

Australia: Sharp rise in job losses and unemployment

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Scenes of distressed workers who have just lost their jobs are becoming an everyday occurrence across Australia. Under the impact of the global recession, the official unemployment rate has begun to accelerate—rising much faster than economists had predicted, from 4.8 percent to 5.2 percent in February.

Many workers now do not know from one day to the next, if and when they will join the ranks of the unemployed, whose numbers swelled by 47,000 to 590,500. The Australian Bureau of Statistics (ABS) estimated that 53,800 full-time jobs were lost in February—almost 2,000 a day—the worst result in 18 years. More than 100,000 full-time jobs have been eliminated in six months, with more than half that number disappearing in February.

After months of relatively slow growth in official unemployment, an avalanche of job cuts has started to show up in the ABS data, making it clear that workers in Australia like those in the United States, Europe and many other countries are confronting a social disaster.

School leavers and young workers are among those most affected by the economic crisis. The unemployment rate jumped most sharply among 15- to 19-year-olds looking for full-time work—from 17 percent in December to 23.9 percent in February. That is, nearly a quarter of young workers are already unemployed.

The overall jump in unemployment would have been higher except that the loss of full-time jobs, mainly by men, has been matched by a rise in part-time jobs, which increased by 55,600 in February. But this shows that growing numbers of workers are being forced into shorter working hours or casual employment, resulting in serious cuts to their income.

Nomura Australia economist Stephen Roberts warned that this phase of the recession, in which employers had cut back on work hours rather than carry out full-scale sackings, was drawing to a close. "Employers appear to be in the final stages of labour hoarding, cutting hours as a prelude to cutting total employment. As total unemployment starts to fall, we expect further big increases in the unemployment rate in coming months."

The figures also suggest that women are re-entering the workforce, often on a part-time or casual basis, because of cuts to household income and fears of their husbands being thrown out of work. An employers' representative, Australian Industry Group chief executive Heather Ridout, said the figures indicated that "particularly women are going back into the workforce at quite a rapid rate, maybe taking out some insurance that household income is falling". At the same time, Ridout noted that businesses were not "willing to create permanent full-time employment," warning that the part-time jobs would "eventually start to reflect a worsening picture".

Significantly, the labour force participation rate has continued to rise, increasing from 65.3 percent to 65.5 percent in February. This indicates that, as well as women, growing numbers of older workers are being forced to delay retirement or try to rejoin the workforce because of the heavy losses suffered by superannuation and retirement funds.

The Rudd government's forecast of a 7 percent jobless rate by next year, released in the budget update just last month, is now regarded as hopelessly optimistic. JP Morgan, the investment bank, predicted that the level would reach at least 9 percent by the end of 2010. Rather than the 730,000 jobless envisaged by the government, the total would be more than one million.

Economists at Goldman Sachs produced a similar warning of 9 percent by 2010, and added that the actual rate of unemployment and under-employment was already around 14.8 percent, when counting those people working reduced hours and "discouraged workers" who have given up looking for jobs.

Prime Minister Kevin Rudd sought to fend off criticism by claiming that without the government's stimulus packages, "these unemployment figures would be much worse". In reality, the series of bailout packages, worth more than \$50 billion so far, were never about defending the jobs, conditions and living standards of working people; they were efforts to prop up the same banks and major companies whose rampant profit-making was responsible for the global crisis in the first place.

As these efforts crumble, the government will increasingly demand that workers, not the corporate elite, pay the price for the

economic breakdown through cuts to wages, working conditions and social spending, including health, education and welfare. Already a budget "razor gang" is at work, seeking to find ways to slash a deficit that some economists have warned will approach \$50 billion for 2009-2010.

At the same time, the unemployment figures will become "much worse". This week's latest survey of job advertisements by the ANZ Banking Group reported that the number of ads plunged 10.4 percent in February, and 50 percent since last February. The survey is regarded as an early indicator of unemployment trends for the next three to six months.

In the past 48 hours alone, Harvey Beef cut its workforce by a third, sacking 160 meatworkers, and Hans Continental Smallgoods axed 400 jobs. Harvey Beef's move came after workers rejected a management proposal for a 20 percent pay cut. Stunned workers told reporters they would be unable to find any similar work.

Michael Panetta, 49, who has been a meat slicer at Harvey Beef for 30 years, told ABC radio: I went in like I normally do; what I've been doing for the last 30 years. I swiped my card and the security grabbed me and he took me to the office and they made me redundant there and then. Now, I've got five children at home, and all stuff like that started going through my head and I still don't know what to do."

Far from the mining industry shielding the Australian economy from the global storm, as the Rudd government was still claiming just months ago, the most rapid rise in unemployment is occurring in the resource-rich states of Western Australia and Queensland, as well as in Victoria, the most industrialised state, where the official jobless rate jumped from 4.8 percent to 5.6 percent in February.

According to the Minerals Council of Australia, 11,000 mining jobs have been lost since June—nearly 10 percent of the workforce. Just this week, **85 workers at BHP Billiton's Olympic Dam copper mine in South Australia were suddenly informed their jobs were terminated.** Days earlier, Queensland Magnesite said it would sack 130 workers at its Kunwarara mine and Parkhurst processing plant north of Rockhampton.

Despite the Rudd government's \$6.2 billion bailout package for the car companies, job cuts are continuing across the auto industry, including at gearbox maker Drivetrain Systems International (208), Robert Bosch Australia (170) and Unidrive (40). Automotive textiles manufacturer Melba Industries went into receivership at the end of last month, placing a question mark over the future of 120 jobs.

General Motors Holden (GMH), which recently received \$149 million from the Rudd government and \$30 million from the South Australian Labor government to build a new four-cylinder car, is considering slashing another 300 white collar jobs from its operations and bringing forward the closure of its Port Melbourne four-cylinder plant from 2010 to this year with the loss of 530

jobs. As these job losses demonstrate, the bailout package was about subsidising the auto giants, inevitably at the expense of jobs, wages and conditions.

GMH is also planning to halt production for two weeks around Easter, on top of the 25 days lost since the end of last year, a move that will mean substantial cuts to workers' pay, both at GMH and in factories supplying the company. Industry minister Kim Carr praised the car industry unions and the Australian Council of Trade Unions for holding discussions with GMH about a system of rotating cuts in hours that could see workers employed only a few days a week. Carr said it was a "model I think others can emulate".

Rudd's promises to provide support and training for displaced workers are also a fraud, designed to head off resistance to the imposition of mass unemployment. Under conditions of mounting job destruction, retrenched workers will find no jobs, regardless of how much training they undertake, or will be forced into insecure and poorly-paid work. Last week, the Australian Manufacturing Workers Union admitted that of the 800 workers laid off at Mitsubishi in Adelaide a year ago—before the recession hit home—only 600 had found other jobs, and most of these were casual or lower-paid.

The range of workers being thrown out of work is continually widening. Brewing company Foster's has axed 115 maintenance jobs, Bluescope Steel cut 120 sales jobs, plastic products manufacturer Nylex, which employs 700 people, went into receivership last week and communications company Telstra said it would close four call centres, shedding 366 workers.

In travel and tourism, cut-price airline Virgin Blue's announcement it would scrap 400 jobs and ground five aircraft was followed by news that Brisbane-based regional airline SkyAirWorld would axe 40, and the collapse of Queensland carrier Macair at the cost of 200 jobs.

Far from easing, a new wave of job cuts is underway in the financial and banking sector. The ANZ Bank is cutting 500 jobs, the Bank of Queensland 150, French investment bank Societe Generale 80, and GE Capital 400. Goldman Sachs is tipped to shed 5 percent of its 1,400-strong workforce in Australia over the next year and National Bank of Australia will soon announce job cuts in its wholesale banking arm, nabCapital.



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