

Australian government slashes JobSeeker to force more workers into low-paid jobs

Mike Head**11 November 2020**

Prime Minister Scott Morrison was blatant on Tuesday when he announced that his government's JobSeeker payments for unemployed workers would be cut by another \$100 a fortnight from the end of December.

"We cannot allow the lifeline that has been extended to also now hold Australia back as we move into the next phases of recovery," Morrison said. In other words, the "lifeline" that has kept some 1.5 million workers from outright destitution during the worst recession since the 1930s Great Depression must be withdrawn for the sake of the supposed "recovery."

By doing so, the government is intensifying its efforts to fully "reopen the economy," despite the worsening global COVID-19 resurgence, by herding millions of jobless workers into low-paid work on poor conditions in order to boost profits.

Even according to the forecasts of the Reserve Bank of Australia, the official understated unemployment rate will still be around 8 percent, or nearly 1.1 million workers, in March. And that does not include the more than 4 million workers who remain on JobKeeper wage subsidies, which are due to be scrapped in March.

Having already reduced its temporary dole "coronavirus supplement" from \$550 a fortnight in March to \$250 in September, the government intends to slash it to \$150. It is also leaving open the option of removing it altogether at the end of March, reverting to the pre-pandemic starvation level of \$40 a day.

For now, the government is reducing the allowance to what is itself a poverty rate of around \$715 a fortnight for single adults—just \$10.70 a day above the pre-pandemic level.

It is doing so with the essential backing of the Labor Party opposition, which has committed to pass the necessary legislation as quickly as possible. Labor has

suggested only keeping some unspecified, reduced "coronavirus supplement" beyond March, offering that as a better means of achieving a "recovery."

Labor's stated concern is not for the jobless workers who face impoverishment, especially as moratoriums on mortgage repayments and rental evictions are already being wound back. Its sole criticism of the government is that it is prematurely ending "stimulus" measures that have poured hundreds of billions of dollars into corporate pockets since March.

At a media briefing on Tuesday, Labor leader Anthony Albanese refused to answer a journalist's question about what level of JobSeeker Labor wanted after March. Instead, he asked why the government was "cutting things right now." He said: "Now is not the time to be withdrawing support from the economy."

Once again, as it demonstrated in voting for the government's October 6 budget—which handed \$50 billion in tax cuts to high-income recipients—Labor has no disagreement with using the mass unemployment and acute social distress triggered by the pandemic to further restructure economic and social relations in the interests of the capitalist class.

There was no criticism by Labor of Morrison's other declaration at his media conference on Tuesday. Flanked by Families and Social Services Minister Anne Ruston, he boasted that the government had already stepped up its "mutual obligation" measures to cut jobless workers off payments if they allegedly failed to look hard enough for work or did not accept a job offer.

In just one month, the government has suspended JobSeeker payments to more than a quarter of a million people, and has enforced outright cancellations, for breaching its rules, which require recipients to apply for at least eight jobs a month, regardless of whether any jobs exist in their field or not.

“There have been close to 260,000 suspensions, and for the 4th August to the 31st of October there have been 242 payment cancellations,” Morrison emphasised. “So the mutual obligation requirements are there and we are serious about them.”

Australian Council of Social Service (ACOSS) chief executive Cassandra Goldie described the coronavirus supplement’s reduction to \$150 a fortnight as “a crushing blow” for unemployed workers. “A permanent ongoing solution is to fix the adequacy of people’s incomes.”

Goldie dismissed as a “distraction,” Morrison’s claim that employers were struggling to hire workers, saying Australian Bureau of Statistics (ABS) data showed 12 people looking for every job vacancy, or for more hours.

For all the government’s efforts to talk up the prospects of “recovery” and restoring business and consumer “confidence,” the latest payroll data from the ABS revealed a new drop in employment last month.

The ABS’s Head of Labour Statistics Bjorn Jarvris said in a media release: “Nationally, payroll jobs fell for the second fortnight in a row, and were 4.4 percent lower than mid-March. This fall includes a flattening in payroll jobs for the most recent week.”

Over the month to October 17, payroll jobs fell by 1.7 percent across Australia. They dropped in each state and territory, not just Victoria, where the state Labor government is still in the process of lifting lockdown restrictions to meet the demands of big business.

Significantly, however, there was a sharp rise in the number of payroll jobs worked by teenagers—up by 10.1 percent since March 14. By far the biggest rise was in the retail industry, with a 20 percent jump in teenage employment. This indicates that employers are replacing older, better-paid workers with low-paid, short-term and insecure teenagers, especially in the notorious “gig economy.”

At the end of September, when the JobSeeker benefits were reduced from \$600 a week to just over \$400, JobKeeper wage allotments were also cut, from \$750 a week to the minimum wage level of \$650.

Modelling produced at the Australian National University (ANU) estimated that 740,000 more people were thrown into poverty—even by a conservative measure—through these cuts. As a result, almost 16 percent of the population, or more than 4 million

people, were living in poverty.

According to the modelling, the number of people in poverty, after housing costs are included, would rise to 5.8 million, or about a quarter of the population, if the JobSeeker supplements and JobKeeper wage subsidies were eliminated in March.

The situation could be even worse because the resurging pandemic in the United States and Europe is likely to deepen the global crash. Citing a “downside risk to the outlook” due to the situation in Europe, the Reserve Bank last week cut official interest rates to near zero, and vowed not to lift them for three years. It also formally joined other central banks internationally in pumping billions of dollars into the financial markets via “quantitative easing.”

Under the cynical slogan of “creating jobs,” both the Liberal-National Coalition and the trade union-backed Labor Party are handing billions more dollars to big business and the wealthiest layers of society, while coercing workers into low-paid employment in order to drive up corporate profits.



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