

# Decrease in Australia's unemployment rate masks ongoing job losses

Barry Jobson  
7 September 2002

While the July labour force figures released by the Australian Bureau of Statistics last month show a small decline in the official unemployment rate, the number of jobs has continued to fall. The jobless rate dropped from 6.5 percent in June to 6.2 percent in July and the number of unemployed decreased by 34,500 to 609,400.

Over the same period, the overall number of jobs fell by 28,400—a loss of 17,900 full-time jobs and 10,500 part-time jobs. The only reason for the fall in the unemployment rate was a decline in the overall workforce—the participation rate fell by 0.5 percent to 63.3 percent as an estimated 35,000 discouraged workers gave up looking for work.

In a number of regional and rural areas, the official jobless rate is significantly higher. For example, in Newcastle, a major industrial centre north of Sydney, the number of unemployed stands at 44,000, or more than 11 percent.

Other indices indicate that further job losses are imminent. Last month's ABS figures showed the economy had slowed in the June quarter from 4.2 percent to 3.8 percent. Macquarie Bank economist Brian Redican warned: "Growth at this pace is not sufficient to prevent the unemployment rate from rising." Westpac Melbourne Institute economist Bill Evans commented that another fall in economic growth would "mean the unemployment rate would increase in the second half of 2002 and into 2003".

Export-related industries have already been hit. ABS figures show that while imports increased by \$1,226 million in the June quarter, exports fell by \$636 million. Over the same period the balance of payments fell by 44 percent and the current account deficit increased to \$7.47 billion in the June quarter from \$5.2 billion in the previous quarter. The blowout was caused

by increasing trade deficits in April, May and June and mainly due to falling exports of coal, coke, briquettes and metals.

The retail industry is also heading for a sharp downturn. Retail sales fell for July by 0.5 percent to \$14.35 billion, the first drop since last September, and spending in department stores plunged 12 percent. The previous buoyancy was largely fueled by credit card spending that topped \$80 billion over the last 12 months. Under conditions of growing economic uncertainty this could rapidly dry up.

Federal Treasurer Peter Costello is no longer claiming that the Australian economy is immune to the world downturn, conceding that the economic crisis gripping the United States would affect Australia in the months ahead. He also warned that the severe drought in NSW, which had already cost farmers \$500 million, "will have an increasing impact on (domestic) growth".

In a statement this week, Small Business and Tourism Minister Joe Hockey admitted to a severe downturn in the tourist industry, which was previously hailed as a major area of continuing jobs growth. Hockey said tourism was "facing a \$2 billion black hole" and investment in the industry was at its lowest level in more than a decade.

He stated that the number of international tourists visiting Australia in the past year dropped by 10 percent and hotels were operating at 40 percent below capacity. As well, domestic tourism, responsible for 80 percent of the industry's turnover, has been "flat for three years and showed no sign of recovery". Tourism accounts for nearly 5 percent of Australia's GDP and employs 551,000 people nationally.

Reflecting the crisis in tourism, at the end of last month the **Sydney Hilton**, one of the city's largest hotels, announced it would shed more than 500 jobs by

November.

Recent large layoffs in banking indicate that another round of job cutting across the industry is underway. In August, the **Commonwealth Bank of Australia** announced it would shed 2,000 jobs despite having made a record \$2.66 billion profit, a rise of 11 percent on the previous year. This follows the announcement by **National Australia Bank** in April that it would axe over 2,000 jobs and close 56 branches.

Over the past nine years Australia's four largest banks, the Commonwealth Bank, Westpac Bank, NAB and the ANZ Bank have axed a total of over 50,000 jobs and closed more than 2,000 branches.

Hi-tech and communications industries across the country continued to shed jobs over the past two months. **Open Telecommunications** was placed into voluntary administration with the loss of 200 jobs and **Lucent Technology Corporation** announced the retrenchment of 7,000 jobs worldwide, with 350 cut from its Australian operations.

**Vodafone Australia** announced it would retrench another 200 workers from its Australian technology division. The company has cut 1,100 jobs over the past 18 months. US company **ADC** retrenched 63 workers from its fibre-optics plant in Canberra and now plans to outsource work to Thailand.

In July, technology information company **Ernst & Young Australia** announced the layoff of 150 administration staff while **Accenture Corporation** said it would cut 100 consulting positions. Last year the company laid off 200 workers.

**Arnott's Biscuit Company**, one of Australia's largest food manufacturers, closed its Melbourne plant in August axing over 600 jobs. The company, which announced the intended closure just over 12 months ago, is continuing to restructure its operations both in Australia and New Zealand.

In August, **Dairy Farmers** announced the closure of its ice cream factory in the regional town of Tamworth in New South Wales with the loss of 53 jobs. It will also axe 17 jobs from its milk production plant at Hexham near Newcastle.

**Consolidated Meat Group** will close its Queensland Lakes Creek abattoir early September at the cost of 600 jobs and **Walker Engineering** announced in August it would shed 160 jobs from its Maryborough plant in

Queensland, following the completion of a major rail contract. **Austrak**, a private rail freight company in Junee in southwest NSW, collapsed last month destroying 16 jobs.

Jobs continue to be lost in government and government-funded agencies. Last month, a spokesman for the federal Employment Department announced the closure of 12 regional offices in four states with the loss of 23 full-time jobs. The Australian Defence Industry shed eight jobs from its shipbuilding yard in Newcastle and forecast a further 100 would go before the end of the year. The NSW state-owned Rail Infrastructure Corporation said last month that it would axe 350 positions from its 6,000 strong workforce, deeming them "surplus to requirements".

The Walhollow Aboriginal Mission at Carroona, south of Tamworth, NSW announced it would shed 80 jobs due to government funding cuts to the Community Development Employment Project.



To contact the WSW and the Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**