



Ageing and jobs in Adelaide - North

Given the considerable movement of labour and employment within and around regions, the City of Playford and Adelaide - North labour markets and policies are inextricably linked to those of the surrounding areas. Understanding regional labour market dynamics, including the incidence and outcomes of shocks is critical in policy formulation. This paper explores ageing of the regional population and ageing of the workforce in Adelaide – North in order to plan for the replacement of an ageing workforce and to understand the potential demand for goods and services for an ageing population.

An ageing population

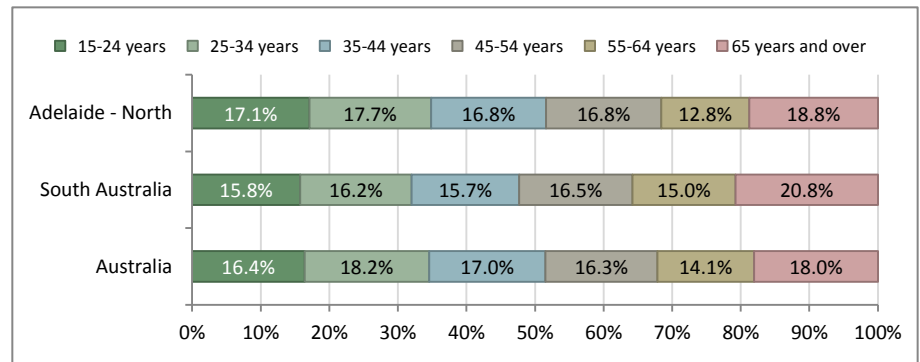
Adelaide – North

The Adelaide - North regional labour market is undergoing significant transition due to increasing population growth in the area, coupled with population ageing and shifts in industrial structure. At April 2014, approximately 334,000 Adelaide – North residents were aged 15 years and over, equivalent to 24% of South Australians in this age cohort. Adelaide – North has a relatively youthful population, with 17% (of those aged 15 years and over) aged less than 25 years; and more than half (52%) aged between 15 and 44 years (compared with 48% of South Australians). The ageing of South Australia’s population has been widely reported and is also evident in Figure 1, which shows almost 21% of the state population is aged 65 years and over (compared with 18% in Australia).

In the ten years from April 2004 to April 2014, the Adelaide – North population for those aged 15 years and over increased by 16% (from 288,000 to 334,100). As shown in Figure 2 the increase was not uniform across the age groups and involved a shift to an older population profile – a trend that will continue with the ageing of the ‘baby boom’ generation. This trend is further evident in Figure 3 which presents population growth (percent change) by age group from April 2004 to April 2014 in Adelaide – North. The most significant growth is evident in the 65 years and over cohort which increased by 53% from 41,100 to 62,700 residents. It is notable that the 35 to 44 year cohort increased by only 1% over the ten years (a decline in real terms), indicating this cohort is moving out of the region.

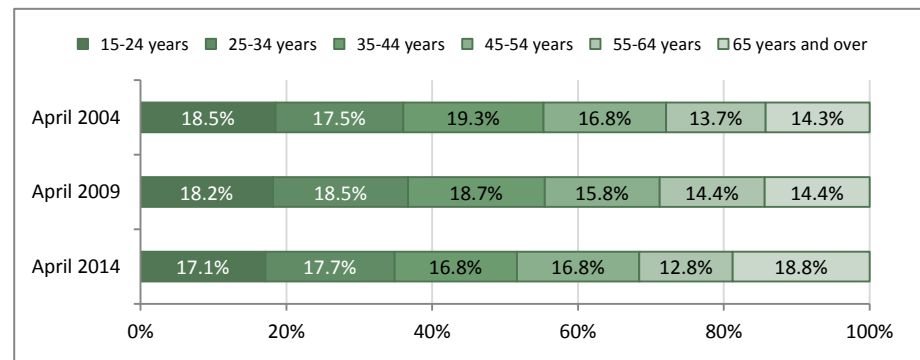
These findings highlight how the ageing population will impact areas in different ways. With an increase in the older age cohort and a decrease in those in the middle years, the Adelaide – North regional population faces a surge in retirement, with many of these likely to have limited superannuation and, in effect, transition from relatively low paying jobs (or unemployment) to the age pension. With a high number of ageing residents, it is likely that new job opportunities will be created to fill the demand for goods and services for this cohort.

Figure 1: Population by age group: Adelaide - North, South Australia and Australia, April 2014



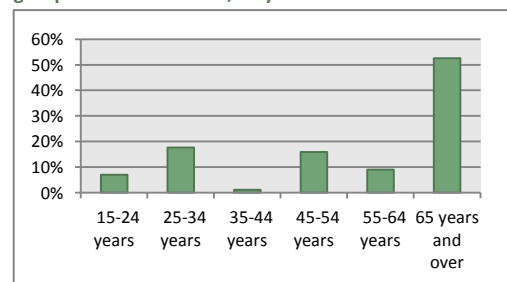
Source: ABS (2014)

Figure 2: Population by age group: Adelaide – North, 2004 - 2014



Source: ABS (2014)

Figure 3: Percentage change in population by age group: Adelaide – North, 10 years to 2014



Source: ARS (2014)

Regional labour market

Key labour market indicators for Adelaide - North and South Australia are presented in Table 1. This shows the unemployment rate for Adelaide – North sitting fairly consistently at around 1.5 percentage points above the South Australian rate across the ten year period from 2004 to 2014. In comparison the youth (15-24 year) unemployment rate is much more variable, with differences between the State and regional rates over the ten years from 0.4 to 3.8 percentage points.

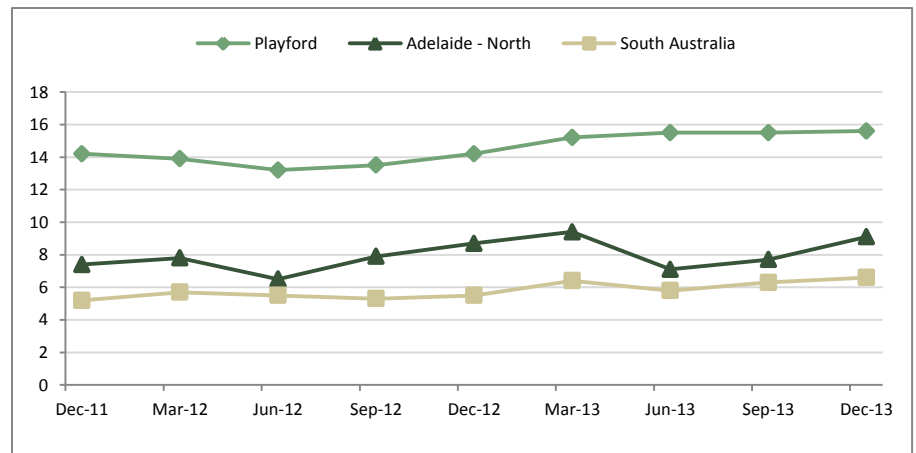
Table 1: Labour market indicators: Adelaide – North and South Australia, 2004-2014

Labour Force Status	Adelaide - North			South Australia		
	Apr-04	Apr-09	Apr-14	Apr-04	Apr-09	Apr-14
Employed ('000)	164	183.9	187.7	713.6	791.8	806.8
Unemployed ('000)	12.5	14.7	16.1	44.5	48.0	54.8
Unemployment rate (%)	7.1	7.4	7.9	5.9	5.7	6.4
Participation rate (%)	61.5	63.7	61.0	61.2	63.9	62.3
15-24 yr unemployment rate (%)	16.5	12.9	15.8	12.7	12.5	13.6

Source: ABS (2013), Labour Force data
 Note: Data are three month average. Original data, except for the teenage full-time unemployment rate and unemployment to population ratio, which are 12 month average original data.

The City of Playford (within Adelaide – North) has the highest suburban unemployment rate in Australia and is shown in Figure 4 compared to Adelaide – North and South Australia. Unemployment levels in Playford have risen significantly during the last couple of years, from a low of 13.2% in June 2012 to a high of 15.6% in December 2013. The unemployment rate for Adelaide - North for the same period dipped to 7.3% in June 2012, peaking at 9.4% in March 2013 and declining marginally to 9.1% in December 2013. Although the trend for Playford is to follow the Adelaide – North regional labour market, the decline in unemployment in Adelaide – North in June 2013 was not reflected in Playford.

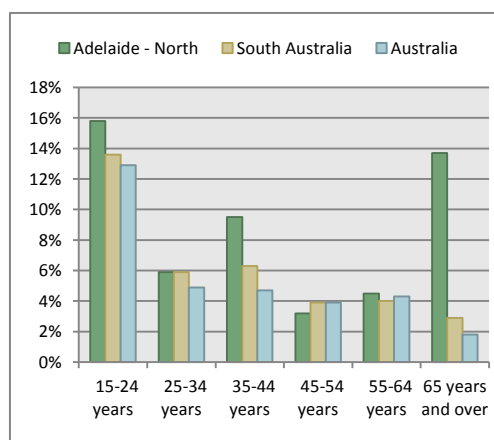
Figure 4: Unemployment rates, Playford and Adelaide - North, 2011-2013



Source: Department of Employment (2014a, 2014b)

The rate of unemployment varies significantly by age group (as evident in Figure 5). In Adelaide - North the impact of high unemployment is borne most markedly by those at both ends of the age spectrum - and to a lesser extent in the 35-44 year age group. This includes 5,600 in the youngest (15-24 year) cohort, 600 persons aged 65 years and over and 4,500 aged 35 to 44 years (compared with 5,400 persons in total in the other three cohorts). The high rate of unemployment is particularly evident amongst the youngest residents. However, it should be noted that unemployment levels are calculated for those engaged in the labour market (either working or seeking work), but does not include the many youth in this cohort that are in education or training. Accordingly, these young unemployed are the most vulnerable - neither in employment, education nor training.

Figure 5: Unemployment rate by age group: Adelaide - North, South Australia and Australia, April 2014



Source: ABS (2014)

It is notable that the age cohorts with highest unemployment rates (referred to above) also have a high proportion of males seeking work (see Figure 6). In the 15 to 24 year cohort, male unemployment is at 21% - double that of females (10%). Equivalent numbers of females are unemployed in the 25 to 34 year cohort, with female unemployed outnumbering males around 3:1 in the 45 to 54 year cohort, which may relate to the return to work of this cohort of women after childcare responsibilities. There were no women seeking employment after the age of 64 years, while around 600 males were looking for work.

Figure 6: Unemployed (n) by gender: Adelaide - North, April 2014

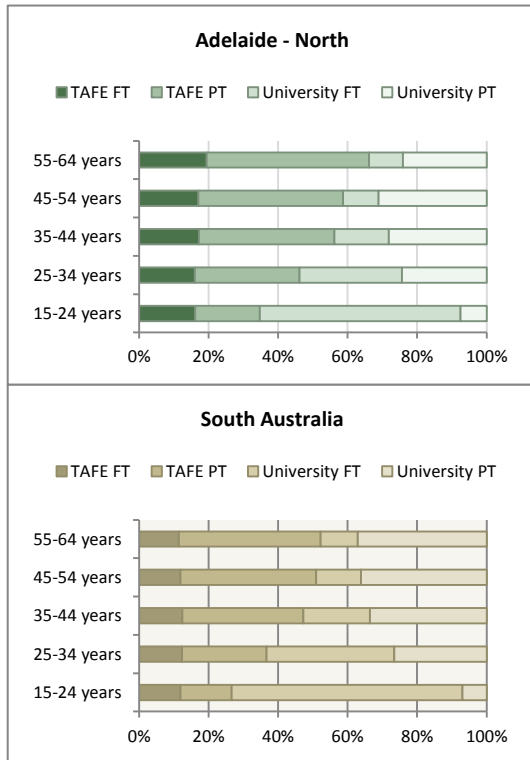


Source: ABS (2014)

Regional educational attainment and qualifications

Educational attainment and qualifications provide an indication of the existing capacity for residents to transition into vacancies created by an ageing workforce. However, along with persistently high levels of unemployment, Adelaide – North also has lower levels of educational attainment and qualifications than South Australia as a whole. At the 2011 Census, around 7.1% of Adelaide – North residents aged 15 years and over were currently enrolled in either a Technical or Further Education (TAFE) institute or a University or other institution, compared with 7.6% of South Australian residents in this age cohort. While these overall proportions did not differ substantially, Adelaide – North students were more likely to be attending TAFE than university - TAFE made up 43% of the regions post-secondary enrolments, but only 34% of South Australian enrolments. University participation peaked in the 15 to 24 year age cohort, contributing 73% of South Australia’s post secondary education, compared with 65% in Adelaide – North (see Figure 7).¹

Figure 7: Post secondary educational participation by age: Adelaide – North and South Australia, August 2011



Source: ABS Census 2011. Count method: Place of usual residence. Note, 65 years and over excluded due to low count; also excludes those inadequately defined or not stated.

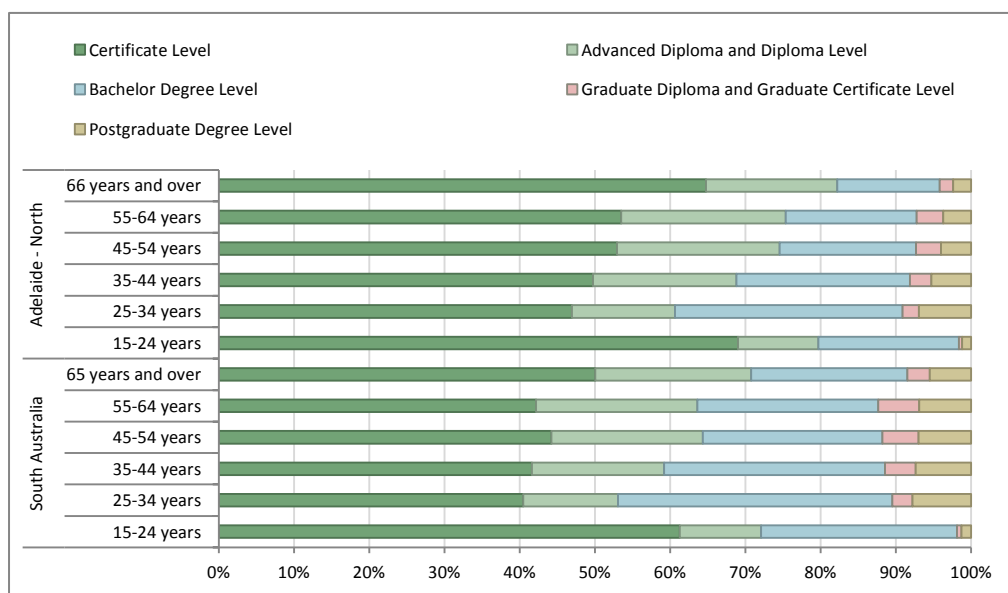
At the 2011 Census, 38% of Adelaide – North residents aged 15 years and over reported having had achieved a post secondary qualification, compared with 42% of South Australians. Reflecting the findings (above) about post-secondary education participation, most (54%) qualified Adelaide – North residents reported their highest qualification at Certificate level, compared with 45% of South Australians. Bachelor Degrees peaked in the 25 to 34 year cohort for both Adelaide – North (30%) and South Australian (37%) residents (see Figure 8). The fields of study for qualifications are shown in Table 2. In most cases similar proportions of graduates from Adelaide – North and South Australia achieved their qualifications in each field. However a higher proportion of Adelaide - North residents had achieved a qualification in engineering and related technologies.

Table 2: Field of study for qualification: Adelaide – North and South Australia, August 2011

Field of study	Adelaide - North	South Australia
Engineering and Related Technologies	24.2%	20.3%
Management and Commerce	20.4%	19.6%
Society and Culture	13.3%	13.3%
Health	11.1%	13.0%
Food, Hospitality and Personal Services	7.1%	6.4%
Education	6.9%	8.9%
Architecture and Building	6.2%	6.0%
Information Technology	3.4%	2.6%
Natural and Physical Sciences	2.7%	3.4%
Creative Arts	2.7%	3.4%
Agriculture, Environmental and Related Studies	2.0%	2.9%
Mixed Field Programmes	0.2%	0.2%

Source: ABS Census 2011. Count method: Place of usual residence. Note, excludes those inadequately defined or not stated.

Figure 8: Qualifications by age: Adelaide – North and South Australia, August 2011



Source: ABS Census 2011. Count method: Place of usual residence. Note, excludes those inadequately defined or not stated.

A recent report by the Training and Skills Commission (2013) highlighted inter-generational disadvantage as a major factor contributing to unemployment and cites the importance of providing targeted learner support to students with complex needs. The Building Family Opportunities (BFO) program has been successful in coordinating a range of agencies and supporting students to achieve employment outcomes. This program is targeting the Playford area in its current funding round and is expecting to assist 180 jobless Playford residents over three years.

¹ In addition, around 37,000 Northern Adelaide residents attended Vocational Education and Training (VET) in 2012 (Workforce Wizard Region Report, 2014) - noting, the Northern Adelaide region is used by the Government of South Australia and does not align directly with Adelaide – North SA4 (used in this report).

An ageing workforce

Working in Adelaide - North

A recent report on *Geographic Labour Mobility* underscores the importance of the availability and uptake of local employment opportunities (Productivity Commission, 2014). At the 2011 Census, around 109,000 people reported working in Adelaide - North² with 74% of these workers living in the region. This can be compared with smaller sub-regions such as the City of Playford - where only 30% of residents lived and worked (Hordacre et al., 2013). In Adelaide – North, workers are also drawn from neighbouring areas, Adelaide – Central and Hills (11%) and Adelaide – West (6%) – although a few workers also travelled from southern Adelaide and regional areas to work in the area. This data points to the potential opportunity for much of the replacement demand for employment to be filled by local workers. It is therefore critical for planning that the local resident workforce is prepared for the roles and occupations required as an older workforce exits the regional labour market. Additionally, increased retirements and exits will lead to certain industries facing labour shortages which may be exacerbated by increasing demand for certain skills driven by the changing consumption patterns of an ageing population.

By industry

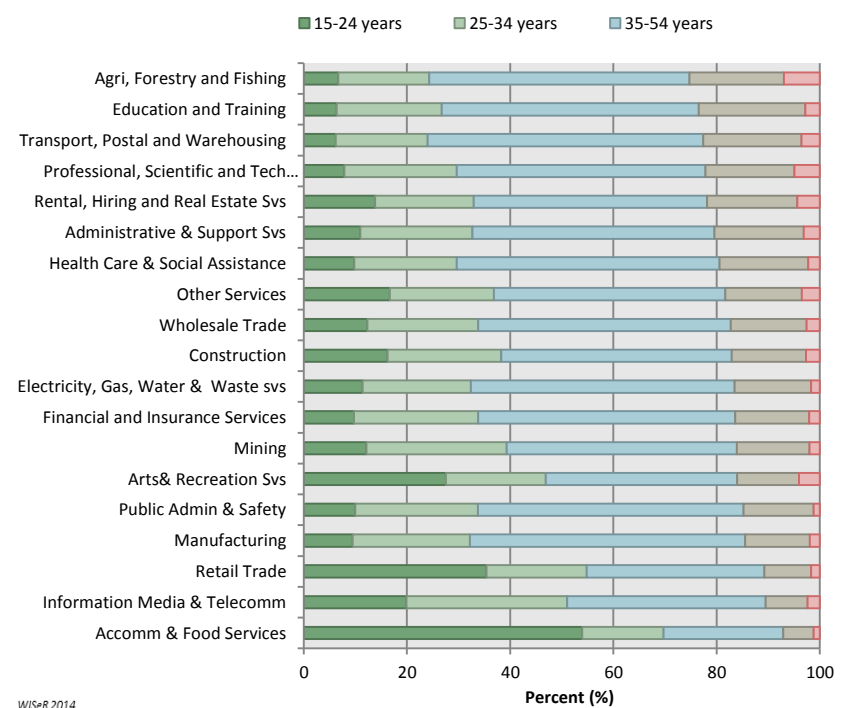
Figure 9 presents the industry of employment by age group for workers employed in Adelaide - North at the 2011 Census. It provides an indication of the ‘greying’ industries, areas where future retirements could potentially lead to increasing replacement labour demand³, information that is useful in formulating policies related to training and skills development for the future workforce in the region. The following industries have more than 20% of workers aged 55 and above: agriculture, forestry and fishing (25%); education and training services (24%); transport, postal and warehousing (23%); rental, hiring and real estate (22%); professional, scientific and technical services (22%); and administrative and support services (20%). We can expect that these industries will lose a significant proportion of their workforce within the next ten years. Assuming that the demand for these types of employment remains the same during this period, these industries will offer new employment opportunities for a younger workforce.

By occupation

Age distribution for occupation of employment for those working in Adelaide – North is presented in Figure 10. This also provides a proxy indicator of where replacement labour demand will arise due to retirements in the future. As shown in the figure, the ‘ageing’ occupations (those with the highest proportion of workers aged 55 and above) in Adelaide - North in 2011 were: clerical and administrative workers (21%); managers (20%); professionals (19%); and machinery operators and drivers (18%). These categories indicate occupations that are likely to have higher numbers of vacancies as existing workers exit the labour market due to retirement. For example, 21% of clerical and administrative workers are expected to reach retirement age in ten years, while 14% of community and services workers are likely to retire during the same period.

It should be noted that the ‘ageing’ profile of white collar occupations such as clerical and administration may be an artefact of the relatively early exits from manual blue collar occupations. Older blue collar workers may be exiting the workforce at a comparatively earlier age, or transitioning to roles requiring less manual effort. On the other hand, the ageing profile of managers reflects the experience often required by this type of work.

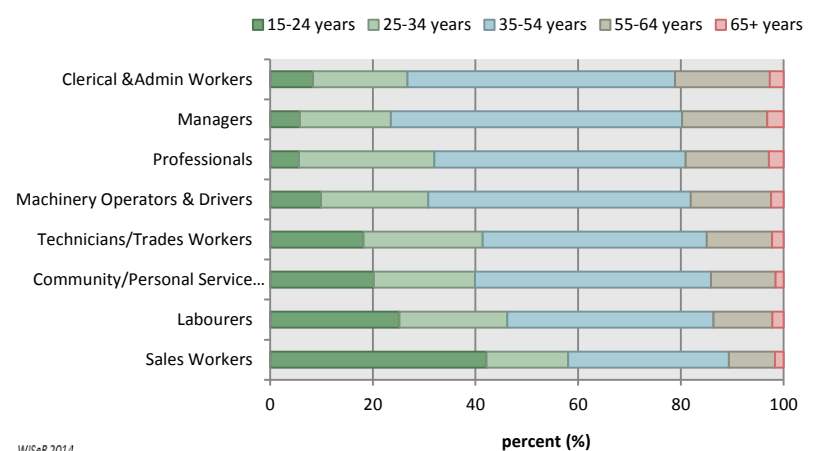
Figure 9: Industry of employment by age group (%): Adelaide - North, 2011



WiseR 2014

Source: ABS (2012), Census of Population and Housing. Count method: Place of work

Figure 10: Occupational distribution by age: Adelaide - North, 2011



WiseR 2014

Source: ABS (2012), Census of Population and Housing. Count method: Place of work

² Note, around 9% of South Australian Census data does not have adequate place of work information, and is not included in this count.

³ Assuming that all other factors affecting demand for labour do not change for the given period.

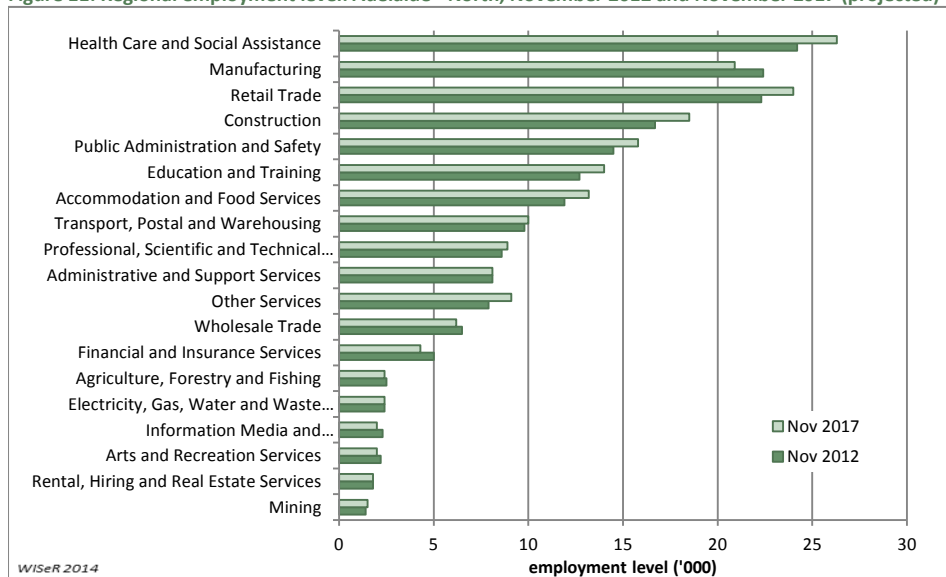
Future demand for skills

An older labour force leads to increased levels of retirement, while industries and sectors with a higher concentration of older workers will face significant replacement costs. Studies in Canada and Japan suggest that workforce ageing may impede the ability of the economy to adjust to structural changes, or may increase the costs of such adjustments (Abe et al., 2002). Although an ageing population implies a range of challenges, it also provides a number of opportunities. There will be a change in demand for goods and services fuelled by the consumption patterns of an increasing number of older people. For example, it is anticipated that there will be increased demand in the healthcare sector and related services, which has the potential to fuel the growth of industry and employment opportunities within this sector (Börsch-Supan, 2005). Hence the formulation of appropriate policy will require an understanding of both the demand- and supply-side factors of the labour market.

The future demand for skills (due to replacement or changing industry needs) plays an important role in ascertaining the trends in labour markets. Figure 11 presents current and projected employment levels by industry for Adelaide - North. The health care and social assistance industry clearly stands out as the top employer with approximately 24,200 jobs in November 2012, which is projected to grow by 9% to 26,300 jobs by November 2017. Growth in this industry is primarily driven by aged care provision and related services, which is a direct outcome of population ageing including longer life-spans of people with disability. Barnett and Spoehr (2013) indicate that this sector is expected to continue growing as a result of the establishment of the National Disability Insurance Scheme (NDIS), as well as the push towards consumer directed aged care. These trends are also evident in Figure 12, showing the projected growth in jobs in health care and social assistance (+2,100 jobs) between 2012 and 2017. Other longer-term projections of employment by industry in northern Adelaide are consistent with these trends.

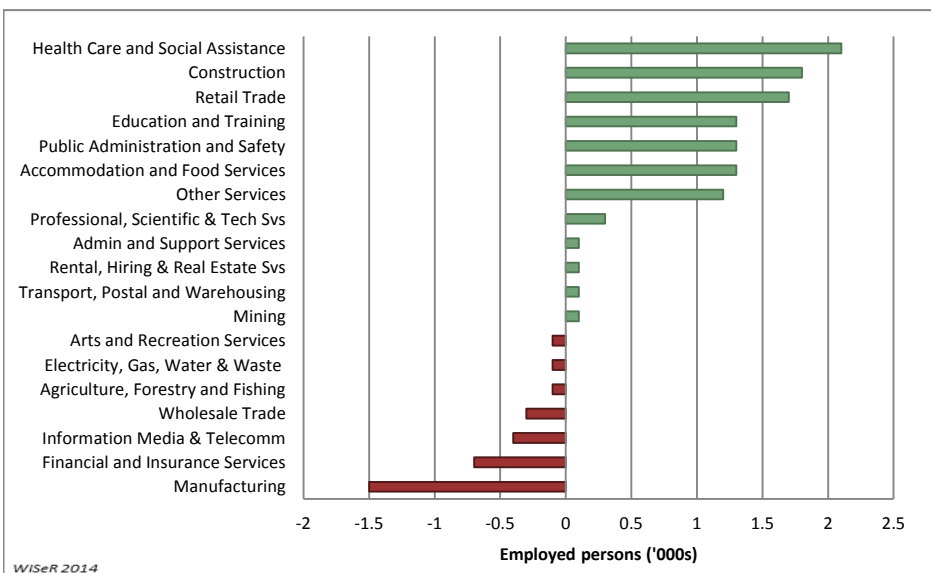
Primarily driven by population growth in the region, other industries of key employment growth are construction - up 1,800 to 19,000 jobs in the area - and retail trade increasing by around 1,700 to 24,000 jobs. Education and training, public administration and safety, accommodation and food services are all projected to grow at a comparatively moderate level (around 1,300 jobs each).

Figure 11: Regional employment level: Adelaide - North, November 2012 and November 2017 (projected)



Source: LMIP (2012). The November 2012 level is DEEWR Trend (Hodrick-Prezscott Filter). For more information, please see the overview of projections methodology at: <http://lmip.gov.au/default.aspx?LMIP/EmploymentProjections>

Figure 12: Projected employment growth by industry: Adelaide - North, November 2012-2017



Source: LMIP(2012)

Most growth in employment will occur in the services sector, shifting away from traditional industries such as manufacturing. The declining manufacturing industry is clearly evident with employment in 2012 (approximately 22,400) projected to drop by 7% or 1,500 jobs to about 20,000 jobs. Noting these projections predated the closure announcement of the GM Holden manufacturing plant (set to shut by the end of 2017), and the broader impact on automotive component suppliers. Accordingly, this industry will undergo further significant decline and adjustment, highlighting the importance of understanding current labour market moves in order to minimise employment volatility created by such shocks. Indeed, recent modelling indicates the widespread impact of the closure across all industries (Burgan and Spoehr 2013a, 2013b; NIEIR, 2014).

Additional industries that were projected to have declining employment levels from 2012 to 2017 include financial and insurance services (-700 jobs), information, media and telecommunications (-400 jobs), wholesale trade (-300 jobs), while agricultural, electricity, gas and water services, arts and recreation services, and mining are each expected to decline by 100 jobs. The evidence therefore is clearly indicating a significant shift in the labour market, both in terms of employment as well as structural adjustment.

Understanding regional labour markets: future directions

As discussed, the local labour markets in and around Adelaide - North are inherently interconnected. The broader regional labour market dynamics will therefore play an important role in shaping labour market outcomes in this area. Regional labour market dynamics are important in understanding how employment adjusts to labour market shocks. The extent to which regional labour markets respond to national or State level disturbances will provide important insights into the different adjustment mechanisms at a regional level. For example, it is possible to ascertain how responsive regional labour markets (such as Playford) would be to labour market shocks at the State or regional level (say, a change in employment level)⁴.

Future research by Stretton Centre will involve extending this methodology to the northern Adelaide and Playford labour markets. Such analyses will provide important insights on how regional labour markets respond to shocks and adjust to changes in employment. In addition modelling of industry and employment growth will be commissioned to help inform our understanding of medium term prospects for the region and South Australia as a whole.

This report discussed the ageing of the population and the ageing of the workforce with the assumption that these factors indicate impending retirement. However, we recognise that the capacity for some people to retire will be different to others. In areas of regional disadvantage such as the City of Playford, the financial impact of retirement is likely to be more severe than others. Low superannuation holdings are likely to have greater bearing on resident's decisions in disadvantaged areas and may result in prolonged workforce participation. We also acknowledge that women are disproportionately impacted by low superannuation. Many women often disengage from the workforce or significantly reduce their working hours during their childbearing years, and lose years of income and associated superannuation, thereby reducing their capacity to retire early or to retire comfortably.

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⁴ Other labour characteristics such as unemployment and labour force participation can also be analysed using this approach.