

Deepening cuts to jobs and wages in Australia intensify political crisis

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New data showing rising unemployment and a steep fall in workers' real wages expose the fraud of the Albanese Labor government's claims to be alleviating the cost-of-living crisis, as well as its 2022 election pledge of a "better future."

These developments, on top of Labor's support for the US-armed Israeli genocide in Gaza and US militarism against Russia and China, are intensifying the discrediting of the federal and state Labor governments in workers' eyes.

According to the latest *Australian Financial Review*/Freshwater Strategy poll, published today, primary voting support for the Labor government has continued to fall to 31 percent, nearly 2 percentage points below Labor's vote in the 2022 election.

If an election were held today, Labor would be reduced to a minority government, depending on the backing of not just the Greens but various independents. If the trend continues, with a federal election due before May, the widely-reviled Liberal-National Coalition could even form a minority government.

Either way, the result would be a hung parliament and an unstable government under conditions of a worsening economic situation and mounting global war tensions.

Official, vastly understated, unemployment figures released by the Australian Bureau of Statistics (ABS) last week showed the jobless rate, seasonally adjusted, rose from 4 percent to 4.1 percent in June, as part of a rising trend.

By this measure, from May to June, unemployment rose by 9,700, and 95,800 over the year to June. That means an 18.7 percent increase in just a year, taking total number of unemployed workers actively seeking jobs, according to the strict ABS criteria, up to 608,200.

When Labor narrowly scraped into office in May 2022, the official ABS jobless rate was 3.95 percent. By the government's own budget estimates, this rate will reach 4.5 percent by next year, throwing tens of thousands more workers out of jobs.

The ABS estimate of "underutilisation," which includes underemployment—workers looking for more hours of work—has risen to 10.6 percent, or more than 900,000

workers—from 9.5 percent in February 2023.

These figures disguise the impact on self-employed workers or small contractors, particularly those affected by widespread cuts and insolvencies in the construction and mining industries, in which many thousands of jobs have gone since the start of 2024.

Nevertheless, even the ABS data makes a mockery of Treasurer Jim Chalmers's claim, in response to the statistics, that the Labor government "has created more jobs in a parliamentary term than any government in history."

"We've created almost 930,000 jobs since we came to office—faster jobs growth than any major advanced economy," Chalmers said. This figure mostly represents population growth. In June, there were 14.4 million people employed in Australia, compared to 10.6 million in late 2007.

Far from being an exception, Australia—which is heavily dependent on mining exports—is being seriously affected by the global economic slump and ongoing inflationary spiral, especially in the impact on the conditions of the working class.

In its July World Economic Outlook, the International Monetary Fund (IMF) projected global economic growth to remain low, at 3.2 percent in 2024 and 3.3 percent in 2025. For Australia, it downgraded its outlook for 2024 from 1.5 percent to 1.4 percent.

That is well below the Australian population growth rate of about 2 percent. That means income per person is falling, producing what analysts term a "per capita recession."

On July 9, the Organisation for Economic Co-operation and Development (OECD) reported that in Australia real wages were still 4.8 percent lower than they were in the final quarter of 2019, just before the COVID pandemic. "This is one of the largest drops in real wages among OECD countries," it stated.

For a worker on a wage of \$80,000 a year, that translates into an effective annual pay cut of \$3,840. This is the deepest fall in living conditions for decades.

Workers who lost their jobs via corporate sackings

suffered steep losses of income. After what the OECD euphemistically called “job displacement,” workers in high-emission sectors, such as coal, in Australia face an earnings loss of 29 percent over six years, with a 25 percent average earnings loss for workers in low-emission sectors.

Losses of jobs and hours of work are greatest in the private sector so far. Data produced by the Commonwealth Bank this month showed that, excluding public administration, healthcare and social assistance, and education and training, total hours worked fell in the past year.

Public sector hours and jobs are likely to fall also over the coming period also as budget cuts to social spending are inflicted by the Albanese government and most debt-riddled state and territory governments, while they pour billions into military spending.

One of the industries already hardest hit is construction. The ABS reported last week that the value of total building work done fell 3.5 percent to \$33.4 billion in the first quarter of 2024. Despite a worsening housing crisis, the biggest decline is in residential construction.

Each month across Australia, on average more than 200 construction companies have collapsed, eliminating workers’ jobs, leaving subcontractors and suppliers unpaid and landing consumers with half-built homes or major defects.

Statistics from corporate regulator, the Australian Securities and Investments Commission (ASIC) show that for the current financial year so far, to March 17, there had been 1,987 insolvencies in the building industry. This was up from 1,495 a year earlier and 782 in 2022.

Young workers are particularly affected. This month, an employers’ body, Master Builders Australia, reported a 22 percent drop in construction apprenticeship commencements in 2023. According to the National Centre for Vocational Education and Research, only 41,935 people commenced a building and construction-related apprenticeship in 2023, down from 54,035 a year earlier.

Another employers’ group, the Australian Construction Industry Forum, said residential construction was slowing, “with high levels of bankruptcies with many builders struggling with fixed price contracts and material input costs rising by more than 30 percent over the last two years.”

That highlights the impact of inflation, which is persisting at high levels in Australia and globally. It also points to the employer-government drive to cut pay and conditions in the building industry, which is behind the Labor government’s anti-democratic measures against the Construction, Forestry and Maritime Employees Union (CFMEU).

Job cuts are being unleashed in many industries. That includes telecommunications, where the previously government-owned Telstra, one of Australia’s largest

companies by market value, is axing 2,800 jobs, or 9 percent of its remaining 30,000-strong workforce, by the end of 2024.

Mining workers have been hit hard since the start of 2024. Mining conglomerate BHP, the biggest company on the Australian share market, is shedding hundreds of jobs in Australia as part of a cost-cutting restructure of its global operations.

Thousands of jobs have been axed already this year at nickel and lithium mines, mainly across western and northern Australia, and 750 through the closure of Alcoa’s Kwinana alumina refinery south of Perth, Western Australia—all due to the global slump and cut-throat worldwide competition.

In the latest blow, billionaire Andrew Forrest last week abandoned his company Fortescue’s long-held pledge to produce 15 million tonnes of green hydrogen by 2030. He “de-prioritised” several green hydrogen projects, eliminating 700 jobs to “streamline” the business.

Feigning sympathy for workers, Forrest said: “We’re going to sadly lose around 4.5 percent of our direct workforce, 3 percent of our indirect workforce.”

Forrest’s decision also shattered the Labor government’s claims of making the country a hydrogen and “green energy” superpower. In this year’s budget, the government promised \$6.7 billion of production tax credits for hydrogen, after already pumping \$2 billion of taxpayers’ funds into subsidies for companies like Fortescue.

Labor’s subsidies to hydrogen producers are proving insufficient to make the industry commercially viable, given the intensified global subsidies being offered by other governments, not least in the United States.

Federal and state Labor governments, in office across the Australian mainland, have relied heavily on the trade union apparatuses to enforce job cuts and implement sub-inflationary pay deals to impose the burden of the economic crisis onto workers’ backs.

This political crisis underscores the necessity to build the Socialist Equality Party (SEP) to provide a revolutionary socialist alternative to the bipartisan agenda of war and austerity. We urge all our readers to use the form below to sign up as electoral members of the SEP so that we can ensure that our party’s name is on the ballot for the coming federal election.



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