

CUMMINGS ECONOMICS

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NOTE ON EMPLOYMENT & UNEMPLOYMENT IN THE CAIRNS REGION AND OTHER REGIONAL AREAS OF QUEENSLAND

1.0 Introduction

The Australian Bureau of Statistics (ABS) Labour Force Series is notoriously inaccurate in providing an indication of employment/unemployment levels and trends at a regional level.

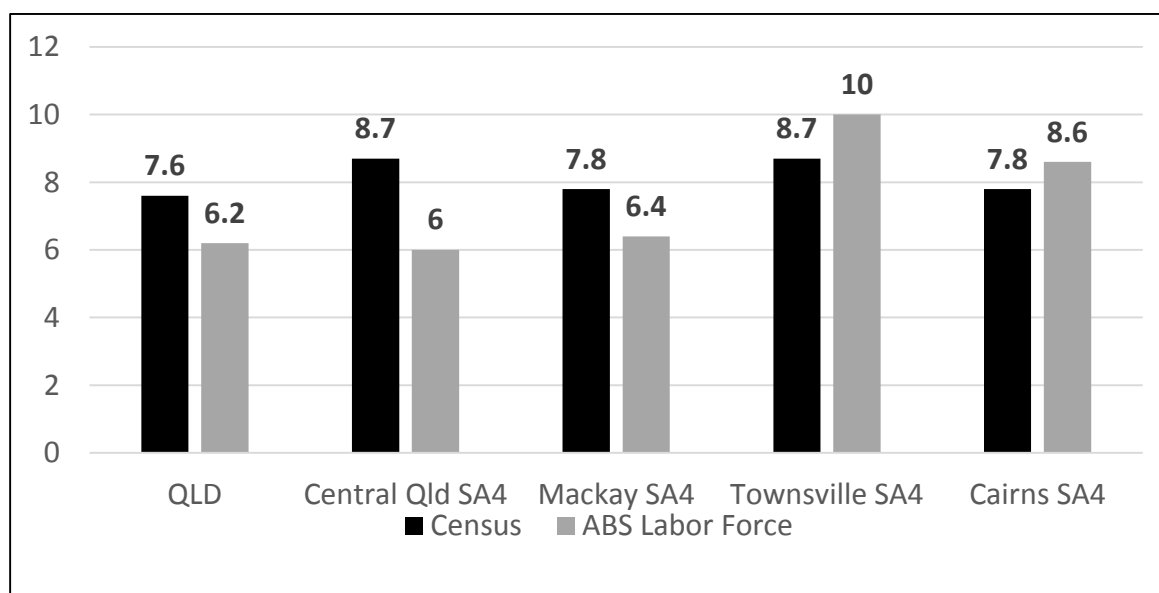
The recent availability of 2016 Census Labour Force data gives an opportunity to check on reliability of the ABS Labour Force Series. The availability of data on registered unemployed receiving unemployment benefits gives an opportunity to check reliability of movements indicated by the ABS Labour Force Series over the last 12 months.

Appendix 1 gives background on how the three main statistical series used in this analysis are collected and structured.

2.0 Reliability of ABS Labour Force Series as an Indication of Unemployment Levels

The following table compares Census 2016 unemployment rates with unemployment rates published in the ABS Labour Force Series at the time of the 2016 Census.

Chart #1: Comparison of Unemployment Indicators, Census & ABS Labour Force Series, Census August 2016



Source: ABS 2016 Census data (usual place of residence) & Cat No. 6291.0.55.00 12 month averages.

Note: Regions as defined at ABS Statistical Area Level 4, ie. the main city plus surrounding hinterland areas, but not including remote hinterland areas.

It can be argued that the unemployment is defined differently in the Census compared with the ABS Labour Force Series in which case, the differences in the two series should be relatively consistent. However, it can be seen that the very substantial differences in the two series vary. The Census data indicates a higher unemployment rate for three of the areas, but lower in two.

The following table gives the percentage by which the ABS Labour Force Series differs from the Census data.

Table #2: % Difference in Unemployment Rate Census Data to ABS Labour Force Series, 2016 Census

Region	% Census to ABS Data
Central Queensland	+32%
Queensland	+23%
Mackay	+22%
Cairns	-10%
Townsville	-13%

Source: From previous Table #1.

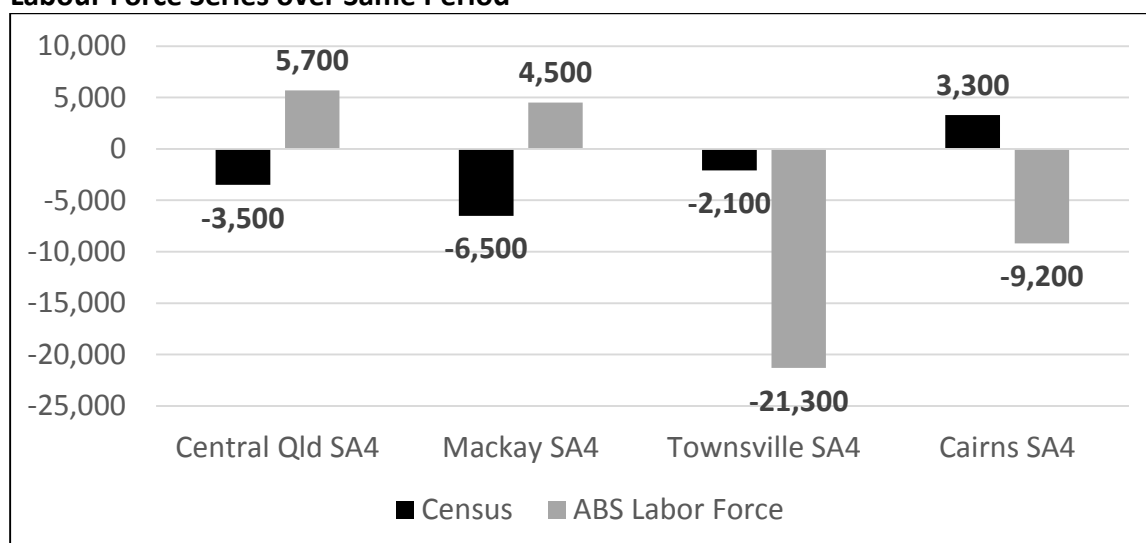
The closest was for the Cairns region with a 10% difference. Central Queensland Census rate was one-third out. The State overall was 23% out.

Conclusion - Clearly the ABS Labour Force Series is not a reliable indicator of unemployment rates.

3.0 Reliability of ABS Labour Force Series as an Indication of Employed Workforce Growth

The following chart compares the change in employed workforce Census 2016 over Census 2011 as against the ABS Labour Force Series over the same period.

Chart #3: Increase in Employed Labour Force 2011 – 2016 Census Compared with ABS Labour Force Series over Same Period



Source: ABS 2016 Census data (usual place of residence) & Cat No. 6291.0.55.00 12 month averages.

Note: Regions as defined at ABS Statistical Area Level 4, ie. the main city plus surrounding hinterland Local Government areas, but not including remote hinterland areas.

At State level (not shown in the chart), the Census and ABS Labour Force Series roughly agree with an increase of about 90 – 100,000 in each. However in the regions, the differences in both scale and direction are large.

In Townsville, the ABS Labour Force Series shows employed workforce down by 21,300, a number way out of scale with 2016 Census being down only 2100.

In Mackay and Fitzroy, the 2016 Census shows falls, especially in the Mackay region. The ABS Labour Force Series shows significant rises.

The Cairns figures are the other way around. The ABS Labour Force Series showed a strong fall while the 2016 Census shows a modest rise.

It can be seen that the Cairns region led employment growth over the inter-censal period in the four regions in strong contrast to what the ABS Labour Force Series was indicating.

4.0 Comparison of Labour Force Series with Registered Unemployed Receiving Unemployment Benefits

While there can be influences on the level of registered employed receiving unemployment benefits from moves to transfer unemployed onto other support schemes (such as education and training and work for the dole schemes), it could be expected that, if these factors are not present in a period of time, the level of registered unemployed would be affected by movements in unemployment levels.

The following compares for the Cairns, Townsville, Mackay and Central Queensland regions, data from the ABS Labour Force Series with Registered Unemployed.

Table #4: Changes in the ABS Labour Force Series – Numbers Unemployed Compared with Registered Unemployed Receiving Unemployment Benefits, Sep Qtr 2016 to Sep Qtr 2017

Region	ABS Labour Force Series	Registered Unemployed on Unemployment Benefits
Cairns	(-2200)	+160
Townsville	(-600)	(-39)
Mackay	(-500)	(-323)
Rockhampton	+1100	+360

Source: ABS Cat No. 6291.0.55.00 & Labour Markets & Related Payments Monthly Profile, Australian Department of Social Services.

The table indicates that in Cairns, there has been no fall in numbers receiving unemployment benefits, whereas the ABS Labour Force Series figures show a dramatic fall over the past twelve months. While in the other regions, the direction of change agrees, there are large differences in the scale of change.

5.0 Overall Conclusions

Comparisons of the ABS Labour Force Series with Census data clearly indicate that at regional level, the ABS Labour Force Series is not reliable and can be extremely misleading.

Unemployment rates published can be up to 30% out.

Over the 2011 to 2016 inter-censal period, the ABS Labour Force Series records changes in employed workforce at complete variance to what actually occurred.

Indications of large recent reductions in unemployment in the Cairns region are at variance with the statistics for registered unemployed or benefits that have gone up slightly over the same period.

APPENDIX 1

Measures of Employment & Unemployment

ABS Labour Force Series, Catalogue No. 6291.0.55.00

The ABS Labour Force Series is based on responses by a sample of households around Australia. Sample sizes are probably large enough at national level to provide some reasonably accurate conclusions (although from time to time, at national level, accuracy of results have been questioned in the financial media).

At a regional level, sample sizes are not large enough to give accurate indications of levels and movements over time. The data clearly jumps around from month to month. An attempt is made to provide some meaningful indications of movements over time by aggregating 12 months of data and publishing it as a “smoothed” series, ie. giving the figure for the average over the past twelve months. Obviously changes to the series from month to month will depend on the accuracy of the figure added for the latest month and that of the month dropped off twelve months previously. In this analysis, the 12-month average is used as is used by most using the series.

Census Data

Census data has the advantage of being a 100% survey but it is only held every five years. The Census data can be regarded as being reasonably accurate for comparative levels of employment and unemployment and movement over time.

Definitions used can differ from those used in the ABS Labour Force Series, but this difference could be expected to be fairly even over time and between regions. This analysis is based on workforce by usual place of residence.

Registered Unemployed

The Commonwealth Department of Social Services maintains and publishes a monthly “Profile of Labour Market and Related Payments”. This gives statistics of actual numbers of persons registered for unemployment benefits. These days, unemployment benefits are titled “New Start and Youth Allowance (other)”.

These can be regarded as being accurate but can be affected by changes in government policy that shifts workforce to other welfare support systems. For instance, there were some large changes when the Community Development Employment Program (CDEP) assisting indigenous communities was changed a number of years ago, moving substantial numbers from CDEP to unemployment benefits. Over the past year, there have been no obvious major changes in government policy that would affect the data. Data in Table #4 indicates no consistent patterns of difference between the two series that would indicate such changes in policy.