



**Women's work: The impact of the COVID crisis on
Australian women**

March 2021

Building a recovery for all Australians

This recession has been unusually bad for women

- Lockdowns hit people-facing services industries which are major employers of women
- Women were also hit hard because they are more likely to be in part-time and casual employment; and more likely to have missed out on JobKeeper
- The employment bounce-back has been faster than expected, but is still incomplete

The crisis has exacerbated existing gender inequalities

- Working from home combined with school and childcare closures increased unpaid work
- Many women reduced their paid work and study, especially mothers
- Single mothers are yet to recover and were already among the most economically vulnerable
- The 'extra' career interruptions during COVID compound existing economic disadvantage for women

Recovery policies would be more effective if they were better tailored to this recession

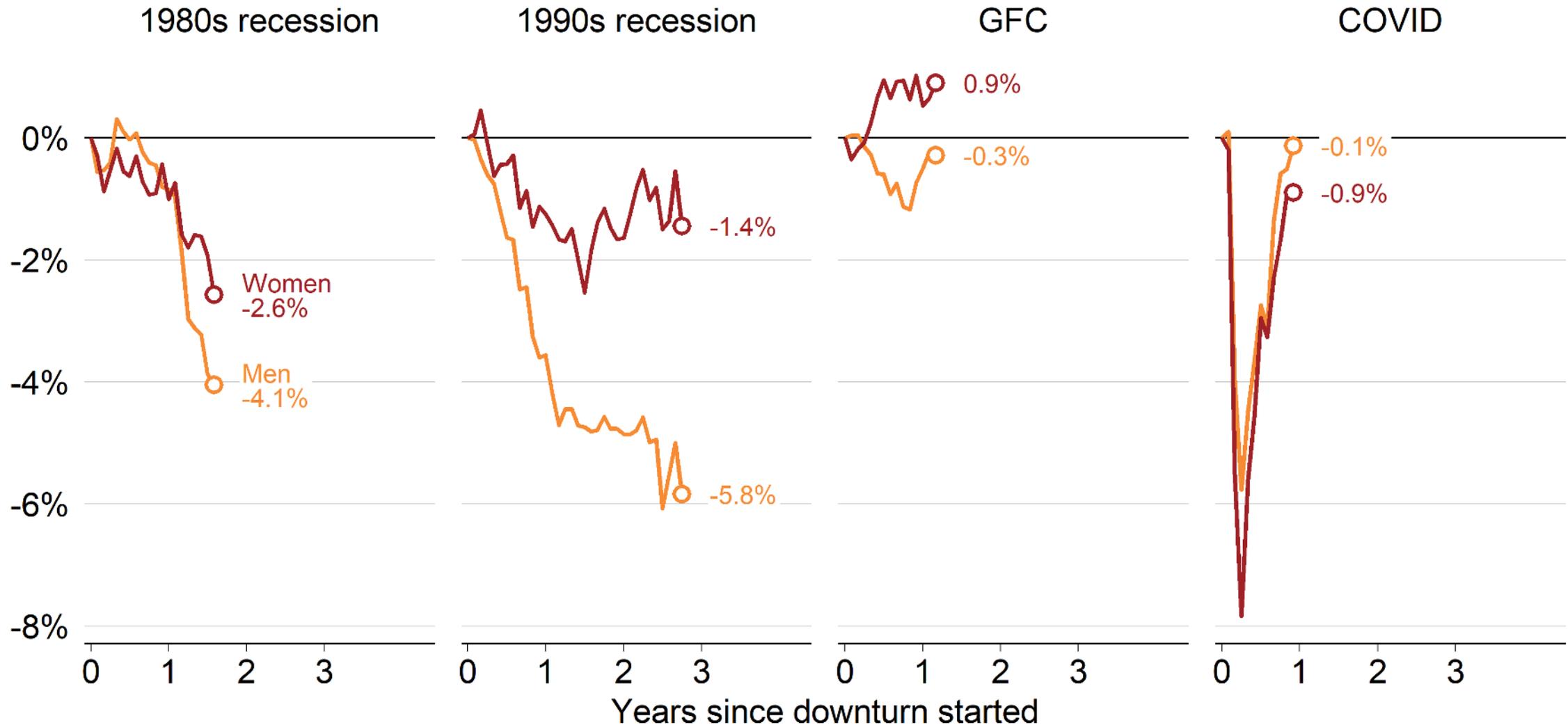
- Governments haven't done enough for many of the hardest hit and missed opportunities in sectors with the greatest job growth potential
- Growing female workforce participation, the rise of services jobs, and reductions in the labour-intensity of construction and manufacturing industries all require policy makers to reconsider their playbook in response to recessions

How to build a broader recovery

- Build a broader recovery by investing in services jobs and boosting support for people still out of work
- A longer-term focus on the care economy would boost economic growth and improve the living standards of all Australians, while reducing women's economic disadvantage

This is the first recession where female employment has fallen more than male employment

Change in employment between start of downturn and trough



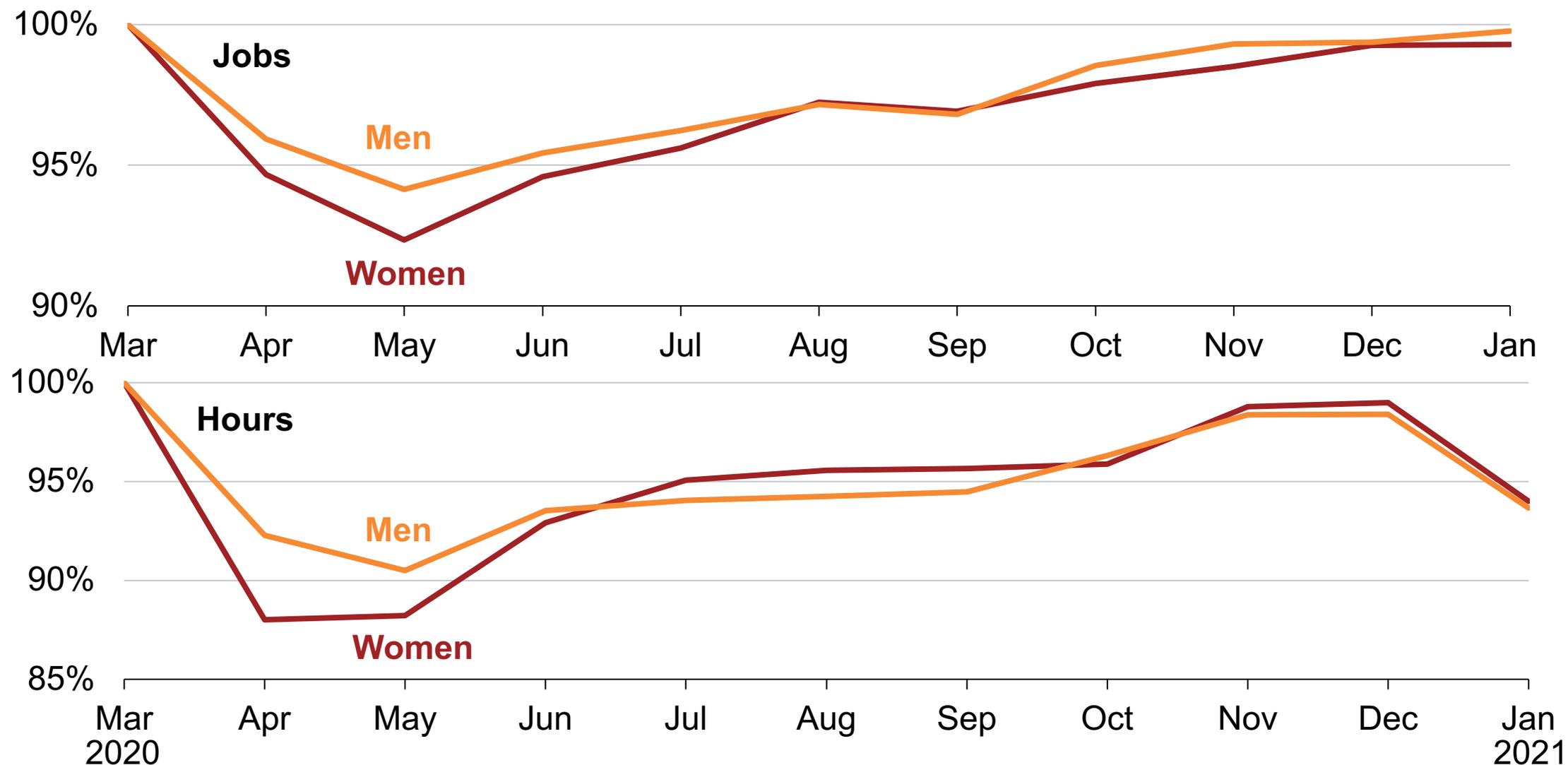
Notes: Start of downturn defined as the month in which the total employment-to-population ratio reached its peak; trough is the month in which the ratio reached its lowest point.

COVID recession starts at February 2020.

Sources: ABS Labour Force and Grattan calculations.

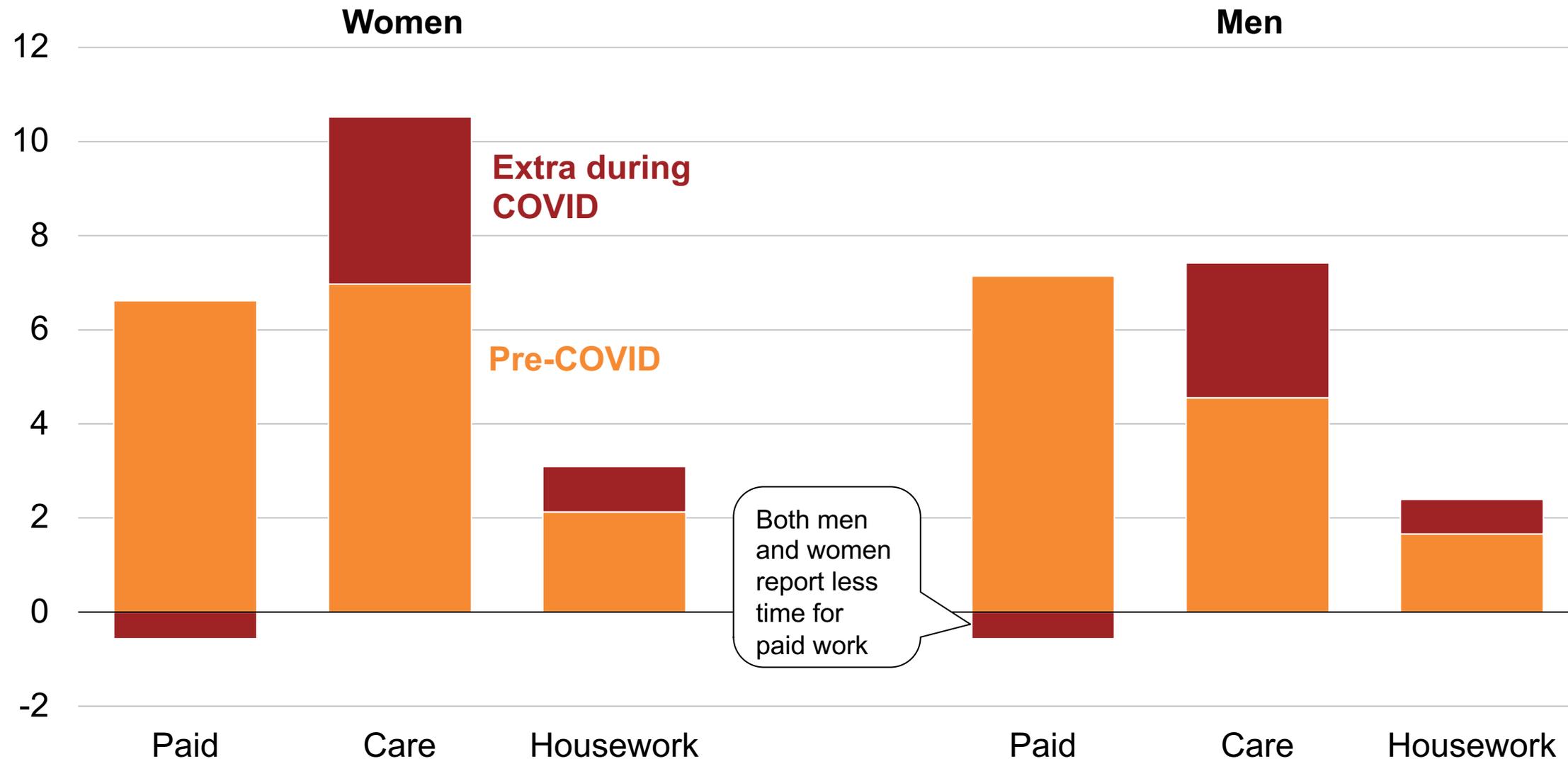
Women were more likely to lose paid jobs and hours

Monthly jobs and hours worked in all jobs, Australia, as % of jobs/hours in March 2020



Women were more likely to pick up the extra unpaid work

Average number of hours per day

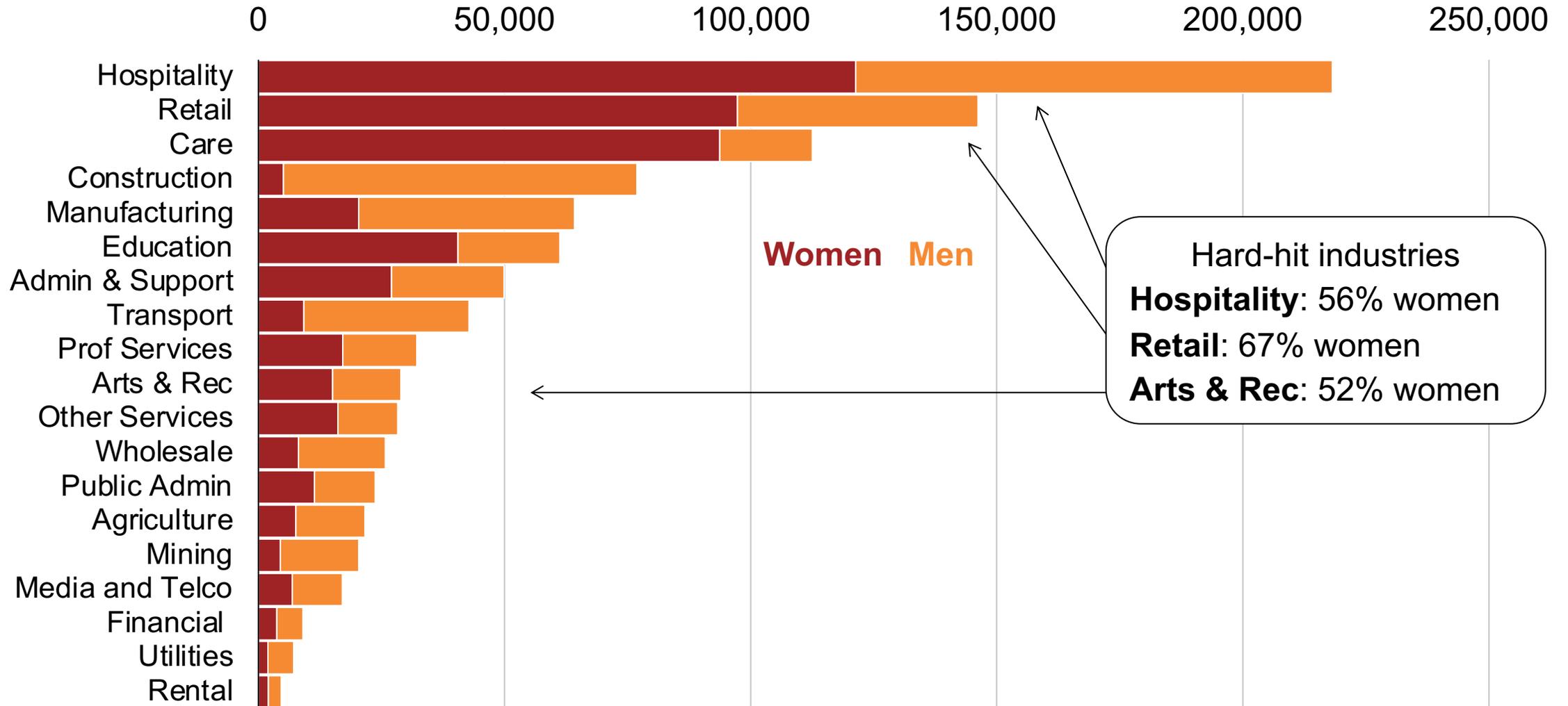


Notes: Hours do not necessarily tally because some supervision care occurs in parallel to other activities.

Source: Grattan analysis of Craig and Churchill (2020).

And women were less likely to be able to access government supports such as JobKeeper

Short-term casuals were excluded from JobKeeper, and in hard-hit industries they are mostly women
Short-term casual employees, August 2019

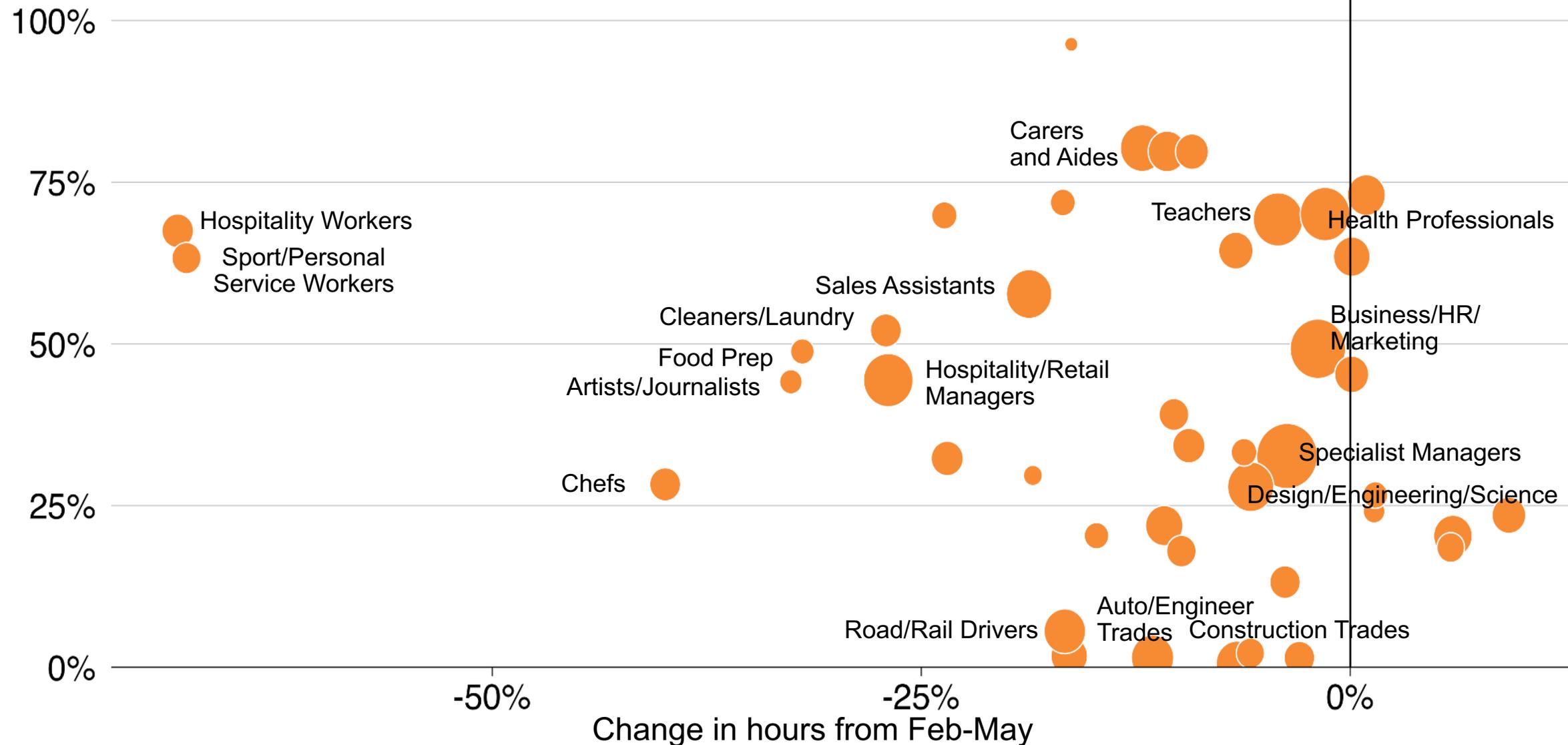


Notes: 'Casual employees' defined as those not entitled to paid holiday leave. Short-term = with their employer for less than 12 months.

Source: ABS Characteristics of employment 2019.

The worst-affected industries and occupations were female-dominated

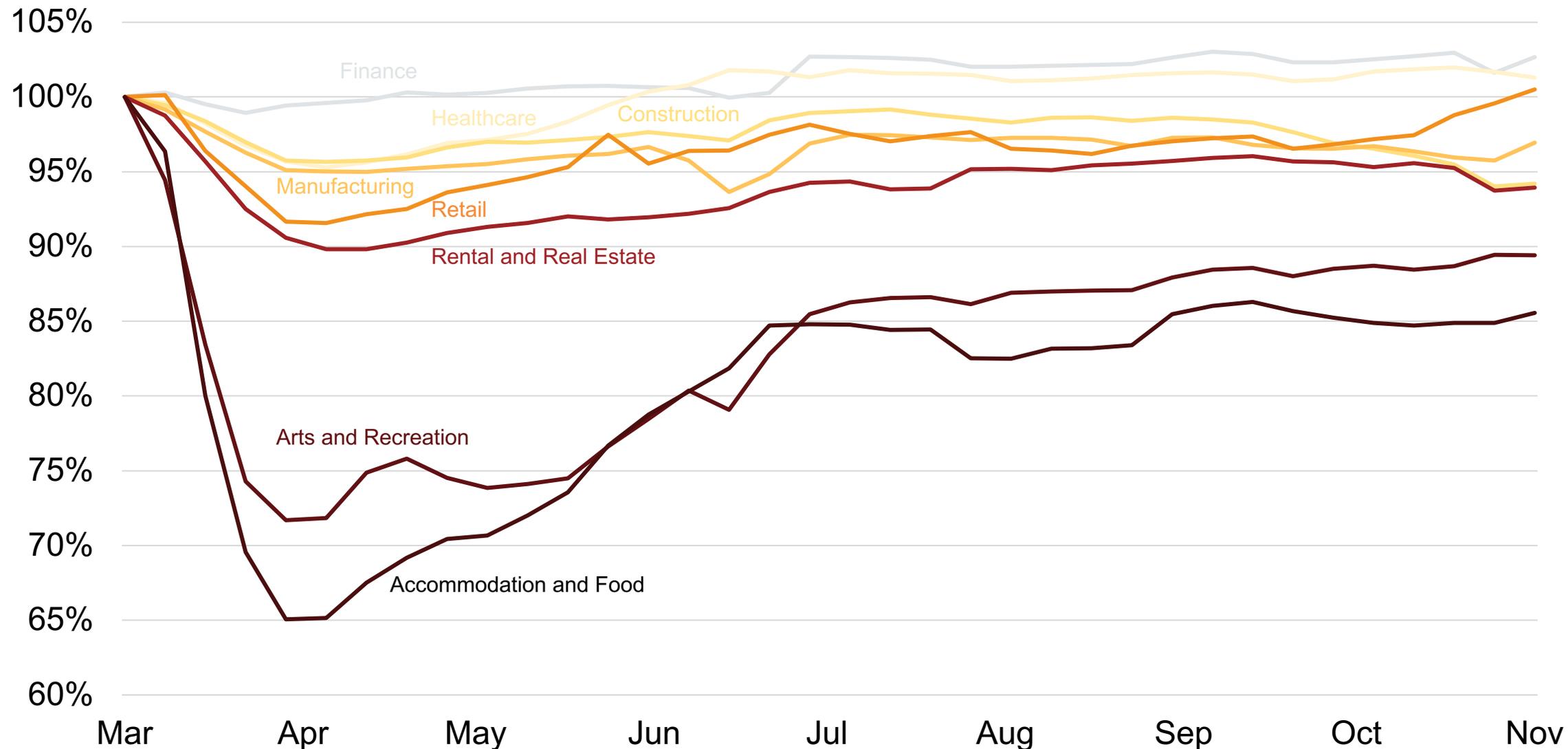
Percentage of women by occupation group



Note: The larger the dot, the more people employed in the occupation. The ABS does not provide these data seasonally adjusted. Source: ABS Detailed Labour Force Survey

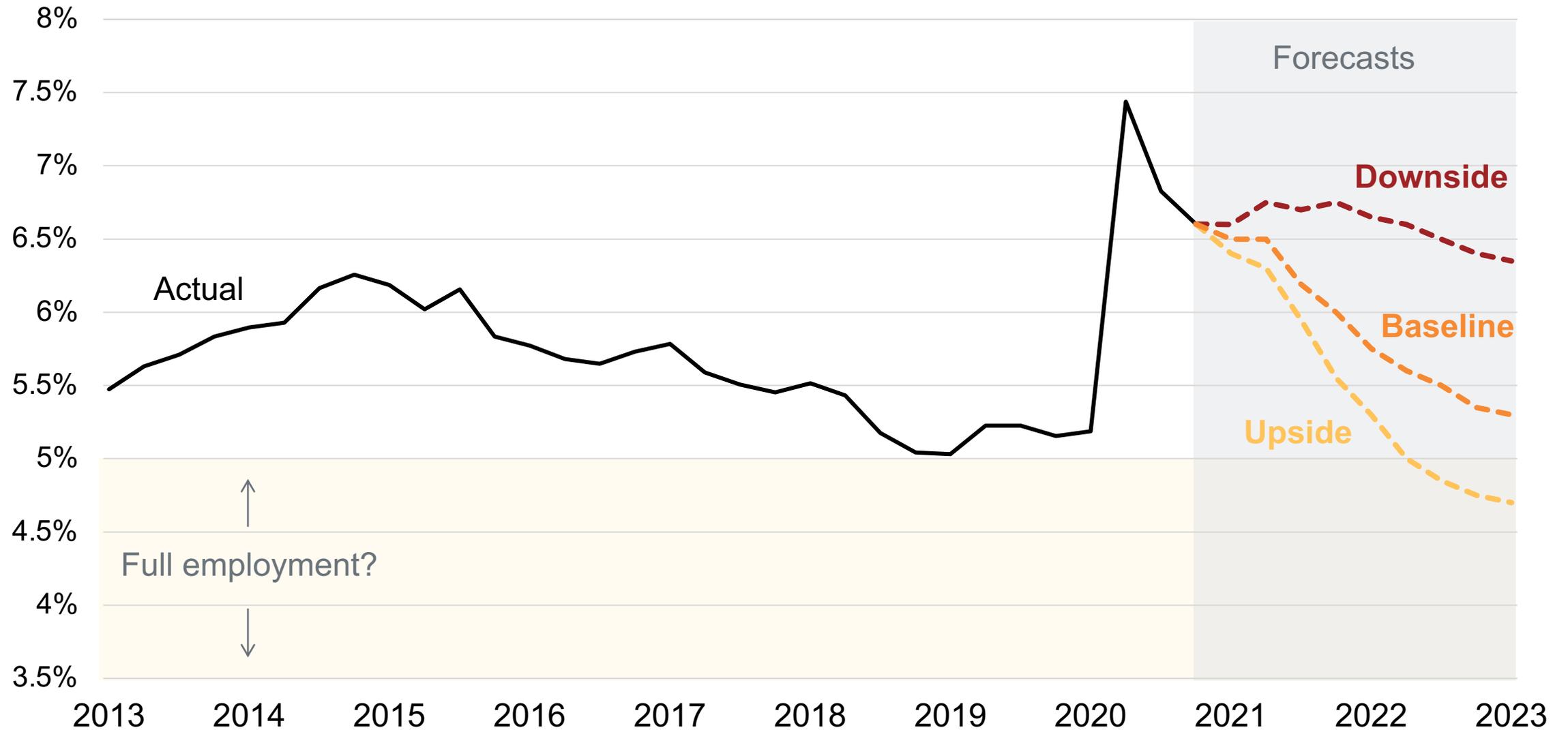
It's still worse in hospitality and the arts than it ever was in any other industry

Weekly Payroll Jobs, Australia, Mar-Nov 2020, as % of jobs on 14 Mar



'We still have a fair way to go': unemployment is expected to remain above pre-COVID levels for several years

Unemployment rate

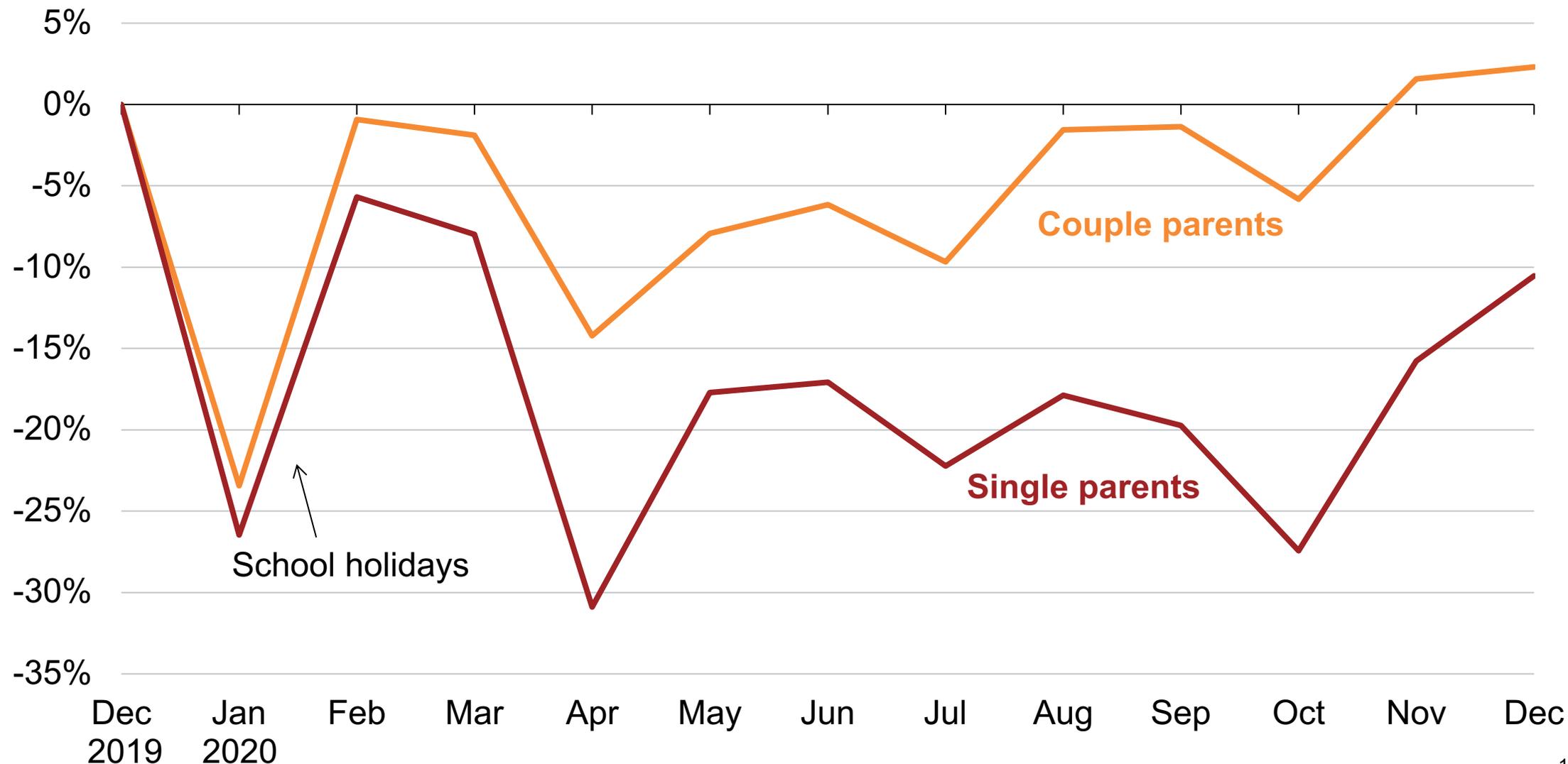


Notes: Forecasts are for quarter averages. Actual data is seasonally adjusted. The RBA does not disaggregate unemployment projections by gender.

Sources: Actual: ABS Labour Force Surveys. Forecasts: RBA Statement on Monetary Policy February 2021.

Some groups, such as single parents, are still really struggling

Australia has 1 million single parents, 80 percent of whom are women; 2.3 million couples
Change in hours worked (all jobs) since Dec 2019 for parents with children under 15



Career interruptions cast a long shadow, especially for women

This crisis could have a long-lasting effect on women's careers

- Additional skill loss for women in this recession, both because of the industries most affected and because of caring responsibilities
- Treasury analysis shows labour market scarring is more persistent for women (with wages still impacted 10 years later)
- Many women dropped out of study too: the biggest enrolment drops in 2020 were for international students blocked by border closures and for Australian women over 25
- Career interruptions may compound more for women because of later career gaps (e.g. having children) and lower quality job match associated with caring responsibilities

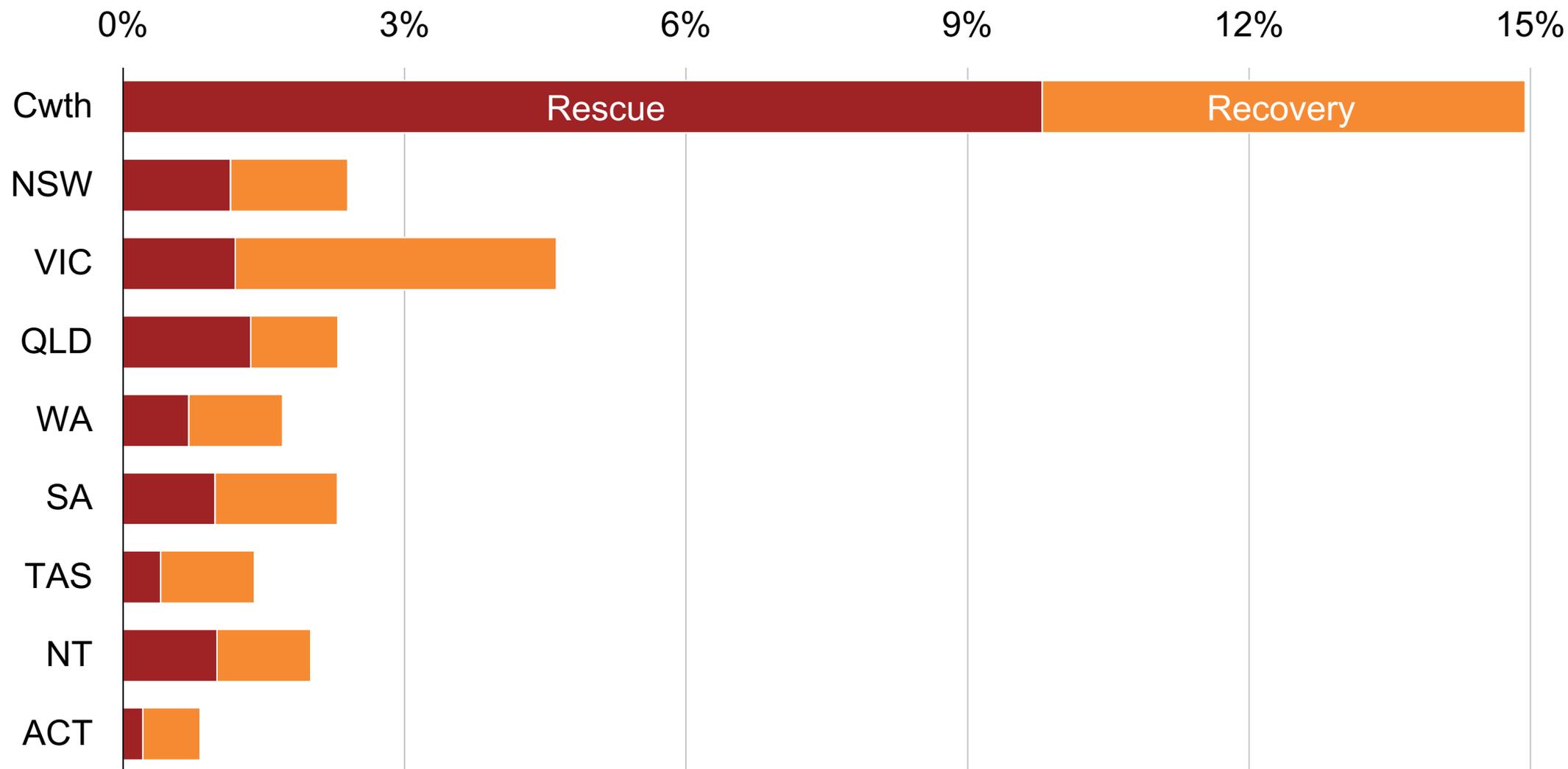
The lifetime earnings gap will get wider

- Six months out of work because of COVID could add another \$100,000 to the \$2 million average lifetime earnings gap between men and women
- Career interruptions for family and unemployment negatively impact future wages
- Delaying or dropping out of higher education will hurt women's wages too
- Lower earnings impact women's economic security and financial independence, including their capacity to leave dysfunctional or abusive relationships
- Increased risk of poverty in retirement for low-income and otherwise-vulnerable women, especially single parents and those renting in retirement

A silver lining? Cultural shift in flexible and remote work (full impacts yet to emerge)

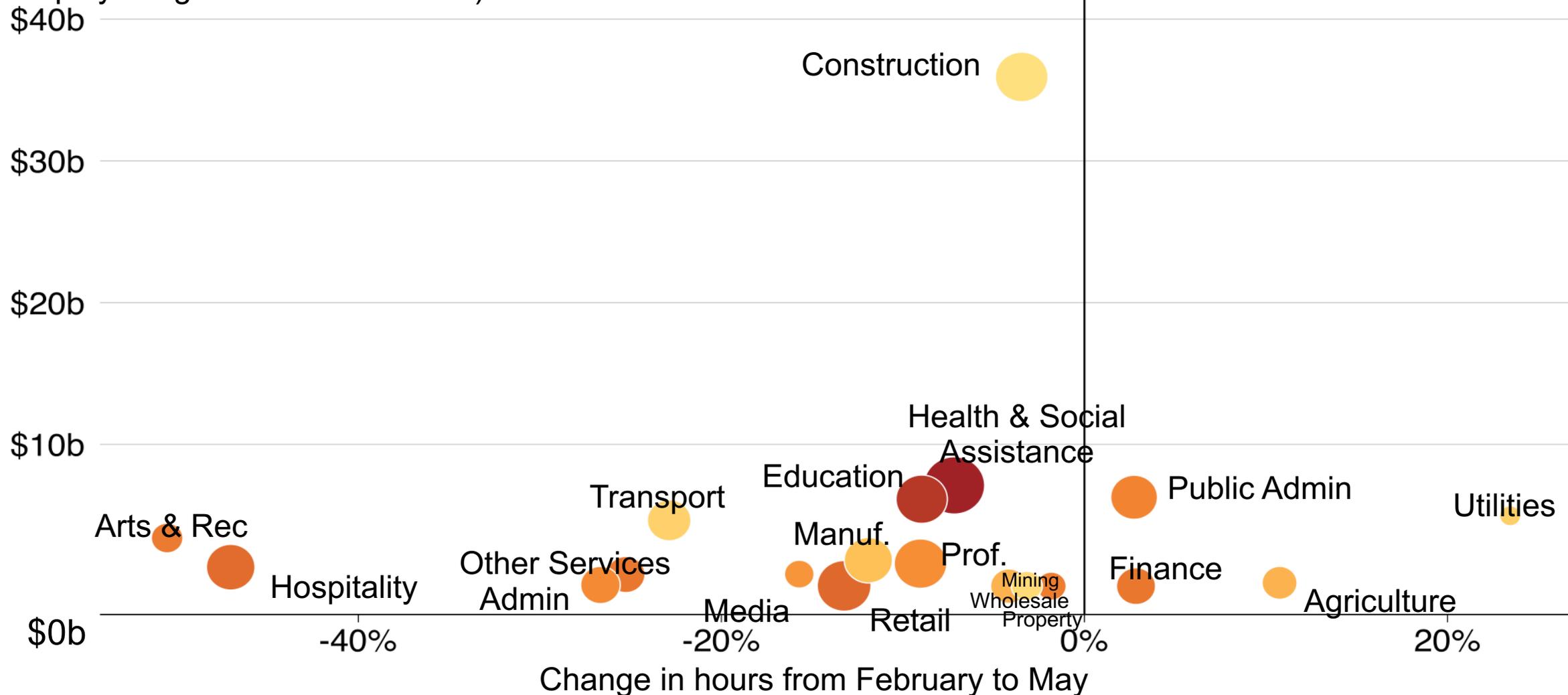
Governments have spent big, particularly the Federal Government...

COVID spending commitments by government, as a % of pre-crisis GDP/GSP



... but direct government stimulus does not correlate with the hit to jobs

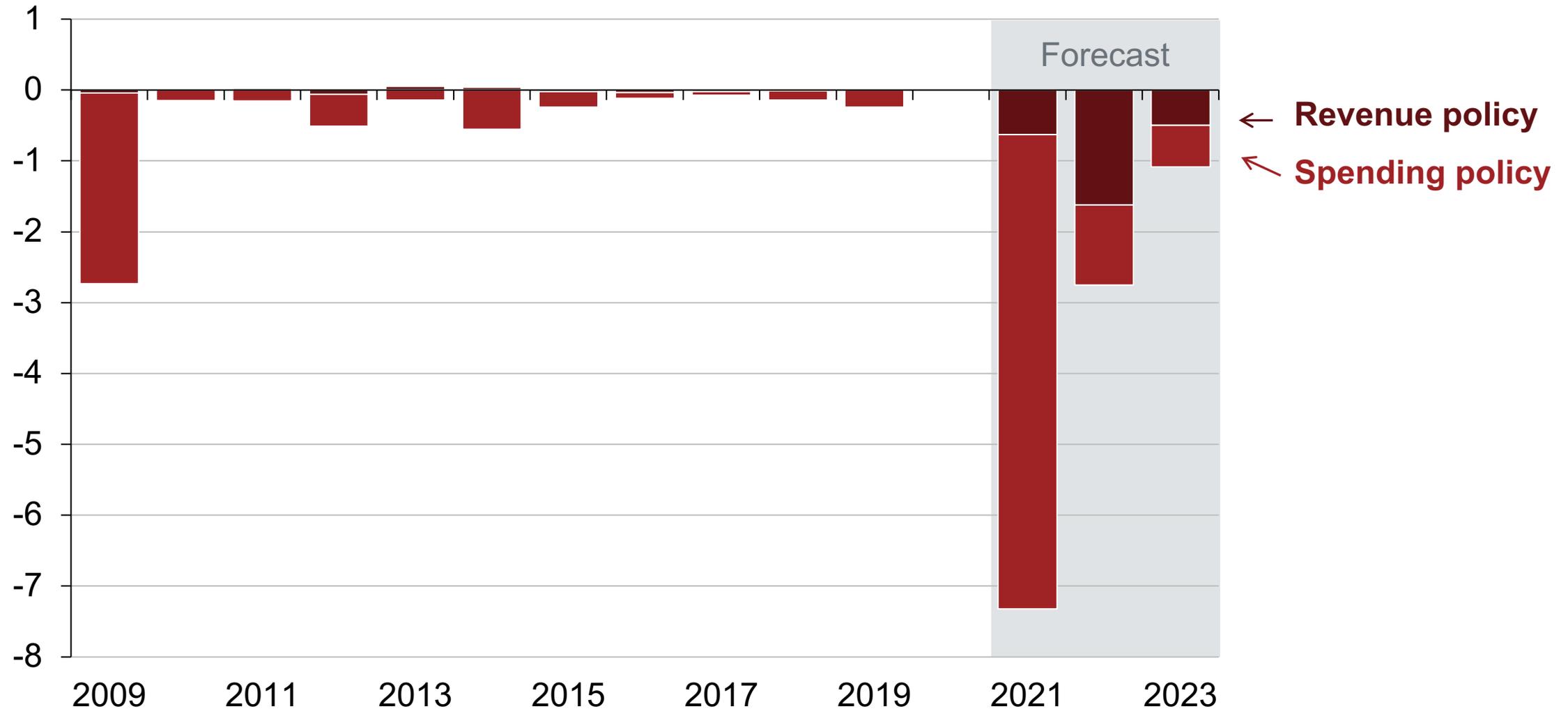
Industry-specific stimulus, federal and state governments combined, \$ billions (darker-coloured industries employ a higher share of women)



Notes: The larger the dot, the larger the industry. The darker the dot, the more women employed in the industry. Excludes funding specifically used to respond to the COVID-19 health crisis, including funding for hospital staff, medicines, PPE, hotel quarantine operation, police enforcement of lockdowns, and procurement and manufacture of vaccines. 'Industry-specific' stimulus is any measure taken in any post-COVID budget that clearly benefits a specific industry. Where a measure benefits two industries, the full amount is counted to each. Economy-wide stimulus, including the JobKeeper subsidy, is excluded. Sources: Grattan analysis of Commonwealth and state 2020-21 budgets; ABS Labour Force, Detailed, August 2020; ABS Australian System of National Accounts.

Stimulus largely drops out from the middle of the year; more needed to bring down unemployment faster and build a broader-based recovery

Change in budget outcome from previous forecast, % of GDP



Notes: Reconciliation for FY 2020 not included in the 2020-21 Budget. From 2017-18 budget, reconciliation tables published against net operating budget rather than net fiscal balance as they had been previously. Source: Grattan analysis of Commonwealth Budget Papers (various years).

In the longer-term, making childcare more affordable is the biggest thing the Federal Government can do to support women's employment

Options for childcare reform: the relative pros (darker) and cons (lighter)

| | Option | WDR impact | Cost | Economic impact | Complexity for parents | Complexity to administer | 'Fairness' |
|---|--|--|--------|------------------------|---|---|---|
| ➔ | Subsidy boost: lift the subsidy to 95%, flatten the taper | Most WDRs under 70% | \$5b | 13% hours, \$11b GDP | One taper, no annual cap | Same information required as under current system | Similar distribution of benefits to current system |
| ➔ | Second child: second and subsequent children free | Most WDRs under 80% | \$3b | 5% hours, \$6b GDP | Can be unclear which child's care is free | Need to collect information about other children in care | Only helps families with multiple children in care |
| ➔ | Universal: Universal 95% subsidy | Most WDRs under 60%; many under 40% even with two young children | \$12b | 27% hours, \$27b GDP | Net childcare cost is constant across days, unaffected by income | Fewer questions required than under current system | Transfers much more to high earners than current system |
| ✘ | Tax-deductible: Deductions <i>instead of</i> a subsidy | Increases WDRs | Saving | Negative | Unclear how much childcare will be subsidised until tax time | Administered through income tax return | Most families are worse off, especially low-income |
| | Opt-in tax-deductible: Deductions <i>or</i> a subsidy | Decreases only a small range of WDRs | \$0.5b | 0.1% hours, \$0.4b GDP | Very difficult to identify optimum choice, impact of working an extra day, and cashflow impacts | Need to capture parents' choice, and maintain two payment systems | Only the highest-earning 10% of families benefit |

Recommendations

Short-term: build a broader recovery by investing in services jobs and supporting those out of work

- Extend the JobMaker wage subsidy scheme to more employers and job seekers
- Offer government-issued vouchers or consumption subsidies to boost demand in sectors such as hospitality, tourism, and the arts that are struggling to recover
- Create tutoring programs in all states to help disadvantaged students catch up on learning lost during lockdowns
- (Temporarily) lift the cap on domestic student places at universities
- Provide grants to support in-demand community services
- Increase JobSeeker and Commonwealth Rent Assistance, to support the most vulnerable Australians, including single mothers

Long-term: build back better by focusing on the care economy

- Make early childhood education and care cheaper to support women's workforce participation
- Reform aged care to create jobs for women and improve the living standards of older Australians
- Establish an independent inquiry to review Australia's care industries to ensure they are fit to meet future needs (including worker pay, future workforce needs, and financing models)
- State governments should lead the development of training (and re-training) programs to grow Australia's care workforce

Lessons for this and future recessions

- Rethink the way we do stimulus in a services economy
- Make gender analysis part of budget development processes so that women are not overlooked