

# CUMMINGS ECONOMICS

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## Statistical Note

### MARCH 2021 - ECONOMIC IMPACT OF COVID-19 RESTRICTIONS

#### Summary

In March, the economy continued to recover. Single Touch Payroll Index was almost back to pre-Covid levels but only with JobKeeper support. Numbers on JobSeeker continued to decline but still about 4,000 above pre-Covid levels. Passenger numbers through the domestic terminal continued to improve but were still down by over a third. However, dwelling approvals in March 2021 were about three times their level in March 2020.

April will test whether the recovery forces will outweigh the impacts of the cessation of JobKeeper support.

#### JobSeeker

During March, the steady downward trend in JobSeeker numbers in the region, since peaking in May 2020, continued.

The figures indicate that the 10,500 rise in numbers on JobSeeker at the beginning of the Covid restrictions had fallen back by 6,200, ie. by about 60%.

It can be expected that, as the JobKeeper employment support scheme phases out at end March, numbers on JobSeeker could tend to rise again.

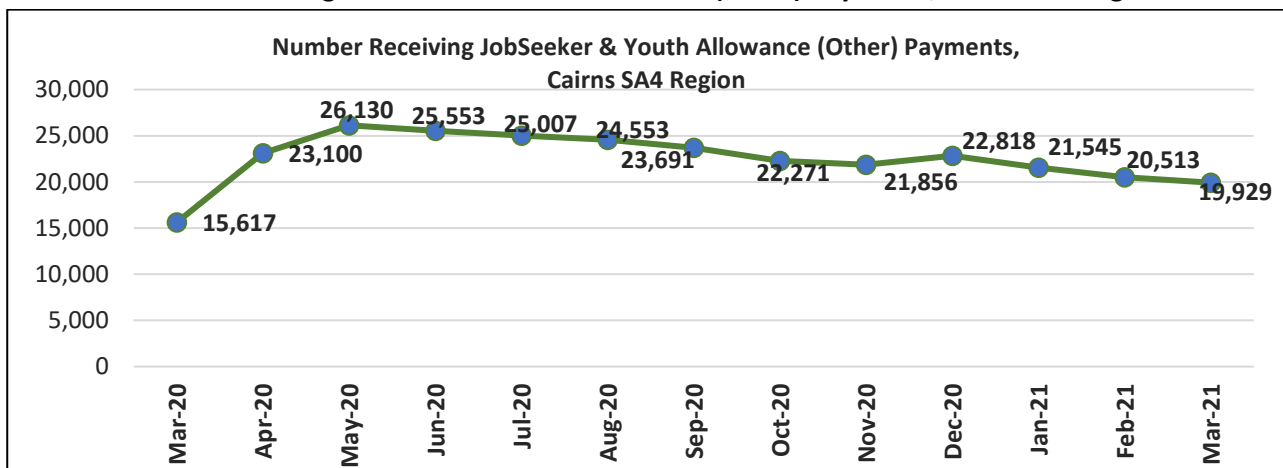
**Table – Numbers Receiving JobSeeker & Youth Allowance (Other)**

	Cairns <sup>(1)</sup>	Cairns SA4 Region <sup>(2)</sup>
March 2020	9,256	15,617
April 2020	15,427	23,100
May 2020	16,173	26,130
June 2020	15,855	25,553
July 2020	15,476	25,007
August 2020	15,234	24,553
September 2020	14,651	23,691
October 2020	14,365	22,660
November 2020	13,651	21,856
December 2020	14,153	22,818
January 2021	13,380	21,545
February 2021	13,235	20,513
March 2021	13,102	19,929

Source: Cummings Economics from Australian Department of Social Services.

Note <sup>(1)</sup>: Cairns LGA excluding Babinda. Note <sup>(2)</sup>: Cairns, Cassowary Coast, Tablelands, Mareeba, Douglas.

Chart – Numbers Receiving JobSeeker & Youth Allowance (Other) Payments, Cairns SA4 Region



Source: Cummings Economics from Australian Department of Social Services.

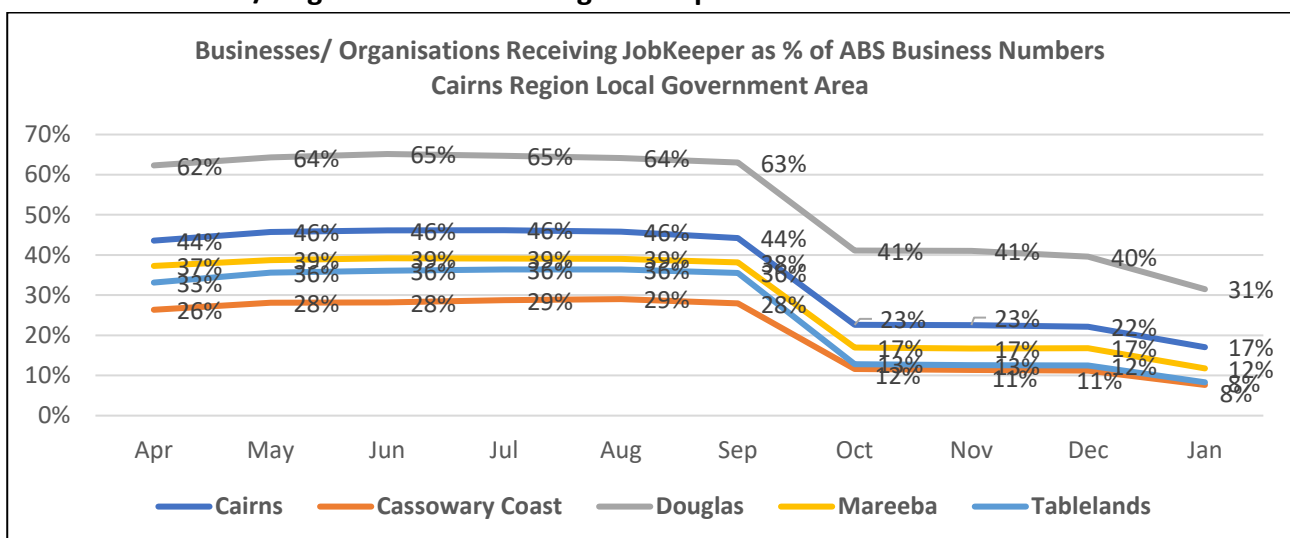
**Note:** In March 2020, the Department of Social Services changed the definition of JobSeeker from being confined to those on a Newstart Allowance (NSA) with a “Job Search” requirement to include all those on a Newstart Allowance including a substantial number without a “Job Search” requirement, including those directed to training, temporarily sick or injured and undertaking voluntary work.

### JobKeeper

The following chart shows the number of businesses/ organisations in the region claiming JobKeeper support to maintain employees as a percentage of the number of businesses recorded by the Australian Bureau of Statistics (ABS) in the region’s Local Government Areas.

It shows the dramatic fall off in December Quarter as rules tightened compared to the very generous rules in the June and September Quarters. As the economy improved in January, a further reduction in the number of businesses who could qualify for JobKeeper fell by about a quarter. However, when compared with the JobSeeker chart above, it can be seen that transfer of employees to JobSeeker was minimal. The chart also illustrates the much higher percentage of businesses on JobKeeper assistance in tourism exposed Douglas Shire and Cairns Regional Council area.

Chart – Businesses/ Organisations Receiving JobKeeper as % of ABS Business Numbers



Source: Cummings Economics from Australian Treasury & ABS Business Numbers data.



### Single Touch Payroll – Jobs Index

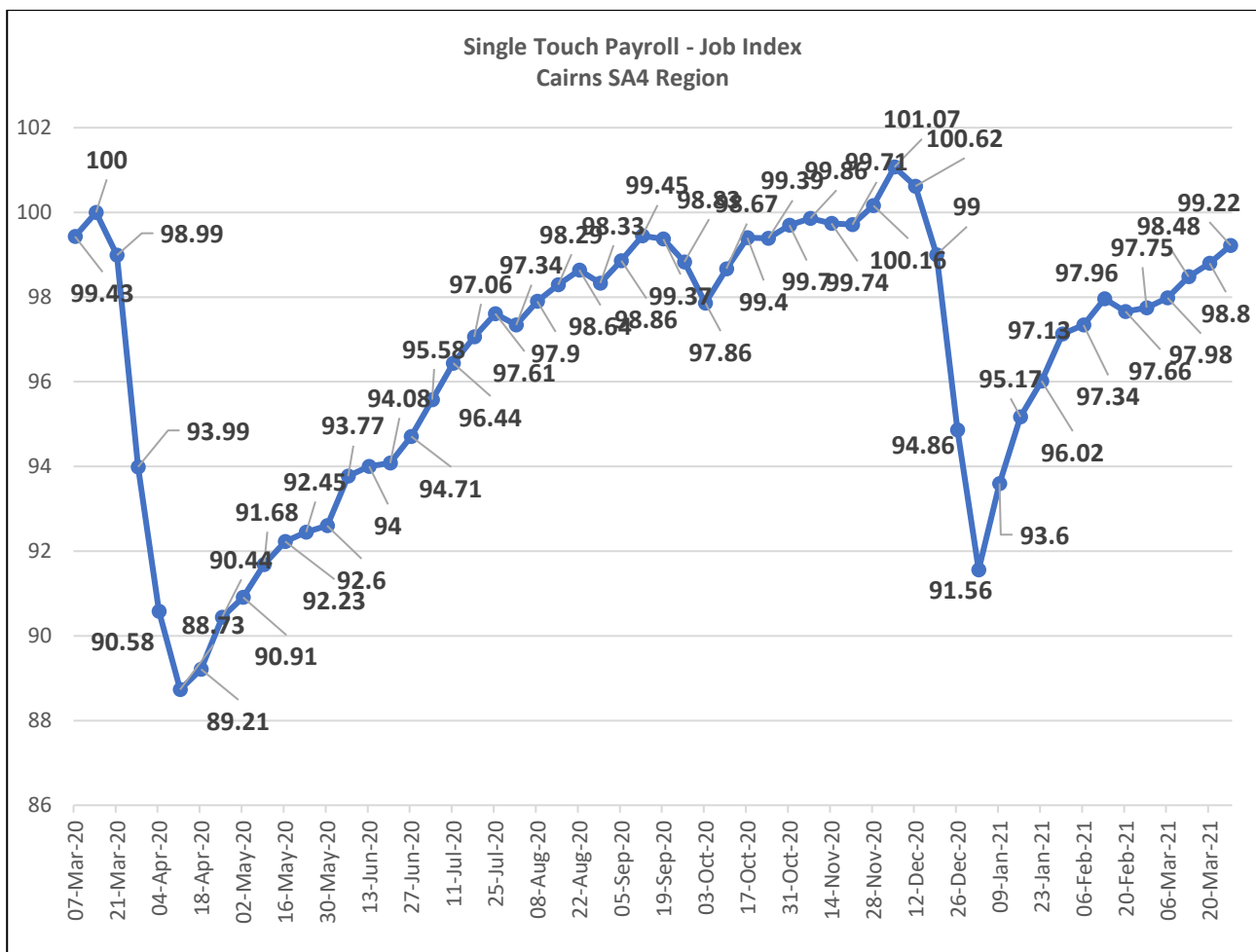
A new Australian Bureau of Statistics (ABS) Index of Jobs recorded through the Single Touch Payroll reporting system to the Australian Taxation Office (ATO) records a sharp fall in the Cairns SA4 region in jobs reported from an Index 100 in week ending 14th March to an Index 89.5 in week ending 11th April (ie. a fall of about 11%).

However, the recovery evident up to September plateaued. Comparison with the foregoing chart on businesses receiving JobKeeper payments helps explain why Payroll Employment Index levels plateaued in the December Quarter.

This is a new series with comparative data from previous years not available. The strong fall over the Xmas period should be ignored at this stage as it could be due to offices closing for the Xmas break and not submitting payroll information. Similar patterns are evident in other regions. However, the Index by March 2021 had risen again to almost equal the pre-Covid level in March 2020.

While this is encouraging, in March some payrolls were still being supported by JobKeeper payments, and with inflation and population growth, it could have been expected to be up on the previous year.

Chart – Single Touch Payroll – Jobs Index, Cairns SA4 Region



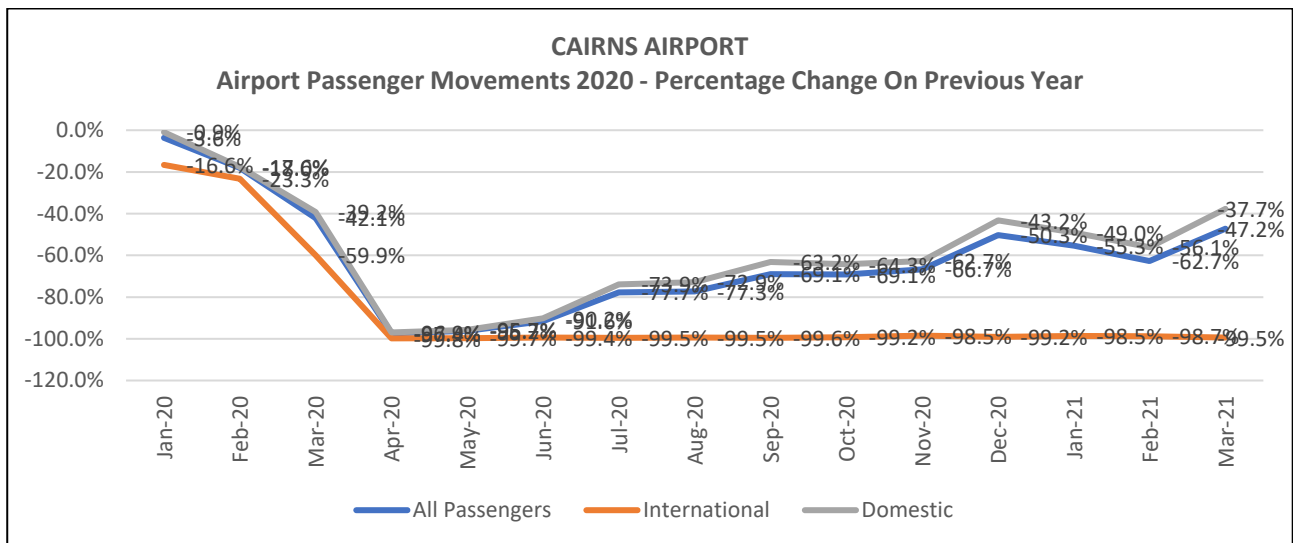
Source: Cummings Economics from Australian Bureau of Statistics Cat No. 6160.0.55.001.



### Airport Passengers

The following chart compares passenger movements at Cairns Airport during 2020 and up to March 2021, with the same month pre-Covid in 2019. They indicate the international terminal figures remain flat but that the domestic terminal recovered to being down 37% in March on pre-Covid levels. Information from Cairns Airport indicates that capacity on the main routes to Cairns from Brisbane, Sydney and Melbourne is expected to increase in April (Note: January, February and March figures 2021 are compared with January, February and March 2019 (ie. pre-Covid).)

Chart – Airport Passenger Movements 2021 - % Change on Previous Years – Cairns Airport

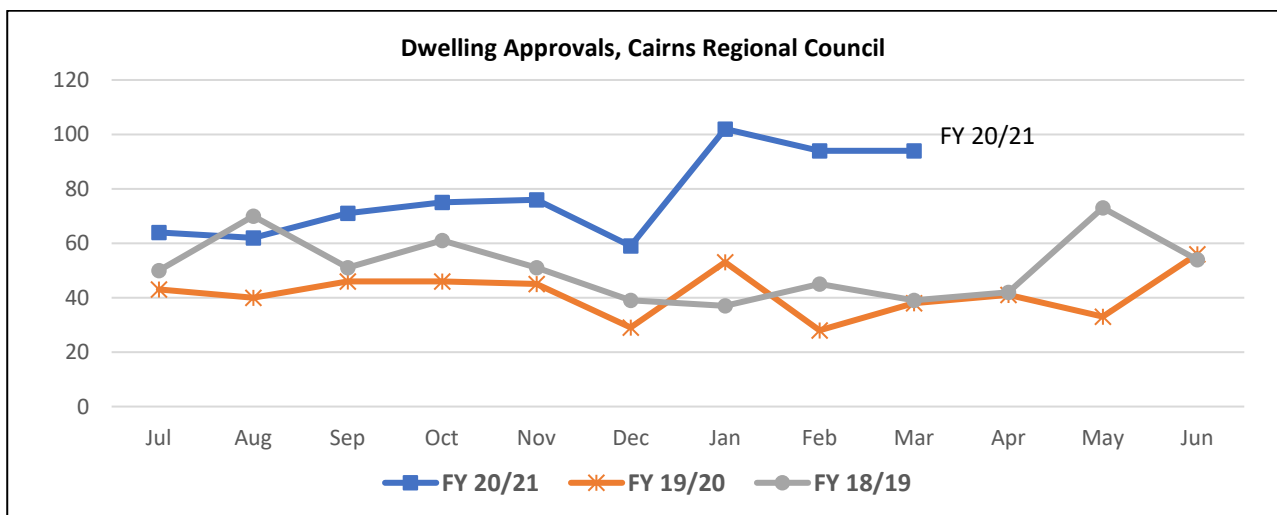


Source: Cummings Economics from Cairns Airport.

### Construction

The following chart illustrates the impact of the Commonwealth Government’s HomeBuilder stimulus measures with approvals in the Cairns Regional Council area in March 2021 running at almost three (3) times the number in March 2020.

Chart – Dwelling Approvals, Cairns Regional Council



Source: Cummings Economics from Cairns Regional Council.

