

Thousands retrenched, yet Australian government claims jobs revival

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Federal Treasurer Peter Costello claimed the Australian Bureau of Statistics (ABS) February job figures released last month were proof that the country had turned the corner on unemployment. “[T]he figures, together with indicators of stronger business hiring intentions, suggested confidence was returning to the jobs market,” he declared.

A closer examination of the indicators, however, shows that the trend toward the creation of part-time jobs at the expense of full-time work is continuing. While the economy grew by 4.1 percent last year, full-time job growth was the lowest in six years.

The seasonally-adjusted ABS figures revealed that the unemployment rate decreased in February from 7 percent to 6.6 percent, with employment growing by a stronger than expected 20,400 jobs. But full-time jobs fell by 22,800, offset by a 43,300 rise in part-time employment. The lower unemployment rate was partly attributable to a fall in the number of people actively looking for work, with a 0.2 percent decline in last month’s participation rate to 63.9 percent.

While January’s figures saw an overall increase of 63,700 jobs—49,800 full time and 13,900 part-time—jobs growth is still being driven mainly by increased activity in the building industry, artificially stimulated by the Howard government’s expanded first home-buyers’ grant, introduced in 2000. The \$14,000 grant, which has increased home construction starts and boosted activity in wholesale and retail areas associated with home products, was reduced to \$10,000 in January and will soon be cut to \$7,000. An article in the March 15 *Australian Financial Review* warned: “The expected slowdown in housing activity may leave a hole in employment growth that is not filled from other areas of the economy.”

Even as Costello was lauding the last two months’

job figures, 3,000 Ansett staff were thrown out of work at the end of February when the Tesna consortium withdrew its bid to buy the failed airline, ending any plans for a scaled-down domestic operation. In all, nearly 16,000 Ansett jobs have been destroyed by the airline’s collapse.

Ian Thomas, a senior consultant with the Centre for Asia Pacific Aviation, said Ansett’s failure “was not just a corporate collapse, it was a national disaster.” Thomas said up to 50,000 employees in associated industries had lost their jobs after the airline went bankrupt last September.

Another round of job cuts is underway in the banking industry. The **National Australia Bank**, one of Australia’s largest banks, announced a major restructuring expected to destroy up to 3,000 jobs from its 22,000-strong workforce. The bank said it would provide details at the end of March. **Westpac**, another leading bank, confirmed that it would cut more jobs in order to “slash costs and boost productivity”. Acting on an internal review, management has already eliminated 200 jobs and said another 800 could be eliminated from its 24,000-strong workforce.

Wholesale job destruction has continued in other industry sectors. In manufacturing, **Goodyear** announced in February that it plans to slash 1,300 jobs from its joint venture with Dunlop’s **South Pacific Tyres** (SPT) in Melbourne as part of an international restructure of the company. Goodyear lost \$402.77 million last year and will shed 3,500 jobs worldwide, on top of 10,000 jobs axed last year.

Light globe manufacturer **Elma Electric Lamp** announced in February that it plans to close its Newcastle plant in New South Wales in April and destroy 71 jobs. The long-established company once employed more than 1,000 workers at the factory. Last

month, **OneSteel** retrenched 50 workers from its Newcastle plant due to a slack domestic and international steel market. **Orbital Engine** in Balcatta, Western Australia, is retrenching 37 manufacturing workers after suffering a \$15 million operating loss.

German-owned clothing manufacturer and retailer **Hugo Boss** sacked 120 workers from its Melbourne factory and **Holeproof**, Australia's largest underwear manufacturer, announced that it would be eliminating 180 jobs and closing its North Fitzroy plant by the end of August to slash costs at its Victorian state operations. **Fujitsu Corporation Australia** will axe 124 jobs. The company, which has cut its worldwide workforce by 21,100 workers over the last year, cited tough economic conditions and the cancellation of a \$US645 million project as the reason for retrenchments.

About 80 jobs are threatened at Western Australian company **Sling-Rig**, following the appointment of administrators last month. Unsecured creditors are owed about \$2.5 million. The firm manufactures and supplies rigging and lifting equipment. The jobs of 350 **Lanes Biscuit** workers were placed in doubt by Kraft Corporation management in February. Kraft, which took control of the company early this year, has refused give any job guarantees beyond the next three months.

In mining, **BHP-Billiton Coal** revealed in February that it plans to close its Tower mine near Wollongong, south of Sydney, with the loss of 133 jobs. During the past 10 years 2,000 coal jobs have been destroyed in the southern coalfields from a total workforce of 3,565. **Allied and Coal** announced the closure of its Bellambi mine in the Hunter Valley with the loss of 199 jobs. Malaysian-owned **Hillgrove Gold** indicated that it would close its mining operation at Armidale, NSW, shedding 120 jobs.

In communications, Telstra announced in March it would axe 80 jobs from its Network Design and Construction (NDC) division in country Victoria. In addition, another 330 NDC workers nationally will be offered redundancy over the next few months. These job losses are in addition to Telstra's ongoing program, begun in 2000, to axe 10,000 jobs.

EMI, the global music recording company, announced last week that it was cutting 20 jobs from its Australian workforce of 125. The job losses are part of

a drastic international cost-cutting exercise to eliminate 1,800 employees or one-fifth of its global workforce.

Internet provider **Dingo Blue** collapsed in March with the loss of 170 jobs and communications and internet provider **AAPT** said it would cut 79 jobs from its 7 Network interactive arm. Melbourne-based company, **Financial Services Group Computershare** announced it would shed several hundred jobs due to a downturn in profitability and tight global markets.

In February **Connex**, a private train operator in Melbourne, announced the axing of 71 jobs or almost a quarter of the company's 300-strong Customer Service section and the **State Transit Authority** in NSW has restructured bus timetables in Newcastle to reduce services and cut 18 bus driver positions.



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