

Labour Market Brief – September Quarter 2016

Key Message

The Territory's labour market remains characterised by a low unemployment rate, high participation rate and the lowest underemployment rate of the jurisdictions, reflecting more Territory workers working their desired hours. However, falling job vacancies and moderating wages growth is alleviating capacity constraints, and may signal a moderation in labour market conditions over the coming year. Weakness in the youth labour market may be an early sign that market conditions are moderating.

Introduction

The Northern Territory labour market is characterised by a relatively young and skilled workforce, high participation and low unemployment. However, there are also marked differences between certain cohorts and within different sub-Territory regions.

Regional Labour Markets

Region	Jun 2015	Mar 2016	Jun 2016
Alice Springs			
Unemployment (no.)	955	993	924
Labour Force (no.)	24,654	24,461	24,214
Unemployment Rate (%)	6.1%	6.1%	5.7%
Barkly			
Unemployment (no.)	271	285	261
Labour Force (no.)	3,234	3,238	3,205
Unemployment Rate (%)	9.6%	9.9%	9.2%
Daly - Tiwi - West Arnhem			
Unemployment (no.)	655	755	701
Labour Force (no.)	8,670	8,694	8,608
Unemployment Rate (%)	9.4%	10.4%	9.7%
East Arnhem			
Unemployment (no.)	479	496	447
Labour Force (no.)	6,826	6,209	6,147
Unemployment Rate (%)	6.0%	6.4%	5.9%
Greater Darwin			
Unemployment (no.)	2,773	2,936	2,896
Labour Force (no.)	81,560	84,194	84,549
Unemployment Rate (%)	3.5%	3.6%	3.5%
Katherine			
Unemployment (no.)	634	634	573
Labour Force (no.)	11,582	11,595	11,479
Unemployment Rate (%)	8.2%	8.1%	7.4%

Source: Department of Employment, Australian Government.

During the June 2016 quarter:

- All regions reported a decrease in the unemployment rate compared to the March 2016 quarter.
- Outside the Greater Darwin region, Alice Springs experienced the lowest unemployment rate at 5.7%.

- The Daly, Tiwi and West Arnhem regions had the highest unemployment rate in the Territory at 9.7%. Generally this region experiences a higher level of unemployment compared to other Territory regions, largely due to the lower levels of economic activity and a less diverse local economy.
- All regions reported a decrease in unemployment rates when compared to the June quarter 2015, except for the Daly, Tiwi and West Arnhem region, which increased 0.3 of a percentage point. Greater Darwin remained unchanged.

It should be noted that many Territory regions consist of a small population base, which can result in volatility in labour market figures.

Regional Apprentices and Trainees

Region	YTD Aug 2015	YTD Aug 2016
Alice Springs		
Commencements	264	301
Completions	133	134
Barkly		
Commencements	68	65
Completions	9	9
West Arnhem		
Commencements	27	20
Completions	15	7
East Arnhem		
Commencements	72	75
Completions	51	38
Darwin		
Commencements	1,003	1,055
Completions	437	374
Katherine		
Commencements	206	204
Completions	60	46

Source: Department of Trade, Business and Innovation

- Comparing the year to date to August 2016 to the same period a year ago, apprentice and trainee commencements increased in Alice Springs, East Arnhem and Darwin. The Barkly, West Arnhem and Katherine regions reported decreases during the same period.
- Completions decreased in all regions in the year to date August 2016, except for Alice Springs, with the Barkly region remaining unchanged.

As there can be significant lags in reporting training data, the data may be revised in the future.

Apprentice and Trainee Commencements by Training Funding Group (year to date to August 2016)

Training Funding Group	2015	YTD 2015	YTD 2016	YTD Change
Arts, Entertainment, Sports and Recreation	51	51	41	↓ 19.6%
Automotive	204	160	105	↓ 34.4%
Building and Construction	241	175	166	↓ 5.1%
Business and Clerical	192	163	154	↓ 5.5%
Communications	8	6	6	- 0.0%
Community Services, Health and Education	214	128	187	↑ 46.1%
Computing	23	21	21	- 0.0%
Engineering and Mining	95	64	96	↑ 50.0%
Exceptions - Cookery	44	34	31	↓ 8.8%
Finance Banking and Insurance	49	48	11	↓ 77.1%
Food Processing	106	74	28	↓ 62.2%
Primary Industry	223	213	188	↓ 11.7%
Process Manufacturing	19	14	1	↓ 92.9%
Sales and Personal Service	197	123	213	↑ 73.2%
Science, Technical and Other	9	7	25	↑ 257.1%
Textiles, Clothing, Footwear and Furnishings	9	5	19	↑ 280.0%
Tourism and Hospitality	161	105	177	↑ 68.6%
Transport and Storage	70	52	69	↑ 32.7%
Utilities	276	197	182	↓ 7.6%
Total	2,191	1,640	1,720	↑ 4.9%

Source: Department of Trade, Business and Innovation

Apprentice and Trainee Completions by Training Funding Group (year to date to August 2016)

Training Funding Group	2015	YTD 2015	YTD 2016	YTD Change
Arts, Entertainment, Sports and Recreation	26	2	2	- 0.0%
Automotive	90	59	44	↓ 25.4%
Building and Construction	222	126	60	↓ 52.4%
Business and Clerical	97	63	65	↑ 3.2%
Communications	11	10	3	↓ 70.0%
Community Services, Health and Education	100	67	88	↑ 31.3%
Computing	19	9	2	↓ 77.8%
Engineering and Mining	99	70	41	↓ 41.4%
Exceptions - Cookery	12	7	9	↑ 28.6%
Finance Banking and Insurance	18	11	11	- 0.0%
Food Processing	81	58	13	↓ 77.6%
Primary Industry	90	15	15	- 0.0%
Process Manufacturing	6	4	9	↑ 125.0%
Sales and Personal Service	97	65	78	↑ 20.0%
Science, Technical and Other	9	5	4	↓ 20.0%
Textiles, Clothing, Footwear and Furnishings	13	5	5	- 0.0%
Tourism and Hospitality	94	41	46	↑ 12.2%
Transport and Storage	17	13	26	↑ 100.0%
Utilities	126	75	87	↑ 16.0%
Total	1,227	705	608	↓ 13.8%

Source: Department of Trade, Business and Innovation

Commencements

- In the year to date to August 2016, there were 1,720 apprentice and trainee commencements in the Territory.
- The training funding groups with the largest number of commencements were Sales and personal service (213), followed by Primary industry (188).
- Compared to the same period last year, there has been a 4.9% increase (80) in the number of commencements, with the largest increase in Sales and personal service (123 to 213), followed by Tourism and hospitality (105 to 177), followed by Community services, health and education (128 to 187).
- Outside Darwin, Alice Springs had the largest number of apprentice and trainee commencements, of those being in Tourism and hospitality (66). West Arnhem had the lowest commencements, with 18 in the year to date to August 2016. Over the same period, East Arnhem had 73 apprentice and trainee commencements, with 42 of those in Sales and personal service.

Due to the natural lag in contracts being registered (up to six months after the commencement date) it is expected there was a considerably higher number of actual commencements than at the time of publishing.

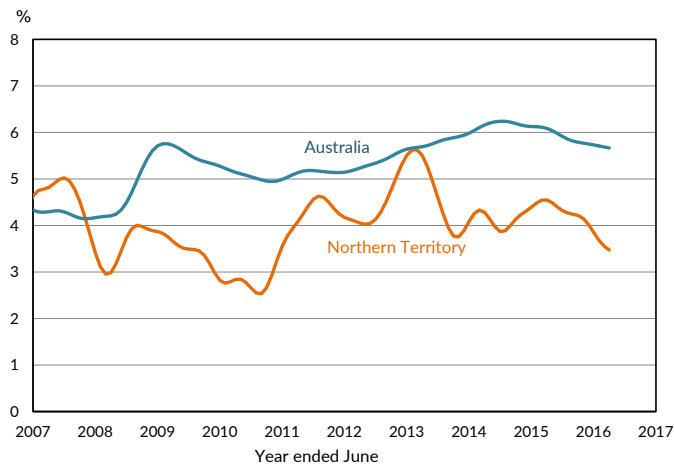
Apprentice and trainee commencements are an indicator of employment demand and employer sentiment.

Completions

- In the year to date to August 2016, there were 608 apprentice and trainee completions in the Territory, a 13.8% decrease (97) compared to the same period last year.
 - The decrease in apprentice and trainee completions has not been concentrated to any specific industry, with falls experienced by most training funding groups.
 - Industries that experienced increases in completions in the year to date to August 2016 include Community services, health and education (67 to 88), followed by Sales and personal service (65 to 78), and Transport and storage (13 to 26).
 - Industries that experienced large decreases in the year to August 2016 were Building and construction (126 to 60), Food processing (58 to 13), and Engineering and mining (70 to 41).
 - In Alice Springs, the largest number of apprentice and trainee completions was in Tourism and hospitality with 38 completions out of a total of 131. East Arnhem had a total of 35 completions, followed by Katherine with 41. Barkly had 8 completions, and the West Arnhem region had 7 completions.
- As with commencements, there are also lags in completions, as such the magnitude of the decline in completions is likely significantly less than at the time of publishing.*

Unemployment Rate

Chart 1: Unemployment Rate (quarterly average)

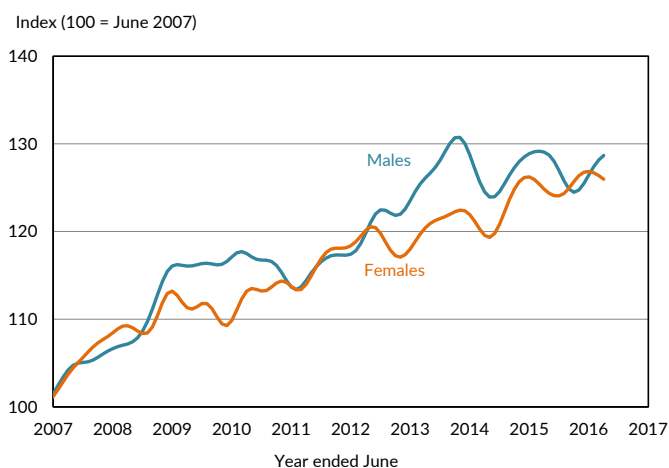


Source: ABS Cat No 6202.0

- In the September quarter 2016, the Territory unemployment rate decreased by 0.4 of a percentage point to 3.5%, from the previous quarter's revised figure.
- There were 4,830 unemployed persons in the Territory in the September quarter 2016, a decrease from 5,880 persons in the previous quarter.
- In the September quarter 2016, the male unemployment rate in the Territory decreased by 0.1 of a percentage point to 4.2%, while the female unemployment rate decreased by 0.7 of a percentage point to 2.6%. Nationally, both male and female unemployment rates remained unchanged at 5.6% and 5.8% respectively.

Resident Employment

Chart 2: Northern Territory Resident Employment



Source: ABS Cat No 6202.0

- In the September quarter 2016, there were 134,240 Territorians that were employed, an increase of 840 from the previous quarter's revised figure.
- Full-time employment decreased by 670 to 107,230 persons. Part-time employment increased by 1 500 persons over the period to 27 010 persons.
- In the same quarter in the Territory, male full-time employment increased by 0.1%, and female full-time employment decreased by 1.7%.
- At the national level, male employment increased by 0.2% in the quarter, and part-time employment increasing by 1.9%, and full-time decreased by 0.2%. Female employment increased by 0.3% over the same period, with part-time employment increasing by 0.9%, and full-time decreasing by 0.2%.

Underemployment

		Quarterly Change	Level
Underemployment Rate	NT	- 0.0 ppt	4.9%
	Australia	↑ 0.1 ppt	8.6%

Source: ABS Cat No 6202.0

An underemployed person is an employed person whose hours of work were less than 35 hours in a particular week, and they were willing and available to work additional hours if offered.

- In the August quarter, the Territory underemployment rate is the lowest of the jurisdictions at 4.9% of total employed persons, signifying that compared to the rest of Australia, there are more employed people in the Territory working their desired number of hours.
- The number of underemployed persons in the Territory decreased to 6,800 in the August quarter 2016, and has been generally rising over the past two years.

Hours Worked

		Quarterly Change	Level (Hours)
Average Weekly Hours Worked Per Capita	NT	- 0.0%	38.3
	Australia	↑ 0.1%	34.7

Source: ABS Cat No 6202.0

Average weekly hours worked per capita refers to the number of hours each employed person works each week on average.

- In the September quarter 2016, average weekly hours worked per capita in the Territory was unchanged at 38.3 hours per week on average.
- Nationally, average weekly hours worked per capita increased by 0.1% to 34.7 hours per week.
- On average, Territory workers work longer hours than nationally, which may also be a reason the Territory has the lowest underemployment rate in the nation.

Employment by Industry

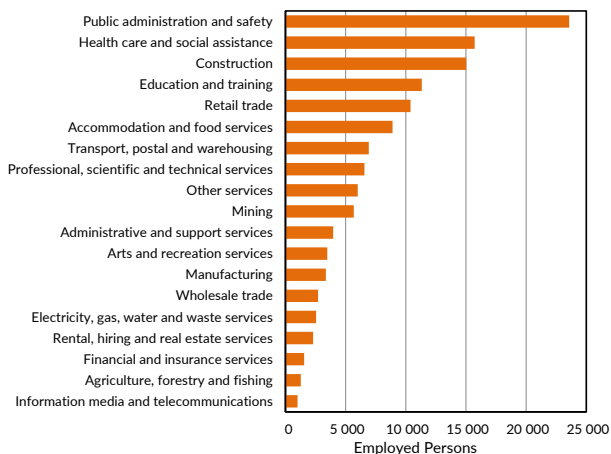
Top 5 Industries by Percentage Change	Year on Year Change
Rental, Hiring and Real Estate Services	16.6%
Electricity, Gas, Water and Waste Services	11.6%
Retail Trade	10.1%
Arts and Recreation Services	7.1%
Transport, Postal and Warehousing	6.9%

Source: ABS Cat No 6291.0.55.003

- In the year to August 2016, Rental, hiring and real estate services had the highest percentage increase in employment of all industries (16.6%), followed by Electricity, gas, water and waste services (11.6%).
- Public administration and safety, the largest employing industry, which includes activities involving government legislation, emergency services and border control, had a year on year increase of 5.3%.
- Construction is the largest industry in the Territory by value of production, and is also a significant employer (12.0% of total employment). In the year to August 2016, Construction employment decreased by 4.7% to 15,000 persons.
- Mining is the second largest industry in the Territory by value of production. However, Mining only employs approximately 4.3% of the Territory workforce as the industry is capital intensive, utilising machines instead of people to perform many tasks. In the year, Mining employment increased by 1.3% to 5,700 persons.

Caution should be exercised when interpreting employment changes by industry due to data volatility in small jurisdictions such as the Northern Territory.

Chart 3: Northern Territory Employment by Industry (year average to August 2016)



Source: ABS Cat No 6291.0.55.003

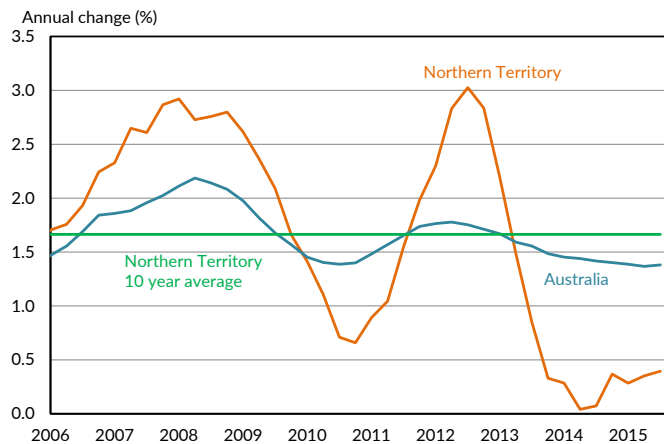
Resident Population

		Quarterly Change	Number of Persons
Population	NT	↑ 0.1%	244,000
	Australia	↑ 0.4%	24,051,400

Source: ABS Cat No 3101.0

- In the March quarter 2016, the Territory's estimated resident population (ERP) increased by 0.1% to 244,000 persons, while the national population increased by 0.4% to 24,051,400 persons.
- In annual terms the Territory's ERP increased by 0.4%, the equal lowest of the jurisdictions with Tasmania, and lower than the national annual growth rate of 1.4%.

Chart 4: Annual Population Growth Rate



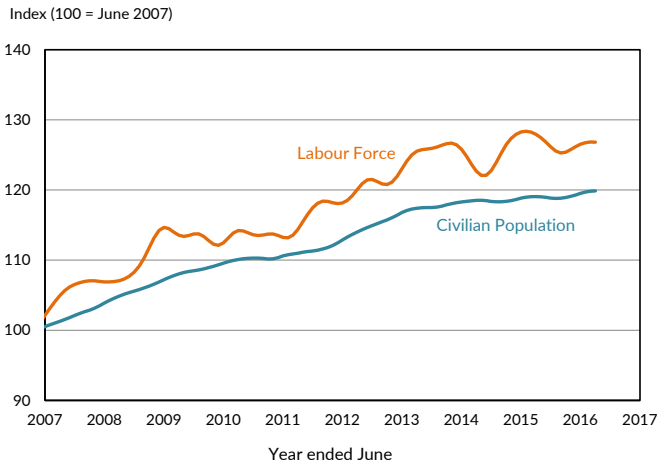
Source: ABS Cat No 3101.0

- Territory annual ERP growth has moderated over the past two years and is now below the Territory 10-year average growth rate.
- Net interstate migration has deteriorated from a net outflow of 1,220 persons in 2012-13 to a net outflow of 2,451 persons in the year to March 2016.

Labour Force

- In the September quarter 2016, there were 187,000 persons in the civilian population (persons aged 15 years and over) and 138,080 persons in the labour force (employed persons and those actively pursuing employment). This is 326 persons less than in the June quarter 2016.
- Since 2006, the Territory labour force has increased at a faster pace than the civilian population, implying the number of people employed or actively looking for a job has increased at a faster pace than the civilian population, leading to tighter labour market conditions.

Chart 5: Northern Territory Labour Force and Civilian Population

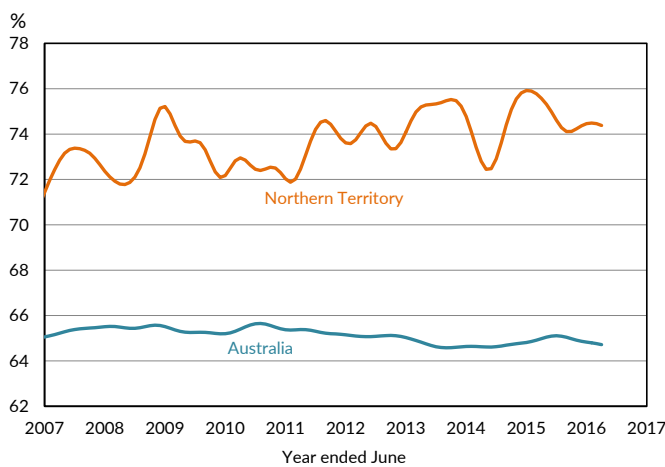


Source: ABS Cat No 6202.0

Labour Force Participation Rate

- In the September quarter 2016, the Territory labour force participation rate decreased by 0.1 of a percentage point to 74.4% from the previous quarter's revised figure.
- The Territory continues to report the highest labour force participation rate for all jurisdictions and was 9.7 percentage points above the national rate of 64.7% in the September quarter 2016.

Chart 6: Participation Rate (quarterly average)



Source: ABS Cat No 6202.0

- The Territory male workforce participation rate increased by 1.0 percentage point to 78.3% in the September quarter 2016.
- The Territory female workforce participation rate decreased by 1.2 percentage points to 70.1% in the September quarter 2016.
- Historically, male participation in the workforce has been higher than female participation, in large part due to a relatively higher proportion of females leaving the workforce to care for family.

- At the national level, the male workforce participation rate decreased by 0.2 of a percentage point to 70.4% in the September quarter 2016, with the female workforce participation rate decreasing by 0.1 of a percentage point to 59.2%.
- Territory workforce participation rates for both males and females are significantly higher than nationally, reflecting greater confidence in the Territory economy and job prospects.

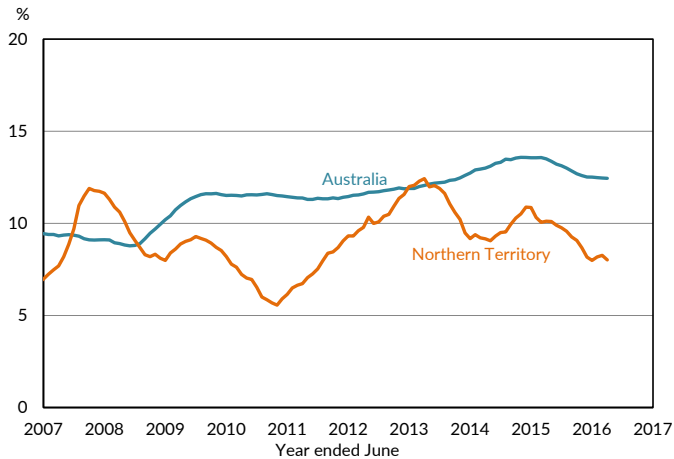
Youth Labour Market (15-24 years old)

		Year on Year Change	Annual Average Level
Civilian Population (15-24 years old)	NT	↓ 1.5%	32,900.0
	Australia	↑ 0.6%	3,145,600.0
Total Employed	NT	↓ 2.1%	20,100.0
	Australia	↑ 1.9%	1,850,100.0
Total Unemployed	NT	↓ 24.7%	1,700.0
	Australia	↓ 7.3%	263,000.0
Labour Force (15-24 years old)	NT	↓ 4.4%	21,900.0
	Australia	↑ 0.6%	2,113,000.0
Not In Labour Force	NT	↑ 29.0%	4,500.0
	Australia	↓ 2.4%	207,400.0
Unemployment Rate	NT	↓ 2.1 ppt	0.1
	Australia	↓ 1.1 ppt	0.1
Participation Rate	NT	↓ 2.0 ppt	0.7
	Australia	- 0.0 ppt	0.7
Civilian Population - Attending Full-time Education	NT	↓ 0.8%	11,200.0
	Australia	↑ 1.9%	1,657,700.0
Labour Force - Attending Full-time Education	NT	↓ 0.3%	4,700.0
	Australia	↑ 2.4%	832,500.0
Not In Labour Force - Attending Full-time Education	NT	↓ 7.5%	6,500.0
	Australia	↑ 1.4%	825,100.0

Source: ABS Cat No 6202.0

- In the year to September 2016 the number of youth (persons aged 15 to 24 years) employed in the Territory decreased by 2.1% to 20,100 persons.
- Over the same period, national youth employment increased by 1.9% to 1,850,100 persons.
Youth labour market data is reported on by averaging monthly data over a year. This is done to lessen the variability and volatility of monthly movements.
- In the year to September 2016, 11,200 out of the 32,900 youths (34.0%) were undertaking full time education in the Territory, a decrease of 0.7% from the previous quarter. In comparison, 52.7% of the national youth population were undertaking full time education.

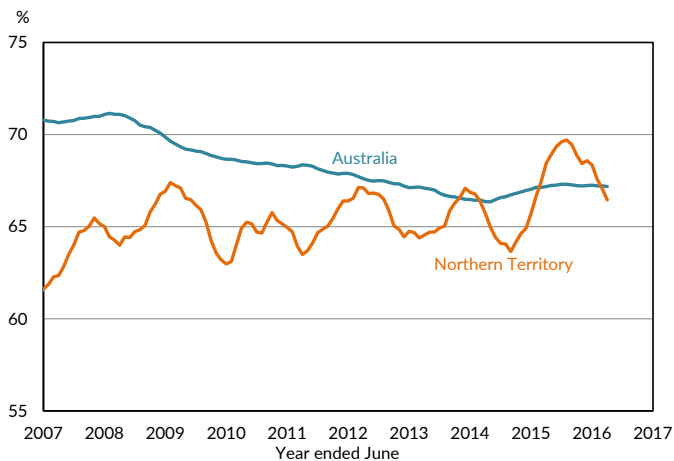
Chart 7: Youth Unemployment Rate (annual average)



Source: ABS Cat No 6202.0

- In the year to September 2016 the average youth unemployment rate in the Territory was 8.0%. This is below the corresponding national rate of 12.4%.
- The Territory youth unemployment rate has generally been decreasing over the past six months, similar to the national youth unemployment.

Chart 8: Youth Participation Rate (annual average)



Source: ABS Cat No 6202.0

- In the year to September 2016, the average youth participation rate in the Territory was 66.5% and 67.2% nationally.

Wage Price Index

		Quarterly Change	Level
Wage Price Index	NT	↑ 0.2%	124.6
	Australia	↑ 0.4%	123.7

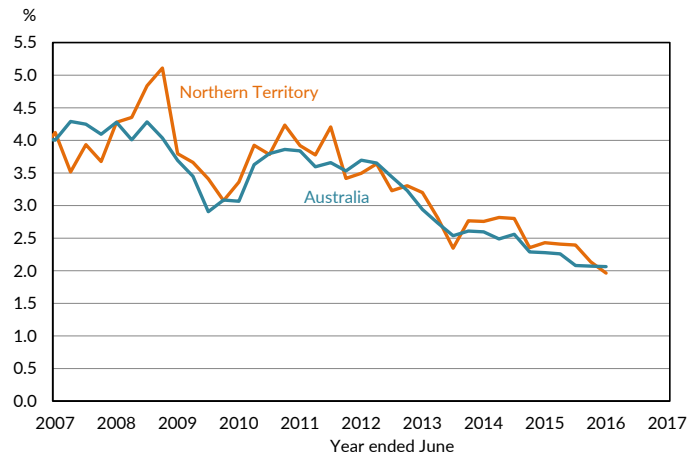
Source: ABS Cat No 6345.0

The Wage Price Index (WPI) measures changes in the price of wages and salaries and excludes changes in overtime and bonus payments.

- In the June quarter 2016, the WPI increased by 0.2% in the Territory and increased by 0.4% nationally.

- In annual terms, the Territory WPI increased by 2.0% in the year, with the national growth rate also at 2.1% over the same period.

Chart 9: Wage Price Index (annual percentage change)



Source: ABS Cat No 6345.0

Average Weekly Earnings

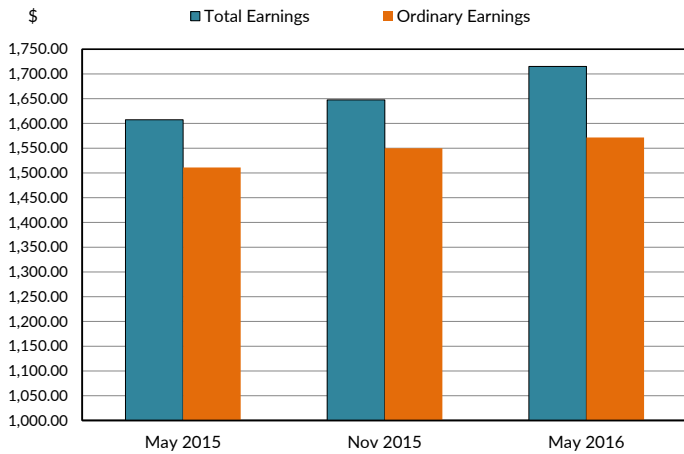
		6 Monthly Change	Level
Average Weekly Full Time Adult Ordinary Time Earnings	NT	↑ 1.4%	\$1,571.70
	Australia	↑ 1.1%	\$1,516.00
Average Weekly Full Time Adult Total Earnings	NT	↑ 4.1%	\$1,715.10
	Australia	↑ 1.1%	\$1,575.40

Source: ABS Cat No 6302.0

Average weekly full-time adult ordinary time earnings (ordinary earnings) and average weekly full-time adult total earnings (total earnings) includes earnings for all wage and salary earners, except some groups such as overseas consulates and Australian Defence personnel. For a full list see Labour Force Terms and Information.

- In the six months to May 2016, ordinary earnings in the Territory increased by 1.4% to \$1,572.00. Over the same period, average weekly total earnings (which includes overtime payments) increased by 4.1% to \$1,715.00. At the national level, ordinary earnings increased by 1.1% to \$1,516.00, and average weekly total earnings increased by 1.1% over the period to \$1,575.00.
- Territory weekly total earnings are now \$140.00 higher than nationally, compared to being \$89.30 higher in November 2015.

Chart 10: Northern Territory Average Weekly Earnings



Source: ABS Cat No 6302.0

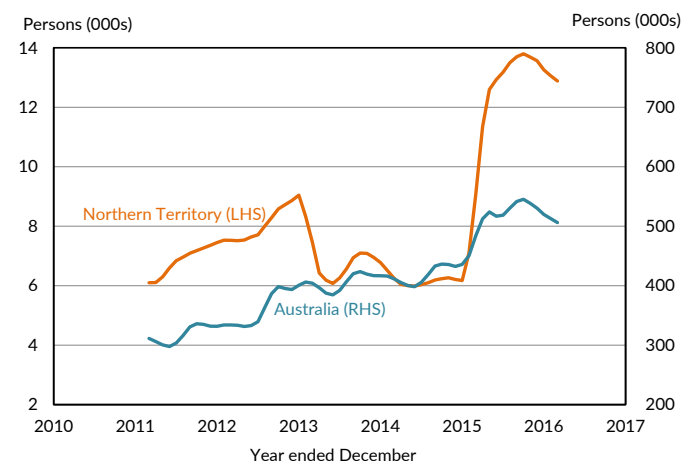
Newstart and Youth Allowance

		Quarterly Change	Persons
Newstart and Youth Allowance	NT	↓ 5.0%	12,881
	Australia	↓ 4.5%	506,186

Source: Department of Social Services, Australian Government.

- In the August quarter 2016, the number of Newstart and Youth Allowance recipients that are ready and available to work in the Territory decreased by 5.0% to 12,880.
- In the August quarter 2016, all jurisdictions recorded a decrease in the number of Newstart and Youth Allowance recipients, except for Western Australia and Tasmania. The Australian Capital Territory had the highest decrease (7.0%), followed by New South Wales (6.2%), and Victoria (5.9%).
- At the national level the number of recipients decreased by 4.5% to 506,190.

Chart 11: Newstart and Youth Allowance Recipients



Source: Department of Social Services, Australian Government

Job Vacancies

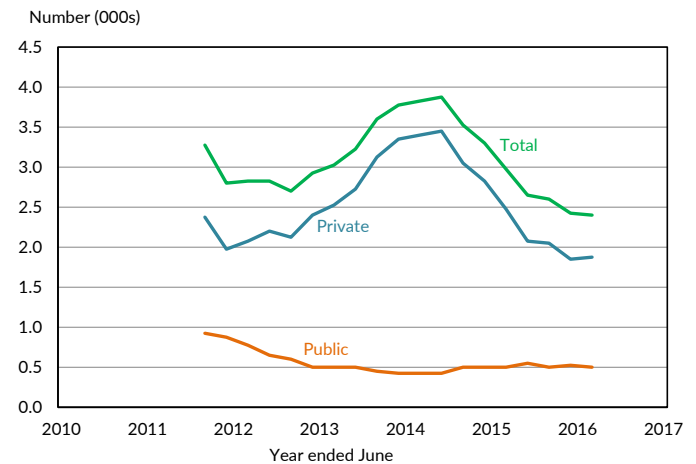
		Year on Year Change	Vacancies
Job Vacancies	NT	↓ 19.3%	2,400
	Australia	↑ 10.9%	172,000

Source: ABS Cat No 6354.0

Job vacancies are a leading indicator for future jobs growth, with an increase indicating increased demand for workers.

- Territory job vacancies decreased by 19.3% to 2,400 vacancies in the year to August 2016. This was primarily driven by a 24.2% decrease in the number of private sector job vacancies to 1,900 vacancies.
- Public sector job vacancies in the Territory remained unchanged in the year with 500 vacancies.
- At the national level, job vacancies increased by 10.9% to 172,000 vacancies in the year to August 2016.
- The increase nationally was mainly the result of both private and public sector vacancies rising by 9.6% and 24.9% respectively in the year.
- The fall in job vacancies in the Territory may indicate that employment growth will decrease in the short term.

Chart 12: Northern Territory Job Vacancies



Source: ABS Cat No 6354.0

Other Economic Indicators

No single indicator can give a comprehensive view of the labour market. There are a number of economic indicators that can impact on or explain changes in the Northern Territory labour market that are not considered in this publication. These may include gross state product, inflation, retail sales, international trade, business and consumer sentiment and housing affordability.

For consideration of broader economic indicators please see

NT key business statistics: <http://www.dob.nt.gov.au/business/economics/key-statistics/Pages/default.aspx>.

Major Projects and Key Drivers

Over the past five years, the INPEX project has been a key driver of economic growth in the Territory and has supported strong employment growth and a low unemployment rate. State Final Demand (SFD), a measure of onshore economic activity, has been growing at a solid pace since INPEX commenced construction in 2012, but as the project winds down, SFD growth is now weakening considerably, decreasing 10.7% in 2015-16 (chart below). This weakening onshore economic activity is being driven by declining private sector investment, particularly in business investment which has fallen 37.5% in 2015-16. However, public sector investment has picked up over the past year, partly offsetting the fall in private investment and in response to moderating private enterprise investment.

Despite the falling onshore economic activity, jobs growth continues to remain robust and the quarterly average unemployment rate is at the lowest level since May 2011 (chart below). Even though the current state of the labour market appears strong, leading labour market indicators are pointing to a moderation in activity in the coming year.

Chart: State/Domestic Final Demand

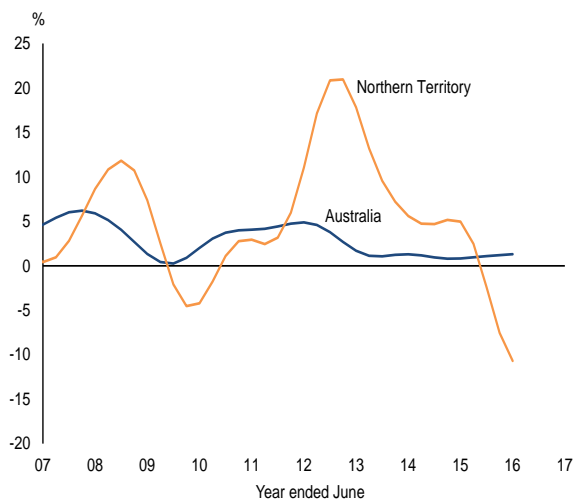
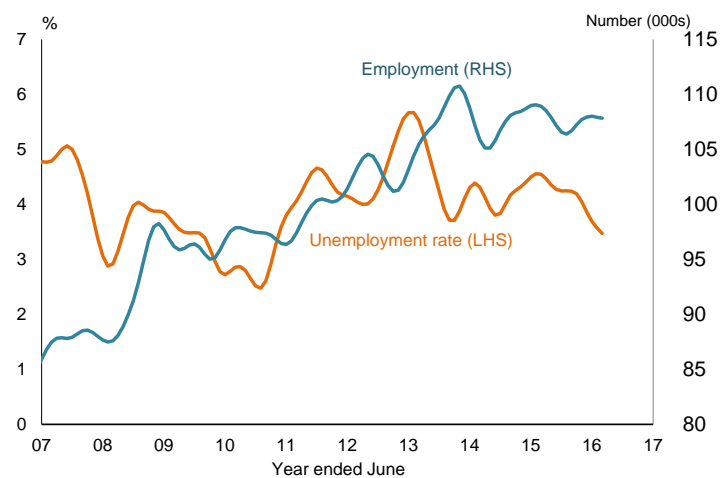


Chart: NT Employment and Unemployment Rate



Source: ABS Cat. No. 5206.0

Notes

All data referred to are in original terms except for unemployment rate, participation rate, employment, labour force, and civilian population. For information on the data sources used and a glossary of labour market terms please see Labour Market Terms and Information.

Data Sources

Australian Bureau of Statistics, catalogue numbers 3101.0, 6202.0, 6220.0, 6291.0.55.003, 6302.0, 6345.0, 6354.0
 Department of Trade, Business and Innovation (NT Government)
 Department of Employment (Australian Government)
 Department of Social Services (Australian Government)

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