

## Research Insights

# Taking the Pulse of the Nation

Australians spending less due to COVID-19 and overall spending to remain low for the rest of 2020.

## Melbourne Institute's Survey of the Impact of COVID-19 in Australia

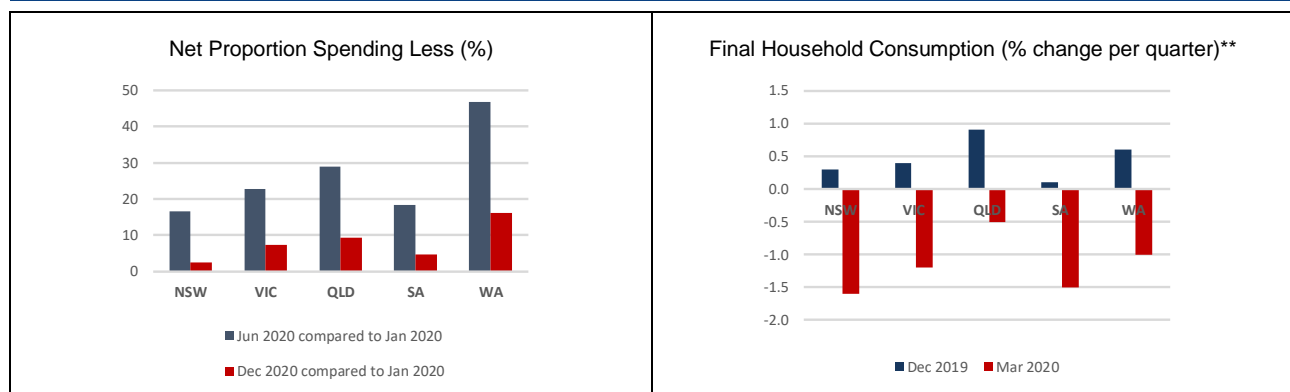
### Survey Results\*: Wave 14 (6 July – 10 July 2020)

*Australians spending less now (compared to the beginning of 2020) and, while they expect to spend more by the end of 2020, overall spending is likely to remain low.*

- Satisfaction with government policies to support jobs and keep people at work has been falling steadily in June. Between waves 11 and 14, the proportion satisfied with government policies fell from 66% to 58% while the proportion dissatisfied rose from 15% to 18%. No States stand out as being especially different from the rest.
- However, Victoria stands out as the State with the highest proportion of people who are limiting their activities outside of their house (such as shopping, going to a restaurant or taking public transport) most of the time because of concerns about contracting COVID-19. In wave 14, that proportion stands at 41% for Australia, down from 47% in wave 11 when the question was last asked. This proportion fell in all States except in Victoria, which rose from 50% (wave 11) to 58% (wave 14).
- With respect to financial stress, the proportion of people who report having difficulties paying for essential goods and services fell from 25% to 22%. Victoria is the only State showing an increase in the proportion of those in financial stress (up by 2 percentage points); this proportion declined in all the other States.
- The proportion who felt depressed and anxious most of the time decreased by 2 percentage points while the proportion who felt depressed and anxious a little of the time during the past week increased by 2 percentage points. Overall, the proportion experiencing mental distress appears to be stabilising.
- In this wave, we also asked respondents about their spending. When asked to compare their total spending now with the pre-COVID19 days at the beginning of the year, 33% said they are spending the same but 45% said they are spending less. When asked to think about their future spending (specifically, to compare their expected spending at the end of 2020 with that at the beginning of 2020), 39% expect their total spending to be the same as in pre-COVID days while 33% expect to be spending less. This indicates a concern that life will not be back to normal.
- The spending situation varies across the States. Consider the net proportion spending less (i.e. subtract the proportion saying they are spending more from the proportion saying they are spending less). Figure 1 (left) shows that this net value is positive with lower net balances for December 2020 relative to January 2020. This means that while spending will improve (towards the end of the year), the expectation is that spending will, on balance, still be less than before COVID-19. This is serious as household consumption expenditure is already low. Figure 1 (right) shows that household consumption expenditure fell in all States, from positive quarterly growth in December 2019 to negative values in March 2020. Consumption growth is expected to be also negative in the June quarter, but beyond that, further declines in spending will seriously hamper the economic recovery process.

**Figure 1: Net Proportion Spending Less (%) and Consumption Growth (%)**

Across the States

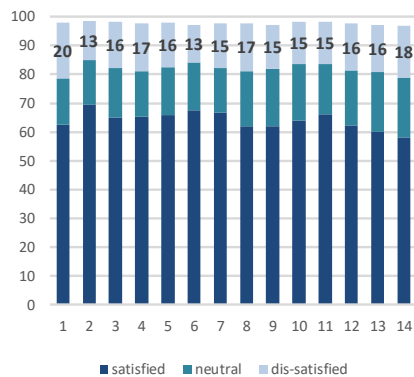


\* The survey contains responses from 1200 persons, aged 18 years and over. The sample is stratified by gender, age and location to be representative of the Australian population.

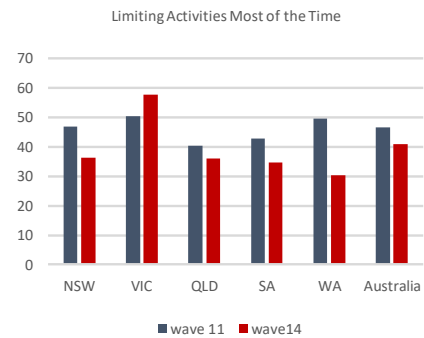
\*\* Source: ABS 5206.0, Australian National Accounts: National Income, Expenditure and Product, Mar 2020

**Figure 2: How are Australians coping with COVID-19?**  
14 weeks of surveys from April 6 to July 10

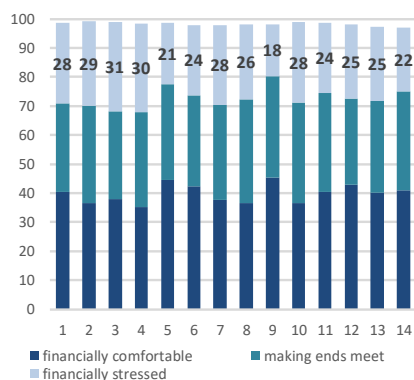
How satisfied are you with government economic policies to support jobs and keep people at work?



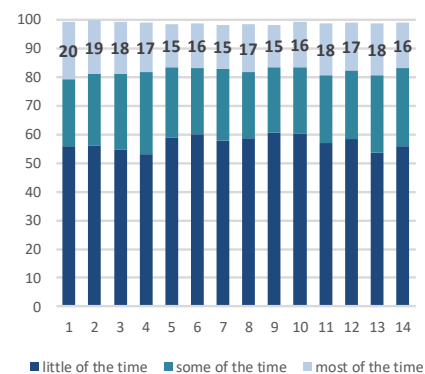
How often do you limit activities outside of your house, such as shopping, going to a restaurant or taking public transport, because of concerns about contracting COVID-19?



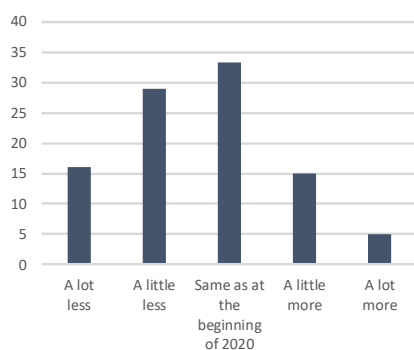
How would you describe your financial conditions, in terms of paying for essential goods and services?++



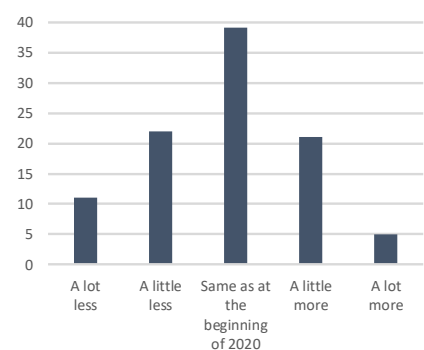
How often did you feel depressed or anxious during the past week?+



Compared to the beginning of 2020, what is your total spending today compared to pre-COVID days?



Compared to the beginning of 2020, and thinking about your spending six months from now, what do you expect your total spending at the end of 2020 to be?



+ The question about feeling depressed is about assessing symptoms/experiences and not about assessing the presence of a clinical diagnosis or disorder. The proportion in the "don't know/refused" category, is very small and has been excluded from the figures.  
++ 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.

# Melbourne Institute: Applied Economic & Social Research

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## About the survey

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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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