Australian jobs figures show acceleration of "gig economy"

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An enormous economic and social crisis is developing in Australia. Unemployment is continuing at Great Depression levels and poverty is about to worsen dramatically as the government cuts income support payments in order to drive people into low-paid work.

As is happening globally, governments and employers are exploiting the mass unemployment triggered by the COVID-19 pandemic to bludgeon ordinary people back into workplaces, not only in unsafe conditions, but on reduced wages and conditions.

That is the real content of the official jobless data released last Thursday. The statistics show a sharp rise in the numbers of unemployed workers already being pushed into insecure contract work, particularly in the super-exploited "gig economy" workforce, such as uber and food delivery drivers.

Touting the decline in the seasonally adjusted unemployment rate from 7.5 percent to 6.8 percent last month, Treasurer Josh Frydenberg boasted of the "remarkable resilience" of the Australian economy. Yet at the same time, he demanded greater "flexibility" in the labour market, supposedly to create "jobs, jobs, jobs."

The reality is that even on those vastly-understated figures, nearly one million workers remain jobless and actively seeking work. And as Frydenberg admitted, when those who are on "zero hours" or have dropped out of the workforce, are counted, the "effective" unemployment rate is 9.3 percent, or 1.26 million workers.

Another 3.5 million workers are still on the Liberal-National government's JobKeeper wage subsidies. Many of their jobs will be eliminated in the coming weeks, despite employers having been bailed out to the tune of about $400 billion by federal and state government "stimulus" packages.

What Frydenberg did not mention is that almost the entire rise in official employment in August—a 44,500 net increase in non-seasonally adjusted terms—resulted from the 50,200 growth in the number of self-employed people without employees (such as "sole traders").

By contrast, there was minimal growth in the number of employees—just 2,600—offset by a 9,300 decrease in the number of "contributing family workers." Payroll jobs (employment for a wage) actually fell. Overall working hours rose barely, by 0.1 percent, showing that workers' hours, on average, are still being reduced.

Some of the rise in self-employed workers may be accounted for by sub-contractors. But corporate economists advised their clients that practically all those "non-employees" were working in the gig economy.

"Delivery drivers, and riders, of major online delivery services are not employed by their respective delivery companies," Deutsche Bank economist Phil O'Donaghoe wrote in a note to clients. "They are, in effect, 'self employed' contractors."

O'Donaghoe added: "[I]t is fair to infer that many of those new workers hardly worked for many hours (given the paltry rise in overall hours worked). That leaves us describing this as a poor employment print, despite the headline."

Many of these "gig economy" workers are young. They include the more than two million casual workers, international students and other vulnerable visa holders who have been excluded from the government's JobKeeper wage subsidy scheme and JobSeeker unemployment benefits.

Millions more will soon be confronted by the same dire plight, as the government cuts the levels of the JobKeeper and JobSeeker payments from September 28, just as banks and landlords move to end six-month moratoriums on mortgages and rental evictions.

Official Australian Bureau of Statistics data reported that the unemployment rate among 15-24 year olds was 14.3 percent—more than twice as high as the overall average.

The figures also indicated that part-time work now accounts for almost a third of the workforce. Seasonally adjusted full-time employment increased in August by 36,200 to 8.58 million, while part-time employment increased 74,800 to 3.99 million people.

Some economists, such as UBS Australia's George Tharenou and Carlos Cacho, are forecasting that the official jobless rate will rise "sharply" as businesses collapse. "However, since the government extended temporary bankruptcy protection, and protection for directors from trading insolvent, for 3 months to Dec-20, we now expect the peak in unemployment to be later, perhaps not until 2021," they wrote in a report.

According to the more realistic jobless data published monthly by the Roy Morgan company, unemployment stood at 13.8 percent, or almost two million workers, in August. The total of unemployment and under-employment was 22.8 percent, or 3.27 million workers. That is as high as the 1930s.

The Roy Morgan survey also showed that this toll was not confined to the state of Victoria, where the government and the corporate elite are demanding the rapid ending of a "stage 4" pandemic lockdown in the capital Melbourne.

Even these estimates do not take into account the current avalanche of job cuts by public universities. Last week, three universities alone—Melbourne's RMIT University, the University of New South Wales and the Australian National University (ANU)—announced a total of nearly 2,900 job losses.

Some idea of the financial stress and impoverishment to come can be gauged from a recent ANU study. It calculated that since March, the JobKeeper subsidies and the temporary doubling of JobSeeker benefits had saved about 2.2 million people from poverty.

Without these payments, the number living in poverty would have soared from a pre-COVID total of 1.6 million to 3.8 million—or about 15 percent of the population.

The study estimated that just by cutting the JobKeeper and JobSeeker rates from September 28, the government would push an extra 740,000 people into poverty, initially lifting the total to 1.84 million.

On that date, JobKeeper will fall from the minimum wage level of $1,500 to just $1,200 per fortnight, and to $700 for those who previously worked less than 20 hours per week.

The payment to people on JobSeeker and related benefits will fall by $300 to $815 a fortnight. On December 31, JobKeeper will be reduced to $1,000 and $650 per fortnight and JobSeeker to $565.70, well below the poverty line, defined as a fortnightly disposable income of $832.

While gloating about the unemployment statistics, Treasurer Frydenberg announced ramped-up job search requirements for people on JobSeeker. From September they will have to apply for up to eight jobs a month, and participate in "job search plan" meetings with an "employment services provider." Yet, there are, on average, 13 JobSeeker recipients for every advertised vacancy.

The government intends to use this "welfare compliance" regime to cut people off benefits and dragoon them into low-paid work. Jobless workers' payments were suspended 2.3 million times in 2018-19.

Frydenberg said changes to industrial relations laws had boosted job creation. "Through the JobKeeper changes we introduced we brought more flexibility in the labour market including changes around duties, around hours and around location of work," he said.

These changes, agreed by the trade unions, and rubberstamped by the Labor Party opposition, allowed employers to cut workers' hours, and alter their job duties and locations. Having propped up the government and big business by imposing these attacks and other cuts to conditions on millions of workers, the unions are going further to enforce this "flexibility."

Frydenberg hailed, as a "positive development," that Australian Council of Trade Unions (ACTU) leaders have been collaborating behind closed doors for weeks in five "working groups" with the government and employer groups to scrap more of workers' basic rights.

This week, ACTU secretary Sally McManus reportedly finalised a deal with Business Council of Australia chief executive Jennifer Westacott, representing the largest companies. They propose to axe the "better off overall test" for registering a workplace pay deal, clearing the way for enterprise agreements to openly reduce the conditions of workers.

In return, union-negotiated agreements will be fast-tracked through the Fair Work Commission, taking to a new level the decades-long corporatist partnership between the unions and the financial elite.

Amid growing social inequality, unsafe conditions and social misery, the scene is set for a social explosion. The crucial issue will be for workers to mobilise independently, against the unions, as well as the governments and the corporate elite. This means turning to a revolutionary socialist program to take political power and reorganise society on the basis of human need, not private profit and wealth.