

**Briefing Paper:**

**Women's Casual Job Surge Widens Gender Pay Gap**

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**Introduction & Summary**

Women suffered disproportionate job losses when the pandemic hit. Employment for women declined almost 8% between February and May – more than 2 percentage points worse than the corresponding drop for men. The COVID-19 shutdowns and resulting recession were felt most severely by women for several reasons: they were disproportionately employed in the service sectors hit hardest by shutdowns; they were concentrated in casual and part-time roles more easily cut by employers; and their already-disproportionate share of unpaid caring responsibilities became even more pronounced. This forced many women to reduce their hours of work, or to give up paid work altogether.<sup>1</sup>

Women's employment began to quickly improve as health restrictions lifted and economic activity recommenced from May last year. Total women's employment increased by 428,000 positions between May and January 2021. That rebound represented 88.6% of all women's employment lost from February to May.<sup>2</sup> But the rebound in women's employment has not closed the gender gap in employment outcomes. Women's employment, underemployment, and participation all remain significantly weaker than for men.<sup>3</sup> As of January, female employment was still down 0.9% compared to January last

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<sup>1</sup> For a detailed summary of COVID labour market trends and a decomposition of the decline and recovery by various indicators including job insecurity, age, gender, occupation and industry, see D. Nahum and J. Stanford, *2020 Year-End Labour Market Review: Insecure Work and the Covid-19 Pandemic*, Centre for Future Work, December 2020.

<sup>2</sup> ABS Labour Force, January 2021.

<sup>3</sup> Ibid.

year (around 53,000 less jobs), but male employment grew slightly over the same period (by an additional 7,000 jobs). Over the year to January 2021, women's participation decreased 0.3 percentage points to 61.2%, but male participation increased 0.4 percentage points.

The gendered nature of the pandemic's effects on Australia's labour market have clear implications for addressing pay inequality. Not only has the quantity of women's paid work been reduced compared with men, but the quality of those jobs has been undermined during the post-COVID recovery. Women workers are "snapping back" to a world of paid work that engages them on inferior *terms* compared with men (lesser hours, security and pay).

The gender pay gap narrowed between November 2019 and May 2020 as women lost thousands of low-paid jobs. But the disproportionate concentration of women in newly-created casual jobs is now returning the gender pay gap back to almost equal its pre-pandemic dimensions. In other words, the gender pay gap has once again widened as the economy "recovered". Measuring the gender pay gap using total average earnings data (including both full-time and part-time workers, and bonuses and overtime as well as ordinary time wages) indicates that the gender pay gap is now 31.2% across all jobs.

This briefing note presents data on the gendered composition of the employment recovery since May. It shows women's jobs returned on a more part-time and casualised basis than for men, and that the influx of women's lower-earning jobs widened the gender pay gap between May and November 2020. While women were more likely to lose these same jobs early in the COVID pandemic (and so the return of these jobs is predictable), these statistics demonstrate how the gender pay gap worsens with increases in part-time and casual jobs. Finally, the paper describes three major existing and proposed government policies that are likely to widen pay inequality in 2021.

### **Measuring the Gender Pay Gap**

There are many sources of gender pay inequality - not just differences in regular hourly wages, but also hours of paid work, insecurity of work, career interruptions due to caring responsibilities, and unequal receipt of additional compensation through bonuses and overtime. Women face persistent barriers to workforce participation - including unaffordable childcare, lack of family-friendly work arrangements, and workplace discrimination - which mean they cannot access full-time jobs on the same terms as men. Almost half (45.1%) of all employed women are in part-time work, and two-thirds of part-time workers are women.<sup>4</sup>

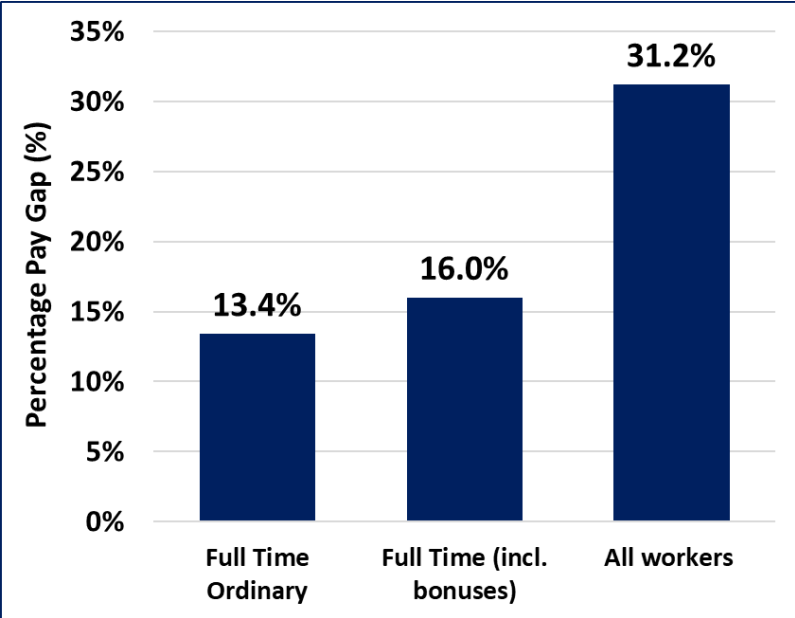
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<sup>4</sup> ABS Labour Force. January 2021. Seasonally adjusted.

Long-term economic, regulatory and social trends explain why women work fewer hours, and in worse quality, lower-paid jobs, compared with their male counterparts. As women’s workforce participation increased over recent decades, parallel labour market trends toward greater underutilisation have made it harder for women to access enough paid work hours. Meanwhile, labour deregulation has enabled employers to exploit excess labour supply, shifting to flexible, lower-cost “just in time” hiring models. This has meant women’s part-time jobs have become increasingly casualised.

Women’s concentration in part-time and casual work dramatically reduces their earnings. The data confirm a clear correlation between casual work and poor compensation. Median weekly earnings for casual workers are much lower than for permanent workers – both part-time and full-time. In 2019 (before the pandemic), median weekly earnings of full-time employees in casual roles were 23% lower (\$1080 per week) than for full-time employees in permanent roles (\$1400 per week).<sup>5</sup> The difference in earnings for part-time workers was even greater, with casual workers earning only \$390 per week (46% less) than permanent workers on \$720 per week. Casual work negatively impacts on women’s individual earnings compared to potential earnings in permanent roles (which are more likely to be male roles). Hence any increase in the proportion of women in casual jobs relative to male workers will exacerbate the gender pay gap.

**Figure 1. Gender Pay Gap**



Data: ABS 6302.0 Average Weekly Earnings. Table 2. November 2020. Seasonally adjusted.

Measuring the gender pay gap across total average earnings data shows women make almost one-third less than employed men (see Figure 1). A number of factors explain the

<sup>5</sup> ABS 6333.0, Characteristics of Employment, Table 1c.1.

large pay gap between men and women. First, basic wages are significantly lower for women: ordinary-time earnings for women employed full-time are 13.4% less than men. This gender wage gap measure is most-commonly reported,<sup>6</sup> but only applies to women working in full-time positions (and excludes bonuses and overtime payments). That baseline pay gap is exacerbated by payments of bonuses and overtime pay, which tend to be concentrated among traditionally ‘male’ jobs (including executives, financial professionals, construction and mining). When that additional income is included, the gender pay gap swells to 16.0%. If the gender pay gap is defined to include both full-time and part-time workers, and bonuses and overtime as well as ordinary time wages, it expands even further to 31.2%.

Even still, this more complete measure of the gender pay inequality does not tell the full story of income inequality between men and women since women have higher unemployment, lower participation, and experience more career interruptions due to caring responsibilities that reduce their incomes over their lifetimes.<sup>7</sup>

### **Gendered Composition of the Employment Recovery Since May**

Table 1 presents ABS data on the composition of employment growth from May (the trough of the employment downturn) until November 2020 (most recent detailed data available), and women’s share of that growth. This period covers the employment rebound experienced nationally once COVID health restrictions began lifting across states (with the exception of Victoria). Total employment growth is recorded for both job quality (casual or permanent) and hours worked (full-time or part-time).

Casual jobs have surged during the employment recovery, with the number of casual positions increasing by around 400,000 from May to November, representing 61.8% of total jobs growth. This is the largest and fastest increase in casual employment in Australia’s history, and contradicts claims by business lobbyists that casual job-creation is somehow being held back by legal uncertainty regarding casual employment rules.<sup>8</sup> Moreover, this casual jobs boom was disproportionately concentrated among women, with 248,000 female casual jobs created – representing 61.8% of all new casual jobs. Conversely, women gained less than half of all permanent jobs created between May and November (44.7% of all new permanent jobs).

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<sup>6</sup> See N. Boddy (2021). “Gender pay gap improves as more men take on low-paid work”, *Australian Financial Review*, 25 February, and Workplace Gender Equality Agency (2021). “The national gender pay gap drops to 13.4%”, Australian Government, 25 February.

<sup>7</sup> Average weekly earnings data measures only earnings for those in employment within the reference period.

<sup>8</sup> For more discussion on this contrast, see A. Pennington and J. Stanford, *Submission to Senate Inquiry into the Fair Work Amendment (Supporting Australia’s Jobs and Economic Recovery) Bill 2020*, Centre for Future Work, February 2021.

Part-time work has also dominated the jobs recovery, accounting for almost three-quarters of total employment growth from May through November. As a result of this concentration of new hiring in part-time roles, the share of part-time work in total employment has shot back up to record levels, reaching an all-time high of 32.8% in October, and falling back only slightly since then.<sup>9</sup> The composition of recovered employment by part-time or full-time status was also feminised. Women filled 56.5% of all part-time jobs created from May to November 2020, but just 38.1% of recreated full-time jobs.

<b>Job Type</b>	<b>Total Growth by Job Type (000)</b>	<b>Percentage Total Jobs Growth (%)</b>	<b>Female Job Growth (000)</b>	<b>Female Proportion of Growth (%)</b>
<b>Casual</b>	401.0	61.8	247.7	61.8
<b>Permanent</b>	248.2	38.2	111.0	44.7
<b>Part-Time</b>	542.9	73.9	306.9	56.5
<b>Full-Time</b>	191.5	26.1	73.0	38.1

Source: Author's calculations from ABS 6291.0.55.003. Table 1. EQ04. Casual/permanent split applies to employees only, excluding owner-managers. ABS 6202.0. Table 1. Seasonally adjusted.

The employment rebound for women has been overwhelmingly concentrated in part-time and casual jobs – two structural features of women's employment that constitute persistent barriers to closing the gender pay gap. Casual jobs accounted for 64.3% of total growth in women's employment from May to November. Almost three-quarters (72.2%) of all women's jobs gained over the same period were part-time jobs. Alarming, over half of all growth in women's waged employment over the 6-month period was in *both* low-hours and insecure work, with 52.4% of total growth in employees in part-time casual jobs.<sup>10</sup> Traditional full-time permanent jobs with normal entitlements (such as paid sick leave, holidays and superannuation) represented a dismal 10.4% of female employment growth from May through November.

### **Gender Pay Gap Widens With Growth in Insecure Women's Employment**

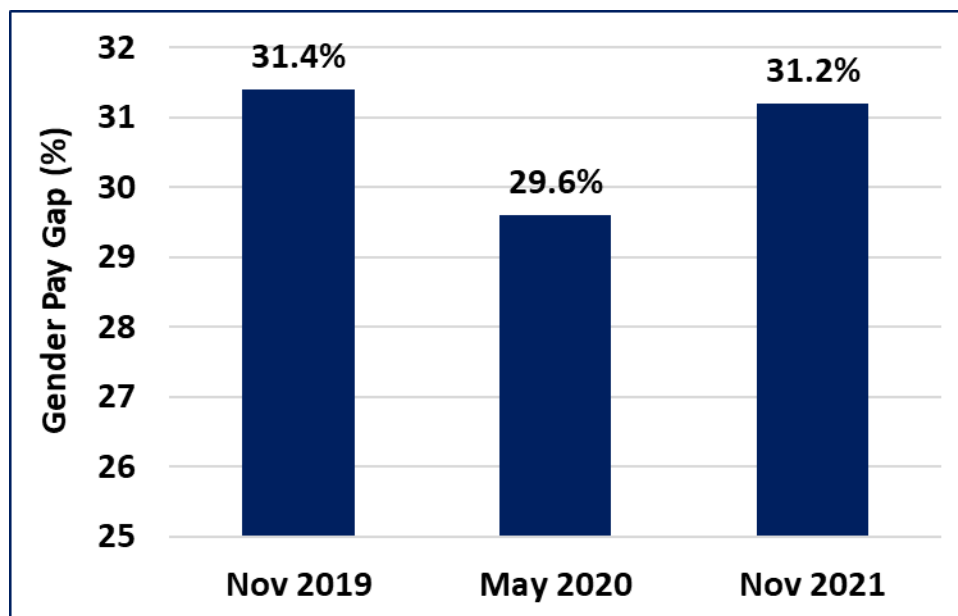
Ironically, the gender pay gap narrowed as women's employment dramatically declined in early stages of the pandemic and resulting recession. From late-2019 to May 2020, the gap between male and female total wage incomes declined from 31.4% to 29.6% - down by 1.8 percentage points (see Figure 2). This hardly represented a step toward equality, however.

<sup>9</sup> ABS Labour Force, Table 1. Seasonally adjusted figures.

<sup>10</sup> Excluding self-employed persons.

Rather, it resulted from the concentration of job losses among lower-paid women in casual and part-time positions. That resulted in an increase in the average earnings of those women who were able to maintain their jobs during this time, causing a seeming convergence between men’s and women’s pay.

**Figure 2. Gender Pay Gap for All Workers**



Data: ABS 6302.0 Average Weekly Earnings, Australia. Table 2. Seasonally adjusted figures.

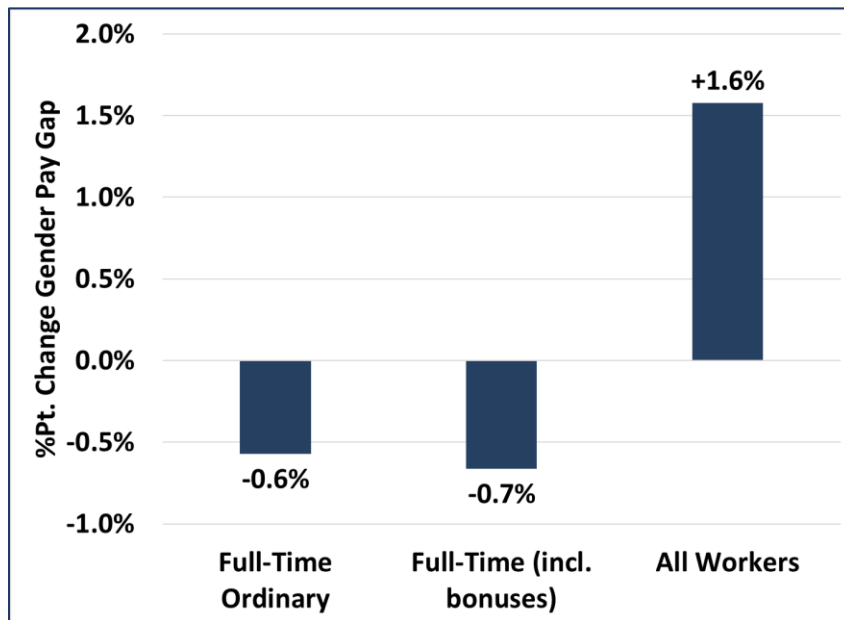
However, this seeming “progress” toward equality during the pandemic was short-lived. During the recovery since May, the gender pay gap has widened again, just as quickly (see Figure 2). This is because of the disproportionate concentration of women workers in the casual and part-time jobs that have dominated the employment recovery. With so many women working in these lower-paying jobs (marked by both lower hourly wages, and fewer hours of work), the gender pay gap swelled as the economy recovered over the second half of 2020. Measured across all job types, the gender pay gap re-opened between May and November 2020 – growing by 1.6 percentage points– as women’s average earnings were again weighed down by the influx of casual and part-time jobs (which accounted for most of the growth in women’s employment over that period).

While the pay gap for all workers increased between May and November, it decreased for both full-ordinary earnings and full-time earnings including bonuses by 0.6 percentage points (see Figure 3).<sup>11</sup> The full-time employment pay gap between men and women narrowed for two reasons. As male full-time employment rebounded in the post-pandemic recovery (with 119,000 full-time jobs from May to November), their average weekly

<sup>11</sup> As reported by Workplace Gender Equality Agency (2021). “The national gender pay gap drops to 13.4%”, Australian Government, 25 February.

earnings declined by approximately \$8 per week (\$1804 per week full-time ordinary earnings).<sup>12</sup> Meanwhile, women’s full-time employment recovery (73,000 full-time jobs added between May and November), corresponded with a small increase in their average weekly earnings of around \$4 per week (\$1562 per week full-time ordinary earnings).

**Figure 3. Change in Gender Pay Gap (May-Nov 2020)**



Data: ABS 6302.0 Average Weekly Earnings, Australia. Table 2. Seasonally adjusted figures.

In sum, the gendered composition of the jobs rebound from May to November in 2020 is once again exacerbating the gender pay gap, due to disproportionate reliance of the employment recovery on lower-paid jobs filled by women. This widening of the gender pay gap confirms that gender pay inequality is highly sensitive to changes in the composition of employment (and in particular the relative importance of part-time and casual jobs). For this reason, gender pay comparisons based solely on base wages for full-time workers provide a very misleading portrayal of the true extent of gender inequality in the labour market.

### **Three Policies that will Worsen the Gender Pay Gap**

Instead of providing countervailing supports to improve both the quantity and quality of jobs available to women in the post-COVID recovery (especially for women struggling to balance paid work with caring commitments), governments are pursuing policies that will exacerbate the key drivers of the gender pay gap in 2021. These counterproductive policies include:

<sup>12</sup> Author’s calculations from ABS 6291.0.55.003, Table 1. EQ04, and ABS 6302.0, Table 2. Seasonally adjusted.

## Omnibus Industrial Relations Bill

The federal government's *Fair Work Amendment (Supporting Australia's Jobs and Economic Recovery) Bill 2020* proposes sweeping changes to Australia's labour laws that will suppress growth in women's wages and exacerbate pay inequality. The Bill introduces a new expansive employer-controlled definition of casual work, alongside weak and unenforceable permanency conversion rights.<sup>13</sup> This will expand employer power to deploy casual work, negatively impacting on individual earnings, and wider wage growth. Despite common misguided claims that casual workers are compensated (via casual loading) for the loss of entitlements and lack of predictability in rosters and tenure, casual workers are, on average, paid far less than employees in permanent roles. Median weekly earnings of full-time employees in casual roles were 23% lower (\$1080 per week) than those in permanent roles (\$1400 per week), and 45% lower for employees in casual part-time roles (\$390 per week) compared with permanent part-time workers on \$720 per week.<sup>14</sup> The Bill's plan to expand employer power to use insecure work will result in more insecure, lower-paying jobs, placing downward pressure on already record-low wages growth.

Casual employment law changes would disproportionately impact on women's job security and earnings because women are more likely to be in casual roles (women fill 54% of all casual positions). And women's vulnerability to casualisation is growing, since women accounted for 62% of all new casual jobs created in the period from May to November.<sup>15</sup>

Another major proposal tabled under the Bill will allow employers in sectors assessed most-impacted by COVID to change, without penalty, hours of work for permanent part-time workers, above a minimum schedule of 16 hours per week. Only 16 hours will have to be paid according to normal permanent rates, while an additional 22 hours (comprising a working week of up to 38 hours) will no longer attract overtime loading or penalties. In essence this represents a casualisation of part-time work – but without the casual loading costs that (in theory anyway) are paid to casual workers to compensate them for their insecure schedules. This measure will disproportionately impact the compensation and security of women's jobs, who currently hold 78.2% of all permanent part-time positions.<sup>16</sup>

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<sup>13</sup> For more discussion on the major components of the proposed IR Bill and consequences for wages growth, see A. Pennington and J. Stanford (2020). *Submission to the Senate Inquiry into the Fair Work Amendment Bill*, Centre for Future Work, February.

<sup>14</sup> Measured by median earnings at August 2019 — before the introduction of JobKeeper income supports which temporarily skewed median earnings data. See ABS (6333.0) Characteristics of Employment, Table 1c.1.

<sup>15</sup> Author's calculations from ABS 6291.0.55.003. Table 1. EQ04. Most recent data for November 2020.

<sup>16</sup> Permanent status measured as employees with paid leave entitlements. ABS 6291.0.55.003. Table 1. EQ04.



### Public Sector Wage Caps

Public sector wage cap policies enacted across governments in 2020 – both federal and state – will be a powerful negative drag on women’s potential earnings in 2021. The Commonwealth and Queensland, NSW, WA, SA, and Northern Territory state and territory governments have all imposed restrictive wages policies, including wage freezes, caps, and increases tied to changes in the private sector wage price index calculated by the ABS (currently languishing at just 1.4% year-over-year in the December quarter<sup>17</sup>). Harsh and economically counterproductive, these arbitrary caps on public sector pay will disproportionately impact on women’s earnings. 61.7% of all public sector roles are held by women.<sup>18</sup> Public sector wage freezes amount to tens of thousands of dollars in permanent losses to women’s individual lifetime earnings (including reduced superannuation balances).<sup>19</sup>

### Unaffordable Childcare

Insufficient access to quality, affordable childcare presents another critical barrier to women’s paid work opportunities. Long-term structural inequality reflected in women’s lower pay and pervasive job insecurity mean women face more significant pressures to reduce their paid work hours to care for their families. The federal government extended free childcare to working parents early in the pandemic, but supports were cut after three months and fees reintroduced. This decision removed a major pillar of women’s economic support and opportunity in the COVID recovery.

The return of full-fee, high-cost childcare is pricing women and their families out of this important service for children’s development, undermining female workforce participation and earnings. Over half of women with young children who do not participate in the labour market have listed child care costs as a key factor in their decision not to work. Over half of all women aged 18-75 working part-time or not at all said financial assistance with childcare costs would allow them to increase paid work hours.<sup>20</sup>

The COVID-19 crisis has intensified the twin crises facing Australian women: a shortage of secure, well-paid jobs, and an increase in the caring burden, unsupported by workplace or childcare policies. Government policies in 2021 will further liberalise casual work,

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<sup>17</sup> ABS 6345.0. Wage Price Index. December qtr 2020.

<sup>18</sup> 6291.0.55.001. Table 27b. November 2020.

<sup>19</sup> For more on the myriad economic consequences of public sector pay caps, see D. Nahum (2020). *Public Service in Challenging Times: The Economic and Social Value of Public Sector Work in Queensland*. Centre for Future Work, October.

T. Henderson and J. Stanford (2020). *The Same Mistake Twice: The Self-Defeating Consequences of Public Sector Pay Freezes*. Centre for Future Work, April.

<sup>20</sup> See ABS. Barriers and Incentives to Labour Force Participation, Australia. Reference period 2018-19 financial year.

suppress public sector women's wages, and retain an expensive and inaccessible childcare system. Should these three policies be pursued, pay inequity could further deteriorate in 2021.

## **Conclusion**

By examining gender pay disparity across all jobs, the structural barriers faced by women seeking access to more hours and more secure, better-paid jobs become clearer. The oft-cited gender wage gap of 13.4% applies only to women in full-time positions, and excludes bonuses and overtime payments. The gender gap in total average earnings is 31.2% – more than twice as wide. The true wage gap between women and men is thus much larger than often reported.

Women dominated casual and part-time jobs growth from May to November 2020 – representing 61.8% and 56.5% of total growth in each category, respectively. The consequences of women's concentration in casual and part-time work for their earnings was reflected perversely in the brief closing of the gender pay gap during the initial months of the pandemic, as hundreds of thousands of low-paid women lost their jobs. But the pay gap widened again as the economy re-opened: growing by 1.6 percentage points between May and November, as women's average earnings were again dragged down by the return of hundreds of thousands of low-paid jobs.

The gendered composition of the employment recovery was thus mirrored in the widening of the gender pay gap. This is a clear example of why a simple post-COVID “snap back” will never be adequate for women. Rebuilding women's employment and participation will require more ambitious employment-generating fiscal spending by government, and targeted job opportunities to assist women get into work. But a job is not enough for women facing historic undervaluation of paid work. Unpicking labour market discrimination and making genuine progress toward closing gender pay disparities between men and women requires a more comprehensive gender-equal policy agenda. Key features of this agenda should include free public childcare, better paid parental leave entitlements available to both parents, and more effective pathways to boosting women's historically undervalued wages in the industrial relations system – including pay equity principles enshrined in Awards and minimum wage decisions by the Fair Work Commission, and multi-employer collective bargaining.<sup>21</sup>

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<sup>21</sup> For a full assessment of the gender-unequal impacts of the COVID recession women and a more comprehensive agenda for gender-equal economic reconstruction, See ACTU (2020). *Leaving Women Behind: The Real Cost of the COVID Recovery*, ACTU, November 2020.