

Australian poverty report reveals impact of COVID austerity drive

Sofia Devetzi
26 December 2022

New research by the University of New South Wales (UNSW) and the Australian Council of Social Services (ACOSS) has revealed the devastating consequences of the Australian government's decision to withdraw pandemic income support payments.

This was detailed in two reports—"Poverty in Australia 2022," which was based on Australian Bureau of Statistics data and released in October, and "Australian experiences of poverty: risk precarity and uncertainty during COVID-19," released on December 2. They showed that one in eight people in Australia, and one in six children, are now living below the poverty line as cost-of-living pressures increase.

Professor Carla Treloar, director of the Social Policy Research Centre at UNSW Sydney, said the reports highlighted unacceptable levels of poverty. "There are 3.3 million people in Australia desperately struggling to pay the bills and put food on the table," she said. "There are 761,000 children who are denied a good start to life."

In addition to the record number of people living under the poverty line, the reports found that the severity or "depth" of poverty has steadily increased over the last two decades. Average weekly incomes of impoverished people have dropped to \$304 below the poverty line, indicating that they are falling further and further behind.

The poverty line itself represents an underestimate. In the UNSW-ACOSS reports, this is defined as 50 percent of median income, adjusted for household size; the authors suggest that people living below this poverty line are likely to miss out on essentials such as housing and food. Other organisations use a more expansive definition. The European Commission, for example, uses a higher poverty line based on 60 percent of median income.

However, even on the definition of poverty used, the UNSW-ACOSS reports are damning. In examining poverty data from the past few years, the effect of introducing small pandemic support payments—and then taking them away—is starkly seen.

At the outset of the pandemic in March 2020, social security payments were significantly below the poverty line; successive Labor and Liberal governments refused to increase payments beyond movements in the Consumer Price Index. This saw people receiving payments such as unemployment, disability, carer, and old age pension supports falling further behind community living standards.

The emergence of the COVID-19 pandemic saw a unified class response by the federal Liberal-National government of Prime Minister Scott Morrison and various Labor and Liberal state premiers, which coordinated their actions via the unconstitutional and secretive "National Cabinet." Billions of dollars in public funds were poured into big business interests, ensuring that initial public health measures including lockdowns did not affect profits.

The federal government also enacted stimulus spending measures, to offset negative economic effects of rising joblessness and declining retail and hospitality spending. These measures included boosting income support payments from June 2020. People on any type of welfare allowance received a meagre \$750 Economic Support Payment, while people on unemployment-related payments received a \$275 per week Coronavirus Supplement. Despite the limited character of these payments, they represented a near doubling of unemployed workers' incomes.

As a result of these increases—a drop in the bucket when compared with the corporate handouts during the pandemic—within three months, the official poverty rate

had dropped to a 17-year low of 12 percent. The effect on children was even more dramatic, with the child poverty rate falling to a two-decade low of 13.7 per cent. The increased welfare payments pulled 646,000 people, including 245,000 children, above the poverty line.

The bare-minimum payment rises dictated by the pro-business stimulus advocates proved sufficient to provide to many individuals three full meals a day. Others found that they could pay their rent and utility bills on time for the first time since they started receiving income support. Some debts were paid off, and unexpected expenses including medical bills were able to be managed.

In a calculated act of class warfare, the government progressively reduced the Coronavirus Supplement from September 2020, and fully abolished it in April 2021. In its place, unemployment-related payments—such as JobSeeker, Youth Allowance and Parenting Payment—were increased by just \$25 per week. This meant a net \$250 per week cut in income support payments for those affected (\$500 per week in the case of couples). Researchers now expect poverty to rise above pre-pandemic levels.

This impoverishment is also being compounded by the cost-of-living crisis: prices for essential items have risen by around 8 percent annually, mortgage payments have increased by thousands of dollars per month, and electricity bills are expected to jump 47 percent over the next two years. Meanwhile, real wages are 4 percent lower than before the pandemic hit in March 2020.

The UNSW-ACOSS report, “Australian experiences of poverty: risk precarity and uncertainty during COVID-19,” detailed the devastating impact of the elimination of the Coronavirus Supplement. It explained: “The reduction and then termination of the supplement had a pernicious effect. Financially, participants found themselves back to the stresses of having to live on very low incomes, prioritising basic needs and maintaining very frugal lifestyles. Emotionally, the experience was destabilising, with participants often describing the effects in terms of closing down a world that had been briefly open to them.”

One unemployed worker interviewed by the researchers, Katie, explained the impact on her: “I can

pay the rent, but other things have to go by the wayside—getting the medications and basic food shop. Now I’m in a bit of debt because I had to ask family members for help, so I can go and do a grocery shop. So the stress has sort of increased. Suicidal at times, it’s just, it’s not good, not good at all.”

The Labor Party when it was in opposition supported the Morrison government’s welfare payment cuts. Now in office, it has confirmed that it has no intention of reversing these measures—on the contrary, Labor is intensifying the offensive against the social conditions of the working class. Labor’s federal budget detailed the deepest cut to workers’ living standards since World War II, with real wages continuing to fall for at least the next two years while electricity and gas prices soar. In his budget speech, Treasurer Jim Chalmers promised financial markets that now begins that much sought-after era of “budget repair,” while simultaneously warning workers of “hard days to come.”

The UNSW-ACOSS research underscores that poverty in advanced capitalist countries is deliberately engineered by governments beholden to business interests. While there are more than enough resources for everyone to live a comfortable life—as pointed to by the sharp reduction in poverty brought about by the small Coronavirus Supplement—capitalism requires the impoverishment of those unable to work in order to “incentivise” people to remain in low paid and oppressive jobs.

In a society organised to serve the interests of the corporations and ultra-wealthy, the provision of decent living conditions for all would undermine the extraction of workers’ surplus value in numerous sectors of the economy. The abolition of poverty, in Australia and worldwide, requires the establishment of a socialist society, democratically organised by and for the working class.



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