Centre of Full Employment and Equity

Research Report 2020-01

Employment Vulnerability Index 3.0

EVI 3.0

Scott Baum and William Mitchell[1]

April 26, 2020

Centre of Full Employment and Equity
The University of Newcastle, Callaghan NSW 2308, Australia
Home Page: http://e1.newcastle.edu.au/coffee
Email: coffee@newcastle.edu.au

Abstract

This paper presents the Employment Vulnerable Index 3.0 (EVI 3.0), an indicator that identifies those suburbs and localities that have higher proportions of the types of jobs thought to be at risk during the current Covid-19 lead economic slowdown.

The EVI (Version 1.0) was first devised at the onset of the Global Financial Crisis in response to the concerns of the potential for widespread disruption to the Australian labour markets.

This paper updates the EVI (to Version 3.0) to take into account the current conditions relating to the coronavirus pandemic.

It ranks localities according to their risk of experiencing significant job losses in the event of a further contraction of the Australian economy.

In particular, high risk red alert localities, identified as those at greatest risk of major job losses, are further analysed as either existing or emerging places of disadvantage.

1. Introduction

While overwhelmingly a health crisis, the unfolding Covid-19 pandemic has delivered Australia a significant economic shock resulting in significant economic and social pain with the worst affected being the persons who lose their jobs. Predictions place the unemployment rate moving toward double digits over the next few months, a level not seen since the economic downturn of the 1990s. Barring a significant turnaround, 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. The forced shut-down of many businesses due to public health requirements has meant that the worst affects have been seen in Retail, Personal services, Accommodation, cafes and restaurants, air transport, with potential flow on effects to Manufacturing, Mining, Construction, Finance and Real estate.

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 Brotherhood of St Laurence 2019; Azpitarte, 2012), with the wider implications also being discussed in the public policy arena. For example, the Productivity Commission (2013) identifies unemployment and long-term unemployment as one of the key drivers in understanding 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 (Productivity Commission, 2013; 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 (for example, Mitchell and Carlson, 2003), 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).

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 (2008a; 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 paper is a response to these concerns. It presents the latest edition of the **Employment Vulnerability Index-EVI 3.0**. Building on previous releases of the EVI, the analysis presented uses data on the employment characteristics of Australia's metropolitan and non-metropolitan (non-remote) suburbs and localities we provide a national level ranking according to the risk of job losses. 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.

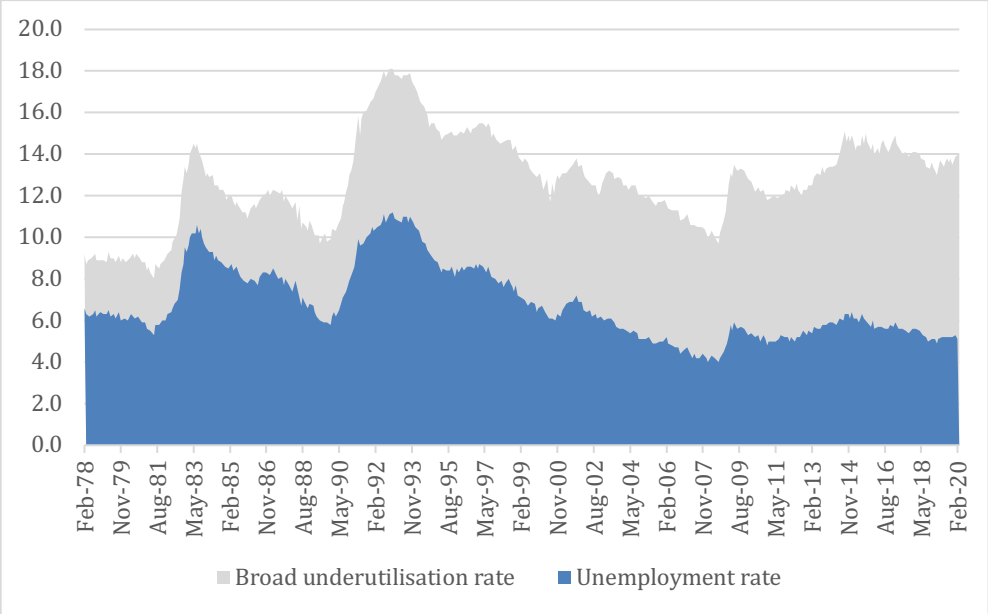
2. Australian labour markets in context

As part of our ongoing research on the dynamics of Australian labour markets our EVI series (Baum and Mitchell, 2009; Baum, Mitchell and Flanagan 2013) has been developed as a way of identifying the potential spatial distribution of job losses in the face of changing economic conditions. It is however, useful to place our analysis within the context of the broader Australian labour market.

As with all international economies, Australia has experienced shifting labour market fortunes over time. In the period since the late 1970s the economy has witnessed several shocks resulting in widely variable labour market outcomes. During all major economic slowdowns, the unemployment rate, together with the broader underutilisation rate have risen dramatically. During the last significant shock (the Global Financial Crisis), although the type of labour market carnage witnessed in other large industrialised economies was not a feature of the Australian situation, the period following the GFC was characterised by a number of

negative impacts. While it was certainly the case that Australia's GFC unemployment rate did not rise to levels seen in other countries, the wind-back of federal government stimulus did result in subsequent labour market deterioration. During the period immediately following the GFC 'recovery' Australia's unemployment rate rose to high of 6.3 percent (up from 4 per cent in early 2008), before falling to sit at the current per-covid-19 period at a rate of 5.2 per cent. Reflecting the decline in the full-time employment opportunities and hours-rationing from employers in the face of weakening activity, underemployment over the same period rose to levels well in excess of the pre-GFC period, remaining between 8 and 9 percent just prior to the current crisis. Combined, these changes point to a significantly worsening labour underutilisation rate, which peaked at 15.1 per cent in September 2014 and fluctuating between 13 and 15 per cent ever since (Figure 1).

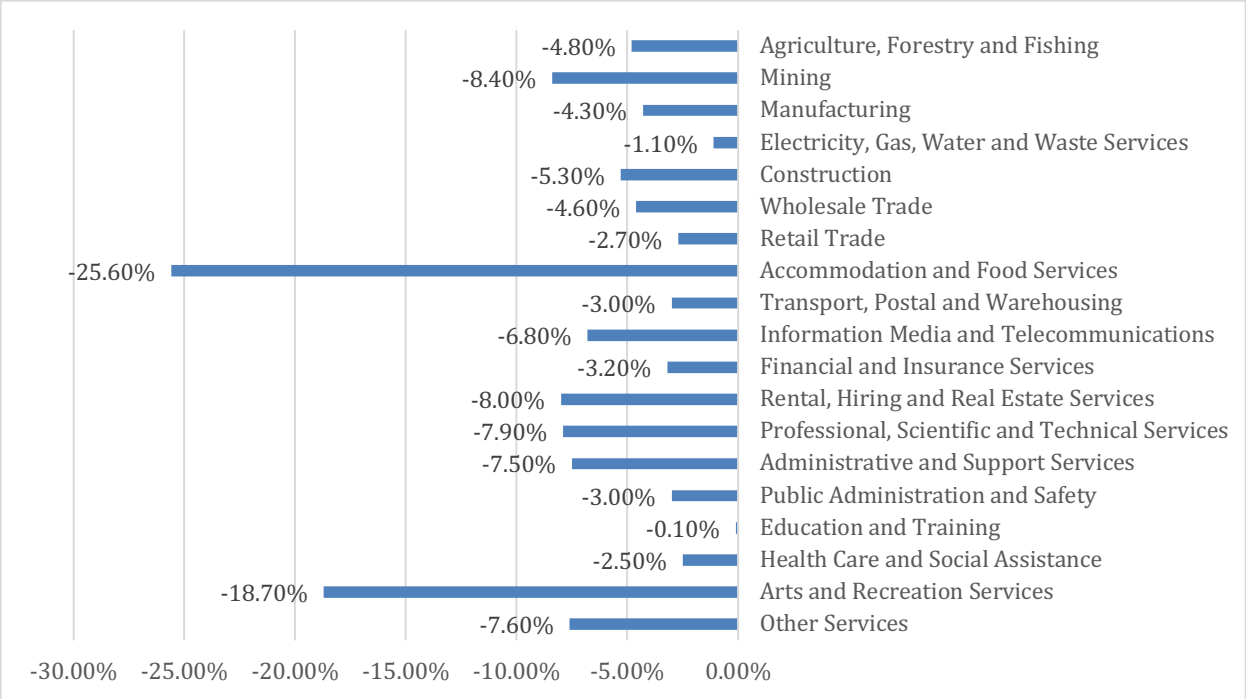
Figure 1 Official unemployment and underemployment, Australia, February 1978 to March 2020, per cent



Source: Australian Bureau of Statistics (2020), *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 10 per cent per cent sometime in 2020, although this prediction is dependent on the Federal Government's current economic rescue package. What we do know is that in the immediate period following the introduction of necessary public health measures employment has fallen across most sectors of the economy. Between the week ending 14 March 2020 and the week ending 4 April 2020 jobs in accommodation and food services fell by 26.6 per cent, while jobs in arts and recreation services fell by 18.7 per cent. Over the same period, six other industry sectors all witnessed falls in employment in excess of the Australian average of 6 per cent (Figure 2).

Figure 2 Changes in employee jobs by industry since 14 March 2020



Source: Australian Bureau of Statistics (2020), Weekly Payroll Jobs and Wages in Australia.

3. The CofFEE Employment Vulnerability Index (EVI 3.0)

The Employment Vulnerability Index (EVI 3.0) is an indicator that identifies those suburbs and localities 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 3.0 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 V3.0) 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 3.0 for 1645 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 86 per cent of the total Australian population. Table 2 also provides an indication of the distribution of the entire EVI 3.0 categories across the States and Territories.

This paper outlines conceptual issues associated with EVI V3.0 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. In addition, the EVI 3.0 is accompanied by a fully searchable and scalable mapping tool and suburb profiles. Both can be found at http://www.fullemployment.net/evi.php

Table 2 Distribution of localities by EVI 3.0 category and State/Territory, per cent of total

	Low Risk	**Medium Low Risk**	**Medium High Risk**	**High Risk – Red Alert**
NSW	17.27	28.06	43.65	11.03
VIC	12.36	24.71	51.72	11.21
QLD	9.77	27.07	51.63	11.53
SA	0.00	23.15	54.63	22.22
WA	2.91	21.51	58.14	17.44
TAS	1.59	25.40	38.10	34.92
NT	64.29	35.71	0.00	0.00
ACT	88.54	10.42	0.00	1.04
Australia	**16.53**	**25.17**	**45.65**	**12.64**

Source: Authors' calculations

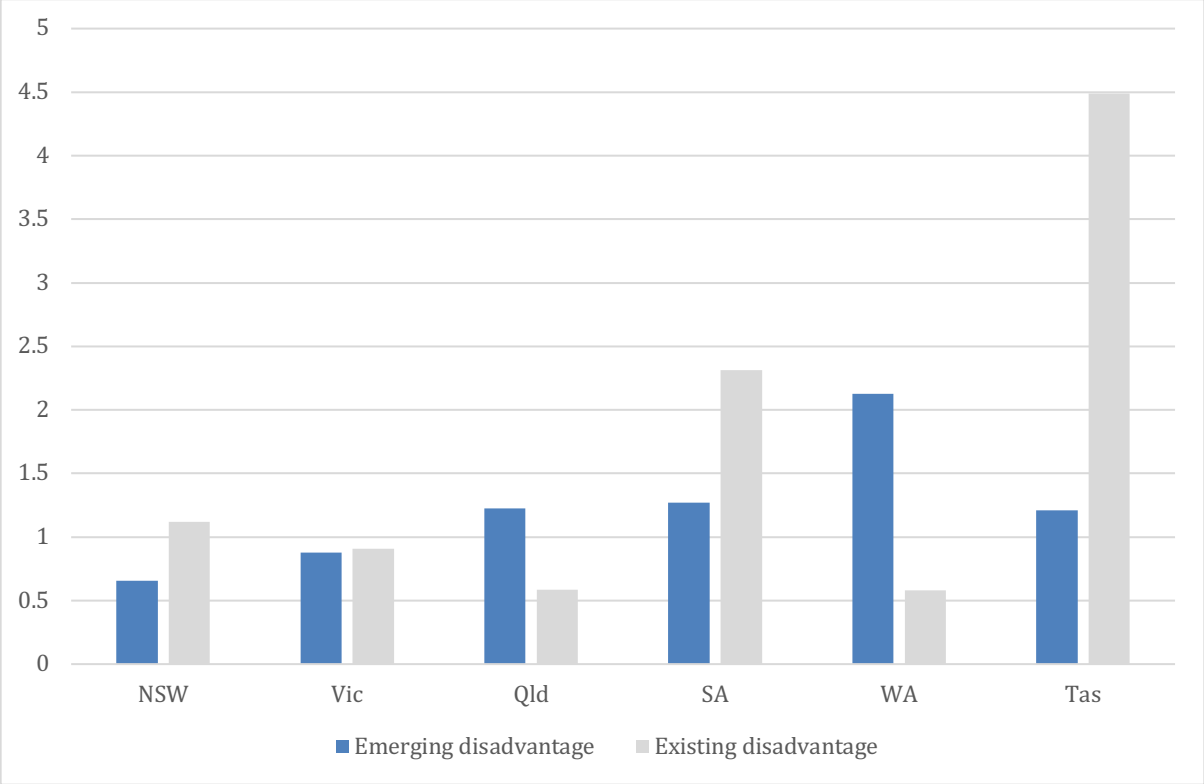
In order to further the analysis, we divide the suburbs designated as Red alert suburbs into two groups on the basis of their existing level of disadvantage. The two types of red alert suburbs were devised with reference to the Australian Bureau of Statistics SEIFA Index of Relative Socio-Economic Disadvantage.

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).

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 3). 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.

Figure 3 Regional Concentration Ratio, existing disadvantage job loss localities and emerging disadvantage job loss localities by state



Source: Authors' calculations

4. Job loss potential

4.1 Introduction

The analysis of data for the 1645 SA2s located across the ABS designated capital city regions together with the significant non-capital city urban resulted in just over 12 per cent (208) being identified as red alert localities for potential job loss, with a further 45.6 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**.

4.2 Existing disadvantage job loss localities

Just under half (47.5 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. In relative terms these localities are overrepresented 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.

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. Variously 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, 2008a; 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://www.fullemployment.net/evi.php). Table 3 shows the places included in this category of red alert localities, and include places such as Cabramatta – Lansvale, Cabramatta West - Mount Pritchard and Fairfield - East in Sydney's west, Broadmeadows and Dandenong in outer Melbourne, Inala - Richlands and Beenleigh in Brisbane, Elizabeth and Christie Downs in Adelaide, Girrawheen and Calista in Perth and Rokeby and Claremont 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; (McGuirk & Argent, 2011). 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://www.fullemployment.net/evi.php). 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 Newcomb - Moolap (Geelong) 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.

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 208 localities identified as belonging to the red alert group, emerging disadvantage places account for just over half (52.5 per cent). They are overrepresented in Queensland, South Australia, Western Australia and Tasmania.

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 Green Valley and Edensor Park in Sydney, Cranbourne-South and Hallam in Melbourne, Sunnybank

and Upper-Caboolture in Brisbane, Salisbury East and Craigmore - Blakeview in Adelaide, Greenfields and Pinjarra in Perth and Brighton - Pontville in Hobart.

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 emerging disadvantage job loss localities group are shown in Table 6 and include Maitland - West (Newcastle - Maitland, NSW), Mudgee (NSW), Moama (Echuca - Moama, Vic), Colac (Vic) Andergrove - Beaconsfield (Mackay, Qld), Mount Gambier East and West (SA), Australind-Leschenault (Bunbury, WA) and Romaine - Havenview (Burnie - Wynyard, Tas).

Table 3 Existing Disadvantage Job Loss Localities, Metropolitan areas

Sydney	**Brisbane**
Bidwill - Hebersham - Emerton	Redland Islands
Punchbowl	Inala - Richlands
Auburn - Central	Beenleigh
Auburn - North	Eagleby
Auburn - South	Logan Central
Fairfield - East	Woodridge
Ashcroft - Busby - Miller	Caboolture - South
Bonnyrigg Heights - Bonnyrigg	
Cabramatta - Lansvale	**Adelaide**
Cabramatta West - Mount Pritchard	Davoren Park
Canley Vale - Canley Heights	Elizabeth
Fairfield	Elizabeth East
Fairfield - West	Smithfield - Elizabeth North
Greenfield Park - Prairiewood	Parafield Gardens
	Paralowie
Melbourne	Salisbury
Lalor	Salisbury North
Thomastown	Christie Downs
Broadmeadows	Hackham West - Huntfield Heights
Campbellfield - Coolaroo	Morphett Vale - West
Meadow Heights	The Parks
Roxburgh Park - Somerton	**Perth**
Doveton	Mandurah
Dandenong	Girrawheen
Springvale	Calista
Springvale South	Parmelia - Orelia
Noble Park - West	
Kings Park (Vic.)	**Hobart**
St Albans - North	Bridgewater - Gagebrook
St Albans - South	Mornington - Warrane
Sunshine North	Rokeby
	Berriedale - Chigwell
	Claremont (Tas.)
	Glenorchy

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

State/Locality	Region
NSW	
Lavington	Albury - Wodonga
Wyong	Central Coast
Tuncurry	Forster - Tuncurry
Muswellbrook	Muswellbrook
Cessnock	Newcastle - Maitland
Kurri Kurri - Abermain	Newcastle - Maitland
Raymond Terrace	Newcastle - Maitland
Mount Hutton - Windale	Newcastle - Maitland
Beresfield - Hexham	Newcastle - Maitland
Shortland - Jesmond	Newcastle - Maitland
Wingham	Taree
Berkeley - Lake Heights - Cringila	Wollongong
Warilla	Wollongong
Victoria	
Wendouree - Miners Rest	Ballarat
California Gully - Eaglehawk	Bendigo
Corio - Norlane	Geelong
Newcomb - Moolap	Geelong
Queensland	
Svensson Heights - Norville	Bundaberg
Walkervale - Avenell Heights	Bundaberg
Tweed Heads South	Gold Coast - Tweed Heads
Gympie - North	Gympie
Mackay	Mackay
Granville	Maryborough
Berserker	Rockhampton
Lakes Creek	Rockhampton
South Australia	
Murray Bridge	Murray Bridge
Port Pirie	Port Pirie
Whyalla	Whyalla
Tasmania	
Acton - Upper Burnie	Burnie - Wynyard
Burnie - Wivenhoe	Burnie - Wynyard
Wynyard	Burnie - Wynyard

Devonport	Devonport
East Devonport	Devonport
Invermay	Launceston
Mowbray	Launceston
Newnham - Mayfield	Launceston
Ravenswood	Launceston
Waverley - St Leonards	Launceston
West Ulverstone	Ulverstone

Table 5 Emerging Disadvantage Job Loss Localities, Metropolitan regions

Sydney	**Adelaide**
Green Valley	Lewiston - Two Wells
Edensor Park	Craigmore - Blakeview
	Salisbury East
Melbourne	Hackham - Onkaparinga Hills
Epping - South	Morphett Vale - East
Gladstone Park - Westmeadows	
Greenvale - Bulla	**Perth**
Craigieburn - Central	Dawesville - Bouvard
Hallam	Falcon - Wannanup
Narre Warren North	Greenfields
Narre Warren - North East	Halls Head - Erskine
Cranbourne South	Pinjarra
Pearcedale - Tooradin	Ballajura
Narre Warren South (East)	Stratton - Jane Brook
Cairnlea	Alexander Heights - Koondoola
Delahey	Marangaroo
Taylors Lakes	Mindarie - Quinns Rocks - Jindalee
Dromana	Cooloongup
Point Nepean	Warnbro
Rosebud - McCrae	
	Hobart
Brisbane	Brighton - Pontville
Sunnybank	
Bribie Island	
Upper Caboolture	

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

State/Suburb	Region
NSW	
Batemans Bay	Batemans Bay
Blue Haven - San Remo	Central Coast
Budgewoi - Buff Point - Halekulani	Central Coast
Lake Munmorah - Mannering Park	Central Coast
Summerland Point - Gwandalan	Central Coast
Toukley - Norah Head	Central Coast
Forster	Forster - Tuncurry
Mudgee	Mudgee
Maitland - West	Newcastle - Maitland
Belmont South - Blacksmiths	Newcastle - Maitland
Singleton	Singleton
St Georges Basin - Erowal Bay	St Georges Basin - Sanctuary Point
Ulladulla	Ulladulla
Victoria	
Delacombe	Ballarat
Colac	Colac
Moama	Echuca - Moama
Echuca	Echuca - Moama
Portland	Portland
Queensland	
Tweed Heads	Gold Coast - Tweed Heads
Banora Point	Gold Coast - Tweed Heads
Mermaid Waters	Gold Coast - Tweed Heads
Coolangatta	Gold Coast - Tweed Heads
Currumbin Waters	Gold Coast - Tweed Heads
Arundel	Gold Coast - Tweed Heads
Coombabah	Gold Coast - Tweed Heads
Currumbin Valley - Tallebudgera	Gold Coast - Tweed Heads
Highland Park	Gold Coast - Tweed Heads
Nerang - Mount Nathan	Gold Coast - Tweed Heads
Jacobs Well - Alberton	Gold Coast - Tweed Heads
Merrimac	Gold Coast - Tweed Heads
Ashmore	Gold Coast - Tweed Heads
Molendinar	Gold Coast - Tweed Heads

Southport - North	Gold Coast - Tweed Heads
Bundall	Gold Coast - Tweed Heads
Surfers Paradise	Gold Coast - Tweed Heads
Gympie - South	Gympie

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

State/Suburb	**Region**
Queensland (continued)	
Urangan - Wondunna	Hervey Bay
Andergrove - Beaconsfield	Mackay
Slade Point	Mackay
South Mackay	Mackay
Sippy Downs	Sunshine Coast
Buddina - Minyama	Sunshine Coast
Caloundra - West	Sunshine Coast
Golden Beach - Pelican Waters	Sunshine Coast
Noosa Heads	Sunshine Coast
Noosaville	Sunshine Coast
Sunshine Beach	Sunshine Coast
Tewantin	Sunshine Coast
Warwick	Warwick
South Australia	
Mount Gambier - East	Mount Gambier
Mount Gambier - West	Mount Gambier
Goolwa - Port Elliot	Victor Harbor - Goolwa
Victor Harbor	Victor Harbor - Goolwa
Western Australia	
McKail - Willyung	Albany
Australind - Leschenault	Bunbury
Eaton - Pelican Point	Bunbury
East Bunbury - Glen Iris	Bunbury
Busselton	Busselton
Busselton Region	Busselton
Boulder	Kalgoorlie - Boulder
Kalgoorlie	Kalgoorlie - Boulder
Two Rocks	Yanchep

Mandurah - East	
Mandurah - North	
Mandurah - South	
Tasmania	
Romaine - Havenview	Burnie - Wynyard
Somerset	Burnie - Wynyard
Quoiba - Spreyton	Devonport
Ulverstone	Ulverstone

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 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.

Increasing spatially concentrated disadvantage is associated with poorer health, lower residential satisfaction, higher crime rates and lower levels of well-being generally (Baum, Arthurson, & Rickson, 2010; Baum, Kendall, & Parekh, 2016). 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 (Baum & Mitchell, 2010).

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, Morphett Vale-East 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.

5.2 Moving ahead

The patterns of job losses outlined in this report are built on a zero policy intervention assumption. Obviously, how the covid-19 lead downturn plays out on the ground will depend on the efficacy of the Federal Government's interventions. The main policy spearhead to stop the increased in unemployment has been the so-called 'job keeper allowance' which allows eligible employers to obtain a subsidy to help cover the wages of staff who remain employed in their organisation. We will have to wait to understand the full impact of this policy on off-setting the inevitable rise in unemployment and the spatial implications that will flow with such an increase. However, from the outset it is obvious that the gains from this policy will not be evenly shared. Some employees, such as those working casually for only a handful of hours a week or full-time workers in

minimum wage will see a windfall increase in their fortnightly income. However, restrictions on who is eligible for the job keeper program means that a significant number of casual workers will miss out, as will visitors on particular temporary work visas. Estimates put the number of casual workers who are ineligible at just shy of one million, with many more others missing out. In addition, it is not clear that those who usually earn more than the allotted $1500 per fortnight will be paid the additional wages due to them under their particular enterprise agreement. For many employers, having to bridge the gap between the job keeper allowance and the level of regular wages may be an impediment to applying, meaning that estimation of the net effect of the job keeper package may be overstated.

There is no doubt, that the official unemployment rate will not climb as much as it may have without the job keeper package, although in many ways the actual unemployment statistics will not mean much. While history will eventually reveal if the government's actions in the light of the crises are successful in helping brace the economy against the Covid-induced slowdown, one thing seems certain. Once the government deems that the crisis is over, it is highly probable that the measures put in place will be wound back and we will once more hear the familiar government speak around austerity and the need to tighten our belts. It happened soon after the Global Financial Crisis and it will most certainly happen again. Acknowledging the short-term nature of the government's response to the Covid-19 crisis (and all crises for that matter) the Prime Minister, Scott Morrison in a press release stated:

> The measures are *all temporary*, targeted and proportionate to the challenge we face. Our actions will ensure we respond to the immediate challenges we face and help Australia bounce back stronger on the other side, *without undermining the structural integrity of the Budget* (*emphasis added*) (Morrison, 2020).

If the government was actually serious about dealing with unemployment and labour wastage and the sobering social and economic costs it imposes on individuals and the communities they live in, then they would be looking to a different approach, one that was more long term and sustainable and one that was actually built on a desire to deal with employment problems beyond the crisis.

Given the persistently high labour underutilisation we have identified in Section 2 (see Figure 1) and the fact that the situation will worsen over time, there is an urgent need to consider a new suite of polices 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. 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 paper 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 and Mitchell 2010; 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 two issues that this paper 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.

Political parties in Australia have 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. These policies have failed to significantly reduce the degree of labour wastage in Australia despite long periods of growth.

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 bottle-necks 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.

Where would the jobs be? In the research that underpinned the Cook *et al.* (2008) 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.

References

Australian Bureau of Statistics (2010) *Australian Statistical Geography Standard (ASGS): Volume 1 – Main Structure and Greater Capital City Statistical Areas July 2011*, Cat No. 1270.0.55.001, Canberra.

Australian Bureau of Statistics (2013) Australian Social Trends, Data Cube, Cat No. 4102.0, http://www.abs.gov.au/AUSSTATS/abs@.nsf/mf/4102.0.

Australian Treasury (2013) *Pre-Election Economic and Fiscal Outlook 2013*, Australian Treasury, Canberra.

Baum, S. (2008a) *Suburban Scars: Australian Cities and Socio-economic Deprivation*, Urban Research Program, Research Paper, Griffith University, Brisbane.

Baum, S. (2008b) 'Making Space for Social Inclusion,' *People and Place*, 6(4), 9-18

Baum, S. O'Connor, K. and Stimson, R. (2005) *Fault Lines Exposed: Advantage and Disadvantage across Australia's Settlement System*, Monash University ePress, Clayton.

Baum, S., Arthurson, K., & Rickson, K. (2010) 'Happy people in mixed-up places: The association between the degree and type of local socioeconomic mix and expressions of neighbourhood satisfaction', *Urban Studies*, 47(3), 467-485.

Baum, S., Kendall, E., & Parekh, S. (2016) 'Self-assessed health status and neighborhood context', *Journal of prevention & intervention in the community*, 44(4), 283-295.

Baum, S., & Mitchell, W. F. (2010) 'People, space and place: A multidimensional analysis of unemployment in metropolitan labour markets', *Geographical Research*, 48(1), 13-23.

Baum, S. and Mitchell, W. (2009) *Red Alert Suburbs: An Employment vulnerability Index for Australia's Major Urban Regions*, Research Report, Centre of Full

employment and Equity, University of Newcastle and the Urban Research Program, Griffith University, March

Baum, S. Mitchell, W and Flanagan, M (2013) *Employment Vulnerability in Australian Suburbs*, www.fullemployment.net/evi/2011/files/CofFEE_EVI_V2_Report_2013.pdf

Brotherhood of St Laurence (2019) *Who Experiences Social Exclusion?* https://www.bsl.org.au/research/social-exclusion-monitor/who-experiences-social-exclusion/ [access April 19th 2020]

Centre for Cities (2009) Cities Outlook 2009, Centre for Cities, London [cited 2009 February 9] Available from: http://www.centreforcities.org /garchve03/1167housing.html.

Cook, B. Mitchell, W. Quirk, V. and Watts, M. (2008) *Creating effective local labour markets: a new framework for regional employment policy*, Centre of Full Employment and Equity, University of Newcastle

Dibden, J. (2001) Regional Australia in transition, in J. Dibden, (ed) *All Change, Gippsland Perspectives on Regional Australia in Transition*, Monash University, Clayton, 1-19.

Doiron, D. and Mendolia, S. (2012) 'The impact of job loss on family dissolution', *Journal of Population Economics*, 25, 1, 367-398

Gray, I and Lawrence, G. (2001) *A Future for Regional Australia: Escaping Global Misfortune*, Cambridge University Press, Cambridge.

Gwyther, G. (2002) *Socio–spatial Differentiation and the Master Planned Community in a Global City*. Research Paper No. 8, Urban Frontiers Program. Sydney: University of Western Sydney.

Kiely, K. and Butterworth, P. (2013) 'Social disadvantage and individual vulnerability: A longitudinal investigation of welfare receipt and mental health in Australia,' *Australian and New Zealand Journal of Psychiatry*, 47(7), 654-666.

McGuirk, P., & Argent, N. (2011) 'Population growth and change: implications for Australia's cities and regions', *Geographical Research*, 49(3), 317-335.

McManus, P. Walmsley, J. Argent, N. Baum, S. Bourke, L. Martin, J. Pritchard, B. and Sorensen, T. (2012) Rural Community and Rural Resilience: What is important to farmers in keeping their country towns alive? *Journal of Rural Studies*, 28, 20-29.

McKee-Ryan, F. Song, Z. Wanberg, C. and Kinicki, A. (2005) 'Psychological and physical well-being during unemployment: a meta-analytic study', *Journal of Applied Psychology*, 90, 1, 53-76.

Mitchell, W. and Carlson, E. (2003) 'Common trends and cycles in disaggregated regional employment growth rates.' *Working Paper 03-08*, Centre of Full Employment and Equity. Newcastle: University of Newcastle; 2003.

Mitchell, W. and Muysken, J. (2008) *Full Employment Abandoned: Shifting Sands and Policy Failures*, Edward Elgar, Cheltenham, UK.

Morrison, S. (2020) *Economic Stimulus Package*. https://www.pm.gov.au/media/economic-stimulus-package.

Productivity Commission (2013) *Deep and Persistent Disadvantage in Australia*, https://www.pc.gov.au/research/supporting/deep-persistent-disadvantage.

Randolph, W. (2004) 'The changing Australian city: new patterns, new policies and new research needs', *Urban Policy and Research*, 22: 481-493.

Randolph, B. and Freestone, R. (2012) 'Housing differentiation and renewal in middle-ring suburbs: The experience of Sydney, Australia', *Urban Studies*, 49 (12), 2557-2575

Samaritans, (2003) '*Inquiry into Poverty in Australia'*. A Submission to the Senate Community Affairs Reference Committee, March.

Social Inclusion Board (2011) *Foundations for a Stronger, Fairer Australia*, Social Inclusion Board, Canberra

Sorenson, A. (1992) *The Australian Country Town: Present Trends and Future Prospects*, Keynote address to the Australian and New Zealand Regional Science Association, 7th December, Ballarat.

Wanberg, C. (2012) 'The Individual Experience of Unemployment', *Annual Review of Psychology,* 63, 369-396.

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, selected retail, selected wholesale, accommodation and food services, air transport, 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

[1] The authors are Cities Research Institute, School of Environment and the Policy Innovation Hub, Griffith Business School, Griffith University (Baum) and Professor of Economics and Director of Centre of Full Employment and Equity at the University of Newcastle, Australia (Mitchell).