

# Oxfam: Social inequality and poverty soaring in Australia

**Mike Head****17 January 2023**

“Extreme” wealth and poverty have increased simultaneously in Australia over the past year, as they have globally, according to this week’s latest annual inequality report by the Oxfam charity.

The widening social gulf has been intensified by corporate profiteering on the most basic human necessities—food and energy. Oxfam’s report shows that “95 food and energy corporations more than doubled their profits in 2022, driving major inflation in Australia and around the globe and leaving millions struggling to feed themselves and their families.”

The direct connection between these super profits and the worsening impoverishment of millions of people by the cost-of-living crisis is another damning indictment of the entire economic and social order based on private profit and wealth accumulation.

The profit-gouging by food and energy conglomerates, exploiting the US-NATO proxy war against Russia in Ukraine, comes on top of the inflationary spiral caused by years of governments and central banks pumping trillions of dollars into the financial markets, and the ongoing global supply chain problems created by governments letting the COVID-19 pandemic rip for the sake of profit.

Far from being an exceptional “lucky country,” Australia’s mining billionaires are among those benefitting most spectacularly, while working-class households suffer sky-rocketing prices and housing costs, falling real wages and sub-poverty welfare payments. Just one mining magnate, Chris Ellison of Mineral Resources, increased his worth by \$600 million in 2022, climbing to \$2.25 billion.

By Oxfam’s calculations, based on the *Forbes* Rich List, Australian billionaire wealth is 61 percent higher than it was before the pandemic began. There were 11 more billionaires last November than there were in

2020—up from 31 to 42. These billionaires now had a combined wealth of close to \$236 billion.

That may be an underestimate of a deepening process. As of January 13, there were 45 Australian billionaires, the *Australian Financial Review* reported.

While the gulf between the rich and poor has accelerated this decade, it is a longer-term trend. Oxfam said the richest 1 percent of Australians had accumulated 10 times more wealth than the bottom 50 percent in the past decade.

Oxfam estimated that the top 1 percent had collectively garnered more than \$2,500 a second (or \$150,000 per minute) throughout that 10-year period, matching the super-wealthy internationally. The fortunes of billionaires around the globe increased by \$3.6 billion a day while more than 1.7 billion workers lived in countries where “inflation is now outpacing wages.”

Oxfam Australia director of programs Anthea Spinks said the enormous gains seen by the world’s richest people were stark evidence of a broken system. “While ordinary people in Australia and around the world are making daily sacrifices on essentials like food, the super-rich have outdone even their wildest dreams. Just two years in, this decade is shaping up to be the best yet for billionaires—a roaring 20s boom for the world’s richest.”

Yet, Oxfam’s response, as it has been in every such annual report for many years, is to seek to mend, and maintain, the “broken system” of capitalism, in order to fend off threatening social unrest. Oxfam called on the Australian government to abandon its planned “stage three” income tax cuts and introduce limited wealth and windfall profits taxes.

But the Albanese Labor government has repeatedly refused to drop the income tax cuts, for which Labor

voted under the previous Liberal-National government. These will directly benefit high-income households by more than \$23,000 a year and cost \$252 billion over a decade. Combined with higher interest payments on the near-\$1 trillion in government debt, mainly caused by business handouts during the first two years of the pandemic and soaring military spending, that will mean deeper cuts to health, education, housing, welfare and other essential social programs.

Oxfam said a wealth tax of 2 percent on those with wealth above \$7 million, 3 percent with wealth above \$67 million and 5 percent on Australian billionaires would raise \$29.1 billion annually.

“This would be enough to increase the foreign aid budget by seven times, or dramatically reduce poverty in Australia by raising income support payments to \$88 a day [the unofficial “Henderson” poverty line] for 1.44 million adults (benefiting 840,000 children); building 36,000 social housing homes annually; and investing in grants to get millions of homes off gas, which could save households up to \$1,900 off their energy bills each year.”

But these goals, similar to those proposed by Oxfam’s call for a 5 percent wealth tax globally, would barely scratch the surface of social need. They would leave millions at constant danger of poverty and homelessness, while allowing the giant corporations and the rich to continue to plunder and exploit the population and the natural resources.

In any case, there is not the slightest chance of the Labor government, or any other capitalist government, adopting such taxes. Oxfam has made similar appeals for years, only to be met by the opposite reaction. Its own report, the *Survival of the Richest*, shows that governments worldwide have dramatically reduced corporate, wealth and high-income taxes since the 1960s to satisfy the demands of the financial markets, fuelling the billionaire bonanza.

While assuring the corporate elite of the promised tax cuts, the Labor government has also refused to increase the starvation rates of Jobseeker unemployment and youth allowance payments—about \$47 a day and \$38 a day respectively.

The result, combined with a decade of falling real wages, is rising social stress and outright hunger. Oxfam cited recent research from Foodbank, another charity, which found more than two million Australian

households (21 percent) had experienced severe food insecurity in the previous 12 months, meaning they could not afford to eat.

Foodbank itself said it was providing 1 million meals per month, but struggling to keep up with soaring demand. Sponsored by governments and corporate giants, Foodbank depends heavily on agri-businesses, manufacturers, wholesalers and retailers to donate “waste” produce, which is then distributed to a network of other charities that run handout centres or soup kitchens.

This week Foodbank issued a new call for the Labor government to provide a “food waste tax incentive” for businesses that donate produce. This would allow businesses to reduce the amount of tax they paid, via a refundable tax offset or a non-refundable tax credit, by sending “food waste” to charities instead of landfill.

Based on calculations by international accounting and tax advisory network KPMG, Foodbank said this could provide an additional 100 million meals a year.

Such is the vision proposed by corporate-backed charities—provide businesses with even greater tax cuts in order to keep the growing army of working-class victims of the capitalist crisis dependent on “food waste” to survive!

What is actually needed is a diametrically opposed program, that of socialism. That requires the overturn of the whole failed private profit system by the working class in order to place the food and energy conglomerates, and all the basic industries and finance houses, under public ownership and democratic workers’ control to meet human and social need, not drive the accumulation of obscene wealth by oligarchs.



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