A wave of job losses in Australia

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Just a few weeks ago, federal Treasurer Peter Costello declared that Australia was shielded from the emerging global recession and was on the verge of a jobs recovery. The Howard government's claims have since been shattered by the collapse of Ansett airlines, Australia's second largest carrier, and further major corporate retrenchments.

Ansett's failure, destroying up to 16,000 jobs—the greatest single job loss in Australian history—is only the sharpest indicator of the real state of the Australian economy, as well as being a harbinger of what is to come.

The full effects of the Ansett debacle are yet to emerge. An article in the Melbourne *Age* cited predictions that another 50,000 jobs would be destroyed in tourism and in companies providing services and goods to the failed airline. Economists warned that the collapse could push the official unemployment rate to 7.3 percent by the end of the year.

The jobless rate has already risen from 6 percent in September 2000 to 6.8 percent in August 2001. Over the same 12 months, 93,000 full-time jobs have been eliminated—over half of them, or 48,000, in the state of New South Wales. The biggest full-time job losses have been 38,000 in housing construction and 54,000 in manufacturing.

These figures are likely to rise sharply in coming months. The Australian Bureau of Statistics (ABS) survey of job vacancies has reported that job advertisements fell to a four-year low of 84,000 in the August quarter—6.7 percent below the same period last year. Advertisements decreased by 3.5 percent over the three months, the fourth consecutive quarterly decline.

Business confidence, badly shaken by a series of corporate failures and the looming global slump, has fallen further in the wake of the September 11 attacks on New York and Washington.

The Australian Chamber of Commerce and Industry (ACCI) reported at the end of September that only 26 percent of firms interviewed expected business activity to pick up and the Australian economy to gather pace, compared to 56 percent in July.

ACCI's chief executive Mark Paterson warned that the collapse in confidence would impact on jobs. "The clear message is that if businesses are expecting a lower level of activity, they will scale back their levels of production, employment and investment."

A survey by the CEO Institute, which represents about 450 firms, painted an equally dismal picture. Of 130 heads of companies based in Sydney, Melbourne and Brisbane, 80 percent believed an economic downturn was underway that would lead to "budget pruning and retrenchments". The survey predicted that 80 percent of companies would cut spending and 38 percent would stop hiring employees.

At the end of September, Pasminco, the world's largest zinc producer, announced that it had gone into voluntary administration, with debts of $2.9 billion, throwing into doubt the future of its 3,800 workers. It is the latest in a wave of spectacular corporate collapses this year, which has included Australia's third largest communications carrier One.Tel, insurance giant HIH, budget-price airline Impulse Airlines and retail chains Harris Scarfe and Franklins.

Job losses have gathered pace over the past three months, notably in retail, textiles, manufacturing and information technology (IT).

The Japanese-owned department store chain **Daimaru** announced in September that it was ending its operations in Australia and closing its stores in Melbourne and on the Queensland Gold Coast with the loss of 1,000 jobs.

Department store and supermarket retailer **Coles Myer** plans to retrench up to 1,000 workers, including 200 jobs from its head office in Geelong and 230 from its Target, K Mart, and Coles Myer retail outlets, after earlier axing 100 jobs in May. A company spokesman said the restructuring was necessary to "reduce operating expenses, improve margins and enhance competitiveness" and to generate savings of $90 million by the end of 2004. The first 396 workers were due to be sacked today after union legal attempts to slow the process failed.

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South Pacific Tyres announced at the end of September that it would shut two of its three plants in Melbourne by next July, destroying 900 jobs. The company has registered annual losses of more than $60 million for each of the past two years. The company shed 495 jobs from another Melbourne plant, in Somerton, at the end of last year.

Bradmill Textiles reported in August that it will sack a total of 435 workers from its three plants in Yarraville, Ararat and Reservoir in the state of Victoria. The company has debts of more than $50 million, putting a question mark over the company's remaining 500 jobs. Over 1,000 textile and clothing jobs have been lost in Victoria since the beginning of the year.

In August, **BHP Flat Products** confirmed plans to outsource maintenance operations at its Port Kembla steelworks on the NSW South Coast, at the cost of 436 full-time jobs. The company is considering the outsourcing of security and ambulance services at the plant—threatening about 400 jobs.

Another 120 jobs were lost when **Dream Haven Bedding and Furnisher** in Sydney was placed into administration in late September with debts estimated to be more than $2 million. Over 70 jobs were axed at **Pacific Car and Truck Rentals** after it was put in the hands of an administrator this week.

The Swiss-based food company **Nestle** announced it will close its confectionery plant in central Victoria by next September and transfer its operations to New Zealand, cutting 140 jobs. A global restructuring will also eliminate 128 jobs from the company's factory in the Philippines.

Unilever Australia plans to close its tea packaging plant in Melbourne, destroying 120 jobs, and relocate its operations to Indonesia. The company, which produces the leading tea brands Lipton, Bushells and Lan Choo, made a profit of $3 billion last year. Its plant has been operating in Australia for 30 years.

Jobs continue to be shed by IT companies as part of the global downturn in the communications and dot-com sector. Michael Page Technology's associate director Lesley Bishop said this month that the number of IT job seekers was "far greater than ever before". In some fields, the increase is as high as 200 to 300 percent. "We could advertise a mainstream role, like help-desk, and within 48 hours have 150 applicants," he said.

In September, **Dimensions Data** axed 144 jobs, about 12 percent of its workforce, across its IT integration and training businesses. Staff only learnt of the decision on the day of the sackings. Workers said they were called to the office one by one and given a dismissal letter then "shown the door".

Internet and telecom provider **Dingo Blue** dumped 28 jobs in September from its workforce of 204, including 11 contractors, and redeployed another nine workers within its parent business.

At the end of August, **Excite @ Home Australia** laid off almost half its workforce, 46 out of 100 staff. The company's American parent has filed for Chapter 11 bankruptcy protection in the US and will sell its high-speed network to AT&T. UK-based **Marconi** also cut 70 staff from its 250-strong workforce in Australia and is consolidating its network, wireless and enterprise into one entity, creating conditions for further layoffs.

At the end of July, the US computer company **Gateway** suddenly closed all its retail stores in Sydney, Melbourne and Brisbane, ending its Australian operation and cutting 200 jobs. The company is slashing its global workforce of 20,000 by a quarter, including 15 percent in the US. Another 404 jobs will go in the company's plant in Malaysia, 698 in Japan, 247 Singapore and 19 in New Zealand.

Public sector jobs continued to be lost at both federal and local levels. The **Australian Taxation Department** is eliminating 1,300 jobs as part of budget cuts announced by the Howard government in May. A spokesperson for the Community and Public Sector Union claimed the figure could be as high as 3,000. At the end of August, **Sydney City Council** cut its full-time and casual staff by up to 20 percent, or at least 160 jobs.

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