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Department of Employment

SMALL AREA LABOUR MARKETS AUSTRALIA

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Labour Market Strategy Group**

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SMALL AREA LABOUR MARKETS

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Main points

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 its 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, SALM estimates from the June quarter 2014 release onwards are based on the Statistical Area Level 2 (SA2) and Local Government Area (LGA) structure, in line with the new geography standard.**

Introduction

Small Area Labour Markets presents regional estimates of unemployment and the unemployment rate at two small area levels:

- For approximately 2,100 Australian Bureau of Statistics' (ABS) Statistical Area Level 2s, on a State/Territory and Metropolitan/Non-metropolitan basis, provided in Table 1. For the States, estimates for the Capital City and the Balance of each State are also provided; and
- For each of Australia's 550 Local Government Areas, provided in Table 2.

The estimates in Tables 1 and 2 are smoothed using a four quarter average to minimise the variability inherent in small area estimates. A description of the methodology used to prepare the estimates in this publication is presented on page 50.

Caution: Highly disaggregated estimates of unemployment and the unemployment rate at the SA2 and LGA level can display significant variability and should be viewed with caution. Indeed, quarter-to-quarter comparisons may not be indicative of actual movements in the labour market. It is therefore recommended that year-on-year comparisons be used.

Labour market developments at the SA2 level

The September quarter 2014 *Small Area Labour Markets* estimates show that unemployment has increased in a number of areas. A majority (61.0 per cent) of SA2s recorded an increase in their unemployment rate over the year to the September quarter 2014. Large increases were recorded in Batemans Bay in New South Wales (up from 7.9 per cent to 14.5 per cent), Wacol in Queensland (up from 19.2 per cent to 26.9 per cent) and Broadmeadows in Melbourne (up from 21.9 per cent to 26.7 per cent).

In the September quarter 2014, 46.3 per cent of SA2s recorded an unemployment rate of less than 5.0 per cent, down from 50.8 per cent in the September quarter 2013, while 13.3 per cent of SA2s recorded an unemployment rate of 10.0 per cent or above, up from 10.9 per cent in the September quarter 2013.

Labour market developments at the LGA level

Unemployment has also increased in a number of LGAs, with 55.6 per cent of LGAs having recorded an increase in their unemployment rate over the year to the September quarter 2014, down from 68.3 per cent over the year to the September quarter 2013. Large increases were recorded in Wentworth (A) in New South Wales (up by 7.7 percentage points to 12.5 per cent), Derby-West Kimberley (S) in Western Australia (up by

4.8 percentage points to 19.4 per cent) and Port Pirie (M) in South Australia (up by 3.7 percentage points to 13.0 per cent).

Encouragingly, a number of LGAs recorded a decline in their unemployment rate, with large falls recorded in Rockhampton in Queensland (down by 2.6 percentage points to 6.7 per cent) and Bunbury in Western Australia (down by 2.1 percentage points to 5.7 per cent).

In the September quarter 2014, 41.0 per cent of LGAs recorded an unemployment rate of less than 5.0 per cent, compared with 48.2 per cent in the September quarter 2013, while 12.3 per cent of LGAs recorded an unemployment rate of 10.0 per cent or above, up from 10.0 per cent in the September quarter 2013.

Significant differences exist at the State level, with 60.9 per cent of LGAs in Western Australia recording an unemployment rate below 5.0 per cent, compared with just 10.3 per cent in Tasmania.

Next issue

It is anticipated that the December quarter 2014 issue of *Small Area Labour Markets* will be released in March 2015.

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 Andrew Gatenby on (02) 6240 9130, or email: salm@employment.gov.au.

Explanatory notes

Structure of regional estimates

in Tables 1 and 2

State/Territory data by **Statistical Area Level 2 (SA2)** and **Local Government Area (LGA)** are presented in Tables 1 and 2 respectively. For

the States, estimates for the Capital City and the Balance of each State are also presented in Table 1. There are around 2,200 SA2s (2,100 of which are published) and 550 LGAs in Australia. The SA2s are a geographical unit in the Australian Bureau of Statistics' (ABS) 2011 Australian Statistical Geography Standard (ASGS), upon which the ABS *Labour Force Survey* data are based. The SA2 estimates are then concorded to the LGA level in Table 2 using population weights based on the latest available LGA concordance from the ABS.

Methodology

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. Given the level of disaggregation involved in producing the data, the estimates are smoothed and averaged over four quarters to dampen the variability inherent in the small area estimates.

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

1. Current recipients of Youth Allowance (other) and current recipients of Newstart Allowance who are not in receipt of the Community Development Employment Projects Participant Supplement or on a zero rate of payment, by SA2;
2. ABS *Labour Force Survey* data by ABS Statistical Area Level 4 (SA4). The ABS *Labour Force Survey* samples private and non-private dwellings (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)*; and
3. 2011 Census of Population and Housing participation rate data at the SA2 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 at the SA4 level, as published by the ABS, across each of the SA2s within that region in accordance with the distribution of Centrelink Newstart and Youth Allowance (other) beneficiaries, benchmarked by ABS unemployment estimates by age, sex and marital status at the Greater Capital City Statistical Area (GCCSA) level.

Labour force estimates are produced by:

- taking the participation rate for each SA2 from the 2011 Census (in instances where an SA2 does not have a participation rate, the participation rate for the SA3 was used as a proxy);

- applying this to the latest available ABS estimated resident population (ERP) data for persons aged 15 and over for the SA2, to produce a labour force weighting for the SA2 within the SA4; and then
- allocating the total labour force for each ABS SA4 to the SA2s within that region according to the labour force weighting.

By using Census participation rates and the latest available ERP, the SA2 labour force estimates are able to adjust to changes in the distribution of population within an SA4 since the 2011 Census.

Unemployment rate estimates are produced by calculating the level of unemployment as a proportion of the labour force (consistent with ABS methodology).

As the reliability of estimates at the SA2 level are related to the size of the SA2, estimates are only published if they had a labour force of 100 or more as at the December quarter 2013. In addition, caution should still be exercised for SA2s or LGAs with a labour force of less than 1,000.

Due to both the methodology used and the significantly higher variability of the data disaggregated below the SA2 or LGA level, it is not possible to derive reliable unemployment and unemployment rate estimates for particular groups (ie; males, females, youth) within an SA2 or LGA.

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 2011 Census. Accordingly, employment estimates should not be derived from these statistics. For more information, please email: salm@employment.gov.au

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>

Unsmoothed Series

The smoothed estimates presented in Table 1 and 2 are the Department's official estimates of unemployment and the unemployment rate at the SA2 and LGA level. However, it is recognised that some advanced users may need access to the unsmoothed estimates which are used to produce the official figures. They are available on the internet at: <http://www.employment.gov.au/salm> under the explanatory notes section.