

Mining cuts deepen job losses across Australia

By Terry Cook and Mike Head
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Job shedding is gathering pace in the Australian mining industry, adding a new dimension to the wholesale job losses that have been occurring across the country for the past 18 months. The collapse of the mining boom—the only high growth area of the economy since the global financial crisis began in 2008—is deepening the recessionary conditions already gripping most other industries, particularly manufacturing, construction and retail.

Yesterday, the two biggest coal mining companies, BHP Billiton and Xstrata, announced they would cut a combined 900 jobs at Queensland and New South Wales (NSW) coal mines, primarily because of a rapid fall in export prices, driven by China's increasingly obvious slowdown and the renewed worldwide economic downturn.

Their announcements bring to 3,500 the number of mining job losses in the past six months. They also signal the spread of the retrenchments from iron ore to coal, following last week's announcement from the third largest iron ore miner, Fortescue Metals Group, that it would cut 1,000 jobs.

Xstrata said it would eliminate 600 coalmining and head office jobs in NSW and Queensland. BHP Billiton announced it would close its Gregory open-cut mine near Emerald, Queensland at the cost of 55 in-house jobs and 242 contractors. This is BHP's second major coal mine closure. In April, it shut its nearby Norwich Park mine, where 910 contractors and 490 staff worked.

Last month, BHP Billiton also indefinitely deferred its Olympic Dam gold, copper and uranium mine expansion in South Australia, eliminating 8,000 proposed construction jobs, 4,000 production jobs and 13,000 associated jobs.

The mining job losses are likely to continue, with analysts predicting that coal and iron prices will not recover for the rest of the year because of China's

slowing economy. Later in the decade, new low-cost mines in Mongolia, Mozambique and Siberia are expected to further undercut coal prices.

Despite claims by Australia's Labor government that the mining boom would last indefinitely, the sector is highly vulnerable to the ongoing global economic breakdown. In 2008–09, more than 12,000 mining jobs were lost as the mining giants quickly shut down any less profitable operations.

Last week, the government hailed the August official unemployment report, which indicated that the jobless level fell from 5.2 per cent to 5.1 percent, despite the loss of 8,800 jobs in August. Employment Minister Bill Shorten said that, despite a softening job market, Australia was faring "much better than the rest of the world."

In reality, the mining boom, while it lasted, masked the job losses throughout the rest of the economy, driven by government-backed corporate restructuring and the high value of the Australian dollar because of mining exports.

The dip in the August jobless figure was produced by a drop in the participation rate, as 10,000 people gave up looking for work altogether. Over the past 12 months, the participation rate has declined from 65.6 to 65 percent, a level not seen since 2007. During August, the number of hours worked fell by 5.7 million to just under 1.619 billion, indicating that employers are also cutting back working hours.

The official statistics also camouflage the real situation, because people who have worked for just one hour a week are counted as employed. Corporate indicators, however, point to a worsening jobs crisis. The HSBC bank estimated that total employment had been shrinking by an average of 9,000 jobs a month for the past three months. The ANZ bank reported that the number of employment ads declined more than 17 percent in the year to August.

Manufacturing workers have borne much of the brunt. The Labor government has confirmed that 106,775 manufacturing jobs have disappeared since 2008. In particular, the car industry has been decimated by global cost-cutting, including in the US where wages for new recruits have been halved with the backing of the Obama administration. Since 2006, some 10,000 auto jobs have been axed in Australia, primarily at Ford, Toyota and GM Holden.

Further announcements by Ford last month place a question mark over the future of the local vehicle industry. Ford said it was cutting another 440 jobs from its Melbourne plants and telegraphed the end of its assembly operations altogether by the middle of the decade. Amid the reverberations, car parts manufacturer CMI announced the closure of two plants at the cost of 119 jobs.

Global restructuring is continuing to sweep through other basic industries, in the wake of last year's large-scale retrenchments by BlueScope Steel, One Steel and Qantas, which destroyed about 2,500 jobs between them. Last week, food processing company Kerry Ingredients said it would cut 105 jobs at its Melbourne plant and move about 75 percent of its work overseas, mainly to Malaysia.

Last month, Telstra, the former public telecom, axed more than 650 jobs nationally and warned that no jobs were safe in its ongoing "Project New" restructuring operation. Over the past 18 months, the company has cut an estimated 3,000 jobs.

The banks and finance houses have also intensified their post-2008 restructuring measures, gutting their workforces. Swiss-based UNI Finance Global estimated that 10,000 finance jobs had been eliminated in Australia since 2008, with an additional 6,300 outsourced overseas. Australia's four major banks are expected to shed another 10,000 jobs by the end of next year.

The job losses, and the resulting economic insecurity, are having a devastating impact on other industries. Residential and commercial building dropped 5.2 percent in the June quarter, with residential construction down almost 8 percent on the same period in 2011. As a result, bankruptcies are rampant in the industry. One of the largest collapses came in June, when the Hastie engineering, electrical and construction group was placed in administration, at the

cost of more than 2,700 jobs.

Jobs are continuing to be lost in the retail sector, with low consumer confidence compounded by concern over the state of the global economy. Last week, the new owners of collapsed confectionary Darrell Lea declared they would close all its remaining retail outlets and slash its manufacturing, axing another 246 permanent jobs and 172 casual positions.

Last week also, clothing fashion chain Ojay's and Australian Convenience Foods went into administration, threatening hundreds of jobs. Another 600 jobs are under threat after Allens and Billy Hyde music stores went into receivership last month. In July, Western Australian book and stationary company Wooldridge's collapsed, closing its six stores at the cost of 60 jobs.

In the printing industry, another barometer of economic conditions, the destruction of hundreds of jobs by media companies Fairfax and News Limited in recent months has spearheaded wage-cutting and cuts to conditions. At Fergies, a prominent Brisbane printshop, workers were reportedly forced to take a 20 percent pay cut.

The slashing of public sector jobs is intensifying as the mining reversal produces a precipitous fall in government revenues. Federally, Prime Minister Julia Gillard's government has pledged deeper cuts to fulfil its promise to the financial markets to produce a budget surplus this year. At the state level, some of the sharpest cuts are taking place in Queensland, which has a large mining sector. The Liberal National Party government is axing at least 14,000 jobs, including 4,000 positions from health.

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