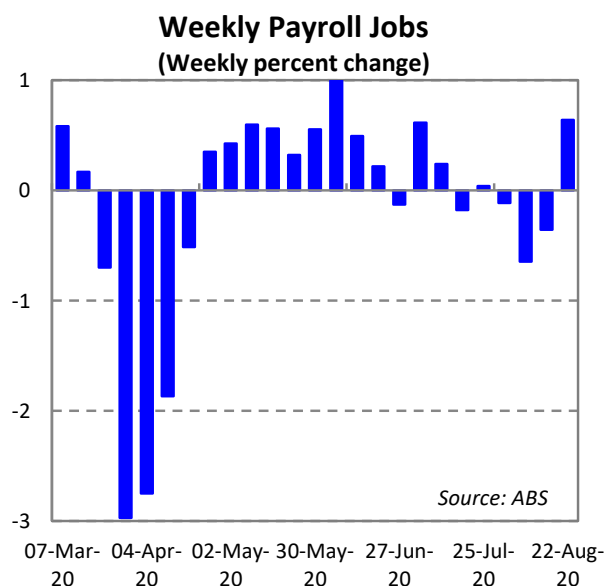
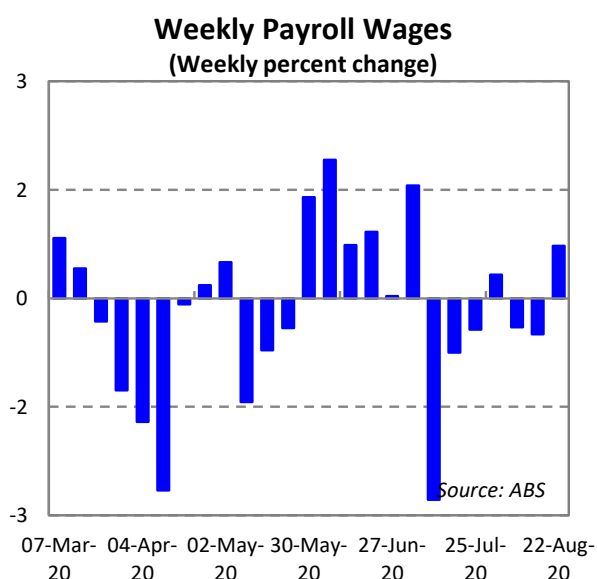


Tuesday, 9 September 2020

Weekly Payroll Wages & Jobs Edging Higher - Slowly

- Payroll jobs & wages began to recover in early May from the sharp losses over March and April. This recovery has faltered somewhat but the August outcomes were broadly encouraging at a national level.
- Jobs rose by 0.3% over the fortnight to 22 August while total wages paid by companies rose 0.2%. Care must be taken with this non-seasonally adjusted data, but it did move in the right direction.
- From 14 March, when Australia recorded its 100th confirmed COVID-19 case, the number of payroll jobs fell 8.5% by mid-April. By 22 August (the latest numbers) they have risen to be 4.2% below its 14 March level. Total wages fell to a low of 7.7% below the 14 March base and have partially recovered to be 5.2% below its level on 14 March.
- The national picture on payroll jobs hides the variation between the States and Territories. Not surprisingly, given the renewed lockdowns, Victoria remains 7.9% below the 14 March level while Western Australia is just 1.0% below.
- A few industries have been able to lift employment since 14 March. The electricity, gas, water and waste services industry has seen a rise of 3.7% and there has been a 2.7% lift in public administration and safety payrolls.



At a national level, the number of jobs and the total wages paid are edging up – slowly.

From 14 March, when Australia recorded its 100th confirmed COVID-19 case, the number of payroll jobs fell 8.5% by mid-April. By 22 August (the latest numbers) they have risen to be 4.2% below its March 14 level. Total wages fell to a low of 7.7% below its March 14 base and have risen to be 5.2% below its March 14 level.

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The variation in total wages is similar. At one end, Victorian total wages are down 6.2% from 14 March while in the Northern Territory they are down just 0.2%. In both payrolls and wages paid, the extent on Covid-19 mobility restrictions are the primary drivers of the outcomes.

Today's ABS fortnightly payroll and wages data is not seasonally adjusted and is subject to variability fortnight to fortnight. As such it pays to see the broader trends. That said it was encouraging to see national payroll jobs up 0.3% between 8 August and 22 August. Likewise, total wages rose 0.2%.

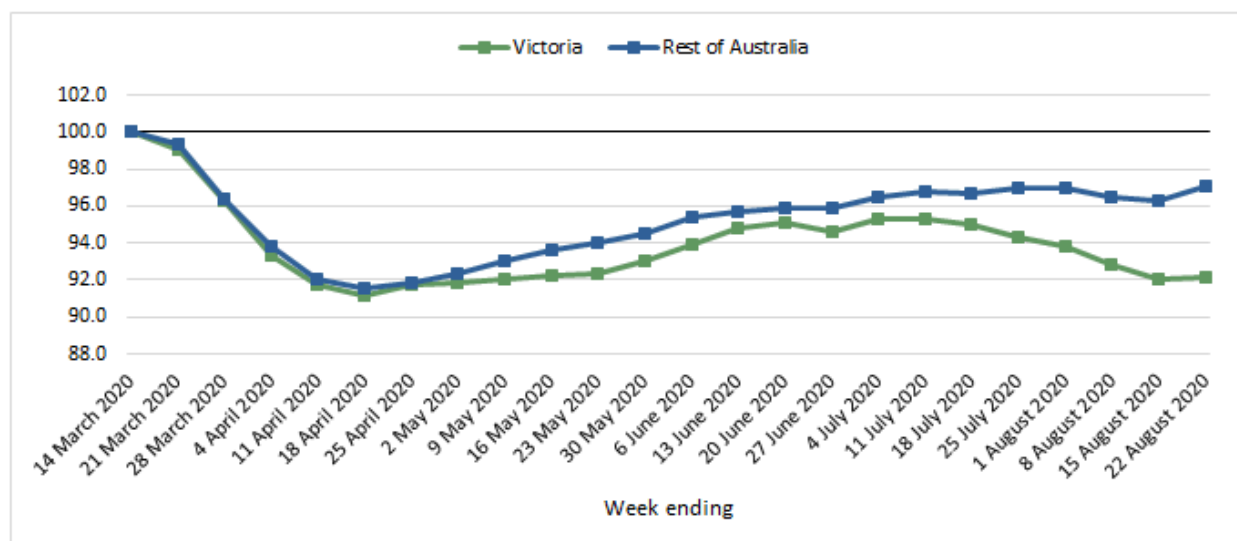
States

All States and Territories continue to report payroll job below pre-Covid-19 levels. As noted, the weakest outcome is Victoria (-7.9%) followed by Tasmania (-4.2%), the ACT (-4.0%), Queensland (-3.3%) and NSW (-3.2%). Payroll levels are closer to pre-Covid-19 levels in South Australia (-2.8%), the Northern Territory (-1.1%) and Western Australia (-1.0%).

A similar picture emerges with total wages. The better levels of recovery have been in the Northern Territory (-0.2%), South Australia (-2.9%) and the ACT (-3.5%). Weaker wage recovery was seen in Victoria (-6.2%), NSW (-5.6%), Western Australia (-5.4%), Tasmania (-4.4%) and Queensland (-4.2%).

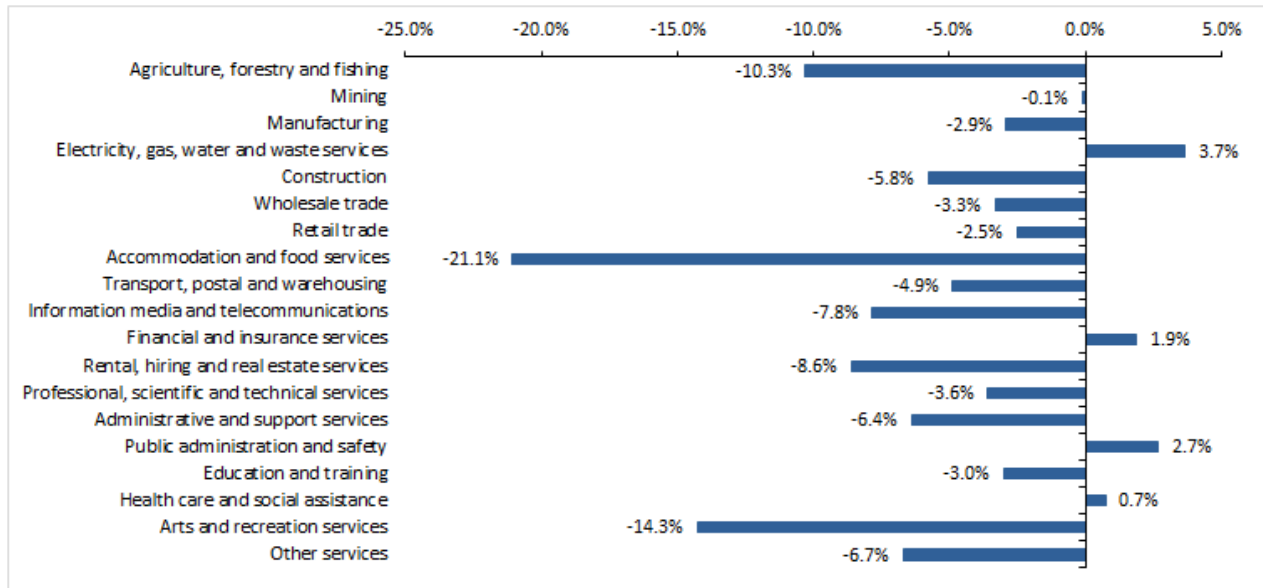
In the fortnight 8 August to 22 August, all States and Territories bar Victoria (-0.7%) saw an increase in payroll. Rising more than 1% in the period were Tasmania (1.3%) and South Australia (1.1%). In terms of total wages in the period, there were increases in all States and Territories bar Victoria (-0.6%) and the ACT (-1.0%).

The **ABS chart** below tracks their **index of payroll jobs** and illustrates the difficulties faced by Victoria. As Victoria recovers, so the national picture will also improve.



Industries

The **ABS chart** below illustrates the percent changes in payrolls by industry between 14 March 2020 and 22 August 2020.



A few industries have been able to lift employment since 14 March. The electricity, gas, water and waste services industry has seen a rise of 3.7% and there has been a 2.7% lift in public administration and safety payrolls.

On the downside, payrolls in accommodation and food services are still down 21.1% from 14 March. Payrolls in the arts and recreation sector are down 14.3% and surprisingly, there is a 10.3% decline in the agriculture, forestry and fishing sector from their levels on 14 March. The outcome for the agricultural sector likely reflects the lack of seasonal adjustment in the data. Several agricultural sectors employ seasonal workers who are either not available or not required at present.

Outlook

The latest data on payrolls and wages is broadly encouraging but caution is needed in interpreting single, non-seasonally adjusted data points. The worst appears to be over, but there are new challenges ahead including when government programs are scaled back.

The easing of restrictions, due to better health outcomes, has lifted payrolls and total wages. Further easing of restrictions, when appropriate, will continue that process. We look forward to the eventual removal of both domestic and international travel restrictions as these will assist those regions and industries hardest hit by border closures.

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