

# **IMPACT OF COVID-19 ON EMPLOYMENT IN AUSTRALIA**

## **Weekly Payroll and Wages in Australia**

**NELSON ASTON, ECONOMIST**  
**ST.GEORGE ECONOMICS**

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# OVERVIEW

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- The Australian Bureau of Statistics (ABS) has released the first edition of a new fortnightly series of statistics covering weekly wage and employment data submitted to the Australian Tax Office (ATO).
- The most recent available data show a marked drop in the number of employees and wages paid in the two weeks since Australia recorded its 100th coronavirus case and strict social distancing measures were introduced.
- Employment fell by 6.0% in the two weeks to April 4, which included a 5.5% drop over the most recent week. This is a large fall in a short amount of time.
- Wages fell by a greater amount than employment, reflecting reduced hours and some employers standing down staff. Wages fell 6.7% in the two weeks to April 4.
- The Federal government's JobKeeper wage subsidy was introduced at the end of March and would have encouraged some businesses to keep employees on.
- Accommodation & food services and arts & recreation services recorded the largest falls in both employment and wages over the two weeks to April 4. These industries were the most heavily hit by the implementation of social distancing and movement restrictions.
- Accommodation & food services saw a 25.6% and 30.1% decline in employment and wages, respectively, while for arts & recreation there was a 15.7% and 18.7% decline in the same respective categories.
- Retail sales saw a 2.7% fall in employment, while the fall in wages paid was 7.6%.
- By State, the largest fall in employment was in Tasmania (-7.3%) while the Northern Territory saw a 17.6% plunge in wages.
- By age, the decline in employment was felt most by the oldest and youngest Australians.
- There was a 9.9% drop in employment among those aged under 20 while for those aged over 70 there was a 9.7% decline.
- In March, the separate Labour Force Survey showed that there were around 13 million Australians employed. A 6% decline in employment would result in approximately 780k job losses.

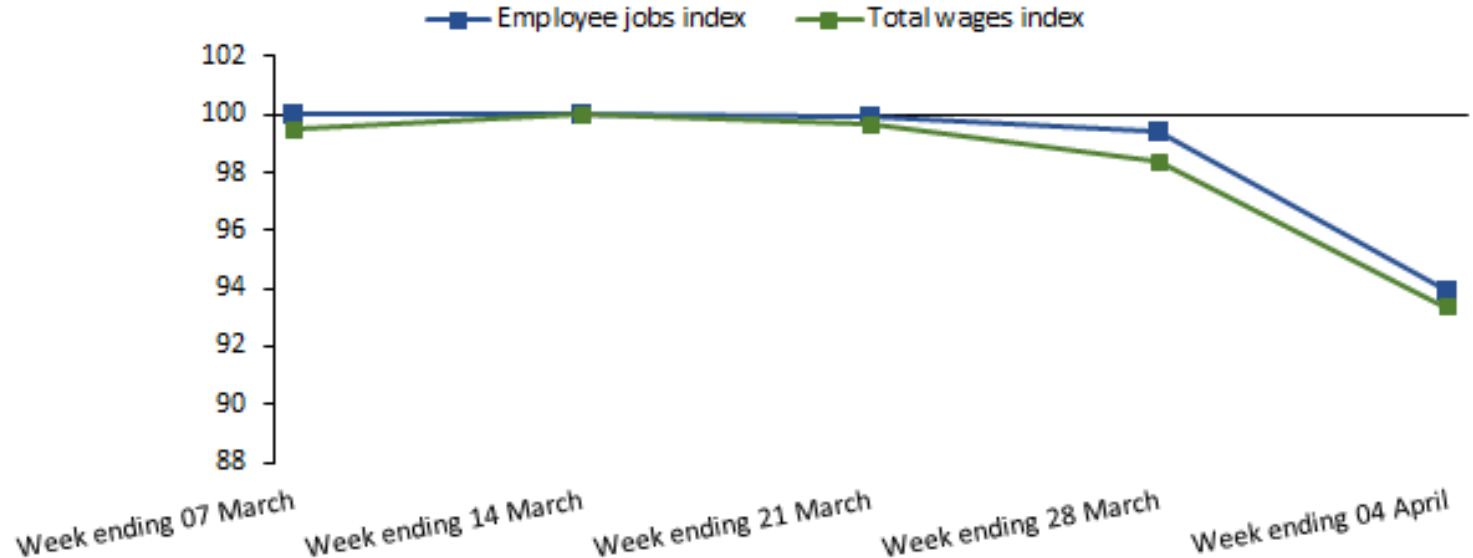
# RELEASE DETAIL

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- The Australian Bureau of Statistics (ABS) today released its first edition of a new experimental series titled *Weekly Payroll Jobs and Wages*.
- Data on employment and wages is based on information gathered from the Australian Taxation Office (ATO)'s Single Touch Payroll (STP) system.
- The series is further stratified by age, sex, industry and State.
- It is due to be updated every fortnight, 17 days after the final week of the reference period.
- It is estimated that 99% of significant employers (those who employ 20 or more people) and 71% of small businesses (those employing less than 20 people) are on STP.
- The first edition includes historical data spanning back to the week ending January 4 and ends on the week ending April 4.
- The employment and wages series are indexed to the week ending March 14, the week when Australia recorded its 100<sup>th</sup> case of the coronavirus.

# IMPACT ON EMPLOYMENT AND WAGES

Graph 1: Changes in employee jobs and total wages indexed to the week ending 14 March 2020

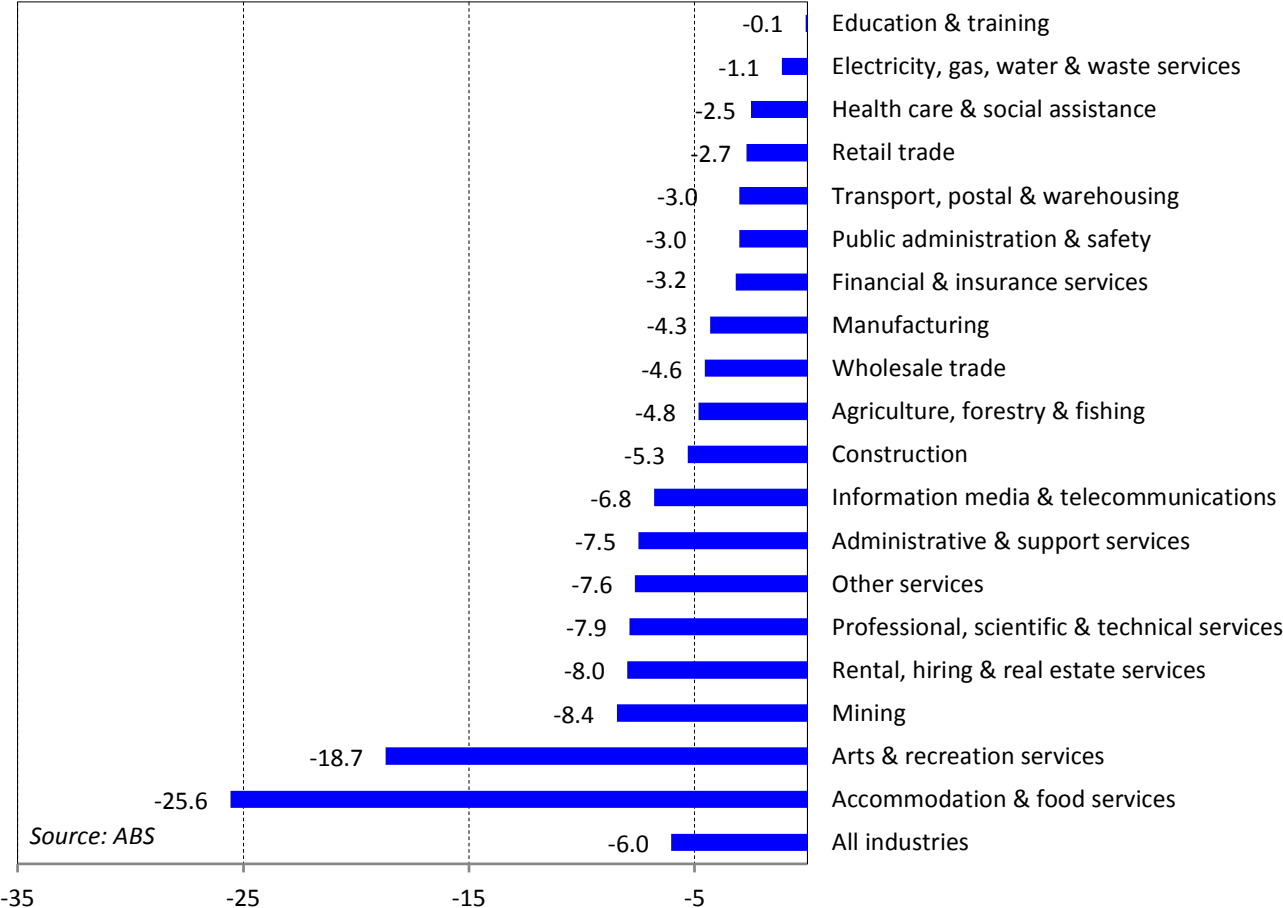


Source: ABS

- The two marquee measures in the weekly payroll jobs and wages statistics are the index for wages and employment.
- They show that in the two weeks ending April 4, employment fell 6.0% and wages paid fell 6.7%.

# IMPACT ON EMPLOYMENT BY SECTOR

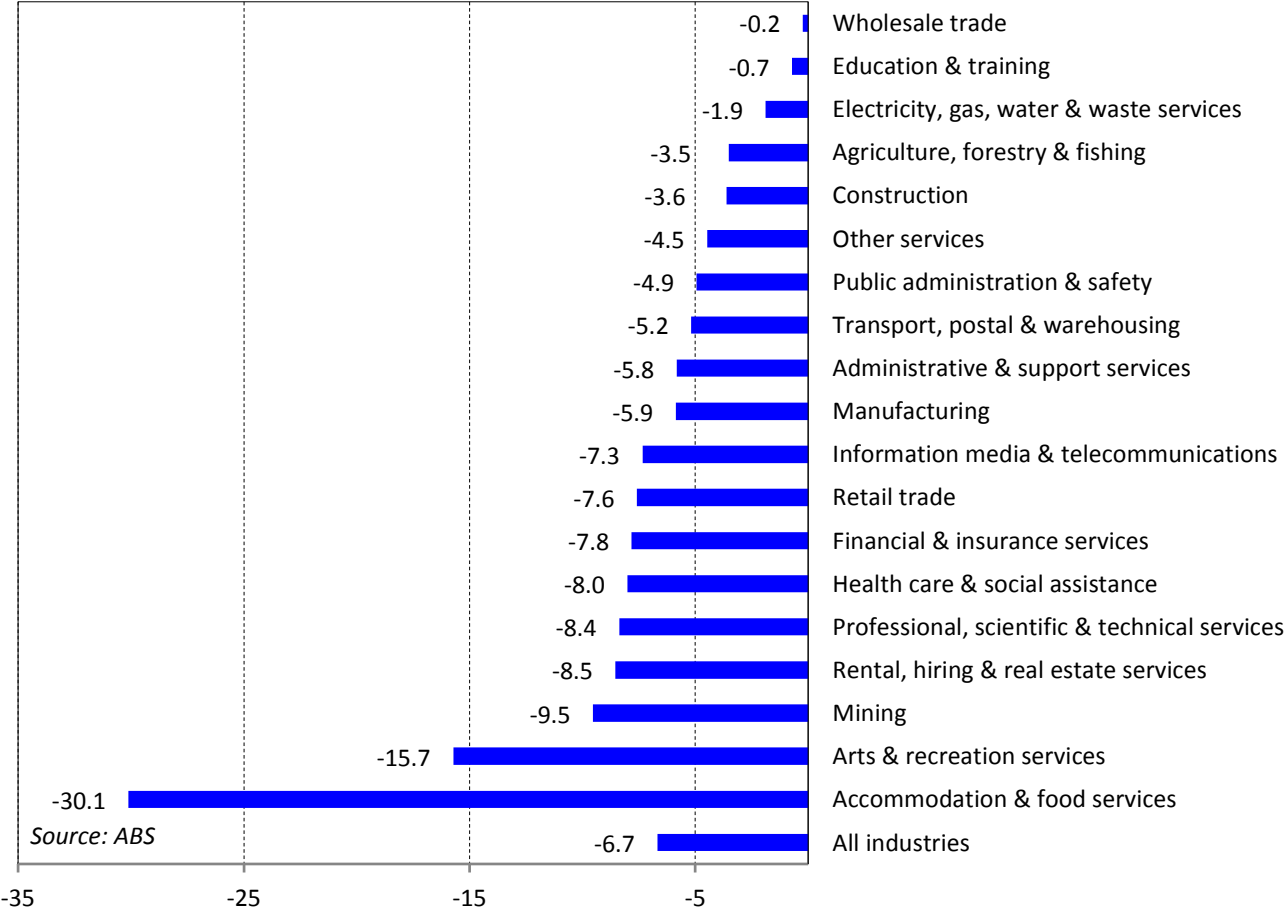
**Employment by Industry**  
(Percentage change in index between March 14 and April 4)



- Accommodation & food services reported the biggest drop in employment, of 25.6% in the two weeks to April 4.
- The second largest fall was recorded in arts & recreation services (-18.7%). These sectors bore the brunt of the social distancing rules introduced in mid March.
- Retail trade recorded a relatively modest decline in employment of 2.7%, despite the restrictions on movement and gatherings. This could be because of a shift in service delivery, or because businesses were retaining employees despite a fall in turnover as at April 4.
- The Federal government’s JobKeeper program was announced on March 30. It is a wage subsidy of up to \$1,500 per fortnight for eligible employers affected by the coronavirus.
- It’s announcement may have already begun to have an effect in the week it was announced, but further data documenting its effect will be available in future releases.

# IMPACT ON WAGES BY SECTOR

**Wages Paid by Industry**  
(Percentage change in index between March 14 and April 4)



- Wages fell across most industries by more than the relevant drop in employment, consistent with firms choosing to stand down employees or reduce hours rather than permanently lay them off.
- The disruption to demand has been predominately due to the health crisis, with many firms otherwise viable.
- By standing down employees without pay where possible, businesses will lower their cost of rehiring once conditions return to more normal levels.
- The Federal government’s JobKeeper wage subsidy was introduced at the end of March and may also have encouraged businesses to keep employees on.
- Industries such as retail trade, which have a higher prevalence of casual workers recorded a much larger decline in wages paid compared with employment.

# JOBS AND WAGES BY STATE AND TERRITORIES

|                  | Change in employee<br>jobs between<br>March 14 and April 4 | Change in total<br>wages between<br>March 14 and April 4 |
|------------------|--|--|
| NSW              | -6.4%  | -6.1%  |
| Vic.             | -6.8%  | -8.8%  |
| Qld.             | -5.0%  | -5.6%  |
| SA               | -5.2%  | -2.2%  |
| WA               | -5.2%  | -6.3%  |
| Tas.             | -7.3%  | -7.5%  |
| NT               | -4.8%  | -17.6%   |
| ACT              | -5.5%  | -5.7%  |
| <b>Australia</b> | <b>-6.0%</b>   | <b>-6.7%</b>   |

Source: ABS

- All States & territories recorded significant declines in employment and wages paid over the two weeks to April 4.
- The Northern Territory recorded the largest drop in wages paid, which fell 17.6%, followed by an 8.8% fall in Victoria.
- Employment fell by the largest percentage in Tasmania of 7.3% while in Victoria it fell 6.8%.



# JOBS AND WAGES BY AGE

| Age                | Change in employee jobs between March 14 and April 4 | Change in total wages between March 14 and April 4 |
|--------------------|--|--|
| Under 20           | -9.9%  | -12.7%   |
| 20-29              | -8.8%  | -9.1%  |
| 30-39              | -5.5%  | -6.5%  |
| 40-49              | -4.3%  | -6.2%  |
| 50-59              | -3.8%  | -5.5%  |
| 60-69              | -4.0%  | -5.7%  |
| Over 70            | -9.7%  | -6.3%  |
| <b>All persons</b> | <b>-6.0%</b>   | <b>-6.7%</b>                                       |

Source: ABS

- By age, the decline in employment was felt most by the oldest and youngest Australians.
- There was a 9.9% drop in employment among those aged under 20 while for those aged over 70 there was a 9.7% decline.
- Wages paid to those under 20 fell 12.7%, reflecting the relatively high proportion employed in highly affected sectors.

# CONTACTS

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## **Chief Economist**

Besa Deda

[dedab@stgeorge.com.au](mailto:dedab@stgeorge.com.au)

(02) 8254 3251

## **Senior Economist**

Janu Chan

[chanj@stgeorge.com.au](mailto:chanj@stgeorge.com.au)

(02) 8253 0898

## **Economist**

Nelson Aston

[nelson.aston@stgeorge.com.au](mailto:nelson.aston@stgeorge.com.au)

(02) 8254 1316

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