Job losses deepen in Australia

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Closures and job cuts are intensifying across various industries in Australia, fuelled by the impact of the escalating criminal US-Israel wars in the Middle East and the associated worsening cost-of-living crisis.

Beneath the surface of the official unemployment statistics, and false rosy claims of the federal Labor government, another series of job losses this month indicated the growing toll facing workers. Among the announcements were:

• The immediate closure of the Liberty Bell Bay manganese smelter in northern Tasmania, which had a direct workforce of 217, with the financial administrators citing “economic challenges associated with operating the smelter in a volatile global economy.”

• Yancoal said mining operations at its Ashton coal mine in the New South Wales Upper Hunter Valley will begin a staged closure, and cease completely in early 2028, eliminating more than 300 jobs, with 60 targeted immediately.

• Lactalis Australia said it decided to shut down a dairy factory in the small town of Longwarry in Victoria’s east by early 2027, destroying the jobs of 53 permanent workers, as well as numbers of casuals.

• On the other side of the continent, Mineral Resources announced it will immediately close the Lucky Bay garnet project near Kalbarri, about 600 kilometres north of Perth, saying: “The mine’s financial performance has been materially impacted by ongoing conflict in the Middle East.”

• Shoe retailer Betts said it will close 20 of its 35 retail stores, expected to cost about 100 jobs, becoming the fourth retail chain to shut stores in recent months.

• Nine Entertainment, Australia’s biggest media company, cut another 30 newsroom jobs at the *Sydney Morning Herald* and the Melbourne *Age*, two years after slashing 200 positions, on top of 144 jobs eliminated in the company’s 2018 merger with Fairfax Media.

The Albanese government’s $38 billion in cuts to the National Disability Insurance Scheme (NDIS) within four years also means the destruction of large numbers of more jobs in the care sector, as hundreds of thousands of people with disabilities are deprived of funding for essential day-to-day support.

The Labor government’s May budget further showed that it aims to axe some 28,000 public sector roles over the next four years, while allocating billions of dollars more for AUKUS and other military spending to prepare for war.

Officially, according to the Australian Bureau of Statistics (ABS), the seasonally adjusted unemployment rate edged up from 4.37 percent to 4.43 percent in June, after dipping slightly in May. Young workers aged 15 to 24 were most affected—the youth unemployment rate increased by 0.3 points to 10.7 percent.

Overall, by this estimate, the number of unemployed workers increased by 12,700 to 686,800. Underemployment, which counts workers looking for extra hours of employment, rose to 6.5 percent, up from 5.7 per cent in December, to the highest level since August 2024.

But these are misleadingly low figures because the ABS does not count workers as unemployed if they work as little as an hour a week. The Roy Morgan survey company, which counts everyone looking for work during the month, said “real” unemployment jumped in June by 156,000 to 1,860,000, which is 11.7 percent of the workforce, up 1 percent.

The Roy Morgan survey estimated that overall employment fell by 128,000 to 14,028,000 in June, down for a fourth straight month. In total 3.35 million workers—21.1 percent of the workforce—were either unemployed or under-employed in June. That “under-utilisation” has now been above three million workers for 19 months since late 2024.

Apart from young workers, those most affected are older workers, many of whom are being forced to rejoin the workforce or delay retirement due to the soaring cost of living. According to the ABS, the workforce participation rate among people aged 55-64 rose by 0.8 percentage points to 70.6 percent, higher than the overall figure of 67 percent.

Citing the ABS figures, Treasurer Jim Chalmers responded by presenting these results as a success. “More than 76,000 jobs were created in June, more than 1.3 million jobs have been created on our watch, participation is near a record high,” he stated.

That flies in the face of the reality facing workers. Market economists warned that unemployment will increase in coming months as the underlying economic impact of the war on Iran is felt.

“We expect the unemployment rate to rise to 4.6 percent by the end of the year,” Harry McAuley, economist for Oxford Economics Australia, told the media. “However, a renewal of hostilities in the Strait of Hormuz presents a significant risk to the outlook.”

Other indicators point in the same direction. Official job vacancies have fallen more than 30 percent from a 2022 peak. Consumer confidence is showing the weakest readings in almost 50 years, and there were more than 14,700 corporate external administrations in the past financial year, the highest annual number on record in raw terms.

ABS data shows almost one in three businesses reported lower revenue in June, while nearly half experienced higher operating costs. More than a quarter expected difficulty meeting their financial commitments over the coming month.

Nevertheless, market analysts said the jobless toll was not high enough to stop the Reserve Bank of Australia (RBA) raising interest rates by another 0.25 percent, for the fourth time this year, in the name of combatting inflation, primarily in order to stop workers demanding wage rises.

So far this year, the RBA has hiked its cash rate in February, March, and May, by a total of 0.75 percent to 4.35 percent, inflicting pain on workers paying off home mortgages. An average homebuyer, paying off a $735,000 loan, has been hit by about $333 a month extra, or nearly $4,000 a year.

Diana Mousina, AMP deputy chief economist, said the central bank would probably view the unemployment data as indicating that the labour market was still a bit “tight.” She told the media: “The Reserve Bank meet later in August and we expect another 0.25 percent rate hike, which would take the cash rate to 4.6 per cent.”

Reuters reported that financial markets narrowed the odds of a fourth rate rise in August ?to 33 percent, with a move by the year’s end priced at 97 percent, up from 78 percent before. Tony Sycamore, an analyst at IG, commented: “The RBA’s key concern ?will be that this tightness feeds into wage growth and, more broadly, into inflation in an economy where price pressures are already uncomfortably high—especially ?with crude oil up 26 percent this month.”

The RBA itself has forecast the unemployment rate rising to 4.7 percent by June 2028. In an adverse scenario modelled by the central bank, unemployment could reach 5.1 percent by then if the war dragged on and the global price of oil peaked at $US145 a barrel this year.

Inflation, as measured by the Consumer Price Index, accelerated to an annual rate of 4 percent in May, well above the RBA’s target band of 2 percent to 3 percent. That is far higher than average wage rises. A recent OECD report said real hourly wages had fallen by approximately 5.1 percent since March 2021, a cut in living conditions second only to New Zealand among the OECD’s 38 member countries.

With the Trump administration escalating its assault on Iran, unleaded petrol started the week at around $1.70 a litre in Sydney and Melbourne but had climbed to nearly $1.80 by Thursday. National Roads and Motorists Association spokesman Peter Khoury said the price could hit $2 when the Albanese government ended the current 16-cent-a-litre cut in fuel tax early next month.

Workers in Australia and internationally are bearing an ever-greater burden from the widening war of aggression, which the Labor government has backed from its launch five months ago.