The Northern Territory’s Response

to

Australia’s Demographic Challenges
Discussion Paper

June 2004
Northern Territory Treasury
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1. Summary

Northern Territory Treasury believes the discussion paper, *Australia’s Demographic Challenges*, on which the former is based, broadly provides a sound account of the likely patterns of future ageing of the population and the ways in which Australia should respond.

However, the paper could provide greater stress on the importance of close monitoring of the actual patterns of change in the population, and emphasise the need for governments to be prepared to modify policy responses if actual population changes deviate significantly from earlier projections, on which by necessity policies had been developed.

While the *Demographic Challenges* discussion paper may provide a satisfactory account of ageing and policy responses for Australia, it is insufficient for the special circumstances of the Territory. Although the Territory’s population has been ageing as fast as the Australian population in recent years, it is still a very young population by comparison with other Australian jurisdictions and so it starts at a different base point. Many of the social and policy responses proposed for Australia are also applicable to addressing the consequences of the ageing Territory population. However, other additional responses (and opportunities) exist for the Territory because of the unique composition and characteristics of the Territory population discussed throughout this paper.

The most significant feature of the Territory’s population which make it unique is that it is composed of two virtually separate, and very different sets of populations, each with its own growth characteristics and each requiring different policy responses.

The two population components are the Indigenous and non-Indigenous populations. The former currently comprises about 29 per cent of the Territory’s population (and about 38 per cent of children). The non-Indigenous population is characterised by natural growth characteristics similar to the rest of Australia, but population change is dominated by patterns of interstate migration.

The Territory’s social and policy responses to possible future ageing related population changes will need to be different, but related, for the two population groups.

Future non-Indigenous population growth will require policy responses which maintain or even increase the attractiveness of the Territory to residents of other states contemplating living for a time in the Territory. Policy responses will also have to be developed to retain as many people as possible and for as long as possible who have come to live in the Territory.
Future growth of the Indigenous population will flow from the still relatively high (although dropping) Indigenous fertility rates. This growth will create a large pool of young people – people who are strongly linked to the Territory as their place of residence. This large pool of potential workers is virtually unique in Australia, as no other jurisdiction can expect such a large pool (in relative terms). However, these future young adults remain potential workers unless they receive appropriate education and training to prepare them for future jobs, and unless these future jobs are available to them. This will be a major challenge but it also represents a substantial opportunity for the future development of the Territory economy and the development of the Territory as a society.

2. Introduction

Treasury agrees in broad terms with the contents of the Demographic Challenges paper in relation to the Australian context. Treasury’s view is that the Territory will also be affected by these same challenges, like all jurisdictions, however the Territory’s population and its particular circumstances make the nature of the impacts different and as a result, modifies the consequences.

Further, the special features of the Territory mean that a different (to Australia and other States) understanding of ageing over coming decades needs to be developed. Therefore, the primary focus of our comments in this paper is to develop this understanding of the different age-related Territory population changes over coming decades, by concentrating on the demographic impacts of ageing that are unique and clearly different to other jurisdictions.

This paper does not provide a great deal of detailed policy related comment and does not contain a thorough analysis of the full range of demographic challenges facing the Territory. While a number of demographic challenges are expected to be more extreme in the Territory than in other jurisdictions (such as remoteness and sparsely settled populations), the Territory’s limited demographic research capability, associated with administrative scale issues, is a restricting factor in the current level of research and analysis of Territory demographic challenges.

3. Overview of Expected Ageing of the Australian Population

The Australian Government’s (2004) release of the discussion paper, Australia’s Demographic Challenges, outlined the way in which the Australian population is expected to age over the next generation or two. The document also explored the likely social and economic consequences of an ageing Australia and raises the alarm for Australia and the states to start developing policies now to better prepare for the economic, social and fiscal consequences of this inevitable change.

In brief, the demographic challenges for Australia are similar to those faced by nearly all developed countries, though probably less severe due to continued high levels of net overseas migration to Australia. Without appropriate policy developments, an
The ageing of the Australian population is a result of both declining birth rates and increased longevity. The trend towards Australian families, on average, having fewer children later in life is a key influence on Australia’s changing population structure. Since the national total fertility rate (TFR) peaked in the post World War II ‘baby boom’ (3.5 births per woman), the TFR has been well below the rate needed for population replacement (meaning that without migration, Australia’s population would eventually decline). Today the TFR is still declining.

At the same time, high standards of living combined with improved public health and increased personal health care have contributed to increased life expectancy. For example, life expectancy for males at birth was around 68 years in 1960, increasing to 78 years today, and in 2042 the *Intergenerational Report* (Australian Government, 2002) projects it to be around 83 years. Similar increases in life expectancy have occurred for females.

In response to issues associated with the ageing of the Australian population, the *Demographic Challenges* discussion paper identified three key areas where policy
initiatives may be needed for sustained economic growth in this environment through increased labour force participation and productivity:

- Improvements in the capacity for work, through better education and health;
- Better incentives for work; and
- Improved flexibility in the workplace.

4. **Issue of Monitoring**

Northern Territory Treasury’s view in response to *Australia’s Demographic Challenges* discussion paper and the *Intergovernmental Report* (IGR) is that we generally agree with the issues raised in regards to the economic, social and fiscal impacts of an ageing population.

However, we feel that more attention needs to be on placed on monitoring actual population growth and the effectiveness of policy implementation. This will be a major concern in the future for both the Australian and States and Territories Governments. It is important to point out that the process of checking and modifying policies (if necessary) will require the creation or use of a more sophisticated and detailed monitoring system. An appropriate monitoring system needs to be developed and continually updated along with age-related policy development, implementation and modification.

This issue of monitoring was not addressed in the two papers as a priority and needs to be encouraged as part and parcel with any policy initiative developed to tackle the issue of population ageing.

Another concern at present is there is no national coordination with respect to policy development related to population ageing issues, possibly creating the potential for inconsistencies within the development of state policies. Most of the states are in the process of developing, or have developed policies, that are very optimistic and in some cases unrealistic. It needs to be recognised that unless this issue is addressed at the national level, or that some form of coordinated approach is developed between the states, major inconsistencies may result and create an unhealthy situation for all involved.

5. **States Perspectives on Ageing**

It would seem that the ageing process likely to occur over the next few decades is similar for all states and territories according to the two papers. All states will experience, although to varying degrees, a decrease in the younger age groups and an increase in the older age groups.

In terms of sustainable economic growth, a main concern relates to the working-aged population (15-64 years) which will grow more slowly in absolute terms and decline in relative terms in most jurisdictions. Further, it may even fall in absolute terms in some jurisdictions. Without appropriate national and local policy development this
decline will have an effect on labour force participation and productivity which in turn will impact on economic growth. A major development in labour force participation in recent years is a trend toward early retirement or withdrawal from the workforce.

The second major concern has to do with the expected rapid increase in the proportion of the population aged 65 years and over. As this proportion of the population increases and the working-aged population decreases, (along with the associated decline in labour force participation rates), it will be more difficult for taxpayers to fund increased demand for publicly funded health and other social programs related to a larger proportion of older, retired citizens.

Overseas migration will assist in offsetting some of the effects of an ageing population on the economy. However, as similar trends are occurring in most developed countries, this makes it more difficult for Australia to attract skilled and business migrants. Competitiveness among the states and territories for overseas and interstate migration will become more of an issue and will continue to grow as fertility rates continues to remain below the replacement rate (2.1 children per women during lifetime).

6. Northern Territory’s Population – Basic Facts

The Territory’s population, at 198,700 persons as at December quarter 2003, represents approximately 1.0 per cent of the total Australian population and is the most youthful of any jurisdiction in Australia (see Chart B). It consistently has the largest proportion under 15 years of age (25.8 per cent, compared to 20.8 nationally as at June 2001), and the smallest proportion aged 65 years and over of any state or territory (3.9 per cent, compared to 12.6 nationally as at June 2001). The Territory also has a higher proportion of its population (70.3 per cent) in the typical working-age group of 15-64 years, compared to the Australian population (66.5 per cent) as at June 2001. As the Territory’s population ages into the future, the proportion of the working-age population is likely to increase rather than decline (due to the interplay of certain demographic factors, predominantly the declining Indigenous fertility rate), as is the situation in the rest of Australia.

6.1 Median Age

According to the ABS, the median age of Territorians as at 30 June 2003 was estimated to be 30.3 years, the youngest of any jurisdiction, and almost six years below the national median age of 36.1 years. The median age in the Territory is expected to increase to between 31.9 and 32.7 years in 2021, while nationally the median age is projected to increase more rapidly, rising to between 40.3 and 41.5 years in 2021.
6.2 Natural Increase

Natural increase (births less deaths) is the main contributor to growth in the Territory. Natural increase contributed an average 1.4 percentage points per annum to growth over the five year period to June 2003, declining from 1.5 percentage points per annum over the five year period to June 2001.

Fertility

The Territory population is characterised by high fertility rates (children per woman during lifetime), particularly among the Indigenous population. Since 1986 to 2002, the total fertility rate for all Territory females has fluctuated around 2.2 (above the replacement rate of 2.1), while nationally it has fallen from 1.9 to 1.7 over the same period. The total fertility rate for Indigenous women in the Territory was 3.0 over the year to June 2001, declining slightly to 2.8 in 2002, but remained the highest of all jurisdictions.

Mortality Rates

Crude death rates (that is deaths per 1 000 people with no adjustment for age profiles) in the Territory are the lowest of all jurisdictions, reflecting the younger age profile of the population. The mortality rates have decreased significantly over the past 20 years in the Territory. The Territory recorded the highest standardised death rate in 2002, with 9 deaths per 1 000 standard population compared to 13.3 in 1982. The corresponding national standardised death rates were 6.7 and 10.3 respectively.

Reflecting higher standardised mortality rates, particularly in the Indigenous population, life expectancy in the Territory is below the national level and is the lowest of all jurisdictions. Life expectancy for all Territorians born between 2000 and
2002 was 71.3 years for males and 76.7 years for females, compared to national rates of 77.4 years for males and 82.6 years for females.

6.3 Median Age at Death
The median age at death (by occurrence) in the Territory is well below the Australian median age, averaging a difference of 20 years over the past decade. This is a result of a young population and high mortality in the Indigenous population. In 2002, the median age at death in the Territory was the lowest of all jurisdictions for Indigenous males and females at 47.1 and 50.0 years respectively, compared to 63.0 and 70.5 years for non-Indigenous males and females.

6.4 Overseas Migration
Overseas migration has typically made a positive contribution to Territory population growth, averaging 0.4 of a percentage point per annum contribution to total growth (0.9 per cent per annum) over the five years to June 2003. The annual contribution to growth was relatively stable over the past five years, ranging from 0.3 to 0.5 of a percentage point.

6.5 Interstate Migration
Given the relatively stable nature of natural increase and overseas migration, change in Territory population growth is largely determined by movements in interstate migration (see Chart C). Over the five years to June 2003, quarterly estimates of net interstate migration ranged from positive 744 persons in the June quarter 1997 to negative 1 160 persons in the March quarter 2003. On average, net interstate migration has subtracted 1.0 percentage point from total population growth (0.9 per cent per annum) over the five-year period to June 2003.

Chart C: Territory Population Growth by Component (persons)

Source: NT Treasury, ABS Cat. No. 3101.0
The historical pattern over the past 17 years has a consistent pattern of net interstate migration outflows, except for the period of the defence build-up during 1995-98. If the growth in defence personnel and family members over the last 12 years were to be excluded from the Territory’s population figures, it is estimated that the Territory’s average annual growth rate since 1992 of 1.5 per cent would likely be approximately 0.3 of a percentage point lower at an estimated 1.2 per cent.

The trend over the past few financial years is a widening gap between outflows and inflows (see Chart D). Since the completion of the main defence build up in 1998, there has been a substantial decline in inflows while outflows have been at historically high levels.

**Chart D: Annual Territory Interstate Migration Flows**

Source: NT Treasury, ABS Cat. No. 3101.0

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7. **Population Ageing in the Northern Territory to Date**

The Territory also faces demographic challenges associated with ageing, but unlike the rest of Australia, these challenges are not simply the direct consequence of a large and rapidly growing aged (65 years and over) section of the population (see Chart B). Chart B shows the differences in the age structure and distribution of both the Australian and Territory populations from 1986 to 2001. It is quite clear from this chart that in relative terms, the Territory has a larger proportion of its population in the working-age (15-64 years) section compared to Australia as a whole, and a lesser amount of the population in the 65 years and over age group. According to ABS projections, the working-aged (15-64 years) section of the population is expected to
increase by 2021, whereas in other jurisdictions it is expected to decrease (see Table 1).

The size of the older aged section of the Territory population has increased and will continue to increase in the future. However, ageing has not yet produced (in relative terms) a significant number of people within the age group 65 years and over in the Territory compared to the other jurisdictions and the national average (see Table 1). Further, any substantial proportional increase is not expected to occur before 2021. Hence, the Territory does not face the problem of funding senior citizens to the same extent as the other states.

Table 1
Proportion of population aged 0-14, 15-64 and 65 years and over in 2001 & 2021

<table>
<thead>
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<td>WA</td>
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<tr>
<td>0-14</td>
<td>20.8</td>
<td>20.3</td>
<td>21.6</td>
<td>19.6</td>
<td>21.5</td>
<td>21.2</td>
<td>20.9</td>
<td>25.8</td>
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<td>66.6</td>
<td>66.7</td>
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<td>70.6</td>
<td>70.3</td>
<td>66.5</td>
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<td>65+</td>
<td>13.1</td>
<td>13.1</td>
<td>11.7</td>
<td>14.7</td>
<td>11.1</td>
<td>13.9</td>
<td>8.5</td>
<td>3.9</td>
<td>12.6</td>
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<tr>
<td>2021</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>0-14</td>
<td>16.2</td>
<td>15.6</td>
<td>16.5</td>
<td>15.0</td>
<td>16.2</td>
<td>15.9</td>
<td>16.2</td>
<td>21.5</td>
<td>16.1</td>
</tr>
<tr>
<td>15-64</td>
<td>64.8</td>
<td>65.3</td>
<td>65.0</td>
<td>62.8</td>
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<td>60.7</td>
<td>67.5</td>
<td>71.6</td>
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</tr>
<tr>
<td>65+</td>
<td>19.0</td>
<td>19.1</td>
<td>18.5</td>
<td>22.2</td>
<td>18.4</td>
<td>23.4</td>
<td>16.4</td>
<td>6.9</td>
<td>19.0</td>
</tr>
</tbody>
</table>

Source: Estimates and projections from ABS Cat.No.2004.0, 3222.0 and 3222.7

8. Scenarios for Possible Future Growth of the Northern Territory Population

To further illustrate the Territory’s difference with respect to ageing, the following ABS population growth scenarios are provided.

The latest ABS projections were developed with significant contribution from the Territory Government’s Statistical Liaison Committee and released in 2001. These projections cover a period of 20 years to 2021 and are based on the estimated population as at 30 June 1999 (192 900 persons). The ABS created three population projection series, representing high (Series A), medium (Series B) and low (Series C). All three projection series were based on a certain combination of assumptions for fertility, mortality, overseas and internal migration, and took into account major future projects and developments in the Territory which had been announced, or were considered likely, at the time the projections were developed.

- Series A (high) assumes high fertility, high net overseas migration and high net internal migration. This series projects the population reaching 308 660 persons by 2021.

- Series B (medium) assumes low fertility, medium net overseas migration and medium net internal migration. This series projects the population reaching about 265 024 persons by 2021.
Series C (low) assumes low fertility, low net overseas migration and low net internal migration. This series projects the population reaching 227,697 persons by 2021.

8.1 ABS Assumptions

Fertility
Two assumptions were made at the Northern Territory level:

High Assumption
1. The total fertility rate declines from 2.2 babies per woman in 1998 to 2.16 in 2007 and remains constant to the end of the projection period.

Low Assumption
2. The total fertility rate declines from 2.2 babies per woman in 1998 to 1.97 in 2008 and remains constant to the end of the projection period.

Mortality
In all three series the same mortality assumption was used. The assumption is that life expectancy at birth increases from the 1996-1998 level of 70.5 years for males and 75.4 years for females to 74.7 years for males and 78.5 years for females in the period to 2021.

Overseas Migration
Three assumptions were made at the Northern Territory level:

High Assumption

Medium Assumption

Low Assumption

Interstate Migration
Three assumptions were made at the Northern Territory level:

High Assumption
1. Net interstate migration increases from -600 in 1999-2000 to 1500 in 2003-04 and remains constant to the end of the projection period.

Medium Assumption
Low Assumption


Chart E shows the variation between the three projections series (for 2021). While it is extremely difficult to be certain which, if any of the series produced by the ABS appropriately models the Territory’s future population growth, based on most recent population changes in the Territory it would appear that projection series C (low) may be close to current expectations. However, as can be seen from the relatively small differences between the magnitude of the three sets of population growth component assumptions, a small change in growth can produce relatively large changes to the expected population size in 20 years time (see Chart E).

Chart E: ABS Northern Territory projections 2021 (high, medium and low)
Chart F below shows the Territory’s current population and includes the best estimate of the way the Territory population has changed from 1986 and will change to 2021.

**Chart F: 1986, 2001 and 2021**
**Northern Territory Population (male and female)**


### 9. The Northern Territory's Population as Two Populations

The main demographic challenges for the Territory are best illustrated when the past, present and possible future age distributions of the Territory’s Indigenous and non-Indigenous residents are displayed separately. These two sets of age distributions are remarkably different and unique, but both display evidence of ageing. For this reason, the following analysis will treat the Territory population as two completely separate populations – Indigenous and non-Indigenous.

There is a relatively small degree of cross-over between these two groups in the Territory, with a large majority of Indigenous births occurring where both parents were registered as being Indigenous. However, this is not the same for other jurisdictions.

The demographic challenges facing the Indigenous population in the Territory in the next 20 years, in terms of the projected population composition and growth are associated with natural increase (births less deaths) as a proportion of the population. The Indigenous population of the Territory is very young and can continue to expect to have a large majority of the population aged within the working-aged (15-64 years) section of the population.
The Indigenous population can also be thought of as essentially ‘intergenerational permanent residents’ of the Territory where interstate and overseas migration is not a big issue. According to the ABS, about 80 per cent of the Indigenous usual resident population at Census 2001 were also resident in the Territory 5 years ago, compared to about 60 per cent of the non-Indigenous population (excludes usual residents not stated and those not applicable).

In contrast to the Indigenous population’s experience, interstate migration, and to a certain extent overseas migration will continue to be a major demographic issue for the non-Indigenous population of the Territory over the next 20 years. There is no reason to suggest, that on an age-adjusted basis, the natural increase (births less deaths) for the non-Indigenous population would not be fairly similar to other jurisdictions and the national level.

9.1 Past, Current and Future Growth of the Population of Indigenous Territorians

The estimated Indigenous population of the Territory as at 30 June 2001 (56,875 persons), represents 28.7 per cent of the total population (based on the experimental estimates using 2001 Census counts) and is proportionately larger than in any other jurisdiction, with more than one in four people in the Territory estimated to be of Indigenous origin. In contrast, the total Indigenous population is only 2.3 per cent of the total Australian population. Indigenous Territorians account for 12.4 per cent of the national Indigenous population as at 30 June 2001.

The age distributions for Indigenous Territorians show a population developing from a classic third-world, high-fertility, high-mortality distribution to one in which at least fertility has declined substantially between 1986 and 2001. The high fertility growth rate in the Territory is largely attributable to the higher fertility rates among Indigenous women. Total fertility for Indigenous women in the Territory is still the highest of all jurisdictions at 3.0 (children per woman during lifetime) as at June 2001 and has declined slightly to 2.8 in 2002. At the national level, the total fertility for all women during the same period was 2.1 and 1.7 respectively. The fertility rate of the non-Indigenous women in the Territory (2.0 children per woman during lifetime, according to the Territory Department of Health and Community Services, 2002), though higher than the Australian rate, is declining in the same manner as the national rate.

In Darwin, the average fertility rate was 1.8 between 2000 and 2002, compared to 2.7 for the balance of the Territory, reflecting the high fertility of Indigenous women living in remote areas around the Territory.

One of the most striking differences between the Indigenous and non-Indigenous sections of the Territory population is in the 19 years and under age group, where the age-specific fertility rates of Indigenous women are four times the national rate. In 2002, almost 85 per cent of births in the 19 years and under age group in the Territory were recorded as Indigenous births, compared to about 20 per cent nationally. This is an important difference between the two populations with respect to population growth. In fact, it is possible that this is the single most important factor behind the different fertility patterns of Indigenous and non-Indigenous women. That is, on
average, Indigenous women may have, in practice, a larger child-bearing age span, as a consequence of earlier average age of a first child, than non-Indigenous women.

According to the ABS, in 2001 the indirect standardised death rate for Indigenous persons in the Territory was more than 3 times as high as the non-Indigenous population (20.2 per 1 000 persons compared to 6.0 respectively). In 2002, the ABS reports that the median age at death in the Territory was the lowest of all jurisdictions for Indigenous males and females at 47.1 and 50.0 years respectively, compared to 63.0 years for non-Indigenous males (a 16 year difference) and 70.5 years for non-Indigenous females (a 20 year difference).

The past, current and possible future size and age and sex structure of the Territory’s Indigenous population are set out in Chart G below. ABS estimates were used for 1986 and 2001 and Territory Treasury estimates for 2021. The latter should not be considered reliable but gives a reasonably accurate projection of the general size and characteristics of the Indigenous population if current trends continue.

**Chart G: 1986, 2001 and 2021**

Northern Territory Indigenous Population (male and female)

Despite the difficulty of estimating the Territory’s future Indigenous population, it seems unlikely that even in 20 years or so there will be many Indigenous Territorians aged 65 or over. Besides continuing high demand for high levels of education (because of the growing size of the younger section of the population) and health services (because of the increasing size of the older section of the population), the main challenges associated with the changing demography of the Territory’s Indigenous population will be for the creation of employment and economic
development opportunities for the fast-growing, working-aged segment of the population.

Although interstate and overseas migration amongst the Indigenous population exists, it is extremely low and there is very little data that supports any change in this pattern. Potential changes in natural increase (births less deaths) of the Indigenous population in the Territory will be the major demographic issue related to ageing of the population as discussed earlier.

9.2 Past, Current and Future Growth of the Population of Non-Indigenous Territorians

The main demographic challenges associated with the non-Indigenous population in the Territory are associated with interstate migration. Unlike the Indigenous population, natural increase (births less deaths) for the non-Indigenous section of the Territory population is likely be similar to the ageing pattern occurring at the Australian level.

Chart H: 1986, 2001 and 2021
Northern Territory Non-Indigenous Population (male and female)

The age pyramid of the non-Indigenous section of the Territory’s population has an extraordinary bulge in the young adult years, spreading to later years of age in 2021. This arises from high levels of net migration of young adults to the Territory from interstate and the corresponding high levels of net migration to interstate of other age groups (both young and old). As mentioned earlier, interstate and overseas migration is very much a non-Indigenous demographic issue.
This constant ‘churn’ effect of interstate migration, largely associated with the non-Indigenous population, shows greater interstate mobility than in any other jurisdiction. An estimated 23 per cent of the Territory’s population in 2001 were not living in the Territory five years earlier (see Table 2). The Territory is characterised by a high level of transience, with around 8 to 10 per cent of the population relocating interstate each year. Over the five years to June 2003, around 9 per cent of the population moved interstate each year. Nationally, around 2 per cent of the population move interstate each year. This reflects a pattern identified by Bell (Bell, Martin: Internal Migration in Australia 1986-1991: Overview Report, Bureau of Immigration, Multicultural and Population Research, 1995) that the Territory tends to attract mobile interstate migrants.

Table 2: Estimated proportion of the population as at Census 2001 not resident in jurisdictions five years earlier

<table>
<thead>
<tr>
<th>States</th>
<th>%</th>
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<tbody>
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<td>Northern Territory</td>
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</tr>
<tr>
<td>Tasmania</td>
<td>6.83</td>
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<tr>
<td>Western Australia</td>
<td>8.83</td>
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<tr>
<td>South Australia</td>
<td>6.28</td>
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<td>Queensland</td>
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<td>Australian Capital Territory</td>
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Source: NT Treasury, based on ABS Cat. No. 2004.0

This net migration comprises exceptionally high levels of migration both to and from the Territory which, during the young adult years, typically results in net migration inflows but, at most other ages, usually results in net migration outflows. Thus, net migration to the Territory of working age migrants will be a contributing factor to the expected increase in the working-aged section as a proportion of the population over the next generation.

In the past, many Territorians, particularly women, have left the Territory on retiring or reaching middle age. This produces the rapidly shrinking age pyramid at middle-age years and predominant male gender balance in this age range. It is not clear whether this pattern will continue to the same extent in the future. What is clear is that older age migration has had, and may continue to have, a major impact on the age composition of the Territory’s resident population.

10. The Specific Challenge of Measurement of Population in the Northern Territory

The Territory, more then any other state, faces one other demographic challenge unrelated to population ageing. This is the technical challenge of counting, estimating and predicting the size and composition of its population. The geographical size and isolation of parts of the Territory, the cultural diversity of its population, the sparse density of the resident population but relatively large numbers of visitors and short-term residents, and associated high local, interstate and overseas mobility, all combine
to make counting and estimating the population far more challenging than for other parts of Australia.

Furthermore, the current relatively high but possibly changing future and mortality of the Indigenous population makes predicting the size and composition of this section of the Territory’s population particularly difficult. Most difficult of all is the prediction of likely future movement patterns of people to and from the Territory and other parts of Australia.

In conjunction with the local university (Charles Darwin University), Treasury is developing a demographic research program, in part to explore improvements to population estimation methodologies and in part to better understand the factors underpinning the high levels of mobility demonstrated by many Territorians. This will assist the development of effective strategies and programs to improve our ability to attract potential Territory residents and retain existing residents for longer periods.

Treasury is also working with ABS to develop more effective mechanisms for Territory Government agencies (and other Territory-based organisations) to better assist the ABS in conducting census field activities for the 2006 Census of Population and Housing.

During the years leading up to the 2006 Census, Treasury will also be developing greater expertise in the estimation and projection methodologies appropriate to developing Territory population figures. With greater expertise in these areas, Treasury will be well placed to contribute constructively and proactively to the ongoing comprehensive consultative processes, to which the ABS is committed, for developing improved methodologies for all aspects of population estimation.

Treasury and other Territory Government agencies continue to work closely with the ABS to assist with the gathering of local intelligence about population movements which may impact on inter-censal population estimates.

11. The Northern Territory Responses to the Ageing of its, and Australia’s Population

The Australian Government’s approach to the challenge of population ageing is to implement policies designed to maintain economic growth in the face of a probable declining work force. The Demographics Challenges discussion paper indicates that the best way to achieve this is through increases in labour force participation and productivity. Three areas for policy development proposed to achieve this are:

- Improvements in the capacity for work, through better education and health;
- Better incentives for work; and
- Improved flexibility in the workplace.

Policy initiatives in these areas are relevant to the Territory although they will be better suited to meet the population challenges of jurisdictions with older and less mobile populations.
The Territory Government recognises the major demographic challenges that it faces over the next 20 years or so, including strategies aimed at improving health and social outcomes for Indigenous Territorians, and is developing policies which focus on the three strategic and complementary areas of:

- Attraction of migrants
- Retention of residents
- Skilling of the resident work force

Throughout the Territory’s post-colonisation economic development, the main demographic challenge has been one of absolute numbers – how to attract and retain residents – in particular how to attract and retain a skilled workforce. In this respect, the Territory is similar to almost all sparsely populated parts of the world that aim for sustained economic growth.

**11.1 Attraction of Migrants**

The Territory Government’s policy responses to its challenge in migration are outlined below.

**Interstate Migration**

The Territory’s large gross interstate migration flows create challenges to maintain an economic and social environment that continues to attract young adult Australians, in the face of growing competition from other states and territories for the diminishing young working-aged population.

The impact of Australian Government and Defence related policy decisions related to defence movements (including dependants) also directly influence net interstate migration flows to the Territory. Further, defence-related investment can act to attract labour to the Territory. Over the course of the 1990s, and particularly during the period 1995-98, the Territory recorded high population growth due to positive interstate migration associated with the defence build up. The impact due to small economies of scale requires the Territory Government to alter local policy responses to cater for federal policy. The inability to predict these movements into the future further compounds the challenge.

**Overseas Migration**

The Department of Business, Industry and Resource Development (DBIRD) is developing the Territory Business and Skilled Migration Strategy in consultation with a broad range of interest groups (including business and industry, unions, ethnic communities, migration agents, migrant support providers, and the Commonwealth that administers Australia’s migration programs).

The Strategy seeks to strengthen, broaden and diversify the Territory’s business and employment skills base and to increase the resident population through focusing on skilled migration to the Territory. Nonetheless, the effectiveness of any strategy will be somewhat limited by the current provisions of the Commonwealth’s Immigration policy, which at present, does not provide adequate incentives for a more equitable distribution of skilled migration to Australia.
11.2 Retention of Residents

Non-Indigenous Residents
A significant challenge is to further develop the Territory’s economic and social environment in an effort to control, and preferably reverse, the long-standing trend of older age groups migrating away from the Territory.

The benefits associated with the Territory successfully retaining residents in older age groups (which has not been the trend in the past), is a more stable, structurally balanced population with the capacity to participate in the labour force. However, it should be noted that if this scenario plays out the Territory will see increased costs associated with supporting this section of the population as experienced by other jurisdictions, and will therefore need to amend and implement policies specifically to deal with this issue.

Indigenous Residents
The Territory Government is working to maximise the contribution that working-aged Indigenous Territorians can make to sustainable economic development, with an increasing focus on growing and retaining the Territory’s local skilled workforce. There is a particular emphasis on skilling the Indigenous population of the Territory.

Given the challenge of encouraging and skilling the growing number of young Indigenous Territorians to enter the work force, this approach would allow the Territory to benefit by accessing what is currently a largely untapped labour market resource. Engaging and skilling these people (considered longer term residents compared to the non-Indigenous population) to enter the labour market and contribute to the local economy could act to improve a range of social and labour market issues, and better place the Territory to meet economic challenges associated with the ageing population.

11.3 Skilling of Resident Workforce

Jobs Plan
The Territory Government’s Jobs Plan NT: Building the Northern Territory Workforce is the first ever comprehensive jobs plan in the Territory, and complements the Territory’s economic and industry strategies. Jobs Plan NT is a comprehensive and coordinated approach to planning for jobs and mapping the future to a skilled, flexible, responsive and competitive workforce. This initiative facilitates local skills development and employment opportunities for Territory locals through the expansion of training incentives and commits $160 million over the next three years to support around 7000 apprentices and trainees.

Economic Development Strategy for the Northern Territory
In June 2002, the Territory Government launched its Economic Development Strategy, Building a Better Territory. The major objectives of this strategy are to:

- Build on past success and create new industries;
- Improve economic outcomes for Indigenous Territorians;
- Encourage skill and innovation;
• Develop the Territory’s regions; and
• Create an attractive investment climate.

*Building a Better Territory* provides detailed priority actions with specific target dates for completion and sets the methodological foundation for the development of the Territory economy. *Building a Better Territory* includes a strategic approach to improving population growth rates and skill levels and diversity in the Territory population.

The Economic Development Strategy highlights the Territory Government’s commitment to strengthening the Territory’s knowledge and innovation base by shaping its employment, education and training programs in such a way to equip all Territory residents, both young and old, Indigenous and non-Indigenous, with the necessary skills to contribute to both the economic and social environment. In particular, appropriate education and training opportunities for young Territorians are important for the supply of a sufficient pool of working-aged, educated people available to take the place of the older generations as they retire or migrate interstate.

*Indigenous Economic Development Strategy*

The Economic Development Strategy provides particular focus to the provision of Indigenous employment opportunities, with the emphasis on sustainable jobs, and communities, and environmental and social development. The Territory Government recognises the potential to increase labour force participation by addressing labour market disadvantages faced by the Territory’s Indigenous community. The skilling of the Indigenous population is a long term challenge that will require patience and persistence.

The Territory Government’s Indigenous Economic Development Strategy aspires to establish ‘equitable opportunity for Indigenous Territorians to participate in economic growth’ and provides a strategic plan to improve economic outcomes for Indigenous Territorians. Immediate priorities for the Government include: partnering with Indigenous organisations to develop economic opportunities benefiting all Territorians, and tailoring programs to deliver better educational, employment and health outcomes for Indigenous communities.