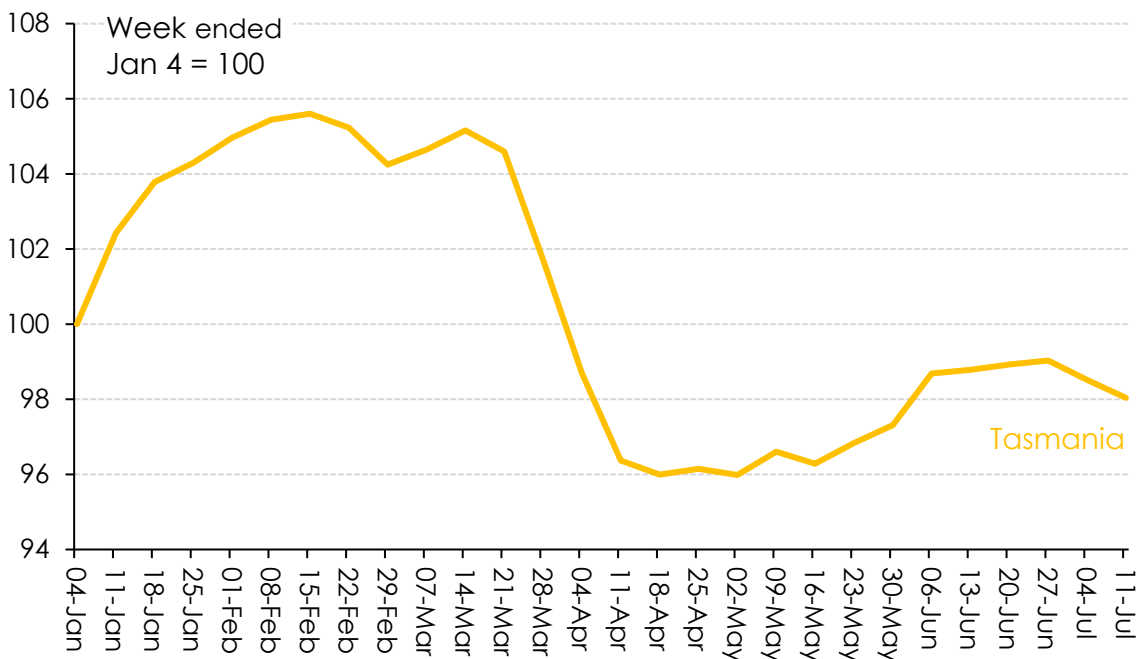


An analysis of the ABS weekly payroll jobs data for Tasmania released on 28th July 2020

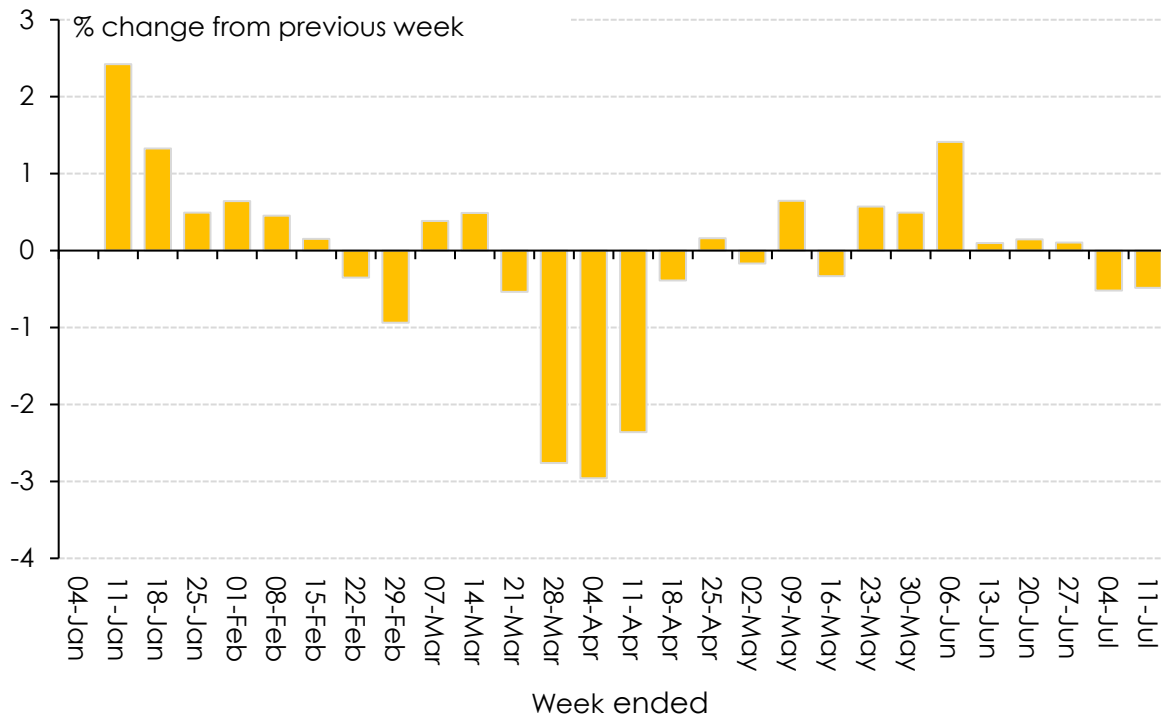
The *number* of payroll jobs in Tasmania fell by 0.5% in each of the first two weeks of July, implying a decline of 1.0% since the last week of June, and effectively erasing two-thirds of the job gains since the low point (for Tasmania) in the week ended 2nd May.

In other words, the number of payroll jobs as of mid-July was only 2.1% above that low point, having been 3.2% at the end of the last week of June. On net, the number of payroll jobs has fallen by 6.8% since the second week of March (just before the shutdowns began), compared with the maximum decline of 8.7% in the week ended 2nd May.

Chart 1: Number of payroll jobs, Tasmania



Scaled against the *number of people employed* in Tasmania in March (as reported in the labour force survey for that month), the weekly payroll jobs series suggests, *prima facie*, that about 2,400 people lost their jobs in Tasmania during the first two weeks of July, about one-third of the number who gained them between the week ended 2nd May and the last week of June. Since the middle of March, the number of jobs (estimate in this way) in Tasmania has fallen by a net 17,500, compared with 22,500 at the worst point in the week ended 2nd May. (Note that the ABS doesn't really approve of this way of estimating the *number* of job losses. That's because the payroll data, obtained from the Tax Office, counts the *number of jobs*, rather than the *number of people with jobs* (which is what the labour force survey measures); hence it 'double counts' the number of people holding two or more (part-time) jobs (who represent about 6% of employed people, including a much larger proportion of young people). In addition, the payroll jobs measure doesn't include employers or the self-employed).

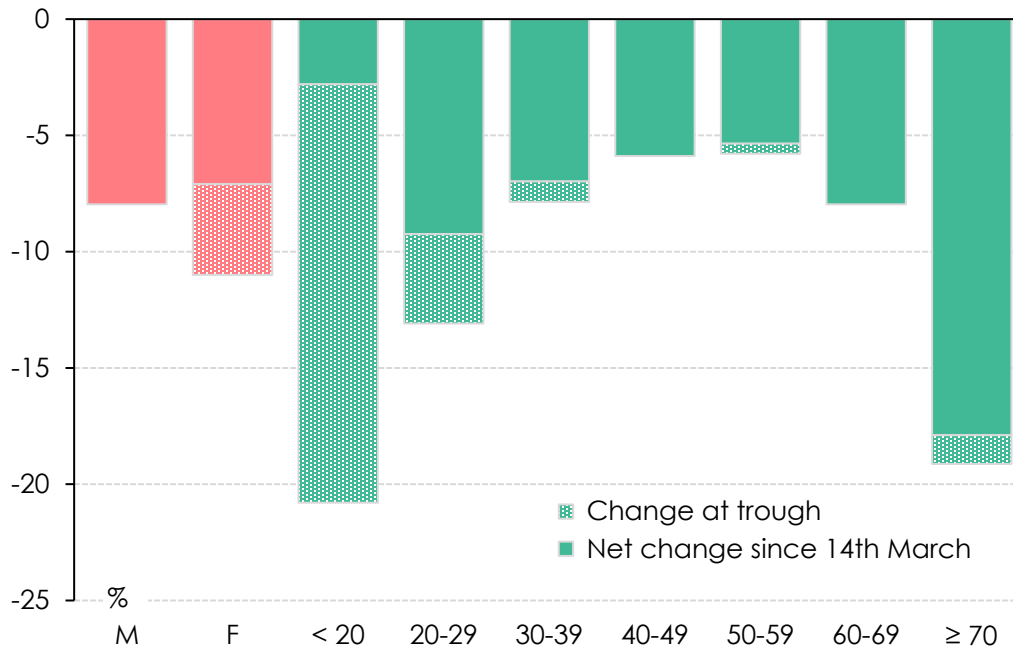
Chart 2: Weekly change in the number of payroll jobs

Men lost proportionately more jobs in Tasmania over the past two weeks, down 1.8%, compared with a 1.1% decline in the number of jobs held by women (see Chart 3). As is also the case nationally, it is no longer true that women have borne a larger share of job losses since the shut down began (as it was over the first 14 weeks of the shutdown). As of the second week of July, the number of jobs held by men had fallen by 8.0% in Tasmania, while the number of jobs held by women has fallen by 7.1%.

Similarly, the *age profile* of job losses has changed in recent weeks. In particular, *teenagers* are no longer proportionately the biggest job losers, as they were up until the first week of June. In fact, the number of payroll jobs held by teenagers rose by 1.7% over the first two weeks of July – the only age group among whom employment increased over this period – bringing their cumulative job gains since the week ended 25th April to 22.7%. The net loss of jobs among teenagers since mid-March is now only 2.8%, the *smallest* of any age group.

The age group most adversely affected by job losses (apart from the very small number of over 70s) is now people in their 20s, among whom the number of jobs fell by 0.8% over the first two weeks of July, bringing their cumulative job losses to 9.2% since mid-March.

Chart 3: Change in the number of payroll jobs by gender and age since week ended 14th March, Tasmania

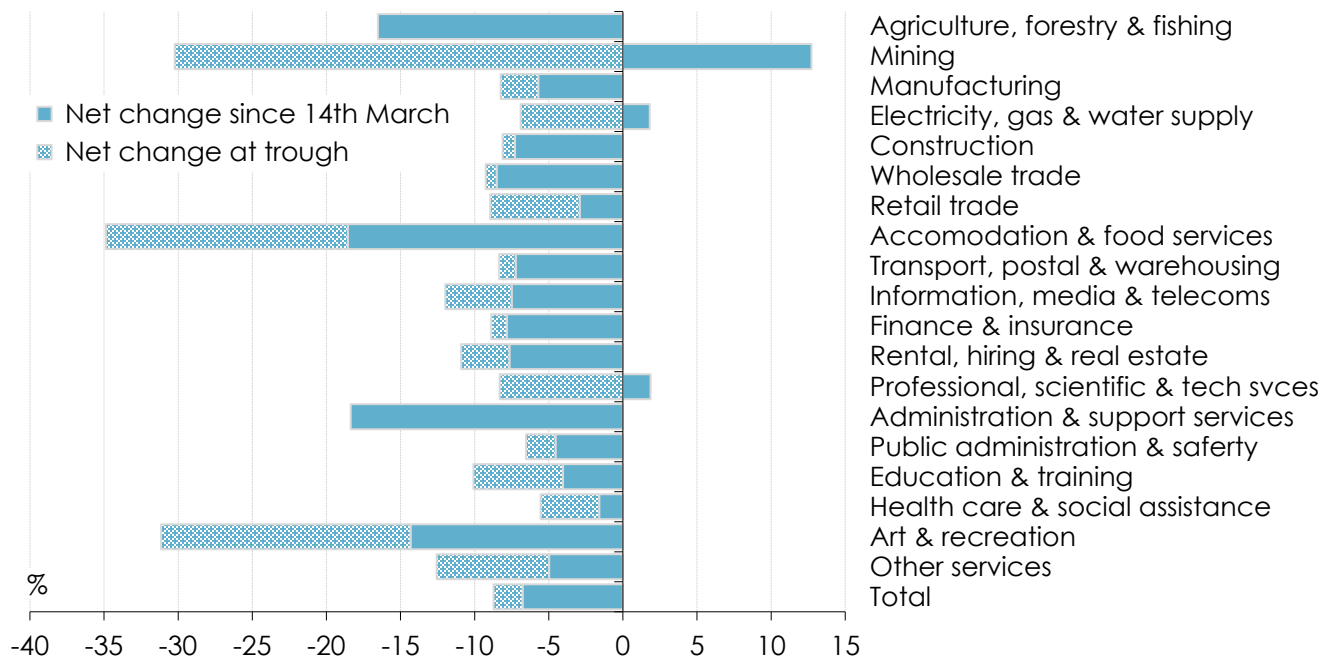


By *industry*, the number of payroll jobs lost over the first half of July was proportionately (not necessarily in absolute numbers) greatest in *administrative and support services*, down 14.4%, *agriculture*, down 6.7%, and *construction*, down 2.4%; while *professional, scientific and technical services* recorded a 6.4% increase in the number of payroll jobs, *arts and recreation services* a 3.7% increase, and *mining* a 1.6% increase (see Chart 4).

On net since mid-March, the number of payroll jobs has been proportionately greatest in (not surprisingly) *accommodation and food services* and *art and recreation services*, down 18.6% and 14.3%, respectively (although employment in these two sectors has bounced back by 25.1% and 24.4% respectively from much larger losses up to the third week of April); and, perhaps more surprisingly, in *agriculture*, where the number of payroll jobs has declined more or less continuously since the week ended 21st March and is now 16.5% below its pre-pandemic level, and in *administrative and support services*, where the number of payroll jobs as of mid-July was 18.4% below the pre-pandemic level.

Conversely, the number of payroll jobs in *mining* was 12.7% above its pre-shutdown level in mid-July (and 36.6% above its low point in mid-May); the two other sectors where the number of payroll jobs is higher than it was in mid-March are *utilities*, up 1.8%, and *professional, scientific and technical services*, up 1.9%.

Chart 4: Change in the number of payroll jobs by industry since week ended 14th March, Tasmania

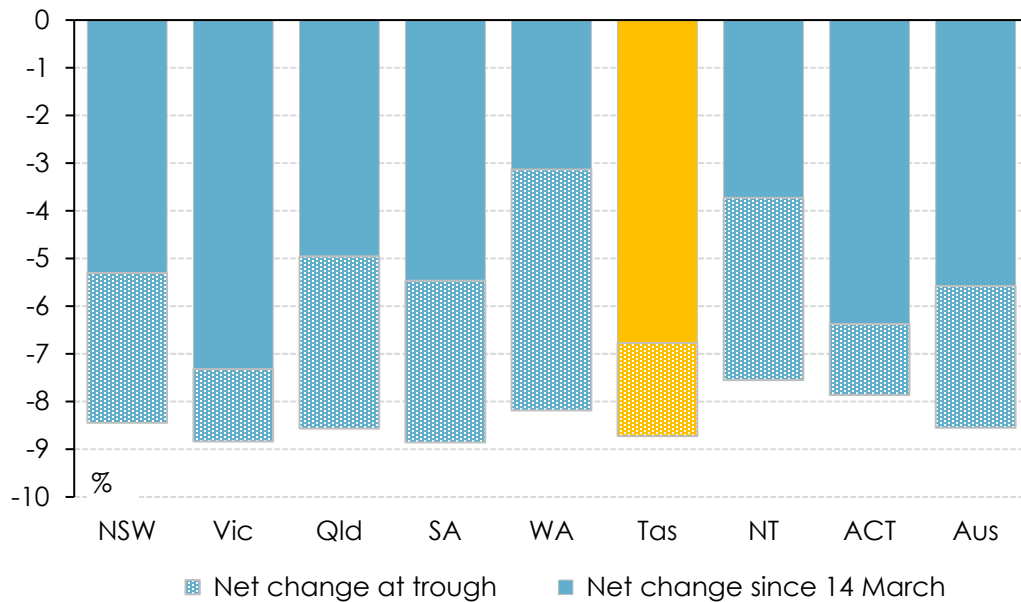


Tasmania wasn't alone in experiencing job losses over the first half of July: so did every other state and territory except WA (where the number of payroll jobs was unchanged) (see Chart 5 on the next page). Not surprisingly the loss of jobs over this period was greatest in Victoria, down 2.0%, although perhaps more surprisingly a similar decline also occurred in the ACT. Tasmania has still experienced the second largest net decline in the number of payroll jobs since mid-March – down 6.8%, more than any other state or territory except Victoria (down 7.3%), and more than the national average decline of 5.6% over this period.

The *industry pattern* of payroll job losses in Tasmania has been broadly similar to the national average: for example, the number of jobs nation-wide in accommodation & food services, and in arts and recreation services, has fallen by a net 18.1% and 16.3%, respectively, since mid-March – 0.5 pc pts less, and 2.0 pc pts more, respectively, than in Tasmania. Nationally, employment in agriculture has fallen by 10.3% since mid-March – less than the 16.5% decline in that sector in Tasmania, but more than in any other sector nationally except for the two sectors mentioned before. Employment in administrative and support services has fallen nationally by 8.6% since mid-March – almost 10 pc pts less than in Tasmania, but nonetheless the fourth worst-affected sector nationally.

Conversely, employment in utilities has risen 3.1% nationally since mid-March, a bit more than in Tasmania; but it is still one of only two sectors where there are nationally more payroll jobs as of mid-July than in mid-March, up 1.0%, whereas in Tasmania employment in this sector has fallen by 7.8% since mid-March.

Chart 5: Change in the number of payroll jobs since week ended 14th March, states and territories



Thus it would seem that the reason why the number of payroll jobs has fallen by a larger percentage in Tasmania than across Australia as a whole, or than in any other state or territory except Victoria, is *not* because, in general, sectors in Tasmania have been harder hit than elsewhere; but rather because the sectors which have been harder hit, *wherever they are*, account for a *larger* share of employment in Tasmania than elsewhere.

Thus for example, on average in the 2019-20 financial year, employment in the three sectors which, nationally, experienced proportionately the biggest loss of jobs, each accounted for a much larger share of employment in Tasmania than for Australia as a whole – accommodation & food services, 8.3% vs 3.8%; arts & recreation services 2.2% vs 1.4%; and agriculture 6.5% vs 2.8% - or, for these three sectors in total, 17.0% in Tasmania, more than double the corresponding figure of 8.1% for Australia as a whole.

Conversely, only 2.0% of Tasmanian jobs are in finance & insurance, where employment has risen since mid-March, compared with 4.5% nationally; or (to a much lesser extent), utilities, the other sector where employment has risen nationally since the onset of the pandemic, accounts for 1.3% in Tasmania cf. 1.6% nationally. As noted earlier, the number of payroll jobs in mining in Tasmania is now 12.7% higher than it was before the shutdowns started: but mining only accounts for 0.9% of Tasmanian employment, compared with 2.6% nationally.

To a large extent, the difference in the sectoral composition of employment in Tasmania compared with Australia as a whole reflects differences in 'comparative advantage' or resource endowment, or differences in population size.

Thus, it is to be expected that Tasmania would have relatively more jobs in agriculture, for example, since that's one of our strengths; and fewer in mining, because although we did have a comparative advantage in mining 100 or more years ago, we haven't in the past 40 years or so.

Likewise, it's not surprising that the financial services sector is much smaller in Tasmania than in New South Wales or Victoria; and our electricity-generating system is much less labour-intensive than those of the mainland states.

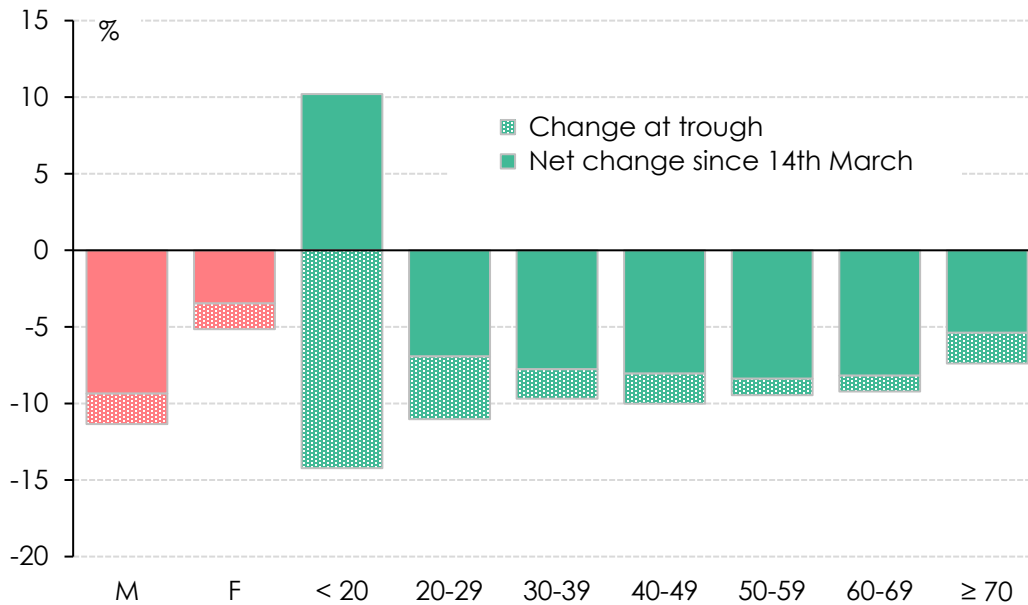
But this experience might prompt people to ponder whether we should be seeking to become even more dependent on tourism (which according to the ABS *Tourism Satellite Accounts* is directly or indirectly responsible for 17% of employment in Tasmania, cf. 10% nationally – especially given that tourism is inevitably going to be adversely affected by restrictions on the movement of people for much longer than most other activities).

Finally, wages paid to payroll employees in Tasmania fell by 1.7% over the first half of July, more than double the national average decline of 0.8%. Wages paid to males and females declined by about the same amount, 1.7% and 1.8%, respectively; while by age the biggest decline in wages paid was for people in their 60s, down 3.1%, and their 50s, down 3.0%, whereas for teenagers and people in their 20s, the decline in wages paid over the first half of July was 0.6% and 0.7% respectively. On net since the onset of the pandemic, wages paid in Tasmania have declined by 6.9%, considerably more than the national average of 4.8%.

Wages paid to men have fallen by 9.4% on net over this period, while for women, the decline has been much less, at 3.5% (Chart 6 on the following page) reflecting the fact that the JobKeeper payment has represented a larger proportion of women's (typically lower) wages than men's; and that a higher proportion of women than men are part-time workers, for whom the JobKeeper payment has also represented a larger percentage of (and in some cases more than 100% of) their pre-Covid earnings than for full-time employees.

Women are thus likely to be more adversely affected by the forthcoming 'step down' in the level of JobKeeper payments in October, and by the introduction of a lower rate for people who were working fewer than 20 hours a week in February

Change in the wages paid to payroll employees since 14th March by gender and age, Tasmania



Saul Eslake
28th July 2020

Note: all data and charts in this note are sourced from ABS, *Weekly Payroll Jobs and Wages in Australia, Week ending 11 July 2020* (catalogue no. 6160.0.55.001), except for the data on shares of employment by industry in Tasmania and nationally, which are from ABS, *The Labour Force, Australia, Detailed, Quarterly, May 2020* (catalogue no. 6291.0.55.003).