

# Latest figures reveal continued destruction of full-time jobs in Australia

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The June employment figures released by the Australian Bureau of Statistics (ABS) last week show that joblessness has begun to worsen again, despite official economic growth of 4 percent over the past year—reputed to be the highest rate among developed countries.

The ABS jobless rate jumped to 6.5 percent, shaking the federal government's claim that unemployment would soon drop below the 6 percent mark. Government ministers had previously boasted that the unemployment rate had "remained steady" at 6.3 percent during April and May, down from the 7 percent and 6.8 percent highs recorded earlier in the year.

However, the latest statistics reveal that the fall in the official unemployment rate since the beginning of the year was primarily due to the replacement of full-time jobs by part-time and casual jobs. Over the past 12 months, while the economy expanded, only 21,800 full-time jobs were created compared with 148,700 part-time positions.

The destruction of full-time jobs accelerated over the three months to July, sending the jobless rate back up. During the three-month period, full-time jobs plummeted by 73,400, including a fall of 67,800 in June, while part-time jobs increased by 62,100.

These statistics point to greater employment and financial insecurity for thousands of working people, either laid off altogether or reduced to part-time working, invariably on lower pay and inferior conditions. If the current growth rate drops, these trends will only worsen.

Economic analysts raised doubts about the government's claim that economic growth will continue. The Commonwealth Bank's chief research economist Michael Blythe said: "A four-percent growth economy should be generating jobs at a faster pace than is currently being recorded." Macquarie Bank's senior economist Brian Redican spoke of "cracks beginning to appear" in the official outlook.

Redican commented that the creation of part-time jobs masked the real level of unemployment, which he estimated at about 14 percent. "A person that is employed part-time has ample capacity to work additional hours and so should not be regarded in the same way as someone who is employed on a full-time basis".

Other indicators show that unemployment levels could rise sharply in the coming months. The latest ANZ Bank job advertisement survey showed that the number of ads fell in June by 1.8 percent, following an 8.2 percent drop in May.

According to the latest ABS figures for the three months to March, exports fell \$36 million to \$12.52 billion, largely due to a \$330 million drop in non-rural goods exported. This points to the possibility of further substantial job losses in export-oriented industries.

New passenger vehicle sales declined for the fourth consecutive month in May, which saw a further 0.7 percent fall. Growth in other vehicle sales continued to slow, with an increase of only 0.9 percent over the previous month.

An Australian Chamber of Commerce and Industry survey of 1,000 small businesses, released in June, reported that all suffered falling sales over the previous three-month period.

Previous job growth in home construction and retail areas associated with household products, was in a large part driven by the Howard government's boost to the first-home buyer's grant over the past two years. This growth is expected to decline sharply now that the grant has been phased back to \$7,000. The increased \$14,000 grant, introduced in 2000, was reduced to \$10,000 in January and then to \$7,000 on July 1.

Over the past three months, jobs have continued to be shed throughout Australia's finance, services, IT and manufacturing sectors.

**National Australia Bank** announced in April the

destruction of 3,500 jobs and closure of 56 branches as part of a cost-cutting exercise, driven in part by the recent \$3.6 billion loss from its investment failure in US mortgage house, HomeSide Lending. In the same month, stockbrokers **Credit Suisse First Boston** sacked 15 workers from its Australian sales, trading and research departments.

**Deloitte Consulting** will sack 100 consultants from its Australia and New Zealand operations following the lay off of 32 staff last year. The new sackings were blamed on the downturn in the technology service industry.

In April, **Hewlett Packard** axed 600 jobs in Australia as part of a scheme to downsize its 150,000-strong worldwide workforce by 15,000 after buying out Compaq. Telecommunications software developer **Open Telecommunications** shed 77 staff, mostly from its research and development department. The cuts were said to be part of a global corporate restructure that included the closure of offices in Perth, New Zealand, London and the Netherlands. Six months ago the company axed a third of its workforce.

In May, IBM announced it would axe 400 jobs from **IBM Global Services Australia** as part of a plan to eliminate 8,000 jobs worldwide. At the end of May transit ticketing technology group **ERG** slashed 100 jobs. The latest cuts come after the company terminated contracts of 150 casual workers in March in an attempt to cut \$20 million from its annual staffing bill of about \$160 million.

Last week, a former prominent dotcom, **Spike Australia** joined **Open Telecommunications** in going into insolvency administration, laying off 260 staff between them. Spike staff are owed \$2.5 million in entitlements, including \$500,000 in superannuation. All they received as a parting gift was a souvenir umbrella each.

One of Australia's largest car, house and general insurance companies **NRMA** announced that it would shed 220 jobs from its telephone business centres in Canberra, Melbourne and Gosford, New South Wales.

In early April, fruit processing company **Berri** announced the closure of one of its plants in South Australia's Riverland as part of a \$14 million restructuring. In all, 30 full-time workers will lose their jobs, plus 260 casuals.

Also at the beginning of April, Tasmanian shipbuilder **Incat** was placed in the hands of receiver Price Waterhouse Coopers. Thirty staff in middle management were laid off and a further 175 production jobs will be destroyed when the yard closes. The company, once

proclaimed as an Australian manufacturing success story, is heavily in debt, owing more than \$30 million to Tasmanian state government and an undisclosed amount to the National Australian Bank.

**BHP Billiton** announced at the end of May it would axe 100 jobs, mainly from its venture capital arm and its private air wing. BHP has shed 1,300 jobs in Australia since merging last year with British company Billiton. Earlier this month, BHP Steel chief executive Kirby Adams said further job cuts across the company's 12,800-strong steel workforce was a distinct possibility.

Melbourne knitwear manufacturer **Coogi** was placed in voluntary administration in June following a downturn in exports to the United States, which accounted for 90 percent of the company's business. Over 140 jobs were cut at **Kinnears** rope manufacturing factory in Melbourne when the company was sold in June to Tapex.

**Our Town Building Products**, with debts of over \$2 million, announced in May the closure of its plant in Toronto near Newcastle with the loss of 60 jobs. Adelaide-based linen and bathroom products manufacturer **Sheridan** shed 70 jobs, on top of the 53 jobs it cut last year.

At the end of June, **Australia Wide Airlines** announced it would retain only 650 workers at the recently acquired Kendall and Hazelton Airlines, axing over 350 jobs.

In April, the Howard government announced it would close the state-run job agency **Employment National** by June next year, destroying 1,200 jobs. The government-run **Medibank Private** decided to shed 118 management and technical staff positions and not to fill 35 job vacancies following the government's announcement in the May 2002 budget that it plans to sell the health insurer.

Two state Labor governments added to the jobs toll. The West Australian government shed 430 jobs over the two months to June. The South Australian government announced this week that it would axe 600 public sector jobs to achieve cost savings of \$81.56 million over four years. The job cut includes 100 support staff and finance officers from Transport SA.



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