

## Chapter 7

### Workforce Trends

Workforce*NT*

# Chapter 7

## Workforce Trends

### WORKFORCE TRENDS

#### 1. INTRODUCTION

The Northern Territory (NT) needs to understand trends that may affect the supply of jobs and the supply of labour. It is necessary to gain an insight into the potential impact of various labour market trends and changes on the workforce. Understanding these trends and impacts, both locally and in relation to the rest of Australia, will allow for better labour force planning for the future.

Labour force trends that impact on the NT economy and workforce are many, varied and complex. Those outlined here are seen as the most relevant to the NT economic climate of today. They have been identified through a comprehensive consultation process undertaken on a Territory and regional level that involved NT and Australian government agencies, non-government agencies, industry, business and community groups.

The NT labour force reflects some of the characteristics of the Australian labour force in general, while also having some unique aspects. Similarly, there are national workforce trends that impact on the NT while other trends have a particularly NT flavour. These workforce trends also impact on regional NT in different ways.

#### 2. SUMMARY OF CONTENTS

This chapter provides information and discussion on the following trends:

- population growth
- labour force participation
- educational achievements
- the ageing workforce
- the youth labour market
- labour mobility/workforce turnover
- interstate and overseas migration
- the changing nature of work (part-time/full-time employment and casualisation of the workforce)
- changing industry structures.

## Chapter 7

### Workforce Trends

#### 3. KEY FINDINGS

Workforce trends that are buffeting the globe have implications for Australia and the NT. For instance, as the birth rate falls in many areas of the western world there are less people to replace skilled retiring workers. The workforce is ageing in Australia as well as overseas and we can anticipate increased competition for the same workers on a local, national and global level.

A better understanding of the NT labour market needs to be developed to enable improved labour force planning for the future. In addition, increased knowledge of the implications of workforce trends on the labour market is required. While there are areas of concern that will need to be addressed, such as high levels of staff turnover, there are also trends about which we can be positive.

The NT is expected to experience population growth for the next four years and depending on the ratio and nature of growth (birth rate or inward migration) can reasonably expect growth in the labour force.

Currently, the NT has a healthy labour force. The labour force participation and unemployment rates for the NT have been better than the national average and participation in vocational education and training (VET) is higher for the NT than the rest of Australia.

The proportion of the NT's population which is of traditional working age (15-64 years) is likely to increase rather than decline which is very positive. However, we must be aware that the Indigenous population of the NT contributes greatly to that statistic (due to the high birth rate among Indigenous Territorians) and we have to ensure greater rates of education, training and employment outcomes for Indigenous people. Matters of mobility and relocating for work among the working age population may also need to be addressed, as in many regional and remote areas employment opportunities are limited.

Whilst the number of Territorians participating in VET courses has remained relatively stable, the number of apprenticeships and traineeships has been steadily increasing. There has been some downturn in the traditional trades, however, the NT Government is currently trying to address this through the provision of employer incentives in skill shortage trade areas as part of the *Jobs Plan* initiative.

The Territory's labour force however, remains heavily dependent on large interstate migration flows to overcome skill and expertise shortages and to meet the short to medium term employment demands of major infrastructure projects.

The NT has a similar industry structure of employment to that of Australia with two distinctive differences. The NT has significantly larger Government Administration and Defence sectors, while Australia has a larger share of employment concentrated in Manufacturing.

# Chapter 7

## Workforce Trends

### 4. POPULATION GROWTH TRENDS

#### 4.1 Population Growth

Population growth underpins a number of issues. It assists with economic growth plus increases supply to the labour market, and for these reasons it is necessary to have an understanding of population growth and its effects on the NT. An understanding of population growth is also necessary to enable government to ensure there are enough public services (eg, hospitals, schools, etc) available to support a growing population.

A growing population can also encourage investors to the Territory, which will require an increased labour force.

The population of the NT has been growing rapidly since the early 1960's. From a small population of only 44 481 persons in 1961, the population of the NT had grown four times this size by 2001. In comparison, the population of most other Australian states had grown by only two or three times their size over the same period<sup>1</sup>. Further information on the population can be found in Chapter 3 (Northern Territory Profile).

The NT also experienced strong population growth over the period 1991 to 2001, with the population growing by 1.8% per year on average. This rate of growth was faster than Australia's over this period (1.2%), and faster than any other state or territory with the exception of Queensland<sup>2</sup>.

Based on ABS preliminary estimates, NT population growth is estimated to have decreased by 0.2% in 2002-2003, following the growth of previous years. This is the third consecutive year that Territory population growth is estimated to be below the national growth rate<sup>3</sup>.

Population growth for future years is expected to be positive. Table 7.1 provides projected population growth for each year to 2007.

■ **Table 7.1** Projected Population Growth, Northern Territory

Year Ended June	Annual Growth Rate (%)
2004	0.3
2005	0.3
2006	0.5
2007	0.5

Source: Budget Paper Northern Territory Economy 2004-05, Northern Territory Treasury

- During 2004 - 05 population growth is expected to remain weak at 0.3%. Further out, a return to slightly stronger growth is expected, with strengthening employment opportunities acting to bring to a close the large interstate outflows in recent years<sup>4</sup>.

<sup>1</sup> Australian Historical Population Statistics, Australian Bureau Statistics, Catalogue 3105.0.65.001

<sup>2</sup> Northern Territory Profile, South Australian Centre for Economic Studies, June 2003

<sup>3</sup> Budget Paper Northern Territory Economy 2004-05, Northern Territory Treasury, May 2004

<sup>4</sup> Budget Paper Northern Territory Economy 2004-05, Northern Territory Treasury, May 2004

## Chapter 7

### Workforce Trends

#### 4.2 Population Growth – Impact on the Northern Territory Labour Market

An increase in population growth generally means an increase in the available labour force.

The effect on the NT's labour market will depend on where this population growth comes from. A stronger population growth typically involves a rising dependency ratio, as an increase in the number of children lowers the proportion of workers in the population. On the other hand, if population growth comes from attracting skilled workers from interstate or overseas it can provide a more immediate source of labour, as well as boosting the stock of human capital. In turn, this raises productivity and overall economic growth<sup>5</sup>.

While the NT's population is growing the impacts on the workforce will be less than if the population declines. Should there be a population decline in the future, strategies may need to be put into place to address this, and the associated arising labour market issues.

The NT Government's proposed *Population Strategy* will aim to increase the Territory's population, thus potentially increasing the number of people available to enter the workforce. In addition, the NT Government is currently developing a *Business and Skilled Migration Strategy* which aims to increase the Territory's labour force and fill existing skill shortages and gaps. This will be done by encouraging skilled migrants from both interstate and overseas, to take up residence and to work in the NT. Other strategies to increase the NT's labour force will also be required.

#### 5. LABOUR FORCE PARTICIPATION TRENDS

Labour force participation rates provide information on the number of people making themselves available to the labour market, that is, those either employed or unemployed and looking for work. This information is essential for understanding the level of available labour for the NT.

If labour force participation rates are low it could mean that (skilled) workers are not making themselves available to the labour market. If this is the case we need to determine why and develop strategies to encourage people into the labour market.

High labour force participation rates and low unemployment rates make for a healthy labour market. Low unemployment is also good for the economy. It means higher national income and a stronger budgetary position. But, more importantly, it helps improve the wellbeing of Australians through higher family incomes, less poverty and the increased social engagement that employment helps create<sup>6</sup>.

Among OECD (Organisation for Economic Co-operation and Development) countries, Australia's total labour force participation rate ranked twelfth in 2002, suggesting we have significant potential to improve participation both in short and medium term<sup>7</sup>.

Australia's unemployment rate is at a 23-year low. Currently below 6% and expected to remain low into 2005, Australia's unemployment rate is among the lowest of the rates of developed countries<sup>8</sup>.

<sup>5</sup> Shaping a Prosperous Future Discussion Paper, Department of Treasury & Finance, April 2003

<sup>6</sup> 2004-05 Budget Overview, Federal Budget, May 2004

<sup>7</sup> Australia's Demographic Challenges, Australian Government, 2004

<sup>8</sup> 2004-05 Budget Overview, Federal Budget, May 2004

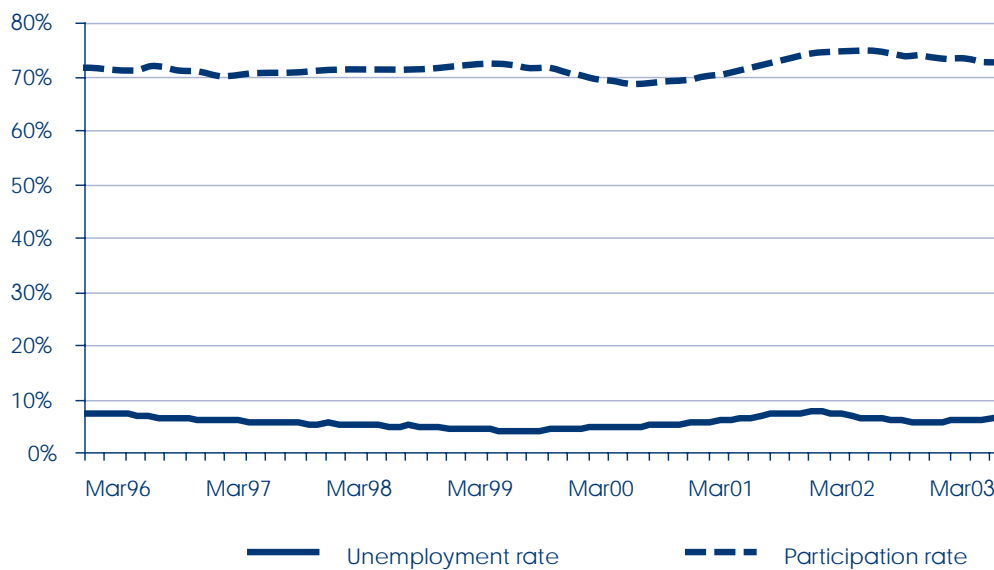
## Chapter 7

### Workforce Trends

If an acceptable level of labour supply is not available, decisions need to be made about where the labour might need to be sourced from eg, from interstate or overseas.

Chart 7.2 is a graphical representation of the NT's labour force participation and unemployment rate trends.

■ **Chart 7.2** March 1995 - September 2003, Moving Annual Average Participation and Unemployment Rate, Northern Territory



Source: ABS, AusStats, Time Series Spreadsheets, Labour Force

Note: Small sample sizes, such as those used for the NT, are subject to high standard error and care should be taken when drawing conclusions from this data.

- NT labour force participation rates between March 1996 and March 2003 have stayed consistently around 70%.
- Unemployment has fluctuated between 3% and 7% for the same period. This is in part, due to the high standard error in sampling undertaken by the ABS.
- Both labour force participation and unemployment rates for the NT are better than the national average<sup>9</sup>.

The NT's labour force participation rates are higher than Australia's and unemployment rates are lower, meaning people are making themselves available to the labour market.

The NT's higher labour force participation rates could be attributed to the NT having a younger population and a higher proportion of those in the working age groups.

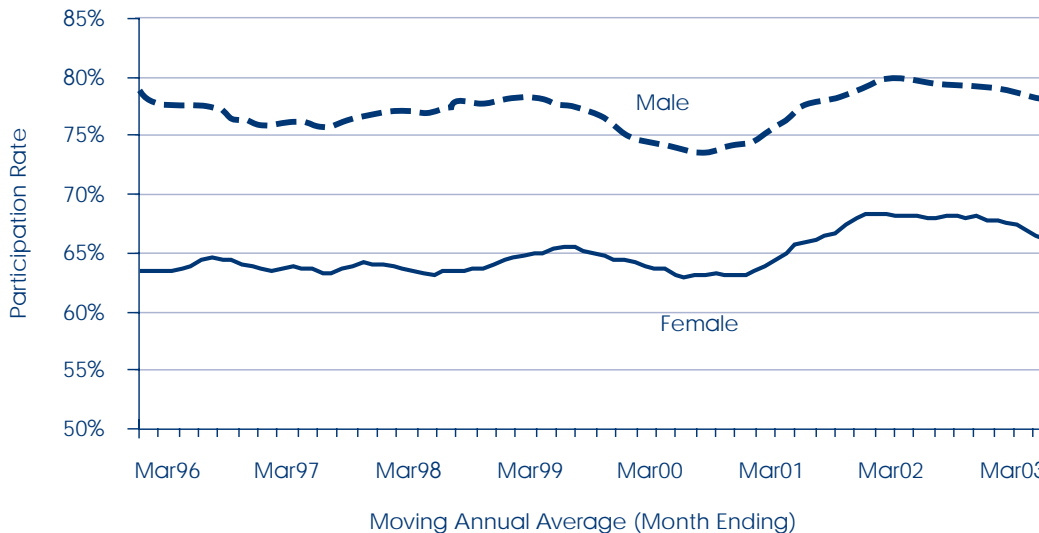
<sup>9</sup> Budget Paper Northern Territory Economy 2004-05, Northern Territory Treasury, May 2004

# Chapter 7

## Workforce Trends

Chart 7.3 shows the trend in labour force participation rates by gender for the NT.

■ **Chart 7.3** March 1995 - September 2003, Moving Annual Average Participation Rate by Gender, Northern Territory



Source: ABS, AusStats, Time Series Spreadsheets, Labour Force

- Since March 1999, both male and female labour force participation rates have been following the same trend.
- Compared to Australia, the NT has a higher overall labour force participation rate as well as higher gender participation. In September 2003, the male participation rate was 78% in the NT compared to 71.6% for Australia. The female participation rate for the NT was 66% and Australia 56%<sup>10</sup>.

### 5.1 Labour Force Participation Rates – Impact on the Northern Territory Labour Market

The NT as a whole currently has higher labour force participation rates than Australia and also lower unemployment rates than Australia. It can be said that the NT has a healthy labour market in that people are making themselves available to the workforce.

An NT labour market with a low unemployment rate could run the risk of a “tight labour market, potential scarcity of skilled labour, and future cost pressures from wages demands from worker”<sup>11</sup>.

While NT labour force participation rates are high and unemployment is low, the NT may not be in a position to supply labour locally, should the demand for labour increase. The previously mentioned *Population Strategy* and *Business and Skilled Migration Strategy* will go some way towards increasing the supply of labour should demand increase.

<sup>10</sup> AusStats, Time Series Spreadsheets, Labour Force, Australian Bureau of Statistics, Catalogue 6202.0 (adjusted to moving averages)

<sup>11</sup> Labour Statistics: Concepts - Sources and Methods, Australian Bureau of Statistics

# Chapter 7

## Workforce Trends

### 6. EDUCATIONAL ACHIEVEMENTS

Information on education achievements is required to gain an understanding of the level of skill entering or available for the labour market. It also helps to determine if the right skills are being achieved to fulfil the requirement of the labour market. If the skill levels are not matching the demand then decisions needs to be made on how this situation can be improved.

Without an education, people find it more difficult to compete in or enter the labour force. In addition, the right skills need to be provided to the labour market in order for industries to grow.

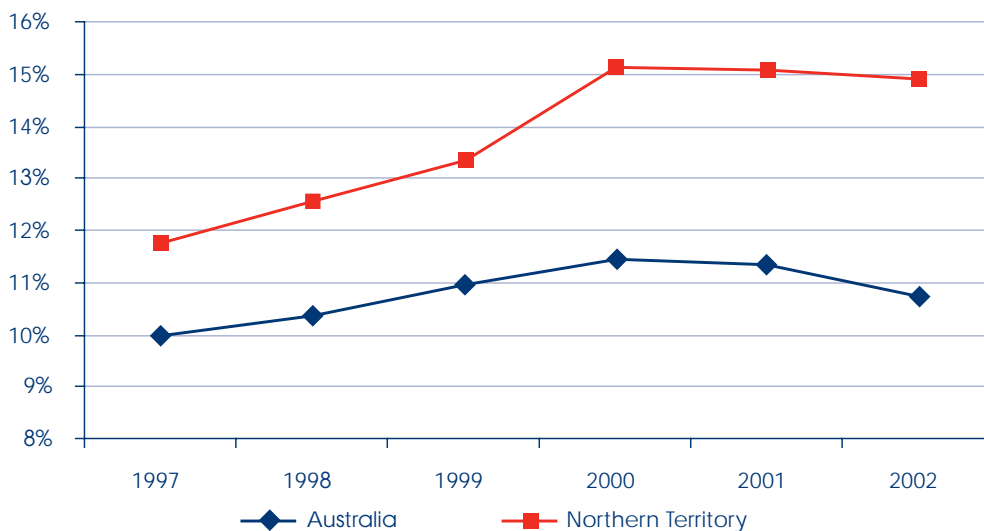
#### 6.1 Education Trends

Vocational education and training (VET) offers people a wide choice and variety of qualifications and is widely available across Australia. VET provides people with practical skills that meet industry requirements.

Since 1997, the NT has consistently had a higher level of VET participation than Australia.

Chart 7.4 shows the percentage of population aged 15 years and over who have participated in VET courses for both the NT and Australia over time.

■ **Chart 7.4** VET Participation - Percentage of Population Aged 15 Years and Over



Source: ABS, Population by Age and Sex, Catalogue 3201.0  
National VET Provider Collection, NCVET

- The number of Territorians participating in VET courses increased between 1997 and 2000.
- Since 2001 the percentage for NT participation has declined slightly, albeit not at the rate experienced at the national level.
- Both the NT and Australia reached their peak participation in 2000.

# Chapter 7

## Workforce Trends

In the NT VET is strongly promoted as providing 'real skills for real jobs' and 'practical skills for practically anything'. People of all ages in both urban and regional/remote NT are encouraged to undertake a VET course as this can lead them to employment. Evaluation of promotions indicate that Territorians and industry alike are supportive of and can see the benefits of, vocational education and training.

Territorians' higher participation rate in VET courses could be attributed to this, and to the fact that vocational education and training provided in the NT is very industry focused.

### **6.2 Apprenticeships and traineeships**

Over the past six years apprenticeships and traineeships have increased by 38.8% in the NT, which equates to 700 people<sup>12</sup>.

While the NT has experienced an increase overall in apprenticeship and traineeship numbers, there has been a downturn in the take up of apprenticeships in the traditional trades areas<sup>13</sup>. The NT Government has initiated strategies under the *Jobs Plan* to increase the take up of traditional trade apprenticeships, including the provision of financial incentives to encourage employers to put on additional trade apprentices. The profile of vocational education and training, including apprenticeships and traineeships, is also being raised through the NT Government's 'Get VET' marketing campaign.

Industry needs to continue to work with government to address the downturn in apprentice numbers in traditional trade areas. Governments can only do so much on their own to alleviate the shortages being experienced in many trade areas. As employers of apprentices and subsequently skilled labour, industry and businesses must contribute to initiatives developed to address the issues.

Factors contributing to the downturn in traditional trade apprentice numbers include:

- low wages
- poor working conditions
- negative perceptions of trade by students/parents/career advisors.

Further information on apprenticeships and traineeships is available in Chapter 8 (Skill Shortages and Labour Demand).

This downturn in the lack of qualified tradespersons could have a negative effect on the NT economy and may lead to reluctance by companies to relocate or open branches in the area<sup>14</sup>.

The assumption could also be made that industries experiencing skill shortages could have a flow-on effect to Territory households through:

- a lack of service availability
- waiting times increasing for the use of these services
- high demand possibly causing high cost to households.

<sup>12</sup> Unpublished data, National Centre for Vocational Education Research, 2004

<sup>13</sup> Bridging the Skills Divide, Senate Committee Report, November 2003

<sup>14</sup> Bridging the Skills Divide, Senate Committee Report, November 2003

## Chapter 7

### Workforce Trends

#### **6.3 Educational Achievements - Impact on the Northern Territory Labour Market**

A key aspect of improving labour force participation will be to ensure that all those who wish to participate have the capacity to do so. This will involve ensuring that our education and training system provides adequate and relevant training to equip our workers with the skills they require. Further increasing our skills and educational attainment will be important in improving our productivity and labour force participation. Higher skills and educational levels help in the creation of knowledge, ideas and technological innovation<sup>15</sup>.

Territorians are participating in vocational educational and training courses at high rates although recently, participation has stabilised. Further improvements in the average level of education would have widespread benefits. Individuals can derive greater financial and social benefits while society overall benefits from a higher average level of education and skills that lead to greater productivity and economic growth<sup>16</sup>.

Strategies are required to increase the number of people undertaking apprenticeships and traineeships, particularly in skill shortage areas, in order to meet future demands for skilled workers. This is a priority area under the NT Government's *Jobs Plan* with initiatives being introduced such as the Employment Incentive Scheme.

The NT Government's *Building a Better Future for Young Territorians* also aims to increase apprenticeship, traineeship and vocational education and training numbers in the NT. Some of the key issues being addressed are: improving the access of young Territorians to further education including VET and higher education; and maximising employment and training opportunities for young people. The NT Government is looking to develop and implement strategies to increase the completion rates of apprentices and trainees across the Territory.

### **7. AGEING WORKFORCE**

An ageing workforce means there are high numbers of labour force participants in the older working age brackets. Throughout the rest of Australia an increasing number of people are reaching retirement age and leaving the workforce. At the same time there is a decrease in the number of younger people entering the labour force.

In recent years there has been considerable discussion and publication of information about Australia's ageing population and the impact this may have on the labour force.

The Australian Government's Intergenerational Report projects that over the next 40 years the proportion of the population aged over 65 years will almost double to around 25%. At the same time, growth in the population of traditional workforce age (15 to 64 years) is expected to slow to almost zero<sup>17</sup>. Therefore, there are more people leaving the workforce than entering, which mean a shrinking labour force. There are not enough young people to replace those that are retiring.

This will have a profound effect on the economy and, potentially, on our living standards. The recent stagnation of the Japanese economy has been at least partly driven by its rapidly ageing population, and provides a warning to Australia to start preparing for these issues<sup>18</sup>.

<sup>15</sup> Australia's Demographic Challenges, Australian Government, 2004

<sup>16</sup> Australia's Demographic Challenges, Australian Government, 2004

<sup>17</sup> Australia's Demographic Challenges, Australian Government, 2004

<sup>18</sup> Australia's Demographic Challenges, Australian Government, 2004

# Chapter 7

## Workforce Trends

An ageing population, with fewer young people, and many more older people, will strain existing social services and act to constrain economic growth because of the diminishing workforce. A particularly important challenge will be how to fund the longer retirement years of the increasing number of longer-living senior citizens<sup>19</sup>.

The NT also has an ageing population, but not to the same extent as the rest of Australia. When comparing the NT to Australia<sup>20</sup>:

- By June 2021, the NT's population between the ages of 0 and 14 is anticipated to be 21.9% and for Australia it will be 16.1%.
- The percentage of people at traditional working age (15 to 64 years) for the NT in 2021 is projected to be 70% as opposed to Australia, which is projected to be 64.9%.
- The percentage of those aged 65 years and over for the NT is expected to be 8.1% in 2021 as opposed to Australia at 19%.
- The median age for Territorians is predicted to increase from 29 years in 1999 to between 32 and 33 years in 2021. In contrast, the median age of Australians is projected to increase more rapidly, rising from 35 years in 1999 to between 40 and 42 years 2021<sup>21</sup>.
- As the Territory's population ages into the future, the proportion of traditional working age population (15-64 years) is likely to increase rather than decline, as is the situation in the rest of Australia<sup>22</sup>.

Although the NT population is not ageing to the same extent as that of the rest of Australia, it is fair to say that the Northern Territory Public Service (NTPS) workforce is ageing. In 1985, 65% of staff were aged under 40 years compared to 43% in 2003<sup>23</sup>.

Some occupations in the NT are experiencing a higher percentage of employees aged 50 years and over than others eg, social workers and teachers. Occupations such as civil contractors and plant operators also have high degrees of ageing workers. Although the NT has a young population, consideration needs to be given to those occupations and industries that are experiencing a higher proportion of the ageing workforce and the effect this will have on the labour market. Strategies may need to be put in place to ensure the ageing workers are replaced as they retire.

The NT is the only jurisdiction expected to have working-age population growth through the next 50 years, albeit with only marginal growth. It is important to note that much of this predicted population growth in the NT will be among the Indigenous population, increasing at an average of 5.3% compared to 1.2% for the total population of the Territory<sup>24</sup>.

<sup>19</sup> Budget Paper Northern Territory Economy 2004-05, Northern Territory Treasury, May 2004

<sup>20</sup> Population Projections, Australian Bureau of Statistics, Catalogue 3222.0 Series B, 2002 to 2101

<sup>21</sup> Population Projections - Northern Territory, Australian Bureau of Statistics, Catalogue 3222.7

<sup>22</sup> Budget Paper Northern Territory Economy 2004-05, Northern Territory Treasury, May 2004

<sup>23</sup> The Shape of Things to Come - A case for Succession Management in the Northern Territory Public Sector, Stephensen, Office of the Commissioner for Public Employment, April 2004

<sup>24</sup> The Shape of Things to Come - A case for Succession Management in the Northern Territory Public Sector, Stephensen, Office of the Commissioner for Public Employment, April 2004

## Chapter 7

### Workforce Trends

#### **7.1 Ageing Workforce - Impact on the Northern Territory Labour Market**

The benefit to the NT of having a younger population than Australia overall is the opportunity to be able to progress this population group into the labour market.

The major issue for the NT in relation to Australia's ageing workforce is how the Territory can convert the younger population and the Indigenous population into an asset to underpin future capacity development of the workforce to offset the affects of the generally ageing workforce.

To assist in addressing this, the NT Government has released the *Indigenous Employment and Career Development Strategy 2002 - 2006*. Specifically, the strategy seeks to address the critical under representation of Indigenous people within the NT public service workforce by providing a range of appropriate recruitment, career development and retention initiatives<sup>25</sup>.

Nationally, the ageing workforce is going to result in greater demand for labour in a shrinking labour market. This competitive pressure will most likely see a trend towards a rise in wages and conditions, particularly in skills shortage areas, and the NT will have to compete with Sydney, Melbourne and other jurisdictions for labour. Given the current situation with attraction, recruitment and retention of skilled labour this will be a continuing issue for NT employers, both public and private.

#### **8. YOUTH LABOUR MARKET TRENDS (AGED 15 TO 19 YEARS)**

The youth labour market is the proportion of the population aged 15-19 years. Given that the youth of today are the labour force of tomorrow, it is necessary to understand youth participation in the labour force. This will enable strategies to be developed where required to ensure that this important population group is encouraged into the workforce and are work ready.

School to work transition for Australian students needs to be understood in terms of the changing needs of the labour market. Today school and work for many students co-exist in a symbiotic relationship, and students often have casual and part-time jobs while they are still at school<sup>26</sup>.

The information below provides an indication of the status of youth in the labour market for the NT<sup>27</sup>.

- Labour force participation rates for the population aged 15-19 years for the NT was 61.1% in May 1990 and 53% in May 2003. This indicates that there has been a decline in the number of youth participating in the labour market during this period.

The NT's labour force participation rate for this age group fluctuated considerably throughout this time. The highest participation rate was in July 1990 at 61.4% and the lowest in October 1994 at 42%.

<sup>25</sup> The Shape of Things to Come - A case for Succession Management in the Northern Territory Public Sector, Stephensen, Office of the Commissioner for Public Employment, April 2004

<sup>26</sup> Issues Affecting Skill Demand and Supply in Australia's Education and Training Sector, National Centre for Vocational Education Research, 2002

<sup>27</sup> ABS Data Cube 6291.0.55.001 Table LM3, Australian Bureau of Statistics (adjusted figures, moving average)

## Chapter 7

### Workforce Trends

- The NT's youth unemployment rate for May 1990 was 18.3% and 16.7% in May 2003. This indicates that there has been a decline in the number of youth without jobs.  
The NT's youth unemployment rate also fluctuated considerably during this period. The highest unemployment rate was 22.7% in January 1991 and the lowest was 11.3% in September 1999.
- Prior to 1992, the NT had more youth employed full-time than part-time. Since 1992 that trend has changed and now, more are employed part-time as opposed to full-time.
- The NT has a high proportion of youth not in the labour force and not attending any form of education. The figure was 10.9% in May 1990 and 10.4% in May 2003.  
Although the percentage of youth not in the labour force was fairly stable during this period, in October 1994 the figure reached a peak of 26.3%.

To compare the status of youth in the labour force between the NT and Australia:

- Nationally, the labour force participation rate for youth aged 15 to 19 years oscillated between 61% in May 1990 and 59.5% in May 2003. The lowest participation rate for Australia was 54.5% between September and November 1993.
- Australia's youth unemployment rate was 14.8% in May 1990 and 16.5% in May 2003. Even though the unemployment rate appears not to have fluctuated much during this period, in reality, it has. It moved from a low of 14.8% in May 1990 to a high of 24.6% in November-December 1992.
- In May 1990, Australia had more youth employed full-time than part-time. This trend changed in 1992 when more were employed part-time as opposed to full-time. The trend for Australia has continued and the gap is becoming wider. As at May 2003, the numbers employed part-time was more than double the numbers employed full-time.
- Australia's proportion of youth not in the labour force and/or not attending any form of education was consistent for the period May 1990 to May 2003, moving from 4.1% to 4.3%.

#### **8.1 Youth Labour Market Trends - Impact on the Northern Territory Labour Market**

For young people, the years in which they move from education to work are an important time for choosing a career and gaining and developing skills. The success of younger people in achieving good employment outcomes relies on a variety of factors, one of the most important being their level of educational attainment. Young people with low levels of educational attainment are generally less successful in finding stable work and are more at risk of being unemployed<sup>28</sup>.

NT youth labour market trends show that the NT is behind nationally in all aspects. Further strategies may need to be developed and implemented to decrease the number of youth that are not attending school or making themselves available to the labour market. This could be through increasing the numbers continuing their education or assisting them in transferring from education to work.

<sup>28</sup> Information Paper: ABS Labour Market Statistics, Australia, Australian Bureau of Statistics, Catalogue 6106.0.55.001, 2003

## Chapter 7

### Workforce Trends

There are already several NT Government strategies proposed which will address the issues of young people not attending any form of education and youth unemployment. *Priority Education* aims to improve access to secondary education. *Building a Better Territory* commits to strengthening the Territory knowledge in order to equip children and youth with the necessary skills to succeed in the 21st century, and *Building a Better Future for Young Territorians* aims to build pathways for all young people to enable them to make the transition from school to further education, training and employment.

The *Jobs Plan: Building the Northern Territory Workforce* also recognises the importance of the transition from school to work, and funding has been made available to expand VET in Schools programs and school-based apprenticeships and traineeships.

Chapter 5 (Indigenous Employment Profile) provides information on the high proportion of the Indigenous population that are unemployed or not in the labour force. This could be a contributing factor to the high proportion of youth not making themselves available to the labour market or furthering their education.

#### 9. LABOUR MOBILITY AND WORKFORCE TURNOVER

Labour mobility and particularly workforce turnover, is increasingly becoming an issue for the NT labour market.

While labour mobility and workforce turnover appear to be the same thing, there is a subtle but important difference between the two terms. Labour mobility relates to the employee and their opportunity and choice of being able to move between jobs. Workforce turnover relates more to the employer and staff leaving their business and how this affects them. These two terms are related in that job mobility for the employee then becomes workforce turnover for the employer.

An understanding of mobility and turnover is required because it provides an indication of the extent of these issues in the NT, and the impact they are having on the NT labour market.

##### 9.1 Staff turnover

In early 2003, an NT industry-wide survey was conducted which included questions about staff turnover. The responses are summarised below.

- In the business, retail and information technology industries:
  - 50% of respondents overall indicated that they had turned over more than 10% of staff in 2002
  - 41% of respondents had a turnover of 5% or less
  - financial services, information technology and retail sectors turned over relatively high numbers of staff in the year 2002.

There are training implications arising from this data, which require further exploration by government and industry<sup>29</sup>.

<sup>29</sup> Analysis of Skilled Labour Demand: Survey of Training Advisory Councils, South Australian Centre for Economic Studies, June 2003

## Chapter 7

### Workforce Trends

- For the primary industries (eg, agriculture, fishing, etc):
  - the median staff turnover for the industry as a whole was 11% per annum
  - the median rate of staff turnover for businesses within the fishing charter sector was zero.
  - the commercial fishing and food/seafood processing sectors had median staff turnover rates in excess of 20%.

Clearly there are training implications for both government and industry arising from these findings<sup>30</sup>.

- For the transport, engineering and automotive industries:
  - staff turnover across the industry as a whole was relatively high with 46% of respondents having turnover rates of more than 10%
  - the transport and distribution sector reported relatively low rates of staff turnover
  - the rate of turnover in the automotive and allied sector was relatively high with 40% of respondents turning over more than 20% of workers during the year 2002<sup>31</sup>.
- For the cultural, recreation and tourism industries:
  - 67% of respondents within the music and arts sectors reported no turnover of staff during the year 2002
  - 35% of tourism, hospitality and caravan respondents indicated that staff turnover had been in excess of 20% during 2002
  - 33% of the racing, entertainment and events sectors indicated that staff turnover had been in excess of 20% during 2002.

Again, these rates of staff turnover, especially in tourism and hospitality, present on-going training demands which will need to be addressed by government and industry<sup>32</sup>.

- In the major industries (eg, construction, electrotechnology, mining, etc):
  - staff turnover is relatively low compared to other industries
  - median rates of staff turnover are less than 3% for the construction, electrotechnology and other sectors and for the industry as a whole
  - the mining and quarrying sector had a high rate of staff turnover with a median rate of 14% in 2002<sup>33</sup>.
- In the human services industries:
  - for the industry as a whole, the median turnover rate of staff was 15% during 2002
  - correctional services had the lowest median staff turnover rate at 11%
  - median staff turnover in the local government sector was greater than 20% during the year<sup>34</sup>.

<sup>30</sup> Analysis of Skilled Labour Demand: Survey of Training Advisory Councils, South Australian Centre for Economic Studies, June 2003

<sup>31</sup> Analysis of Skilled Labour Demand: Survey of Training Advisory Councils, South Australian Centre for Economic Studies, June 2003

<sup>32</sup> Analysis of Skilled Labour Demand: Survey of Training Advisory Councils, South Australian Centre for Economic Studies, June 2003

<sup>33</sup> Analysis of Skilled Labour Demand: Survey of Training Advisory Councils, South Australian Centre for Economic Studies, June 2003

<sup>34</sup> Analysis of Skilled Labour Demand: Survey of Training Advisory Councils, South Australian Centre for Economic Studies, June 2003

## Chapter 7

### Workforce Trends

The findings from the survey above are supported by more recent information that demonstrates turnover as a continuing issue<sup>35</sup>:

- Within the retail industry, there is a young age group who are working while they are studying and once studies are complete they are moving into other areas.
- The tourism industry is experiencing high turnover, particular in the touring and chef/kitchen areas.
- Aboriginal Health Workers and children's services occupations are still experiencing high levels of staff turnover.
- 30% of respondents to a survey conducted by the NT Chamber of Commerce and Industry advised that workforce turnover was an issue.

#### 9.2 Labour Mobility

Labour mobility, as previously stated, relates to the employee and the opportunity and choice of being able to move between jobs. Further research into this issue is required before the level of labour mobility within and external to the NT, and its full impact on the workforce, can be determined.

Preliminary indications of labour mobility within the NT Public Service show that<sup>36</sup>:

- nursing and teaching are professions experiencing high levels of labour mobility
- these are closely followed by Administration Officers Levels 1-4 (Elementary Clerical, Sales and Service Workers).

When comparing this to the Australian situation, Elementary Clerical, Sales and Service Workers are the highest occupation of mobility for Australia<sup>37</sup>.

The following is an indication of the extent of labour mobility within Australia<sup>38</sup>.

- Of those persons who had worked at some time during the year ending February 2002, 15% were job mobile. This means that they changed their employer and/or their locality at least once within the previous year.
- 26% of these persons were aged between 20-24 years and only 6% were aged between 55-69 years.
- Of all occupations, Elementary Clerical, Sales and Service Workers were most likely to have changed occupation (9%) over the previous twelve months, whereas Professional workers were least likely (2%).
- Of the 67 200 Elementary Clerical, Sales and Service Workers who changed their occupation between February 2001 and February 2002, 41% became Intermediate Clerical, Sales and Service Workers (they had up-skilled), and 16% became Labourers and Related Workers.

<sup>35</sup> Stakeholder comment, Department of Employment Education and Training, 2004

<sup>36</sup> Unpublished data, Separations 1/7/2003 to 6/4/2004, Department of Corporate Information Services, April 2004

<sup>37</sup> Labour Mobility - Australia, Australian Bureau of Statistics, Catalogue 6209.0, February 2002

<sup>38</sup> Labour Mobility - Australia, Australian Bureau of Statistics, Catalogue 6209.0, February 2002

# Chapter 7

## Workforce Trends

Further study into occupations of mobility might also assist with understanding workforce turnover issues. If an industry is made up of occupations with high mobility, strategies may need to be put in place to reverse this trend.

### **9.3 Labour Mobility and Workforce Turnover - Impact on the Northern Territory Labour Market**

Mobility and workforce turnover impacts on the labour market include:

- skilled workers leaving the labour force, or leaving one industry for another
- loss of knowledge (either from an employer or industry perspective)
- cost to industry and employers to continually recruit and retrain staff
- loss of productivity until such time as new recruits are fully competent and knowledgeable about the employer's business.

The issues of workforce turnover and labour mobility are difficult to address as, generally, an individual makes a choice to leave a workplace or move elsewhere. Further research would be required into why people make such choices to determine if any strategies can be developed and implemented to address the issues.

## **10. MIGRATION**

Migration in and out of the NT impacts on both the population and the labour force of the NT. It is necessary to have an understanding of migration and associated issues so that the extent of the impact on the population and labour force can be determined. This will then enable strategies to be developed and implemented to address any effects migration has on the NT.

The two types of migration, interstate and overseas, both have an impact on the Territory in the number of people available to enter and the number leaving the labour market, and the skill sets that are entering and leaving the labour market.

### **10.1 Interstate Migration**

- Since 1998, more people have been leaving the Territory to go interstate than there have been moving to the Territory to live.
- The Territory is characterised by a high level of transience, with around 8-10% of the population relocating interstate each year<sup>39</sup>.
- Over the five years to June 2003, around 9% of the NT population moved interstate each year. Nationally around 2% of the population move interstate each year<sup>40</sup>.

<sup>39</sup> Population Flows: Immigration Aspects, Department of Immigration and Multicultural and Indigenous Affairs, March 2004

<sup>40</sup> Budget Paper Northern Territory Economy 2004-05, Northern Territory Treasury, May 2004

## Chapter 7

### Workforce Trends

#### 10.2 Overseas Migration<sup>41</sup>

- The number of migrants coming to the NT from overseas was fairly consistent between 1999 (471) and 2001 (472).
- 2002 saw a slight decrease in the number of overseas migrants to the NT.
- Of the overseas migrants taking up residence in the Territory, the numbers coming for family reasons is increasing and the numbers coming in for skill reasons is decreasing. In 2001-2002, 44.7% migrated for family reasons and 24% migrated through the skills program<sup>42</sup>.
- Persons born overseas make up 17.5% of the Territory's labour force, which is below the Australian proportion of 24.6% (2001-2002).
- In 2001-2002, the NT gained 110 skilled migrants through the Skills Migration Scheme. This represented 0.3% of all skilled migrants entering Australia during that period<sup>43</sup>.
- There was an increase of 16% in skilled visa grants since 2000-2001 in the NT.
- Overseas migration made a positive contribution to Territory population growth, and in the five years to June 2003, the average contribution to growth was 0.4% per annum. Overseas migration contributed only 0.1% to the NT's population growth in 2002-2003<sup>44</sup>.

#### 10.3 Migration - Impact on the Northern Territory Labour Market

The NT is losing skilled workers interstate, thus decreasing the size of the labour market and the availability of skills. To compound this issue, the majority of overseas settlers are not bringing in labour market skills as they are coming to the Territory for other reasons. Strategies will need to be put in place to recoup the loss of skills from the NT labour market.

The NT Government is seeking to develop a *Business and Skilled Migration Strategy* to strengthen, broaden and diversify the NT business and employment skills base and to increase the resident population. Government has earmarked business and skilled migration as a potential accelerator to assist population growth<sup>45</sup>.

There are many benefits that business and skilled migration can bring to the NT. These include population increases, increased business investments, increased diversity and skilled resources capacity, expanded trade links and enhanced consumer and business choice.

In addition to economic benefits, the NT social and cultural heritage is also enriched by an increasingly diverse multicultural presence. Trans-international companies, when asked why they select Sydney for establishing their respective regional operation, cited access to the diversely multicultural and highly skilled population in Sydney as a determining factor.

<sup>41</sup> Note: Temporary Business (long stay) Visa numbers are not included in the settler arrival figures presented here

<sup>42</sup> Population Flows: Immigration Aspects, Department of Immigration and Multicultural and Indigenous Affairs, March 2004

<sup>43</sup> Northern Territory Business & Skilled Migration Discussion Paper 2004-2009, Department of Business, Industry and Resource Development 2004-2009, January 2003

<sup>44</sup> Budget Paper Northern Territory Economy 2004-05, Northern Territory Treasury, May 2004

<sup>45</sup> Northern Territory Business & Skilled Migration Discussion Paper 2004-2009, Department of Business, Industry and Resource Development 2004-2009, January 2003

## Chapter 7

### Workforce Trends

#### 11. CHANGING NATURE OF WORK (FULL-TIME, PART-TIME AND CASUALISATION)

Information on the changing nature of work within the NT provides an insight into how industries and the labour market are structured. Understanding these work patterns and structures is necessary to determine if they are creating issues for the NT's labour market.

High levels of casual and part-time workers can have an impact on the skill level of the workforce.

##### 11.1 Northern Territory

Increased 'casualisation' of the workforce is often cited as an issue in the NT, for both the public and private sectors. Whilst this statement is generally accepted, there is no hard evidence to support this claim from a private sector perspective. Anecdotal evidence suggests that casualisation of the workforce is increasing in the NT, particularly in the private sector<sup>46</sup>, and this is causing some concern as the permanent skills base of the workforce is decreasing.

Within the NT Public Service, casual employment has been increasing. It is clear that the employment profile has changed significantly over time. From the early 1990s up until the year 2000, the concept of permanency appeared to be slowly dissolving and being replaced by the employment of temporary/contract (casual) employees. It is conjectured that the flexibility provided to managers by utilising temporary staff has needed to be tempered by the provision of permanent employment in order to attract certain categories of employees and to promote stability in the public sector workforce<sup>47</sup>.

Since June 2000, this trend within the NTPS has slowly reversed with an increase in permanent employment and a decrease in temporary contract and casual employment. Within the NTPS, the highest number of term (casual) contracts were for lower skilled occupations, as is the case for Australia as a whole.

The NT and Australia employ casual staff in seasonal industries. This is because those industries only have work available for short periods of time and cannot sustain the cost of employing staff on a full-time basis.

Part-time employment in the NT is also increasing slightly. Chart 7.5 shows the NT's full-time and part-time employment trends over the last eight years.

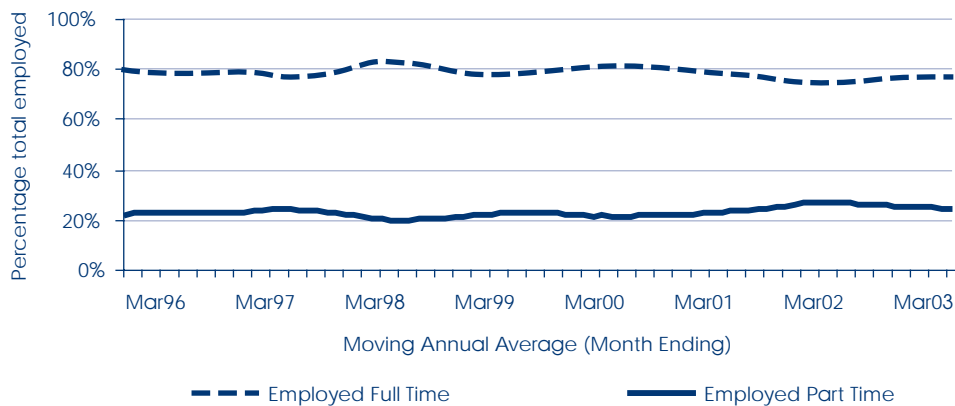
<sup>46</sup> Stakeholder comment, Department of Employment Education and Training, 2004

<sup>47</sup> Annual Report 2003, Office of the Commissioner for Public Employment, Northern Territory Government

# Chapter 7

## Workforce Trends

■ **Chart 7.5** Full-time and Part-time Employment Trends, March 1996 - March 2003, Northern Territory



Source: ABS, AusStats, Time Series Spreadsheets, Labour Force

Note: Casual employees are included in the full time and part time employment figures.

- Since 1996, the NT has experienced an overall increase in the proportion of those employed part-time and a decrease in those employed full-time.
- The NT's trend is similar to Australia's, although not as distinct.

In the NTPS in recent years, permanent part-time work has been utilised as an option to assist in retaining the valuable skills of employees who are striving to spend more time attending to family responsibility without leaving the labour market. The number of NTPS employees in this category is currently over 900. This represents 7.4% of the permanent workforce<sup>48</sup>.

Further research and monitoring of part-time and casual employment in the NT is required. One could suggest that as Australia is having part-time and casual employment issues, then the NT is experiencing these as well.

<sup>48</sup> Annual Report 2003, Office of the Commissioner for Public Employment, Northern Territory Government

## Chapter 7

### Workforce Trends

#### 11.2 Australia

The Australian workplace has seen a significant increase in the extent of part-time and casual work, more flexible working time patterns, and an increasing diversity of working arrangements such as self-employed contractors, fixed-term contracts and labour hire employees. The increase in casual, contract and part-time work may provide individuals with more flexibility in balancing work, family and study commitments, but may also affect people's capacity to ensure their own and their family's financial security<sup>49</sup>.

Over the last two decades, Australia has seen strong growth in casual employment. One measure of the number of casual workers is the number of employees who are not entitled to paid holiday leave or paid sick leave (and who receive a 'casual' loading for not having these benefits). Casual employees tend to work in lower skilled occupations, and in seasonal industries.

The proportion of males who were casual employees almost doubled in ten years, from 13% in 1991 to 24% in 2001. In the same period, the proportion of female employees working under these arrangements increased from 28% to 31%<sup>50</sup>.

A number of factors have contributed to growth in casual employment in the last decade:

- Strong growth in employment in industries characterised by higher levels of casual employment, particularly in the service industries (retail trade, accommodation, cafes and restaurants, health and community services and cultural and recreational services).
- Increasing use of flexible forms of employment (such as casual employment) by employers in response to peaks and troughs in workplace activity and to reduce costs in a competitive environment<sup>51</sup>.

Part-time employment is also increasing in Australia. Part-time workers are often women and the former non-working parent in both single parent and dual income families. Part-time work is also attractive to young people who spend long periods studying and workers who undertake further education and retraining over their working lives<sup>52</sup>.

<sup>49</sup> Information Paper: ABS Labour Market Statistics, Australia, Australian Bureau of Statistics, Catalogue 6106.0.55.001, 2003

<sup>50</sup> Information Paper: ABS Labour Market Statistics, Australia, Australian Bureau of Statistics, Catalogue 6106.0.55.001, 2003

<sup>51</sup> Good Jobs or Bad Jobs, Department of Employment and Workplace Relations, August 2003

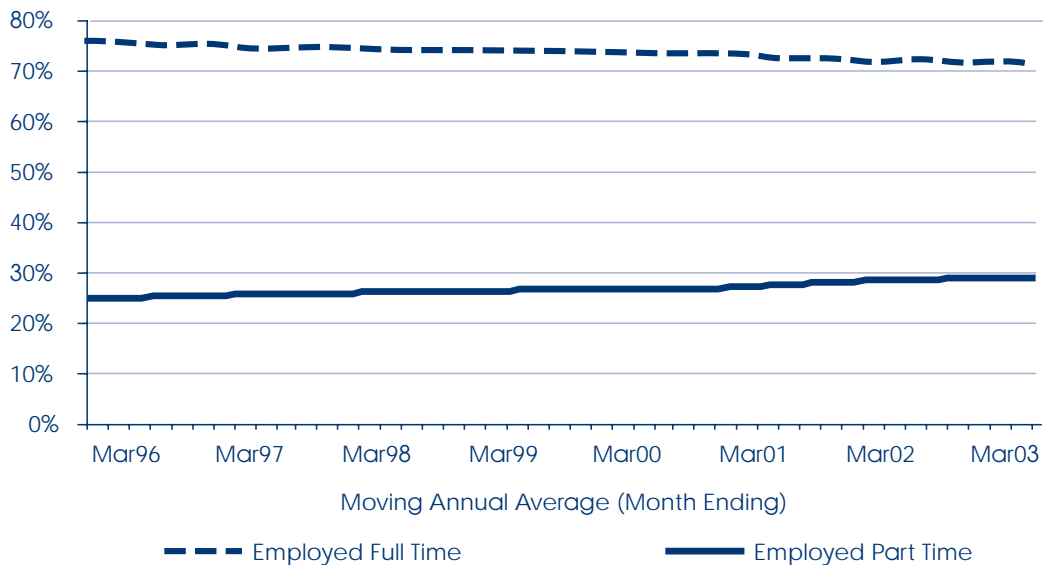
<sup>52</sup> Australia's Demographic Challenges, Australian Government, 2004

## Chapter 7

### Workforce Trends

Chart 7.6 shows Australia's full-time and part-time employment trends over the last eight years.

■ **Chart 7.6** Percentage of Australia's Full-time and Part-time Employment (a)



Source: ABS, AusStats, Time Series Spreadsheets, Labour Force

Note: (a) Casual employees are included in the full time and part time employment figures.

- Australia is experiencing an increase in the percentage of people employed part-time as opposed to full-time. This trend is quite distinct.
- The pool of part-time and casual workers has expanded due to increasing numbers of students in high schools and tertiary institutions working part-time.
- It has also been augmented by the increased workforce participation of women workers with children who want part-time work, and older male workers unable to find full-time work<sup>53</sup>.

<sup>53</sup> Issues Affecting Skill Demand and Supply in Australia's Education and Training Sector, National Centre for Vocational Education Research, 2002

## Chapter 7

### Workforce Trends

#### **11.3 Changing Nature of Work - Impact on the Northern Territory Labour Market**

The change in the proportion of the workforce employed part-time has implications for the provision and delivery of education and training, since employers are less likely to fund the training of part-time and casual employees<sup>54</sup>.

Increasing part-time employment is both positive and negative. People are staying in the labour market so skills are not being lost but it could also be said that the labour market is experiencing partial skill loss as people are only working part-time and are being under-utilised.

Casual employment can offer advantages to both employers and employees. It can potentially provide employees, such as women and younger people, with more flexible working arrangements, which allow them to balance work and family life or study. Casual employment may also be associated with insecure jobs and potentially unfavourable employment conditions<sup>55</sup>.

As the increase in part-time and casual employment within the NT has been gradual, there has been no noticeable effect on the labour market at this stage. Continual monitoring of this issue needs to be maintained so that if the trend starts to impact on the NT workforce, strategies can be put in place to address the issues.

While some see the strong growth of part-time employment as a welcome improvement in labour market flexibility, others see it as a means by which employers can escape rigidities in the regulation of full-time employment. This suggests the labour market is still not flexible enough to allow part-time and full-time workers and employers to arrive at mutually advantageous arrangements<sup>56</sup>.

## **12. CHANGING INDUSTRY STRUCTURES**

Knowledge of industry structures will assist in understanding the individual workforce issues and labour requirements. It will also assist in identifying any changes that may occur within an industry structure. If changes do occur, alternative training and/or employment strategies may need to be considered to meet the different or new labour requirements.

Changes in occupations and occupational structures can also have an effect on the labour market. For example, the decline in the number of Tradespersons and Related Workers is reflected in the skill shortages currently being experienced in many of the traditional trade areas.

### **12.1 Industry**

Generally, the NT has a similar industrial structure of employment to that of Australia<sup>57</sup>.

- Two distinctive differences are the NT has a significantly larger Government Administration and Defence sector, while Australia has a larger share of employment concentrated in Manufacturing.
- Both the NT and Australia had an increase of over 20% in employment in the Property and Business Services industry over the Census period 1996 - 2001.

<sup>54</sup> Issues Affecting Skill Demand and Supply in Australia's Education and Training Sector, National Centre for Vocational Education Research, 2002

<sup>55</sup> Information Paper: ABS Labour Market Statistics, Australia, Australian Bureau of Statistics, Catalogue 6106.0.55.001, 2003

<sup>56</sup> Australia's Demographic Challenges, Australian Government, 2004

<sup>57</sup> Northern Territory Profile, South Australian Centre for Economic Studies, June 2003

## Chapter 7

### Workforce Trends

- Both the NT and Australia also have a high proportion of people employed in Retail Trade. Retail Trade is Australia's highest industry of employment and the NT's second highest industry of employment. Both the NT and Australia had a 17% increase in the number of people employed in the retail industry over the Census period 1996 - 2001.

Over the 1996 - 2001 Census period, there have been no significant changes to either the NT's or Australia's industry structure when comparing the percentage of those employed in each industry.

#### 12.2 Occupations

The structure for employment by occupation is generally similar for the NT and Australian economies<sup>58</sup>.

- The top two occupations in both Australia and the NT are Professionals, and Intermediate Clerical, Sales and Service Workers.
- The NT has a significantly larger proportion of persons employed as Labourers and Related Workers and as Associate Professionals.
- When ranking percentage of employment by occupation in descending order, the following occupations for the NT have moved between 1998 and 2002:
  - Associate Professionals (4th to 3rd)
  - Tradespersons & Related Workers (3rd to 5th)
  - Labourers & Related Workers (5th to 4th).
- Australia also had employment by occupation changes with:
  - Associate Professionals (5th to 4th)
  - Elementary Clerical, Sales and Service Workers (4th to 5th).

#### 12.3 Changing Industry Structures - Impact on the Northern Territory Labour Market

The demand for education and training is influenced by the changing industrial and occupational employment profile of the economy. The lifetime changes in occupation illustrate the different skill requirements and education and training needs that occur for an individual over time. These changes need to be accommodated by the education and training system, as the skills required for the labour market by a teenager are quite different from those of people in middle age and in the later stages of their working life<sup>59</sup>.

<sup>58</sup> AusStats, Data Cube, Labour Force, Companion Data, Australian Bureau of Statistics, Catalogue 6291.0.55.001

<sup>59</sup> Issues Affecting Skill Demand and Supply in Australia's Education and Training Sector, National Centre for Vocational Education Research, 2002