



Centre of Full Employment and Equity

Employment Vulnerability in Australian Suburbs

**Red alert suburbs:
An employment vulnerability index for
Australia's major urban regions**

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This is a joint research report by the School of Environment and the Population and Social Health Research Program, Griffith Health, Griffith University and the Centre of Full Employment and Equity (CofFEE), University of Newcastle.

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1. Introduction

Despite a perception that Australia survived the recent Global Financial Crisis (GFC) relatively unscathed, there is a view that the post GFC environment characterised by cuts in government spending and lower confidence in the economy are now beginning to impact in a number of areas including the performance of labour markets. There is a general consensus that unemployment rates will move in excess of 6 per cent (higher than at any time during the past 10 years) during 2014. This perception is also reflected in official budget forecasts provided by the Australian Treasury. The most recent labour force data for Australia (October 2013) indicates that employment growth remains flat and unemployment is rising.

If these and other predictions are correct then the impact on the employment structure of our economy, our society and the places where we live and work is likely to be significant. People in particular industry sectors; those with low skills and those employed in casual or part-time positions will likely see their employment opportunities diminish. Past experience has suggested that industry sectors including construction, manufacturing, mining, retail, accommodation, finance and real estate will be most at risk of suffering significant job losses during a slowdown. Moreover, these job losses will occur due to cutbacks in government fiscal programs and because of the inability of the private sector to create enough jobs for everyone who is willing to work.

The problems associated with employment adequacy and attachment to paid work have always been considered central to understanding questions of disadvantage, poverty and social exclusion. Being actively and meaningfully engaged in the labour market is an integral part of many people's lives. Employment is an effective barrier against abject poverty, so being excluded from employment brings with it significant financial concerns for individuals and their families. In terms of the growth of poverty and social exclusion, welfare agencies are quick to point to the problems imposed by unemployment and labour market disadvantage (see for example Samaritans, 2003; Azpitarte, 2012), with the wider implications also being discussed in the public policy arena. For example, the Federal Government's Social Inclusion Board identifies unemployment and long-term unemployment as one of the key drivers in understanding poverty and disadvantage in the Australian community and identifies creating sustainable employment outcomes as a contributing factor in breaking the cycle of multiple disadvantages.

But it is not just issues of poverty and social exclusion that are associated with unemployment. Joblessness impacts on the physical, psychological and social well-being of individuals, families and households and imposes significant costs to the nation. A substantial amount of research has focussed on the impacts of unemployment on an individual's self-dignity and physical and social well-being identifying the links between joblessness and a range of stress-related consequences including depression, anxiety, physical illness and even suicide (McKee-Ryan *et al.*, 2005; Wanberg, 2012; and Kiely and Butterworth, 2013). The inter-family or generational transfer of the unemployment costs has also received attention with several studies identifying the links between unemployment and family dysfunction and breakdown and the social learning impacts on younger generations in jobless households (Social Inclusion Board, 2011; Doiron and Mendolia, 2012). For the nation, having a large percentage of the workforce marginally attached represents a waste of resources, huge losses in national income and adds significant burden to the social welfare system.

There is also a spatial element to rising unemployment and job losses will be more concentrated in some areas than others. We know for example that some suburbs in our metropolitan and non-metropolitan cities and regions are already disadvantaged because of the concentrations of residents unable to find work (Baum *et al.*, 2005). Despite long periods of recorded prosperity within the Australian economy and society, it has equally been the case that the benefits from these periods have been spatially disparate.

With direct reference to labour market performance Mitchell, in a number of publications (Mitchell and Carlson, 2003; Mitchell and Bill, 2004), points to the disparities that occur in the performance of local labour markets and the ways that these impact on the spatial economy. The up-shot, according to Mitchell is that ‘these disparities are intrinsically linked to the persistence of unemployment rate differentials across the same spatial units and accompanying social disadvantage’ (Mitchell and Carlson, 2003: 1). The evidence for these outcomes is a range of analyses that has consistently shown that some localities and regions are employment ‘hot spots’ and others are employment ‘cold spots’ calling into question the spatial equity of recent periods of employment growth (Mitchell and Carlson, 2003; Mitchell and Bill, 2004).

Not surprisingly attention on these employment hot spots and cold spots often mirror the discussions of the spatial distribution of social exclusion, disadvantage and social malaise. Many researchers have pointed to the uneven nature of socio-economic conditions across various types of spatial disaggregation. The research by Baum (2008 a, b) and Baum *et al.* (2005) reveals the way that Australia’s metropolitan regions and non-metropolitan cities and towns are characterised by the scars of socio-economic disadvantage, with many localities falling further behind the mainstream as multiple disadvantages act as barriers to full inclusion in society. Similarly, Randolph and Freestone (2012) recently discuss, with reference to Sydney, a range of post-war ‘struggle streets’ which stand in stark contrast to the more privileged communities in the gentrifying inner suburbs, the northern ‘north shore’ and beachside suburbs with an historically enduring affluence.

The challenge in the near future relates to how the expected job losses associated with the current economic shifts will be spatially distributed and how these shifts will lead to a patchwork of communities differentiated by levels and degrees of social exclusion. In terms of unemployment we will see losses across the board; it is just that some places are more exposed given the characteristics of their employed population. We are likely to see that existing disadvantaged places become more disadvantaged as employment options shift and we are likely to see a new breed of disadvantaged places following in their wake as once stable labour markets begin to decline.

This research report is a response to these concerns. Using data on the employment characteristics of Australia’s metropolitan and non-metropolitan suburbs we provide a national level ranking according to the risk of job losses based on an **Employment Vulnerability Index (EVI)**. In what follows we first provide a context for the predicted job losses, before briefly explaining the methodological approach to building the Employment Vulnerability Index. We then discuss the patterns of potential job loss suburbs, prior to providing some concluding comments.

2. The performance of Australia's labour market during the GFC

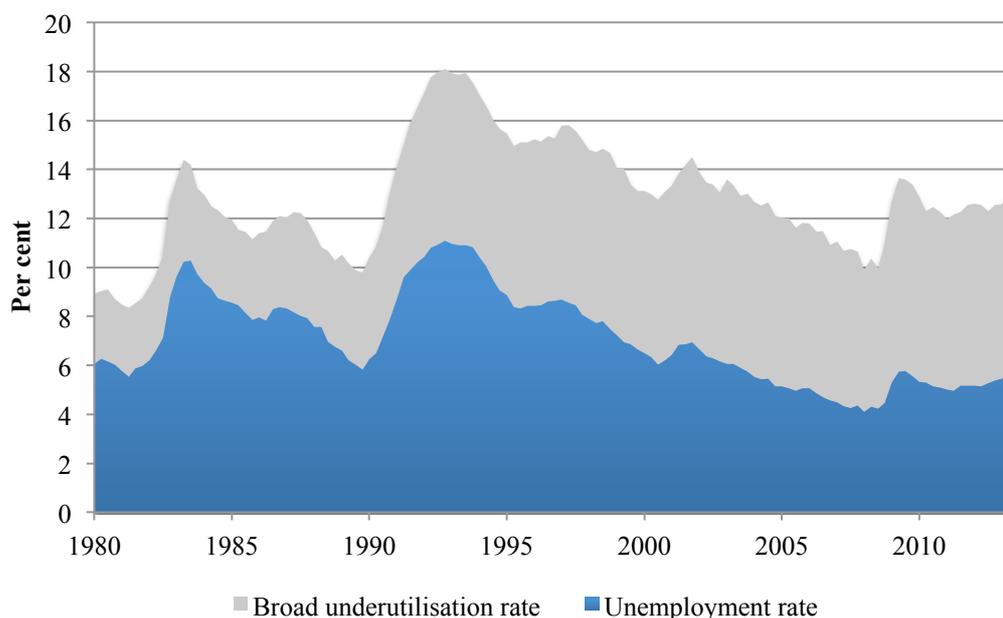
The onset of the economic slowdown associated with the global financial crisis was seen, at the time, as having the potential to cause widespread disruption to Australian labour markets. In response to these concerns we developed the first version (V1.0) of our Employment Vulnerability Index (Baum and Mitchell, 2009) as a way of identifying the potential spatial distribution of job losses. Our predictions were based on a no-policy change environment. As it happened, a range of factors interacted to attenuate the consequences of the crisis for the Australian labour market. First, the Labour government's fiscal stimulus packages were introduced in a timely manner and while the magnitude was less than desired, the addition to aggregate demand was substantial. Second, the continued strength of some of our major trading countries drove demand for natural resources. Taken together, the potential labour market pain was lessened.

Prior to the onset of the GFC, a cursory analysis of labour force figures would suggest a period of relative strength in the labour market characterised by some growth and stability in overall labour force participation rates, thanks largely to increases in female labour force participation, falling unemployment rates and mean weeks of unemployment. Overall the level of labour force participation grew from 63.1 per cent in 1999 (roughly 9,379,000 people) to 65 per cent in 2007 (an addition of roughly 1.5 million people) with male labour force participation dropping slightly (72.7 per cent to 72.4 per cent) and female labour force participation increasing from 53.8 per cent to 57.9 per cent. Also during this period, aggregate levels of official unemployment fell from 7.4 per cent to 4.5 per cent (493,800 people) with male unemployment falling to 4.3 per cent (down from 7.6 per cent in 1999) and female unemployment sitting at 4.8 per cent (falling from 7.0 per cent).

Caution is needed, however. The economy still endured long (although declining) median periods of unemployment (close to three months). The part-time employment ratio (per cent of total) continued to increase, especially among males (12.6 per cent to 15.2 per cent). Figure 1 shows that after rising sharply during the 1991 recession, underemployment persisted at relatively high levels (the visible grey area). At the peak of the last cycle (February 2008) when the unemployment rate was at its lowest rate for many years, the total labour underutilisation rate (sum of unemployment and underemployment) was still hovering close to 10 per cent.

While the type of labour market carnage witnessed in other large industrialised economies was not a feature of the Australian situation in the aftermath of the GFC, local markets did witness a number of negative impacts. During the period up to 2012 part-time employment continued to increase as a share of total jobs, signalling general weakness in the labour market and the level of joblessness and underemployment began, once again to creep up. Having fallen up to 2007, the aggregate level of unemployment reached 5.7 per cent in the September-quarter 2013. Reflecting the decline in the full-time employment opportunities and hours-rationing from employers in the face of weakening activity, underemployment rose to 7.9 per cent in the September-quarter 2013 and the total level of labour under-utilisation also was at 13.7 per cent. In addition, the participation rate had dropped from its November 2010 peak of 66 per cent to 64.8 per cent (October 2013), indicating a rise in hidden unemployment of 228 thousand odd workers. If we included this rise in hidden unemployment, the unemployment rate would be 7.5 per cent in October 2013 rather than 5.7 per cent. Taken together there are close to 2 million Australian workers without enough work or any work in October 2013 (more than 15.5 per cent of the working age population).

Figure 1 Official unemployment and underemployment, Australia, February 1980 to September 2013, per cent



Source: Australian Bureau of Statistics, *Labour Force*.

From this base the predictions for the future are for a generally worsening picture, especially in terms of the level of joblessness and the broader forms of underutilisation. Australian Treasury estimates put the unemployment rate at around 6.25 per cent sometime in 2014, resulting in a possible 800,000 people being out of work. We believe that the Treasury estimate is overly optimistic.

The issue we deal with in this Report concerns the potential distribution of these job losses among the country's suburban communities.

3. The CoffEE Employment Vulnerability Index

The Employment Vulnerability Index (EVI) is an indicator that identifies those suburbs that have higher proportions of the types of jobs thought to be at risk in the current economic climate. Appendix A presents a full description of how the EVI was computed. Table 1 describes the EVI classifications for the ranked suburbs according to their index outcome.

It should be noted that the underlying modelling used to compute the EVI takes into account individual characteristics at an aggregate level. As a result, any one person in a Red alert suburb may have little risk of job loss, while any one person in a Low risk suburb might, in fact, be very vulnerable to job loss. But in aggregate, we expect the job losses to fall predominately in the Red and Amber alert suburbs.

For the Employment Vulnerability Index (EVI V2.0) that we present in this paper we utilise Australian Bureau of Statistics (ABS) Statistical Area 2 (SA2) as our unit of analysis. Statistical Area 2 is a level of aggregation used by the Australian Bureau of Statistics for census data output.

The purpose of SA2s is to represent a community that interacts together socially and economically and is considered to largely represent residential suburbs (Australian Bureau of Statistics, 2010).

Table 1 EVI Classification

EVI Classification	Map Colour Code
Red alert localities – those with high potential job loss;	
Amber alert localities — those with medium-high potential job loss;	
Medium-low potential job loss localities; and	
Low potential job loss localities.	

To make the analysis tractable, we computed the EVI for 1561 SA2s across the 101 ABS Significant Urban Areas. Essentially, this means computing the index for suburbs located across the eight state and territory capital cities and 93 non-metropolitan centres.

The resulting rankings cover 85 per cent of the total Australian population. Table 2 also provides an indication of the distribution of the entire EVI categories across the States and Territories.

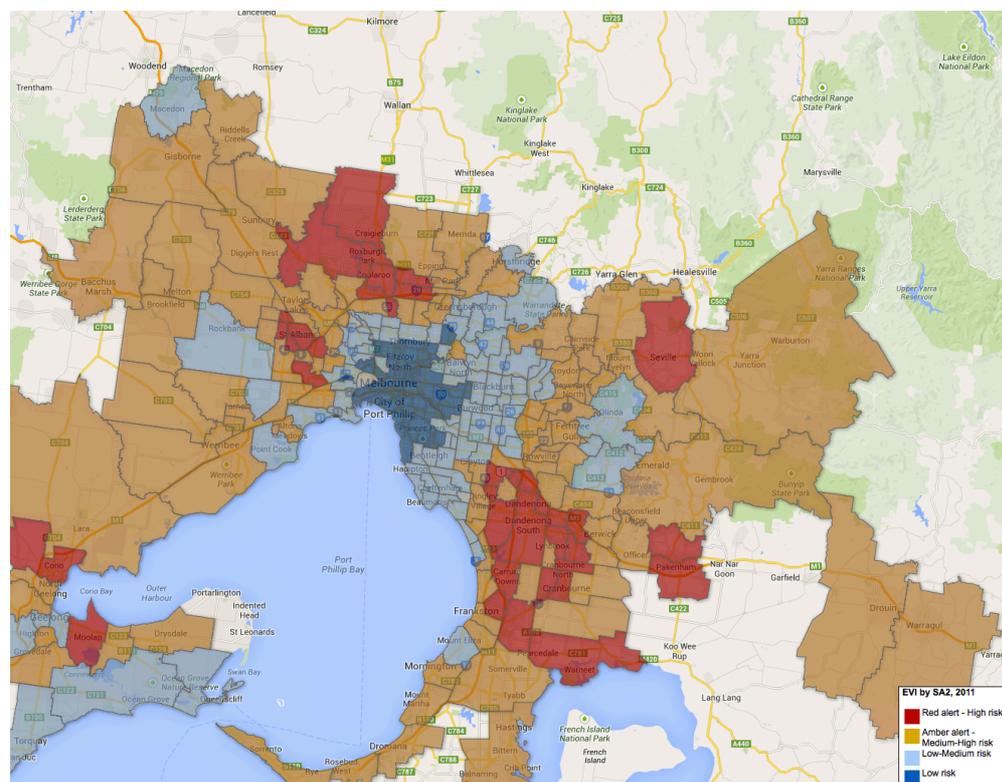
Table 2 Distribution of localities by EVI category and State/Territory, per cent of total

	Low Risk	Medium Low Risk	Medium High Risk	High Risk – Red Alert
NSW	15.7	30.3	40.7	13.3
VIC	15.7	28.0	41.2	15.1
QLD	11.1	23.9	52.9	12.1
SA	7.7	27.9	44.2	20.2
WA	5.4	25.7	46.1	22.8
TAS	9.4	20.3	43.8	26.6
NT	35.0	55.0	10.0	-
ACT	81.1	17.9	-	1.1
AUST	17.1	27.0	41.6	14.3

This report outlines conceptual issues associated with EVI V2.0 including the analysis of job loss potential and different types of disadvantage that we identify.

A complete list of the rankings and different perspectives is available from the EVI Home Page at <http://e1.newcastle.edu.au/coffee/evi/>

The EVI V2.0 is accompanied by a fully searchable and scalable mapping tool and suburb profiles - <http://e1.newcastle.edu.au/coffee/maps/evi/EVI2011.html>.



In order to further the analysis we divide the suburbs designated as Red alert suburbs into two groups on the basis of their existing level of disadvantage. The two types of red alert suburbs were devised with reference to the Australian Bureau of Statistics SEIFA Index of Relative Socio-Economic Disadvantage.

The first group of red alert suburbs (the existing disadvantage group) were identified as having an EVI greater than one standard deviation from the mean and a SEIFA index score greater than one standard deviation below the mean.

The second group was identified as sitting outside the first group (that is, having an EVI greater than one standard deviation above the mean but a higher SEIFA score indicating lower disadvantage).

4. Job loss potential in Australia's urban regions

4.1 Introduction

The analysis of data for the 1561 SA2s located across the 101 urban areas we deal with resulted in just over 14 per cent (223) being identified as red alert localities for potential job loss with a further 41.6 per cent being identified as amber alert (medium to high job loss potential) localities.

To differentiate the red alert localities further we consider the general level of socio-economic disadvantage for each locality and identify two broad types of localities:

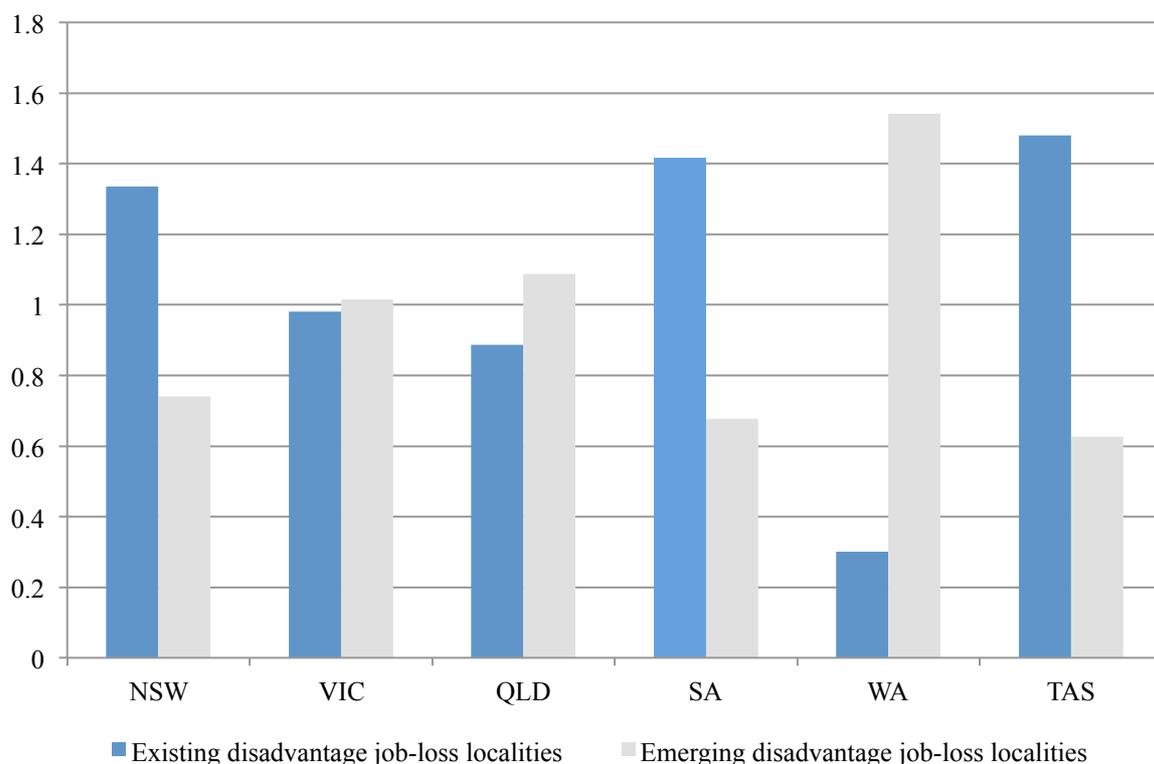
- Those that are amongst Australia's most disadvantaged places to live. We term these the **existing disadvantage job loss localities**.
- Suburbs that have not been previously considered to be highly disadvantaged, but which may become so as a result of declining labour market conditions. We term these the **emerging disadvantage job loss localities**.

We also provide an additional visualisation of the concentration of red alert localities across the states and territories using a regional concentration ratio (see Figure 2). The Regional Concentration Ratio (RCR) was developed to illustrate the relative distribution of localities in the high job-loss group across each state. The regional concentration ratio is a version of a location quotient. It determines the extent to which any metropolitan region has an over concentration of localities in the high job-loss group. The RCR is calculated by considering the percentage distribution of high-risk localities in each state divided by the percentage distribution of high-risk localities across all states. An RCR greater than 1 indicates that the number of high-risk localities in a particular state is overrepresented. An RCR less than 1 indicates the opposite outcome.

4.2 Existing disadvantage job loss localities

Just under half (43.7 per cent) of the localities included in the red alert category were classified as being existing disadvantage job loss localities. Geographically, the existing disadvantage red alert localities are found in all six of the nation's state capital cities and are present in a number of non-metropolitan centres across all states except Western Australia. In relative terms these localities are over represented in New South Wales, South Australia and Tasmania with all three states having a higher proportion of red alert localities than the national average (see Figure 2). The ACT's only red alert locality, Acton, was not assigned a SEIFA, so cannot be further classified as an existing or emerging disadvantage job loss locality.

Figure 2 Regional Concentration Ratio, existing disadvantage job loss localities and emerging disadvantage job loss localities by state



Across the distribution many of the suburbs and localities included in the category of existing disadvantage job loss localities are among a list of places that have been at the forefront of decades of social and economic restructuring. Variouslly they have been categorised as being among Australia’s most disadvantaged places to live and home to the real battlers of Australian society (see Baum, 2008; Baum *et al.*, 2005 for examples). They are among the nation’s localities which the Federal Government’s Social Inclusion Board (2011: 27) discuss when they talk about the impact of location on issues of exclusion and multiple disadvantage:

Different kinds of disadvantage tend to coincide in particular locations and persist over time. Entrenched disadvantage is often made up of a range of problems that can be very difficult to tackle. Vulnerable people in disadvantaged communities may not finish school, find it difficult to find and keep a job and sometimes rely on income support for long periods. In some households, long term unemployment becomes intergenerational.

Metropolitan regions

Within the metropolitan regions many of the localities included in this group are part of the ‘old economy extremely disadvantaged localities’ discussed by Baum et al. (2005) in their analysis of socioeconomic disadvantage and are representative of Randolph and Freestone’s (2012) ‘third city’ suburbs sandwiched between inner city high value suburbs and recent fringe development suburbs. In all cities high potential job loss localities sit in close proximity to those that will likely face much lower employment vulnerability risks. For

example a suburb like Auburn to the South-West of the Sydney CBD (a high vulnerability suburb) sits adjacent to suburbs like Homebush Bay and Silverwater which have low vulnerability.

The proximity of localities of varying risk are evident in all metropolitan regions, with most red alert localities being located in the middle or outer residential zones of each region. Many of these metropolitan localities already have precarious labour market conditions with significant above average levels of unemployment, youth unemployment and high proportions of jobless families.

The socio-economic profiles of each locality are testament to their disadvantaged position (see <http://e1.newcastle.edu.au/coffee/evi/>). Table 3 shows the places included in this category of red alert localities, and include places such as Cabramatta and Fairfield in Sydney's west, Broadmeadows and Dandenong in outer Melbourne, Inala - Richlands and Beenleigh in Brisbane, Elizabeth and Christie Downs in Adelaide, Armadale - Wungong - Brookdale and Calista in Perth and Rokeby and New Norfolk in Hobart.

Non-metropolitan centres

Within the non-metropolitan centres, the places included in the existing disadvantage job loss suburbs group reflect the regional impacts of social and economic change that has been a feature of regional Australia over the past few decades (Baum *et al.*, 2005; Beer *et al.* 2003, Beer and Keane, 2000). Economic change has meant that many places have been:

... confronted by challenges to their major industries: in addition to the vagaries of the weather, agriculture has suffered from restructuring over the last two decades, heavy manufacturing ... is in decline, and resource based industries often do not offer long-term employment (Beer and Keane, 2000: 72).

Table 3 Existing Disadvantage Job Loss Localities, Metropolitan areas

Sydney	Brisbane
Ashcroft - Busby - Miller	Beenleigh
Auburn	Caboolture - South
Bidwill - Hebersham - Emerton	Deception Bay
Bonnyrigg Heights - Bonnyrigg	Eagleby
Cabramatta - Lansvale	Goodna
Cabramatta West - Mount Pritchard	Inala - Richlands
Canley Vale - Canley Heights	Kingston
Chester Hill - Sefton	Leichhardt - One Mile
Fairfield	Logan Central
Fairfield - East	Marsden
Fairfield - West	Riverview
Greenacre - Mount Lewis	Slacks Creek
Guildford - South Granville	Woodridge
Lethbridge Park - Tregear	
Mount Druitt - Whalan	Adelaide
Punchbowl	Christie Downs
Smithfield - Wetherill Park	Davoren Park
St Johns Park - Wakeley	Elizabeth
Yagoona - Birrong	Elizabeth East
	Hackham West - Huntfield Heights
Melbourne	Parafield Gardens
Broadmeadows	Salisbury
Campbellfield - Coolaroo	Salisbury North
Dandenong	Smithfield - Elizabeth North
Doveton	The Parks
Fawkner	
Frankston North	Perth
Kings Park (Vic.)	Armadale - Wungong - Brookdale
Lalor	Balga - Mirrabooka
Meadow Heights	Calista
Springvale	Girrawheen
Springvale South	Mandurah
St Albans - North	
St Albans - South	Hobart
Sunshine North	Bridgewater - Gagebrook
Sunshine West	New Norfolk
Thomastown	Rokeby

Like their metropolitan counterparts, many of these places are already suffering high levels of unemployment and other markers of disadvantage and social exclusion (see <http://e1.newcastle.edu.au/coffee/evi>). Population decline often exacerbates the impacts for many of these communities with the noted association between population decline and service withdrawal (Sorenson 1992) further entrenching difficulties.

Table 4 shows the places included in this group of non-metropolitan localities and includes Cessnock (Cessnock) and Raymond-Terrace (Newcastle - Maitland) in New South Wales, California Gully - Eaglehawk (Bendigo) and Mooroopna (Shepparton - Mooroopna) in Victoria, Granville (Maryborough) and Walkervale - Avenell Heights (Bundaberg) in Queensland, Murray Bridge and Port Pirie in South Australia and Acton - Upper Burnie (Burnie-Wynyard) and East Devonport (Devonport) in Tasmania.

Table 4 Existing Disadvantage Job Loss Localities, Non-Metropolitan regions

State/Locality	Region
NSW	
Beresfield - Hexham	(Newcastle - Maitland)
Berkeley - Warrawong - Windang	(Wollongong)
Cessnock	(Cessnock)
Kurri Kurri - Abermain	(Kurri Kurri - Weston)
Mount Hutton - Windale	(Newcastle - Maitland)
Raymond Terrace	(Newcastle - Maitland)
Tamworth - West	(Tamworth)
Warilla	(Wollongong)
Wingham	(Taree)
Victoria	
California Gully - Eaglehawk	(Bendigo)
Corio - Norlane	(Geelong)
Mooroopna	(Shepparton - Mooroopna)
Morwell	(Traralgon - Morwell)
Wendouree - Miners Rest	(Ballarat)
Queensland	
Berserker	(Rockhampton)
Granville	(Maryborough)
Gympie - North	(Gympie)
Rockhampton City	(Rockhampton)
Svensson Heights - Norville	(Bundaberg)
Walkervale - Avenell Heights	(Bundaberg)
South Australia	
Murray Bridge	(Murray Bridge)
Port Pirie	(Port Pirie)
Whyalla	(Whyalla)
Tasmania	
Acton - Upper Burnie	(Burnie - Wynyard)
East Devonport	(Devonport)
Invermay	(Launceston)
Mowbray	(Launceston)
Newnham - Mayfield	(Launceston)
Ravenswood	(Launceston)
Waverley - St Leonards	(Launceston)
West Ulverstone	(Ulversone)

4.3 Emerging disadvantage job loss localities

While the places that constitute the first group of red alert suburbs and localities are a concern due to the potential for disadvantage to become further entrenched and hard to shift, the second group of employment vulnerable localities represent a different issue. These are a group of suburbs and localities across both metropolitan and non-metropolitan Australia which although they are not considered to be at the extremes of disadvantage as measured by the ABS SEIFA index, have been identified as highly vulnerable to job loss by the employment vulnerability index. Of the 223 localities identified as belonging to the red alert group, emerging disadvantage places account for just over half (56.3 per cent). They are over represented in Victoria, Queensland and Western Australia.

Metropolitan regions

All of the state capital cities contain localities within this group. Some of these job-loss localities represent the new suburban disadvantaged that have been discussed by Randolph (2004). Others have been described as aspirant working class battler suburbs (Gwyther, 2002; Baum *et al.*, 2005; and Baum, 2008a, b). Still other places are localities where families have chosen to live in an attempt to get a foothold in the housing market. Living in these mortgage belt suburbs has been induced by record low interest rates and increasing housing affordability. However, the downside could well be that in the event of unemployment and the associated disadvantage that will follow, levels of housing financial stress will increase and housing mortgage defaults may rise. The emerging disadvantage job loss localities are shown in Table 5 and include Bossley Park - Abbotsbury and Condell Park in Sydney, Cranbourne and Hallam in Melbourne, Morayfield - East and Regents Park - Heritage Park in Brisbane, Aldinga and Munno Para West - Angle Vale in Adelaide, Byford and Pinjarra in Perth and Brighton - Pontville in Hobart.

Table 5 Emerging Disadvantage Job Loss Localities, Metropolitan regions

Sydney	Adelaide
Bossley Park - Abbotsbury	Aldinga
Condell Park	Craigmore - Blakeview
Edensor Park	Hackham - Onkaparinga Hills
Green Valley - Cecil Hills	Morphett Vale - West
Greenfield Park - Prairiewood	Munno Para West - Angle Vale
	Paralowie
	Salisbury East
Melbourne	Perth
Cairnlea	Alexander Heights - Koondoola
Carrum Downs	Ballajura
Craigieburn - Mickleham	Beechboro
Cranbourne	Butler - Merriwa - Ridgewood
Cranbourne North	Byford
Cranbourne West	Camillo - Champion Lakes
Dandenong North	Cooloongup
Delahey	Dawesville - Bouvard
Greenvale - Bulla	Falcon - Wannanup
Hallam	Greenfields
Hampton Park - Lynbrook	Halls Head - Erskine
Keysborough	Mandurah - East
Langwarrin	Mandurah - North
Narre Warren	Mandurah - South
Narre Warren South	Marangaroo
Noble Park North	Parmelia - Orelia
Pakenham - North	Pinjarra
Pakenham - South	Port Kennedy
Pearcedale - Tooradin	Seville Grove
Roxburgh Park - Somerton	Singleton - Golden Bay - Secret Harbour
Wandin - Seville	Stratton - Jane Brook
Brisbane	Waikiki
Beachmere - Sandstone Point	Warnbro
Boronia Heights - Park Ridge	
Chambers Flat - Logan Reserve	Hobart
Crestmead	Brighton - Pontville
Morayfield - East	Claremont (Tas.)
Mount Warren Park	
Redbank Plains	
Regents Park - Heritage Park	
Waterford West	

Non-metropolitan centres

All of the states contain non-metropolitan centres with emerging disadvantage job loss localities. The suburbs and localities in this category are mixed and include localities in large non-metropolitan service centres, agricultural centres which have been impacted by restructuring in the agricultural industry (Gray and Lawrence 2001) and those associated with the recent resources boom. Many were categorised as having high proportions of vulnerable occupations in the work by Baum et al. (2005), despite not recording other indicators of disadvantage. The non-metropolitan suburbs and localities included in the merging disadvantage job loss localities group are shown in Table 6 and include Edgeworth - Cameron Park (Newcastle - Maitland, NSW), Griffith (Griffith, NSW), Moama (Echuca - Moama, Vic), Delacombe (Ballarat, Vic) Andergrove - Beaconsfield (Mackay, Qld), Mount Gambier (SA), Australind - Leschenault (Bunbury, WA) and Romaine - Havenview (Burnie - Wynyard, Tas).

Table 6 Emerging Disadvantage Job Loss Localities, Non-Metropolitan regions

State/Suburb	Region
NSW	
Albion Park Rail	(Wollongong)
Batemans Bay	(Batemans Bay)
Belmont South - Blacksmiths	(Newcastle - Maitland)
Blue Haven - San Remo	(Central Coast)
Budgewoi - Buff Point - Halekulani	(Central Coast)
Edgeworth - Cameron Park	(Newcastle - Maitland)
Gorokan - Kanwal - Charmhaven	(Central Coast)
Griffith (NSW)	(Griffith)
Lake Munmorah - Mannering Park	(Central Coast)
Lavington	(Albury - Wodonga)
Maitland - West	(Newcastle - Maitland)
Muswellbrook	(Muswellbrook)
Singleton	(Singleton)
Ulladulla	(Ulladulla)
West Wallsend - Barnsley - Killingworth	(Newcastle - Maitland)
Victoria	
Bairnsdale	(Bairnsdale)
Colac	(Colac)
Delacombe	(Ballarat)
Echuca	(Echuca - Moama)
Moama	(Echuca - Moama)
Newcomb - Moolap	(Geelong)
Shepparton - South	(Shepparton - Mooropna)
Queensland	
Andergrove - Beaconsfield	(Mackay)
Ashfield - Kepnock	(Bundaberg)
Boyne Island - Tannum Sands	(Gladstone - Tannum Sands)
Clinton - New Auckland	(Gladstone - Tannum Sands)
Condon - Rasmussen	(Townsville)
Edmonton	(Cairns)
Emerald	(Emerald)
Gympie - South	(Gympie)
Jacobs Well - Alberton	(Gold Coast - Tweed Heads)
Kelso	(Townsville)
Kin Kora - Sun Valley	(Gladstone - Tannum Sands)
Lakes Creek	(Rockhampton)
Mount Isa	(Mount Isa)
Nerang - Mount Nathan	(Gold Coast - Tweed Heads)
Sippy Downs	(Sunshine Coast)
Slade Point	(Mackay)
Telina - Toolooa	(Gladstone - Tannum Sands)
Tweed Heads - South	(Gold Coast - Tweed Heads)

Table 6 (cont.) Emerging Disadvantage Job Loss Localities, Non-Metropolitan

State/Suburb	Region
Queensland (continued)	
Upper Coomera - Willow Vale	(Gold Coast - Tweed Heads)
Warwick	(Warwick)
Wilsonton	(Toowoomba)
South Australia	
Mount Gambier	(Mount Gambier)
Western Australia	
Australind - Leschenault	(Bunbury)
Boulder	(Kalgoorlie - Boulder)
Busselton	(Busselton)
College Grove - Carey Park	(Bunbury)
Eaton - Pelican Point	(Bunbury)
Ellenbrook	(Ellenbrook)
Geraldton - East	(Geraldton)
Kalgoorlie	(Kalgoorlie - Boulder)
Koombana	(Bunbury)
McKail - Willyung	(Albany)
Tasmania	
Latrobe	(Devonport)
Quoiba - Spreyton	(Devonport)
Romaine - Havenview	(Burnie - Wynyard)
Somerset	(Burnie - Wynyard)

5. Discussion and analysis

5.1 The problem

We have already discussed the reasons why we need to be concerned about the uneven spatial outcomes that have been identified in terms of potential job losses across our capital cities and non-metropolitan urban regions. It is now appropriate to consider something about policy outcomes. How should we begin to think about the outcomes we have identified and what input can we make in terms of policy questions and approaches?

Broadly we have seen that the potential patterns of job losses will cut a broad path across our large capital cities and also impact significantly across many of our non-metropolitan urban regions. This potential new pattern of spatially concentrated disadvantage will likely redefine our understanding of suburban and regional disadvantage. Randolph (2004) has discussed the way previous demographic and social transitions have impacted to reshape the social landscape of our cities and the work of Baum *et al.* (2005) and others have illustrated the way the broad forces of social, economic and policy change have impacted across the country's non-metropolitan regions. Whether the outcome of the current period of economic change will result in a substantial shift again in the social structure of our cities and regional centres will remain to be seen. Change is often slow and is ultimately influenced by a range of factors. However, even if change is only temporary, the impacts are likely to be hard felt.

Regardless of the eventual long-term changes in the social structure of our metropolitan and non-metropolitan centres, more immediate concerns require consideration. To this end there are two main issues arising from the analysis presented here:

1. The continued exclusion of existing localities of disadvantage through increasing job losses; and
2. The emergence of new localities of potential job loss and disadvantage.

The continued exclusion of some suburbs and communities through increasing job losses will be of significant concern. Places in our capital cities such as Cabramatta in Sydney, Broadmeadows in Melbourne and Elizabeth in Adelaide and our non-metropolitan centres (for example Raymond Terrace in Newcastle or the towns of Port Pirie and Whyalla in South Australia's north) will, if confronted by increasing job losses as a result of the current economic environment, be further pushed from the mainstream as disadvantage becomes more difficult to escape. There is a raft of academic and policy literature that points to the continued disadvantage of particular suburbs and localities. While these 'usual suspects' are often the target of well meaning policy initiatives, their position time and time again as the nations most deprived localities are testament to a string of failed policies. For unemployed people living in these places, economic growth and progress at the national level may mean little if concentrated disadvantage means that their local communities get left further behind.

For many of the already disadvantaged red alert suburbs in our nation's metropolitan cities, geographic proximity to both affluent inner city and aspiring outer suburban localities means concentrated disadvantage has the potential to breed a host of social problems as residents witness firsthand feelings of being left behind. The riots and anti-social behaviour that

occurred in Sydney's Macquarie Fields in 2005 are a stark and extreme reminder of the issues that may beset neighbourhoods suffering extreme concentrations of disadvantage.

However, while these extreme disturbances place these kinds of places in the public eye, it is the range of everyday impacts that may well be more disturbing. Increasing spatially concentrated disadvantage is associated with poorer health, lower residential satisfaction, higher crime rates and lower levels of well-being generally. Moreover, segmentation, discrimination, poorer local job networks and poorer job opportunities mean that while increases in the level of local employment may be a way forward for many of the nation's most disadvantaged metropolitan suburbs, the reality is that for many the opportunity to re-enter the work force will be harder and harder.

The situation for the already disadvantaged red alert suburbs in the non-metropolitan centres is likely to be very similar to those of the suburbs located in the metropolitan regions. For suburbs and localities in large regional centres adjacent to more affluent localities, may further reinforce the demise of local disadvantaged communities and the impacts of local characteristics on the likelihood of reemployment are magnified due to the limitations of many regional labour markets.

For disadvantaged red alert suburbs in smaller non-metropolitan regions where the spectre of job loss is more widespread across entire towns/regions, any rise in employment disadvantage is likely to see more significant impacts. For many of these places the concerns of academic and other commentators regarding the death of regional communities struggling with declining employment, populations, services, but with increasing disadvantage maybe a real concern (see McManus *et al.*, 2012; Dibden, 2001).

While the continued exclusion of our most disadvantage suburbs and localities is of concern, another important issue relates to the potential increasing unemployment to deliver a range of new disadvantaged suburbs and families to our metropolitan and non-metropolitan regions. As presented here there are a number of places, such as Cranbourne in Melbourne, Aldinga in Adelaide, Singleton in regional NSW or South Mackay in regional Queensland that score highly on the employment vulnerability index and in the past have been characterised not by extreme disadvantage, but in some cases by moderate success as indicated by their SEIFA disadvantage score.

For the individuals and families in these potential new suburbs and localities of disadvantage the long term outcomes will depend on the extent to which joblessness becomes a long term issue and results in ongoing disadvantage. Some individuals, families and communities will transition as the economy moves forward, others may not be so lucky. Depending on these outcomes the challenges may include the household and community burden associated with increasing localised financial hardship associated with declining ability to pay bills (which of course see reduced multipliers across the wider economy) or increases in the range of social problems we have seen in places that have been disadvantaged over a longer term. How deep and long these potential impacts are will be a matter of wait and see, however it is prudent for policy to begin planning just in case.

5.2 Moving ahead

Given the persistently high labour underutilisation we have identified in Section 2 (see Figure 1) and the predictions of economists that the situation will worsen in the coming year, there is an urgent need to consider a new suite of policies with which to tackle unemployment (not to mention the increases in other forms of labour market disadvantage). The spatial patterns of potential job losses outlined in this research paper raise a couple of points, which need to drive policy:

1. There is clearly not going to be enough jobs for everyone who wants to work.
2. When jobs do become available, the spatial patterns of labour markets and the concentration of joblessness in certain areas will act to ration possibilities.

The first statement raises the important issue that labour markets in their current form do not adequately supply enough jobs for all those who want to work. This has been the case for a significant period. Even during the so-called boom-times the demand for labour has fallen far short of what is being supplied. This is a matter of fact! Any policy needs to recognise this and move to begin reconciling the uneven jobs equation.

The second point refers to understanding the drivers of joblessness and other forms of labour market underutilisation. Eventually the economy will witness more significant and robust jobs growth. However, once employment growth returns, the operation of spatial labour markets and the concentration of joblessness in certain localities will mean that some of the patterns we have noted in this Report will continue to exist. The very fact that there have existed distinct spatial patterns of unemployment across our cities and regions for a significant period of time means that the operation of the spatially defined local labour market that one lives in is important in determining employment outcomes.

While the neo-liberals would question this saying that there are plenty of jobs for those who want to work, other research we have conducted (see Baum *et al.*, 2008a,b; Mitchell and Muysken, 2008) shows emphatically that on top of a range of other factors (for example, your education level, your family background), if you live in a local labour market that isn't performing well, then you are at higher risk of unemployment or underemployment than others.

Taking this further, the problems for those living in high unemployment suburbs or labour markets are likely to be further exacerbated because of what sociologists and others refer to as concentration effects. For the unemployed, concentration effects are likely to occur in terms of a lack of employed role models or a lack of information about jobs through social networks. So there is a double whammy; people in poorly performing spatially based labour markets are likely to be disadvantaged because of inefficiencies in the operation of the market, but are also disadvantaged because they may lack information about job possibilities.

What should be done about this?

The newly elected, Australian federal government has so far not made any statements regarding labour market or macroeconomic policy, although prior to their election they expressed views supportive of even harsher fiscal austerity than the previous regime had introduced.

The two issues that this Report highlights are the lack of jobs overall and the spatial disparity in job availability. The first issue requires a more expansionary fiscal outlook, which necessarily means that the budget deficit should rise.

When last in office, the conservative political parties in Australia adopted a supply-side approach to the labour market, with a combination of carrots and sticks being used to increase what we call full employability. It failed to significantly reduce the degree of labour wastage in Australia despite a long period of growth post the 1991 recession.

Full employability refers to the labour market activist approach that focuses on the characteristics of the workers rather than the demand-side of the labour market (that is, how many jobs there are). It is distinguished from a full employment approach that sees the government take primary responsibility for ensuring there is sufficient work available to match the desires of the workforce and then structures training opportunities within this jobs rich environment.

While providing funding to expand private employment services has been the emphasis of the last several federal regimes, this approach simply puts the cause of joblessness back into the hands of the individual job seeker (the neo-liberal approach of making people job ready). It clearly doesn't address the fact that the unemployed can't get jobs that don't exist.

Clearly the government needs to target the lack of jobs problem and consider policies, which will ensure the distribution of job opportunities is consistent with the spatial patterns of job loss.

A major report - *Creating effective local labour markets: a new framework for regional employment* - released in November 2008 by the Centre of Full Employment and Equity (CofFEE) in partnership with Jobs Australia (Cook et. al., 2008), outlined a multi-dimensional policy strategy designed to address the challenge of insufficient employment opportunities and the exposure the high risk suburbs have to further job loss. We consider that the approach outlined in that report continues to be relevant and we urge the Federal government to introduce the key elements of it.

First, we urge the Federal government to introduce a Job Guarantee (see Mitchell and Muysken, 2008), which would involve the unconditional offer of employment at the current national minimum wage to any worker who could not find work elsewhere. This would not only provide a jobs safety net to exposed regions, but would also revitalise private sector employment growth.

The Job Guarantee would restore the role of the public sector as a significant employer, and do so in a way that also controls inflation. The Job Guarantee is based on a buffer stock principle whereby the public sector offers a fixed wage job for up to 35 hours per week to anyone willing and able to work, thereby establishing and maintaining a buffer stock of employed workers which expands (declines) when private sector activity declines (expands), much like today's unemployed buffer stocks.

The Job Guarantee provides a platform for developing the national skills base, by comparing the observed skills and competencies of the Job Guarantee workforce with the emerging skills requirements of each regional labour market. This would inform the provision of

accredited training (both in-house and via external providers such as TAFE), the indenturing of apprentices, and the design of Job Guarantee activities so that they include experiential development of skills expected to be in local demand, thereby restoring the role of the public sector as a net trainer of skilled workers and minimising the likelihood of inflationary bottlenecks in labour supply.

The flexibility of the Job Guarantee would extend to designing jobs to accommodate individuals with special physical, intellectual and behavioural needs. It could also be adapted to address the needs of rural and remote communities, and to reflect cultural norms within indigenous and other non-Anglo Australian communities.

The Job Guarantee is intended as a platform to: provide economic security and social integration for those whose labour is currently being under-utilised; reduce social dislocation arising from unemployment and poverty; and contribute to the quality of life of all by its contributions to a better environment, public amenity and improved services.

As a minimum wage employer that accommodates the poaching of its skilled workers by other employers, and even facilitates this practice when extra workers are needed in the private sector, the Job Guarantee is a superior price stabiliser than the present method that entails keeping over a million people precariously unemployed and under-employed, and in a condition of skill-atrophying idleness, social exclusion and poverty.

What would the required investment be in the Job Guarantee? A fully costed model of the Job Guarantee is available – see <http://bilbo.economicoutlook.net/blog/?p=23728>.

To bring down the unemployment from its present 5.7 per cent to 4 per cent (the low-point unemployment rate in February 2008), would require a federal investment of \$A12.8 billion (net) over a full year. The investment would quickly fall in subsequent years as the private labour market improved. The steady-state Job Guarantee pool would be relatively small.

Where would the jobs be? In the research that underpinned the report - Creating effective local labour markets: a new framework for regional employment - a national survey of local governments in Australia identified hundreds of thousands of jobs that would be suitable for low-skill workers in areas such as community development and environmental care services. There is enormous unmet need for public works across regional Australia.

Second, we urge the Federal government to introduce a National Skills Development (NSD) framework to address shortages in relevant skills, which in some regions are presenting bottlenecks to growth. This would support the global competitiveness of Australian industry. It is clear that the current supply-side policy initiatives under the guise of Job Services Australia and before that the Jobs Network, has failed to prepare workers adequately for what jobs have been available and the result has been a growing skills shortage.

Several points need to be considered when developing a NSD framework:

- Maintaining a buffer stock of public sector jobs provides work for all irrespective of their skill levels and also allows paid-work opportunities to be structured into training and career development;

- The Federal and State governments must renew their commitment to trade training and to adequately fund our public schools and universities. The cutbacks to the TAFE and University system should be reversed and more funds made available for VET and higher education. Public policy must also set in place safety-net structures to ensure that every person under 20 years of age is in education, training or a paid job;
- Occupational planning capacities must be reintroduced to ensure that the apprenticeship and training programmes are targeted in areas of regional and industrial need;
- By maintaining full employment private employers will be forced by competition to take a major responsibility for training and skill development of our workforce.

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Appendix A Computing the Employment Vulnerability Index

The simple methodological approach used to build the job loss potential index follows a similar approach used by the Centre for Cities in the UK in developing their index of economic development (Centre for Cities, 2009).

Using a principle components analysis we obtain a parsimonious list of indicators that we consider to be the key indicators of the types of jobs at most risk. The PC analysis provides the related factor loadings for these indicators and we use these to develop a simple weighted index.

The three key indicators are:

- The proportion of people employed in construction, mining, manufacturing, retail, accommodation and food services, financial services and property operations and real estate services;
- The proportion of people without post school qualifications; and
- The proportion of people working part-time.

An aggregation technique was used to create an index, which reflects the relative weightings of these vulnerability factors.

Each of the 1561 SA2s across the 101 Significant Urban Areas were analysed together and divided into 4 groups depending on their score relative to the mean.

Table A1 Assessment criteria

Job loss potential category	Relation to the mean
High job loss potential (red alert)	> 1 standard deviation above the mean
Medium-High job loss potential (amber alert)	< 1 standard deviation above the mean
Medium-Low job loss potential	< 1 standard deviation below the mean
Low job loss potential	> 1 standard deviation below the mean



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