



Taking the Pulse of the Nation

The proportion of Australians dissatisfied with government policies is at a record high.

Melbourne Institute's Taking the Pulse of the Nation Survey

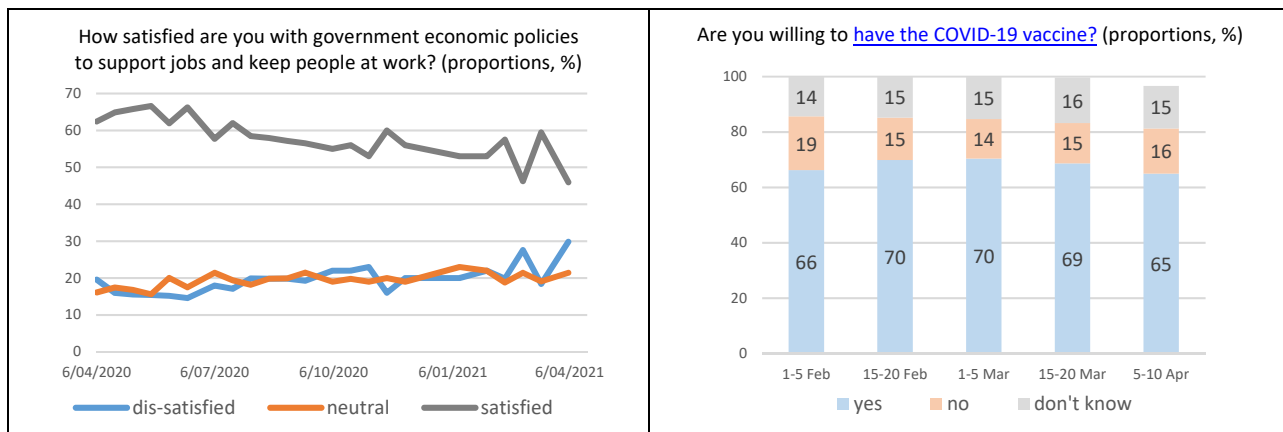
2021 Survey Results*: Wave 29 (15-20 March) and Wave 30 (5-10 April)**

The proportion of Australians dissatisfied with government policies is at a record high.

The latest Taking the Pulse of the Nation (TTPN) survey data showed that the proportion of Australians who are unsatisfied with government policies to support jobs and keep people at work is at a survey record high: 30 per cent in April 2021 compared to 20 per cent a year ago. The dissatisfaction is likely a result of the end of the JobKeeper scheme and is possibly confused with difficulties associated with the roll-out of the COVID-19 vaccination program.

To date, less than five per cent of respondents say that they have been vaccinated, with around 65 per cent still willing to be vaccinated. In other words, about one in three Australians are still unwilling to be vaccinated or don't know if they should be vaccinated. This is cause for concern as a successful vaccination program will improve herd immunity, resulting in more social interactions and economic activities.

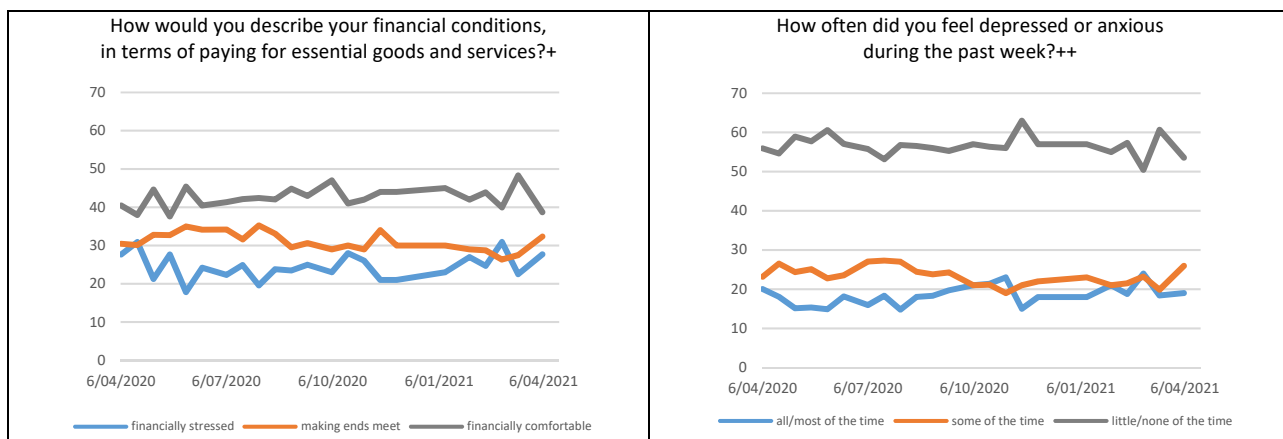
Figure 1: Policy Satisfaction (April 6 2020 to April 10 2021) and Vaccine Roll-out (February to April 2021)



Proportions of people experiencing financial stress and mental distress are still high

About one in three Australians are still reporting being in financial stress⁺ (having difficulties paying for essential goods and services) while one in five are still experiencing mental distress⁺⁺ (feeling stressed or anxious most/all the time). It also appears that there has been some slippage from being financially comfortable to just making ends meet, as well as an increase in the proportion of people experiencing mental distress some of the time.

Figure 2: Financial Stress and Mental Distress (6 April 2020 to 10 April 2021), proportions (%)



* The survey contains responses from 1200 persons, aged 18 years and over. The sample is stratified by gender, age and location to be representative of the Australian population. Note that the percentages do not sum to 100; the proportions in the "don't know/refused" category, are small and have been excluded from the figures.

** Report prepared by Professor Guay Lim and Dr Viet Nguyen

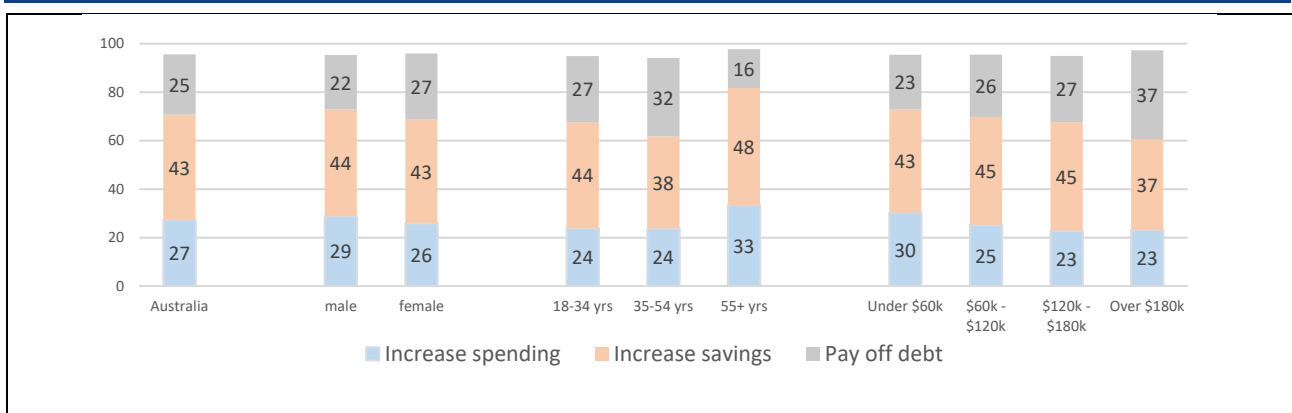
+ Financial stress refers to the situation of having difficulties paying for essential goods and services while financial vulnerability refers to being in financial stress or making ends meet. ++ The question about feeling depressed is about assessing symptoms/experiences and not about assessing the presence of a clinical diagnosis or disorder. The responses are calibrated on a 5-point scale covering: all, most, some, little, none of the time.

What would Australians do with an unexpected \$1,000 bonus or an unexpected expense of \$1,000?

Growth and jobs have been the mantra of fiscal policy for some time with attempts to promote spending and hiring via fiscal packages such as wage subsidies and cash handouts. Are Australians likely to spend if they receive an unexpected cash bonus?

In the two most recent surveys, we asked interviewees to imagine unexpectedly receiving \$1,000 and to tell us how much of the \$1,000 they would spend, save or use to repay debt. As shown in Figure 3, on average, Australians would spend 27 per cent of the \$1,000, save 43 per cent of it and use 25 per cent of it to repay debt. Looking across gender, ages and income groups, we see that Australians will spend about 23-33 per cent of the unexpected \$1000. People over 55 years have the highest propensity to save (48 per cent of the \$1,000) and the lowest propensity to use the unexpected income to repay debt (16 per cent of the \$1,000).

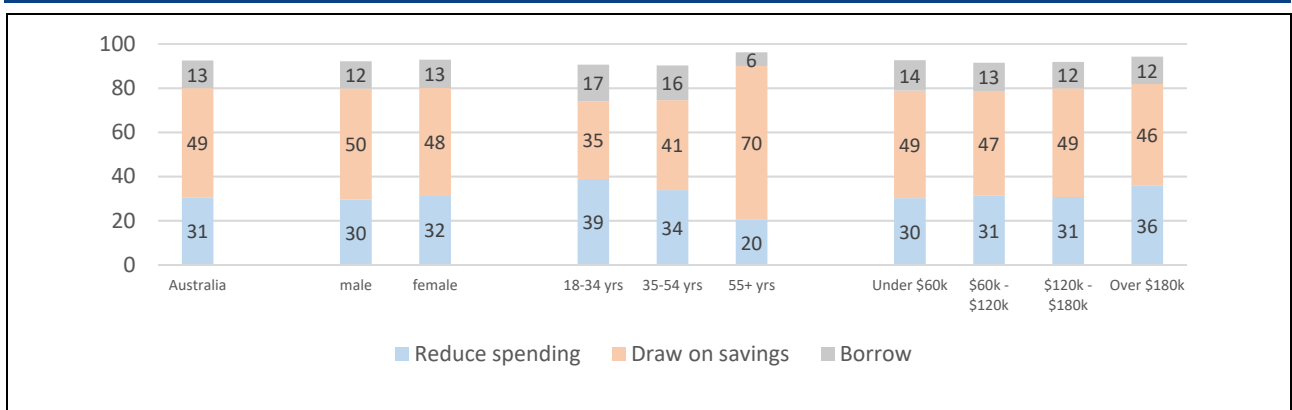
Figure 3: How will you use an unexpected \$1000 bonus? Distribution of the uses of funds (%)



We also surveyed responses to what Australians will do if they find themselves with an unexpected expense of \$1,000 that had to be paid within the next three months. How much of the repayment would be facilitated by reducing spending, drawing on savings, borrowing or by other means (such as selling of personal items)? On average, across the demographic groups, about 35-70 per cent of the repayment will come from drawing down savings, 20-39 per cent from cutting back on expenditures, 6-17 per cent by borrowing and 4-10 per cent from selling personal items. Again, the over 55 age group stand out across the demographic categories – on average, this age-group would pay 20 per cent of the \$1,000 by cutting back on spending, pay 70 per cent by drawing on savings, and cover six per cent of the unexpected expense by borrowing.

The message from these results for policy is that approximately a third of an unexpected payment or expense of \$1,000 will impact on spending (i.e., expenditure will be changed by around 30 per cent).

Figure 4: How will you pay for an unexpected expense of \$1000? Distribution of the source of funds (%)



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About the survey

These results have been drawn from *Taking the Pulse of the Nation* - Melbourne Institute's survey of the impact of COVID-19. The aim of the weekly survey is to track changes in the economic and social wellbeing of Australians living through the effects of the coronavirus pandemic whilst adapting to various changes in Federal and State government policies.

The survey contains responses from 1200 persons, aged 18 years and over each week. The sample is stratified by gender, age and location to be representative of the Australian population.

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