Australian workers face poverty as wage subsidies and welfare supplements end

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The Liberal-National government's termination of its JobKeeper wage subsidy scheme and reduction of the JobSeeker unemployment payment last week will deepen a social crisis.

The $100 per fortnight reduction in JobSeeker from last Thursday will push an estimated 155,000 people into poverty, bringing the total to 4.5 million, including more than 1 million children, according to a report by the Australia Institute. This represents an increase of 600,000 since the beginning of 2020.

The think tank did not factor in the additional impact of job losses stemming from the end of JobKeeper on March 28, meaning the figures may prove to be an underestimation. The Treasury department predicted late last month that 150,000 jobs and 110,000 small businesses could be destroyed with the end of JobKeeper.

Recent research by analysts SGS Economics and Planning revealed that last year's economic devastation disproportionately affected the poorest areas. In Sydney, the working-class suburbs of Fairfield and Campbelltown lost a total of 5,267 jobs, while 2,010 jobs were created in the affluent Northern Beaches. In Melbourne, 14,259 jobs were destroyed in Wyndham, Dandenong and Casey, while the wealthy Yarra and Melbourne metropolitan areas gained 2,188.

In a further attack on working-class households, moratoriums on evictions were lifted last week in New South Wales, Victoria, and Western Australia. Many of the 75,000 households who deferred rent payments due to loss of income during the pandemic now confront the possibility of homelessness.

Also concluded last week were "mortgage holidays" offered by banks in 2020 with the backing of cheap money from the Reserve Bank. The Australian Prudential Regulation Authority reports that $11.7 billion worth of home loans were still deferred in February.

In the face of this mounting catastrophe, Treasurer Josh Frydenberg claimed in the *Australian* on March 29: "Australians can now see light at the end of the tunnel."

Frydenberg boasted of the "remarkably resilient" labour market, yet more than 3 million workers are unemployed or underemployed, an increase greater than 900,000 since February 2020.

After handing out billions of dollars to big business, Frydenberg asserted: "We can't keep spending borrowed money forever."

The ruling class insistence that financial support for the working class must be slashed comes despite the ongoing threat from the coronavirus pandemic.

Just one day after the end of JobKeeper, a COVID-19 outbreak in Brisbane forced the Queensland government to impose a three-day "snap" lockdown, leaving businesses with millions of dollars in lost revenue and no wage subsidy. In January, almost 28,000 businesses in the greater Brisbane area still depended on JobKeeper to pay workers.

The hospitality and tourism industries remain particularly vulnerable. The Australian Chamber of Commerce and Industry expects 30,000 jobs will be destroyed in the tourism sector as a result of the removal of JobKeeper.

Australia's second-largest airline, Virgin Australia, has stood down 170 ramp and maintenance workers for three weeks in a move that coincided with the termination of the JobKeeper scheme.

The workers received an email last Thursday informing them: "During the stand down, you remain employed but are not required to attend work for the hours you are stood down, and you will not be paid for those hours."

Virgin insisted the stand down was not connected to the end of the wage subsidy, but the timing of the memo, which was sent before the Brisbane lockdown, suggests otherwise.

The Brisbane outbreak threatens to reduce demand for

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Morrison's supposed replacement for JobKeeper in the tourism industry—800,000 subsidised fares to a handful of destinations, four of which are in Queensland.

The entertainment industry also suffered a major blow last week, with the cancellation of the Byron Bay Bluesfest. Organisers were forced to call off the event, which would have featured more than 60 acts and hosted 15,000 fans, after community transmission of COVID-19 was discovered in the northern New South Wales town.

These experiences, along with the shambolic character of the vaccine roll out, underscore the fraudulent character of claims that the pandemic is over. Without the JobKeeper wage subsidy, further lockdowns and capacity restrictions necessitated by inevitable virus outbreaks will lead to more job losses and small business closures.

As is the case internationally, the ruling elite and its political representatives, including Labor and the trade unions, are using the pandemic to intensify a pro-business economic restructuring. The end of the various subsidies, which were always geared to the interests of the corporations, is aimed at entrenching a mass pool of cheap labour so that workers can be compelled to work in low-paid and precarious positions.

WSWS reporters spoke to workers in southwestern Sydney about the termination of JobKeeper and the reduction of the JobSeeker payment.

Kai commented: "The end of the JobSeeker coronavirus supplement will have a devastating impact on the community, especially for those already struggling on the dole.

"People could eat better food and pay their rent more comfortably with the supplement. That keeps people in good mental health in order to look for work. To take that away from them is just cruel and inhumane.

"I work just around the corner, and the line at the Centrelink welfare shopfront is always out the door. The government could relieve some of that pressure by giving people an income that's liveable. It's a punitive measure to keep this class of people poor and keep that class of people rich.

"If you give people more money, they spend more money; that means more jobs. People can't get jobs in poverty. They've got to feed themselves and their kids. People aren't gonna be looking for jobs, they're going to be trying to find money in other ways."

Ali said: "The supplement helped a little bit, but now it is hard. I have a car, and just the insurance costs $260 per month.

"I'm from Iraq. I finished Year 10 here, and completed Certificate II, III and IV in business administration at TAFE. I couldn't get in to a university because I only finished half of Year 11. I'm still looking for work after two years.

"When I try to apply for apprenticeships, they say I am too old because I am 25. Many of my friends are between 23 and 30 and they have the same problem.

"The JobSearch provider says everything is quiet because of the virus and I should just wait."

Joanna commented: "There will be a rise in unemployment, that's for sure. There's going to be more desperate people out there as JobKeeper ends. It's going to put a lot of pressure on community organisations as well. There are people already struggling who are going to food banks and that sort of stuff.

"Other things will come from this that we probably don't even know yet. As desperation goes up, crime will go up.

"People are relying on it, and the government has just pulled the carpet out from under them and I don't know what their options are. $308 a week is really not much to live on.

"It looks like this pandemic is not going away anytime soon. The vaccine roll out just keeps getting pushed back even further. Even that doesn't mean it will get rid of the whole COVID-19. There's no guarantee.

"More flare-ups are going to happen, and what do people do then without JobKeeper? Where do people turn? Maybe Salvation Army or something, or move back home with parents? There's going to be a lot of desperation."

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