

Australia: Jobs losses continue to mount amid collapsing wage levels

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Recently released data from the Australian Bureau of Statistics (ABS) on jobs and wages confirms that tens of thousands of workers are either without work of any kind or are being forced into insecure, low-paid casual and part-time employment.

The worsening situation—a direct outcome of the pro-market policies of Liberal and Labor governments—gives the lie to the claims of both parties that they will create jobs and improve living standards if they win power in the July 2 federal election.

According to ABS labour force figures for April, unemployment remained at 5.7 percent, unchanged from the previous month. While part-time employment increased by 20,200, the number of full-time jobs fell by 9,300 in April. Since December, over 75,000 new part-time jobs have been generated with 50,000 full-time jobs eliminated.

The job situation facing young people is far worse. The official national youth unemployment rate is now 12.3 percent with another 20.2 percent of youth underemployed. The number of young people starting apprenticeships has fallen by 100,000, or 40 percent, in the past three years.

Casualisation has also contributed to a sharp fall in the number of hours worked. ABS figures show that in April, the total of hours worked dropped 1.1 percent to 1,614 million. In the past 12 months to April, the total hours worked fell by 0.5 percent making it the first time in three years that the annual total has declined.

The ABS figures underestimate the real levels of joblessness because the agency regards anyone who has worked for one hour a week as employed. An alternative survey by Roy Morgan Research showed unemployment for April stood at 10.4 percent and under-employment at 7.7 percent—a total of over 2.3 million people.

Another indicator of Australia's mounting jobs crisis is provided by FTI Consulting, which provides data on the number of companies entering external administration. According to its figures, 10,299 businesses went into administration over the last 12 months to March, an increase of 18 percent on the previous corresponding period.

Recent high-profile insolvencies this year include Queensland Nickel, the electronic retail chain Dick Smith, furnishing and fashion retailer Laura Ashley and iron ore company Arrium, employing over more than 11,000 people.

Along with these are a raft of lesser publicised failures including the travel division of Round the World Experts, video-on-demand company Quickflix, marketing company Brand New Media and pet supplies distributor Animal Supplies Group, which all entered administration in April and May. According to the Australian Securities and Investments Commission, 159 retailers entered external administration between January and March, up from 149 in the first quarter of 2015.

Thousands more jobs are under threat with the ongoing collapse of the mining boom, as mineral commodity prices continue to decline in response to falling demand in Asia, particularly in China, Australia's main export market.

On Tuesday, iron ore prices dropped to \$US50.27 a tonne which will see further cost cutting and jobs losses, particularly at Australia's smaller and medium producers where higher production costs make them more susceptible to price falls. These include Atlas Iron Limited, BC Iron Limited, Grange Resources Limited and the Fortescue Metals Group, all of which have shed jobs over recent months.

In May, ABS data released the slowest quarterly

growth in average wage rates in the 18-year history of the statistical series. In the March quarter, wages rose by just 0.4 percent in the private sector and 0.5 percent in the public sector.

Media, telecommunications, IT, rental, hiring and real estate industries saw wage growth of just 0.1 percent; education and training recorded a 1 percent increase; and in transport, postal and warehousing wages rose by 0.7 percent in the March quarter. The mining sector, once the main growth area in the economy, increased by a meagre 1.4 percent. On average, Australian wages rose by just 2.1 percent in the past year.

Commonwealth Bank senior economist John Peters told the media that the low wages growth was because businesses confronted a “much more flexible labour market” and a “lacklustre jobs market.”

In fact, increasing numbers of employers, with the support of the unions, are utilising the economic downturn and threat of further sackings and plant closures to not just put downward pressure on pay demands but to impose wage freezes.

Two weeks ago, Alcoa, with the backing of the Australian Workers Union (AWU), used the threat of closure to impose a one-year wage freeze on its 540-strong workforce at its aluminium smelter in Portland, Victoria.

In March, Australian Paper forced 160 workers at its Maryvale mill in Victoria’s Latrobe Valley to accept a pay freeze and a four-day week as part of a new union-negotiated workplace agreement.

In South Australia, steel maker Arrium demanded 400 workers at its iron ore mine accept a 10 percent pay cut just before the company went into administration in May.

Last November, BlueScope Steel management, in collaboration with the unions, axed 500 jobs and imposed a three-year pay freeze at the company’s Port Kembla steel operations, south of Sydney, after threatening to shutter its entire operations.



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