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# COPING WITH COVID-19: RETHINKING AUSTRALIA

*Taking the Pulse of the Nation 2020*

2. Changing Labour Force Status:  
COVID-19 Impacts by Gender and Age





A woman with long blonde hair, wearing a black hard hat and safety glasses, is focused on her work. She is wearing a grey work jacket and white work gloves. She is holding a yellow and black power drill, which is drilling into a metal structure. The background is a blurred construction site with scaffolding and other structures. The overall image has a warm, orange-toned filter.

# CHANGING LABOUR FORCE STATUS: COVID-19 IMPACTS BY GENDER AND AGE

Guyonne Kalb and Jordy Meekes

*Women and young individuals have been affected most by the economic crisis arising from the COVID-19 pandemic. This has been the case for Australia and other countries. Understanding how and why will assist in designing policy to transition out of the crisis as well we can.*



# Changing Labour Force Status: COVID-19 Impacts by Gender and Age

## The impact of COVID-19 on the labour market has been, and still is, severe

The *Taking the Pulse of the Nation* (TTPN) survey provides an opportunity to trace developments in the labour market on a weekly to fortnightly basis. Since May, the survey has asked whether respondents were unemployed due to COVID-19 or for other reasons, and whether they were working fewer hours due to the pandemic.

Figure 2.1 presents the proportions of respondents unemployed due to COVID-19, unemployed for other reasons, working reduced hours due to COVID-19, and receiving JobSeeker and/or JobKeeper payments. We do this for May, when most of Australia were in lockdown, and for August-November when only Melbourne/Victoria was in lockdown. As expected, and consistent with observations from the Australian Bureau of Statistics' Labour Force Status data, large labour market impacts of the COVID-19 crisis are observed.

Young men and women are more affected than older men and women, particularly in terms of unemployment. Figure 2.1 shows that this impact is clearest for 18-24 year old individuals, and it is also this group that makes the biggest recovery from May (Panel A) to August-November (Panel B).

Compared to men, women across all age groups have been hit hardest by the economic crisis in the early days of the pandemic. In May, women were 5 percentage points more likely to be unemployed overall but 1 percentage point less likely to face reduced hours than men. By August-November, the gender unemployment gap had narrowed as female unemployment rates dropped more quickly than male unemployment rates. In addition, the proportion who lost working hours increased slightly more for men than for women. Figure 2.1 shows that women's circumstances have improved relative to men's after the first lockdown ended (particularly women in the 18-24 age group).

*...there is substantial regional variability in the gender difference in COVID-19 impacts on the labour market. Compared to men in regional Australia, women in regional Australia are much more likely to be unemployed due to COVID-19.*

Kalb, Guillou, and Meekes (2020), however, show that there is substantial regional variability in the gender difference in COVID-19 impacts on the labour market. Compared to men in regional Australia, women in regional Australia are much more likely to be unemployed due to COVID-19 (and, as a result, more likely to be unemployed overall) during August-November 2020.

## JobSeeker and JobKeeper have helped, but does it reach those most in need?

JobSeeker and JobKeeper payments have helped many Australians. At the same time, however, many individuals are not eligible for government support: e.g. casual employees with limited work history, or individuals who are not eligible due to visa status, due to a partner's income, or due to their age and the level of their parent's income (Australian Red Cross, 2020; Hérault et al. 2020).

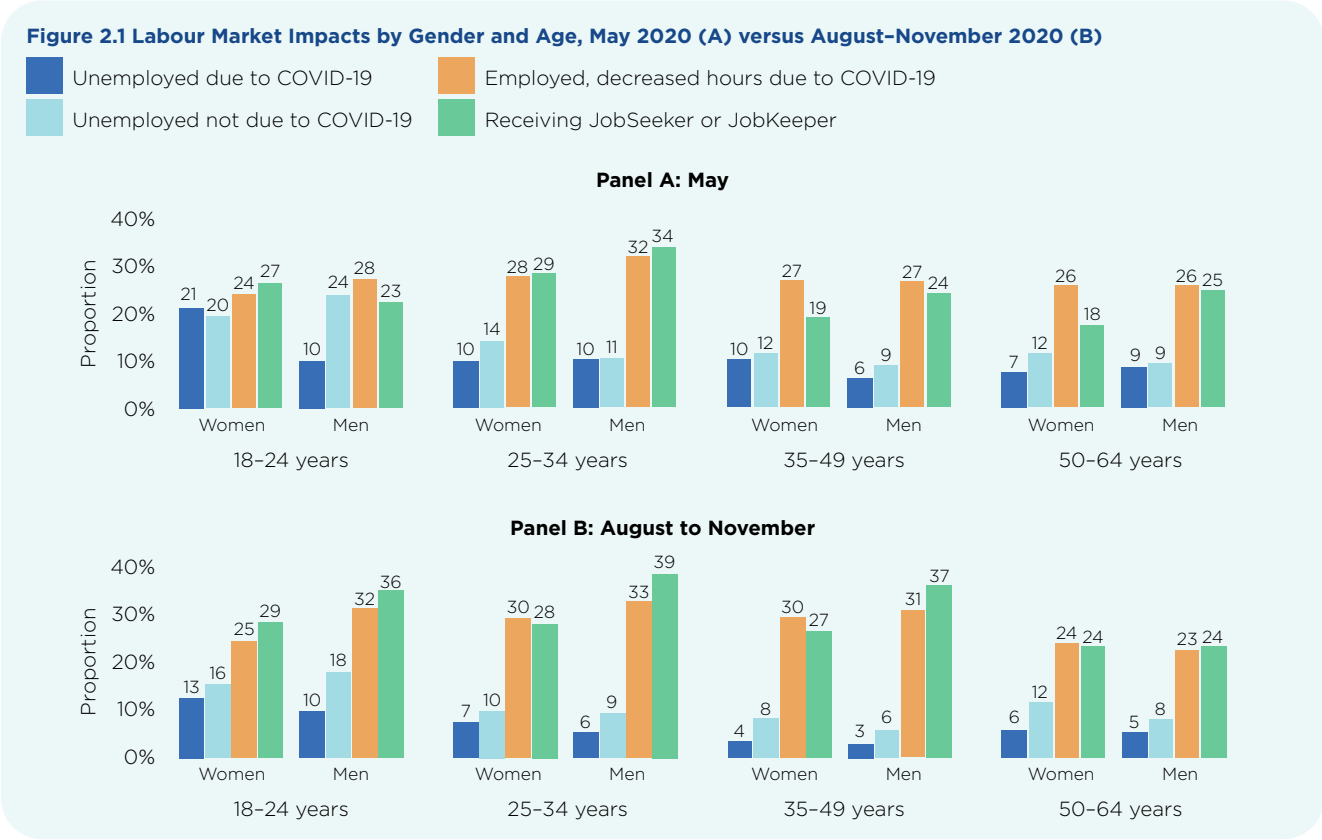
Compared to men, women across most age groups and in both periods were substantially less likely to receive financial support through the JobSeeker Payment or JobKeeper Payment despite similar or worse labour market outcomes as men. Young men and women were also over-represented in the group receiving no financial support. In contrast, those who are in the middle of their career trajectory (35-49) do relatively well in terms of receiving JobKeeper or JobSeeker considering the relatively small impact on unemployment and reduced hours they have experienced. Older Australians (50-64), especially men, experienced the smallest negative labour market effects, but this group may have transitioned into early retirement when losing a job.

With JobSeeker set to be reduced and JobKeeper set to be abolished by the end of March 2021, there is further concern for individuals' financial and mental wellbeing. JobSeeker government support superseded the Newstart Allowance in March 2020, and increased the payment amount. Should the JobSeeker payment go back to the rate paid before the start of the pandemic, then many Australian families would end up below the poverty line as was the case with the Newstart Allowance (Azpitarte and Kalb, 2019). This would aggravate the financial stress and mental distress already experienced by many; e.g. Broadway, Méndez, and Moschion (2020) show high levels of mental distress among fathers, and Kalb et al. (2020) show this for single mothers and partnered fathers.

Once adequate income support is in place for those who have lost their jobs/working hours (which is likely to stimulate the economy more than general tax cuts), the focus can turn to setting up employment programs aimed at assisting the groups that were hardest hit by the crisis, to get back into work. JobMaker, which supports the employment of individuals aged 35 or under, is a great start, as the increased unemployment and underemployment for young individuals due to COVID-19 may hinder career opportunities and earning potential in the long term.

JobMaker, however, will not support older individuals who have lost their job, and a minimum requirement of JobMaker should be that it does not hinder them in finding new employment. Furthermore, will JobMaker be sufficient to help single mothers who may also need support in accessing reliable and affordable childcare? Free kinder for Victorians in 2021 (as announced in the state budget) will help.

Another important question is whether there is sufficient support for women in regional Australia who have been more likely to remain in unemployment than men (Kalb, Guillou and Meekes, 2020)? This suggests a need for a closer look at the businesses and sectors that these women were employed in, to understand what more could be done to assist them. Women's employment in regional areas may eventually return once we are in a COVID-normal situation, but the question remains whether there are other opportunities that could be created through re-skilling, upskilling and providing employment pathways specifically for women in regional areas?



**Source.** *Taking the Pulse of the Nation* (TTPN) survey (Melbourne Institute) waves 6–8, and waves 17, 19, 21 and 23. Sample sizes are 1,124 women and 1,086 men in Panel A (waves 6–8), and 1,417 women and 1,562 men in Panel B (waves 17, 19, 21 and 23).

**Notes for Figure 2.1** Men and women who are retired or out of the labour force for other reasons have been excluded, so that the proportions are percentages of those in the labour force. The number of observations for JobSeeker and JobKeeper is about 5 percent less than for unemployment and reduced hours due to missing observations.



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Researchers at the Melbourne Institute have been informing and shaping economic and social policy in Australia since its establishment in 1962. The Melbourne Institute's list of longstanding accomplishments includes the creation of such things as: the Henderson Poverty line, the blueprint for Medicare, the Household, Income and Labour Dynamics in Australia (HILDA) Survey, the Australian Economic Review, and the Consumer Sentiment Index. Melbourne Institute researchers have engaged in analyses on critical issues such as poverty, economic growth and inflation, housing and family structure, healthcare and wellbeing, employment and skill development, and tax and transfer policies.

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The *Taking the Pulse of the Nation* survey was created for the purpose of being able to track the economic and social wellbeing of Australians and to provide measures of attitudes and willingness to take on risk given the coronavirus pandemic. These data have been used to provide timely insights that track behaviour and inform policy.

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