

SUBMISSION

The Effectiveness of the Government's Northern Australia Agenda

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INTRODUCTION

The Shop, Distributive and Allied Employees Union is one of Australia's largest trade unions with over 215,000 members in the retail, warehousing and fast food sectors.

The SDA membership extends across Northern Australia. Retail, warehousing and fast food workers constitute a significant portion of the Australian workforce, and are well represented in both urban and rural communities throughout Australia's north.

This submission focuses primarily on the issues facing the SDA (South Australia and Northern Territory)'s membership in the Northern Territory.

The opportunities in the Northern Territory are considerable, and the SDA supports government objective to facilitate the economic development of Australia's north which is at the heart of the Northern Australia Agenda.

This submission notes the Northern Territory Government's submission to this inquiry, welcoming the completion of 41 of the 51 priorities tabled in the Northern Australia Agenda. But the Northern Australia Agenda has also coincided with a period of deep economic uncertainty – particularly in the Northern Territory – and a rise in inequality between indigenous and non-indigenous Australians.

Further, in the discussion around jobs and economic development, issues directly affecting the membership of the SDA, and workers across the retail, warehousing and fast food sectors, are at times overlooked in favour of higher profile growth opportunities in the territory and Australia's north. The SDA welcomes the growth in the resources sector in Australia's north, but maintains concerns about the rise of a non-resident workforce in the region, which has flow on implications for the SDA members and the locally based workforce more broadly, particularly around housing and long-term job security.

It is important to note that the industries in which the SDA membership are employed are among the leading private sector employers in the Northern Territory. There are more than 10,000 retail workers in the Territory, and close to 9500 in the food and accommodation services industry, in which the SDA's members are employed. These industries combined employ almost three times the number of workers as the resource sector in the Territory, with jobs in these sectors almost universally occupied by locally based workers.

This submission highlights these challenges, issues and opportunities. The SDA appreciates the opportunity to submit to this inquiry and contribute to this important discussion.

SDA's position on the Northern Australia Agenda

The SDA supports the aim of the Commonwealth to facilitate the economic development of Northern Australia. With thousands of members across Australia's north, the SDA's branches in Queensland and Western Australia have a deep interest in the economic development of the North. For the SDA, the Northern Australia Agenda provides an opportunity for governments and communities to collaborate to overcome some of the most stubborn development challenges impacting its members in the Northern Territory.

While the Northern Australia strategy has made strides, there are still underlying challenges that require further consideration from the Commonwealth, particularly around economic diversification, bridging the socio-economic gap between indigenous and non-indigenous Australians, increasing infrastructure delivery in remote communities, and improving housing affordability for locally based workers.

The SDA is concerned about the extent to which employment in the NT has been driven by FIFO workers. SDA members are almost universally local residents working local jobs that are reliant on consumer spending within that local economy. The proliferation of high-income FIFO jobs in the North creates a scenario where less money is being spent locally, impacting job security for SDA members.

This submission also notes the SDA concerns with the cost of living pressures on our members that can be exacerbated by a proliferation of FIFO work across the Northern Territory. One area in which FIFO work can have an adverse impact on local populations is housing affordability¹. While the housing market can be volatile in Darwin and the North more broadly, workers' on modest incomes in the Northern Territory and across the North of Australia are continually challenged by housing affordability.

Median incomes in the Territory are high – this is driven by the large number of high-paying jobs in the resources sector. However, a broad income distribution remains, and for those at the lower end of that distribution, housing affordability and other cost of living pressures remain an ever present reality. There remains room for the Commonwealth to address housing affordability in the Territory, and work with the Territory Government to invest in housing stock that accommodates those on lower incomes.

The SDA ultimately supports the Northern Australia Strategy's focus on economic diversification, but notes that progress in this area has been limited. To drive and sustain population and economic growth in the Territory, more needs to be done to facilitate the emergence of new industries to complement existing industries in the region.

The centrality of the retail, warehousing and fast food sector in Northern Territory

SDA members constitute the workforce categorised as 'Retail Trade' and 'Accommodation and Food Services'. Continuing the growth trajectory is essential for the economic vibrancy of the Northern Territory, and the employment prospects of the next generation of Territorians.

Retail and wholesale trade contributed 4.9 per cent of gross state product (GSP) in the Territory in 2017-18 – the equivalent of \$1.3 billionⁱⁱ. Accommodation and food services contributed \$663 million to the NT economy in the same year – or 2.5 per cent of GSPⁱⁱⁱ.

Industries in which SDA members work among the fastest growing in the North

When analysing jobs growth in the private sector, retailing and fast food jobs are among the fastest growing the Territory.

The fastest rate of jobs growth in the private sector is in the 'professional, scientific and technical services' sector (of which some jobs are within public sector or public sector contracting). 'Accommodation and food services' and 'retail trade' jobs were the second and third fastest growing over between 2012-2018.

These jobs are not often discussed in broad strategic visions for Australia's north – but they provide a vital foundation for the economies of northern Australia. Retail trades is the second largest private sector employer in the Northern Territory. Only 2.7 per cent of these jobs are FIFO positions.

Maintaining this workforce is essential for Northern Territory's economic health, as well as the vibrancy of local communities across the Territory.

This data is focused on Northern Territory, but retail, warehousing and food services jobs are equally important in communities throughout Australia's north.

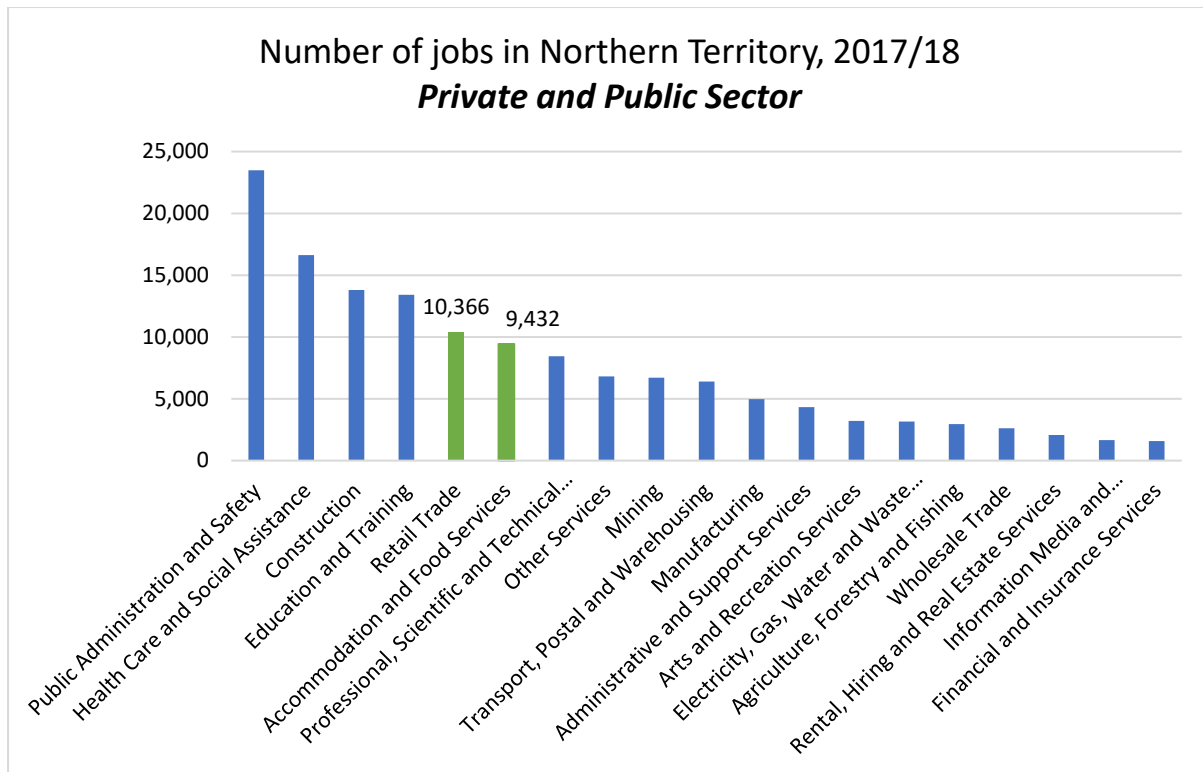


Figure 1: Employment in Northern Territory, 2017/18, private and public sector^{iv}.

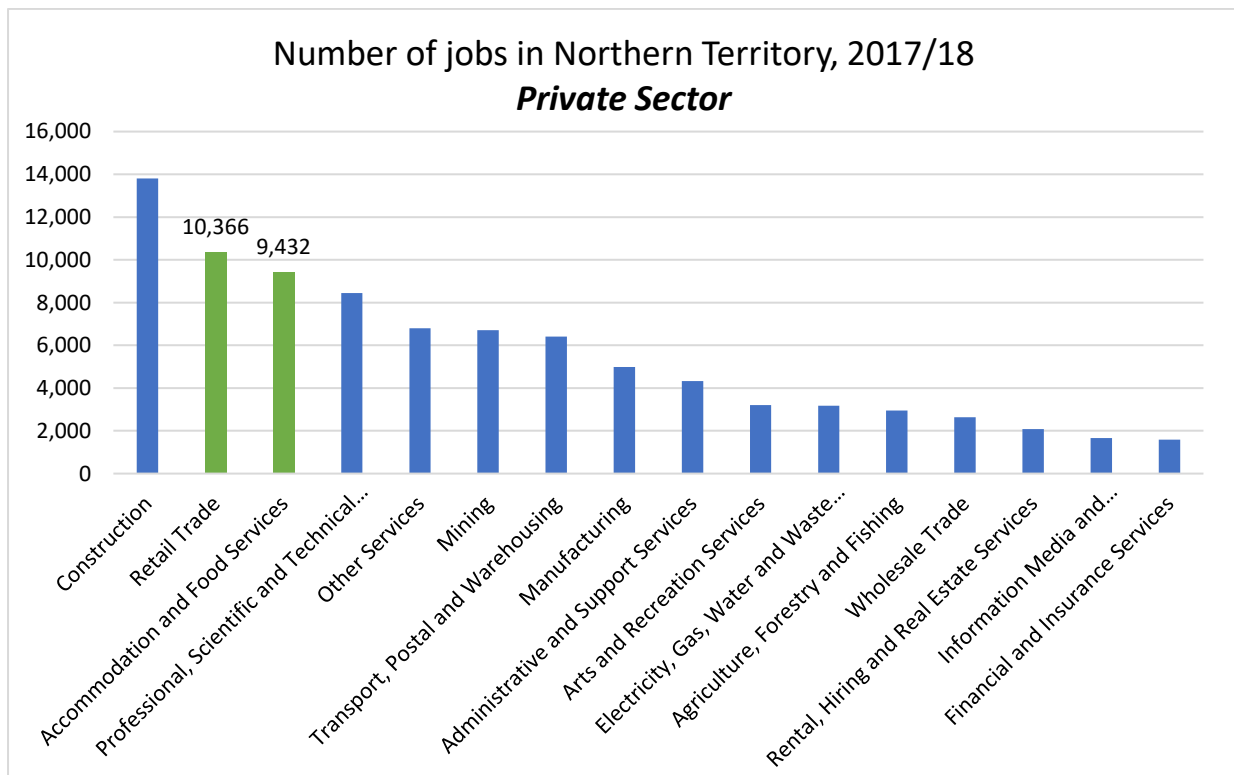


Figure 2: Employment in Northern Territory, 2017/18, private sector only^v.

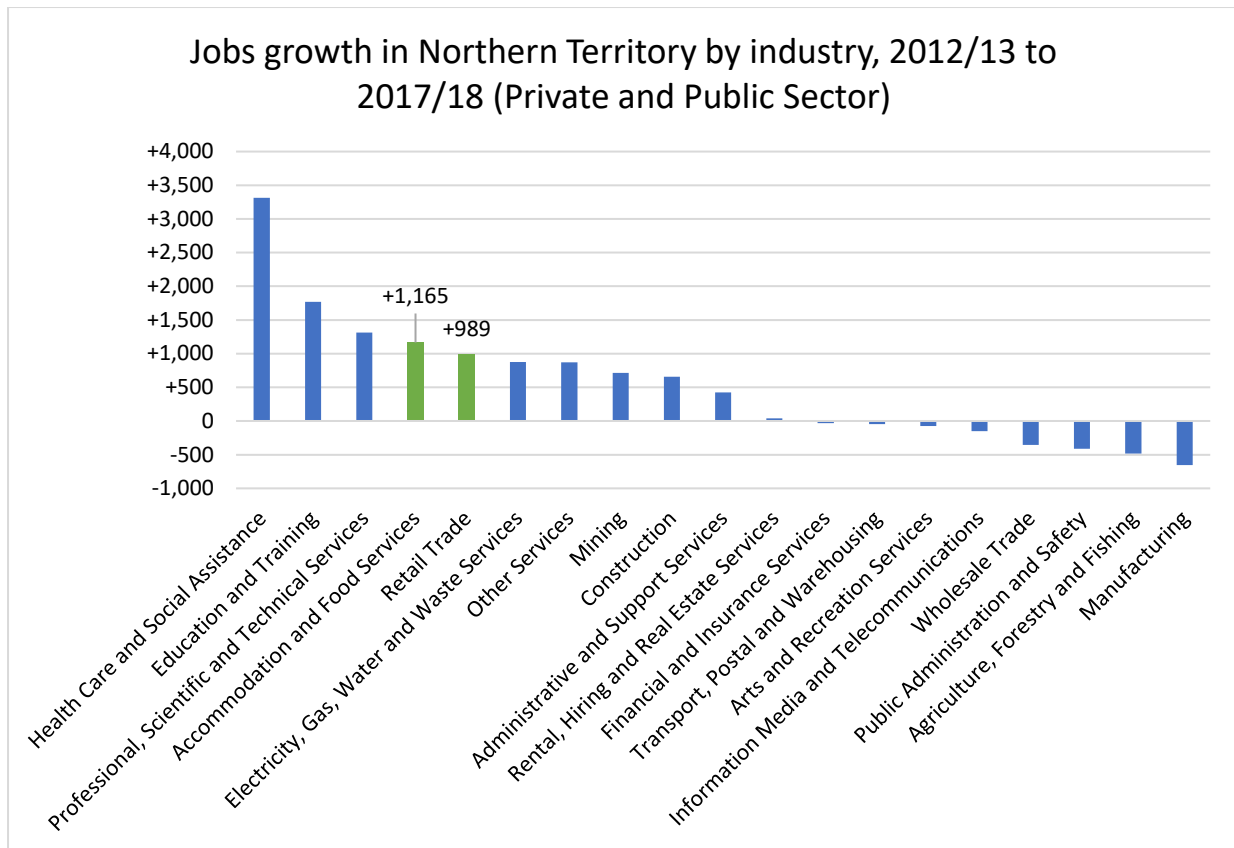


Figure 3: Jobs growth in Northern Territory by industry, 2012-2018 private and public sectors.^{vi}

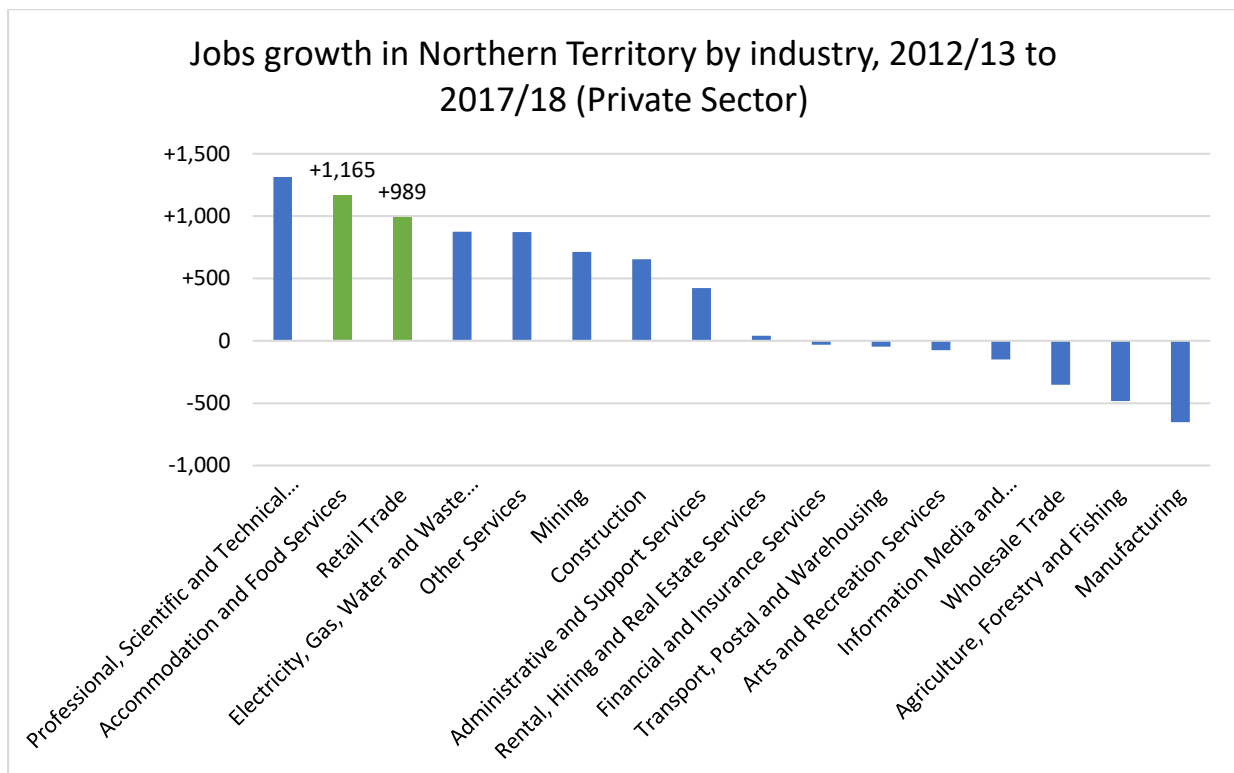


Figure 4: Jobs growth in Northern Territory by industry, 2012-2018 private sector only^{vii}.

Driving Population Growth

Population growth is needed to sustain local jobs

Population growth trajectories promise strong population growth in decades to come, but demonstrate relatively flatlined population growth in the immediate and short term future. While these long-term projects might provide hope for the future, for SDA members and the businesses that employ them, the slow rate of population growth in the near term remains a cause for concern.

This submission notes and supports the strides the Northern Territory Government has taken to encourage internal migration to the NT^{viii}. However, the pace of population growth remains slow. Without consistent population growth, existing NT businesses will struggle to grow, limiting the economic opportunities for all Territorians. The consequences of low population growth are already being felt by the retail sector in Darwin^{ix}.

The Northern Australia Agenda must prioritise investments in projects and new economic opportunities that deliver locally based jobs to ensure population growth forecasts are met or expedited.

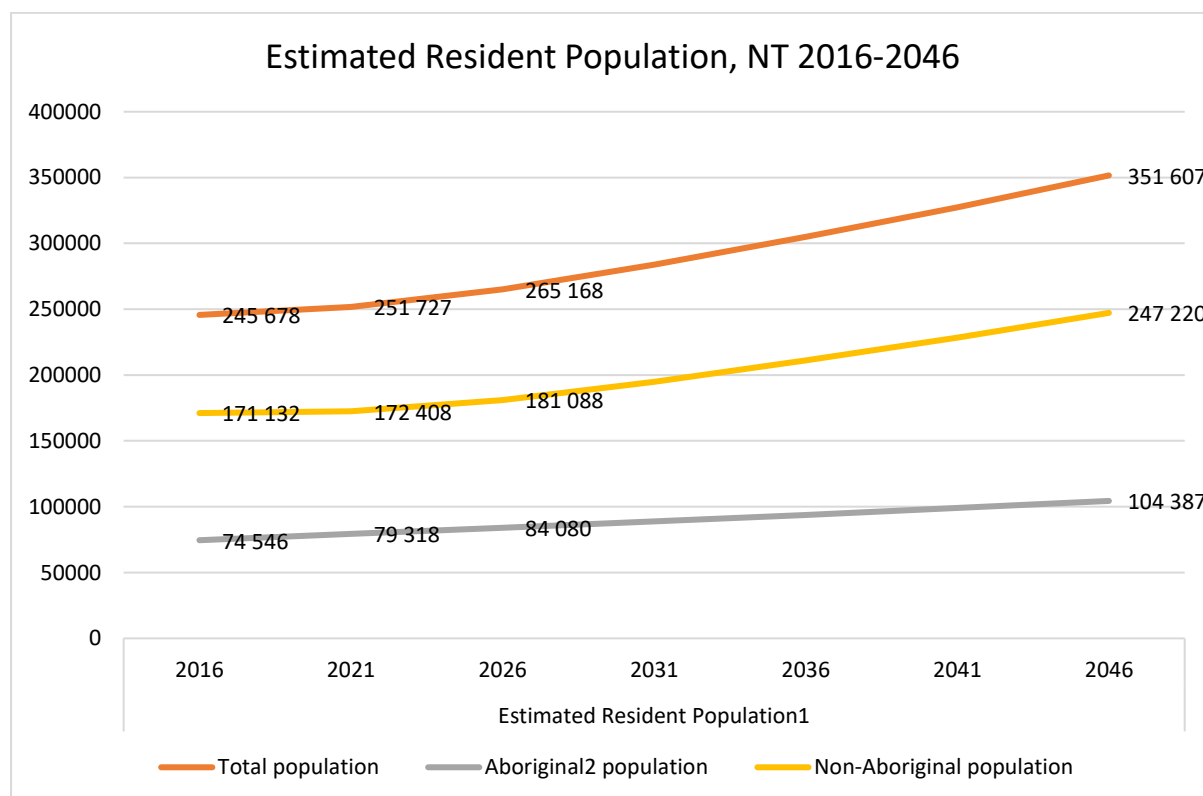


Figure 5: Population forecasts in Northern Territory.^x

NT's Economic Challenges

Headline economic data in NT appears strong, but masks certain challenges

The headline economic statistics in the NT are often strong. Unemployment is low by Australian standards, and the overall participation rate is high^{xi}. With a median income of over \$60,000, the NT is second only to the ACT. These positive economic attributes are welcome. But they should not breed complacency about addressing the underlying challenges that remain evident in the Northern Territory economy.

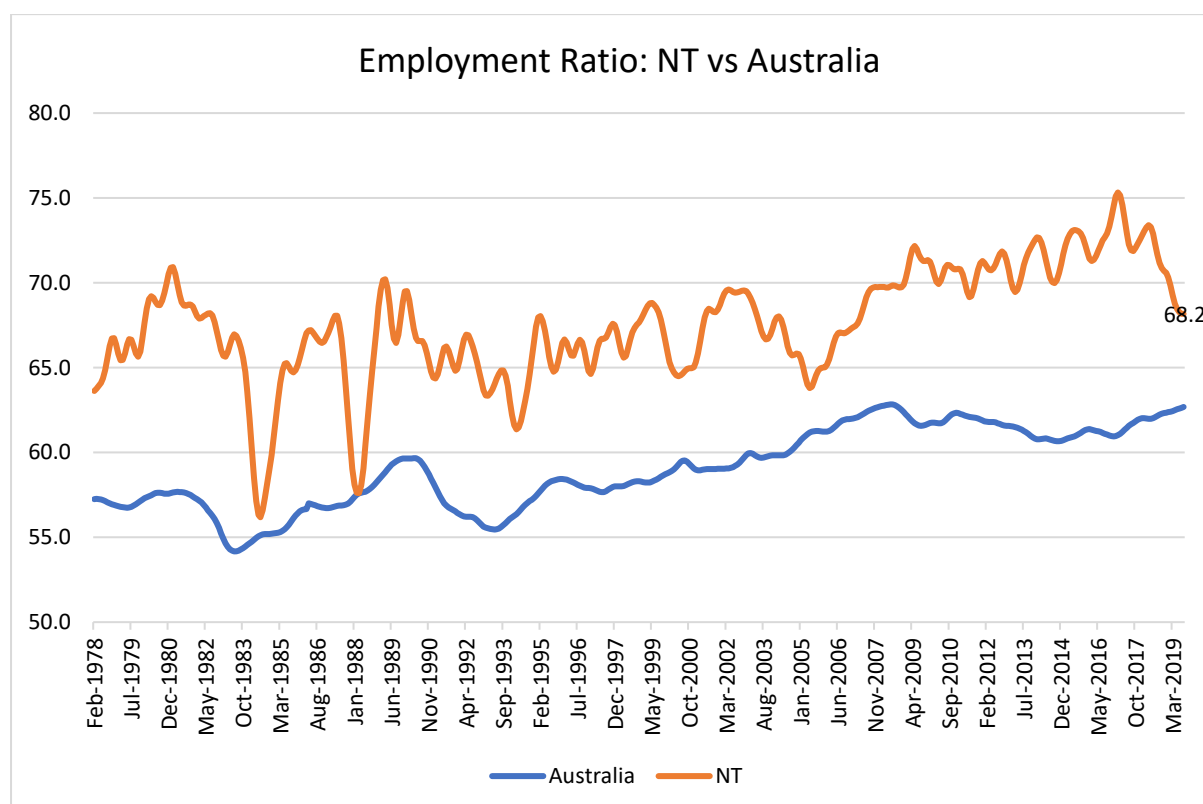


Figure 6: Northern Territory – as a young population – has typically demonstrated higher participation rates than the rest of the country. There are challenges in delivering a higher participation rate among Indigenous Australians.^{xii}

Underutilisation has been rising in Northern Territory

The NT has demonstrated low rates of unemployment, consistently beating the national average. This should be celebrated – but not at the expense of addressing other underlying challenges evident in employment data.

Like across much of Australia, the NT has seen a marked rise in underemployment since mid-2013. In March 2013, the NT recorded a 5-year low in underemployment of 3.8 per cent – considerably lower than the national figure at the time. In the six years since, the

NT's underemployment rate has steadily climbed, nearing parity with the national underemployment rate.

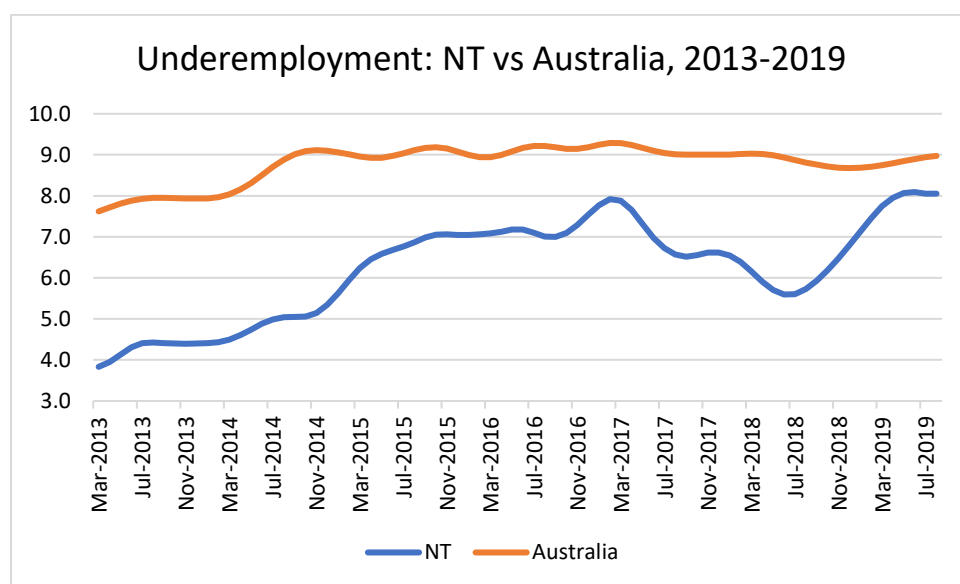


Figure 7: Underemployment in NT and Australia, 2013-19. ^{xiii}

Overcoming the Gap between Indigenous & Non-Indigenous Participation, Economic and Health Outcomes Must Remain a Priority

The positive economic statistics evident in the Northern Territory come in spite of a persistent inequality evident between indigenous and non-indigenous Territorians. The SDA remains concerned about the persistent socio-economic gap between indigenous and non-indigenous Australians.

The 2019 Closing the Gap Report demonstrated that progress in this space is certainly not inevitable. The gap between life expectancies between indigenous and non-indigenous Australians has grown in recent years, homelessness remains disproportionately common for indigenous Australians, educational attainment remains lower, and economic opportunities fewer^{xiv}. The SDA welcomes the Commonwealth's acknowledgment that Closing the Gap objectives are not being met. Clearly, more needs to be done to address these inequities.

As noted by Generation One in its submission to this inquiry^{xv}, indigenous households are now, on average, earning less than 50 per cent of non-indigenous households, demonstrating that some of the recent economic advances in the Northern Territory have disproportionately advantaged non-indigenous Australians. The Northern Australia Agenda has not, thus far, coincided with a period of *increased* inequality between indigenous and non-indigenous Australians, not a decrease. It is essential that the Select Committee explore every means at ensuring the Northern Australia Agenda arrests and reverses this trend.

Addressing the FIFO Challenge

Too many jobs in the NT are FIFO positions, limiting local economic growth

The embrace of fly-in fly-out (FIFO) jobs within the Northern Territory and Australia's north more broadly is an alarming trend that both the Commonwealth and Territory Government must address.

FIFO positions are at times unavoidable across Australia's north. In the most remote communities with small populations, the need for FIFO and drive-in-drive-out key (DIDO) key workers is clear.

However, the proliferation of FIFO workers in major centers like Darwin is cause of concern. The negative consequences of FIFO work on local economies is well established – there are economic costs to local communities, as well as health problems of FIFO workers themselves^{xvi}, that need to be considered. Setting policy to accommodate FIFO workers over locally based workers can undermine the living standards of those locally based workers on lower incomes than FIFO workers.

FIFO work is most evident in the resource sector in the Territory, with around 30 per cent of jobs in that sector being FIFO positions. While the resource sector is vital to the Territory's economic future, it is unclear whether the Northern Australian Agenda has been able to maximise the economic benefits of a locally based resource-sector workforce in the Territory.

Even where the external agent (for example, the Commonwealth Government through the defence forces) has a longer term presence in the city, the people that this presence brings to the town are essentially temporary residents. It is no surprise, then, that the major development projects of recent times have been designed specifically around temporariness—providing housing and amenity that is suitable for short-term residents but presents some issues (housing costs, access to schools and public infrastructure, integration with existing development) for those with a longer term interest in the city. - Carson et al, 2010^{xvii}.

FIFO isn't just evident in the resources sector

FIFO employment arrangements are common in the Northern Territory – not just in the resources sector, but throughout the economy. A 2012 study by the Charles Darwin University identified the broad nature of FIFO work in Northern Territory:

"The industry in which non-resident workers were most prominent was the mining industry, where 23% of workers (about 450 people) were non-resident. However, in absolute numbers there were more non-resident workers in construction (740 non-resident workers, about 12% of that workforce), and government administration and defence (460 non-resident workers, about 3% of that workforce). While there were fewer non-resident workers in agriculture, forestry and fishing (200 or 10% of that workforce) and manufacturing (270 or 6% of that workforce), they represented a larger proportion of the workforce in those industries."^{xviii}

The over-reliance on FIFO work doesn't just impact the regions, but the major urban centers in Northern Australia as well. A snapshot of job ads in Darwin undertaken on September 19, 2019 for this submission demonstrates that around 113 out of 1093 job ads for positions in Darwin (around 10 per cent of ads) were for FIFO positions.

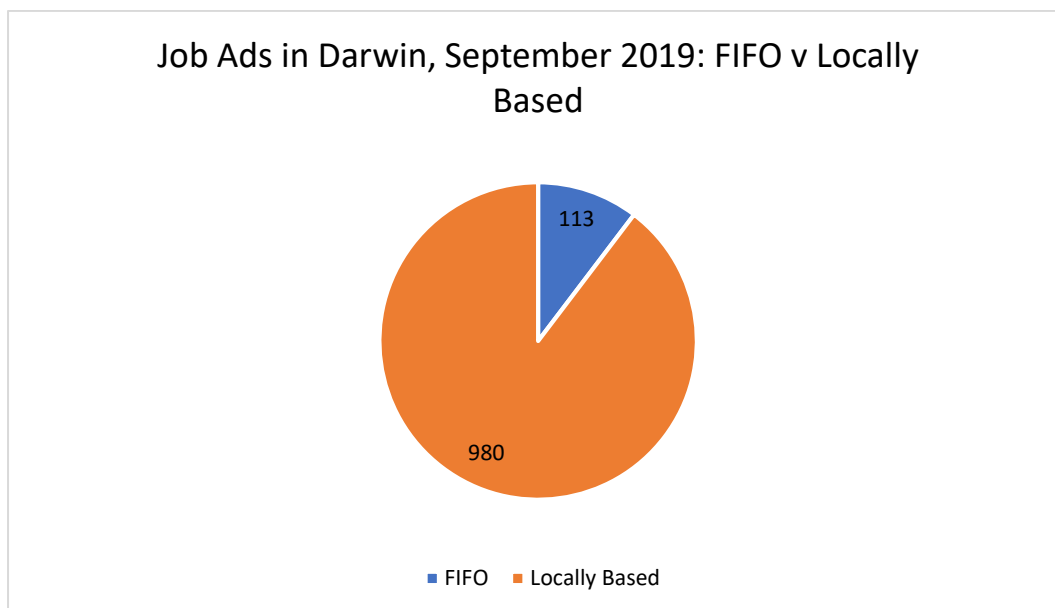


Figure 8: 10 per cent of advertised jobs in Darwin were FIFO positions.^{xix}

Workers in SDA covered industries are the least likely to be FIFO in Northern Territory

This submission notes that the industries in which SDA members are employed are not only amongst the fastest growing in the NT, but are also among the least populated by FIFO workers. Just 2.3 per cent of retail workers in the NT were FIFO, and only 4.7 per cent of accommodation and food services. In real numbers:

- Just 173 retail workers in the territory are considered FIFO.
- Only 343 accommodation and food services workers are considered FIFO in the territory.

These jobs are local jobs, creating opportunities for Territorians within their own communities. There has, understandably, been considerable attention focused on developed the resources sector in the Territory. This is a worthy pursuit and is providing real economic benefits to the Territory.

The SDA's concern with the current structure of employment in the resources sector, however, is that 37.6 per cent of the mining workforce are employed as FIFO workers. This limits their capacity to spend their income in local communities, creating local jobs and enhancing job security for SDA members.

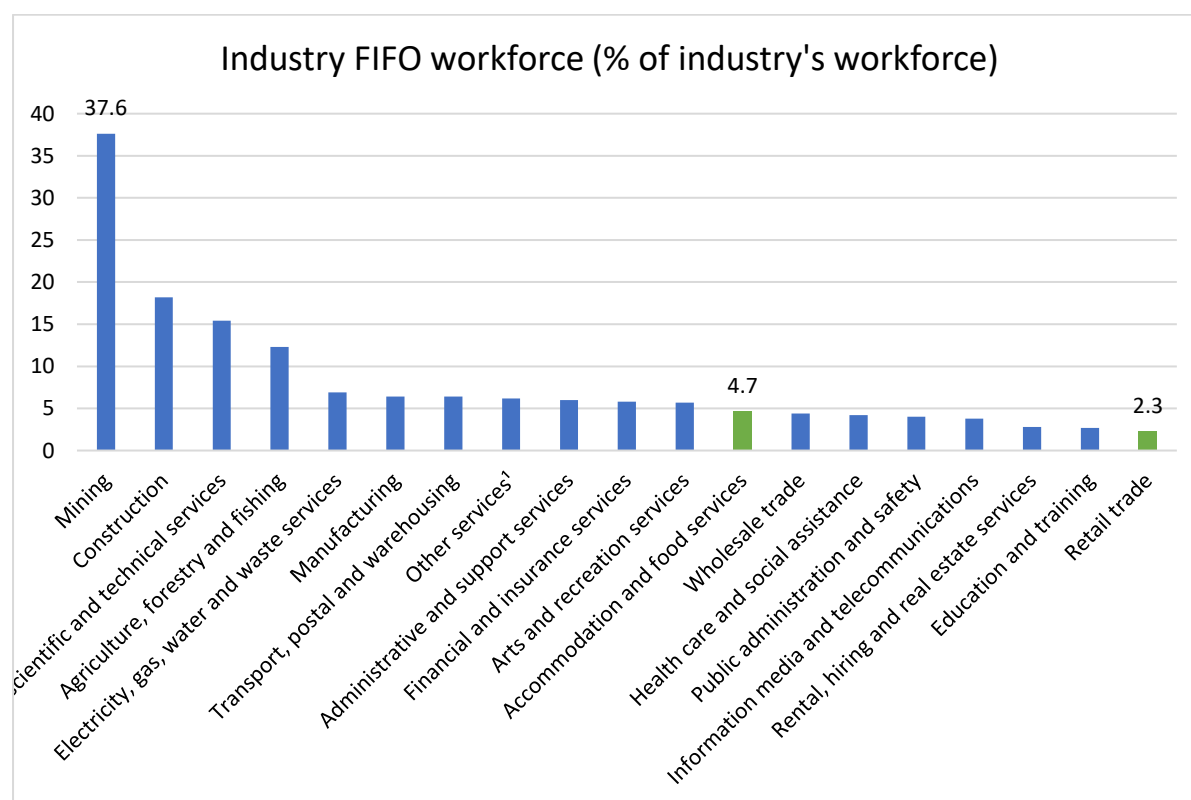


Figure 9: Percent of FIFO workers in various Northern Territory industries.^{xx}

New Opportunities

Emerging industries must be embraced to improve local job prospects

For the NT to thrive over the long term, it must continue to open the door to emerging industries that have the potential to deliver not only well-paying jobs, but meaningful, value-driven employment that leads to locally based employment.

Key to achieving this is not only facilitating the types of investment that create well-paying jobs, but the emergence of new industries that create purpose-driven, meaningful employment.

The NT has seen an expansion of value-driven jobs in the areas of public administration and health – two sectors largely occupied by the public sector. The emergence of a clean-tech and renewables sector in Australia's north – one targeting not only Australia's energy demands, but that of neighbouring nations such as Timor Leste, Papua New Guinea and Indonesia – present a unique opportunity to replicate this in the private sector.

The Northern Territory's location leaves it uniquely suited to be the energy-export hub of Australia. The vociferous demand for energy – including clean energy – in Australia's immediate north will expand over the coming years. With the collective population of the ASEAN nations expected to reach 650 million by 2050, these markets present enormous opportunities for Australia's north. This reality has informed investment decisions in the resources sector, and should be considered justification for the further exploration of alternative energy solutions to Australia's neighbours.

The economic benefits of these types of initiatives has been made evident in numerous studies^{xxi}. The NT Government's recent 'Roadmap to Renewables' report further highlighted these opportunities^{xxii}.

Ultimately, the types of employment associated with such emerging industries can play a role in driving population growth, and fostering a highly skilled, locally-routed workforce in the Territory and other centers across Australia's north. Achieving such outcomes would

Skilling a Local Workforce

Vocational education needs further emphasis & investment

Key to securing a more prosperous future for Australia's north is developing a skilled and adaptable local workforce. There are real population constraints in the Northern Territory and remote communities across Australia's north that will necessitate immigration from larger states and abroad. However, this can't come at the expense of investing in the capacity of the local workforce.

Work has, of course, been done in this regard, but educational attainment in the Territory is often lagging. Concerningly, completion rates of vocational education courses in the Northern Territory have dipped markedly since 2012, according to the NCVER.

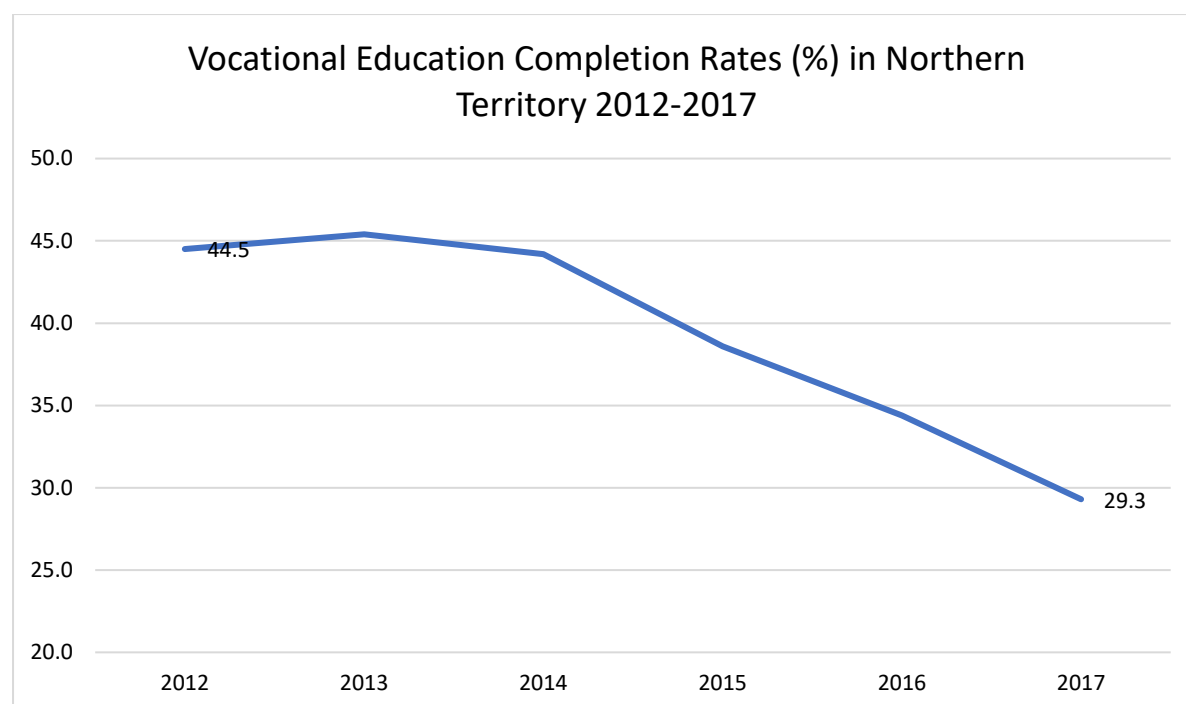


Figure 9: Percent of FIFO workers in various Northern Territory industries.^{xxiii}

The key to developing a strong local jobs market is investing in local people. Despite educational reforms at the Territory level that have encouraged vocational education after secondary school, the source of the attrition rate in vocational courses needs to be identified.

A 2013 report by the National Center for Vocational Education & Research emphasised highlighted the link between vocational education and university education in the Northern Territory. 17 per cent of indigenous enrolments in Charles Sturt University, it found, came after the applicants had completed a vocational program^{xxiv}. This is just one example of the further opportunities that vocational education and training can lead to, in addition to immediate employment.

NT's Budget Concerns & Infrastructure

Budget Concerns Mustn't See a Reduction in Infrastructure Investment

The Northern Australia Agenda has rightly prioritised infrastructure spending. The Northern Territory remains challenged by infrastructure shortfalls – particularly in terms of telecommunications and high speed internet access, and all-weather roads into remote communities.

To mitigate against the rise of FIFO workers in various industries, particularly in centers outside of Darwin, this type of infrastructure investment is vital. Communities cannot thrive with access to the rest of the Territory via well maintained and well constructed all-weather roads, and fast connectivity.

The SDA is concerned that, as a result of the financial challenges evident within the Northern Territory^{xxv}, that vital infrastructure investment will be minimised. The Commonwealth must ensure that it continues to invest in infrastructure needs^{xxvi} of the Territory.

CONCLUSION

More needs to be done to foster a thriving Northern economy powered by a skilled local workforce.

The Northern Australia Agenda provides a unique opportunity for the economic advancement of the Northern Territory. The SDA is deeply committed to helping foster a more sustainable and prosperous Northern Territory economy in the interests of its members.

While jobs growth in the retail, warehousing and fast food sectors has been healthy, the SDA is concerned that the Northern Australia Agenda is yet to successfully address some of the major economic challenges facing the territory and impacting the members of the SDA.

Of particular concern is the increasing prevalence of FIFO workers in the Territory. More work needs to be done to encourage the employment of locally based workers.

For this to be achieved, however, the people of the Northern Territory need to be adequately invested in. This means more funding for education – especially vocational education and training, which has seen a high attrition rate in the NT.

Further, investment in new high-growth and export potential industries, such as clean tech, should be explored.

More needs to be done to invest in vital infrastructure in the NT – particularly in telecommunications, high speed internet, and year-round access to remote communities – all of which will enable wider access to the jobs market and facilitate more connectivity for all Territorians.

The SDA remains deeply concerned about the apparent increase in socio-economic inequality between indigenous and non-indigenous Australians. This prevalent gap impacts all Australians, and undermines the positive headline statistics often evident in the NT.

Ultimately, the SDA is committed to ensuring its members in Australia's north are afforded high levels of job security and are granted every opportunity to meet high quality living standards. Workers in the retail, warehousing and fast food sectors in the NT are essential to the economic vitality of local communities, as demonstrated by the data highlighted in this submission.

The SDA welcomes the opportunity to submit to this committee, and looks forward to continuing to participate in this inquiry.

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