Australian companies shed thousands of jobs as economy deteriorates

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Last week Federal Treasurer Peter Costello seized on sections of the Reserve Bank of Australia's *Quarterly Statement on Monetary Policy* as proof that the country's economy was on the mend. The Reserve Bank statement, which was released on May 7, claimed that the government "was likely" to be spared a second consecutive quarter of negative economic growth, which would have technically signified a recession, and declared there were "encouraging signs" of economic recovery following three recent interest rate cuts.

Costello claimed a reported 1 percent rise in retail sales during March, the fourth consecutive increase since the beginning of the year, was evidence that the economy was "bouncing back". However, a series of other figures show that the treasurer is grasping at straws. While it is possible that the Australian economy may avoid being declared technically "in recession," it is cold comfort for thousands of workers who have lost their jobs in what is a deteriorating economic climate.

Even the RBA was compelled to cautiously declare in its statement: "[W]hether such promising trends will continue... remains unclear at present, partly because the course of events will be influenced strongly by overseas developments, about which there is a great deal of uncertainty." The bank also admitted that business surveys continued to report "weak business conditions across many sectors" and that "gloom among small businesses reflected their strong presence in the hardest hit sectors: construction, manufacturing and retail."

These pronouncements are in line with assessments by international financial agencies, including the International Monetary Fund. At the end of April, the IMF slashed its growth rate forecast for the Australian economy from 3.25 percent to just 1.9 percent, well below Costello's prediction last November of 4 percent. In response to the RBA statement, the *Australian Financial Review* warned on May 8: "With the US economy on the edge of recession and our own economy coming dangerously close to ringing up a second quarter of negative growth, circumstances could suddenly worsen."

The official unemployment figures for April also point to a contracting economy. Australian Bureau of Statistics (ABS) data revealed that the number of full-time jobs had fallen by 40,400 during April or over 1,300 per day—the largest drop since the ABS began collecting labour-force figures 23 years ago. While the decline in full-time jobs was offset by a rise of 80,500 in the number of part-time jobs, a number of economists have questioned the reliability of the part-time figures.

The unemployment rate is now 6.4 percent with number of officially registered unemployed increasing by 38,200 to 670,800 during the month. The jobless figures rose in every state except Western Australia, reaching highs of 9 percent in Queensland and 9.2 percent in Tasmania.

The ABS figures, however, sharply underestimate the real jobless levels. The ABS recently changed its method of calculating unemployment figures, excluding those who work unpaid in a family business and unemployed people who are temporarily sick. Laid-off workers are not counted until they have been unemployed for more than four weeks. The new counting methods allowed the ABS to revise its March rate down from 6.8 percent to 6.5 percent.

Another indication of economic decline came from the ANZ Bank survey, which registered a 3.2 percent fall in the number of jobs advertised in April, continuing the trend of previous months. The ANZ reported that for the first four months this year the number of advertised jobs advertisements fell 34 percent—the largest decline since the 1991 recession. Job vacancies fell 3.2 percent in April, 7.9 percent in March and 10 percent in February. ANZ chief economist Saul Eslake warned that unemployment was set to rise above 7 percent.

IT companies, as well as manufacturing and service industries, have thrown thousands of workers out of work around Australia over the past three months.

Last week **Vodafone**, the multinational telecommunications company, abruptly sacked 350 workers in Sydney, Melbourne and Hobart. More than 170 workers

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from two centres were handed sacking notices and given less than 20 minutes to collect their belongings and get out. They were marched off the premises by security guards specially hired for the occasion. The remaining workers will be forced to leave in the next 10 days. The company plans to retrench 13 percent of its managerial personal and 11 percent of general staff from its 3,000-strong workforce.

During March, 1,500 IT and multimedia jobs were destroyed in NSW and up to 800 in Victoria. This includes the retrenchment of 29 fulltime workers and nine contractors from **XT3**, an Internet integrator in Sydney, and the closure of **Sapient** and the sacking of 70 staff. The following month 64 jobs were destroyed at **IBM**'s data processing divisions in St Leonards, New South Wales and Clayton in Victoria when the company decided to outsource work.

The government-owned **Australian Broadcasting Commission** axed 100 technical staff and production workers' jobs while 60 workers were retrenched from a Sydney call centre in **Telstra**, the partially government-owned telecommunications company, in March.

In April, **Nokia**, the mobile phone company sacked 30 hardware and software engineers and announced the closure of its Melbourne development centre. Last week **Sun Microsystem Australia** directed half its employees to take annual leave in July, many without pay, in a bid to cut costs. Management said the measures were being implemented to prevent job losses but refused to guarantee future employment.

In early March, **Qantas**, Australia's largest airline, sacked 1,250 staff from non-operational areas. The company warned that more jobs could be axed as increasingly fierce domestic and international competition cut into its profit margins. In April Qantas warned maintenance staff in Sydney and Melbourne that up to 300 jobs would be cut if they did not achieve a 20 percent cut in costs.

Manufacturing in the state of Victoria has been hard hit over the last two months. In March, the **Bradmill Undare Group**, which manufactures Pelaco shirts, announced the closure of its Yarraville, Ararat and Reservoir plants at the cost of 900 jobs. The company was placed in receivership in late February. The Campbell food processing company also made the surprise announcement that it will close the **Arnotts** biscuit plant in Melbourne and sack the entire 600-strong workforce. The move was part of an overall restructure to save Campbell more than $410 million in costs.

The textile company Austrim Nelex decided to close one of its Melbourne plants, making 150 jobs redundant, and 90 workers lost their jobs when **Brush Fabrics**, also in Melbourne, was placed into receivership. **SICPA**, an ink manufacturer, has announced that it will cut 25 jobs from its 50-strong workforce in Altona and **Neville Smith Timber Industries** sacked 15 workers.

The **Victorian Hospitality Group Training** scheme laid off 124 apprentices in April. The apprentices received an extra blow when the group's management informed them that compulsory superannuation contributions had not been paid, and in some cases were several months in arrears.

In Newcastle in NSW, Goodman Fielder closed its **Buttercup** bread making plant in nearby Broadmeadow last month sacking 58 production workers. Gas company, **BOC**, also announced it would be closing its production facilities in Newcastle, destroying 21 jobs.

In South Australia, equipment hire company **Brambles** locked out and then sacked 30 crane drivers at its Adelaide depot in April. The oil company **Mobil** shed nine jobs from its 32-strong maintenance workforce at the Port Stanvac refinery.

In Queensland, **Patrick Stevedores**, which has slashed 700 jobs from its national workforce since 1998, announced plans this week to cut another 42 jobs from its Hamilton terminal.

Job losses are also continuing in the country's coal mining industry. Coal producer **BHP** announced last month that it would wind down operations at its Cordeaux colliery north west of Wollongong in NSW with the loss of 48 jobs. Earlier this year the company announced 200 job losses at mines in Blackwater in Queensland. Mining giant **Rio Tinto** sacked 16 workers from Pacific Coal last month.

Hundreds of jobs are still disappearing in the banking sector as decisions made last year by Australia's four major banks to cut staff and close branches continue to take affect. Last month **Westpac Bank** began retrenching 300 managerial staff and this week announced it would outsource its Adelaide-based mortgage processing operation affecting 1,500 jobs. Since March 1999 the bank has shut 200 branches, cut 5,500 jobs and, in recent weeks, made announcements that would result in another 3,000 retrenchments.

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