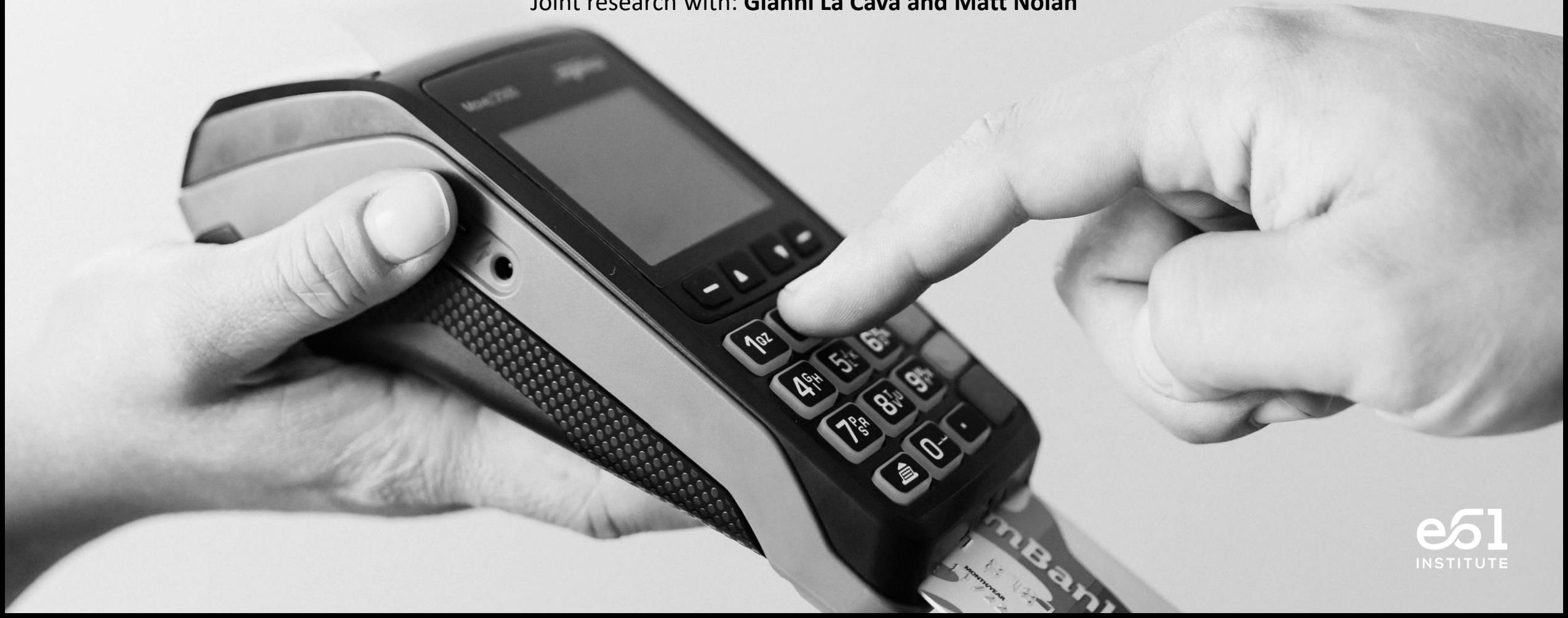


The Effect of the COVID-19 Income Support Policies on Household Spending in Australia

Nicole Adams

Australian Conference of Economists 2022

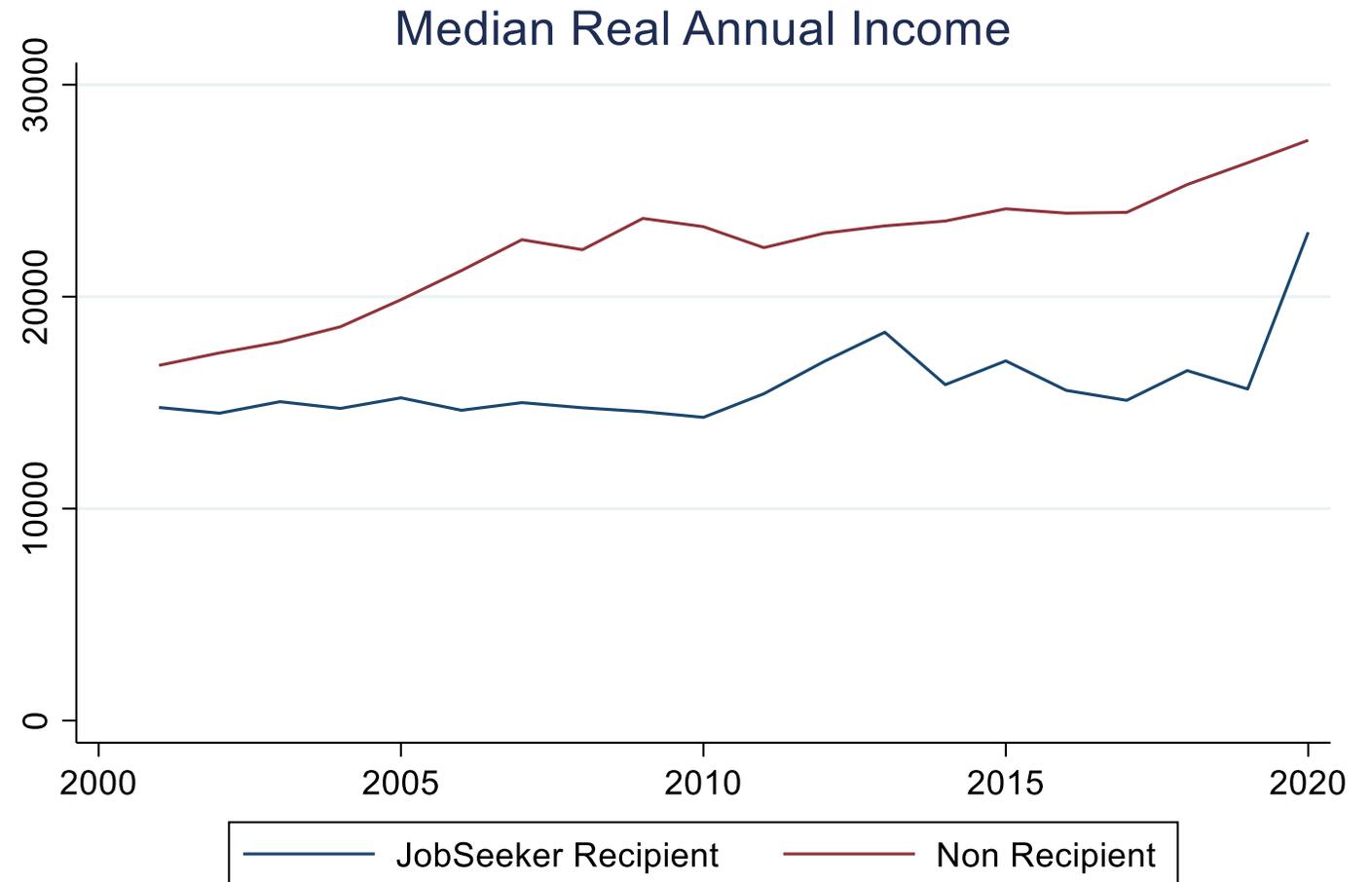
Joint research with: **Gianni La Cava and Matt Nolan**



What was the policy change?

The Coronavirus Supplement:

- An additional \$550 per fortnight for all JobSeeker recipients.
- Available from 27 April 2020.



Sources: e61; HILDA Survey Release 20.0

What data do we use?



Survey data (HILDA)

- Useful for demographic information and time series.
- Available to 2020.



Transactions data (illion)

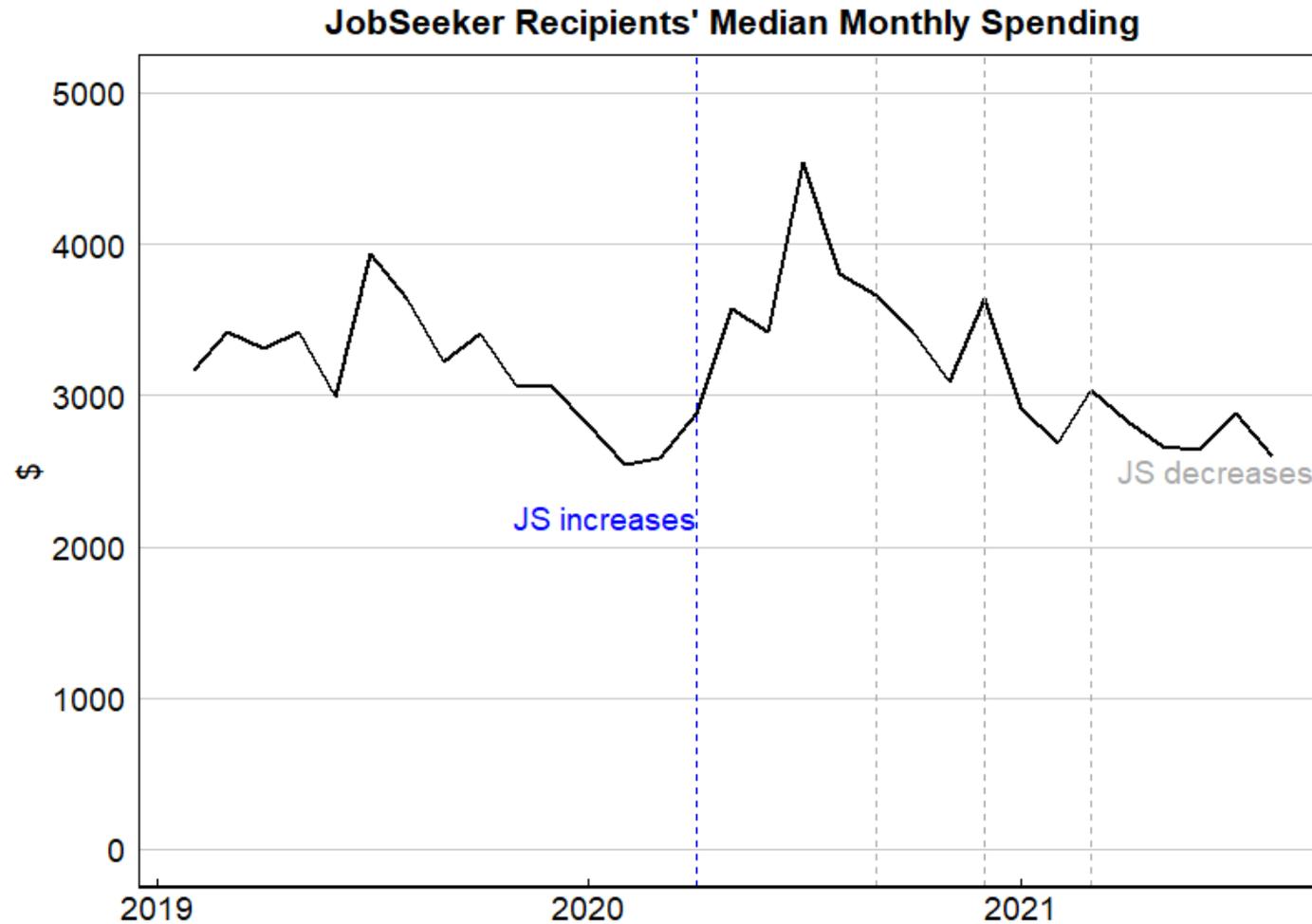
- High frequency transactions data.
- Enables event study approach.

The illion data



- In 2020: over 200,000 JobSeeker recipients observed in total sample.

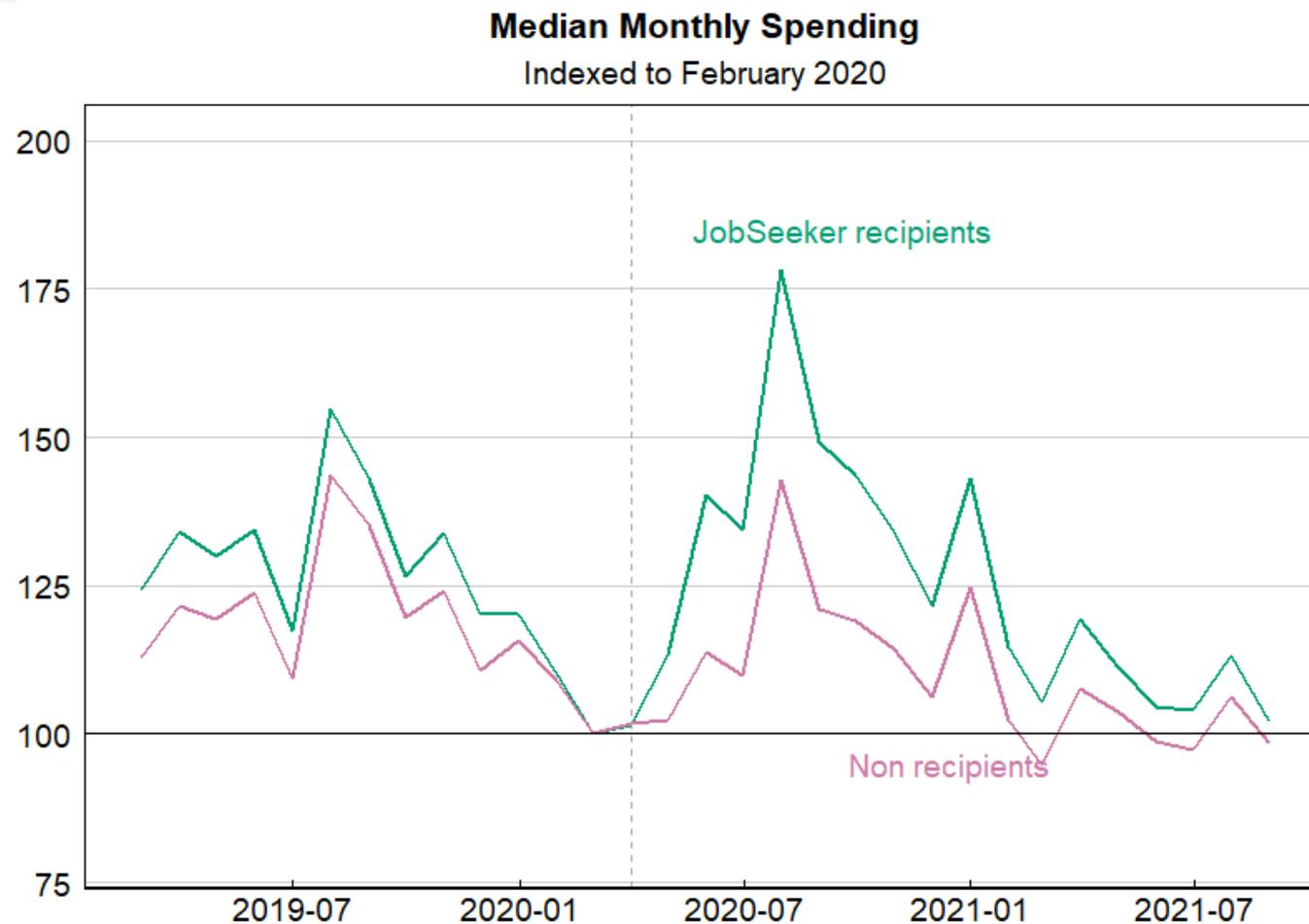
Spending increased after the JobSeeker payment increased



Sources; e61, illion

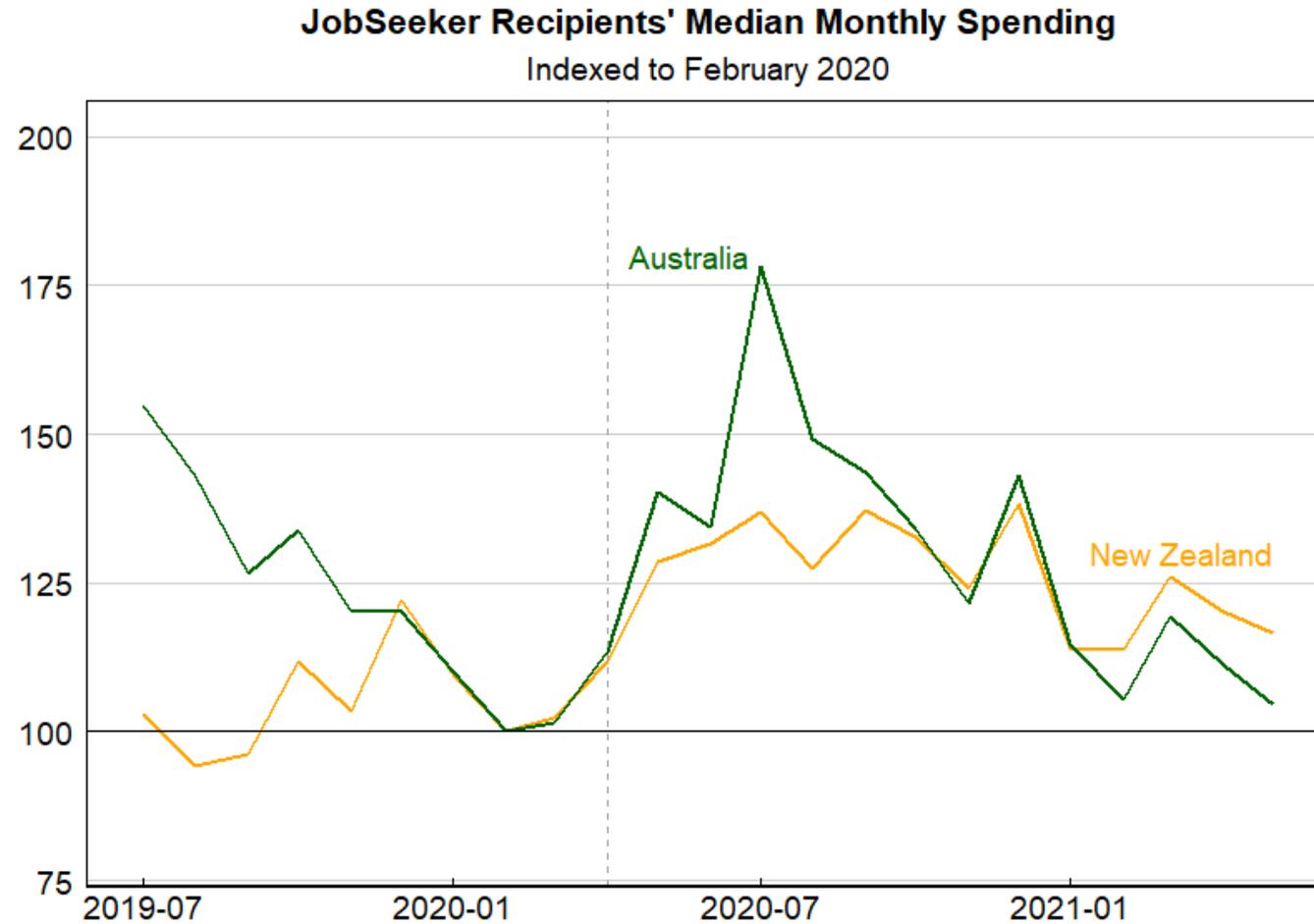
Comparison with the rest of the population

- Spending between the two groups was broadly similar.
- But JobSeeker recipients' spending increased by more following the increase in payments.



Sources; e61, illion

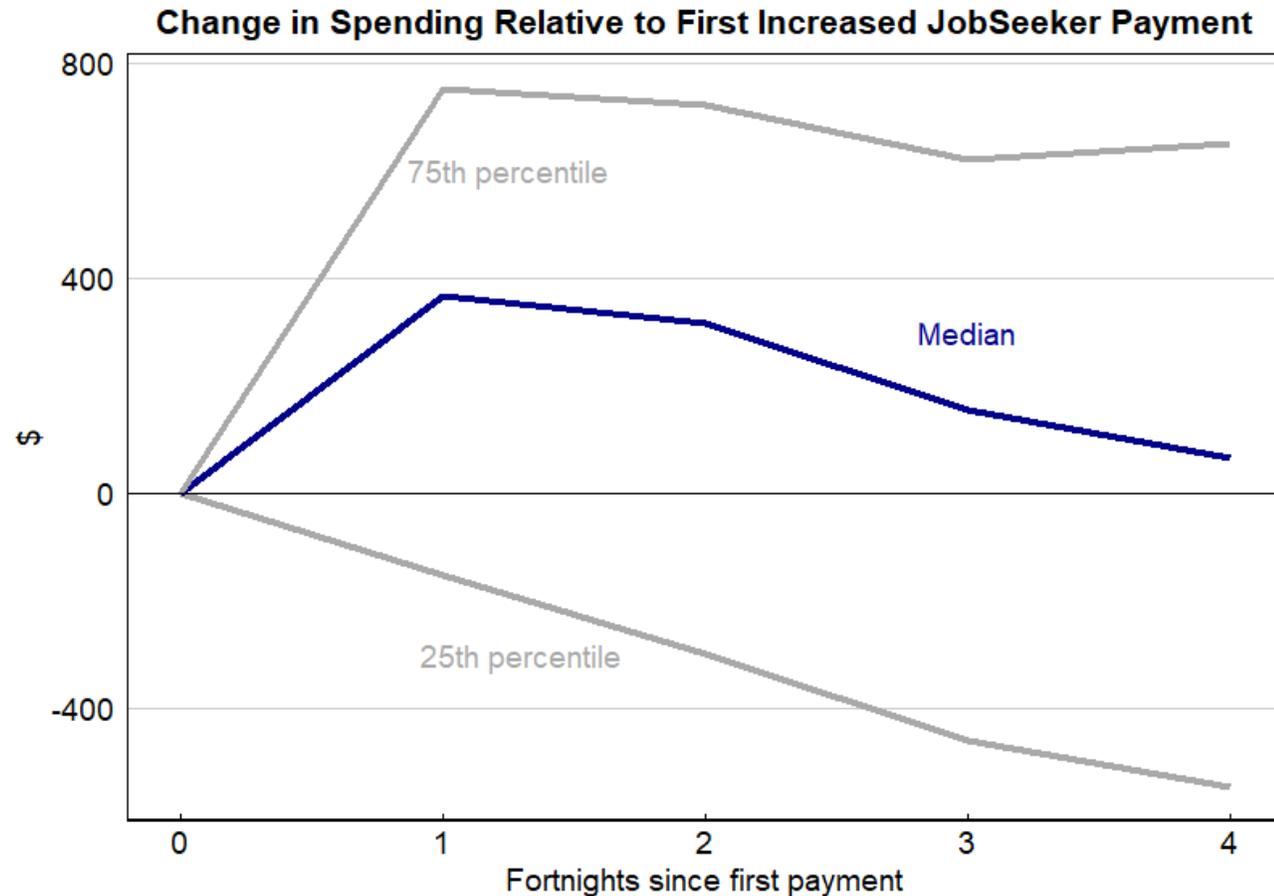
Comparison with New Zealand income support recipients



Sources; e61, illion

An event study approach

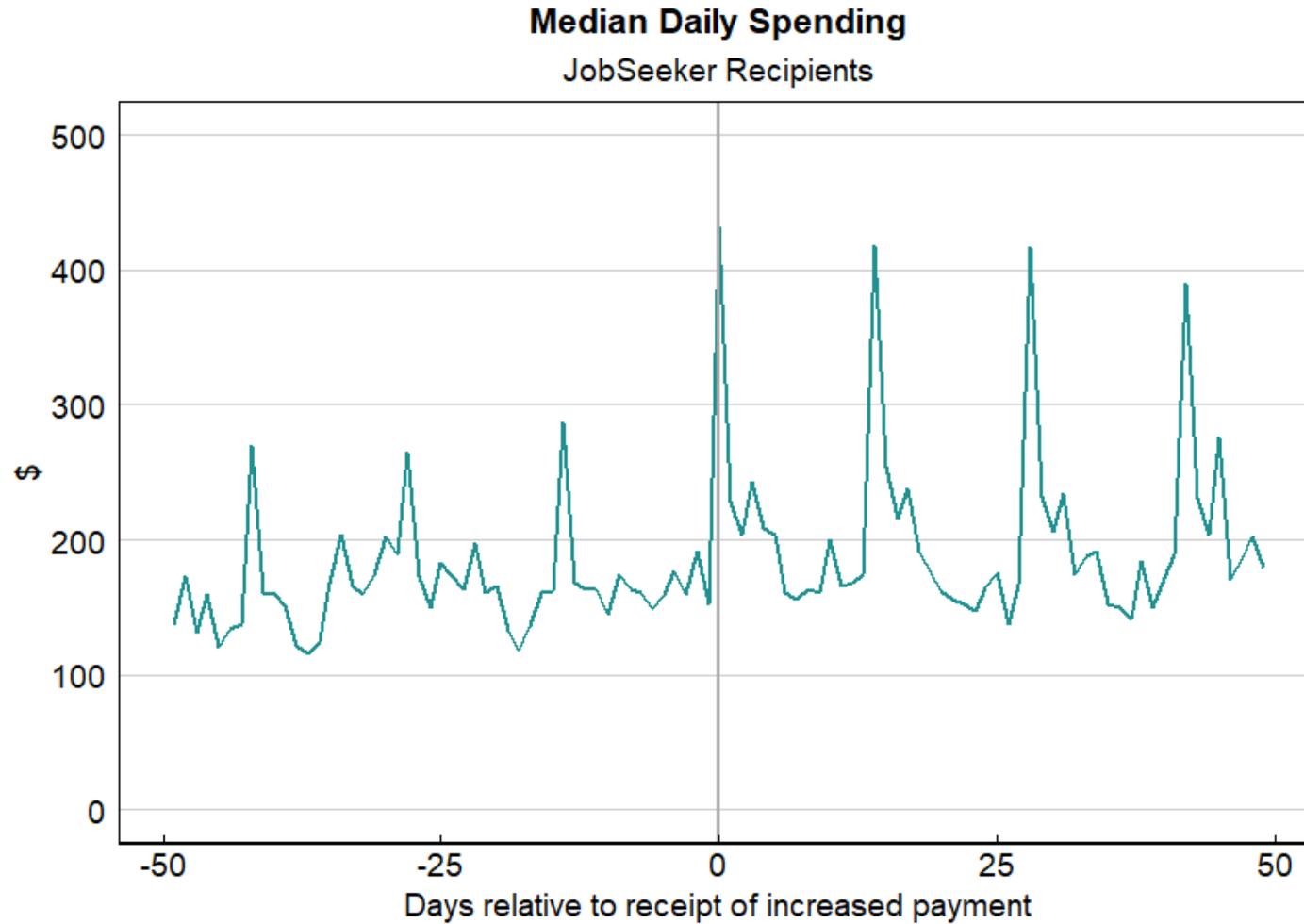
An event study approach



Sources: illion, e61

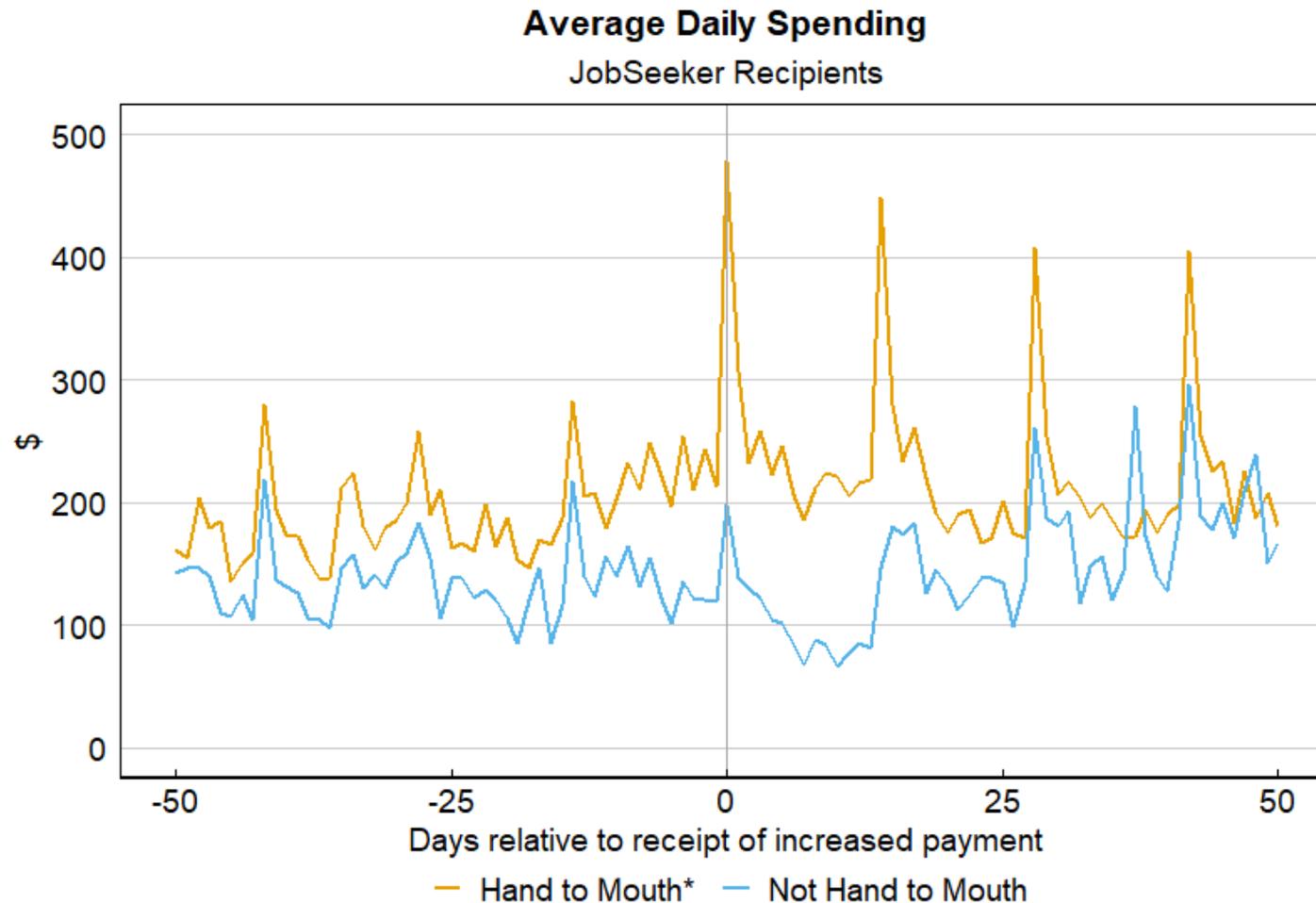
- Median spending increased by nearly \$400 in the first fortnight, but this increase tapered over time.
- Part of the population decreased their spending after receiving higher payments.

Daily spending peaked on payment days, and increased after the supplement



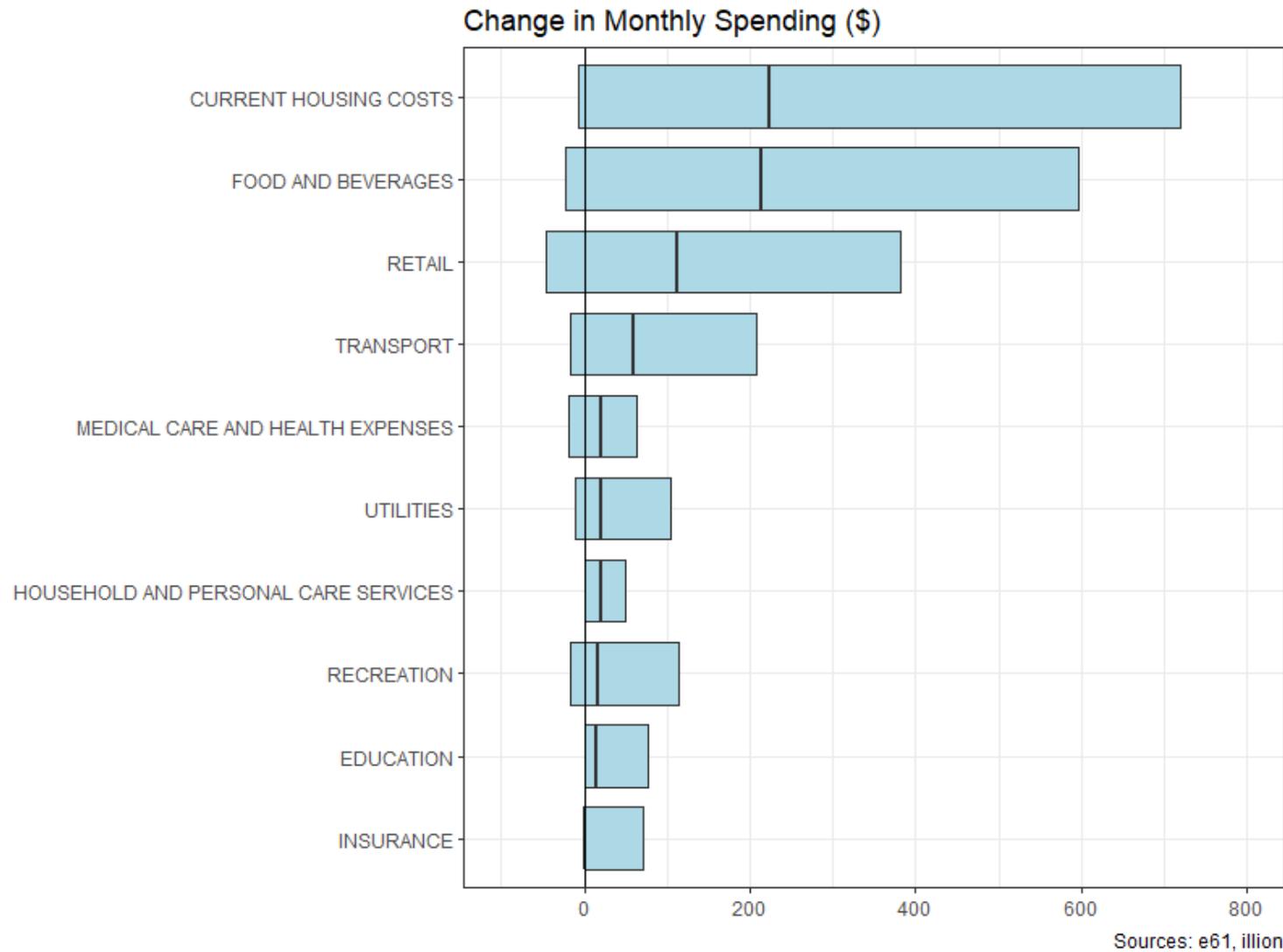
Sources: illion, e61

But there was also a group who spent less after the higher payments



*Defined as those who consume all of their income in the first fortnight.
Sources: illion, e61

Where did the extra payments go?



1. Housing
2. Food and beverages
3. Retail

Conclusions so far

+ The increased JobSeeker payments led to increased spending.

An event study approach shows that people who received the coronavirus supplement increased their spending considerably, but this response tapered over a couple of months.

+ Within that, there were two types of responses.

The median job seeker recipient was hand-to-mouth, with a fortnightly spending pattern. But there was also a group which spent less in response to the shock.

+ Spending increased across most spending categories.

But particularly for housing, food and beverages and retail.

Further Work



Further refinement
of results

Impact on aggregate
consumption and
GDP

Comparison to
JobKeeper

Broader work on labour
market outcomes

Questions

HILDA Data Disclaimer

This research uses unit record data from Household, Income and Labour Dynamics in Australia Survey [HILDA] conducted by the Australian Government Department of Social Services (DSS). The findings and views reported in this paper, however, are those of the authors and should not be attributed to the Australian Government, DSS, or any of DSS' contractors or partners. DOI: [10.26193/PI5LPJ](https://doi.org/10.26193/PI5LPJ)