

SHOULD THE JOBSEEKER PAYMENT BE PAID MORE OFTEN? INSIGHTS FROM CROSS-COUNTRY BANKING DATA

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There have been numerous calls to increase the JobSeeker payment (JSP). Proponents argue that a higher payment will reduce financial hardship and raise living standards for recipients. Opponents argue that a higher payment will reduce incentives to find work and increase costs to taxpayers.

But what if there were another way to provide more financial support to JobSeeker recipients at little additional cost to the taxpayer? In this research note, I explore the idea of halving the JobSeeker payment but doubling its frequency from a fortnightly to weekly payment. This could increase cash on hand for recipients without increasing the cost to taxpayers. However, it is an open empirical question as to whether more frequent payments would raise living standards. On the one hand, recipients can better manage their expenses. On the other hand, more frequent payments may encourage more impulsive purchases.

This research note documents some new stylised facts about JobSeeker recipient spending patterns and considers the merits of increasing the frequency of the JobSeeker payment. I compare the spending patterns of recipients in Australia and New Zealand using aggregated, consented and de-identified bank transactions data. Recipients in the two countries are similar in many respects, but Australians are paid fortnightly while New Zealanders are paid weekly. The key findings include:

1. The spending patterns of JobSeeker recipients follow regular cycles linked to fortnightly payments;
2. The spending of JobSeeker recipients is more volatile in Australia than in New Zealand because Australian recipients receive income support payments less often;
3. A higher payment frequency is not linked to more discretionary purchases, as Australian recipients spend a greater share of their budget on gambling, alcohol and tobacco than recipients in New Zealand.
4. Australian recipients withdraw relatively high rates of cash compared to recipients in New Zealand and non-recipients in both countries, and this appears to be linked to a need to budget for two weeks rather than one week ahead.
5. Less frequent payments are associated with a higher incidence of financial stress and pay day borrowing among Australian recipients, suggesting that they have more demand for short-term credit to get them to the next pay day.

Australian recipients can currently only choose weekly payments under cases of extreme financial hardship, such as experiencing homelessness. This means that the capacity to alter the frequency of the JSP already exists. Policymakers may want to extend this feature to all recipients, just like in New Zealand, so as to better manage their cash flow and spending. This could be a less costly alternative to increasing the payment rate while achieving similar goals.

Under traditional consumption models, such as the lifecycle/permanent income hypothesis, differences in the frequency of payment have no effect on the spending behaviour of consumers ([Stephens Jr 2002](#)). But if consumers are constrained by how much cash they have or if they have self-control problems, then variation in pay frequency can affect their spending patterns ([Parsons and Van Wesep 2013](#)).

In theory, greater pay frequency could make it easier or harder for consumers to manage their cash flow, smooth their spending from one pay period to the next, and avoid financial hardship. It depends on the extent to which consumers are liquidity constrained and/or suffer from myopia. On the one hand, higher pay frequency allows liquidity constrained consumers to

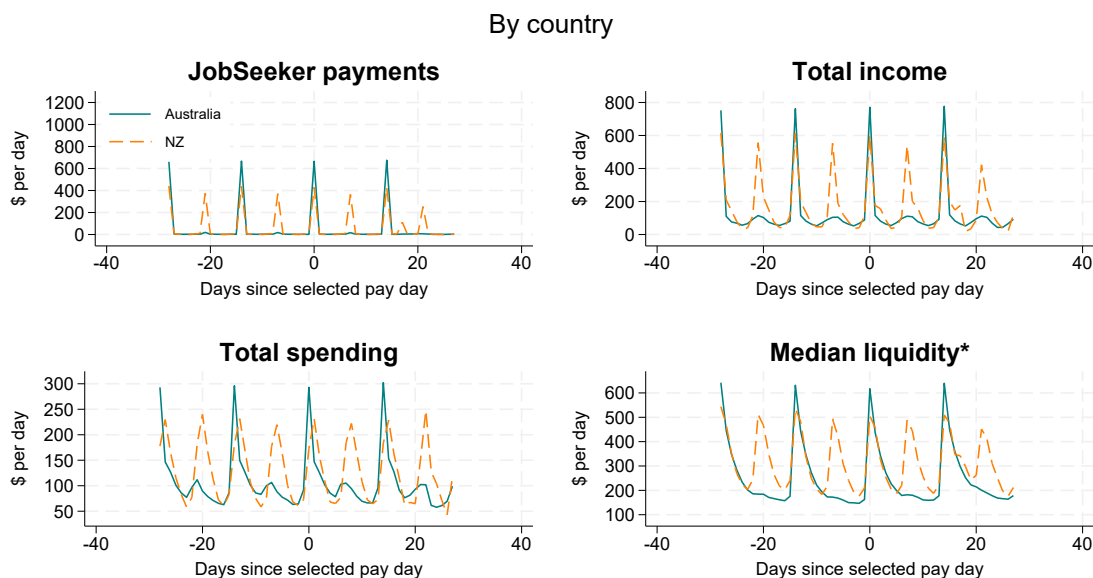
better smooth consumption over time as it can improve cash flow, help manage expenses and avoid unexpected shortfalls (Aguila et al 2017). A shorter pay cycle may also mean less reliance on costly credit during lean periods. But, on the other hand, higher pay frequency may also encourage more impulse buying, particularly if consumers suffer from self-control problems, and this could lead to higher rates of hardship (Baugh and Correia 2022).¹

It is an open empirical question as to how increased pay frequency affects financial hardship and living standards. This note uses banking data to measure the daily spending and income patterns of JobSeeker recipients (and non-recipients) in both Australia and New Zealand. The focus is on a sample period between February and April 2024 though the results of the analysis apply at other times since the COVID-19 pandemic. The sample is restricted to bank accounts for which 5 regular payments of either income support payments or wages can be observed for at least two consecutive months. Appendix A includes more details on the construction of the dataset.

Fact #1: The spending of Australian JobSeeker recipients is more volatile than that of NZ JobSeeker recipients

JobSeeker recipients in both Australia and New Zealand follow regular spending cycles that are linked to pay cycles, with clear spikes in spending on pay days (Figure 1). However, the spending cycles are very different. The spikes in spending are larger and less frequent for recipients in Australia because they are paid fortnightly rather than weekly. NZ recipients have smoother income and spending profiles. (For a comparison of the spending and pay cycles of Australian recipients and non-recipients see Appendix B).²

Figure 1: JobSeeker Spending, Income and Account Balances



Sample period is February to April 2024

Liquidity includes the balance on all savings and transactions accounts as well as the unused balance on credit cards

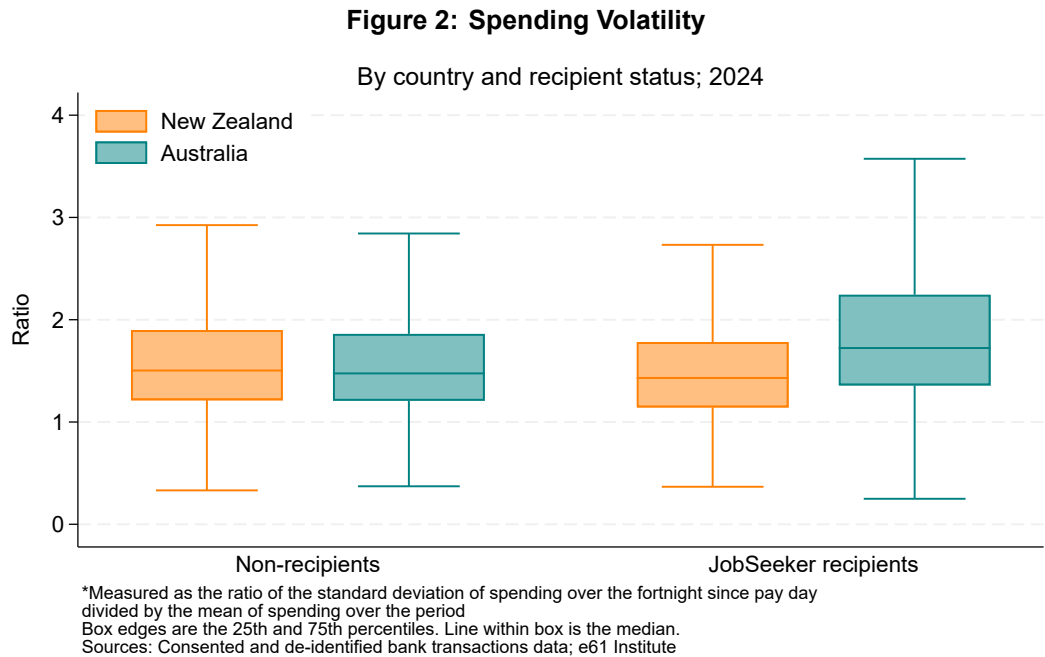
Sources: Consented and de-identified bank transactions data; e61 Institute

To provide further context, statistical analysis indicates that the fortnightly volatility of spending is higher for Australian recipients compared to both NZ recipients and non-recipients in either country. The volatility of spending is measured based on the coefficient of variation – the ratio of the standard deviation of spending over a fortnight divided by the mean of spending over the same period. A coefficient of variation of zero means that spending does not vary within the fortnight and is perfectly smooth. A higher coefficient of variation means more spending volatility.

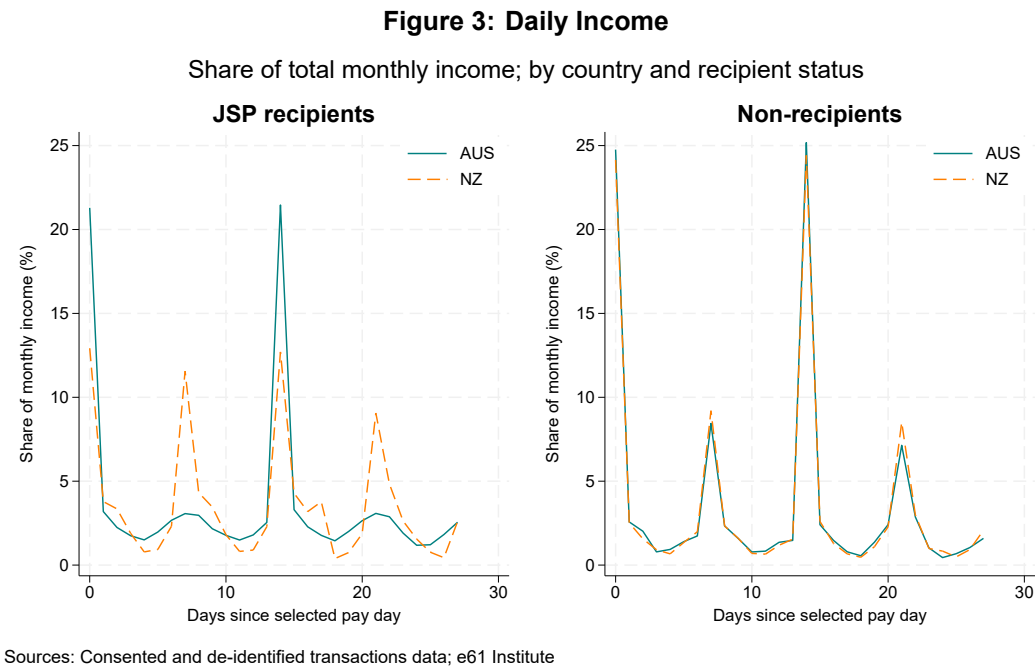
¹ More frequent pay also means smaller payments on pay days, which can leave consumers in a worse position to deal with unexpected expenses that occur soon after the pay day. For example, if an unexpected expense arose immediately after receiving a large payment, a fortnightly-paid consumer would have the remainder of the fortnight to adjust consumption to deal with this shock. Consequently, less (more) frequently paid consumers may exhibit fewer (more) instances of financial hardship.

² The estimates of income in this research note include all wages and salaries, income support payments and other sources of non-wage income such as rent and dividends.

The volatility of spending for Australian recipients is about 15-20 per cent higher than either NZ recipients or non-recipients in the two countries (Figure 2). The higher rate of spending volatility for Australian recipients implies greater spending risk per fortnight and potentially greater vulnerability to financial hardship and stress.



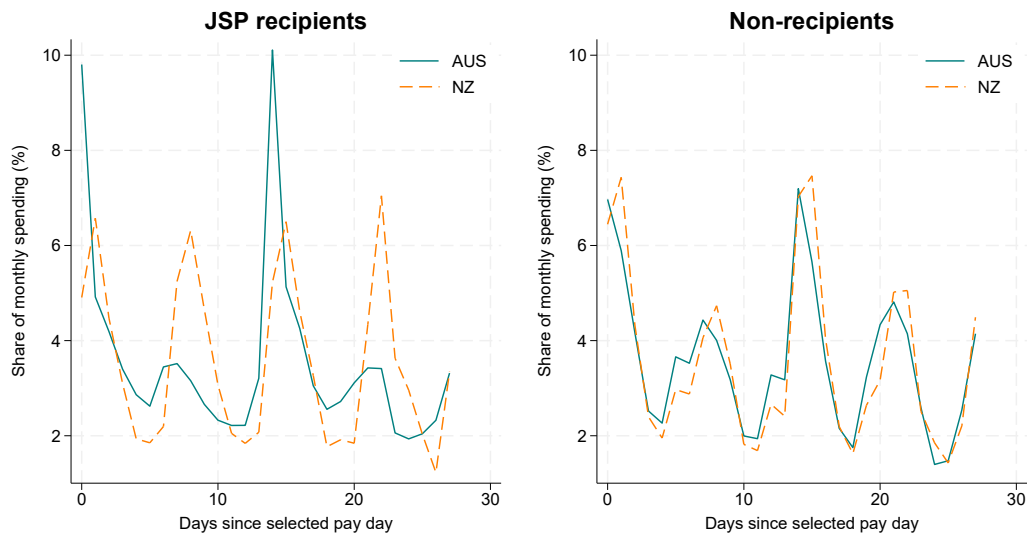
Country-specific factors do not appear to drive the differences in JSP recipients’ spending patterns. If there were systematic differences between recipients in the two countries, we might expect there to be systematic differences between non-recipients as well. Instead, non-recipients in Australia and NZ display remarkably similar income and spending patterns (Figures 3 and 4). There is a ‘phase shift’ for NZ recipients and non-recipients – they tend to spend on the day after pay day. This appears to be because NZ residents are typically paid late at night, so do not spend the money until the next day, while Australian residents are usually paid earlier in the day and can spend the money on the same day.³



3 Appendices C and D provide more details of the spending volatility analysis and summary statistics. Appendix E compares the transactions data with administrative data.

Figure 4: Daily Spending

Share of total monthly spending; by country and recipient status



Sources: Consented and de-identified transactions data; e61 Institute

Box 1: JobSeeker in Australia and New Zealand

In this research note we compare the income and spending behaviour of JobSeeker payment recipients in both Australia and New Zealand. The income support systems in the two countries share many similarities in eligibility criteria, but also some differences that are summarised here.

Similarities:

- **Residency:** Applicants in both Australia and New Zealand must be citizens or permanent residents.
- **Age requirement:** Both countries require applicants to be at least 18 years old.
- **Income and assets tests:** Both systems assess applicants' income and assets to determine eligibility and payment levels.

Differences:

- **Payment frequency:** Australian recipients receive a fortnightly payment while NZ recipients receive a weekly payment. Australian recipients can only receive weekly payments under extreme hardship.
- **Liquid assets:** Australia imposes a limit on financial assets for eligible individuals, while NZ does not.
- **Work capacity:** Australia's criteria include assessments of work capacity and may involve a participation requirement. New Zealand's criteria also assesses the ability to work, but has different categories based on health conditions and family responsibilities.
- **Treatment of redundancies:** Australia imposes longer waiting periods for redundant workers, whereas New Zealand imposes a 2 week waiting period.

Overall, while both systems aim to support low-income and vulnerable people, their specific criteria and processes reflect differing policy approaches. A key difference is that Australia imposes limits on liquid assets held by recipients, while NZ does not. These differences should be kept in mind when interpreting the analysis in this research note.

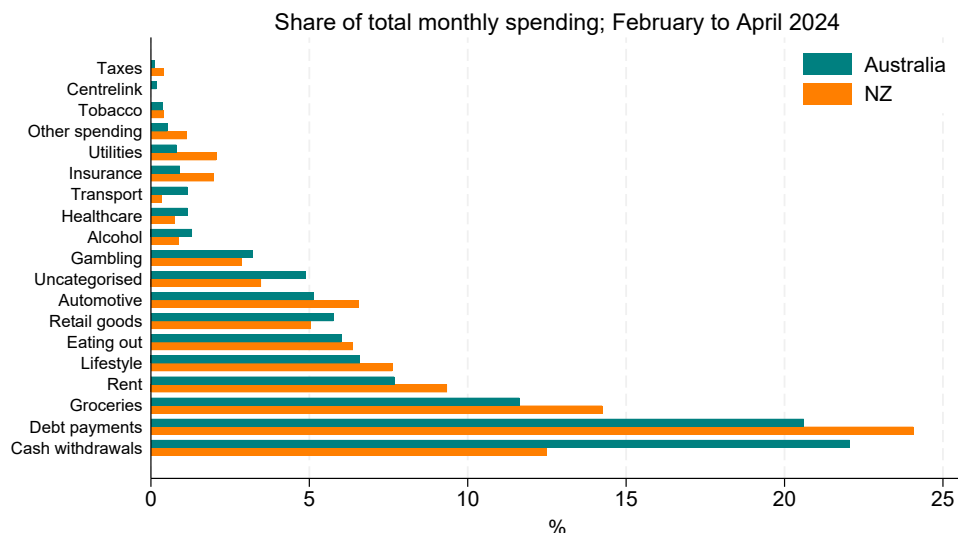
Fact #2: Higher payment frequency is not associated with more discretionary spending on pay days

As outlined earlier, being paid more often can mean that recipients have more cash on hand at any point in time. But being paid more often might mean that recipients feel more like they can 'blow it all' on pay day because they will be paid again soon. Recipients may feel a more immediate sense of financial availability, which could encourage spending rather than saving. This could lead to myopia, as they focus on short-term rewards rather than long-term financial stability.

If higher pay frequency is associated with more short-sightedness, NZ recipients should spend a greater fraction of their pay checks on pay days. But Australian recipients spend twice as much of their monthly income on pay days as NZ recipients. Similarly, NZ recipients should spend a greater fraction of their budget on discretionary goods and services, such as gambling, alcohol and tobacco. But Australian recipients spend slightly more than NZ recipients on all of these items (though less than

non-recipients) (Figure 5).⁴ Overall, the evidence seems to indicate that higher pay frequency is associated with more liquidity and not necessarily more myopia.

Figure 5: JobSeeker Recipient Spending by Category

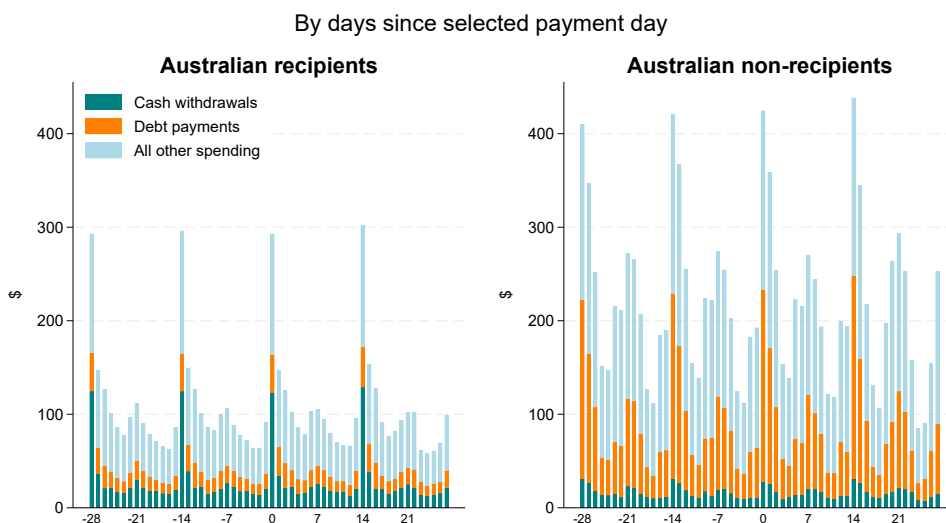


Fact #3: JobSeeker recipients withdraw a large fraction of their payments in cash

Australian JSP recipients allocate close to one-quarter of total monthly spending to cash withdrawals. This is nearly twice as much cash as NZ JSP recipients withdraw on average (Figure 5).

JSP recipients may use cash withdrawals as a budgeting method, allocating a specific amount of cash for spending each week. The fact that Australian recipients withdraw twice as much cash as NZ recipients is consistent with them needing to budget for two weeks rather than one week of spending.⁵ In addition, recipient cash withdrawals spike on payment days and are low on other days of the pay cycle, suggesting that the cash is used for budgeting purposes (left panel of Figure 6). In contrast, debt repayments typically spike on pay days for non-recipients (right panel of Figure 6).⁶

Figure 6: Average Spending by Category in Australia



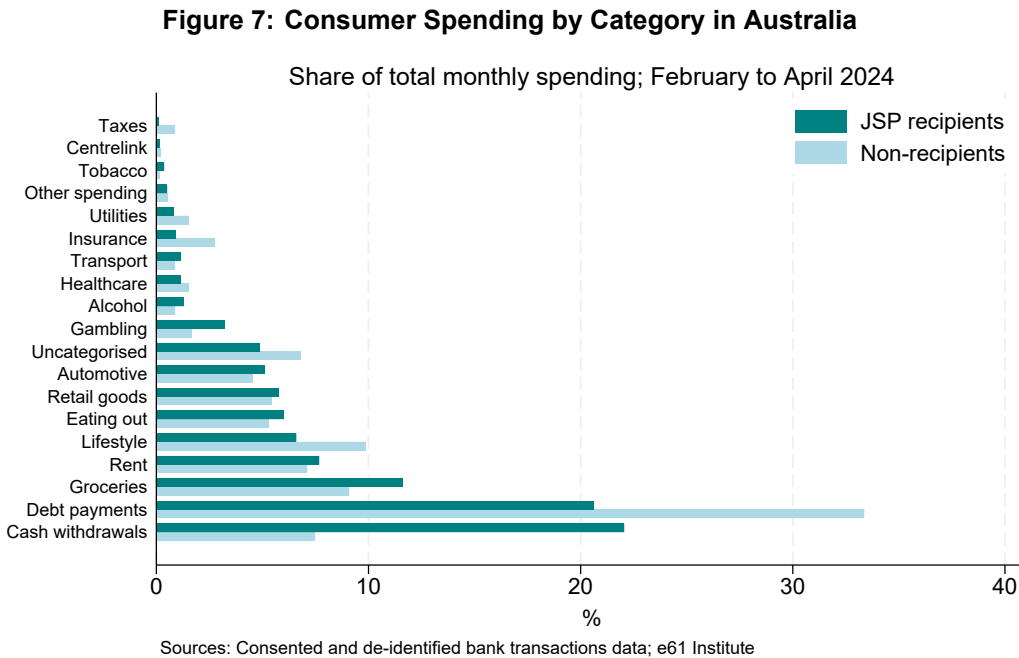
Sample period is February to April 2024
Sources: Consented and de-identified transactions data; e61 Institute

⁴ Statistical analysis indicates that the difference in pay day spending on discretionary items between Australian and NZ recipients is not statistically significant once you control for broader differences in spending patterns of Australians and New Zealanders.

⁵ Cash use by JSP recipients does not vary much between capital city and regional areas on average, suggesting it is not linked to the availability of ATMs.

⁶ Income support recipients may also withdraw high rates of cash as a precautionary measure (e.g. for emergencies). Cash withdrawals can also be used to avoid overdraft fees or credit card interest. Some recipients may also feel more comfortable managing tangible cash compared to digital payments.

The differences in cash allocations for JSP recipients in Australia and NZ are not due to differences in cash use between countries. Australian JSP recipients allocate much more of their spending to cash withdrawals than Australian non-recipients (Figure 7). The average recipient also spends relatively more than the average non-recipient on essential items, such as groceries and rent, although rent spending is likely mismeasured in the transactions data (Box 2). In contrast, non-recipients allocate about one-third of their monthly budget to repaying debts, including mortgages, credit cards and personal loans.



Box 2: Rent payments in bank transactions data

Rent spending is understated in the banking data, particularly for the population of JSP recipients. About 30% of bank accounts record a positive rent payment in a given month, which suggests that about one third of the population is renting. This is similar to estimates from household surveys and Census records, which suggest that about 25-30% of households are renters. But the banking data also suggest that 30% of JSP recipients are renting, whereas the household surveys point to estimates that are typically greater than 50%. And, for those that do rent, the median rent to income ratio is around 20% in the banking data, whereas household surveys indicate that this ratio is closer to 30%.

Rent payments are difficult to observe directly in the banking data because:

- Renters may pay their rent in cash. This will appear as a cash withdrawal in the banking data.
- Renters may pay rent by direct debit to another bank account (e.g. real estate agent, landlord or housemate). These transactions will be classified as an external transfer and cannot be identified consistently as a rent payment unless text such as 'rent' is included in the transactions.
- Renters may have their rent money deducted from their wages or Centrelink payments (via Centrepay) in which case no transaction will appear in their bank statements.

Fact #4: Australian recipients are more likely to experience financial stress than NZ recipients

The average Australian JSP recipient is more likely to be living hand-to-mouth than NZ JSP recipients, where being hand-to-mouth is defined as having less than \$500 available in bank transactions, savings, and credit card accounts (left-hand panel of 8). Similarly, Australian recipients are more likely to experience debit payment failures on their bank accounts - a potential indicator of financial hardship (Garvin, Olckers and Thomas (2025)) (right-hand panel of 8).⁷

7 Australian bank accounts generally record higher rates of debit payment failures than NZ bank accounts. This appears to be due to differences between the two banking systems in how payment failures are recorded. Therefore, these estimates should be treated with some caution.

The average Australian JSP recipient is also more likely to be repaying a payday loan than the average NZ recipient (about 25 and 20 per cent respectively) (Figure 9). This difference may partly reflect the greater market presence of payday lenders in Australia because Australian non-recipients are also more likely to hold payday loans than their NZ counterparts.⁸

Figure 8: Financial Stress Indicators

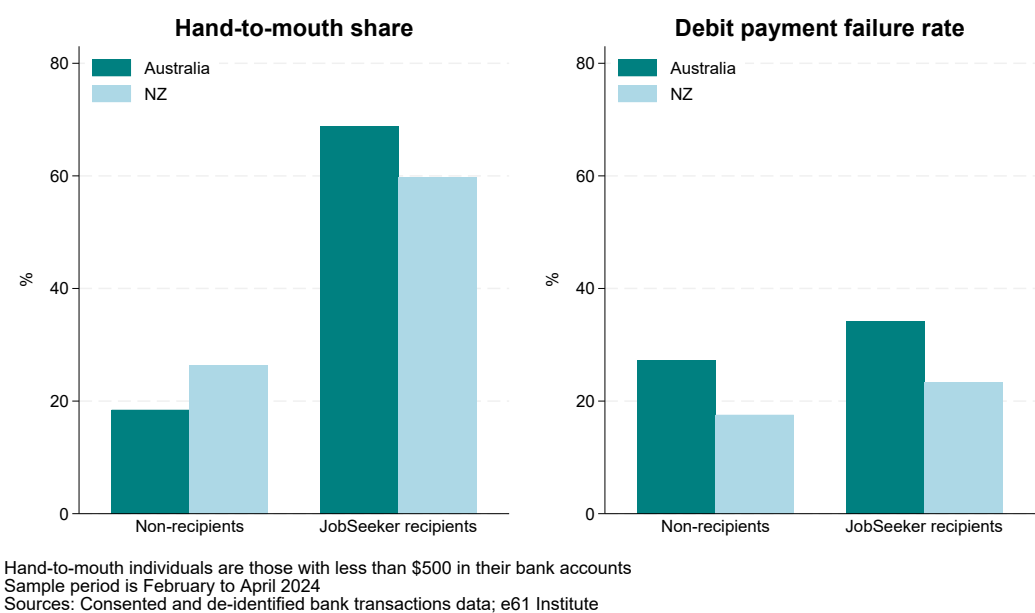
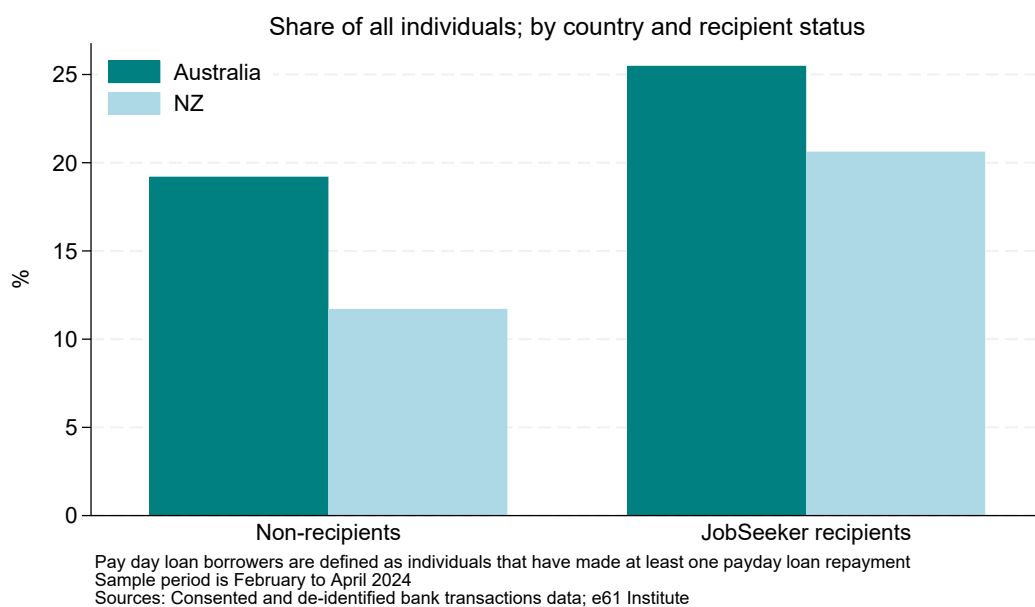


Figure 9: Pay Day Loan Borrowers



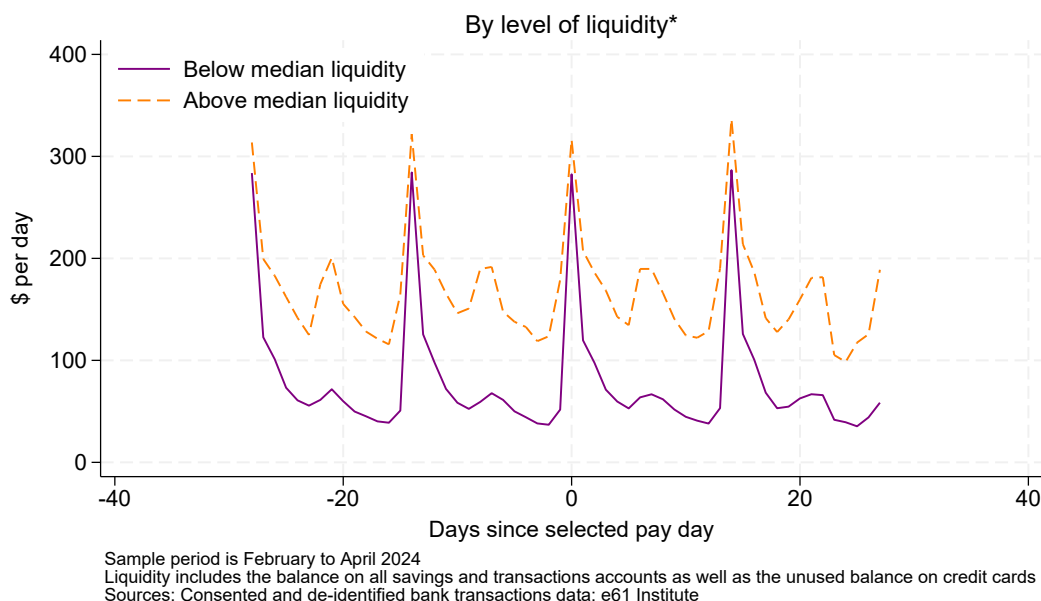
The greater share of payday loans held by Australian recipients is consistent with their greater need to get from one pay packet to the next, as the probability of having a pay day loan is closely linked to liquidity needs.

The greater need for liquidity among Australian JSP recipients is also highlighted by the way in which the spending responses on pay day vary with the recipient’s bank account balance, and hence the level of cash on hand. JobSeeker recipients with below-median account balances have nearly twice the spending response on pay days as those with above-median account

8 The relatively high rate of pay day borrowing among Australians is consistent with survey evidence that suggests about 20-25 per cent of people have a pay day loan (University of Newcastle 2022). The HILDA Survey also indicates that JSP recipients are four times as likely as non-recipients to have borrowed from a pawnbroker in the past year.

balances (Figure 10). In effect, the spending of the more cash constrained recipients ‘catches up’ to the spending of less constrained recipients on pay days. This suggests that the spending of recipients on pay days is highly sensitive to the level of cash available and reinforces the idea that the pay day spending responses are linked to fluctuations in liquidity.

Figure 10: Australian JobSeeker Spending



Conclusion

This research note has explored the potential implications of increasing the frequency of the JobSeeker payment in Australia, similar to the weekly payment system used in New Zealand and already available to JSP recipients experiencing extreme hardship in Australia. The analysis of bank transaction data from both Australia and New Zealand indicates that:

- The spending patterns of Australian JobSeeker recipients are heavily influenced by the fortnightly payment cycle, leading to significant fluctuations in spending and account balances.
- This volatility in spending is notably higher for Australian recipients compared to their New Zealand counterparts who receive weekly payments. This suggests that a more frequent payment schedule could contribute to a more stable and predictable spending pattern for recipients.
- Contrary to concerns about potential increases in impulsive spending, the evidence suggests that more frequent payments are associated with improved liquidity and do not necessarily lead to greater myopia. Australian recipients, despite receiving payments less frequently, exhibit higher spending on pay day and allocate a larger proportion of their budget to spending on gambling, alcohol, and tobacco compared to New Zealand recipients.
- More frequent payments are associated with a lower incidence of pay day borrowing among NZ recipients, suggesting that they have less demand for short-term credit to get them to the next pay day.
- Australian recipients withdraw a significantly larger proportion of their payments in cash compared to NZ recipients, likely as a budgeting strategy to manage expenses over a longer period between payments.

These findings suggest that a shift towards more frequent JobSeeker payments in Australia could offer several advantages for recipients. A weekly payment system may:

- Enable better cash flow management and reduce reliance on costly credit during lean periods.
- Mitigate financial hardship and stress by smoothing spending patterns and reducing volatility.
- Minimise the need for cash withdrawals and pay day loans as budgeting methods.

Policymakers should consider facilitating easier access to weekly payments for Australian JobSeeker recipients, empowering them to manage their finances more effectively and potentially improving their overall financial wellbeing.

The analysis is based on aggregated, consented and de-identified bank transactions data that are collected and aggregated by a third-party data provider. The dataset includes information on New Zealanders that live in New Zealand which allows for comparisons of income and spending trends of income support recipients in both countries.

The variables used in the analysis include:

- Spending
- Income
- Deposit and loan balances
- Some limited information on customer demographics, such as postcode location

A sample of aggregated bank accounts is analysed that includes accounts reporting the receipt of the JobSeeker payment, other income support payments, and a random sample of 5% of bank accounts that include the receipt of a wage or salary payment. The sample includes only aggregated bank accounts that meet the following conditions:

- Have a transactions history that spans the 3-month window from February 1, 2024 to April 30, 2024;
- Have at least 15 outgoing transactions during the 3-month period;
- Have at least one inflow from transactions categories of 'Centrelink JobSeeker', 'NZ Work and Income', 'NZ Inland Revenue Benefits', 'Superannuation', 'Centrelink Economic Support' or at least one inflow categorised as 'Wages' (we take a 5% random sample of this group)

The sample is divided into two groups of accounts - recipients and non-recipients - based on whether they include a transaction for the JobSeeker payment or not. An account is classified as a JobSeeker recipient if they report 5 consecutive JobSeeker payments in a 3-month window. An account is classified as a non-recipient if they report 5 consecutive wage or salary payments in the same 3-month window. The day 'zero' in the figures in the main text is based on the middle payment date (among the 5 consecutive payments) and can vary depending on the day of the week in which the account receives the payment.

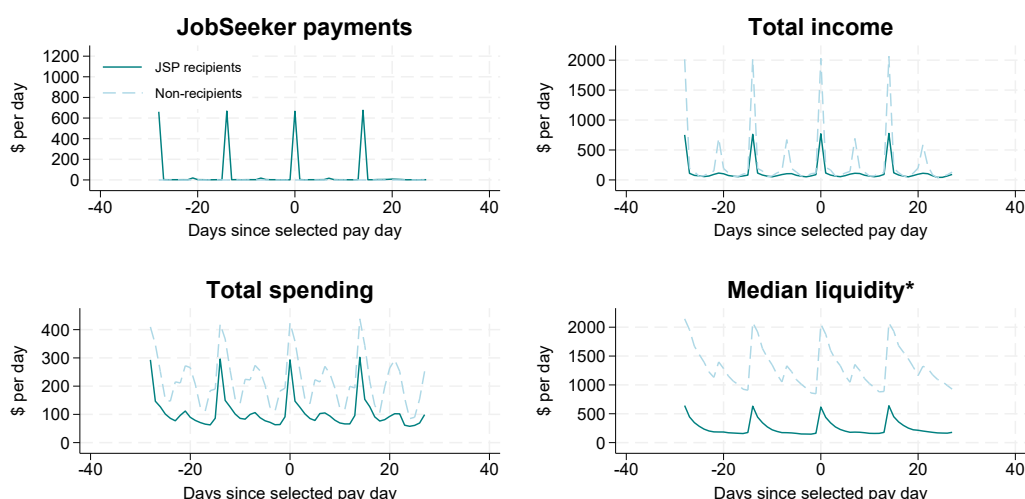
The final balanced sample includes 9,100 JSP recipients and 8,890 non-recipients in Australia between February and April 2024. The sample also includes about 4,200 JSP recipients and 10,100 non-recipients living in New Zealand.

The spending of both JobSeeker recipients and non-recipients closely follow the payment cycle in Australia (Figure B.1). For recipients, the after-tax JobSeeker payments are around \$602 per fortnight on average. This is slightly below the (before tax) payment schedule that was active between February and April 2024 of \$700 a fortnight for a partnered recipient and around \$800 for a single person with dependents. Average after-tax income, including unemployment benefits, wage earnings and other pension payments, is estimated at around \$730 per fortnight. Average recipient spending increases by nearly \$300 on the payment day, suggesting that 40 per cent of the payment is 'spent' on the first day.

The account balances of both recipients and non-recipients also clearly follow the pay cycle. The account balance of the median JobSeeker recipient (\$318) is much lower than that of the median non-recipient (\$1216).

Figure B.1: Total Spending, Income and Account Balances by Recipient Status

By recipient status



Sample period is February to April 2024

Liquidity includes the balance on all savings and transactions accounts as well as the unused balance on credit cards

Sources: Consented and de-identified bank transactions data; e61 Institute

Next, the spending, income and bank account balances of recipients and non-recipients are compared in Australia and New Zealand. Differences in the characteristics of recipients could drive differences in spending patterns over the pay cycle rather than differences in the frequency of payment.

Overall, the distributions of spending and incomes of JobSeeker recipients in Australia and New Zealand are closely aligned, with the median level of spending and income being very similar between the two countries (Figure C.1). Among non-recipients, Australians appear to earn and spend a bit more than New Zealanders.

Figure C.1: Distributions of Income and Spending

By country and recipient status; 2024

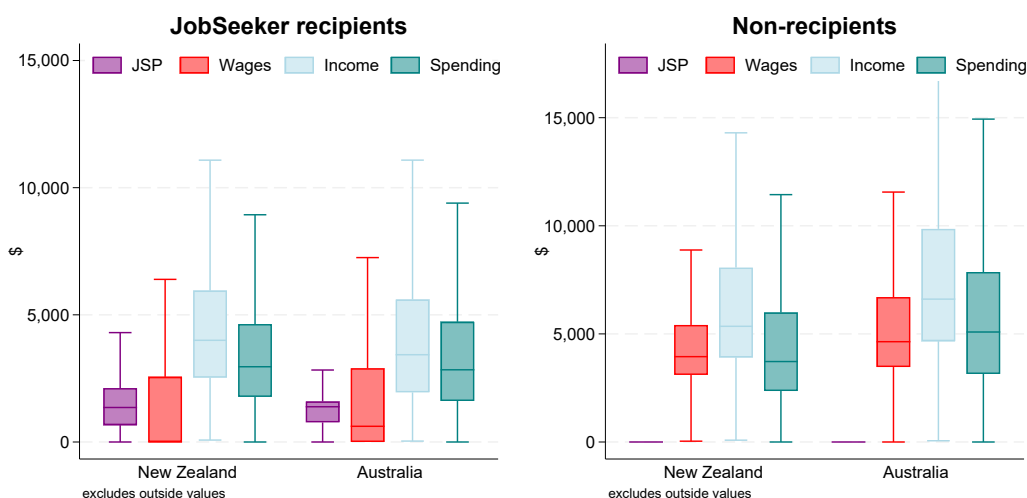
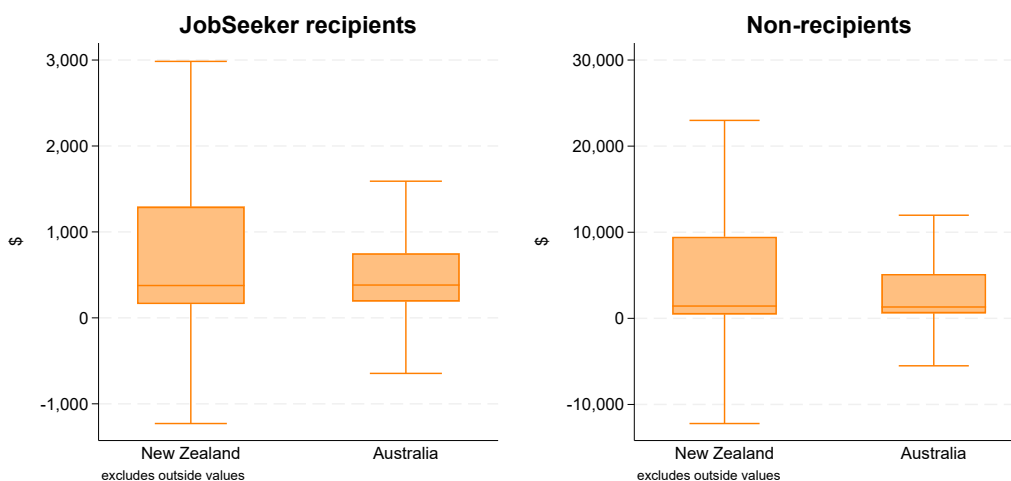


Figure C.2: Distributions of Liquidity

By country and recipient status; 2024



As shown in Figure 1, the median liquidity of recipients in both countries closely follow the pay cycle. More generally, the distributions of liquidity for Australian and NZ JobSeeker recipients closely resemble each other (Figure C.2). For non-recipients, the distributions of liquidity are higher than for recipients, but again similar between the two countries. It will be important to control for these differences in the statistical analysis of spending volatility, which is discussed in the next Appendix.⁹

The tables below provide detailed estimates of monthly spending for JobSeeker recipients and non-recipients in both Australia and New Zealand across the various spending categories in the bank transactions data.

Table C.1: Monthly spending for recipients and non-recipients in Australia, February to April 2024 (\$A)

	<i>JSP recipients</i>				<i>Non-recipients</i>			
	Mean	Median	Std.Dev.	Obs	Mean	Median	Std.Dev.	Obs
Total spending	3584.0	2839.3	2972.8	40416	6182.4	5086.9	4776.7	26673
ATM withdrawals	790.4	300.0	1376.5	40416	461.5	0.0	1247.1	26673
Alcohol purchases	46.5	0.0	119.7	40416	54.9	0.0	132.4	26673
Centrelink payments	6.0	0.0	71.2	40416	11.7	0.0	130.4	26673
Automotive expenses	183.6	75.5	321.7	40416	281.2	140.8	683.8	26673
Debt payments	738.6	306.5	1174.0	40416	2063.0	1250.0	2606.5	26673
Dining out	215.1	118.6	281.7	40416	327.8	232.8	366.5	26673
Gambling expenses	115.1	0.0	683.3	40416	102.8	0.0	838.2	26673
Grocery purchases	416.8	265.5	497.3	40416	562.1	397.2	635.4	26673
Health expenses	41.3	0.0	151.4	40416	93.9	13.0	394.5	26673
Insurance payments	32.8	0.0	115.7	40416	169.5	0.0	351.9	26673
Lifestyle expenses	236.5	114.5	468.0	40416	610.4	315.7	1031.6	26673
Other expenses	18.3	5.7	73.8	40416	32.8	5.0	137.6	26673
Rent payments	275.2	0.0	664.4	40416	439.9	0.0	919.5	26673
Retail purchases	206.3	82.3	393.3	40416	336.0	169.9	548.8	26673
Taxes	3.6	0.0	71.6	40416	53.2	0.0	570.5	26673
Tobacco purchases	13.3	0.0	55.0	40416	10.9	0.0	58.2	26673
Transport expenses	41.1	0.0	117.9	40416	54.4	0.0	150.3	26673
Uncategorised spending	174.7	0.0	604.9	40416	421.2	48.4	1075.0	26673
Utility bills	28.8	0.0	113.7	40416	95.1	0.0	218.0	26673

Sources: Aggregated, consented and de-identified bank transactions data; e61 Institute

⁹ It may seem surprising that the level of liquidity is similar for Australian and NZ recipients given the differences in pay cycles. But two recipients can have the same bank balance *on average* and yet one is paid twice as often. For example, one recipient might have \$2000 in their bank account in the first week and nothing in the second week while the other recipient has \$1000 in their account in both weeks. The second recipient should have a greater ability on average to deal with income and spending shocks that are randomly distributed during the fortnight.

Table C.2: Monthly spending for recipients and non-recipients in NZ, February to April 2024 (\$A)

	<i>JSP recipients</i>				<i>Non-recipients</i>			
	Mean	Median	Std.Dev.	Obs	Mean	Median	Std.Dev.	Obs
Total spending	3657.7	2958.2	3092.2	13842	4835.3	3721.0	4238.5	30237
ATM withdrawals	456.6	109.2	861.7	13842	266.1	0.0	704.7	30237
Alcohol purchases	31.8	0.0	89.4	13842	38.6	0.0	192.0	30237
Centrelink payments	0.0	0.0	0.0	13842	0.2	0.0	13.0	30237
Automotive expenses	239.7	163.1	291.7	13842	275.8	189.8	397.4	30237
Debt payments	880.1	495.3	1336.1	13842	1689.2	967.7	2404.3	30237
Dining out	233.2	151.6	279.2	13842	244.3	166.4	311.0	30237
Gambling expenses	104.9	0.0	495.3	13842	70.4	0.0	509.2	30237
Grocery purchases	521.0	382.7	525.5	13842	521.6	368.2	646.9	30237
Health expenses	27.7	0.0	95.8	13842	48.9	0.0	217.7	30237
Insurance payments	72.7	0.0	207.8	13842	164.5	67.8	329.0	30237
Lifestyle expenses	278.5	131.1	710.8	13842	449.4	225.3	835.9	30237
Other expenses	41.5	0.9	381.3	13842	101.7	0.7	528.8	30237
Rent payments	341.9	0.0	950.9	13842	390.4	0.0	864.6	30237
Retail purchases	184.3	84.2	322.4	13842	214.5	101.8	376.7	30237
Taxes	14.5	0.0	178.5	13842	49.9	0.0	463.7	30237
Tobacco purchases	14.6	0.0	42.6	13842	11.0	0.0	35.8	30237
Transport expenses	12.3	0.0	72.9	13842	17.2	0.0	79.2	30237
Uncategorised spending	127.2	0.0	475.6	13842	205.4	0.0	811.9	30237
Utility bills	75.3	0.0	146.6	13842	76.4	0.0	157.0	30237

Sources: Aggregated, consented and de-identified bank transactions data; e61 Institute

If differences in pay frequency cause differences in spending volatility for Australian and NZ JSP recipients, it is important that Australian and NZ recipients are similar in other characteristics. Otherwise, any differences in characteristics may drive the observed differences in spending patterns rather than pay frequency. For example, there is no asset test for NZ recipients, so any differences in spending volatility between Australian and NZ recipients could be due to differences in their wealth rather than frequency of pay.

To test whether the differences in spending volatility between Australian and NZ recipients are due to other observed characteristics, a cross-sectional regression is estimated:

$$(1) \quad CVOL_i = \beta_0 + \beta_1 AUS_i + \beta_2 JOBSEEKER_i + \beta_3 AUS_i * JOBSEEKER_i + \gamma CONTROLS_i + \epsilon_i$$

Where the volatility of spending for bank account i ($CVOL_i$) depends on a dummy variable for being a resident in Australia or not (AUS_i), a dummy variable for being a JobSeeker recipient or not ($JOBSEEKER_i$) and the interaction of these two dummy variables. The controls ($CONTROLS_i$) include measures of fortnightly income volatility and the level of bank balances. The error term is assumed to be white noise.

The coefficient interpretations are as follows:

- β_0 : The intercept is the expected value of spending volatility for the baseline group which is NZ non-recipients;
- β_1 : The difference in spending volatility between Australian non-recipients and NZ non-recipients;
- β_2 : The difference in spending volatility between NZ recipients and NZ non-recipients;
- β_3 : The additional difference in spending volatility for Australian recipients relative to the additive effects of being Australian (β_1) and being a JobSeeker recipient (β_2).

The interaction term captures whether the effect of being Australian differs specifically for Jobseeker recipients. If JSP recipients in Australia experience higher rates of spending volatility than just being an Australian or just being a JSP recipient, then we would expect the coefficient on the interaction dummy to be greater than zero ($\beta_3 > 0$).

The spending and income volatility measures are estimated on the basis of the coefficient of variation (the standard deviation divided by the mean) over a given fortnight. Each value of $CVOL_i$ is the average for the coefficient of variation across all the fortnights observed in the sample.

The regression estimates indicate that Australian JSP recipients experience a higher degree of spending volatility than the other three comparison groups. The coefficient of variation is nearly 0.4 units higher for Australian JSP recipients compared to the baseline group, which is NZ non-recipients. The effect is half as strong but still statistically significant at 0.18 units after controlling for other factors such as pay volatility and the level of account balances.

Table D.1: Estimates of spending volatility for JSP recipients

	No controls	Controls
Australia	-0.0124 (0.00808)	-0.0113 (0.00790)
JobSeeker recipient	-0.0855*** (0.00999)	0.0700*** (0.00990)
Australian JobSeeker recipient	0.356*** (0.0136)	0.179*** (0.0130)
Income volatility		0.291*** (0.00500)
Bank account balance		0.00122*** (0.000188)
Constant	1.607*** (0.00551)	0.840*** (0.0136)
Observations	32186	32186
R^2	0.044	0.146

Standard errors are clustered by bank account. Standard errors in parentheses

Sources: Aggregated, consented and de-identified bank transactions data; e61 Institute

To assess the representativeness of the sample, the distributions of wage earnings and unemployment benefit payments estimated from bank transactions are compared to the equivalent distributions for workers and social security recipients based on government administrative data.

The administrative data on workers and wage earnings are sourced from the Australian Taxation Office's Single Touch Payroll (STP) data. This is weekly data on every Australian business and worker since FY2019/20. The administrative data on social security recipients are sourced from the Department of Social Services (DSS) dataset known as Data Over Multiple Individual Occurrences (DOMINO). This includes weekly records on every social security recipient since 2006. The STP and DOMINO datasets are merged at the individual level using a unique identifier. This allows us to track both workers and social security recipients over time. The datasets are made available through the Australian Bureau of Statistics' Person-Level Integrated Data Asset (PLIDA).

The sample of workers and social security recipients is restricted to people aged between 22 and 67 as this is the age range of eligibility for JobSeeker. The JobSeeker recipients are directly identified in DOMINO based on payment classification codes. Total income is measured each month as the sum of total wage earnings (across all jobs) and unemployment benefit payments, including supplements but excluding related payments such as rental assistance.

JobSeeker Recipients		
	Transactions data	Administrative data
Share of sample:	4.8	5.0
Monthly (\$)		
Average unemployment benefits	955	1462
Median unemployment benefits	1193	1634
Average wages	485	548
Median wages	0	0
Average income	2399	2011
Median income	1689	1670
Non-recipients		
	Transactions data	Administrative data
Share of sample: (%)	95.2	95.0
Monthly (\$)		
Average unemployment benefits	0	0
Median unemployment benefits	0	0
Average wages	3723	6936
Median wages	3395	6401
Average income	5466	6936
Median income	4548	6401

The sample period covers February to April 2024.

Recipients include people receiving at least one JobSeeker payment in a given month.

Non-recipients include people that do not receive a JobSeeker payment in a given month.

Sources: ABS; Aggregated, consented and de-identified bank transactions data; e61 Institute

Table E.1: Comparison of bank transactions and administrative data

The comparison of the bank transactions and administrative data indicates that the transactions data are representative of the population of Australian JobSeeker recipients (Table E.1). For recipients, the mean and median income estimates are very similar across the two data sources. However, for non-recipients, the average level of wage earnings (and total income) is about one-third higher in the administrative data. This suggests that the transactions data mostly capture lower-income workers. The transactions data suggest that 4.8% of the sample are JSP recipients, which is basically identical to the administrative data.

ABS Person-level Integrated Data Asset

The results of these studies are based, in part, on data supplied to the ABS under the Taxation Administration Act 1953, A New Tax System (Australian Business Number) Act 1999, Australian Border Force Act 2015, Social Security (Administration) Act 1999, A New Tax System (Family Assistance) (Administration) Act 1999, Paid Parental Leave Act 2010 and/or the Student Assistance Act 1973. Such data may only be used for the purpose of administering the Census and Statistics Act 1905 or performance of functions of the ABS as set out in section 6 of the Australian Bureau of Statistics Act 1975. No individual information collected under the Census and Statistics Act 1905 is provided back to custodians for administrative or regulatory purposes. Any discussion of data limitations or weaknesses is in the context of using the data for statistical purposes and is not related to the ability of the data to support the Australian Taxation Office, Australian Business Register, Department of Social Services and/or Department of Home Affairs' core operational requirements.

Legislative requirements to ensure privacy and secrecy of these data have been followed. For access to MADIP and/or BLADE data under Section 16A of the ABS Act 1975 or enabled by section 15 of the Census and Statistics (Information Release and Access) Determination 2018, source data are de-identified and so data about specific individuals has not been viewed in conducting this analysis. In accordance with the Census and Statistics Act 1905, results have been treated where necessary to ensure that they are not likely to enable identification of a particular person or organisation.

Household, Income and Labour Dynamics in Australia (HILDA) Survey

The Household, Income and Labour Dynamics in Australia (HILDA) Survey was initiated and is funded by the Australian Government Department of Social Services (DSS), and is managed by the Melbourne Institute of Applied Economic and Social Research (Melbourne Institute). The findings and views based on these data should not be attributed to either DSS or the Melbourne Institute.