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Our support does not finish with the end of JobKeeper

On Sunday JobKeeper came to an end. It has been a remarkably successful program, which during the peak of the crisis supported 1 million businesses employing 3.8 million workers. At a cost of around \$90bn, it is the single largest economic assistance measure any Australian government has ever undertaken. Extraordinary times call for extraordinary measures. As former prime minister John Howard said to me before the policy was announced, “at times of national crisis, there are no ideological constraints”.

JobKeeper was always meant to be temporary. When it was announced in March last year, it was only for six months, before being extended to 12 months. With the extension came a tapered-rate and a two-tiered payment for part- and full-time workers, as well as the continuation of flexible industrial relations arrangements.

JobKeeper was an economic lifeline when people needed it most. We all remember early in the crisis those confronting images of tens of thousands of our fellow Australians lining up outside Centrelink, having lost their jobs. Fear and uncertainty permeated the community. It was, for some, reminiscent of the Great Depression. Treasury was concerned the unemployment rate could triple to 15 per cent, with more than 2 million out of work, and GDP could fall by more than 20 per cent. This would be the equivalent of closing down Australia’s mining, manufacturing and construction sectors simultaneously.

Through the outstanding work of our health professionals, which has seen the virus successfully suppressed, and the government’s commitment of \$251bn in direct economic support, Australia has avoided the devastating fate of so many other nations. Our

economy is recovering twice as fast as, and six months earlier than, expected. In the December quarter it grew by 3.1 per cent, which for the first time since records began in 1959 saw Australia enjoy two consecutive quarters of more than 3 per cent growth.

In contrast, in 2020 the UK economy contracted by 9.9 per cent, Italy by 8.9 per cent, France by 8.2 per cent, Canada by 5 per cent, Japan by 4.8 per cent and the US by 3.3 per cent, yet in Australia it was just 2.5 per cent.

The labour market, too, has been remarkably resilient. Unemployment has fallen to 5.8 per cent, with 88,700 jobs created in the last month. With employment now above its pre-pandemic level there are jobs shortages in some areas. Jobs ads have more than doubled since April and increased for 10 consecutive months.

JobKeeper has achieved its objective of stemming the tide of job losses, maintaining employment relationships and providing a significant income to boost the economy.

To continue such a program as our economy is strengthening would be counter-productive. Indeed, it would, according to Treasury, have adverse consequences — hampering labour mobility and the reallocation of workers to more productive roles, not to mention the significant cost to the budget bottom line.

We must remember every dollar being spent is a borrowed dollar, with the most recent fiscal data showing a deficit of \$134.6bn

over the year to date. Australia was only able to spend the significant sums required during this crisis because we had our books in order before the crisis, with the first balanced budget in 11 years.

While we are not out of this crisis yet, we must remain disciplined when it comes to economic policy. To do otherwise would subject the current generation to higher taxes and bequeath future generations a higher debt burden.

While JobKeeper comes to an end, economic support from the government does not. We will continue targeted support where necessary, like the recent aviation and tourism package, new grants for the entertainment sector to host live events and a 50 per cent wage subsidy for apprenticeships.

Tax cuts, increased infrastructure spending, record incentives for business investment and more than 300,000 new training places will also continue to drive economic activity and create jobs.

Last week I met with the owners of a family-owned trucking business. They told me how at the start of the pandemic they drew up a list of 50 staff they were preparing to let go. But once JobKeeper was announced, they were able to keep them all on. Today, they are expanding their business taking on new staff.

There is still a long way to go, with some challenging days ahead, but Australians can now see light at the end of the tunnel.

Josh Frydenberg is the federal Treasurer