

Australian unemployment levels continue to rise

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13 May 2015

Presenting his 2015–16 federal budget last night, Australian Treasurer Joe Hockey claimed that the federal Liberal-National coalition government’s economic policies would encourage higher growth. The budget papers indicate, however, that official unemployment will climb to 6.5 percent by June next year.

The latest Australian Bureau of Statistics (ABS) figures confirm that unemployment has remained above 6 percent since the last federal budget and in the last month rose to 6.2 percent with the total number of people in work falling by 2,900 to 11,724,600. While part-time employment increased by 19,000, those in full-time jobs decreased by 21,900, continuing the long-term trend towards the creation of a highly-casualised workforce.

Young people are the hardest hit. According to the ABS, 14.2 percent of 15–24 year-olds are unemployed nationally, almost double the 8 percent figure prior to the global financial crisis in 2007–08, with figures approaching 20 percent in some working class and regional areas.

The Coalition government’s claims that its budget will provide jobs for young people are just as fraudulent as its promise to reduce unemployment overall. Its so-called “work experience” and “intensive support” schemes seek to further mobilise young people as a cheap labour force to undermine existing jobs and conditions.

Official unemployment levels increased significantly in most Australian states, driven by the deepening economic downturn, collapsing mining export prices and ongoing cost-cutting measures by major employers.

In South Australia, the unemployment rate leapt from 6.4 percent to 7.1 percent, in a month, resulting largely from cuts in the manufacturing and mining sectors. Last

month, car manufacturer GM Holden announced that it would axe 270 jobs by May 25 in another step towards the total closure of its Adelaide car plant by 2017. The closure will produce thousands of job losses in car component manufacturing and related suppliers.

In the island state of Tasmania, where mining equipment manufacturer Caterpillar slashed 270 jobs at its plant in Burnie last month, the rate shot up from 6.6 percent to 7.3 percent. In Queensland and Western Australia, states hardest hit by the downturn in the mining sector, unemployment increased from 6.6 percent to 6.7 percent and from 5.5 percent to 5.7 percent respectively.

In New South Wales (NSW), Australia’s most populous state, unemployment increased by 0.1 percent to 6 percent and while there was no increase in Victoria, a major manufacturing centre, the rate remains at 6.2 percent.

ABS jobs data, however, excludes anyone who has worked one hour or more per week and those who are not actively seeking work on a daily basis. A more accurate picture is provided by the Roy Morgan jobs survey which estimates that 1.3 million people or 10.4 percent of the workforce are unemployed. Another 1.1 million or 9.0 percent are underemployed and looking for more work. Roy Morgan surveys also calculate that the national unemployment figure for 18- to 24-year-olds is almost 30 percent.

Falling iron ore prices, driven by contracting global demand, particularly in China and other parts of Asia, is fuelling extensive job destruction across that sector.

By early April, iron ore prices had plummeted 65.2 percent from their 2014 high of \$US135 a tonne to a low of \$47, before recovering to around \$61 this month. Financial services provider UBS analysts have dismissed the possibility of any long-term improvement

and forecast \$45 a tonne in the second half of 2015. Citi group commentators are predicting the price will average of \$37 a tonne for the rest of 2015.

Giant mining corporations such as BHP-Billiton and Rio Tinto are currently slashing jobs and pushing up production to further lower prices and drive their competitors in Australia and internationally out of business. Rio and BHP Billiton have demanded that all contractors operating at their mine sites slash costs by up to 25 percent. Any reductions will be offset by cuts to jobs and working conditions.

Last month the Western Australian-based Atlas Iron threatened to suspend operations and axe 600 jobs at its three iron ore mines in the north-west Pilbara region unless key contractors lowered costs. While new agreements were made with contracting companies at the Abydos and Wodgina mines, the Mount Webber mine remains closed leaving hundreds of workers without a job.

Rio Tinto has announced that is preparing to slash 800 jobs in the coming months from its iron ore division in Western Australia, adding to the 100 jobs already cut from its operations in Tom Price and Paraburdoo.

In April, Fortescue Metals Group, which continues to teeter on the brink of collapse, cut 200 jobs at the Cloudbreak and Christmas Creek mines in the Pilbara. Fortescue is demanding that its 4,000-strong Pilbara workforce accept major changes to rosters, which, according to industry analysts, could result in the destruction of another 700 jobs.

Depressed coal prices, currently at six-year lows of around \$US63 a tonne and far below the \$US150 in 2011, continue to drive layoffs across the sector. In the two years to May 2014, more than 10,000 coal mining jobs have been eliminated. In Newcastle-Hunter region—a major coal producing area in New South Wales (NSW)—official unemployment now stands at 12.2 percent.

In April, giant mining company Glencore announced that was axing 70 jobs from its 400-strong workforce at its Mount Owen Coal Mine near Singleton in the Hunter Valley on top of the 36 it axed last year. The company will also slash 75 jobs at its Ulan coal mine in western NSW.

Wollongong Coal has also announced that it will axe an undisclosed number of jobs at its Russell Vale coal

mine on the NSW South Coast. The company sacked 152 workers from its Russell Vale and Wongawilli mines last year.

Jobs cuts have been recently announced in the manufacturing, retail and food processing industries. BP has announced it will close its oil refinery in Brisbane, Queensland by mid-2015 at the cost of more than 350 jobs. Western Australia's Water Corporation will slash 300 full-time jobs or 10 percent of its total workforce during the next eight months. Munitions manufacturer Thales Australia will also cut 40 jobs across two plants north-east Victoria and in southern NSW.

Supermarket giant Woolworths revealed it will axe 400 full-time jobs across its stores under its so-called “Lean Retail” plan aimed at slashing \$500 million from operating costs during the 2015–16 financial year. The company has already cut 400 full-time positions in its back-office operations this year.

This month JBS Australia, Australia’s largest meat processor, axed 130 jobs at its Brooklyn plant in Melbourne’s western suburbs and stood down another 60 at its recently upgraded meatworks in Bordertown, South Australia. Eighty clothing workers were laid off at the Workwear Group, an Australian Defence Force supplier, in Melbourne’s west while GrainCorp announced last month that it plans to cut 40 jobs across its operations nationally.



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