

Briefing Paper:

**2020 Year-End Labour Market Review:
Insecure Work and the Covid-19 Pandemic**

**by Dan Nahum & Jim Stanford
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Summary

Australia's labour market experienced unprecedented volatility during 2020 due to the Covid-19 pandemic and resulting recession. In the first part of the year, employment declined faster and more deeply than in any previous economic downturn, as workplaces were closed to control the spread of infection. Then, after May, employment rebounded strongly. The subsequent recovery has replaced over 80% of the jobs lost in the initial downturn. While considerable ground remains to be covered to complete the employment recovery, the turn-around in the quantity of work has been encouraging.

However, the pandemic also highlighted stark fissures in Australia's labour market. The employment and income impacts of the pandemic were starkly unequal, across different groups of workers. This report highlights several ways in which the pandemic has increased inequality in Australia, and reinforced the dominance of insecure work in the overall labour market:

- Workers in insecure jobs lost work far more severely than those in standard, permanent positions. Casual workers lost employment 8 times faster than those in permanent jobs. Part-time workers lost work 3 times faster than full-time. Insecure self-employed workers lost work 4 times faster than those in more stable small businesses.
- The rebound of employment since May has been dominated by insecure jobs. Casual jobs account for 60% of all waged jobs created since May. Part-time work accounts for almost three-quarters of all new jobs. And very insecure positions (including own-account contractors and 'gigs') account for all of the rebound in self-employment.

- Casual employment grew by over 400,000 positions between May and November – an average of 2200 new casual jobs per day. That is by far the biggest expansion of casual employment in Australia’s history. Claims that new hiring is being held back by legal ‘uncertainty’ related to recent casual work court decisions are not credible.
- Young people suffered much worse job losses in the initial months of the pandemic. And while workers over 35 have fully recovered pre-pandemic employment levels, younger workers are still experiencing major job losses.
- Women also suffered disproportionate job losses when the pandemic hit, and that gender gap has not been closed during the rebound. Women’s employment, unemployment, underemployment, and participation all remain significantly weaker than for men.
- Workers in office-based occupations (including professionals, most managers, and clerical staff) were able to shift their work to home as the pandemic hit, and thus suffered much smaller job losses. Their employment has since regained or surpassed pre-pandemic levels. In other occupations, however, employment remains far lower than before the pandemic: including community and personal services, sales workers, and labourers. These uneven occupational effects have exacerbated inequality: those who lost work, on average, earned less and experienced greater job insecurity before the pandemic.
- Some industries are still experiencing lower employment than before the pandemic hit (including hospitality, information and communications, and arts and recreation). Job losses in manufacturing continue to worsen, despite the recovery in the rest of the economy after May – belying the government’s pledge to strengthen domestic manufacturing after the pandemic.

In addition to supporting the recovery in overall economic conditions (including through continued income supports), government must also work to improve the quality and stability of new jobs – to offset the terribly unequal impacts of the pandemic. Instead, however, the Commonwealth government is proposing major legal changes that will reinforce the growing dominance of insecure work in the labour market. The government’s industrial relations omnibus bill, introduced in December, would liberalise casual work (allowing its use in any position deemed casual by the employer), and allow permanent part-time workers to be treated like casual workers (with costless adjustments in hours and schedules). These measures will accelerate the surge of insecure work – and ensure that the next economic shock will have even more unequal effects than this one did.

Introduction

Recessions never hit every part of the economy, or every part of society, the same way. And the economic crisis borne of the Covid-19 pandemic is an extreme case. The unprecedented health and economic crisis experienced during 2020 had very unequal impacts on different parts of Australian society, for various reasons. Unlike previous recessions (which typically began in goods-producing industries like resources, manufacturing, or construction), this recession started in the service sector. Customer-facing workers in industries like hospitality, retail, arts and recreation, and personal services felt the immediate effects of health restrictions on economic activity. Those workers disproportionately include women, young workers, and workers in insecure jobs. At the same time, many Australians were able to shift their work to home as the pandemic took hold: but working from home is largely limited to professionals, managers, and others who perform most of their work on computers.¹ Those workers earn, on average, higher incomes – yet ironically, they were most likely to maintain their jobs and incomes through the pandemic.²

For these reasons, the pandemic has had strongly disequalising effects on employment and income – in a labour market that was already very unequal before Covid-19 hit. Making matters worse, the Commonwealth government’s employment policy responses in many ways exacerbated this inequality. Many workers in insecure jobs were arbitrarily excluded from important income support measures: like JobKeeper, which excluded 1.1 million short-tenure casual workers, and JobSeeker, which excluded foreign migrant workers.

Now, as the national economy and labour market climb back from the pandemic, government policy will further entrench the growing precarity of employment relationships in Australia. Proposed legislative changes introduced in December would liberalise the use of casual employment by businesses, and allow employers still greater flexibility in adjusting working hours for part-time workers. The result will be a step increase in the broad incidence of insecure work, setting the stage for further dislocation of labour in the future.

Both on the way down, and on the way back up, therefore, this pandemic has highlighted the vulnerability faced by workers in non-standard jobs, and accelerated the trend toward insecure work.

The economic hardship caused by the pandemic was all the worse because of the weak initial state of Australia’s labour market. Even before the pandemic (and prior to that

¹ The uneven distributional effects of work from home are explored by Alison Pennington and Jim Stanford, *Working from Home: Opportunities and Risks* (Canberra: Centre for Future Work, 2020).

² Indeed, as described below, professionals and clerical workers are the only occupational categories to enjoy increased employment since the pandemic hit.

the unprecedented 2019-20 bushfires), Australia's macroeconomic and employment trajectory was shaky. Economic commentators warned that labour market conditions were too soft, and urged government to do more to support economic growth (with expansionary, jobs-oriented fiscal policy). Then, in response to Covid-19, it was necessary to shut down large sections of the economy entirely to stop infection and protect public health. This caused an unprecedented drop-off in production, employment, and income – which subsequently flowed into depressed consumer spending and business investment.

The worst point of the downturn was reached in May; since then, there has been a considerable and welcome recovery in overall employment conditions. This partial recovery was permitted thanks to strong public health measures which limited and in some regions eliminated the virus, combined with massive and ongoing fiscal injections by government (including the JobKeeper and JobSeeker programs). These fiscal injections supported incomes and purchasing power, prevented bankruptcies of businesses and households, and stimulated renewed spending. Nevertheless, despite the partial macroeconomic recovery since May, workers in insecure jobs – disproportionately including women, young workers, and low-wage workers – experienced both the worst of the crisis, and the least complete recovery. The incidence of insecure work is now surging again, and this sets the stage for future volatility in employment and income for workers in non-standard jobs.

For all these reasons, the Covid-19 recession has clearly exacerbated the already-severe inequality that has been a defining feature of Australia's labour market in recent years. Most of the employment and income disruption resulting from the pandemic was borne by those who could least afford it. It should now be a priority of government policy, moving into 2021, to focus continued support and stimulus measures to help the same workers who experienced the worst effects of the crisis in 2020. And instead of accelerating the trend toward insecure jobs with its new labour laws, government should work to stabilise employment relationships and provide more Australians with the benefits of stable, decent work.

This briefing paper provides a summary overview of the remarkable events in Australia's labour market in 2020. Our focus is on the recession's disequalising effects on workers who already experienced greater job insecurity, and lower and more variable earnings, before the virus ever reached Australia's shores. The paper begins by reviewing the decline and partial rebound in aggregate labour market indicators during 2020: including employment, unemployment, and underemployment. It then decomposes both the decline and the recovery according to various indicators of job insecurity: confirming that workers in insecure jobs and lower-wage occupations bore the greatest brunt of the downturn, yet now face continued and even expanding insecurity as the recovery continues. The analysis confirms that the health and economic crisis imposed the greatest harm on those Australians who could least afford

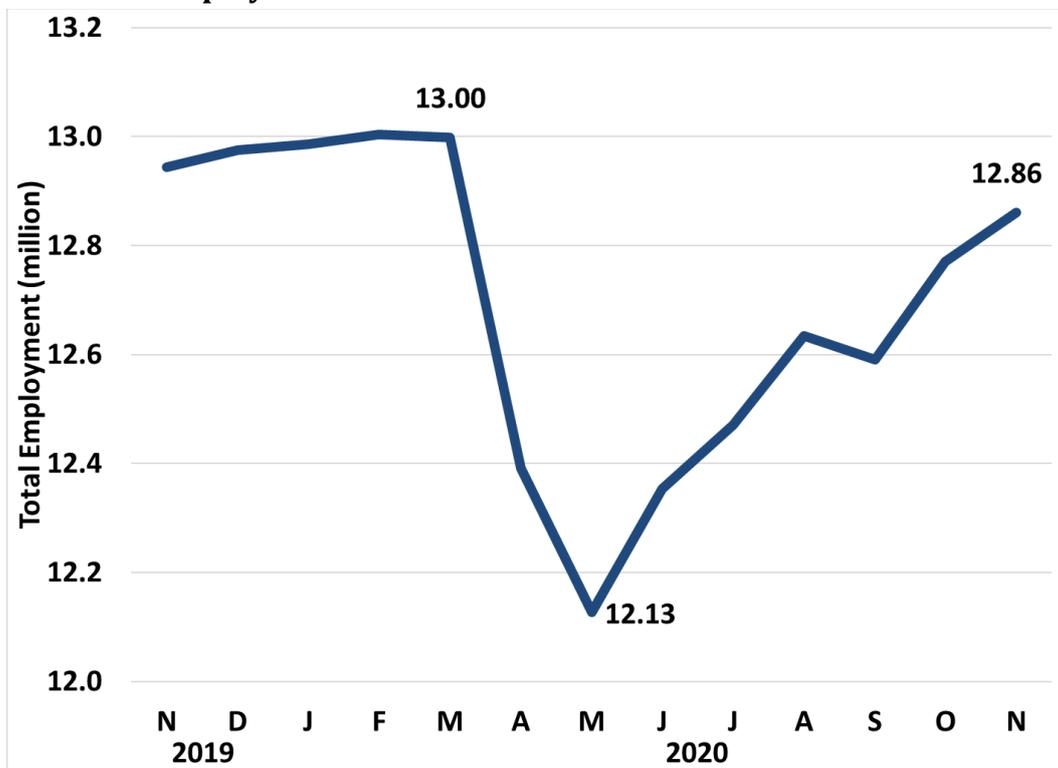
it. Perversely, government policy now aims to reinforce the predominance of insecure work in Australia’s labour market – setting the stage for more inequality and insecurity in the years to come.

I. Aggregate Employment Trends

This section of the report reviews the broad trends in aggregate employment performance during 2020. The analysis considers ABS Labour Force data up to November – the most recent available at time of publication.

At the broadest level, Australia experienced an historic hit to employment as Covid-19 struck and governments around the country took drastic but necessary public health measures to contain the virus. As illustrated in Figure 1, from February to May – just three months – Australia lost 880,000 jobs, or seven per cent of pre-Covid employment. Millions of others nominally retained their employment (thanks in part to JobKeeper wage subsidies, which facilitated continued retention by businesses which were closed or operating at reduced activity), but with few or even zero hours of work.

Figure 1. Total Employment



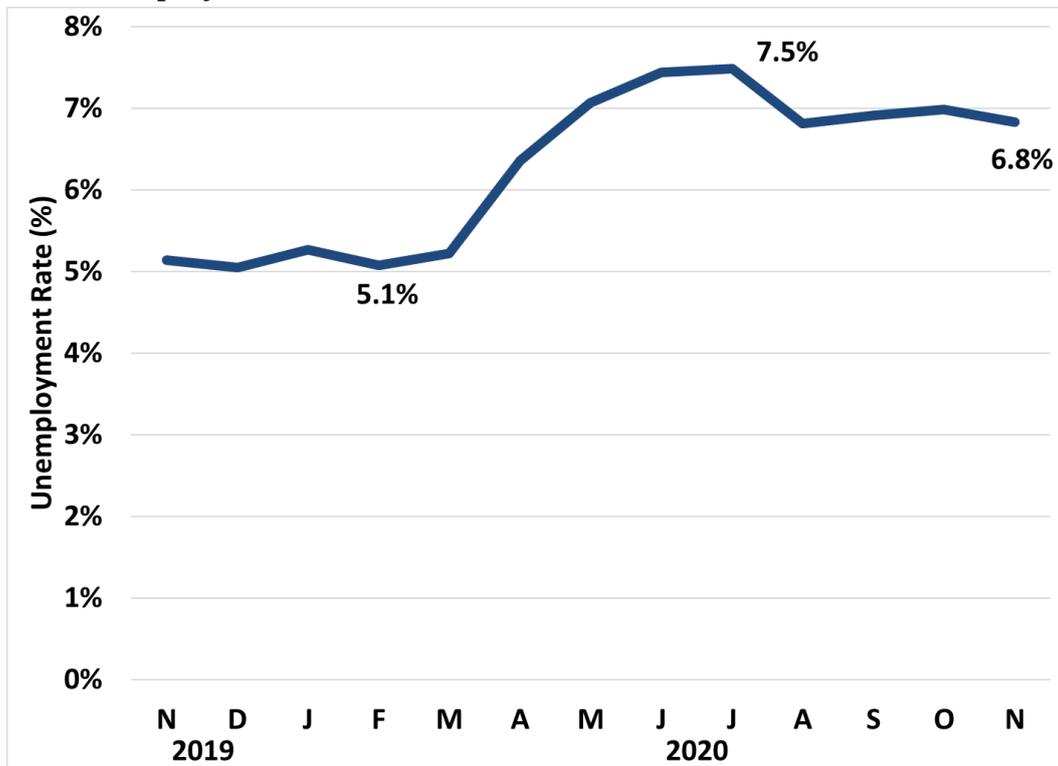
Source: ABS Labour Force data, Table 1, seasonally adjusted.

As the economy has gradually re-opened and health restrictions relaxed, there has been a corresponding recovery in employment. By November, the economy had recreated some 84% of the jobs that were lost in the first 3 months of the pandemic. Employment

remained 143,000 positions lower than February.³ Keep in mind that Australia’s working age population continued to grow during the 9 months since February (by about 100,000 people). To reach the same employment-to-population ratio as existed in February, therefore, the number of needed jobs is higher: around 200,000 positions. Despite the encouraging rebound in employment since May, therefore, there is considerable ground still to cover before labour market conditions are restored. Nevertheless, the Commonwealth government is already withdrawing the wage subsidies and income supports that were crucial in sparking the rebound in employment after May. That poses unnecessary risks to the future course of the recovery.

As a result of the sharp decline in employment when the pandemic hit, the official unemployment rate surged: reaching a peak of 7.5% in July (see Figure 2). The unemployment rate continued to grow in June and July, even though the recovery in employment was already then underway. This is because of a rebound in labour force participation as the economy gradually re-opened (discussed further below). More Australians reported to the ABS that they were seeking work, and this increased the unemployment rate even as the number of employed people grew rapidly.

Figure 2. Unemployment Rate



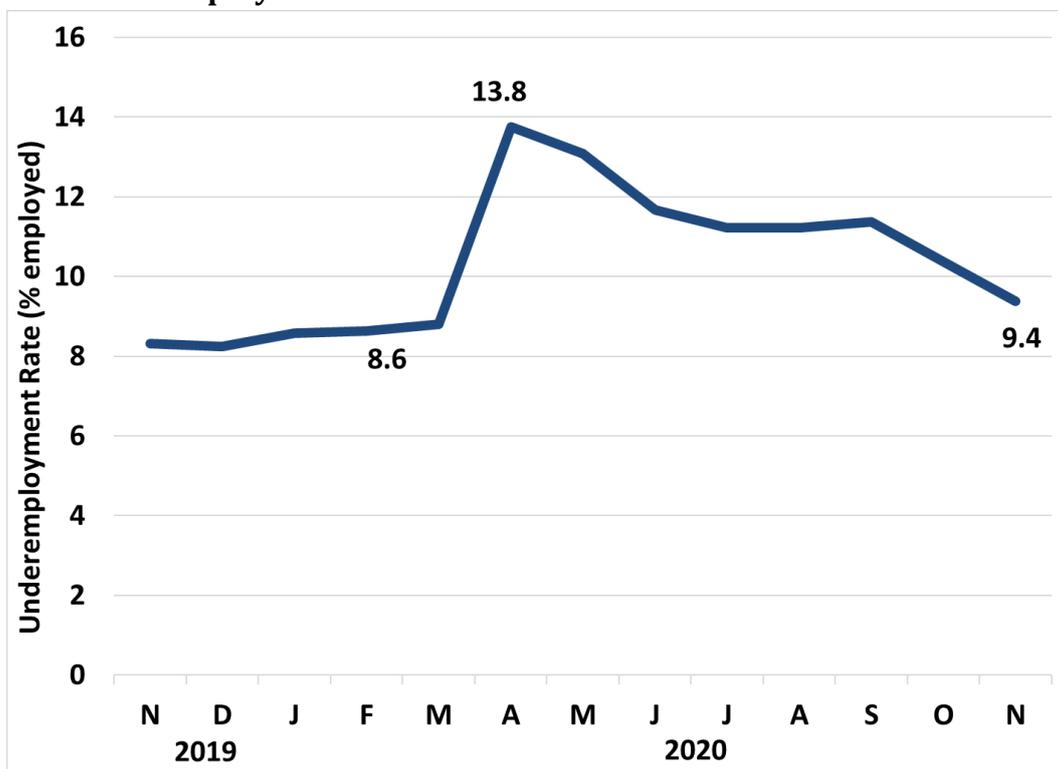
Source: ABS Labour Force data, Table 1, seasonally adjusted.

³ On a seasonally adjusted basis.

The official unemployment rate understates the true extent of unutilised labour in Australia. It excludes workers who remained on their employer’s payroll (in many cases thanks to JobKeeper) but who were not working. It also excludes non-employed individuals who did not actively seek work: because they did not believe jobs were available, or because of health advice to stay at home. Counting these pools of hidden unemployment, a better measure of surplus labour in the worst months of the downturn was 20% or even higher.⁴

Since July, the unemployment rate has edged downward, falling to 6.8% by November – still significantly higher than the 5.1% rate that prevailed in February. And this official rate still understates the true extent of unutilised labour in the economy, for the same reasons: those employed but not working, those who would like to work but are not seeking it, and those who are working fewer hours than they would prefer. This latter problem is addressed in ABS data on underemployment, measuring the number of workers who are employed but unable to find as much work as they would like.

Figure 3. Underemployment Rate



Source: ABS (2020) Labour Force Australia, November 2020, Table 22.

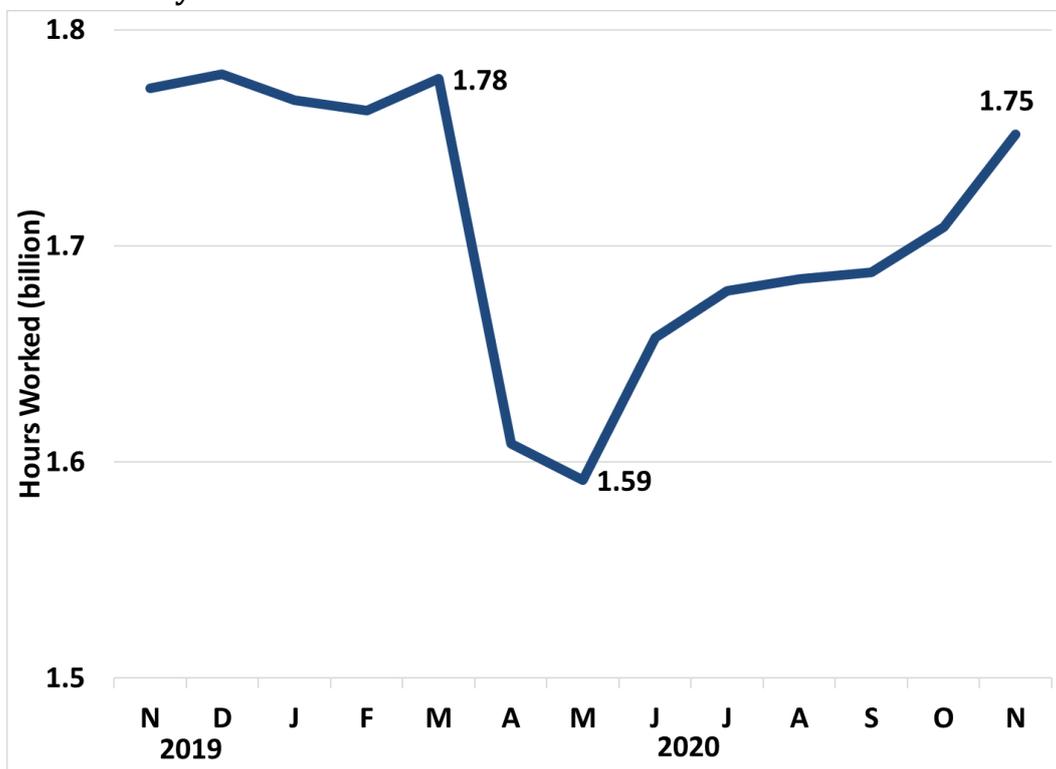
The trend in underemployment through 2020 is illustrated in Figure 3. Underemployment peaked in April at 13.8% of all employed workers: an increase of over 5 percentage points in 2 months. This reflected the large number of Australians who were still technically ‘employed’ at that time, but working few if any hours. The peak in

⁴ See Gareth Hutchens, “Coronavirus has hit Australia’s job market harder than unemployment figures suggest,” *ABC News Online*, 14 May 2020.

underemployment occurred earlier than the peak in the unemployment rate (which was not reached until July): some workers fell off their employers' payrolls altogether during the subsequent months (thus transitioning from underemployment to outright unemployment), and others had their normal hours restored as more businesses were able to open up. Nevertheless, underemployment remains elevated relative to pre-crisis levels (9.4% in November compared with 8.6% in February). And underemployment was already at historically high levels even before the pandemic began.⁵

The reduction in average working hours during the first months of the pandemic meant that the decline in total hours worked in the economy (which fell almost 10% between February and May) was steeper than the decline in total employment (down about 7%). As shown in Figure 4, total hours worked began to recover in May, along with employment levels. By November, monthly hours had recovered 94% of the ground lost in the February-May period. Average hours worked per employed person in November had fully recovered (and in fact slightly exceeded) their February level.

Figure 4. Monthly Hours Worked

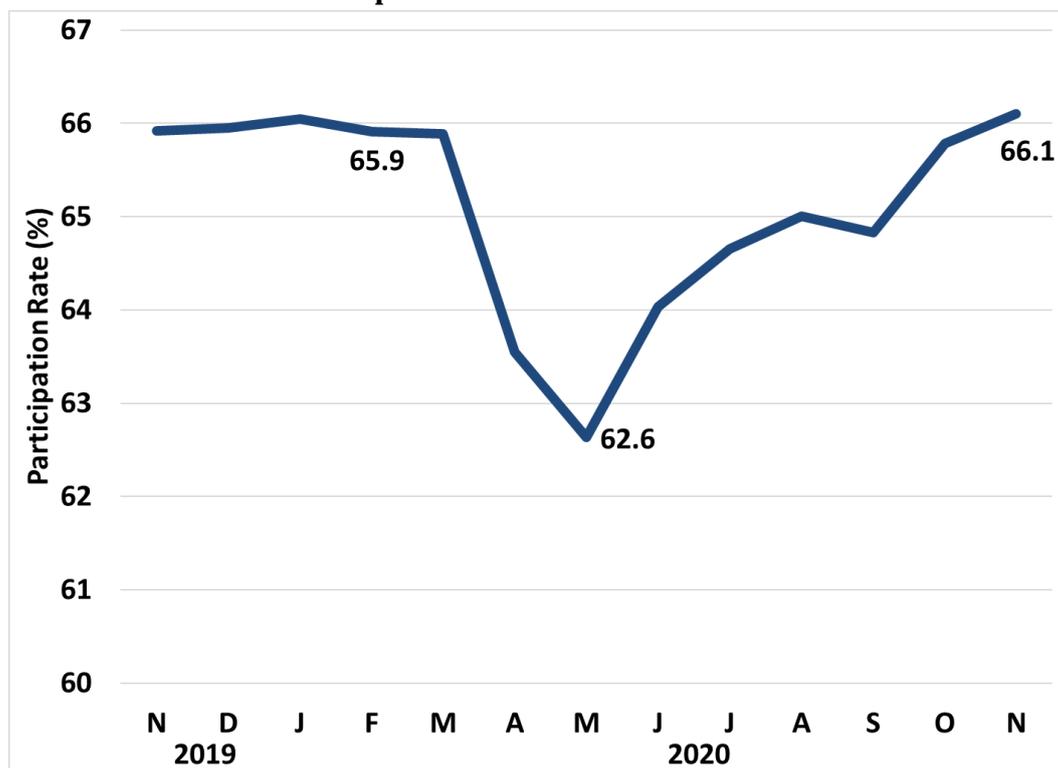


Source: ABS Labour Force data, Table 19

⁵ Other data sources suggest that the official ABS measure of underemployment understates the true extent of Australians who are employed but would like more hours of work. For example, survey results from the Centre for Future Work indicate that in July 2020 36% of employed workers (including 53% of casual workers and 44% of part-time workers) would prefer more hours of work – more than 3 times as high as the ABS's official underemployment rate for that month. See Dan Nahum, *Work and Life in a Pandemic: An Update on Hours of Work and Unpaid Overtime Under Covid-19* (Canberra: Centre for Future Work, 2020), pp. 10-11.

One final indicator of the dramatic events in Australia’s labour market during 2020 is provided by the trend in labour force participation (see Figure 5). Participation plunged by over 3 percentage points between February and May, reflecting the large increase in the number of Australians who were neither working nor seeking work during the worst months of the shutdowns. That fall in participation effectively removed 700,000 Australians from the ‘official’ labour market – and reduced the official unemployment rate correspondingly. Since May, the participation rate has recovered strongly, and by November had in fact exceeded its pre-pandemic starting point (though it is still slightly lower than participation rates in earlier years, when the labour market was stronger). The rebound in participation is a very positive sign that the pandemic and subsequent rebound did not lead to a widespread and permanent severing of Australians’ ties to the labour market.

Figure 5. Labour Force Participation



Source: ABS Labour Force data, Table 1, seasonally adjusted.

In sum, there is no doubt that 2020 was an extraordinary year for Australia’s labour market. Australia has never before experienced such a rapid and dramatic decline in employment, hours of work, and labour force participation – nor such a rapid rebound (once the worst of the pandemic was over) in these same variables. In terms of overall employment (measured by both jobs and hours), the labour market has quickly regained most, but not all, of the losses incurred between February and May. However, the remaining shortfalls in work are not spread evenly across the labour market. To the contrary, the remaining pain is concentrated among workers who already experienced great job insecurity, and low and variable incomes, before the pandemic hit. We now

turn to consider the disproportionate impact of the pandemic on workers in insecure jobs.

II. Insecure Work in the Pandemic

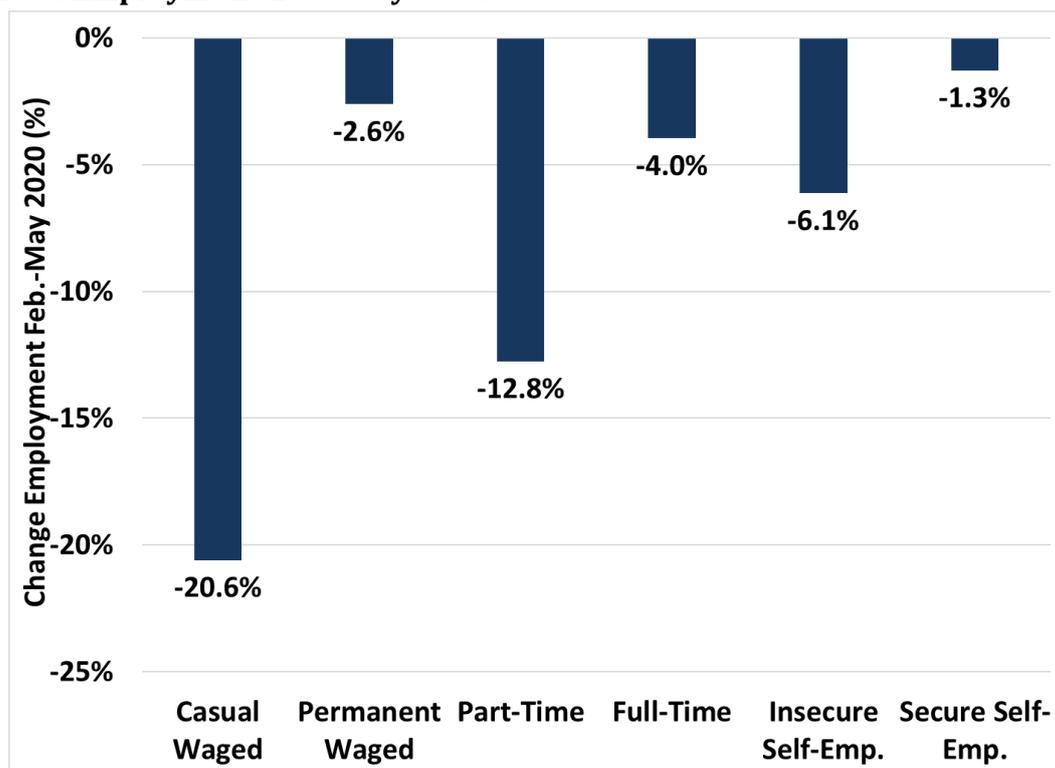
Even before the recession, only about half of employed Australians worked in a 'standard' job: full-time permanent waged positions with normal entitlements (like sick leave, annual leave, severance benefits, and superannuation).⁶ Half of employed Australians worked in positions characterised by one or more dimensions of insecurity: including casual and temporary jobs, part-time work, independent contractors, other forms of self-employment, and more recently 'gigs'. The steady growth of insecure work in all these forms reflects efforts by employers to shift the costs and risks associated with fluctuations in their business onto the backs of their workers. Being able to access labour as a just-in-time, fully flexible input, with few if any obligations to provide ongoing employment, secure incomes, or normal entitlements, has encouraged employers to expand the full range of these insecure employment practices.

When the Covid-19 pandemic hit, it was workers in insecure jobs who bore the immediate brunt of the resulting downturn in employment. This should not be surprising: after all, the core rationale for insecure employment systems is precisely to allow employers to recruit and shed labour quickly and costlessly in line with fluctuations in business conditions. And that is exactly how they responded to the sudden and severe downturn in economic activity required by public health orders as the pandemic unfolded. In this regard, insecure work systems fulfilled their 'purpose'. For workers in those insecure positions, this resulted in highly disproportionate losses of work and income. Making matters worse, many of those same workers were then excluded from government emergency income programs (like JobKeeper and JobSeeker).

Figure 6 illustrates the decline in employment during the first, painful months of the pandemic (February through May) for workers with different employment statuses. Employment in casual waged jobs fell by over 20% in those three months, compared to a decline in employment of just 2.6% in permanent positions. Casual workers were thus 8 times more likely to lose their jobs than workers in permanent positions as the pandemic took hold.

⁶ See discussion in Tanya Carney and Jim Stanford, *The Dimensions of Insecure Work: A Factbook* (Canberra: Centre for Future Work, 2018).

Figure 6. Employment Losses by Status



Source: Authors' calculations from ABS Labour Force, Table 1, and Labour Force, Detailed, Table EQ04. Seasonally adjusted data for part-time/full-time; original data for other series.

Sharp dichotomies are also visible in the impacts of the pandemic on other categories of insecure work, also illustrated in Figure 6. Almost 13% of part-time workers lost their jobs in the first 3 months of the pandemic, compared to 4% of full-time workers.⁷ The incidence of job loss was thus more than 3 times more severe for part-time workers. Among self-employed workers, as well, there was a clear concentration of job loss among those in more insecure, contingent positions. We define relatively 'secure' self-employed workers as those who have incorporated their businesses, and employ workers other than themselves.⁸ Just 1.3% of those self-employed workers lost their jobs between February and May. In contrast, over 6% of less secure self-employed workers (those without incorporation, without employees, or both) lost their employment. Their incidence of job loss was more than 4 times worse than for more secure self-employed Australians.

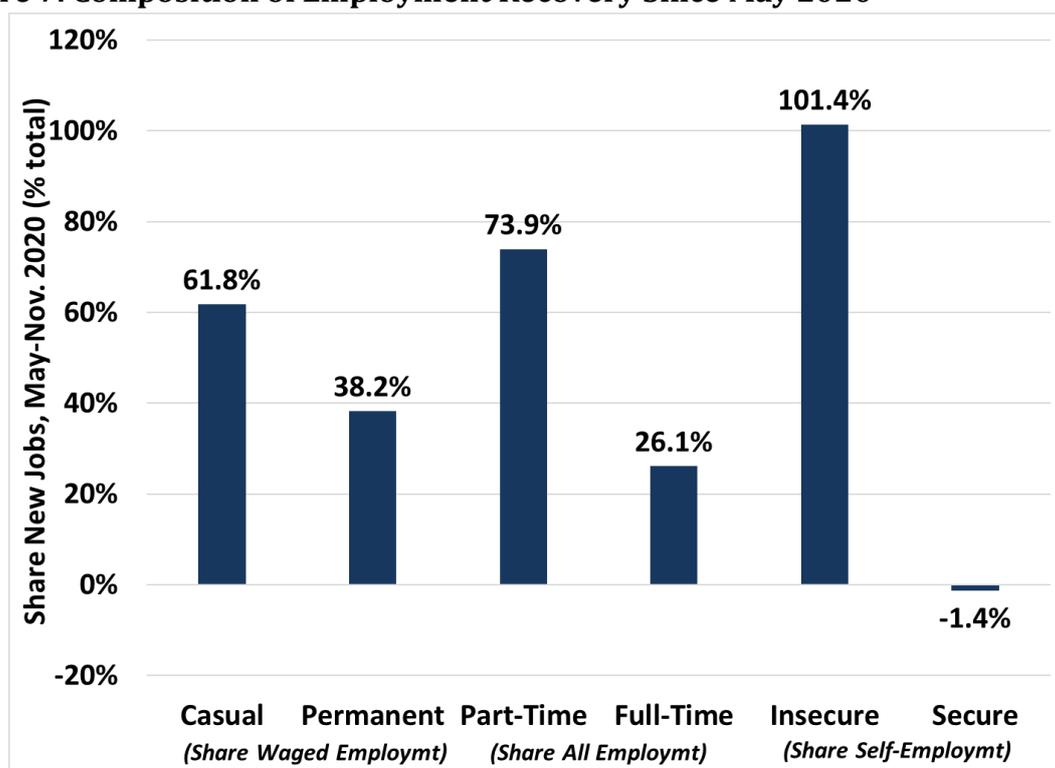
By all of these dimensions, therefore, it is clear that the initial force of the Covid-19 shutdowns and resulting recession was felt most severely by workers in insecure jobs. They entered the crisis with relatively low and variable incomes – but they were the ones that then experienced the worst losses of work and income. On top of that, many were excluded from government income supports. For example, JobKeeper wage

⁷ Over half of all part-time waged workers were employed on a casual basis before the pandemic hit, so these workers faced a dual degree of insecurity.

⁸ Incorporated owner-managers with employees constitute about one-quarter of all self-employed Australians.

subsidies were not available to workers in casual positions with less than 12 months' tenure with their current employer; this excluded an estimated 1.1 million workers in casual positions (almost half of all casuals at the time) from qualifying for the subsidy.⁹ This deliberate design feature of the government's policy response thus encouraged employers to sever shorter-term casual staff, and use the government wage subsidy to retain workers in permanent positions. The vast difference in incidence of job loss between casual and permanent staff reflected government policy as well as the inherent nature of casual employment contracts.

Figure 7. Composition of Employment Recovery Since May 2020



Source: Authors' calculations from ABS Labour Force, Table 1, and Labour Force, Detailed, Table EQ04. Seasonally adjusted data for part-time/full-time; original data for other series.

As described above, aggregate employment in Australia bottomed out in May, and began to recover afterwards. And the dominant role of insecure work, in all its forms, as a 'buffer' for employers' fluctuating labour requirements is just as evident in the upswing as it was in the initial downturn. Figure 7 illustrates the composition of jobs created since May, according to the same indicators of precarity described in Figure 6 above. From May through November, over 60 percent of all new waged jobs were casual positions: lacking predictability in rosters and tenure, and denied normal entitlements (such as sick pay, annual leave, and severance protections). Over 400,000 casual jobs were created from May through November, compared to less than 250,000 permanent jobs. The economy created an average of 2200 casual jobs every day over those 6

⁹ Alexis Carey, "Coronavirus stimulus: JobKeeper loophole means casual staff may not get \$1500," *News.com.au*, 6 April 2020.

months. While the share of casual positions in total (waged) employment fell in the initial months of the pandemic (due to the wholesale disappearance of casual jobs), it is now rebounding strongly: rising by 2.5 percentage points (to over 23 percent of all waged jobs) in just 6 months.

The rapid rebound in casual employment strongly contradicts the claims of government and business leaders that ‘uncertainty’ regarding the legal status of casual work (in the wake of recent court decisions¹⁰) is discouraging employers from hiring workers back after the pandemic. Industrial Relations Minister Christian Porter recently claimed that “employers are delaying making hiring decisions because of ongoing confusion about the legal status of casual employment.”¹¹ In fact, the 400,000 new casual positions created between May and November represent the biggest and fastest expansion in casual employment in Australia’s history.¹² It is not credible to argue that the existing legal framework (which already provides extremely broad scope for employers to use casual employment contracts) is somehow preventing new hiring after the pandemic.

The dominance of precarious work arrangements in the post-pandemic employment rebound is also visible in the other indicators portrayed in Figure 7. For example, almost three-quarters of all new jobs created since the recession bottomed-out in May are part-time positions. Part-time employment (both waged and self-employment) increased by almost 550,000 positions in those 6 months – almost 3 times more than the number of full-time positions created in the same period (191,000). As a result of this concentration of new hiring in part-time roles, the share of part-time work in total employment in Australia has shot back up to record levels. Figure 8 illustrates the part-time share of total employment since the turn of the century. The part-time share grew from 26% in 2000, to nearly 32% when the pandemic hit. The ratio plunged temporarily during the pandemic – due to the disproportionate concentration of initial job losses among part-time, largely casual workers. Since May, however, the part-time share has bounced back just as fast – and in fact reached a new all-time high of 32.3% in October. At almost one worker in three, Australia has the third-highest reliance on part-time work of any industrial country (behind only the Netherlands and Switzerland).¹³

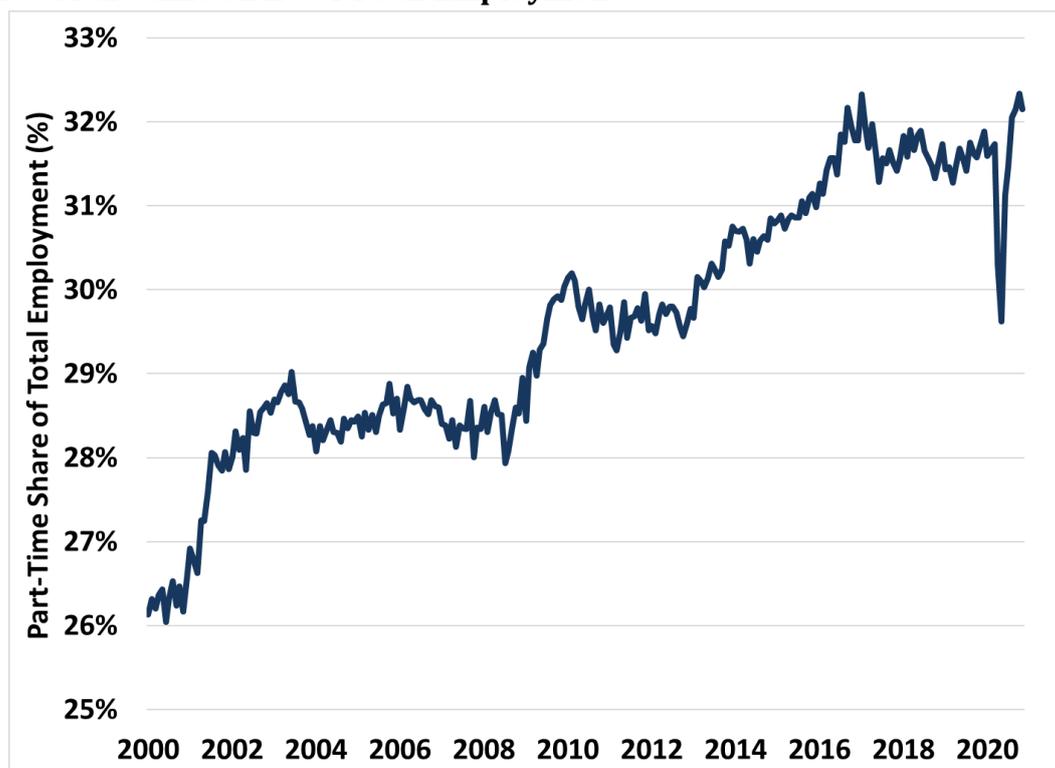
¹⁰ Decisions since 2016 in repeated Federal Court and High Court cases have confirmed that employers who engage workers on ‘casual’ status but with regular shift patterns may still be liable for statutory entitlements like sick pay and annual leave; see “Workpac seeks to take Rossato to High Court,” *Workplace Express* (no author), 17 June 2020.

¹¹ Cited in “IR Bill to offer definition of casual work,” *Workplace Express* (no author), 7 December 2020.

¹² Previous surges in casual employment in Australia occurred in 1996, 2015, and 2016 – each of which added less than 150,000 new casual positions.

¹³ See OECD, “Part-time Employment Rate,” <https://data.oecd.org/emp/part-time-employment-rate.htm>.

Figure 8. Part-time Share of Total Employment



Source: Authors' calculations from ABS Labour Force data, Table 1.

It is clear that the pandemic has thus reinforced both the unusual role, and the significant risks, of part-time work in Australia's labour market – and it is likely that the share of part-time work will reach new heights in 2021. Indeed, another dimension of the Commonwealth government's proposed industrial relations changes would allow further flexibility in hours and rosters for permanent part-time workers. Employers would be allowed to change, without penalty, hours of work for permanent part-time workers in several key industries (including retail, accommodation, and food service) in response to changes in business conditions, above a minimum schedule of 16 hours per week.¹⁴ This would allow employers almost as much flexibility in adjusting work hours for permanent staff, as they already enjoy for casual staff – in essence representing a 'casualisation' of part-time work. And under this system, there would be little reason for employers in these industries to offer permanent part-time work to anyone above the 16-hour threshold: the new rules would allow hours to be costlessly increased and decreased) when desired, but without incurring the normal 'loading' penalty that is meant to offset the insecurity of working hours faced by casual workers.¹⁵ As with casual jobs, even under the existing legal framework, part-time jobs are already playing a predominant role in Australia's employment recovery. And the government's proposed policy changes will accelerate that trend.

¹⁴ See "Bill seeks to extend JobKeeper flexibilities," *Workplace Express* (no author), 8 December 2020.

¹⁵ In practice, the casual loading penalty (equal to 25% of 'normal' wages under most Awards) is not effectively paid in many situations, for a variety of reasons; see Australian Council of Trade Unions, *The Myth of the Casual Wage Premium* (Melbourne: ACTU, 2018).

Finally, Figure 8 also indicates the extreme precarity typical of most new self-employed positions. Self-employment increased by close to 75,000 positions between May and November, as the economy began opening up following the lifting of health restrictions. That offsets over 70% of the decline in self-employment during the first months of the pandemic. However, more than 100% of those new self-employed positions consist of owner-managers in relatively insecure situations: without incorporation, without any employees, or both.¹⁶ The number of owner-managers in relatively secure positions (in incorporated businesses with other employees) actually declined slightly after May, even as the recovery gathered steam. This growth of insecure self-employment represents a continuing shift in business practices toward nominally ‘independent’ contractors and sole providers (including people working through digital ‘gig’ platforms), who have little infrastructure, support, or security in their jobs.

In sum, this evidence confirms that the brunt of the employment downturn associated with the Covid-19 pandemic was borne by workers in various forms of insecure work: casual jobs, part-time positions, and insecure forms of self-employment. Now, as the labour force regains some of the ground it lost earlier in the year, employment is being restructured to reflect an even more intense degree of insecurity. Since the economic recovery began in May, the vast majority of new work has been concentrated in casual jobs, part-time positions, and highly insecure forms of self-employment. Those trends seem likely to continue into 2021 – accelerated by policy changes which will facilitate still-greater use of insecure hiring practices by employers.

III. Employment Trends by Age, Gender, Occupation and Industry

There are other ways in which the uneven impact of the initial job losses during the Covid-19 pandemic, as well as the skewed nature of job-creation during the subsequent recovery, can be documented. This section provides further detail on the dramatic fluctuations in employment experienced during 2020, according to several relevant criteria: including age, gender, occupation, and industry.

Age: Young workers were hit especially hard during the initial downturn in employment from February through May. There are several reasons for the disproportionate impact experienced by young workers:

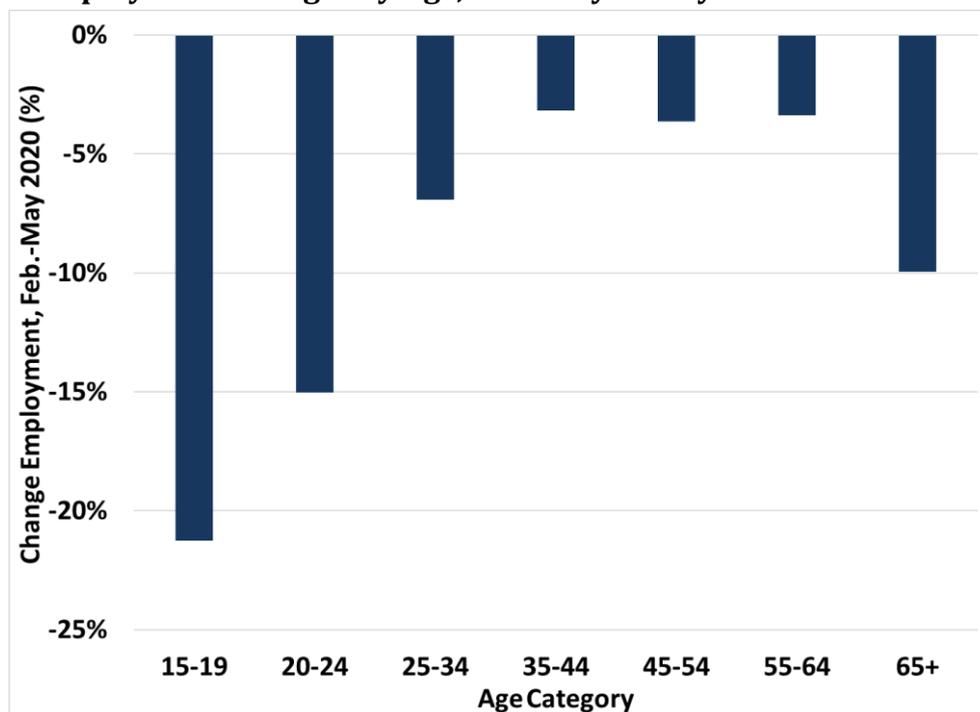
- Many of the workers in the hardest-hit consumer-facing industries (including hospitality, retail, and arts and recreation) are young people.

¹⁶ Of the 73,000 new self-employed positions, 55,000 were owner-managers with neither incorporated status nor any other employees.

- Most young workers are employed in casual and/or part-time positions; as discussed above, these jobs were easiest for employers to eliminate when the pandemic struck.
- Many young workers were excluded from government programs (such as JobKeeper) intended to protect jobs.
- In workplaces where redundancies are managed according to seniority, young workers are generally the first to be let go.

The concentration of job losses among young workers is not unique to this recession: in any business cycle, young workers are typically ‘the last hired, and the first fired.’ But the extreme downturn in youth employment experienced during the first months of the pandemic was unprecedented. As illustrated in Figure 9, employment for teenagers fell by over 20% between February and May. For those aged 20-24, the loss of employment was also catastrophic: down 15% in just 3 months. Even workers aged 25-34 experienced a severely disproportionate loss of work: employment fell by 7% for those workers – twice the rate for workers aged 35 through 64. Older workers (above 65), who also often fill secondary or casual roles in workplaces, also experienced a disproportionate decline in employment – down almost 10% in those 3 difficult months.

Figure 9. Employment Changes by Age, February to May 2020

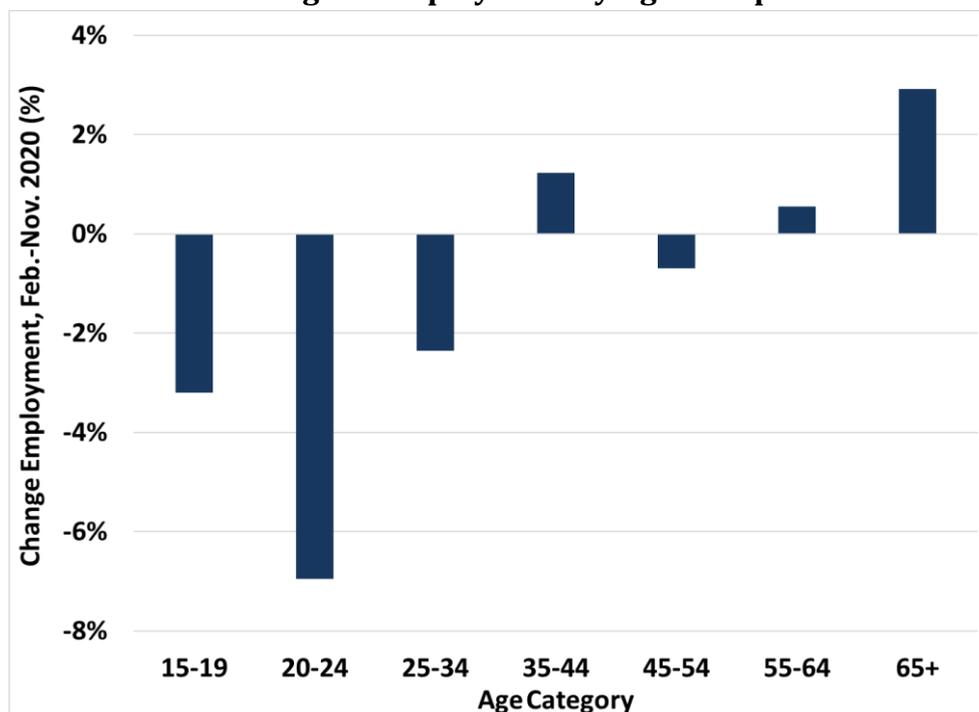


Source: Authors’ calculations from ABS Labour Force data, Table 22.

The uneven distribution of job losses across age groups has not been redressed in the subsequent employment recovery. By November, workers above 35 years of age had recovered all of the jobs lost in the pandemic. Employment for 35-65 year-old Australians has broadly recovered to pre-pandemic levels (see Figure 10). And for older

Australians (over 65), even though they experienced severe job losses in the initial months of the pandemic, they have since enjoyed the biggest cumulative gain in employment (comparing November to February, before the pandemic began): total employment for 65+ Australians was almost 3% higher in November than in February.¹⁷

Figure 10. Cumulative Change in Employment by Age Group



Source: Authors' calculations from ABS Labour Force data, Table 22.

Workers under 35 years age, however, are still experiencing net job losses from the pandemic. Employment for workers aged 20-24 is 7% lower than it was in February. For teenagers and for workers aged 25-34, employment is still 2% to 3% lower than before the pandemic. At this point, therefore, since aggregate employment for those aged over 35 has completely recovered, younger workers are bearing *all* of the burden of job loss remaining from the pandemic. Underemployment is also particularly severe for young workers: almost 18% of workers aged 15-24 were working fewer hours than desired in November, and 9% of workers aged 25-34. Whether experienced through outright job loss, or through reduced hours of work, it is clear that the effects of the pandemic have been especially severe for young workers.

Gender: The economic crisis has also affected men and women differently, for many reasons. Women are disproportionately employed in the service sectors hit hardest by the initial shutdowns: including retail, hospitality, and personal services. They are heavily concentrated in casual and part-time roles, which were more easily eliminated by employers as the pandemic struck. Women always face an unfair 'double burden' of

¹⁷ These statistics are not seasonally adjusted, and so may partially reflect seasonal fluctuations in employment for various age categories.

balancing paid work with the disproportionate share of unpaid caring responsibilities they perform in their homes. But that double burden became particularly intense (and impossible) during the pandemic, when normal schooling and child care arrangements were disrupted or cancelled entirely.¹⁸ Even when work could be relocated to the home, it was practically impossible for many women to continue their paid jobs while caring for children at the same time, in the same place. This forced many women to reduce their hours of work, or to give up paid work altogether.

For all these reasons, the initial impact of pandemic job losses was more severe for women. Employment for women declined almost 8% between February and May – more than 2 percentage points worse than the corresponding drop for men (see Table 1). And the rebound in employment since May has not closed this gender gap. As of November, women’s employment was still about 1.7% lower than in February. That cumulative decline in women’s employment was about 3 times larger than for men.

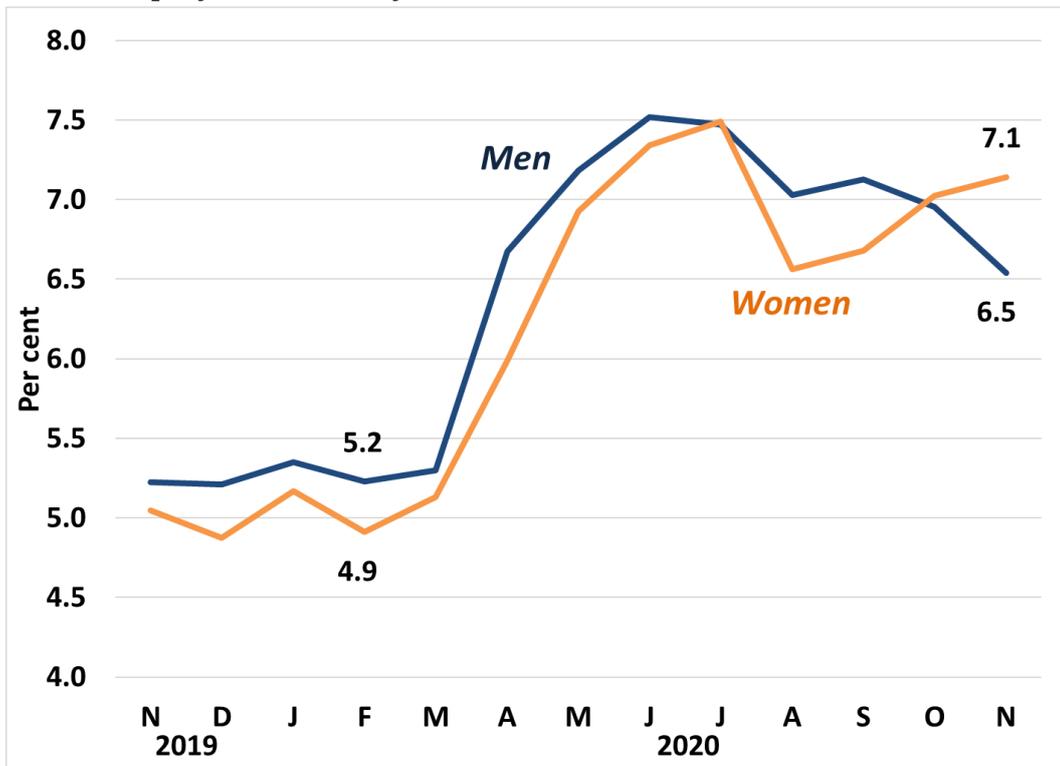
	Change Employment (%)		Change Participation Rate (%pts)	Change Unemployment Rate (%pts)	Change Employment Rate (%pts)
	Feb-May	Feb-Nov	Feb-Nov	Feb-Nov	Feb-Nov
Men	-5.76%	-0.58%	+0.25	+1.31	-0.70
Women	-7.84%	-1.68%	+0.13	+2.31	-1.25

Source: Authors' calculations from ABS Labour Force data. Seasonally adjusted.

Other indicators of labour market performance further attest to the gendered nature of the pandemic’s effects on Australia’s labour market. In the initial months of the pandemic, women’s labour force participation also fell significantly (and by a larger increment than men). Since then, participation has recovered for both genders – but more substantially for men. The official unemployment rate increased more for women than for men: by 2.3 percentage points between February and November. That left women’s unemployment significantly higher than for men (see Figure 11): 7.1% in November, compared to 6.5% for men. The emergence of that gap represents a shift from recent years (when there was little difference in the unemployment rates across genders). Considering women’s weaker labour force participation, the employment rate (measuring all employment as a share of the relevant population group) also deteriorated more substantially for women than for men.

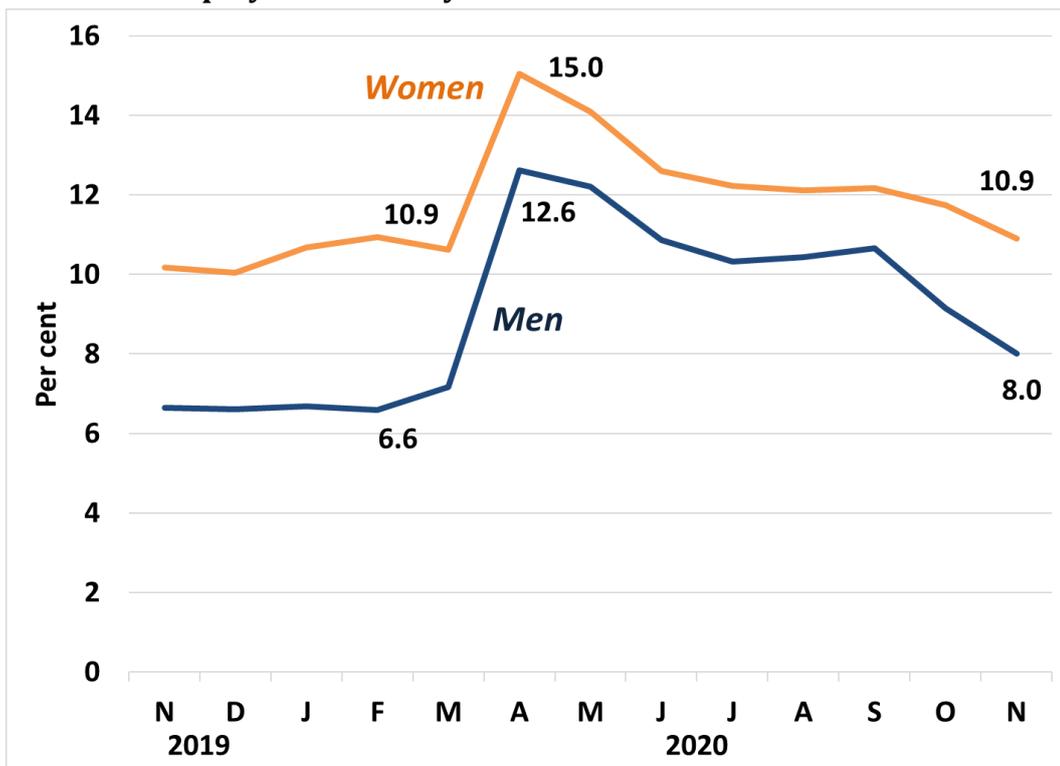
¹⁸ More details on changes in work hours during the pandemic, and the challenges for women in balancing paid work with caring responsibilities, are provided in Dan Nahum, *Work and Life in a Pandemic: An Update on Hours of Work and Unpaid Overtime Under Covid-19* (Canberra: Centre for Future Work, 2020); and Australian Council of Trade Unions, *Leaving Women Behind: The Real Cost of the Covid Recovery* (Melbourne: ACTU, 2020).

Figure 11. Unemployment Rate by Gender



Source: ABS Labour Force data, Table 1.

Figure 12. Underemployment Rate by Gender



Source: ABS Labour Force data, Table 2.

The gender gap in underemployment is more dramatic than the gap in unemployment. As illustrated in Figure 12, as of November about 11% of employed women indicated they would prefer to work more hours – almost 3 percentage points more than the underemployment rate for men. In the depths of the crisis, women’s underemployment peaked (in April) at 15%.

The gendered impacts of the Covid-19 pandemic and recession have imposed disproportionate and unsustainable stresses on women: health, financial, and emotional. Women have shouldered more of the losses of jobs and hours resulting from the pandemic, while still working within the home to protect their children and families from the health and other risks Australians confronted this year. Fully rebuilding women’s employment and participation will require ambitious, targeted responses by government that acknowledge the uneven gender impacts of the pandemic, and respond with appropriate and effective supports for women – in both their workplaces and their homes.¹⁹

Occupation: Another dimension in which the unequal employment impacts of the pandemic have been brutally obvious is across occupational groupings. Table 2 summarises the change in employment according to broad occupations, from February to May (the initial months of the downturn) and then to November (most recent data available). There were stark differences in the extent of the initial job losses for different occupations. Overall employment across all occupations fell by close to 7% in the first 3 months of the pandemic.²⁰ But some occupational groups were hit much harder. Double-digit job losses were experienced in community and personal service occupations (down 22%), sales (13%), and labourers (also 13%). In contrast, office-based occupations – including managers, professionals, and clerical workers – experienced employment losses of 2% or less, much smaller than the overall downturn in employment.

This dichotomy in occupational job losses is closely correlated with the spatial and social aspects of respective jobs. Customer-facing roles (especially personal services) were severely restricted in the initial shutdowns, while people who do their jobs largely on computers were able to relocate work to home with less disruption in work and income. Ironically, most of those able to take their work home also enjoyed higher-than-average incomes and greater job security before the pandemic hit.²¹

¹⁹ More detail on the needed measures to address the unequal gender effects of the pandemic are provided in Australian Council of Trade Unions, *Leaving Women Behind: The Real Cost of the Covid Recovery* (Melbourne: ACTU, 2020).

²⁰ The data in Table 2 are not seasonally adjusted, and hence incorporate normal seasonal fluctuations as well as the effects of the pandemic.

²¹ Of course, not all office workers enjoy higher incomes and greater job security; many lower-paid clerical and administrative occupations have experienced the same pressures of precarity and instability as have affected other insecure jobs. Nevertheless, average incomes in jobs which can be performed from home are significantly higher than in the economy as a whole. Pennington and Stanford estimate that average earnings for jobs which

Table 2					
Employment by Occupation					
February to November 2020					
Occupation	Feb 2020 ('000)	May 2020 ('000)	% Change Feb-May	Nov 2020 ('000)	% Change Feb-Nov
Managers	1627.6	1593.5	-2.1%	1612.1	-1.0%
Professionals	3213.3	3159.0	-1.7%	3327.9	3.6%
Technicians & Trades	1804.7	1695.8	-6.0%	1779.4	-1.4%
Community & Personal Service	1430.4	1116.9	-21.9%	1308.7	-8.5%
Clerical & Admin.	1751.1	1734.1	-1.0%	1793.0	2.4%
Sales	1128.6	982.0	-13.0%	1084.0	-3.9%
Machine Oprtrs & Drivers	821.5	799.8	-2.6%	807.8	-1.7%
Labourers	1271.1	1105.5	-13.0%	1196.1	-5.9%
TOTAL	13048.2	12186.6	-6.6%	12909.0	-1.1%
Source: Authors' calculations from ABS, Labour Force, Detailed, Table 7.					

Since May, employment has increased in all 7 of the broad occupational groups listed in Table 2. In two cases (highlighted in green in the last column), employment has more than regained the levels that prevailed prior to the pandemic: professionals and clerical occupations. For the broad category of managers, employment has almost regained its pre-pandemic level. Again, the nature of professional, clerical, and many managerial jobs – normally performed in offices, with most work done on computer – has facilitated the recovery in employment. In most occupations, however, employment remains below pre-pandemic levels (highlighted in red in the last column of Table 2). The same 3 hard-hit occupations discussed above (community and personal services, labourers, and sales workers) continue to suffer the most severe job losses, with November employment levels still languishing 4% to 8% below pre-pandemic levels.

The divergent pattern of job losses and employment recovery across occupations has clearly exacerbated inequality in Australia's labour market. The occupations which lost the least work initially, and have since regained pre-pandemic employment levels, tend to demonstrate higher-than-average earnings, more stable employment relations, and more generous entitlements. Those which lost most work, and where employment remains well below pre-pandemic levels, already experienced lower earnings and greater precarity. The very unequal (and unfair) distribution of costs arising from the

can be performed from home are 24% higher than for those that cannot; see Alison Pennington and Jim Stanford, *Working from Home: Opportunities and Risks* (Canberra: Centre for Future Work, 2020), p.5.

pandemic surely merits pro-active responses by government to deliver more support to those workers who need it most.

Industry: Finally, the impact of the economic crisis has been felt differentially across industries. Unsurprisingly, the industries most impacted in the early months of the pandemic were those which depend on direct customer contact: hospitality, arts and recreation, personal services, transportation and retail.²²

Table 3 reports employment data by industry: comparing February to May (the trough of the employment downturn), and then November (latest available data). The third column reports the change in sectoral employment during the initial 3 months of the pandemic; the last column reports cumulative changes in employment for each sector from February through to November. As above, the last column is shaded depending on whether that cumulative change is positive (green) or negative (red).

As noted, the hardest-hit sectors during the initial months of the pandemic were those that had to close facilities and services due to immediate health restrictions. Arts and recreation lost 36% of employment in the first three months, and accommodation and food service industries lost 31% of employment. Other especially hard-hit sectors (with double-digit initial employment losses) included information, telecom, and communications; other services; private administration; and transportation. Overall employment across all industries declined close to 7% in those initial 3 months. Surprisingly, employment *increased* in 6 of the 19 industries surveyed over the first 3 months of the pandemic (including agriculture, utilities, and finance).

Since May, of course, employment has strengthened in most industries as workplaces were able to re-open and overall economic conditions improved. By November, total employment was just 1.0% lower than it had been in February. About half of the surveyed industries had regained all of the jobs lost during the initial downturn by November – some even achieving higher total employment levels than when the pandemic started (including utilities, mining, public administration, and agriculture). Private administration and retail were two sectors badly affected by the initial health restrictions, but which have since surpassed their pre-pandemic employment levels; the transportation sector (initially hard hit by restrictions) has also regained effectively all of the jobs lost in the initial downturn.²³

²² Of course, as the pandemic continued, retail operations shifted increasingly to on-line systems that were less affected by health restrictions.

²³ The air transport sector has regained very few lost jobs, with November employment still 14,000 positions lower than in February. That was offset by 15,000 additional jobs in road transport, so overall transport employment has fully recovered.

Table 3
Employment by Industry
February to November 2020

<i>Industry</i>	Feb 2020 (‘000)	May 2020 (‘000)	% change: Feb-May	Nov 2020 (‘000)	% change: Feb-Nov
Agriculture, Forestry, Fishing	324.6	352.0	8.4%	345.1	6.3%
Mining	241.5	234.2	-3.0%	261.9	8.5%
Manufacturing	922.4	851.6	-7.7%	848.1	-8.1%
Utilities	132.8	165.2	24.4%	153.0	15.2%
Construction	1183.3	1171.9	-1.0%	1183.2	0.0%
Wholesale	390.5	391.1	0.2%	372.6	-4.6%
Retail	1244.1	1182.9	-4.9%	1287.7	3.5%
Accommodation & Food Service	937.3	643.4	-31.4%	831.9	-11.2%
Transport	648.0	580.8	-10.4%	647.1	-0.1%
Info, Telecom., Communication	216.3	183.4	-15.2%	195.5	-9.6%
Finance	466.6	485.2	4.0%	490.0	5.0%
Rental, Hiring & Real Estate	219.7	220.3	0.2%	209.1	-4.8%
Professional, Tech. & Scientific	1167.6	1107.9	-5.1%	1194.2	2.3%
Administration & Support	434.4	387.1	-10.9%	450.5	3.7%
Public Administration	824.1	847.3	2.8%	880.5	6.8%
Education & Training	1124.5	1032.4	-8.2%	1094.4	-2.7%
Health Care & Social Assistance	1794.7	1728.8	-3.7%	1753.6	-2.3%
Arts & Recreation	247.9	158.7	-36.0%	235.6	-4.9%
Other Services	489.1	434.7	-11.1%	472.8	-3.3%
TOTAL	13,006.9	12,156.2	-6.5%	12,877.9	-1.0%

Source: ABS (2020) Labour Force Australia, Detailed, author’s calculations from Table 4, seasonally adjusted data.

About half of industries, however, still reported lower employment in November than had existed in February (indicated in red in the last column of Table 3). Hospitality industries’ employment remained 11% below pre-pandemic levels, and the information and communications sector was still down 10%. The arts and recreation sector had regained most of its lost jobs, with November employment down only 5% compared to February (rebounding from the huge 36% decline over the first three months of the

pandemic). In one key sector, manufacturing, job losses continued after May, even as most other sectors began rehiring workers. By November, the manufacturing sector's cumulative job loss since February reached almost 75,000 positions, a decline of 8%. The Commonwealth government's much-discussed emphasis on 'reshoring' industry to Australia, which it touted as part of its broader recovery plan, has not translated into any visible progress in this vital sector. It will take more concrete strategies to boost investment, innovation, and exports to turn around the long decline in domestic manufacturing – not just rhetoric about the patriotic value of Australian-made products.²⁴

Conclusion

Most people are understandably glad to see the end of 2020, and hopeful that 2021 will be a better year. The impacts of the Covid-19 pandemic and resulting recession on Australia's labour market were dramatic, severe, and terribly unfair. The worst impacts were felt by those who could least afford them. Both the initial downturn in employment, and the subsequent rebound – which has been led by a surge in casual work, part-time jobs, and other forms of insecure work – highlight the growing dominance of precarious work in Australia's labour market. That precarity explains why the impacts of the downturn were so concentrated and uneven. It will also ensure that future fluctuations and shocks will continue to impose severe and unequal consequences on the growing proportion of Australian workers for whom traditional employment benefits (including stable hours and incomes, and normal entitlements like paid sick leave and holidays) are increasingly out of reach.

To be sure, Australia has done better than many other countries in addressing the health challenges of the pandemic. This sets the stage for continuing economic recovery. Indeed, contrary to those who have argued there is some kind of 'trade-off' between fighting the spread of Covid-19 and protecting the economy, international evidence increasingly confirms that countries which are most successful at controlling contagion are also those poised for the strongest economic recovery.²⁵ Australia's experience has certainly confirmed that a robust public health response is entirely consistent with, and necessary for, a return to economic health. In that light, Australia heads into 2021 on a brighter note than most countries.

Nevertheless, the continuing economic hardship resulting from the pandemic and the partial recovery since May must be addressed with ambitious, active policies: both to support a rebound in the quantity of employment, and also to support improvements in

²⁴ A comprehensive vision for reinvigorating domestic manufacturing after the pandemic is provided by Jim Stanford, *A Fair Share for Australian Manufacturing: Manufacturing Renewal for the Post-Covid Economy* (Canberra: Centre for Future Work, 2020).

²⁵ See, for example, Jason Douglas, "Research Ties Curbing the Covid-19 Pandemic to Saving the Economy," *Wall Street Journal*, 10 November 2020.

the quality of jobs. In particular, the surge in insecure work (casual jobs, part-time positions, and very insecure forms of self-employment) which has dominated the employment rebound since May must be addressed with strong policy responses. Government needs to restrain the use of insecure work practices – including the misuse of casual contracts, sham contracting and other forms of outsourcing, and on-demand ‘gig’ workers. Instead, unfortunately, the Commonwealth government is now proposing measures that would accelerate and reinforce the dominance of insecure work in Australia’s employment recovery. These changes would liberalise the use of casual employment contracts (in essence, allowing casual positions to be used in any circumstances which employers desire), and blur the distinctions between casual and permanent part-time jobs. This ignores a crucial lesson of the pandemic: namely that economic shocks and recessions typically impose the greatest costs on those who already worked in relatively low-paid and insecure roles. The goal of policy should be to share the continuing burdens of the pandemic more evenly, and support a sustained recovery in quality, reliable jobs: which Australians can rely on to build healthy, stable lives.