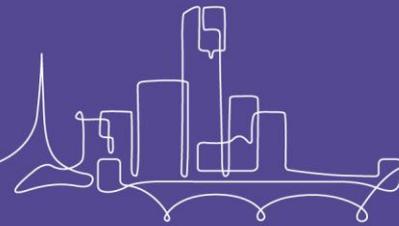


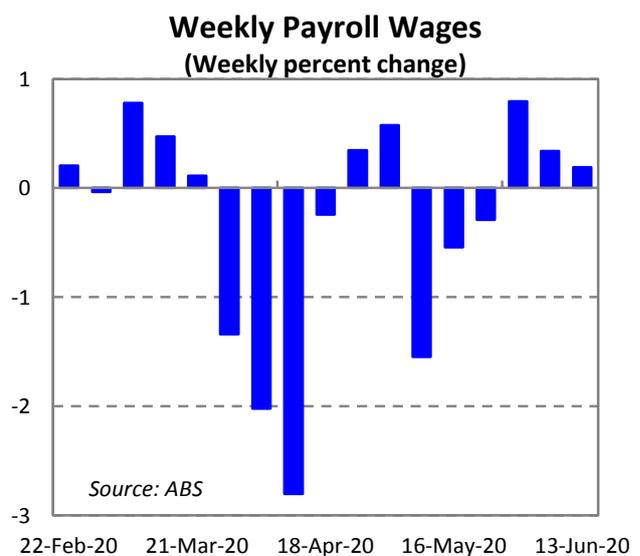
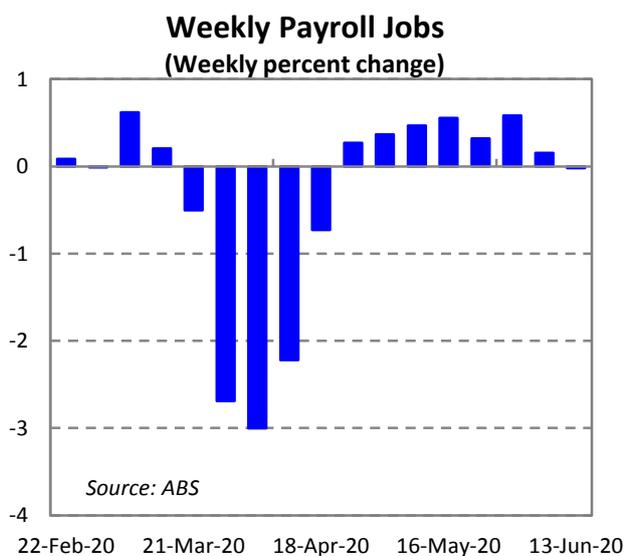


Tuesday, 30 June 2020



Weekly Payroll Wages & Jobs No Longer Fatal, But Still Serious

- Payroll jobs & wages continued to stabilise in June, but the pace of recovery slowed.
- Jobs increased by 1.0% in the 4 weeks to June 13. However, the pace of recovery has slowed, with payroll jobs figures rising 0.1% in the two weeks to June 13. It was the weakest fortnightly result since April 25 when the economy remained in the grips of a lockdown.
- As of June 13, there were 6.4% fewer jobs compared with March 14. The level of jobs is approximately 28% above its pandemic low reached in the fortnight to April 18.
- The data is not seasonally adjusted and does not account for hiring patterns, public holidays or other seasonal factors. Caution should be taken when using the data to draw conclusions about broad economic trends.
- The accommodation & food services sector also saw a healthy rise, with employment up 3.8% over the four weeks. However, the level of jobs in the sector remains well below its pre-pandemic level.
- Four industries saw payroll jobs decline in the four weeks to June 13, one remained the same and 14 saw an increase.
- The tepid increase in payrolls over the past fortnight suggests that the labour market has stabilised, but that the road back to pre-pandemic employment conditions will be long and bumpy. Unemployment is likely to stay high for some time.



The labour market continued to stabilise in June, according to the most recent release of weekly payrolls jobs and wages data. Jobs increased by 1.0% in the 4 weeks to June 13. However, the pace of recovery has slowed, with payroll jobs figures rising 0.1% in the two weeks to June 13. It was the weakest fortnightly result since April 25 (-0.5%) when the economy remained in the grips of a lockdown.

Weekly payrolls statistics are a new series produced by the Australian Bureau of Statistics (ABS) based on data provided by the Australian Taxation Office (ATO). The series does not yet have enough history to be seasonally adjusted. As such, drawing broader economic conclusions from weekly movements should be done with caution because historical hiring patterns, public holidays and other seasonal effects are not accounted for. Nevertheless, the data is suggesting that the steep downward trend in employment has abated.

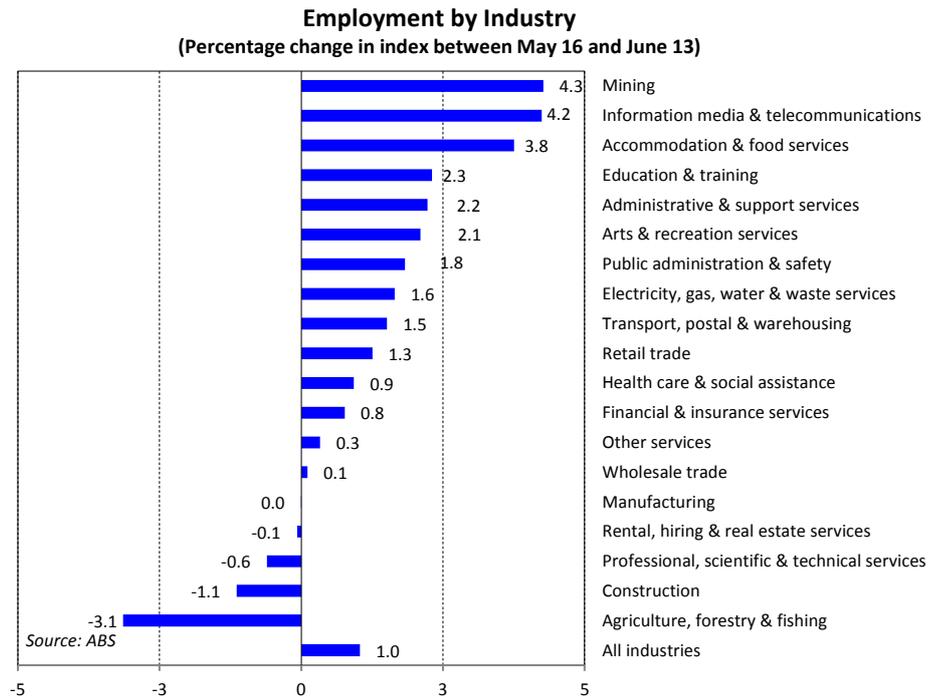
Wages paid by companies rose 0.5% in the two weeks to June 13. In the 4 weeks to June 13, wages rose by 1.0%, its best four-week outturn since the four weeks to March 21, before strict movement restrictions were introduced. Payrolls wages data has been more volatile and subject to larger revisions compared with payroll employee counts due to the classification JobKeeper. Payroll wages are allocated to the underlying period when work was done, not when payments are made.

The bulk of the declines in payroll jobs occurred between the weeks ending March 14 (when Australia recorded its 100th COVID-19 case) and the week ending April 18. Over this period, payrolls jobs declined 8.8%. Jobs have slowly improved since then. As of June 13, there were 6.4% fewer jobs compared with March 14. Put another way, the level of jobs is approximately 28% above the pandemic low.

The mining sector added the most employees to the payroll in the four weeks to June 13, with a 4.3% increase. Employment in the mining sector has been relatively resilient throughout COVID-19. A separate survey conducted by the ABS in mid June showed that mining sector companies were the least likely to report a reduction in revenue during the pandemic (31% of mining sector companies said their revenue declined while 66% of all firms experienced a fall).

The accommodation & food services sector also saw a healthy rise, with employment up 3.8% over the four weeks. However, the level of jobs in the sector remains well below its pre-pandemic level. Jobs in the sector remained 28.6% lower between the weeks ending March 14 and June 13. The arts & recreation services sector is another sector that is recovering (2.1% growth in the four weeks to June 13), but continues to struggle compared with four months ago (-23.9% since March 14).

Four industries saw payroll jobs decline in the four weeks to June 13, one remained the same (manufacturing) and 14 saw an increase. Since March 14, only two industries have returned to their previous level of employment or above: electricity, gas, water & waste services (1.2% higher) and financial & insurance services (0.8%).



All States and territories recorded an increase in jobs growth in the four weeks to June 13. The fastest growth rate in payroll jobs in the four weeks to June 13 was recorded in Western Australia (2.3%). Strong growth was also recorded in South Australia and Tasmania, at 1.6% each. Growth was slowest in Queensland (0.5%) and the ACT (0.7%). Victorian payrolls grew 0.9% and New South Wales recorded a 1.0% increase. Jobs growth in the Northern Territory was slightly above the national average, at 1.2%.

The further stabilisation in payrolls during the first two weeks of June is a positive development from the perspective that labour market conditions are not deteriorating further following catastrophic falls in April and May. More ominously, the pace of recovery in fortnightly jobs growth has slowed dramatically, suggesting that the road back to pre-pandemic employment conditions will be long and bumpy.

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