



COVID-19 and the Future of Work in Tasmania

September 2021

Prepared by the

Tasmanian Policy Exchange

in partnership with the

College of Business and Economics



A photograph of traditional Indigenous Australian objects. In the foreground, there is a dark, polished stone bowl with a braided cord around its rim. To its right is a large, shallow, reddish-brown clay bowl. In the background, there are several woven baskets made of natural fibers, some containing dark stones. The objects are arranged on a light-colored, textured surface, possibly a piece of animal skin or a woven mat. The background is softly blurred, showing more of the same items and a hint of an outdoor setting.

Acknowledgement of Country

We acknowledge the palawa/pakana of lutruwita, the traditional owners of the land upon which we live and work.

We pay respects to Elders past and present as the knowledge holders and sharers. We honour their strong culture and knowledges as vital to the self-determination, wellbeing and resilience of their communities.

We stand for a future that profoundly respects and acknowledges Aboriginal perspectives, culture, language and history.

Aims and Overview

National and International Evidence

This report presents a detailed picture of how COVID-19 has affected the global economy, along with its profound consequences for Australia, over the 18 months to June 2021. The work builds upon a diverse national and international literature and a wide range of data sources.

A Tasmanian Perspective

Like the rest of the world, Tasmania has been heavily impacted by the crisis. While a core set of trends apply practically everywhere, all places have had different experiences of the pandemic. Tasmania's unique pandemic journey is far from over, but some clear and important implications are beginning to emerge.

Where are we headed?

Many of the changes discussed here have been directly caused by the crisis, but others have been in train for decades and are merely being accelerated by COVID-19. The report aims to inform a broader conversation about the future of work in Tasmania and beyond.

COVID-19 and the future of work in Tasmania

Prepared by the
Tasmanian Policy Exchange and the
College of Business and Economics
in collaboration with
Tasmanian Leaders

September 2021

Part 1 – COVID-19 Impacts on the Global and Australian Economies

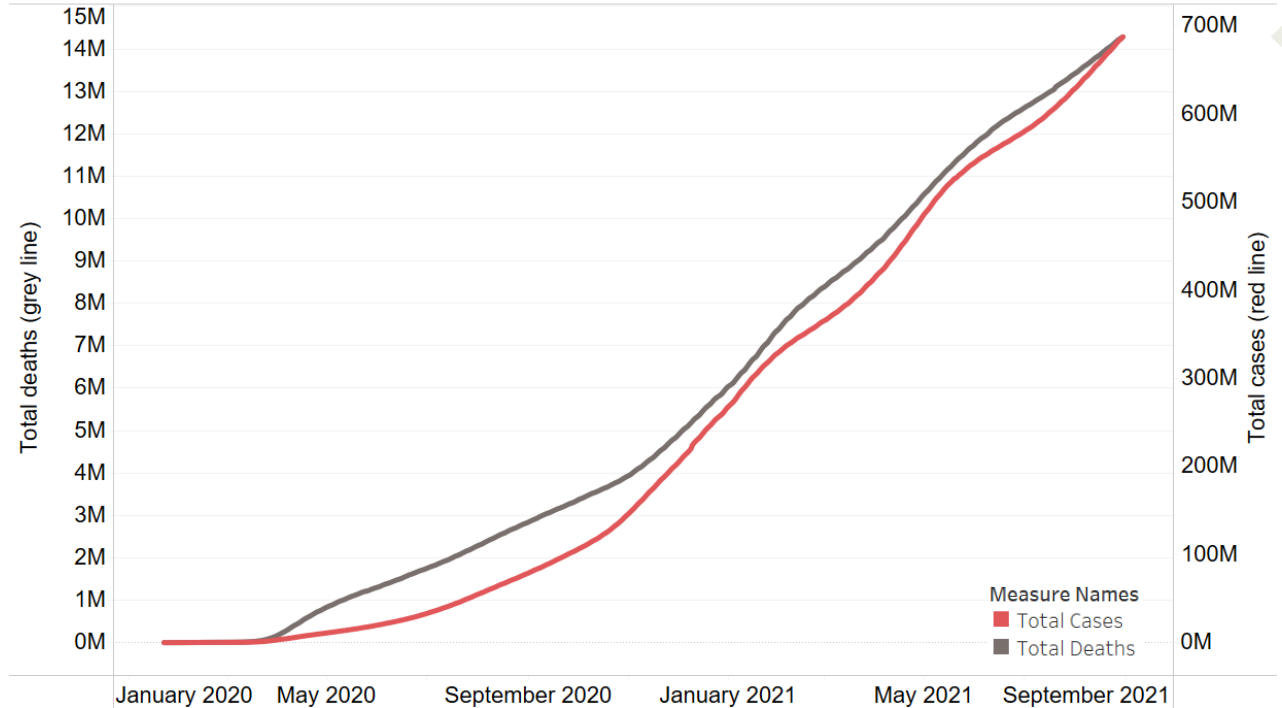
Part 2 – Impacts on Employment and Work in Tasmania

Part 3 – The Future of Work and Implications for the Tasmanian Labour Market

COVID-19 has exacted a devastating health and wellbeing toll

- COVID-19 has impacted practically ever corner of the global, from the largest urban centres to the most remote rural villages.
- As of the beginning of September 2021, some 217 million people have contracted COVID-19, and more than 4.5 million of these died as a result.

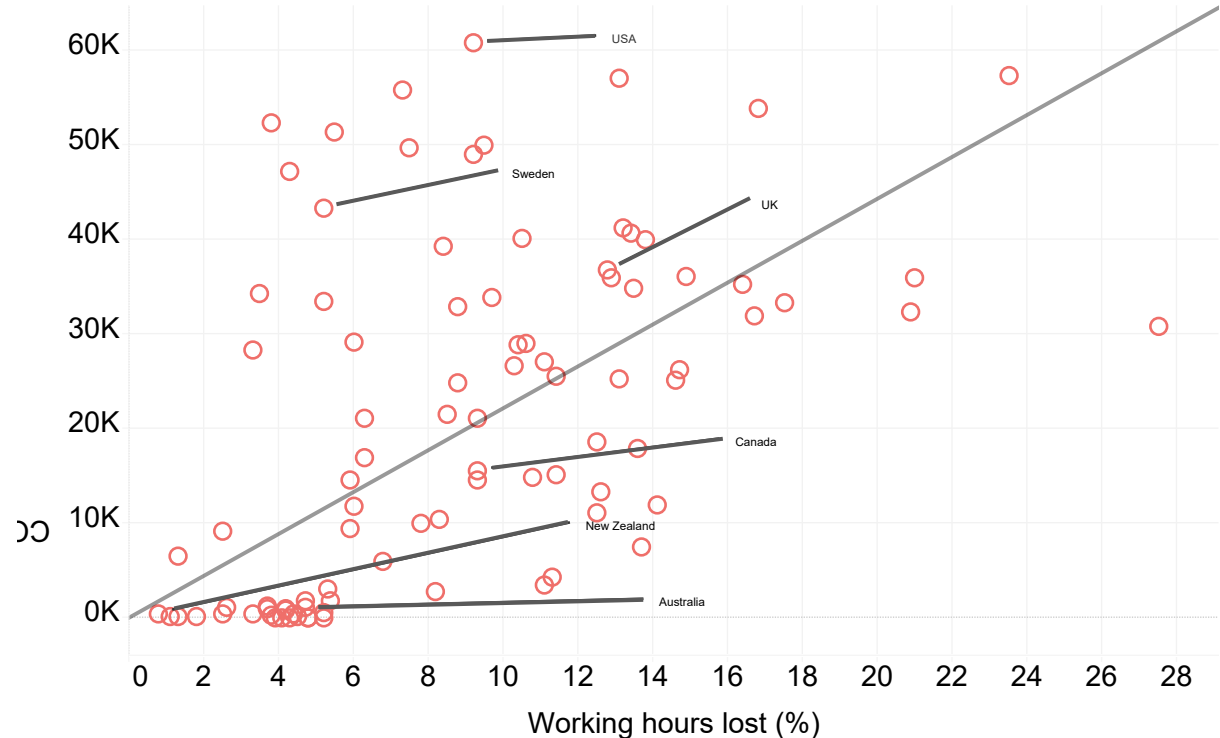
COVID-19 Cases and Deaths, Global, January 2020 to September 2021



More proactive, aggressive national responses limited the economic damage

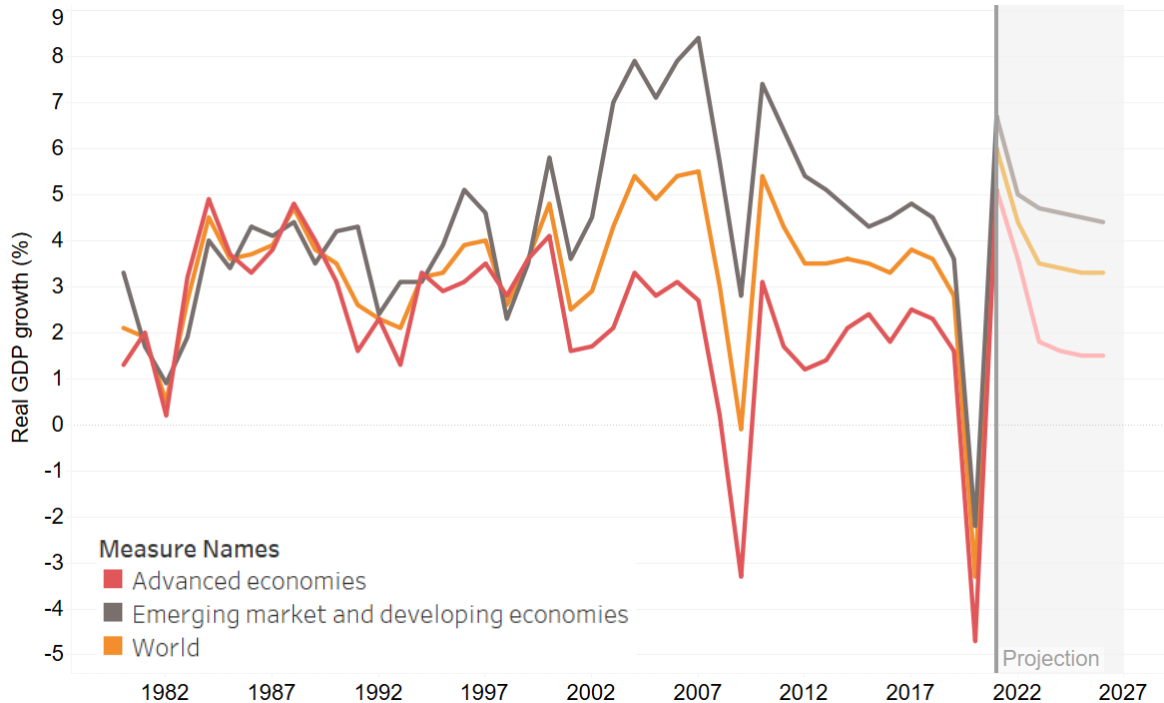
- In general, the best economic outcomes have been seen in countries that quickly and decisively limited movement and social contact.
- While lockdowns and travel restrictions have undoubtedly impacted economic activity, their impact pales in comparison to that of uncontrolled community transmission of COVID-19.

Working Hours Lost due to COVID-19 Around the World



The global economy has likewise been profoundly impacted

Real and Projected GDP Growth, 1980 to 2026

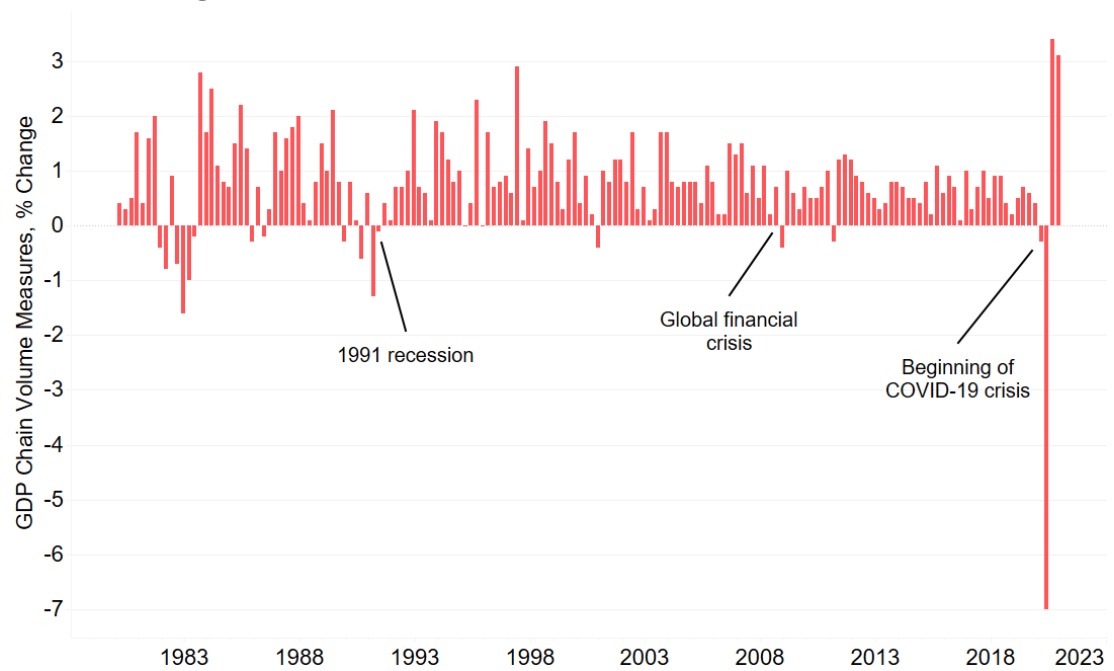


- Not even the best economic performers escaped the impact of lockdowns and travel restrictions.
- During the second quarter of 2020 the global economy shrank 3.5%, causing the deepest recession since 1945.
- The share of economies simultaneously shrinking was the highest since the Great Depression.

While Australia's health response has been among the most effective globally, we did not escape the economic impact of the COVID-19 crisis

- The Australian economy shrank by 7% in the second quarter of 2020 – a historically unparalleled impact.
- We entered technical recession for the first time in 30 years.
- While the economic impact of the current Delta outbreak is likely to be less severe than the first wave, a 'double-dip' recession is still a possibility.

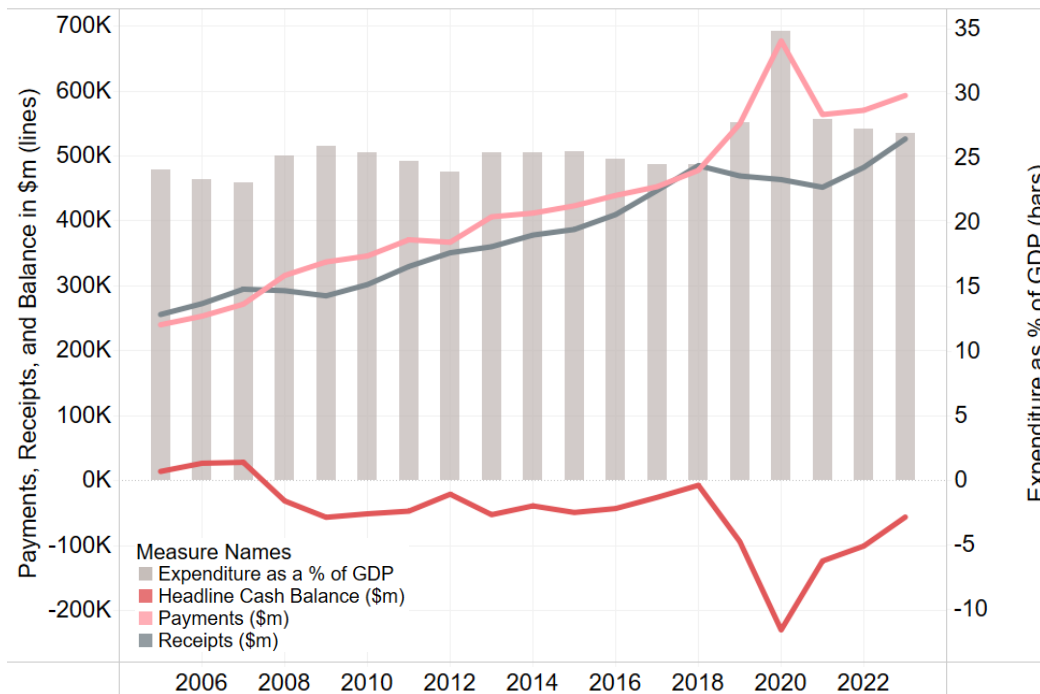
Percent Change in Australian Gross Domestic Product, 1980-2021



The economic impact of the crisis, as well as stimulus and support payments, have had a profound impact on the federal budget and cash balance

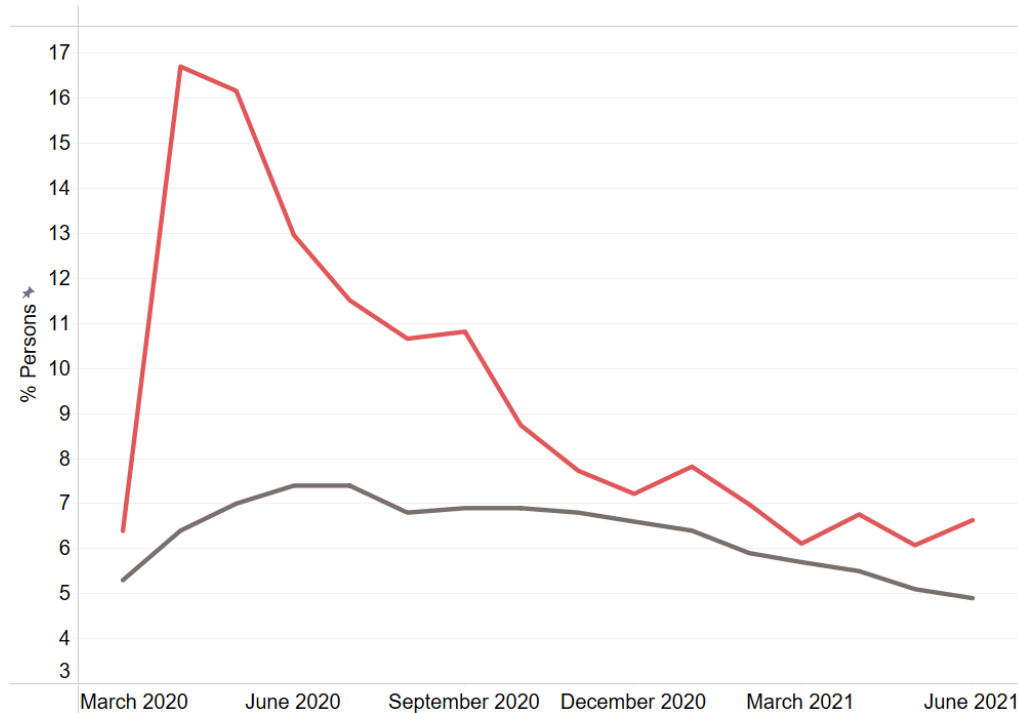
- The federal government, alongside state and territory governments, responded with war-time levels of stimulus and support spending.
- This approach has come with an almost unprecedented price tag: at the time of writing, the cost of Commonwealth measures exceeds \$311 billion.
- Lockdowns and travel restrictions reduced output by as much as \$2.8 billion per week.

Australian Government Receipts, Payments, and Headline Cash Balance, 2005-06 to 2023-24



While official unemployment peaked at over 7%, the 'effective' rate is likely to have been far higher

Official and Effective Unemployment Rates, Australia



- The 'effective' unemployment rate shown here includes people working zero hours for economic reasons and people who exited the labour market due to the pandemic as well as the officially unemployed.
- Without the JobKeeper wage subsidy, unemployment in Australia could have peaked as high as 17%.
- The initial impact of lockdowns was felt most acutely by community and personal services workers and labourers.

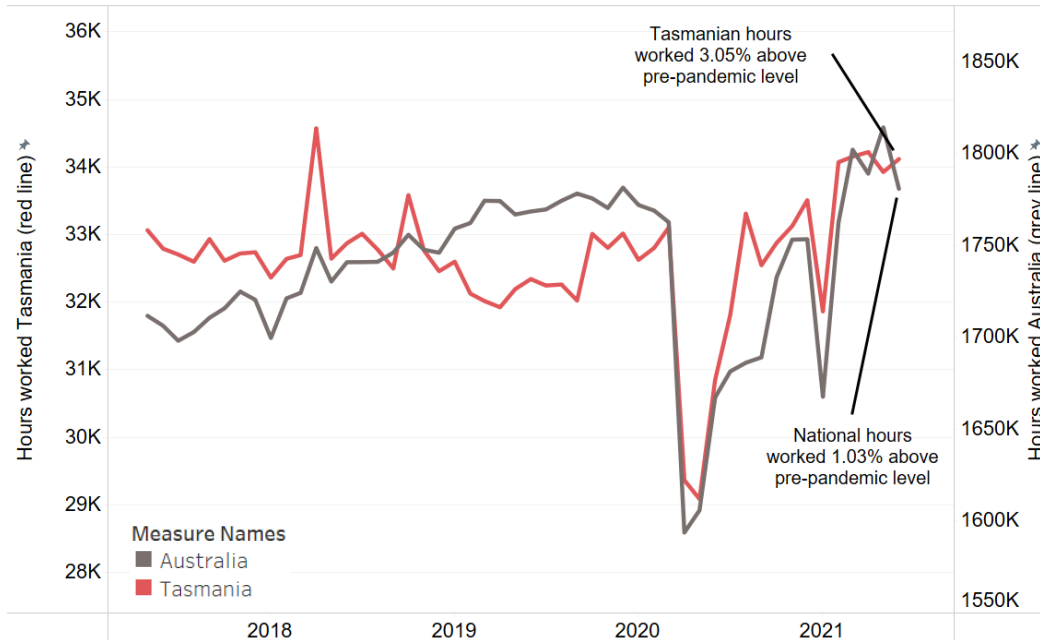
Part 1 – COVID-19 Impacts on the Global and Australian Economies

Part 2 – Impacts on Employment and Work in Tasmania

Part 3 – The Future of Work and Implications for the Tasmanian Labour Market

Despite effective suppression of the virus itself, Tasmania was by no means immune from COVID-19's economic impacts

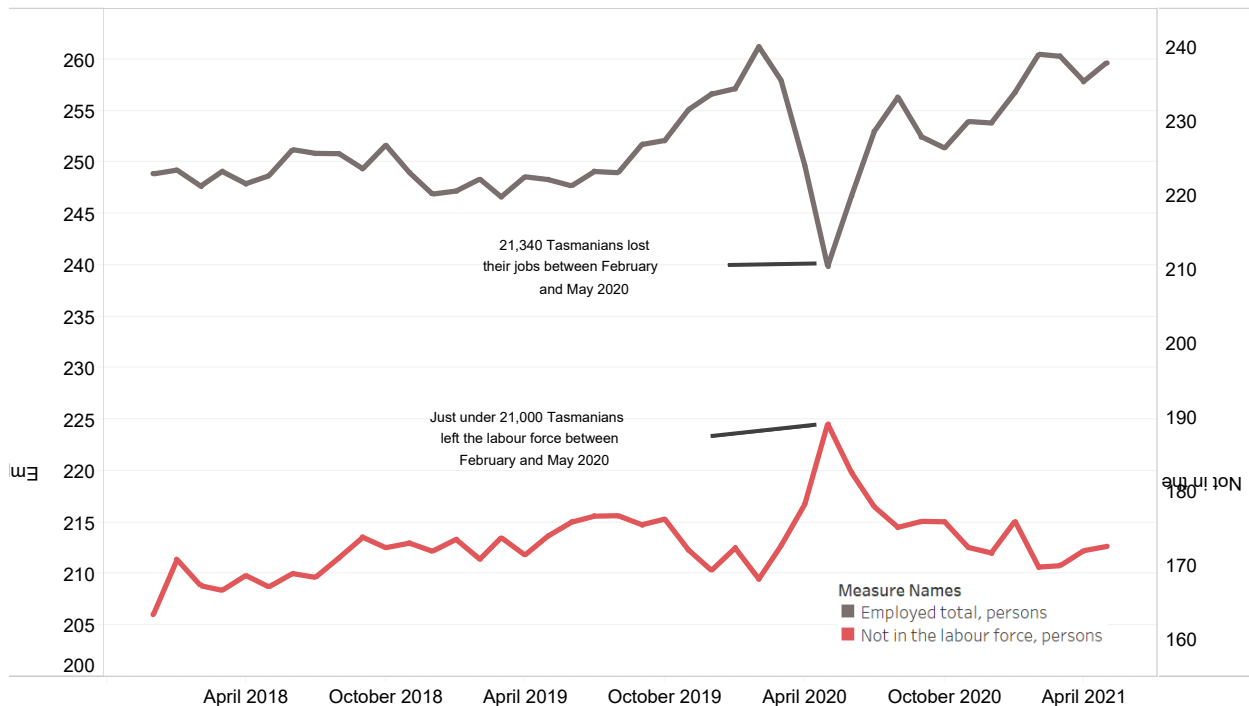
Monthly Hours Worked in all Jobs, Australia and Tasmania, 2017-2021



- On the whole, Tasmania experienced a slightly less severe contraction in aggregate labour demand than the national average, and a slightly stronger recovery.
- As of June 2021, hours worked in Tasmania have recovered to 3.05% above pre-pandemic levels.
- Our strong performance in this regard is likely due to the 'ballast' provided by Tasmania's disproportionately large public sector workforce.
- Tasmania may also have benefited from the largest per capita state-level support package in the country.

A large number of Tasmanians lost their jobs in the second quarter of 2020, and many left the labour market entirely

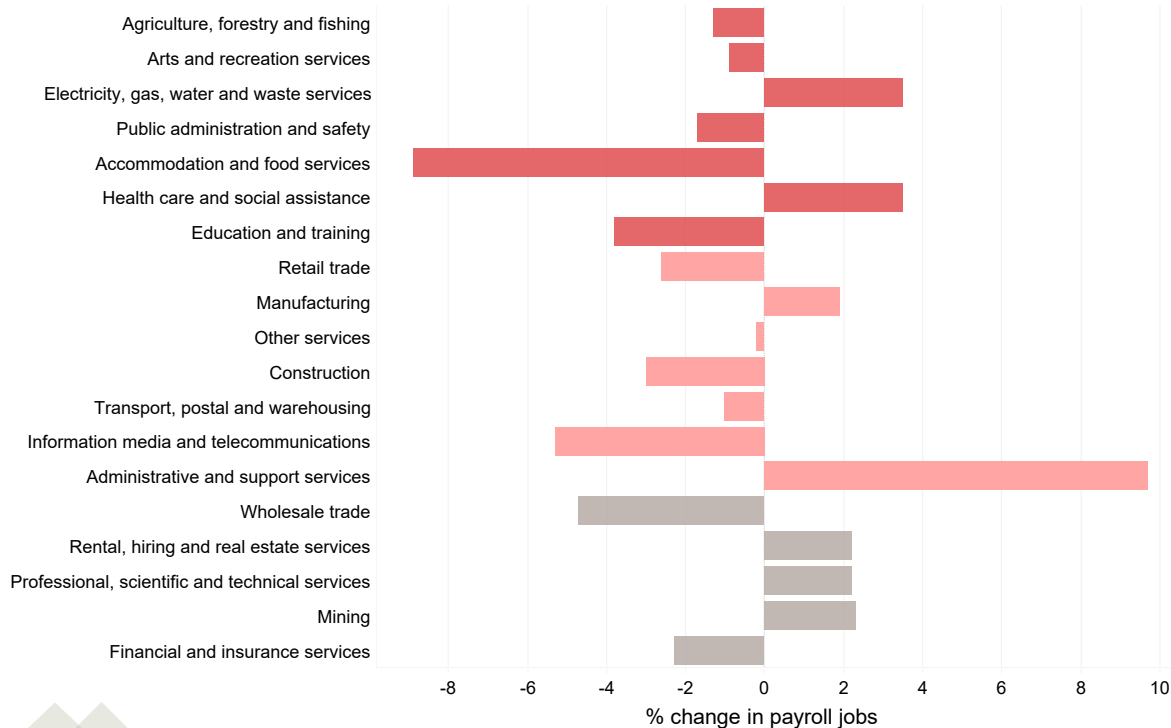
Employed Persons and Persons not in the Labour Force, Tasmania January 2018 to May 2021



- Tasmanian workers did not lose jobs or hours at the rates seen in states that experienced longer lockdowns and movement restrictions, but the impacts were still severe.
- More than 21,000 Tasmanians lost their jobs between February and May 2020, and many people left the labour market entirely.
- As in the rest of the nation, JobKeeper prevented a far more extensive downturn. Effective unemployment in Tasmania peaked at over 16%.

Some industries were affected more severely than others

Percentage Change in Number of Payroll Jobs by Industry in Tasmania, March 2020 to April 2021, Ordered by Location Quotient

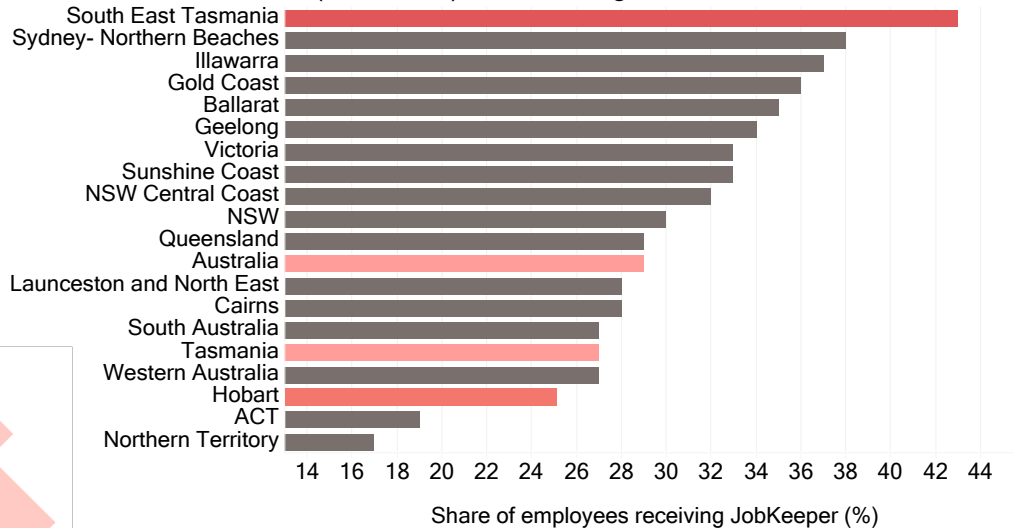


- The pandemic's impact on industries varied enormously. Industries heavily reliant on travel and social contact were the most severely impacted.
- Some of the most severe impacts were felt in industries with high location quotients in Tasmania, meaning that they employ a higher share of the total workforce here than the national average.
- After 12 months, industries heavily reliant on tourism (such as accommodation and food services, arts and recreation, and retail trade) were still struggling. The ongoing Delta outbreak will have further intensified these impacts.

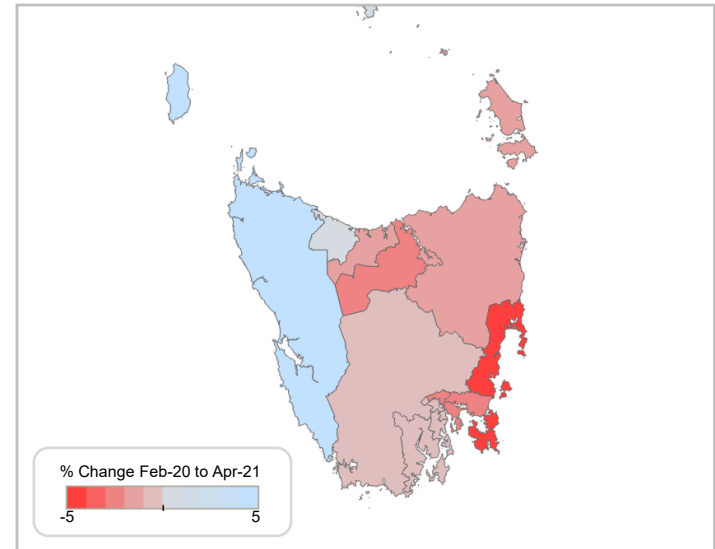
The impacts of the crisis were subject to considerable regional variation

- Some areas of Tasmania were affected more severely than others. In particular, the South-East of the state (excluding Greater Hobart) and the East Coast experienced a profound impact and had still not recovered after 12 months. The north-east and central north have likewise experienced slow recoveries.
- South-East Tasmania had the highest reliance on JobKeeper of any SA4 in the country, with 43% of employees receiving the subsidy in the first round.

Share of Employees Receiving JobKeeper
(round one), selected regions



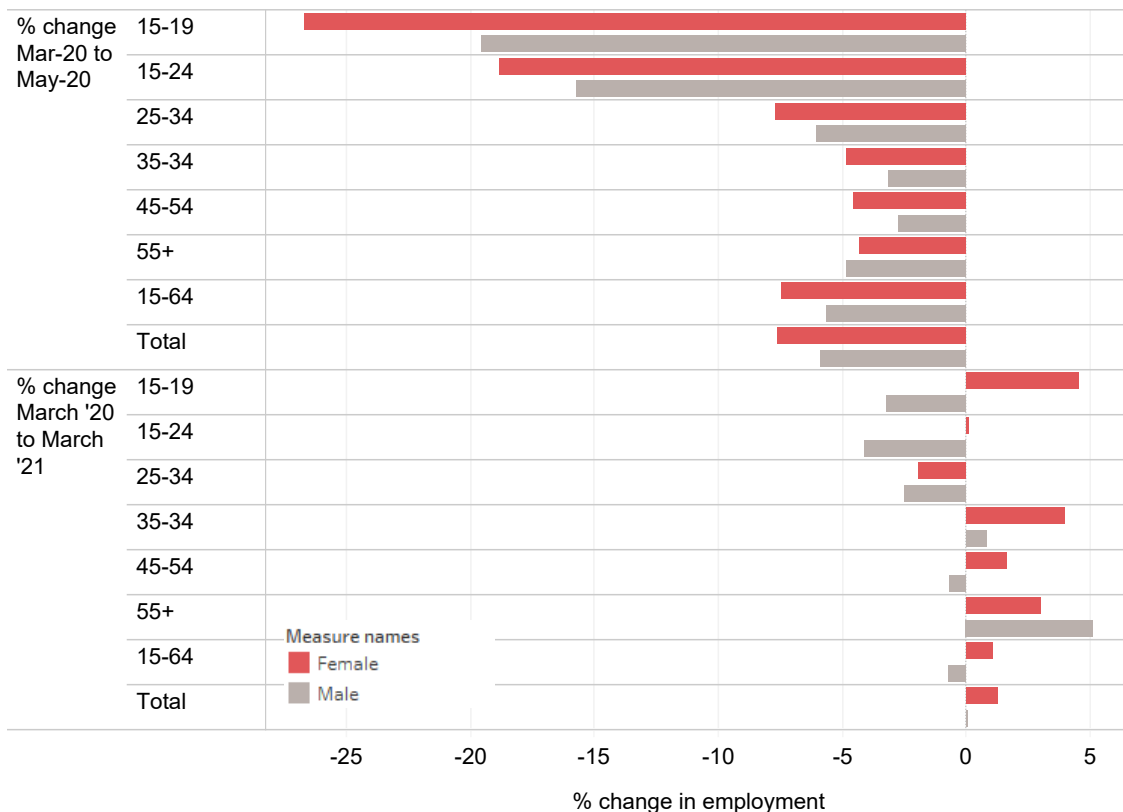
Impact of COVID-19 Restrictions (% Change in Number of Payroll Jobs February 2020-April 2021) by SA3, Tasmania



The economic crisis has had a gendered impact on employment

- The Grattan Institute describes the pandemic's gendered impact as a “triple-whammy”: women were more likely to lose their jobs than men, less likely to qualify for the JobKeeper payment, and more likely to increase their (already disproportionate) share of unpaid work.
- There was also significant variation across age groups. Young and early-career women were hit hardest of all. Women lost more jobs in the early months of the crisis in all age groups except 55+.

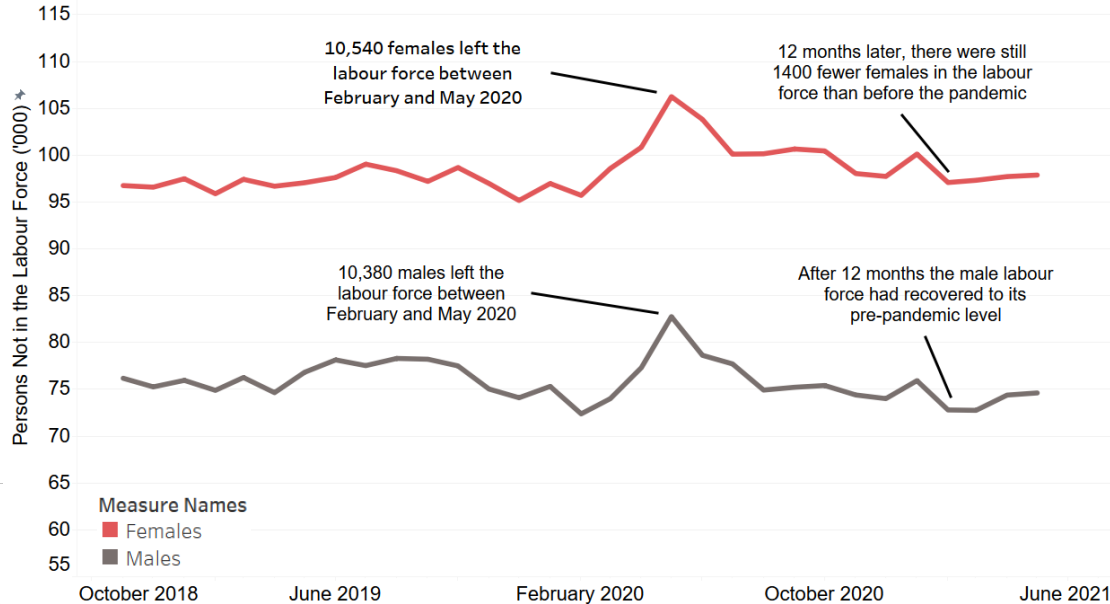
Percent Change in Total Employment by Age Group and Gender, Tasmania



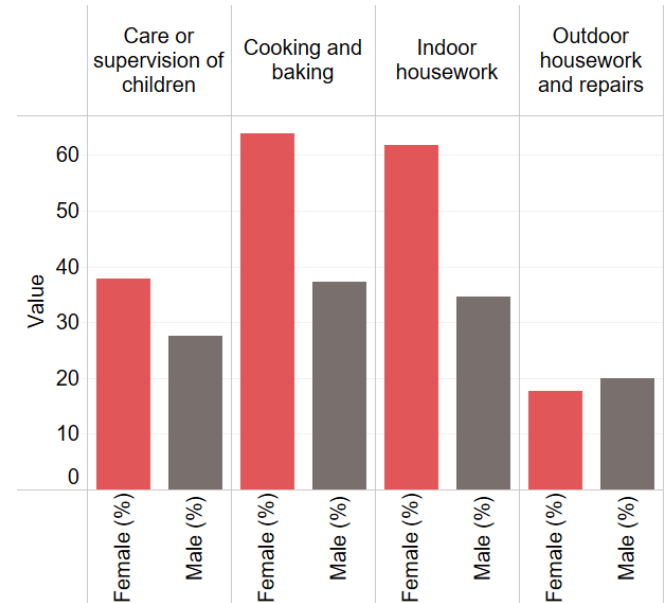
More women lost jobs than men, and many left the labour market entirely

- Women left the labour force in greater numbers than men, and returned more slowly. Moreover, women increased their already disproportionate share of unpaid work during the pandemic.

Tasmanians Not in the Labour Force by Gender, 2018 to 2021



Share of Persons who Spent 5 Hours or More on Unpaid Work by Task and Gender



Part 1 – COVID-19 Impacts on the Global and Australian Economies

Part 2 – Impacts on Employment and Work in Tasmania

Part 3 – The Future of Work and Implications for the Tasmanian Labour Market

Four key trends will shape the future of work in Tasmania, with a wide range of potential labour market impacts

Trend One: Acceleration of digitisation and technology in the workplace

- The rise of remote work
- Increased migration to the regions, decline of CBDs and 'city work'
- Growing demand for digital literacy and sophisticated STEM skills in the workplace and increasing AI exposure

Trend Two: Economic restructuring and increasing inequality

- Some industries may face rapid change (including tourism, international education, and manufacturing) while others could experience growth (such as healthcare and social assistance, construction, and emerging 'green' industries)
- Accelerating automation in some industries, bringing growing polarisation between blue collar workers and 'knowledge workers'
- Potential for disproportionate impacts on specific cohorts (particularly women, younger workers, lower paid workers, and casual or insecure workers)

Trend Three: Changing patterns of migration and labour shortages

- Declining international and interstate migration, as well as fly-in-fly-out workers
- Slowing population growth and an ageing demographic profile nationally, but with strong population growth in some regions.

Trend Four: Accelerating enterprise creation and new forms of work

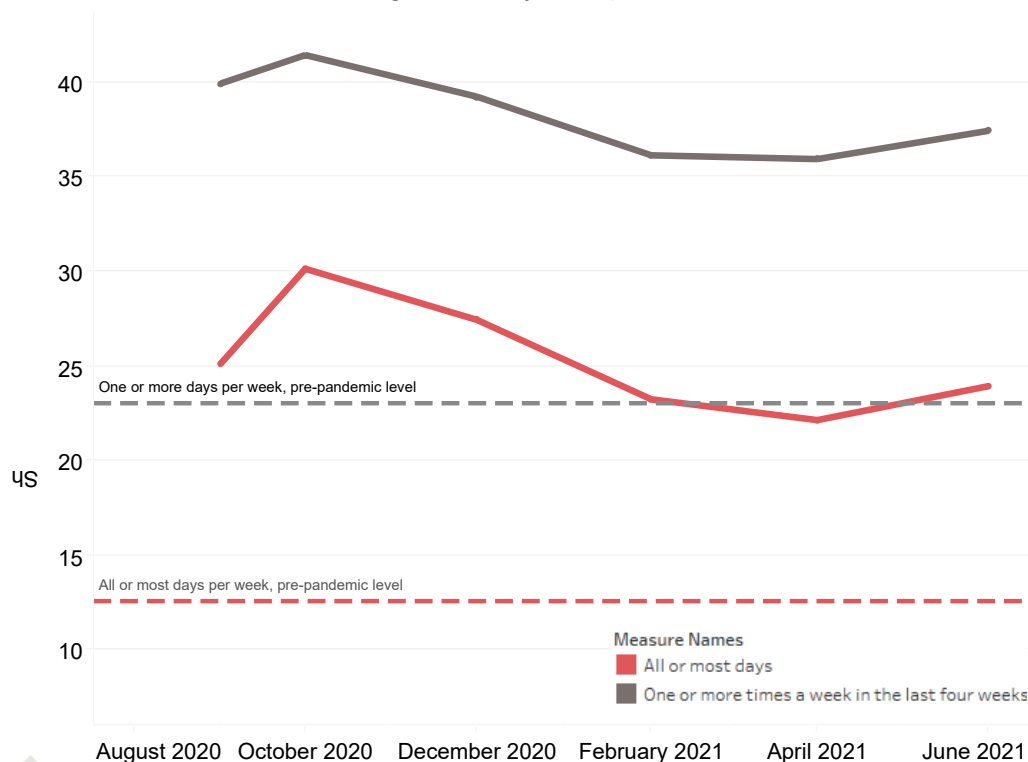
- Increased incidence of business closures as well as new enterprise creation
- New forms of enterprise, particularly those enabled by digital platforms

Trend One: Acceleration of digitisation and technology in the workplace

	Foresight analysis	Policy considerations	Discussion questions
<i>Impact one: The rise of remote work</i>	<ul style="list-style-type: none"> • Demand for digital skills and infrastructure will intensify as more people work from home. • There is likely to be a growing divide between online 'knowledge workers' and those required to work on site. • Increased market for knowledge workers leading to an increase in competition. 	<ul style="list-style-type: none"> • Increased need to improve digital infrastructure and other services for remote and hybrid workers. • Need to ensure that adequate technological and working-from-home support can be provided to remote workers, with policies to manage risk and opportunities for exploitation. 	<ul style="list-style-type: none"> • Will remote working be an increasingly important characteristic of the future of work in Tasmania? • Are current policy frameworks adequate to ensure that increasing remote work does not exacerbate divides between 'knowledge workers' and those without access to such flexible arrangements?
<i>Impact two: Migration to the regions; decline of CBDs and 'city work'</i>	<ul style="list-style-type: none"> • It is possible that a growing number of knowledge workers will move to the regions and outside of city centres. • Workers living remotely (from their places of work) are likely to commute further, but less often. • We may see a changing mix of work and businesses in city CBDs with a possible decline in office and retail work and increase in health, personal and educational services. 	<ul style="list-style-type: none"> • Strong population growth in Tasmania's regions and peri-metro areas will have impacts on infrastructure, transport, and retail both in CBDs and outside of them. • Social and affordable housing will continue to be important, allowing people who do continue to work in CBDs to live near their places of employment. 	<ul style="list-style-type: none"> • What are the risks for Tasmanians of significant population growth in the regions? • What are the implications of regionalisation for infrastructure, services, and settlement? • In a world characterised by increasing flexibility regarding remote work, how do we retain and attract people to live and work in Tasmania?
<i>Impact three: Increasing demand for digital literacy and STEM skills in the workplace</i>	<ul style="list-style-type: none"> • There is a growing need for digital literacy and skills across a wide range of industries and occupations. • Artificial intelligence and machine learning will reshape the nature of work in many of Tasmania's key industries and occupations. • The high level of AI exposure of several key Tasmanian industries can represent an opportunity leading to increased productivity and growth or a vulnerability leading to long-term structural decline. 	<ul style="list-style-type: none"> • The need to continue to develop flexible and accessible training programs to enable Tasmanian workers and jobseekers to enhance their digital skills. • AI exposure will be greatest in rural and regional industries, highlighting the need for accessible place-based training programs in Industry 4.0 skills and technologies. 	<ul style="list-style-type: none"> • How can the Tasmanian education and training system better equip students/workers with the digital skills required for effective participation in the state's future workforce? • Do we need to improve levels of foundational literacy before we can enhance digital literacy among Tasmanian workers and job-seekers?

Trend One: An increased share of remote work is here to stay

Share of Australians Working Remotely Compared to Pre-Pandemic

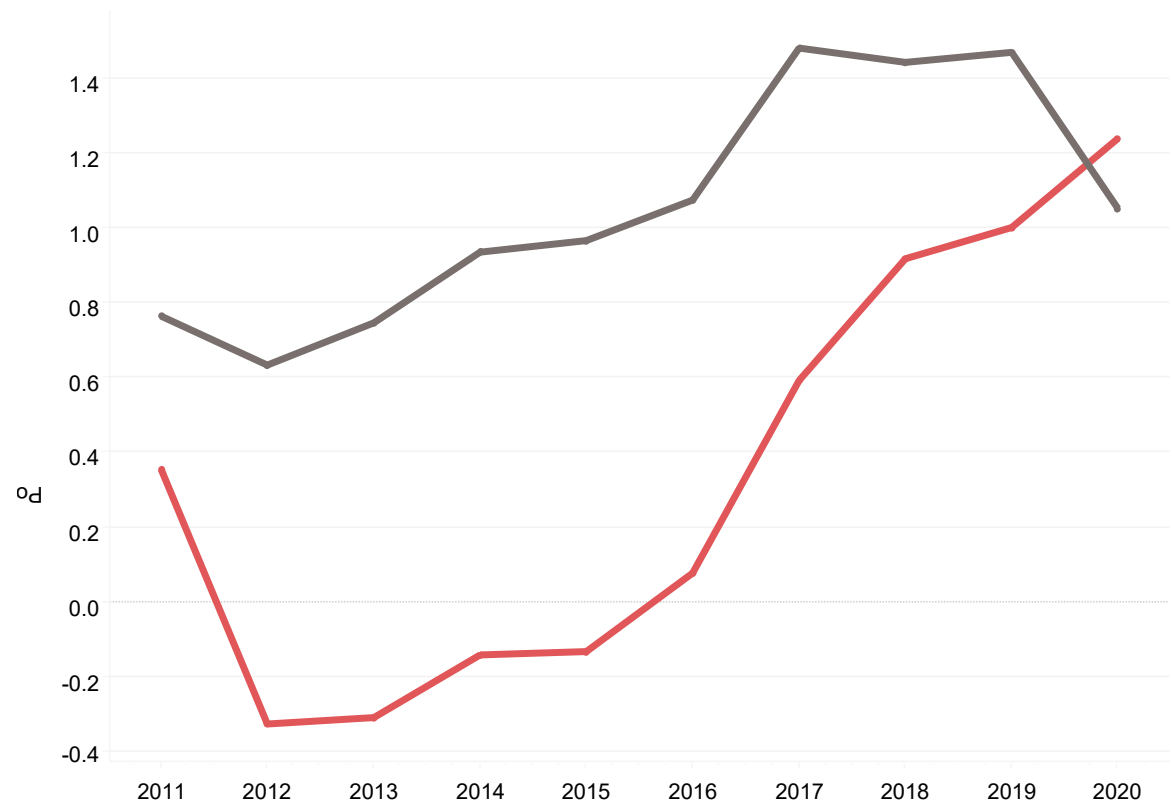


- The need to limit movement and social interaction in our daily lives has led to a dramatic acceleration of digitisation and use of technology in the workplace and beyond.
- Around twice as many Australians are now working remotely (either at home or away from their regular office) either most or at least some of the time than was the case before the pandemic.
- Professional 'knowledge workers' who are well placed to work remotely could persist with 'hybrid' models of remote work in the future with little or no impact on productivity.

Changing patterns of migration and settlement in Tasmania

- Increased ability to work remotely, combined with soaring inner-city property values and lifestyle factors, could see more professionals and 'knowledge workers' relocate to the regions.
- The rate of population growth outside Greater Hobart has been increasing in recent years, overtaking the state's capital in 2020.
- Any long-term change in patterns of migration and settlement in Tasmania would have implications for infrastructure and service provision.

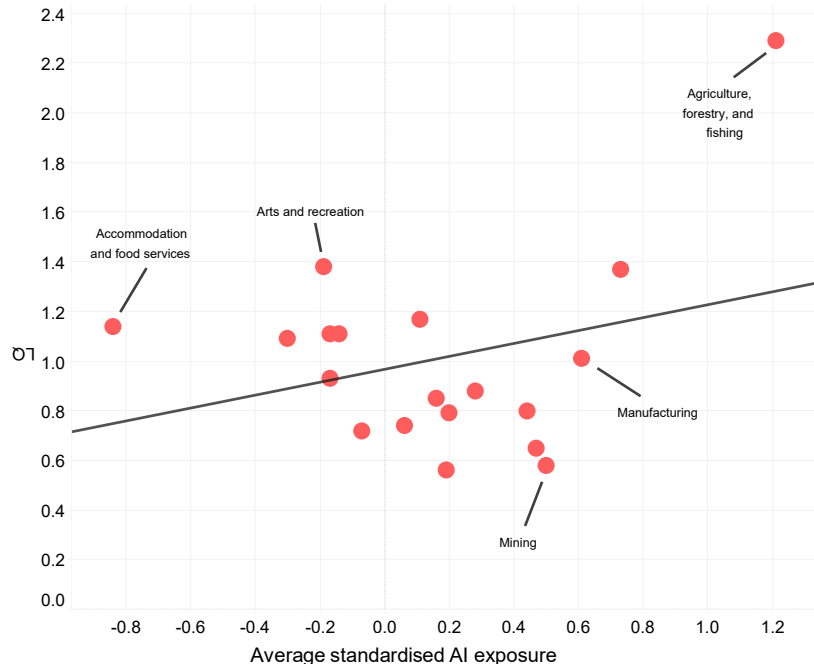
Population Growth in Greater Hobart and the Rest of Tasmania, 2011 to 2020



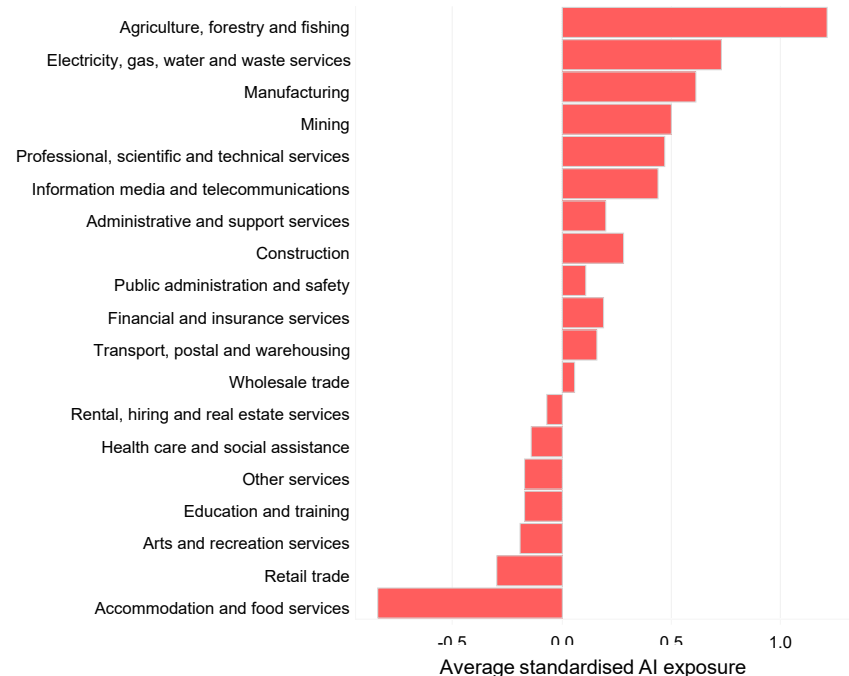
Several important Tasmanian industries have high AI exposure

Tasmania's future workforce will be more exposed to AI than the national average. Moreover, some of the state's most AI exposed industries (agriculture, forestry, and fishing, manufacturing, and mining) are especially important to regional communities. STEM training rates and digital inclusion indicators suggest that the areas of the state whose dominant industries will require the most sophisticated AI skills and training in the workplace are the least prepared for digital transformation and disruption.

Exposure to AI by Industry and LQ in Tasmania



AI Exposure by Industry



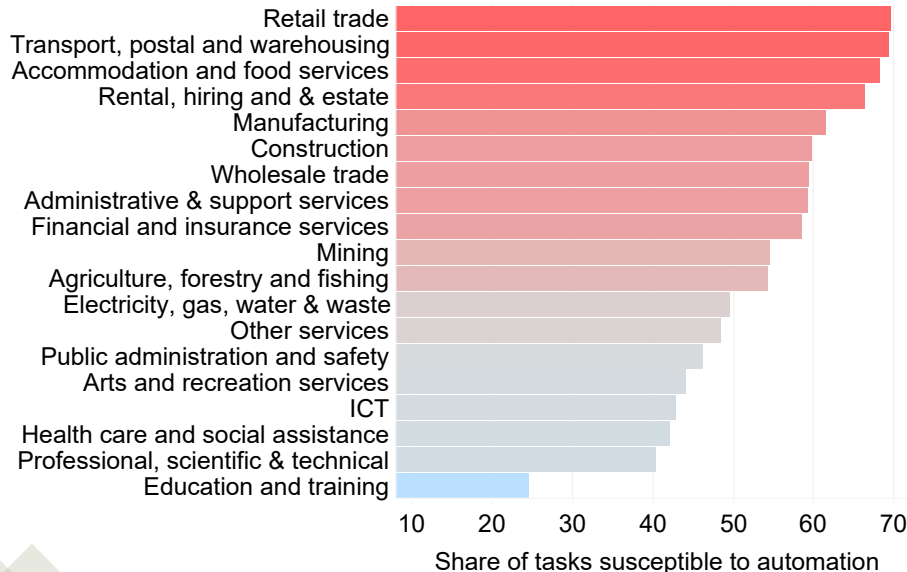
Trend 2: Economic restructuring and increasing inequality

	Foresight analysis	Policy considerations	Discussion questions
<i>Impact one: Industries at risk of restructuring and automation</i>	<ul style="list-style-type: none"> • COVID-19 is likely to have a lasting impact on levels of international tourism and education, as well as on arts and leisure industries. • Inner-regional communities are likely to be hardest hit by increasing automation. • Ongoing shifts to e-commerce and telehealth are likely to continue. • An increased move to automation will see a greater need for workers with Industry 4.0 skills. 	<ul style="list-style-type: none"> • Workers in vulnerable industries and occupations will need to be supported to up-skill and re-skill. • Managing the realignment in job opportunities and labour market competition that will follow increased automation in Tasmania will be a key future challenge. 	<ul style="list-style-type: none"> • How can we work to address structural inequalities across Tasmania's workforce in the aftermath of the pandemic? • How do we support retraining and reskilling as workers move between occupations or industries as a result of economic restructuring?
<i>Impact two: Industries expected to grow during the recovery</i>	<ul style="list-style-type: none"> • Strong growth in employment opportunities is likely for technology workers, business and finance professionals, logistics specialists, construction, and health and community care workers. • Tasmania is well-positioned to capitalise on a 'green recovery' driven by jobs in renewable energy systems and low-emissions technology. 	<ul style="list-style-type: none"> • High automation risk does not necessarily result in lower employment. However, managing the realignment in job opportunities and changing skills needs associated with increased automation in Tasmania will be a key future challenge. 	<ul style="list-style-type: none"> • What lessons could Tasmania learn from successful targeted labour market programs elsewhere in the world? • How can we ensure young Tasmanians gain the technological skills they will need in the jobs of the future?
<i>Impact three: Impacts on specific cohorts of workers</i>	<ul style="list-style-type: none"> • Impacts of COVID-19 and other future crises will be felt more acutely by younger, lower-paid, and less securely-employed workers. • The consequences of a less equitable distribution of work and income is being compounded by rapidly increasing housing and asset prices. 	<ul style="list-style-type: none"> • The need is growing to address the barriers for low-income households to access secure work. • The supply of social housing must be increased as well as affordable housing options for key workers. 	<ul style="list-style-type: none"> • What would an optimal social and affordable housing solution look like in Tasmania?

Trend Two: Economic restructuring and increasing inequality

- The impact of the COVID-19 crisis on patterns of movement, labour demand, automation and AI adoption (including e-commerce and digitalisation), and remote work will have different impacts across different industries and occupations.
- Some regions and occupations are well-positioned for labour market changes, but others are less resilient. Many important Tasmanian industries comprise a high share of automatable tasks, making them vulnerable not only to digital disruption but also offshoring.

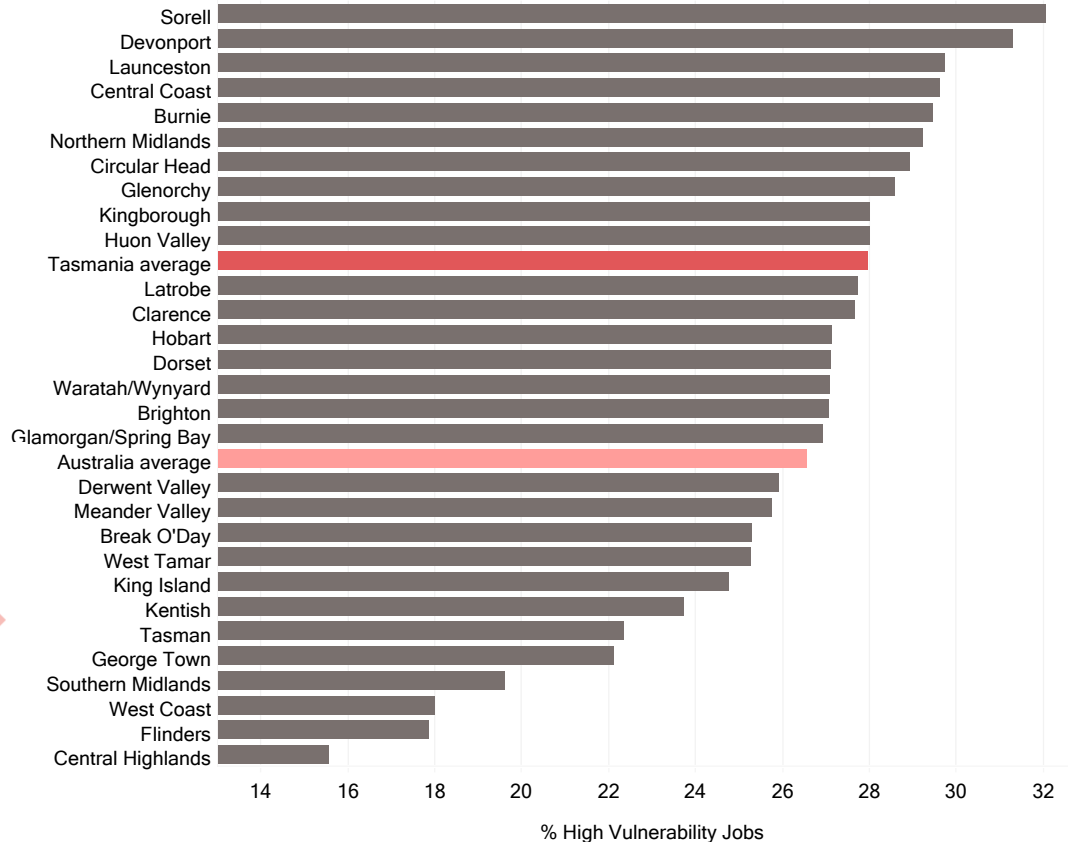
Share of Automatable Tasks by Industry



Occupations with a lower resilience index	▪ Clerical and administrative workers
	▪ Sales workers
	▪ Managers
Occupations with a higher resilience index	▪ Machinery operators and drivers
	▪ Community and personal service workers
	▪ Professionals

Automation (and offshoring) of jobs in Tasmania's regional centres

Share of Jobs at High Risk of Automation by LGA, Tasmania



- The jobs with the highest vulnerability to automation and offshoring are highly routine-task intensive.
- The most vulnerable industries include retail trade; transport, postal, & warehousing; accommodation & food services; rental, hiring, & real estate; and manufacturing.
- In Tasmania, these industries are major employers in smaller regional centres like Sorell, Devonport, Launceston, and Burnie.
- According to the Regional Australia Institute, Sorell has one of the highest shares of automatable jobs of any SA3 in the country (32%).

Trend Three: Changing patterns of migration and labour shortages

Foresight analysis

- Tasmania's skilled migration challenges and labour shortages are not new but have intensified with the pandemic – the future is uncertain.
- Key Tasmanian industries will continue to be reliant on seasonal workers.
- Increasing Tasmania's workforce participation rate could go some of the way towards addressing skills shortages.
- In the context of an ageing population, there are particularly urgent implications for the health care and social assistance sector.
- Tasmania's reliance on skilled migration illustrates the need for inclusive growth, effectively targeted education and training pathways, and better retention of young/graduate health professionals.

Policy considerations

- The University of Tasmania's Allied Health Expansion program, which will introduce Masters-level courses in areas of key skills demand starting in 2022, may help address existing shortages provided graduates remain in Tasmania rather than moving elsewhere.
- Deeper and more seamless integration of work and training pathways through industry partnerships would not only improve education outcomes but also provide avenues for increasing graduate retention.
- Seasonal workers will need to continue to be imported unless such work is made more attractive to Tasmanians.
- Regions will need effective place-based solutions tailored to their own particular workforce challenges and shortages.

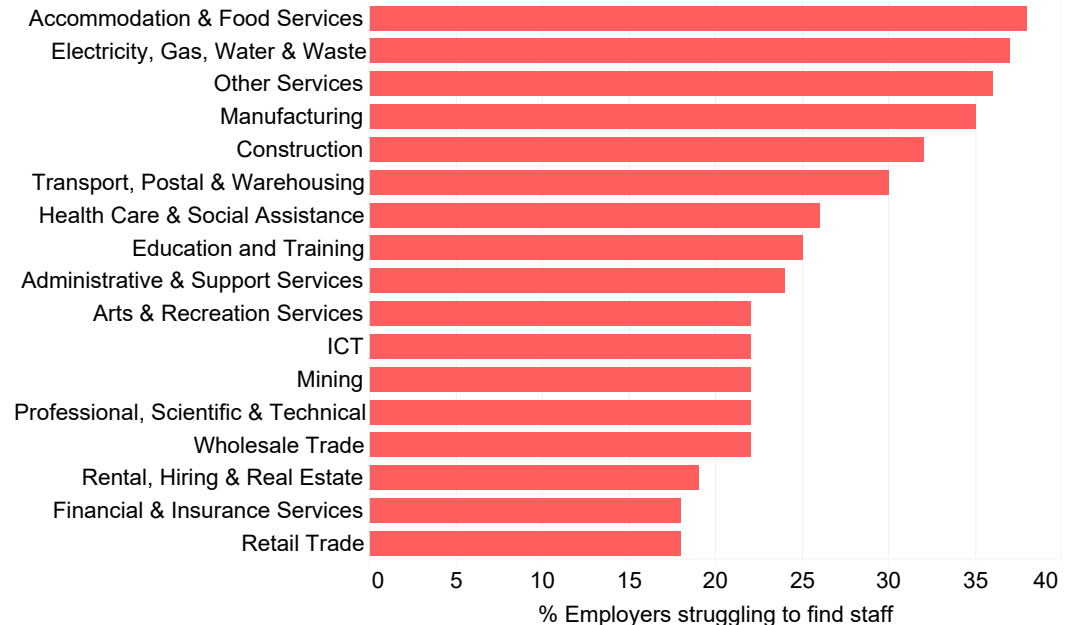
Discussion questions

- Is Tasmania too dependent on skilled migration to meet core health system needs? Or does our demographic profile and education and training capacity mean that such reliance is inevitable?
- How can Tasmania's workforce participation rate be increased to address areas of labour shortage into the future?
- How can we support more effective pathways from education into work so that young people are better matched with meaningful and useful employment of the future?

Trend Three: Changing patterns of migration and labour shortages

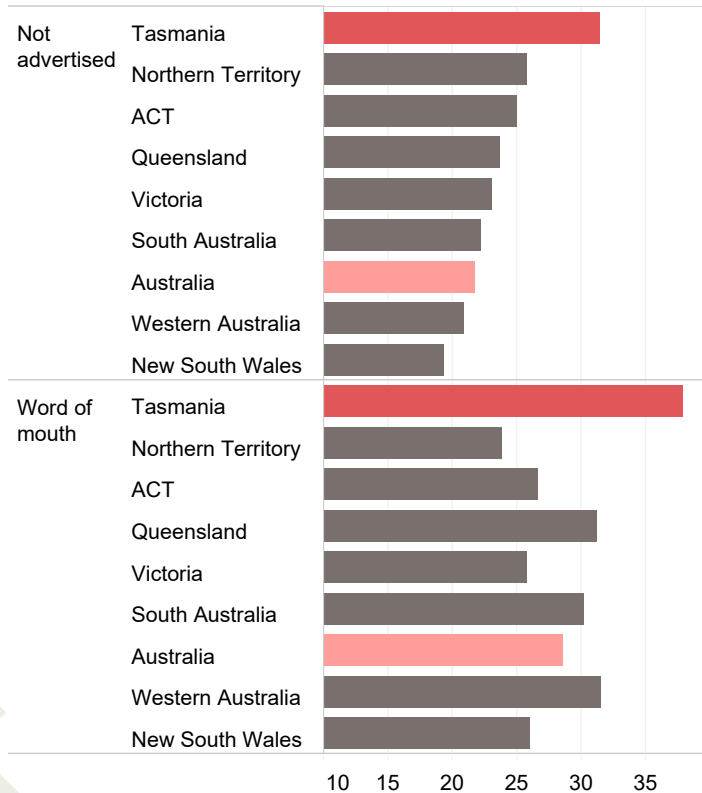
- The COVID-19 crisis has had an unprecedented impact on international travel and migration, with border closures instantly reducing international arrivals to Australia to levels not seen in 50 years.
- When combined with regional travel restrictions and 'stay at home' orders, organisations that depend on migrant or out-of-region labour have been severely disrupted.
- With the economic recovery well underway (the Delta outbreak notwithstanding), many industries are now experiencing labour shortages.

Share of Employers Struggling to Recruit Suitable Staff by Industry, Australia, June 2021



Job vacancies and recruitment methods in Tasmania

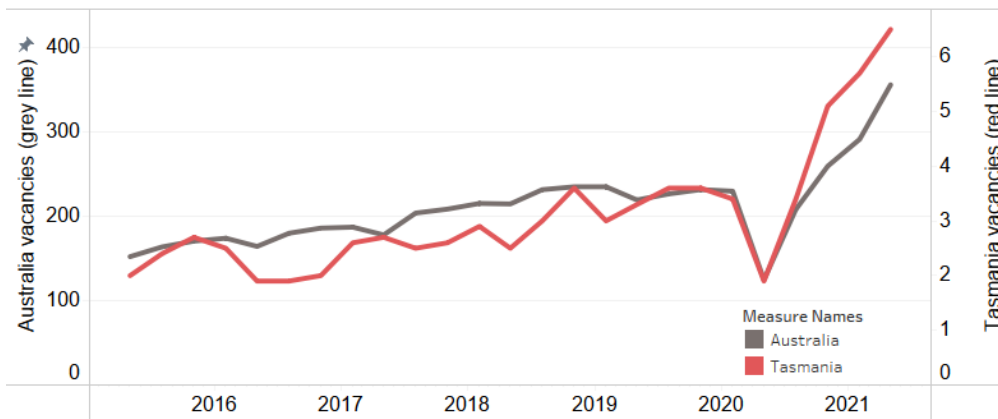
Employer Recruitment Methods by State



Share of recruitment (%)

- Tasmanian employers rely more heavily on informal networks for recruitment than any other state, which likely excludes marginalised or less-connected jobseekers.
- The Tasmanian labour market is experiencing high demand, with surging vacancies (up 44% since February 2020, 9 points above the national average) and many employers report difficulty filling positions.

Job Vacancies in Australia and Tasmania



Trend Four: Accelerating enterprise creation and new forms of work

Foresight analysis

- There may be an increasing trend of enterprise creation and new start-ups emerging during the COVID-19 recovery.
- The extent to which this trend is occurring because of necessity or choice is unclear.
- The pandemic has also impacted many small businesses forcing many to cease trading.
- The pandemic may have led more workers to join in the 'gig economy'.
- Gig economy work is inherently full of risks, including no minimum wage, employer-paid superannuation, or leave entitlements

Policy considerations

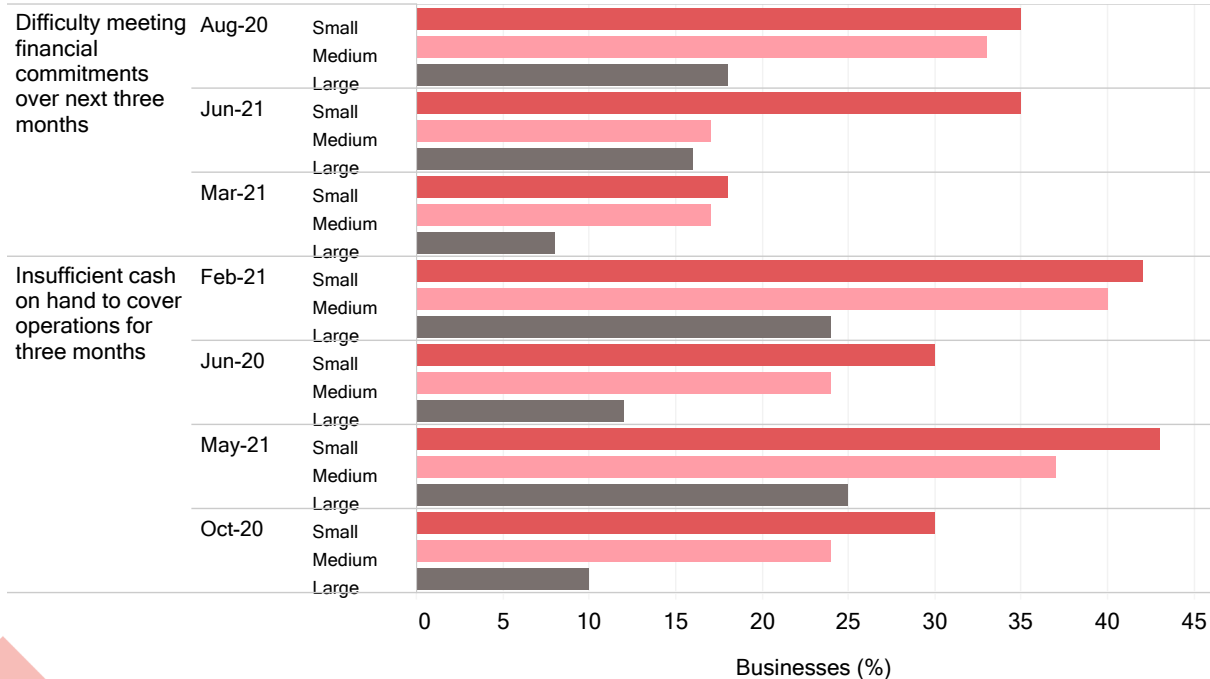
- There is a pressing need for businesses to consider new ways of operating to become more nimble in a changing market.
- Tasmania's high proportion of workers in insecure employment will make them particularly vulnerable to further impacts from the pandemic and other shocks to the economy.
- More research is required to understand the ongoing impact of gig economy work in Tasmania, to inform analysis and decision-making.
- Tasmania could consider the creation of a body to advise gig workers on matters relating to their rights and provide dispute resolution where needed (as was recommended in the recent Victorian Inquiry into the On-Demand Workforce).

Discussion questions

- How can businesses and enterprise creation be supported, especially in times of crisis?
- Are casualisation, self-employment, and gig economy jobs a vulnerability in Tasmania's labour market?
- If so, how do we support better work conditions for these workers while at the same time acknowledging that some people prefer this work due to more flexible and tailored work conditions?

While new enterprise creation may be driving innovation, the crisis has been especially challenging for small business owners and employees

Select Indicators from ABS Business Indicators and Sentiments Survey by Business Size

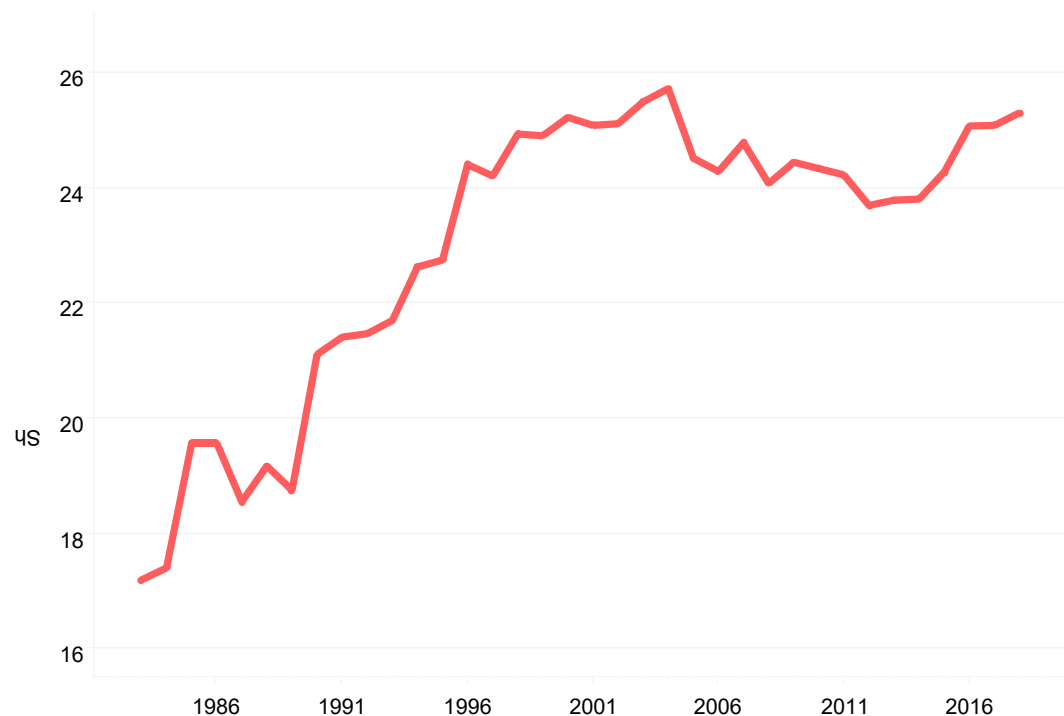


- Observed growth in new enterprise creation may reflect a turbulent process of ‘creative destruction’.
- The pandemic has placed immense financial strain on small businesses and led to high rates of business closure.
- While this accelerated rate of small business turnover and churn may ultimately drive innovation and productivity growth, it is also having profound social consequences for small business employees and employers.

Does this mean insecure work on the rise? Not necessarily: casual employment and unincorporated enterprises with no employees

- COVID-19's impact on small businesses and the increasing prominence of digital 'platform' work pose some interesting questions about new forms of micro business, 'side-hustles', and insecure employment.
- So far, the evidence does not appear to support the argument that work is becoming more casual or insecure. The rate of Australians in 'casual' employment has been stable for around 20 years, and the share of unincorporated enterprises with zero employees has been falling for around 30 years.
- At around 28% of the total workforce, Tasmania had the highest share of casual employment in the country prior to the pandemic.

Casual Employment as a Share of Total Workforce, Australia, 1980-2019



UNIVERSITY of
TASMANIA 

Thank you

Presentation prepared by
the **Tasmanian Policy
Exchange**