



Bass Coast Counts

Economic and Demographic Impacts of COVID-19 on the Bass Coast Community

Report Two (of Three)

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Research and report by:



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About Ecstra Foundation

Ecstra is a not for profit organisation committed to building the financial wellbeing of all Australians within a fair financial system. We work with organisations across government, community, business, education and research as part of the National Financial Capability Strategy, led by ASIC

- One in three Australians find dealing with money stressful, find it difficult to talk about, and to manage money.
- Attitudes to money and behaviours are influenced by a complex range of social, economic, health, education and personal factors.
- Ecstra Foundation is dedicated to building financial wellbeing in Australia.
- Financial wellbeing is being able to talk about money, to make informed decisions about money, and to feel in control to plan for the future.

About Bass Coast Community Foundation

The Bass Coast Community Foundation (the Foundation) is a philanthropic organisation, independent of religious or political persuasion. It was established in 2002 in response to a growing need for a sustainable source of funds for community projects. The Foundation operates exclusively within the boundaries of the Bass Coast Shire and is governed by a voluntary Board of Directors.

The Foundation is a registered charity (DGR2) with the Australian Charities and Not-for-Profits Commission (ACNC).

100% of funds received are used to build better communities across the Bass Coast.

- The Bass Coast Community Foundation **listens** to the community and learns about its needs.
- It **connects** with donors with projects they are passionate about.
- It **gives** to organisations and projects making a difference in Bass Coast.

listen . connect . give

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1. Executive Summary

The financial wellbeing of Bass Coast residents has been impacted negatively following the Covid-19 pandemic and subsequent disruptions to the local, regional and national economy. Measures taken to minimise the spread of the Covid-19 virus required many businesses and industries to be shut down for extended periods of time in order to reduce human contact. These measures have negatively impacted Bass Coast's financial wellbeing, primarily in the form of:

- ▣ **Gross Regional Product and economic output**
- ▣ **The number of local jobs**
- ▣ **The number of employed residents**

Some industries and employed residents in those industries were not affected by Covid-19. These included agriculture and health care, which in some form continued to operate and even grow during the March - September 2020 period. Other industries on the other hand, such as accommodation and food services, were heavily hit since March 2020 due to government-directed closures but will rebound from the economic downturn relatively quickly and continue to grow. Industries such as retail trade, however, have and will continue to experience significant declines in output and the number of jobs even after 2021 and struggle to recover.

Understanding effects on the financial wellbeing of Bass Coast residents is best done by assessing local jobs and employed residents numbers. Recovery in terms of employment is forecasted to be slow in Bass Coast Shire. Over 1,500 Bass Coast Shire residents lost jobs in the March-September 2020 period, and only 20% are expected to be re-employed by September 2021. This means that many previously employed Bass Coast residents will be heavily impacted in terms of financial wellbeing. Their ability to be in control of finances, to cover expenses and living costs and have a sense of financial security will diminish greatly. Of equal concern is the long term outlook and the ability to reinsert into the workforce. For some of the affected residents, employment and retraining may not be possible and possible long-term financial instability or poverty trends could occur.

Bass Coast residents who were already in a financially vulnerable position, such as young people, renters, females and old residents close to retirement could have their financial wellbeing disproportionately diminished. Any Bass Coast residents who were employed in volatile and negatively impacted industries would also be disproportionately affected.

2. Recommendations and Areas for Focus

The focus of any investment or assistance to Bass Coast residents should be:

- **To help any residents who will be negatively affected by loss of income once the JobSeeker scheme ends.**
- **To identify and help Bass Coast residents who were employed in industries which are not forecasted to recover by 2022.**
- **To help residents disproportionately affected by economic impacts of Covid-19 such as young people, females, older adults near retirement age and renters.**

Industries such as “Accommodation and Food Services” experience large losses of employed residents in the short term but by early 2021 the industry will begin to recover.

“Construction” experiences a rapid decline of employed residents and continues to decline in 2022.

“Manufacturing” is also significantly impacted during the March-September 2020 period and is hit again in March 2021 when the JobKeeper scheme ends. By 2022, there’ll be 25% fewer residents employed in manufacturing.

“Retail trade” experienced a 20% decrease in employed residents between March and September 2020.

This loss was buoyed by the presence of JobKeeper, and unfortunately, after March 2021, further losses are expected. The industry is forecast to continue declining in the future and result in more unemployed local residents.

Further focus should be on unemployed young residents and females, two groups identified as most impacted by due to a higher proportion employed in casual work arrangements and in highly affected industries such as accommodation and food services or retail trade.

The most significant challenge for Bass Coast residents who have lost jobs will be if they can return to work in their former industries or whether there is opportunity and ability to retrain and reinsert themselves in other industries with more opportunity. For some, there may be few options locally and they may be forced to leave Bass Coast.

3. Economic Impacts of Covid-19 in Bass Coast Shire

3.1 Introduction

The economic impacts of Covid-19 will be felt across Australia and the world. Many theories and forecasts emerged in the early days of the pandemic as to how the national economy and local economies across Australia will be affected. The measures put in place by authorities to stop the spread of the virus had an immediate impact on sectors such as aviation, tourism, food/accommodation and entertainment, to name a few. We are now in a better position than several months ago with more consistent and robust assumptions emerging about the path of Australia's economy being published. However, even with a better understanding of the mechanics and interrelated effects of Covid-19 on the economy, employment, finances or consumer confidence, events such as Victoria's "second wave" require near total revisions of forecasts and render any previous economic forecast void.

The economic forecasts used in this report are a second iteration of forecasts modelled and developed by the [National Institute of Economic and Industry Research](#) (NIEIR).

The revised models and forecasts incorporate latest information from ABS Labour Force and ABS National Accounts and models the impact of the Stage 4 restrictions in Victoria. This report will describe the effects of local economic forecasts on the Bass Coast population and make connections between economic impacts on local jobs, employed residents and industries and how financial wellbeing is affected as a result.

Furthermore, a look into the future will be provided too, in order to understand how long a recovery Bass Coast may be facing, what unemployment and loss of jobs for Bass Coast residents looks like in the next 18-24 months, which affected industries will bounce back quickly and which ones will not.

3.2 Economic impacts of Covid-19 in a financial wellbeing framework

Economic impacts of Covid-19 are directly related to the model of financial wellbeing, as described by UNSW and Financial Literacy Australia in their report "[Exploring Financial Wellbeing in the Australian Context](#)". Economic impacts on employment of Bass Coast residents and the local economy will directly affect all three dimensions of the model of financial wellbeing (see below).

Meeting expenses and having some money left over – is a financial wellbeing dimension which will be immediately and adversely affected by job/income loss. While business support schemes such

as JobKeeper have helped reduce job loss impact (see sections 2.7 and 2.8), loss of income for many Bass Coast residents affects this financial wellbeing dimension. Furthermore, the expected end of JobKeeper from March 2021 will further impair financial wellbeing of Bass Coast residents.

Being in control – is a financial wellbeing dimension which will be affected by job loss and loss of income. While there are opportunities to retrain and insert back into the workforce, most of the restrictions on movement, closures of industry sectors and subsequent loss of income and jobs are negative effects which few Bass Coast residents would have control over.

Feeling financially secure – while this could be considered more of a subjective dimension of financial wellbeing, it is affected by the first two. Financial security usually means having adequate income levels and being in control of finances now and in the future, not something which the economic impacts of Covid-19 have provided.

Financial wellbeing means...				
Meeting expenses and having some money left over		Being in control		Feeling financially secure
Dimension 1	Meeting expenses and have some money left over			
Definition	Includes having an adequate income to meet basic needs, pay off debts and cover unexpected expenses and having some money left over			
Sub-dimensions	Able to meet expenses	Able to manage debt	Savings buffer	Able to afford "little extras"
Dimension 2	Being in control			
Definition	Includes feeling and acting in control of your finances now and in the future			
Sub-dimensions	Having control over your financial situation		Setting and pursuing goals for future spending and life planning	
Dimension 3	Feeling financially secure			
Definition	Includes not having to worry much about money and having a sense of satisfaction with your financial situation			
Sub-dimensions	Limited financial worry		Satisfaction with financial situation	

A model of financial wellbeing, as defined in the 2017 UNSW/Financial Literacy Australia report – “Exploring Financial Wellbeing in the Australian Context”.

3.3 Modelling Assumptions and Methodology

NIEIR has estimated the potential impacts of coronavirus on economic activity, employment and sectors at the LGA level. Model outputs are based on information available before September 24, 2020.

- ▣ The forecast model estimates the impact on final demand on each industry and then calculates the multiplier effects using NIEIR's regional database.
- ▣ Assumptions are made about the household, business and government suppression rates directly flowing from the measures introduced to contain the virus.
- ▣ The impact of economic measures is also incorporated into the modelling. A contingency factor is also assumed to account for downside risks (e.g. productivity impacts from working at home).

Revised assumptions in the second iteration of the models consider:




- ▣ the latest information from ABS Labour Force and
- ▣ ABS National Accounts and models the impact of the Stage 4 restrictions in Victoria.

For more details, see Methodological Paper: [Modelling the impact of COVID-19 at the Australian Local Government Area \(LGA\) level.](#)

3.4 Headline Estimates and Key Insights – Bass Coast Shire

The modelled economic impacts on the Bass Coast community show that between September 2019 and September 2020, Bass Coast Shire's Gross Regional Product (GRP), decreased by 8%. Compared to other comparison areas such as Colac-Otway Shire and Wellington Shire, Bass Coast's GRP decrease was notably higher. GRP refers to the total value of goods and services produced in an area during a period of time. A decrease in GRP has historically affected the "already vulnerable" residents more disproportionately, therefore further affecting financial wellbeing of some Bass Coast residents.

Victoria's overall GRP decrease was higher than Bass Coast's decrease, which is related to extended Stage 4 restrictions in Greater Melbourne. The graphic below illustrates headline estimates for GRP, local jobs and employed residents for Bass Coast Shire and other areas/benchmarks.

	 GRP	 EMPLOYED RESIDENTS		 LOCAL JOBS	
		<small>JOBKEEPER</small>	<small>NO JOBKEEPER</small>	<small>JOBKEEPER</small>	<small>NO JOBKEEPER</small>
BASS COAST	- 8.3%	- 11.0%	- 14.0%	- 7.0%	- 15.0%
COLAC OTWAY	- 5.4%	- 5.3%	n/a	- 5.3%	n/a
WELLINGTON	- 5.3%	- 9.0%	n/a	- 1.5%	n/a
REGIONAL VIC	- 4.0%	- 2.0%	- 7.0%	- 3.0%	- 8.0%
VICTORIA	- 11.0%	- 6.0%	- 13.0%	- 4.0%	- 12.0%
AUSTRALIA	- 5.0%	- 4.0%	- 6.0%	- 4.0%	- 6.0%

Comparison of Bass Coast’s key economic insights with other areas, Sep. 2019-Sep.2020

3.4.1 Gross Regional Product (GRP)

- Compared to other LGAs, Bass Coast Shire experienced the largest drop in GRP since September 2019, from \$381 million to \$350 million, a decrease of 8.3%.

- By comparison, Colac-Otway Shire and Wellington Shire experienced a decline of 5.4% and 5.3%, respectively.

- Regional Victoria experienced a GRP decline of 4%, less than Bass Coast Shire and much less than that of Victoria as a whole. Victoria’s overall GRP decline is largely influenced by the Stage 4 Covid-19 restrictions which have immobilised much of Greater Melbourne’s economy.

- Australia’s GRP has not been as negatively affected as Victoria’s because many other States were able to reopen quickly, engage a larger proportion of the workforce, increase consumer spending and economic activity.

3.4.2 Employed Residents

Analysis of employed residents shows the change in number of employed residents with and without the assistance of JobKeeper, an Australian Tax Office (ATO) payment to businesses to enable them to continue paying staff during the downturn, who might otherwise have lost their jobs. Assessing employed residents during the Covid-19 crisis is most closely related to financial wellbeing of residents and is further explored in section 2.7 – Employed residents’ impacts.

- 11% of employed Bass Coast residents became unemployed in the Sep.2019 – Sep. 2020 period. In real terms, this was 1,701 jobless residents, with JobKeeper in place. If JobKeeper was not available, 2,119 residents would be unemployed, 408 more.
- Bass Coast experienced a more significant decrease in employed residents than either of the comparison areas, or Regional Victoria, Victoria and Australia. This is likely related to the proportion of employed Bass Coast residents working in industries most affected by Covid-19 economic impacts.
- Based on these headline numbers, it can be concluded that the financial wellbeing of Bass Coast residents, from an employment perspective, has decreased more significantly than in other comparison areas. Loss of employment is a major impact on financial wellbeing therefore it can be concluded that all three dimensions of financial wellbeing (see page 5) are negatively affected in the Sep. 2019 – Sep. 2020 period.

Industry	With JobKeeper				Without JobKeeper		
	Sep-19	Sep-20	Change	% Change	Sep-20	Change	% Change
Accommodation and Food Services	1,358	632	-726	-53%	555	-803	-59%
Construction	2,130	1,802	-328	-15%	1,790	-339	-16%
Manufacturing	938	759	-179	-19%	749	-189	-20%
Other Services	646	471	-174	-27%	448	-198	-31%
Retail Trade	1,397	1,252	-145	-10%	1,209	-188	-13%
TOTAL BASS COAST	14,654	12,953	-1,701	-12%	12,535	-2,119	-14%

Table 1 – Employed residents - Five most affected industries in Bass Coast Shire, Sep.2019-Sep.2020

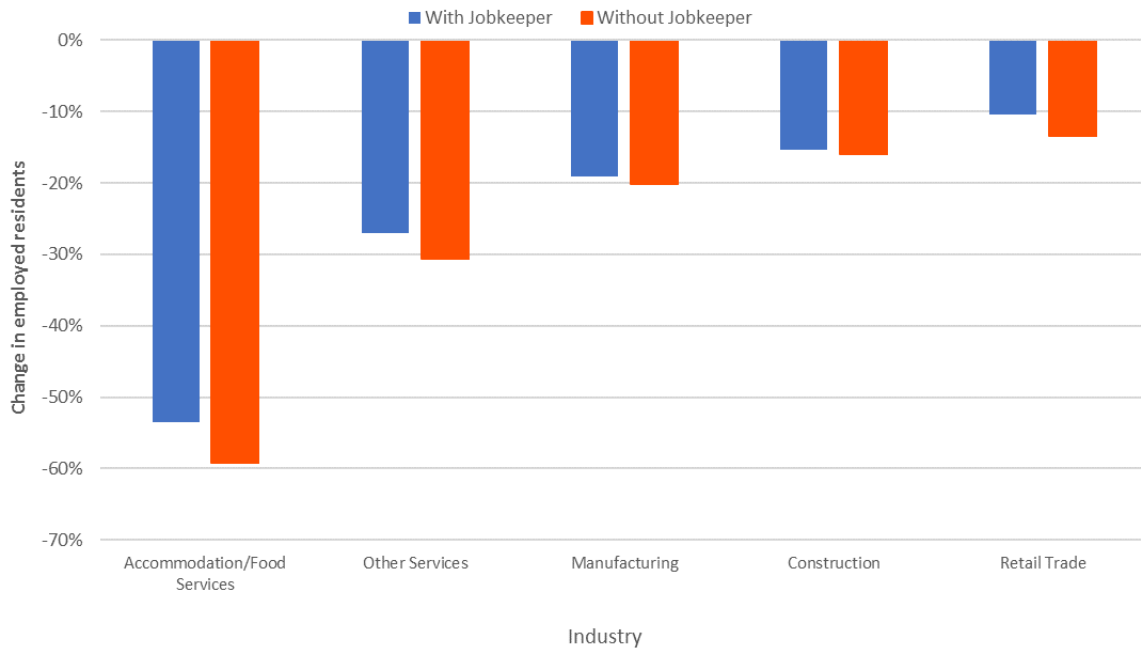


Chart 1 – Change in percentage of employed residents with/without Jobkeeper, five most affected industries in Bass Coast Shire, Sep.19-Sep-20

Table 1 and chart 1 illustrate the top five most affected industries in Bass Coast Shire, from the employed residents’ perspective. Due to restrictions across Victoria placed to stop the spread of Covid-19, businesses in the “Accommodation and Food Services” industry have experienced the largest and most notable employment losses in the September 2019-September 2020 period with a 53% reduction in employed residents. Employment in “Other Industries”, which includes occupations such as “Repair and Maintenance” and “Personal and Other Services” also experienced a significant loss with a 27% reduction in employed residents. Other most affected industries for employed residents were “Manufacturing”, “Construction” and “Retail Trade”.

A more detailed analysis of Covid-19 impacts on employed residents is assessed in section 2.7 along with a forecasted assessment of employed residents by industry from the current quarter (September 2020) to September 2021 and beyond.

3.4.3 Local Jobs

Local jobs figures indicate how the local economy is performing. A steady and increasing number of local jobs means that the local economy is performing well and there is interest and opportunity for existing and new businesses in the area. Local jobs include all jobs which are located in Bass Coast Shire but individuals who occupy those jobs do not necessarily all live here. In 2016, 14%, or 1,468 people who worked in Bass

Coast lived outside of the area (namely the Shires of South Gippsland and Cardinia and the City of Casey). If that proportion was extrapolated to the latest pre-Covid-19 local jobs figures, it would suggest that around 1,700 local jobs are taken by people who live outside of the Shire.

The JobKeeper scheme provided a very significant boost to local jobs. Without it, a 15% loss of local jobs (-1,903 jobs) would have occurred but instead a lesser 7% loss was experienced which only reduced local jobs by 808 between September 2019 and September 2020.

The most affected industries were ones which experienced the worst of the Covid-19 economic impacts across Australia – “Accommodation and Food Services”, “Other Services”, “Construction”, “Arts and Recreation Services” and “Retail Trade”. For those five industries alone, 1,085 jobs were lost (8.7% of all local jobs).

JobKeeper provided the most significant boost to the industries listed in the table below. For industries such as “Health Care and Social Assistance”, the availability of JobKeeper resulted in job creation and more local jobs in this industry than if the scheme was not available.

Industry	Local jobs lost/gained with JobKeeper	Local jobs lost/gained without JobKeeper	Local jobs “saved/created” by JobKeeper
Health Care & Social Assistance	+211 new jobs	-61	272
Accommodation and Food Services	-718	-960	242
Retail Trade	-21	-158	136
Arts & Recreation Services	-58	-164	106
Education & Training	+143 new jobs	+47 new jobs	96

Table 2 – Local jobs - Five most affected industries in Bass Coast Shire, Sep.2019-Sep.2020

The presence of JobKeeper and assistance in terms of preserving local jobs is a positive outcome in the short term but the effect is somewhat artificial. Once the JobKeeper scheme ends in March 2021, many local jobs saved or created by the scheme may disappear as the scheme will not support them any longer. Because a total of 1,095 local jobs were not lost due to JobKeeper, this means that a second shock to the local economy will likely occur after March 2021. The NIEIR local jobs modelling for Bass Coast forecasts a loss of 826 jobs between March and June 2021, another significant hit to the local economy and the workers, both from Bass Coast and elsewhere, who occupy those jobs.

3.5 Industry Impacts

The impact of COVID-19 will vary from region to region and will depend on a region's supply chain and trade exposure (domestic and international), reliance on tourism and exposure to consumer demand (e.g. accommodation, food services, arts and recreation).

3.5.1 Economic Impact - Output

An Assessment of Bass Coast's "output" refers to the total sales of each industry in the region. Chart 2 compares quarterly output in Bass Coast Shire from September 2018 to now (September 2020) and forecasted out to June 2022. The chart also shows the differences in the pre-Covid-19 output forecasts with the post-Covid-19 forecasts.

Bass Coast Shire's output decreased by 9% in the immediate period after March 2020, when the Covid-19 pandemic affected Bass Coast and the rest of Australia. The same level of output is forecasted for the September 2020 quarter after which an increase in total sales by industry is assumed based on an anticipation of factors such as eased economic restrictions. Beyond December 2020, the level of output in Bass Coast Shire is expected to remain relatively similar, at around \$681 million until the end of the NIEIR forecasts in June 2022.

The difference between the pre-Covid-19 and post-Covid-19 output forecasts from the divergence point of March 2020 is on average \$52 million, meaning that the total sales of each industry in Bass Coast will be over \$50 million lower, as a result of industry and business shutdowns, job losses and decreased sales and productivity.

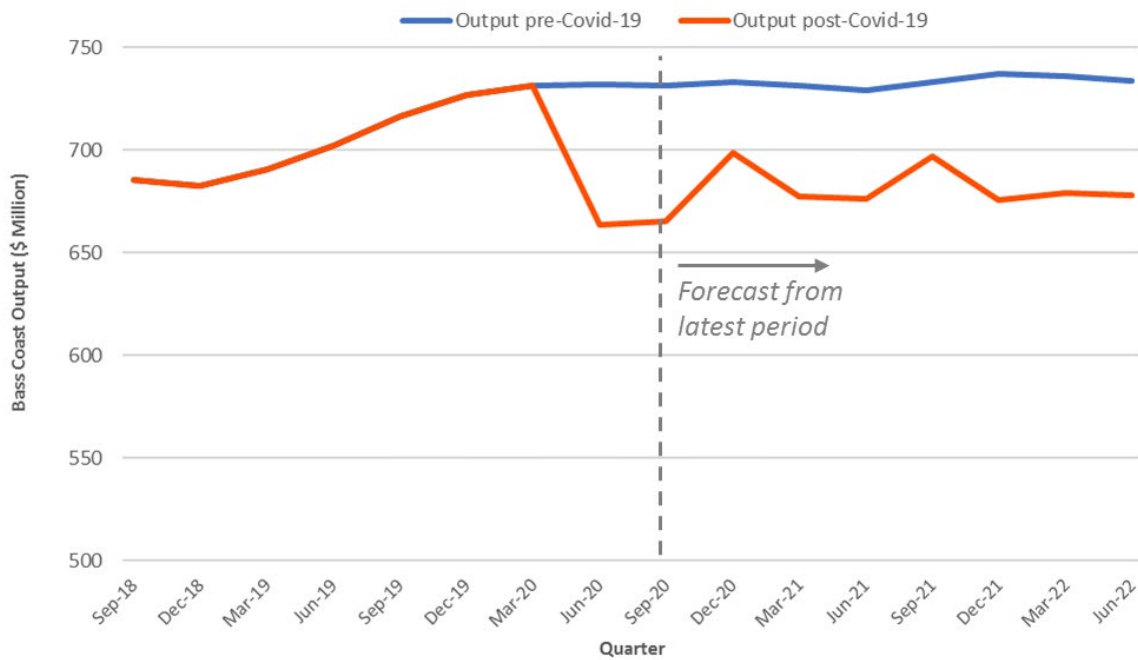


Chart 2 – Output for Bass Coast, pre-Covid-19 forecast and post-Covid-19 forecast

From an output perspective, these industries have experienced the biggest decreases in output, from September 2019 to September 2020:

- ▣ **Construction:** -\$25 million
- ▣ **Accommodation and Food Services:** -\$23 million
- ▣ **Manufacturing:** -\$11 million

In the 12 months from September 2020 to September 2021, all three of those industries are expected to experience large increases in output as they “bounce back”, with a \$13 million output increase for Accommodation and Food Services and \$12 million for Construction.

Sectors which have not experienced decline in output due to Covid-19 but have instead continued to grow in the Sep.2019-Sep.2020 period are “Agriculture, Forestry and Fishing” (predominantly due to agriculture output) and “Healthcare and Social Assistance” (largely due to continued output of medical care services and residential care services).

Overall, the measure of “output” provides a view of the strength of the Bass Coast economy from a total sales perspective. It shows how successful and robust the local economy is, how it is trending (it was trending up pre-Covid-19) and which industries are contributing to output.

From a financial wellbeing perspective it does reflect back on Bass Coast residents, but because not all of the output remains in Bass Coast and because it does not describe financial stability from an income perspective, the output metric does not relate to financial wellbeing as closely as the next section – “Value added”, where the metric refers to actual wages and salaries paid to workers in the Bass Coast region.

3.5.2 Economic Impact – Value Added

Value Added is a way of presenting figures related to the wages and salaries paid to workers in the region, the gross operating surplus and taxes. Value added impacts show how the different industries impact GRP in the region. It is also a useful measure of financial wellbeing and stability, especially if assessed by industry. This section also assessed industries currently most affected by the economic impacts of Covid-19 and provides a forecasted view as to which industries will experience further decline or recovery in the year to September 2022.

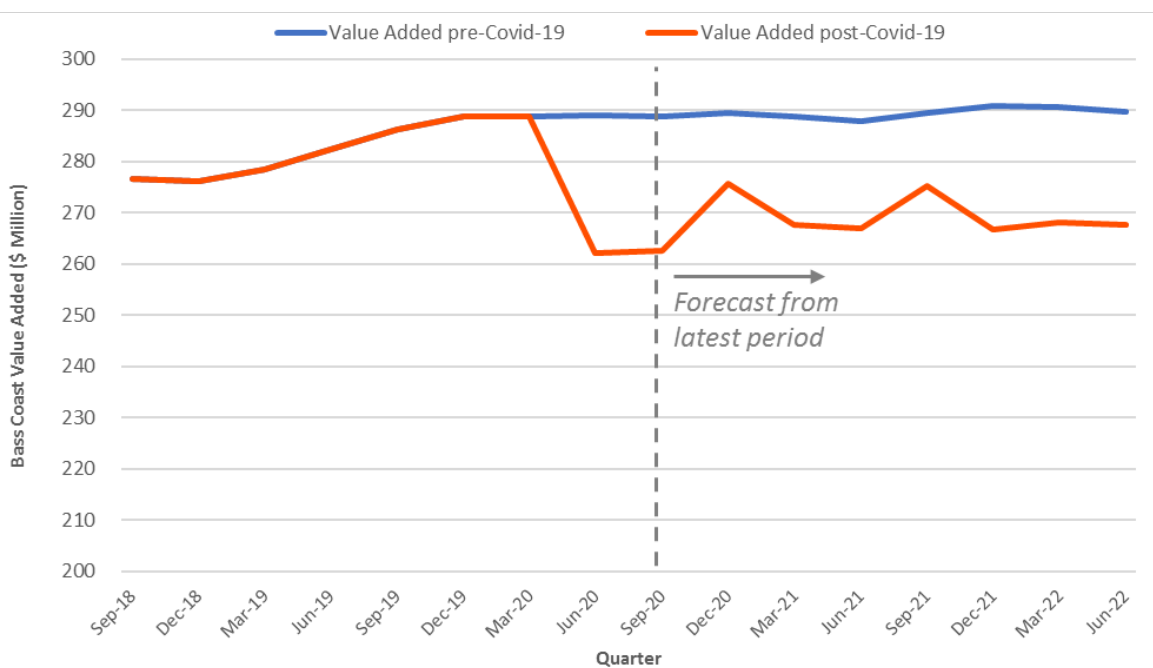


Chart 3 – Value Added for Bass Coast, pre-Covid-19 forecast and post-Covid-19-forecast

Similarly, to the output forecasts in the previous section, Bass Coast’s value added has been negatively affected by economic impacts of Covid-19. Total regional output was forecast to continue at around \$290 million per annum before Covid-19. After the event and subsequent restrictions and negative outcomes for the economy, regional value added decreased by 9%, or \$27 million in one quarter. The post September-

2020 forecasts show that Bass Coast value added will stabilise but continue at lower levels than pre-Covid-19, for at least another 18 months.

Value added statistics for the September 2019-September 2020 period illustrate which industries have been most affected in terms of business productivity and wages and salaries paid to workers.

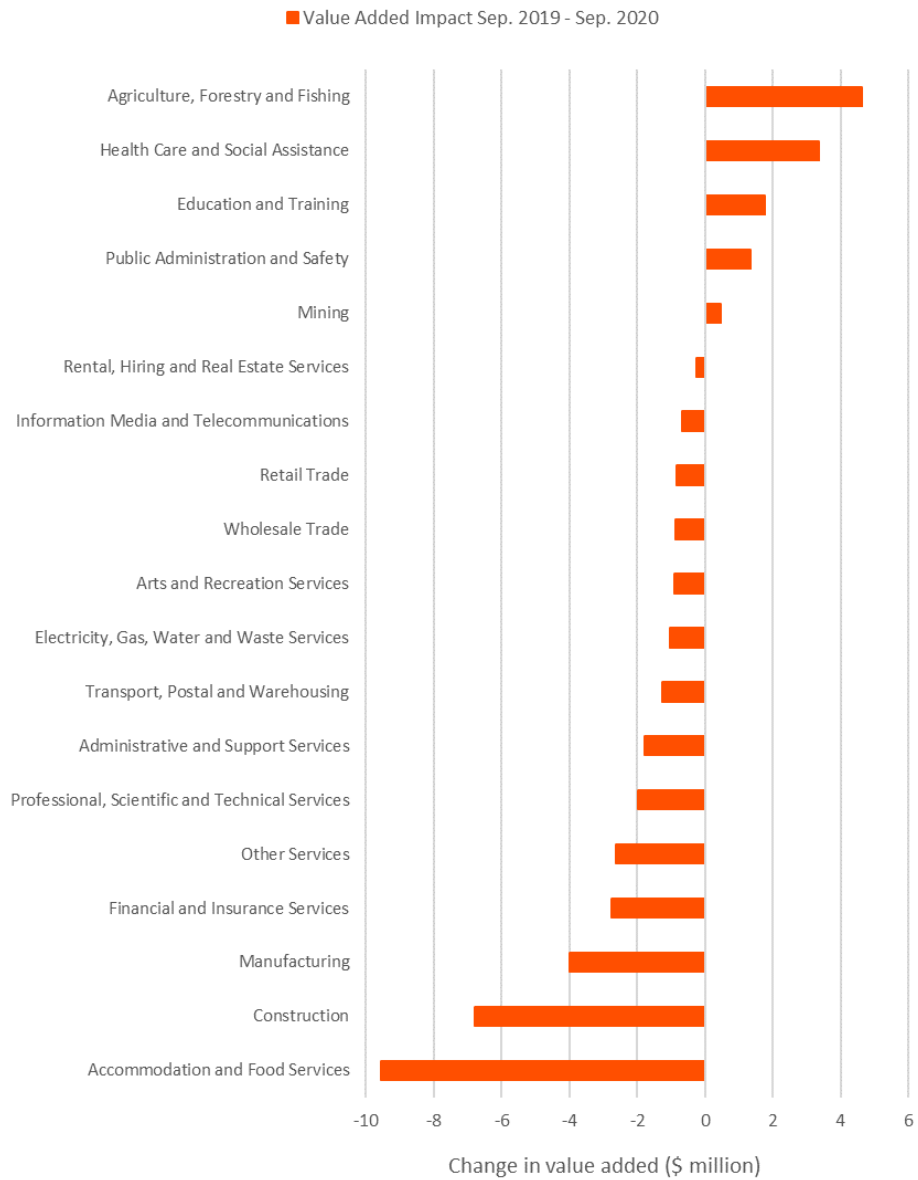


Chart 4 – Changes to value added by industry, September 2019-September 2020

Chart 4 shows that in the September 2019-September 2020 period, “Accommodation and Food Industries”, “Construction”, “Manufacturing” and “Financial and Insurance Services” experienced most significant decreases in value added. On the other hand, and as mentioned earlier, “Agriculture, Forestry and Fishing”

(predominantly driven by agriculture value added), “Health Care and Social Assistance”, “Education and Training” and “Public Administration and Safety” (which includes defence, public administration and regulatory services roles), all increased their value added.

Industries such as “Retail and wholesale trade, rental, hiring and real estate services all reduced value in the Sep.2019-Sep.2020 period and these reductions were largely due to restrictions on trade imposed by authorities to stop the spread of the virus. Where possible, online retail trade increases helped reduce some of the losses. In the future, however, these changes in trends and a move to trade online may affect traditional retail trade negatively and result in loss of jobs while value added, and output could increase.

In terms of the expected recovery, industries such as “Accommodation and Food Services” are expected to “bounce back” in full by September 2021. Demand for these industries still exists, and as their closures and reductions in operating capability were predominantly a result of government-driven closures and restrictions as a safety precaution, the recovery is expected to be rapid and almost complete, as seen in charts 5 and 6. Industries such as “Agriculture, Forestry and Fishing” will continue to grow unhindered, as they did during the Covid-19 period.

That can be considered a positive outcome for around 770 Bass Coast residents (as at Sep. 2019) who were employed in this industry. Their financial security and ability to carry on through the economic impacts of the pandemic would not be as affected as for those working in other, more volatile industries.

Some industries, such as “Manufacturing” are expected to see only a minor return to positive value added and other industries which were declining during the Covid-19 pandemic, such as “Retail Trade” and “Financial and Insurance Services” are expected to continue the decline in value added to September 2021. The NIEIR forecasts of value added for these industries indicate that beyond September 2021, they will plateau and that a pre-Covid-19 level of value added, in terms of dollar value, will not recover in Bass Coast Shire.

3.5.3 Importance of “Value Added” in the financial wellbeing context

Value added statistics and forecasts are important when framed in the financial wellbeing context, because they suggests that residents who are employed in most affected industries may be underemployed, some may be experiencing longer term unemployment and may require retraining to enter the workforce in another industry. The proportion of residents employed in certain industries is also important and will illustrate the magnitude of added financial stress on a community or region.

In 2016, there were 631 Bass Coast residents employed in “Manufacturing”, 1,470 employed in “Retail Trade” and 160 employed in “Financial and Insurance services”. Just those three industries make up approximately 18% of Bass Coast’s resident workforce and indicate that a significant proportion of residents are employed in industries not expected to bounce back as quickly from 2021 onwards.

Encouragingly, a large proportion (1,170 residents) is also employed in “Accommodation and Food Services”, an industry which has been heavily hit during the pandemic but is expected to bounce back quickly, thus not impacting residents’ financial wellbeing for extended periods.

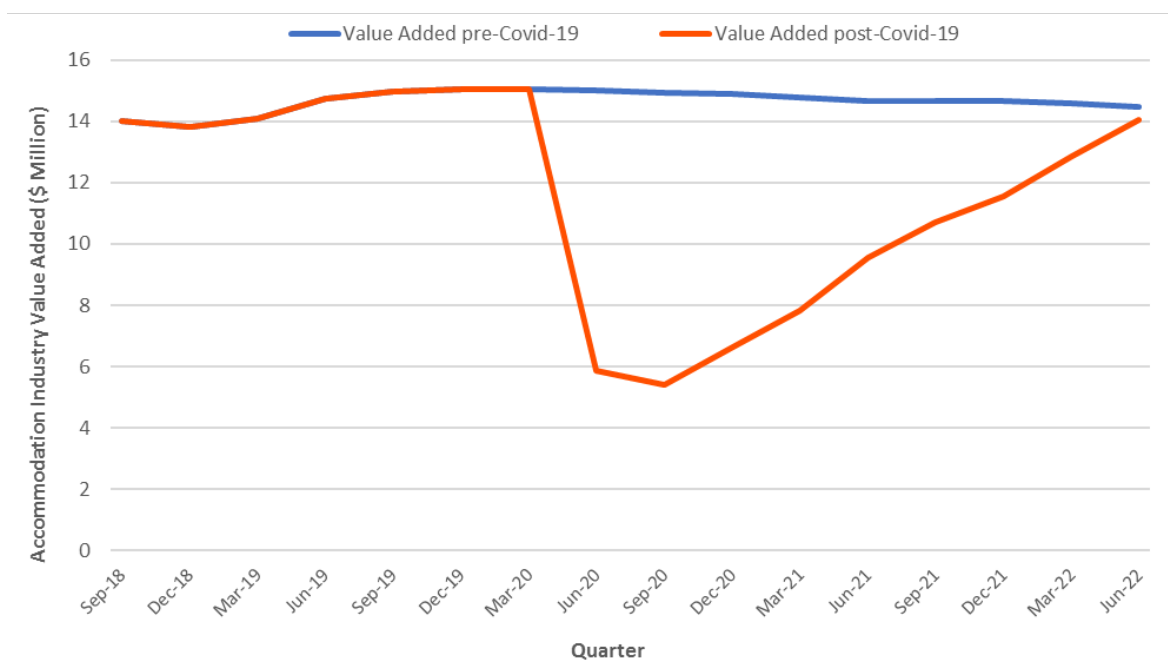


Chart 5 – Forecasted recovery of the “Accommodation and Food Services” industry, September 2019-September 2021

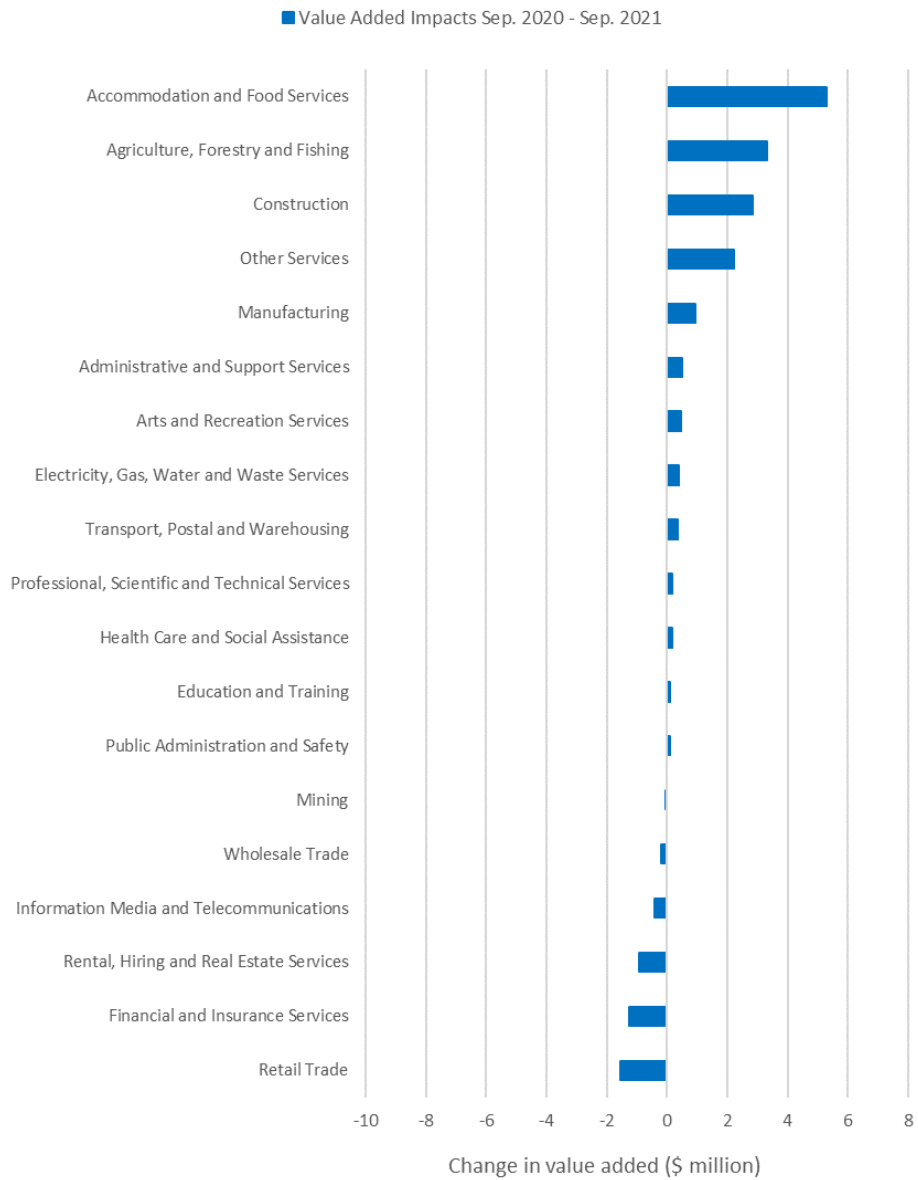


Chart 6 – Changes to value added by industry, September 2020-September 2021

3.6 Impact on local jobs

Analysis of local jobs is a way of assessing the strength and employment offering of Bass Coast’s economy. Local jobs are not exclusively occupied by local residents. In Bass Coast, for example, over 14% of local workers lived outside of Bass Coast. This indicator shows the estimated number of jobs in Bass Coast Shire.

Local job impacts are typically higher in regions with a relatively high share of service sector and labour-intensive jobs (e.g. tourism and hospitality, entertainment, and business services). The graphic below,

shows the local jobs impact of Covid-19 and how many jobs were buoyed by the JobKeeper scheme, that is – local jobs counted as employed who would have been unemployed in the absence of JobKeeper.

While this measure of economic performance and stability is important, the next section, “Impact on employed residents” is more directly related to financial wellbeing of local resident workers who live and work in Bass Coast Shire.

Local jobs* impact of COVID-19

Jobs – September Quarter 2020 compared to September Quarter 2019



Local job loss in Bass Coast Shire, September 2019-September 2020

***Fully productive local jobs reflect that some works on JobKeeper payments would have otherwise lost their job and are likely on heavily reduced hours or currently not working but classified as “employed”.*

In Bass Coast Shire, the JobKeeper scheme retained many jobs. Without JobKeeper, over 1,900 jobs would have been lost, many in those industries most affected by lockdowns, purposeful closures of businesses affecting the “Accommodation and Food Industry”, “Construction”, “Retail Trade” and “Manufacturing” industries. In Bass Coast, more than in regional Victoria or Victoria overall, JobKeeper has helped retain local jobs, as seen in chart 7.

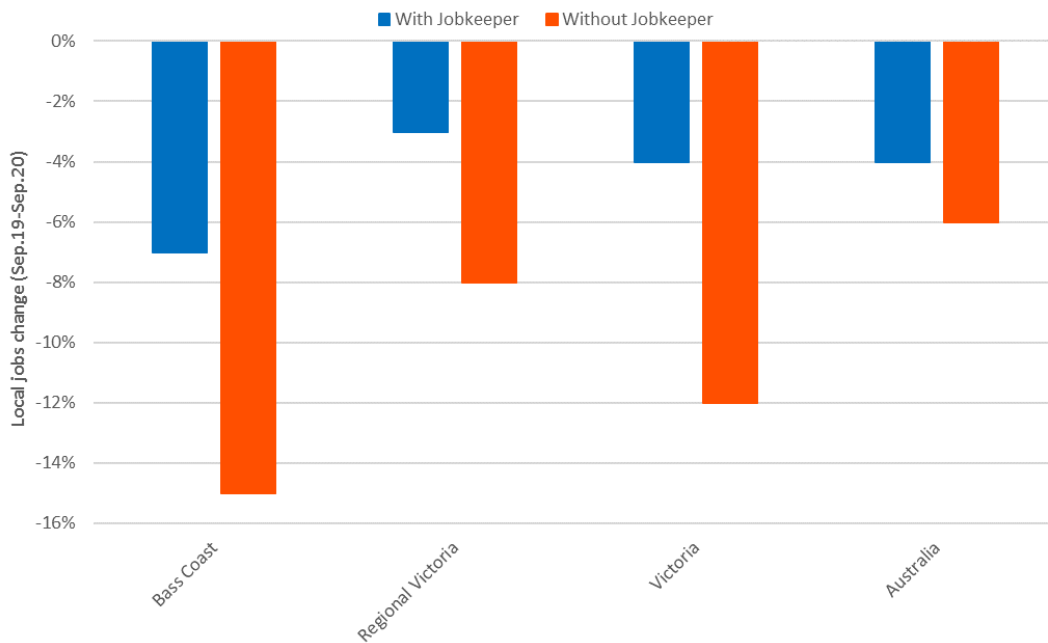


Chart 7 – The influence of JobKeeper on local jobs in Bass Coast/comparison areas, Sep.19-Sep.20

The effect of Covid-19 on local jobs in Bass Coast Shire is expected to be much more significant than in other comparison areas such as Colac-Otway Shire and Wellington Shire. Immediately after Covid-19 impacted Australia after the March 2020 quarter (which includes the January-March 2020 period), Bass Coast lost 5% of local jobs in one quarter, compared to 3% in Colac-Otway Shire and 2% in Wellington Shire.

Beyond September 2020, Bass Coast Shire is forecasted to continue to lose local jobs whereas Colac-Otway Shire and Wellington Shire are forecasted to recover. The losses in Bass Coast are related to the end of the JobKeeper scheme, which has retained almost 1,100 jobs.

Beyond September 2021, NIEIR forecasts that Bass Coast’s local jobs will increase by 1% to June 2022. Overall, from September 2020 to June 2022, when the NIEIR forecasts end, Bass Coast Shire is expected to experience a loss of 4% of all local jobs, whereas comparison areas such as Colac-Otway Shire and Wellington Shire will gain local jobs with respective increases of 12% and 8% in the Sep.2020 to Jun.2022 period. Chart 8 illustrates these trends.

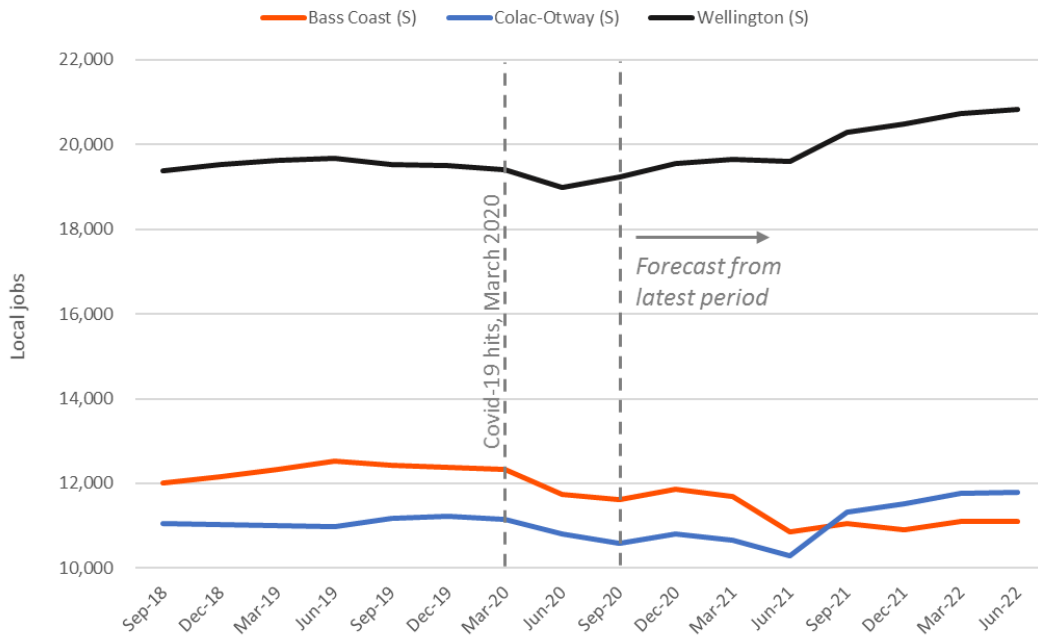


Chart 8 – Local jobs in Bass Coast and other comparison areas, Sep.19-Jun. 22

In the September 2020 – September 2021 period, the most negatively affected Bass Coast local jobs are in these industries:

- ▣ **Accommodation and Food Services:** loss of 720-960 jobs with/without JobKeeper
- ▣ **Other Services*:** loss of 140-210 jobs with/without JobKeeper
- ▣ **Construction:** loss of 150-180 jobs with/without JobKeeper
- ▣ **Arts and Recreation Services:** loss of 60-160 jobs with/without JobKeeper
- ▣ **Retail Trade:** loss of 20-160 jobs with/without JobKeeper

* Other services includes “Repair and Maintenance” and “Personal and Other Services”

Industries most assisted by JobKeeper are “Accommodation and Food Services”, “Arts and Recreation Services”, “Retail Trade”, “Education and Training” and “Health Care and Social Assistance”. Without JobSeeker, these industries would expect a loss of 1,300 jobs, or over 12% of all local Bass Coast jobs. This is an important figure because it illustrates how many local jobs may be artificially buoyed by JobSeeker

and that post-March-2021, when JobSeeker has been announced to expire, Bass Coast is expected to see another significant loss of local jobs.

In terms of local jobs losses and forecasted recovery, some industries are anticipated to recover faster than others. Some industries are even expected to continue declining in terms of local jobs in the next year.

Some key findings regarding the Covid-19 impacts on local jobs and forecasted recovery are:

- **“Accommodation and Food Services”**, will lose between 720 and 960 jobs, depending on JobKeeper uptake in the September 2019-2020 period, followed by an increase in 250 jobs to September 2021, therefore not a complete rebound in terms of local jobs, but beyond September 2021, the industry is expected to recover a further 303 jobs.
- The **“Other Services”** industry will also rebound relatively quickly in the September 2020-2021 period after an initial loss of 140-210 jobs. The industry will gain 74 local jobs by September 2021 and continue a slower but positive recovery to June 2022.
- The **“Construction”** industry will lose between 150 and 180 local jobs and this trend will continue to September 2021, with a further 92 jobs lost. Beyond September 2021, the construction industry in Bass Coast will continue to lose local jobs before levelling off by June 2022.
- **“Education and Training”** is one industry which has experienced an increase in local jobs during the September 2019-2020 period but will lose 95 jobs in the following 12 months.
- Similarly, **“Health Care and Social Assistance”** will experience an increase in local jobs in the September 2019-2020 period, in this case an additional 200 local jobs predominantly as a result of JobKeeper, before contracting in the following 12 months and losing around 140 jobs.
- **“Agriculture, Forestry and Fishing”** continues to increase local jobs both during the Covid-19 period and in the 12 months beyond.
- **“Retail Trade”** and **“Wholesale Trade”** will both experience losses in local jobs in the September 2019- 2020 period and the September 2020-2021 period. Job losses in retail trade were reduced massively by JobKeeper.

- Up to 160 local retail jobs may have been lost in the first two quarters of the Covid-19 period, but instead, the availability of JobKeeper kept that figure to just a loss of 21 jobs. Once JobKeeper becomes unavailable, however, NIEIR forecasts that many retail trade jobs will be lost by September 2021.

3.6.1 Impacts of local job losses on financial wellbeing

Although the next section, “Employed residents impacts”, is more directly related to the financial wellbeing of employed Bass Coast residents, trends in the availability and loss of local jobs (which includes jobs in which both local residents and workers outside Bass Coast Shire) helps understand the health and strength of the local job market. If many local jobs are lost, then Bass Coast residents would need to travel further in order to find employment which directly affects expenses and may diminish their financial wellbeing.

From a financial wellbeing perspective, the trends observed in Bass Coast suggest that Covid-19 has had a much larger impact here than in other areas such as Colac-Otway or Wellington Shire. Almost 41% of Bass Coast’s employed residents are employed in the top five worst hit industries in terms of local job loss (September 2019-2020), indicating that overall financial wellbeing and all three dimensions of financial wellbeing have been negatively impacted.

The loss of local jobs in Bass Coast is forecasted to experience two negative hits from the economic impacts of Covid-19:

- The first being the March-September 2020 job losses and declines and
- The second being the job losses associated with the end of JobKeeper after March 2021, when up to 800 jobs (7% of all local jobs) could be lost.

The NIEIR forecasts do not anticipate any further significant loss of local jobs beyond March 2021 to June 2022 but also do not forecast any significant rebound. Therefore, many local jobs in Bass Coast Shire could be lost permanently, with a significant impact on residents’ financial wellbeing, the amount of revenue being made and retained within Bass Coast Shire and even a negative effect on future population growth of Bass Coast Shire, where fewer residents migrate here or more Bass Coast residents choose to emigrate out of the Shire.

3.7 Impact on employed residents

Assessment of Covid-19 impacts on employed Bass Coast residents is the most direct way of understanding how the economic shock associated with Covid-19 has affected Bass Coast residents. As the goal of this report and the Bass Coast Counts project is to help understand the financial wellbeing of Bass Coast residents, focusing on employed residents will illustrate how they have been impacted in the months since the Covid-19 effects were first felt in Australia.

“Employed residents” means that they live in Bass Coast Shire but can be employed within the LGA or elsewhere. Journey to work data from 2016 states that 70.4% of all employed residents live and work in Bass Coast Shire, with the remaining 22% mainly travelling to nearby South Gippsland Shire and Cardinia Shire. Therefore, assessing the economic impacts of Covid-19 on employed residents will depend on the effects on industries in places beyond the Bass Coast.

Employed residents* impact of COVID-19

Employed residents – September Quarter 2020 compared to September Quarter 2019



Employed residents in Bass Coast Shire, September 2019-September 2020

***Fully productive employed residents reflect that some works on JobKeeper payments would have otherwise lost their job and are likely on heavily reduced hours or currently not working, but classified as “employed”.*

The JobKeeper scheme has helped keep a significant number of Bass Coast residents employed since March 2020. As seen in chart 9, some industries have been assisted by JobKeeper more than others due to the nature of the economic effects on those industries and whether any government-led restrictions on trading affected some businesses more than others. With or without JobKeeper, an estimated 12-14% of residents have become unemployed in the 12 months to September 2020, with most of this occurring in the single quarter after March 2020.

Losses of employed residents in Bass Coast would have been as high as 14% without JobKeeper. Instead, a lower proportion, 11% of employed residents, lost jobs between September 2019 and September 2020. By comparison, Regional Victoria as a benchmark experienced only a 2% loss in employed residents (7% without JobKeeper) and Victoria 6% (13% without JobKeeper). With Victoria’s overall employed residents, JobKeeper played a significant role, especially as the State and in particular Greater Melbourne went into Stage 4 restrictions with substantial implications on the local economy and employment.

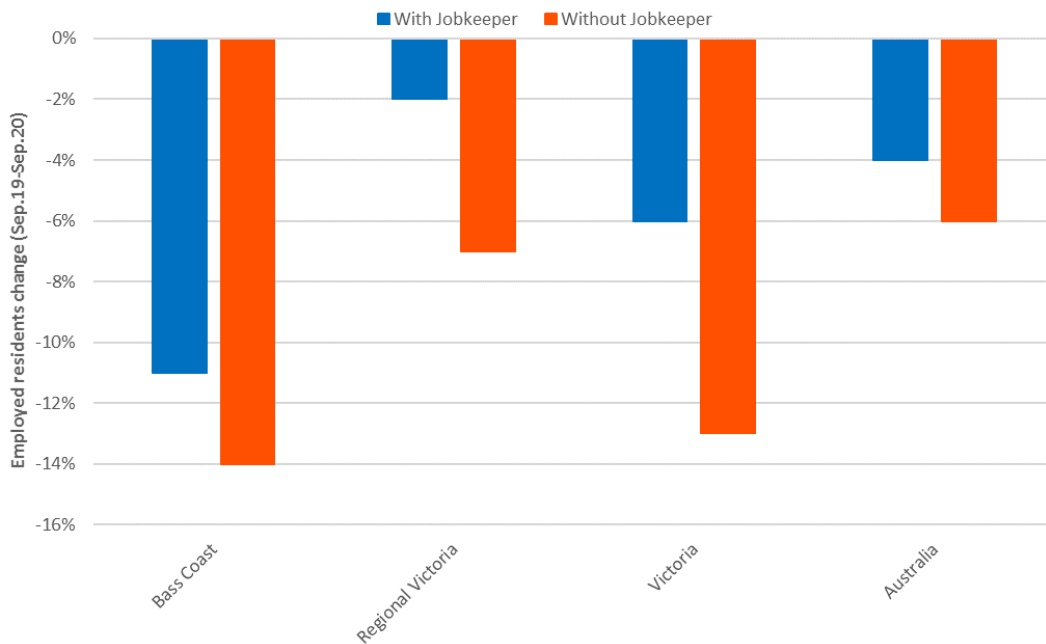


Chart 9 – The influence of JobKeeper on employed residents in Bass Coast/comparison areas, Sep.19-Sep.20

The effect of Covid-19 and the economic impacts of Covid-19 on Bass Coast’s employed residents figures can be looked at in terms of lost potential, that is – how do employment forecasts created pre-Covid-19 compare to current ones which account for Covid-19 impacts? Chart 10 illustrates this difference, with the area in green outlining the gap between the two forecasts.

Bass Coast Shire’s pre-Covid-19 forecasts assumed a June 2022 employed residents figure of 15,352 an increase of 1.1% from 15,181 in March 2020, a point in time considered the last pre-Covid-19 quarter. The post-Covid-19 forecasts, on the other hand, forecast a June 2022 employed residents total of 13,990, a loss of 1,191 employed residents, which equates to a decrease of 7.9%.

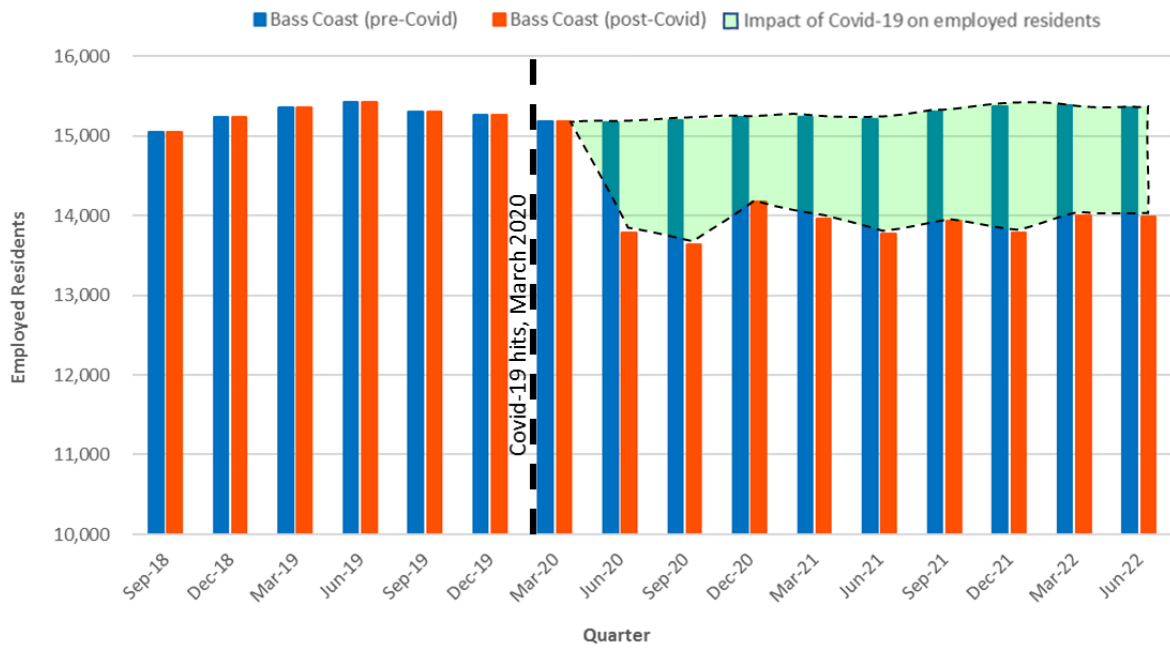


Chart 10 – impact of Covid-19 on employed residents in Bass Coast

From a financial wellbeing perspective, loss of employed residents and a slow recovery is a long term burden on local employment that may continue for several years thus resulting in more Bass Coast residents having low financial security, a diminished sense of being in control and an inability to cover necessary living costs and expenses. Bass Coast’s labour force, that is, persons aged 15 and over who are either employed or looking for work, as a proportion of total population has been decreasing since 2011 and as at the last Census was 38.4%, meaning 38.4% of Bass Coast residents were either employed or looking for work. The impacts of Covid-19 may accelerate this decline further.

Compared to Colac Otway Shire or Wellington Shire, Bass Coast Shire’s employment residents totals are not forecasted to recover at a similar rate. As seen in chart 11, after September 2020, Bass Coast is forecasted to experience a slight increase in employed residents, before another slight decrease related to the end of the JobKeeper scheme in March 2021. Following on from then, the employed residents totals remain relatively flat at around 14,000 until the end of the NIEIR forecast period, June 2022 and reflects a decrease of 7.9% since March 2020.

On the other hand, Colac-Otway Shire and Wellington Shire will recover to pre-Covid-19 employed residents levels and beyond, with Wellington Shire, for example, experiencing an increase of 6.2% in employed residents between March 2020 and June 2022. Colac-Otway is also forecasted to increase in terms of employed residents, by 5.7%.

These differences are likely related to more employed residents of Colac-Otway and Wellington Shire working in industries not as adversely affected as those in Bass Coast Shire, such as “Agriculture, Forestry and Fishing”.

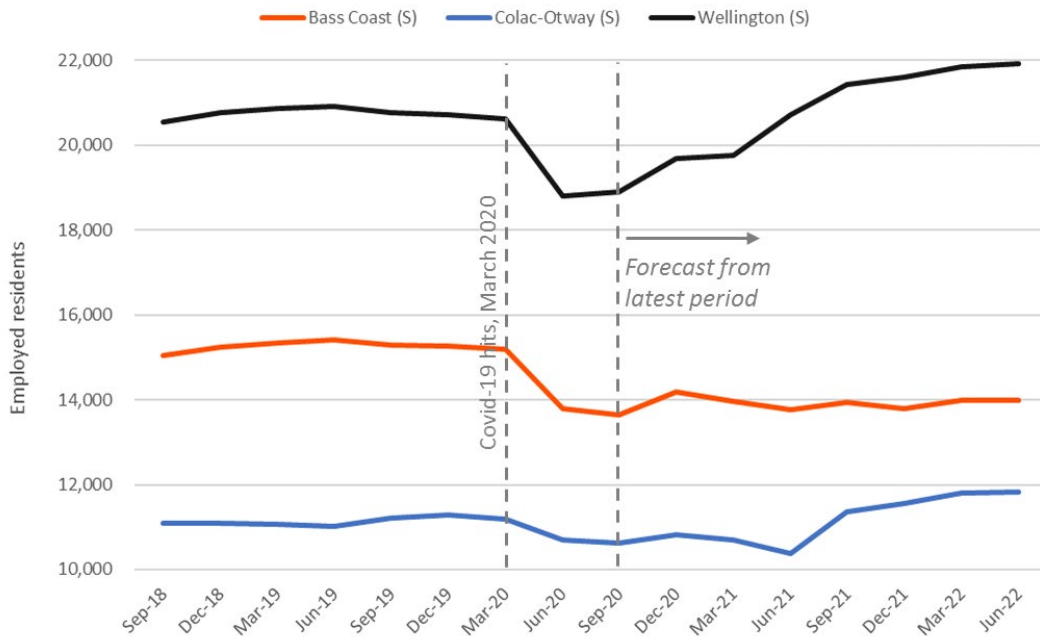


Chart 11 – Employed residents in Bass Coast and other comparison areas, Sep.19-Jun. 22

In terms of employed residents by industry, the two charts (chart 12 and 13) illustrate industries in Bass Coast which have experienced the most loss in the September 2019-2020 period and how industries are projected to recover, in terms of employed residents, in the next 12 months.

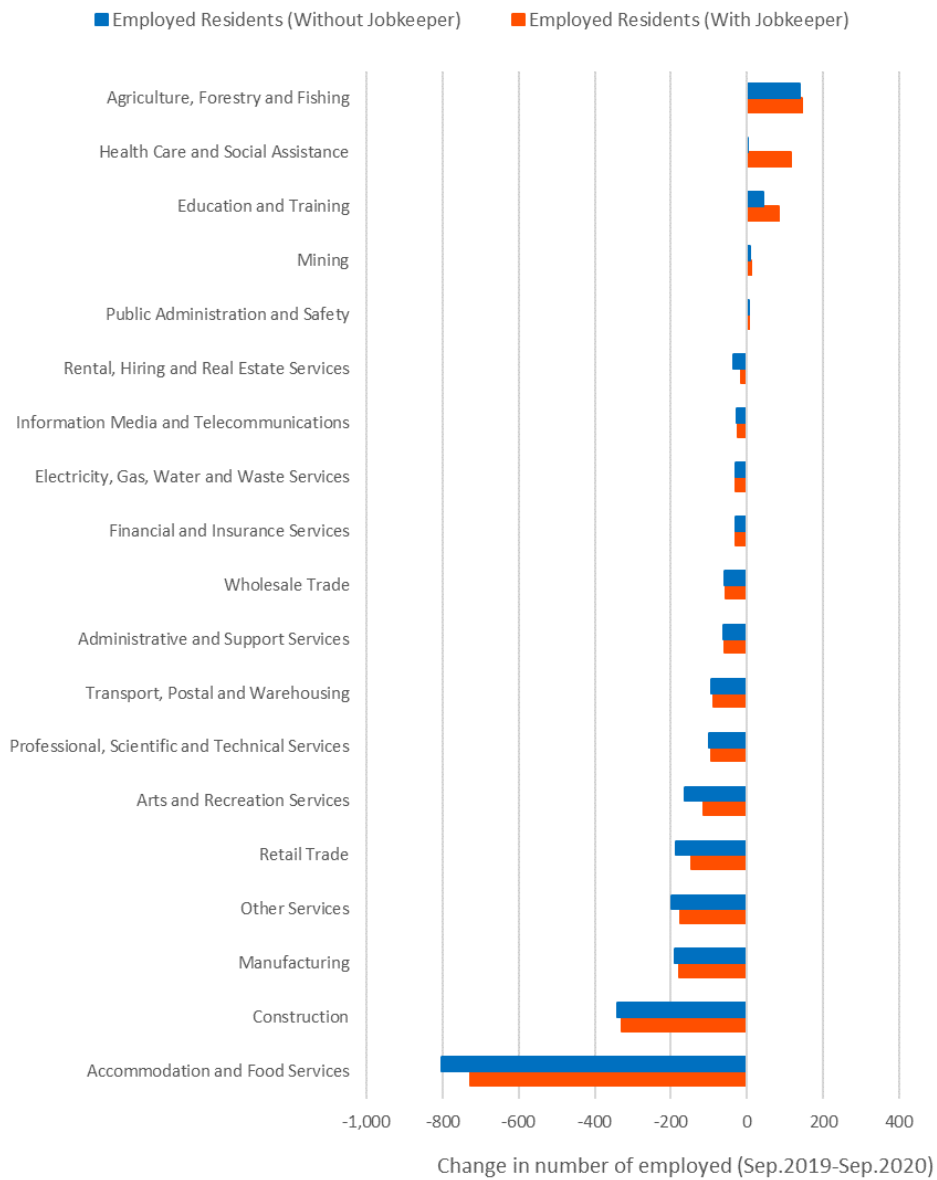


Chart 12 – Changes to local jobs by industry, September 2019-September 2020

- ▮ Since September 2019, most loss of employed residents occurred in the “Accommodation and Food Industry” where 726 Bass Coast residents lost jobs. That number would have been higher, 803, without JobKeeper, but this total shows that in this industry, JobKeeper did not help much in terms of preventing job loss.

- ▮ Employment in other industries such as “Construction” and “Manufacturing” also resulted in a loss of around 330 and 180 residents, respectively.

- ▮ “Other Services”, which includes “Repair and Maintenance” and “Personal and Other Services”, decreased by around 200.

“Retail Trade” and “Wholesale Trade” both experienced declines in employed residents and although Retail Trade losses are higher in absolute terms (-145 employed residents), that represented a loss of around 10% of employed residents in that industry, whereas the loss of 56 “Wholesale Trade” jobs for residents represented a 17% loss.

Finally, “Arts and Recreation Services” experienced a loss of 115 employed residents. In Bass Coast Shire, most residents working in the “Arts and Recreation” industry are employed in “Sports and Recreation Activities” roles, which includes some tourism-related jobs.

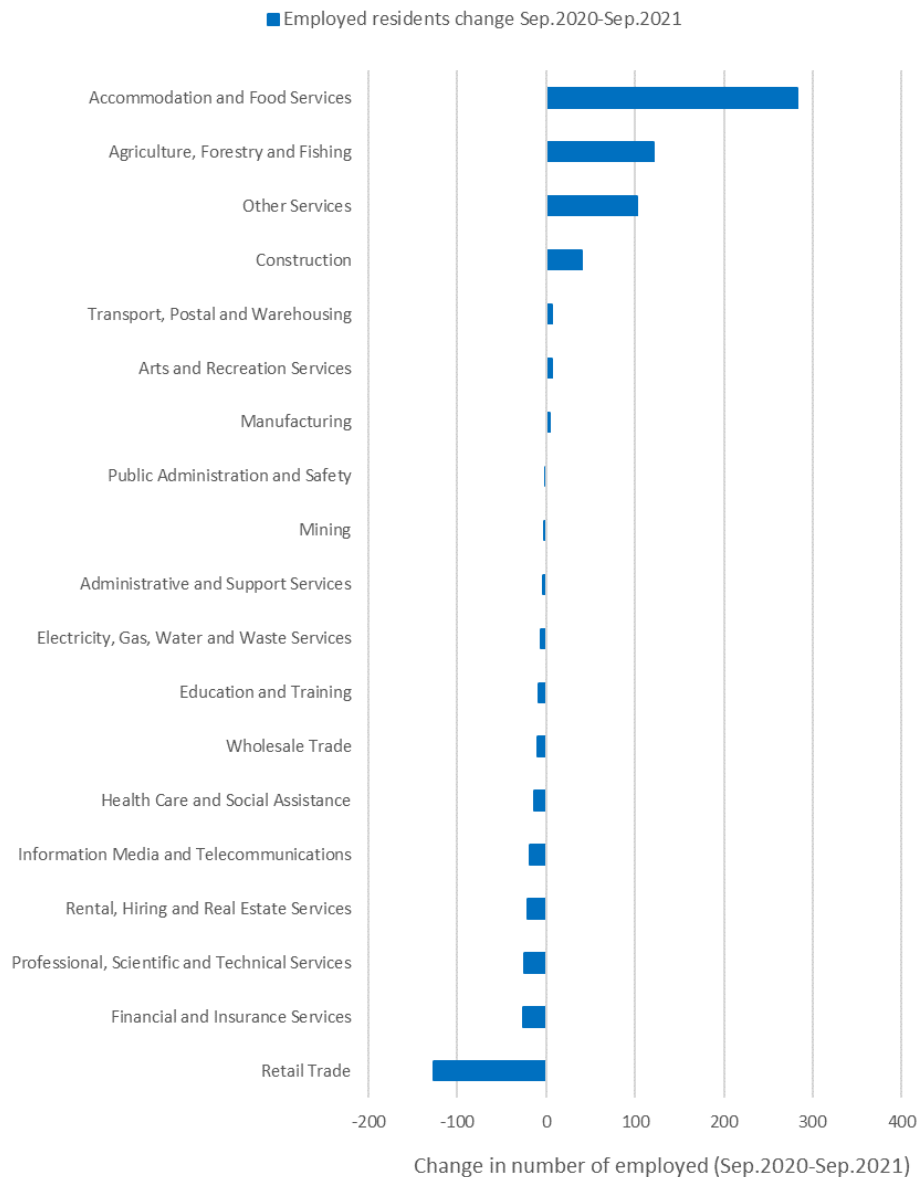


Chart 13 – Changes to local jobs by industry, September 2020-September 2021

- ▮ The forecasted recovery of employed residents figures from September 2020 to September 2021 will vary depending on the industry of employment.
- ▮ The “Accommodation and Food Services” industry, after losing 726 jobs for residents in September 2019-2020, will recover by over 280 employed residents in the following year. This relates to businesses reopening and operating as before Covid-19 related lockdown measures. However, as the numbers suggest, the recovery will not be complete and only around 39% of jobs lost for employed residents will be filled by September 2021.

Encouragingly, the forecasted figures of employed residents in this industry will increase by a further 300, resulting in a recovery of around 90% compared to the September 2019 figures. In short, the “Accommodation and Food Industry” will by June 2022 be almost back to September 2019 levels of employed residents.
- ▮ “Agriculture, Forestry and Fishing”, composed primarily of agriculture, will continue to grow in terms of employed residents. During the Covid-19 economic shock, the agriculture industry grew in terms of employed residents. There is an element of local residents moving from declining industries to work in agriculture, so along with some growth unrelated to Covid-19 in this industry, the increase of almost 300 more employed residents in the agriculture industry, post-September 2020, is related to more locals and perhaps fewer foreign workers, re-joining the workforce.
- ▮ After restriction-driven declines, jobs in “Other Industries” are also forecasted to recover, although not completely, by September 2021.
- ▮ Some industries such as “Manufacturing” and “Construction” will plateau after the rapid decline in the September 2019-September 2020 period. These industries will experience either marginal increases of employed residents, or almost no increase as those jobs become permanently unavailable.
- ▮ After increases in terms of employed residents during the Covid-19 economic shock period to September 2020, industries such as “Health Care and Social Assistance” and “Education and Training” will lose some employed residents.
- ▮ “Retail Trade” will continue to decline and an even lower number of employed residents will be working in this industry. NIEIR modelling and insight suggests that some retail jobs may become

obsolete and retailers may not employ as many staff as some large scale shifts, such as the move to purchase more retail online, becomes more common.

Employment, loss of employment and return to employment of local residents will vary depending on the industry they work in. For the five largest industries of employment (for Bass Coast residents, regardless of where their employment is located, as at Sep. 2019), the chart below illustrates the forecasted declines and recovery, from Sep.2019 to the end of the NIEIR forecast period, June 2022.

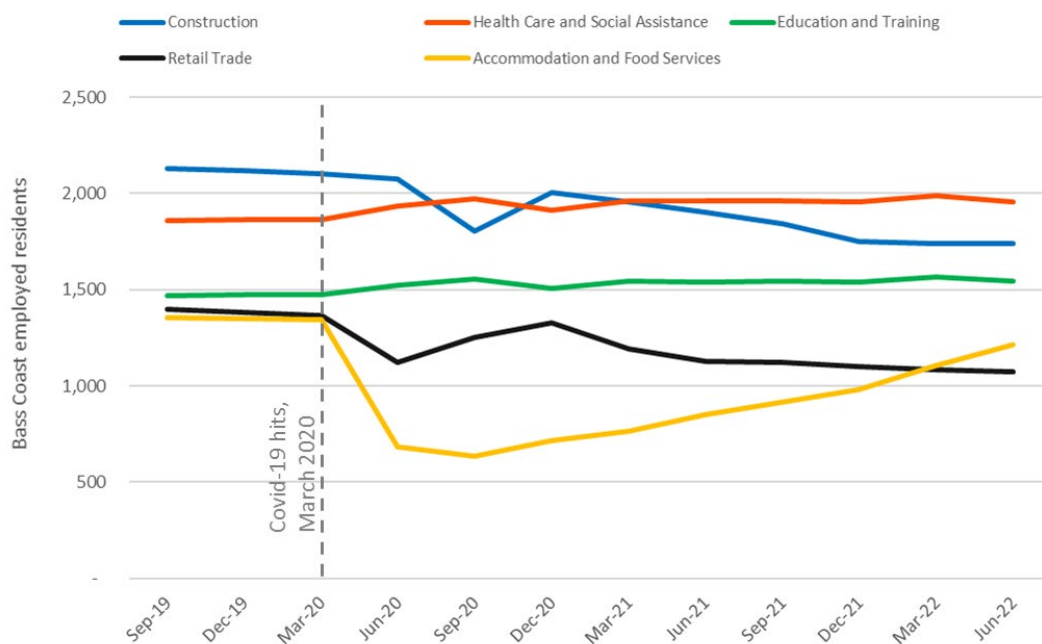


Chart 14 – Economic impact of Covid-19 on industries with largest local employment, Sep.2019-Jun.2022

- ▮ In September 2019, Over 55% of Bass Coast’s employed residents worked in the industries displayed in chart 14. By June 2022, these industries still remain predominant employers of Bass Coast residents, but with a lower overall total of employed residents per industry and overall.
- ▮ The “Construction” industry was on a slight decline prior to Covid-19 and that trend remained for the first quarter after Covid-19 came to Australia. In the first few months, construction as an industry continued to work undisturbed. A decline of 13% in terms of employed residents occurred by September 2020, followed by an almost immediate, but incomplete recovery.
- ▮ “Health Care and Social Assistance” was increasing slightly in terms of employed residents leading up to Covid-19’s impact point. After the pandemic, the number of residents employed in this industry increased, as was the case in many areas in both regional Victoria and Greater Melbourne

due to new roles and jobs related to Covid-19.

NIEIR anticipates that the total number of jobs in this industry will decrease slightly in the months leading up to December 2020 as the worst of the pandemic in Australia passes but the total number of employed residents in this industry will continue to grow slightly.

- “Education and Training” as an industry employing local residents, has not been affected by Covid-19. The third largest industry in terms of employed residents will continue to grow at a low level.
- “Retail Trade”, as mentioned, is an industry which was declining in terms of employed residents, pre-Covid-19. However, the Covid-19 shock resulted in immediate losses of almost 250 jobs for Bass Coast residents. As restrictions were lifted, the industry experienced a slight rebound by September and December 2020 before a second decline in employment of local residents is expected, due to the end of the JobKeeper scheme. The industry is forecasted to continue diminishing, as per the pre-Covid-19 trajectory, to June 2022.
- Finally, the largest impact on employed residents was in the “Accommodation and Food Services” industry. In almost all measures assessed in this report, this industry experienced large declines immediately after the Covid-19 shock in March 2020. In Bass Coast, 53% of residents employed in this industry lost jobs by September 2020. As the economy reopens, NIEIR forecasts that jobs for Bass Coast residents in “Accommodation and Food Services” will steadily increase and by June 2022, the industry would have recovered to almost 90% of its pre-Covid-19 level.

3.7.1 Comparison of economic Covid-19 impacts across Victoria

The charts below and overleaf illustrate how Bass Coast’s loss of employed residents compares to other local government authorities in Victoria. Unfortunately, Bass Coast is one of the hardest hit areas during the September 2019-September 2020 period and is in the bottom third in terms of recovery after September 2020. This will prolong the negative impacts on the local economy and adverse impacts on financial wellbeing of the Bass Coast population.

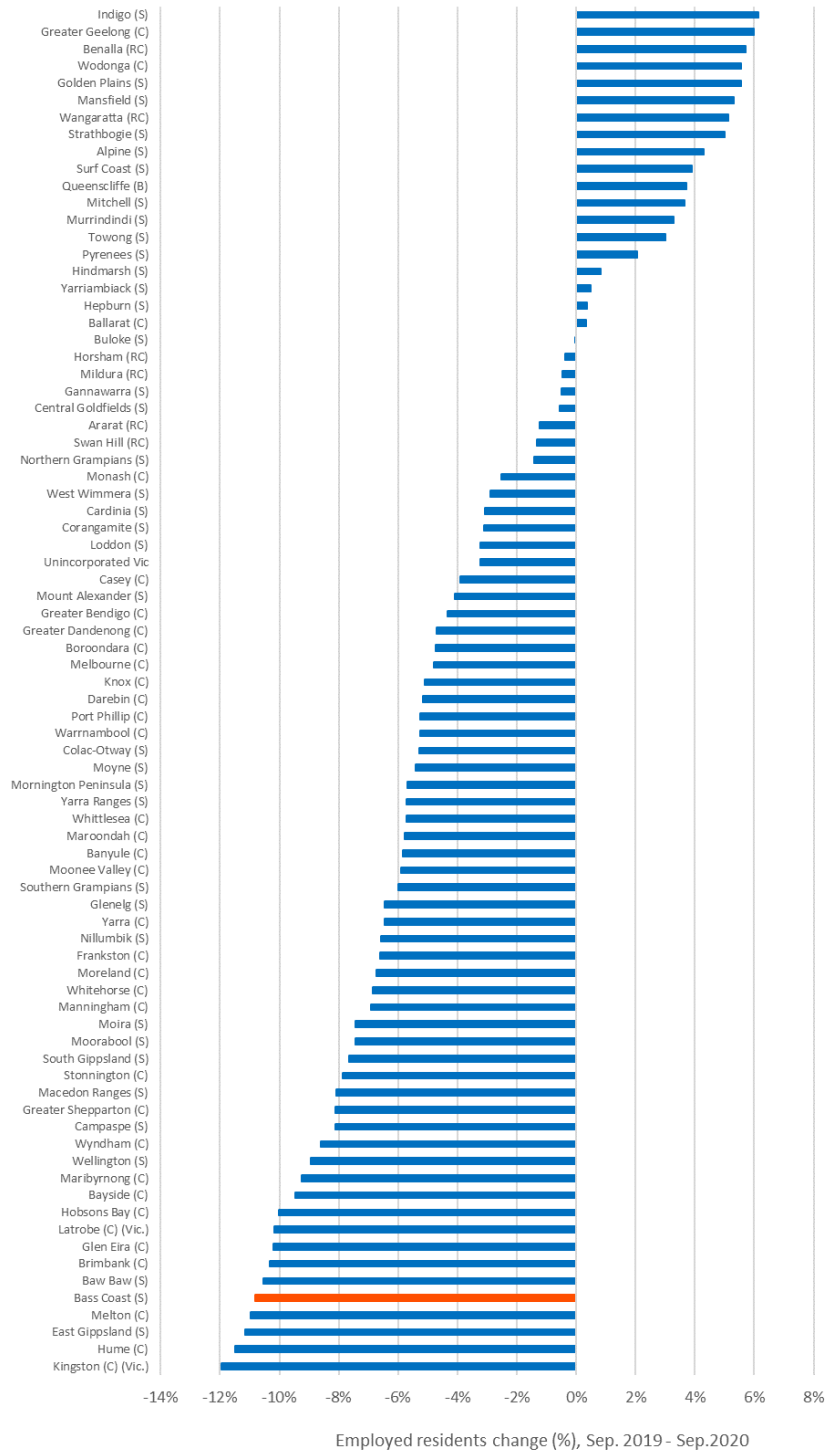


Chart 15 – Change in percentage of employed residents for all Victorian LGAs, Sep.2019-Sep.2020

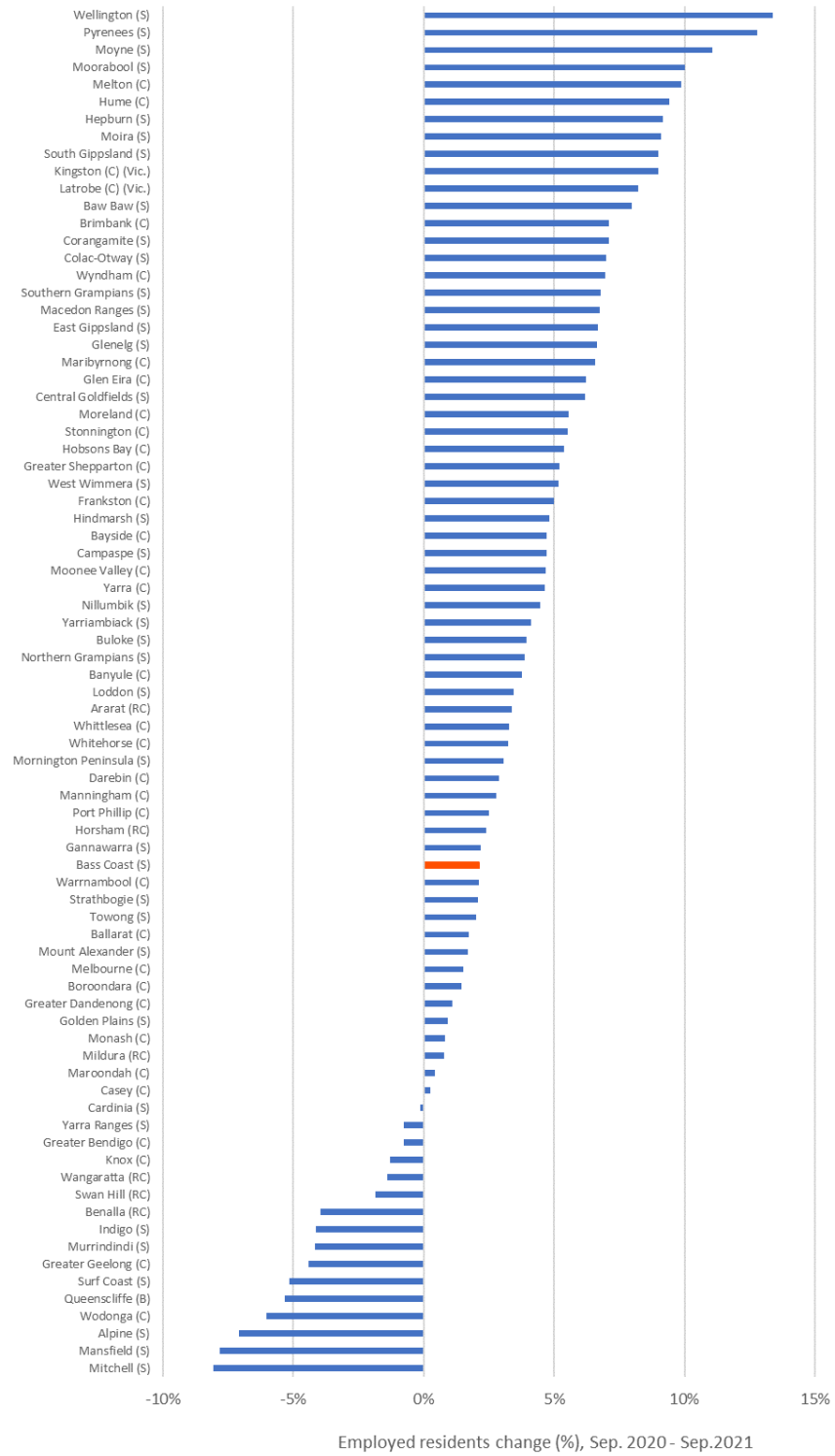


Chart 16 – Change in percentage of employed residents for all Victorian LGAs, Sep.2020-Sep.2021

3.7.2 Impacts on financial wellbeing

Loss of employment is one of the most significant negative impacts on an individual's financial wellbeing. It has a direct impact on the ability to pay expenses and have money left over, on the perception of being in control and on overall financial security. Furthermore, any pre-existing financial wellbeing hardship, such as housing stress, would most certainly be exacerbated by a loss of employment or if employment and income generating capacity is limited by Covid-19 economic shocks.

One piece of information not available from the NIEIR dataset is how many residents have had to reduce hours and take on part-time, lower paying roles for a business to continue operating with lower overheads. Anecdotally, there have been stories of employed residents reducing workhours or taking salary cuts in order to remain employed and help a business survive the economic shock. Along with a reduction in total employed residents, this is another potential issue related to financial wellbeing that could affect Bass Coast residents. Some of this insight will be revealed via the "Financial Circumstances and Commitments" survey, part 4 of the Bass Coast Counts project.

Any economic shock has an immediate effect on financial wellbeing and results in an immediate increase in the households' savings ration, where household spending reduces dramatically due to the financial uncertainty. Households fearful of unemployment, or at least reduced income, will reduce expenditures to build up financial assets and/or pay down debt. This in turn means that even once the authority-driven lockdowns and operating restrictions are lifted, lower consumer confidence and more conservative spending habits would negatively affect industries such as retail, thus resulting in a slow recovery or even an ongoing decline.

Covid-19 will have a significant impact on the number of employed residents in Bass Coast Shire. In one quarter, from March 2020 to September 2020, over 1,500 residents lost jobs. This number would be even higher without the JobKeeper scheme and although the decrease in employed residents is buoyed by JobKeeper in the short term, once the scheme ends in March 2021, Bass Coast will lose even more employed residents, fortunately not to the extent of the initial shock.

Loss of employment will affect Bass Coast residents disproportionately. The economic impacts of Covid-19 with a focus on vulnerable groups is more closely examined in section 2.9.

3.8 JobSeeker trends and impact on financial wellbeing

Along with information from the previous section, there are other datasets which also help understand how many residents of an area may be negatively impacted by the economic shock of Covid-19. JobSeeker data, published by the Department of Social Services (DSS), provides monthly totals of JobSeeker payment recipients by local government area. JobSeeker is a government benefit paid for those looking for work. During the pandemic, criteria requiring recipients to be actively seeking work have been relaxed, and the rate of payment has been temporarily doubled – and with these changes and many job losses due to business closures in the lockdown, JobSeeker numbers have been increasing.

Although JobSeeker and JobKeeper may sound similar, they are two quite different things:

- ▾ **JobSeeker** is an allowance paid directly to people who are unemployed through the social security system.
- ▾ **JobKeeper**, administered via the ATO, is a payment to businesses to enable them to continue paying staff during the downturn, who might otherwise have lost their jobs (and ended up on JobSeeker).

In Bass Coast, the number of JobSeeker recipients increased sharply immediately after the economic impacts of Covid-19 affected Australia and after JobSeeker was announced. In the first month, there was a 48% increase, with 817 more JobSeeker recipients in April than March 2020. The total continued to increase in May 2020 before plateauing at nearly 3,000 JobSeeker recipients.

As restrictions eased in Regional Victoria, the take up of JobSeeker decreased slightly in September 2020 and with the recently announced end of the Greater Melbourne lockdown and Stage 4 restrictions, the ability for Greater Melbourne residents to visit and spend in the Bass Coast should have a positive impact on [JobSeeker numbers in the December 2020 figures](#).

The proportion of 15-64 year olds on JobSeeker is also represented in chart 17, with around 15% of this age group receiving the payment. While this allowance may provide a “safety net” to many of the employed residents who lost jobs in the turbulent months since March 2020, as described in section 2.7, a concern is that once the allowance ends and the criteria changes, many JobSeeker recipients in Bass Coast could become very financially unstable and therefore be quite adversely impacted from a financial wellbeing perspective.

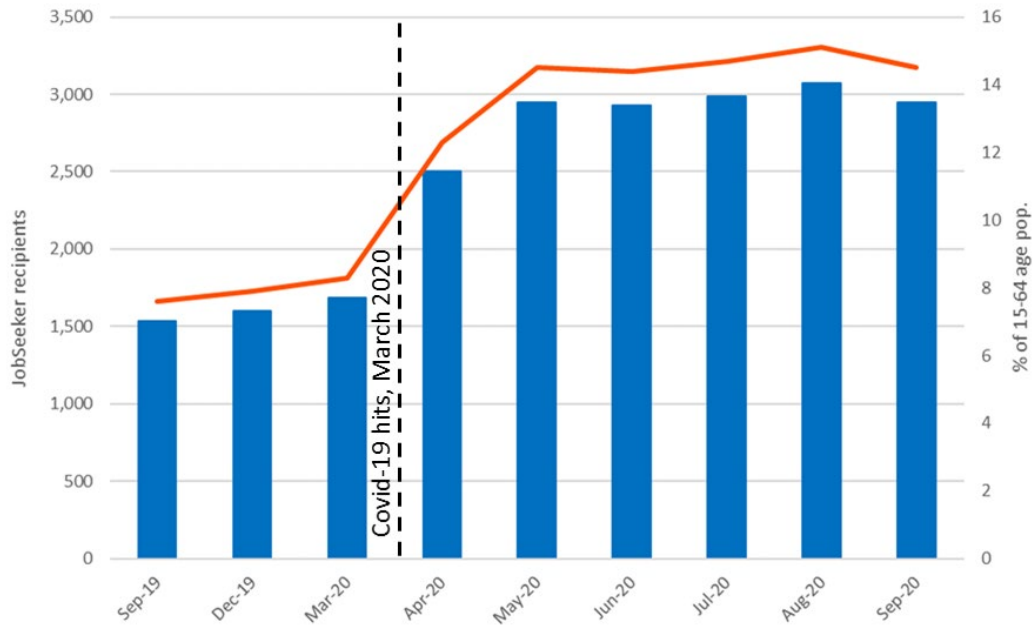


Chart 17 – JobSeeker recipients in Bass Coast, Sep. 2019 – Sep. 2020

Compared to other areas, Bass Coast Shire had the highest proportion of 15-64 year olds as JobSeeker recipients. Given that the JobSeeker allowance will eventually be wound back, this is a concern from a financial wellbeing perspective, as many of the residents currently depending on these payments could have income flows severely affected and their financial wellbeing affected even more than now.

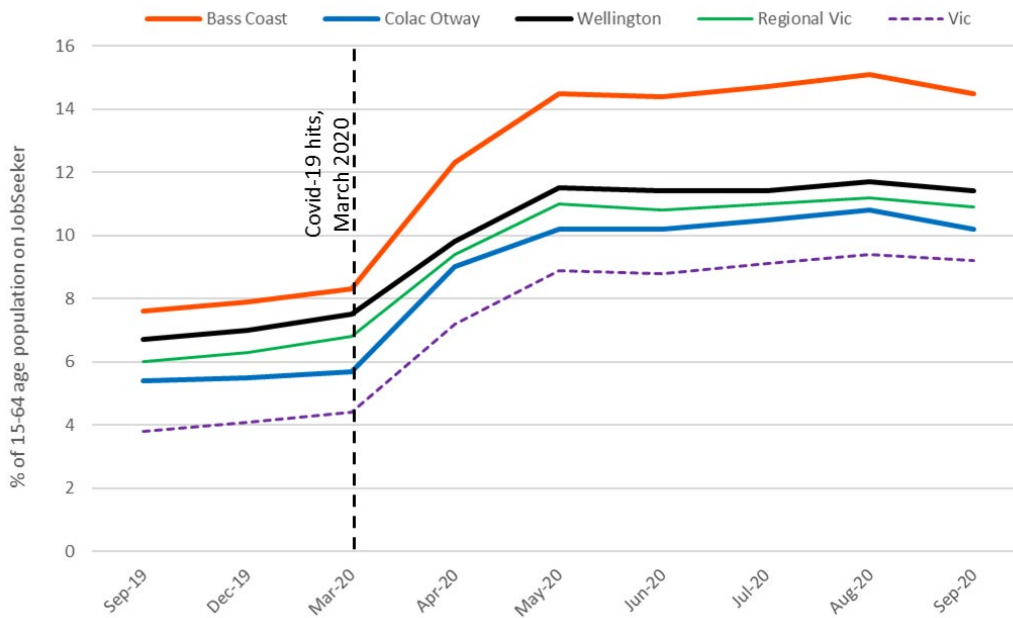


Chart 18 – JobSeeker recipient rates by population aged 15-64 years

3.9 Impact of Covid-19 on financial wellbeing of vulnerable groups

Part 2 of the Bass Coast Counts project was a detailed report assessing the demographic characteristics and financial wellbeing of vulnerable groups in Bass Coast. It provided a baseline of Bass Coast residents' personal and household income levels and delved into understanding how some groups such as residents with a need for assistance due to disability, young people, older people, Indigenous Australians and females fared when it came to their financial wellbeing, compared to Bass Coast's population overall.

When the Covid-19 pandemic hit Australia and the economic effect began to be seen and felt across the country, it was soon discovered that the pandemic would not result in an equal economic impact on all of Australia's residents, some would be more exposed and affected by the negative outcomes than others. People who were already poor, unemployed or underemployed, with high levels of existing debt, suffering homelessness, or facing existing difficulties with access to health and social services, and people with disabilities, were likely to be further marginalised by increased vulnerability ([Friel and Demaio, 2020](#)).

3.9.1 The young and casually employed

Soon after job losses started to increase, it was noted that young people and those who worked in casual employment arrangements were severely affected by the economic impacts of Covid-19. Young residents who are studying or in lower paying jobs or early in their working careers or casual jobs would be disproportionately affected. The "[Centre for Economic Policy Research](#)" analysis shows that a fall in GDP affects younger workers worse: for

those under 35, on average, a 10% drop in nominal GDP corresponds with a 3.8% fall in real weekly earnings, compared to three per cent for those aged 45-55.

In Part 2 of the Bass Coast Counts project, it was discovered that Bass Coast had an increasing proportion of disengaged youth in the area, that is, individuals aged 15-24 years who were not employed or studying. An event such as Covid-19 would push some marginalised younger persons out of the part-time/full-time workforce and into unemployment, with a risk of increasing disengagement in a short period of time.

In Bass Coast, it was also noted that financial wellbeing of young people, from a household income perspective, was decreasing over time, and more young residents aged 18-24 years were living in low income households. An economic shock such as Covid-19 may exacerbate poor financial wellbeing of young adults. More low income households tend to be overindebted with low financial capability ([Children and](#)

[Young People Financial Capability, 2018](#)), therefore a crisis such as this is likely to increase the number of low income and overindebted households.

Casually employed residents tend to have lower income levels than salaried workers and less job security. Therefore, eligibility of many casual workers for the JobKeeper or JobSeeker schemes, especially if they are not Australian residents, is increased. The casual workforce was also, inadvertently, part of the spread of the Covid-19 virus in Greater Melbourne, where not attending work due to having symptoms, means no income and therefore for many casual workers, some already in vulnerable positions, this meant being unable to cover living or housing expenses, which is why some still went to work even after having Covid-19 symptoms.

3.9.2 Older people and retirees

A recent study by “The Association of Superannuation Funds of Australia” previously forecast that 43% of those reaching retirement age in 2023 would be fully self-funded, up from 22% of those who retired in 2000. With the Covid-19 pandemic, the forecasts have been revised to 41%, which, while not catastrophic, is likely to impact some older residents more than others. For Australia as a whole, this means that 5,000 more people will be relying on government support through the pension or part-pension. Covid-19 and the subsequent economic fallout negatively affected superannuation and investment returns.

Older residents in Bass Coast have been working for longer over the years with more residents aged over 65 employed in part-time or full time roles in 2016 compared to previous years. This may be a conscious, lifestyle-based decision as more individuals have the ability and will to continue working later in life, or it may be related to increasing costs and the inability to cover living costs and expenses with superannuation and pension payments.

The Covid-19 pandemic and subsequent economic effects associated with it will particularly impact those older residents who were 12-24 months from retirement and whose retirement funds may have been adversely affected. Rather than retire as planned, some may need to continue to build the “nest egg” for several more years.

3.9.3 Females

According to the “[Covid-19 impacts on financial wellbeing](#)” study in the UK and local studies such as “[The Impact of Covid-19 on Women and Work in Victoria](#)”, more women than men have lost jobs since the

pandemic began, certain policy responses, like early access to superannuation and education reforms, have further compounded the impact on women and in August 2020, Victoria had the largest number of unemployed women in the State's history. In the UK, females were about a third more likely to work in an industry that is strongly affected by the economic impacts of Covid-19 than males.

Between March and July 2020, payroll jobs in Victoria decreased by 6.7%, however that figure was not equal for males and females, because 7.1% of females lost jobs, whereas a lower, 6.2% of males lost jobs. In the period from June to July 2020, job loss for females was a further 2.3% and for males a much lower 0.5%. September 2020 official jobless figures show unemployment at 7.6% among females in Victoria but just 5.9% for males, one of the widest gender gaps in employment outcomes since the depths of the 1990s recession, when men were more likely than women to be out of work. This again related to a higher proportion of females in casual employment arrangements where their job security and therefore, financial wellbeing was adversely affected but also more females than males being employed in affected industries such as Retail Trade" and "Accommodation and Food Services". Furthermore, the ABS reported that 27% of female employees did not have paid leave entitlements, compared to 23% of males.

Females were also adversely affected by early release of superannuation funds. Giving superannuation account holders greater ability to make early withdrawals was an immediate response to the pandemic. An individual's ability to access their superannuation accounts before the preservation age has previously been possible only in very limited circumstances such as serious illness. While there are short term benefits to sustaining household income during the crisis, there will be long term consequences, especially for women in their retirement.

Many women have no superannuation at all. More than 23 per cent of women have no superannuation coverage, compared with 20% for men. This is because casual workers, and those who work for multiple employers, are less likely to meet the 15 hour per week threshold for compulsory superannuation guarantee payments to be made.

3.9.4 Parents with young children and single parents

Compared to non-family households, households with dependent children are at a higher risk of an amplified reduction in financial wellbeing if their financial circumstances have been negatively affected by Covid-19. This increased risk to financial wellbeing predominantly relates to families with children having higher "running costs", such as food, schooling, medication and other supplies, therefore if a family with

children loses income due to unemployment, their ability to cover those costs and have some money left over is affected.

3.9.5 Renting housing tenure

A report from the UK "[The financial resilience of households, 2020](#)", reveals that residents who rent housing are more likely to also be employed in industries which were adversely affected by Covid-19 and be in higher housing stress due to the inability to cover housing costs, if their incomes are reduced. The research finds renters who even prior to the Covid-19 crisis spent more of their incomes on housing costs than homeowners are likely to be hit harder by the income shock. Many renters are employed in industries where their jobs cannot be completed from home and due to government driven closures of certain industries, such as "Accommodation and Food Services", find themselves with a reduced income stream.

3.10 Long run impacts of Covid-19: Macro issues affecting Australia

According to the Reserve Bank of Australia, the pace of recovery beyond the September quarter of 2020 is especially uncertain. In the downside forecast, unemployment is around 8% in 2022. The baseline forecasts also see unemployment remain well above pre-Covid-19 levels.

The extent and timing of Australia's recovery is dependent on world economic growth and the effectiveness of economic policy in supporting business and consumer confidence. The impact and recovery are likely to result in long-run damage to the national economy. At the local level, Bass Coast's forecasted slow recovery will also likely cause a further delay in the full recovery of the local economy, the rate of employment for residents and for their financial wellbeing.

Some effects on the local economy and the financial wellbeing of residents will be:

- **Lower household spending:** financial and property asset reductions and increased debt will limit spending capacity.

- **Increased debt by businesses:** will reduce internal cash flows to support investment or recruitment. This may also reduce investment by businesses on training and reskilling, thus affecting the recovery of the Bass Coast economy, the pace at which residents are reinserted into the workforce.

- **Reduced job generation:** Industries such as retail may face a permanent reduction in growth opportunity. There is a potential for increased acceptance of online shopping and this extending beyond traditional retail. Covid-19 may result in an acceleration of the trend away from retail with this having implication for shopping centres and high streets. In Bass Coast, this could mean that many of the jobs lost for employed residents in the “Retail Trade” industry, never return to same levels and many previously employed residents in this industry require retraining for employment in other roles.

- **Impact on younger workers and women** – The impacts of Covid-19 fall disproportionately on younger workers and women workers. This is likely to result in long term unemployment and disengagement for many vulnerable workers. In Part 2 of the Bass Coast Counts project, the baseline financial wellbeing of 18-24 year olds and females is assessed. It was found that even before Covid-19, these groups were worse off, from a financial wellbeing perspective, than the overall Bass Coast population. Therefore, there is potential for their financial stability and wellbeing to be further affected in the following months or years.

4. Impact of Covid-19 on population growth in Bass Coast Shire

4.1 Introduction

Along with the major social and economic disruption of Covid-19, in Australia the closure of borders (both external and internal) will have impacts on the size and distribution of future population growth. At a local level, population growth and demographic outcomes will be felt differently. Understanding how population growth has changed in the short term and how it may change in the medium to long term requires an assessment of the characteristics of a place, how it interacts with surrounding regions, what its role and

function is, how migration patterns will be affected and how much of an effect will economic burdens of Covid-19 have on population growth.

4.2 Population growth in Australia – what has Covid-19 changed?

Population growth and population change can be affected only by these factors:

- **Natural increase/decrease:** number of births minus number of deaths in an area
- **Migration gain/loss:** migration gain minus migration loss

Within this simple formula are some complexities and relationships. Natural increase in an area is largely driven by the age structure of the population. An area with more young people, especially aged 25-39 years, will have a higher total births number and a lower deaths number, therefore resulting in natural increase. An area with an older population and fewer families, such as Bass Coast, on the other hand, is likely to have deaths outnumber births and experience a natural decrease in population.

For decades, most of Australia's population growth has been driven by net migration gains, at all scales: net overseas migration gain and for many areas, an internal (within Australia) migration gain. Since March 2020, Australia's borders have closed, therefore stopping all net overseas migration. While this means that Australia had no new overseas arrivals, it also means that losses of Australian residents overseas were significantly reduced, therefore almost shutting down all of Australia's overseas migration flows.

.id's previous forecasts for Australia as a whole assumed that by 2031, the population would be 29.79 million. The revised forecasts have the 2031 population at 28.92 million, which is almost 870,000 below the pre-Covid-19 scenario. The primary driver of those forecasts was an assumed longer term net overseas migration rate of 225,000 each year. Since Covid-19, net overseas migration has been dramatically altered for the 2-3 years from 2020. Following a few years of stagnant population change, .id assumes that the long term net overseas migration rate will increase to 200,000 per annum, based on the assumption that Australia will resume its role as an attractive destination for overseas migrants.

Differences in total population are just one measure of how Covid-19 will impact Australia's population in the future. The loss of overseas migrants is the factor that impacts Australia's population future in the most significant way.

Given the age structure of overseas migrants is dominated by the 'fertile' age groups, the loss of overseas migrants to Australia will not impact on the fertility rate but will result in fewer births, which will

significantly impact on the forecast age structure. This will most significantly impact children, teenagers and young adults, with negligible impact on the older age groups 50 years and over. Chart 19 illustrates the forecasted differences in Australia’s age structure pre-Covid-19 and post-Covid-19. A larger proportion of Australians will be aged over 60 years and a lower proportion aged 20-39 years of age compared to pre-Covid-19 population forecasts.

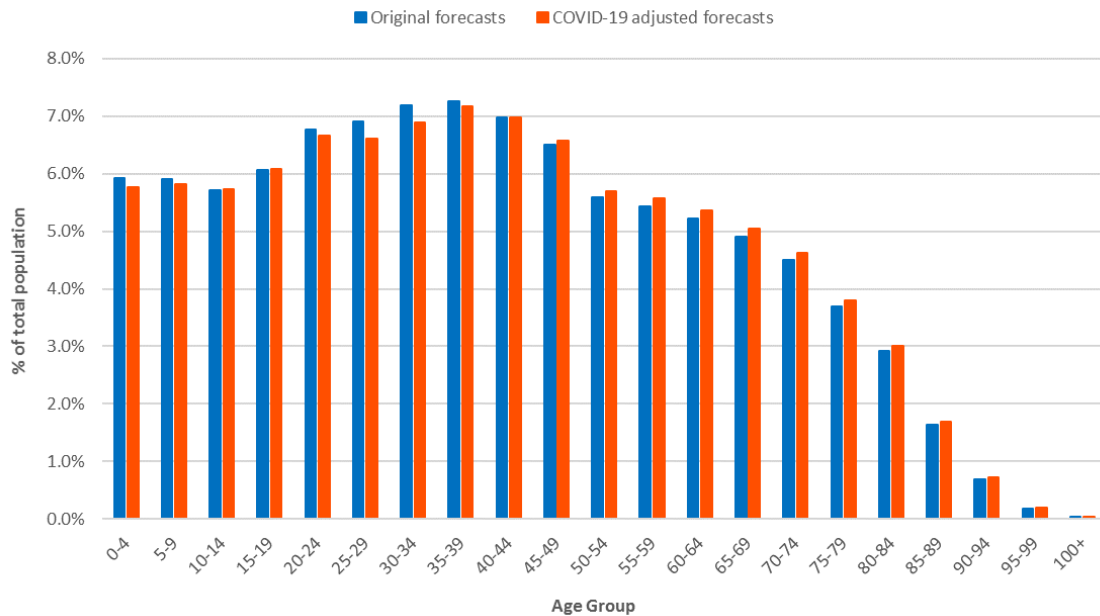


Chart 19 – Australia’s forecasted 2031 population, pre-Covid-19 and post-Covid-19 scenarios

4.3 Typology of Bass Coast Shire

Bass Coast is considered a peri-urban area. Peri-urban areas can be generally classified as areas beyond the metropolitan fringe, between the city and country. They are usually smaller communities, which have economic and social relationships with the larger cities they border. It is because of the importance of this relationship, that population growth in peri-urban areas is heavily influenced by the growth in the larger city.

Lifestyle, ambience, natural environment, as well as relatively affordable housing, are all factors which attract new residents from larger cities to peri-urban areas. These new residents are creating increasing diversity within the community including more ‘parents and homebuilders’ (many choosing to work outside the area in a larger city), as well as ‘sea and tree changers’, and empty-nesters and retirees.

Other characteristics common to peri-urban areas include a mix of urban and rural land uses including farming, fishing, forestry, mining and tourism and with a number of spaces (sometimes contested) which are in transition.

4.4 Potential impacts on peri-urban areas

Given that net overseas migration is the most affected part of Australia's population, Bass Coast may not be very adversely affected. Only around 14% of the net migration to Bass Coast Shire between 2011 and 2016 was composed of overseas migrants, compared to 96% in Greater Melbourne. This means that population flows will not be as dramatically reduced in the short term. Interstate migration will be mildly affected in the short-term, due to border closures and economic uncertainty but migration from within Victoria (which made up 95% of Bass Coast's net migration gain in 2011-2016) should remain stable although some government restrictions on movement in the March-September 2020 period have likely decreased population growth in Bass Coast but also reduced the rate of residents migrating out of Bass Coast.

Some of the economic and employment effects described in earlier sections of this report will affect Bass Coast's population growth in the future. If financial wellbeing of residents who would have migrated to Bass Coast is negatively affected, then that migration may not occur. In particular, residents aged 55-64 years of age, who make up a significant proportion of Bass Coast's population growth via net migration gain, may be affected by income loss, loss of superannuation funds or an inability to sell a home in Greater Melbourne, for example, and migrate out to Bass Coast as part of a sea change/tree change migration pattern). For younger migrants to Bass Coast, typically those aged 25-39 years of age, a loss of local jobs and employment opportunity in Bass Coast may result in a lower number of migrants. The other direction of migration, those leaving Bass Coast, may increase. If the number of local jobs decreases and some residents need to migrate elsewhere for employment opportunity, this could affect Bass Coast's population adversely.

A decrease in migration levels, coupled with negative local economic conditions will result in a decline of the residential development and construction of new dwellings, at least in the short term. As demand is forecasted to decrease in the next 18-24 months, the need for new dwellings may follow suit. This is one of the negative effects on the local construction industry.

However, there is another driver of potential population change in areas such as Bass Coast that is unique to Covid-19, at this point in history, which may reduce some of the expected impact on population loss and a decline in residential construction jobs. Both qualitative and quantitative data in the six months after March 2020 suggest that there is a growing interest in peri-urban areas. Changing attitudes and travel patterns for employment may result in a higher proportion of Australians working from home, fully or

partly and therefore make areas such as Bass Coast, in particular those parts closer to Greater Melbourne, more attractive to a wider cohort of younger people who are employed in “knowledge sector” or other flexible industries that allow working from home. Local amenity and housing affordability would be the largest attractors to an area such as Bass Coast, if people can retain their employment and work remotely. Although there are indications that [buyer interest in Regional Victoria has increased](#), it may be another year or so before a real trend can be clearly identified.

4.5 Covid-19 impacts on migration to Bass Coast Shire

- **Overseas migration** - Low short-term impact from the net overseas migration shock as a very low share of overseas migrants move directly to Bass Coast Shire. Low longer-term impact from the net overseas migration shock as a relatively low share of Bass Coast residents are born overseas compared to metropolitan cities. Typically, overseas migration as a contribution towards total migration is lower in peri-urban areas compared to metropolitan cities.
- **International student residents** - While the impact on the number of new international students will be severe nationally, COVID-19 will have a negligible impact in peri-urban areas which do not contain universities or attract international students.
- **Interstate migration** - will be affected considerably in the short-term, due to border closures and economic uncertainty. Areas which typically experience net out-migration to other States will retain more residents, while cities which typically experience net in-migration will not gain as many new residents.
- **Intrastate migration (i.e. within Victoria)** – Bass Coast attracts new residents from other areas within the State, particularly from metropolitan capital cities. Levels of net in-migration could increase under COVID-19, particularly for peri-urban areas in closer proximity, with strong transport linkages and relatively short commuting times to metropolitan capital cities.

4.6 Covid-19 impacts on natural increase in Bass Coast Shire

- **Births** - are likely to be fewer in the short-term as fertility typically declines in times of economic uncertainty. Peri-urban areas with high levels of fertility and forecast births, will be impacted more severely than other areas. Bass Coast is not necessarily one of these areas although future migration assumptions consider that there will be a net gain of 25-29 year olds, who are the family-

growing cohort.

Deaths - caused by Covid-19 are currently at very low levels. Generally, peri-urban areas have relatively higher shares of residents aged over 70 years and therefore a higher mortality exposure compared to other areas although this seems unlikely in Australia at time of writing. The number and rate of deaths in Bass Coast Shire is likely to remain as forecasted, however the other part of the natural increase equation, births, may decrease therefore resulting in a natural decrease which, along with a lower rate of net migration gain, would affect population growth in the area.

4.7 Projected population in Bass Coast Shire

NIEIR produced short term population forecasts for Bass Coast Shire and these are illustrated in chart 20. Compared to pre-Covid-19 forecasts, Bass Coast’s population is expected to decrease slightly in the short term and remain relatively flat for the next 18-24 months, a likely result of low migration, coupled with the negative effects of Covid-19 on the local economy. The difference between the June 2022 pre-Covid-19 forecasted population and post-Covid-19 population is 2,200, meaning that the impacts of Covid-19 impacted Bass Coast’s population growth in the short term by 5.7%.

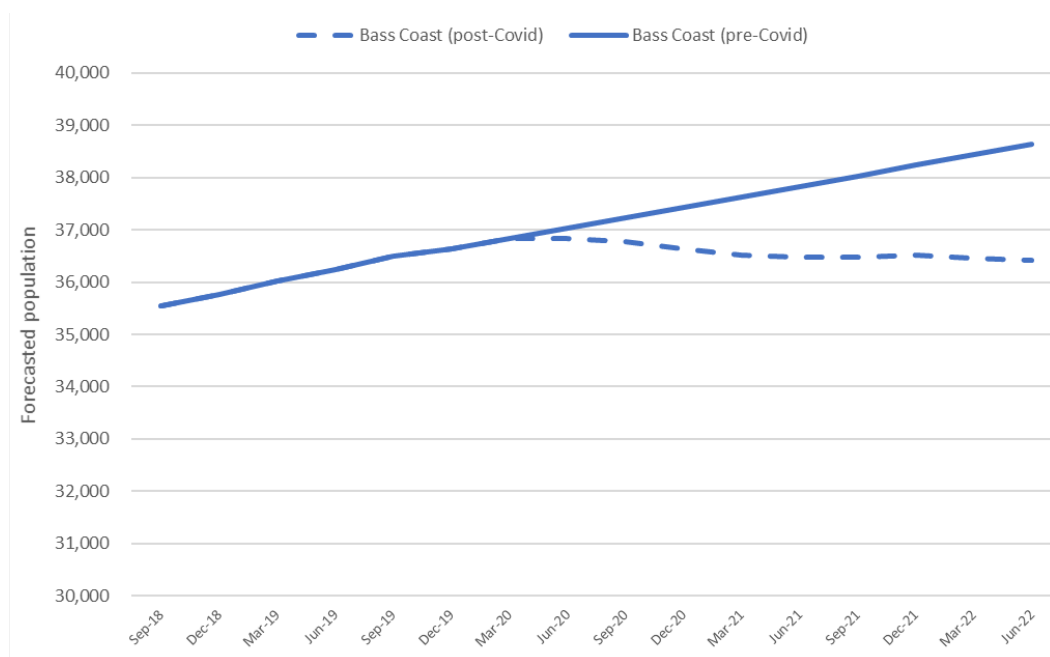


Chart 20 – Short term population forecasts for Bass Coast, pre/post-Covid-19

Other areas such as Colac-Otway Shire and Wellington Shire are not as adversely affected as Bass Coast Shire and this is related to the different economic effects that the areas will experience.

- ▾ Wellington Shire's post-Covid-19 population forecasts to June 2022 only differ by 247 residents to the pre-Covid-19 forecasts, a difference of 1.1%
- ▾ Colac-Otway Shire's post-Covid-19 population forecasts to June 2022 only differ by 340 residents to the pre-Covid-19 forecasts, a difference of 0.75%.

4.8 Conclusion

Bass Coast's population growth will be affected by Covid-19 and the effects of the pandemic not only on economic factors but on migration levels - international and internal. Population growth in Bass Coast has been steady over the past 10-15 years and the net migration by age statistics indicate that net gain has come (predominantly) in the form of residents aged 50-64 years and some younger residents aged 25-39 years. Bass Coast, as is the case with many regional areas, has a constant net migration loss of young adults aged 18-24 years who leave the area in search of education and employment opportunities elsewhere. In the short term, Bass Coast's population will be affected by limited movement and border closures, internationally and within Australia. Migration within Victoria will also be affected in the first few quarters post-March 2020 after which forecasts such as NIEIR's assume a steady, net neutral population flow.

Attractors of new residents to Bass Coast, post-Covid-19 may be affordable housing, especially if for some people, working arrangements and the ability to retain employment elsewhere while working from home, becomes realistic. If this happens, Bass Coast could expect an increase in younger residents. However, if many of them retain employment elsewhere (for example Greater Melbourne), this will not affect local employment to a great extent but may increase spending habits of new residents in the local economy, thus helping with the recovery of the local economy and local businesses in need of customers. A potential negative outcome of a new flow of "work from home" migrants to Bass Coast could be further increases in house prices and a gentrification-like phenomenon where younger residents with inner-city jobs and salaries inflate prices and housing costs in Bass Coast, thus amplifying negative effects of financial wellbeing on the existing population.

Factors which could negatively impact Bass Coast's population in the future are the effects of the forecasted decline in the local economy and the loss of jobs for employed residents. If the theoretical phenomenon of more residents migrating to the regions and working remotely does not materialise, Bass

Coast could experience an accelerated population loss with more jobless residents leaving the Shire in search for better employment opportunities elsewhere. This can have an amplifying effect on the local economy whereby more jobs are lost, and the financial wellbeing of remaining residents further declines.

5. Summary and impacts on financial wellbeing

Bass Coast Shire, as with most places, has been negatively affected by the economic impacts of Covid-19. Furthermore, Bass Coast's path to recovery is forecasted to be slower than for some other areas. The immediate effect on the local economy in the few months since March 2020 resulted in most local industries experiencing job loss and employed residents losing jobs in positions within Bass Coast or elsewhere. Some industries (and therefore residents employed in those) are expected to make a quicker and more complete recovery, whereas others will either take longer to recover or may not recover at all. It is those industries that require most focus and investment in terms of assisting local residents and if possible, offering a pathway back into the workforce in other industries within Bass Coast Shire.

The financial wellbeing of Bass Coast residents will be heavily impacted by the short term and long term effects of Covid-19. Much short term employment loss has been prevented by the introduction and uptake of the JobKeeper scheme, which helped businesses retain employees "on the books". While positive in the short term, the scheme is expected to end in March 2021 and with that, more job losses are expected. This means that in terms of financial wellbeing, all three dimensions, as identified on page 6, will be negatively impacted for negatively affected residents.

Two main metrics of economic impacts of Covid-19 in Bass Coast relate directly to financial wellbeing:

- Local jobs
- Employed residents

The number of local jobs indicated how robust and healthy the local economy is. Local jobs can be occupied by both residents of Bass Coast Shire and people from outside of the LGA. The loss of local jobs in Bass Coast will have a significant impact on the local economy. Between March 2020 and September 2020, almost 600 local jobs were lost. This figure could have been twice as high without the presence of JobKeeper. In the year from September 2020, local jobs will experience a slight increase before another major drop in March 2021, a result of the JobKeeper scheme ending. Between March-2020 and June-2022, 10% of all local jobs will be lost.

Employed residents is a figure directly related to Bass Coast residents. It includes people who live and work here as well as those who live here but work outside of the LGA. Since this report and the Bass Coast Counts project focuses on the financial wellbeing of Bass Coast residents, this statistic is very relevant. The decrease of employed residents in Bass Coast is significant in the short term, with a 10% loss in the March-September 2020 period, followed by a relatively stable but plateauing level thereafter. The concern, from a financial wellbeing perspective is that the number of employed residents is not forecasted to recover by mid-2022, therefore leaving many Bass Coast residents in a position of financial strife and very low financial wellbeing.

As with many negative and positive economic effects, different parts and groups within an area will be impacted differently. Unfortunately, the economic impacts of Covid-19 tend to disproportionately impact some already vulnerable groups such as young people, females and those who rent. It is because of their existing financial wellbeing, employment arrangements and industries of employment that groups such as young residents and females are affected more. Working in casual jobs in industries such as retail trade or accommodation and food services is more common for females and young people, therefore loss of employment will negatively affect these groups even further.

It is therefore important that any focus or investment on helping local residents includes awareness of vulnerable groups which may be disproportionately affected, whether those be residents who were employed in hard hit industries or those whose demographic and socioeconomic characteristics place them at a higher risk of financial wellbeing loss.

6. Disclaimer

This report has been prepared for the Bass Coast Community Foundation (BCCF). .id has taken all due care in the preparation of this report. Content in this Report is based on Data from the Australian Bureau of Statistics (ABS) and the National Institute of Economic and Industry Research (NIEIR) and the Data remains the property of the NIEIR. While NIEIR endeavours to provide reliable forecasts and believes the material is accurate it will not be liable for any claim by any party acting on such information. .id accepts no liability with respect to the correctness, accuracy, currency, completeness, relevance or otherwise of this Data. Please view our Privacy Policy, Terms of use and Legal notices.