

# Australian government intent on scrapping JobKeeper and slashing JobSeeker despite mass unemployment

Martin Scott  
24 February 2021

The Australian government is about to throw more than 1.5 million workers into potential unemployment by terminating its JobKeeper COVID-19 wage subsidy scheme. Simultaneously, on March 31, it will end the “Coronavirus Supplement” on JobSeeker dole payments, throwing another 1.6 million unemployed workers into dire poverty.

Yesterday, the Liberal-National Coalition government announced a supposed \$25 a week rise in the underlying JobSeeker rate. In reality, it is another cut in the benefits, which were temporarily “supplemented” last March to avoid a social explosion triggered by Great Depression levels of joblessness.

The resulting pittance will leave unemployed workers and youth on the sub-poverty level of about \$44 a day, designed to coerce them into low-paid and insecure employment. JobSeeker recipients also face being cut off benefits altogether if they fail onerous and usually pointless “mutual obligation” requirements, such as undertaking 20 “job searches” per month.

Combined with the shutting down of moratoriums on rent and mortgage repayments and business insolvencies, the JobKeeper-JobSeeker “fiscal cliff” on March 31 will intensify the social crisis created by the ongoing global pandemic.

In an op-ed published last week in the *Australian*, Treasurer Josh Frydenberg adamantly defended the scrapping of JobKeeper. He said the scheme had created “adverse incentives” that were “hampering labour mobility and the reallocation of workers to more productive roles.”

In other words, the paltry JobKeeper payment, already reduced last month to \$500 a week, is enough to prevent some workers from readily accepting a further assault on their pay and working conditions.

Frydenberg claimed: “JobKeeper has to come to an end as our economy strengthens, and businesses and their staff adjust to the new economic environment.”

In fact, official statistics showed that 1.54 million workers were still receiving the JobKeeper payment in January. If Frydenberg’s further claim—that the scheme is “keeping businesses afloat that would not be viable without ongoing support”—is true, many small business operators are also set to join the unemployed.

Around 1.3 million workers currently receive payments under JobSeeker, while close to 340,000 receive Youth Allowance, a similar payment for those under 24. That means more than 3.1 million workers will be affected by the March 31 JobKeeper and JobSeeker cutoffs.

The official unemployment rate stood at 6.4 percent in January, 1.1 points higher than a year earlier, and underemployment—those seeking more hours—was at 8.1 percent, which was down slightly over the year. But these figures understate the workforce crisis.

Monthly hours worked fell by 86 million in January, and were down by 100 million over the year—the equivalent of more than 600,000 full-time jobs—pointing to a massive further shift to casual, part-time and “gig economy” work.

As measured by the Roy Morgan survey company, the actual situation is considerably worse. By its estimates, the unemployment rate was 11.7 in January, and the underemployment rate was 10 percent, also indicating that more than three million workers were either jobless or wanting more work.

The abolition of the \$75 per week JobSeeker Coronavirus Supplement will cause severe hardship and homelessness. According to Anglicare Australia’s Rental Affordability Snapshot, only 13 out of 77,000 rental listings surveyed were affordable for a single person

receiving JobSeeker without the supplement.

Despite the government's media-backed propaganda, the pandemic is far from over internationally or in Australia. This year, quarantine breaches have caused outbreaks in each of the mainland state capitals, triggering limited lockdowns.

Even if the federal government's optimistic target of vaccinating the entire adult population by the end of October is achieved, *and* the inoculations prove effective in preventing transmission of the coronavirus in all its variant forms, workers and small businesses face at least another six months of uncertainty and disruption.

In some industries, dependent on large crowds, open borders and long-term planning, a full recovery will not be possible this year.

Australia's \$152 billion tourism industry, which directly employed more than 700,000 workers in 2018-19, has been devastated by the pandemic. The Australian Bureau of Statistics estimates that 113,100 tourism jobs were lost between December 2019 and September 2020.

Australian Tax Office figures obscure the number of tourism workers still on JobKeeper. But they show that 154,000 workers in Accommodation and Food Services, and 112,000 in Transport, Postal and Warehousing were receiving the wage subsidy at the end of 2020.

The same applied to 77,000 workers in Arts and Recreation Services—almost one third of those employed in the sector before the pandemic.

More than 3,000 music industry workers signed an open letter, published last week, calling for JobKeeper to be extended beyond the end of March. The live music sector is now operating at just 4 percent of pre-pandemic capacity, and 55 percent of respondents to a recent survey on the I Lost My Gig web site are considering leaving the industry.

While the cessation of JobKeeper will worsen the unemployment crisis, the wellbeing of the working class was never the scheme's objective. One sharp example of this is that 2.5 million vulnerable and exploited workers, temporary visa holders and casual employees, were excluded from the subsidy.

The reality is that the scheme was a corporate bailout on a scale never seen before. At least 11 billionaires have reaped multi-million-dollar dividends from companies subsidised by JobKeeper, contributing to an average 59 percent increase in the personal wealth of Australia's richest individuals.

Retail group Premier Investments received \$70 million in wage subsidies despite recording increased profits,

paying a \$2.5 million bonus to its chief executive and handing out \$57 million in shareholder dividends. Company chairman and major shareholder Solomon Lew pocketed \$20 million, a small fraction of his 31.6 percent year-over-year gain in personal wealth to \$3.72 billion.

Household goods retailer Harvey Norman received \$10 million in JobKeeper payments while securing record profits and paying \$74.7 million in dividends to shareholders, including \$23.5 million to co-founder Gerry Harvey, helping to boost his worth to \$2.57 billion.

The JobKeeper legislation, which was backed by the Labor Party opposition and formulated in collaboration with Australian Council of Trade Unions secretary Sally McManus, also granted employers a range of powers to maximise profits at the expense of workers' pay and conditions.

This allowed big business to accelerate major restructurings, changing workers' duties and cutting the hours of full-time staff to reduce their wages to the level of the JobKeeper payment. This "flexibility" has not prevented the destruction of thousands of jobs by major corporations, such as Qantas, Virgin and Telstra, over the past year.

With the fortunes of the wealthy elites propped up by the bailouts, the meagre JobKeeper and JobSeeker payments now stand as an impediment to the corporate drive to force workers into increasingly super-exploited employment. This marks an escalation of the decades-long assault on working class jobs and conditions, policed by the trade unions.

The Labor Party's basic support for this offensive has been demonstrated by its refusal to promise any JobSeeker rise above the government's proposed measly \$25 a week.



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