



**Australian Government**  
**Department of Employment**

# **SMALL AREA LABOUR MARKETS AUSTRALIA**

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**Labour Market Research and Analysis Branch  
Labour Market Strategy Group**

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# SMALL AREA LABOUR MARKETS

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## Main points

### Upcoming changes to the geographic structure

The *Small Area Labour Markets* (SALM) publication is based on the same geographic structure as that used by the ABS for its regional labour force estimates. Approximately every five years, the ABS updates the boundaries on which these estimates are based to align them with those used in the most recent Census of Population and Housing. In January 2014 the regional labour force estimates moved to the 2011 Australian Statistical Geography Standard (ABS cat. no. 1270.0.55.001). Accordingly, the estimates in the upcoming March quarter 2014 edition of SALM will be produced at the Statistical Area Level 2 and Local Government Area structure, in line with the new geography standard.

### Introduction

This *Small Area Labour Markets* publication presents regional labour market data for each of the approximately 1,400 Statistical Local Areas (SLAs), the smallest available geographical units, on a State/Territory and Metropolitan/Non-metropolitan basis. For the States, estimates for the Capital City and the Balance of each State are also provided.

The estimates in Table 1 have been smoothed using a four-quarter average to minimise the variability inherent in the estimates at the SLA level. Unsmoothed estimates are included in Table 2.

A description of the methodology used to prepare the estimates in this publication is presented in the Explanatory Notes on page 51.

**Caution:** The estimates in Table 2 have not been adjusted to take account of seasonal or other variations and can therefore exhibit irregular movements. Accordingly, they should be used with caution. In addition, quarter-to-quarter comparisons may not be indicative of actual movements in the labour market. Year-on-year comparisons may therefore be more appropriate. Given the variability in the estimates in Table 2, users are strongly encouraged to refer to the data presented in Table 1.

### Labour market developments at the SLA level

The December quarter 2013 *Small Area Labour Markets* estimates show that unemployment has increased in a number of areas.

More than two-thirds (68.9 per cent) of SLAs recorded an increase in their unemployment rate over the year to the December quarter 2013. Large increases were recorded in Broome (S) in Western Australia (up from 4.3 per cent to 8.1 per cent), Hume (C) – Broadmeadows in Melbourne (up from 9.6 per cent to 12.8 per cent) and Auburn (A) in Sydney (up from 8.2 per cent to 11.3 per cent).

In the December quarter 2013, 46.0 per cent of SLAs recorded an unemployment rate of less than 5 per cent, down from 53.6 per cent in December 2012, while 11.7 per cent of SLAs recorded an unemployment rate of 10 per cent or above, up from 9.6 per cent in December 2012.

### Next issue

It is anticipated that the March quarter 2014 issue of *Small Area Labour Markets* will be released in June 2014.

### Contact details

This report was prepared by the Labour Market Analysis Section within the Labour Market Research and Analysis Branch. For further information, please contact Rodney Trower on (02) 6121 7901 or Andrew Gatenby on (02) 6240 9130, or email: [salm@deewr.gov.au](mailto:salm@deewr.gov.au).

## Explanatory notes

### Structure of regional estimates in Tables 1 and 2

State/Territory data by **Statistical Local Area** (SLA) are presented in Tables 1 and 2. For the States, estimates for the Capital City and the Balance of each State are also presented.

There are about 1,400 SLAs in Australia. These are the smallest available geographical units in the Australian Bureau of Statistics' (ABS) 2006 standard geographical classification (upon which the ABS Labour Force Survey data are based) and consist of Local Government Areas (LGAs), parts thereof, or any unincorporated area.

In many cases, SLAs are named after their corresponding LGA. Where this occurs, the type of LGA is indicated in Tables 1 and 2 as follows: (A) = Area; (AC) = Aboriginal Councils; (B) = Boroughs; (C) = Cities; (CGC) = Community Government Council; (DC) = District Councils; (IC) = Island Councils; (M) = Municipalities; (RegC) = Regional Councils; (RC) = Rural Cities; (S) = Shires; and (T) = Towns.

### Methodology

The ABS Labour Force Survey samples approximately 26,000 households across Australia and covers about 0.32 per cent of the population. More details about the methodology underpinning this survey are included in the ABS publication *Labour Force, Australia* (catalogue number 6202.0).

The estimates in Tables 1 and 2 are based on the Structure Preserving Estimation (SPREE) methodology which enables the generation of small area unemployment, unemployment rate and labour force estimates. The estimates in Table 2 are original, unadjusted estimates. In view of the level of disaggregation involved in producing the numbers in Table 2, they can exhibit considerable variability. To dampen this variability, and provide a more stable impression of labour market conditions at the SLA level, Table 1 presents the original data averaged over four quarters.

The estimates presented in Tables 1 and 2 are derived from three primary data sources:

1. Centrelink data on people in receipt of Newstart or Youth Allowance (Other), by postcode (not including people in receipt of the Community Development Employment Projects Participant Supplement);
2. ABS Labour Force Survey data at the ABS Labour Force Region level; and
3. 2006 Census of Population and Housing labour force data at the SLA level.

The purpose of SPREE is to produce small area labour market estimates that reflect the regional disparities of the Centrelink data, while being consistent with the ABS Labour Force Survey estimates.

*Unemployment estimates* are produced by apportioning the level of unemployment for a region, as published by the ABS, across each of the SLAs within that region in accordance with the distribution of Centrelink Newstart and Youth Allowance (Other) beneficiaries, taking into account ABS unemployment estimates benchmarked at the metropolitan/non-metropolitan level.

*Labour force estimates* are produced by allocating the total labour force for each ABS Labour Force Region to the SLAs in that region according to weights derived from the 2006 Census.

Three assumptions are made in applying the SPREE methodology. First, it is assumed that recipients of unemployment benefits are uniformly distributed within the postcodes. Second, it is assumed that there have been no changes to postcode and SLA boundaries since the 2006 Census. Third, it is assumed that the proportional distribution of each ABS region's labour force between the SLAs within that region has remained stable since the 2006 Census.

Due to both the methodology used and the significantly higher variability for data disaggregated below the SLA level, it is not possible to derive reliable unemployment and unemployment rate estimates for particular groups (ie; males, females, youth) within an SLA.

### **Derivation of Employment Estimates**

The data in Tables 1 and 2 in this publication are synthetic estimates based on ABS and Centrelink unemployment numbers and labour force data from the 2006 Census. Accordingly, employment estimates should not be derived from these statistics. For more information, contact Rodney Trower on (02) 6121 7901.

### **Other sources of Information**

This publication, as well as data files in Excel format, are available on the internet at: <http://www.employment.gov.au/salm>

The Department of Employment's *Australian Regional Labour Markets* publication contains employment, unemployment, unemployment rate, participation rate and employment rate data for the 80 ABS labour force regions. It is published quarterly for the March, June, September and December quarters and is available approximately one month after the end of the reference quarter. The publication is available on the internet at:

<http://www.employment.gov.au/Employment/LMI/Pages/ARLM.aspx>