

# ECONOMIC RECOVERY, COMMUNITY SERVICES AND COVID

PRESENTATION TO AN ONLINE FORUM HOSTED BY Q SHELTER

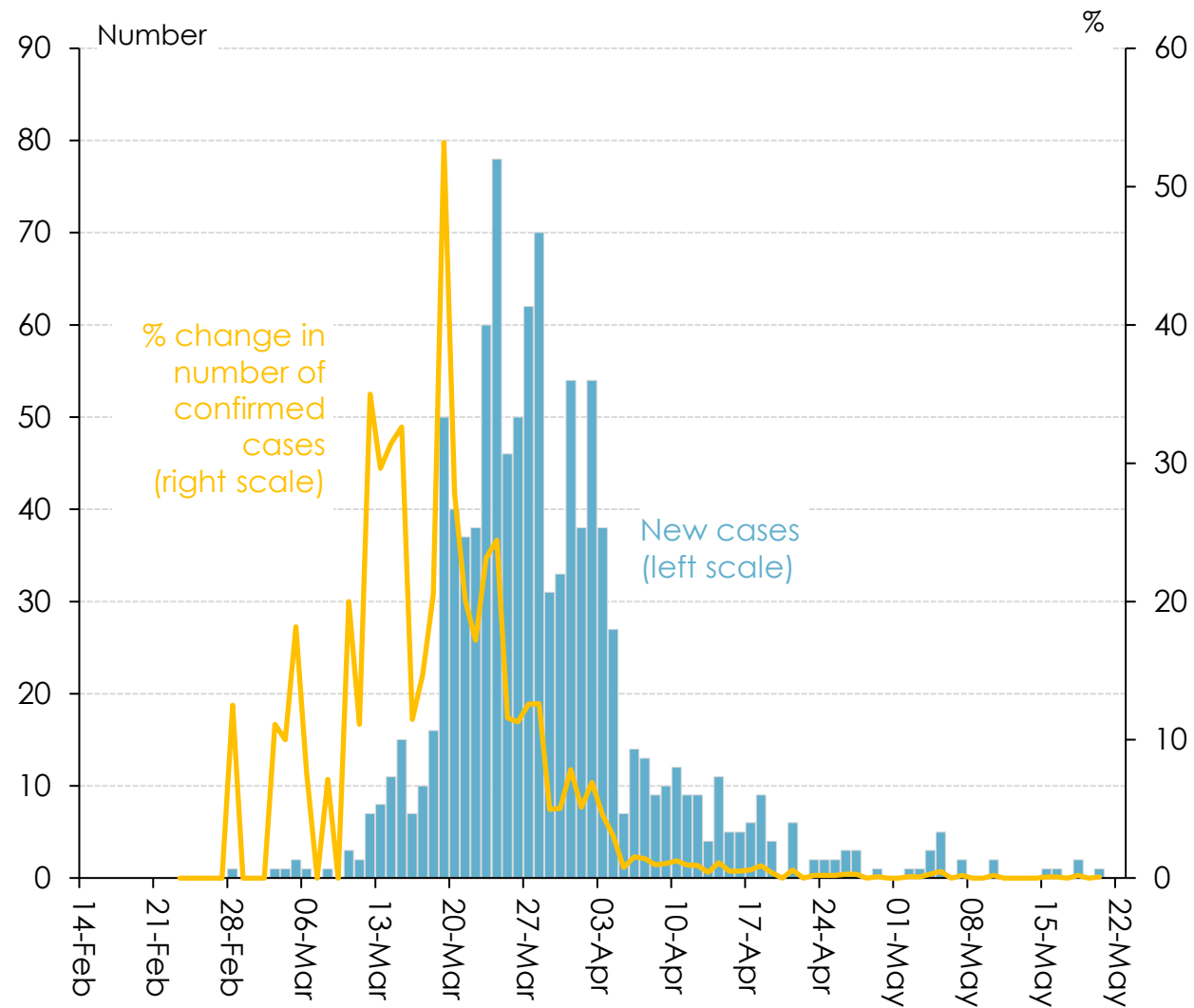
21<sup>ST</sup> MAY 2020

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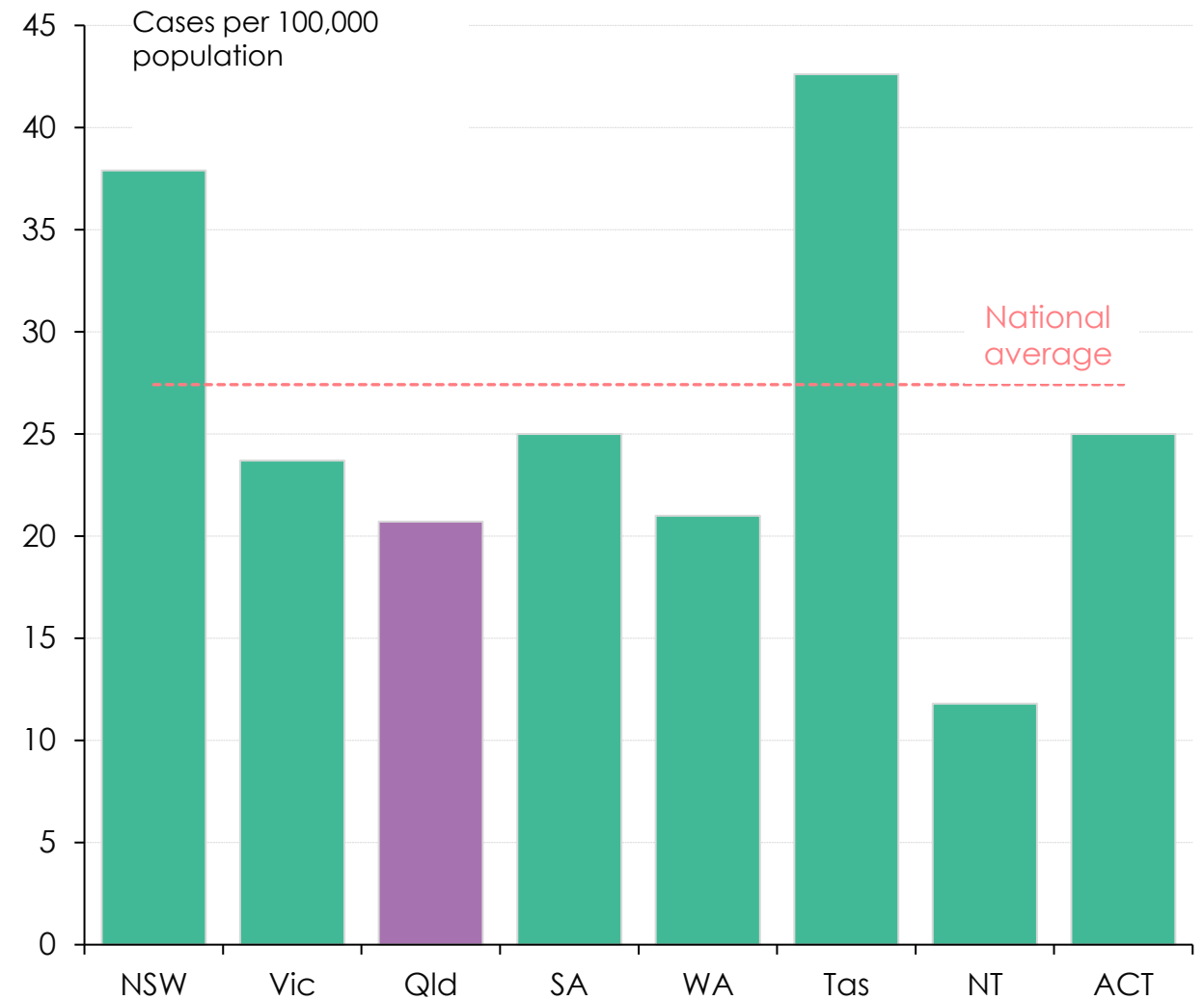
**SAUL ESLAKE**  
CORINNA ECONOMIC ADVISORY PTY LTD

# Queensland has succeeded in containing the spread of Covid-19

## New Covid-19 cases in Queensland



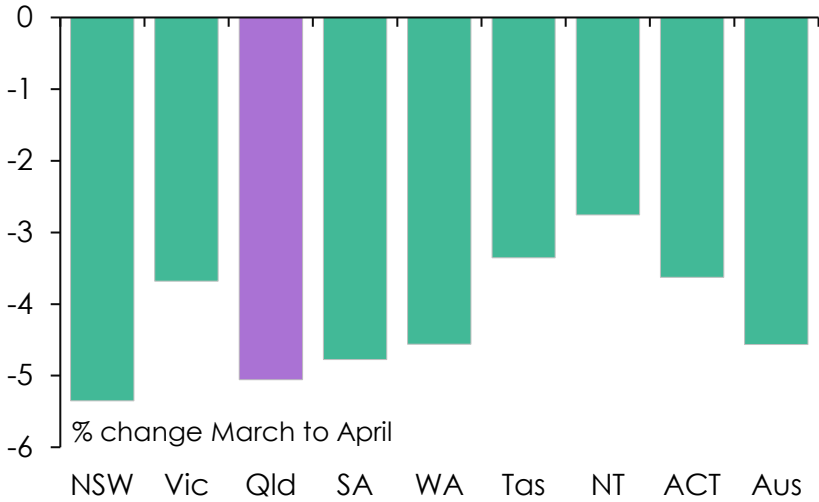
## Confirmed cases per 100,000 population



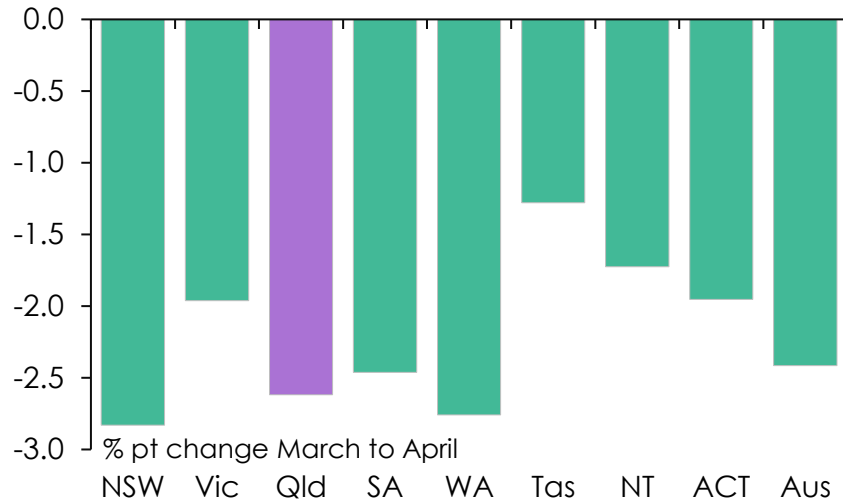
Note: Data up to 20<sup>th</sup> May. Source: covid19data.com.au

# As in the rest of Australia, containing the spread of the virus has entailed a significant economic cost

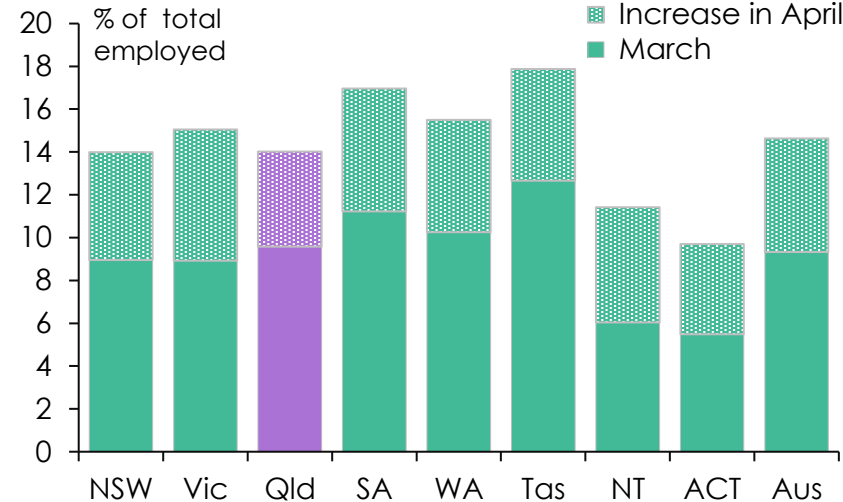
## Employment



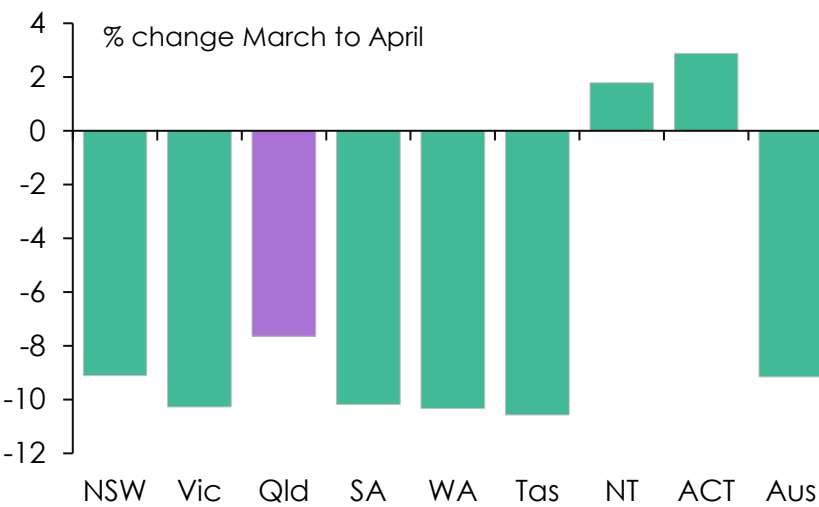
## Labour force participation rate



## Under-employment ratio



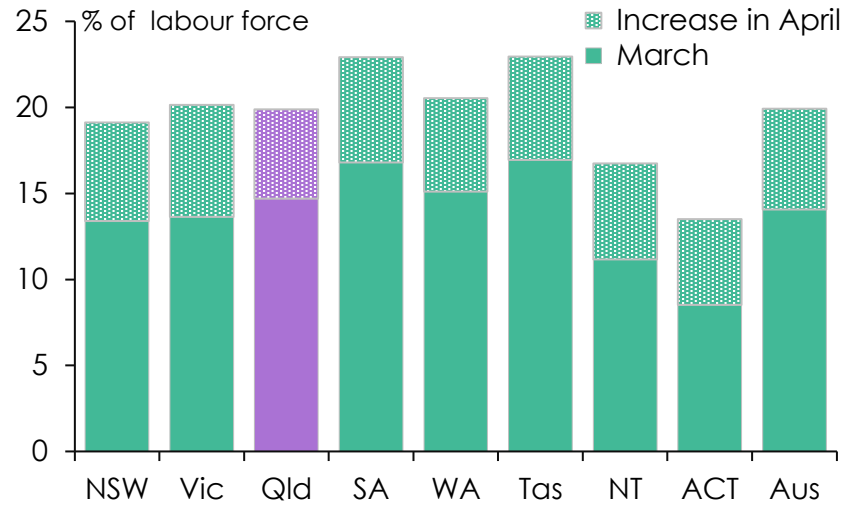
## Total hours worked



## Unemployment rate



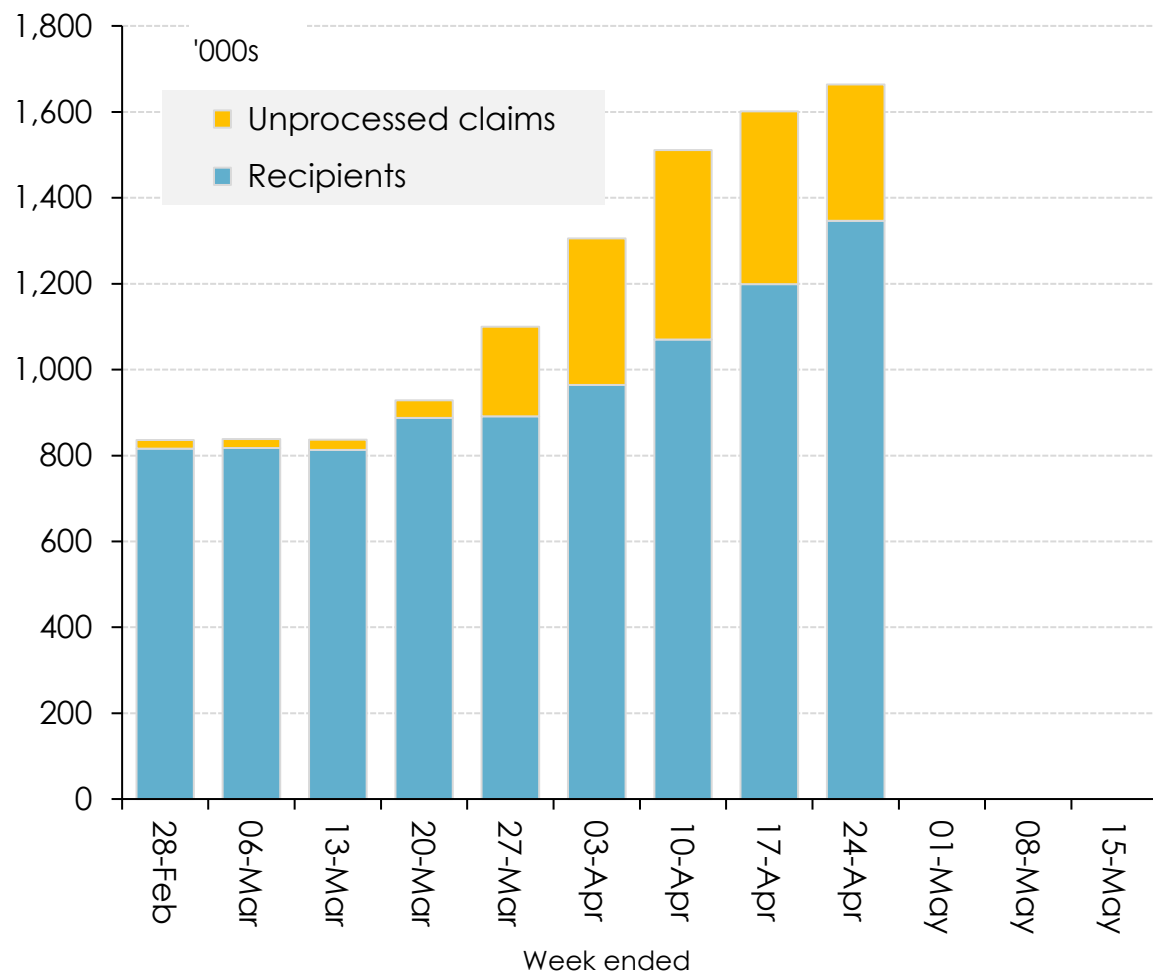
## 'Under-utilization' rate



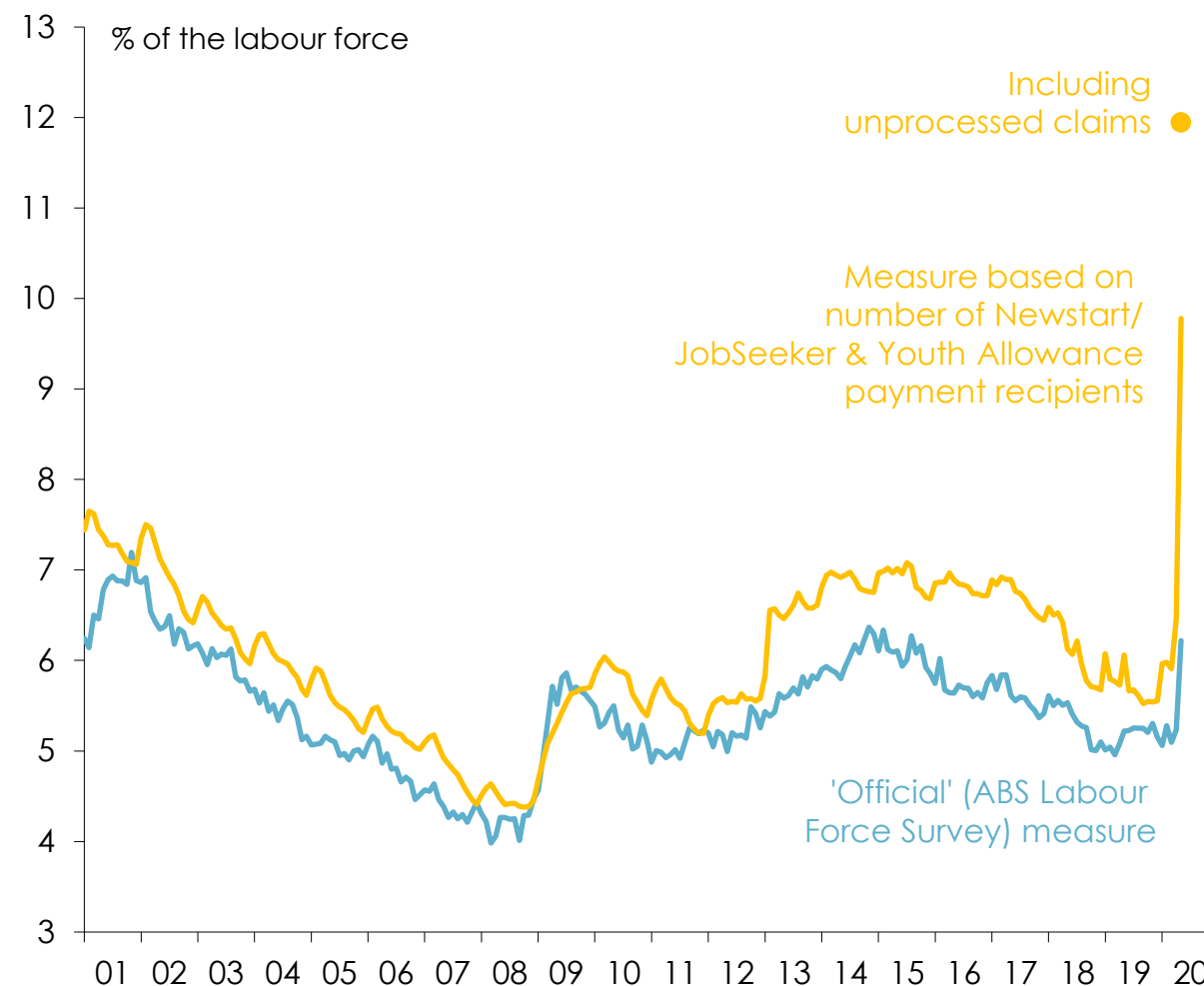
Note: The 'under-employment ratio' is the percentage of employed persons who are working fewer hours than they are willing and able to work. The 'under-utilization rate' is the proportion of the labour force who are unemployed or underemployed. Source: ABS.

# The measured unemployment rate is understating the 'true' extent of job losses

## Number of people receiving or seeking Newstart/JobSeeker or Youth Allowance payments



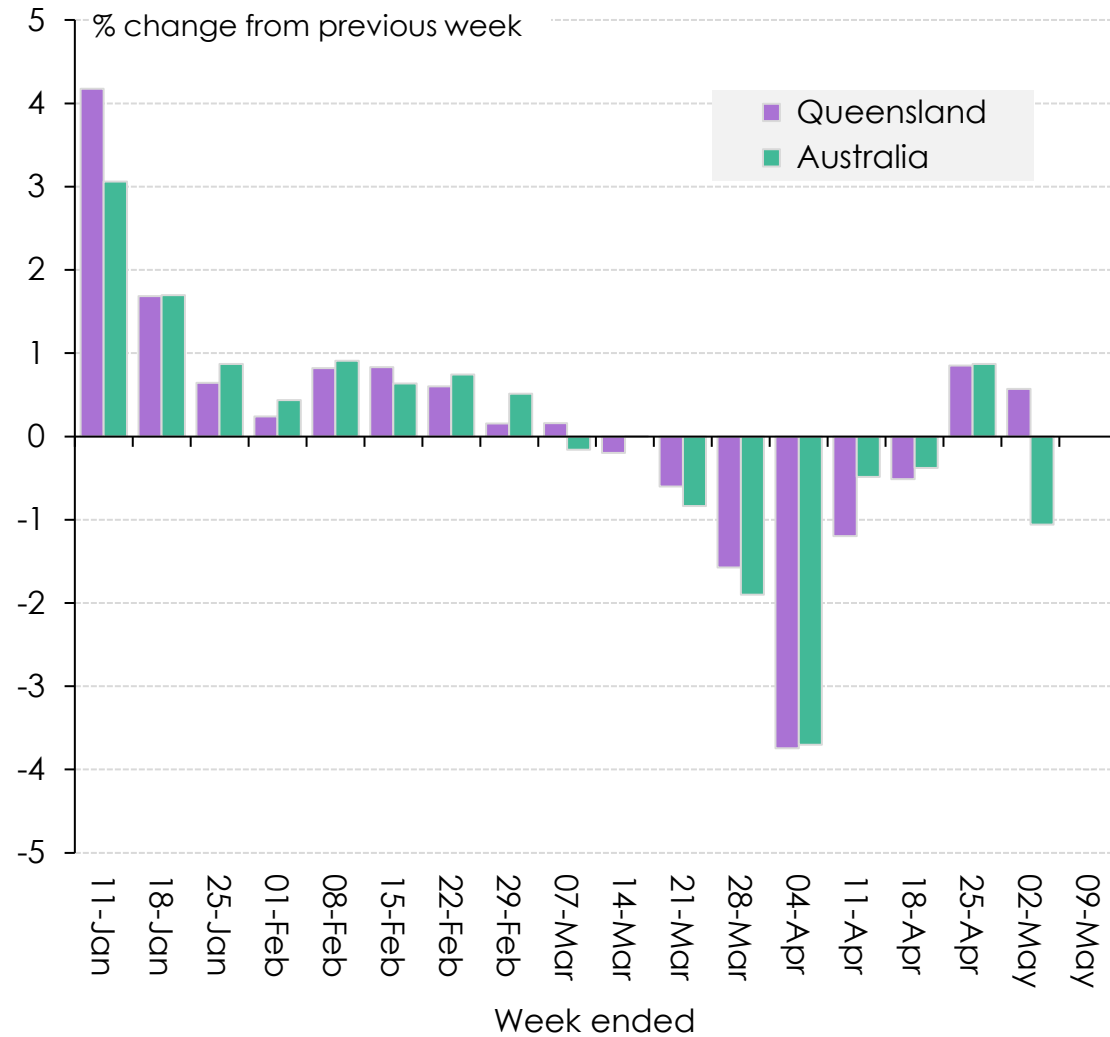
## Alternative measures of the unemployment rate



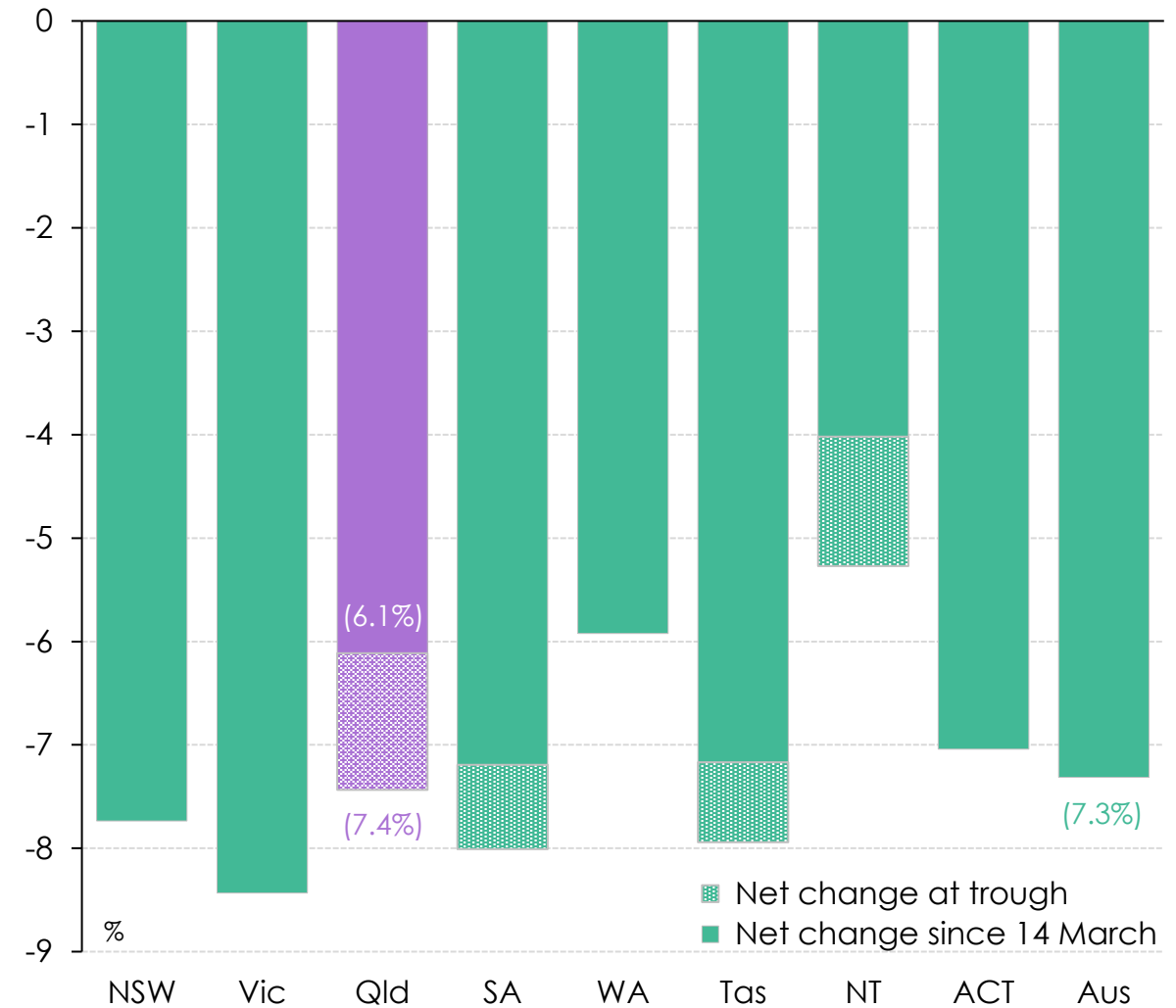
Sources: Department of Social Security; ABS. Note: Youth Allowance recipients excludes full-time students. Number of Newstart/JobSeeker and Youth Allowance recipients is not seasonally adjusted.

# The ABS' weekly payroll jobs series suggests that employment has been picking up in Queensland since mid-April

## Weekly change in payroll jobs



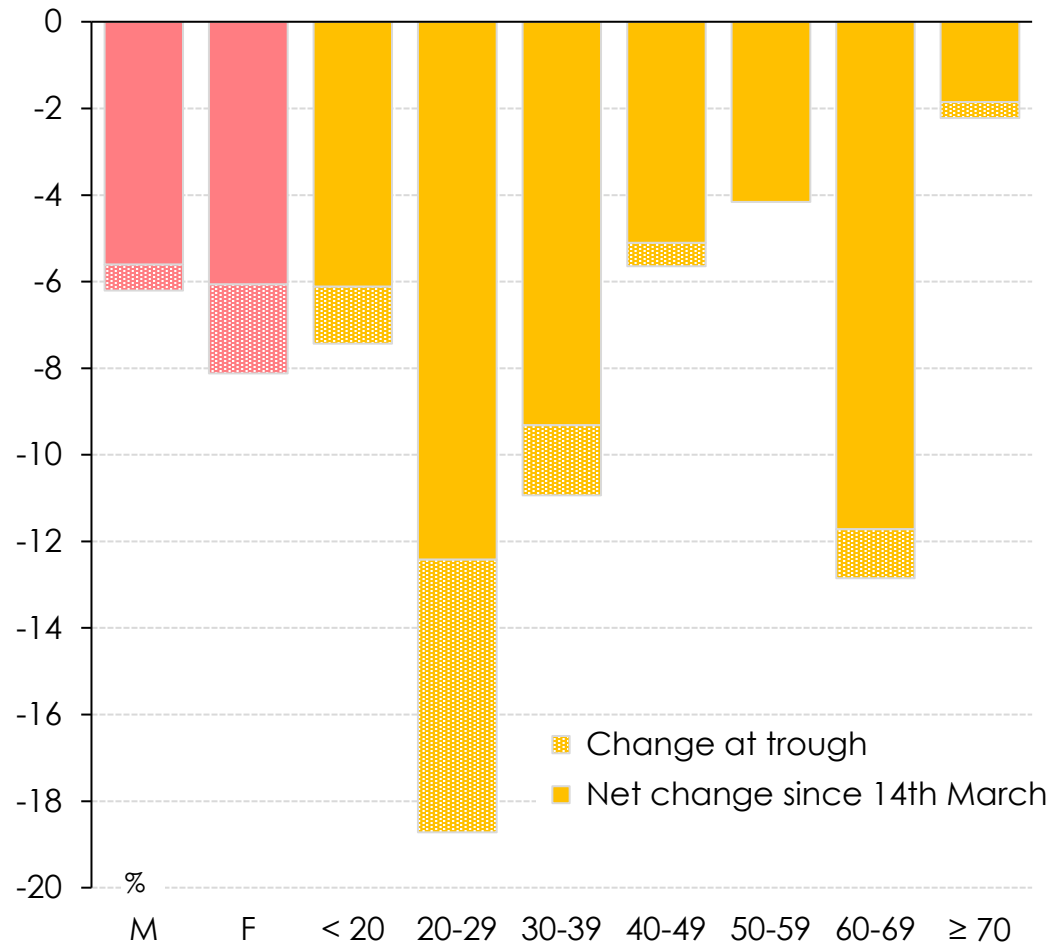
## Change in payroll employment since 14<sup>th</sup> March



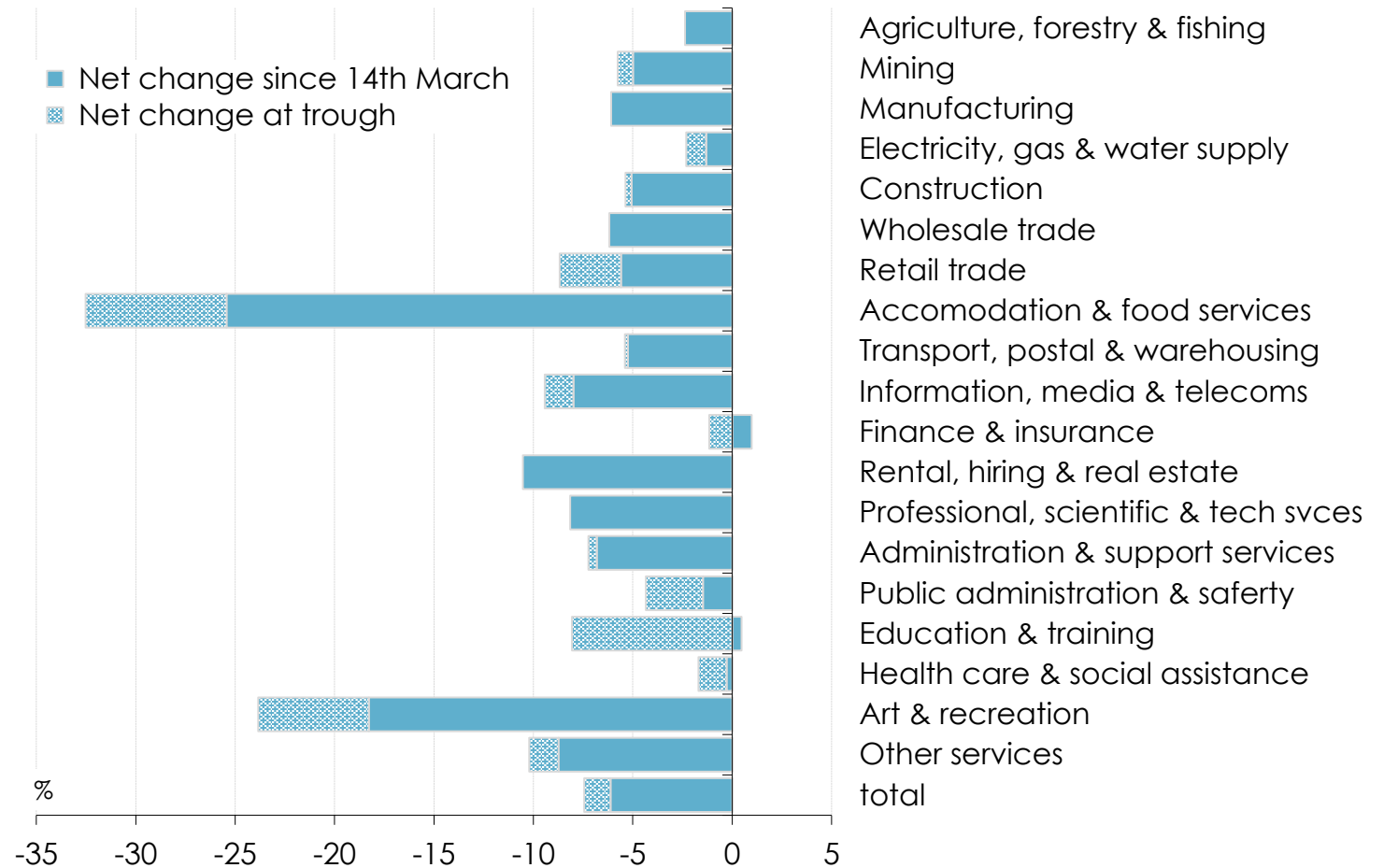
Note: data up to week ended 2<sup>nd</sup> May. 14<sup>th</sup> March was the date on which Australia recorded its 100<sup>th</sup> confirmed case of Covid-19. 'Trough' refers to the week in which employment reached its lowest level, which for Queensland was the week ended 18<sup>th</sup> April. Source: ABS.

# Job losses have been relatively greater for women and young people, largely reflecting their representation in the hardest-hit sectors

Change in payroll employment in Queensland since 14<sup>th</sup> March, by gender and age group



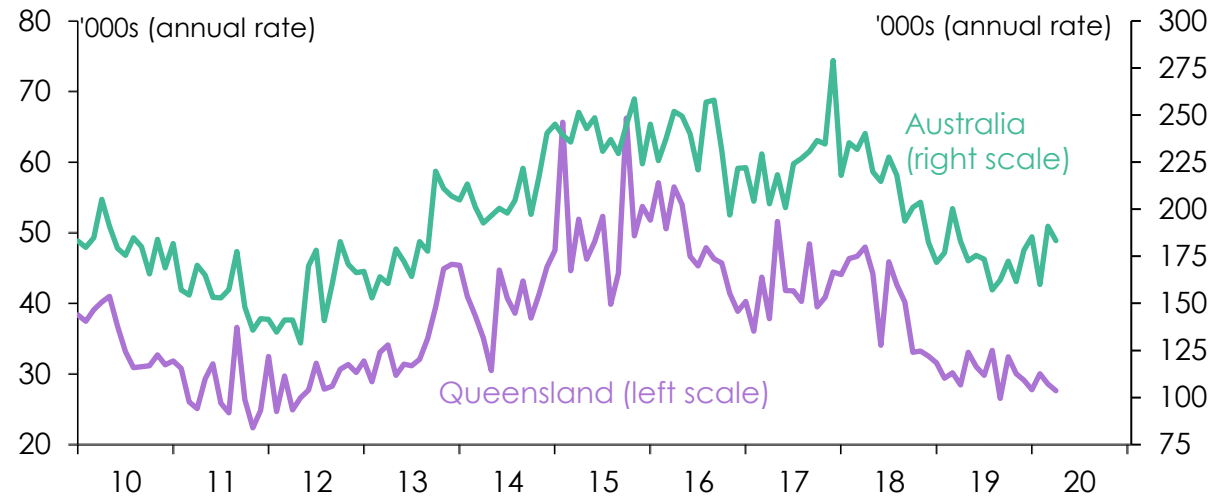
Change in payroll employment in Queensland since 14<sup>th</sup> March, by industry



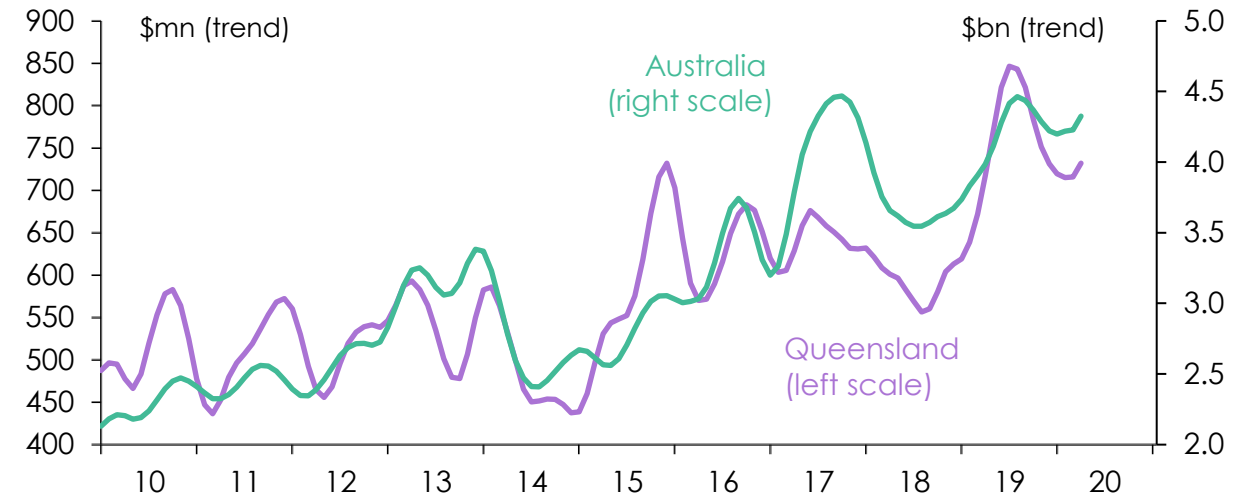
Note: data up to week ended 2<sup>nd</sup> May. 14<sup>th</sup> March was the date on which Australia recorded its 100<sup>th</sup> confirmed case of Covid-19. 'Trough' refers to the week in which employment reached its lowest level, which for Queensland was the week ended 18<sup>th</sup> April. Source: ABS.

# Building activity is likely to continue slowing – even after restrictions are eased – unless some stimulus is provided

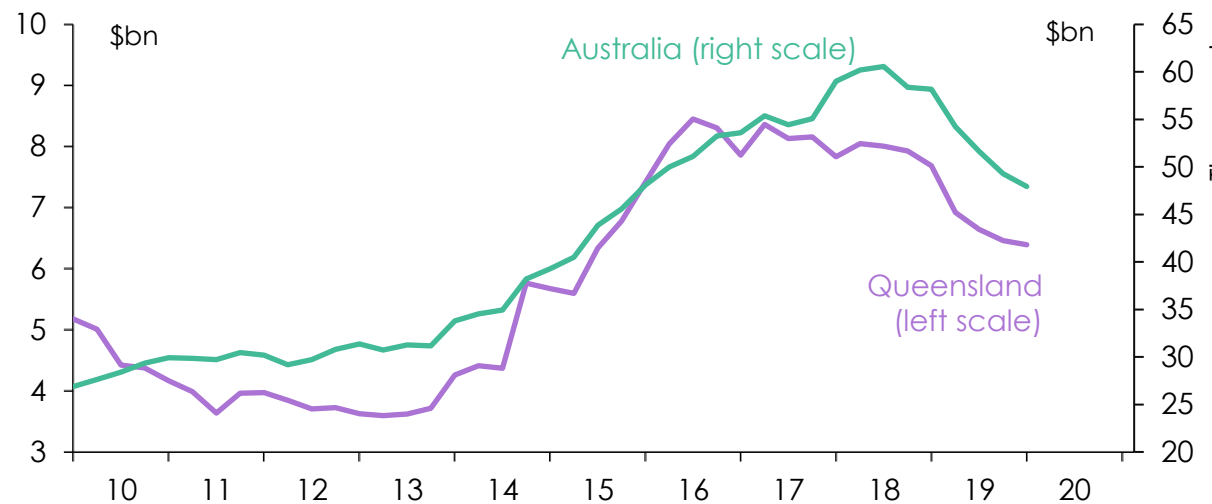
## Residential building approvals



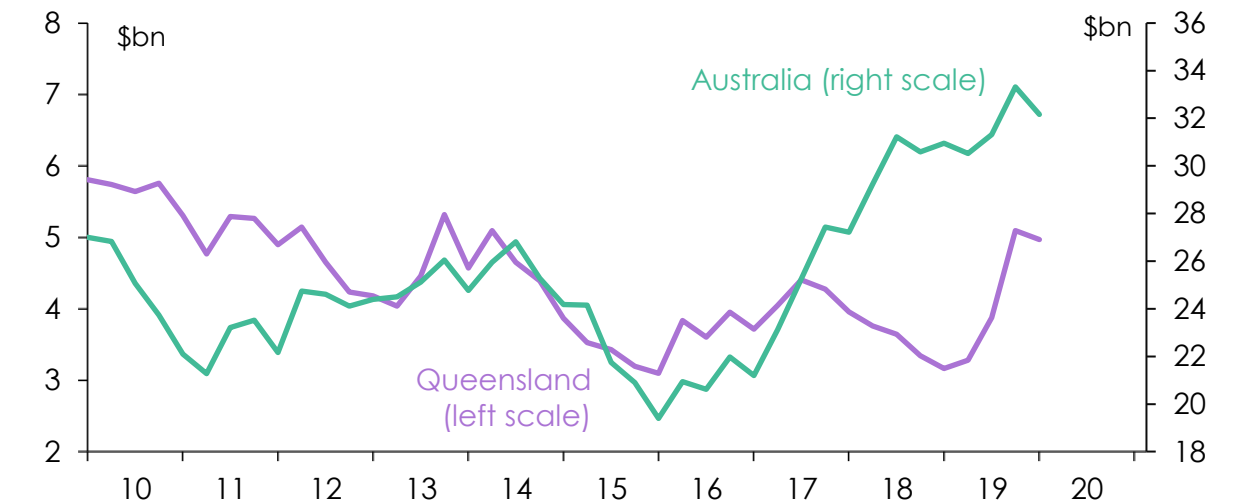
## Non-residential building approvals



## Residential building pipeline



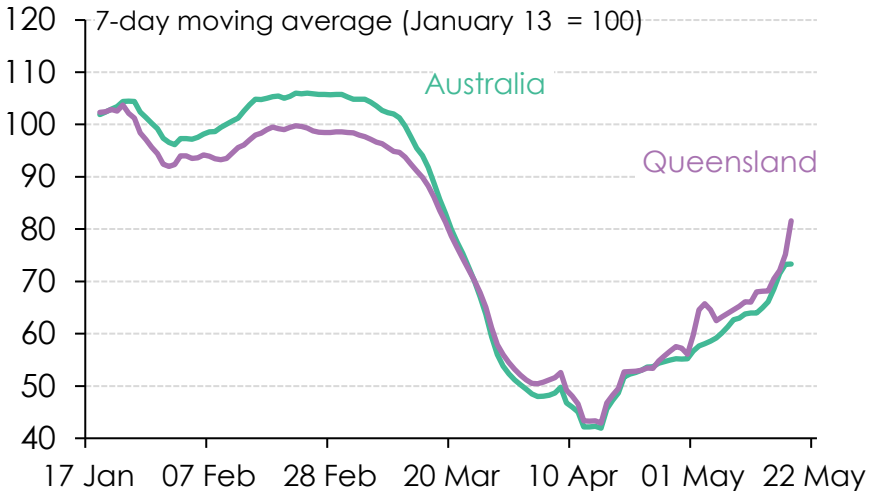
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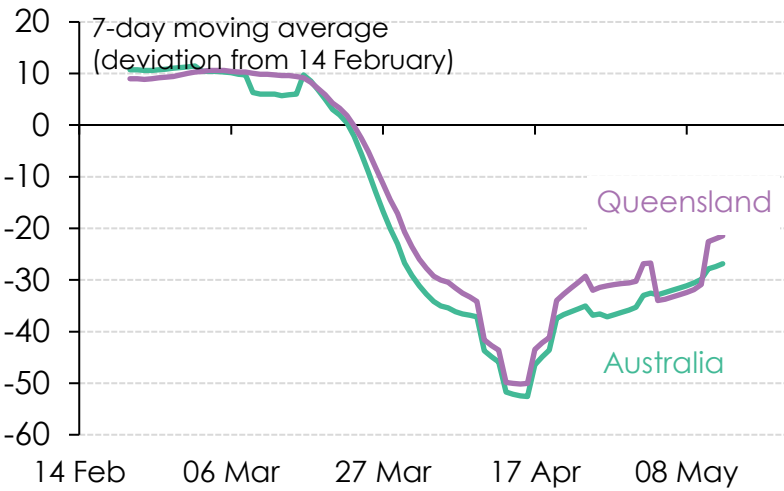
Note: 'Pipeline' is the sum of work yet to be done on projects under construction, and projects approved but not yet commenced. Source: ABS.

# As restrictions start to ease people are starting to go back to work, and to shop – but they are shunning public transport

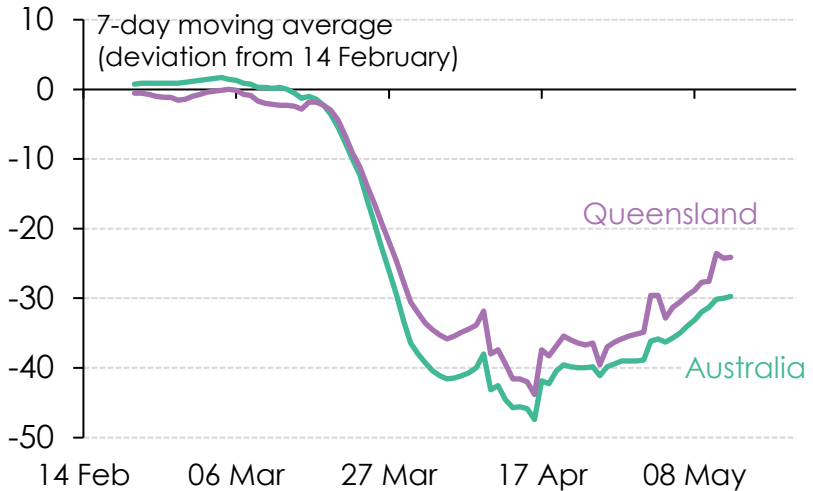
Time spent driving



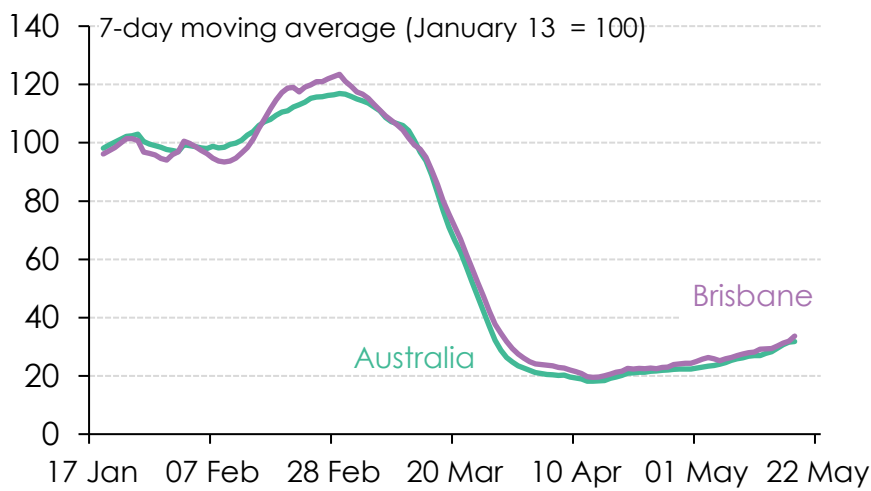
Time spent in work places



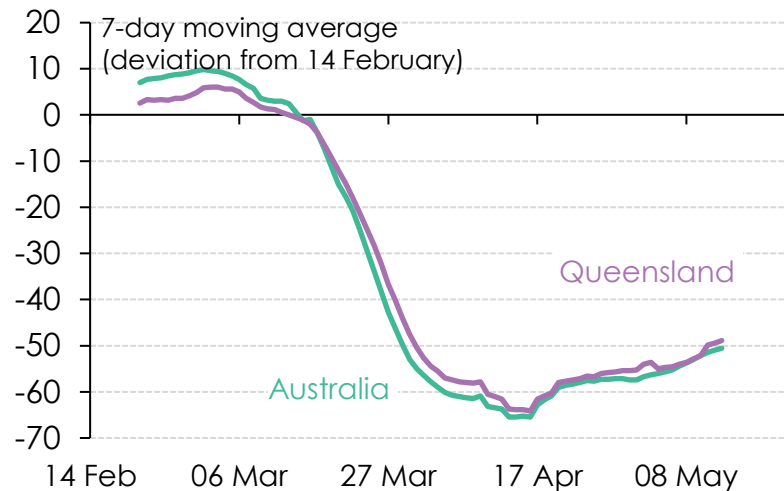
Time spent on recreation & retail



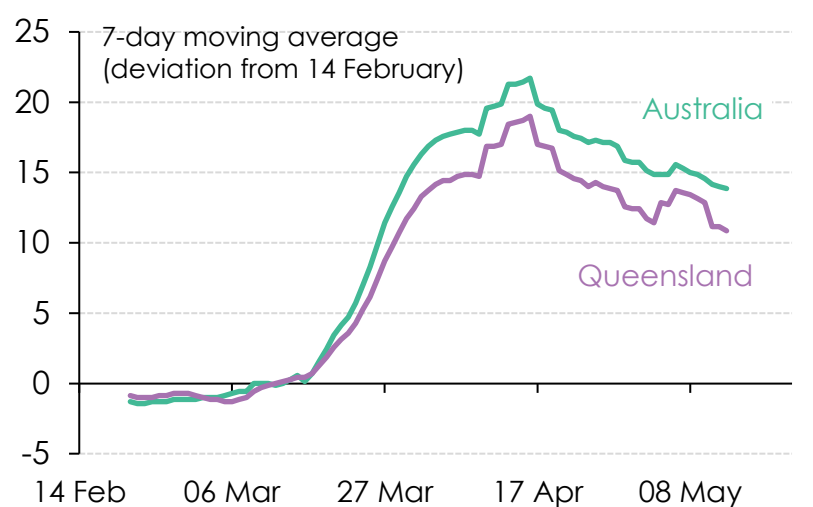
Time spent in transit



Time spent in transit



Time spent at home



Note: 'transit' means using public transport. Sources: Apple (data up to 18<sup>th</sup> May), two left-hand charts; Google (data up to 13<sup>th</sup> May), four remaining charts.

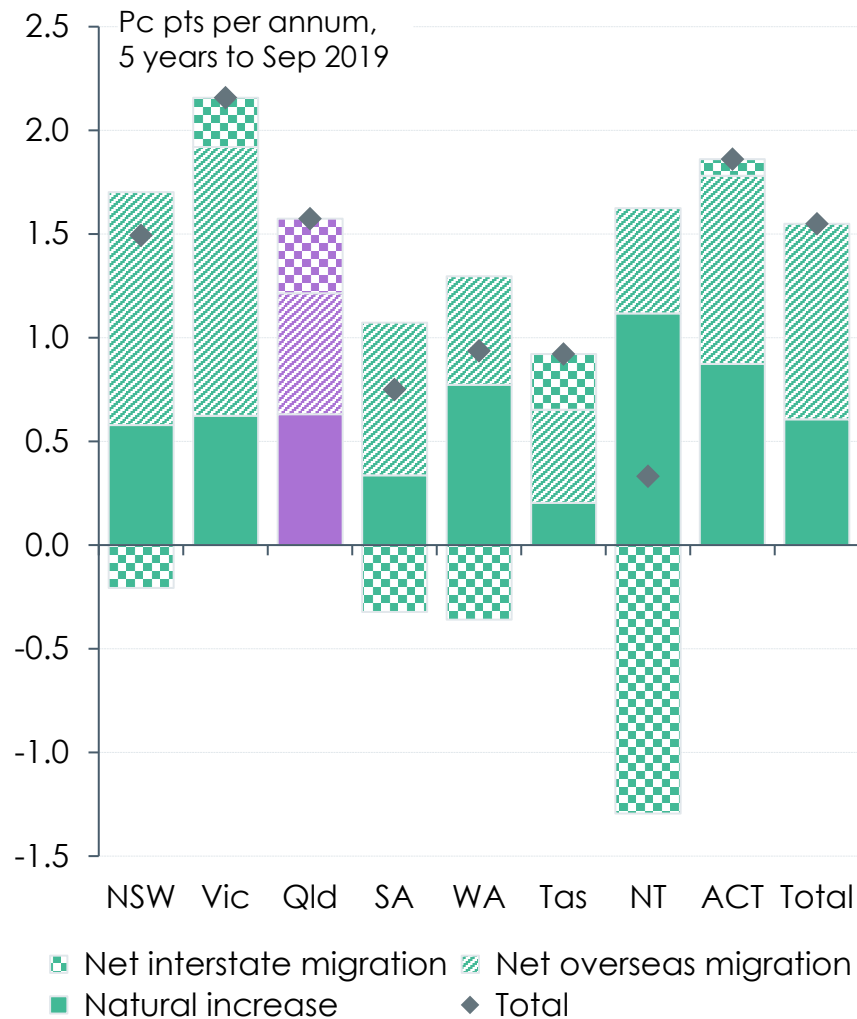


# The path out of the hole our economy is now in won't be as steep as the path in has been

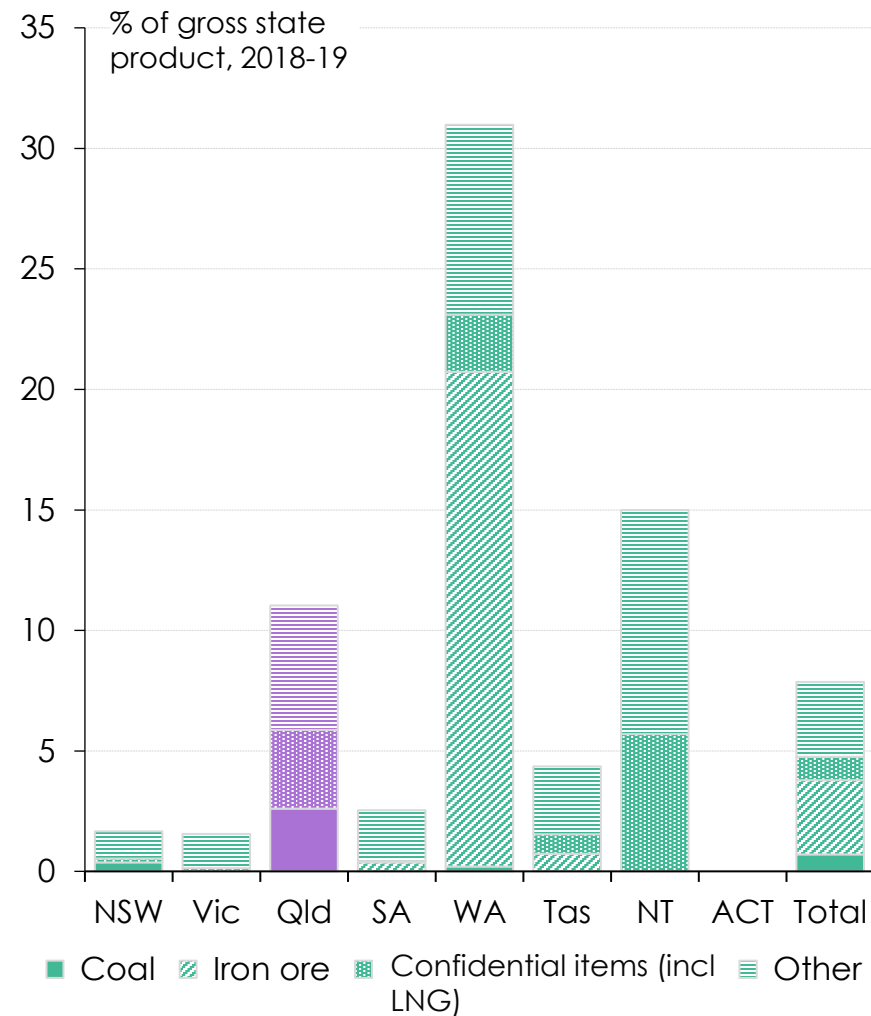
- ❑ **'Social distancing' requirements will be relaxed gradually rather than 'all at once'**
  - and many people may remain wary of exercising all of their newly-regained 'freedoms'
  - new health and safety regulations will likely limit the number of employees and customers who can be 'on premises' (which may make it uneconomic for some businesses to re-open until restrictions are relaxed)
- ❑ **At least some businesses won't have survived the shutdown period, and many of those which do will not immediately return to pre-outbreak levels of employment**
  - so employment will remain below pre-outbreak levels for some time rather than 'snapping back' quickly
  - and those returning to work may work reduced hours (compared with pre-outbreak) for some time
- ❑ **The recovery in household spending is likely to be gradual, rather than rapid**
  - if the recovery in employment is only gradual, so too will be the recovery in household disposable income
  - most households will have run down discretionary savings to at least some extent, as well as having their superannuation balances depleted by market movements and/or withdrawals – and so will likely want to rebuild savings
  - households with mortgages who have deferred repayments will face higher or longer mortgage repayments, constraining their spending capacity to some extent
  - household spending may also be affected by 'negative wealth effects' from lower property prices
- ❑ **There is some risk of a 'setback' when government support programs come to an end, or if restrictions on the movement or gathering of people have to be re-imposed**
- ❑ **International borders (except with NZ) will likely remain closed until a vaccine is widely available – which is in turn likely to be at least 12 months away**
  - implying that there will be no recovery in international tourism or international education
- ❑ **Businesses are likely to be very hesitant about investment spending for an extended period (with some exceptions)**

# Three short- to medium-term challenges for the Queensland economy in the post-Covid environment

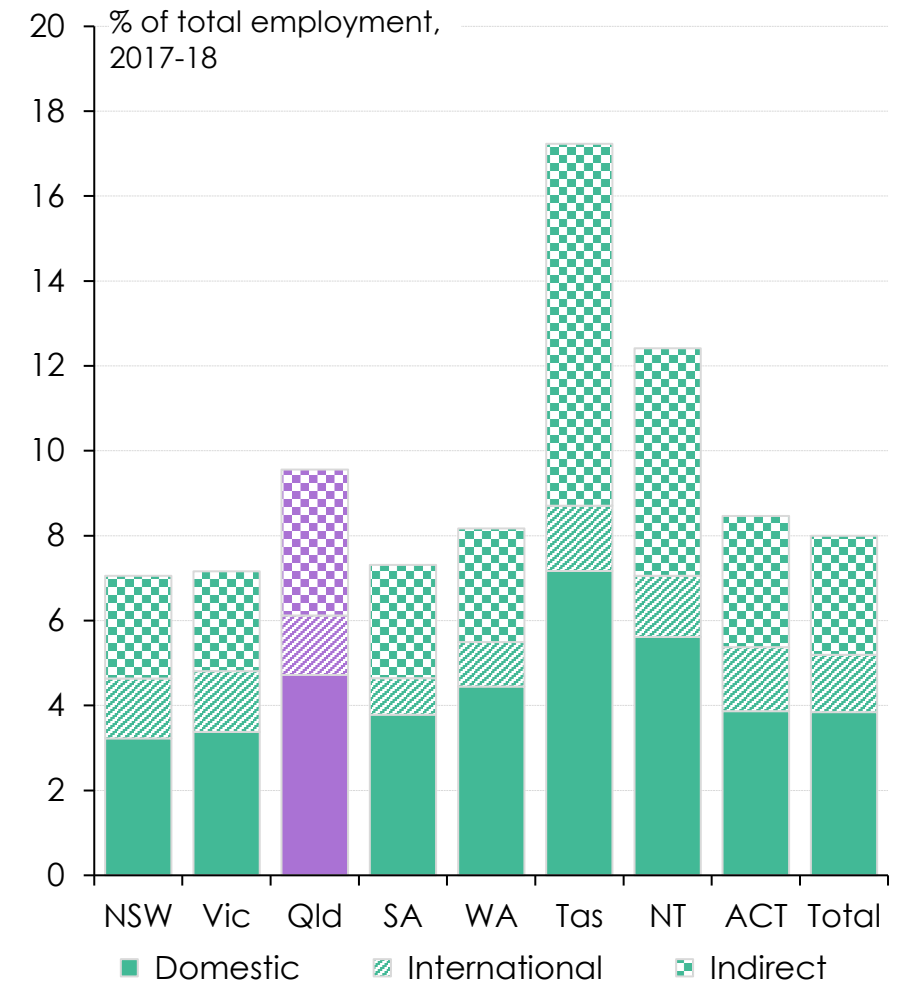
## Population growth



## Goods exports to China



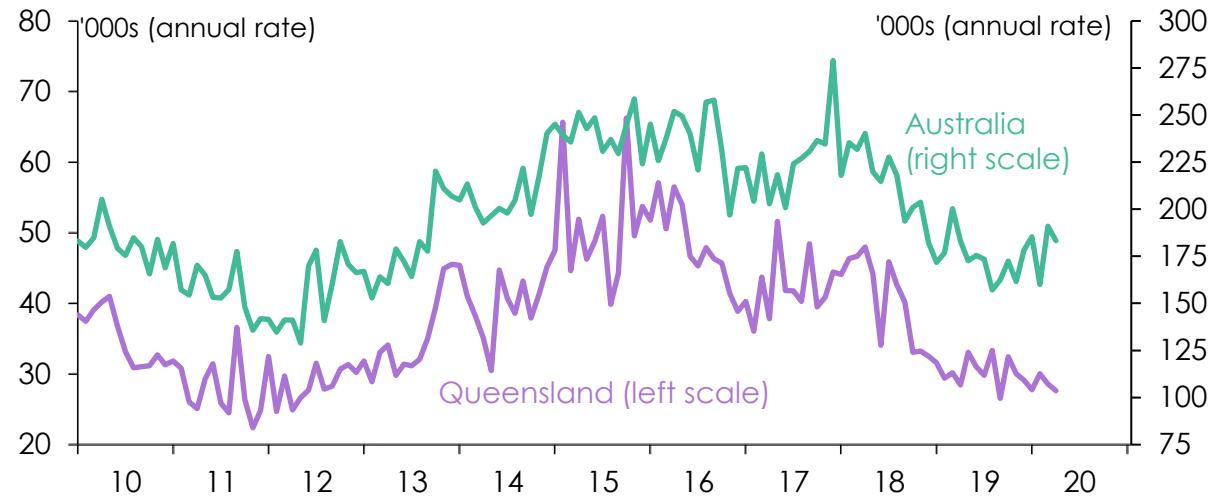
## Tourism employment



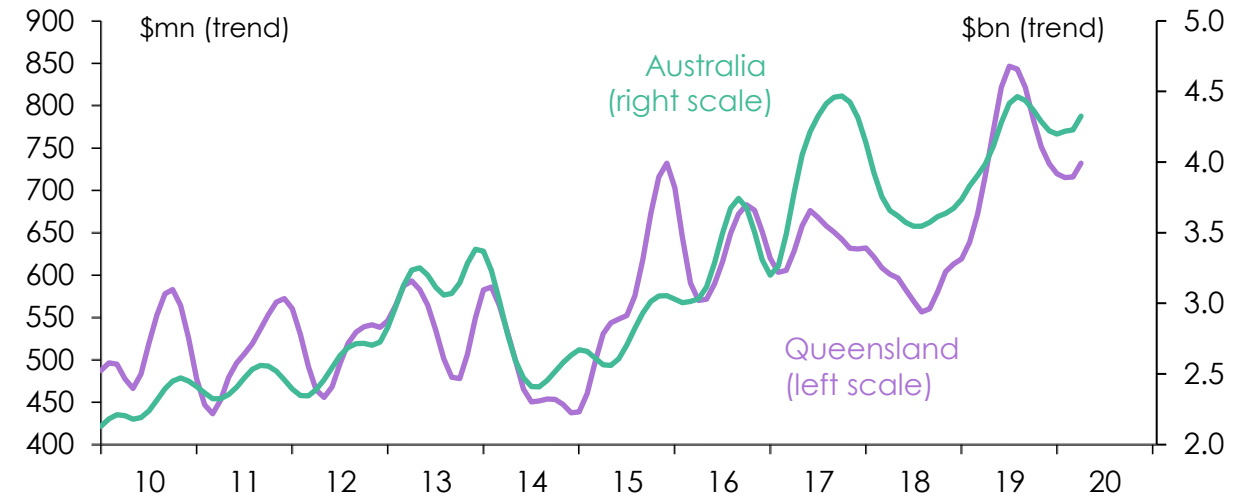
Sources: ABS; Department of Foreign Affairs & Trade; Tourism Research Australia.

# Building activity is likely to continue slowing – even after restrictions are eased – unless some stimulus is provided

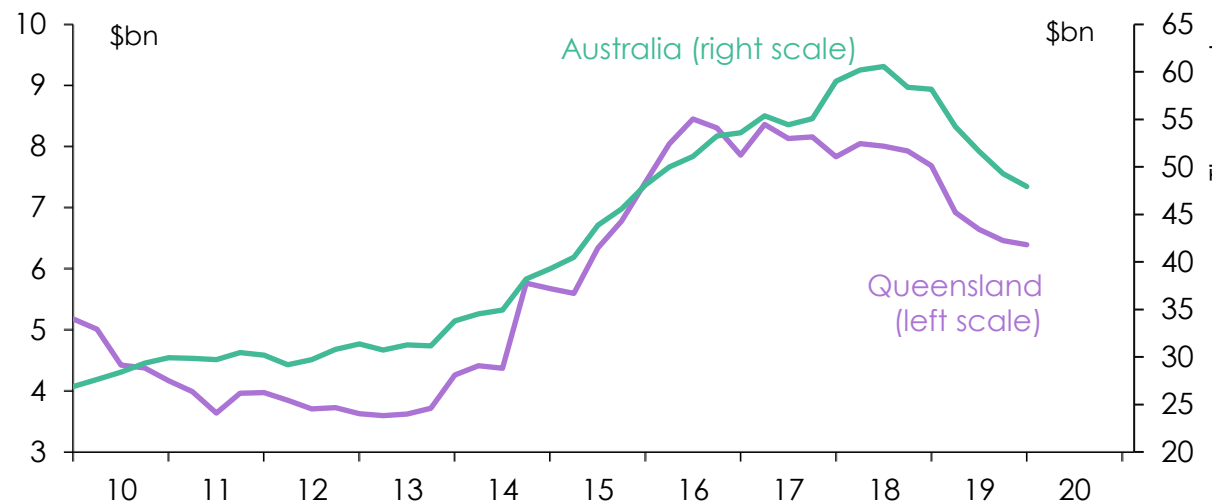
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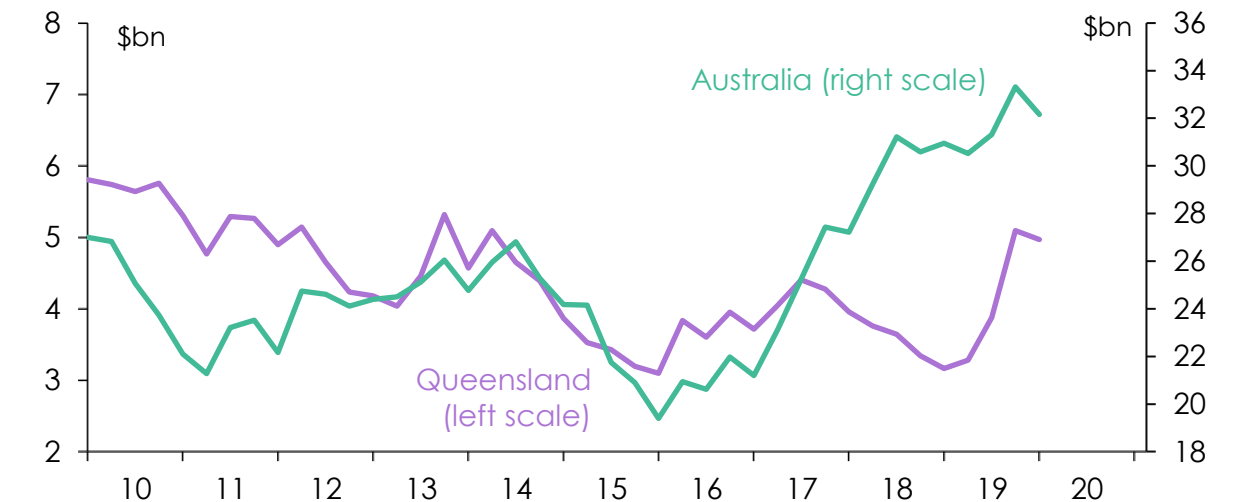
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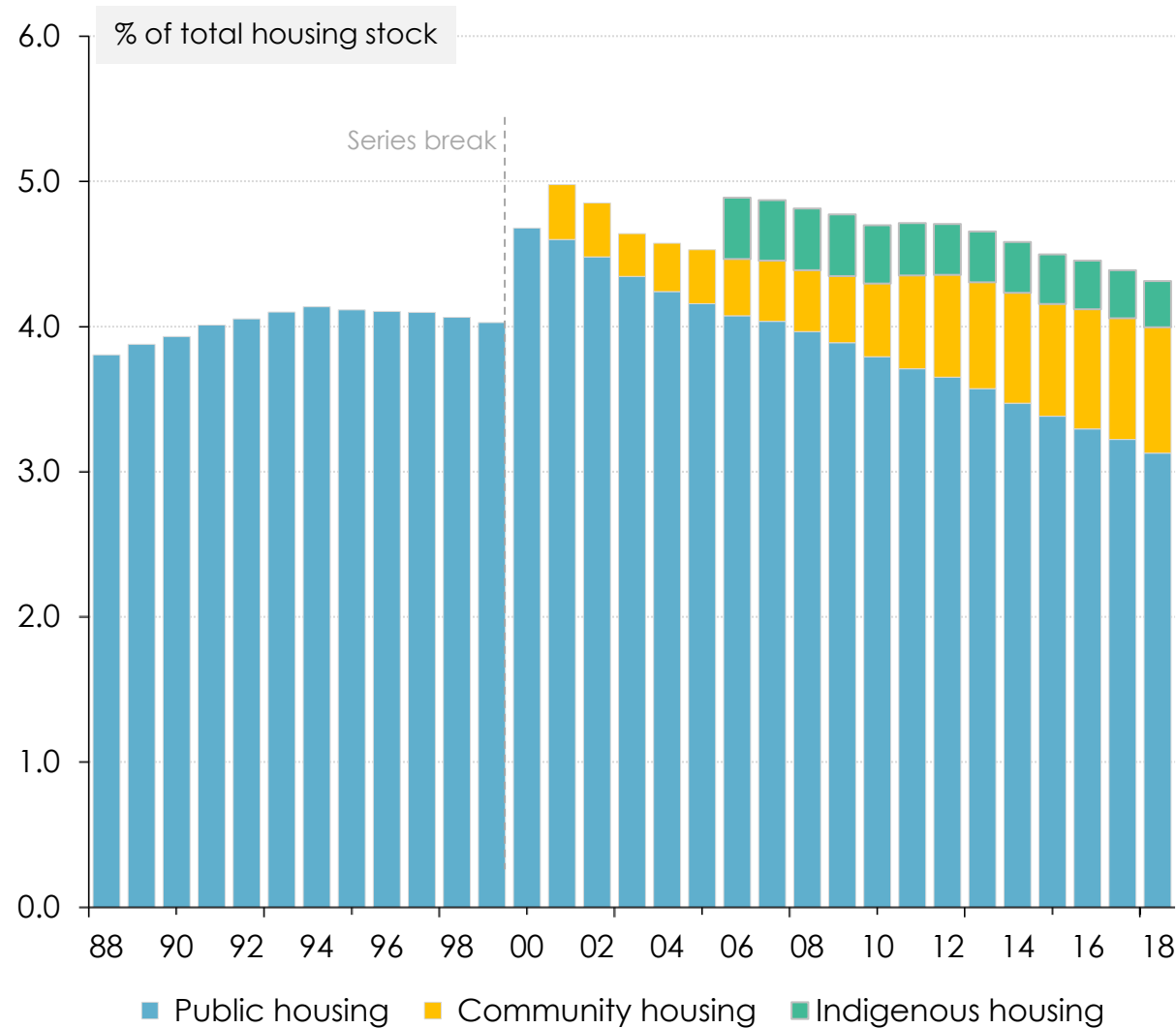
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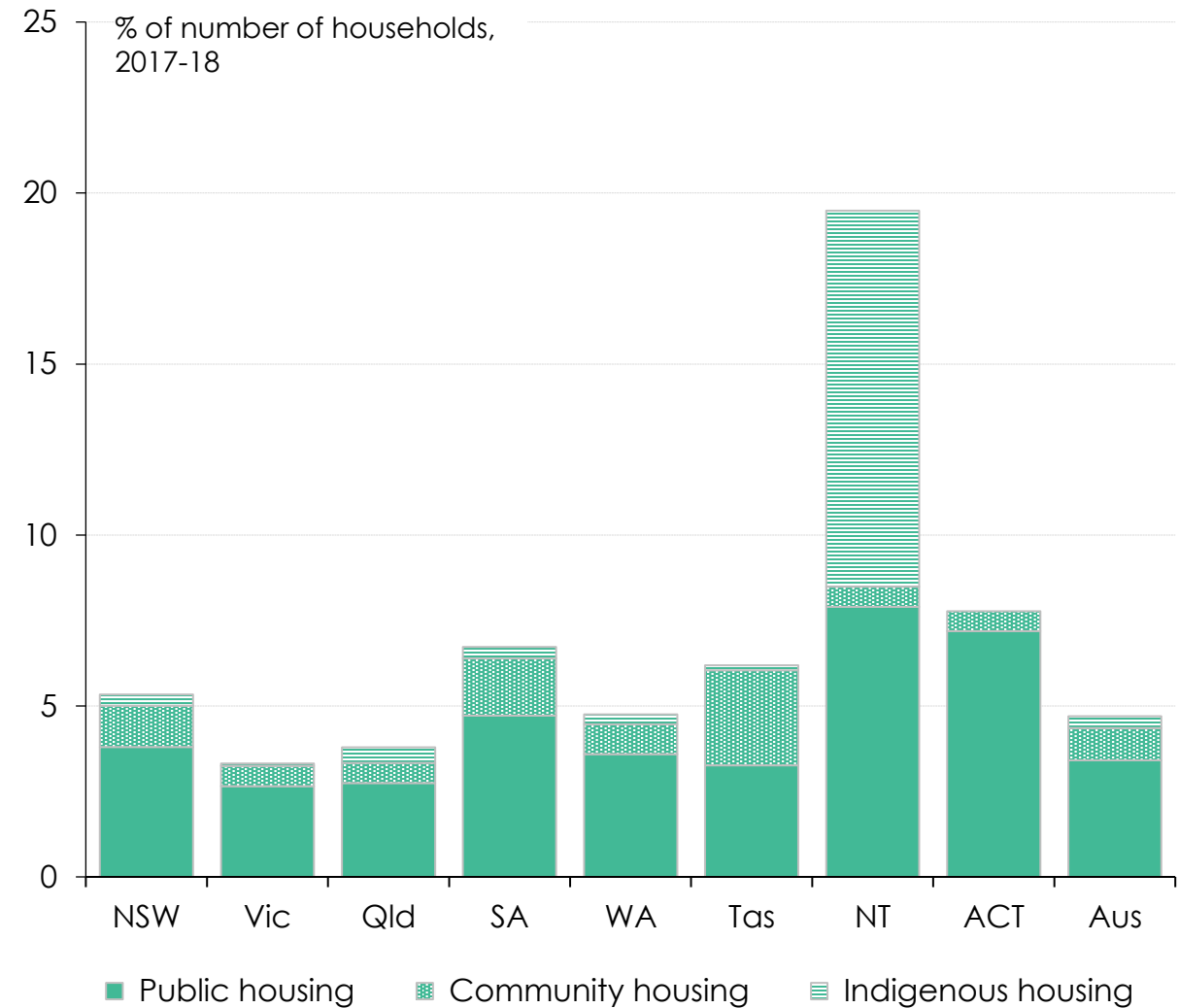
Note: 'Pipeline' is the sum of work yet to be done on projects under construction, and projects approved but not yet commenced. Source: ABS.

# Expanding social housing provision would boost building activity and reduce the backlog of unmet need, especially in Queensland

## National social housing stock



## Social housing stock by state & territory, June 2018



Note: 'Indigenous housing' includes state-owned and managed Indigenous housing (SOMIH), Indigenous community housing and (between 2008-09 and 2016-17) NT remote public dwellings. Sources: Productivity Commission, *Housing Assistance and Employment in Australia*, Volume 2 – Research Papers (April 2015), and *Report on Government Services*; Australian Institute of Health and Welfare, *Housing Assistance in Australia 2019*; ABS; RBA.