

Productivity Commission

**Geographic labour mobility
research study**

**Submission by the Australian
Government Department of Employment**

March 2014

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1. INTRODUCTION AND CONTEXT

Geographic labour mobility is an important aspect of a well-functioning labour market, with on-going structural change in economies requiring adjustments by the workforce across occupations, industries and geographic areas. A less dynamic labour market can limit an economy's ability to take advantage of new sources of growth in incomes and employment.

Labour market context and mobility

Australia's unemployment rate is forecast to rise to 6¼ per cent in 2014-15. Some regions and demographic groups experience very different unemployment rates to the nation as a whole, with an 8 percentage point difference in regional unemployment rates as at December 2013.

Different labour market outcomes are to be expected as communities respond differently to structural change. Underlying differences between regions, such as in their demography, skills profile and general industrial base, can be particularly influential. However, in the longer term, people tend to move from those regions, industries and occupations where fewer job opportunities are available to areas where more jobs are being created.

Geographic mobility can help to improve the matching of people with job vacancies, complementing other local and regional employment strategies, and supporting the process of structural change in the economy. Mobility can help to address disparities in the labour market, improve overall employment and incomes.

Looking forward, the ageing of the population is projected to result in declining labour force participation rates and increased competition for workers across the national labour market. In these circumstances, the mobility and responsiveness of the workforce will be especially valuable.

Factors which influence mobility

The Productivity Commission indicates in its draft report that a wide range of factors affect geographic mobility. While market signals such as relative wages and job vacancies can provide incentives to move, people weigh up a complex range of factors when deciding where to live and work, and they can also face a range of impediments to their mobility.

Tangible factors (which might also be described as economic or more measurable) can include:

- remuneration (including the relative cost of living and career prospects);
- working conditions;
- skills and other job requirements;
- relocation and other transaction costs;
- access to affordable housing;
- health and social services;
- transport and schools; and
- the availability of alternative job opportunities.

On the other hand, other factors are less amenable to measurement, but are no less significant – indeed, in some cases more significant – for household decisions. Intangible factors include:

- social connections, such as with family and support networks;
- lifestyle, amenity and historical connections with a location; and
- the perceived risks of change.

Some of these factors are more responsive to policy measures than others. Some policies can have unintended effects on mobility; for example, state-level occupational licensing regimes can unintentionally become an impediment to mobility within a national economy.

Employers also influence labour mobility; for example, in their recruitment decisions, willingness to offer attractive pay and conditions; and other business practices, such as openness to telework and long-distance commuting.

The decision by a household to move will depend on their understanding of the benefits and costs involved, risks and the ability to overcome any initial costs. A change in circumstances, such as recent job loss, can also change the cost-benefit of moving and the relative weight that people give to particular factors, including those which are more social in nature.

Relevant programmes delivered by the Department of Employment

The Department delivers a range of programmes which affect labour mobility. Some of these have broad influence, such as employment services and labour market information systems. Others are more specifically targeted at mobility – for example, with the aim of offsetting relocation costs for job seekers with limited financial resources, or providing employers with information about potential employees from other regions.

Policies in these areas aim to improve the efficiency of the labour market, by helping to reduce the cost of job search and matching, improving coordination between stakeholders, and ensuring the availability of clear information to guide people in making decisions about where to live and work.

Outline of the submission

In this context, the Department welcomes the opportunity to provide information in order to support the work of the Commission in finalising its study into geographic labour mobility. Section 2 provides an overview of data relating to regional labour market patterns and mobility; while Section 3 provides information on a range of programmes and policy settings within the Employment portfolio which are relevant to the study. Section 4 concludes.

2. LABOUR MARKET PATTERNS AND TRENDS IN MOBILITY

Geographic patterns in labour market performance

Some disparity between regional labour markets is normal, due to differences in local characteristics (such as industrial structure and demography) and the normal processes of adjustment in the economy. However, such disparities may also be an indicator of market failures or rigidities. This sub-section presents data on the extent of geographic disparities in labour market performance.

The unemployment rate is a simple indicator of how well the labour market is matching labour supply with demand. While the national unemployment rate is forecast to rise to 6¼ per cent by mid-2015¹, there are wide variations in unemployment by region. Furthermore, some regions have experienced persistent skill shortages despite spare workforce capacity and local skill development.

While the national unemployment rate is relatively low, there are wide variations in labour market performance at the state and territory level. This disparity can reflect a wide range of factors, including states' industrial bases and the differing performance of those industries, as well as the availability of jobs and efficiency in matching job seekers with vacancies.

¹ Australian Government, *2013-14 Mid-Year Economic and Fiscal Outlook*, December 2013, available at www.budget.gov.au

Differences with respect to the pace of employment growth and unemployment rates across the country have persisted, with Western Australia and the Northern Territory generating stronger employment growth and lower unemployment rates than other states and territories since late 2008, while South Australia and Tasmania have generated weaker labour market outcomes (Table 1). The disparity in state and territory labour market performance is greater if differences in labour force participation are also taken into account.

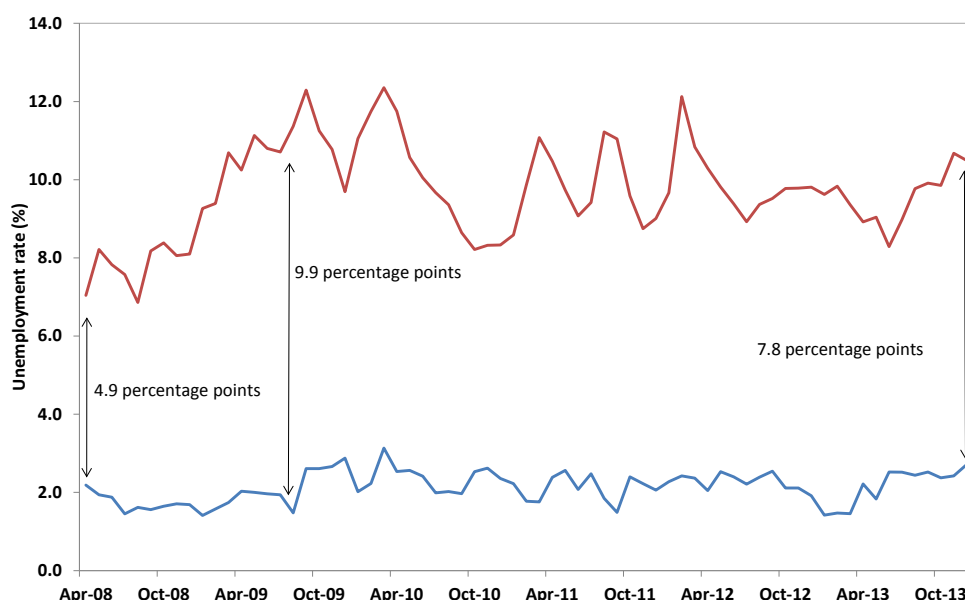
Table 1: Annual average employment growth and unemployment rate by state and territory

	Annual average employment growth (%)		Unemployment rate (%)		
	Dec-03 to Sep-08	Sep-08 to Dec-13	Sep-08	Dec-13	Peak (since Sep-08)
NSW	1.9	1.1	4.9	5.8	6.8
Vic	2.7	1.4	4.4	6.2	6.2
Qld	4.1	1.1	3.7	5.9	6.4
SA	2.2	0.1	5.7	6.7	7.1
WA	4.3	2.3	2.9	4.7	5.8
Tas	3.0	-1.2	3.9	7.7	9.0
NT	3.4	2.5	3.1	4.2	5.3
ACT	2.4	1.0	2.8	4.0	4.5
Australia	2.8	1.2	4.3	5.8	5.9

Source: ABS Labour Force, Australia (Cat. No. 6202.0), December 2013. Data for the States and Australia are seasonally adjusted, while data for the Territories are trend. Data are for those aged 15 years and over.

Unemployment rates at the regional level (below the state and territory levels) also differ widely. The difference between the highest and lowest unemployment rate stood at 7.8 percentage points in December 2013 (Chart 1).

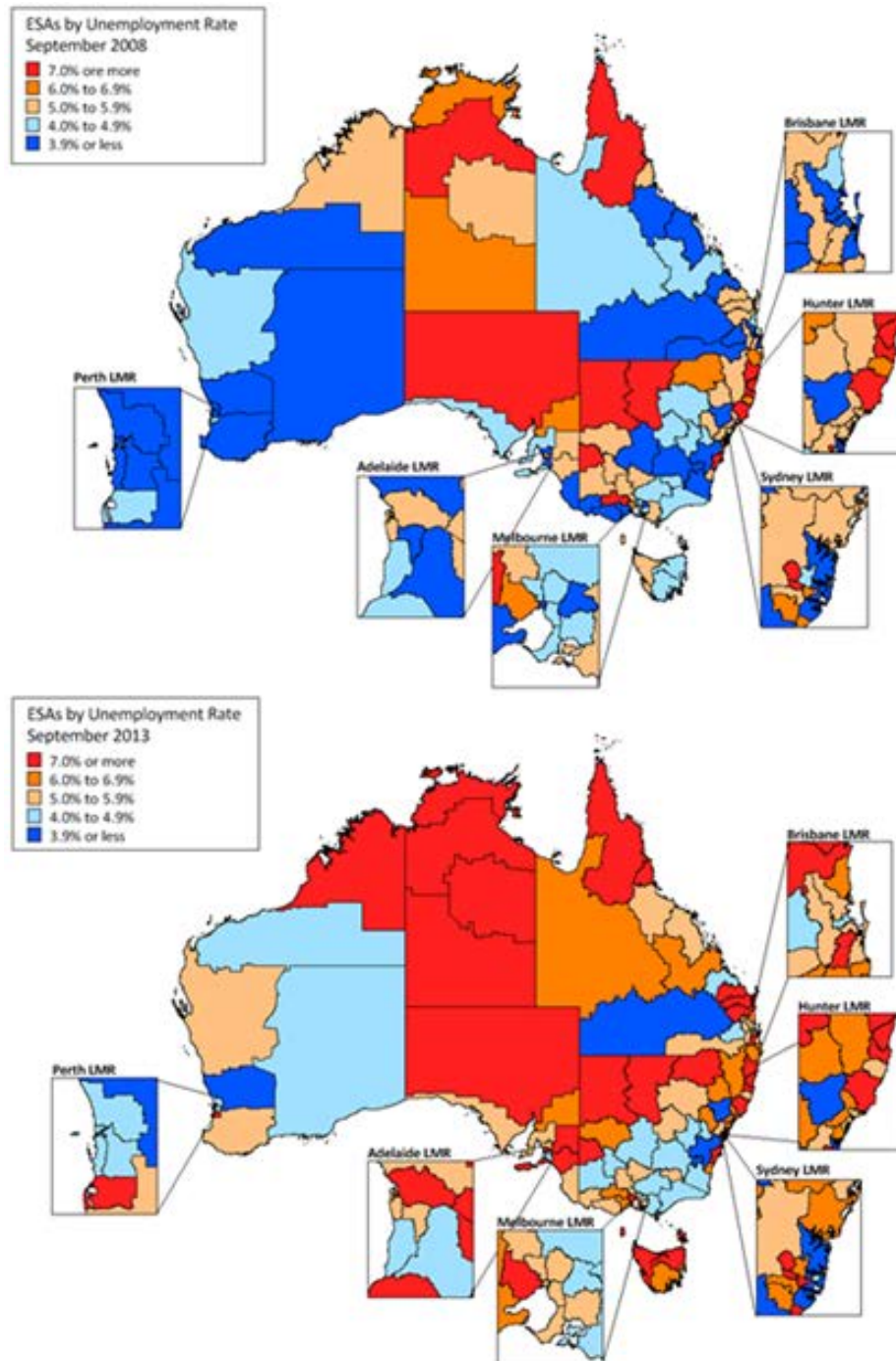
Chart 1: Regional labour market disparity, unemployment rates, April 2008 to December 2013



Source: ABS Labour Force, Australia, Detailed – Electronic Delivery, December 2013 (Cat. No. 6291.0.55.001), three-month averages of original data.

Figure 1 shows unemployment rates by Employment Service Area (ESA) in September 2008 and September 2013. Over this period, labour market conditions softened, with the national unemployment rate increasing from 4.2 per cent in September 2008 to 5.5 per cent in September 2013. However, some regions recorded a larger increase in their unemployment rate than others over this period. For instance, around half of ESAs in Queensland recorded an unemployment rate below 4 per cent in September 2008 but, by September 2013, a large majority of Queensland ESAs were recording unemployment rates above 5 per cent. Similarly, the unemployment rate has noticeably increased in Tasmania, Melbourne, Adelaide and Perth, illustrating how quickly labour market conditions can change and the importance of having a flexible and adaptable labour market.

Figure 1: Variations in unemployment by region, September 2008 and September 2013



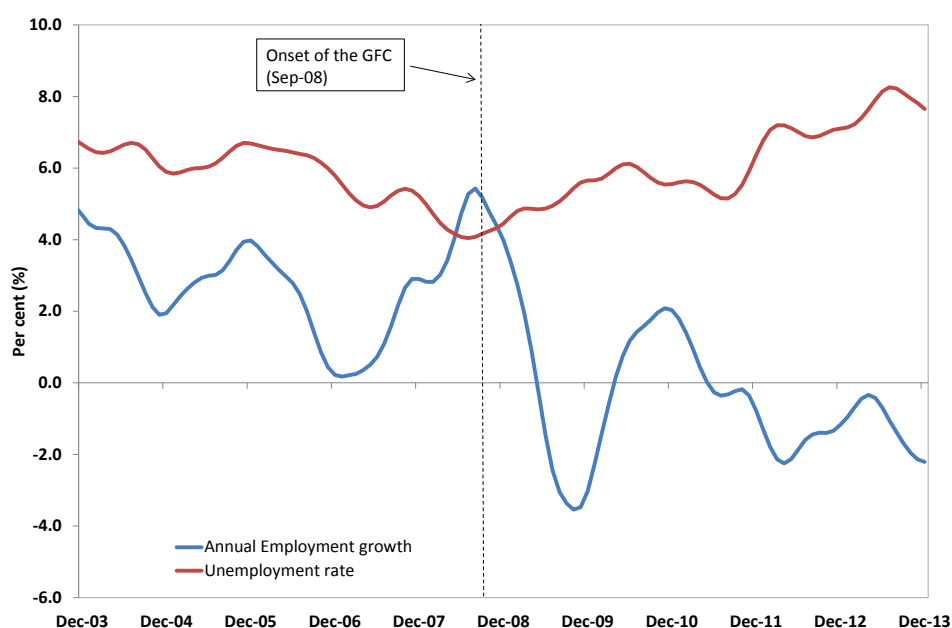
Source: Department of Employment, derived from Small Area Labour Markets data

Case study: Tasmania

In the five years prior to the onset of the Global Financial Crisis (GFC) in September 2008, labour market conditions in Tasmania had improved significantly, with the unemployment rate declining from 8.4 per cent in June 2003 to 3.9 per cent in September 2008, and an annual average rate of employment growth of 2.9 per cent over the five years to September 2008. These outcomes were due in large part to the robust rate of economic growth in the State, with Gross State Product (GSP) growing by an annual average of 3.0 per cent over the five years to June 2008.

With the onset of the GFC in September 2008, the level of employment declined by 12,500 people over the year to August 2009 and the unemployment rate increased to 6.4 per cent in July 2010 (see Chart 2, below). The Tasmanian labour market then stabilised partly in response to government stimulus payments, with the unemployment rate falling to a low of 4.7 per cent in September 2011.

Chart 2: Unemployment rate and annual employment growth in Tasmania, December 2003 to December 2013



Source: ABS, Labour Force, Australia, December 2013 (Cat. no. 6202.0) data are in trend terms.

However, more recently, employment decreased in Tasmania by 5200 people (or 2.2 per cent) over the year to December 2013, while the unemployment rate increased to 7.7 per cent in December 2013, the highest rate recorded of any State or Territory and well above the national rate of 5.8 per cent. In addition, the State's participation rate decreased by 1.3 percentage points over the year to 59.1 per cent in December 2013, the lowest of any State or Territory and well below the 64.6 per cent recorded for Australia.

While Tasmania has experienced both strong and weak labour market conditions at different times over the last decade, the unemployment rate has averaged 6.0 per cent compared with 5.1 per cent nationally. Within Tasmania, regions have also varied in their labour market performance (Table 2).

Table 2: Key labour market indicators, Tasmania and regions

Region	Total employed ('000) ¹	Annual change (%)	Unemployment rate (%) ¹	Annual change (% pts)	Participation rate (%) ¹	Annual change (% pts)	Proportion of the population aged 15-64 on income support (%) ²
	Dec-13		Dec-13		Dec-13		Dec-13
Greater Hobart-Southern	115.7	-2.0	7.2	0.9	60.5	-0.8	19.1
Greater Hobart	99.2	-2.9	7.1	1.4	60.9	-1.1	18.2
Northern Tasmania	64.2	-3.9	7.5	1.0	59.1	-1.9	19.7
Mersey-Lyell	48.4	0.2	9.3	-0.1	57.8	-0.1	21.9
Tasmania	226.6*	-2.2	7.7*	0.3	59.1*	-1.3	19.9
Australia	11,629.5*	0.5	5.8*	0.5	64.6*	-0.6	12.6

¹ Source: For regions, ABS, Labour Force - Detailed Electronic Delivery (Cat. no. 6291.0.55.001) data are three-month averages of original data. For Tasmania and Australia, ABS, Labour Force, Australia, December 2013 (Cat. no. 6202.0) data are in seasonally adjusted terms.

² Source: Centrelink Administrative Data (DEEWR Bluebook extract)

A number of factors have contributed to Tasmania's weaker labour market conditions. For example, a high Australian dollar exchange rate had a negative effect on some of the state's major industries (manufacturing, forestry and tourism); while business investment has fallen. Tasmania also has a low level of educational attainment, with 18.0 per cent of the population aged 15-64 having attained a bachelor's degree or above compared with 24.4 per cent nationally.

There are also a number of demographic factors affecting the State's labour market. Tasmania has a relatively old population, with 21.4 per cent of its civilian population aged 65 and above (compared with 17.9 per cent for Australia). In addition, the proportion of Tasmania's population aged 25-44 (people classified as prime-age workers) stood at 29.0 per cent in December 2013, well below the 35.2 per cent recorded for Australia. Further, Tasmania has recorded low population growth, with the population in the State increasing by 0.2 per cent over the year to the June quarter 2013, compared with 1.8 per cent nationally.

Taking a more detailed look at population movements, in each of the nine quarters to the June quarter 2013, the number of departures from Tasmania to other parts of Australia outstripped the number of arrivals (see pages 14-17 for a more national discussion of these flows). While these data indicate that there has been a net outflow of people from Tasmania over this period, they provide no indication of whether these are people leaving Tasmania for better employment opportunities elsewhere.

However, other data suggest that a greater proportion of young people are leaving Tasmania compared with other states, with around 12 per cent of people aged 15-34 who lived in Tasmania at the time of the 2006 Census living in another state as at August 2011, well above the 7 per cent recorded for Australia. Further, the educational attainment level of those people aged 15-34 who left Tasmania for another state in the five years between the 2006 and 2011 Census (71 per cent having completed Year 12) is well above the educational attainment level of those aged 15-34 who remained in Tasmania (only 53 per cent have completed Year 12). This suggests that many higher

skilled young people are migrating from Tasmania to other states as they search for employment opportunities.

Fly-in, fly-out (FIFO) workers

As noted in the Commission's draft report, there is limited information about the characteristics of long-distance commuters.

FIFO arrangements are used to get workers to where the work is located without the need for a permanent move, and are largely associated with the Mining industry. While there is no official source of data on the number of FIFO workers in Australia, Census data can indicate the regions most affected by FIFO work arrangements.

In the August 2011 Census, approximately 176,600 workers in Australia reported that they were employed in the Mining industry, accounting for 1.8 per cent of total employment. Of these, around 29,900 (or 17.0 per cent of employment in the industry) were counted in the Census at a location that was not their usual residence. Many of these workers are likely to be employed under a FIFO arrangement.

The labour market characteristics of these workers were similar to the Mining industry as a whole. They were most often males aged 25-44 years and employed as Machinery Operators and Drivers or Technicians and Trades Workers. Most worked long, full-time hours for relatively high pay.

In 2011, the five regions² with the largest number of Mining workers, based on place of work, were the Pilbara (WA, 18,900 or 10.8 per cent of total Mining employment), Bowen Basin-North (Qld, 11,700 or 6.7 per cent), Goldfields (WA, 7500 or 4.3 per cent), Lower Hunter (NSW, 5800 or 3.3 per cent) and Central Highlands (Qld, 5700 or 3.3 per cent).³

The vast majority of workers in the Mining industry work and live in the same state, with most living in the same region as they work. By comparing the place of work and the place of usual residence for people employed in the Mining industry, areas where Mining workers outnumber Mining usual residents can be identified to give an indication of the number of FIFO workers.

Table 3 presents the regions where the number who worked in the region (place of work) was greater than the number who lived in the region (place of usual residence) for Mining workers. The figures suggest that Pilbara and Bowen Basin are the two largest FIFO work destinations.

² The regions used here are SA3s in the Australian Statistical Geography Standard (ASGS), which represent regions of between approximately 30,000 people and 130,000 people.

³ Western Australia and Queensland account for another 5900 Mining workers each (for a total 6.8 per cent of Mining employment) where the location of work was undefined below the state level.

Table 3: FIFO destinations - place of work populations greater than place of usual resident populations

Location (SA3)	Place of usual residence	Place of Work	Difference
Pilbara (WA Outback)	11,430	18,890	-7460
Bowen Basin - North (Qld)	5330	11,680	-6350
Goldfields (WA)	5380	7550	-2170
Outback - North and East (SA)	2270	4160	-1890
Central Highlands (Qld)	3980	5690	-1720
Outback - North (Qld)	3860	5080	-1220
Wheat Belt - South (WA)	800	1770	-970

Source: ABS 2011 Census of Population and Housing.

Table 4 presents the regions where the place of usual residence was highest compared to place of work for Mining workers. These figures suggest that Perth and its suburbs are home to the largest numbers of FIFO workers, followed by Mackay and Townsville in Queensland.

Table 4: FIFO 'home' locations - place of usual residence populations greater than place of work populations

Location (SA3)	Place of usual residence	Place of Work	Difference
Mackay (Qld)	6370	1690	4680
Joondalup (North West Perth)	3520	100	3410
Stirling (North West Perth)	3770	600	3170
Wanneroo (North West Perth)	3170	400	2770
Rockingham (South West Perth)	2600	120	2490
Mandurah (WA)	2410	130	2280
Rockhampton (Qld)	2660	480	2180
Melville (South West Perth)	2360	310	2050
Townsville (Qld)	2550	530	2010
Gosnells (South East Perth)	1930	190	1740

Source: ABS 2011 Census of Population and Housing.

Geographic patterns in skill shortages

The Department also researches employer recruitment experiences. There are two complementary streams to this research: the Skill Shortage Research programme, which analyses the labour markets for highly skilled workers to identify where shortages are evident or emerging at the state and territory and/or national level; and Surveys of Employers' Recruitment Experiences, which provide information about the recruitment experiences of employers in selected regional labour markets.

The Department's Skill Shortage Research in 2013 included discussions with more than 5500 employers, as well as consultations with a number of key industry associations. It found that skill shortages varied markedly across occupations, sectors, and states and territories. In 2013, employers generally recruited skilled workers without significant difficulty and skill shortages are now less pronounced than they had been at any time over the past six years. However, labour markets can change quickly, with recent changes of note including:

- employers nationally commenting that they attract applicants who have returned from the resources sector; and

- signs of a tightening in the labour market for some construction trades.

For some occupations, shortages are national and evident in every state. Examples include panelbeaters and sonographers. People with relevant qualifications and experience in such occupations are likely to be employed, and therefore encouraging greater movement across states and territories would have limited effect. The same may be said for occupations where shortages are not evident in any state or territory, such as primary school teachers and architects.

For most occupations, shortages are limited to particular locations. The labour market is complex, with shortages often restricted to regional areas and for many occupations shortages are only for workers with specialist skills (for example, for midwives the recruitment difficulties in regional areas are for those who hold a dual registration in midwifery and registered nursing).

There are significant differences in the recruitment experiences of employers by state and territory. Employers in New South Wales (NSW) had the most difficulty recruiting in 2013, filling the lowest proportion of vacancies. It should be noted, though, that this was due to a marked softening in the other states' labour markets, rather than a tightening in NSW. Shortages in NSW are more prevalent for trades than professions, and are often restricted to particular regional locations.

Table 5: Proportion of vacancies filled (%) and average number of applicants, and suitable applicants per vacancy by state and territory and Australia, 2013

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	Australia
Proportion of vacancies filled	66%	76%	68%	81%	73%	74%	72%	71%	72%
Applicants per vacancy	13.2	21.8	14.6	11.7	14.5	7.8	6.9	6.7	13.9
Suitable applicants per vacancy	1.7	2.5	2.5	2.4	2.6	1.7	2.0	1.9	2.2

Source: Department of Employment Skill Shortage Research: Survey of Employers who have Recently Advertised

Recruitment of skilled workers is generally harder in regional locations than in metropolitan areas, with significantly fewer candidates for vacancies in regional areas. The most notable occupations for which recruitment is more difficult for employers in regional areas are health professions and nurses, particularly for experienced or senior roles. A key issue for these labour markets is the difficulty graduates face securing employment, with many employers unable to provide the support or supervision to those who are newly qualified.

Employers' comments suggest that a number of regional vacancies remain unfilled as preferred applicants are unwilling to relocate or cannot agree on employment terms and conditions with the employer. A number of employers contacted as part of the Department's research in 2013 also indicated that they were reluctant to hire someone who is not local.

Table 6: Proportion of vacancies filled (%) and average number of applicants, and suitable applicants per vacancy (no.) by metropolitan and regional and Australia, 2013

	Metro	Regional	Australia
Proportion of vacancies filled	74%	67%	72%
Applicants per vacancy	15.7	9.6	13.9
Suitable applicants per vacancy	2.4	1.9	2.2

Source: Department of Employment Skill Shortage Research: Survey of Employers who have Recently Advertised

Note: Metropolitan includes state and territory capital cities, regional covers all other locations.

The research undertaken through the Survey of Employers' Recruitment Experiences focusses on collecting local information on employer demand for labour and skills requirements in capital cities and selected regions across Australia. Each year around 10,000 employers participate in the survey and areas are surveyed regularly to identify changes in recruitment conditions over time.

Survey results for 2013 identified a continuation of declining trends in employers' recruitment activity, unfilled vacancies, and business growth expectations in the majority of regions surveyed. These results reflect more difficult labour market conditions for job seekers across the much of the country.

Research in Priority Employment Areas (PEAs), which include some of the most disadvantaged regions in Australia, identified that while labour market conditions have eased in most areas, employers continue to recruit at a steady rate and about half of employers report that it was difficult to recruit appropriate staff for their business in the year prior to the survey.

November 2013 survey results of more than 250 employers in the Pilbara suggest that the strong demand pulling workers to some regions with a prominent resources sector may be easing. While overall labour market conditions in the Pilbara remain stronger than in most other parts of the country, levels of recruitment activity are less than half those recorded in 2010 and almost one third of employers reported reducing staff numbers in the previous 12 months. The Pilbara's remoteness and low population continues to be a primary cause of recruitment difficulty in the region. Nevertheless, many employers reported a preference to recruit locally with one quarter of employers saying they did not interview applicants in their most recent recruitment round because they were not from the local area.

The Department's research indicates that, regardless of occupation or industry, a range of factors influence employers' recruitment from interstate and affect applicants' success in finding employment when migrating between states and territories.

- a) Skilled workers, regardless of their qualifications, may experience difficulty finding employment if they lack experience and employability skills. Shortages are mainly for experienced and specialist workers.
- b) Some graduates experience difficulty gaining initial employment in their intended field, with vacancies at the entry-level attracting large numbers of qualified applicants if advertised formally (for example, internet). While there is variation across regions and occupations, job seekers aiming to secure entry-level opportunities face significantly less competition if they apply for positions that are advertised informally, such as through word of mouth or a sign in the window.
- c) Employers often demand local or sector specific experience or knowledge, including local or industry regulations and standards. It is very common for employers to reject otherwise qualified and suitable applicants if they do not meet these specific requirements.
- d) In a limited number of occupations, employers note that it is difficult to recruit from interstate as registration is state based, formal qualification requirements differ, or the licences and/or tickets are not mutually recognised. While the Council of Australian Governments is working to address this issue for some occupations under the National Occupational Licensing System (to be implemented in 2014), workers interested in relocating may need assistance to gain the relevant registration, qualifications or tickets to fill vacancies.
- e) There are a number of occupations for which training is available in a limited number of locations. Employers in locations where training is not available rely on movement of workers and graduates after training.

Labour mobility data and research

Extent of labour mobility

Australia's labour market has a high degree of turnover, with around 10 per cent of workers changing jobs in a typical year. Many people can remain employed in the same occupation but change industries (including many Manufacturing workers) while others are able to apply their skills in different occupations and industries, with or without formal re-skilling.

The Australian labour market exhibits both a significant amount of job mobility, as well as some geographic or regional mobility. Some people will demonstrate a particularly strong regional attachment, whereas others will be prepared to commute long distances (through fly-in fly-out arrangements, for example), and others will relocate occasionally or regularly.

At present, most geographic mobility in Australia occurs within regions and between the metropolitan areas of the mainland states on the east coast. Research by Professor William Mitchell⁴ of the University of Newcastle for the Australian Fair Pay Commission has found that within Australia, a significant proportion of labour mobility is local, with people moving within metropolitan areas.

Research by Debele and Vickery⁵ for the Reserve Bank of Australia found that Australians do move from high unemployment to low unemployment states over time, and that interstate migration is a channel for adjustment in response to economic shocks.

Interstate migration

Australian Bureau of Statistics data indicate that interstate migration is low relative to the populations concerned, and narrowly focused among NSW, Queensland and Victoria, and between metro areas; with little east-west mobility.

In total, there were 327,523 people who moved from one state to another in 2011, down from a pre-Global Financial Crisis (pre-GFC) decade average of 371,000 but broadly in line with the post-GFC average of 342,154 (2008 to 2012).

While interstate migration peaked in 2002 in level terms (400,000), there is no such peak when the data are considered in proportional terms. When measured as a proportion of the population, interstate mobility was steady through the late 1980s through to the early 2000s at around 2 per cent. However, since 2002, interstate mobility as a proportion of the population has declined to 1.4 per cent in 2012, driven by both a decline in the total number of interstate movements and population growth of 16.6 per cent over the period.

⁴ Mitchell, W., (2008) 'Labour Mobility and Low-paid Workers', Research Report No. 5/09, Report commissioned by the Australian Fair Pay Commission.

⁵ Debele, G. and Vickery J., (1998) 'Labour Market Adjustment: Evidence on Interstate Labour Mobility', Research Discussion Paper 9801, Reserve Bank of Australia.

Table 7: Net Interstate Migration by state, number of people

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
2007	-24,070	-3373	25,659	-3951	4674	-176	885	352
2008	-22,690	-1043	21,228	-5195	6265	733	691	11
2009	-13,814	1801	13,519	-3317	2274	-50	186	-599
2010	-11,243	2870	7243	-3163	3944	544	-1690	1495
2011	-16,104	3329	9608	-2325	8460	-1390	-2171	593
2012	-17,761	1733	11,354	-3345	10417	-2650	-1677	1929
10 year average to 2008	-23,843	125	26,821	-2907	1024	-291	-752	-148
Average 2008 to 2012	-16,322	1738	12,590	-3469	6272	-563	-932	686

Source: ABS Australian Demographics Statistics (Cat. No. 3101.0), December 2012, Quarterly Interstate Migration by States and Territories of Arrival and Departure by Sex datacube. Data presented in the table are the latest available by calendar year. Note: Negative figures indicate a net loss, that is, more people departed from the state than arrived.

Net interstate migration (NIM) is the difference between the number of people who have changed their place of usual residence by moving into a given state or territory and the number who have changed their place of usual residence by moving out of that state or territory during a specified time period.

NIM is not a major component of population growth in any state or territory. While Queensland and Western Australia (WA) had the highest NIM in 2012 (11,354 and 10,417 people respectively), these figures are low when compared with net overseas migration (NOM) and state population estimates.

On a calendar year basis, NIM to Western Australia reached a historic high of 10,417 people in 2012, well above the pre-GFC decade average of 1,024 and post-GFC average of 6272. By comparison, NIM to Tasmania was -2,650 in 2012, well below its recent period averages, reflecting weak state labour market conditions in that state (see Table 7).

NIM figures do not portray the often significant two-way movements of people between states and territories. For example, while the resource-rich states of Queensland and Western Australia both had significant numbers of people moving into those locations (85,593 and 39,670 in 2011 respectively), there were also large numbers of people who moved out of these locations (74,239 and 29,253 respectively). The available data does not allow us to determine the net effect on the workforce, as we do not know the age or work intentions of those moving in either direction.

In terms of interstate migration destinations, people are more likely to move between adjacent states and territories than non-adjacent ones. For example, of the 94,311 people who moved from NSW in 2012 (reading down the first column of Table 8), the majority went to Queensland and Victoria, while only 10,457 (11.1 per cent) moved to Western Australia.

Table 8: Gross interstate migration between states, 2012

Arrivals to	Departures from (people)								Total Arrivals
	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	
NSW	-	18,754	32,187	4802	6846	2088	2627	9246	76,550
VIC	21,964	-	17,385	6744	7819	3539	2378	2417	62,246
QLD	41,064	18,635	-	5894	8220	3406	5247	3127	85,593
SA	4853	5452	4385	-	2403	645	2145	691	20,574
WA	10,457	9980	10,388	3393	-	1906	2616	930	39,670
TAS	2000	2403	2634	638	1372	-	374	237	9658
NT	2998	2773	4296	1623	1803	368	-	397	14,258
ACT	10,975	2516	2964	825	790	356	548	-	18,974
Total Departures	94,311	60,513	74,239	23,919	29,253	12,308	15,935	17,045	327,523
Net gain/loss	-	-	-	-	-	-	-	-	-
	17,761	1733	11,354	-3345	10,417	-2650	-1677	1929	-

Source: ABS Australian Demographics Statistics (Cat. No. 3101.0), December 2012, Quarterly Interstate Migration by States and Territories of Arrival and Departure by Sex datacube. Data presented in the table are the latest available by calendar year. Note: Negative figures indicate a net loss, that is, more people departed from the state than arrived.

Western Australia's share of total interstate migration prior to 2007 was relatively stable ranging from 7.6 per cent to 9.7 per cent in the period from 1987 to 2006. However, in recent years it has increased, albeit slightly, from 10.3 per cent in 2007 to 12.1 per cent in 2012. Australian Bureau of Statistics data also shows that NIM to Western Australia broadly follows the state's economic growth rate. This relationship is less evident among the other states and territories.

There is some fly-in fly-out occurring from other states that is not measured in migration data, but even taking this into account, the net number of workers and people coming into Western Australia from other states is small compared with overseas migration. For example, over the five years to December 2012, average annual net overseas migration (NOM) to Western Australia was 41,449 – more than six times greater than NIM. Over the same period, NOM to Queensland was 45,651 per annum – more than four times greater than NIM.

The Australian Bureau of Statistics migration data presented in this section relate to the movement of all individuals, and therefore overstate the flows by those who are of working age and those who are active in the labour force.

Job, occupational and industrial mobility

In addition to geographic mobility, there are other forms of labour mobility including job, occupational and industry mobility. As with geographic mobility, the aforementioned forms of mobility are important in allocating labour to its optimal use. They are also interrelated, both with each other and with geographic mobility. An individual who changes occupations may also change industries and geographic regions; or they may only change occupation; or they may change geographic region and industry but remain in the same occupation (for example, an engineer could move from construction work in New South Wales to the Mining sector in Western Australia without changing occupation). A recent paper from the RBA⁶ showed that there is a strong correlation between changing occupation and changing industry. While around 50 per cent of job movements involve workers changing industry, the likelihood of a change of occupation is much higher where the industry of employment also changes.

⁶ D'Arcy P., Gustafsson L., Lewis C., and Wiltshire T., (2012), 'Labour Market Turnover and Mobility', RBA Bulletin December quarter 2012.

We do not propose to provide detailed information on these other types of mobility in our submission, as this material is readily available to the Commission and is somewhat tangential to the main focus of the submission. However, we do note that to the degree that there are constraints on geographic mobility, they can limit the capacity for people to change occupations and industries in response to structural change. Similarly, barriers to changing occupation and industry (such as a lack of basic skills and education) can restrict geographic mobility as well.

With respect to the effectiveness of structural adjustment programmes, the Department of Employment notes the Commission's draft recommendation that calls for *"all governments, when developing structural adjustment programs, should ensure they are properly evaluated including how they promote or hinder geographic labour mobility. For example, this should apply to the programs announced by the Australian and Victorian Governments in response to the Ford closure in Victoria. A longitudinal study of the retrenched Ford workers would be particularly beneficial in understanding the long-term impacts of structural adjustment and its implications for geographic labour mobility"* (Recommendation 10.1). The Department of Employment is supportive of this recommendation as it would help build the evidence base on where retrenched workers are moving from/to as well as shed further light on other forms of labour mobility.

3. POLICIES AND PROGRAMMES

The Australian Government has a wide range of policies and programmes which influence geographic labour mobility, directly or indirectly. Within the Employment portfolio, there is job search assistance through employment services, labour activation strategies, and pilot programmes to support labour mobility. More broadly, the workplace relations system can also affect people's mobility decisions. This section discusses some of these policies and programmes.

Employment services and labour activation strategies

The Australian Government's employment service systems, including Job Services Australia (JSA), Disability Employment Services (DES) and the Remote Jobs and Communities Program (RJCP) can support labour mobility by helping job seekers to access job opportunities in other regions and by encouraging them to think more broadly about employment opportunities. Activation policies, such as the participation requirements attached to working age payments like Newstart Allowance (NSA), Parenting Payment and Youth Allowance can also affect labour mobility, by encouraging people to seek employment with greater urgency, and giving people stronger incentives to find jobs.

Within the Employment portfolio, JSA provides flexible and tailored support to job seekers to help them find a job locally or elsewhere. Key JSA services include matching people with jobs to optimise the use of their skills or develop new skills which are in demand, supporting job seekers (especially those who are job ready) to move to areas of high labour demand and assisting employers to find staff to meet their recruitment needs.

JSA assistance

A key feature of JSA is its emphasis on the needs of the most disadvantaged job seekers. The JSA streaming process captures the extra disadvantages job seekers may face, and the level of servicing and funding increase from Stream 1 for the more job ready job seekers up to Stream 4 for the most highly disadvantaged job seekers (for example, long-term unemployed job seekers with multiple vocational and non-vocational barriers).

For example, Stream 1 Limited services under JSA provide assistance in the preparation of a resume, and information on job opportunities, including the types of industries that need more workers, and access to job search facilities.

All job seekers receive a minimum service from JSA involving job search advice and labour market information. For example, newly arrived migrants with a right to work in Australia are generally eligible for limited JSA services. JSA providers are rewarded through outcome payments and performance ratings (known as star ratings) when they place people into sustainable jobs.

JSA providers are expected to have expertise on employment conditions within their local Employment Service Areas (ESA), particularly in relation to job opportunities for disadvantaged job seekers on their caseload. Providers liaise with local employers, training providers and community organisations and can draw on research published by the Department and other organisations on regional labour market conditions.

Providers are able to use the Employment Pathway Fund (EPF) to purchase assistance which helps eligible job seekers gain employment. The EPF can be used to cover some or all of the costs eligible job seekers incur travelling to attend job interviews, as well as relocation expenses to take up positions located outside their local region. The fund can also be used to purchase relevant training courses, work-related clothing and equipment, as well as personal support services.

Centrelink delivers Job Seeker Workshops for those with activity test requirements who live in one of 40 selected areas, are in their first 13 weeks of unemployment and have been assessed as job ready. The workshops help to guide job seekers in their job search by giving them the opportunity to discuss such topics as local labour market opportunities, job search techniques, out-of-area employment opportunities and skills that are in demand.

Activation strategy

Government assistance for job seekers is underpinned by an activation strategy which has three key elements:

- incentives to work - working age income support which covers basic living expenses and is appropriately means-tested to contain costs, but ensures individuals have a financial incentive to take-up paid work;
- obligations to look for work - in return for receiving unemployment benefits, job seekers are required to seek employment and participate in employment programmes; and
- assistance to find work - individually tailored and flexible employment assistance to help improve skills and experience to find work.

Working together, these three elements ensure that unemployment is only a temporary and not a permanent destination. For example, job seekers receiving income support are quickly connected to a JSA provider and are required to attend an interview with their provider before any income support is payable. Once in JSA, job seekers are expected to remain continuously connected with a JSA provider until they find suitable employment. The receipt of benefits is conditional upon availability for work, active job search requirements and participation in employment services. Providers and Centrelink both monitor job seekers' job search activities and there is an accompanying compliance framework, which emphasises participation and engagement. This involves penalties for connection and reconnection failures and eight-week non-payment periods for serious failures such as refusing a suitable job offer without a reasonable excuse.

Mobility and employment service areas

The employment services contract offers financial incentives for placing job seekers into lasting employment. Associated performance measures for employment service providers were modified in January 2013 to ensure that job seekers who have relocated for work are accounted for in the calculation of star ratings. Star ratings affect the business share of JSA providers and therefore

influence their behaviour. It will further encourage JSA providers to also look outside their local labour markets for job opportunities.

While contracts are designed around 116 Employment Service Areas (ESAs), there is no barrier in the JSA model to placing people in jobs in other areas. However, out-of-area placements do not attract higher outcome payments than comparable in-area placements. There are 88 JSA provider organisations, with 26 operating in only one ESA.

In the period between the introduction of JSA on 1 July 2009 and 30 June 2013, JSA providers made 1.6 million job placements. Only 5.3 per cent of these placements were made outside of the relevant Labour Market Region (LMR). Approximately half of these out-of-LMR placements (representing 2.3 per cent of the total number of placements) involved the job seeker moving interstate.

Use of the Employment Pathway Fund to support geographic mobility

From 1 July 2009 to 30 June 2013, JSA providers spent more than \$3.2 million from the EPF on items and services classified under the category of Relocation Assistance. This represents 0.2 per cent of the total EPF expenditure over this period.

The EPF expenditure on Relocation Assistance has helped at least 5645 job seekers to relocate in order to take up an employment opportunity. In addition, there are also several other EPF categories which potentially could have also been used by providers to assist job seekers with relocation expenses (such as Tools and Equipment, Transport, Licensing Assistance and Wage Subsidies).

JSA providers tend not to use the Employment Pathway Fund to offer significant relocation assistance to job seekers, due to competing demands on the Fund and a greater priority to assist more disadvantaged job seekers in need of assistance to address their barriers to finding and keeping a job.

The mobility of income support recipients

As discussed, income support recipients are typically subject to activation requirements. These vary from requirements to seek full-time work for able-bodied, single job seekers, to part-time participation requirements for those with barriers to employment or caring responsibilities. Job seekers who fail to comply with their participation requirements are subject to sanctions through the income support system. This includes those who refuse to take up jobs when they are available. Data on the annual number of income support recipients subject to 'serious failures' for refusing or failing to commence suitable work is in Table 9.

Table 9: Applied serious failures for refusing or failing to commence suitable work 2009-2013

Allowance Type	2009-10 FY		2010-11 FY		2011-12 FY		2012-13 FY*	
	Failures	Jobseekers	Failures	Jobseekers	Failures	Jobseekers	Failures	Jobseekers
Newstart Allowance	362	342	1007	926	1637	1480	1365	1198
Youth Allowance	63	59	183	167	341	312	321	289
Parenting Payment	<20#	<20#	29	27	33	30	40	37
Total	>425#	>401#	1219	1120	2011	1822	1726	1524

Source: Department of Employment administrative data

Note that some job seekers incurred more than one failure.

*Job seeker compliance data is not usually extracted until at least six weeks after the end of the period the data relates to. This is to allow for decisions being changed as a result of review processes. At the time of extraction this lag period had not finished for data for June 2013. The 2012-13 data may therefore differ from subsequently published data.

In order to protect the privacy of individuals, populations less than twenty are reported as "<20"

When it comes to mobility, participation requirements encourage people to seek suitable employment. But under social security legislation, most job seekers are not required to seek jobs more than 90 minutes from their home. However, if they apply for such a position they must accept offers of full-time permanent work. Job seekers with caring responsibilities or a reduced capacity are generally not required to accept jobs located more than 60 minutes from their home. Furthermore, job seekers who voluntarily move to a geographic area with weaker employment prospects than their previous residential location can be subject to sanctions, including loss of payment. The number of Newstart Allowance and Youth Allowance recipients who are subject to this is small, as shown in Table 10.

Table 10: Number of preclusions for moving to an area of lower employment prospects

Year	2009-10	2010-11	2011-12	2012-13
Number of preclusion periods applied	74	57	84	33

Source: Department of Employment administrative data

It is important to note that relocation and long-distance commuting will not be suitable for all job seekers; for those who are facing multiple barriers to employment (such as disability) and relying on good local support, including access to public housing, social services and their extended family, long-distance commuting or relocation may not be a realistic option. It may also present challenges for those with caring responsibilities.

Preparations for new programme settings

The current contracts for JSA are due to end in June 2015 and the Government is currently considering options to improve service arrangements beyond 2015. The Department notes that the Commission has recommended that *"the Australian Government's review of employment services should examine barriers within the job services system to the geographic mobility of unemployed people. Providers should be encouraged to work directly with employers to identify new opportunities for job seekers, including opportunities outside their immediate labour market region where relevant"* (Recommendation 12.4).

With respect to Recommendation 12.4, the Department suggests the following wording to include reference to Job Services Australia, Disability Employment Services, and the Remote Jobs and Communities Programme: *"the Australian Government's preparations for new programme settings including for Job Services Australia, Disability Employment Services and the Remote Jobs and Communities Program should examine barriers within employment services to the geographic*

mobility of unemployed people. Providers should be encouraged to work collaboratively with employers to identify new opportunities for job seekers, including opportunities within and outside their immediate labour market region where relevant”.

While the specific details of employment services from 2015 are still being worked out, the overarching aim of the improvements that are made to the employment services system will be to boost workforce participation and productivity and make our communities stronger by providing more people with greater engagement in productive work. Consistent with the Government’s commitments, it will improve services for job seekers, employers, employment service providers and other stakeholders through increased employer engagement, better services for job seekers and reductions in red tape. However, the nature of any reforms to employment services will be a matter for the Government to consider.

Targeted programmes

There have been a number of Australian Government initiatives to support labour mobility in recent years. These initiatives have included pilot programmes designed to test the capacity of government to support the mobility of job seekers, and are outlined below.

Relocation Pilots 2006-2008

In 2005, the unemployment rate in Western Australia was low and the industries driving the state’s economy, such as Mining and Construction, were experiencing labour shortages. Concurrently, there was high unemployment in parts of Australia, especially along the eastern seaboard. The relocation pilots were designed to enable job seekers who had limited employment prospects in their local area to find and keep gainful employment in a region with demand for labour.

The ESAs that the relocation took place between were selected based on unemployment and labour demand statistics at the time. Coffs Harbour and Shoalhaven in New South Wales were chosen as the source ESAs for the Pilot, as the unemployment rate at the time for these areas was 12.5 per cent and 8.1 per cent respectively. For the second Pilot (Relocate 2), Shoalhaven and Northern Adelaide (which was experiencing an 8.8 per cent unemployment rate) were the source ESAs.

The initial Pilot ran from November 2006 to June 2007 and allowed for the relocation of up to 50 job seekers from a high unemployment area, to an area with low unemployment. An extension of the Pilot (Relocate 2) was announced in the Budget in May 2007 which would fund up to 80 additional places. This Pilot concluded in June 2008. A total commitment of \$728,000 was made for a maximum of 130 places in the two relocation trials.

An assessment of the effectiveness of the initial pilot was undertaken; however, no formal assessment was undertaken for the second pilot.

The screening of job seekers to participate in the pilot, a process designed to meet the needs of prospective employers, tended to select the more employable and motivated job seekers from the available pool; that is, it resulted in selection bias. Largely due to this bias, the pilot produced little evidence that relocation itself significantly improved job seeker employability or provided job seekers with employment opportunities they would not have otherwise attained. In addition, the source regions for the pilot, Shoalhaven and Coffs Harbour ESAs, were experiencing their own shortage of workers in similar occupations such as kitchen hands, general labourers, and apprenticeship and traineeship positions. Given the pilot participants’ previous labour market experience, the assessment concluded that they could have filled these vacancies.

Employment outcomes fell short of the benchmark set for the Pilot, but off-benefit outcomes were demonstrated:

- a. Thirty-three per cent of participants remained in employment for 26 weeks. While this was lower than the benchmark of 65 per cent, it exceeded averages for active job seekers in the sending and receiving ESAs, 13 and 20 per cent respectively (partly due to selection bias).
- b. Regardless of whether participants maintained their initial employment placement, of the 27 people who were on benefits prior to relocation, 22 were off benefits six months after job placement.

In terms of sustainability of employment, Pilot participants were considered more likely to achieve a longer-term job match compared with the average of the regions that they left. This difference could be explained by the intensive assistance provided to participants in terms of job matching, pre-employment screening and training; and post-placement support.

The assessment made by participating employers was mixed. Only 10 of the original 27 on-benefit job seekers remained with their relocation employer. This was considered to be a low return given the investment made (employers found the recruitment and supervision costs for pilot participants were considerably higher than for other new employees). One employer declined to be involved in Relocate 2; the continuing involvement of the other employer was premised on an expectation of higher quality future participants.

It was not clear that the Pilot delivered a cost effective alternative to relocation assistance that could already be provided by Job Network Members using the Job Seeker Account. The unit cost of the Pilot was \$5164 per person relocated. This figure compared with the average per person relocation expenditure at the time of \$551, when using the Job Seeker Account (available under the Job Network model). Similar individuals who utilised the Job Seeker Account for relocation expenses were just as likely to gain sustainable employment in other regions, as those who relocated in the pilots.

It should be noted that particular care needs to be taken when interpreting the results of the relocation pilot. Participants were assisted in a number of ways in addition to being helped with the cost of moving to Perth: through pre-employment training, formal training after taking a job and, in some cases, post-relocation pastoral care.

Connecting People with Jobs

The Connecting People with Jobs (CPWJ) initiative began on 1 January 2011 and closed to new participants on 30 June 2013. The aim of the initiative was to improve labour mobility and reduce unemployment by providing practical assistance to eligible job seekers in JSA and DES to relocate for work or an apprenticeship by taking advantage of areas with greater employment opportunities.

The initiative had lower than expected take up over the life of the programme primarily because disadvantaged job seekers find it difficult to overcome social barriers to relocation as already noted in this submission. However, CPWJ has shown that there remains an incentive for government to provide labour mobility programmes because there is a need to provide relocation assistance to individuals.

The amount of funding available to support relocation through this initiative was:

- Up to \$3000 for a job seeker to relocate to a metropolitan area;
- Up to \$6000 for a job seeker to relocate to a regional area; and
- Up to an additional \$3000 for a job seeker with dependants.

Very few participants were reimbursed for the full funding amount available to them. Over the life of the initiative the average cost of a relocation was \$2,601. The main items that job seekers claimed were for flights, petrol and rent and not what might otherwise be considered standard moving costs; for example, removalists costs. Employment-related costs and set-up costs, such as utility connection fees, were also funded to establish job seekers into their new employment and community. Participants who relocated with dependants spent about twice as much as participants who relocated with no dependants.

CPwJ also included a \$2500 wage subsidy to support participants' employment in their new location. Take up of the wage subsidy was also particularly low, with only 138 relocations supported by a wage subsidy at an average cost of \$1736 per wage subsidy. This indicates that wage subsidies may not be a key factor when an employer decides to employ a person outside of their local area.

The criteria to be eligible for relocation assistance through CPwJ were targeted at assisting disadvantaged job seekers and regions. The eligibility criteria and other programme requirements meant that this measure was complex to administer and access. The major elements of the criteria were that job seekers had to be unemployed for a minimum of 12 months, must reside in a high unemployment region, could not relocate between or within capital cities, and must have a confirmed job offer prior to relocating.

Take-up was initially very low and in response the eligibility was changed in August 2011, with the length of time a job seeker needed to be unemployed reduced to three months and also expanding eligibility to those in DES. Other changes to the eligibility criteria were made in January 2011 to assist the Queensland flood recovery efforts by removing the requirement to relocate from a high unemployment area and the restriction to move between and within capital cities for those relocating to Queensland flood-affected regions.

CPwJ has also been used as a tool to address economic shocks, including the mass redundancies of Bluescope Steel workers and Tasmanian Forestry workers. Of the Bluescope workers who registered with JSA, eight per cent relocated using CPwJ.

Opening eligibility up to DES participants significantly increased the pool of potential participants. However, take-up by DES job seekers was very low, at nine per cent of the overall relocations. This appears to be due to the potential loss of support networks such as family, social and community support, and the difficulties in establishing links in a new community. All of these have proved to be major barriers for all job seekers in receipt of income support to relocate, and particularly problematic for job seekers with a disability.

Labour mobility for disadvantaged job seekers is a difficult step. The risks and expenses in relocating for employment extend beyond just financing the actual relocation. These can include social risks of losing community engagement and support, and financial risks in signing long-term contracts that limit the job seeker's flexibility once in their new location.

Case Study: Elizabeth (not her real name) was a 22 year old job seeker who had been unemployed for more than 12 months. She relocated to regional Queensland to work as a traffic controller. Elizabeth accessed removalists, personal travel costs and rent. Upon relocating Elizabeth's job was delayed, her working hours were significantly reduced and she ultimately lost her job. She no longer had the financial capacity to relocate again and was unable to break a long-term lease. Job opportunities in her new local area were limited. After a period of being unemployed and

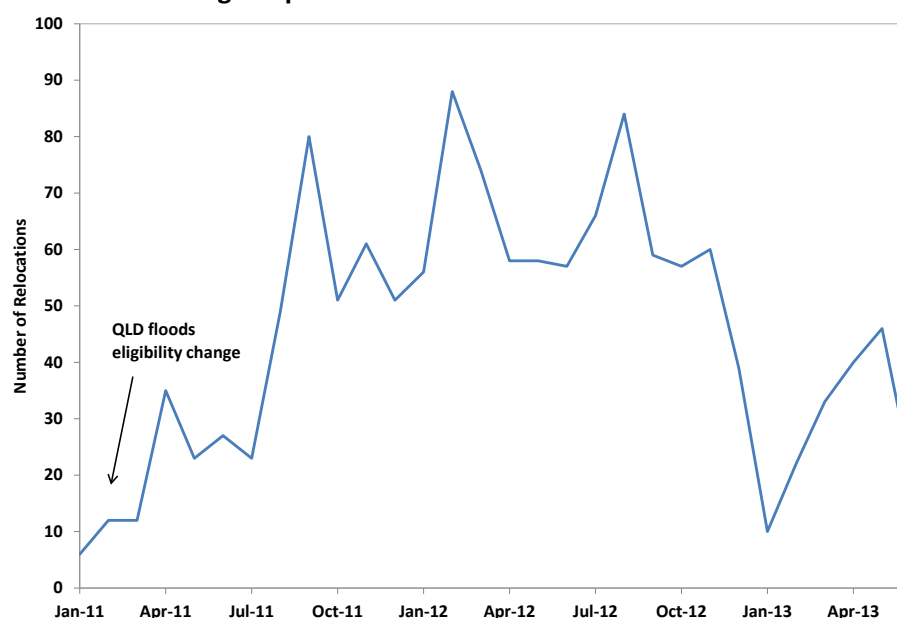
stranded in a poor labour market she was able to access relocation assistance which assisted her to move to an area where she was able to gain stable employment.

The initiative achieved 1383 of the expected 4000 relocations by the time it ceased. Take-up increased notably following the major changes to eligibility and increased promotion of the initiative. The relaxed eligibility for job seekers relocating to Queensland also had some effect, with 40 per cent of participants moving to Queensland flood-affected regions. However, of relocations to flood-affected areas of Queensland, seven per cent relocated between or within capital cities and about 88 per cent relocated from areas of higher unemployment.

The relocation to specific geographic areas can reduce social barriers to labour mobility. There is anecdotal evidence that members of cultural groups will migrate along similar patterns of their peers, thus creating new cultural communities. Moves may include the relocation of community and social support structures that are usually barriers to labour mobility.

Case Study: A regional employment services provider's caseload of Afghani refugee migrants increased by five times in three months, from which a majority of the job seekers had relocated from similar areas in Victoria to seek employment. The provider noted that a small number of Afghani refugees had originally relocated and gained employment in the local area, and were followed by a large number of Afghani job seekers who relocated to the same location. The job seekers appeared to have been more willing to relocate due to the keenness to relocate with their compatriots and their reported good experiences.

Chart 3: Connecting People with Jobs relocations



Source: Department of Employment administrative data

In terms of job seeker characteristics, the majority of participants who accessed CPwJ were male (74 per cent), had an average age of 37 and no dependants (78 per cent); this contrasts with the initial pilots where the majority of job seekers were under the age of 30. About 21 per cent of participants were, or were at risk of being, homeless, 52 per cent did not finish year 12, and 14 per cent were culturally and linguistically diverse. Overall, CPwJ participants were considered

to have higher barriers to employment than the general population, with 89 per cent of participants receiving Stream 2 servicing or higher in JSA, or being DES participants.

Most of the jobs which participants were relocating for were unskilled jobs such as meat, poultry and seafood process workers, general labourers, other construction and mining labourers, and farm workers. The industries involved were spread quite evenly, though some industries were represented a little more highly; these were Accommodation and Food Services, Construction, Manufacturing, and Agriculture, Forestry and Fishing.

About half (46 per cent) of the relocations were intra-state moves. Of these, 52 per cent remained within ACT/NSW. Of the inter-state relocations, Queensland was the most popular destination (34 per cent).

Table 11: Connecting People with Jobs - state relocations

Departures	Arrivals							
	ACT/ NSW	NT	QLD	SA	TAS	VIC	WA	Total
ACT/NSW	335	53	240	<20#	<20#	33	61	>722#
QLD	51	58	250	<20#	<20#	22	29	>410#
SA	<20#	<20#	<20#	<20#	<20#	<20#	<20#	31
TAS	<20#	<20#	<20#	<20#	<20#	<20#	<20#	73
VIC	21	<20#	35	<20#	<20#	31	<20#	>87#
WA	<20#	<20#	<20#	<20#	<20#	<20#	<20#	<20#
Total	>407#	>111#	>525#	33	25	>86#	>90#	1383

Source: Department of Employment administrative data

In order to protect the privacy of individuals, populations less than twenty are reported as "<20"

Research that is available on relocation programmes, both in Australia and overseas, indicates relocation programmes have little effect on either the overall unemployment rate or on the employment prospects of the unemployed. However, it can be seen to strongly benefit the individual participants involved. For CPwJ, 61 per cent of participants as at 30 June 2013 were no longer receiving income support, which is a significant saving over the long term as the average costs to the government for funding the relocation is equivalent to receiving approximately eight to ten weeks receipt of Newstart Allowance.

In addition to the benefits to the individual, another benefit of relocation programmes is to assist employers by reducing the number of unfilled vacancies. Approximately half of the relocations under CPwJ were to areas with lower unemployment. This suggests that the relocations are assisting to supply difficult to fill vacancies.

Case study: As an example of how CPwJ has been used, the programme assisted "Tom" (not his real name) to relocate from Victoria to Western Australia after he was made redundant from a steel worker position with BlueScope Steel. Tom was unemployed for three months before he used CPwJ to move to Western Australia to take up a position with BHP Billiton as a full-time refinery worker. Tom received around \$8,500 in assistance to relocate which covered the cost of travel to the new location, short term accommodation assistance and pre-employment checks.

Case study: A further example is given by "Brett", a mature-aged qualified fitter and turner in western Sydney, who faced multiple barriers to employment,

usually related to disabilities. Brett's case manager and employer broker prepared him through job search training sessions and arranged a full-time job some distance away from his home, liaising with the new employer to arrange new accommodation, travel assistance, work clothing and wage subsidy. Brett was able to return home fortnightly to help care for his children; and has maintained the position for almost two years now.

Move 2 Work

Move 2 Work is a labour mobility and relocation assistance initiative that commenced on 1 July 2013, to assist job seekers to relocate to take up ongoing jobs or an apprenticeship and to support employers to find workers from outside their local areas. Move 2 Work replaced Connecting People with Jobs (CPwJ) which ceased on 30 June 2013. Participants can be reimbursed up to \$6500 to relocate with dependants or \$4500 with no dependants. The initiative has a total commitment of \$3.5 million to assist 600 job seekers in the 2013-14 financial year. There is no wage subsidy component of Move 2 Work; however, a wage subsidy (if the participant is eligible) may be used concurrently with Move 2 Work.

The administration of Move 2 Work has been streamlined, based on lessons learned from the CPwJ initiative, to allow it to better meet the needs of job seekers, providers and employers. From commencement to 16 February 2014, there have been around 330 job seekers using Move 2 Work funding. In addition, another 450 job seekers have indicated that they will use this initiative to assist them to relocate. The initiative is currently on track to achieve the expected number of placements.

Like CPwJ, under Move 2 Work very few participants have been reimbursed for the full funding amount available to them. From commencement to 16 February 2014, the average reimbursement under Move 2 Work has been \$1987. The main items that job seekers claimed were for Removalist and Accommodation costs. Participants who relocated with dependants spent over twice (\$3641) as much as participants who relocated with no dependants (\$1570).

In terms of job seeker characteristics and like CPwJ, the majority of participants who accessed Move 2 Work were male (66 per cent), had an average age of 37 and had no dependants (79 per cent). About 20 per cent of participants were, or were at risk of, being homeless and nine per cent were culturally and linguistically diverse. Overall, Move 2 Work participants were considered to have medium to high barriers to employment than the general population with 77 per cent of participants receiving Stream 2 servicing or higher in JSA, or being DES participants.

Most of the jobs participants were relocating for under Move 2 Work were unskilled jobs such as process workers, labourers, traffic controllers and retail assistants. Accommodation and Food Services, Other Services and Transport, Postal and Warehousing were among the most popular industries.

Almost half (45 per cent) of the relocations are intra-state moves. Like CPwJ, Queensland was the most popular destination (35 per cent) for all relocations. This suggests that there has been a general trend for job seekers serviced by Government employment services to relocate to Queensland for employment.

Both CPwJ and Move 2 Work have experienced difficulty in tracking movement of a job seeker once they have commenced employment. The nature of job seekers and current IT functionality is that a job seeker may move for a job and if they are successful move off income-support without further correspondence with the Department of Employment or the Department of Human Services. Many job seekers are keen to leave behind their "unemployed experience" and therefore cease

correspondence with these agencies. Without this updated data it is challenging to know that they have moved, gather data on where they have moved to and track them into the future.

Relocation Assistance to Take Up a Job

The Relocation Assistance to Take Up a Job programme is part of the Government's broader election commitment to "Increase Employment Participation". This programme will provide financial assistance to long-term unemployed job seekers who relocate to take up ongoing employment. The programme will commence on 1 July 2014 and will provide relocation payments of up to \$6000 if participants move to a regional area or up to \$3000 if they move to a metropolitan area. Families with dependant children will be provided with up to an extra \$3000.

The programme will be available to long-term unemployed job seekers who are receiving Newstart Allowance, Youth Allowance (other) or Parenting Payments for at least the preceding 12 months, and are registered with a JSA provider or participating in DES.

Harvest Labour Service

The Harvest Labour Service (HLS) helps growers to supplement local labour with out-of-area workers. Services delivered by HLS providers (who are also JSA providers) include:

- mobilising job seekers from locations outside the harvest areas and placing them into harvest jobs;
- liaising with growers and supporting their labour needs; and
- marketing harvest work opportunities.

HLS providers can refer to harvest positions anyone legally able to work in Australia. There are approximately 26,000 placements per year. Backpackers on working holiday visas make up around 96 per cent of these placements, with the rest being job seekers on income support and itinerant workers such as 'grey nomads'. Many of the backpackers take on harvest work to help them secure a second working visa period.

National Harvest Labour Information Service

The National Harvest Labour Information Service (NHLIS) provides national coordination and dissemination of information regarding harvest-related work opportunities across Australia, including those areas not serviced by HLS. NHLIS services include:

- producing and distributing the National Harvest Guide—a comprehensive Harvest Trail information booklet;
- maintaining information on job opportunities on the www.harvesttrail.gov.au website; and
- providing a national free-call telephone information service.

The Pacific Seasonal Worker Pilot Scheme

The Pacific Seasonal Worker Pilot Scheme (PSWPS) was introduced to contribute to Australia's economic development objectives in the Pacific region and East Timor, and to assist regional Australian horticultural employers with seasonal worker shortages which could not be met from the Australian labour market. The Pilot was successful and the four-year Seasonal Worker Program is now operational with up to 12,000 places for approved employers (with 10,450 places available for the horticulture sector to 30 June 2016, and up to 1,550 places for trial sectors of accommodation, aquaculture, cane and cotton over three years to 30 June 2015).

Regional strategies

Australian governments have implemented a range of measures to address regional labour market issues and support employment at the regional level. Some of the projects under these initiatives incorporate efforts to enhance geographic mobility and are outlined below.

The Priority Employment Area initiative

Local Employment Coordinators (LECs) are located in 21 priority employment areas (areas identified against a range of indicators as vulnerable to labour market disadvantage and requiring extra assistance) and work with employers, employment service and training providers, all levels of government and other stakeholders to develop local solutions to the region's labour market needs. A Regional Employment Plan has been developed for each priority employment area which identifies the LEC's key priorities, taking into account options to address future challenges, including business needs and barriers to employment, skills development and job creation. A Flexible Funding Pool is available to support projects and activities with direct links to regional employment plans.

As part of the Priority Employment Area initiative, Jobs and Skills Expos have been held regularly across Australia. Jobs and Skill Expos function like a 'jobs market place' and bring together job seekers, employers, education and training providers, government agencies and community groups. Expos provide information about local jobs and pathways, employment and training service providers and other relevant government and community services.

The LECs are a part of the Commonwealth's on-the-ground response to structural adjustment pressures in priority employment areas and have been helping to connect people with relevant programmes that support local, as well as more distant, job opportunities.

A number of the LECs have developed projects that involve connecting local job seekers with distant opportunities through fly-in fly-out (FIFO) arrangements.

Case study: Illawarra BlueScope worker project

The LEC in the Illawarra priority employment area worked to address the need to transition redundant workers onto other employment following the scaling down of BlueScope operations and associated redundancies. Working collaboratively with local employment service providers, BlueScope Steel, Skilled Group and the Australian Workers Union, a pilot project was developed. Participants in the project were provided with information on FIFO work and the Mining industry. Training and medical checks were funded through the Employment Pathway Fund under the BlueScope Steel Labour Adjustment Program. Participants also benefited from additional support to prepare them for job interviews. The employment service providers drew on CPwJ to help participants relocate to take up their new positions. The project was completed in November 2012 and successfully placed 27 participants into employment.

Case study: Ipswich-Logan Mining Employment Linkages project

In 2010, the Ipswich-Logan LEC collaborated with Energy Skills Queensland, a local industry body, and BoysTown, a local Indigenous Employment Program provider to develop a pilot project to help transition unemployed job seekers into FIFO and drive-in drive-out (DIDO) jobs in the resource sectors in the Surat Basin area. The LEC for the Ipswich-Logan priority employment area identified funding through the Indigenous Employment Program; Energy Skills Queensland provided industry funding and the State Government provided funds for pre-employment training. The LECs from Bundaberg- Hervey Bay and Southern Wide Bay-Burnett also collaborated on the project and enabled the project to source intakes from across these priority employment areas.

This project included a four-week pre-employment component followed by a six-week vocational training programme to provide job seekers with the necessary skills for entry level jobs on drilling

rigs. It also included a week-long living away from home component early in the programme to test the participant's suitability with the working arrangements in this industry, including management strategies and information on support services and networks. Once placed into employment, workers continue to receive further training to qualify for a Certificate II in Drilling (Onshore).

The success of the pilot resulted in other projects being developed with Energy Skills Queensland to expand the projects more broadly whilst being more specific to the labour market issues in each priority employment area.

In the Ipswich-Logan priority employment area, the LEC secured funding to assist another 90 job seekers into entry level drilling and hospitality jobs in the resources industries. This project had three parts; Life Skills and Jobs Readiness Skills, Accredited Training and Vocational Work Experience, and Employment.

The project ran over a period of approximately twelve months, with six intakes of participants. Of the 92 participants, 83 successfully completed the program, with 55 gaining employment by June 2013.

Jobs boards

Information (or the lack of it) is a key issue for geographic labour mobility. Labour market information systems are important for enabling job seekers to be aware of the vacancies which may be available in distant locations. In this regard, job vacancy websites help to improve the functioning of labour markets by informing jobseekers about where vacancies are. The Australian Government supports online jobs boards in order to help job seekers access relevant labour market information, including job opportunities which their local networks would not give them access to. This is particularly important where there may not be sufficient incentives for private providers to fill the gap.

Australian JobSearch and the Resources Sector Jobs Board are two Australian Government initiatives that have been established to help make the connection between job seekers looking for job opportunities with employers who are seeking workers across Australia.

Australian JobSearch

Australian JobSearch (www.jobsearch.gov.au) was established in 1998 and is a free online job board. Since April 2012, JobSearch has been available through mobile devices and in April 2013 a new app was released that uses mobile device GPS functionality to provide additional services.

JobSearch provides extensive services for employers and job seekers, including advertising and applying for jobs as well as information on labour market conditions, career pathways and relevant government services. It is supported by a Job Seeker Hotline, an Employer Hotline and email support.

JobSearch can help job seekers find work locally or anywhere in Australia. It has information on job prospects and skills needed in a range of industries. It also provides information on Apprenticeships, training and career prospects and employment services providers.

Job seekers can register on JobSearch and record their skills, qualifications and work experience to enable employers to find them. Employers can then contact the job seeker (without knowing any of their personal details) to make arrangements for further discussion about potential jobs.

Employers can advertise jobs for free or look for staff using the Find Staff option. Employers can also find information on government initiatives, upload vacancies directly from their own recruitment

system and find details of local employment events and support including employment services providers.

In addition to vacancies posted directly by employment service providers and employers, several private jobs boards feed their own vacancies over to JobSearch to increase exposure. JobSearch is consistently rated as Australia's fourth most accessed jobs board according to Neilsen ratings.

The Resources Sector Jobs Board

The Resources Sector Jobs Board was developed to better connect Australian job seekers with employers and job vacancies in the resources sector, with the aim of assisting more Australian workers take up opportunities in the industry. The Jobs Board (www.jobsboard.gov.au) went live on 10 June 2012. The Resources Sector Jobs Board:

- a. provides a dedicated internet page for jobs in the resources sector;
- b. provides Australians with the opportunity to view vacancies and apply for resource sector jobs;
- c. will allow projects and companies covered by Enterprise Migration Agreements (EMAs) to demonstrate they have provided opportunities to Australians who are ready, able and willing to work on EMA projects; and
- d. complements other services (including relocation assistance) already available through Job Services Australia to help Australian job seekers into work.

Job seekers can search thousands of available opportunities and advertise their skills and interest by lodging a resume on the Resources Sector Jobs Board, while employers looking for workers can advertise vacancies, find suitable staff by searching the resumes of people who have registered on the site.

Since its launch, more than 100,000 resource sector jobs have been advertised on the Jobs Board.

On 21 February 2013, the Resources Sector Jobs Board teamed up with Australia's biggest job site SEEK to maximise work opportunities for Australians in the resources sector. The partnership has made it easier for job seekers to find work in the resources sector and given employers access to a larger pool of skilled workers to meet their recruitment needs.

Workplace relations

The national workplace relations system covers the majority of businesses in Australia. Employers and employees in the system have the same rights and obligations, regardless of the state they work in. This helps reduce any inconsistencies and compliance burdens that may exist from state to state. It also helps ensure that all relevant businesses are operating on 'a level playing field' when competing in an open market.

Wage flexibility is an important feature of a well-functioning labour market, with changes in relative wages helping to guide labour mobility. This is underpinned by a safety net of minimum standards, consisting of ten legislated National Employment Standards and a modern award system. Modern awards, which have been drafted along industry and occupation lines, provide a safety net of minimum wages and conditions. However, employers are able to provide more generous wages and conditions in order to attract and retain suitably qualified and experienced staff.

Workplace relations laws foster bargaining at the level of individual enterprises. A significant feature of enterprise bargaining is that it provides for a mechanism for employers and their employees to bargain for wage levels and other conditions of employment that best suit the needs of the employees and the particular enterprise.

The differences in earnings noted below can largely be attributed to agreements that have been negotiated and agreed between employees and employers in response to market requirements and conditions.

There are substantial differences in hourly cash earnings across states. In 2012, the ACT had the highest hourly cash earnings (\$38.90 per hour), 14 per cent higher than the national average (\$34.20 per hour). This was followed by WA (\$38.40 per hour or 12 per cent above the national average). Tasmania had the lowest hourly cash earning level (\$30.50 per hour or 11 per cent below national average) followed by SA (\$30.90 per hour or 10 per cent below average).

Looking at specific occupations, we find even larger earning gaps. Engineering professionals in WA on average receive \$59.40 per hour, 17 per cent higher ordinary hourly cash earnings than the national average for engineering professionals across Australia (\$50.90 per hour). Further, an engineer in WA gets paid 25 per cent more than those in Queensland (\$47.70 per hour). By contrast, checkout operators and office cashiers get paid very similar wages in every state (between \$19.40 per hour in Tasmania and \$21.80 per hour in NT) so are likely to have little financial incentive to move.

4. CONCLUSION

This submission has provided a range of data and portfolio-specific information to support the Commission in undertaking its study. The capacity of individuals in the labour market to respond to structural change, including through geographic labour mobility, is of particular importance to the economy. A flexible and responsive labour market helps to ensure that workers are better matched with jobs, helps ensure resources are more efficiently allocated within the economy, and supports the process of structural change. This helps to promote productivity and employment growth over the medium to long term. That said, there are range of factors that influence people's decisions to move for work, many of which are difficult to address through policy.

The data we have provided in Section 2 shows that, while labour markets do eventually adjust, regional disparities in labour market performance and unemployment outcomes are substantial, and remain in place for long periods of time. While there is significant interstate migration and intrastate mobility in Australia, this movement does have limits. The bulk of movement is between the large eastern states, with movement to and from Western Australia being substantially lower on a per capita basis. Furthermore, future projections indicate that employment growth will be strongest in the relatively remote states of Queensland and Western Australia over the next few years, emphasising the need to improve labour mobility (as well as ongoing external migration) to support economic growth and adjustment.

Governments are already working on a range of measures to improve labour mobility in Australia, some of which (such as the introduction of a National Occupational Licensing Scheme) are outside the Department of Employment portfolio. However, within the portfolio, a range of programmes and policies are in place which promote labour mobility. These include the *Move 2 Work* initiative. The Department has also overseen a range of place-based interventions and other measures to improve matching and coordination in the labour market at a local level.

The data and policy information we have provided on these policy issues should help to inform the Commission's consideration of the extent of labour mobility in the Australian economy, the most significant barriers individuals and businesses face, the measures government is taking to improve outcomes in this area, and the existing evidence base on the effectiveness of interventions to address labour mobility.