



Resolution Number Nine

Submitted by National Secretary, Paul Howes.

Responding to the jobs emergency

Background

Rising unemployment in 2009 remains the biggest threat to the Australian economy weathering the effects of the international financial crisis which has seen export revenues slow in response to reduced foreign demand and cautious spending on domestic investment and consumption. If we are to avoid a major recession, we need to support jobs.

Forecasts range between an additional 150,000 to up to 350,000 people unemployed by June next year. That would increase Australia's official unemployment rate from 4.4 percent to between around 5.7 percent or even in excess of 7.5 percent. The government's official forecast is an unemployment rate of 5.75 per cent by June 2010.

These numbers also betray a worse possible outcome where up to a third of those unemployed simply do not find re-employment and drop out of the workforce because of a combination of age and lack of skills.

That means that the economy loses between 50,000 to 115,000 workers permanently from the workforce unless steps are taken to ensure they either do not lose their job in the first place or, in the event they do, have skills to be reemployed quickly.

The official unemployment rate of 4.5 per cent recorded in December 2008 confirms that unemployment is creeping up. The switching in the number of full time jobs (which fell 44,000) to part time (which rose around 43,000) in the month confirms a slowing level of production and as a consequence demand for full time employees. But so far, fewer jobs have been lost overall.

Assessment of an array of economic surveys indicates the degree to which employment in Australia will be under intense threat in 2009. Survey of manufacturing indicates the fall in orders and expected sales; AIG surveys of manufacturers and the Australian Commerce and Industry's (ACCI's) investor confidence survey of business expectations for the first quarter of 2009 is at record lows. Dun and Bradstreet's Business Expectations Survey shows most companies expect sales and profits to fall and the Federal Chamber of Automotive Industries is forecasting a 13 percent downturn in car sales this year, after revealing a 3.6per cent drop in 2008.

These snapshots of business expectations are on top of announced cuts by major employers such as Alcoa – which although not immediately impacting Australia's 6280 Alcoan employees – threaten to do so. Contractors and consultants have already been cut by Alcoa providing some buffer to permanent employees.

High and prolonged unemployment is an enormous waste of the nation's resources, and it can blight those affected for the rest of their lives. We should be prepared to go a long way to try to forestall such an outcome. The aim of government, unions and employers therefore is to ensure that the maximum number of workers are retained in employment rather than finding their way onto the dole queue.

To its credit, the Rudd Labor Government has recognised this and the response so far by the Government is to be commended. Stimulatory fiscal policy including the recently announced \$10.4 billion emergency package aimed at pensioners, carers, working families and first home buyers, in addition to announced infrastructure spending and support for industry are major initiatives aimed at filling the gap left by reduced private sector spending and investment in the wake of the economic slowdown. And retail sales surprised in the December quarter in being positive rather than negative indicating that there has been some beneficial effect already. Home loan approvals also received a bounce.

But there is much more to be done to forestall the worst excesses of the downturn which threatens to widen the economic and social gap in the community. In fact, the IMF has indicated the value of and urged more stimulatory policy and has a preference for direct government expenditure to tax cuts because it can be targeted at spending rather than opportunities for private saving. Government procurement policies are particularly important in this regard as they can be of immediate benefit to local manufacturing and employment. There is also an urgent need for lower interest rates.

And unions and union membership have an important role in defending permanent employment against the recession. Cutting wages is also no answer. It would reduce consumer demand further and it would run directly counter to the Government's policy of putting more money into people's pockets to try to put a floor under demand. In any case, the wages share of national income is the lowest for a generation, suggesting labour costs are less of a burden for business than in the past.

Resolution


This National Conference notes with concern the increasing number of unemployed and expectations that the unemployment rate could exceed 6 per cent by the end of 2009.

In these circumstances, this National Conference calls on the Rudd Government to retain employment and reduce unemployment as a national emergency by overseeing a comprehensive policy response to the employment crisis including:



NATIONAL CONFERENCE 2009



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- Stimulatory fiscal policy, early infrastructure spending, targeted industry policy and procurement policies which are targeted at locally sourced production and supply;
 - Urging cuts by the Reserve Bank in official interest rates and to ensure their flow on to working families and to business;
 - Cooperation with employers and unions in implementing policies which will encourage retention such as training days, relocation costs, rental assistance and other measures.
 - Efforts to support the unemployed to remain in the workforce rather than dropping out including retraining and assistance with essential family expenses in conjunction with a more attractive Newstart allowance.
 - Agreeing to fair wages outcomes including to the Minimum Wage.
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Moved:

Seconded:

Outcome: