

# New wave of job losses in Australia

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The year 2012 has opened with an acceleration of job losses across Australia's manufacturing, retail, mining and finance sectors, as corporate restructuring and cost-cutting that began last year with the destruction of thousands of jobs at BlueScope Steel, OneSteel and Qantas deepens.

The past two weeks have seen 100 jobs lost at car maker General Motors Holden, 350 at Toyota, 225 at Telstra (Australia's largest telecommunications company), 70 at ethanol producer Manildra, 70 at glass manufacturer O-I, 50 at defence contractor Thales and 100 at Vodafone.

The latest job cuts, announced last week, were 560 at Westpac bank and 190 at the Sydney factory of Reckitt Benckiser (RB), a disinfectant and fly spray producer. Announcing the Westpac sackings, senior executive Peter Hanlon emphasised they were not an ad hoc decision. "We have to transform our business to meet the state of the economy today and as we see it for the near future," Hanlon said.

These remarks highlight the fact that the financial and corporate elite is not simply reacting to the renewed downturn in the global and Australian economy. Backed by the Labor government, it is using the economic crisis to carry through wholesale restructuring to match the austerity measures being imposed on workers internationally. A UBS bank report released last month predicted the loss of 7,000 jobs in the Australian finance sector this year.

The ongoing elimination of jobs reveals the real content of the speech delivered last Wednesday by Prime Minister Julia Gillard, in which she said the high Australian dollar had "broken some business models and forced economic restructuring," triggering "powerful, economy-wide transformations". Gillard declared that the process was "best thought of as growing pains," demonstrating the Labor government's contempt for the tens of thousands of workers and

young people whose lives are being shattered.

The retail and services industries, which employ by far the biggest numbers of workers, especially young people, are experiencing a devastating slump. In the latest indicator, retail conglomerate, Woolworths, will close 100 of its Dick Smith electronics stores and sell off the business, threatening up to 4,000 jobs. Workers were told they would be redeployed to other jobs in the Woolworths group but were given no details.

Nor is the mining industry exempt. Last week, 155 jobs were axed at BHP-Billiton's Mt Keith Nickel operations, on top of 250 at two aluminium smelters near Newcastle last month. The loss of jobs in the mining sector is particularly significant, given the government's claim that Australia's China-fuelled mining boom would keep Australia safe from the deepening global recession.

In fact, record mining exports and commodity prices helped drive up the value of the Australian dollar, cutting a swathe through other industries. Now there are signs of reversal. BHP's Mt Keith closure is a direct result of the depressed global nickel price. The price fetched by Australian firms for non-ferrous metals declined nearly 11 percent in the final quarter of 2011. As recently as last September, BHP claimed the resources industry would need an additional 170,000 jobs in the next 5 years—predictions that are being hastily wound back.

The job losses at Toyota and Holden reflect the global offensive against car workers, launched by the Obama administration and the three major US auto companies, plus a sharp downward spiral for Australia's car industry. In 2011 the value of Australia's car exports plunged to the lowest level since 1998—passenger vehicle shipments fell 26 percent. Car exports have slumped 64 percent since their peak in 2008, when they were the country's largest manufactured export.

Young workers and school leavers are being hit the hardest. Australian Bureau of Statistics figures show that youth unemployment (15 to 19 year olds) is rising to rates similar to those in the US and Europe; it is now officially 17.3 percent. Between February 2008 and December 2011, the number of jobs held by 15 to 19 year olds actually shrank by 92,200. In December alone, 18,500 jobs held by teenagers were cut. The epicentre is the retail sector, which shed over 20,000 jobs for teenagers between 2008 and 2011.

In addition, the federal Labor government and its state counterparts, both Labor and Liberal, are slashing thousands of jobs because of declining tax revenues and cutting social spending to put further downward pressure on workers' wages and conditions and meet the demands of the financial markets for budget surpluses. According to *Canberra Times* estimates, at least 14,000 jobs will be eliminated from the federal public service during the next three years.

Business reports indicate that even deeper job cuts are being prepared. A Deloitte's survey in January found that 84 percent of chief financial officers of Australia's top listed companies expected workforces to decline or remain stagnant this year. Respondents attributed the bleak outlook not just to the higher Australian dollar but a worsening global situation, the European debt crisis and the World Bank's January downgrade of global growth.

According to the Australian Chamber of Commerce and Industry (ACCI), business hiring intentions for the first half of 2012 have fallen to their lowest level in the survey's 14 year history. January's ACCI's survey of more than 700 businesses reported concerns about "the slowdown in the Chinese economy," as well as "the deterioration of the European sovereign debt crisis and the underlying weakness in Australian non-mining industries."

Another business organisation, the Australian Industry Group, reported that on-line job vacancies in December were down 8.1 percent from the start of 2011 and 42.7 percent from their March 2008 peak.

The job losses are being used as a pretext by business to demand further deregulation of the labour market—in order to lower wages and be able to sack people more easily. Writing in the *Australian Finance Review*, ACCI head Peter Anderson said the growing unemployment rate was "sobering news, but also an

opportunity for [the Labor government]." He urged making "some hard choices," including "workplace deregulation and changes to the tax and welfare system."

The head of Toyota in Australia, Max Yasuda, last week attacked the "work ethic" of Australian workers, insinuating that his company's decision to sack 350 was the fault of the workers themselves. Yasuda complained that Australia's industrial relations system was not flexible enough to allow companies to "reduce Labor costs" as part of a "saving strategy".

Workplace relations minister Bill Shorten immediately phoned Yasuda to "hear his concerns". Having spoken to Yasuda, Shorten did not rule out major reforms. His response is a further warning that the minority Labor government will only intensify its drive, assisted by the trade unions, to deliver the sweeping offensive against the working class being demanded by the corporate establishment.



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