three per cent of Aussies categorize themselves as unemployed with the ACT having the lowest result at 1.7 per cent.
- **Mobile Australia:** Around 43 per cent moved properties in the last five years, similar to the 2006 survey result. People in the Northern Territory are most mobile; South Australians, the least mobile.

### What do the figures show and what does it all mean?

- The latest social survey results cast dispersions on a lot of commonly-held beliefs. We may generally perceive that people are struggling through life, racking up the debts and not in great health, but collated survey results reveal a far different picture. Over half of us say we are in excellent health; almost two-thirds of Aussies have no consumer debt, and only one in three have experienced a major stress event over the past year.

SELECTED RESPONSES TO SOCIAL SURVEY (per cent of all respondents)					
	Unable to raise \$2,000 within a week for something important	Amount owing on mortgage \$300k +	No consumer debt	Equity in home of \$400,000 or more	No Personal Stressors in past year
NSW	13.9	14.6	63.4	34.2	43.1
VIC	12.9	4.7	64.6	34.6	37.2
QLD	15.1	7.6	57.6	24.6	35.2
SA	11.9	*8.0	63.4	28.8	38.2
WA	10.9	11.8	63.8	38.4	34.8
TAS	12.9	3.6	67.7	21.4	38.9
ACT	8.5	13.5	58.1	41.6	37.4
NT	12.2	12.5	51.0	29.4	31.9

Source: ABS General Social Survey 2010, CommSec. \* Low sample size

**Craig James – Chief Economist (Author)**

(02) 9118 1806 (work); 0419 695 082 (mobile), (02) 9525 2739 (home) | [craig.james@cba.com.au](mailto:craig.james@cba.com.au); Twitter: @craigjamesOZ

Produced by Commonwealth Research based on information available at the time of publishing. We believe that the information in this report is correct and any opinions, conclusions or recommendations are reasonably held or made as at the time of its compilation, but no warranty is made as to accuracy, reliability or completeness. To the extent permitted by law, neither Commonwealth Bank of Australia ABN 48 123 123 124 nor any of its subsidiaries accept liability to any person for loss or damage arising from the use of this report. The report has been prepared without taking account of the objectives, financial situation or needs of any particular individual. For this reason, any individual should, before acting on the information in this report, consider the appropriateness of the information, having regard to the individual's objectives, financial situation and needs and, if necessary, seek appropriate professional advice. In the case of certain securities Commonwealth Bank of Australia is or may be the only market maker. This report is approved and distributed in Australia by Commonwealth Securities Limited ABN 60 067 254 399 a wholly owned but not guaranteed subsidiary of Commonwealth Bank of Australia. This report is approved and distributed in the UK by Commonwealth Bank of Australia incorporated in Australia with limited liability. Registered in England No. BR250 and regulated in the UK by the Financial Services Authority (FSA). This report does not purport to be a complete statement or summary. For the purpose of the FSA rules, this report and related services are not intended for private customers and are not available to them. Commonwealth Bank of Australia and its subsidiaries have effected or may effect transactions for their own account in any investments or related investments referred to in this report.

**FINANCIAL SITUATION**

(percent of respondents)

	NSW	VIC	QLD	SA	WA	TAS	ACT	NT
Equity in dwelling								
Less than \$200,000	14.3	11.6	13.1	14.8	11.3	21.6	8.9	10.3
\$200,000 – \$399,999	18.2	16.0	23.2	27.8	16.9	31.9	16.5	17.1
\$400,000 – \$599,999	13.4	14.1	14.8	17.0	15.2	14.0	18.6	10.5
\$600,000 – \$799,999	11.0	8.8	5.5	7.9	10.2	4.1	15.0	*12.1
\$800,000 or more	9.8	11.7	*4.3	*3.9	13.0	*3.3	8.0	*6.8
Amount owing on mortgage								
Less than \$100,000	8.9	10.3	6.4	9.9	10.3	12.9	8.4	8.0
\$100,000 – \$199,999	8.8	9.8	8.7	11.9	8.5	12.2	6.4	10.2
\$200,000 – \$299,999	6.0	7.4	9.6	9.7	6.3	8.1	9.1	10.0
\$300,000 or more	14.6	4.7	7.6	*8.0	11.8	3.6	13.5	12.5
Consumer debt								
Value of consumer debt								
No consumer debt	63.4	64.6	57.6	63.4	63.8	67.7	58.1	51.0
Less than \$5,000	11.5	11.1	13.1	15.1	10.6	10.6	13.3	11.6
\$5,000 – \$9,999	7.0	8.7	6.5	6.8	6.0	6.5	7.6	8.4
\$10,000 – \$49,999	14.1	11.0	19.0	11.2	12.6	11.6	14.8	19.2
\$50,000 or more	2.5	3.1	*3.0	*3.1	5.3	2.2	3.9	*8.6

Source: ABS General Social Survey 2010, CommSec. \* Low sample size

- Australian households appear to be good financial shape, suggesting that recent soft retail sales are more a reflection of consumer unwillingness to spend rather than consumer inability to spend because of financial reasons. Unemployment is low, few households have much in the way of consumer debt and only a minority of households admit to any financial stress.
- So rather than concluding that consumers are gloomy at present, in actual fact they are probably more ambivalent and uncertain, preferring to leave their money in the bank rather than the sharemarket and opting not to splurge on retail goods.
- On average 71 per cent of Aussies own their home or are paying off a mortgage but the rate ranges from 58.7 per cent in the Northern Territory to 77.8 per cent in Tasmania. Home-ownership has fallen from 2006 levels in the ACT, Victoria and Queensland. And in all states and territories, a smaller proportion of households own their homes outright than in 2006. In 2010, around a third of Aussie households had equity in their home greater than \$400,000. In contrast, only 10 per cent of these households have a remaining mortgage of more than \$300,000.
- The mining boom certainly seems to have benefitted Western Australian homeowners. Of all the families that own their own home in Western Australia, an amazing 29 per cent have more than \$800,000 equity in their homes. In Victoria the proportion stands near 24 per cent while 23 per cent of NSW home owners have \$800,000 or more equity in their homes.
- So do you believe that two of every three Australians have no consumer debt like credit cards, personal loans or overdrafts? Well, that's what the latest social survey finds. Taswegians are the most debt free with over 67 per cent claiming no consumer debt while only 51 per cent of those in the Northern Territory are in the same position.
- These generally positive financial results may be part of the reason that Aussies aren't overly stressed at present. In fact 37 per cent say that they haven't experienced any form of major stress over the past year such as losing a job, coping with a serious illness or experiencing the death of a family member or friend. And that may be part of the reason why so many feel healthy with 54 per cent saying that they are in "excellent" health while another 29 per cent say they are in "good" health at present.
- How often do people move house? Of course the answer will vary a lot depending on how old you are and whether you are renting or own your home. But the latest social survey from the ABS indicates that 43 per cent of Aussies on average moved house over the past five years, a similar result to the 2006 survey. (The social survey

**HOUSING STATUS**

(percent of total)

	NSW	VIC	QLD	SA	WA	TAS	ACT	NT
Owner without a mortgage	31.3	33.8	31.0	33.8	32.9	39.5	31.1	17.4
Owner with a mortgage	39.5	38.8	35.5	41.4	40.8	38.3	40.0	41.3
Total of owners	70.8	72.6	66.5	75.2	73.7	77.8	71.1	58.7
Renter with state or territory housing authority	3.5	2.4	3.1	5.6	3.7	4.7	5.1	5.6
Renter with private landlord	21.4	22.2	26.9	14.7	19.5	14.8	21.4	25.1
All other tenure types(c)	4.3	2.9	3.5	*4.6	3.2	2.7	2.4	*10.7

Source: ABS General Social Survey 2010, CommSec. \* Low sample size

LABOUR MARKET STATUS								
	NSW	VIC	QLD	SA	WA	TAS	ACT	NT
Labour force status (% of total)								
Employed								
Full-time	45.3	44.6	47.4	41.9	46.2	42.9	54.4	46.2
Part-time	17.9	20.0	18.5	20.4	21.5	16.8	19.1	21.5
Unemployed	3.0	3.1	3.2	3.1	2.8	3.2	1.7	2.8
Not in the labour force								
Retired from work	21.8	21.5	19.9	22.8	17.8	24.8	16.8	17.8
Other	12.1	10.7	10.9	11.9	11.7	12.3	8.0	11.7

Source: ABS General Social Survey 2010, CommSec

was conducted from August to November 2010, so mobility covers the five years up to 2010.)

- Interestingly around half of those who own their home or are paying off a mortgage have moved in the past five years. Of course the reasons vary – it may be to upsize or downsize their homes, to purchase a home for the first time or for personal or employment reasons. But if one in two homeowners is moving every five years, it represents opportunities for housing-dependent businesses such as real estate agents, conveyancing firms and removalists.
- And just as there were stark differences in mobility across housing groups such as renters and buyers, the reasons for moving also varied markedly with “wanting a bigger or better home”, “purchasing a dwelling” and “family reasons” dominating. Interestingly though the proportion of people moving for “employment reasons” was low in most states except the ACT (20 per cent) and the Northern Territory (26 per cent).
- And there was yet more fuel for the debate on what is the true level of unemployment. The ABS says the unemployment rate is a bit over 5 per cent. Other analysts believe that it is closer to 10 per cent. But on the responses provided to the social survey, on average only 3 per cent of people regard themselves as unemployed – similar to 2002 and 2006 surveys. Certainly this is more in line with the data on unemployment beneficiaries. But the results suggest that the job market may be tighter than is generally believed.

### What is the importance of the economic data?

- The **Bureau of Statistics** has released the **General Social Survey: States and Territories, 2010**. It is the third survey of its type, after 2002 and 2006 surveys, and it provides insights into consumer wealth, finances and attitudes. The survey covered 15,028 private dwellings. The results are useful in assessing the outlook for consumer-dependent areas of the economy.

### What are the implications for interest rates and investors?

- Businesses and governments need to closely assess the opportunities revealed from the latest social survey. Aussies are in a position to spend, but don't feel any great urgency. Aussies are constantly on the move. And if most of us are in good or excellent health, it suggests reduced demand for health services.
- The survey results are not overly different from the 2006 survey. A higher proportion of households are paying off mortgages than four years ago, meaning that people are more interest rate sensitive.

Craig James, Chief Economist, CommSec

Work: (02) 9118 1806; Home: (02) 9525 2739; Mobile: 0419 695 082; Twitter: @craigjamesOZ

Has moved in last 5 years (percent of total)						
	Owner without a mortgage	Owner with a mortgage	Renter with state or territory housing authority	Renter with private landlord	All other tenure types	All persons
NSW	15.9	35.9	31.7	79.9	51.4	39.6
VIC	14.5	34.5	43.0	81.2	*35.7	38.3
QLD	19.7	43.5	38.3	88.5	71.9	49.0
SA	10.9	42.6	26.5	80.5	66.8	37.7
WA	16.8	44.7	52.1	88.3	69.6	45.0
TAS	18.1	41.9	32.4	83.9	62.9	38.9
ACT	11.8	44.6	30.5	89.1	58.6	43.6
NT	*21.0	46.7	46.4	92.3	*54.2	54.4

Source: ABS General Social Survey 2010, CommSec. \* Low sample size