

ANNEX I

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ABSTRACT

Title	<i>Evolution of household income during the COVID-19 crisis in Austria</i>
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Topic	<i>A2. The urgent need for data during the pandemic</i>

According to international recommendations (e.g. Canberra Handbook) on household income and poverty measurement the key to accurately measuring relative poverty is to get a full view on the financial situations in the private households by using last year's income. However, the advantages of this concept like smoothing out short-term economic circumstances of a household and minutely covering all income sources are also its weak point: to get reliable information on income in the reference year either via questionnaire or via registers (or combined) means we lag behind approximately two years in the indicator production. To give a concrete example for EU-SILC, the European Statistical System tool for social indicator production: When the crisis hit Europe in spring 2020 in most countries data collection of EU-SILC 2020 was underway – income reference year for that production year is 2019, so way before any consequences of lockdowns, rise of unemployment, closing of businesses.

So when it comes to exceptional situations like the Covid-19 pandemic we cannot tell anything quickly about the current situation by using last year's household income. To fill the need to get to know how the pandemic affects the living standard of private households we can instead refer to other measures:

- Current monthly household income – a more basic measure for the living standard

- Household income evolution during last 12 months
- Expected household income evolution in the coming 12 months
- Main reasons for any changes in income

All those variables are more of a subjective nature (also the question for the amount of current household income since it is based on a crude assessment of the household respondent). And they all have in common that they are only foreseen in the core of the yearly SILC target variables starting in 2021. Eurostat, knowing of course about their value to help short term statistics, recommended to collect questions like those in spring 2020 (but this was not covered by EU legislation).

The Austrian data collection took place in March until July 2020 so most of the households answered the questionnaire with the background of the starting pandemic or during the (first) national "lockdown". We will make use the information mentioned above for a first and preliminary analysis of the income situation in 2020 and can combine the information with further data on short-time work, unemployment and household composition to see if the evolution of household income hints at a rise of poverty and economic hardships even at this early stage of the pandemic.