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Australia & COVID-19
The Economic Story So Far
September 2020

Australia & COVID-19

The Economic Story So Far 2.0

Including a Focus on Victoria's 'Second Wave' Roy Morgan Update: September 2020

What do the key indicators tell us about 2020 so far?

Government and business turn to Roy Morgan for key measures on **Consumer Confidence**, **Business Confidence**, **Inflation Expectations** and real **Unemployment**. Here is what those measures show us about the economic impact of the COVID-19 pandemic on Australia so far.

During the COVID-19 crisis, **the ANZ-Roy Morgan Consumer Confidence Index**, **Roy Morgan Business Confidence Index** and **Inflation Expectations** all hit new **record lows** and **Unemployment reached its highest level** since Roy Morgan began independently measuring it more than two decades ago.

Although the pandemic is still with us, and its effects are being felt throughout the nation, there has been improvement in three of the four measures — Inflation Expectations being the exception.

How events unfolded:

- On January 22 Australia had its first confirmed case of COVID-19.
- On March 19 Australia closed international borders.
- On March 22 the JobSeeker payment was doubled for six months, part of a \$66 billion stimulus package which also allowed those under financial duress to draw down their superannuation.
- On March 23 cafes, restaurants, pubs and clubs around the country closed, except for takeaway.
- On March 28 a daily diagnosis peak was reached, with 469 new cases confirmed.
- On March 30 the \$130 billion JobKeeper package was announced, to run to September 27.
- On April 5 Western Australia closed its borders to the rest of the country.
- On July 8, one day after Victoria recorded 191 new COVID-19 cases in a day, its highest jump to that point, Melbourne entered Stage 3 lockdown and the NSW government closed its border with the southern state.
- On July 21 details of amended JobSeeker and JobKeeper packages were released. The JobSeeker Coronavirus Supplement will drop by \$300 a fortnight from September 25 and cease on December 31, while JobKeeper will be available to fewer people, with payments dropping in September and again in January before ending in March 2021.
- On August 2 Victorian Premier Daniel Andrews announced Melbourne would enter a Stage 4 lockdown that week, running until at least mid-September, to combat a renewed outbreak.
- On August 8 the Queensland government implemented a 'hard border closure', adding NSW and the ACT to the entry ban which already applied to people from Victoria.

- On August 17 NSW Premier Gladys Berejiklian apologised “unreservedly” for mistakes made by NSW Health in allowing infected Ruby Princess cruise ship passengers to disembark and travel within NSW, interstate and overseas.
- On September 6 Victorian Premier Daniel Andrews released details of the ‘roadmap’ for easing restrictions across the state, contingent on cases continuing to drop.
- As of September 21, official Department of Health statistics reported Australia has had 26,898 confirmed cases of COVID-19 in total, of which 89% have recovered. There have been 851 deaths from the virus, 763 or 90% of them in Victoria. Of the Victorian deaths, 604 or 79% have been in aged care facilities.

The economic impact

Consumer Confidence:

On March 28/29, the ANZ-Roy Morgan Consumer Confidence Index bottomed out at 65.3 — lower even than during the Global Financial Crisis, and far below the 2019 average of 114.0.

But then boosted by the government’s economic support measures announced in late March and the flattening infection curve, **Consumer Confidence rose steadily throughout April and May, recovering to 98.3 by May 30/31.**

This rise continued through the first three weeks of June, to 97.5, but following a surge of new cases in Melbourne at the end of that month, **it dropped to 93.0 by the end of June** — 25.9 points lower than the same period a year earlier. It did not pass 93.0 nationally for the next 11 weeks. However Consumer Confidence began to creep up through September and in research undertaken on September 19/20 it hit 93.5 nationally, although this is still 16.6pts lower than a year earlier and far below the long-term September average of 107.2.

The difference in the way the states have been impacted by COVID-19 is reflected in differences in their Consumer Confidence levels. Perth spent most of July in positive territory above 100, with Adelaide joining it there in August. By August 25, with Victoria’s COVID numbers down, Consumer Confidence was slightly up in NSW and Victoria, and firmly up everywhere else.

By September 20, Consumer Confidence had just below neutral in Perth at 99.3 and slightly lower in both Adelaide (96.3) and Brisbane (94.8). Consumer Confidence has also shown positive signs in the two larger cities with increases in late September in both Melbourne (91.7, up 5.9pts from a week earlier) and Sydney (90.3, up 3pts) as new cases of COVID-19 continued their decline.

Business Confidence:

As early as March 15, 60% of businesses told us they had already been affected by COVID-19. In **April, the Roy Morgan Business Confidence Index** plummeted to an **all-time low of 76.9** — the 2019 average was 109.0.

Business Confidence bounced back to reach **95.0 in June nationally** and 110.5 in WA and 100.7 in NSW. However, the new outbreaks in Victoria and NSW caused an immediate dip with the national measure falling to only **84.3 in July**. Things were even worse **in August when it dropped to 83.1 – the second lowest monthly reading ever** and a full 31.2pts lower than August 2019, and 30.6pts below the long-term August average of 113.7. In both July and August, Public Administration & Defence and Transport, Postal & Warehousing were the only industries with Business Confidence in positive territory (above 100).

CBD Movement:

Tracking movement in the Sydney and Melbourne CBDs reveals just how hard hit businesses in those cities in particular have been.

Mobile devices numbers revealed that the number of people coming into **Sydney CBD** in the first week of **July was down to just 53%** of what it had been in January and February. Things were even worse **in Melbourne** where, **in July**, before the resumption of Stage 3 lockdown, CBD visits were **down to 39%** of pre-COVID levels.

By August 8, the first week of Melbourne's Stage 4 lockdown, movement in its CBD plunged to a new record low of **just 17% of pre-COVID times**. As of **August 16**, with **Melbourne still in lockdown**, it was even lower, at **just 15%** of pre-COVID levels. That same week **Sydney's CBD** visitation had lifted to **just over 60%** of pre-COVID levels. With West Australians feeling safe and secure behind their closed border, by August 16 movement in **Perth CBD** was up to **76%** of pre-COVID levels.

Inflation Expectations:

The huge economic effects of COVID-19 are reflected in Roy Morgan's Inflation Expectations index — a way of 'reading the national room' on feelings about the economy. **In February**, before the pandemic really took hold in Australia, consumers on average expected **4% inflation** over the next two years. **In June**, Inflation Expectations hit a **record low of 3.2%** before rebounding to **3.4% in July**.

But **in August**, with Melbourne in Stage 4 lockdown, repeated low-level outbreaks of COVID-19 in both New South Wales and Queensland, and changes to the JobKeeper wage subsidy and the JobSeeker coronavirus supplement just weeks away, the measure fell to **3.2%** again, **matching the record low** set two months earlier. This means it is down a significant 0.7% points on a year earlier.

The True Picture of Employment and Unemployment:

Two-thirds (67%) of the 15.5 million working Australians have had their employment impacted by COVID-19 as of August, with Victoria, NSW and Tasmania the hardest hit.

Impacts include working from home, reduced work hours, being stood down and, in a minority of cases, having work hours increased. Individuals may have experienced more than one of these changes during the course of the pandemic so far.

As of July, 25% of the workforce, 3.9 million people, were working from home (down slightly from 28% in May); 21%, or 3.2 million people, had experienced reduced work hours; 9%, or over 1 million people, had been stood down for a period and/or had no work available (7%); 15%, or 2.3 million, people said their business in which they worked had slowed down or stopped completely; while 13% (2 million people) said they'd had an increase in work hours.

Nearly three-quarters of working Tasmanians (74%) have had a COVID-triggered change to their employment, compared to only 57% in South Australia and 62% in each of Western Australia and Queensland.

Roy Morgan has long measured both unemployment and under-employment and, for a number of methodological reasons we are happy to explain in detail, we are confident our figures are more accurate than those of the Australian Bureau of Statistics in this area.

In July, our figures showed unemployment was at 12.5% and a further 10.5% of the workforce was under-employed. That's **3.28 million Australians who were either looking for work or wanting more work**, even before Melbourne went into Stage 4 lockdown.

In August this had improved – but only very slightly, with a total of **3.27 million Australians (22.8%) either unemployed or under-employed**, an improvement of just 14,000 on July. In all, 13.8% of the workforce (1.98 million Australians) were unemployed, up by 194,000 on July due to both fewer jobs and more people looking for work. There was some welcome good news in the fact that, while the number of those employed fell from July to August (down 89,000 to 12,376,000), more were working full-time (up 138,000 to 8,013,000) and fewer part-time (down 227,000 to 4,225,000).

But in addition to those unemployed, **a further 1.29 million Australians (9% of the workforce) were under-employed** in August– working part-time but looking for more work.

Compared to early March, an additional 1.1 million Australians are either unemployed or under-employed.

Victoria's Second Wave: Measuring its Citizens' Attitudes

By late May, the first wave of COVID-19 infections in Victoria was largely controlled: cases were in the single digits. On June 6 no new cases were recorded in the state for the first time since March. Life was returning to normal and on June 9, 600,000 students returned to in-person attendance at schools across Victoria.

But within days the numbers of new cases recorded each 24 hours had begun to jump — 21 cases on June 17, 33 on June 25, 75 on June 29. The dangerous second wave was building: on July 7, 191 new cases were reported. Government response was swift: the following day Melbourne entered Stage 3 lockdown, and the NSW government closed its southern border. But numbers continued to shoot up, as infections passed on days or weeks earlier became infectious.

In what would later be revealed to be the result of serious failures in the hotel quarantine system for returning travellers, July 30 brought a new daily peak of 723 cases, a record beaten less than a week later when 725 cases were reported on August 5. By then Melbourne had already been in Stage 4 lockdown for three days, with Victoria's Labour Premier Daniel Andrews citing health advice that it would take six months to stem the virus spread under Stage 3 lockdown.

Among other things, Stage 4 required people to wear a mask at all times in public, shop and exercise (for no more than an hour a day) within 5km of home. Partner visits were permitted but not other social gatherings or visits to family members in other households, and other than essential workers carrying a permit, residents were not permitted to leave home in the curfew hours of 8pm to 5am.

Countless media columns, radio shows and podcasts, TV discussions, social media posts were given over to assertions about the perceived rights or wrongs of lockdown, with conservative commentators particularly vocal in decrying the restrictions and their flow-on effects. Amid all the claims and counter-claims, one thing was missing: the voice of the people.

So Roy Morgan began a series of weekly polls, asking a representative sample of residents in Melbourne and elsewhere in the state their opinions about various of the lockdown conditions.

On August 25 and 26 we polled 2,110 adults across the state, asking the following questions and receiving the following responses, **showing overwhelming support for most of the key lockdown restrictions**, with the ban on visiting family members the exception; responses on this question were more evenly matched, although a majority was in favour of the ban:

- **1.** *"Melbourne residents are currently restricted from travelling more than 5km from their homes for exercise or buying essential items such as food. Should Melbourne residents now be free to travel more than 5km from their home?"* Yes (29%) cf. No (71%).
- **2.** *"Melbourne's restaurants/hotels/clubs/cafes are only allowed to offer take-away or food delivery services. Should Melbourne's restaurants/hotels/clubs/cafes now be allowed to provide table service with proper social distancing?"* Yes (25%) cf. No (75%).

- **3.** *“At present Melbourne has a curfew from 8pm to 5am, should the curfew end now or not?”* Yes (28%) cf. No (72%).
- **4.** *“Melbourne residents are currently banned from visiting the homes of immediate family members with the exception of delivering care or essential services. Should Melbourne residents now be able to visit the homes of their immediate families?”* Yes (43%) cf. No (57%).
- **5.** *“Every person living in Victoria must wear a face covering such as a mask when leaving home. Should wearing masks be compulsory in Victoria or not?”* Yes (89%) cf. No (11%).
- **6.** *“Only permitted workers are allowed to send their children to day care centres and schools. Should schools and day care centres in Melbourne be re-opened to everyone?”* Yes (24%) cf. No (76%).

When the same questions were asked of a similarly representative sample across the state **a week later, the result showed a majority of Victorians were still in favour of the restrictions, although the gap between those who thought family member visits should be allowed and those who did not had narrowed** to 47% Yes vs 53% No.

There were distinct differences within these results across age groups and political party lines, with 57% of those aged 65 or above and 59% of Liberal-National Party supporters saying visits should be allowed.

The results of the September 1 and 2 poll of 2,062 Victorians on all six questions were:

1. Yes 40% (up 11%) cf. No 60% (down 11%).
2. Yes 39% (up 14%) cf. No 61% (down 14%).
3. Yes 39% (up 11%) cf. No 61% (down 11%).
4. Yes 47% (up 4%) cf. No 53% (down 4%).
5. Yes 87% (down 2%) cf. No 13% (up 2%)
6. Yes 32% (up 8%) cf. No 68% (down 8%).

The third weekly poll was conducted with 2,325 people across Victoria on September 8 and 9, **days after the Premier announced Stage 4 restrictions would be extended until at least the end of September**, although the curfew starting time would be pushed back an hour. The first two questions were the same as previous polls, and these were the results:

1. Yes 46% (up 6%) cf. No 54% (down 6%).
2. Yes 37% (down 2%) cf. No 63% (up 2%)

Questions 3 and 4 were updated and questions 5 and 6 were replaced with questions designed to measure community feelings on state government support for business and its handling of the pandemic.

3: *“From Sunday night Melbourne is to have curfew from 9pm to 5am, should the curfew end or not?”* Yes 37% (down 2%) cf. No 63% (up 2%).

4: *“From Sunday night Melbourne residents will still be banned from visiting the homes of immediate family members with the exception of singles, delivering care or essential services. Should Melbourne residents now be able to visit their immediate families?”* Yes 53% (up 6%) cf. No 47% (down 6%).

5 (NEW): *“Do you agree all small businesses forced to close by the Victorian Government’s COVID restrictions should receive compensation from the Victorian Government or not?”* Yes 76% cf. No 24%.

6 (NEW): *“Do you APPROVE or DISAPPROVE of the way Mr. Daniel Andrews is handling his job as Premier of Victoria?”* Approve 70% cf. Disapprove 30%.

Responses to questions 5 and 6 showed that **supporters of all political parties believe the Victorian Government should compensate all small businesses** forced to close by the state’s COVID restrictions (81% of L-NP supporters, 74% of ALP supporters and 65% of Greens supporters). **Unsurprisingly a large majority of ALP supporters (82%) approve of Premier Daniel Andrews’ handling of his job but he also has the approval of 81% of Greens supporters and 53% of supporters of Independents/ Others. A sizeable minority of 43% of L-NP supporters also approve of his handling of the job.**

This was followed by a poll of 1,147 representative Victorian voters between September 15 to 17, asking, “If a State Election for Victoria were being held today — which party would receive your first preference?”

The poll found support for the ALP at 51.5% compared to the L-NP on 48.5%, on a two-party preferred basis. Compared to the 2018 state election this was a drop of a significant 5.8% points for the ALP and an increase of the same number for the L-NP support. However, if an election had been held in the period the poll was taken, the ALP would have been returned for its third term with a narrow majority.

[See below for charts presenting all of the above data in visual form].

What does it all mean, and where to from here?

Roy Morgan CEO Michele Levine says:

“As the pandemic has continued month after month we have seen an erosion of the ‘we’re all in this together’ assurances that featured strongly in its early stages. It is clear that just like the social and psychological impacts, the economic impacts of COVID-19 have not been felt equally. We can see the differences across the states, between different kinds of industries, and on individuals of different ages and with different levels of employment security and experience.

“The second wave of the crisis, since June, has been far more deadly than the first, but has been heavily concentrated in Victoria rather than felt equally around the nation. However, there have been significant spill over effects into NSW, and the renewed outbreak has led other States such as Tasmania, Queensland, and Western Australia to keep their borders closed.

“Our Consumer Confidence, Business Confidence and Inflation Expectation measures all show the impact of the strain the pandemic has put on our society, but perhaps the starkest and easiest to grasp figures are those relating to employment: 10.4 million working Australians have had their employment changed by the impact of the Coronavirus Crisis while 3.5 million are looking for work or looking for more work

“The Federal Government responded to the second wave by extending JobKeeper in an altered form and at lower rates until the end of March 2021 and extending a decreased JobSeeker supplement payment until the end of this year. But this still leaves millions of Australians and many businesses facing an uncertain future.

“When the JobKeeper wage subsidy ends in April 2021, as it is currently scheduled to, many of the employees who have had a changed employment situation due to the pandemic but have held on to their jobs in some form may well find themselves out of work as their employer adjusts to the economic reality without an ongoing wage subsidy.

“The Federal Budget set to be delivered by Treasurer Josh Frydenberg in early October, just a few weeks away, must provide a clear roadmap for the Australian economy to navigate the next few years.

“None of us can honestly say we know what a post-pandemic ‘new normal’ will look like, but it’s clear this virus has dealt us a blow from which we will only recover with a combination of steady leadership, far-sighted strategy, time and an acknowledgement that we may not all be affected equally but we will all need to work together to get through this.

The Stage 4 lockdown which commenced in Victoria in the first week of August in response to a second wave of COVID-19 infections was the subject of a torrent of commentary and diametrically opposed claims about how Victorians were feeling. There was a plethora of opinion about how the people of Victoria were feeling, but a dearth of fact. We filled the gap by commencing weekly surveys with a representative sample of people across the state. We saw some differences across age groups, location and political allegiance, but the most notable finding was how united people were in their support for measures designed to stop the virus in its tracks. It demonstrates the fundamental importance of data over guesswork, the principle on which Roy Morgan was built.

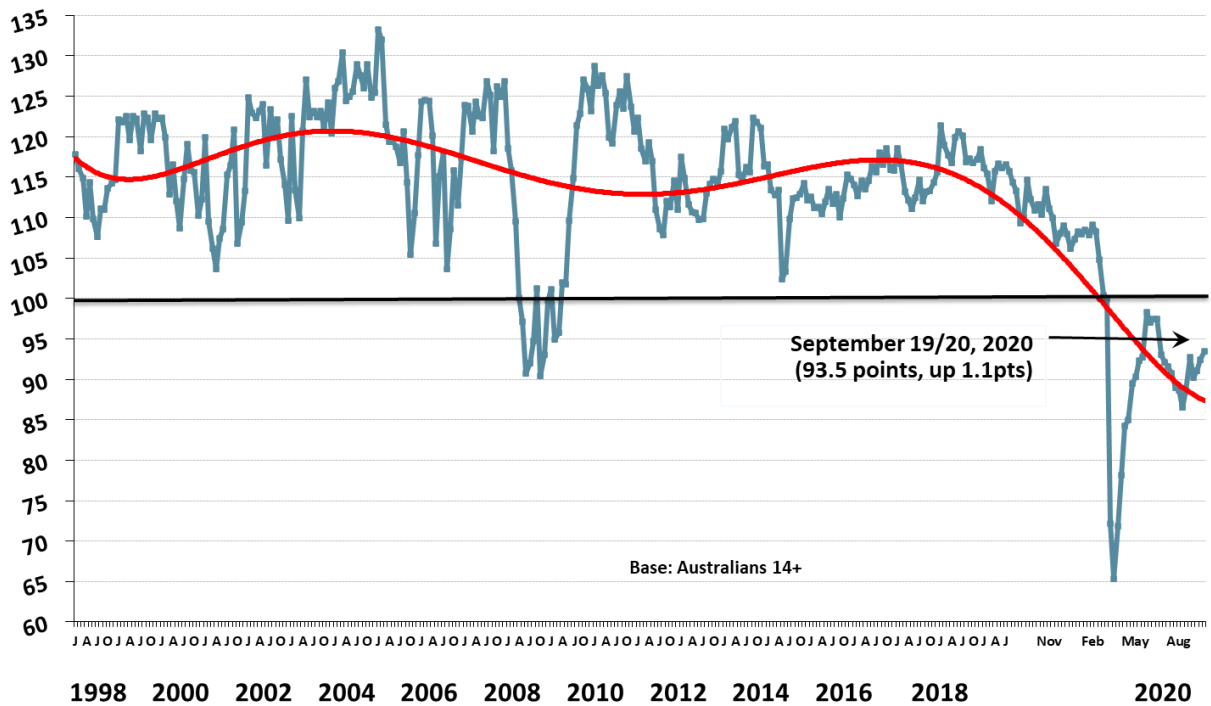
“As we go forward Employment, Consumer Confidence and Business Confidence are the most critical measures signalling economic recovery. Roy Morgan will continue to do the important work of tracking this data and making the results publicly available, as we have done for 80 years. We’re here for business and the nation as a whole, just as we have always been.”

Michele Levine is available for interview.

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or email Michele.Levine@roymorgan.com**

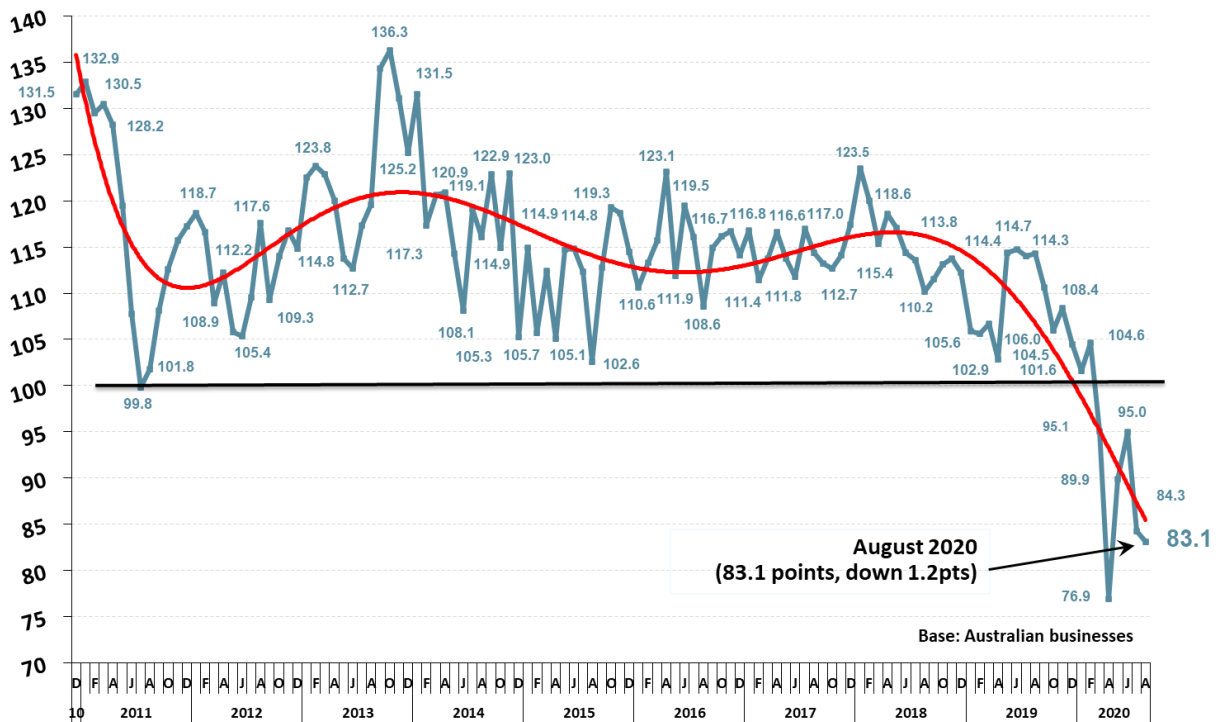
Key charts tracking the Economic Impact of COVID-19

ANZ-Roy Morgan Consumer Confidence Rating: 1998-2020



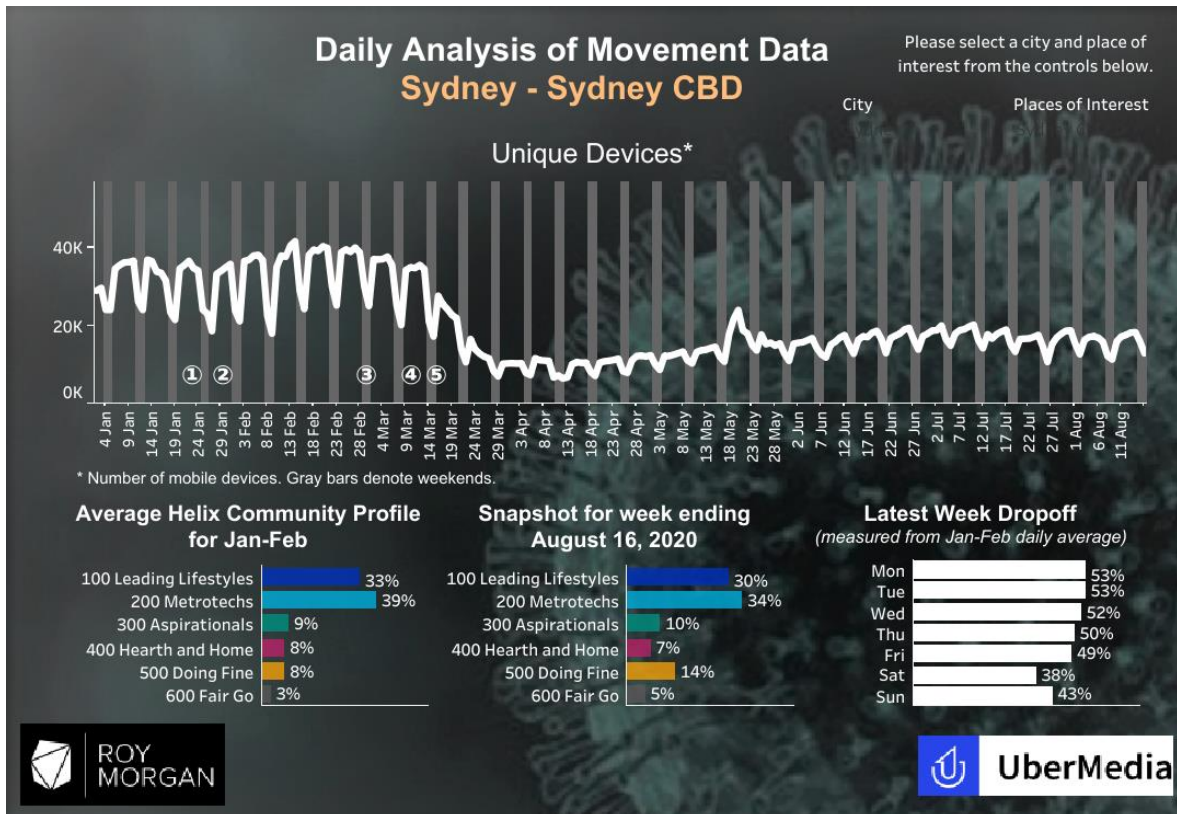
Source: Roy Morgan Single Source, January 1998 – August 2020. Average weekly sample over the last 12 months=1,240.

Roy Morgan Business Confidence Rating: 2010-2020



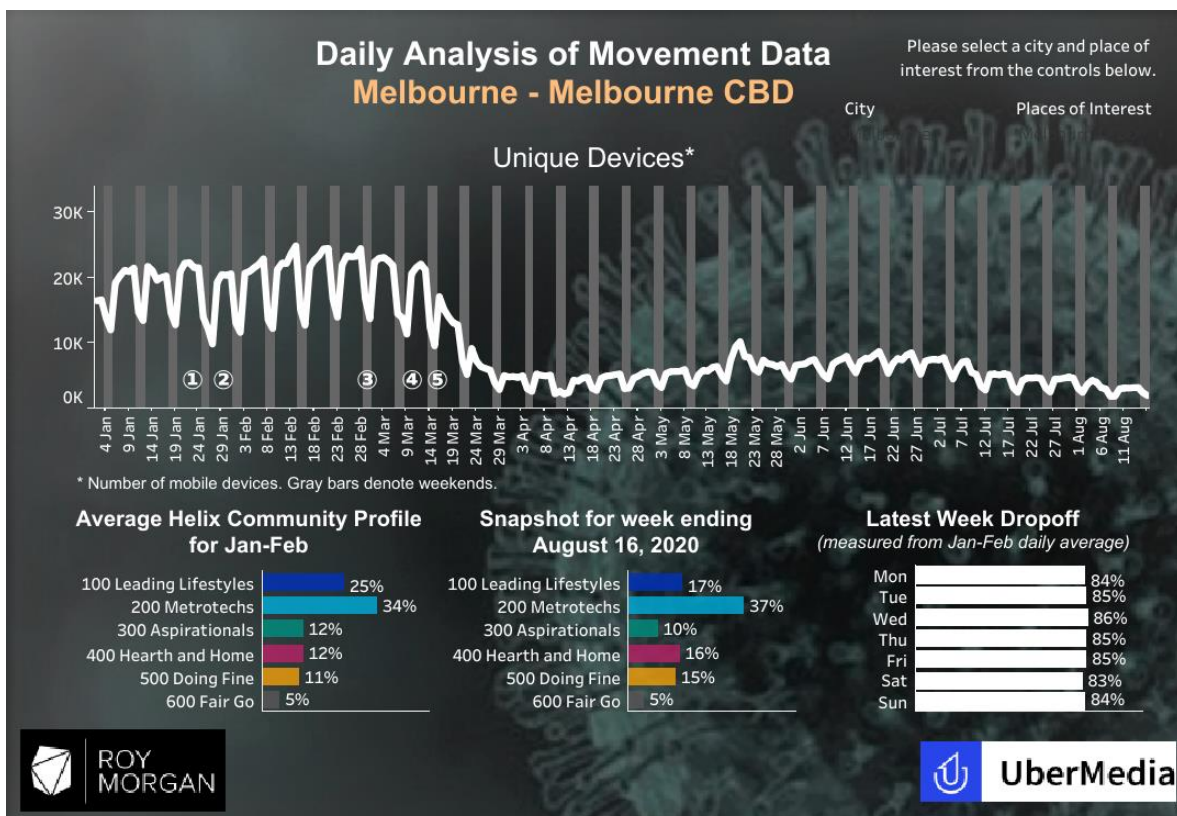
Source: Roy Morgan Business Single Source, Dec 2010-Aug 2020. Average monthly sample over the last 12 months=1,160.

Roy Morgan-Uber Media Analysis of Movement Data in 2020 – Sydney CBD



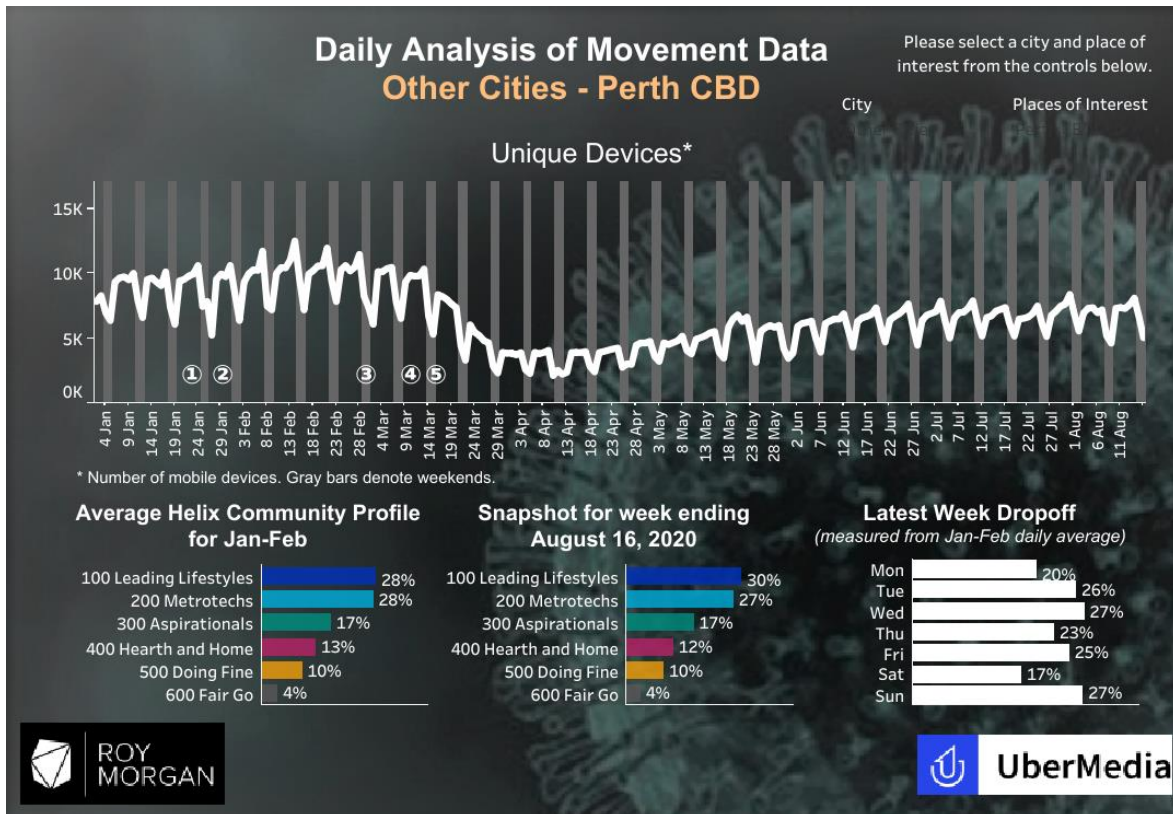
Source: Roy Morgan collaboration with UberMedia who provide anonymous aggregated insights using mobile location data.
Note: Movement data for Sydney CBD excludes residents of the Sydney CBD.

Roy Morgan-Uber Media Analysis of Movement Data in 2020 – Melbourne CBD



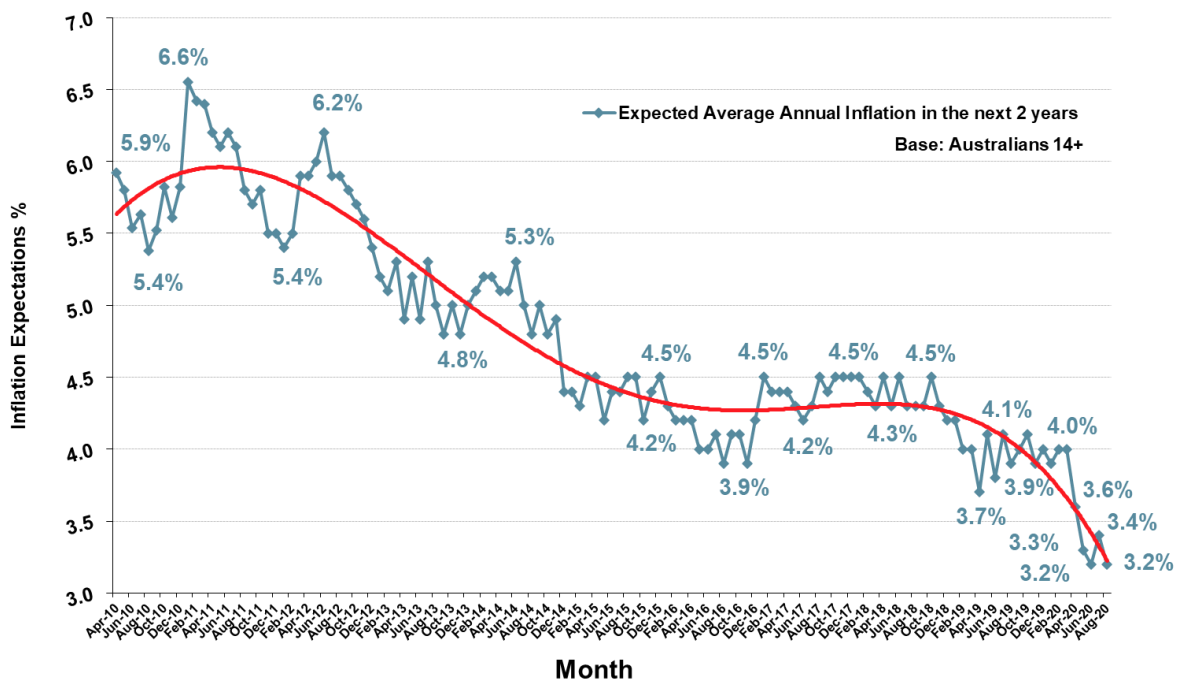
Source: Roy Morgan collaboration with UberMedia who provide anonymous aggregated insights using mobile location data.
Note: Movement data for Melbourne CBD excludes residents of the Melbourne CBD.

Roy Morgan-Uber Media Analysis of Movement Data in 2020 – Perth CBD



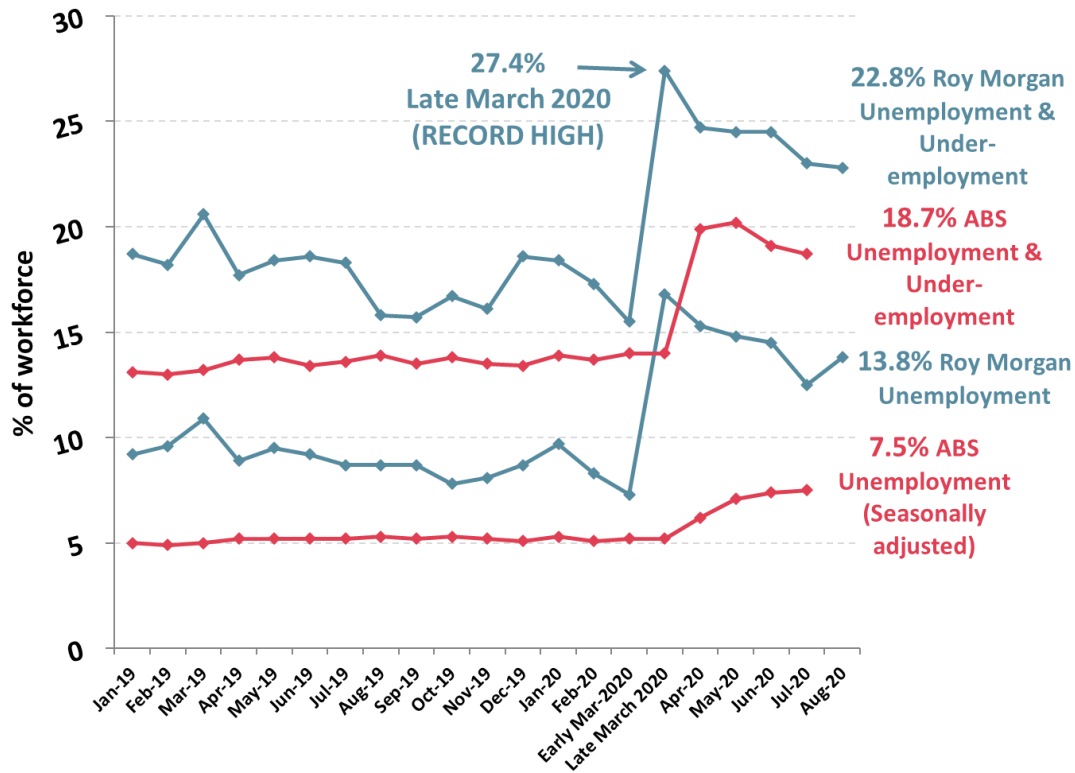
Source: Roy Morgan collaboration with UberMedia who provide anonymous aggregated insights using mobile location data.
Note: Movement data for Perth CBD excludes residents of the Perth CBD.

Inflation Expectations Index long-term trend – Expected Annual Inflation in next 2 years



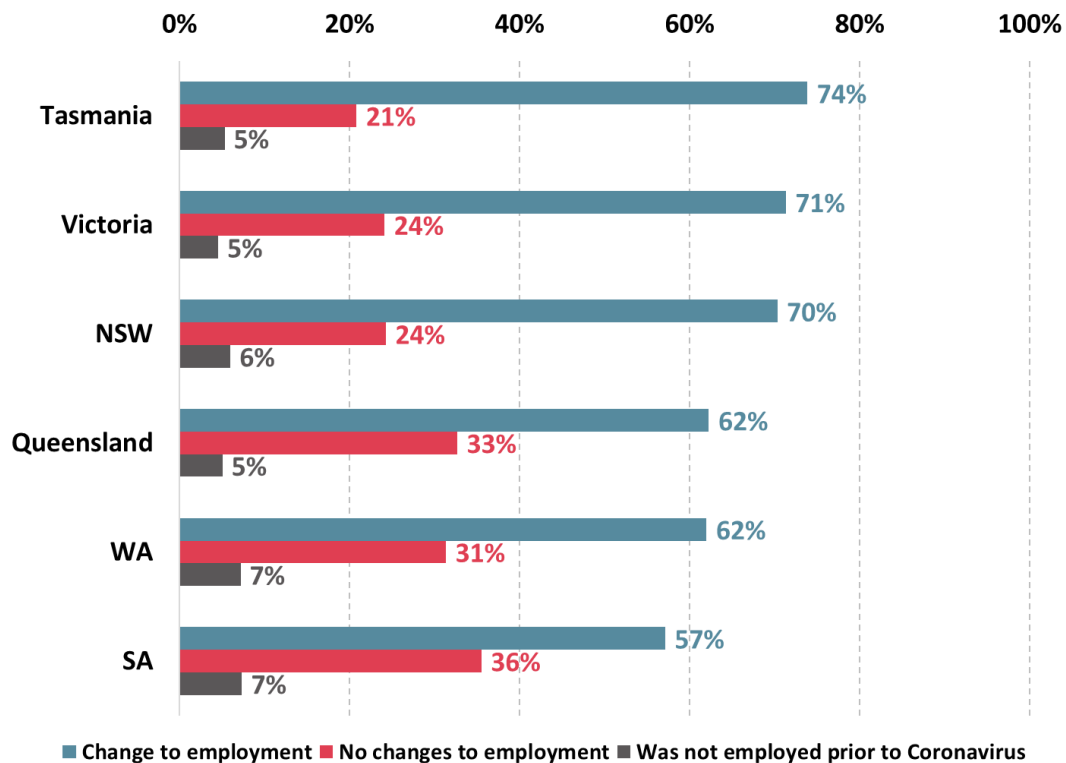
Source: Roy Morgan Single Source: Interviews an average of 4,400 Australians per month aged 14+ (April 2010–August 2020).

Roy Morgan & ABS Unemployment & Under-employment: January 2019 – August 2020



Source: Roy Morgan Single Source, January 2019 – August 2020, Average monthly sample size, n=4,400. Base: Australians 14+.

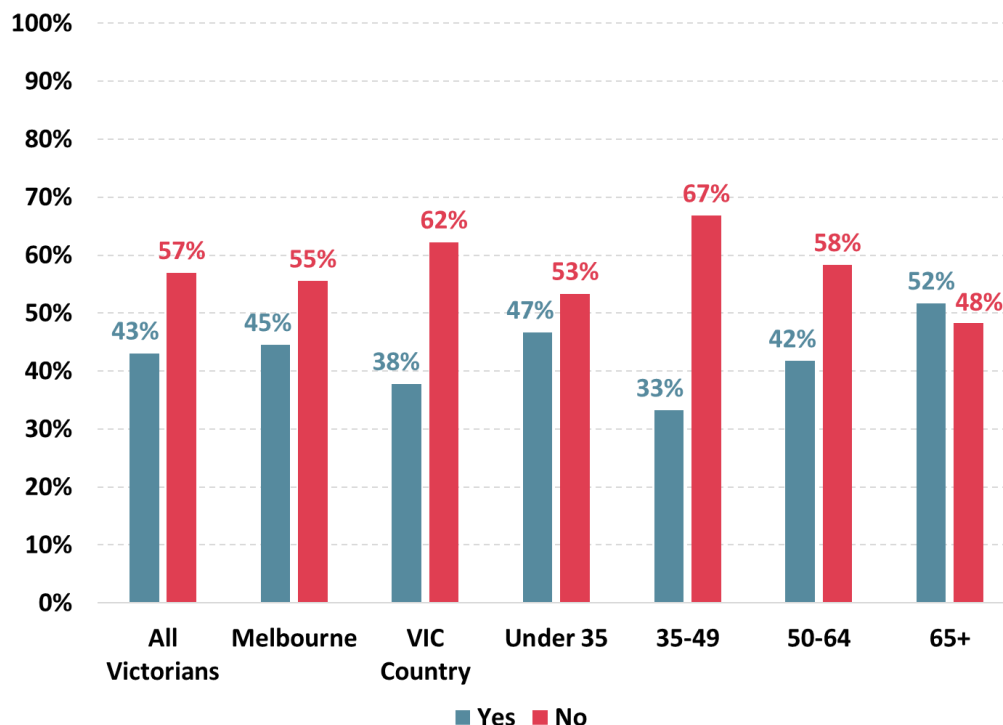
Impact of Coronavirus on Employment by State (July 2020)



Source: Roy Morgan multi-mode survey of Australians conducted during July 2020, n=3,863. Base: Working Australians aged 14+. Respondents could nominate multiple employment changes

Victorian Citizens on State Government Response to the Second Wave

Week 1 (August 25-26, 2020): Should Melbourne residents now be able to visit the homes of their immediate families? By City/Country & Age



Source: Roy Morgan Special Snap SMS Poll of Victorians conducted on Tuesday August 25 to Wednesday August 26, 2020, n=2,110 with over 1,000 respondents each asked 3 questions. **Base:** Victorians aged 18+.

Week 3 (September 8-9, 2020): Do you APPROVE or DISAPPROVE of the way Mr. Daniel Andrews is handling his job as Premier of Victoria? By Party Vote (Federal)

Victorian Electors	%	Party Vote				
		L-NP	ALP	Greens	Ind/Others	Can't say
Yes	67	43	82	81	53	60
No	33	57	18	19	47	40
TOTAL	100	100	100	100	100	100

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