

# ACT Economic Notes

2020b Covid 19 special

## ACT employment crashes in April - part timers hit hardest

As anticipated total employed decreased in the ACT in April 2020, 9,400 fewer persons were employed a decline of almost 4.0 per cent. However the brunt was borne by part time workers. Their numbers declined by 9,000, 13.2 per cent. More female employees (5,600) were impacted than male employees (3,400).

Of the 9,400 who lost their jobs most went into the not in the labour force category rather than unemployment. Not in the labour force increased by 8,700 whereas unemployed only increased by 1,100.

**Table1: ACT Labour force components**

	March 2020 000s	April 2020 000s	Change 000s	Percentage change
Male full time	98.4	98.1	-0.3	-0.3
Female full time	74.2	74.1	-0.1	-0.1
Total full time	172.6	172.2	-0.4	-0.2
Male part time	23.5	20.1	-3.4	-14.5
Female part time	44.5	38.9	-5.6	-12.6
Total part time	68.0	59.0	-9.0	-13.2
Total Numbers Employed	240.6	231.2	-9.4	-3.9
Unemployed	8.6	9.7	1.1	12.8
Labour force	249.2	240.9	-8.3	-3.3
Not in labour force	94.5	103.2	8.7	9.2
Civilian population 15+	343.7	344.1	0.4	0.1

Source: ABS Labour force Survey 6202.0

Although the unemployment rate at 4.0 per cent does not seem high, the real impact is seen through the reduction in the participation rate from 72.5 per cent to 70.0 per cent. If the participation rate had stayed at 72.5 per cent then numbers unemployed would have been around 18,300 or 7.3 per cent. The last time the unemployment was in the 7 range was in March 1999. In fact for most of the 1990s it hovered around this level. As well the then part time proportion ranged between 21 and 26 per cent. In April 2020 we have gone back to a 1990s labour market.

**Table 2: Labour market indicators - ACT March and April 2020**

	March 2010	April 2020	Change
Unemployment rate	3.5	4.0	0.5
Underutilisation rate	8.9	13.0	4.1
Proportion employed part time	28.3	25.5	-2.8
Participation rate	72.5	70.0	-2.5

Source: ABS Labour force Survey 6202.0



A nineties classic Strictly Ballroom, but the 21<sup>st</sup> Century economy has adopted "new steps".

The underutilisation rate also increased from 8.9 to 13.0 per cent due to an increase in those in part time desiring to work more.

## Numbers employed ACT



As seen in the chart there was underlying growth in ACT employment From March 2018 until March 2020.

### For the record

Since 1980 The highest ACT unemployment rate was 9.5 per cent in December 1994 (the recession we had to have) and the lowest was in December 2007 with 1.7 per cent.

### Younger people and unemployment

The level of unemployment of younger people is often cited as a major problem for society. In March and April 2020 there were around 58,000 persons aged 15 and 24 years in the ACT. About 33,000 of these attended full time education and 23,000 did not. These were either employed, unemployed or not in the labour force.

However, those in full time education can participate in the labour market. Many do so, but the vast majority are part time employees. In Table 3 (below) the numbers in such employment fell to 13,500 in April from 16,300 in March causing the unemployment rate to rise from 10.8 to 15.7. Many of those part timers decided to leave the labour force thus boosting the not in the labour force component.

It should be noted that the data in Table 3 (and all labour force data) is derived from a sample survey and is subject to sampling error, especially in small subsets such as youth unemployment in a small jurisdiction.

**Table 3: Disposition of 15 to 24 year olds in the ACT Labour market**

	March 2020	April 2020
<b>Attending full time education (University, TAFE or School)</b>		
Employed full time	1,100	1,500
Employed part time	16,300	13,500
Unemployed	2,100	2,800
Labour force	19,500	17,800
Not in the Labour force	13,600	15,000
Civilian population	33,100	32,800
Unemployment rate	10.8	15.7
<b>Not in full time education</b>		
Employed full time	16,700	16,900
Employed part time	4,800	3,500
Unemployed	2,300	2,200
Labour force	23,800	22,600
Not in the Labour force	1,300	2,700
Civilian population	25,100	25,300
Unemployment rate	9.7	9.7

Source: ABS Labour force Survey 6202.0

The majority of persons not in full time education are employed full time and have not suffered job losses to the same extent. **Even though those in part time employment did face reduced opportunities.** Again many of those appeared to have left the labour force rather than seek jobs. The unemployment rate for this group was unchanged over the period.

Unemployment is an indicator of social deprivation and the 15 to 24 year old group have higher levels than the total labour force (4.0 per cent). Although those receiving full time education may not be as deprived as those that are not.

### **ACT Economy still buoyant in March quarter 2020**

The ACT economy continues to outperform the rest of Australia in the March Quarter. In the March quarter ACT Final Demand was 5.9 per cent higher than that of the March quarter 2019, for Australia it was 2.3 per cent (Table 4 below). The ACT performed particularly well in the private expenditure areas of consumption and investment. **Private investment Australia wide declined by 2.4 per cent whereas it increased by 3.5 per cent in the ACT.**

**But what about the health crisis?** The March quarter includes January, February and March. The lockdown only occurred in the last two weeks of March. Therefore its impact would not be fully felt. Did not Australian Gross domestic product decrease in March? Yes it did by 0.3 per cent. That was the March quarter 2020 compared to the December quarter 2019 using deseasonalised

data. Table 4 uses original data, so such a comparison using that data would be distorted by seasonal factors. The March quarter has three sometimes five public holidays plus the holiday period in January which lowers economic activity in that quarter. Also Gross state product is not published quarterly so an ACT figure is not possible. **However in terms of final demand, deseasonalised data shows that in the March quarter 2020 it was 2.1 per cent higher for the ACT compared to -0.5 for Australia.**

**Table 4: Components of final demand Australia and ACT (Constant prices \$m) Quarter ending:**

	Australia			Australian Capital Territory		
	March 2019 \$m	March 2020 \$m	Percentage change	March 2019 \$m	March 2020 \$m	Percentage change
<b>Final consumption</b>						
<b>General Government</b>	83,861	91,120	8.7	5,168	5,597	8.3
<b>Households</b>	253,801	257,174	1.3	4,538	4,686	3.3
<b>Investment</b>						
<b>Private</b>	78,602	76,727	-2.4	1,376	1,424	3.5
<b>Public</b>	20,608	21,782	5.7	713	787	10.4
<b>Final demand</b>	436,872	446,803	2.3	11,795	12,494	5.9

Source: ABS Australian National Accounts: National income, Expenditure and Product 5206.0

### Climate change issues

Climate change and what to do about it has been a political issues for some time. It was supposed to be an issue in the 2019 election but seemed to have little impact. Will it figure in the upcoming Eden Monaro bye election?

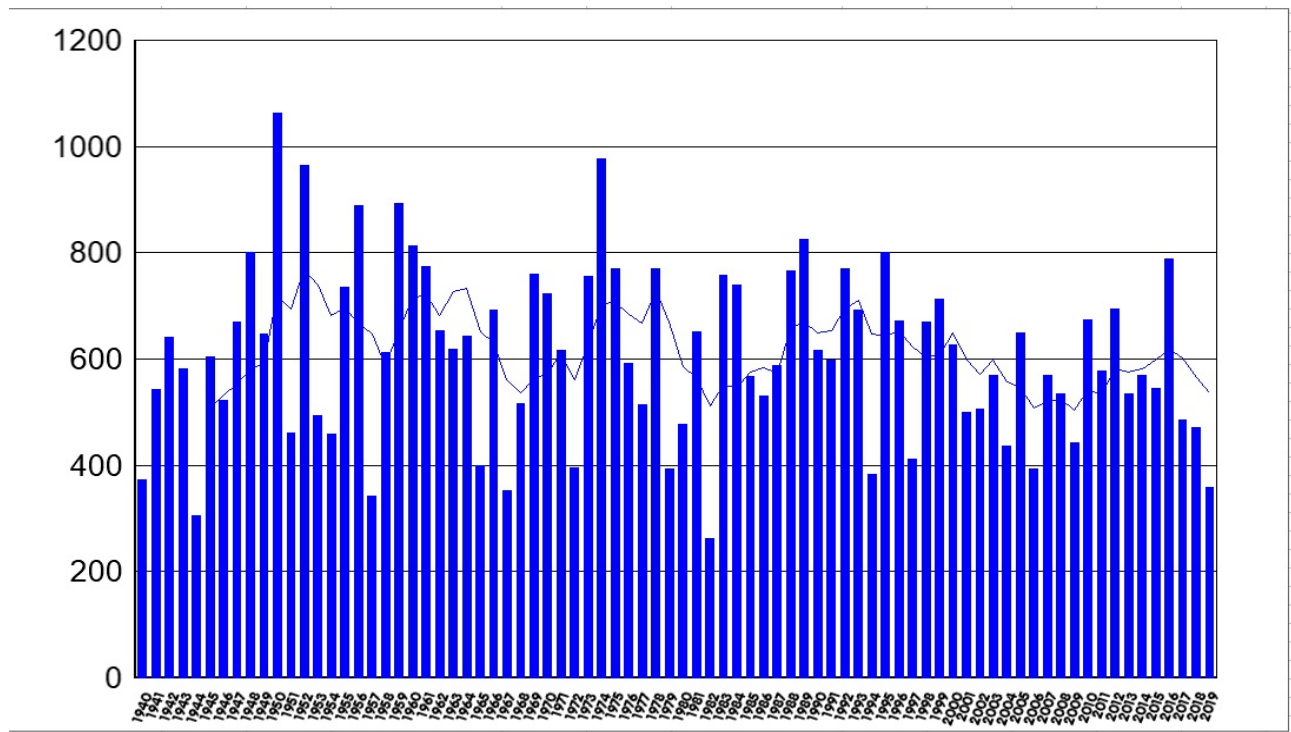
The chart below reports Canberra’s rainfall from 1940 (when records commenced) to 2019. Due to wide variation trends are hard to spot. Although, in the period 1940 to 1960 annual rainfall exceeded 800mm on 6 occasions. In the period 2000 to 2019 this never happened, 2016 got close!

The average for the years 2000 to 2019 is 11.7 per cent less than that of 1940 to 1960. It could be argued that the later period was exceptionally wet but the lower rainfall of the last 20 years is consistent with climate change modelling. If these trends continued or accelerated then by next century the government nursery may need to propagate mallee and mulga as that is all that will grow.



Mallee scrub: is this the future for ACT/Monaro?

## Canberra Annual rainfall 1940 to 2019



Source: Bureau of Meteorology

**A bit of trivia:** what city is wettest, Canberra or London? Surprisingly Canberra, but only just 612 mm Annually to London's 603mm. When I think of it I've been to London a few times and I don't remember it raining all that much.

London. Not quite as wet as Canberra

Terry Giesecke  
May 2020

