

# Australia: Unemployment rate driven down by the creation of low-paid jobs

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For the fourth consecutive month, the unemployment rate in Australia has come in below the 6 percent mark. The Australian Bureau of Statistics (ABS) recorded a 5.6 percent unemployment rate for April, which was in line with the previous month and down on the 5.9 percent registered for February. Full-time jobs grew by 43,400 in April, and part-time jobs by 12,800, while in March full-time jobs increased by 39,200 and part-time by 27,800.

Facing an election this year and desperate to latch on to anything that could bolster its flagging electoral position, the deeply unpopular Howard federal government heralded the unemployment statistics as a “jobs recovery” and “good news for workers”.

The first thing that must be said about the official unemployment statistics is that they cover up the real level of joblessness. Numbers of studies have established that when the “hidden unemployed” are included—for example, those who are deemed employed because they perform one hour’s paid work a week—the joblessness rate leaps to over 12 percent. While the official figures show there are around 600,000 jobless, the number stands at approximately 1.3 million when hidden unemployment is factored in.

Viewing the official unemployment rate across a number of regions provides a somewhat clearer picture. Rather than a “jobs recovery,” these figures point to the decades-long devastation of areas and industries that once provided tens of thousands of full-time jobs and served as vital centres for training and apprenticeships.

According to ABS figures released in January, four of Sydney’s inner suburbs, including central and northern Sydney, had an unemployment rate of just 3.5 percent, while in the generally well-off Northern Beaches the rate was a low 1.4 percent. Many of the jobs created in areas such as central Sydney, however, are low-paid part-time and casual positions in the tourism, retail and hospitality industries.

By contrast, in the one-time industrial city of Wollongong, an hour’s drive south of Sydney, unemployment stood at 9.6 percent, the highest in the country. Youth unemployment was a massive 30 percent. In the surrounding Illawarra region, also once an industrial belt, the rate was 7.4 percent, as it was in regional eastern New South Wales (NSW).

The jobless rate was also higher in large working class areas in south-western Sydney, such as Canterbury-Bankstown, where it was 6.6 percent, and Fairfield-Liverpool, where it stood at 6.4

percent. People in these areas once found permanent employment in the large railway workshops at Chullora and Clyde, as well as in the numerous metal fabrication and engineering plants that have closed over the past decade and a half.

In northern Adelaide, once a major car production centre, the rate was 8.9 percent, while in two other former industrial regions, northern Tasmania and north-western Melbourne, it was 8.4 percent. Over the past decade, thousands of full-time jobs in the Melbourne area have disappeared, with numerous plant closures and restructuring in stevedoring, ship repair and manufacturing. Plant closures included white goods manufacturer Email and South Pacific Tyres (Pacific Dunlop). In northern Tasmania, the area around the town of Burnie has never recovered from the restructuring then loss of the paper making industry from 1992.

While the ABS figures recorded a growth in full-time jobs over the past four months, the result did not change in any significant way the long-term trend toward the creation of casual and part-time employment at the expense of full-time permanent jobs. A recent report prepared for the Chifley Research Centre by leading academics from the universities of Adelaide and Sydney and the Royal Melbourne Institute of Technology found that “the number of poor quality jobs was still increasing and people spent a greater number of years as casual or part-time workers”.

There are now 2.2 million casual workers in Australia. One in four (27.3 percent) working people are employed as casuals, up from just 16 percent in the mid-1980s. Since 1984, part-time employment increased from 18 percent to around 29 percent.

Even as the government crowed about the latest unemployment results, a survey of the opinions of full-time workers by consultancy firm Right provided a glimpse of the real situation. It showed that confidence among full-time workers in the job market had plunged since last November. One in five workers believed they were likely to be retrenched by the end of the year.

The company’s Career Confidence Index showed that 75 percent of those surveyed considered that it would be “difficult or very difficult” to find a similar position on the same pay. Right’s Asia Pacific executive vice president Ted Davies said the survey results “were based on their own (workers’) experiences and not on what they hear from economists”.

The sentiments expressed in the Right survey are not based on empty speculation. Research commissioned by the Australian Council of Trade Unions shows that 87 percent of the jobs created in the 1990s paid less than \$26,000 a year.

Economic indicators point to the probability of a sharp regression in the jobs market in coming months, especially in those areas associated with home building, construction and retail. The *Australian Financial Review* reported in March that home lending had fallen for the fifth consecutive month. Banks and lenders had granted 35,191 home loans in February, down 0.4 percent on the previous month and an 18 percent plunge since a peak in September 2003.

A slowdown in construction would impact most sharply on NSW, where the apparently low unemployment rate of 5.4 percent is heavily reliant on the sector. In 2003, for example, more than nine jobs out of ten created in NSW were in the building industry. Out of the 47,200 jobs added in August that year, 44,600 were in construction.

The desperate employment situation facing ordinary workers demonstrates the meaning behind the government's and the Labor Party's pledges to push ahead with "good economic management" and "fiscal responsibility". These are euphemisms for a free market agenda of lower wages and conditions, public spending cuts, and the slashing of social welfare, health and education.

Just as the government was proclaiming a "jobs revival," the labour market was hit by another bombshell.

On May 22, Mitsubishi Motor Corporation announced it will close its engine assembly plant at Lonsdale in South Australia as part of a \$US5.7 billion global restructure. The closure means the loss of 700 jobs directly and many hundreds more in associated industries. While the company's car production plant at nearby Tonsley Park, which employs 2,700, has been spared closure for now, it will be scaled down and any worsening of the company's market position could see the decision rapidly reversed.

"The sword of Damocles is still hanging over their (Tonsley Park workers) heads. I wouldn't walk away from events today with any reassurance," Tony Robinson from the Melbourne-based auto analyst group FACTS said. According to recent figures, Mitsubishi's Australian sales are down 18 percent for the first four months of this year. Export sales have dropped from 24,000 vehicles to 4,000 since 2002.

There have been ongoing job losses across various sectors in the past four months, with strong indications of more to come.

This month, more than 400 casual and full-time workers lost their jobs with the closure of the 19-year-old **Wonderland** amusement park in Sydney's outer west. The park's owners, Malaysian-based Sunway City Bernad, claimed the enterprise was "no longer viable". **Horizon Golf Resort** in Salamander Bay, north of Newcastle, has been placed in receivership with debts of \$21 million. About 19 jobs have been axed to date from the 110-strong workforce, but more job losses are expected.

Australia's biggest natural gas producer, Adelaide-based **Santos Ltd**, announced it would cut 300 jobs, about 16 percent of its workforce. The job cuts are aimed at boosting the company's net earnings by \$22 million before costs in 2005 and by \$30 million in 2006.

White goods manufacturer **Electrolux** said it would cut 80 more jobs at its plant in the NSW regional town of Orange. The cut comes on top of the 200 jobs axed from the Orange plant in April and 100 from its facility in South Australia. In April, textile

manufacturer **Sheridan Australia** announced it would shed 150 jobs at its Woodville plant in Adelaide, or almost half of its workforce. The cut will be the fourth round of layoffs that have slashed another 150 jobs since 2000.

**Telstra**, Australia's largest telecommunications provider, announced in March it would outsource some of its IT services to Indian company Satyam, at the cost of 450 local jobs. Last year, the company outsourced 600 IT jobs to India. This month, **Qantas** signed a deal worth more than \$1 billion to outsource IT and data centre services to IBM and Telstra. The deal will result in the destruction of more than 190 jobs.

The **Age** newspaper will proceed with the sacking of 86 printers from its Spencer Street plant in Melbourne after a successfully appealing before the full bench of the Australian Industrial Relations Court to overturn a stay on the layoffs. The **Fairfax** publishing group also announced its intention to offer redundancies to about 45 senior journalists at its *Sydney Morning Herald* and *Sun-Herald* newspapers to cut costs. A senior company spokesman said the redundancies would be voluntary "in the first place".

In March, the NSW state Labor government announced the destruction of 3,300 public sector jobs as part of its budget measures. It is also likely to proceed with plans to close a number of CountryLink train services, destroying over 300 customer service jobs.

Other industries are expected to lay off workers in the near future:

**CSR** sugar announced that it cannot guarantee the future of its 15,000-strong workforce due to the continuing falling world price of sugar and the exclusion of the sugar industry from the recently concluded free trade agreement between Australia and the United States. This month, the company's full-year profit fell by 6.7 percent to \$160.2 million, down from \$171 million the previous year. Over the past three years, it has axed over 300 jobs from its Queensland sugar mills.

**Kraft Corporation** announced a global restructuring of its business, with a loss of 6,000 jobs worldwide and the closure of 20 plants over the next three years. Kraft Foods Asia Pacific has four factories in Australia, with plants in Victoria employing around 2,000 workers.

**Golden Circle Co-operative** cannery in Queensland announced in March it would undertake cost cutting measures as part of a "recovery plan" following its first-ever loss of \$31.1 million. The company employs about 1,500 casual workers at peak season.



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