

CUMMINGS ECONOMICS

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Statistical Note

MAY 2021 - ECONOMIC IMPACT OF COVID-19 RESTRICTIONS

Summary

In May, the Cairns region recorded a number of milestones in its recovery from the Covid-19 restrictions.

- After dipping slightly in April after the end of JobKeeper support, the Australian Bureau of Statistics Single Touch Payroll Jobs Index returned to levels recorded immediately prior to Covid restrictions being imposed in March 2020;
- Airport passenger figures indicated that domestic visitor numbers by air are now definitely running ahead of pre-Covid levels;

However, the indications are that the region has still not returned fully to pre-Covid levels of activity.

- While the Jobs Index is back marginally above March 2020, if seasonal upswings are taken into account, the Jobs Index needs to recover further before it indicates the region is definitely above pre-Covid levels for this time of the year;
- While the airport domestic passenger figures are above pre-Covid levels, they are still well short of compensating for the loss of international visitors;
- Numbers on JobSeeker unemployment benefits are still 3,000 (20%) above pre-Covid levels.

JobSeeker

During May 2021, the steady downward trend in numbers receiving JobSeeker unemployment benefits in the region, since peaking in May 2020, continued, despite the end of JobKeeper at end March. While about 8,000 down on peak of 26,000 in May 2020, at 18,500 they are still about 3,000 (20%) higher than pre-Covid levels.

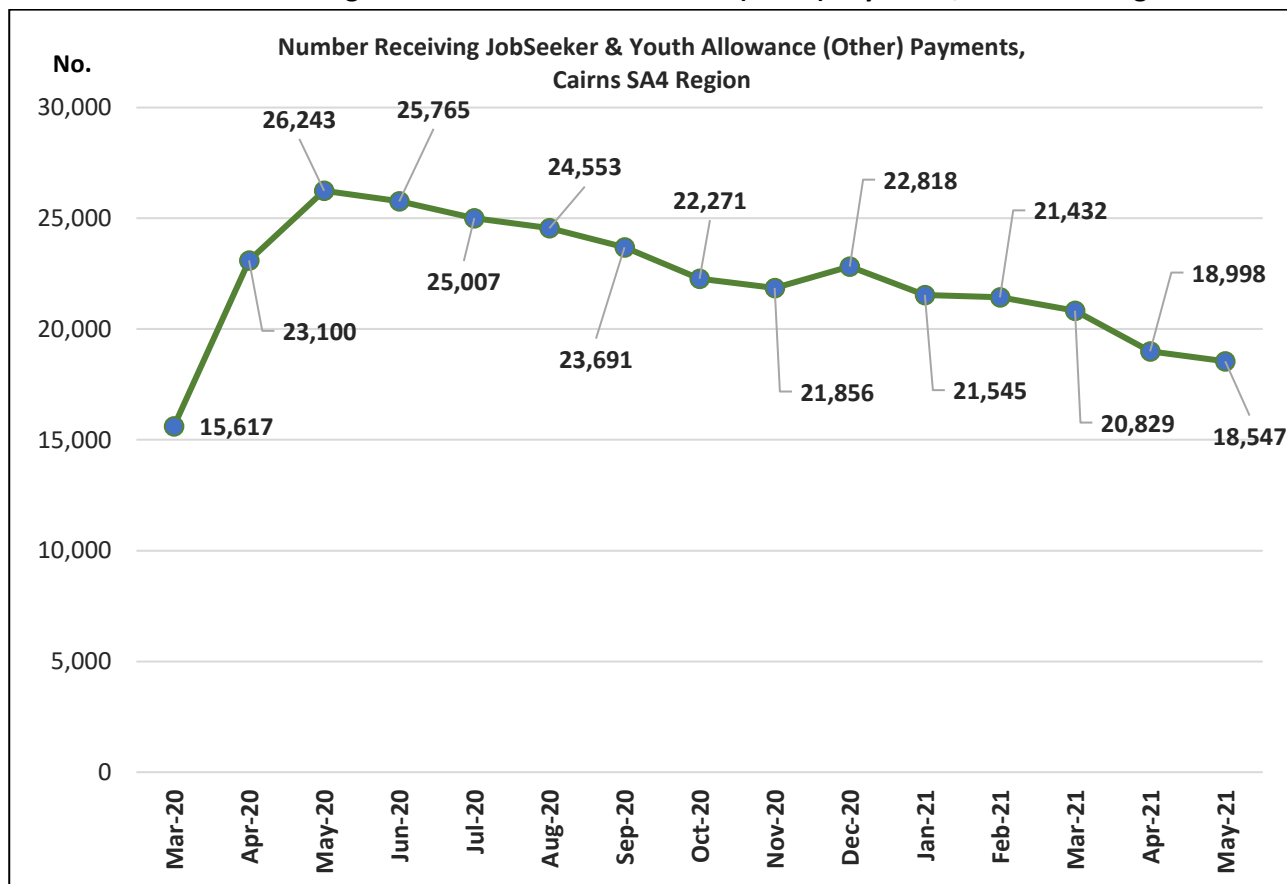
Table 1 – Numbers Receiving JobSeeker & Youth Allowance (Other)

	Cairns ⁽¹⁾	Cairns SA4 Region ⁽²⁾
March 2020	9,256	15,617
April 2020	14,433	23,100
May 2020	16,181	26,243
June 2020	15,871	25,765
July 2020	15,476	25,007
August 2020	15,234	24,553
September 2020	14,651	23,691
October 2020	14,042	22,271
November 2020	13,661	21,856
December 2020	14,153	22,818
January 2021	13,380	21,545
February 2021	13,235	21,432
March 2021	12,824	20,829
April 2021	11,526	18,998
May 2021	11,258	18,547

Source: Cummings Economics from Australian Department of Social Services.

Note ⁽¹⁾: Cairns LGA excluding Babinda. **Note** ⁽²⁾: Cairns, Cassowary Coast, Tablelands, Mareeba, Douglas.

Chart 1 – Numbers Receiving JobSeeker & Youth Allowance (Other) Payments, Cairns SA4 Region

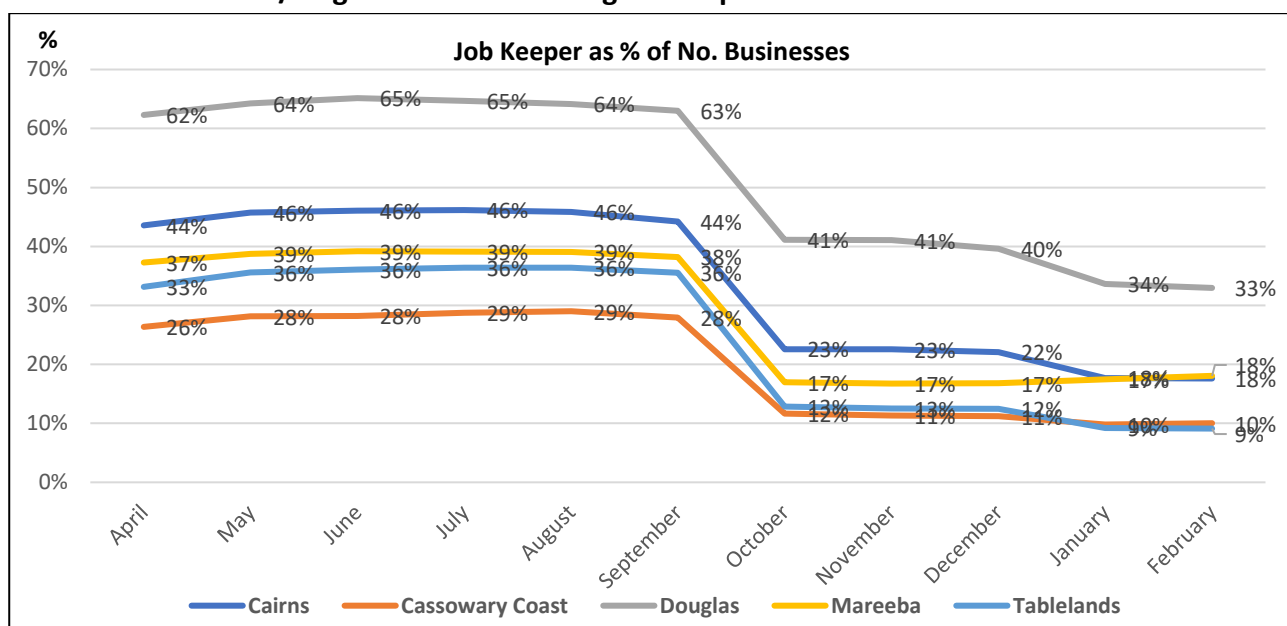


Source: Cummings Economics from Australian Department of Social Services.

JobKeeper

The following chart gives estimated proportion of businesses on JobKeeper up to February prior to the scheme’s cessation at end March.

Chart 2 – Businesses/ Organisations Receiving JobKeeper as % of ABS Business Numbers



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

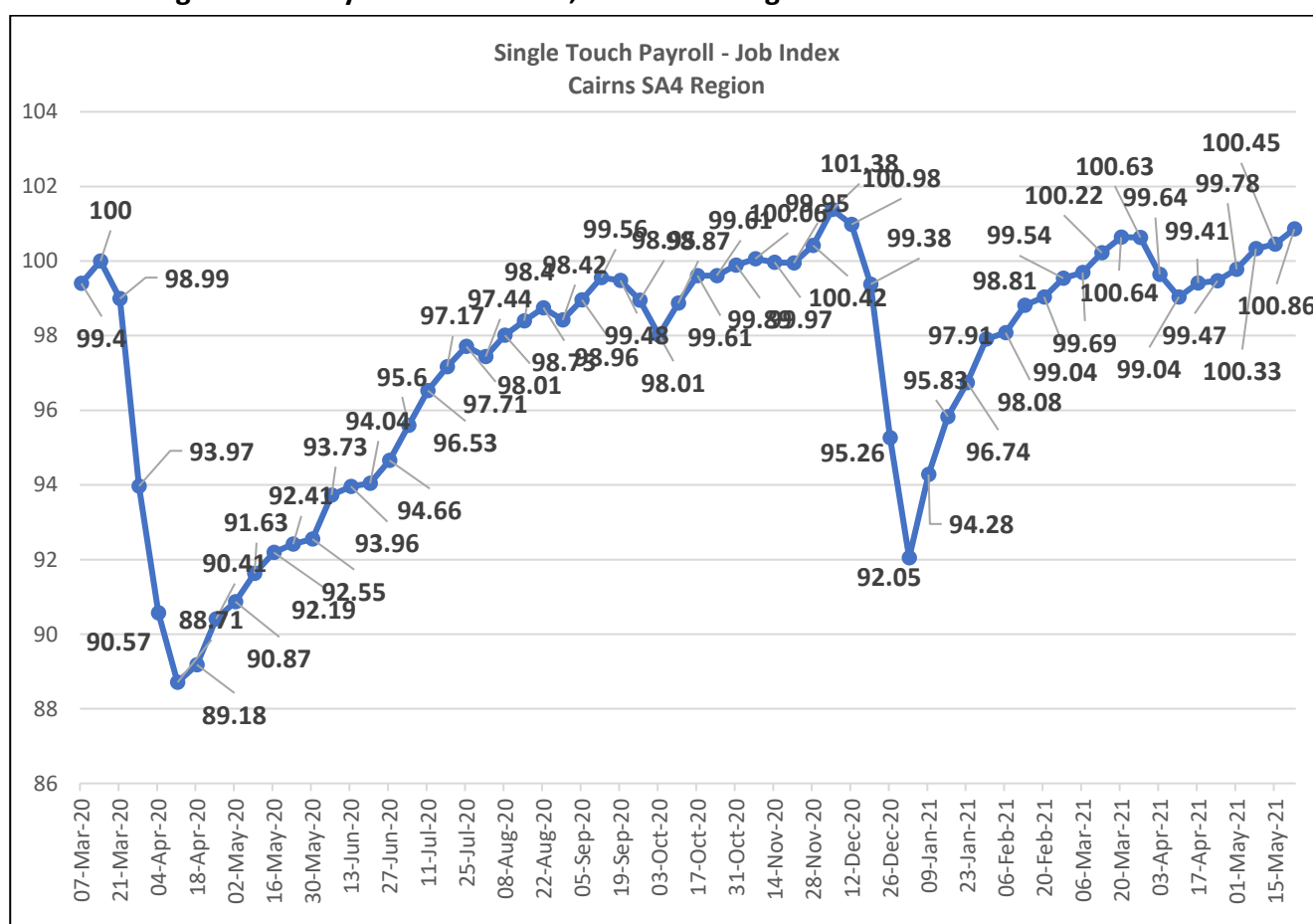
Single Touch Payroll – Jobs Index

A new Australian Bureau of Statistics (ABS) Jobs Index gives job numbers reported through the Single Touch Payroll reporting system to the Australian Taxation Office (ATO).

After a sharp fall of about 11% in April 2020, the Index recovered strongly to about September. After that, the progressive contraction in October and January of JobKeeper and a big dip over the Xmas/ New Year holiday period, saw falls followed by further recovery. The final complete withdrawal of JobKeeper support at end March saw a dip that has been quickly recovered to finish at the same level as the month preceding the Covid restrictions March 2020.

However, taking into account usual seasonal uplift at this time of the year, the Index needs to go higher before it indicates full recovery.

Chart 3 – Single Touch Payroll – Jobs Index, Cairns SA4 Region



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

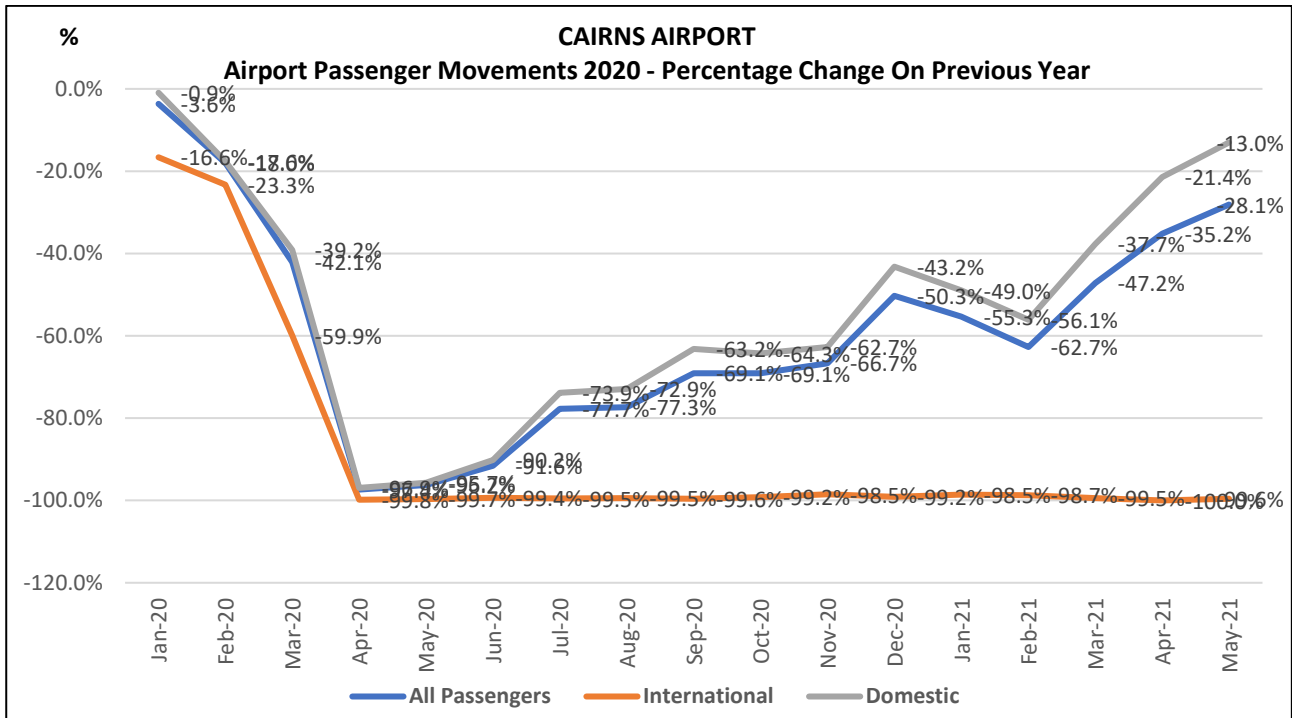
Airport Passengers

The following chart compares passenger movements at Cairns Airport during 2020 and up to May 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 in May 2021 by only 13% on May 2019. Taking into account that in May 2019, part of the traffic through the domestic terminal was international visitors (probably of the order of 20%), the figures indicate that domestic visitors by air in May was definitely above pre-Covid levels but not enough to compensate for loss of international visitor traffic.



Information from Cairns Airport indicates that capacity on the main domestic routes to Cairns is increasing to above pre-Covid levels in the coming months. International flights returned from New Zealand in early June. Against this background, it is possible that a “bounce” in the domestic market may be enough to offset the loss of international visitors over the next few months.

Chart 4 – Airport Passenger Movements 2021 - % Change on Previous Years – Cairns Airport

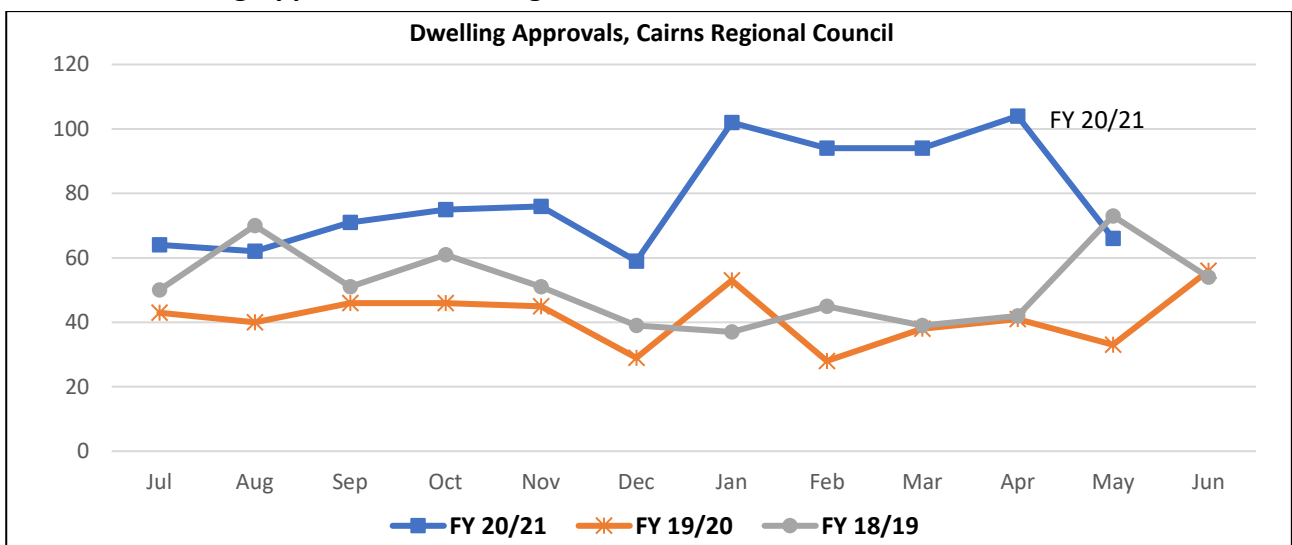


Source: Cummings Economics from Cairns Airport.

Construction

The following chart illustrates the impact of the Commonwealth Government’s HomeBuilder stimulus measures and very low interest rates. Dwelling approvals in the Cairns Regional Council area in May 2021 were down on previous months but still about two times the number in May 2020.

Chart 5 – Dwelling Approvals, Cairns Regional Council



Source: Cummings Economics from Cairns Regional Council.

