

Australia: Job insecurity increases, despite falling official unemployment rate

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Bare statistics often mask reality. The latest Australian Bureau of Statistic (ABS) labour force figures released this month are no exception. The ABS figures show unemployment continues to decline, falling to 4.8 percent in July from 4.9 percent in June.

Employment overall in July increased by 50,700, but only 27,100 of these jobs were fulltime. In the course of the month, the government created 10,000 part-time jobs to recruit and train personnel to conduct the August national census. Nevertheless, Federal Treasurer Peter Costello rushed to declare the falling rate a “tribute” to the government’s “economic reform policies”.

Do these figures signify higher levels of security and prosperity for ordinary people, as the government would have us believe? The short answer is no. For millions of the employed and unemployed alike, life has become increasingly precarious, difficult and uncertain.

Those without jobs face continuous harassment and abuse under an ever-more stringent social security and welfare regime introduced by the Howard government to drive the unemployed and welfare recipients off payments and into low-paid, part-time or casual employment.

Anyone who works for a wage for even one hour a day is deemed “employed”. Millions are forced into part-time, casual and low paid jobs, and many do not know from one day to the next whether they will remain in work or be flung out, as companies restructure and downsize, relocate operations to cheap labour countries or simply collapse.

Typical is the case of 195 workers at auto-parts maker Ajax Fasteners in Melbourne, who were stood down without warning on August 18. A manufacturer of specialised nuts and bolts for parts supplied to major

car producers, it went into administration last week, placing its workers in limbo.

Even though administrator PricewaterhouseCoopers managed to get the car producers to underwrite a so-called “rescue package” for Ajax to ensure an immediate flow of parts, the deal only lasts six months. After that, workers could be permanently laid off. Significantly, the deal did not provide any protection for almost \$12 million of workers’ accrued entitlements.

Life for workers at the large car producers is also far from secure. The crisis at Ajax could have resulted in 10,000 workers being stood down from Ford and Holden in South Australia and Victoria. The car producers operate a just-in-time system and do not keep large stocks of parts. Production workers at both companies had already been asked to take annual leave and programmed days off.

This is the second time in less than two months that car workers have faced standdowns because of the threatened collapse of a supplier. In July, Melbourne-based car component manufacturer Huon, which supplies Holden, Ford and Toyota, only narrowly avoided complete closure when car producers agreed to a limited rescue package. While the deal brokered by the administrator and car unions allowed production to continue at Huon’s three component plants, 86 workers were immediately laid off and around another 50 still face the sack. Millions of dollars in workers’ entitlements remain in doubt.

According to industry analysts, the car industry is going through a “structural shake-out” because of the emergence of low-cost competition from China, the rise in the Australian dollar and the increase in the price of raw materials.

Put plainly, Australian-based car producers, facing

increasing global competition, are desperate to slash costs. The car component companies are under never-ending pressure to lower prices, leading to downsizing, cost cutting or going under. In the last two years alone, over 6,500 jobs in the industry, at both major manufacturers and car component firms, have been destroyed.

Many more sackings across the industry are in the pipeline. This month, ailing car producer Mitsubishi announced it will axe a further 100 jobs from its Adelaide operation, bringing the total number of jobs shed by the company over the past two years to around 2,000. A question mark has again been placed over Mitsubishi's continued operation in Australia after sales of its new 380 model plunged last month. So far, sales are down 22 percent on the annual target.

Another demonstration of the daily uncertainty facing workers was the sudden closure in July of giant retailer Coles Myer's distribution centres at Somersby, on the central coast of New South Wales, and in Hampton, Victoria. The result was more than 1,000 fulltime and casual jobs lost. The closures are part of Coles Myer's ongoing drive to cut costs, despite an expected profit of \$785 million this year.

Around 70 drivers employed by transport company Linfox to service the Coles Somersby centre have also been laid off. With unemployment on the NSW central coast running at over 10 percent, there is little hope of the displaced drivers and distribution workers finding alternate work in the area, or at least with comparable conditions.

In many other areas across the country, unemployment is far higher than the national average. Figures released by job search agency SEEK show that securing work in Australia's eastern states, for example, is becoming increasingly difficult.



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