

# Jobless toll continues to rise in Australia

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Unemployment is increasing relentlessly in Australia, even according to the vastly understated official statistics. During November, the seasonally adjusted jobless rate, released by the Australian Bureau of Statistics (ABS) on Thursday, rose from 6.2 to 6.3 percent, continuing a worsening trend since April 2012.

By this measure, the unemployment rate has risen from 4.9 percent to 6.3 percent over the past 30 months, taking the number of jobless workers who are actively seeking work from 598,200 to 777,700—a jump of 179,500 or 30 percent.

There are now about five times as many unemployed workers as the number of unfilled newspaper and online job advertisements across the country. Young people, in particular, are bearing the brunt of the worsening toll. Youth unemployment rose to 14.5 percent.

Even though the number of jobs increased by 42,600 during November, this was not enough to keep pace with the number of young people joining the hunt for work. And 95 percent of the new jobs were part-time, pointing to deteriorating employment conditions. The aggregate monthly hours worked actually dropped by 4.4 million hours, or 0.3 percent.

This trend was also apparent in the ABS's quarterly "underemployment" figures. They estimated that the proportion of workers who are employed but looking for more work rose to 8.6 percent for the November quarter. Combined with its unemployment rate, the ABS calculates that 15 percent of working-age Australians are receiving less paid work than they would like, up 0.6 percent on the previous quarter.

At 6.3 percent, the official unemployment rate is now markedly higher than the peak of 5.9 percent during the first phase of the global financial crisis in 2008-09. It also exceeds the 6.25 percent predicted in the Abbott government's May budget as the top figure for the year.

The biggest jumps occurred in the former mining boom state of Queensland, where the rate is now at an 11-year high of 6.9 percent, and in Victoria, once the country's most industrialised state, where the figure rose to a 25-year high of 6.8 percent.

The ABS jobless data excludes anyone employed more than an hour a week. Alternative estimates produced by the Roy Morgan polling company indicate that the unemployment rate jumped from 9.1 to 10 percent in November, and the underemployment rate grew from 9.3 to 9.7 percent, so that a total of 19.7 percent of the labour force wants work, or more work.

Even these statistics provide only a limited indication of the sharp reversal taking place within the economy. Australian capitalism was initially able to withstand the impact of the 2008 global financial breakdown, largely on the back of Chinese economic growth, which was sustained by massive stimulus measures.

Now, however, slowdowns in China, Japan and Europe are causing precipitous falls in prices for Australia's primary export commodities—iron ore, coal and liquefied natural gas. This is on top of the collapse of the mining investment boom and the destruction of entire sections of basic industry.

Neither the ABS nor the Morgan statistics indicate the levels of joblessness that lie ahead as mining and mining-related companies engage in further waves of retrenchments and the three remaining car makers, Ford, GM Holden and Toyota, progressively shut down their operations by 2017.

Some financial market analysts tried to play down the latest ABS figures, pointing to the overall growth in the number of jobs. But HSBC chief economist Paul Bloxham commented that the economy had only added an average of 13,000 jobs a month over the past six months. "That is not enough to keep up with population growth," he warned.

This week, the National Australia Bank increased its

prediction for this year's peak unemployment rate from 6.25 to 6.75 percent, and lowered its economic growth forecast for the current financial year from 2.9 to 2.5 percent. The bank's monthly survey of more than 400 firms showed falls in business conditions and business confidence during November.

Consumer confidence is falling even more, according to the monthly Westpac bank-Melbourne Institute survey. Westpac's confidence index dropped 5.7 points to 91.1 between November and December, making it the 10th consecutive monthly fall and the worst result since the European sovereign debt crisis in late 2011. Reflecting the rising number of job cuts, 96 percent of respondents were pessimistic about the labour market, and 87 percent regarded economic conditions as unfavourable.

The survey was taken during the first week of December, when official figures showed the Australian economy fell into an income recession, with national income dropping for the second consecutive quarter.

Bill Evans, Westpac's chief economist, labelled the survey results "very disturbing." He urged the Reserve Bank of Australia to cut official interest rates, which have already been reduced to a record low of 2.5 percent for the past 15 months. Evans claimed this would encourage business borrowing, but 95 percent of bank lending is currently going into the inflated property market.

The survey results flew in the face of Treasurer Joe Hockey's claim, made last week, that Australia was "seeing improvements in consumer confidence and business confidence," and his desperate attempt to boost consumer spending by urging people to "go out there and spend for Christmas, not just for Santa Claus but for Australia."

The plunging export commodity prices are also cutting billions of dollars off federal tax revenues and those of the states, especially resource-dependent Queensland and Western Australia, and this is placing increasing pressure on Prime Minister Tony Abbott's government.

Yesterday's *Australian* editorial lashed the government for "diluting" its scheme to impose fees to see doctors, and insisted that it must find ways to reduce spending on health, education and welfare, despite the "spectacular and severe" "revolt" against the budget.

Hockey is due to deliver a "mini budget"—the Mid-Year Economic and Fiscal Outlook—on Monday. The government faces escalating demands from the financial and corporate elite to overcome the public hostility to the key budget measures to slash social spending that remain stalled in the Senate.



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