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# BCEC Quarterly Economic Commentary

Providing quarterly updates and expert commentary and analysis around economic and social indicators for WA.

Authored by Associate Professor Rebecca Cassells, Dr Daniel Kiely and Dr Silvia Salazar

### A stress test that requires new thinking and smart investments for long term growth

Across the nation, the COVID-19 health crisis has applied a stress test like no other. The closure of national, state and regional borders, along with forced business closures and social distancing measures, has led to uncertainty, panic and pain for many business owners, workers and their families. The full extent of the economic fallout is yet to be seen, and the length of time before the economy returns to a new norm remains unknown, with the health crisis continuing across the globe and in Australia.

Federal, state and local governments have all put their shoulder to the wheel, as have banking and financial institutions and landlords. Businesses across the nation have shown resilience, but **cashflow issues will become more challenging**, especially when current levels of government support are scaled back. Unemployment levels are already significant, and would be much higher without the JobKeeper payments, which makes the next move by government to support businesses and workers critical.

WA's domestic economy grew by 0.9% in the March quarter. While this is to be welcomed, growth was driven by public investments and, again, a heavy reliance on the mining sector – an industry which accounts for 40% of the WA economy. The factor of most concern in the March data release was the decline in household consumption, falling by 1.0% across the state. Household consumption contributes approximately 55% to the domestic economy and is a key marker of economic confidence. Given that the national and state economy had experienced less than one month of lockdown measures in the quarter to March, the recent decline in household consumption growth does not bode well for the June quarter and beyond.

BCEC's **COVID-19 insights** and recent **Monthly Labour Market Updates** show the impact COVID-19 has had on the economy and labour markets in recent months. The loss of thousands of jobs and prospects of further job losses without significant government support and stimulus will likely increase, with September badged as the 'Cliff' from which many will fall. Together with new virus outbreaks Victoria and Stage 3 restrictions reimposed, times ahead will be challenging and consumer and business confidence is likely to waiver considerably.

While COVID-19 did bring new opportunities and increased demand for some businesses such as the retail food sector; businesses across the transport and tourism, accommodation and food services and retail sectors have particularly felt the pain, and will continue to do so for some time. In WA, these sectors combined have already lost more than 60,000 workers.

Construction, already on the back of significant declines to June 2019, has seen the modest growth to December 2019 wiped out in the March quarter, with the pipeline for future work declining on a quarter-on-quarter basis. Border closures and the related impact on population growth will add to the challenges for this sector. Government incentives for the Construction sector will add temporary support, but longer-term, population growth through migration will be crucial to supporting sustained growth in this sector and in the WA economy more broadly.

The geopolitical tensions bring additional uncertainties and this is a space that requires, from an economic perspective, careful management. The Australia-China trade partnership is mutually beneficial, with WA particularly reliant on mining and resource exports to China. Of course, through such exports, WA too meets the supply needs for a Chinese economy that has seen significant growth, and has experienced disrupted trade with other economies.

While iron ore prices and the strength of the mining sector more generally will be critical for holding up the WA and national economies, the negative impact of the pandemic on the domestic economy and on critical non-mining export sectors such as international education and tourism, will mean that there is much to hold up.

And let's not forget a basic labour economic concept – labour is a derived demand. That is, demand for labour is based on the demand for and therefore production of goods and services. How the economic cliff is bridged will be of critical importance.

Dr Silvia Salazar

Governments need to approach support measures for businesses, employees and communities in a careful and measured way – ensuring that public coin is used in a manner that builds a new economy, stronger society, and transitions the economy for long term sustainable economic growth.

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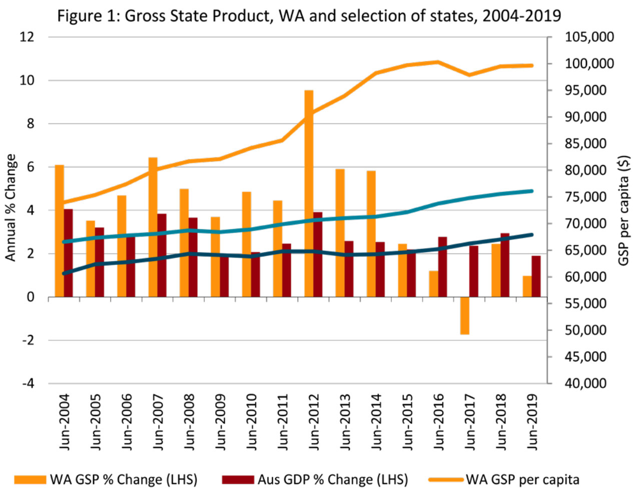
The BCEC Quarterly Economic Commentary is based primarily on ABS data. Various ABS data is subject to sampling variability and revisions.

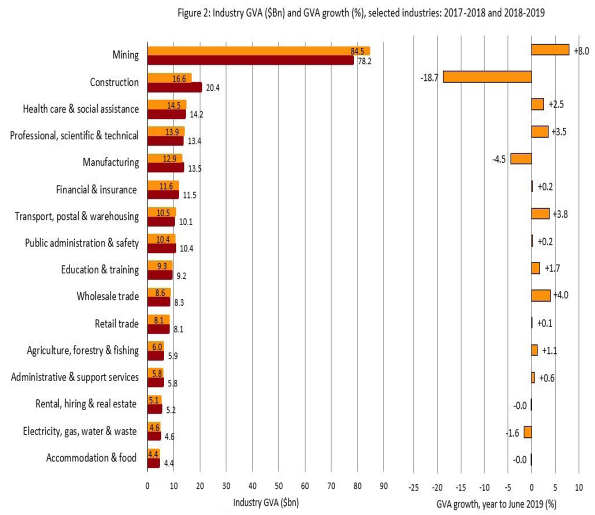
## Gross State Product and Industry Contributions to Growth

From a global, national and state perspective, we are in unchartered economic territory. As we sit amongst this uncertainty, it is important to remember the state of play prior to COVID-19. We first need to revert back to data to June 2019, with annual Gross State Product (GSP) providing a full picture of the WA economy.

While WA's GSP per capita sat at $99,640, some $25,100 higher than the national average, GSP in the year to June 2019 saw a very modest 1.0% growth to June 2019 (Figure 1). This was a full percentage point lower than the 2.0% growth estimate projected in the 2019-20 Budget, and down on growth seen in 2018. Furthermore, WA's economic growth was the lowest across all states in Australia, with the Australian economy (GDP) growing by 1.9% to June 2019. Not a very strong basis from which to enter a crisis.

Figure 1 and 2: Gross State Product, Selected States and Industry GVA ,WA




Notes: Chain volume value; Reference year is 2017/18. Economic activity in Figure 2 is measured through Gross Value Added (GVA). It is the value of output of goods and services minus the value of intermediate consumption.

Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculation from ABS Cat 5220, Table 6; ABS Cat 5206, Table 25.

And, even worse for some sectors. Accommodation and food services was already struggling (-0.0%), as was Rental, hiring and real estate (-0.0), with Retail trade showing a weak +0.1% growth to June 2019 (Figure 2). The Construction sector is on the back of a significant -18.7% decline in GVA terms to June 2019. WA continued to rely heavily on Mining for growth, with the sector comprising almost 40% of Gross Value Added (GVA) to June 2019. Strong iron ore prices, and related royalty income remain critical to public sector finances.

The question of diversification has long been on the cards for WA. Mining continues to provide somewhat of a buffer for the WA economy, which is good, but geopolitical tensions are increasing and global economic uncertainties with murmurs of lower levels of globalisation as some economies look to having greater self-sufficiency and supply chain risks, all pointing to an even greater risk of having most of our eggs in one basket.

GSP data to June 2020 will only become available in November of this year. While iron ore prices and the strength of the Mining sector more generally will be critical to holding up the WA and national economy, the negative impact of COVID-19 on the domestic economy and critical non-mining export sectors such as international education and tourism will mean that there is much to hold up.

# ECONOMIC GROWTH

## Components of State Final Demand

So, what of more recent data on the domestic economy? Australia's economy (GDP) saw a decline of 0.3% in the March 2020 quarter, with 1.4% growth for the twelve months to March the lowest since that recorded since the Global Financial Crisis (GFC) back in 2009. Australia's domestic economy (GNE) shrunk by 0.5% (Table 1) in the quarter to March 2020. Much of this was on the back of the bushfire crisis, but the impact of early COVID-19 restrictions in March also saw a substantial impact on consumption and business investment as both consumer and business confidence took a serious blow.

As we await GSP data (overall economy), commentary on economic growth at a state level is curtailed to the domestic economy. For WA, the domestic economy (as measured by SFD) grew by 0.9% to March 2020 (Table 1 and Figure 3).

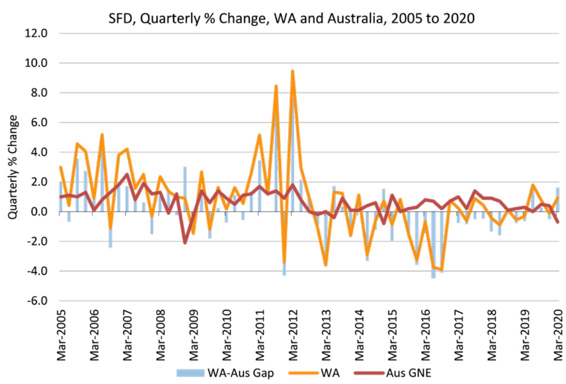
Table 1: Components of State Final Demand by state and territory, quarterly percentage change, March 2020

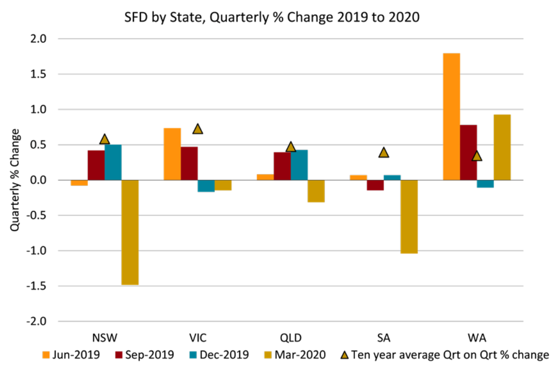
| | NSW | VIC | QLD | SA | WA | AUS |
|---|---|---|---|---|---|---|
| | | | Percentage Change | | | |
| **State Final Demand** | -1.5 | -0.1 | -0.3 | -1.0 | +0.9 | -0.5 |
| **Final consumption expenditure** | | | | | | |
| General government | +1.8 | +3.3 | +0.5 | +0.9 | -0.1 | +1.8 |
| Households | -1.6 | -1.2 | -0.5 | -1.5 | -1.0 | -1.1 |
| **Gross fixed capital formation** | | | | | | |
| Private | -3.5 | -1.1 | -0.1 | -2.3 | +5.2 | -0.8 |
| Public | -4.8 | +3.4 | -2.5 | -0.6 | +6.8 | -0.7 |

Notes: Chain Volume; seasonally adjusted; Australia data refers to Gross National Expenditure (GNE).
Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations from ABS Cat 5206, Table 2 and Table 25.

While the last four quarters of SFD growth in WA averaged 0.85% - half a percentage point above the ten year quarter-on-quarter average growth rate (0.35%) (Figure 3, RHS), this does little to provide the confidence required as we face the longer term fallout of COVID-19. This is particularly the case when one looks at the sources of growth over the most recent quarter.

Figure 3: State Final Demand by State, 2005 to 2020




Notes: Chain Volume; seasonally adjusted.
Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations from ABS Cat 5206, Table 2 and Table 25.

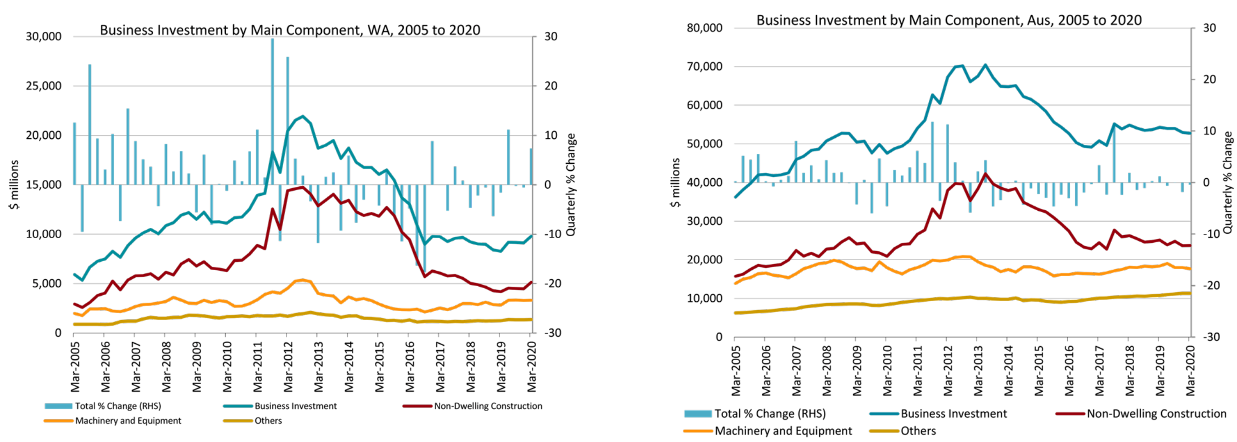
## Business Investment

Domestic growth in WA to March 2020 was driven by growth in both public (6.8%) and private (5.2%) gross fixed capital formation (GFCF). These growth rates bucked the national trend, with the exception of the positive public GFCF also reported for Victoria (Table 1). A key contributor to public GFCF growth in WA was higher investment in infrastructure and a rise in transport investment.

As for private GFCF in WA, much of this growth came from New Engineering Construction, via mining (iron ore and LNG) projects, with investment in machinery and equipment also increasing, likewise on the back of mining purchases (Figure 4, LHS). This compares to declines in private investment nationally (Figure 4, RHS).

While Australian businesses have shown much resilience, BCEC's recent **COVID-19 insights** feature on the **impact and response of businesses** to the pandemic reported that cashflow is an ever increasing concern for businesses with many unable to continue current operations beyond six months. For many, this will no doubt lead to a cancellation or deferral of investment decisions.

Figure 4: Business Investment, WA and Australia, quarterly, 2005 to 2020




Notes: Chain volume; seasonally adjusted. Business investment is Private Gross Fixed Capital Formation, excluding Dwellings and Ownership transfer costs. Others includes Intellectual Property products and cultivated biological resources.

Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations from ABS Cat 5206, Table 2 and Table 30.

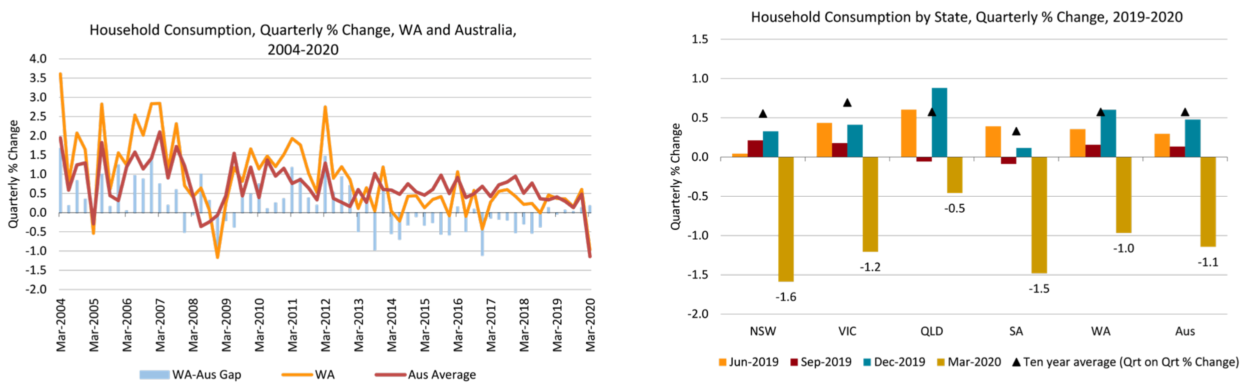
## Household Consumption

The decline in household consumption (-1.0%) in the quarter to March 2020 is critical, worrying and yet understandable. Household consumption comprises approximately 55% of the domestic economy, and 40% of the overall economy (GSP), and is a key marker of economic confidence. Average quarter-on-quarter household consumption growth over the past ten years in WA stands at 0.57%, but this was already weak relative to average growth of 1.2% in the ten years between June 2000 and March 2010. Given that the national economy had experienced less than one month of lockdown measures in the quarter to March, the recent decline in household consumption growth does not bode well for the June quarter (with such data to be released in September) and beyond.

This official data will not tell a nice story. The only question is the extent of the damage. BCEC's **COVID-19 insights** and recent **Monthly Labour Market Updates** show the impact COVID-19 has had on the national and state economy and labour markets in recent months. The loss of jobs and prospects of further job losses without sufficient government support will likely increase, with many looking to September as the 'Cliff' to be faced. This thought alone will do little to enhance household and business confidence.

Furthermore, the reintroduction of restrictions in Victoria will add additional nervousness across the WA Government, with WA state border closures likely to be extended for a more prolonged period. Even those household less impacted by COVID-19 to date will increase their savings rates, in anticipation of further rainy days in the months ahead.

Figure 5: Household Consumption Growth, WA and Australia, 2005 to 2020




Notes: Chain volume, seasonally adjusted.

Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations from ABS Cat 5206, Table 25.

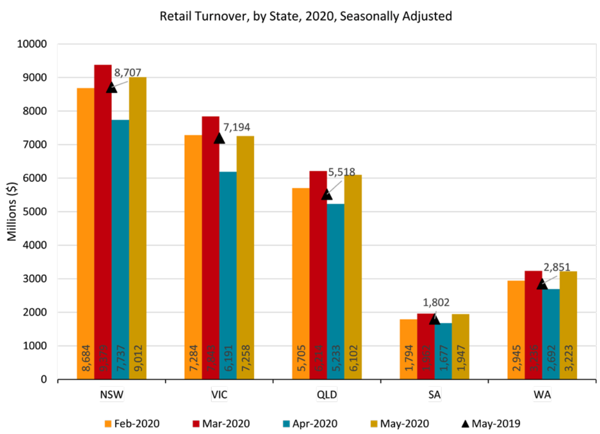
## Retail trade/turnover

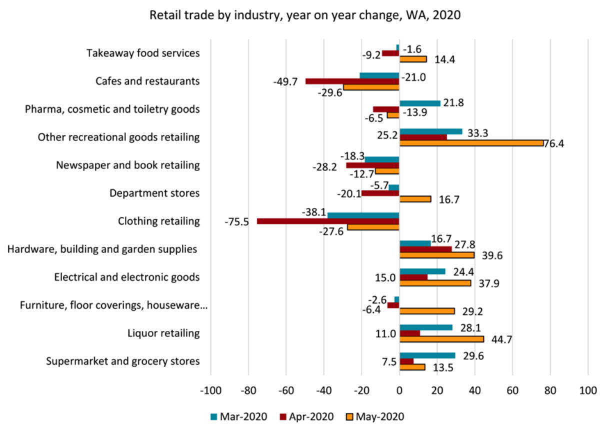
One of the sectors most affected by the Covid-19 pandemic has been retail trade. In the month of March, the worldwide announcement of the pandemic rushed customers into shops and supermarkets in view of a prolonged lockdown in Australia. As a consequence, retail trade sales increased in all states including WA where turnover rose from $2.95Bn to $3.24Bn in the month to March 2020.

The accumulated purchases from panic buying along with the social distancing measures and temporary lockdown of multiple sales outlets significantly reduced retail trade turnover in the month of April. The fall was abysmal. On a month-on-month basis Australian retail sales decreased by almost 18%, NSW by 17% and VIC by more than 21% between March and April 2020. Even relative to the month of February (pre-COVID panic buying), Australia suffered more than a 10% fall in retail turnover while WA recorded an 8.6% decrease during the same period.

For all states, the easing of restrictions in May lead to an increase in retail turnover not only higher than a year ago but at similar levels than the pre-pandemic month of February (except for Victoria). New outbreaks in Victoria will now stall this trajectory, particularly for this state. The outlook for other states and territories will depend on how well secondary breakouts can be minimised and the pace of recovery of local and state economies.

Figure 6: Recent Retail Trade Turnover, Major States




Notes: Chain volume, seasonally adjusted.

Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations from ABS Cat 8501, Table 9 and Table 12.

A more detailed decomposition of retail trade turnover by sector in WA is shown on the RHS of Figure 6. As expected, due to COVID-19 restrictions, cafes and restaurants suffered a big fall in retail trade turnover in the last three months. In April, this sector's turnover declined by almost 50% relative to April 2019 and in May there was a 30% fall with respect to the previous year. This is also the case for clothing retailing, especially in April where turnover declined by more than 75% as many clothing and department stores closed their doors over this period.

Some sectors have displayed wins during this period, with a rise in turnover reported for other recreational goods, hardware, building and garden supplies over the three months relative to the same period in the previous year. Supermarket, grocery stores and liquor retailing have also been some of the biggest winners of the pandemic with records sales especially in the month of March.

## Value of Construction Work Done

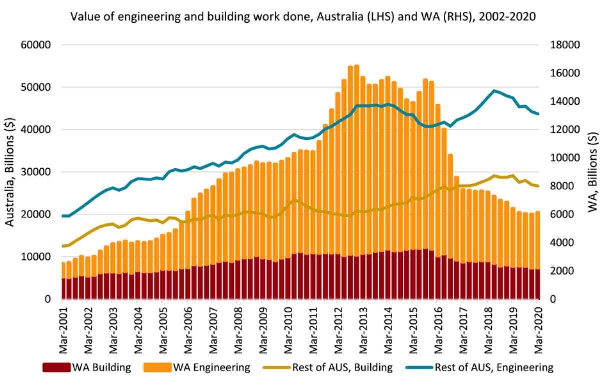
The current figures for construction work done provided by the ABS do not yet include the months of April and May where construction work would have likely decreased due to the pandemic. Nevertheless, even without these figures, the picture is already quite dark for Australia. On a quarter-on-quarter basis, there has been a decline in the value of total construction work done in Australia for four consecutive periods (Figure 7, RHS). In the quarter to March 2020, there has been an additional loss of 1.4% in the value of construction work done. NSW (-2.6%), QLD (-2.2%) and especially SA (-3.7%) have all suffered declines in output.

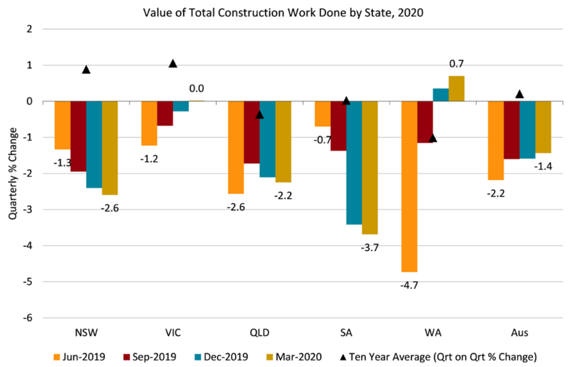
Across this same period, the situation for WA was quite different compared to other states. In the quarter to March, the value of construction work done in WA increased by 0.7%, this is in addition to the 0.3% growth in the quarter to December. This is the first time since June 2014 that this sector has recorded positive growth.

However, as discussed earlier here in relation to private business investment, as observed in Figure 7 LHS, most of the growth in the construction sector in WA is driven by engineering work (mining) which grew 2.5% in the quarter to March. The building sector on the other hand remained quite stable (+0.6%).

Contrary to the WA situation, the rest of Australia recorded a decline in both the engineering and the building sector of the construction industry. Engineering work done fall by 1.2% almost identical to the decline in the building work done (-1.1%).

Figure 7: Value of Construction Work Done by state, quarterly change, 2004 to 2020




Notes: Chain volume; seasonally adjusted. Preliminary data. The value of building work done includes the construction of new buildings and alterations and additions to existing buildings.

Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations from ABS Cat 8755, Table 8.

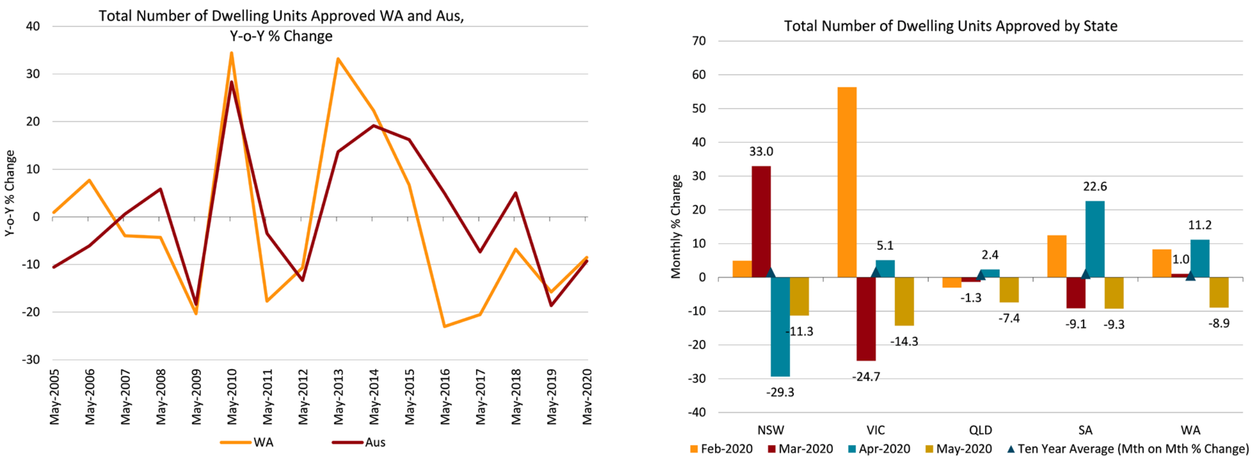
## Dwelling Units Approved

To have a better understanding of the possible repercussions of the COVID-19 pandemic on the construction sector Figure 8 shows the total number of dwelling units approved in the month of May. It is evident that in the month of May, all states suffered a decline in the number of dwelling units approved (Figure 8, RHS). In May, WA saw an 8.9% fall in the total number of dwelling units approved (seasonally adjusted).

Nevertheless, in the three months preceding May dwelling approvals increased every month in WA, showing some signs of an upswing. In fact, WA was the only state recording positive growth in these three consecutive months.

In comparison to other states, WA fares reasonably well. The number of dwelling units approved declined by 9.3% in SA, -11.3% in NSW and VIC - the worst affected state, observed a fall of -14.3% in approvals. Year-on-year changes for both Australia and WA show negative growth in the total number of dwellings approved. However, Australia and WA growth rates are converging due to the poor performance of the rest of Australia.

Figure 8: Total Number of Dwelling Units Approved by state, 2004 to 2020




Notes: Seasonally adjusted.

Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations from ABS Cat 8731, Table 7.

## Housing Finance Commitments

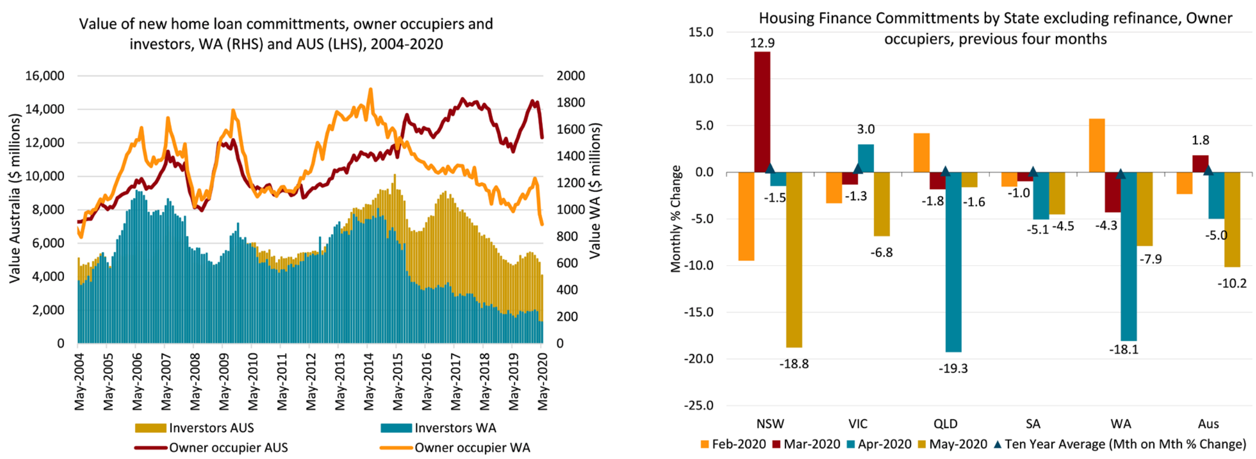
Most of the states have recorded negative growth in the value of housing commitments by owner-occupiers since March, as the effects of the pandemic took hold and potential buyers delayed or changed their plans. The value of housing finance commitments has fallen sharply in WA in the last three months. In March, there has been a decrease of 4.3%, followed by a significant fall of 18.1% in April and a further decline of 7.9% in May.

Overall, relative to pre-pandemic levels of February, the value of housing finance commitments in WA has fallen by more than a quarter (-27.8%). This is the largest decline across the states with only QLD showing a similar substantial decline in magnitude (-22%). And while NSW (-9.7%), VIC (-5.3) and SA (-10.2%) have suffered a drop in commitments since February, the extent is much smaller. The impacts of the COVID-19 pandemic have struck the WA and QLD housing market harder.

The LHS of Figure 9 shows the value of new home loan commitments for investors and owner-occupiers in WA and Australia. In WA, while the value of new home loans of owner-occupiers has fallen dramatically, that of investors has plunged even deeper. Relative to the month of February, the latter reached -35% in May. Indeed, owner-occupier's housing finance commitments decreased from $1.24Bn in February to only $0.89Bn in May, while those of investors declined from $0.25Bn in February to $0.16Bn in May.

Compared to Australia, the differences are considerable for both the decline in investors and owner occupier's loan commitments, which decreased by a much lower rate of -13.1% and -22.3% respectively in Australia due to the pandemic. The fragile WA housing sector seems to be particularly exposed to the economic downturn of the pandemic and government supports to encourage home owners like the recently announced WA state government Building Bonus and the federal government's HomeBuilder scheme will be crucial in sustaining activity in the sector.

Figure 9: New Housing Finance Commitments Excluding Refinancing, Owner Occupier, WA and Australia by state, 2006 to 2020




Notes: Seasonally adjusted. Major cities.

Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations from ABS Cat 5601, Table 4 and Table 14.

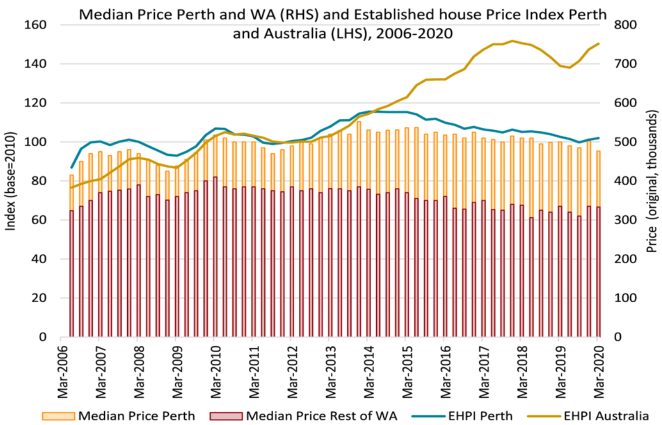
## Residential Property Price Index

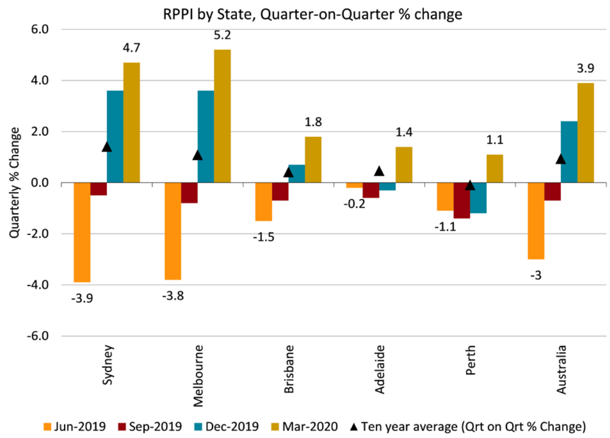
The residential property price index (RPPI) in Australia has increased in the last two quarters. In the quarter to March 2020, the RPPI increased by 3.9%, a significant jump relative to previous quarters. Sydney and Melbourne are ahead of the pack with an increase of 4.7% and 5.2% respectively. Brisbane (+1.8%) and Adelaide (+1.4%) have also seen a rebound in the RRPI but to a lesser extent.

After two years of negative consecutive growth of the RPPI, Perth has finally observed an increase in residential property price; the RRPI for the city has risen to 1.1%. However, the enthusiasm of these figures may be short-lived as it is likely that the pre-pandemic levels of RRPI will decline in the quarter to June, especially in Perth. As explained above, in WA, we have seen a sharp decline in new dwellings unit approved and in the value of housing finance commitments in more recent monthly data.

In Perth, despite an increase of 0.8 index points of the established house price index (EHPI), the median price of established house transfers have decreased from $502,300 in the quarter to December to $477,000 in the quarter to March, representing an effective fall of 5%. The rest of WA has also observed a fall in the median price of established housing transfers but of lower magnitudes. In the quarter to March, the median price of established houses declined by $1,500 reaching $333,500 in WA excluding the Perth metropolitan area. Contrary to WA, Australia observed both an increase of the RRPI (+1.6%) as well as an increase of the established house price index (+2%) in the quarter to March 2020.

Figure 10: Median Price of Established House Transfers, Perth and Rest of WA and Residential Property Price Index, Australia by state, 2006 to 2020.




Notes: Index, Base 2011-12. Major cities.

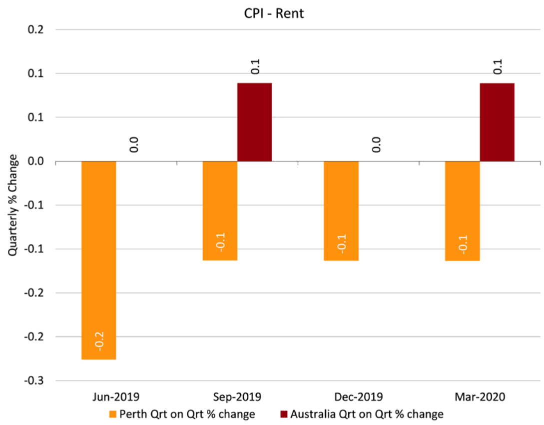
Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations from ABS Cat 6416, Table 4 and Table 7.

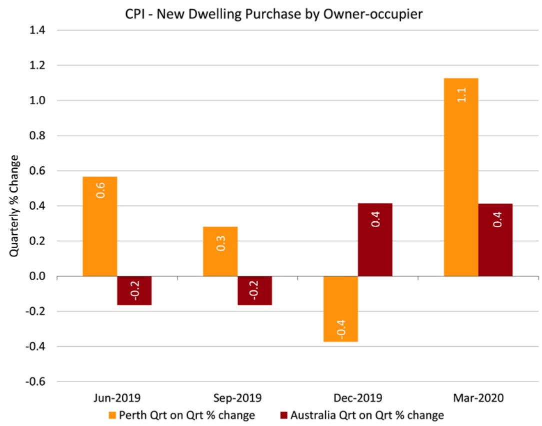
## Change in Rents and New Dwelling Purchase by Owner-Occupier

Since the quarter to September 2019, there has been a decline of 0.1% per quarter in the price of rent in the Peth metropolitan area. Australian rental prices have been relatively stagnant in the last year, with in the last quarter, a timid 0.1% increase in Australia's rental prices. Quarterly data to June will give us a better understanding of the repercussion of the COVID-19 pandemic in the CPI of rent. It will be interesting to see the impact of landlords' temporary or permanent reductions in rent to support households suffering from the business lockdowns during the pandemic.

New dwelling purchases by owner-occupier have risen by 1.1% in WA in the quarter to March. This is the most significant increase in the CPI for this type of property in the last two years. The stamp duty rebates for new dwelling purchases established by the state government seem to have had an effect on new property sales of owner-occupiers. This is likely to be a critical factor in driving the increase in the RPPI of WA in spite of a decrease in the established house price index. Hopefully, this tendency won't be hindered by the economic fallout of the COVID-19 pandemic, although this seems quite unlikely given the decline in housing lending commitments in the month to May.

Figure 11: Change in Rents and Owner-Occupier New Dwelling Purchases, WA and Australia, 2018 to 2020




Notes: Index, Base = 2011-2012.

Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations from ABS Cat 6401, Table 9.

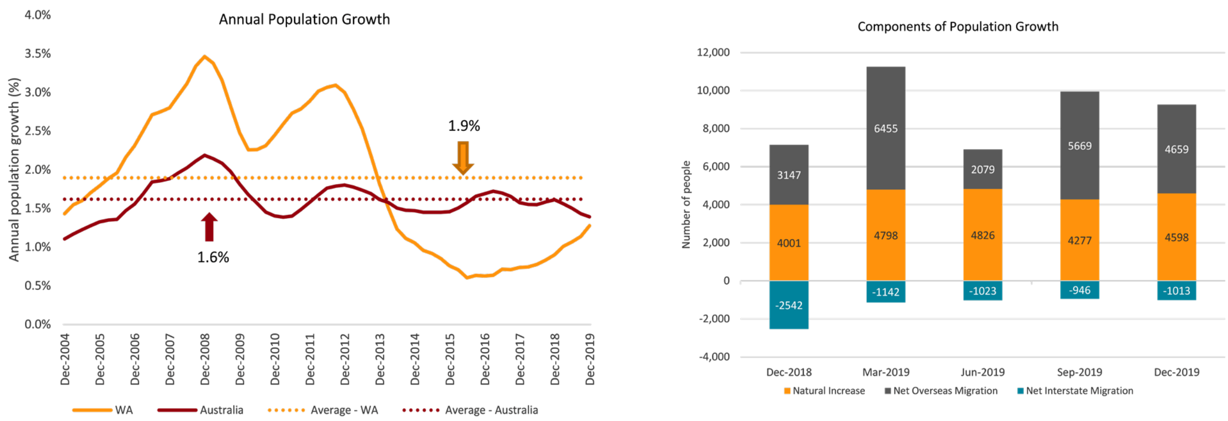
## Population

Population growth is a key driver of economic activity in any economy. In WA, interstate and overseas migration have been critical in providing the workforce required for growth, particularly during the construction phase of the mining boom, but also in meeting the seasonal requirements in sectors such as agriculture and tourism. Migrants too provide substantial demand for the housing sector and in turn the construction and real estate industries.

The most recent data available on population growth for WA is to December 2019. In that most recent quarter, population growth was at 1.3%, the highest quarter-on-quarter growth seen in the state since March 2014. This positive dimension aligned with the 'green shoots' seen elsewhere in the state. The key driver of this growth was net overseas migration, with a net decline in interstate migration.

However, the positive upward trajectory will likely come to an abrupt halt when we next report on this data, with restrictions on overseas visitors, including on those seeking to move here for work. The impact of COVID-19 on the international education sector will also add to this burden, with Perth's new 'regional status' unable to show its true potential for both the migrant workers and international student sectors.

Figure 12: Annual Population Growth and Components of Population Change, 2004 to 2019




Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations from ABS Cat 3101.0, Table 2, 4.

The pace and scale of the shock to the labour market brought about by the response to COVID-19 has been formidable, with significant job losses across states and territories. Compared to a year ago WA now has 72,400 fewer people employed, representing a 5.4% decrease (Table 1). This is equivalent to the percentage fall at the national level. The only two states to see larger percentage falls in employed persons are NSW and SA, falling by 7.0% and 6.3% respectively. Part-time employment accounted for the majority of employment losses in WA (-43,400), with full-time employment also seeing a significant decrease (-29,000). In percentage terms the difference is starker, with part-time employment falling by 10.4%, and full-time employment by 3.1% in the state.

Over the same period, WA has seen its unemployment rate increase by 1.9ppt to 8.1%. This equates to an additional 22,900 unemployed persons over the year, bringing the total number of unemployed persons in WA to 112,200. WA currently holds the highest unemployment rate, being 1ppt above the national average of 7.1%.

Table 2: Employment and Unemployment, Australian states and territories, May 2020

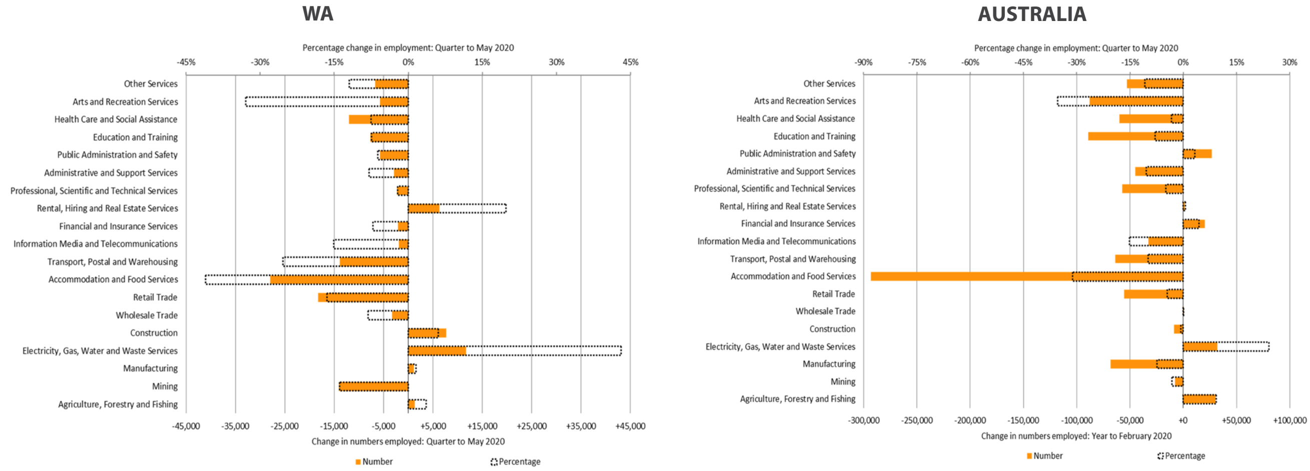
| | Employed Persons ('000) | Change from May 2019: | | | Change (%) from May 2019 | | Unemployment Rate | | Unemployed ('000) | Change ('000) from: |
|---|---|---|---|---|---|---|---|---|---|---|
| | May 2020 | (%) | Rank | ('000) | Full-time | Part-time | May 2020 | Rank | May 2020 | May 2019 |
| Australia | 12,154.1 | -5.4% | --- | -695.6 | -2.7% | -11.2% | 7.1% | --- | 927.6 | +219.2 |
| NSW | 3,856.4 | -7.0% | 8 | -289.5 | -3.3% | -15.0% | 6.4% | 3 | 264.0 | +65.4 |
| VIC | 3,247.1 | -4.3% | 4 | -147.5 | -1.3% | -10.7% | 6.9% | 4 | 242.1 | +77.9 |
| QLD | 2,390.9 | -5.2% | 5 | -130.2 | -3.7% | -8.4% | 7.9% | 6 | 204.4 | +36.0 |
| SA | 806.1 | -6.3% | 7 | -53.8 | -4.1% | -10.2% | 7.9% | 7 | 69.0 | +16.5 |
| WA | 1,272.0 | -5.4% | 6 | -72.4 | -3.1% | -10.4% | 8.1% | 8 | 112.2 | +22.9 |
| TAS | 238.7 | -3.8% | 3 | -9.3 | +0.2% | -9.8% | 6.4% | 2 | 16.2 | -0.7 |
| NT | 129.9 | 1.1% | 1 | +1.4 | +0.2% | +3.9% | 7.4% | 5 | 10.4 | +3.6 |
| ACT | 227.5 | -0.1% | 2 | -0.3 | +2.2% | -6.5% | 4.1% | 1 | 9.8 | -0.4 |

Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations from ABS Cat 6202

## Employment losses across Industries

Over the quarter to May 2020, most industries in WA experienced significant falls in employment, in line with national trends (Figure 13). Accommodation and food services saw the largest employment losses, with 28,000 fewer people employed in the sector in WA than there were in the previous quarter, accounting for just under 10% of the total jobs lost nationwide in the sector (293,000). In percentage terms, the fall in employment in this industry was greater in WA than at the national level (-41.1% compared to -31.2%).

Figure 13: Change in total employment by Industry, WA and Australia




Note: Values are original and are subject to greater volatility. Values show quarterly growth between Feb 2020 and May 2020

Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations from ABS Cat 6202

Arts and Recreation Services saw the second largest percentage fall in employment over the quarter in WA (-32.9%), accounting for over 5,700 of lost jobs. This was similar to nationally losses in the sector, where 31.2% of workers lost employment.

Transport, Postal and Warehousing also saw very large job losses over the quarter for WA, losing a quarter of its workforce (-25.3%). This is significantly larger than job losses in the same sector at a national level, which fell by 9.9%. Similarly, the percentage fall in Retail Trade in WA was nearly four times that recorded at the national level (-16.5% compared to -4.5%).

Both Financial Services and Wholesale Trade experienced significant falls in employment in WA (-7.2% and -8.1% respectively), despite increasing at the national level (+4.4% and +0.1% respectively). Significantly, over 14,000 people in the WA mining industry lost their job since February (-13.9%), compared to the 3.2% fall seen at the national level.

On the positive side, the Electricity, Gas, Water and Waste Services industry saw strong employment growth in WA, adding an additional 11,700 jobs over the year to May 2020. This equates to a percentage increase of 43.1%, significantly larger than the strong positive growth recorded at the national level (+24.1%). Rental, Hiring and Real Estate Services also saw significant growth over the year (+19.8%, or 6,300 employed persons), more than quadrupling growth recorded at the national level (+4.4%). WA also performed relatively well in the Construction and manufacturing industries, reporting employment growth of 6.0% and 1.6% respectively, despite employment falling in both these industries at the national level (-0.7% and -7.4% respectively).

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