

Regional Unemployment Index (RUIN) Notes for June 2010

**Prepared by
Australian Development Strategies Pty Ltd**



Background

ADS has been preparing demographic profiles of the unemployment figures in Australia's 69 Labour Force Regions for the past 18 months, tracing changes in the profile of the unemployed to hopefully derive some insights into the drivers of unemployment and to help us better understand the role of unemployment in a major economic downturn. Our last full profile of unemployment has been prepared for May and is contained on our website at www.elaborate.net.au. Nothing much seems to have changed with unemployment between May and June (Pearson correlation is plus 0.93) so we can assume the same general profile applies.

As a result of our research, we don't believe unemployment can be seen as a lagged indicator of an economic downturn or recession, if regional unemployment figures are used as raw data and then modelled against a contemporary demographic database.

The use of a crude national summary of unemployment does not explain what's happening in the economy any more than the use of a national vote figure explains what's happening in an election campaign. We seem to have gotten over the idea of simplistic one size fits all analyses of political trends, but we still seem time locked into the old fashioned analysis of the role of unemployment in the national economy.

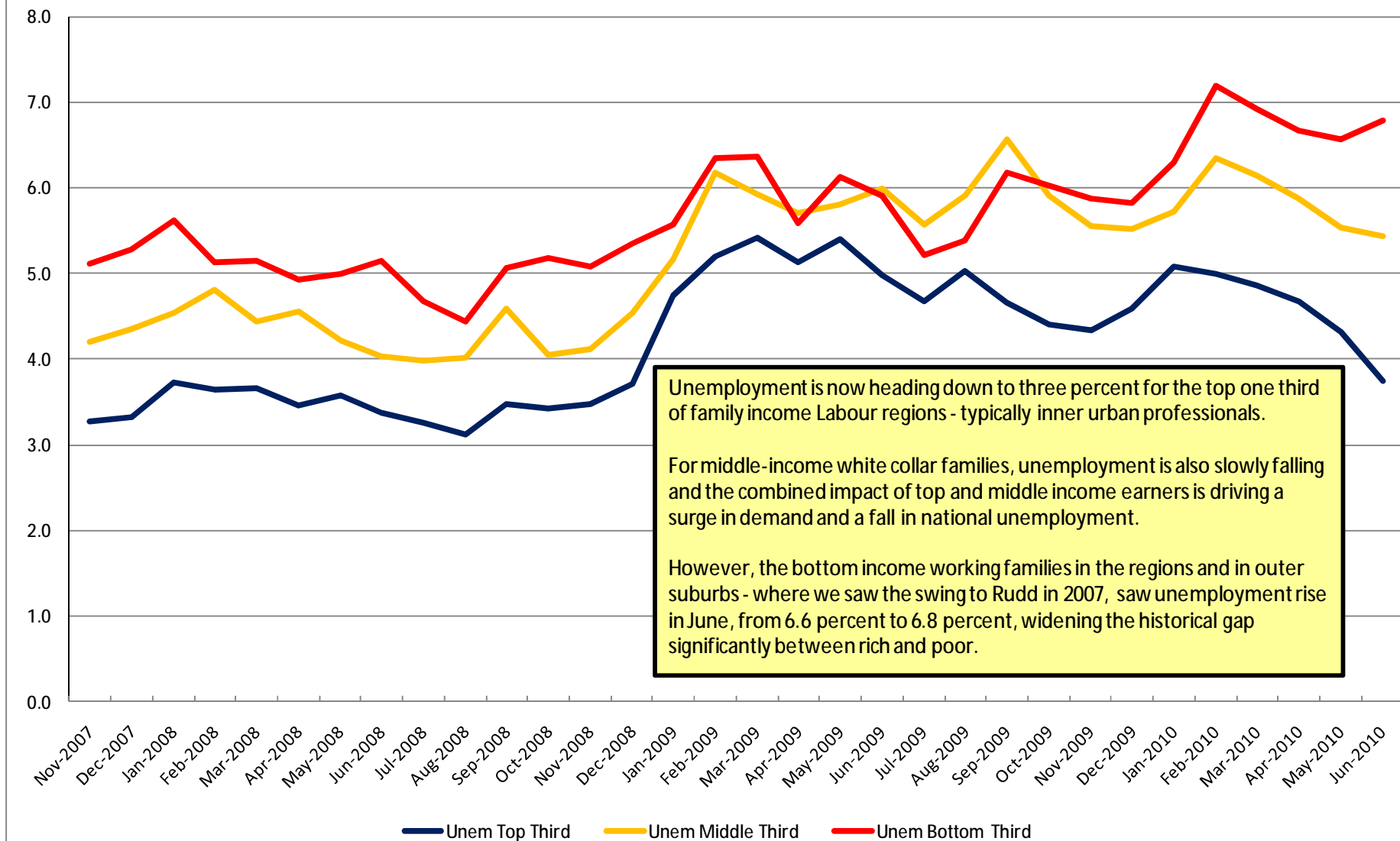
We suspect that this is due to that fact the commentators doing the analysis of economic trends tend to have security of tenure whereas the politicians and their advisers do not. Losing your job is not a lagged indicator for those of us employed in the real economy. It is immediate and traumatic to lose your job, your position in the community and possibly your home, for workers, as well as for former PMs.

In this note we are presenting some data relevant to the current Australian political economy, where we are in the middle of an election campaign, albeit a very boring one, and at the tail end of a major economic downturn, which is turning out to have quite a sting in its tail for poorer sections of the Australian community, in the outlying suburbs of our major cities and in our major provincial regions which do not contain any miners or workers benefiting from the mining industry. And yet no politicians are talking about unemployment as a current problem.

BELOW: The Unemployment by family income chart shows the changing patterns of unemployment during the current downturn, where professionals on flexible work arrangements were first hit by unemployment, then the middle class clerical and sales workers, and finally unskilled blue collar outer urban and rural workers. Table 1 (a), (b) and (c) shows changing patterns of unemployment for Labour Force Regions for selected months since November 2007, with corresponding current federal seats (150) *roughly* matching all or part of the 69 Labour Force Regions. Some seats are obviously in more than one region. It's pretty clear why Queensland is a key state in the current election campaign and it's got nothing to do with Kevin Rudd's demise as PM. Large parts of regional Queensland which are not benefitting from mining, are in serious economic trouble as is much of south east Queensland outside the City of Brisbane.



Unemployment (Original) by Family Income



Labour Force Regions	Nov-2007	Jun-2008	Jun-2009	Jun-2010	Jun-10 minus Jun 09	June 10 minus Nov 07	Pop est 2010	Fed Seats 2010					
Far West NSW	7.9	2.1	8.8	20.2	11.3	12.3	23491	Farrer					
North Western Melbourne	3.5	6.4	6.7	10.0	3.2	6.5	320000	Calwell, Wills					
Canterbury-Bankstown	5.2	7.1	9.2	11.3	2.2	6.1	332593	Blaxland, Watson, Hughes, Banks, Barton					
Murray-Murrumbidgee	1.6	4.4	3.6	6.4	2.8	4.8	279604	Farrer, Riverina					
Far North Qld	5.1	5.0	11.1	9.8	-1.2	4.7	268892	Leichardt, Kennedy					
Wide Bay-Burnett	3.4	6.8	6.4	7.9	1.5	4.4	293703	Flynn, Hinkler, Wide Bay					
Fairfield-Liverpool	4.6	6.2	10.1	8.5	-1.7	3.8	379701	Macarthur, Werriwa, Fowler, Hughes, McMahon					
West Moreton	1.4	4.4	1.8	5.0	3.2	3.6	79171	Blair, Wright					
Gold Coast South SRS	3.0	4.9	5.6	6.2	0.7	3.2	514379	Fadden, Moncrieff, McPherson					
Mersey-Lyell SRS Tas	5.9	5.0	3.7	9.1	5.4	3.1	112718	Braddon					
South West Perth	3.1	3.6	5.1	6.2	1.1	3.1	362657	Brand, Fremantle, Tangney					
North Brisbane Balance	1.7	1.5	6.7	4.3	-2.4	2.6	383480	Longman, Petrie, Dickson					
Southern and Eastern SA	3.7	4.3	5.6	6.3	0.6	2.6	276699	Barker, Mayo					
Illawarra excluding Wollongong	5.0	13.6	5.0	7.5	2.5	2.6	142622	Gilmore, Throsby					
South Eastern NSW	2.6	2.0	6.6	5.1	-1.6	2.4	217535	Hume, Eden-Monaro					
Goulburn-Ovens-Murray	3.6	4.5	3.8	5.7	1.9	2.1	322203	Murray, Indi, McEwen					
Sunshine Coast	3.6	5.4	8.2	5.6	-2.5	2.1	326551	Wide Bay, Fairfax, Fisher					
St George-Sutherland	2.7	3.6	4.7	4.6	-0.1	1.9	468820	Hughes, Cook, Banks, Barton					
Northern SRS Tas	5.0	3.2	4.1	6.8	2.7	1.9	143232	Bass, Lyons					
Central Perth	1.7	4.3	3.3	3.5	0.2	1.8	147081	Curtin, Perth					
Barwon-Western District	4.3	3.9	6.5	6.1	-0.4	1.8	400168	Wannon, Corio, Corangamite					
Mornington Peninsula	2.9	2.4	5.4	4.7	-0.7	1.7	287281	Dunkley, Flinders, Isaacs					
South and East Brisbane	4.6	4.2	4.5	6.3	1.8	1.7	395771	Wright, Bowman, Rankin, Forde					

Table 1 (a) shows the Labour Force regions which have suffered the most unemployment increase since November 2007, when the Rudd Government was elected. Key Qld regions for marginal seats include Far North Qld, Wide Bay Burnett, North Brisbane and South East Brisbane. NSW also comes into significance here with plenty of marginal seats in areas which have suffered major increases in unemployment. The Tasmanian regional economy is also sick as a parrot and there's some decline in WA seats which are otherwise not vulnerable.

Brisbane City Outer Ring	3.1	3.0	4.9	4.6	-0.3	1.5	628369	Petrie, Lilley, Bonner, Ryan, Oxley, Moreton		
Central Western Sydney	4.9	4.3	7.6	6.3	-1.3	1.4	340080	Mitchell, Greenway Parramatta, Bennelong, Reid		
Southern Adelaide	4.6	4.5	3.3	5.9	2.5	1.2	350387	Boothby, Kingston, Hindmarsh		
Central Highlands-Wimmera	7.1	3.9	3.3	8.2	4.9	1.1	213762	Mallee, Wannon, Ballarat		
Loddon-Mallee	6.5	5.7	7.6	7.5	-0.0	1.0	287914	Mallee, McEwen, Bendigo, Murray		
Lower Northern Sydney	2.3	2.3	2.0	3.3	1.3	1.0	324406	Bennelong, North Sydney, Warringah		
Southern Melbourne	2.7	4.3	4.6	3.7	-1.0	1.0	440138	Isaacs, Higgins, Hotham, Melbourne Ports, Goldstein		
Gold Coast North SRS	3.5	3.0	5.0	4.5	-0.6	0.9	61047	Forde		
Lower Western WA	2.7	4.7	6.5	3.6	-2.9	0.9	329612	O'Connor, Forrest, Canning		
Inner Melbourne	2.2	2.7	5.1	3.0	-2.0	0.8	321588	Higgins, Melbourne Ports, Melbourne		
Mackay-Fitzroy-Central West	2.7	4.4	4.4	3.4	-0.9	0.8	400973	Dawson, Capricornia, Flynn		
Northern Beaches NSW	2.1	2.3	5.4	2.8	-2.6	0.7	248392	Mackellar, Warringah		
Gosford-Wyong	6.1	3.1	7.2	6.7	-0.5	0.6	326407	Shortland, Dobell, Robertson		
South East Perth	3.6	2.2	6.9	4.2	-2.7	0.6	389243	Canning, Hasluck, Swan, Tangney		
Northern-North West Qld	4.1	2.6	3.3	4.6	1.4	0.6	261384	Kennedy, Herbert, Dawson		
East Perth	3.8	2.7	3.5	4.4	0.9	0.6	288486	Hasluck, Pearce, Perth		
Brisbane City Inner Ring	3.1	2.7	4.4	3.7	-0.7	0.5	481884	Brisbane, Griffith, Lilley, Ryan, Moreton		
Eastern Suburbs Sydney	1.8	3.2	4.3	2.3	-1.9	0.5	265086	Kingsford Smith, Wentworth		
North Perth	2.7	2.5	5.3	3.2	-2.1	0.5	519064	Moore, Pearce, Cowan, Stirling, Curtin		
North Eastern Melbourne	3.4	3.5	5.0	3.9	-1.1	0.4	477048	Jagajaga, McEwen, Scullin, Batman		
AUSTRALIAN CAPITAL TERRITORY	2.8	2.3	3.6	3.2	-0.4	0.4	358835	Fraser, Canberra		
South Eastern Melbourne	7.4	7.1	6.8	7.8	1.0	0.3	457266	Holt, La Trobe, Hotham, Isaacs, Bruce		
Wollongong SRS	7.5	5.6	8.2	7.9	-0.3	0.3	288590	Gilmore, Cunningham, Throsby		

Table 1 (b) shows the middle range of seats, where unemployment may have declined since the November 2007 election, but has not been as serious in the past 12 months. The exception here, where unemployment growth has been serious over the past 12 months includes Southern Adelaide with three relatively marginal seats.

Balance WA	2.8	3.6	5.6	3.2	-2.5	0.3	269459	Durack, O'Connor				
Western Adelaide	3.8	3.7	6.5	4.0	-2.5	0.2	224599	Hindmarsh, Port Adelaide				
Inner Sydney	3.3	2.6	6.2	3.3	-2.9	0.0	367452	Sydney, Wentworth, Grayndler, Kingsford Smith				
Northern Adelaide	5.7	5.8	7.1	5.7	-1.4	-0.0	390456	Sturt, Makin, Wakefield, Port Adelaide				
Outer Eastern Melbourne	3.8	3.9	5.2	3.7	-1.5	-0.0	427390	Casey, Deakin, McEwen, La Trobe, Aston				
Southern Tas	5.5	3.5	6.0	5.4	-0.7	-0.1	37273	Lyons, Franklin				
Darling Downs-South West	4.3	1.6	1.7	4.1	2.3	-0.2	271903	Maranoa, Groom				
Outer Western Melbourne	6.0	6.3	8.0	5.6	-2.4	-0.3	694607	Lalor, Gorton, Maribyrnong, Gorton, Gellibrand, Melbourne				
Eastern Adelaide	3.7	3.4	4.8	3.4	-1.5	-0.3	243930	Adelaide, Mayo, Sturt				
North Western Sydney	7.0	6.2	7.9	6.6	-1.3	-0.3	631633	Macquarie, Chifley, Greenway, Lindsay				
Inner Western Sydney	3.6	3.6	7.2	3.1	-4.1	-0.5	190533	Reid, Grayndler				
All Gippsland	5.1	4.5	7.1	4.5	-2.5	-0.6	269483	Gippsland, McMillan				
New castle SRS	5.5	5.0	6.1	4.9	-1.2	-0.6	539696	Newcastle, Charlton, Paterson, Charlton, Shortland, Hunter				
Northern, North Western and Central West	4.6	5.8	7.1	3.9	-3.2	-0.6	491585	Parkes, Calare, New England				
Outer South Western Sydney	5.4	5.5	8.4	4.6	-3.8	-0.9	255568	Hume, Macarthur, Werriwa				
Inner Eastern Melbourne	4.4	2.7	5.4	3.5	-1.9	-0.9	624929	Chisholm, Bruce, Hotham, Kooyong, Higgins, Deakin, Menzies				
Greater Hobart	4.9	3.6	4.1	4.0	-0.1	-0.9	216381	Denison, Franklin				
Richmond-Tweed and Mid-North Coast	7.2	5.2	6.3	5.9	-0.4	-1.3	554183	Page, Richmond, Cowper, Lyne				
Northern and Western SA	4.9	4.7	1.7	3.2	1.4	-1.7	165823	Grey, Wakefield				
Central Northern Sydney	3.7	2.6	4.1	1.9	-2.2	-1.8	449960	Berowra, Bennelong, Bradfield, Mitchell				
Ipswich City	5.0	3.9	6.9	2.9	-4.0	-2.1	162699	Blair, Oxley				
NORTHERN TERRITORY	5.7	3.7	3.8	2.9	-0.9	-2.8	235067	Solomon, Lingiari				
Hunter excluding New castle	6.8	6.3	6.3	0.8	-5.5	-6.0	104828	Paterson, Hunter				

Table 1 (c) shows the Labour Force Regions and corresponding Federal seats where the economy has improved since the election of the Rudd Government. This is good news for the Government, with marginal seats like Solomon, where the challenge is from the political right, but not necessarily good news for seats like Melbourne and Sydney, where the challenge is from the Greens on the left. Seats like Sturt look a little vulnerable here for the Coalition, while the ALP should feel a little more secure perhaps about some of its mid urban marginals in Sydney and Melbourne. Clearly the wealthier and younger parts of Australia and those containing mining jobs are booming, as the June CPI figures by the capitals indicate, while the national figures for inflation are being held back by the downturn in the outer suburbs of our major capitals that we see in Table (a) above.