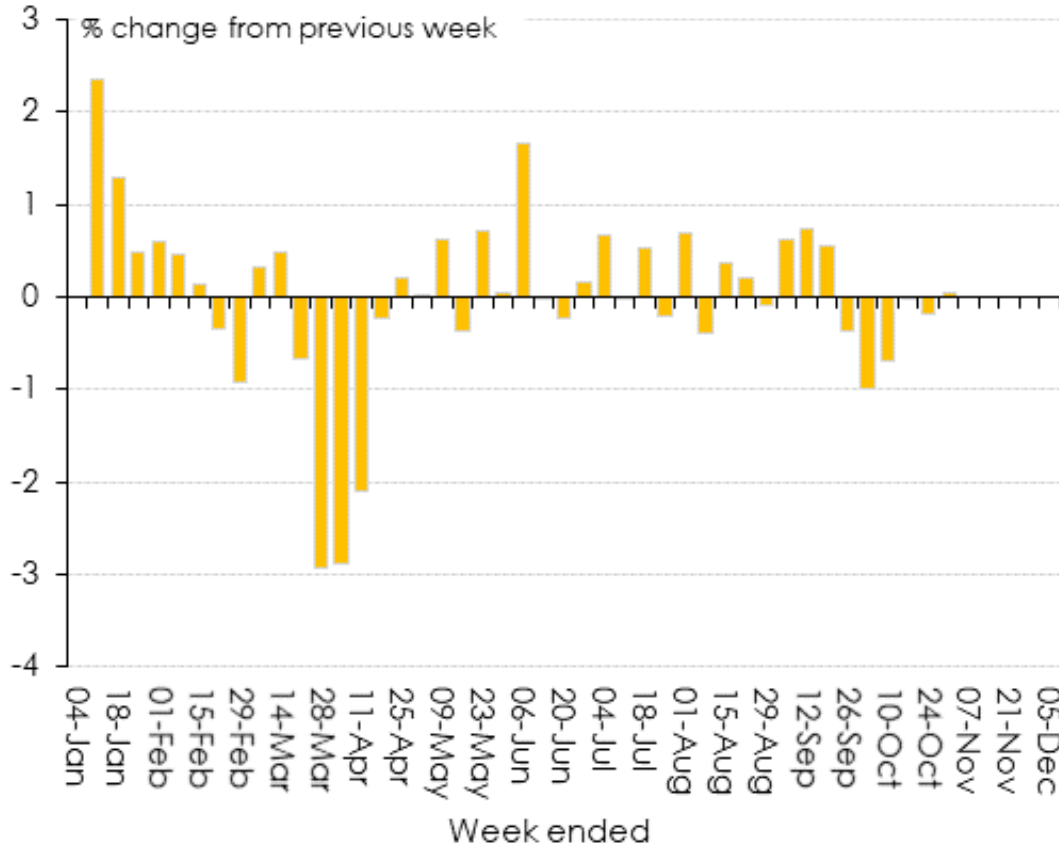


ABS weekly payroll jobs numbers for Tasmania – week ended 31st October

The number of payroll jobs in Tasmania rose marginally – by 0.04% – in the last week of October, following five consecutive weeks of declines totalling 2.2%. By contrast, the national tally of payroll jobs rose by 0.6% in the last week of October – boosted by a 0.9% increase in Victoria as it began to emerge from its 3-month long shut-down, but every other state and territory also reported gains, of between 0.2% and 0.8%, following declines totalling 1.1% in four of the previous five weeks.

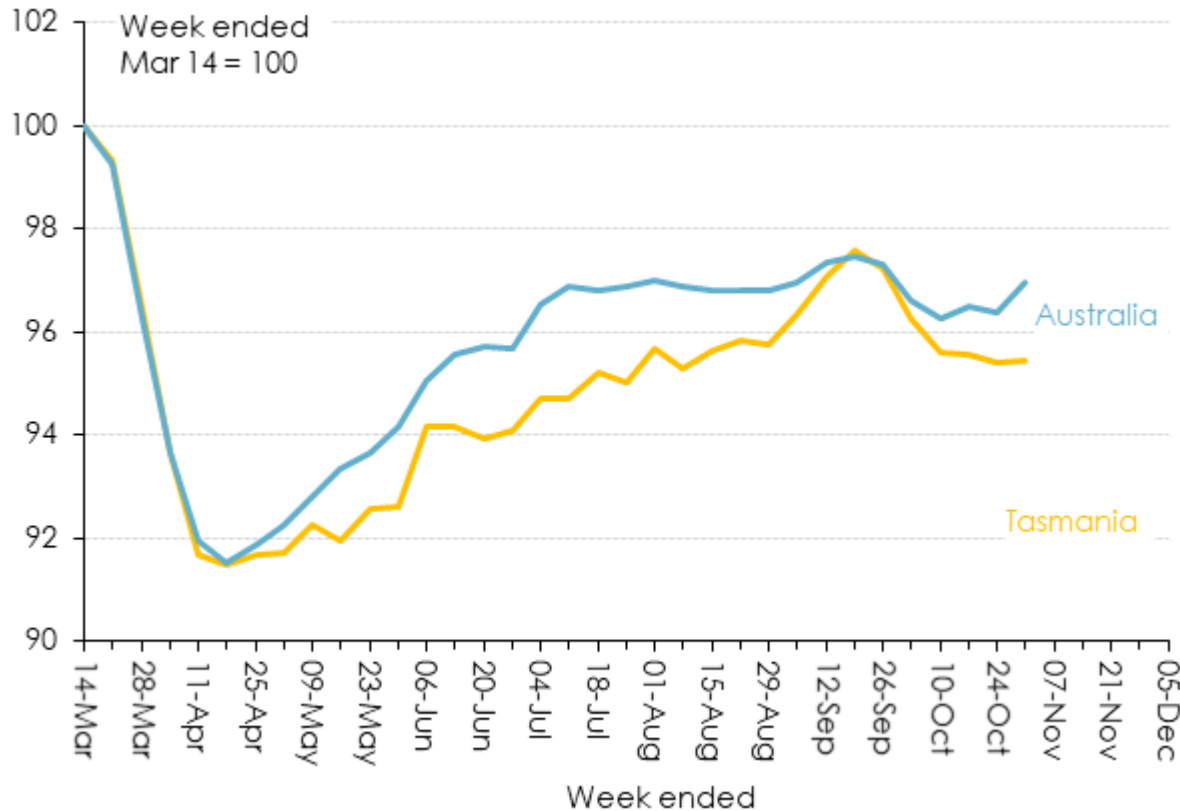
Weekly change in payroll jobs, Tasmania



Scaled against the size of Tasmania's labour force in March, according to the monthly ABS Labour Force Survey, the latest numbers suggest, at face value, that just over 100 Tasmanians gained payroll jobs in the last week of October, only marginally reversing the loss of 5,600 jobs over the previous five weeks.

This leaves the number of payroll jobs down by 11,734, or 4.6%, from the level as at 14th March (ie, just before the onset of the pandemic), compared with a decline of 22,000 up to the week ended 18th April, the lowest point during the current recession.

Indexes of payroll jobs, Tasmania and Australia



Note however that the payroll jobs series (which is based on returns from the ATO's Single Touch Payroll system, used by 99% of employers with 20 or more employees, and about 71% of smaller employers, to make periodic PAYG income tax deductions from their employees' pay to the ATO) counts the number of jobs, rather than the number of people with jobs (which is what the ABS monthly LFS counts), and so it double-counts people with two or more jobs (who account for a little over 6% of the workforce); it also does not count employers or the self-employed.

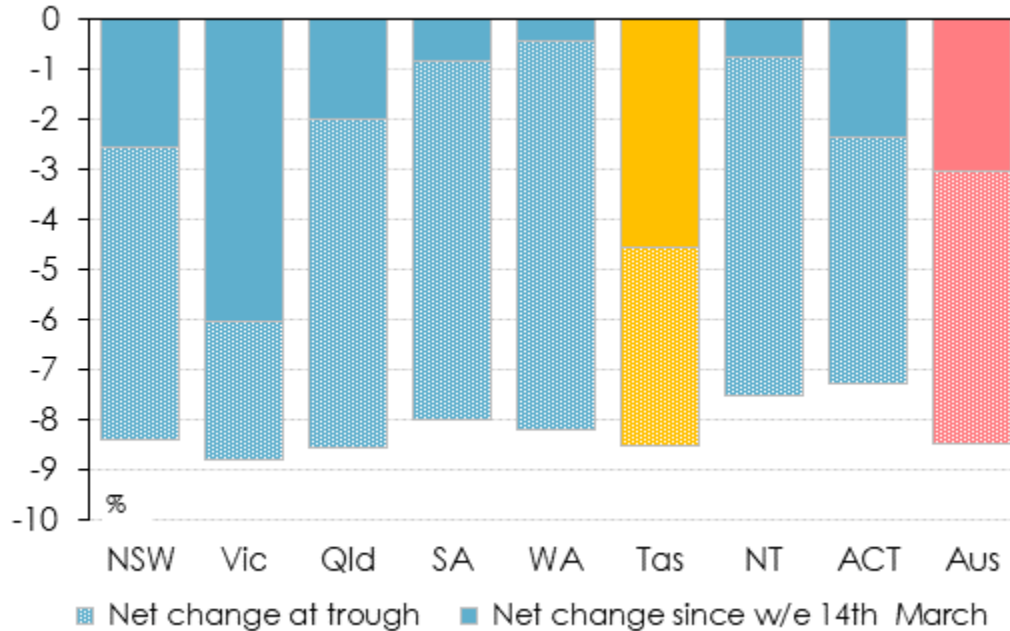
On net since the week ended 14th March, the number of payroll jobs in Tasmania has fallen by 4.6%, the second-worst performance after Victoria (where the number of payroll jobs is now down 6.0% from pre-pandemic, having been down as much as 7.2% at the lowest point during that state's 'second wave').

For other states and territories the net decline in payroll jobs since the week ended 14th March ranges from -2.6% (NSW) to -0.8% (SA and NT) and -0.4% (WA); the national average is down 3.1%.

As noted in previous commentaries on this series, this is a darker picture than that presented by the monthly labour force survey, according to which employment (the number of people with jobs) in Tasmania fell by a net 2.6% between March and September, less than the national average of 3.3% (though still better than only Victoria and the NT) (the October LFS is released this Thursday).

The difference between the two series may be a result of the payroll series not being adjusted for normal seasonal variations, which for two of Tasmania's largest employing sectors (agriculture and tourism) tend to be more negative over the autumn, winter and early spring periods than they are on the mainland.

Net change in employment since week ended 14th March

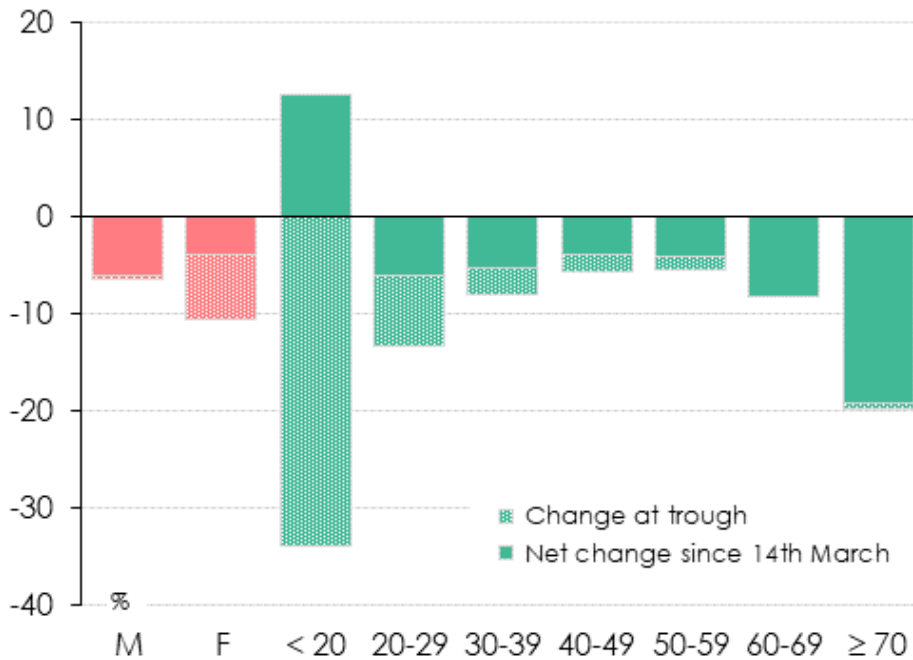


By *gender*, the number of payroll jobs held by men in Tasmania dropped by 0.04% in the last week of October, bringing the cumulative decline since the most recent peak in mid-September to 2.9%; while the number of payroll jobs held by women rose by 0.1%, to be essentially unchanged over the past four weeks but down by 2.0% since mid-September. On net since mid-March, men's payroll employment is down by 6.2% while women's is down by 4.0%, women having been much more successful than men in regaining jobs lost during the first four weeks of the 'lockdown' from late March through to mid-April - probably because JobKeeper has covered a higher proportion of women's (typically lower) wages or salaries than men's.

This raises the possibility that women's jobs will be more adversely affected by the step-down in the level of JobKeeper in early January, and the scheme's scheduled termination at the end of March next year, than men's (as they were during the initial lockdown): however, there is as yet no evidence that women's jobs have been more adversely affected by the first step-down in the level of payments under the JobKeeper scheme that occurred at the end of September.

By *age group*, the number of payroll jobs held by teenagers rose another 1.4% in the last week of October, bringing the net gain in their employment since the week ended 14th March to 12.5% (the corresponding national figure is 13.8%).

Net change in payroll jobs since week ended 14th March



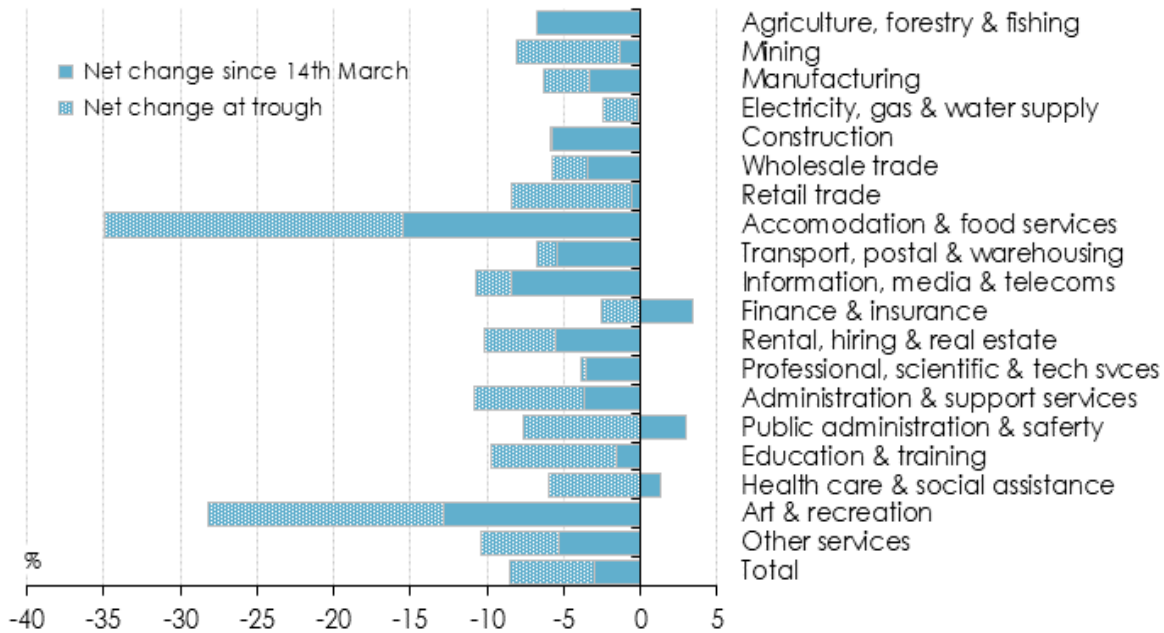
It's not clear why teenagers have done so well, in Tasmania or nationally, in gaining or regaining jobs since the first three weeks of the pandemic: as of the week ended 11th April, the number of payroll jobs held by Tasmanian teenagers had fallen by almost 21%, considerably more than any other age group: since then, the number of payroll jobs held by this group has risen by an astonishing 42%! It could be that, even with the commencement since the end of September of a new lower rate of JobKeeper payment for part-timers (which most teenage jobs are), it is still more financially advantageous for employers to hire teenagers than older workers.

Among other age groups, the number of payroll jobs in Tasmania is down on net since the week ended 14th March by between 4% (people in their 40s and 50s) and 8.2% (people in their 60s), with (the handful of) people in their 70s an outlier, the number of payroll jobs held by them dropping a net 19% since mid-March.

By *industry*, the big moves in the number of payroll jobs in the last week of October were in manufacturing, down 2.8%, and in finance & insurance and professional, scientific & technical services, each down 1.8%, roughly offset by increases of 3.0% in education and training, 2.3% in each of retail and utilities, 1.5% in mining and 1.0% in agriculture, forestry and fishing.

On net since the week ended 14th March, the largest net loser of payroll jobs continues to be agriculture, forestry and fishing, down 14.7% (more than double the corresponding national figure of 6.8%) which is what makes me think the difference could be primarily the result of seasonal variations, and this matters because this sector is almost three times more important as a share of total employment in Tasmania than for Australia as a whole).

Net change in payroll jobs since week ended 14th March by industry, Tasmania

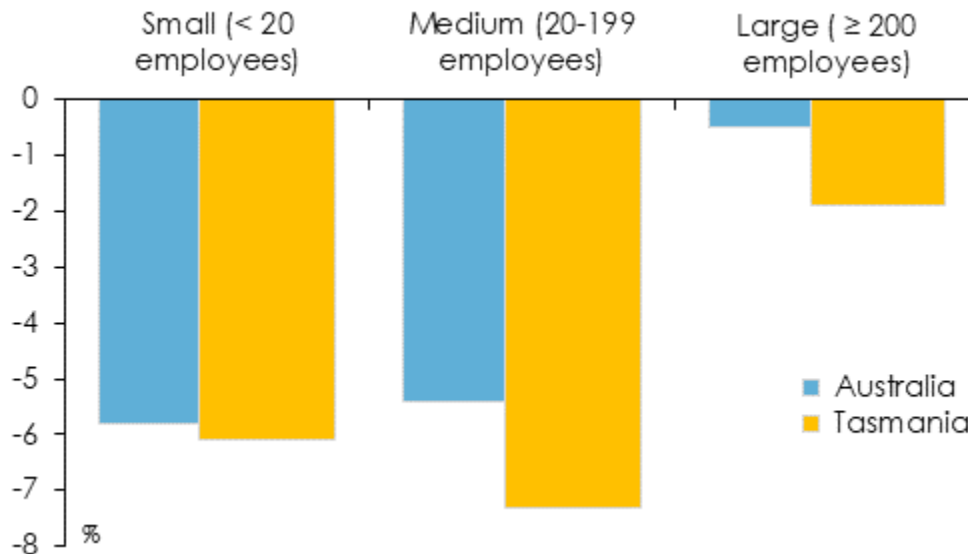


Other big net job losers since mid-March in Tasmania are accommodation and food services (down 11.5%, although that's less than the national figure of 15.5%), mining (down 10.9%, cf. -1.3% nationally), information, media & telecoms services (down 8.5%, about the same as nationally), finance & insurance (down 8.4%, a marked contrast to the 3.4% increase in this sector nationally, although this sector is relatively small in Tasmania), arts & recreation services (down 8.2%, cf. -12.8% nationally), and manufacturing (down 6.3%, cf. -3.4% nationally).

The only sectors in which there are now more payroll jobs in Tasmania than there were at the onset of the pandemic are health care & social assistance (up 1.8%) and public administration & safety (up 0.3%).

One additional piece of information provided by the ABS in this latest release is the distribution of changes in the number of payroll jobs by *business size*. These show that, in Tasmania, the number of payroll jobs at small businesses (those with fewer than 20 employees) has fallen by 6.1% since the week ended 14th March (cf. 5.8% nationwide); at medium-sized businesses (those with 20-199 employees) by 7.3% (cf. 5.4% nationwide); and at large businesses (those with 200 or more employees) by 1.9% (cf. 0.5% nationally). The much larger decline in employment at small and (in Tasmania's case, along with Victoria's and to a lesser extent NSW's) medium businesses than at larger ones presumably reflects the concentration of smaller businesses in the sectors which have been hardest hit either by the pandemic itself or the restrictions imposed in order to contain it (such as accommodation & food services, and arts & recreation services), cf. the preponderance of large companies in sectors such as mining or financial services.

**Net change in employment since week ended 14th March,
by size of business, Tasmania and Australia**



Presumably also the loss of jobs in small businesses would have been even larger (and probably much larger) had it not been for JobKeeper and the other government schemes introduced to support small business cash flows. But it also, I think, re-inforces my skepticism regarding the almost universally-held view that small businesses are “the engine room of the economy”, in Tasmania, or anywhere else. In reality, they’re not.

Very little of the increase in employment in Tasmania over the five years leading up to the pandemic, and none of it over the years between the pre-GFC peak in employment in Tasmania and the onset of the current recession, has been created at small businesses, notwithstanding the more generous payroll tax concessions which the Tasmanian Government extends to small businesses compared with other state governments.

On the contrary, almost all of the private sector employment growth over the five years preceding the onset of the pandemic, and more than all of it since 2008, has been at businesses which *do* have to pay payroll tax (for more details see pp 30-33 of my September paper on [options for reforming Tasmania's state taxation system](#) , of which the Government was so contemptuously dismissive).

Tasmania (and Tasmania) would be far better off (as would Australia, and Australians) if, instead of giving subsidies and tax preferences to *small* businesses, for no reason other than that they are small, they instead preferenced *new* businesses – which are far more likely to create jobs and to innovate; and which can’t stop becoming older businesses (other than by going out of business) and hence aren’t subject to the perverse incentives which bedevil all small business preference schemes, whereby small businesses choose to stop growing at just below the threshold at which they cease to be “small” for the purpose of determining eligibility for small business preferences.

Moreover, since although almost all new businesses are small, most small businesses aren't new, so there will be far fewer new businesses than small ones, and therefore whatever tax preferences or grants are given to them can be much more generous, and thus more likely to achieve the intended or stated result (something which tax preferences to small businesses conspicuously fail to do).

Saul Eslake
17th November 2020