Senate Standing Committee on Education Employment and Workplace Relations

QUESTIONS ON NOTICE
Budget Estimates 2013-2014

Outcome 3 - Employment

DEEWR Question No. EW0129_14

Senator McKenzie asked on 4 June 2013, Hansard page 37

Question

Priority Employment Areas

Senator McKENZIE: Why has the Northern Territory not been identified as a priority employment area? What are the criteria? There are 70 indicators. I assume they are weighted.

Ms Paul: I cannot recall whether they are weighted, but the 70 variables go to not just straight-out unemployment rate; they also go to the rate of change in unemployment rate and whether they are particularly vulnerable industries. As you remember, this was first developed as a response to the global financial crisis, but, as we said in evidence earlier this morning, those areas are still being found to be vulnerable in an employment sense. The gap between the region in Australia with the lowest unemployment and the region with the highest unemployment widened significantly during the global financial crisis and has not closed entirely. There were income support indicators. As I said, there were 70. It was not just a straight matter of unemployment rate, for example.

Senator McKENZIE: On notice, could you provide the methodology of establishing a PEA using those 70 indicators?

Ms Paul: We have done that before.

Senator McKENZIE: You probably have.

Ms Paul: Sure. There may be something that we have already put on the record that we can draw on. It really went to the 70 indicators.

Answer

The identification of the Priority Employment Areas, and the Local Government Areas that comprise them, was based on an in-depth analysis of around 70 labour market indicators, in order to determine the likelihood of a region experiencing labour market disadvantage. As such, the methodology sought to especially target 'at risk' regions. As part of this process, emphasis was placed on a range of characteristics and/or criteria, which are powerful determinants of current and future labour market performance, including:

1. High unemployment rate: regions that already face high levels of labour market disadvantage are likely to have a high unemployment rate and/or poor employment growth/participation rates

SQ13-000483

2. <u>An increase in the number of unemployment beneficiaries since the start of the global recession</u>: those regions that had recorded a notable pick-up in unemployment beneficiary numbers during the global recession and which were deemed to be 'at risk' of employment losses and increases in unemployment as the slowdown took full effect

3. <u>Proportion of the working age population on income support</u>: those regions that had a high proportion of their population on Centrelink income support

4. <u>Low educational attainment</u>: those regions whose population had poor educational attainment levels/low skills

5. <u>Industry structure</u>: those regions with a high concentration of industries that were likely to exhibit/or were exhibiting a significant decrease in employment (or rise in unemployment) due to the global recession (for instance, regions with high concentrations in manufacturing).

Other factors taken into account included the region's performance in previous economic downturns and feasible travelling distances for Local Employment Coordinators. Local intelligence was also used to supplement the wide range of statistical data analysed.