

Mine and car job cuts drive up Australia's unemployment

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Mine closures are devastating parts of Australia, adding to the rising toll caused by manufacturing job losses, especially in the car industry. According to the official Australian Bureau of Statistics (ABS) data, the national unemployment rate jumped from 5.8 to 6 percent in June, but this understates the reality confronting wide layers of the working class, particularly in mining towns and industrial centres.

Falling commodity prices—down by 11 percent since December—driven by the ongoing world slump, combined with restructuring by mining and auto companies, are expected to send the jobless rate even higher in coming months. A sharp drop in consumer confidence indexes following the unveiling of a sweeping assault on welfare and social services in the Abbott government's May budget is compounding the downturn.

Australia's oldest mining operation, the Mount Lyell copper mine at Queenstown, in the island state of Tasmania, announced its shutdown last week, shattering the lives of about 200 workers who had already been on half pay for six months. The closure of the mine, which has been running since 1883, was the second blow to the town's people in a week, following Unity Mining's announcement that it would close the nearby Henty gold mine with the loss of 150 jobs.

Queenstown, in rugged and remote country in western Tasmania, largely depends on mining. Residents voiced fears that the town of about 2,000 people will die. Claude Williams, a contractor in Queenstown for 45 years, told the Australian Broadcasting Corporation (ABC): "I reckon she'll be nearly a ghost town for sure." Mine workers would "have to go to the mainland because there's very little in Tasmania at the moment. It's not looking good at all."

The mine was shut down six months ago after the deaths of three workers in two separate incidents. Last December, two men were killed after falling down a mine shaft; a third worker died six weeks later after being caught in an underground mud rush. A rock fall in a crucial ventilation shaft last month sealed the mine's fate. While the owners, Copper Mines of Tasmania, have said exploration will continue, reopening the mine will not be considered for at least 18 months.

In another mining area, the Hunter Valley of New South Wales, just north of Sydney, a wave of retrenchments has brought to almost 5,000 the number of jobs eliminated in coal mines over the past two years. Big mining companies are making workers pay for a renewed fall in international thermal and coking coal prices, which are now 70 percent down since the 2008 global financial crash.

Centennial Coal's Newstan underground colliery at Fassifern will close at the end of the month with the loss of about 100 jobs. Integra's Glennies Creek underground closed a fortnight ago. Integra's Camberwell open-cut will be shut by the third week of August, and Glencore Xstrata's Ravensworth underground will close by October, with job losses totalling at least 700.

BHP Billiton last week told the workforce of its giant Mount Arthur open cut near Muswellbrook that 163 jobs will go in the coming months. Jobs have also been cut from Anglo American's Drayton mine, Rio Tinto's Mount Thorley Warkworth, and the BHP Billiton-run Mt Arthur Coal mine. Another 200 Hunter Valley manufacturing jobs are to be axed at shipbuilder Forgacs and equipment-maker Sandvik.

Hunter Valley unemployment, as estimated by the ABS, has already risen to 9.2 percent, up by more than

3 percentage points from the corresponding period last year.

In the Northern Territory, the 600 residents of Pine Creek, about 200 kilometres south of Darwin, were told last week that the town's biggest employer, the Frances Creek iron ore mine, will be shut by November, destroying about 300 jobs. Rival company Sherwin Iron also confirmed job losses at its Roper River operation, with around 50 workers stood down at the site because iron ore prices were down 30 percent on industry projections.

The Frances Creek mine operator, Territory Resources, later denied its closure, but said the mine employees had been told the company would have to "reconfigure" the mine to "market conditions."

The biggest rise in the national ABS unemployment figures came in Victoria and South Australia, the two states most directly affected by the fallout from the closure of the entire car manufacturing industry by 2017, as announced by Ford, General Motors and Toyota. Victoria's jobless rate rose from 6.2 to 6.5 percent, while South Australia's jumped from 6.9 to 7.4 percent—giving it the equal worst rate, with Tasmania.

Nationally, just 15,900 jobs were added in June, not enough to reverse the rising jobless tally. Moreover, full-time positions fell by 3,800, while part-time jobs rose by 19,700, deepening a long-term trend. There were 728,500 unemployed workers in June compared to 727,400 the month before, according to the figures.

The ABS surveys only count those working less than an hour a week. The Roy Morgan polling company estimates that 10.6 percent of the workforce were unemployed in June, up by 0.9 percentage points in a month, with another 9.5 percent "underemployed"—looking for more work—up by 1.4 points. By this measure, 2.51 million workers were unemployed or underemployed.

Deutsche Bank economist Adam Boyton said further increases in the jobless rate were likely. "Our employment tracker—comprised of 11 different indicators of labour demand and sentiment—flags only very moderate growth in employment over the coming 3–6 months of around 7,500," he wrote in a note on the data. "Such a pace of jobs growth would be likely, in our view, to see the unemployment rate drift higher."

Yesterday, the ABC announced that it will sack about

80 people following the federal government's decision to axe the Australia Network international broadcasting service. Most of the jobs will be eliminated in Melbourne, where TV and radio journalists, producers, technical and communications staff will face forced redundancies.

The economic downturn is emerging despite official interest rates being kept at a record low of 2.5 percent by the Reserve Bank of Australia for the past 11 months. Some business commentators are warning of a recession ahead, pointing to a combination of tumbling export prices, a balance of payments reversal and a steep drop-off in mining investment.

These prospects are also intensifying corporate pressure on the Abbott government to push its budget through the Senate, defying the intense public hostility to its dismantling of welfare entitlements and slashing of health and education spending.



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