



AUSTRALIAN CHAMBER OF
COMMERCE AND INDUSTRY

MEDIA RELEASE

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JOBS LOSSES POINT TO STILL FRAGILE ECONOMY

Statement by Mr Peter Anderson, Chief Executive

The Australian Chamber of Commerce and Industry (ACCI), Australia's largest and most representative business organisation, says that today's unemployment data for August 2009 showing a net drop in employment of 27,100 positions, highlights the ongoing fragility of the labour market and the underlying stress on the business community.

"Yesterday's data showing weak retail sales, coupled with continuing job losses from the economy, means that it would be a mistake to end the economic stimulus and too early for the Reserve Bank to increase interest rates."

Full-time employment has dropped significantly in nine of the past twelve months. In the past year, almost 220,000 full-time positions have been lost with only a rise in part-time employment of over 180,000 positions stopping a much larger increase in the official unemployment rate.

Today's figures raise doubts about the present popular misconception of labour market resilience in the face of a slowing economy. Had it not been for a surprisingly large dip in the number of people seeking employment, the August unemployment rate would have been 6.1 per cent.

In contrast to past economic downturns, many employers have been able to keep people employed by negotiating reduced hours rather than being forced to cut costs by laying off staff. That flexibility has led the burden of the economic slowdown to be shared more evenly.

Stimulus from both fiscal and monetary policy, together with a generally well-performing labour market at the time the downturn hit, have also been important factors in stemming a more severe rise in the level of the unemployment rate.

The Australian economy still faces significant challenges. It is far too early to consider unwinding the fiscal stimulus that will continue to support domestic demand, or to begin tightening monetary policy before we have more convincing evidence of a durable economic recovery.

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ACCI represents over 350,000 businesses in every State and Territory and all industries. Our network employs around 4 million employees, ranging from the top 100 companies to tens of thousands of small and medium businesses.

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