



Managing the transition: fiscal policy in the recovery phase

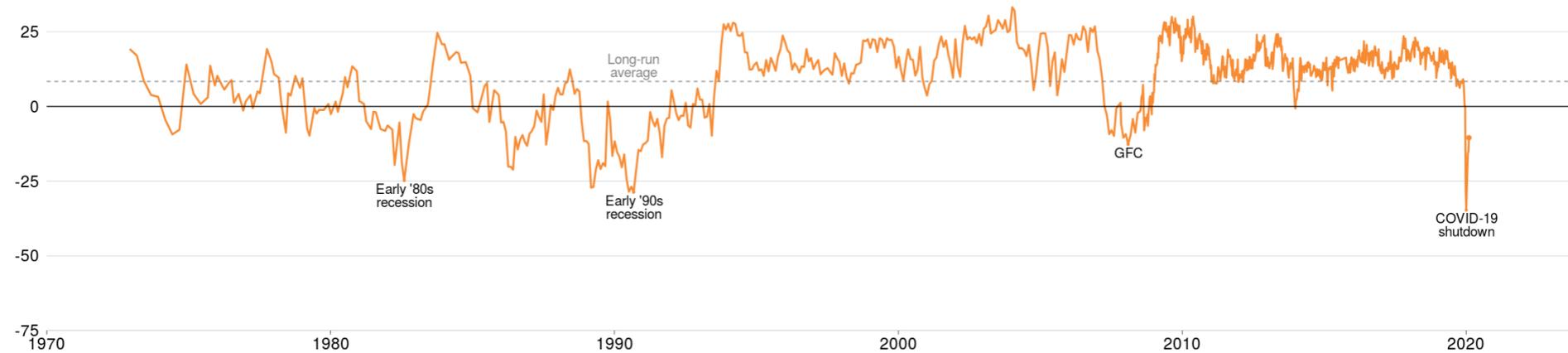
QAAS QUT Webinar

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Grattan's EconTracker: the shock was big and swift

Consumers' confidence in their household financial outlook and current economic conditions hit a record low

Net consumer confidence: difference between the percentage of positive survey respondents and negative respondents (percentage points)



Notes: The ANZ-Roy Morgan Consumer Confidence Rating is 100 plus the unweighted average of the difference between the percentage of respondents who give positive and negative answers to five questions about economic conditions and their household finances. This 'net' measure subtracts 100 from the raw data.

Source: ANZ-Roy Morgan [Consumer Confidence index](#).

Timing: Data released weekly. Chart last updated 5 May 2020.

Business conditions and confidence hit record lows in March

Net balance of Australian businesses' survey responses



Note: 'Business conditions' is an average of businesses' survey responses on trading conditions/sales, profitability, and employment.

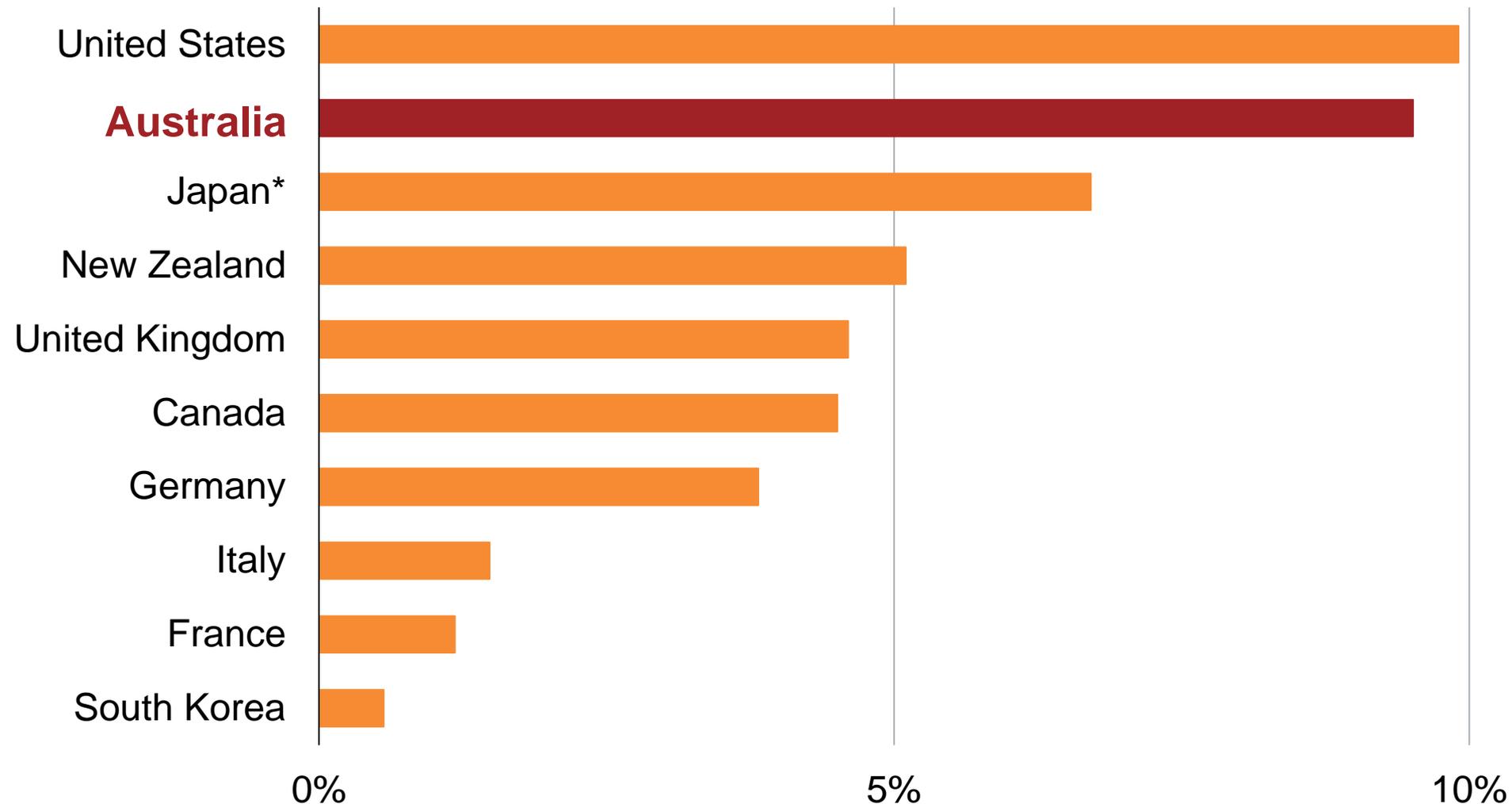
Source: [NAB Monthly Business Survey](#).

Timing: Data released monthly. Next release expected mid-May 2020. Chart last updated 14 April 2020.

Visit: <https://grattan.shinyapps.io/covid-econ-tracker/> for more data on how the economy is performing.

Government has delivered significant support through direct fiscal measures

Fiscal measures in response to COVID-19 shutdown as a % of pre-crisis GDP



Notes: This table excludes monetary policy, loans without forgiveness, guarantees, and direct state holdings. We calculate the ratio of the 2020 measures to 2019 GDP because of uncertainty in the 2020 forecast. The chart assumes that all coronavirus stimulus spending occurs within the current year. This is a close approximation given that almost all of the packages announced to date concentrate on responding to the immediate economic fallout from the crisis.

**The Japanese package is still being developed, so this number is an estimate.*

Sources: Spending - various government announcements. GDP - IMF and exchangerates.org.uk. Measures in place as at April 14 2020.

At least in the short term, Jobseeker and Jobkeeper are sufficient for most families

Disposable income replaced by Jobkeeper (per cent)

Pre-crisis employee income	Singles				Couples			
	No kids	1 kid	2 kids	3 kids	No kids	1 kid	2 kids	3 kids
\$25,000	136	149	143	140	174	165	156	152
\$50,000	82	107	107	108	141	133	129	129
\$75,000	60	86	92	94	103	104	104	105
\$100,000	49	69	79	82	82	84	86	89
\$125,000	42	57	67	80	70	70	73	81
\$150,000	34	47	50	59	60	60	62	64

Disposable income replaced by Jobseeker (per cent)

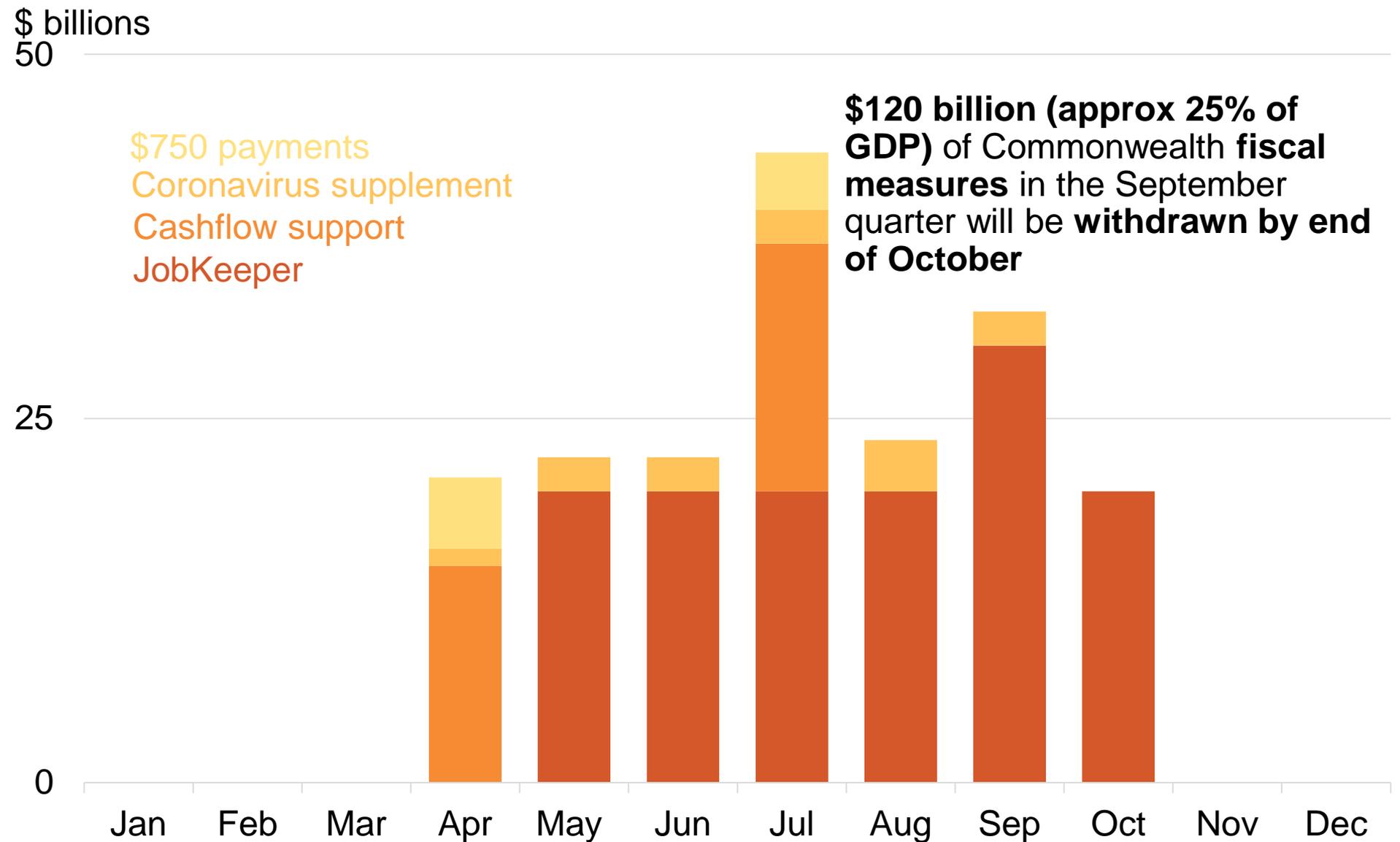
Pre-crisis employee income	Singles				Couples			
	No kids	1 kid	2 kids	3 kids	No kids	1 kid	2 kids	3 kids
\$25,000	106	99	101	102	129	127	125	125
\$50,000	65	76	80	81	107	107	107	108
\$75,000	48	63	70	73	77	85	90	92
\$100,000	39	47	59	64	62	68	77	80
\$125,000	34	43	53	65	54	59	67	78
\$150,000	28	34	40	46	46	50	56	60

Notes: Each member of the couple earned the same amount pre-crisis. First, second and third child aged 10, 15, and 12 years. Homeowner. Calculated for a period of 6 months beginning April 1, which includes one-off payments, tax returns and FTB adjustments. Source: Grattan analysis

Major fiscal and other supports all come off by October

Support measures	Details	End date
Job Keeper payment	\$130 billion wage subsidy program that provides \$1500 a fortnight payment to workers in eligible businesses	27 September
JobSeeker payment	The rebranded Newstart unemployment payment of \$1115.70 per fortnight (including temp \$550 Coronavirus Supplement)	~27 October
Cashflow support for business	Businesses with turnover under \$50 million receive a payment equal to 100 per cent of their salary and wages withheld, minimum payment of \$10,000 and maximum of \$50,000	2 payments: 1 from 28 April, 2 from 28 July
Stimulus payments	Two rounds of \$750 stimulus payments to transfer payment recipients and concession card holders.	2 payments: 31 March, 13 July
Coronavirus SME loan guarantee scheme	Government will guarantee up to 50% of loans issued to SMEs (up to \$20 billion in total)	30 September
State payroll and WC exemptions for JK businesses	All states have offered payroll tax and other relief for businesses on JobKeeper scheme	27 September (with JK)
Rental agreements	Moratorium on tenancy evictions and mandatory code of conduct for SMEs and businesses on JobKeeper scheme	30 September
Bank holidays on loan repayments	Many banks offering customers the option to defer home loan repayments	Up to six months (~ September)
Temporary corporations act amendments	e.g. More time to pay company debts; company directors temporarily relieved of personal liability for insolvent trading	15 October

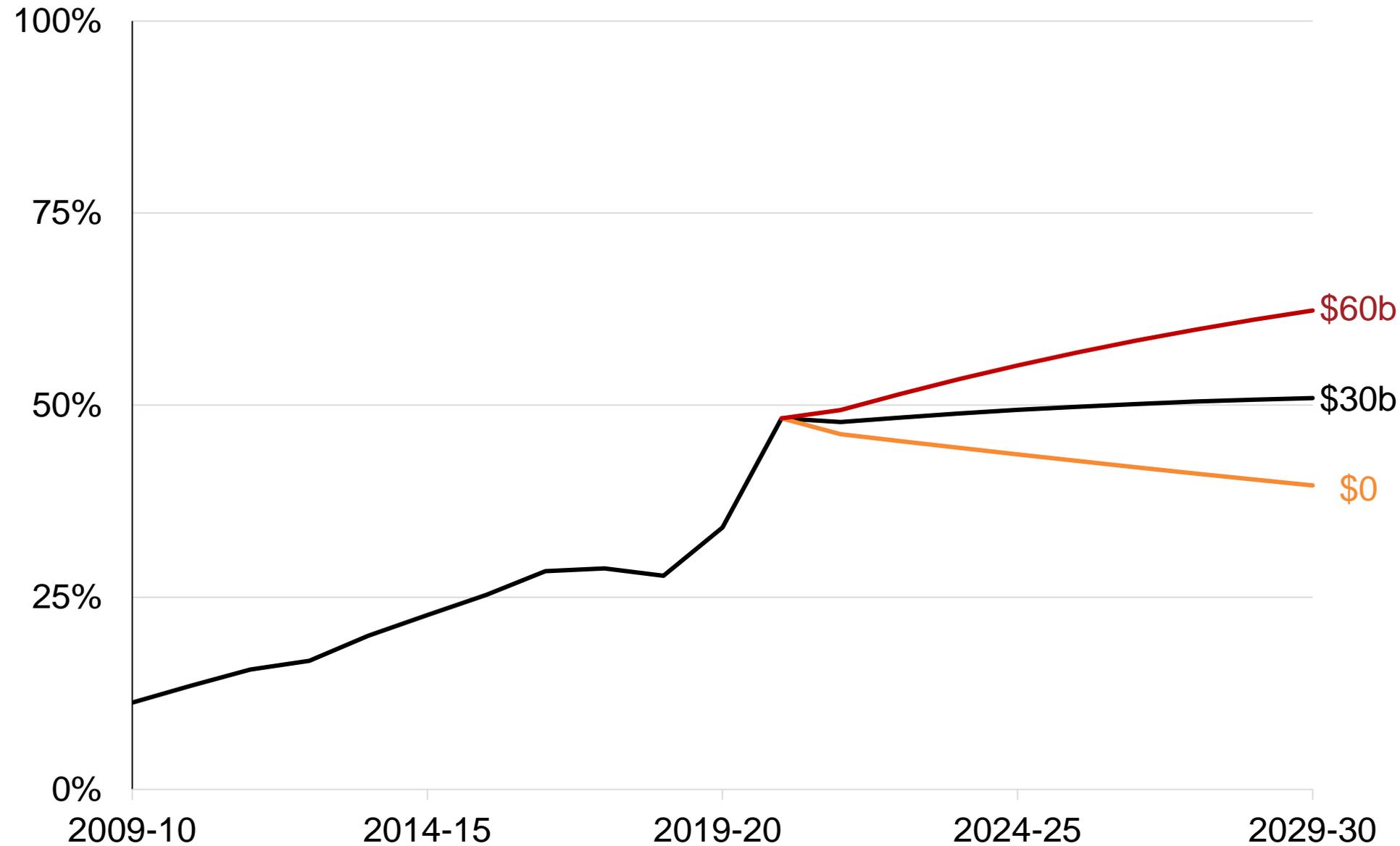
Major fiscal supports are all scheduled to come off in October



Note: Amounts reflect payment timing. JobKeeper periods run from late March to late September but is paid in arrears.

Sources: Various Government announcements

Gross debt-to-GDP projections with variable budget deficit



Notes: Projection from an estimated 3 year shock resulting in \$893b AGS on issue and \$1.94t GDP at the end of 2021-22. Nominal growth 3.5%. Cost of debt 1.5%.