

# Australia: A rising tide of job losses

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Driven by corporate downsizing and the slashing of public sector jobs at state and federal levels, unemployment is rising across Australia.

The restructuring imposed by the former federal Labor government over the past six years is already escalating under the Liberal-National Party government. Prime Minister Tony Abbott has begun eliminating 12,000 federal public sector jobs, including 4,000 in the country's capital Canberra.

The Australia Institute think tank estimates that the job cuts in Canberra could generate up to 5,500 job losses in the city's broader economy, which relies heavily on the public sector. According to the local Chamber of Commerce and Industry, Labor's own public sector cutbacks contributed to a 40 percent increase in business liquidations during the past year.

In August, the Liberal state government in Western Australia said it would eliminate 500 jobs from public education, including classroom assistants, and a freeze the hiring of teachers.

Just days after Abbott took office on September 7, **Telstra**, Australia's largest communications provider, announced it would scrap 1,100 more jobs by June next year and **Qantas** signalled a review of its maintenance operations at Avalon airport, near Geelong in Victoria—a preparation to sack 253 contractors and 59 permanent engineers.

The official unemployment rate rose from 5.7 percent to 5.8 percent in August, the highest since mid-2009 at the outset of the global financial crisis. Fulltime positions fell by 2,600, while part-time jobs dropped by 8,200. The number of jobless increased by more than 9,000 to 714,000. Youth unemployment rose to 17.3 percent, the highest level since October 2010.

These statistics vastly underestimate the true picture because they count only those not working more than an hour a week. The so-called underutilisation rate climbed to 7.8 percent, taking the total unemployment

and underemployment rate to 13.7 percent, or about 1.5 million people.

The official unemployment rate is predicted to rise to 6.5 percent this financial year and more people have given up looking for work. The participation rate—the share of the working age population in or seeking work—fell to 65 percent, its lowest level in more than six years.

Jobs continue to be lost in mining and related industries because of falling commodity prices and lower demand in Asia. The mining sector shed 26,000 jobs between May 2012 and the end of June this year. More than 11,000 of these were in coal mining.

This month, heavy equipment manufacturer **Caterpillar Underground Mining** cut a further 70 workers from its manufacturing facility in Burnie, Tasmania, on top of 100 retrenchments earlier this year. Unemployment and underemployment in the island state of Tasmania already total 18.5 percent, close to depression levels.

**CBH Resources** sacked 57 workers, a third of its workforce, at its silver, zinc and lead Rasp Mine in Broken Hill and **Yancoal** will shed 60 jobs, or 20 percent of the workforce, at its Stratford and Duralie open cut coal operations in New South Wales.

At the beginning of September, **Glencore Xstrata** shuttered its open cut coal mine at Collinsville, Queensland, dismissing all 400 workers. The company is seeking to impose a “greenfield site” agreement with inferior wages and conditions on any new workforce.

The manufacturing sector, according to the Australian Bureau of Statistics, saw a net decline of 143,284 jobs under the Labor government. By August, manufacturing jobs had declined from 1,081,664 at the start of 2008 to just 921,000. Under the Kevin Rudd's first Labor government from 2007, one manufacturing job was lost every 12.5 minutes. Under Julia Gillard, one disappeared every 29 minutes.

With the looming closure of Ford Australia, and a threatened similar departure by General Motors, a question mark stands over the entire auto industry. In August, parts maker **DSI Holdings**, owned by China's Geely Automotive, cut another 40 jobs at its gearbox manufacturing plant in Lavington, Victoria, and will shed another 25 by the end of October.

**GM Holden** completed another 500 redundancies at its Elizabeth operation in South Australia during August and is threatening to end all production despite the trade unions pushing through a three-year pay freeze and other concessions. A closure would throw 3,000 people out of work, and trigger thousands more job losses across the car components sector.

In mid-August, communications and electronics company **Codan**, which makes equipment for the mining and defence sector, shed 40 jobs at its Newton office in Adelaide, South Australia. The company signalled further job losses at two of its sites in Western Australia, to relocate some low-level manufacturing to Malaysia. In September, pharmaceutical company **Pfizer Australia** said it will close its Sydney plant in West Ryde at the cost of 140 jobs.

Also in August, the state-owned **Stanwell Corporation** announced it would eliminate 40 jobs at the Tarong Power Station, northwest of Brisbane in Queensland, on top of more than 60 job losses last year and over 40 at its nearby Meandu Mine. The company cancelled its 2014 apprenticeship intake.

Jobs continue to be lost in rural and regional areas. In September, rural services company **Elders** said it will axe 150 jobs, or 10 percent of its workforce. In August, dairy processor **Murray Goulburn** shed over 70 jobs from three of its Victorian plants, on top of the 200 it eliminated at the same time last year. Food processor **Goodman Fielder** announced the closure of its bakery in the Victorian city of Ballarat at the cost of 30 jobs, after shutting three operations across the country last year.

In another indication of the growing unemployment's impact on working class families, the number of people defaulting on credit card payments rose 15 percent in the year to August, reporting agency Veda revealed in September. Debt collection agency Dun and Bradstreet said the number of consumer debts referred to it rose by a total of 20 percent during the March and June quarters.



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