

Chapter 5 Labour Market

Key Points

- In 2008-09, the annual average unemployment rate in the Territory is estimated to remain at a historically low level (3.7 per cent).
- The average annual participation rate in the Territory is expected to remain relatively high (72.6 per cent) in 2008-09.
- Employment growth is estimated to moderate, with 2.5 per cent growth anticipated in 2008-09, after recording growth of 5.9 per cent the previous year. Employment growth of 1½ per cent is forecast for 2009-10.
- The largest employment sectors in the Territory are government administration, retail trade and health and community services.

Background

The workforce in the Territory is relatively young and mobile. Historically, the Territory has a high labour force participation rate, low unemployment and high levels of interstate migration, reflecting the tendency for young people to come to the Territory for employment opportunities.

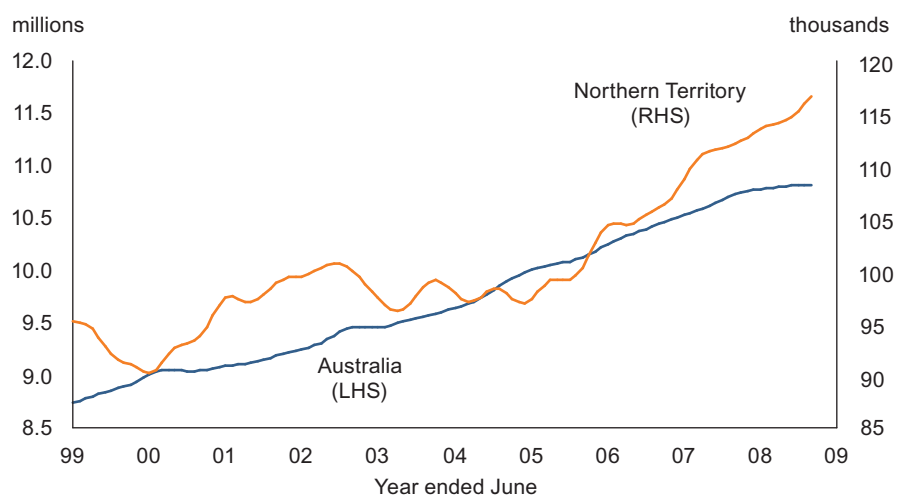
Employment in the Territory is very much service oriented. As reported in the 2006 Census, the largest employment sectors in the Territory are government administration (13.1 per cent), retail trade (11.5 per cent) and health and community services (10.1 per cent).

The demand for labour is derived from the demand for goods and services, the cost of labour relative to capital, and productivity. Employment growth and economic growth are highly interdependent.

In 2008-09, Territory employment growth is estimated at 2.5 per cent, with the unemployment rate forecast to average 3.7 per cent in the year and the participation rate to average 72.6 per cent in the year (Table 5.1).

Although employment growth in the Territory is estimated to moderate in 2008-09, growth has been strong since mid 2005 (Chart 5.1).

Chart 5.1: Trend Resident Employment



Source: ABS Cat. No. 6202.0

Table 5.1: Territory Labour Force Statistics (annual average) ^{1,2}

Year to June	Civilians 15 years and Over		Labour Force		Participation Rate	Employed Persons		Unemployment Rate
	(000)	% Change	(000)	% Change	%	(000)	% Change	%
1999	137.3	2.2	98.5	4.3	71.7	94.5	5.3	4.0
2000	139.9	1.9	96.6	-1.9	69.0	92.3	-2.3	4.4
2001	141.5	1.1	99.3	2.8	70.2	93.7	1.5	5.6
2002	142.6	0.8	105.2	5.9	73.7	98.2	4.8	6.7
2003	143.6	0.7	105.4	0.2	73.4	99.6	1.5	5.5
2004	144.9	0.9	102.9	-2.3	71.0	97.6	-2.0	5.2
2005	148.1	2.2	103.3	0.3	69.7	97.4	-0.2	5.7
2006	152.2	2.8	106.4	3.0	69.9	100.5	3.2	5.5
2007	156.1	2.6	109.8	3.2	70.3	105.6	5.1	3.8
2008	160.2	2.6	117.1	6.6	73.1	111.9	5.9	4.4
2009e	164.1	2.4	119.1	1.7	72.6	114.7	2.5	3.7
Compound Annual Growth %								
1988-89 to 2008-09		1.9	2.0		2.1			
2003-04 to 2008-09		2.5	3.0		3.3			

e: estimate

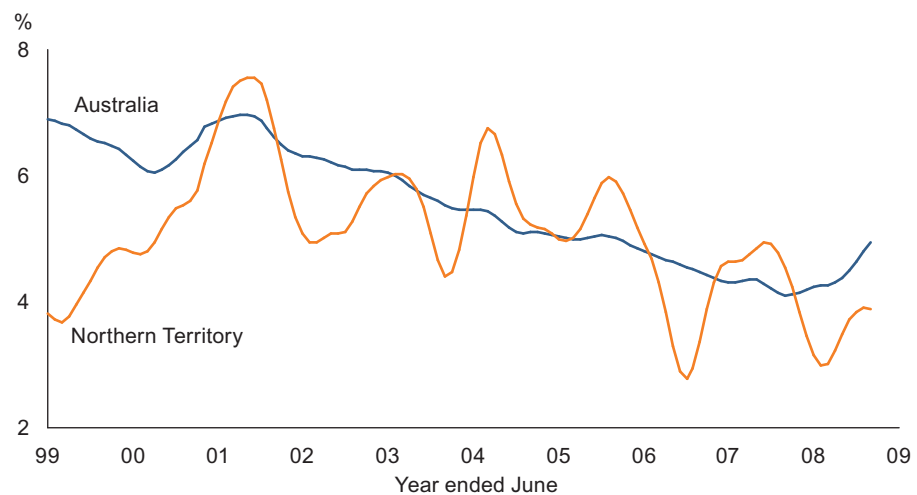
1 Data should be interpreted with caution due to large standard errors

2 Excludes fly-in fly-out and defence workers

Source: Northern Territory Treasury, ABS Cat. No. 6202.0

Since April 2008, the Territory's unemployment rate has been below the national level (Chart 5.2).

Chart 5.2: Resident Unemployment Rate



Source: ABS Cat. No. 6202.0

Labour Demand

Economic Growth

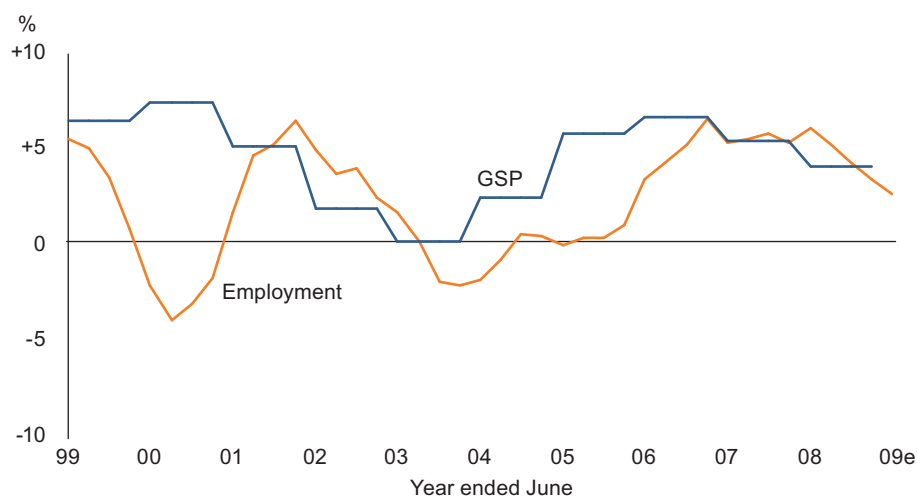
Employment tends to be pro-cyclical, increasing during periods of strengthening economic activity and contracting during periods of low growth (Chart 5.3).

Growth in Territory employment has also coincided with growth in the Territory population.

After experiencing solid economic growth in 2006-07, supported by high levels of business investment, the Territory economy remained strong in 2007-08 recording economic growth of 3.9 per cent. Similarly, the resource-rich jurisdictions of Western Australia and Queensland also experienced high economic growth during this period resulting from the global resources boom.

The Territory is expected to continue to experience positive economic growth in 2008-09.

Chart 5.3: Territory GSP and Employment Growth (year-on-year)



e: estimate

Source: Northern Territory Treasury, ABS Cat. Nos 5206.0, 6202.0

Construction activity is predicted to continue to contribute to economic and employment growth in the Territory in 2008-09, with work continuing on the Darwin Waterfront, completion of a number of major residential construction projects and the completion of the Blacktip gas pipeline (Chart 5.3).

Employment Indicators

In the Territory in 2007-08, the ANZ Job Advertisement Series, which is a leading indicator on employment, reported strong year-on-year growth of 16.2 per cent, indicating high demand for labour in the year.

Recently however, this and other key indicators point to a slowdown in the jobs market.

In February 2009, the number of jobs advertised in the ANZ Job Advertisements series declined by 33.8 per cent from January 2009, and were 50.8 per cent fewer compared with February 2008.

The Sensis Business Index of small and medium businesses also points to a slowing job market. In the November quarter 2008, it reported the primary concern of 23 per cent of small and medium businesses in the Territory was finding and keeping staff. This was also the greatest concern to Territory businesses overall. In the February quarter 2009, this concern reduced to 7 per cent and was no longer the primary concern for businesses overall. Eight per cent of businesses recorded lack of work as their main concern in the February quarter 2009, up from 3 per cent in the previous quarter.

However, Sensis also reports that business confidence in the Territory in the February quarter was the highest of the jurisdictions.

Skills Shortages

Skills shortages can occur for a number of reasons, including strong employment and economic growth, changing skills needs, changing technology, the mobility of labour, and demographic factors such as the ageing of the population and associated retirement rates.

Skills shortages are a key indicator of the demand for labour and were widely reported across the country during 2007-08. In this period, the Territory experienced a high demand for labour across a range of occupations, industries and skill levels. This lack of suitably skilled labour can have a significant impact on the economy, constraining the rate of economic growth and putting upward pressure on wages as employers try to attract workers.

In 2007-08, key indicators of the Territory's skills shortage were the high participation rate (averaged 73 per cent in the year), low unemployment rate (averaged 4.4 per cent in the year) and increased growth in the Labour Price Index (3.9 per cent in the year).

In recent years, strong growth in the Territory economy and labour demand associated with major projects have exacerbated skills shortages across a broad range of trade and professional occupations, along with a shortage of labour for semi-skilled and unskilled work.

The Territory has traditionally experienced difficulty in attracting and retaining skilled labour, with recruitment difficulties even greater in regional areas. In recent years, the number of Category 457 visa holders, which is the program for Australian employers to sponsor skilled overseas workers, has increased to ease the pressure of the skills shortage. However with a weakened national economy, the intake of Category 457 visa holders is expected to decline later in 2009.

The resources boom saw a significant amount of labour moving to the mining industry, attracted by the higher wages and exacerbating labour shortages in other industries. The recent slowdown in the global economy and the reduction in employment in the mining industry may ease labour shortages in the Territory.

Shortages have been reported in most trade occupations, and professional occupations such as engineering, medical practitioners and nursing, education and child care. Recently however, manufacturing and construction jobs have been removed from the national skills shortage list, following the slowdown in these industries.

Cost of Labour

The Labour Price Index (LPI) is an index that measures changes over time in the price of labour, including wages, overtime, bonuses, leave and superannuation. Changes in wages and salaries resulting from changes in the composition of the labour market are excluded from LPI movements.

The total LPI grew by 3.9 per cent in the Territory in 2007-08 after reporting growth of 3.6 per cent in 2006-07.

Growth in private sector LPI in the Territory in 2007-08 was higher (5 per cent) than that recorded for the public sector (2.2 per cent).

Nationally, the LPI reported average growth of 4.1 per cent from 2007-08, after reporting growth of 3.8 per cent in 2006-07.

Labour Supply

The Territory's labour market profile differs significantly from that of the rest of Australia, largely as a result of remoteness, transience and seasonality of labour demand, and a relatively large proportion of under-utilised Indigenous Territorians.

Population Growth and Migration

Population growth and employment growth are highly interdependent and both interstate and overseas migration are valuable sources of skilled labour for the Territory. Population growth has recovered from its 2003 low, and growth in the year to the September quarter 2008 is reported at 2.3 per cent, compared with national growth of 1.7 per cent.

According to the Australian Bureau of Statistics (ABS), in the year to the September quarter 2008, there was a net interstate migration reported an inflow of 1071 people, increasing from 411 recorded in the year to the September quarter 2007.

Overseas migration is typically a net contributor to the Territory's population growth. Net overseas migration was 838 in the year to the September quarter 2008, however this is below the average of the last five years.

Category 457 visa holders are a group of employer-sponsored skilled workers granted visas for up to four years, provided there are no suitably skilled Australian workers available. There were 1907 Category 457 visa holders in the Territory at 30 June 2008, up from 1353 at June 2007. Primary visa grants (excludes accompanying family members) to Category 457 visa holders have risen to 910 in 2007-08, up from 880 in 2006-07.

The major sponsoring industries of Category 457 visa holders are health and community services (190 persons or 21 per cent), accommodation, cafés and restaurants (170 persons or 19 per cent) and construction (120 persons or 13 per cent).

For a more detailed discussion, see Chapter 4: Population.

Participation Rate

The participation rate is a primary determinant of labour supply. The demographic changes occurring both nationally and in the Territory mean that policies aimed at sustaining Australia's workforce participation rate will become increasingly important. As the Australian population ages and growth in the working age population is exceeded by growth in the older segments of the population, lower labour force participation will place increased pressure on health and aged-care services, and may negatively impact on productivity.

In the Territory, labour force participation is a particularly challenging issue. Although the Territory has the highest participation rate of the jurisdictions, 73 per cent in 2007-08 compared to 65 per cent nationally, this is largely a product of the population's age profile, with a higher proportion of people in the 20 to 40 years age group.

Remoteness

As reported in the 2006 Census, about 25 per cent of the Territory's resident population live outside major regional centres and are therefore considered to live in a 'remote' area. Of this total, about 80 per cent are Indigenous.

The lack of training and employment resources available locally and distance from major employment markets mean employment opportunities are limited in many of these areas. Developing local economies and creating links

between residents of remote areas and existing employment markets is a major challenge. It also means that a significant proportion of the Territory's potential labour supply is distant from major employment opportunities.

Seasonality

Consistent with other jurisdictions, a proportion of the Territory's economic activity and demand for labour is seasonal, in particular, activity and employment in the tourism and agricultural industries. However, these seasonal effects can be exacerbated in the Territory due to the relatively small size of the resident population and the pool of available labour. These two industries have historically supplemented their workforce using backpackers and other non-resident labour to fill vacancies. However, maintaining a reliable labour supply can be difficult in these circumstances and is a major challenge for many Territory horticultural producers, retail outlets and tourism operators.

Young and Mobile Workforce

Compared to the rest of Australia, the Territory attracts a disproportionately large number of young, mobile workers who often view their stay as short to medium term. Employment created from a large number of construction, mining and infrastructure projects in the Territory contributes to the trend whereby non-Territory skilled workers are engaged for the life of a project before returning to their resident jurisdiction. Some workers also operate on a fly-in fly-out basis.

These trends are reflected in large interstate migration flows. In the year to the September quarter 2008, about 7 per cent of the Territory's population relocated interstate, around four times the level of other jurisdictions (apart from the Australian Capital Territory). This leads to a high rate of employee turnover which imposes significant recruitment and training costs on employers. It also results in a loss of expertise and skill shortages, which can be exacerbated by large projects requiring specialised labour.

Government Strategies

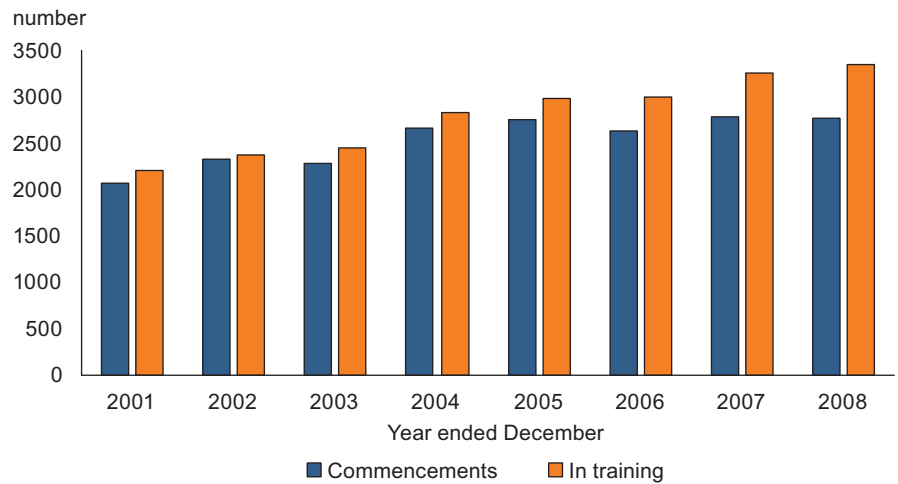
The Territory Government's Jobs Plan – Building the Northern Territory Workforce aims to create a highly skilled and flexible workforce, address skills shortages, and maximise employment opportunities for Territorians.

The Jobs Plan encompasses a range of strategies including the expansion of pre-vocational training for apprentices and trainees, provision of financial incentives for employers to take on apprentices, and increasing the number and range of school-based apprenticeships.

Apprenticeships and Traineeships

Apprenticeship and traineeship commencements are a leading indicator of future labour supply. Apprenticeship and traineeship commencements in the Territory have increased by 34 per cent from 2001 to 2008 (Chart 5.4). In 2008, 2762 apprenticeship or traineeships commenced in the Territory, bringing the total number of trainee and apprentice commencements to about 10 900 in the last four years. Among all trainee and apprentice commencements since 2005, more than one-third were in traditional trades, almost 40 per cent were women and over a quarter were Indigenous.

Chart 5.4: Apprenticeship and Traineeship Commencements and In Training



Source: Department of Education and Training

In 2008 in the Territory, apprentices and trainees increased by 3.2 per cent to 3352, and apprenticeship and traineeship commencements decreased marginally by 1 per cent to 2762 from the record high in 2007 (Chart 5.4).

Indigenous Employment

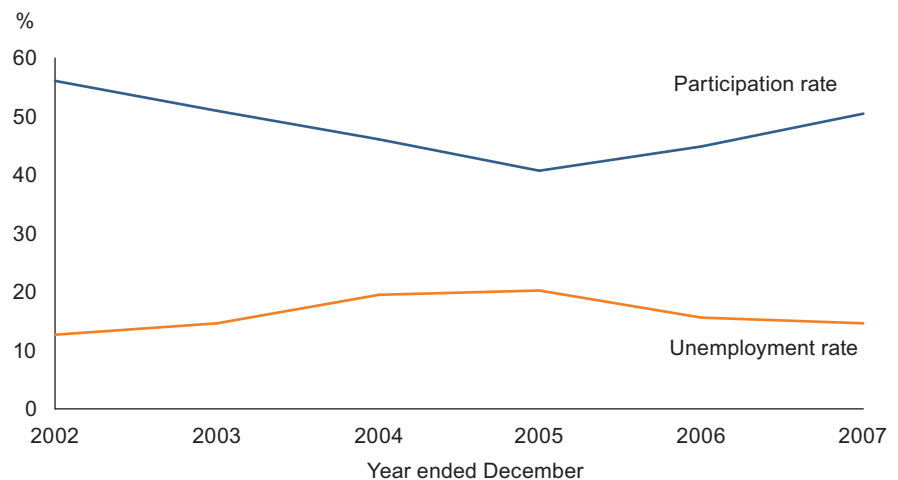
Indigenous Territorians are a largely under-utilised labour resource and increasing the labour supply through engaging Indigenous people is a key Territory Government priority.

The Labour Force Survey estimates indicate substantial differences in unemployment rates and participation rates between Indigenous and non-Indigenous Territorians.

The ABS cautions that these estimates are subject to significant non-sampling and sampling error and, as such, are substantially less reliable than the labour force estimates for the Territory as a whole. High standard errors associated with the data indicate that the large confidence intervals significantly limit the value of the estimates, particularly in relation to the relevance of each successive change.

In 2007, the unemployment rate for Indigenous Territorians was 14.6 per cent and has been decreasing since 2005, while the Indigenous participation rate has recently been trending upwards (Chart 5.5).

Chart 5.5: Territory Indigenous Participation Rate and Unemployment Rate¹ (trend)



¹ Data should be viewed with caution due to large standard errors
Source: ABS Cat. No. 6287

Community Development Employment Projects

The Community Development Employment Projects (CDEP) program is a Commonwealth-funded initiative for unemployed Indigenous people in selected locations. The program aims to develop skills and employability of participants to assist them to obtain employment outside the CDEP program.

In December 2008, the Commonwealth announced significant reforms to employment services, including CDEP and the Indigenous Employment Program (IEP), to ensure more Indigenous Australians have the skills needed to get and keep a job.

The reforms to CDEP and IEP will begin on 1 July 2009 and include:

- CDEP ceasing in non-remote areas with established economies (this will not affect the Territory as the Darwin urban area was removed in 2007 and all other areas are considered remote);
- Indigenous job seekers being supported by the expanded IEP;
- a new community support program to assist Indigenous people to better access employment programs; and
- new CDEP participants to be paid income support, and existing CDEP participants continuing to access CDEP wages until June 2011 before transferring to income support.

As reported by the Department of Families, Housing, Community Services and Indigenous Affairs, in February 2009 there were about 5700 CDEP participants in the Territory. This is down from about 7250 participants in July 2007.

In 2007-08, about 1400 people transitioned from CDEP to regular employment and in the year to January 2009 about a further 900 have moved into real employment in areas such as health care, community care, child care, education, municipal services, night patrols, language, culture, broadcasting and the arts, sport and recreation, and land management.

In 2007-08, 150 CDEP positions were transferred to paid jobs in local government. The Department of Health and Families converted 61 positions to full-time and part-time positions, while the Department of Education and Training appointed 26 permanent positions in remote schools.

Composition of Territory Employment

The Territory's labour market has a quite different composition to the Australian labour market, reflecting its unique industry structure (Table 5.2).

Service industry jobs account for almost 90 per cent of employment in the Territory, compared to about 80 per cent nationally. The largest employment sectors in the Territory are government administration, retail trade and health and community services.

Table 5.2: Employment
by Industry

	Australia			Northern Territory		
	Proportion of total employment			Proportion of total employment		
	1996	2001	2006	1996	2001	2006
	%	%	%	%	%	%
Agriculture, forestry and fishing	4.2	4.0	3.1	2.9	2.7	2.4
Mining	1.1	0.9	1.2	3.5	2.2	2.0
Manufacturing	12.6	12.2	11.0	4.4	4.2	4.9
Services						
Electricity, gas and water supply	0.8	0.7	0.8	0.6	0.9	0.4
Construction	6.3	6.7	7.7	7.4	6.2	7.0
Wholesale trade	5.8	5.3	4.8	3.7	3.5	2.8
Retail trade	13.6	14.6	14.3	11.0	12.4	11.5
Accommodation, cafés and restaurants	4.7	4.9	4.8	6.1	6.1	5.4
Transport and storage	4.3	4.3	4.4	4.9	5.2	4.8
Communication services	2.0	1.8	1.5	1.5	1.1	0.9
Finance and insurance	3.9	3.8	3.8	2.0	1.6	1.6
Property and business services	9.8	11.1	10.7	7.6	8.4	8.3
Government administration	4.2	3.7	4.7	10.6	11.8	13.1
Defence	0.7	0.8	0.7	4.5	5.9	6.2
Education	7.1	7.2	7.4	7.4	8.1	8.5
Health and community services	9.5	9.7	10.7	11.0	8.8	10.1
Cultural and recreational services	2.3	2.4	2.2	3.0	3.0	2.7
Personal and other services	3.6	3.6	3.6	4.0	4.9	4.2
Non-classifiable economic units	1.4	0.6	1.2	1.1	0.9	1.2
Not stated	2.0	1.7	1.4	2.7	1.8	2.0
Total	100.0	100.0	100.0	100.0	100.0	100.0

Note: Due to the very large standard errors associated with the ABS estimates of Territory employment by industry derived from the Labour Force Survey, the above Census data is considered to be a more reliable measure.

Source: ABS 2006 Census of Population and Housing

Government Administration	Based on 2006 Census data, employment in government administration in the Territory accounted for about 13.1 per cent of total employment compared to only 4.7 per cent nationally. The high share of employment attributed to public administration in the Territory reflects the diseconomies of providing public services to a small and widely dispersed population. Compared to the 2001 Census, employment in government administration increased as a proportion of total employment by 1.3 percentage points in the Territory and by 1 percentage point nationally (Table 5.2).
Defence	Since the 1990s, the Commonwealth has continued to relocate substantial defence resources to the Territory. This resulted in the number of defence personnel, including civilians, stationed in the Territory increasing from about 2300 in 1990 to around 5400 persons in 2006. The proportion of Territory residents employed in defence was 6.2 per cent in 2006, an increase of 1.7 percentage points from 1996 and well above the national level of 0.7 per cent (Table 5.2). Although employment growth in defence has been significant in the Territory, it is important to note that defence personnel are not captured or intended to be captured in ABS Labour Force Survey figures.
Manufacturing	Historically, the manufacturing sector has employed a relatively large proportion of the national workforce in a diverse range of industries. In the Territory, however, isolation from major markets and a small population base have resulted in a relatively small manufacturing sector and a much lower proportion of people employed in the sector compared to the national proportion (less than half the national figure). The manufacturing industry is set to change rapidly, with more LNG being processed in the Territory.
Mining	<p>Reflecting the Territory's abundant mineral and energy resources, the proportion of people employed in the mining industry is almost twice as high as it is nationally, at 2 per cent in 2006, although much lower than in 1996, when mining accounted for 3.5 per cent of Territory employment.</p> <p>The mining industry has contributed significantly to the Territory's strong economic growth and as global economic conditions have been strong, the industry has gained momentum. The momentum is slowing with recent job losses in the mining sector in the Territory.</p>
Full-time and Part-time Employment	<p>In the Territory, the number of positions has grown at a rapid rate. In 2007-08 the number of full-time positions increased by 5.1 per cent and the number of part-time positions increased by 9.3 per cent.</p> <p>In Australia in 2007-08, the number of full-time positions grew by 2.7 per cent, while part-time jobs increased by 2.4 per cent.</p> <p>Currently, full-time positions in the Territory represent about 80 per cent of the workforce. This varies from national employment data, where the proportion of full-time employment has been declining over the past 20 years, and now stands at 71 per cent of the workforce.</p>
Data Reliability	The strong growth in economic activity in the Territory, as reported by the ABS, in recent years has not been consistently reflected in ABS-reported resident employment levels or the resident unemployment rate over the same period. It remains the Northern Territory Government's view that data quality issues associated with the ABS Labour Force Survey, including survey

sample size and the high degree of volatility in survey estimates, are the cause of the inconsistency and continue to be a concern.

A number of characteristics of the design and methodology of the Labour Force Survey limit its accuracy for the Territory. The scope of the Labour Force Survey, combined with issues of volatility and reliability of the resident employment series, can sometimes create a contradictory picture of the state of the Territory economy when resident employment is analysed in conjunction with other economic activity indicators (see Appendix 1).

Outlook

Understanding the Territory labour market requires analysis of several economic indicators and related data sources. Nonetheless, forecasting is based on LFS data and the reader should be aware of volatility and accuracy issues.

In 2009-10, resident employment growth of 1½ per cent is forecast for the Territory, while the unemployment rate is forecast to increase, in line with the slowing economy. In the long term, employment growth of 2 per cent is forecast, while the unemployment rate is forecast at 5 per cent, both in line with ten year averages recorded to 2008-09.

As a number of larger projects are completed, such as the Darwin Waterfront and large residential developments, a negative impact on employment demand for labour may be felt in the medium term.

The proposed Inpex LNG development at Blaydin Point has the capacity to generate significant demand for workers in the Territory both during the construction and operational phases of the project. It is estimated that more than 2000 workers will be required in Darwin during the peak construction period and about 300 workers required to operate and maintain the onshore facility during its operation. A decision to confirm Darwin as the site for the LNG plant is expected in late 2009.

The ability of Territory employers to attract and retain suitable skilled workers continues to be a critical factor in determining employment growth in the Territory, as will the effectiveness of Territory Government training initiatives aimed at alleviating skills shortages. However, as the domestic economy slows, migration to the Territory may increase as people relocate looking for work.

In the longer term, increasing Indigenous employment and labour force participation represents a significant challenge, and will be an important factor in maintaining and improving the Territory's long-term productivity and labour supply.

Appendix 1: Labour Force Data Reliability

A number of characteristics of the design and methodology of the Australian Bureau of Statistics (ABS) Labour Force Survey (LFS) limit its accuracy for the Territory. The scope of the ABS LFS, combined with issues of volatility and reliability of the resident employment series, can sometimes create a contradictory picture of the state of the Territory economy when resident employment is analysed in conjunction with other economic activity data.

The disparity between the LFS employment estimate and other economic indicators, in particular State Final Demand (SFD), is due to a number of data quality issues including the very large relative standard errors for Territory labour force estimates, the scope of the LFS being limited to the 'usually resident' population, while SFD captures all economic activity of workers in the Territory, regardless of whether the workforce is resident in the Territory, and the potential for SFD to include large items that do not have a direct impact on employment numbers in the Territory.

Scope of the LFS

The ABS LFS reports on those parts of the currently economically active population defined as employed, unemployed or not in the labour force. It does not measure the total number of people working or the total number of jobs in the Territory, as is sometimes presumed. The scope of the LFS is limited to the civilian, usually resident, population of the Territory aged 15 years and over, and does not include fly-in fly-out (FIFO) personnel, full-time Australian defence personnel, personnel usually resident overseas and temporarily residing in Australia, and diplomatic personnel of overseas governments and non-Australian defence personnel (and their dependants) stationed in Australia.

Nationally, these excluded groups have a negligible impact on the number of jobs in the economy, as they make up a relatively small percentage of the Australian population. However in the Territory, due to its relatively small and transient population, FIFO and defence workers can account for a significant proportion of employed persons. In the 2006 Census, Defence represented about 6.2 per cent of the Territory workforce. The exclusion of these groups from the scope of the ABS LFS leads to a significant differential between resident employment and the number of Territory jobs.

Large Sampling Error

The LFS is a sample survey and does not directly measure the whole population. The size of a sample can significantly affect the integrity of the survey results as indicative of the total population. Although there have been improvements in ABS sample sizes in the Territory and a high sampling fraction (the proportion of the population in the sample) compared to other jurisdictions, the sample is still relatively small due to the Territory's relatively small population. This results in volatile estimates with very large standard errors. Standard errors are even greater for estimates of the Territory unemployment rate.

Volatility in the estimates is increased by the heterogeneous nature of the Territory's population, constraints imposed on sampling design as a consequence of many dispersed remote communities, and the transient nature of the population.

In addition, and consistent with the method used for other jurisdictions, the ABS adjusts the survey results to ensure that the resulting estimates conform to the characteristics of the total population. While this is essential for generating representative results, in the Territory it can sometimes exaggerate the effect of outliers in the sample.

Reduced Sample Size

Due to budget restraints, the ABS implemented a full sample reduction in July 2008, reducing the Territory's LFS sample from 2300 in June 2007 to 1800 in July 2008.

Table A5.1 shows the Territory's sampling fractions from the 2006 sample design and following the July 2008 sample reduction. This table also shows the sampling fractions from earlier sample designs.

Table A5.1: ABS LFS Redesign Sampling Fractions Northern Territory

Year	1976	1981	1986	1991	1996	2001	2006	2008
Sampling fraction	1 in 100	1 in 100	1 in 115	1 in 75	1 in 85	1 in 98	1 in 54	1 in 68

Source: ABS Labour Force Survey Sample Design ABS Cat. No. 6269.0

The ABS advised that the new smaller LFS sample will still be representative of the geographic distribution of the Australian population but there will be increased volatility in the estimates.

Table A5.2: ABS LFS Relative Standard Errors (RSE)

	Employment RSE		Unemployment RSE	
	2006 Target	2008 Target	2006 Target	2008 Target
	%	%	%	%
New South Wales	0.8	0.9	5.0	5.7
Victoria	0.8	0.9	5.3	6.1
Queensland	0.9	1.0	5.7	6.6
South Australia	1.1	1.3	6.8	7.7
Western Australia	1.0	1.1	7.1	8.1
Tasmania	1.5	1.7	8.3	9.5
Northern Territory	2.6	3.0	13.4	15.1
Australian Capital Territory	1.3	1.5	13.9	16.0
Australia	0.4	0.4	2.6	2.9

Source: ABS Labour Force Survey Sample Design ABS Cat. No. 6269.0

As a result of the reduced sample size, the overall relative standard errors (RSEs) for estimates of employment and unemployment at the national, state and territory level are expected to be about 15 per cent higher on average than those expected from the 2006 sample design.

For example, if the national estimate for employment is 10 million and the target standard error is 40 000, there would be 19 chances in 20 (95 per cent confidence) that the real value is within the range 9 920 000 to 10 080 000 (10 million \pm 80 000). In the Territory in February 2009, the original level of employment was estimated at about 115 000 with a standard error of 5 000. There would be 19 chances in 20 (95 per cent confidence) that the real value is within the range 105 000 and 125 000 (115 000 \pm 10 000).

The scope, reduced sample size and increased relative standard error of the labour force survey limit its accuracy for the Territory.