

# Economic Health Check

City of Moreland

Final Report

February 2022

prepared by **.id**

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## Executive summary

The Moreland Economic Health Check report provides an analysis of Moreland’s economy. The Economic Health Check Report is an implementation action of *A Job in Moreland*. It analyses a range of local economic data to annually monitor economic conditions across Moreland.

### Economic conditions were strong before COVID-19

Economic conditions in Moreland were positive before COVID-19. Economic growth and job growth between 2015/16 and 2018/19 was above historical growth rates. Moreland’s unemployment rate in March 2020 was the lowest in a decade.

Strong population growth was the major economic driver during this period. This growth drives demand for apartments as well as local goods and services. As identified in *A Job in Moreland*, population growth continues to grow faster than job growth.

### Population growth supported job growth across a range of industries

The main industry drivers of job growth between 2015/16 and 2018/19 were:

Industry	Drivers
<b>Health Care and Social Assistance</b>	<ul style="list-style-type: none"> <li>• Growth in babies and pre-schoolers driving demand for child care.</li> <li>• Stronger demand for health care services.</li> </ul>
<b>Other Services</b>	<ul style="list-style-type: none"> <li>• Strong demand for Automotive Repair and Maintenance.</li> </ul>
<b>Manufacturing</b>	<ul style="list-style-type: none"> <li>• Building activity in Moreland and Greater Melbourne.</li> <li>• Export demand for food products (e.g. packaging).</li> </ul>
<b>Construction</b>	<ul style="list-style-type: none"> <li>• Residential apartment building activity.</li> </ul>

## **Moreland's Strategic Industries have performed well...**

*A Job in Moreland* identified seven strategic industries. Of these, the best performers in the three years to 2018/19 were Manufacturing, Health Care and Social Assistance and Construction.

### **...But some industries face challenges**

Accommodation and Food Services (part of Retail and Food Services) jobs decreased between 2015/16 and 2018/19. This downward trend also occurred across Greater Melbourne during this period.

Professional, Scientific and Technical Services jobs increased but at a much slower rate than Greater Melbourne. This growth has not been enough to reduce the job deficit in this industry.

### **Economic recovery from COVID-19 is well underway**

COVID-19 had a significant impact on the Moreland economy. GRP fell by 5.5% in the June Quarter 2020, while jobs fell by 3.8%. The biggest job decline in the June Quarter 2020 was Accommodation and Food Services. This was followed by Education and Training and Arts and Recreation.

But the economic recovery in Moreland has exceeded all expectations. Several indicators suggest that Moreland's economy is back to pre-pandemic levels. Factors behind this recovery include good health outcomes and unprecedented policy support.

### **Economic outlook is positive, but risks remain**

Local Jobs in Moreland are forecast to grow by around 6.9% over 2021/22, 1.7% over 2022/23 and 2.2% over 2023/24. The biggest job growth forecast over this period is Education and Training. The next biggest increase is in Health Care and Social Assistance, Other Services and Professional, Scientific and Technical Services. Retail Trade is forecast to decline between 2020/21 and 2023/24.

The spread of the Omicron variant means that health-related risks remain for the period ahead. The pandemic may also result in a range of longer term challenges and opportunities for Moreland. Ongoing monitoring of economic conditions is required.

## Comparisons to A Job in Moreland

The COVID forecast is broadly in line with the Scenario 2 projection presented in *A Job in Moreland* (e.g. local job growth is similar to employed resident growth). While this is good news, the long term growth rate projected in Scenario 2 requires a step change to job growth from 2025 onwards. *A Job in Moreland* presents a range of strategies to support this intention.

# 1. Introduction

## 1.1 Study objectives

The Moreland Economic Health Check report presents an economic analysis of:

- Economic performance pre COVID-19,
- Immediate economic impacts of COVID-19 and
- Short term economic outlook.

The Economic Health Check Report is an implementation action of *A Job in Moreland*. It analyses a range of local economic data to annually monitor economic conditions across Moreland.

## 1.2 Background

### **Economic development in Moreland**

The Moreland Economic Development Strategy 2016-2021 identifies that Moreland has one of the lowest levels of employment self-sufficiency of any Melbourne municipality, and this is in decline. The number of jobs in Moreland has grown, however the population is growing faster than local jobs. This report seeks to provide insight about parts of the economy that are either attractive for increased investment, important to maintain strong local employment or a gap that requires additional investment to grow. COVID 19 also has created a range of challenges and opportunities and this will be explored as well.

### **A Job in Moreland**

*A Job in Moreland* presents an economic analysis about work in Moreland, the types of jobs and how this may change over the next 15 years. It takes a holistic view of all employment land in Moreland (commercial and industrial) and analyses the quantum of land required for employment to guide the policy direction for industrial and commercial land.

*A Job in Moreland* provides Council with information to inform its next Economic Development Action Plan, Industrial Land Strategy, Place Action Plans for Activity Centres in Brunswick, Coburg and Glenroy and employment floor space requirements in the planning scheme.



This report supports *A Job in Moreland* by providing an updated analysis about economic performance, industry trends and short term outlook. This information can be used to identify areas that need additional support to achieve the aspirations presented in *A Job in Moreland*.

### 1.3 Approach

The following chapters describe Moreland's recent economic performance, the immediate impact of COVID-19 and the short term outlook for growth:

- Chapter 2 shows the economic performance of Moreland's economy between 2015/16 and 2018/19. Comparisons are made to the 10 year average and to Greater Melbourne to understand the state of the local economy before COVID-19.
- Chapter 3 explores the immediate economic impact of COVID-19 on Moreland and its recovery.
- Chapter 4 presents short term economic and job forecasts for Moreland. This includes the impact of COVID-19. The impact of COVID-19 was not modelled in the scenarios presented in *A Job in Moreland*.

### 1.4 Sources and definitions

The following data is used in this report:

- Australian Business Register, GST Registration (2021)
- Australian Bureau of Statistics, Building Approvals (2021)
- Australian Bureau of Statistics, Regional Population Growth (2021)
- Australian Bureau of Statistics, Weekly Payroll Jobs and Wages in Australia (2021)
- Department of Employment, Small Area Labour Market (2021)
- Department of Social Services, JobSeeker and Youth Allowance (2021)
- Google Mobility (2021)
- Tourism Research Australia (2021)

The following terms and acronyms are used in this report:

- ABS: Australian Bureau of Statistics.
- DZN: Destination Zone (ABS Journey to Work small area geography).
- Greater Melbourne: Geographic area classified as Greater Capital City Statistical Area by the ABS.
- GRP: Gross Regional Product is the equivalent of GDP at the local level for a Local Government Area or region, and the calculation method simulates that used for the nation, but is influenced by local characteristics such as types of employment and worker productivity.
- LGA: Local Government Area.
- LQ: A Location Quotient is a way of seeing which are the main industries in an area, relative to a larger benchmark region. A number greater than 1 suggests the industry is over-represented locally and could be a specialisation.
- Regional Victoria: Geographic area classified as Rest of Victoria Statistical Area by the ABS.
- SA2: Statistical Areas Level 2 (SA2) are medium-sized general purpose areas used by the ABS for statistical analysis purposes.

The short term economic and employment forecast of the City of Moreland is developed by NIEIR. For more information on NIEIR and their methodology please refer to the City of Moreland Economic economy.id website.

## 2. How was the economy performing pre COVID-19?

### Key points

- ▾ Economic conditions in Moreland were positive before COVID-19.
- ▾ Growth in economic activity was above trend with GRP increasing by 3.6% per year between 2015/16 and 2018/19. GRP growth over this period was faster than Darebin, Moonee Valley and Banyule.
- ▾ Job growth was also above trend over this period.
- ▾ Moreland's unemployment rate declined to 5% in March 2020. This was the lowest rate recorded over the decade.
- ▾ But there were signs of a slowdown in economic activity and job growth in 2018/19. GRP and jobs grew much slower than the Greater Melbourne average over this period.

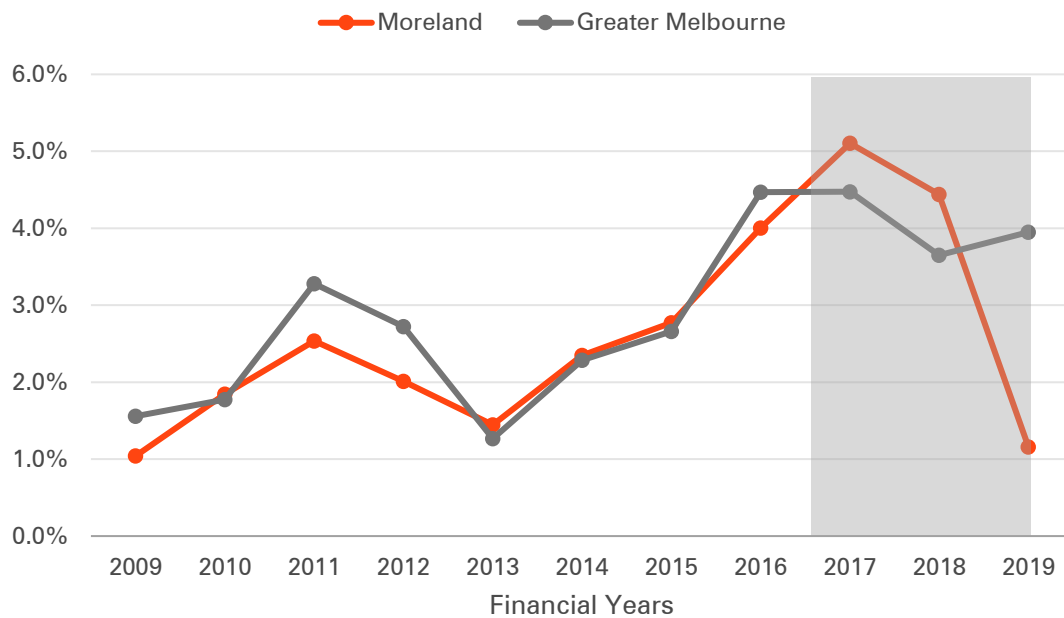
## 2.1 Economic Growth

Moreland’s economic growth (as measured by GRP) increased by 3.6% per year between 2015/16 and 2018/19. This growth rate was faster than the decade average annual growth rate of 2.8%.

However, Moreland’s economy grew by 1.2% in 2018/19, its slowest increase since the end of the GFC recession in 2008/09. This growth rate was also slower than Greater Melbourne.

Figure 1 GRP Growth

% per annum



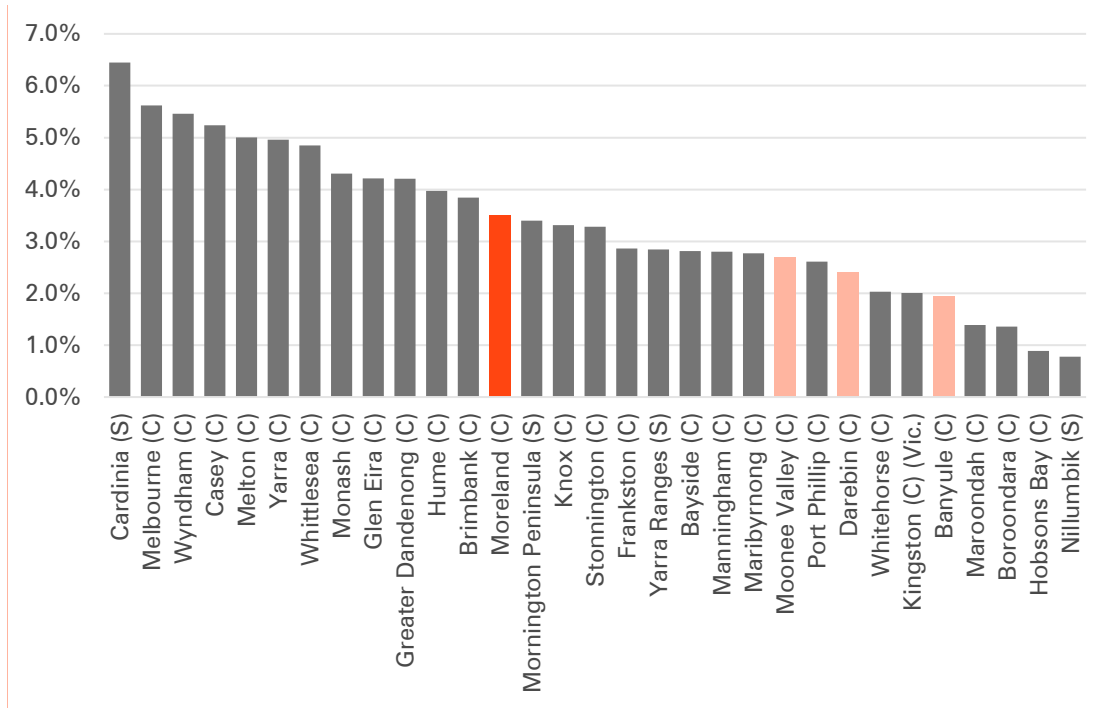
Source: NIEIR, 2021

### 2.1.1 Comparison to relevant benchmarks

Moreland’s GRP growth between 2015/16 and 2018/19 was ranked 13<sup>th</sup> fastest in Greater Melbourne. GRP growth was faster than nearby LGAs like Darebin, Moonee Valley and Banyule.

Figure 2 GRP Growth, LGAs in Greater Melbourne, 2015/16-2018/19

% average annual growth rate



Source: NIEIR, 2021

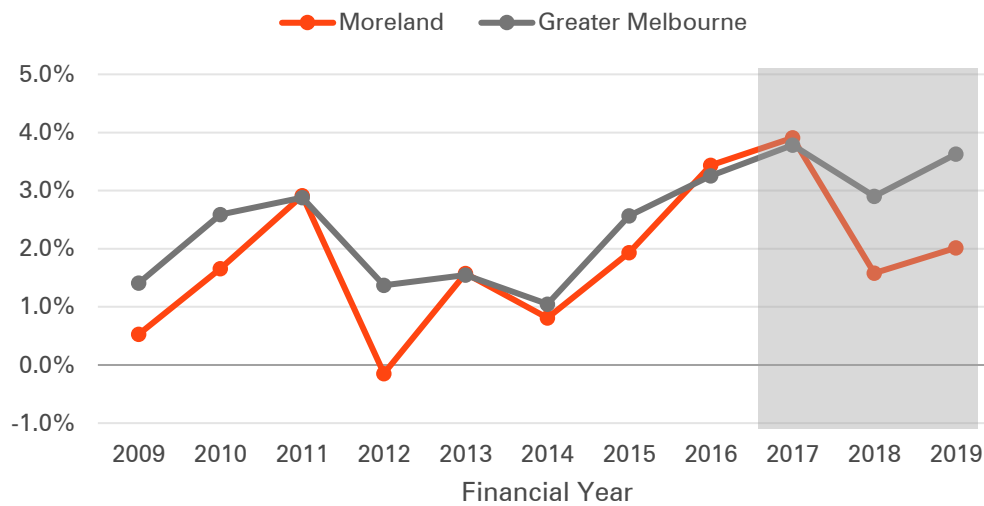
## 2.2 Job growth

The number of jobs in Moreland grew by 2.5% per year between 2015/16 and 2018/19. This growth rate was faster than the decade average annual growth rate of 2.0%.

Compared to Greater Melbourne, Moreland’s job growth was much slower in 2017/18 and 2018/19. This divergence is unlike the trend observed between 2012/13 and 2016/17.

Figure 3 Local Job Growth

% per annum



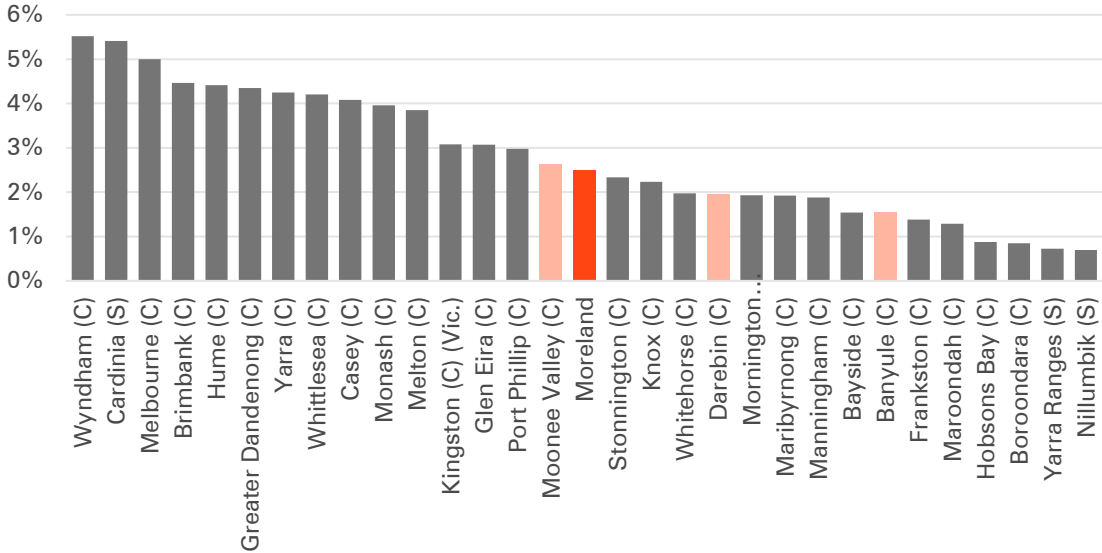
Source: NIEIR, 2021

### 2.2.1 Comparison to relevant benchmarks

Moreland’s local job growth between 2016 and 2019 was ranked 16<sup>th</sup> fastest in Greater Melbourne. Compared to nearby LGAs, local job growth was similar to Moonee Valley but faster than Darebin and Banyule.

Figure 4 Local Job Growth, LGAs in Greater Melbourne, 2015/16-2018/19

% average annual growth rate



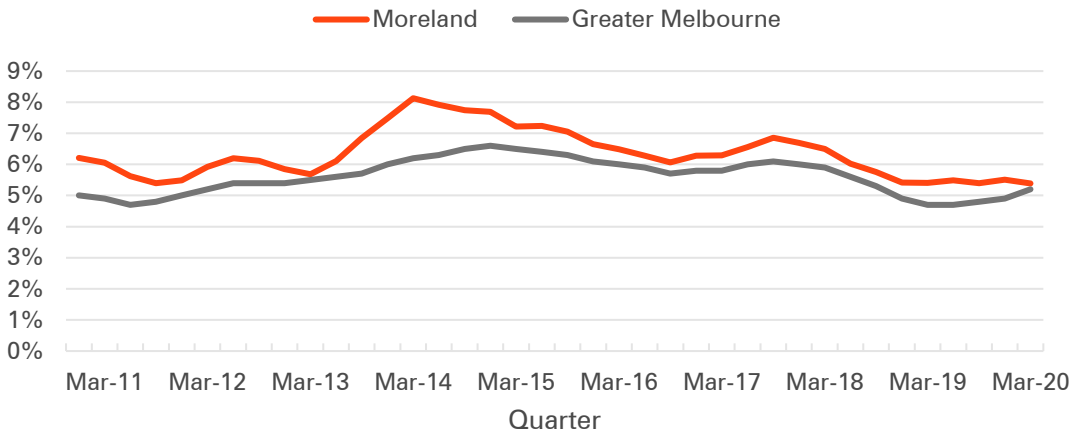
Source: NIEIR, 2021

### 2.3 Unemployment

The unemployment rate declined by 0.9 percentage points between June 2016 and March 2020 (before COVID-19). This was the lowest unemployment rate recorded over the decade.

Figure 5 Unemployment rate

%(12 month rolling average)



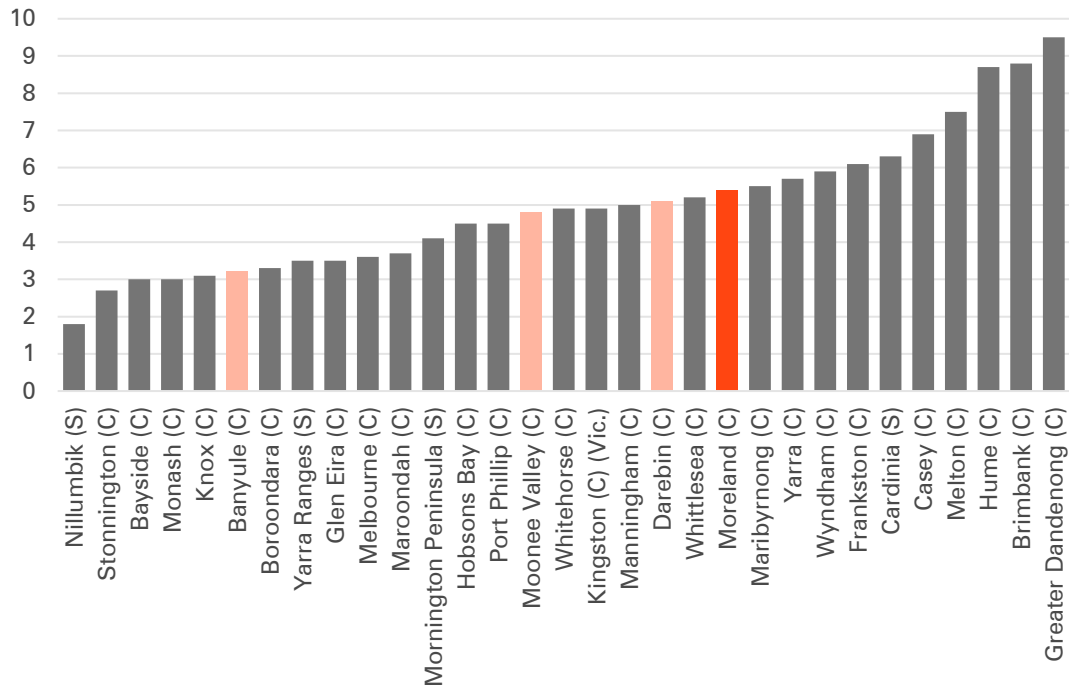
Source: ABS and Department of Employment, Small Area Labour Markets.

### 2.3.1 Comparison to relevant benchmarks

Moreland’s unemployment rate during the March Quarter 2020 was ranked 21<sup>st</sup> highest in Greater Melbourne. Moreland had a higher unemployment rate than Darebin, Moonee Valley and Banyule.

Figure 6 Unemployment rate, LGAs in Greater Melbourne, March Quarter 2020

% (12 month rolling average)



Source: Australian Bureau of Statistics, Labour force survey catalogue number 6202.0, and Department of Employment, Small Area Labour Markets.



### 3. What was driving growth pre COVID-19?

#### Key points

- ▾ Population growth continues to be the main driver of Moreland’s economic growth. Between 2015/16 and 2018/19, Moreland’s population grew by 2.5% per year. An increase in labour force participation rates also contributed to economic growth over this period
- ▾ Over this period, the main detractor to growth was the outflow of resident workers. Employment self-sufficiency fell by 1.8% per year between 2015/16 and 2018/19.
- ▾ Building investment growth has increased and is supporting the Moreland economy. The value of building approvals between 2016/17 and 2018/19 was 26% higher than the decade average. This building activity has supported growth in construction employment.
- ▾ Non-residential building approval activity has also been strong. This is due to investment in Retail, Wholesale, Education and Health buildings. This investment will create employment space to support new, ongoing jobs in Moreland.
- ▾ Tourism visitation over the period 2015/16 and 2018/19 was 28% higher than the preceding three years. This has supported spending on local goods and services.

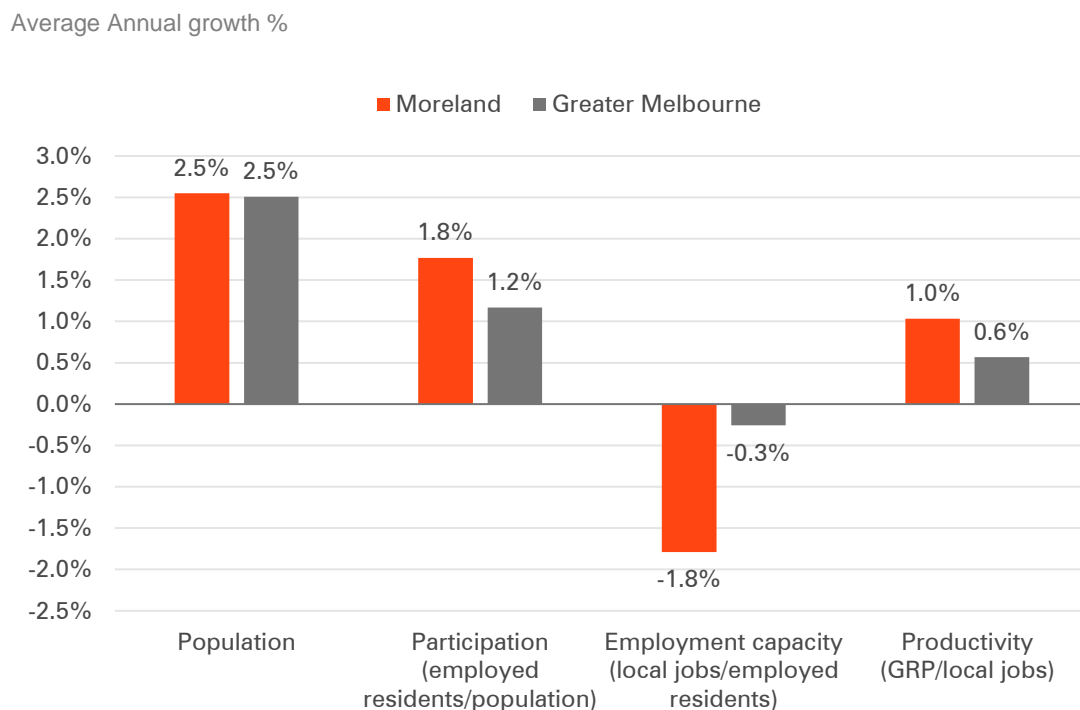
### 3.1 The 3 P's of economic growth

The three P's refer to Population, Participation and Productivity. They look at how fast the local workforce is growing (population); how many of them are working (participation); how many of them are working locally (employment capacity) and how much value they are generating from their work (labour productivity).

Population growth continues to be the main driver of Moreland's economic growth. Between 2015/16 and 2018/19, Moreland's population grew by 2.5% per year. This growth has increased local spending, driving sales for local services. Also contributing to economic growth was a substantial increase in the participation rate of residents due to the strong population growth in working age groups.

Employment capacity (sometimes referred to as employment self-sufficiency) has fallen by 1.8% per year over this period. This has limited the economic growth potential of Moreland.

Figure 7 Components of growth – Moreland, 2015/16 to 2018/19

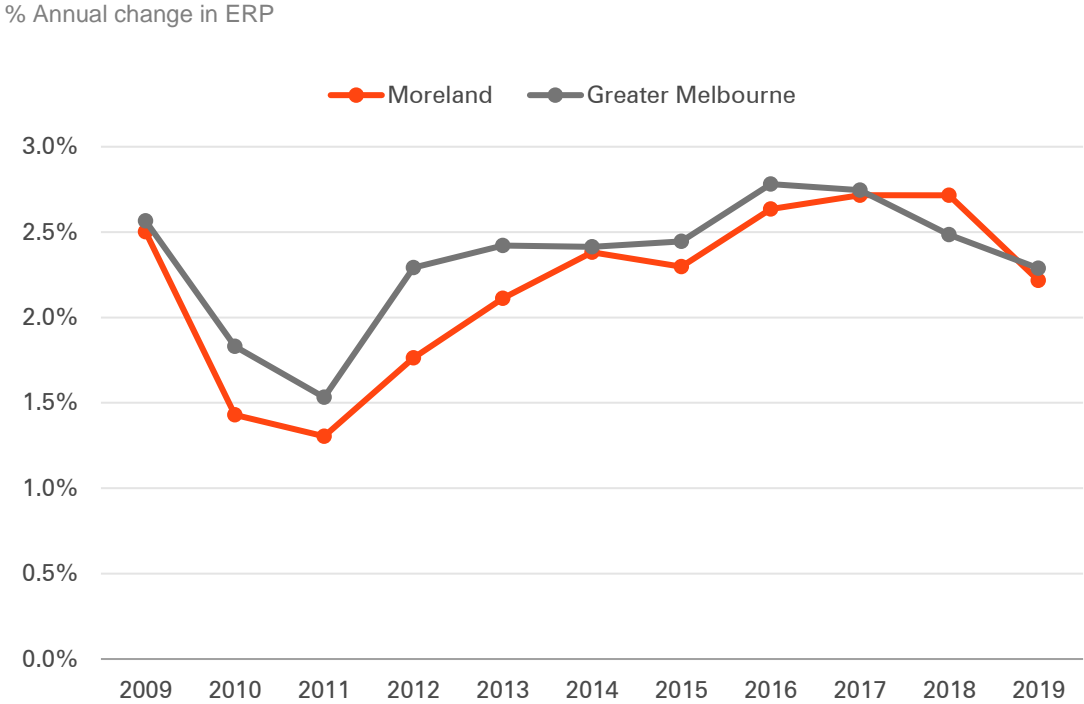


Source: NIEIR, 2021

#### 3.1.1 Population growth

Moreland's population has grown by 2.5% per year between June 2016 and June 2019. This growth rate was faster than Moreland's decade average annual growth rate of 2.2%.

Figure 8 Population growth

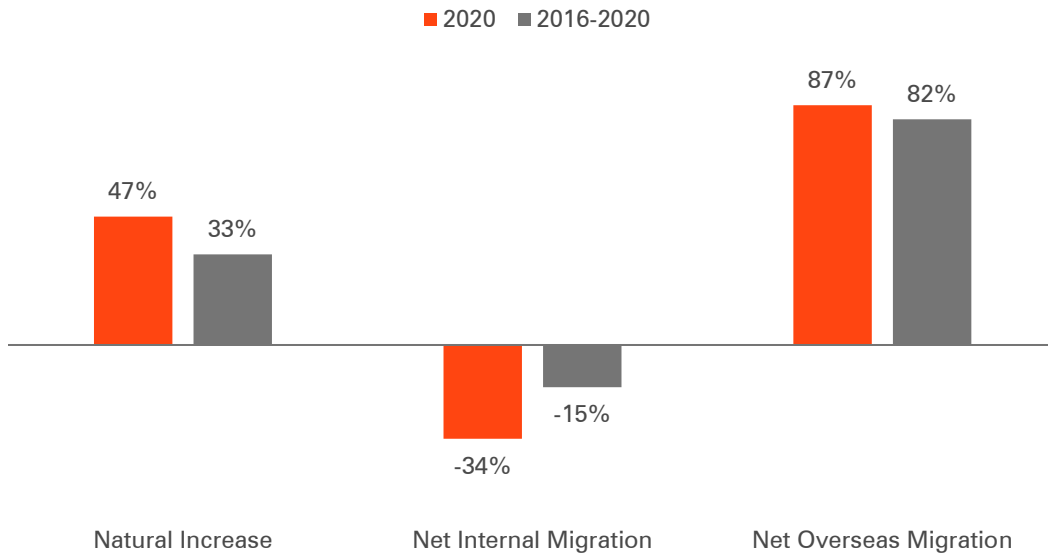


Source: ABS, 2021, Cat: 3218.0 - Regional Population Growth, Australia, 2019-20

The main contributor to population growth between June 2016 and June 2019 was net overseas migration (people arriving from overseas minus those leaving). Natural increase (births less deaths) also made an important contribution to population growth.

Figure 9 Components of population growth, June 2016 to June 2019, Moreland

Change as a % of total change



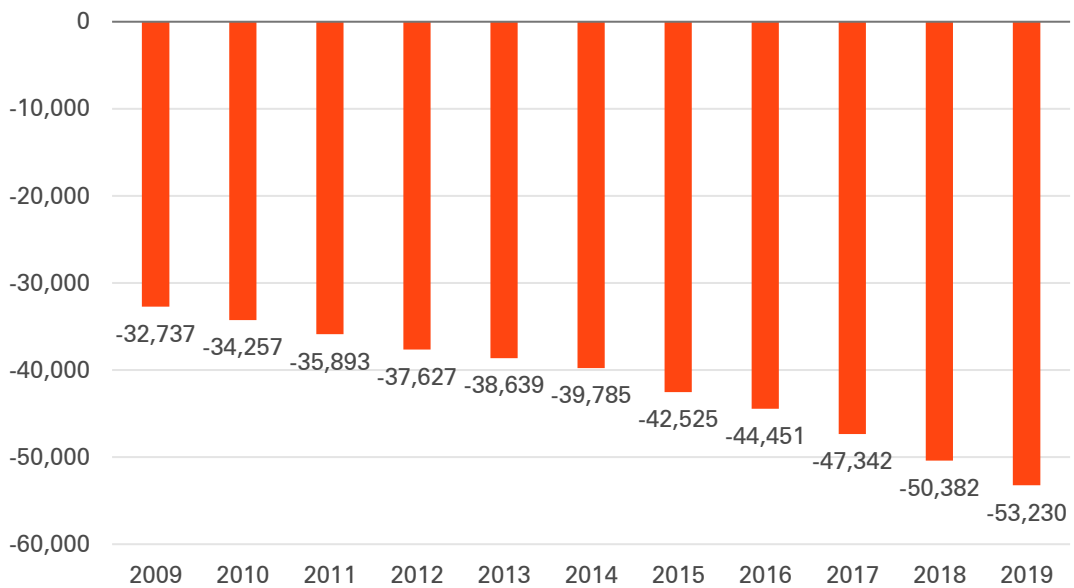
Source: ABS, 2021, Cat: 3218.0 - Regional Population Growth, Australia, 2019-20

### 3.1.2 Employment capacity

In 2018/19, there were 53,230 less jobs than employed residents. This jobs 'deficit', difference between jobs and residents, has grown by 8,800 between 2015/16 and 2018/19.

Figure 10 Employment capacity, Moreland

Difference between local jobs and employed residents



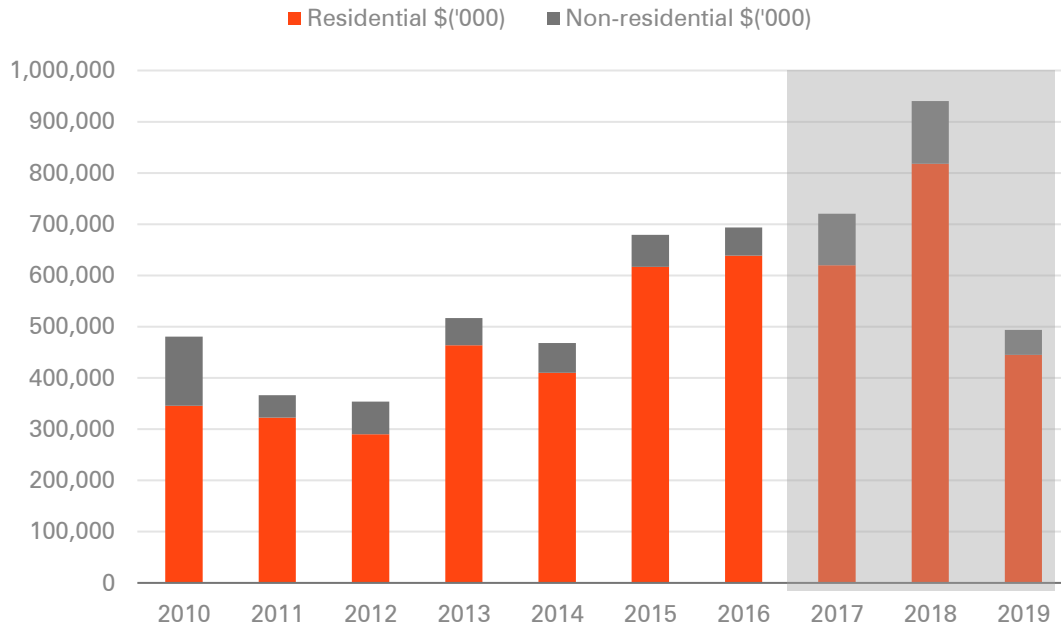
Source: NIEIR, 2021

### 3.2 Building investment

The average value of buildings approved in Moreland between 2016/17 and 2018/19 was \$718 million, an increase of 26% over the decade annual average. The value of non-residential approvals was also up 22% on the decade annual average.

Figure 11 Building approvals - Moreland

Annual value approved

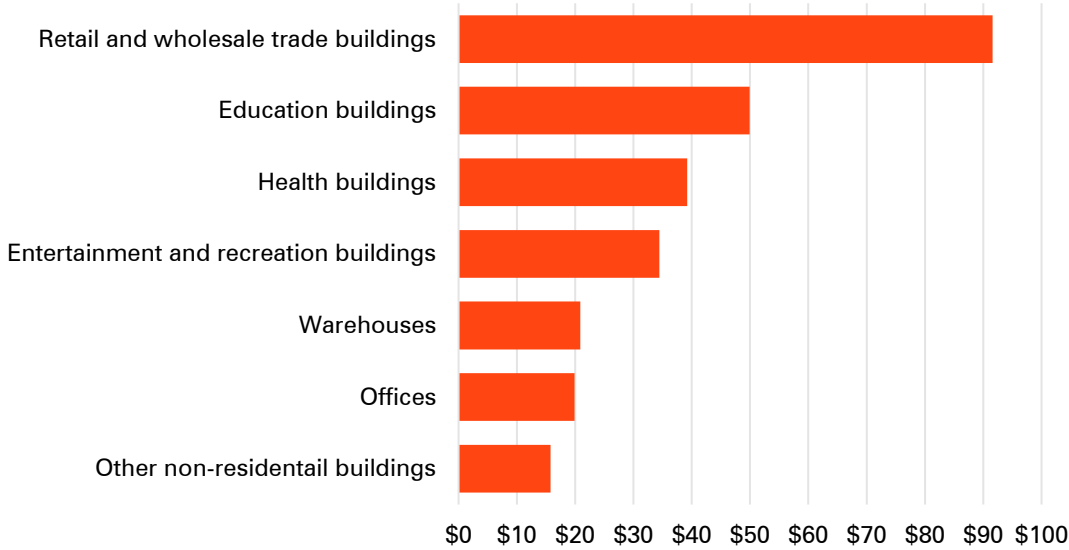


Source: ABS, 2021, Cat: 8731.0 - Building Approvals, Australia

Non-residential building approval activity is particularly important as it is a leading indicator of future employment growth. For example, an increase in office building approvals is a leading indicator of business service employment growth. In Moreland, the main source of non-residential building approvals between 2016/18 and 2018/19 were Retail and Wholesale Trade buildings, Education buildings and Health buildings.

Figure 12 Non-residential approvals - Moreland

Total value approved (\$m) by type, July 2016 to June 2019



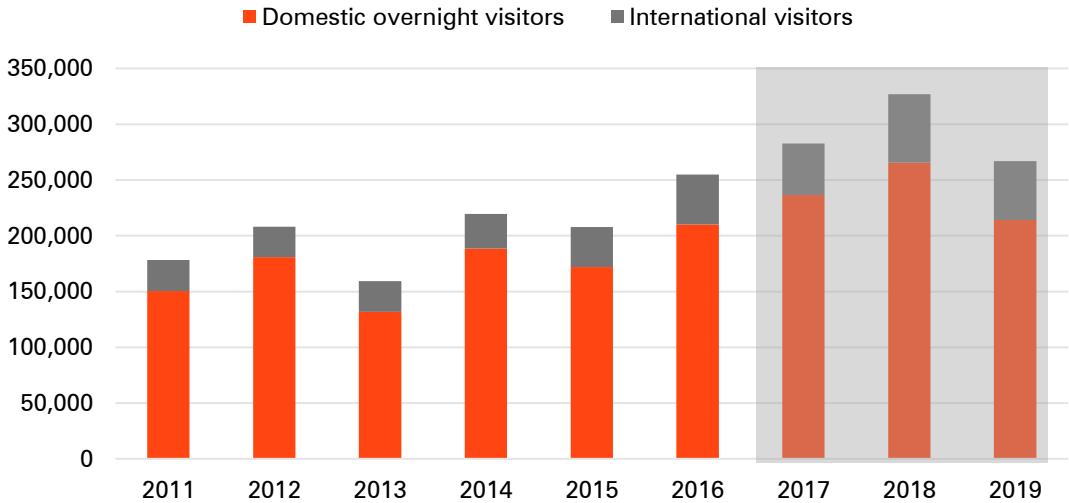
Source: ABS, 2021, Cat: 8731.0 - Building Approvals, Australia

### 3.3 Tourism visitation

In the three years to 2018/19, there were an average of 292,000 visitors to Moreland. This level of visitation was 28% higher than the preceding three years. This stronger level of visitation was driven by both domestic and international visitors.

Figure 13 Tourism Visitation, Moreland

Visitors



Source: Tourism Research Australia

## 4. How were industries performing pre COVID-19?

### Key points

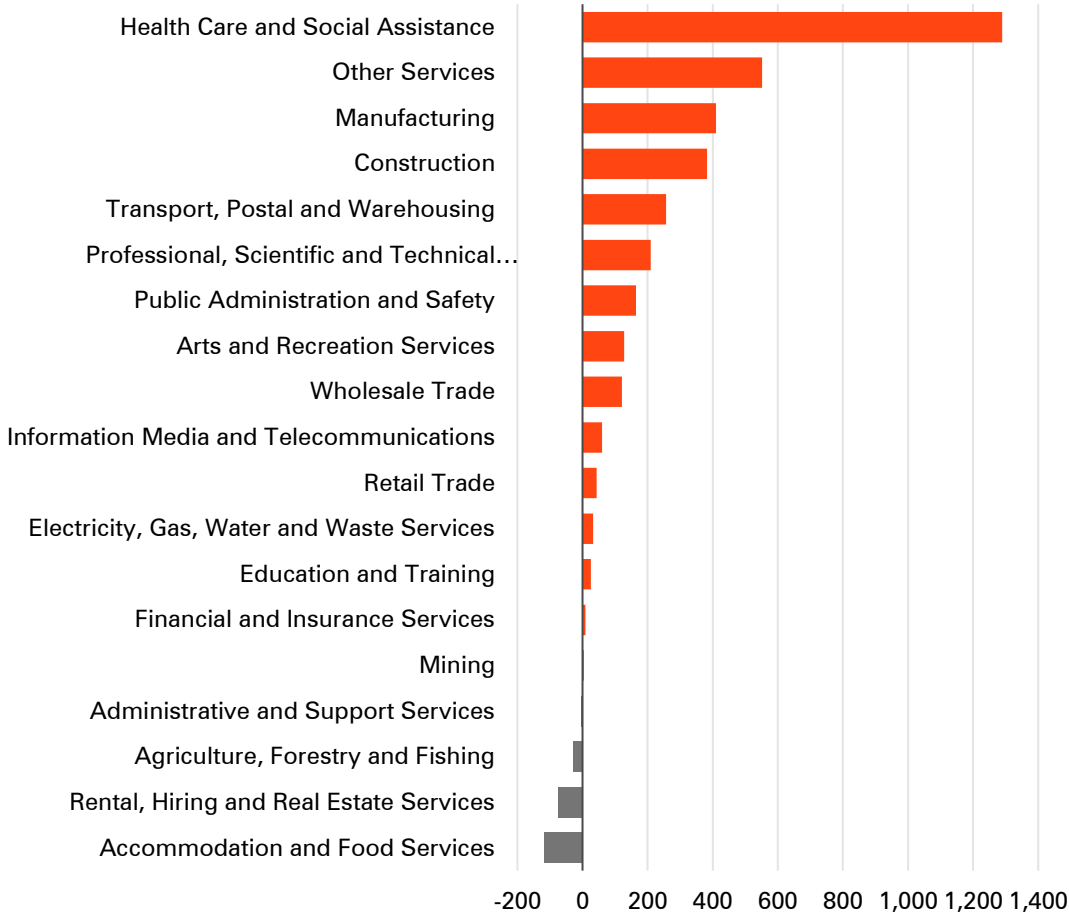
- ▾ The biggest job growth in the three years to 2018/19 was in Health Care and Social Assistance. Other Services, Manufacturing and Construction also experienced growth.
- ▾ The biggest job decline was in Accommodation and Food Services. Rental, Hiring and Real Estate Services also declined.
- ▾ *A Job in Moreland* identified seven strategic industries. Of these, the best performers in the three years to 2018/19 were Manufacturing, Health Care and Social Assistance and Construction. Retail and Food Services was the weakest performing strategic industry over this period.
- ▾ Growth in Health Care and Social Assistance jobs was driven by strong demand for child care.
- ▾ Building construction was the main factor behind strong growth in construction jobs.
- ▾ Strong metropolitan building activity supported Manufacturing job growth. Export demand for food products (e.g. packaging) also supported job growth in this industry.
- ▾ Professional, Scientific and Technical Services jobs increased between 2015/16 and 2018/19. Job growth in this industry was much slower than the Greater Melbourne growth rate. This growth has not been enough to reduce the job deficit in this industry.
- ▾ Jobs in creative sectors also increased. This was due to growth in Creative and Performing Arts Activities and Motion Picture and Sound Recording Activities.
- ▾ The weakest performing Strategic Industry was Retail and Food Services. Jobs in this industry declined in the three years to 2018/19. Its growth rate was also well below the metropolitan average.

### 4.1 Which industries were driving growth pre COVID-19?

Job growth between 2015/16 and 2018/19 has been broad with 16 out of 19 industries experiencing growth. The major drivers of Moreland’s job growth over this period were Health Care and Social Assistance, Other Services, Manufacturing and Construction. The major detractors to job growth were Accommodation and Food Services and Rental, Hiring and Real Estate Services.

Figure 14 Employment change by industry, Moreland, 2015/16-2018/19

Number of local jobs



Source: NIEIR, 2021



### 4.1.1 Strategic Industries

Seven strategic sectors were identified in *A Job in Moreland*. The table below shows the job performance of each between 2015/16 and 2018/19 and how this compares to the past and how it compares to Greater Melbourne<sup>1</sup>.

Manufacturing, Health Care and Construction experienced stronger job growth than the ten year growth rate. Only Health Care and Social Assistance grew faster than the Greater Melbourne three year average.

Table 1 Strategic Industries in Moreland

#### Strategic Industry Performance

Local Jobs, Moreland







Industry	2009 – 2019	3 yr growth rate	Compared to 10 yr average (pp)	Compared to Greater Melbourne 3 yr average (pp)
Manufacturing	 6.2K to 4.8K	3.0%	5.6	-0.2
Construction	 4.1K to 4.6K	2.9%	1.8	-3.5
Retail and Food Services	 6.8K to 8.4K	-0.2%	-2.4	-2.3
Professional, Scientific and Technical Services	 1.9K to 2.8K	2.7%	-1.0	-4.2
Education and Training	 3.6K to 5K	0.2%	-3.2	0.0
Health Care and Social Assistance	 5.5K to 9K	5.3%	0.3	2.7

Table: .id • Source: NIEIR • Created with Datawrapper

### 4.1.2 Selected Industry Comments

- Health Care and Social Assistance:** Social Assistance Services was the major driver behind the growth in Health Care and Social Assistance between 2015/16 and 2018/19. Social Assistance Services is made up of Child Care and other social assistance services (e.g. aged care and disability assistance services). Moreland’s strong growth in babies and pre-schoolers has supported this job growth.
- Other Services:** Repair and Maintenance (e.g. automotive and machinery repairs) was behind the growth in Other Services. The Repair and Maintenance sector continues to be a relatively large industry in Moreland compared to Greater Melbourne.

<sup>1</sup> Excludes Creative & Cultural due to data availability.

- **Manufacturing:** Manufacturing employment grew between 2015/16 and 2018/19. This represents a reversal of a long-term downward trend. This growth was being driven by Moreland’s specialised Polymer Product and Rubber Product Manufacturing and Furniture and Other Manufacturing.
- **Construction:** Residential apartment construction is the major driver behind the strong growth in construction jobs between 2015/16 and 2018/19. Elevated non-residential building approvals has also supported construction job growth.
- **Transport, Postal and Warehousing:** Recent growth has been largely driven by taxi and ride sharing services.
- **Professional, Scientific and Technical Services:** Much of this growth has been driven by computer systems design and management and consulting businesses in Moreland.

More detailed industry analysis is provided at Attachment A – Competitive Industry Analysis.

## 5. What were the economic impacts of COVID-19?

### Key Points

- ▾ COVID-19 had a significant impact on the Moreland economy. GRP fell by 5.5% in the June Quarter 2020, while jobs fell by 3.8%.
- ▾ This economic and job impact was less severe than the Greater Melbourne average.
- ▾ The biggest job decline in the June Quarter 2020 was Accommodation and Food Services. This was followed by Education and Training and Arts and Recreation.
- ▾ The economic recovery in Moreland has exceeded all expectations. This was due to good health outcomes and unprecedented policy support by federal, state and local government. These measures have supported Moreland's economic and employment recovery.
- ▾ Moreland is likely to reach pre COVID-19 employment levels over the next few quarters.
- ▾ The spread of the Omicron variant means that health-related risks remain for the period ahead.

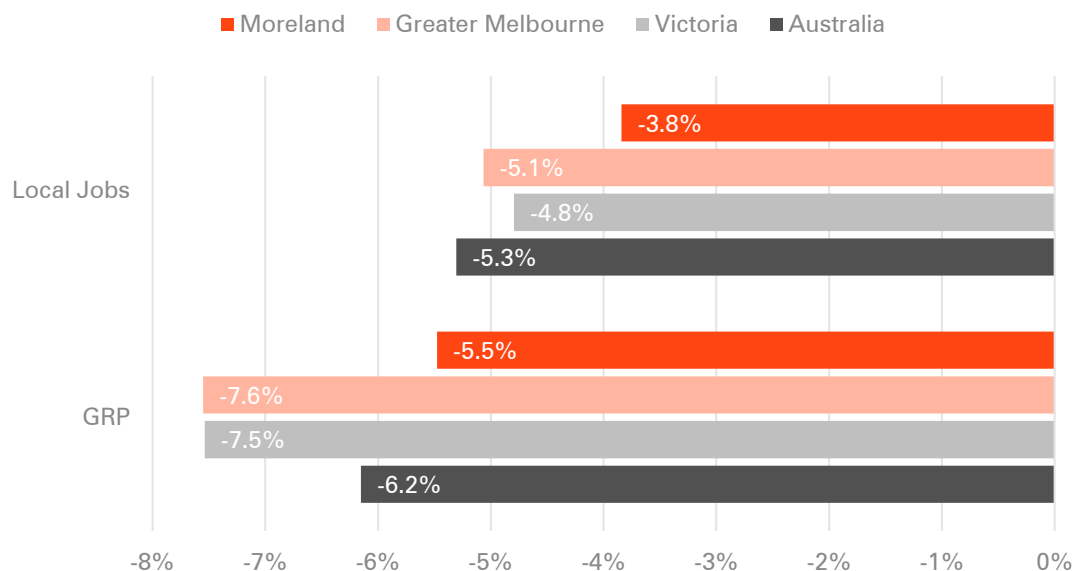
## 5.1 Immediate impacts

### 5.1.1 Economic impacts

COVID-19 had a significant impact on the Moreland economy. GRP fell by 5.5% (\$89 million) in the June Quarter 2020. This fall was less than that experienced by Greater Melbourne (7.6%).

The impact on jobs was not as severe due to unprecedented government support such as JobKeeper. Local jobs were estimated to have fallen by 3.8% (1,865 jobs) in the June Quarter 2020.

Figure 15 Economic and employment impacts – June Quarter Change, Moreland

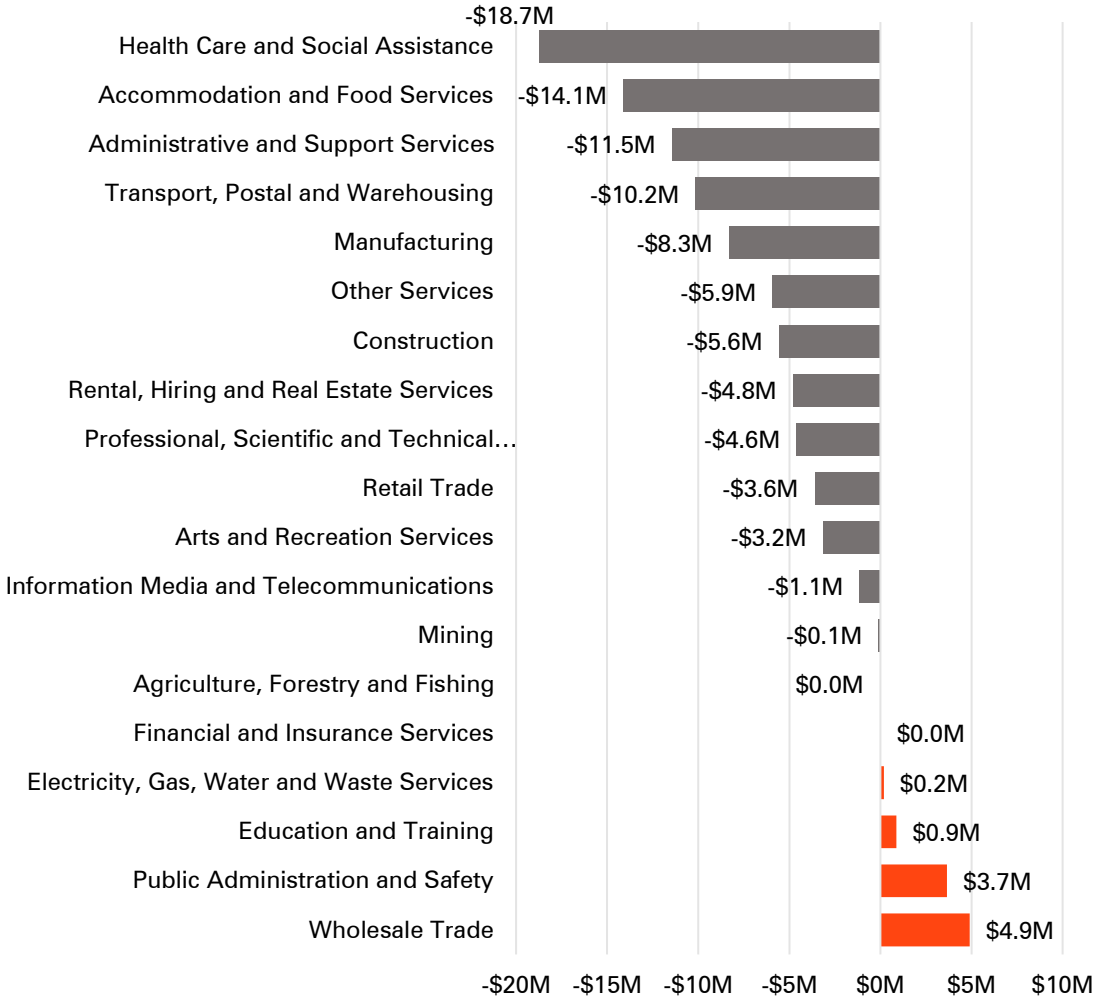


Source: NIEIR, 2021

### 5.1.2 Industry impacts

The economic impact of the pandemic varied significantly across industries. In terms of value added, the main industries impacted in the June Quarter 2020 were Health Care and Social Assistance (the decrease largely from Social Assistance sector), followed by Accommodation and Food Services, Administrative and Support, and Transport, Postal and Warehousing industries.

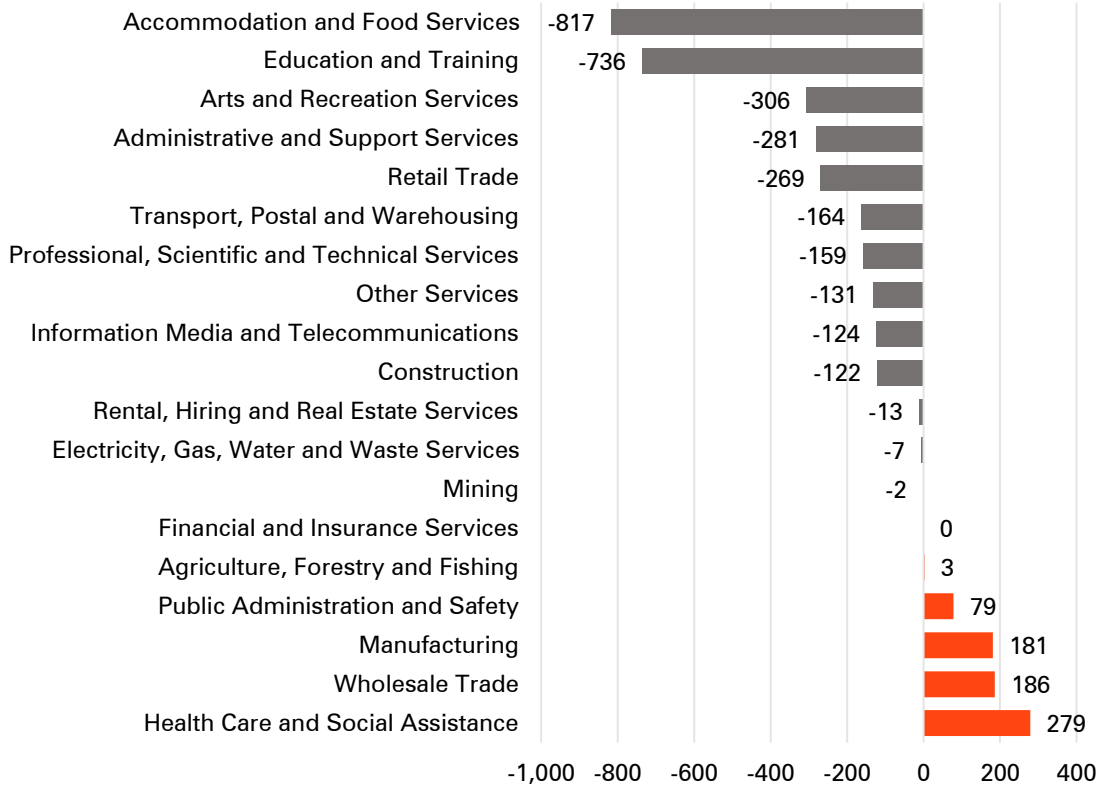
Figure 16 Value added impacts by industry, Moreland – June Quarter 2020



Source: NIEIR, 2021

In terms of jobs, the main industries impacted in the June Quarter were Accommodation and Food Services, and Retail trade industries. However, jobs in the Health Care and Social Assistance, Wholesale Trade and Manufacturing industries increased in June Quarter.

Figure 17 Local job impacts by industry, Moreland – June Quarter 2020



Source: NIEIR, 2021

## 5.2 Economic recovery

This section presents the key indicators relevant to Moreland's economic recovery through 2020 and 2021.

### 5.2.1 Payroll jobs

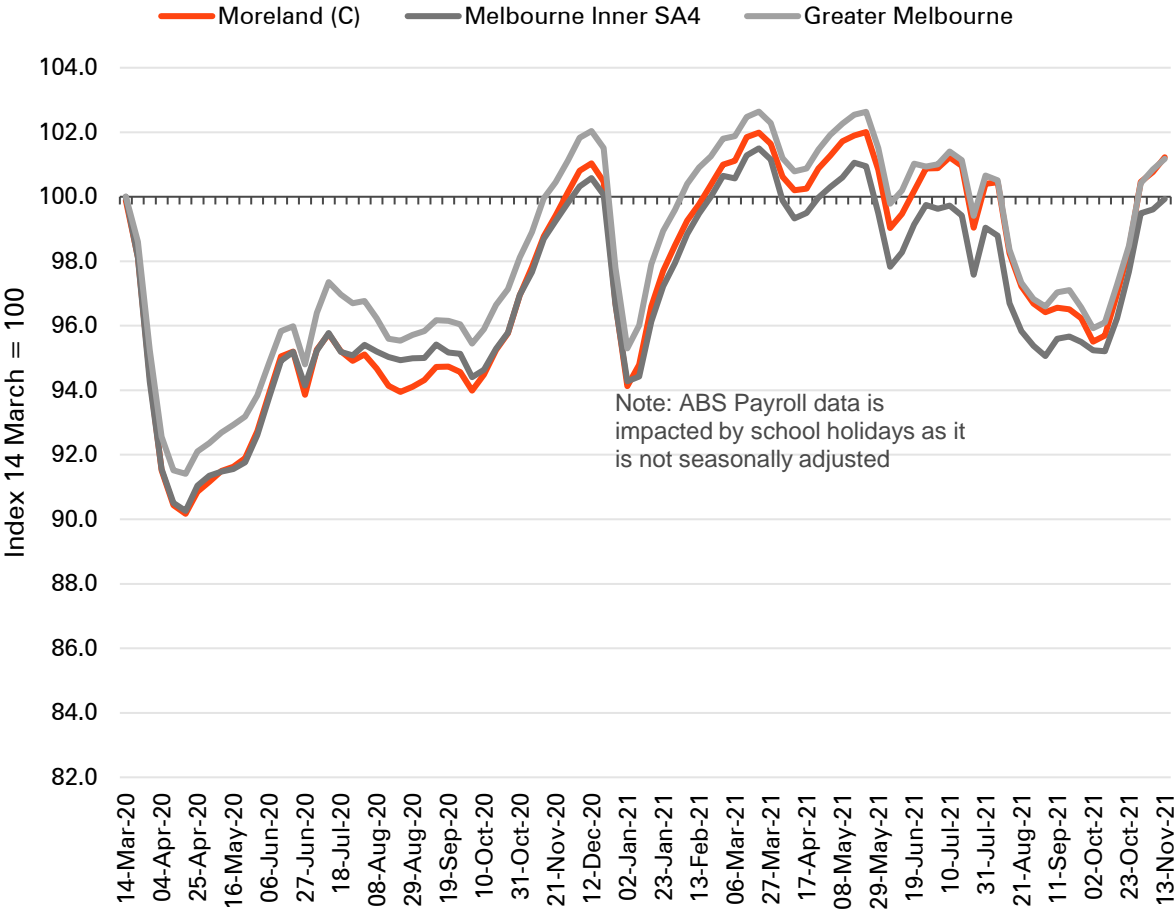
Payroll jobs estimates provide information about the recent performance of local labour markets. This data helps us to understand the impact and recovery of local areas throughout the pandemic. Payroll Jobs data is based on where employees live, rather than where they work. To help identify changes based on where employees work, .id has developed a new experimental dataset - Payroll Jobs (Work). This dataset draws upon sub-state payrolls job data and journey to work information to provide an indicative view based on workplace locations.

Payroll jobs rose 0.8% in the fortnight to 13 November 2021, following a larger increase of 3.5% in the previous fortnight. The change in the fortnight to 13 November 2021 was greater than the Greater Melbourne region (0.4%). Payroll jobs in the week ending 13 November 2021 were 1.2 per cent above the pre-pandemic level. The chart also shows that job growth re-established the momentum that was evident prior to the recent Delta outbreak.

This economic recovery in Moreland (and Victoria) exceeded all expectations due to relatively good health outcomes and unprecedented policy support including JobKeeper and Boosting Cash Flow for Employers. More than \$120 billion of government support was provided. This compares to \$20 billion during the GFC. State and Local Government support has also contributed to the faster than expected recovery.

Figure 18 Payroll job estimates

Indexed to the week ending 14 March 2020



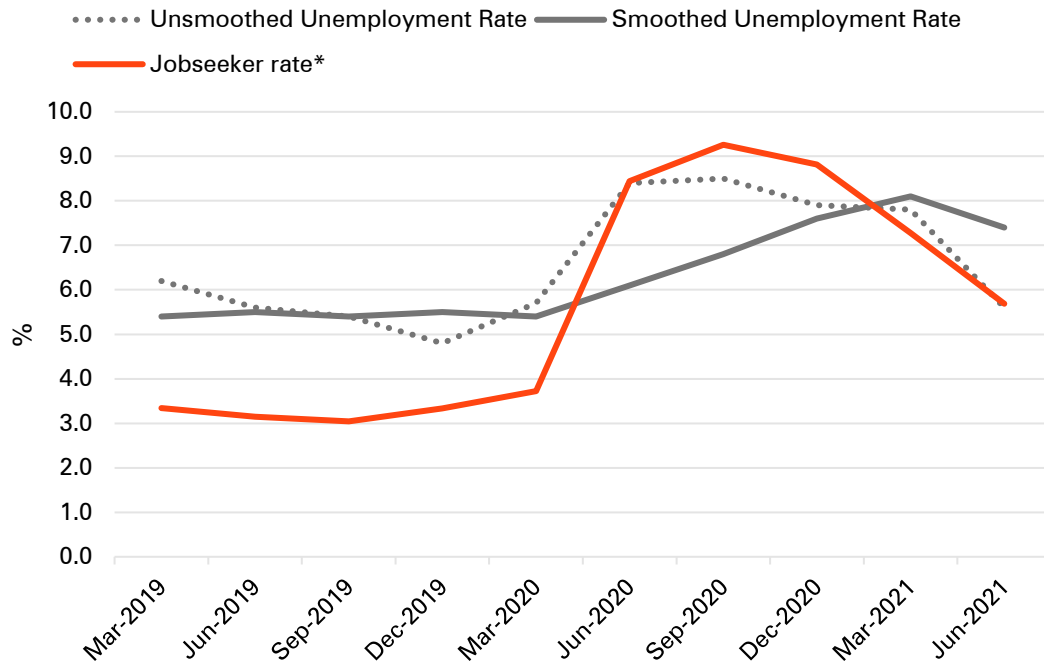
Source: ABS Weekly Payroll Jobs and Wages in Australia

### 5.2.2 Unemployment and Jobseekers

Measures of unemployment also show that the recovery is well underway in Moreland. Moreland’s Jobseeker Rate fell to 5.7% in June 2021, after peaking at 9.3% in September 2020. Moreland’s Unemployment Rate is also trending down.



Figure 19 Measures of unemployment, Moreland



\* Jobseeker and youth allowance recipients as a % of 15-64 age population

Note: Highly disaggregated estimates of unemployment and the unemployment rate at the LGA level can display significant variability and should be viewed with caution. Smoothed unemployment rate is based on a 4 quarter moving average.

Source: Department of Social Services - JobSeeker and Youth Allowance recipients, Department of Employment, Small Area Labour Markets

### 5.2.3 Building approvals

Building construction has also contributed to Moreland’s recovery. The value of total building approvals to the year August 2021 was estimated at \$645 million. This was around 13% above the historical average, but still below the average annual value approved between 2016/17 and 2018/19. Surprisingly, non-residential building approval activity has remained strong through the year to August 2021 and was around 10% above the pre COVID-19 average (2016/17 to 2018/19).

The size of the building construction pipeline is expected to support demand for construction jobs over the coming quarters.

Figure 20 Value of building approvals, Moreland



Source: ABS Building Approvals, 2021

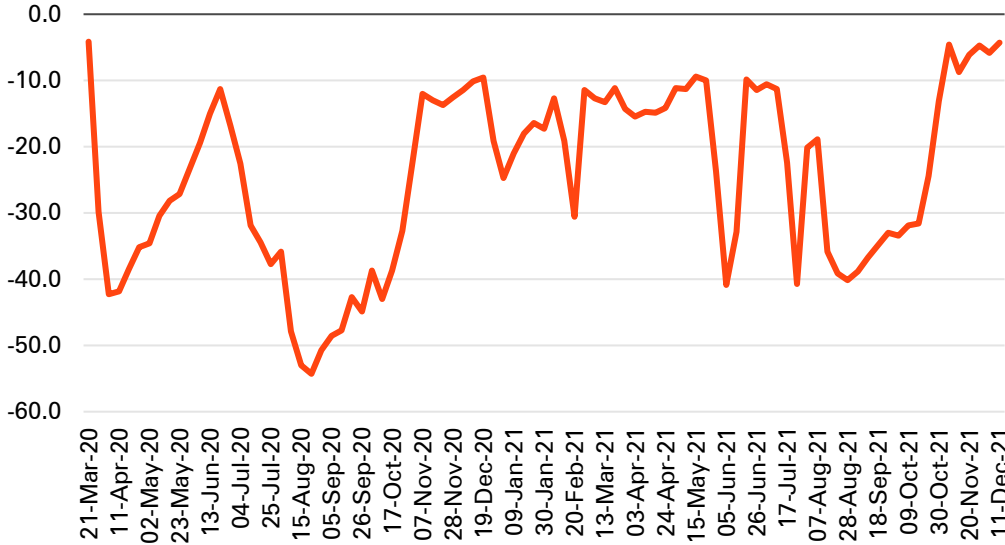
### 5.2.4 Google mobility<sup>2</sup>

Retail and recreational visitation has rebounded strongly following the easing of restrictions from the Delta outbreak. Visitors to retail and recreation places in Moreland was around 40% below the baseline at the end of August 2021. It was only 4.3% below the baseline in the week ending 11<sup>th</sup> December 2021.

<sup>2</sup> Google mobility data show movement trends by LGA, across different categories of places. The data shows how visitors to (or time spent in) categorized places change compared to our baseline days. A baseline day represents a normal value for that day of the week. The baseline day is the median value from the 5-week period Jan 3 – Feb 6, 2020. The Retail and Recreation category is used to identify movement to non-essential trips.

Figure 21 Visitor numbers to Retail and Recreation places

% difference to baseline (Jan 3 – Feb 6 2020), 7 day rolling average



Note: Retail and recreation movements include Mobility trends for places such as restaurants, cafés, shopping centres, theme parks, museums, libraries and cinemas

Source: Google Community Mobility Reports

## 6. What is the economic outlook post COVID-19 pandemic?

### Key Points

- ▾ Economic activity is forecast to rebound strongly in 2021/22.
- ▾ Annual GRP is forecast to grow by around 1.7% per year between 2020/21 and 2023/24. This is below the pre-covid average (2015/16 to 2018/19). NIEIR forecasts economic growth to slow in Victoria at the beginning of 2024.
- ▾ Local jobs are forecast to grow by around 3.6% between 2020/21 and 2023/24.
- ▾ The biggest job growth forecast over this period is Education and Training. The next biggest increase is in Health Care and Social Assistance, Other Services and Professional, Scientific and Technical Services. These industries were also among the drivers of pre-covid growth (see Section 4.1).
- ▾ Retail trade jobs are forecast to fall by almost 560 between June Quarter and December Quarter 2024. This is a risk to job growth in Moreland given the importance of this sector to the local economy.
- ▾ The COVID forecast is in line with the Scenario 2 projection presented in *A Job in Moreland*. Employment self-sufficiency remains stable in both forecasts. But this is due to a downward revision to employed residents, not improved job growth rates.
- ▾ The pandemic may also result in a range of longer term challenges and opportunities for Moreland. There is considerable uncertainty and careful monitoring is required.

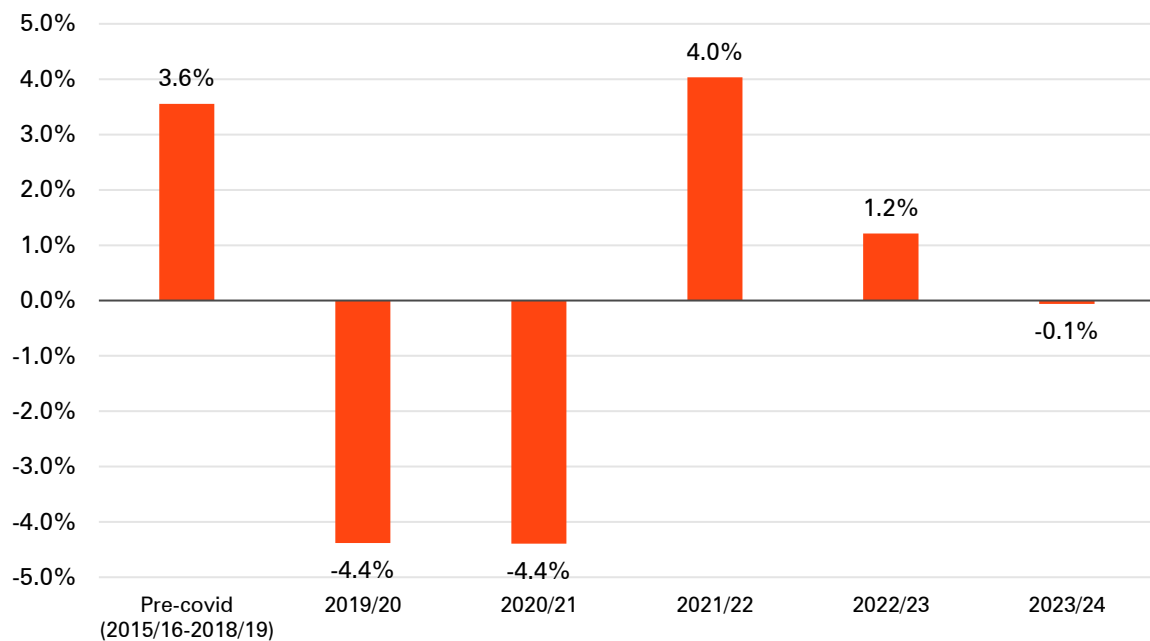
## 6.1 COVID forecasts

NIEIR was engaged to complete economic modelling on the impact of COVID-19 on the City of Moreland, Greater Melbourne and Victoria. The modelling, issued in June 2021, forecasts the economic impact to the fourth quarter 2024. The modelling accounts for a rapid short term recovery followed by a period of declining growth rates to the beginning of 2024. Further details about the projections modelling is provided [here](#).

### 6.1.1 GRP

GRP is forecast to rebound strongly in 2021/22, following two years of negative growth. Annual GRP is forecast to grow by around 1.7% per year between 2020/21 and 2023/24. The slowdown forecast for 2023/24 reflects NIEIR’s assumptions around headwinds impacting Victoria’s economic performance around this period (e.g. world economic growth, interest rates, population growth impact).

Figure 22 COVID forecast - GRP, Moreland

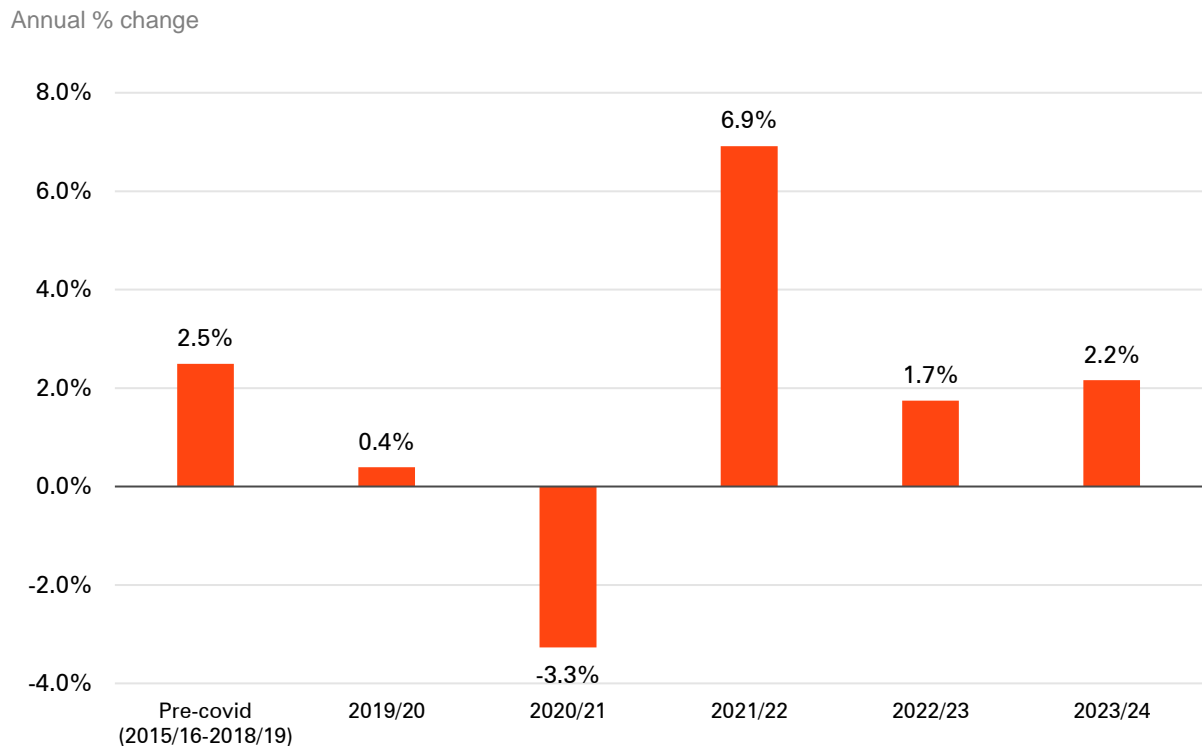


Source: NIEIR, 2021

### 6.1.2 Local jobs

Local jobs are forecast to rebound even faster than GRP with local jobs growing by around 6.9% in 2021/22. Local jobs are forecast to grow by around 3.6% between 2020/21 and 2023/24, well above the pre-covid average (2015/16 to 2018/19).

Figure 23 COVID forecast - Local jobs, Moreland



Source: NIEIR, 2021

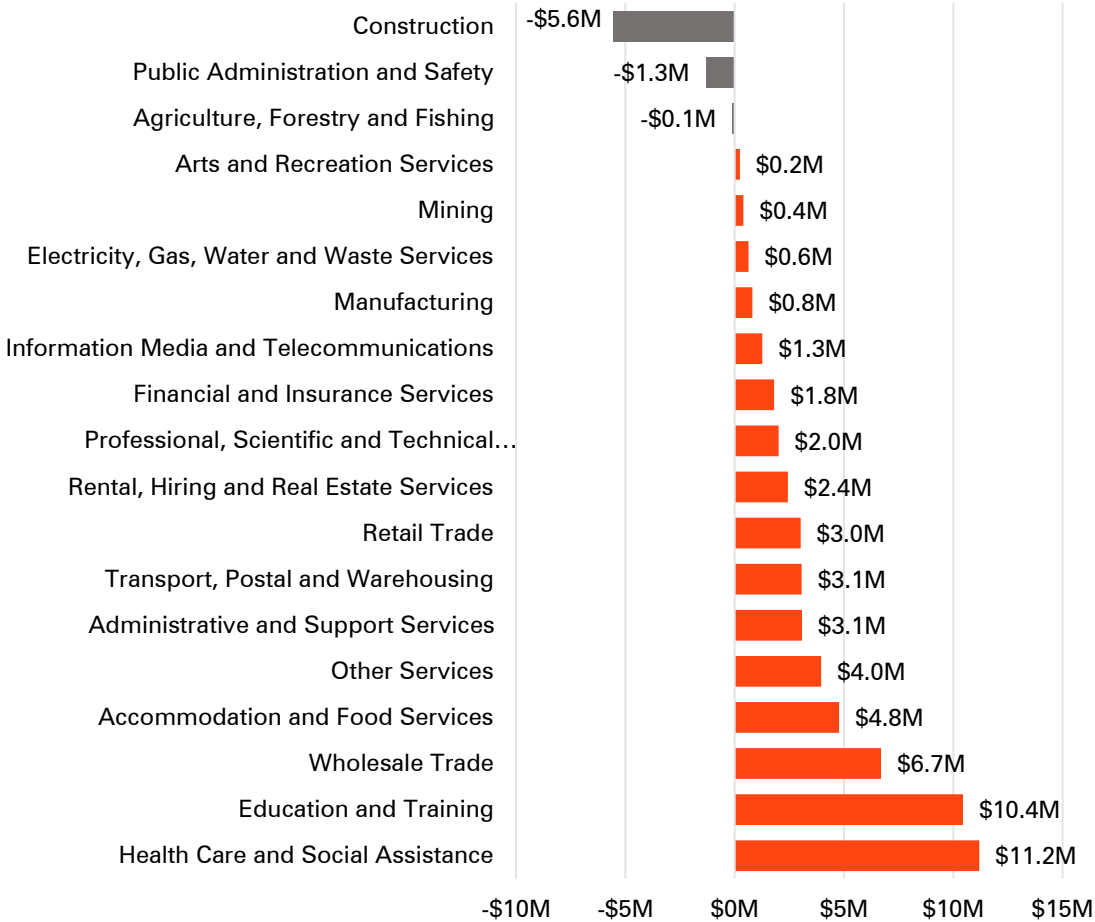
### 6.1.3 Industry outlook

#### Value added forecast

Forecast growth in value added between June Quarter 2021 and December Quarter 2024 is expected to be broad based with 16 out of the 19 industries forecast to grow. The main drivers of economic activity between June Quarter 2021 and December Quarter 2024 are expected to be Health Care and Social Assistance, Education and Training and Wholesale Trade. Construction activity is forecast to fall.

Figure 24 COVID forecast – Value Added by Industry, Moreland

Change (\$m) between June Quarter 2021 and December Quarter 2024

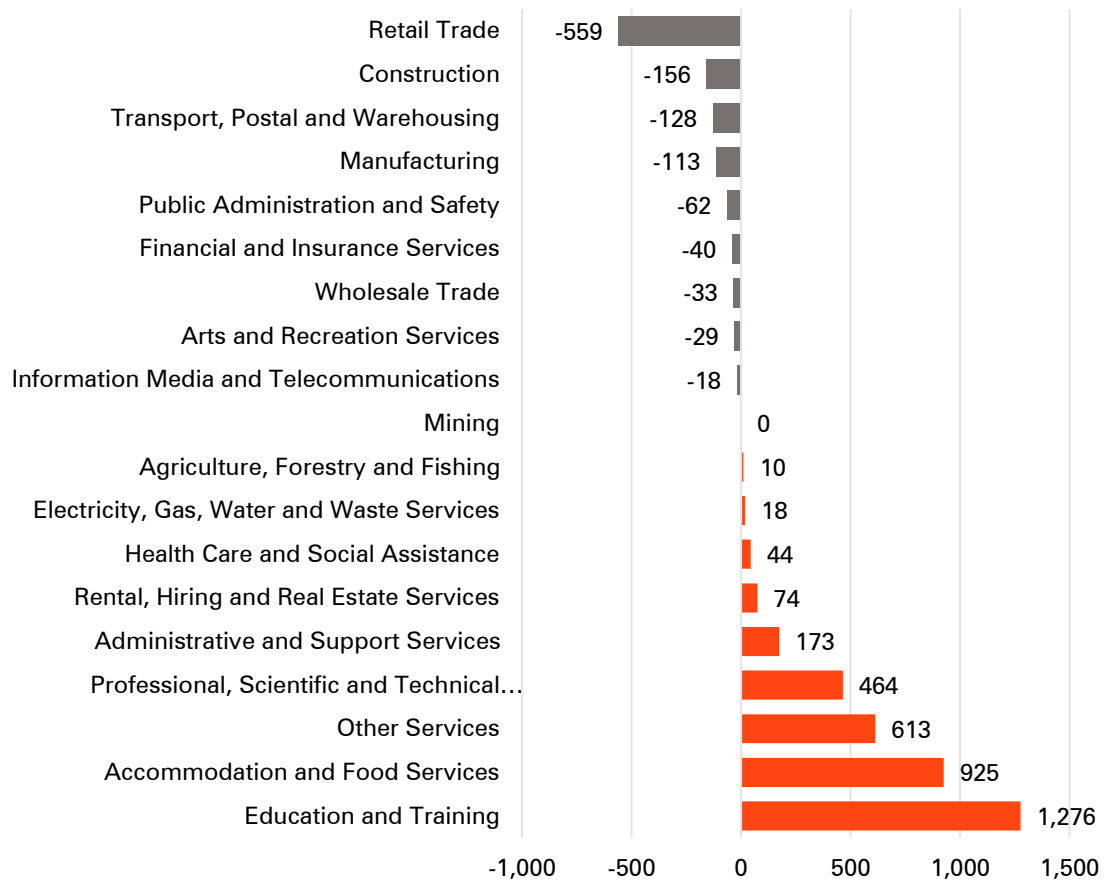


**Job forecast**

Jobs growth is forecast to be driven by Education and Training, Health Care and Social Assistance, Other Services and Professional, Scientific and Technical Services. These industries were also among the drivers of pre-covid growth (see Section 4.1). Retail trade jobs are forecast to fall by almost 560 between June Quarter and December Quarter 2024. This is a risk to overall job growth in Moreland given the importance of this sector to the local economy.

Figure 25 COVID forecast – Jobs by Industry, Moreland

Change (number) between June Quarter 2021 and December Quarter 2024



Source: NIEIR, 2021



### 6.1.4 Strategic Industries

The table below shows the job performance of each strategic industry between 2015/16 and 2018/19 and how this compares to the immediate impact of COVID-19 and forecast recovery.

*Table 2 Strategic Industries – Historical Performance and Outlook*

#### Strategic Industry Historical Performance and Outlook

Local Jobs, Moreland

	2019 – 2024	2016-2019 (AAGR%)	2019-2020 (AAGR%)	2020-2024 (AAGR%)
Retail and Food Services	8410  9148	-0.2%	-5.3%	3.5%
Health Care and Social Assistance	8985  10374	5.3%	6.0%	2.2%
Education and Training	5017  6334	0.2%	2.8%	5.3%
Construction	4605  3775	2.9%	-13.2%	-1.4%
Professional, Scientific and Technical Services	2782  3233	2.7%	0.7%	3.6%
Manufacturing	4786  4730	3.0%	4.1%	-1.3%

Created with Datawrapper

AAGR: Annual Average Growth Rate

Source: NIEIR, 2021

## 6.2 Comparisons to A Job in Moreland

The table below compares the COVID forecasts with *A Job in Moreland* scenarios. The COVID forecast outcomes are broadly in line with the Scenario 2 projection presented in *A Job in Moreland*. Like Scenario 2, local jobs are forecast to grow at the same rate as employed residents between 2020/21 and 2023/24.

Employment self-sufficiency is forecast to remain stable at 47% by 2023/24.

The main reason for this is due to the revision to employed residents (from 2.8% per year to 1.8% per year between 2019/20 and 2023/24). The revision to local jobs is less significant which results in local job growth matching employed resident growth.

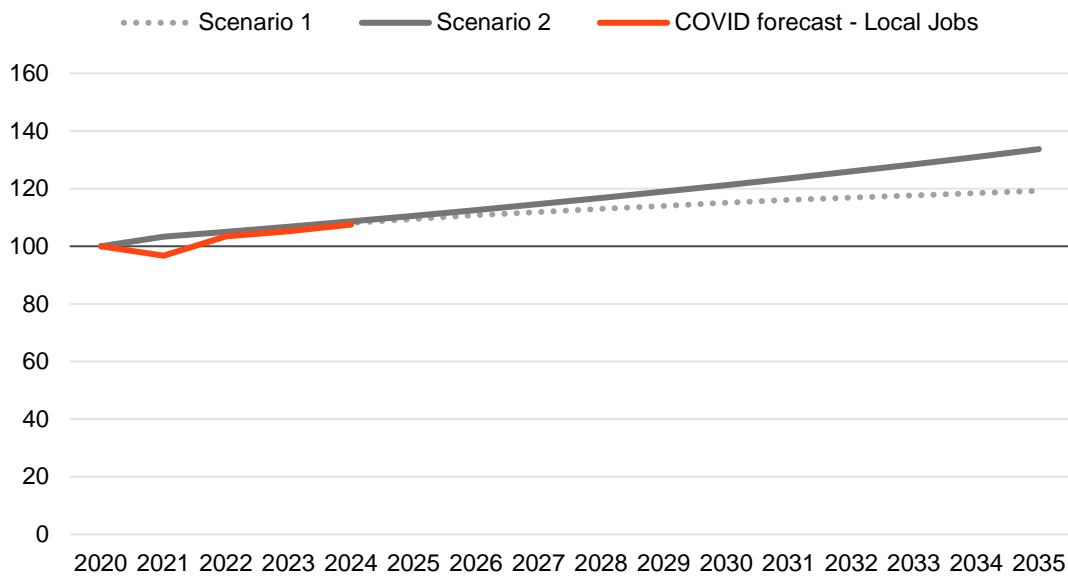
*Table 3 COVID forecast compared to A Job in Moreland Scenarios, 2019/20 to 2023/24*

	Local Jobs	Employed Residents
2020		
Scenario 1	48,587	106,462
Scenario 2	48,587	106,462
COVID forecast	48,768	103,742
2024		
Scenario 1	52,497	119,099
Scenario 2	52,798	119,099
COVID forecast	52,427	111,244
Change no. (2020-2024)		
Scenario 1	3,910	12,637
Scenario 2	4,211	12,637
COVID forecast	3,659	7,501
Annual average change % (2020-2024)		
Scenario 1	2.0%	2.8%
Scenario 2	2.1%	2.8%
COVID forecast	1.8%	1.8%

Source: NIEIR and .id

While this is good news, the long term growth rate projected in Scenario 2 hinges on a step change to job growth from 2025 onwards. *A Job in Moreland* presents a range of strategies to support this intention.

Figure 26 Indexed Local Job Forecast (Index 100 = 2020)



Source: NIEIR and .id

The spread of the Omicron variant<sup>3</sup> means that health-related risks remain for the period ahead. The pandemic may also result in a range of longer term challenges and opportunities for Moreland. There is considerable uncertainty surrounding many of the forces and careful monitoring is required to ensure action plans are relevant.

### 6.3 What are the medium to long term implications?

COVID-19 will have a substantial long term impacts on Moreland's economy.

Some key long terms impacts to Moreland economy are:

- Disruption to export markets and supply chains: Local businesses may face difficulties and higher costs when re-establishing export markets and supply chains. Some export markets might be lost permanently.
- Lower household spending: Financial and property asset reductions and increased debt will limit household spending capacity. This is likely to impact Activity Centres like Brunswick and Coburg which have a very high share of household serving businesses.

<sup>3</sup> Payroll jobs and Google Mobility provides the near real time information about the impact of Omicron.

- Increased government and business debt: Increased public sector debt requiring higher tax rates and lower expenditures, putting pressure on local government grants. Increase business debt will reduce internal cash flows and decrease investment or recruitment. This may also reduce investment by businesses on training and reskilling.
- Decrease in national and Victoria population growth: The impact of reduced population growth in Australia and Victoria is projected to fall mostly on metro Melbourne. This will have a negative impact on population serving industries and economies reliant on population for growth like Moreland.

History shows that the recovery period following economic downturns can accelerate the transition of industries or magnify trends that were already occurring in the economy. Some trends that could impact the Moreland economy include:

- Remote work: McKinsey analysis in the US suggests 20 to 25 percent of the workforces in advanced economies could work from home between three and five days a week. 60-75% of business services areas work could be done remotely. Increased acceptance of working from home may have a positive impact local hospitality business in Moreland.
- E-commerce: Australians are increasingly comfortable shopping online with 5.2 million households shopping online in January 2021, a 44% increase compared to the year before. COVID-19 has resulted in an acceleration of the trend away from retail with this having implications for the retail businesses in Moreland.
- Increased digitisation and automation: Research by McKinsey has estimated that 63 percent of work activities in Australia have the potential to be automated by 2030. Some of the largest employing industries have highly automatable activities: retail, administrative and government, construction, manufacturing, accommodation and food services, and transport and warehousing.

## Attachment A – Competitive Industry Analysis

### Which industries were competitive and how was this changing?

The industry opportunity analysis below is designed to help long term planning by identifying sectors that have strong opportunities for future growth and those sectors that are at risk. Industries are grouped into three categories based on their level of specialisation compared to the Greater Melbourne average and job growth between 2015/16 and 2018/19. The three categories are:

- **Specialised and growing:** Industries in this category are well established, specialised and have experienced strong job growth between 2015/16 and 2018/19. These industries have the potential to be the main drivers of future growth.
- **Specialised, at risk:** Industries in this category are specialised but have experienced slow or negative job growth between 2015/16 and 2018/19. This suggests they are at risk and need support to maintain its competitiveness.
- **Emerging:** Despite a low specialisation of jobs, industries in this group have experienced strong job growth between 2015/16 and 2018/19 and may have the future potential to thrive.

#### 6.3.1 Specialised and growing

Moreland's specialised and growing industries include population driven sectors like Social Assistance Services, Repair and Maintenance, Personal and Other Services and Adult, Community and Other Education. Moreland's creative sectors like Creative and Performing Arts Activities and Motion Picture and Sound Recording Activities are categorised as specialised and growing. Several Manufacturing and Wholesale Trade industries are also in this group.

*Table 4 Specialised and growing industries (2 digit industry level), Moreland*

Local jobs

	Location Quotient <sup>4</sup> (compared to Greater Melbourne)	Change 2015/16-2018/19
<b>Health Care and Social Assistance</b>		
Social Assistance Services	2.6	1,171
Medical and Other Health Care Services	1.4	265
<b>Other Services</b>		
Repair and Maintenance	2.1	521
Personal and Other Services	1.5	39
<b>Manufacturing and Wholesaling</b>		
Furniture and Other Manufacturing	1.6	148
Polymer Product and Rubber Product Manufacturing	3.1	122
Grocery, Liquor and Tobacco Product Wholesaling	2.3	73
Other Goods Wholesaling	1.4	71
Food Product Manufacturing	1.5	62
<b>Media and Performing Arts</b>		
Creative and Performing Arts Activities	2.6	51
Motion Picture and Sound Recording Activities	1.5	41
<b>Education and Training</b>		
Adult, Community and Other Education	2.0	437

Source: NIEIR, 2021

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<sup>4</sup> LQ shows the percentage of the local economy characteristic (eg. employment, value add) in a particular industry divided by the percentage of the wider area (region, state, nation) that this industry makes up.

### 6.3.2 Specialised, at risk

The industries categorised as specialised and at risk were mostly population driven sectors like Preschool and School Education, Residential Care Services, Food and Beverage Services and Food Retailing. Given strong population growth over this period, this suggests that non-population related factors have negatively impacted growth (e.g. preferences, regulation, barriers to entry, competition, etc).

*Table 5 Specialised and declining industry sub-divisions, Moreland*

	LQ (compared to Greater Melbourne)	Change 2015/16- 2018/19
<b>Education and Training</b>		
Preschool and School Education	1.6	-372
<b>Health Care and Social Assistance</b>		
Residential Care Services	2.2	-144
<b>Food related</b>		
Food and Beverage Services	1.2	-103
Food Retailing	1.5	-3
<b>Manufacturing</b>		
Textile, Leather, Clothing and Footwear Manufacturing	3.3	6

Source: NIEIR, 2021

### 6.3.3 Emerging

Construction was identified as an emerging industry in Moreland. Residential, commercial and industrial projects continue to support strong growth. Professional, Scientific and Technical Services, like architects, engineers, tax professionals, accountants, lawyers, and computer programmers were also identified as an emerging sector in Moreland.

*Table 6 Not specialised and growing industry sub-divisions, Moreland*

	LQ (compared to Greater Melbourne)	Change 2015/16- 2018/19
<b>Construction</b>		
Building Construction	0.8	236
Construction Services	1.0	113
<b>Transport</b>		
Road Transport	1.1	210
<b>Professional, Scientific and Technical Services</b>		
Other Professional, Scientific and Technical Services	0.6	115
Computer System Design and Related Services	0.4	96