# Geographic Labour Mobility, Overview, Productivity Commission Research Report, Canberra, 2014.   Geographic Labour Mobility, Overview

Productivity Commission Research Report, Canberra

Commonwealth of Australia 2014

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The Productivity Commission

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The Commission’s independence is underpinned by an Act of Parliament. Its processes and outputs are open to public scrutiny and are driven by concern for the wellbeing of the community as a whole.

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# Foreword

Geographic labour mobility is an important element of a well‑functioning labour market. By improving matches between employers and workers, geographic labour mobility can contribute to economic efficiency and community wellbeing.

Australia’s geography, demography and economy are the big forces that shape where people live and where jobs are located. These forces will continue to affect labour demand and supply in Australia into the future, reflected in near term developments such as the maturing of the resources boom and the closure of car manufacturing in Australia, as well as longer-term developments such as globalisation, population ageing, participation in work and education and technological advancements. Geographic labour mobility can help the economy adjust to these changes.

The Commission has been asked to assess geographic labour mobility within Australia and its role in a well-functioning labour market. Our study has found that geographic labour mobility is helping the economy adjust to major structural change, and has enabled wealth to be spread across the country. However, the study also highlights some signs that the labour market is not adjusting efficiently in all cases and concludes that there is room for improvement.

The study was undertaken by a team in the Commission’s Melbourne office, led by Mary Cavar. The study benefited from discussions and submissions from a variety of stakeholders in the government, non-government and business sectors. The Commission acknowledges the valuable contribution of all those who participated.

Alison McClelland

Commissioner

April 2014

# Terms of reference

I, David Bradbury, Assistant Treasurer and Minister Assisting for Deregulation, pursuant to Parts 2 and 4 of the Productivity Commission Act 1998, hereby request that the Productivity Commission undertake a research study assessing geographic labour mobility within Australia and its role in a well-functioning labour market.

The principal objective of the study will be to examine patterns of mobility, impediments and enablers, and their effect on the ability to meet Australia’s continually changing workforce and employment needs.

While the different types of labour mobility are related, the primary focus of this study is to be on geographic mobility, given regional variations in the demand for workers by occupation and supply capacity, including seasonal variations.

Geographic mobility is especially valuable in an evolving and multi speed economy, helping people to adapt and connect with the job opportunities available in different regions of Australia, including outer metropolitan and non-metropolitan locations. Enabling geographic mobility can help to relieve labour shortages, increase skills utilisation and improve earnings.

People weigh up a complex range of costs and benefits when deciding where to live and work (including economic, social and environmental factors) and they can face diverse barriers (from the availability of affordable housing to information deficiencies, transport connections, difficulties in skills recognition and transaction costs). A comparative understanding of these issues and underlying causes will help different stakeholders to best support geographic mobility.

In undertaking this study, the Commission is to:

1. examine patterns and trends in geographic mobility (including by state/region, industry, occupation, skill level, form of employment and demographic characteristics), their relative contribution to regional labour supply, and the implications of structural, demographic and technological developments;
2. identify the key determinants and drivers of mobility, including the costs and benefits from the perspectives of businesses, individuals, their families and governments (indicating the composition of costs faced and potential benefits in a range of representative circumstances and regions), any differences in the determinants and drivers of mobility between groups (such as employed and unemployed people), and an assessment of the effectiveness of market signals, such as wages;
3. identify the major impediments to geographic mobility to support economic adjustment, employment and productivity outcomes;
4. assess the current strategies used by employers and governments that affect geographic mobility, and discuss possible options to enable further mobility; and
5. estimate the prospective economy-wide impacts of reducing impediments to geographic mobility.

In undertaking the study, the Commission is to consult with governments and other interested groups; and take into consideration any recent work relevant to the study (including key international findings).

The Commission is to provide both a draft and a final report, with the final report due within twelve months of receipt of the Terms of Reference. The reports will be published. To assist in future policy formulation, the Commission should also publish any modelling underpinning its analysis.

DAVID BRADBURY  
Assistant Treasurer

21 May 2013

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The full report is available at [www.pc.gov.au](http://www.pc.gov.au)

# Acknowledgments

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The Commission acknowledges the support of the Department of Employment in relation to the access and use of data from the Department’s Research and Evaluation Database. The research findings and views expressed by the Commission in relation to the data are those of the Commission and are not the findings or views of the Department of Employment.