

Australia: Official employment rate hides real extent of joblessness

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Australia's federal minister for employment, Bill Shorten, has seized on a 0.3 percent fall in April's official unemployment rate—from 5.2 percent to 4.9 percent—to claim that “more Australians were at work than ever before” because of “confidence building measures” by the minority Labor government.

An examination of the Australian Bureau of Statistics (ABS) labour market figures for April and growing job cuts in the public sector, manufacturing, retail and construction, undermine these claims. Anyone who has worked for as little as one hour a week, moreover, is counted as “employed” according to the official figures.

The ABS figures record that while 26,000 part-time jobs were created in April, 10,500 full-time positions disappeared. This continues the long-term trend of employers replacing full-time workers with part-time and casual employees. Over two million employees, or about 40 percent of the Australian workforce, are currently part-time or casual.

Australia's official underemployment rate, which currently stands at 12.5 percent, provides a more accurate picture of the situation facing thousands of people struggling to find adequate work.

According to April figures produced by Roy Morgan Research, unemployment in Australia is 9.3 percent. The survey is based on a smaller sample and uses a less rigid definition of an unemployed person who is looking for work. Underemployment climbed to 8.2 percent between March and April, bringing the combined figure to 17.5 percent or 2.16 million Australians are either unemployed or underemployed.

Commenting on the figures, Société Générale chief economist Klaus Badder declared that the drop in the official unemployment rate, “at least to a significant part”, reflected the decline in the participation rate,” and warned that it “raises concerns that people are just becoming discouraged—that job seekers are simply giving up.”

April's participation rate, which measures the number of people at work or seeking work, dropped 0.1 percent to 65.2 percent.

The official unemployment figures also revealed sharp disparities across Australian states, with the highest levels of joblessness in those areas where manufacturing, retail and tourism have been hard hit. Tasmania registered the highest unemployment at 7.5 percent, Victoria 5.5 percent, Queensland 5.3 percent, South Australia 5.2

percent and New South Wales 5.1 percent. Western Australia and the Northern Territory, where mining exports dominate, registered 4 percent unemployment.

Among Employment Minister Shorten's list of so-called “confidence building” measures is the Gillard government's pledge “to bring the budget back to surplus.” Labor's May budget, which aims to deliver a \$1.5 billion surplus for 2012-13 and projected surplus increases in subsequent years, will be achieved by a 4.3 percent cut in real government spending and the axing of 12,000 public service jobs over the next four years. Over 4,200 of these positions will be eliminated in the coming financial year.

The latest round of federal public sector job cuts come on top of substantial cuts since the beginning of the year, including the announcement of 500 redundancies in the Department of Education, Employment and Workplace Relations, Shorten's own department, and 150 at the Treasury.

In the wake of Labor's federal budget and sharp falls in GST revenue, state governments are either preparing or implementing savage cuts. The Victorian state government's May 1 budget included \$2.9 billion in cutbacks and the destruction of 4,200 public sector positions. This includes a 40 percent reduction in state transport's 665-strong workforce to cut its budget by \$187 million over the next four years.

The Northern Territory government is also moving to cut costs by around \$300 million by the end of 2012-2013, with an estimated 500 public sector positions threatened. The Australian Capital Territory government is expected to announce job cuts, after being hit by a projected \$177 million cut in GST revenue over the next four years.

Last week the New South Wales (NSW) Liberal government announced the destruction of 750 middle management jobs in a major restructuring of **Rail Corp** operations. This is tipped to open the way for the elimination of up to 4,500 jobs across the rail network. The NSW rail security division is currently in the process of being dismantled at the cost of another 450 jobs.

NSW Division of Analytical Laboratories will also cut 24 forensic biology positions, or about a quarter of the department's workforce, and **Sydney Water** plans to axe 135 maintenance jobs.

Universities across the country are also cutting jobs as

administrators restructure operations to impose severe cost cutting dictated by the Gillard government's retrograde higher education policies.

The **Australian National University** is axing 50 academic and general staff jobs to save \$40 million, while the **University of Sydney** is working to eliminate as many as 140 academic positions and up to 190 general staff jobs.

Academic jobs and support staff are also being slashed at the **University of NSW**—with 30 from Computer Science and Engineering—and **Macquarie University** in Sydney, and at the **Queensland University**, following earlier cutbacks at campuses in Victoria and Western Australia.

As many as 1,500 jobs are expected to be axed from Victoria's Technical and Further Education (TAFE) sector, following severe funding cuts by the state Liberal government. Up to 100 jobs are also expected to be slashed at the **University of Ballarat**. The regional university, which also provides TAFE courses, is losing \$20 million, or about 40 percent, of its funding.

The past two months have been hard for retail workers, with ongoing job cuts across the sector and further losses predicted.

In April, the supermarket chain **Metcash** axed 478 jobs, closing 15 wholesale Campbells Cash and Carry stores and eliminating head office positions. This month, electronic and games retailer **WOW Sight and Sound**, which operates 99 stores nationally, was placed in administration and threatening the jobs of 500 employees.

This month, trucking company **First Fleet**, which provides door-to-door delivery and warehousing to major supermarket chains and other retailers, collapsed destroying 600 permanent and 300 contractor positions.

Last week, **St Hilliers Construction** was placed in administration, threatening the continuation of 17 projects and hundreds of full-time and contractors' jobs. It follows last month's closure of the century-old building company, **Kell and Rigby** with its 124 employees receiving just 24 cents in the dollar of their outstanding entitlements. Leading building supplies company **CSI** has warned that these collapses were symptomatic of the crisis in the construction industry, which was experiencing the lowest rate of housing activity in 15 years.

Hundreds more jobs have been slashed across other sectors, including transport, car manufacturing, telecommunications and finance over the past three months.

Qantas, Australia's largest air carrier confirmed yesterday that it will axe 500 jobs in line with a restructure that shifts heavy maintenance work from its Tullamarine facility in Melbourne to bases in Brisbane, Queensland, and Avalon in Victoria.

In March **General Motors Holden** (GMH) confirmed that it was preparing slash jobs up to 500 positions from the 2,400-strong workforce at its Elizabeth assembly plant in Adelaide, South Australia. The announcement was made after the company received a

\$275 million handout from federal and state governments.

Australia's largest wind turbine manufacturer **Keppel Prince** announced in March that it was eliminating 100 jobs from its 400-strong Victorian plant.

In April, **Toyota** sacked 350 workers or 10 percent of its Altona plant workforce. The company claimed the downsizing was due to a fall in exports which have been hit by the high Australian dollar and greater competition from the company's other subsidiaries, such as Toyota Thailand.

Car parts producer **APV Automotive Components**, in the Melbourne suburb of Coburg, was placed into receivership in April and 34 jobs were axed from its 126-member workforce this month. Car component manufacturer **CMI Industrial** also went into administration and locked out 80 workers. The company has so far sacked 44 workers at two of its Victorian-based plants, with more jobs at risk.

At the end of April, **Optus**, Australia's second-largest telco, announced the axing of 750 jobs as part of major restructuring. Two thirds of the job cuts will be in from Sydney. The company employed 10,394 staff as of 2011.

BHP Billiton closed its **Norwich Park** coal mine in Queensland's Bowen Basin this month at the cost of 500 jobs.

In May, building company **Volgren** axed 40 jobs at its NSW Tomago plant. The country's leading glass bottle manufacturer **O-I Australia** will slash 70 jobs by the end of June, following a recent decision to close one of its three furnaces at its Melbourne plant. Dairy co-operative **Murray Goulburn** announced it will axe 300 jobs or 12 percent of its workforce to cut costs by \$100 million this year, and **Orlando Wines**, which produces Jacob's Creek and several other popular brands, said it would lay off 85 workers from its South Australian facilities.

This month the **Commonwealth Bank of Australia** announced that it is restructuring its mortgage business to eliminate around 100 jobs while **PricewaterhouseCoopers Australia** will axed more than 210 jobs from its 5,550-strong national workforce.

Insurance Australia Group (IAG) has also revealed that it will eliminate 600 jobs over the next three years to "simplify its structure" and slash costs.



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