

“False optimism” over jobs after pandemic, research finds

Victorians are facing continuing impacts on unemployment, economic insecurity, and demand on social services due to Covid-19, a new study from Australian Catholic University (ACU) has found.

The study found pandemic shutdowns had left the Victorian economy with “deep scarring” which is being borne disproportionately by women, younger workers, and migrants.

The study found low unemployment figures had led to “false optimism” because they hid the reality of shrinking work force participation and increasing insecurity.

A significant rise in key welfare payments, especially JobSeeker, expansion of public housing, and expanded funding for social service providers is needed to enable recovery, the report concluded.

The report was commissioned by Catholic Social Services Victoria and St Mary’s House of Welcome through Australian Catholic University’s Stakeholder Engaged Scholarship Unit (SESU).

Researcher Dr Tom Barnes, from ACU’s Institute for Humanities and Social Sciences, said, despite low unemployment figures and political rhetoric, Victoria had experienced a weak and uneven economic recovery since 2020.

“The COVID-19 crisis is not just a pandemic in public health terms—it is also a pandemic of job loss and job market insecurity.

“The emphasis on the official unemployment rate as the key measure of societal success creates a misleading view of social and economic wellbeing, especially in the context of the COVID-19 pandemic. Alternative measures of labour market performance suggest that economic life has not ‘bounced back’ to pre-pandemic levels, especially for those experiencing the most vulnerability.”

The report measured total employment, work force participation over time, involuntary withdrawal from the work force, and hours of paid work.

It found the total labour force shrank by 3.4 percent during the Third (Delta) Wave in late 2021 as thousands withdrew from the job market. The female labour force fell by 5.8 percent, with women-heavy industries such as hospitality, retail and the arts most affected.

Hours of work have declined too. By late 2021, total hours worked were lower than during the pre-pandemic period, by 6.9 percent in Greater Melbourne and 6.7 percent for regional Victoria.

Migrants have been particularly hard hit, with even the underestimate of official unemployment figures finding almost a quarter were unemployed.

“The decision to exclude temporary migrants from JobKeeper and JobSeeker plunged millions into financial hardship, generating destitution and untold suffering across our community,” said Dr Barnes.

Social services are struggling to meet need in the post-pandemic climate. Demand increased significantly during the pandemic—in some organisations the number of meals served more than doubled in 2020. By the end of 2021, the proportion of people seeking emergency relief who had no income was still more than double pre-pandemic levels.

Executive Director of Catholic Social Services Victoria Josh Lourensz noted that the report contextualises the enormous challenges that social services continue to face in working to meet people’s needs in the post-pandemic climate.

“If we still value social equality, we should consider and adapt services and support for particular cohorts. The pre-existing vulnerabilities of families and individuals reliant on casualised or insecure work, or excluded from work due to job market distortions, or dependent on meagre JobSeeker or other government payments cause many to be left behind.

“As rental and house prices increase as the economy is reopened, this contributes to the needs and gap for those most affected by the pandemic.”

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Volunteer numbers fell and have not recovered to pre-pandemic level and income has been lost for organisations that depend on retail sales, such as ‘op shops’, for operating income.

“COVID-19 has profoundly affected the activities of Victorian social service providers. Even during the current recovery phase, the pandemic has left a social and economic ‘scarring’ effect on those experiencing the most vulnerability or marginalisation, on victims of job loss and labour market insecurity, and on capacity of social service providers to assist those left behind by our growth-oriented economy,” said Dr Barnes.

ACU’s Stakeholder Engaged Scholarship Unit (SESU) invites community organisations to put forward research proposals to meet their needs through an annual application round. More information [here](#).

Dr Tom Barnes is available for interview.

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