Australian reports show deepening social toll as pandemic continues

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4 May 2021

In the lead up to the May 11 Australian federal budget, reports produced by welfare agencies and charities have pointed to intensifying poverty and social pain as the COVID-19 pandemic continues around the globe.

Far from being exempt from the terrible impact of the failure of governments worldwide to contain the mutating coronavirus, Australia is experiencing a worsening social crisis as the ruling class exploits the pandemic to slash welfare, wages and working conditions.

At the end of March, the Liberal-National government terminated its meagre JobKeeper wage subsidy scheme, on which some 1.2 million workers still depended for survival, and returned JobSeeker dole and welfare payments to sub-poverty levels of about $44 a day.

The purpose of this twin attack was to coerce jobless workers into lower-paid employment, on casualised and insecure conditions, for the benefits of the wealthy elite, whose fortunes have soared during the pandemic.

The Australian Council of Social Service (ACOSS), the peak welfare body, estimated that these simultaneous moves sentenced an estimated three million people to poverty. That counted the more than one million unemployed on JobSeeker, 343,000 single parents, 330,000 young people on Youth Allowance and 80,000 on AusStudy, AbStudy, Widow Allowance and other income support.

"There are also a million people on temporary or student visas who still have no access to income support who continue to suffer," ACOSS stated.

The end of JobKeeper would see many workers having their weekly income drop from an already inadequate $500 a week to just $314 per week, or $44 a day. "It is unconscionable that about 3 million people will return to extreme poverty," ACOSS said.

A University of New South Wales study, commissioned by ACOSS, reported a huge surge in demand for services that assist with economic hardship, homelessness, mental health and domestic violence. Temporary relief had been provided by a "coronavirus supplement" that doubled most welfare payments in 2020, from April to December.

Prime Minister Scott Morrison's government introduced that supplement to avoid a social explosion produced by the worst mass unemployment since the Great Depression of the 1930s. But its effect on poverty levels soon ended.

ACOSS said Australian National University researcher Ben Phillips had shown during a Senate Inquiry into the JobSeeker cuts that before COVID-19, the poverty rate among people receiving Newstart was 88 percent.

When the JobSeeker payments were doubled, this dropped to 26 percent. From April 1, poverty was expected to balloon out again to 85 percent, because payments were returning to close to their pre-COVID lows.

As a result, the ACOSS-commissioned study reported: "One service described, for example, how after a short plateau in demand during mid-2020, demand subsequently spiked and remained 35 percent over the previous year."

As another example, a migrant support service told the researchers: "People in the community have experienced significant economic loss, often for the first time, leading to increased need for services and supports including emergency relief and family support. New groups of clients, including some who had previously experienced reasonable levels of security, are seeking support.

"Exclusion of international students and people on temporary visas from accessing Centrelink [welfare] payments is putting additional strain on services. We have had to increase our emergency relief and our financial assistance and also our emergency support services, almost three or fourfold."

By the end of March, moratoriums on evictions and mortgage defaults had also ended, contributing to an affordable housing crisis produced by soaring house prices.

A housing survey by the Anglicare charity found that only three rental properties across the entire country were affordable for a single person living on the government's reduced JobSeeker payment, and they were for shared accommodation.

The pandemic had reduced rents in some markets but the snapshot of more than 74,000 properties found a dire shortage facing people living on welfare benefits.

When the coronavirus supplement ended, welfare payments fell by $100 a fortnight. The Anglicare analysis used the common benchmark that an affordable home is no more than 30 percent of a person's household budget.

The Anglicare report said renters faced a "perfect storm" as a result of the combination of welfare cuts and the end of eviction protections. "Some renters have found themselves tens of thousands of dollars in rental arrears. If they can't afford to repay their landlords, they face the very real prospect of eviction."

The charity called on the federal government to lift welfare payments to the poverty line and for governments across the board to meet a shortfall of social housing, which Anglicare estimated at 500,000 units nationally.

Homelessness support services have reported skyrocketing demands for help, many from people who had never asked for assistance before. Maria Leebeek from Queensland's Gold Coast Youth Service told the Australian Broadcasting Corporation: "Basically, there's no housing, or no affordable housing."

Leebeek said shelters for young people, or women and families fleeing domestic violence, were all full. "The whole rental crisis isn't just the people coming through the doors. It's also my own staff. I've talked to other services in the region … I know one service said, 'well, our staff are homeless while we're supporting homeless people.'"

The latest data on national rental rates from property analysts CoreLogic showed rents rose by 3.2 percent over the first quarter of 2021, the largest quarterly increase since May 2007. In part, this is due to soaring property prices.

While slashing welfare payments, the Morrison government and the Reserve Bank of Australia have cut interest rates to near zero—an all time record low—and pumped billions of dollars into corporate subsidies, generating vast share and property speculation.

Over the year, for instance, median Sydney house prices have jumped by 12.6 percent to $1,309,195—the sharpest rise since such records began in 1993.

This is accelerating the housing affordability crisis. Since 2010, even before the latest surge, official inflation has risen 21 percent but residential property prices had gone up 44 percent.

The corporate media has largely buried any coverage of the "social cliff" produced by the end of JobKeeper and the JobSeeker supplement. There was no reporting at all of the payroll and wages data released by the Australian Bureau of Statistics (ABS) last week.

The figures provided the first glimpse of the employment and pay impact. Payroll jobs fell by 1.8 percent in the fortnight to April 10, probably representing about 120,000 jobs, and total wages paid decreased, even more, by 3.1 percent.

Young workers were worst affected. There was a 2.9 percent fall in jobs held by 15 to 19 year-olds, and drops of more than 4 percent in accommodation, food services, arts and recreation services.

In its budget submission, ACOSS urged the government to lift welfare payments to at least $65 a day "so that the millions of people struggling without paid work or enough hours are at least living above the poverty line."

By ACOSS's own admission, that minimal rise would still leave millions of people barely surviving. The opposition Labor Party has refused to commit even to that miserable level, let alone the full and adequate social support needed to protect working people from the impact of the pandemic and from capitalist exploitation beyond that.