

Australia's unemployment rate masks continued decline in full-time jobs

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For months the Australian government has been crowing that the decline in the official unemployment rate is a vindication of its economic policies. Following the release of the latest statistics showing a jobless figure of 6 percent for October, Treasurer Peter Costello bragged that the result was the “lowest in Australia since the great recession of March 1990”.

On paper, his claim is correct. The unemployment rate has fallen this year from 7 percent in January to 6.2 percent in September and 6 percent in October. The official figures, however, mask both the extent of joblessness and underlying changes in the composition of the workforce. Only by examining the statistics more closely is it possible to explain an apparent contradiction: even as the unemployment rate is declining, companies continue to restructure their operation and axe thousands of jobs.

The Australian Bureau of Statistics (ABS) calculates the unemployment rate based on a survey conducted each month of a relatively small sample of people of working age—approximately 0.5 percent of the total or about 61,500. Anyone who has worked an hour over the previous week is deemed to be employed. The method itself is only an estimate and, as the ABS itself states, is “subject to both sampling and non-sampling error”.

Because they do not meet the strict ABS criteria, the unemployment rate does not include large numbers of people who have no job. Anyone not available to start work either immediately in the case of active job-seekers, or within four weeks, in the case of those not actively looking, is counted as “marginally attached,” not unemployed. Others who want work but have given up looking altogether because of poor job prospects are also not included.

As a result those who have become “marginally attached” or “discouraged workers” are lumped together with those not looking for work at all. Insofar as they feature in the ABS figures it is only to contribute to changes in the participation rate. So in October, for instance, the participation rate fell from 63.5 percent to 63.4 percent—a change equivalent to roughly 15,000 people. None of these

had jobs, but by dropping out of the officially recognised workforce, they contributed to a fall in the jobless rate.

These categories are not generally reported each month but the number of people involved is substantial. An ABS survey in September 2001 found there were 147,000 marginally-attached workers. Another 592,000 were part-time workers—nearly a quarter of the total part-time workforce—who wanted more hours. Two-thirds of them wanted full-time work but were unable to find such employment.

The figures underscore the hollowness of the Howard government's boasting. While the jobless rate may have fallen over the last six months, many people have been driven out of full-time work into part-time, casual or contract work that has led, in many cases, to financial difficulties. Last month, for instance, 59,900 full-time jobs were lost but the result was masked by the creation of 75,700 part-time jobs.

The October figures are no exception. It reflects the dramatic decades-long trend to part-time jobs at the expense of full-time positions. ABS labour force data show that in 1982 part-time employment stood at 17 percent of total employment, but by 2002 it accounted for 28.7 percent.

Moreover, of the 3,012,900 jobs created since November 1982, 1,609,100, or more than 53 percent, have been part-time. The trend towards part-time employment has accelerated in the past year, with part-time jobs constituting almost 72 percent of the total increase in employment.

Even the term “full-time job” is deceptive. At one time, in areas such as federal, state and local government or large-scale manufacturing, full-time employment often meant a job for life or until a worker chose to leave. The number of such jobs has declined massively over the past two decades, as governments and companies have “downsized”, “restructured” and “outsourced”.

Today, “full-time” jobs are often far from permanent. As far as the ABS survey is concerned, anyone is considered in a full-time job if they worked 35 hours or more in the week of the survey. Thus the overall figure includes those who

were on a contract or were considered casual or temporary.

While it is difficult to distinguish those who have permanent full-time jobs, one indicator is the number of workers who receive the associated entitlements. According to the ABS "Social Trends 2001," the proportion of employees without annual leave entitlements jumped from 19.4 percent in 1990 to 27.3 percent in 2000.

A further indication is given by the relative changes in industries previously associated with permanent, full-time jobs. Between 1985 and 2002 manufacturing employment fell from 16.5 percent to 12.1 percent of total employment. In the three years to 2001, 122,100 people were retrenched from manufacturing. Other declining industries previously associated with full-time employment include mining, wholesale, transport and storage, and electricity, gas and water.

By contrast, there has been a growth in predominantly casual and part-time jobs in services such as retail, tourism and hospitality. The service sector, which currently employs 73.1 percent of the workforce, has the highest concentration of part-time employment. By 2002 the retail industry had overtaken manufacturing as the largest employer. No less than 47 percent of jobs in retail and hospitality industries are part-time.

Over the past two and a half months, jobs have continued to be shed across a wide range of industries, with banking and finance leading the way.

Australia's largest insurance and finance corporation **AMP** announced this month it will slash 1,210 jobs from its 5,000-strong workforce as part of a worldwide restructuring. Of these, 500 will be lost in its banking division, 550 in its Australian financial services arm and 160 at head office.

The **Westpac Banking Corporation** announced the closure of call centres in Sydney and Melbourne, with the loss of 600 jobs. Work will be transferred to Queensland, Western Australia and Tasmania due to lower interstate payroll tax and other tax concessions. The **St. George Bank** announced in September it will shed 390 jobs from its call centre, having slashed 200 jobs from its operations earlier this year.

Finance company **AXA Australia** announced in October it will shed 60 jobs over the next 15 months and close its Melbourne and Brisbane call centres, transferring the work to Bangalore in India.

Job losses continue across the manufacturing and mining sectors. Metal component manufacturer **National Forge** in Melbourne was placed in the hands of an administrator in October. Even though a buyer for the company's car component section was found, 160 jobs will still be axed from its 360-strong workforce.

Pasminco announced in September it will close its zinc

smelter plant at Cockle Creek near Newcastle destroying 360 jobs over the next three years. The **Oakbridge Group** will slash 86 jobs from its Bulga open cut mine at Singleton in the NSW Upper Hunter Valley.

As a result of the worldwide downturn in the telecommunications sector, optic fibre maker **Corning** announced in October it will close its Melbourne plants with the loss of 130 jobs. Its US parent company has debts totaling \$US260 million.

The Corning factory was one of the few remaining telecommunications equipment manufacturers in Australia after the closure of French component maker Alcatel's Sydney factory and Canadian-based ADC's optic fibre plant in Canberra earlier this year.

Also in October, mobile phone company **Virgin Mobile** began shedding 35 jobs, including support staff from its Sydney telesales centre. At the same time, telecommunications company **Ericsson Australia** announced the closure of its Melbourne-based research and development facility **AsiaPacificLab**, with the loss of 450 jobs.

Telstra, Australia's major telecommunications provider, will axe 300 more jobs from its subsidiary NDC. The cuts are on top of the 1,600 slashed over the past 12 months. Presently NDC employs 2,900 workers.

In mid-October charity provider **Mission Australia** said it would shed 15 administration positions from its Newcastle job provision centre.

The **Commonwealth Scientific and Industrial Research Organisation** (CSIRO) will retrench 100 scientists and technicians by December this year. The layoffs include 26 forced redundancies. It was confirmed this month that the impending transfer of control over NSW rural rail tracks to the Commonwealth government will lead to the destruction of 1,500 jobs in rural and regional areas, as associated maintenance is outsourced to private companies.

Tens of thousands of jobs have already been lost in rural Australia. ABS figures for the three months to August show that job vacancies in agriculture, fishing and forestry fell by almost 40,000.



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