

Australian Treasury flags 150,000 job losses as JobKeeper ends

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26 March 2021

Millions of workers in Australia who have been depending on JobKeeper wage subsidies or increased JobSeeker dole payments during the COVID-19 pandemic face losing their jobs and being thrust into poverty when the Liberal-National government scraps the schemes tomorrow.

The same prospect confronts thousands of self-employed workers and small business operators, with the social crisis intensified by the end of remaining moratoriums on rents, mortgages, utility bills and business insolvencies.

While the corporate media has again focused this week on mounting sexual misconduct allegations against the government, the impact of the JobKeeper and JobSeeker measures on workers, especially those in low-paid and insecure jobs, and the unemployed has been largely buried from view.

After months of government cover-up of the expected losses, Treasury Secretary Steven Kennedy told an Australian parliamentary committee on Wednesday that his department expected up to 150,000 workers to become jobless, and indicated that up to 110,000 small businesses could collapse, following the end of JobKeeper.

Kennedy reported that in February, 88,000 workers being paid wages via the JobKeeper scheme remained on zero or very low hours and 110,000 small businesses receiving JobKeeper subsidies had seen their December quarter turnovers fall by more than 75 percent compared to 2019, throwing doubt on their survival.

Overall, 1.1 million workers and around 370,000 businesses were still relying on the wage subsidy, despite the government and media claims of a “remarkable recovery.” These figures suggest that the Treasury estimate may be an understatement of the social crisis. This month, University of Melbourne economist Professor Jeff Borland estimated up to 250,000 jobs would be lost once JobKeeper ended.

Coinciding with the end of the JobSeeker “Coronavirus Supplement” for 1.6 million jobless workers, the cessation of the JobKeeper subsidies of \$500 a week means that close to two million unemployed workers could be forced to survive on just \$44 a day—well below the semi-official poverty line.

Echoing previous statements by Prime Minister Scott Morrison and Treasurer Josh Frydenberg, Kennedy claimed it was necessary to terminate the scheme because, “it distorts wage relativities, it dampens incentives to work, it hampers labour mobility and the reallocation of workers to more productive roles.”

In other words, the payments stand in the way of big business demands for further restructuring of the workforce, involving the further cutting of wages and conditions and destruction of full-time jobs in favour of part-time and casual employment.

While the JobKeeper wage subsidy was primarily a \$90 billion handout to big business, it did keep a significant number of workers employed on at least a part-time basis, and stave off insolvency for many small businesses and sole traders.

At the same time, all remaining COVID-19 safety measures are rapidly being lifted at the behest of big business, the country’s vaccine rollout has barely begun and fundamental problems with hotel quarantine facilities remain unresolved. That means further outbreaks of more transmissible variants of the virus, as currently occurring in Brisbane, are entirely probable.

With the slashing of the already inadequate JobKeeper and JobSeeker income support schemes, any necessary reintroduction of state border closures, lockdowns and capacity restrictions could mean the end for many small businesses and sole traders who have survived the past 12 months.

JobKeeper’s termination will be felt most severely in the tourism and live entertainment sectors. The tourism

industry, already heavily impacted by the 2019–20 bushfires, lost an estimated \$59.1 billion between January and September 2020.

In the far north Queensland city of Cairns, 1,821 businesses received JobKeeper payments in December, in a population of less than 160,000. Around 8,000 workers—10 percent of the local workforce—are directly employed in tourism and hospitality, and at least 4,000 more are employed indirectly.

The government’s recent announcement of \$1.2 billion in “targeted support” for the tourism industry consisted of a further handout to major airlines Qantas and Virgin, which last year sacked tens of thousands of workers despite pocketing vast sums from JobKeeper and other bailout measures.

A recent survey by Live Performance Australia found that 90 percent of live entertainment companies were still relying on JobKeeper, and one third said they would be forced to retrench staff when the wage subsidy ended.

For all the hype about “recovery,” according to the Reserve Bank of Australia (RBA), only the business services sector, which encompasses telecommunications, financial services and real estate, saw an increase in full-time employment between February and November 2020.

While part-time employment in goods-related industries covering retail, mining and manufacturing grew by around 25,000, twice that number of full-time jobs were lost in that sector. Small increases in mining and utilities positions were vastly outweighed by the destruction of more than 100,000 full-time jobs in manufacturing, wholesale trade and logistics.

In household services, which includes health, education, arts and accommodation, just a handful of new part-time positions were created, while around 130,000 full-time and 60,000 part-time jobs were scrapped. During the first wave of the pandemic, around 40,000 full-time jobs were even lost in health care and social assistance.

Young workers have suffered the most, especially those without university qualifications. While the rate of employment (as officially defined) for workers older than 24 has essentially returned to the pre-pandemic level, the rate for younger workers has decreased by around 2 percentage points.

The employment rate for those not in full-time education fell 4.2 points. The employment rate fell by 17.5 points for those whose highest level of education is a diploma or vocational certificate, 9.8 points for those who completed Year 11 or 12, and 14.1 points for those who left high school earlier.

Professor Borland noted that the impact of COVID-19 had severely worsened the employment prospects of young people, “exacerbating the long-run trend underway since the GFC [global financial crisis]” of 2008–09.

Working class households will be hit the hardest. A recent report by Deloitte Access Economics predicted retail spending, which jumped 6.4 percent last year, will slow as a result of the termination of JobKeeper and the JobSeeker supplement. Deloitte noted: “Our fiscal stimulus tap has been turned down to a drip, meaning less money for households to spend.”

In recent weeks, the Labor Party, the trade unions and the corporate media have belatedly criticised the exploitation of the JobKeeper scheme by major corporations that have recorded record profits on the back of billions of dollars in wage subsidies.

Retailer Kathmandu’s board declared this week, for example, that it will not return \$18.5 million in government grants and wage subsidies, despite reporting a 32.8 percent increase in profit to \$21.2 million over the past six months.

Likewise, one fifth of the top 300 companies listed on the Australian Stock Exchange received the wage subsidy in the second half of 2020 before reporting increases in year-over-year earnings. Morrison, however, denied this was a problem, saying “a profitable company is putting people in work.”

In reality, such outcomes were always intended by JobKeeper, which Labor and the unions helped the government design and agreed to give employers sweeping powers to reduce workers’ hours and change their duties.

Labor and the unions worked hand-in-glove with the government to introduce JobKeeper and the JobSeeker supplement last March in order to head off an explosion of working class unrest over the worst mass unemployment since the 1930s Great Depression.

With big business now shored up, these schemes are being scrapped to ensure there is a large base of desperate unemployed workers to be coerced into poorly-paid and insecure work. This will trigger immense discontent and working-class struggles.



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