Closure of Australian retail chain Rivers points to a deepening economic crisis

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Longstanding Australian clothing and footwear brand Rivers is set to close all 136 of its stores, making more than 600 staff redundant. Amid a cost-of-living crisis and continuing inflation, this follows a horror year for many Australian retailers.

Rivers was owned by Mosaic Brands Limited, which collapsed in October, owing creditors $249 million. The demise of Australia's largest fashion retailer group, which also included Rockmans, Crossroads, W. Lane and Katies, among others, will see some 700 retail shops close and destroy almost 3,000 jobs throughout the country.

Many of the Mosaic workers who have already been let go have not been paid since October, according to the *Sydney Morning Herald*.

Last month, Wesfarmers announced it was shutting down online outlet Catch, slashing around 190 jobs, with a further 100 employees to be moved to the Kmart Group. The company's managing director attributed Catch's failure to "the entry and expansion of international competitors."

This is expressed particularly in the rise of Chinese-owned online retailers Shein and Temu, which together are expected to record sales of more than $2 billion in Australia this financial year, according to a Roy Morgan report. Meanwhile, Goldman Sachs anticipates a 40 percent year-over-year rise in Amazon's Australian sales to $6.5 billion in 2025. In an era of globalisation, Australian retail faces competition that transcends national borders.

The collapse of these major retailers is part of a broader trend of business failures and job cuts across multiple industry sectors, including construction and hospitality.

Credit reporting agency CreditorWatch warned in its Business Risk Index that a fall in monthly business collapses in January was "likely to be short lived." In the year to November 2024, insolvencies were up 57 percent year-over-year, and business closures were at the highest rate since August 2020. Across all sectors, an average of 5.1 percent of businesses failed, with the rate expected to climb to 5.6 percent this year.

Liquidator Jarvis Archer told the *Australian* that, after a record high in 2023–24 of 11,053, "total insolvencies for the 2025 financial year could reach as high as 16,000… almost double the pre-pandemic average of around 8,000 per year."

CreditorWatch noted that, like consumers, businesses have been hit by soaring electricity, insurance and property rental costs.

For the working class, the rising cost of living, coupled with high mortgage stress and falling real wages, has forced many to cut back on discretionary spending, including retail shopping and dining out, exacerbating business shutdowns and unemployment rates.

CreditorWatch noted that the food and beverage sector in particular is "bearing the brunt of cost-of-living pressures." A record-high 9.2 percent of businesses in the sector became insolvent in the 12 months to January 31.

Spending at cafes, restaurants and takeaway food services has remained flat since early 2023, while operating costs, including for utilities and ingredients, have soared. Restaurant and Catering Australia (RCA), a hospitality industry peak body, has warned that 1 in 11 businesses in the sector will collapse in 2025.

One of Australia's biggest casino operators, Star Entertainment, is set to become the largest corporate collapse in Australia since Virgin Australia in 2020. Around 9,000 directly employed workers face the prospect of unemployment, and the collapse would likely have a ripple effect on food and beverage suppliers, as well as nearby hospitality businesses.

The construction industry has the second-highest business failure rate, with the number of new homes built dropping significantly since mid-2021. Around 2,832 construction companies became insolvent during the

2023–2024 financial year. The rising cost of materials, supply chain issues and 13 interest rate hikes have played a role in this.

The collapse of Quasar Constructions last year left major projects in New South Wales unfinished and workers owed tens of thousands of dollars. Already this year, another building company, Clarke Homes, has announced it will enter administration, again leaving workers out of pocket. Veteran builder Scott Challen told *Yahoo!Finance* the construction industry is "heading into the abyss."

The crisis confronting so many industries will further push the increase of unemployment rates in the country. The unemployment rate, according to the Australian Bureau of Statistics (ABS), is 4.1 percent. But these official figures are a massive underestimate, excluding those who did not actively look for work in the survey period.

Market research firm Roy Morgan calculates that "real unemployment" is at 10.1 percent, meaning more than 1.6 million Australian workers are unemployed. A further 1.81 million, or 11.3 percent, are under-employed, the analysts said: "In total 3.43 million Australians (21.4 percent of the workforce) were either unemployed or under-employed in January—the highest combined figure since June 2020."

Among those having the most difficulty finding work are those that are already economically vulnerable. According to the ABS, the official youth unemployment rate is 9 percent, more than double the overall figure and the data also show a striking discrepancy in unemployment figures between socioeconomic regions. Unemployment rates are higher, on average, in working-class areas. In southwest Sydney, for example, official unemployment is at 4.7 percent, compared with 3.8 percent across NSW. Youth unemployment in the region is at 10.7 percent.

Business closures and unemployment are only set to increase in 2025, across a wide array of industries, including steel and mining, as well as tertiary education and the public sector.

The rapidly unfolding collapse of steel magnate Sanjeev Gupta's GFG Alliance means 6,000 workers across Whyalla Steelworks, Tahmoor Coal and InfraBuild face the prospect that jobs, wages and conditions will be slashed.

Mining corporation Rio Tinto last week flagged the likelihood of further job cuts in Western Australia, on top of 500 destroyed last year, 3 percent of its full-time workforce.

Financial consulting firm EY advised staff on Tuesday of a redundancy round, reportedly targeting the company's technology and legal divisions. According to the *Australian*, as many as 100 jobs are set to be cut.

Major supermarket chain Woolworths, the largest private sector employer in the country, announced Wednesday it was aiming to cut costs by $400 million, including the elimination of an unspecified number of office roles.

Liberal opposition leader Peter Dutton has vowed to slash as many as 36,000 public service jobs, which he describes as "waste," if his party wins the upcoming federal election, which must be held in the next three months.

In fact, the assault on jobs, wages and conditions is already well underway. Labor governments at state and federal level, with the collaboration of the Australian Council of Trade Unions (ACTU), have overseen drastic cuts to wages, especially in the public sector, resulting in real wages that are lower than they were in 2016.

The Victorian Labor government last week announced plans to eliminate up to 3,000 jobs in the state's public services, around 5–6 percent of the current workforce.

Data from the Organization for Economic Co-operation and Development (OECD) reveals that, in the two years to June 2024, disposable incomes in Australia saw among the sharpest falls across OECD countries. In fact, the fall in real incomes has taken household purchasing power back to 2017 levels.

Recent analysis conducted by the University of New South Wales and consulting firm Digital Finance Analytics showed that 82 percent of electorates in the country have a majority of households suffering financial stress. This is more than 10 times the level recorded in 2021.

The war on the working class will continue and deepen whichever of the major political parties forms government after the coming election. As is the case worldwide, the Australian ruling class is determined to place the full burden of the spiralling crisis of capitalism, and the escalating cost of imperialist war, on the shoulders of workers.