



Research report 5/2021

An assessment of the economic effects of COVID-19 – Version 5

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The contents of this paper are the responsibility of the author and the research has been conducted without the involvement of members of the Fair Work Commission.

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Table of contents

- 1 Executive summary 1**
- 2 Background 2**
- 3 The overall state of the Australian labour market and economic activity 2**
- 4 How did the end of Job Keeper affect the number of jobs in Australia? 5**
- 5 Have any significant changes occurred in the number of jobs by industry? 7**
- 6 Have labour market outcomes by worker characteristics changed? 14**
 - 6.1 Age 14
 - 6.2 Gender 15
- 7 References 16**

List of charts

Chart 1: Changes in employment and monthly hours worked per capita, March 2020 to April 2021.....	2
Chart 2: Index of number of jobs per capita, 4 January 2020 to 24 April 2021.....	3
Chart 3: Real output and income, per cent change relative to March quarter 2020	4
Chart 4: Rate of flow out of employment, Ratio in each month from February 2020 to April 2021 to average flow out of employment in same month in May 2016 to April 2019, Monthly.....	7
Chart 5: Employment-to-population rate, By age, March 2020 to April (2021)	14
Chart 6: Difference in labour market outcomes by gender, March 2020 to April 2021	15

List of tables

Table 1: Growth in wages, per cent change, 2020–21.....	3
Table 2: Contributions to change in GDP, per cent, March quarter 2020 to March quarter 2021	5
Table 3: Estimated impact of Job Keeper ending on employment, monthly hours worked and jobs	6
Table 4: Per cent changes in number of jobs by industry	8
Table 5: Per cent change in GVA and income from sales of goods and services, By industry, March quarter 2020 to March quarter 2021	9
Table 6: Explanations of the classification of industries into clusters	10
Table 7: Classification of industries by cluster	13

1 Executive summary

Aggregate labour market activity in Australia has by now recovered to its pre-COVID level. As an example, monthly hours worked per capita in April 2021 were 1.3 per cent above the level in March 2020. The recovery in employment now appears to have extended across all age groups; and has brought employment for both males and females back to pre-COVID levels. The recovery in labour market outcomes has been driven by the evolution of economic activity in Australia. GDP and GDP per capita in the March quarter 2021 were about 1 per cent above a year earlier.

I estimate that the ending of JobKeeper in March caused employment to decrease by between 45,000 and 97,000 persons. These estimates are based on alternative methods of evaluating the impact of JobKeeper ending. The lower estimate is based on the increase in outflows from employment between the March and April 2021 compared to the same period in previous years. The upper estimate is based on an assumed counter-factual that, if JobKeeper had not ended, employment would have increased from March to April at the same average rate as the past four months. Treasury has also estimated the impact of the end of JobKeeper on employment (Kennedy, 2021). Using Single Touch Payroll data, Treasury’s estimate is that the end of JobKeeper caused an immediate decrease in employment of about 40,000 persons; and in the month after the program ended a decrease of 56,000 persons. Any impacts of employment in the range I estimate, or the estimate by Treasury, are best interpreted as showing that the end of JobKeeper caused a temporary stalling, rather than constituting a major setback, to labour market recovery.

New data on the number of jobs and economic activity by industry, and the progress of recovery since mid-2020, suggest the need for adjusting the classification of industries according to the impact of COVID-19 that I had recommended in Borland (2021a). Hence, I propose a new nomenclature and associated definitions for classifying industries:

- **Fully recovered:** Industries where the number of jobs and activity has recovered to now be at or above the level prior to the onset of COVID-19;
- **Almost recovered:** Industries where the number of jobs and economic activity remain marginally below the level prior to the onset of COVID (in the case of jobs, 1 to 2 per cent below the level prior to COVID); and
- **Lagging recovery:** Industries where the number of jobs and economic activity has not fully recovered or has progressively decreased to now be below the level prior to the onset of COVID-19 by a significant amount (in the case of jobs, 5 to 10 per cent below the level prior to COVID-19).

My recommended classification is:

<p>Lagging recovery Accommodation and food services Transport, postal and warehousing Information, media and telecommunications</p> <p>Almost recovered Manufacturing Construction Wholesale trade Education and training Arts and recreation services</p>	<p>Fully recovered Agriculture, forestry and fishing Mining Electricity, gas, water and waste services Retail trade Financial and insurance services Rental, hiring and real estate services Professional, scientific and technical services Administrative support services Public administration and safety Health care and social assistance Other services</p>
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2 Background

This report uses data from the ABS Labour Force Survey (April 2021), ABS Payroll Jobs and Wages survey (Week ending 8 May 2021), ABS Business Indicators (March quarter, 2021) and ABS National Accounts (March quarter, 2021) to describe changes in labour market and economic activity in the period to April 2021. It can be read as an addendum to version 3 in this series of reports (Borland, 2021a), which provided a comprehensive overview of recent developments in the Australian labour market using a variety of ABS data sources.

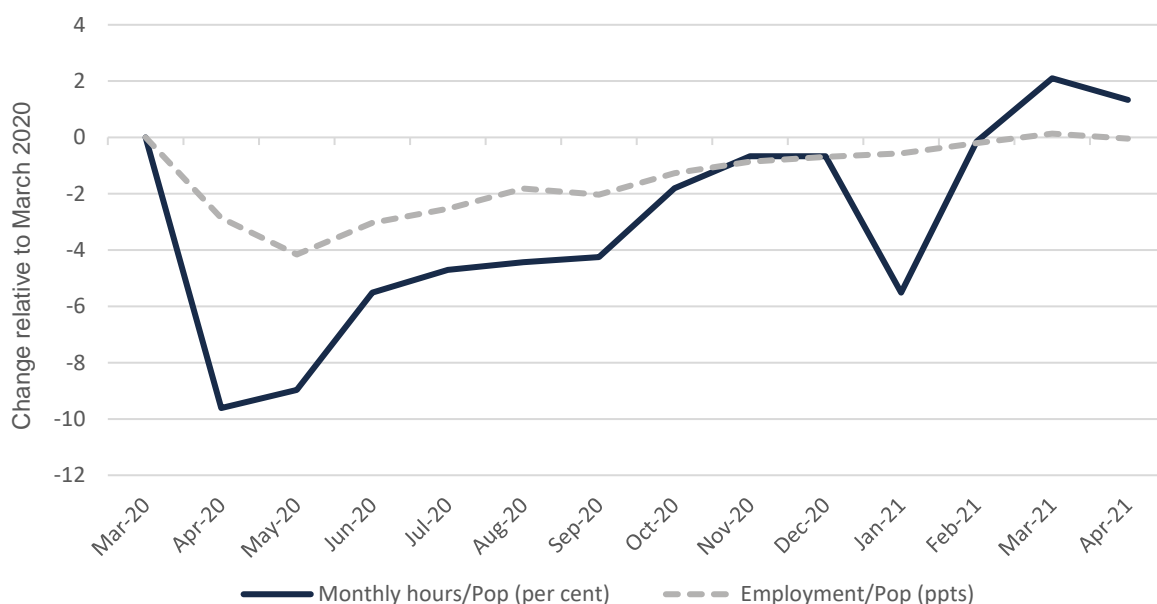
The report addresses four main issues:

- What is the overall state of the Australian economy and labour market?
- How did the end of Job Keeper affect the number of jobs in Australia?
- Have significant changes occurred in the number of jobs by industry?
- Have labour market outcomes by worker characteristics changed?

3 The overall state of the Australian labour market and economic activity

Aggregate labour market activity in Australia has by now recovered to its pre-COVID level. Chart 1 shows changes in monthly hours per capita and the employment/population rate from March 2020 to April 2021. Monthly hours worked per capita in April 2021 were 1.3 per cent above the level in March 2020. And the employment-to-population rate, having been above the pre-COVID level in March 2021, then slightly reversed to be back at about the same level in April.

Chart 1: Changes in employment and monthly hours worked per capita, March 2020 to April 2021



Note: Data are seasonally adjusted.

Source: ABS, *Labour Force, Australia*, April 2021, Tables 1 and 19.

Similar conclusions come from analysis of the number of jobs in Australia. Chart 2 shows the number of jobs per capita in Australia from the start of 2020 onwards. Data from January to mid-March in

2020 and 2021 are overlayed, allowing a comparison between employment during and pre-COVID-19 for identical times of year, which is valuable as the Weekly Payroll data are not seasonally adjusted.

The series for January to early March 2021 is always above the series for the same time period in 2020. This shows that the number of jobs per capita in Australia in early 2021 was above the number at the same time as in 2020, prior to COVID-19. In fact, at the start of March in 2021, the number of jobs per capita was about 2 percent above at the same time as in 2020.

Chart 2: Index of number of jobs per capita, 4 January 2020 to 24 April 2021



Source: ABS, *Weekly Payroll Jobs and Wages*, Week ending 8 May 2021, Table 4.

Wage inflation in 2020–21 has followed a similar pattern to changes in employment and jobs. This is shown in Table 1 using the ABS Average Weekly Earnings and Wage Price Index series. Following the onset of COVID-19, growth in wages, already subdued, virtually stopped for six months. For the final quarter of 2020 and first quarter of 2021, growth in the WPI has resumed at about the same pace as prior to COVID-19, around 0.5 per cent per quarter.

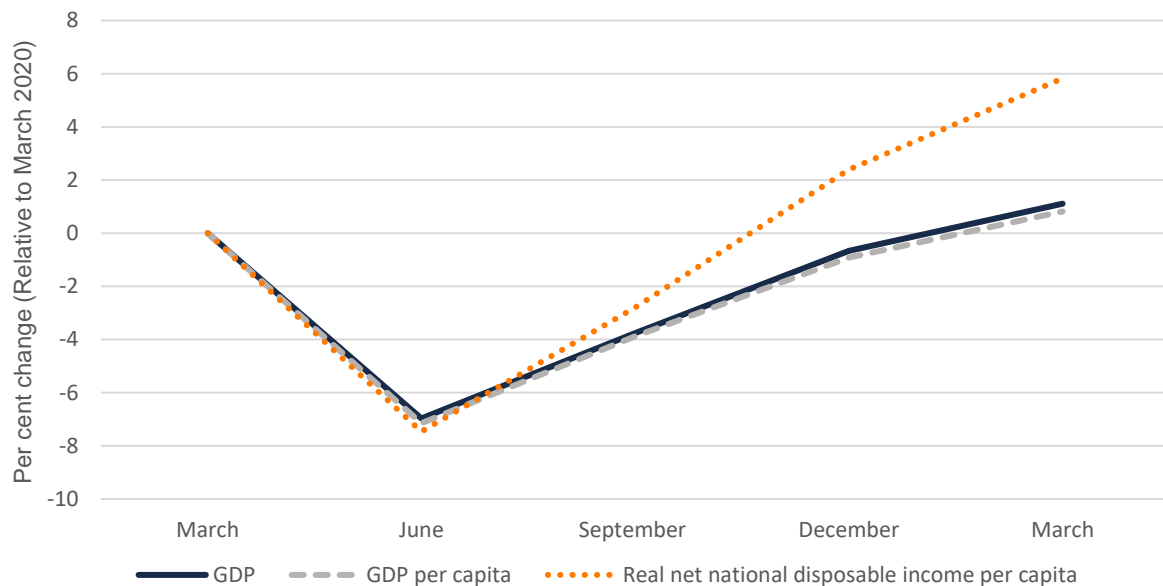
Table 1: Growth in wages, per cent change, 2020–21

	Per cent change
1] Full-time adult male ordinary time weekly earnings	
November 2019 to May 2020	+3.5
May 2020 to November 2020	-0.4
2] Total hourly rates of pay excluding bonuses	
December 2019 to March 2020	+0.5
March 2020 to June 2020	+0.2
June 2020 to September 2020	+0.1
September 2020 to December 2020	+0.6
December 2020 to March 2021	+0.6

Source: (i) Full-time adult male ordinary time weekly earnings (November) – ABS, *Average Weekly Earnings, Australia*, Table 2; (ii) Total hourly rates of pay excluding bonuses – ABS, *Wage Price Index*, Table 1.

Recovery in the labour market has been driven by recovery in economic activity in Australia. Chart 3 shows the evolution of GDP, GDP per capita and real net national disposable income per capita since March 2020. With the onset of COVID-19, these measures decreased by about 7 per cent from March to June 2020. Since that time, there has been steady recovery—with GDP and GDP per capita recovering by March 2021 to be about 1 per cent above a year earlier; and real net national disposable income rising to be almost 6 per cent above a year ago.

Chart 3: Real output and income, per cent change relative to March quarter 2020



Note: Data are seasonally adjusted.

Source: ABS, *Australian National Accounts: National Income, Expenditure and Product*, March 2021, Table 1.

Details of the sources of changes in GDP in 2020–21 are presented in Table 2. The initial decline and subsequent recovery in GDP was caused primarily by the same direction of movements in household consumption. Private gross fixed capital formation has followed the same pattern—and is one of the main factors responsible for GDP being higher in March 2021 than a year before. The growth in private gross fixed capital formation came mainly from spending on dwellings and investment in machinery and equipment. Changes in government consumption did not have a major effect on the pattern of change in GDP over 2020–21, but are the other important explanation for the increase in GDP in the year to March 2021.

Table 2: Contributions to change in GDP, per cent, March quarter 2020 to March quarter 2021

	Change in GDP	Contribution of: Household consumption	Government consumption	Exports - Imports	Private gross fixed capital formation
March to June	-7.0	-6.7	+0.3	+0.2	-1.0
June to March	+8.1	+6.7	+0.3	-0.5	+1.6
March 2020 to March 2021	+1.1	0	+0.6	-0.3	+0.6

Note: (i) Data are seasonally adjusted; and (ii) All calculations of per cent change are made with GDP in the March quarter 2020 as the numerator. Hence per cent changes for the sub-periods sum to the per cent change for the overall period from March quarter 2020 to March quarter 2021.

Source: ABS, *Australian National Accounts: National Income, Expenditure and Product*, March 2021, Table 2.

4 How did the end of JobKeeper affect the number of jobs in Australia?

The JobKeeper program ended on 28 March 2021. Data on employment and on the number of jobs in Australia prior to and following the end of March 2021 therefore can provide information about the impact of the program ending.

I use two approaches to estimate the impact of JobKeeper ending. The first approach estimates the impact by comparing the actual change in employment from March to April 2021 with a counterfactual for what would have happened to employment had JobKeeper not ended. The second approach estimates the impact by comparing outflows from employment between March and April 2021 with average outflows in the same time period in 2016 to 2019.

First approach

Table 3 shows estimated impacts of Job Keeper ending on employment, monthly hours worked and the number of jobs using the first approach. The estimates are calculated with two key assumptions: (i) That if Job Keeper had continued, employment (hours/jobs) would have grown from March to April at the same rate as from November 2020 to March 2021; and (ii) The only explanation for the difference between the actual change in employment from March to April 2021, and what I assume would have happened if Job Keeper had continued, is the ending of Job Keeper.

My view is that using employment and job growth from November 2020 to March 2021 gives a plausible representation of what would have happened had Job Keeper not ended; but a representation that gives estimates at the upper end of plausible impacts of the end of Job Keeper.

The fact that employment growth did not appear to be tailing off in the month to March, and the scope for stored-up stimulus to continue to affect employment, support that the preceding months are an accurate guide to what would have happened to employment between March and April 2021 had JobSeeker not ended.¹ At the same time, it is important to take into account that, since by March 2021

¹ For example, the household savings rate in March 2021 was 11.6 per cent, still elevated from the level of 7.9 per cent in March 2020 (ABS, *Australian National Accounts: National Income, Expenditure and Product*, Table 1).

employment and jobs were back at their pre-COVID levels, growth from March to April might be expected to have been slower than in the preceding months.²

The estimates reported in Table 3 suggest that the ending of Job Keeper caused a decrease in employment of about 0.7 per cent, or 97,000 persons. Monthly hours worked are estimated to have been decreased by about 1.5 per cent; and the number of jobs by 1.1 per cent.

Table 3: Estimated impact of Job Keeper ending on employment, monthly hours worked and jobs

	Average change: November 2020 to March 2021	Change: March 2021 to April 2021	Total implied change due to JobKeeper
Employment – Number ('000s) (sa)	+58.4	–38.6	–97.0
Employment – Per cent (sa)	+0.45	–0.23	–0.68
Monthly hours – Per cent (sa)	+0.74	–0.71	–1.45
Jobs – Per cent	+0.25	–0.90	–1.15
	(28/11/20 to 27/3/21)	(27/3/20 to 24/3/20)	

Source: (i) Employment and monthly hours worked – ABS, *Labour Force, Australia*, April 2021, Tables 1 and 19; (ii) Jobs – ABS, *Weekly Payroll Jobs and Wages*, Week ending 8 May 2021, Table 4.

Second approach

The impact of the ending of JobKeeper can also be estimated by comparing data on flows out of employment between March and April 2021 with previous years. What is assumed in this approach is that any difference between the magnitude of flows between March to April in 2021 and in previous years is due to the ending of JobKeeper.

Chart 4 shows the ratios of rates of monthly outflows from employment from February 2020 to April 2021 to the average of the rates for corresponding months in 2016 to 2019. I present the outflow data as a ratio to adjust for monthly seasonal effects. The chart shows, for example, that in March to April and April to May 2020, with the onset of COVID-19, rates of outflow from employment were more than double the average of previous years in the same months.

Looking at March to April 2021, a small upward movement in the rate of outflow is apparent—about 13 per cent higher than in previous years. This is equivalent to about 45,000 extra persons flowing out of employment. The increase is around the same magnitude as when Victoria went into its second lockdown in July to September 2020.

Treasury estimate

The impact of the end of JobKeeper on employment has also recently been estimated by Treasury (Kennedy, 2021). Using Single Touch Payroll data, Treasury's estimate is that the end of JobKeeper caused an immediate decrease in employment of about 40,000 persons; and in the month after the program ended a decrease in employment of 56,000 persons.

² Note as well that using the period following November 2020 avoids including the phase of rapid growth in employment that came from Victoria ending its second lockdown.

Conclusion

Putting together the alternative estimates, the short-term negative impact of the ending of JobKeeper on employment is likely to have been in the range from 45,000 to 97,000 persons—but with the highest probability attaching to estimates towards the bottom of that range. Impacts on employment in that range are best interpreted as showing that the end of JobKeeper caused a temporary stalling, rather than constituting a major setback, to labour market recovery.

Chart 4: Rate of flow out of employment, Ratio in each month from February 2020 to April 2021 to average flow out of employment in same month in May 2016 to April 2019, Monthly



Note: The rate of outflow from employment includes both outflow to unemployment and not in the labour force.

Source: ABS, *Labour Force, Australia*, April 2021, GM1.

5 Have any significant changes occurred in the number of jobs by industry?

New ABS Payroll data and National Accounts data give an opportunity to update the assessment of how the impact of COVID-19 has varied by industry. Table 4 shows changes in the number of jobs by industry from pre-COVID-19 to the present—distinguishing between two time periods: (i) From 14 March 2020 to 27 March 2021—which can be interpreted as showing whether recovery had been achieved in the number of jobs for a time period in 2021 where seasonal impacts should be relatively similar to the pre-COVID-19 time period; and (ii) From 27 March 2021 to 24 April 2021—which can be interpreted as showing more recent changes in the number of jobs, partly reflecting the impact of the ending of Job Keeper (but with the caveat that these numbers are likely to be revised in subsequent releases of the ABS Payroll data).

Table 5 presents data on changes in GVA and income from sales of goods and services by industry – distinguishing between two time periods: (i) From the March quarter 2020 to September quarter 2021 – which captures the impact of decreases in economic activity during the period after the onset of COVID-19; and (ii) From the September quarter 2020 to March quarter 2021 – which captures the impact of increases in economic activity during the period of recovery.

The data in Tables 4 and 5 suggest that industries can be classified into three categories:

- **Fully recovered:** Industries where the number of jobs and activity has recovered to now be at or above the level prior to the onset of COVID-19;
- **Almost recovered:** Industries where the number of jobs and economic activity remain marginally below the level prior to the onset of COVID-19 (in the case of jobs, 1 to 2 per cent below the level prior to COVID-19); and
- **Lagging recovery:** Industries where the number of jobs and economic activity has not fully recovered or has progressively decreased to now be below the level prior to the onset of COVID-19 by a significant amount (in the case of jobs, 5 to 10 per cent below the level prior to COVID-19).

The substantial changes in labour market outcomes that have occurred since mid-2020 mean that I believe this new nomenclature and definitions for the three groups seems more appropriate at present than the original definitions of cluster groups.

Table 4: Per cent changes in number of jobs by industry

	Number of jobs	
	14/3/2020 to 27/3/2021	27/3/2021 to 24/4/2021
Agriculture, forestry and fishing	+3.3	-2.6
Mining	-0.7	+1.1
Manufacturing	-1.8	-0.3
Electricity, gas, water and waste services	+2.8	-0.9
Construction	+0.4	-1.2
Wholesale trade	-2.0	+0.2
Retail trade	-1.5	-0.7
Accommodation and food services	-7.2	-2.6
Transport, postal and warehousing	-4.8	-2.3
Information, media and telecommunications	-8.3	+1.1
Financial and insurance services	+6.7	+0.8
Rental, hiring and real estate	+0.6	-0.9
Professional, scientific and technical services	+1.7	+0.1
Administrative and support services	+4.5	-1.2
Public administration and safety	+12.0	-3.3
Education and training	-1.0	-2.5
Health care and social assistance	+6.0	0
Arts and recreation services	+2.0	-3.1
Other services	+2.8	-2.1

Source: ABS, *Weekly Payroll Jobs and Wages, Australia*, Week ending 8 May 2021, Table 4.

Table 5: Per cent change in GVA and income from sales of goods and services, By industry, March quarter 2020 to March quarter 2021

	GVA		Income from sales of goods and services	
	2020/Mar qtr to 2020/Sep qtr (sa)	2020/Sep qtr to 2021/Mar qtr (sa)	2020/Mar qtr to 2020/Sep qtr (sa)	2020/Sep qtr to 2021/Mar qtr (sa)
Agriculture, forestry and fishing	+0.72	+33.46		
Mining	-2.06	-0.18	-9.87	+20.39
Manufacturing	-4.45	+4.40	-5.35	+4.84
Electricity, gas, water and waste services	-1.03	-0.41	-4.05	-6.17
Construction	-5.56	+4.74	-8.48	+5.19
Wholesale trade	-0.87	+7.12	-5.15	+10.08
Retail trade	+0.94	+2.65	+2.21	+5.61
Accommodation and food services	-11.79	+11.64	-13.12	+15.28
Transport, postal and warehousing	-17.66	+9.88	-16.61	+15.11
Information, media and telecommunications	-2.87	+3.49	-8.05	-4.67
Financial and insurance services	+2.32	+0.31	-4.36	+12.69
Rental, hiring and real estate	-9.03	+11.22	-8.14	+11.58
Professional, scientific and technical services	-3.72	+5.42	-3.70	+6.58
Administrative and support services	-19.04	+8.99	-19.00	+9.47
Public administration and safety	+1.89	+0.09		
Education and training	+0.45	+0.58		
Health care and social assistance	+0.10	+3.92		
Arts and recreation services	-13.03	+12.22	-20.67	+19.17
Other services	-11.47	+13.13	-8.62	+12.38

Source: ABS, *Australian National Accounts: National Income, Expenditure and Product*, March 2021; ABS, *Business Indicators, Australia*, March 2021.

The updated information on changes in the numbers of jobs and on GVA and sales indicate a further need to reclassify industries between the clusters, initially defined in the majority decision of the Expert Panel in the Annual Wage Review 2019–20 (2019–20 Review), and to which I have suggested revisions in my earlier reports (Borland, 2021, Table 7).

Table 6 describes my recommendations for the classification of each industry—and provides supporting discussion for the recommendations based on changes in the number of jobs and on GVA and sales. Table 7 tracks my recommended changes in the classification of industries over the series of reports I have prepared for the Fair Work Commission.

Table 6: Explanations of the classification of industries into clusters

Industry	Discussion of classification
Agriculture, forestry and fishing	<p><u>Jobs:</u> Consistently above 100 pre-April 2021; subsequent drop-away in April 2021 likely to be due to relatively long updating lag for this industry—see Appendix to Borland (2020).</p> <p><u>GVA:</u> Well above level in March 2020, although much of that increase is likely to be due to impacts of bushfire and drought on output prior to COVID.</p> <p><u>Recommendation:</u> Remain in fully recovered (lower) cluster</p>
Mining	<p><u>Jobs:</u> Has steadily increased over past several months to be at about the same level in April 2021 as prior to COVID-19.</p> <p><u>GVA/Sales:</u> GVA remains slightly below March 2020. But strong increase in sales from September 2020 to March 2021.</p> <p><u>Recommendation:</u> Shift to fully recovered (lower) cluster</p>
Manufacturing	<p><u>Jobs:</u> Has been relatively steady at 1–2 percent below March 2020. Trend in number of jobs prior to COVID-19 was slightly upwards. Hence, likely that current jobs outcome being below March 2020 mainly reflects impact of COVID-19.</p> <p><u>GVA/Sales:</u> Both show that extent of recovery has not yet matched initial decrease in activity.</p> <p><u>Recommendation:</u> Remain in almost recovered (central) cluster</p>
Electricity, gas, water and waste services	<p><u>Jobs:</u> Has been above level in March 2020 since onset of COVID-19.</p> <p><u>GVA/Sales:</u> Both show activity consistently below pre-COVID-19. Somewhat difficult to reconcile the different patterns in data on jobs and GVA/Sales—my recommendation is based on putting more weight on labour market data as an indicator for impact of COVID-19 on labour market outcomes and on how labour market data has consistently shown minimal impact of COVID-19.</p> <p><u>Recommendation:</u> Remain in fully recovered (lower) cluster</p>
Construction	<p><u>Jobs:</u> Has been at or above the number of jobs in March 2020 since late 2020. Subsequent decrease in April 2021 may be in part due to relatively long updating lag for this industry—see Appendix to Borland (2020). May also be some impact due to ending of Job Keeper.</p> <p><u>GVA/Sales:</u> Both show that extent of recovery has not yet matched initial decrease in activity. My recommendation is based on evidence of recovery in jobs being relatively recent, and consistent evidence from GVA/Sales of activity remaining below pre-COVID-19. But re-classifying this industry into the fully recovered (lower cluster) would also be a reasonable interpretation of the evidence.</p> <p><u>Recommendation:</u> Remain in almost recovered (central) cluster</p>
Wholesale trade	<p><u>Jobs:</u> At end of 2020 number of jobs reached same level as in March 2020 (partly likely to represent seasonal impact). But in 2021 number of jobs has been about 2 per cent below level in March 2020. Not an industry where updating of job numbers is likely to have a major impact in changing this comparison—see Appendix to Borland (2020). Number of jobs had been relatively steady prior to COVID-19. Hence, lower number of jobs in early 2021 is likely to reflect a continuing impact of COVID-19.</p> <p><u>GVA/Sales:</u> Both show recovery in economic activity much more than offsets initial decrease. Somewhat difficult to reconcile the different patterns in data on jobs and GVA/Sales—my recommendation is based on putting more weight on labour market data as an indicator for impact of COVID-19 on labour market outcomes and on how labour market data has consistently shown minimal impact of COVID-19.</p> <p><u>Recommendation:</u> Remain in almost recovered (central) cluster</p>

Industry	Discussion of classification
Retail trade	<p>Jobs: In late 2020 appeared to have recovered to same level as in March 2020. But number of jobs in 2021 has been consistently below level in March 2020 by 1–2 per cent. Further decrease in April, perhaps due to ending of JobKeeper. Not an industry where updating of job numbers is likely to have a major impact in changing this comparison—see Appendix to Borland (2020).</p> <p>GVA/Sales: Both show growth in activity during 2020–21.</p> <p>My recommendation is based on the strength of evidence from GVA/Sales, and that data on jobs had shown recovery for some time in late 2020.</p> <p>Recommendation: Remain in fully recovered (lower) cluster.</p>
Accommodation and food services	<p>Jobs: Continued gradual recovery in recent months. But in March 2021 number of jobs remained 7 per cent below in March 2020. Change in number of jobs in April also suggests that it is likely that ending of Job Keeper caused a decrease of 2–3 per cent.</p> <p>GVA/Sales: Both show recovery in activity matching initial decrease. My recommendation is based on putting more weight on labour market data as an indicator for impact of COVID-19 on labour market outcomes and on how labour market data has consistently shown large negative impact of COVID-19.</p> <p>Recommendation: Remain in lagging recovery (upper) cluster</p>
Transport, postal and warehousing	<p>Jobs: Since mid-2020 number of jobs has remained consistently about 5 per cent below level in March 2020. Primarily due to persistent decrease in number of jobs in aviation and space transport of 25 per cent.</p> <p>GVA/Sales: GVA shows activity remains below level prior to COVID-19; Sales show recovery in activity matching decrease. My recommendation is based on size and duration of decrease in number of jobs—and clear link to COVID-19-related restrictions on activity.</p> <p>Recommendation: Shift to lagging recovery (upper) cluster</p>
Information, media and telecommunications	<p>Jobs: Initially not in the group of worst affected industries. But had only minimal recovery in number of jobs from May to July 2020; and since then, number of jobs has slowly fallen. At end of March 2021 number of jobs was 8 per cent below level in March 2020. Negative effects concentrated in publishing; motion picture and sound recording; and broadcasting—hence likely to reflect continuing impact of COVID-19 and longer-run structural influences.</p> <p>GVA/Sales: GVA shows extent of recovery in activity matches initial decrease. But sales show consistent decrease in activity in 2020–21.</p> <p>Recommendation: Remain in lagging recovery (upper) cluster</p>
Financial and insurance services	<p>Jobs: Initially no major negative impact of COVID-19; and since mid-2020 steady growth in number of jobs. At end of March 2021 number of jobs was 7 per cent above level in March 2020.</p> <p>GVA/Sales: Both show increase in activity in 2020–21.</p> <p>Recommendation: Remain in fully recovered (lower) cluster</p>
Rental, hiring and real estate	<p>Jobs: By end of 2020 reached same level of jobs as in March 2020. Has recently again reached that level through March and April 2021. Also likely to be revised upward in subsequent releases—see Appendix to Borland (2020).</p> <p>GVA/Sales: Both show extent of recovery larger than initial decrease.</p> <p>Recommendation: Shift to fully recovered (lower) cluster</p>
Professional, scientific and technical services	<p>Jobs: By end of 2020 reached same level of jobs as in March 2020. Has remained at same level during February to April 2021.</p> <p>GVA/Sales: Both show extent of recovery larger than initial decrease.</p> <p>Recommendation: Remain in fully recovered (lower) cluster</p>

Industry	Discussion of classification
Administrative and support services	<p>Jobs: By end of 2020 had reached 3–4 per cent above level of jobs in March 2020. Has remained at same level during February to April 2021.</p> <p>GVA/Sales: Recovery in activity only partly offsets initial decrease—both series remain in March 2021 about 10 per cent below pre-COVID-19. My recommendation is based on putting more weight on labour market data as an indicator for impact of COVID on labour market outcomes and on how labour market data has consistently shown little impact of COVID-19.</p> <p>Recommendation: Remain in fully recovered (lower) cluster</p>
Public administration and safety	<p>Jobs: By end of 2020 had reached 5–6 per cent above level of jobs in March 2020. By March 2021 number of jobs was over 10 per cent above level in March 2020.</p> <p>GVA: Shows small increase in activity during 2020–21.</p> <p>Recommendation: Remain in fully recovered (lower) cluster</p>
Education and training	<p>Jobs: Has gradually recovered from number of jobs being about 5 per cent below March 2020 in mid-2020. By end of March 2021 number of jobs remained about 1 per cent below March 2020. Decrease in April 2021 likely to be mainly due to seasonal factor (school holidays). Lack of full recovery most likely attributable to decrease in number of international students due to COVID-19.</p> <p>GVA: Small increase in activity during 2020–21. My recommendation is based on putting more weight on labour market data and that there is not yet evidence of complete recovery in jobs.</p> <p>Recommendation: Remain in almost recovered (central) cluster</p>
Health care and social assistance	<p>Jobs: By end of 2020 had reached 3–4 per cent above level of jobs in March 2020. By March 2021 number of jobs was over 5–6 per cent above level in March 2020.</p> <p>GVA: Increase in activity during 2020–21.</p> <p>Recommendation: Remain in fully recovered (lower) cluster</p>
Arts and recreation services	<p>Jobs: Initially one of the two worst affected industries. Had rapid growth in number of jobs with reopening of economic activity from May to July 2020; and since then a gradual recovery. By end of March 2021 number of jobs had returned to same level as March 2020. Change in number of jobs for April, however, may indicate negative impact of ending of Job Keeper.</p> <p>GVA/Sales: Both show that extent of recovery in activity has almost matched initial decrease.</p> <p>Recommendation: Shift to almost recovered (central) cluster</p>
Other services	<p>Jobs: By late 2020 and in early 2021 number of jobs has recovered to be 1–2 per cent above level in March 2020. Subsequent drop-away in April likely to be due to relatively long updating lag for this industry—see Appendix to Borland (2020).</p> <p>GVA/Sales: Both show increases in activity during recovery that are well above decreases.</p> <p>Recommendation: Shift to fully recovered (lower) cluster</p>

Table 7: Classification of industries by cluster

Fair Work Commission	Borland – report 2	Borland – report 3	Borland – this report
<p>Upper cluster: Industries most adversely affected</p> <p>Accommodation and food services Arts and recreation services</p>	<p>Accommodation and food services Arts and recreation services</p> <p>Information, media and telecommunications</p>	<p>Accommodation and food services Arts and recreation services</p> <p>Information, media and telecommunications</p>	<p>Lagging recovery</p> <p>Accommodation and food services</p> <p>Transport, postal and warehousing Information, media and telecommunications</p>
<p>Central cluster: Industries adversely affected, but not to the same degree as upper cluster</p> <p>Agriculture, forestry and fishing Mining Manufacturing Construction Wholesale trade Retail trade Transport, postal and warehousing Information, media and telecommunications Rental, hiring and real estate services Professional, scientific and technical services Administrative and support services Education and training</p> <p>Other services</p>	<p>Mining Manufacturing Construction Wholesale trade</p> <p>Transport, postal and warehousing</p> <p>Rental, hiring and real estate services Professional, scientific and technical services</p> <p>Education and training</p> <p>Other services</p>	<p>Mining Manufacturing Construction Wholesale trade</p> <p>Transport, postal and warehousing</p> <p>Rental, hiring and real estate services</p> <p>Education and training</p> <p>Other services</p>	<p>Almost recovered</p> <p>Manufacturing Construction Wholesale trade</p> <p>Education and training Arts and recreation services</p>
<p>Lower cluster: Industries less affected</p> <p>Electricity, gas, water and waste services Financial and insurance services</p>	<p>Agriculture, forestry and fishing</p> <p>Electricity, gas, water and waste services Retail trade Financial and insurance service</p>	<p>Agriculture, forestry and fishing</p> <p>Electricity, gas, water and waste services Retail trade Financial and insurance services</p> <p>Professional, scientific and technical services</p>	<p>Fully recovered</p> <p>Agriculture, forestry and fishing Mining Electricity, gas, water and waste services Retail trade Financial and insurance services Rental, hiring and real estate services Professional, scientific and technical services</p>

Fair Work Commission	Borland – report 2	Borland – report 3	Borland – this report
Public administration and safety Health care and social assistance	Administrative and support services Public administration and safety Health care and social assistance	Administrative support services Public administration and safety Health care and social assistance	Administrative support services Public administration and safety Health care and social assistance Other services

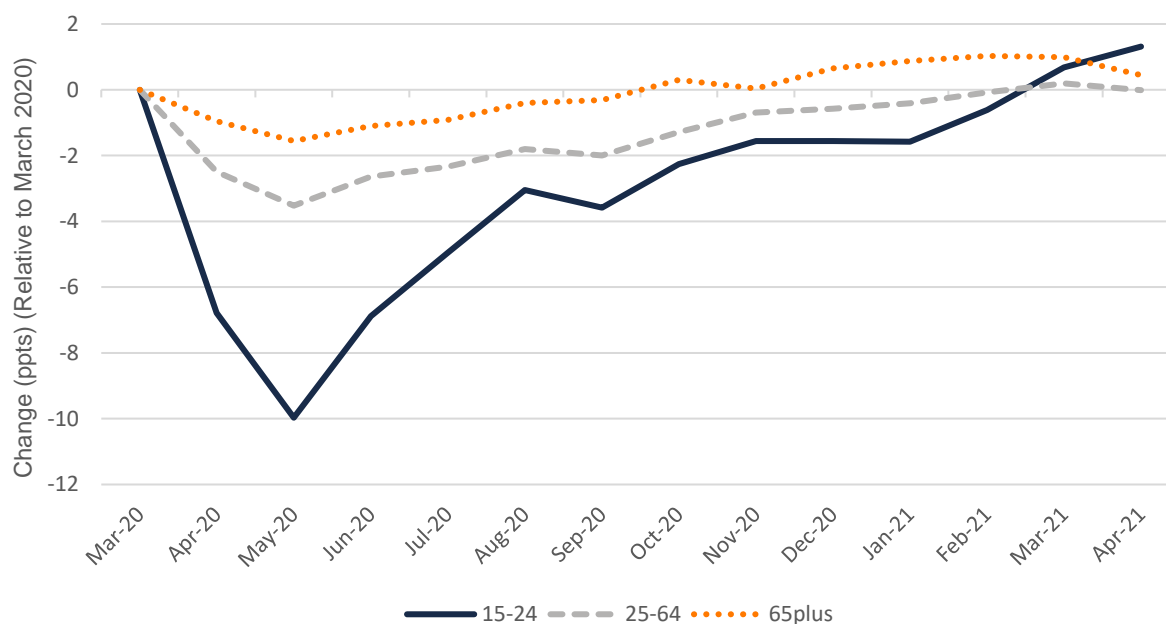
Source: Fair Work Commission: Revised from Fair Work Commission (2020), [Information note – Update to payroll jobs and wages \(week ending 17 October 2020\)](#), 6 November; Borland – report 2: Borland (2021b); Borland – report 3: Borland (2021a).

6 Have labour market outcomes by worker characteristics changed?

6.1 Age

Chart 5 shows changes in the employment/population rates of young, prime age and older populations from March 2020 onwards. The onset of COVID-19 caused a much larger decrease in employment for younger than older populations. While they then had a stronger recovery in employment, at the end of 2020 and in early 2021 that recovery was incomplete and lagging older age groups. In the past several months, however, there has been a strong increase in employment for the younger population, so that employment-to-population rates for all age groups are now above prior to COVID-19. The recovery in employment of the young has extended in recent months to those not attending full-time education, whose employment-to-population rate had previously appeared to have plateaued at several percentage points below the level prior to COVID-19.

Chart 5: Employment-to-population rate, By age, March 2020 to April (2021)



Note: Data are seasonally adjusted.

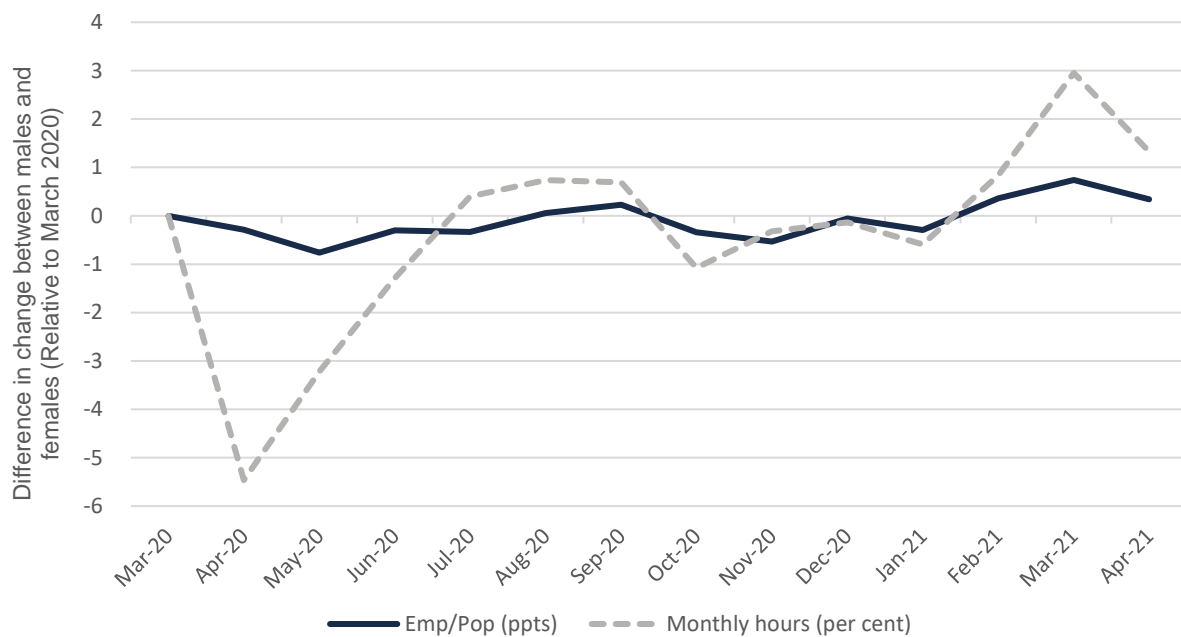
Source: ABS, *Labour Force, Australia*, April 2021, Tables 1, 13 and 18.

6.2 Gender

Chart 6 shows differences in the employment-to-population rates and monthly hours per capita for males and females since March 2020. Numbers below zero in the graph show outcomes for females decreasing by more (or increasing by less) than for males; and vice-versa for where the graph has numbers below zero.

With the onset of COVID-19, monthly hours worked decreased by a much larger amount for females than males. Recovery, however, has brought a stronger increase for females than males—so that by April 2021 monthly hours worked had increased by more for females than males (relative to March 2020). Changes to the employment-to-population rate have followed a similar pattern, although the magnitude of variation has been less.

Chart 6: Difference in labour market outcomes by gender, March 2020 to April 2021



Note: Data are seasonally adjusted.

Source: ABS, *Labour Force, Australia*, April 2021, Tables 1 and 19.

7 References

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