



A Review of South Australia's Labour Force Participation

Research undertaken by:
The South Australian Centre for Economic Studies
University of Adelaide

*Funded by the Independent Research Fund
(IRF010)*

June 2024

Copyright: All rights reserved. The Copyright Act 1968 permits fair dealing for study, research, news reporting, criticism or review. Selected passages, tables or diagrams may be reproduced for such purposes provided acknowledgement of the source is included. Otherwise, no part of this publication may be reproduced, stored or transmitted in any form or by any means without the prior permission in writing of the Publisher.

Disclaimer: This study, while embodying the best efforts of the investigators is but an expression of the issues considered most relevant, and neither SACES, the investigators, nor the University of Adelaide can be held responsible for any consequences that ensue from the use of the information in this report. Neither SACES, the investigators, nor the University of Adelaide make any warranty or guarantee regarding the contents of the report, and any warranty or guarantee is disavowed except to the extent that statute makes it unavoidable.

Authors: Visiting Research Fellow Darryl Gobbett
Associate Professor Michael O'Neil, Honorary Research Fellow

Published by: South Australian Centre for Economic Studies
University of Adelaide
ADELAIDE SA 5005
AUSTRALIA
Telephone: (61+8) 8313 5555
Facsimile: (61+8) 8313 4916
Internet: <http://www.adelaide.edu.au/saces>
Email: saces@adelaide.edu.au

ISSN 1445-6826

© SA Centre for Economic Studies, 2024

South Australian Centre for Economic Studies (SACES) Independent Research Fund

Establishment of the Fund

The Independent Research Fund (IRF) was established in 2018 on the initiative of members of the South Australian business community who approached the South Australian Centre for Economic Studies with a desire to support independent, broad-based, public policy research of benefit to the South Australian economy and the wider community. The fund is to support the research capacity of the South Australian Centre for Economic Studies in making a contribution to public policy debate.

Purpose of the Fund

The Purpose of the Fund is to expand the University's South Australian Centre for Economic Studies' (SACES) current economic research, including:

- deepening, widening and stimulating publication and economic debate,
- commissioning and subsidising research into economic, industry and social policy issues of importance to the economic, industrial and social development of South Australia, and
- providing evidence-based research and public discussion on issues that underpin or impede economic, industrial, and social policy development in South Australia.

Advisory Board

An Advisory Board has been established consisting of members of the business community, public servants and University of Adelaide staff. The Chair of the Board is nominated and agreed upon by the donors. The Advisory Board considers and prioritises the agenda/topics for research. Topics for research will be broad-based and of no material benefit to any individual donor. Expenditure on research topics will be limited by the money available in the fund and the budget allocated to each research undertaking.

Contacts

If you would like further information on the Independent Research Fund or to discuss the work of the IRF you can contact the Acting Director of SACES, Jim Hancock at jim.hancock@adelaide.edu.au or Honorary Research Fellow Michael O'Neil at michael.oneil@adelaide.edu.au

South Australia

Introduction

This paper looks at the capacity for further increases in South Australia's labour force participation rate. South Australia's labour force participation rates remain below the national averages, due largely to the higher proportion than nationally of the population aged 65 years or older, as well as by some major age groups. The paper considers the proposition that out to 2033 at least, labour force growth is likely to fall below projected employment growth imposing potential constraints on industry expansion and economic growth, while limiting rises in per capita living standards in the absence of faster productivity growth.

On labour supply.....

In the most recent past (2017-23) the major source of labour force growth, some 42.4 per cent of the total, came from the population aged 25 to 39 years, likely reflecting the surge in Net Overseas Migration (NOM) pre and post COVID restrictions. Based on ABS projections this source of population growth largely stops with per annum population growth declining from 3.1 per cent (2017-23) to 0.3 per cent per annum to 2033.

The outlook for labour supply growth is expected to be compounded by Federal Government policies to reduce net international immigration nationally including student study visa conditions, without a (unlikely) substantial lift in South Australia's share.

On labour demand.....

At the same time Federal and State government policies are increasing the demand for workers across a wide range of sectors already facing labour shortages. These include child, health, aged and disability care, housing construction, increased transport infrastructure spending, policies in support of development of renewable energy production and transmission networks, the establishment of the hydrogen economy, and increased defence services and manufacturing activity. Housing demand seems likely to stay strong even with the projected slow-down in overseas migration.

Analysis and Discussion

The current pressures on South Australia's labour force and housing markets appear likely to worsen over the next few decades with the rapid ageing of the South Australian population; the impacts of strongly growing NDIS participation; and public policy driven increases in service quality and staff ratios in education and child care, aged care and disability care.

Our analysis suggests that to 2033 at least, labour force growth is likely to fall below projected employment growth, increasing labour force shortages and limiting economic growth in the absence of a substantial and sustained step up in labour productivity growth.

Employment in Healthcare and Social Assistance and related Personal Services averaged 181,300 in SA in 2022/23, around 19.3 per cent of total employment and up from the share of 16.6 per cent in 2012/13. Growth in these two areas contributed 40 per cent of total net employment gains over the decade.

Australian and overseas studies discussed in our previous reports¹ indicate these sectors will remain the strongest employment growth areas by a substantial margin and grow further as a share of total employment.

For South Australia this type of growth presents particular issues with the prospective capacity of the rapidly ageing workforce. Through 2022, 2023 and 2024, SA has seen unemployment fall to the lowest levels since the 1970s, increased labour force participation rates, and continued severe labour shortages across almost all industry sectors and a resulting surge in overseas immigration.

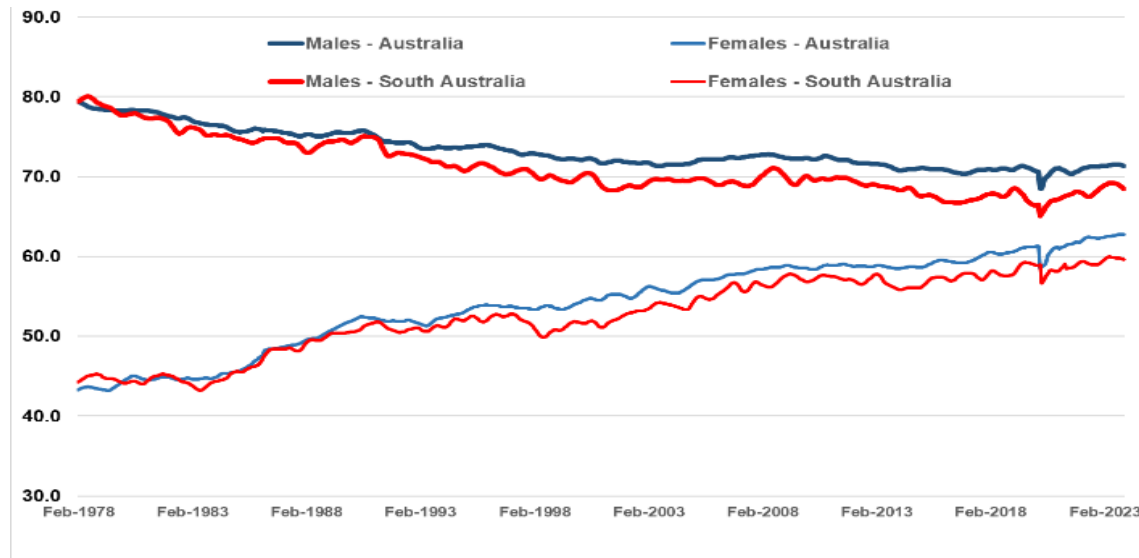
In turn, the very high levels of net overseas immigration, 48,725 between the March quarter of 2022 and September quarter 2023, have, along with other factors, contributed to the current severe housing shortage with record high established housing prices and rents.

Another part of the labour force response in SA was increased labour force participation. This rose from around 63 per cent of the population aged 15 years and over in the pre-pandemic June quarter of 2019 to an average of 64.5 per cent in the June quarter of 2023.

This is estimated to have contributed around 25,000 extra workers by the June quarter 2023. This is likely less, but in the same order of magnitude of the labour force growth contributed by overseas immigration.

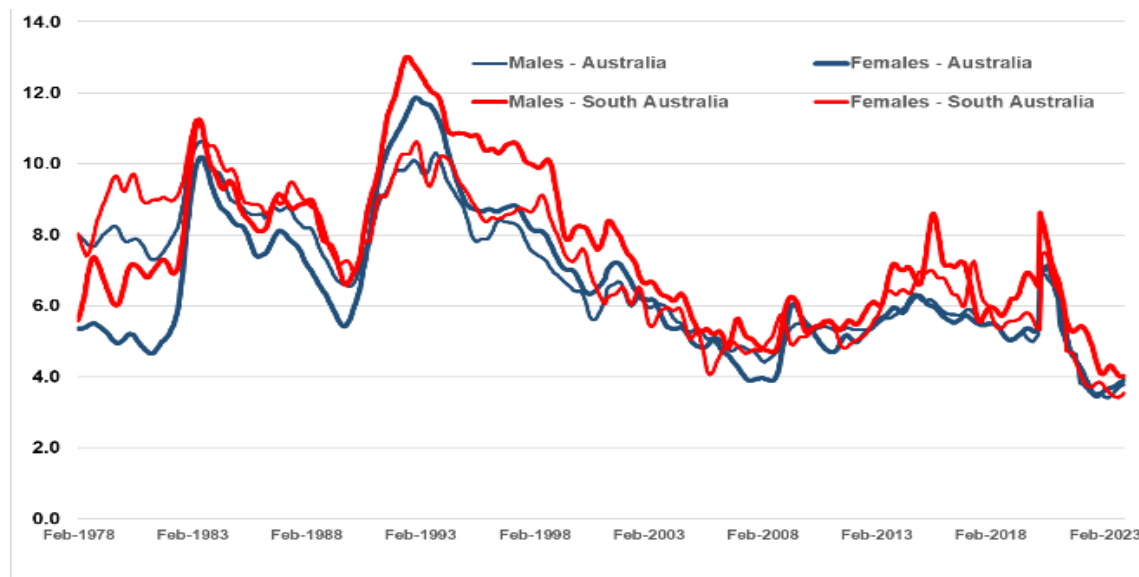
SA's labour force participation rates by gender remain well below the national averages, however, as shown in Figures 1 and 2. This appears to be largely due to the higher proportion than nationally of the South Australian population 15 years and over being 65 years or older. However, there appears to be lower workforce participation in South Australia by some major age groups as we discuss later.

Figure 1: Labour Force Participation Rates, Monthly, Trend to December 2023



Source: Australian Bureau of Statistics, (December 2023), Labour Force Australia, Tables 1 and 7.

Figure 2: Unemployment Rates, Monthly, Trend to December 2023



Source: Australian Bureau of Statistics, (December 2023), Labour Force Australia, Tables 1 and 7.

As we show, there are substantial differences in labour force participation rates by age groups and their rates of change through the pandemic and post pandemic. For example, in SA labour force participation

rates for males and females aged 25 to 39 years are each now higher than in 2019. In contrast, labour force participation rates for those aged 65 and over were lower in the June quarter 2023 than in 2019.

In view of the projected expected population growth rates in the various age groups as published by the Australian Bureau of Statistics in October 2023, changes in labour force participation rates in these particular age groups need to be a focus of public policy and considered by business and other employers.

This is because such changes may have as much impact, positive and negative, as changes in overseas migration in meeting the increased employment demands projected as a result of the ageing of the SA population and increased spending on disability services and broader health care.

This paper looks at the capacity for further increases in labour force participation.

High international immigration seems likely to continue to be needed, however, in view of the current labour force situation and the longer term labour force supply and goods and services demand issues noted above. This is in the absence, as earlier noted, of a sustained step up in labour force productivity growth.

The likely immigration needed seems to be considerably higher than would appear to be assumed in the Federal Treasurer's Intergenerational Review 2023, the 2023/24 Mid-Year Economic and Fiscal Outlook and the Federal Budget 2024. Each assume declines in net international immigration nationally over the next decade. This would imply net overseas immigration to SA would decline unless there was a significant lift in SA's share of the total.

A note on the ABS 2023 Population projections

The latest ABS Population Projections in October 2023 suggest the employment demands to meet the needs of SA's ageing and disabled communities discussed in our earlier reports may need to be revised up, if only on the changes to the population projections.

It has to be noted this is quite separate to the likely increased future demands as a result of SA being above the national average proportions of the population with Selected Current Long Term Health Conditions as reported in the 2022 National Health Survey. SA was above average in 9 of the 12 Conditions. The SA population also reported above average, i.e. adverse, readings on measures of Overweight and Obesity, High Blood Pressure and High/Very High Psychological Distress.¹

The Australian Institute of Health and Welfare reported Australia had the 4th highest proportion of men living with obesity (32 per cent) across OECD countries while the proportion of obesity (29 per cent) in women in Australia was 9th highest out of 21 countries.² So South Australia would rank high globally.

Wastewater analysis in August 2023 reported by the Australian Criminal Intelligence Commission indicates SA has a much more variable relationship to the national averages of per capita consumption of a range of illicit drugs, being higher for Cannabis and Methylamphetamine; around average for Fentanyl, MDMA and Oxycodone; and lower for Cocaine and Heroin.³

These issues are likely already affecting health care demand with the impact of obesity in particular forecast to grow significantly.⁴

The SA labour force is also expected to be affected by these issues.

In this context, the OECD reports impacts from Overweight across a range of conditions such as participation in school education, work force participation rates, productivity, absenteeism and presentism and early retirement.⁵

¹ ABS National Health Survey 2022, Table 2.3 Summary health characteristics by State and Territories All Persons, Proportions. Accessed online 21 May 2024.

² Overweight and Obesity, 19 May 2023, Australian Institute of Health and Welfare, accessed online 21 May 2024.

³ National Wastewater Drug Monitoring Program Report No 21, Australian Criminal Intelligence Commission, March 2024 pp65 – 76.

⁴ World Obesity Atlas 2023, World Obesity Federation, p45.

⁵ The Heavy Burden of Obesity: The Economics of Prevention, Chapter 3, OECD, accessed online 21 May 2024.

Table 1 provides a comparison of selected information from the recently released ABS projections of the SA population with the projections released in 2018.

Of particular relevance are the upward revisions of between 22,324 and 24,412 in each of the High, Medium and Low projections for the SA population aged 70 years and over by 2033. This age group is now projected to be around a third higher than in June 2023.

It is doubtful these upward revisions reflect increased overseas immigration of those aged over 65 or an outflow loss of old people interstate through the pandemic. Reduced mortality assumptions seem the most likely reason.

The projections show a major lift in the projections of the population aged 15 to 69 years, broadly the working age population. This presumably largely reflects the impact of the major lift in overseas immigration since late 2021 and upward revisions of the assumed levels of overseas immigration nationally through to 2033.

Table 1: Population projections by age group: South Australia 2018-2033

	Total	0-14	15-69	70 & Over	70 years and over as % of Total Population	70 years and over as ratio to population of 15 to 69 year olds
ABS Estimates						
June 2013	1,671,488	296,741	1,182,432	192,315	11.5%	0.163
June 2018	1,746,137	307,569	1,214,134	224,434	12.9%	0.185
June 2023	1,851,704	312,481	1,273,077	266,146	14.4%	0.209
ABS 2023 Projections						
High						
June 2028	1,975,772	325,355	1,338,706	311,711	15.8%	0.233
June 2033	2,056,810	332,722	1,366,320	357,768	17.4%	0.262
Medium						
June 2028	1,953,013	315,555	1,326,734	310,724	15.9%	0.234
June 2033	2,015,054	311,869	1,349,235	353,950	17.6%	0.262
Low						
June 2028	1,934,849	306,676	1,317,900	310,273	16.0%	0.235
June 2033	1,979,435	291,991	1,334,467	352,977	17.8%	0.265
Change of 2023 Projections to 2018 Projections						
High						
June 2028	93,691	- 6,749	84,962	15,478	0.04%	- 0.003
June 2023	98,033	- 15,808	89,896	23,945	0.35%	0.000
Medium						
June 2028	86,613	- 5,023	75,720	15,916	0.11%	- 0.001
June 2023	88,597	- 15,054	79,239	24,412	0.46%	0.003
Low						
June 2028	86,947	- 1,043	73,061	14,929	0.05%	- 0.002
June 2023	86,469	- 11,581	75,726	22,324	0.36%	0.002

Sources: Australian Bureau of Statistics (June 2023), National state and territory population, www.abs.gov.au, accessed 12 January 2024.
Australian Bureau of Statistics (2022 – base - 2071), Population Projections, Australia, www.abs.gov.au, accessed 12 January 2024

The ABS assumptions regarding overseas and interstate immigration are shown in Table 2. At the time of the release of the ABS projections, only the 2023 Intergenerational Report (IGR) provided any quantitative estimates of possible Net Overseas Migration per annum. The Federal Government has since made a number of policy announcements in this area while the 2024/25 Federal Budget included specific estimates for Net Overseas Migration nationally and Net Interstate Migration. The IGR and Budget estimates are included in Table 2.

Table 2: Net Overseas and Interstate Migration: Actual and Projected

	Net Overseas Migration		Net Interstate Migration
	Australia	South Australia	South Australia
Actual (1)			
Average per annum 2014/15 to 2018/19	226,636	12,495	-5,213
2019/20	192,703	14,938	-1,253
2020/21	-84,930	-2,839	+4,851
2021/22	203,590	14,322	+231
2022/23	528,421	28,435	-409
ABS 2022 Population Projections average pa to 2032/33 (2)			
High	332,000	20,120	-5,400
Medium	278,182	16,724	-3,700
Low	232,000	13,879	-2,325
Policy Assumptions			
Intergenerational Report 2023: average pa to 2032/33 based on chart (3)	270,000	N/A (16,227 at 6.0% share)	N/A
Working Future: The Australian Government's White Paper on Jobs and Opportunities September 2023 Commonwealth of Australia 2023	N/A	N/A	N/A
Migration Strategy, Commonwealth of Australia 2023	N/A	N/A	N/A
Budget 2024-25 (4)	2022/23 528,000 2023/24 395,000 2024/25 260,000 2025/26 255,000 2026/27 235,000 2027/28 235,000	N/A (14,100 pa at 6% share of 235,000)	2022/23 -400 2023/24 -2,000 2024/25 -2,900 2025/26 -3,500 2026/27 -3,400 2027/28 -3,000

Sources:

- (1) Australian Bureau of Statistics (September 2023) National, state and territory population, ABS Website, accessed 17 May 2024
- (2) Australian Bureau of Statistics (2022-base---2071), Population Projections, Australia, ABS Website, accessed 12 January 2024
- (3) Intergenerational Report 2023 Australia's Future to 2063, Commonwealth of Australia 2023
- (4) Budget Paper No 1, Budget Strategy and Outlook, Table 2.2 p 53, and Budget Paper No 3, Federal Financial Relations, Table A6 p131. Commonwealth of Australia

Despite the lifts in the projections of the SA population aged 15 to 69 years, the population 70 years and older still rises strongly as a share of the total SA population and as a ratio of the population aged 15 to 69 years. Of particular note, in each of the High, Medium and Low projections these particular shares and ratios have been revised up since the 2018 Projections.

On balance, we believe our view of continued labour force shortages driven by the employment demands generated by the ageing of the SA population and increased participation in the NDIS remains appropriate and needs focus by public policy makers and the business community.

Maintaining high levels of overseas immigration is probably the most effective initial focus but this is essentially just kicking the can further down the road, while adding further immediate stress to SA owner occupier and rental housing markets.

To better deal with these issues longer term, however, will require new policies on increasing labour force participation and raising the growth of labour force productivity.

Labour Force Participation

As noted above, SA's male and female labour force participation rates on average lifted post pandemic but overall remain below the national average. This increase has, along with increased overseas immigration, boosted the SA labour force. The unemployment rate has also fallen, and despite rises in early 2024, to likely the lowest levels since the 1960s. Interstate population losses stopped in the pandemic but are now lifting.

A big question, particularly in the context of likely lower overseas immigration and slow domestic population growth, is how much more can increased labour force participation in South Australia contribute to labour force growth to meet the projected employment demand from aged care, disability and broader healthcare services?

Labour force participation by individuals is influenced by a very broad range of issues such as social expectations, economic and financial conditions, personal and family situations, mental and physical health, educational attainment etc.

With the potential working age population defined by the ABS as 15 years and over, the labour force participation estimates also cover a very wide and expanding effective age range as life expectancy increases. In addition, peoples' working lives are often starting later and continuing longer.

Changing shares of the various age groups within the total population also affect the reported participation rates. States such as SA and Tasmania with higher than national shares of the working age population in those age groups, say over 70 years, with historically low labour force participation will tend to have a lower overall participation rate even if participation rates in each age group are on par with the national average. This "bias" will be accentuated if the future populations age at a relatively faster pace than other jurisdictions.

It is therefore necessary to understand potential changes in labour force participation rates in various age groups in conjunction with the projected demographic changes in those age groups to get a better understanding of the potential labour force changes than to project an average labour force participation rate based on recent history.

It is recognised that employment demand pressures will affect, through changes to net overseas and interstate migration flows, the actual population outcomes as seen through 2021/22 and 2022/23 in SA.

If, however, overseas migration flows are constrained by national policies and housing cost and availability impacts the relative attractiveness of South Australia to potential migrants, public policy makers and business and other employers need to be aware of the domestic labour force potential availability and constraints.

In the following tables we show at a summary level the recent population and labour force changes aggregated by sex and various age groups. These age groups are necessarily arbitrary, but we believe they represent useful aggregations for analysis and projection purposes.

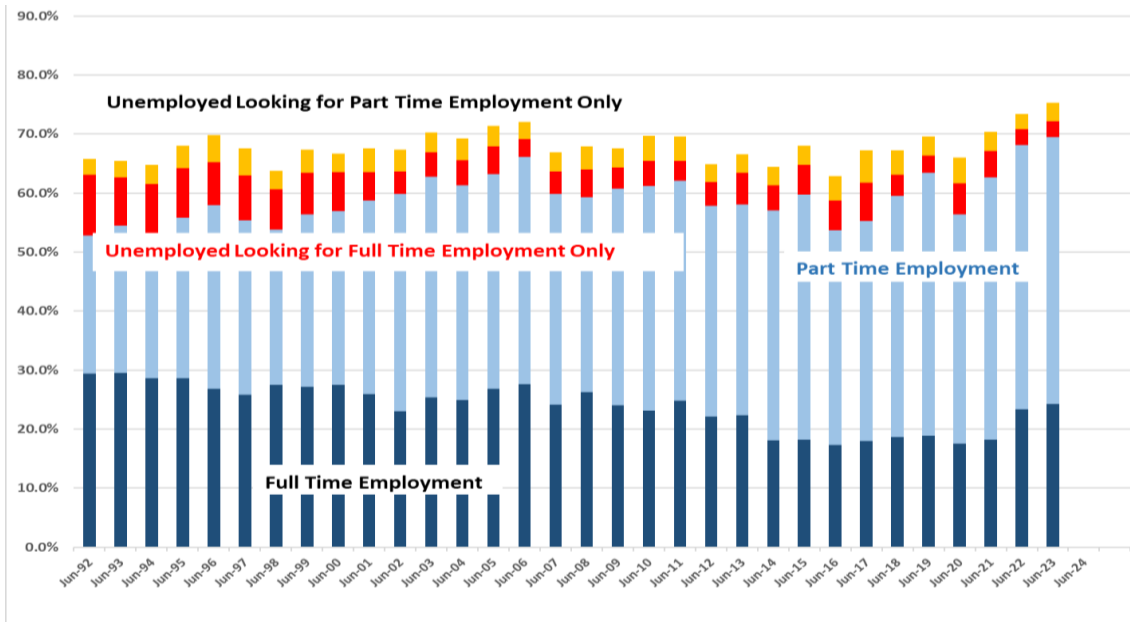
15 to 24 years

The 15 to 24 year age group broadly encompasses the new labour force entrants and the populations with the highest education and training participation. Up to age 18 or 19, most of these people will be in secondary education. School Apparent Retention Rates in South Australia for years 10–12 in 2023 were 80.2 per cent for males and 90.8 per cent for females.ⁱⁱ

For ages 15 – 24 years not at school, the characteristics are more diverse. According to the ABS, in May 2023, 39.3 per cent were fully engaged in full time employment only and 2.5 per cent were engaged in part time employment only; 24.5 per cent were engaged in full time study, with many likely employed part time, with a further 2.5 per cent involved in part time study and working part time; 18.5 per cent were only partially involved in study or employment; while 12.2 per cent were not engaged in either study or employment.ⁱⁱⁱ

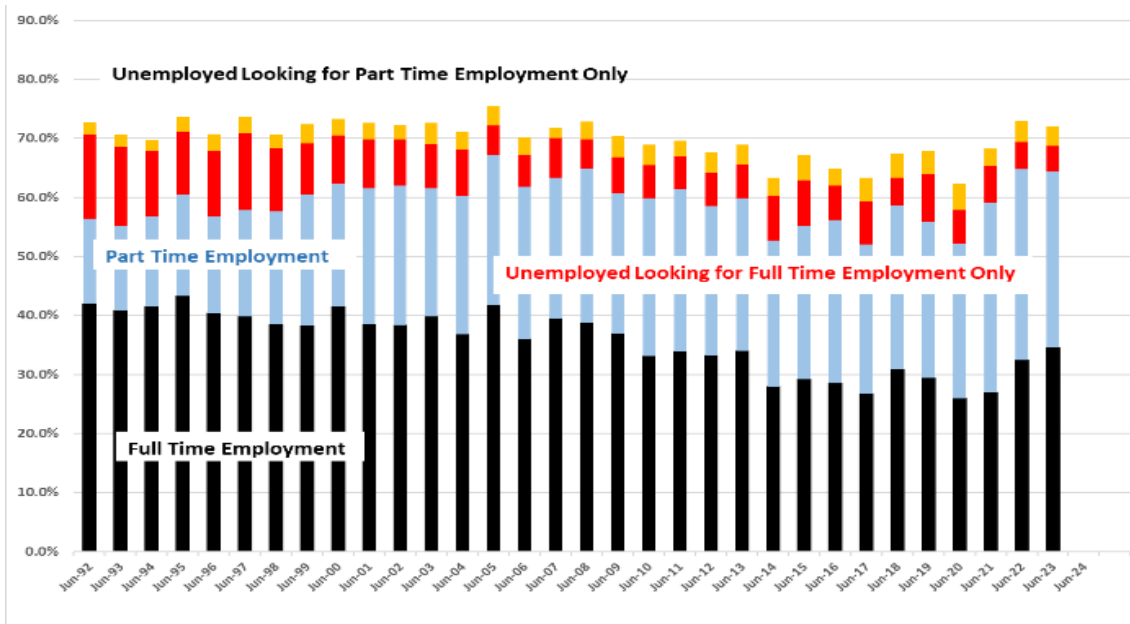
The education and training issues are reflected in the relatively low participation in the labour force as full time workers and high participation in the labour force as part time workers, although this is now higher and has expanded faster over the past decade for females, perhaps reflecting their more rapidly increasing participation in tertiary education than males.

Figure 3: South Australia: Females 15-24 Years – Employment & Unemployment as % of Cohort Population, June Quarter



Source: ABS Cat. 6291.0.55.001 – LMI- Labour force status by Age, Greater Capital City and Rest of State (ASGS), Marital Status and Sex, February 1978 onwards.

Figure 4: South Australia: Males 15-24 Years – Employment & Unemployment as % of Cohort Population, June Quarter



Source: ABS Cat. 6291.0.55.001 – LMI- Labour force status by Age, Greater Capital City and Rest of State (ASGS), Marital Status and Sex, February 1978 onwards

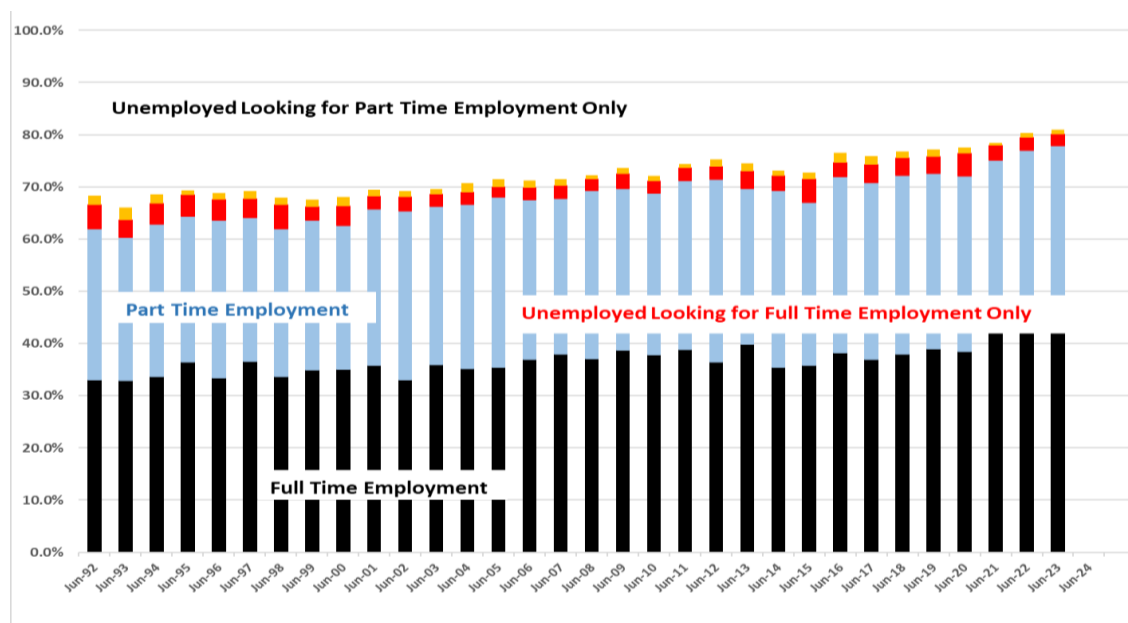
25 to 39 years

The 25 to 39 year age group would cover the main family formation, child bearing and career development phases. Full time education and training has largely ceased so there is more capacity for full time employment which also becomes a focus as this is the prime age cohort for first home purchase and forming families. The median ages of marriage for males and females in South Australia in 2016 (pre the COVID 19 pandemic) were 31.9 years and 29.9 years respectively, the same as nationally with 72 per cent first marriages for each person.⁶

This age cohort accounted for 83.5 per cent of births in South Australia in 2020 according to a report by Wellbeing SA. That year, 27.1 per cent of births were to mothers aged 25 - 29 years, 36.7 per cent to mothers aged 30 - 34 years and 19.7 per cent for those aged 35 - 39 years. The share of births for mothers 35 years or older has continued to rise, from 6.5 per cent in 1986 to 20.6 per cent in 2014 and 23.8 per cent in 2020.⁷

Female labour force participation rates and full time workers as a share of this population cohort have each steadily increased over the last three decades with female labour force participation rates approaching the male levels which have been broadly static since the early 1990s. Unemployment rates of females looking for full time work have remained remarkably stable and declining through the 2010s. Male unemployment rates as a share of the male population have been falling since the very high levels of the early 1990s and are likely at the lowest levels since the early 1970s.

Figure 5: South Australia: Females 25-39 Years – Employment & Unemployment as % of Cohort Population, June Quarter

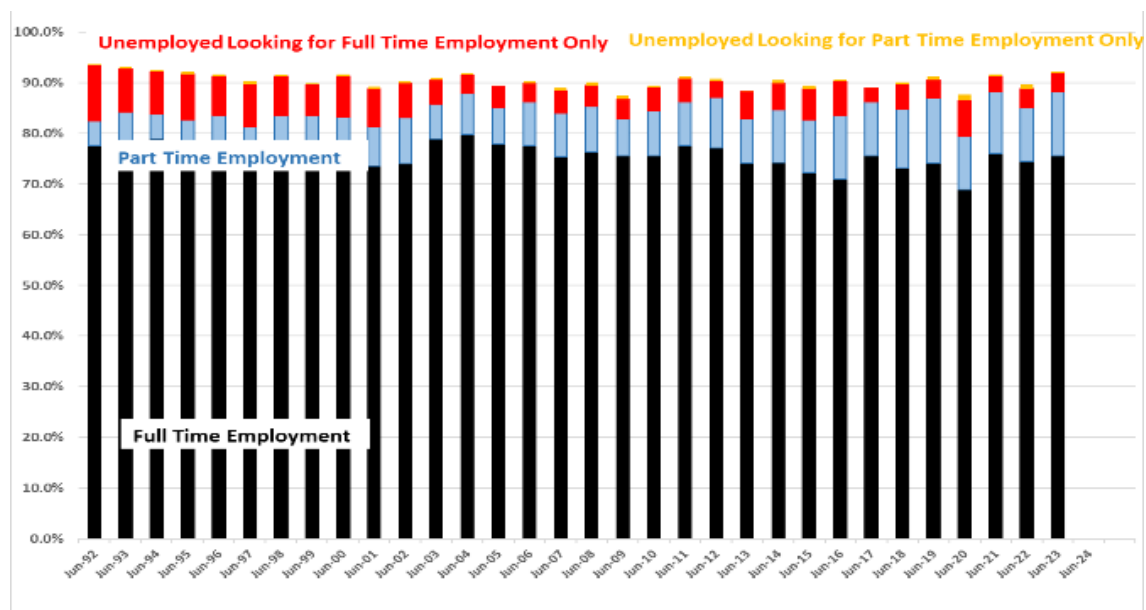


Source: ABS Cat. 6291.0.55.001 – LMI- Labour force status by Age, Greater Capital City and Rest of State (ASGS), Marital Status and Sex, February 1978 onwards

⁶ ABS Marriages and Divorces Australia 2016, Cat 3310. Accessed on line 19 May 2024.

⁷ Pregnancy Outcome in South Australia 2020. Adelaide: Pregnancy Outcome Unit, Prevention and Population Health Directorate, Wellbeing SA, Government of South Australia, 2022. Accessed online 20 May 2024.

Figure 6: South Australia: Males 25-39 Years – Employment & Unemployment as % of Cohort Population, June Quarter



Source: ABS Cat. 6291.0.55.001 – LMI- Labour force status by Age, Greater Capital City and Rest of State (ASGS), Marital Status and Sex, February 1978 onwards.

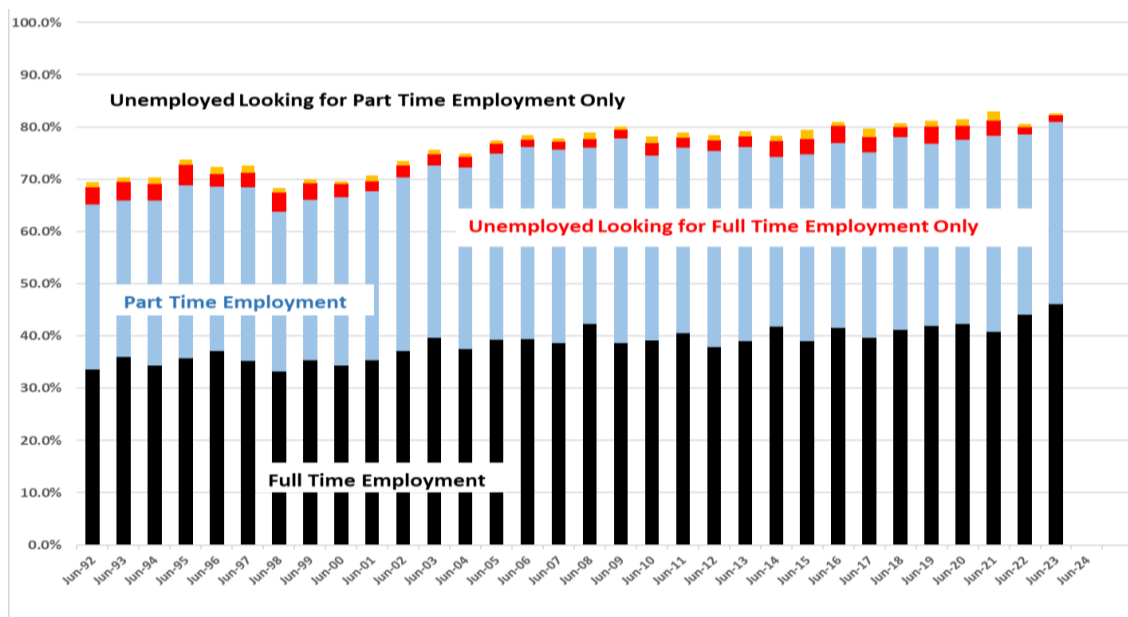
40 to 54 years

The 40 to 54 year age cohort is that of likely career maturation and the progressive reduction for females of pre-and primary school child care responsibilities. This is likely the prime age cohort for family changes, second home purchases and increased education costs. For males, this is likely to have been the group most affected by the restructuring and decline of manufacturing employment in SA over the last few decades.

Of interest is the female labour force participation rates and employment shares of the cohort population show similar trends and levels as for females aged 25 to 39 years. The main difference is that for the 40 to 54 year age group, the labour force participation rates appear to have broadly peaked at around 80 per cent in 2010 but for the 25 to 39 year age group appear to still be on an upward trend. Full time employment as a share of the cohort population has lifted post-pandemic to likely record high levels and has resulted in a shift out of part time employment and falling unemployment to very low levels for those seeking either full or part time employment.

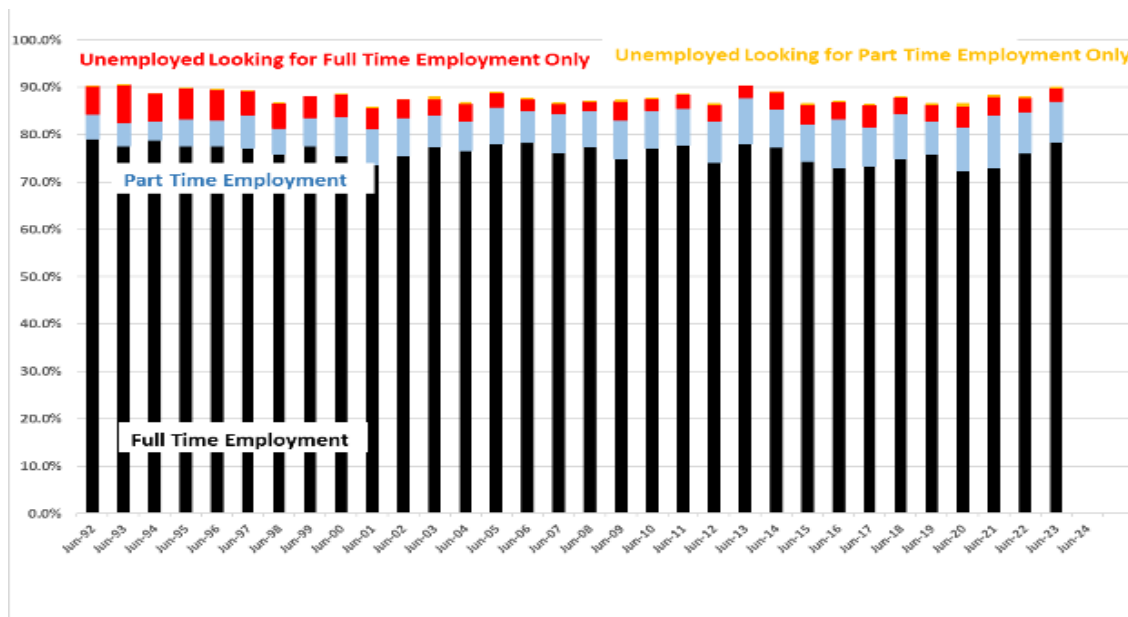
Male labour force participation and full time workers as a share of the cohort population declined through the 1990s and then again in the early 2010s with the loss of jobs in manufacturing and construction. Post pandemic, labour force participation and full time and total employment as a share of the population have each increased to or near the highest levels since the early 1990s and unemployment rates have fallen.

Figure 7: South Australia: Females 40-54 Years – Employment & Unemployment as % of Cohort Population, June Quarter



Source: ABS Cat. 6291.0.55.001 – LMI- Labour force status by Age, Greater Capital City and Rest of State (ASGS), Marital Status and Sex, February 1978 onwards

Figure 8: South Australia: Males 40-54 Years – Employment & Unemployment as % of Cohort Population, June Quarter



Source: ABS Cat. 6291.0.55.001 – LMI- Labour force status by Age, Greater Capital City and Rest of State (ASGS), Marital Status and Sex, February 1978 onwards

55 to 64 years

Labour force participation in this cohort is well below that for the 40 to 54 year olds, particularly for males which appears to have plateaued around 2010. Female participation is still increasing, perhaps reflecting that many of these women, unlike the previous generation, had higher younger workforce participation. Changes to participation will likely reflect many personal, intended lifestyle and economic, and financial factors.

Career development for many will generally be well completed. Personal health issues and wanting to retire may be of increasing influence, although generally improving health and longevity may allow many to work longer than in the past in this cohort. Rising workplace credentialism, reported age discrimination and increasing care responsibilities (the so called "Sandwich generation") for grandchildren and aged parents may be other push factors.

Living expenses will generally be lower as children will have mostly left home, although this appears to be less so in recent years; and home mortgages and other debts will have largely been paid out, although again anecdotal evidence suggests an increasing number of South Australians are heading into their mid-60s with considerable debt and less superannuation than desired and so prolonging the need to work.

After 35 to 45 years in the workforce, many in this cohort will be preparing for the end of paid employment. According to the ABS in 2022/23 the intended retirement age of South Australians surveyed was 64.7 years for those employed, up from 64.1 years in 2018/19; 63.1 years for those intending to retire in 2 years; and 63.9 years for those intending to retire in 5 years.

For many, formal retirement will be to gain access to superannuation, starting at age 55 and now at age 60 depending on date of birth (the latter if 1 July 1964 or later, now of age 60), and access to the Age Pension. The latter was initially available once turning 65 but has progressively moved to a minimum of 67 years for those born on or after 1 January 1957.

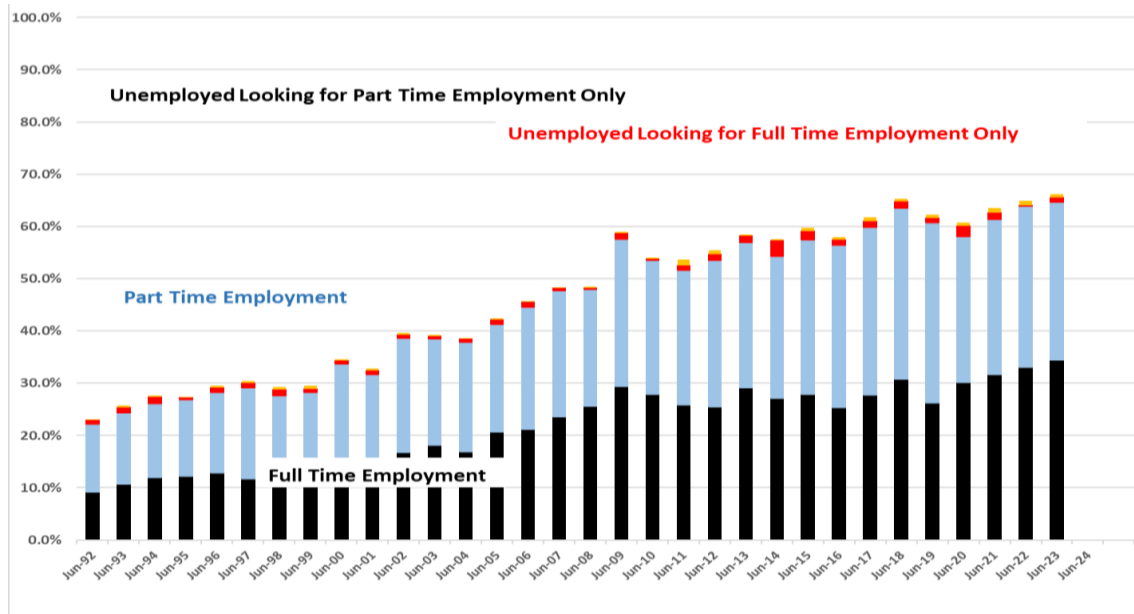
It should be noted, however, that most Australians when ceasing work in their mid-60s do not have sufficient personal savings or superannuation benefits to maintain an acceptable lifestyle. According to the Australian Institute of Health and Welfare, 63 per cent of Australians aged 65 years and over received some form of Commonwealth Government Income support on 31 March 2023. (This number is probably higher for South Australians.) Some 93 per cent of these people received some level of Age Pension.⁸

In the context of South Australian's labour force participation, it should also be noted that access to the Age Pension and to Superannuation, after age 65, is not dependent on ceasing work. However, the Income Test applying to the Age Pension in our view has been a substantial impediment to taking on paid employment⁹ and while recent changes by the Federal Government are a start, more needs to be done.

⁸ <https://www.aihw.gov.au/reports/australias-welfare/income-support-older-australians>.

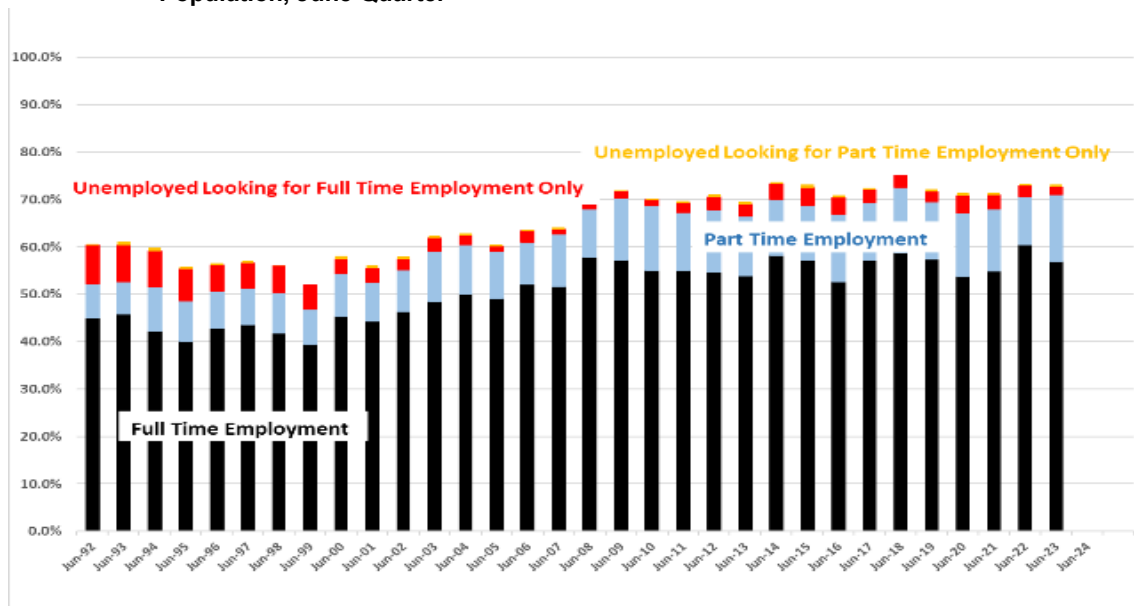
⁹ Possible Impacts of Reducing Disincentives for Age Pensioners to Increase Paid Employment, August 2020.

Figure 9: South Australia: Females 55-64 Years – Employment & Unemployment as % of Cohort Population, June Quarter



Source: ABS Cat. 6291.0.55.001 – LMI- Labour force status by Age, Greater Capital City and Rest of State (ASGS), Marital Status and Sex, February 1978 onwards.

Figure 10: South Australia: Males 55-64 Years – Employment & Unemployment as % of Cohort Population, June Quarter



Sources: ABS Cat. 6291.0.55.001 – LMI- Labour force status by Age, Greater Capital City and Rest of State (ASGS), Marital Status and Sex, February 1978 onwards.

The preparation for the end of paid employment is reflected in the latest Retirement intentions information collected by the Australian Bureau of Statistics for 2022/23, as shown in the tables below for ages 55 to 59 and 60 to 64.

There is considerable volatility, perhaps partly because of the sample sizes, but the numbers and shares of these groups intending to continue to work either full time or part time until retirement, which is still broadly seen by South Australians as around 65 years, have generally increased over the last 20 years.

Of note for labour force participation, is the increasing intent to switch from full time work to part time work before retirement. While there has been little increase in the number or shares of the workforce not intending to retire, the intent to switch to part time work is now held by 37 per cent of the full time workforce 55 to 59 years and 42 per cent of the full time workforce 60 to 65 years.

Table 3: South Australian Workforce Retirement Intentions: Ages 55-59 and 60-64 years

	55 - 59 years				60 - 64 years			
	2004/05	2012/13	2018/19	2022/23	2004/05	2012/13	2018/19	2022/23
In the labour force '000	59.7	67.5	91.8	81.1	30.8	53.4	58.5	73.5
Employed	58.2	64.5	89.0	77.6	29.3	51.2	54.7	71.2
Full-time workers	42.5	38.5	64.0	47.3	19.6	29.2	24.0	43.4
Intends to continue working full-time	15.3	10.3	25.2	21.8	4.2	13.9	7.0	16.2
Continue full-time until retirement	15.3	10.3	25.2	20.7	4.2	13.6	7.0	15.4
Continue full-time, unsure if will retire	0.0	0.0	0.0	1.1	-	0.3	0.0	0.8
Intends to retire from full-time and work part-time	11.0	15.9	17.7	17.4	6.1	9.4	10.2	18.3
Change to part-time before retirement	9.2	14.5	15.7	13.6	5.8	8.2	8.7	17.9
Change to part-time, never intends or unsure if will retire	1.7	1.4	2.0	3.8	0.3	1.2	1.5	0.4
Unsure if change to part-time	13.4	9.2	17.3	6.3	7.7	3.8	5.7	6.4
Unsure if change to part-time before retirement	12.9	7.3	15.8	5.5	7.7	3.0	5.0	5.2
Unsure if change to part-time, never intends or unsure if will retire	0.5	1.8	1.5	0.9	-	0.8	0.7	1.3
Never intends to retire from full-time work	2.8	3.1	3.8	1.8	1.6	2.1	1.2	2.6
Part-time workers	15.7	26.0	25.0	30.2	9.7	22.0	30.3	27.7
Continue part-time until retirement	15.7	20.8	23.2	28.2	9.7	17.9	28.6	25.2
Continue part-time, unsure if will retire	0.0	2.3	0.5	0.3	-	3.2	0.5	0.4
Continue part-time, never intends to retire	0.0	2.8	1.3	1.7	-	0.9	1.3	2.1
Unemployed	1.6	3.1	2.8	3.6	1.5	2.2	3.8	2.4
Not in the labour force	35.8	35.8	22.8	31.3	41.5	41.7	46.3	40.8
Retired from the labour force	26.7	28.0	18.1	19.0	36.8	36.2	34.7	35.5
Not retired from the labour force	8.4	5.6	4.7	5.3	1.1	3.0	9.7	4.9
Not retired, intends to work full-time	4.4	3.3	4.7	3.7	1.1	1.7	5.7	2.3
Not retired, intends to work part-time	3.9	2.3	0.0	1.7	-	1.3	4.0	2.6
Had never worked before	0.7	2.2	0.0	6.9	2.9	2.5	1.9	0.4
Total Population	95.5	103.3	114.5	112.4	72.3	95.1	104.8	114.3

Source: ABS Cat 6238.0 Retirement and Retirement Intentions 2022-23, Table 1.2, accessed online 22 May 2024.

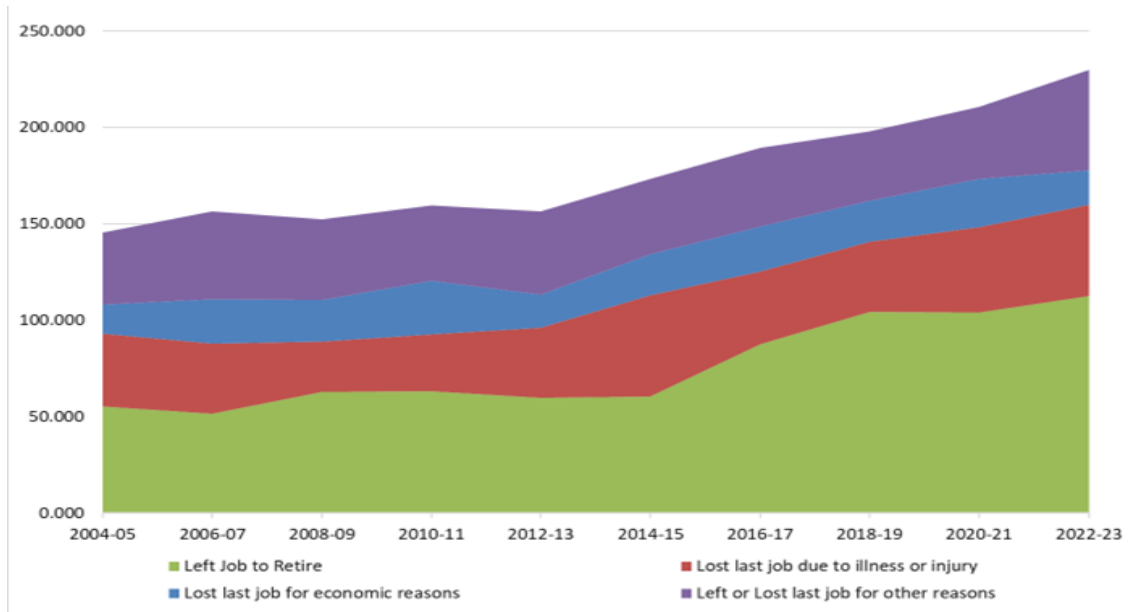
Table 4: South Australian Workforce Retirement Intentions: Ages 55-59 and 60-64 years, Selected Ratios

Selected Ratios	55 - 59 years				60 - 64 years			
	2004/05	2012/13	2018/19	2022/23	2004/05	2012/13	2018/19	2022/23
In the labour force, % of population	63%	65%	80%	72%	43%	56%	56%	64%
Employed, % of Population	61%	62%	78%	69%	40%	54%	52%	62%
Full-time workers, % of population	44%	37%	56%	42%	27%	31%	23%	38%
Intends to continue working full-time, % of FT workers	36%	27%	39%	46%	22%	48%	29%	37%
Continue full-time until retirement, % of FT workers	36%	27%	39%	44%	22%	47%	29%	35%
Continue full-time, unsure if will retire, % of FT workers	0%	0%	0%	2%	0%	1%	0%	2%
Intends to retire from full-time and work part-time, % of FT workers	26%	41%	28%	37%	31%	32%	42%	42%
Change to part-time before retirement, % of FT workers	22%	38%	24%	29%	30%	28%	36%	41%
Change to part-time, never intends or unsure if will retire, % of FT workers	4%	4%	3%	8%	1%	4%	6%	1%
Unsure if change to part-time, % of FT workers	32%	24%	27%	13%	39%	13%	24%	15%
Unsure if change to part-time before retirement, % of FT workers	30%	19%	25%	12%	39%	10%	21%	12%
Unsure if change to part-time, never intends or unsure if will retire, % of FT workers	1%	5%	2%	2%	0%	3%	3%	3%
Never intends to retire from full-time work, % of FT workers	7%	8%	6%	4%	8%	7%	5%	6%
Part-time workers, % of population	16%	25%	22%	27%	13%	23%	29%	24%
Continue part-time until retirement, % of PT workers	100%	80%	93%	93%	100%	81%	94%	91%
Continue part-time, unsure if will retire, % of PT workers	0%	9%	2%	1%	0%	11%	2%	2%
Continue part-time, never intends to retire, % of PT workers	0%	11%	5%	6%	0%	3%	5%	8%
Unemployed, % of population	2%	3%	2%	3%	2%	2%	4%	2%
Not in the labour force, % of population	37%	35%	20%	28%	57%	44%	44%	36%
Retired from the labour force, % of population	28%	27%	16%	17%	51%	38%	33%	31%
Not retired from the labour force, % of population	9%	5%	4%	5%	2%	3%	9%	4%
Not retired, intends to work full-time, % of population	5%	3%	4%	3%	2%	2%	5%	2%
Not retired, intends to work part-time, % of population	4%	2%	0%	1%	0%	1%	4%	2%
Had never worked before, % of population	1%	2%	0%	6%	4%	3%	2%	0%

Source: ABS Cat 6238.0 Retirement and Retirement Intentions 2022-23, Table 1.2, accessed online 22 May 2024.

Individuals will have many different reasons for retiring. Figure 11 shows the main reasons for those over 45 who are retired as reported to the ABS since 2004/05. Data is not available for the reasons in each particular year but with most of the growth occurring in the *Left Job to Retire* category rather than due to having lost jobs, it appears likely intending retirees are being able to exercise more of their choice in this matter.

Figure 11: Reasons for Having Retired, South Australia aged 45 and Over



Source: ABS Cat 6238.0 Retirement and Retirement Intentions 2022-23, Table 1.2, accessed online.

In that context of choice for this age group, people's decisions about whether and when to retire appear to be heavily influenced by their perceptions of their health and the quality of life, in a very broad sense, available to them between retirement and death, rather than their age per se.

Cregan et al (2021) discuss how at least a subgroup of potential retirees appear to be weighing up how continuing in work, for the various reasons people work, compares against the expected quality of life in what is seen as a finite retirement.¹⁰ They note "...*The passage of time prompts them (workers in good health) to consider in an ongoing way how best to spend the decreasing amount of life left to them in work or in active retirement.*"

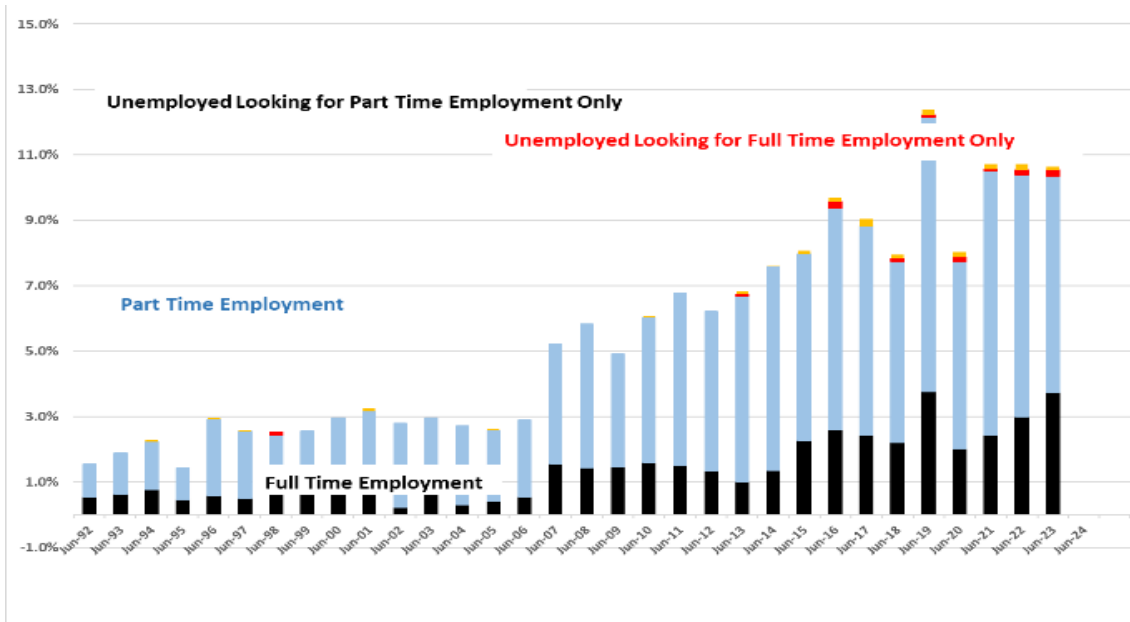
65 years and over

These cohorts have historically had very low workforce participation by comparison with younger cohorts and these age groups in other countries. While participation is expected to decline as people age, particularly when occupations were more physically wearing and age health conditions poorer, the early introduction by international standards of the Aged Pension in Australia in 1909 at age 65 for males and 60 for females, well above the average life expectancy at that time of around 54 years, probably set an expectation about the "normal" age to finish work even as average life expectancies rose.

In 1935 the average life expectancy at birth first reached 65 years and in the late 1980s it reached 75 years. For Australian males and females currently age 65 years, life expectancy is 85.3 and 88 years respectively.

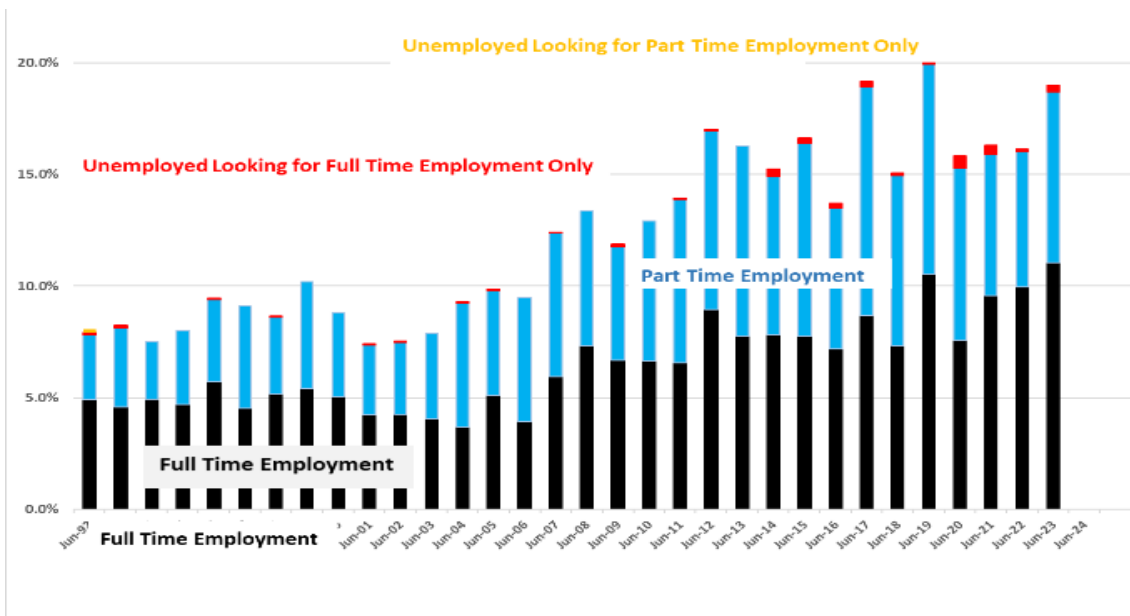
¹⁰ Cregan C., Kulik C.T., Perera S. and Sardeshmukh S. (2023) When time is running out: A growth curve analysis of older workers' retirement intentions *Journal of Organisation Behaviour*, 44(5), 760 – 775, <https://doi.org/10.1002/job.2692>

Figure 12: South Australia: Females 65 Years and Over – Employment & Unemployment as % Cohort Population, June Quarter



Sources: ABS Cat. 6291.0.55.001 – LMI- Labour force status by Age, Greater Capital City and Rest of State (ASGS), Marital Status and Sex, February 1978 onwards

Figure 13: South Australia: Males 65 Years and Over – Employment & Unemployment as % Cohort Population, June Quarter



Sources: ABS Cat. 6291.0.55.001 – LMI- Labour force status by Age, Greater Capital City and Rest of State (ASGS), Marital Status and Sex, February 1978 onwards.

The idea of finishing work at age 65 despite rising life expectancies was accentuated through the 1980s in order to “make way” for younger workers with rising unemployment beginning in the early 1970s from the combination of international economic shocks, local industry restructuring and the strong labour force growth with the “baby boomers” coming into the workforce.

Female labour force participation after age 65 remains very low despite recent increases since the mid-2000s. This likely reflects the generally relatively low labour force participation through life of those aged 65 to 70 in the early 1990s and the ability for females to get the Age Pension at a lower age (60 years) until early 1995 than men. The access for females was progressively raised from February 1996 to 2014, when it became the same age as the male access age. This age is now 67 years after 1 January 2024 for both sexes.

Labour force participation of females aged 65 years and over is lifting, however, with the ABS reporting the employment to population ratio for 65 year olds in 2020 was 35.6 per cent, compared with 10 per cent for 65 year old females in 2000.¹¹

Tables 5 and 6 drawn from the ABS Retirement and Retirement Intentions 2022-23 show increased labour force participation in this age group, but it has been focussed in the 65 to 69 year old cohort. There have been increases in both full and part time workers and their share of the cohort's populations.

These age groups also intend to work longer but, in somewhat of a contrast to the 55 to 59 and 60 to 65 year age groups where in 2022/23 37 per cent and 42 per cent respectively of full time workers intended to retire from full time work and work part time, a much lower 19 per cent of full time workers in 2022/23 intended to move to part time work prior to full retirement. This may indicate around 70 years or so for many full time workers may be when work force participation ends.

Table 5: South Australian Workforce Retirement Intentions: Ages 65-69 and 70 years and over

online 22 May 2024	65 - 69 years				70 years and over			
	2004/05	2012/13	2018/19	2022/23	2004/05	2012/13	2018/19	2022/23
In the labour force '000	10.0	20.2	18.4	28.2	9.4	14.3	15.0	18.9
Employed	9.7	19.0	18.4	28.2	9.4	14.3	14.5	18.4
Full-time workers	3.1	7.0	8.0	14.8	2.1	3.2	6.2	5.5
Intends to continue working full-time	1.8	2.5	1.3	7.8	1.4	0.8	1.6	1.7
Continue full-time until retirement	1.8	2.5	1.3	7.8	1.4	0.8	1.6	1.7
Continue full-time, unsure if will retire	-	-	-	0.0	-	-	-	-
Intends to retire from full-time and work part-time	-	1.1	3.0	2.8	-	1.1	1.4	0.5
Change to part-time before retirement	-	1.1	2.6	2.7	-	1.1	1.0	0.5
Change to part-time, never intends or unsure if will retire	-	-	0.4	0.2	-	-	0.4	-
Unsure if change to part-time	1.3	0.6	2.7	2.3	-	-	-	1.1
Unsure if change to part-time before retirement	0.7	0.6	1.7	2.0	-	-	-	1.1
Unsure if change to part-time, never intends or unsure if will retire	0.6	-	1.0	0.3	-	-	-	-
Never intends to retire from full-time work	-	2.9	0.9	1.8	0.7	1.2	3.1	2.2
Part-time workers	6.6	11.9	10.5	13.5	7.2	11.2	8.3	12.8
Continue part-time until retirement	6.6	10.2	10.0	10.9	5.4	6.2	5.2	7.6
Continue part-time, unsure if will retire	-	0.8	0.4	1.5	-	1.6	1.7	2.2
Continue part-time, never intends to retire	-	1.0	-	1.1	1.8	3.3	1.4	3.1
Unemployed	0.3	1.2	-	0.0	0.0	0.0	0.5	0.5
Not in the labour force	48.9	61.1	77.1	74.1	141.2	146.5	193.8	229.8
Retired from the labour force	42.5	56.0	70.5	66.7	126.3	135.7	186.8	220.5
Not retired from the labour force	2.5	3.9	4.4	3.3	0.5	3.5	0.3	0.6
Not retired, intends to work full-time	1.0	1.7	1.7	1.7	0.0	1.3	0.0	0.4
Not retired, intends to work part-time	1.4	2.2	2.6	1.6	0.5	2.3	0.3	0.2
Had never worked before	3.4	1.2	2.3	4.1	14.4	7.2	6.6	8.6
Total Population	58.9	81.2	95.5	102.4	150.5	160.8	208.8	248.7

Source: ABS Cat 6238.0 Retirement and Retirement Intentions 2022-23, Table 1.2, accessed online 22 May 2024.

¹¹ Australian Bureau of Statistics (18 March 2021), [Changing female employment over time](#), ABS Website, accessed 26 January 2024.

Table 6: South Australian Workforce Retirement Intentions: Ages 65-69 and 70 years and over, Selected Ratios

Selected Ratios	65 - 69 years				70 years and over			
	2004/05	2012/13	2018/19	2022/23	2004/05	2012/13	2018/19	2022/23
In the labour force, % of population	17%	25%	19%	28%	6%	9%	7%	8%
Employed, % of Population	16%	23%	19%	28%	6%	9%	7%	7%
Full-time workers, % of population	5%	9%	8%	14%	1%	2%	3%	2%
Intends to continue working full-time, % of FT workers	59%	35%	17%	53%	66%	27%	26%	30%
Continue full-time until retirement, % of FT workers	59%	35%	17%	53%	66%	27%	26%	30%
Continue full-time, unsure if will retire, % of FT workers	-	-	-	-	-	-	-	-
Intends to retire from full-time and work part-time, % of FT workers	-	15%	38%	19%	-	34%	23%	9%
Change to part-time before retirement, % of FT workers	-	15%	33%	18%	-	34%	17%	9%
Change to part-time, never intends or unsure if will retire, % of FT workers	-	-	5%	1%	-	-	6%	-
Unsure if change to part-time, % of FT workers	41%	9%	34%	15%	-	-	-	20%
Unsure if change to part-time before retirement, % of FT workers	21%	9%	21%	14%	-	-	-	20%
Unsure if change to part-time, never intends or unsure if will retire, % of FT workers	-	-	12%	2%	-	-	-	-
Never intends to retire from full-time work, % of FT workers	-	-	-	-	34%	39%	21%	40%
Part-time workers, % of population	11%	15%	11%	13%	5%	7%	4%	5%
Continue part-time until retirement, % of PT workers	100%	85%	84%	81%	75%	56%	62%	56%
Continue part-time, unsure if will retire, % of PT workers	-	6%	3%	11%	-	15%	21%	16%
Continue part-time, never intends to retire, % of PT workers	-	9%	-	8%	25%	30%	17%	23%
Unemployed, % of population	0.6%	1.5%	-	0.0%	0.0%	0.0%	0.3%	0.2%
Not in the labour force, % of population	83.0%	75.2%	80.7%	72.4%	93.8%	91.1%	92.8%	92.4%
Retired from the labour force, % of population	72.2%	68.9%	73.8%	65.2%	83.9%	84.4%	89.5%	88.7%
Not retired from the labour force, % of population	4.2%	4.8%	4.6%	3.2%	0.3%	2.2%	0.2%	0.2%
Not retired, intends to work full-time, % of population	1.7%	2.1%	1.8%	1.7%	0.0%	0.8%	0.0%	0.2%
Not retired, intends to work part-time, % of population	2.5%	2.7%	2.8%	1.6%	0.3%	1.4%	0.2%	0.1%
Had never worked before, % of population	5.7%	1.5%	2.4%	4.0%	9.6%	4.5%	3.2%	3.5%

Source: ABS Cat 6238.0 Retirement and Retirement Intentions 2022-23, Table 1.2, accessed online 22 May 2024.

Prospects for Labour force Growth in South Australia

It seems likely SA will continue to face severe labour force shortages through to 2032/33 at least and therefore constraints on industry expansion and economic growth in the absence of faster productivity growth. Housing demand seems likely to stay strong, however, with continued adverse pressures on new owner occupiers and renters.

This is on the basis of:

- The expected strong growth in employment demand we have discussed in earlier papers to meet the various needs of the ageing community and continued expansion of the NDIS;
- The likely decline in national and SA Net Overseas Migration (NOM) from current levels as assumed in the ABS assumptions of Net Overseas Migration in their 2023 population estimates. As noted above, however, there is very limited quantitative information available from Federal policy makers on this issue; and
- Reasonable changes to SA labour force participation rates in the major workforce age groups.

Possible outcomes for the SA labour force to 2032/33 will be principally influenced by changes to overseas migration and labour force participation. Net Natural increase will have minimal impact in this time frame with the biggest potential influence being of substantial changes to the death rate seeming unlikely unless through war or pandemic. Net Interstate migration may be a swing factor but not considered likely to make a significant positive contribution.

Table 7 summarises by the aggregated age groups the changes in the labour force and population from 2017 to 2023 and the projected population growth for each to 2033 using the ABS Population Projection Medium Variant.

The major source of labour force growth, 42.4 per cent of the total, came from the population aged 25 to 39 years and likely reflecting the surge in Net Overseas Migration pre and post COVID restrictions. On the ABS projections this source of population growth, and therefore likely labour force growth, largely stops by 2033. Population growth per annum slows from 3.1 per cent in 2017 to 2023 to 0.3 per cent per annum to 2033.

With the passage of time, people shift out of this age group and into the 40 to 54 year group where growth lifts from 0.3 per cent per annum in 2017 to 2023 to 1.2 per cent per annum to 2033. We look in more detail below as to how this might be reflected in labour force growth.

Of note is that after relatively strong growth (1.1 per cent per annum) in the population 55 to 64 years through 2017 to 2023 and this group's labour force (1.9 per cent per annum and 13.3 per cent share of

total labour force growth). Population growth in this group is projected by the ABS to have stopped by 2027 with the projected population to decline until 2036 to well below 2017 levels.

Tables 7 and 8 show recent South Australian history in more detail by aggregated age groups separately for males and females of population, labour force numbers and participation rates and employment. We include the Australian labour force participation rates as a potential reference. We have used averages for each June quarter to line up with the ABS population projections, to provide more timely data and smooth out monthly fluctuations.

Table 7 South Australia's Population and Labour Force by Major Age Groups

	Labour Force (June Qtr Avg)				
	'000	'000	Change '000	% Change pa	Contribution to growth %
	2017	2023			
15 - 24 years	142.9	163.7	20.8	2.8%	19.6%
25 - 39 years	278.4	323.5	45.1	3.1%	42.4%
40 - 54 years	277.8	293.0	15.2	1.1%	14.3%
55 - 64 years	145.0	159.1	14.1	1.9%	13.3%
65 years and over	42.6	53.7	11.1	4.7%	10.4%
Total 15 years and over	886.6	993.0	106.4	2.3%	100.0%
Population ABS Estimated Actuals (June 30)					
	'000	'000	Change '000	% Change pa	Contribution to growth %
	2017	2023			
15 - 24 years	219.2	222.5	3.3	0.3%	2.8%
25 - 39 years	335.7	373.7	38.0	2.2%	32.4%
40 - 54 years	334.3	339.5	5.2	0.3%	4.4%
55 - 64 years	216.5	228.6	12.0	1.1%	10.2%
65 - 79 years	228.0	273.9	45.9	3.7%	39.1%
65 years and over	311.1	369.9	58.8	3.5%	50.1%
Total 15 years and over	1,416.8	1,534.2	117.4	1.6%	100.0%
ABS Population Projections June 2033 - Medium Variant					
	'000	'000	Change '000	% Change pa	Contribution to growth %
	2023	2033			
15 - 24 years	222.5	244.5	22.1	1.0%	13.1%
25 - 39 years	373.7	384.8	11.1	0.3%	6.6%
40 - 54 years	339.5	383.3	43.8	1.2%	25.9%
55 - 64 years	228.6	225.4	-3.2	-0.1%	-1.9%
65 - 79 years	273.9	315.0	41.2	1.4%	24.4%
65 years and over	369.9	465.2	95.3	2.3%	56.4%
Total 15 years and over	1,534.2	1,703.2	169.0	1.1%	100.0%

Sources: ABS Cat. 6291.0.55.001 – LMI- Labour force status by Age, Greater Capital City and Rest of State (ASGS), Marital Status and Sex, February 1978 onwards, Pivot Table accessed online January 2024. ABS Population Projections, Australia, 2022 (base) – 2017, Table B4 accessed online January 2024.

The SA population movements in the 15 to 24 years age group appear to show a significant impact of the pandemic's suspension of net overseas migration. While Net Interstate Migration losses overall paused in 2020/21, the beneficial impact on population was more than offset by the Net Overseas Migration losses, presumably particularly of international students. Populations of each sex fell in 2021 but labour force participation rates lifted sharply, resulting in growth in the labour force.

Table 8 South Australia's Labour Force by Sex and Age Groups 15-24 years June Qtr. 2017 to 2033

	2017	2018	2019	2020	2021	2022	2023	2033 ABS Projections		
								High	Medium	Low
15 to 24 years - Females										
Civilian Population '000	107.0	106.8	106.8	105.5	103.1	104.3	107.7	121.4	118.9	116.6
Labour Force '000	71.9	71.8	74.3	69.6	72.6	76.5	81.0		90.4	
Employment '000	59.2	63.6	67.7	59.5	64.6	71.1	74.8			
Employment to Population Ratio %	55.3%	59.5%	63.4%	56.4%	62.7%	68.1%	69.5%			
Labour Force Participation Rate %	67.2%	67.2%	69.6%	66.0%	70.4%	73.4%	75.3%		76%	
Labour Force Participation Rate %, Aust	65.3%	67.6%	68.2%	61.4%	70.0%	72.8%	70.9%			
15 to 24 years - Males										
Civilian Population '000	112.2	112.3	112.9	112.0	109.6	110.8	114.8	128.4	125.6	123.0
Labour Force '000	71.0	75.6	76.6	69.7	74.8	80.8	82.7		93.0	
Employment '000	58.3	65.8	63.1	58.4	64.8	71.7	73.9			
Employment to Population Ratio %	52.0%	58.6%	55.8%	52.1%	59.1%	64.8%	64.4%			
Labour Force Participation Rate %	63.3%	67.3%	67.8%	62.3%	68.3%	72.9%	72.0%		74.0%	
Labour Force Participation Rate %, Aust	67.1%	68.1%	68.1%	61.9%	68.5%	71.0%	71.3%			

Sources: ABS Cat. 6291.0.55.001 – LMI- Labour force status by Age, Greater Capital City and Rest of State (ASGS), Marital Status and Sex, February 1978 onwards. ABS Population Projections, Australia, 2022 (base) – 2071, accessed 29 January 2024.

For each sex, employment recovered through 2021 and by the June quarter 2022 was well above pre pandemic levels and continues to grow. SA Labour force participation rates are now above national levels for each sex. Further substantial growth would seem unlikely in view of the public policy initiatives to increase secondary, tertiary and VET education participation. This may also act to constrain the potential for increased full time labour force participation.

The ABS population growth projections to 2033 would appear to be highly dependent on the Net Overseas Migration assumptions and the impacts of changing Federal Government policies regarding study visa conditions. The population projections could be considered to be at the upper end of likely outcomes.

For an understanding of the potential labour force growth to 2033 we have focussed on the ABS Medium variant and a forecast of the possible Labour Force Participation rate in 2033 as shown in the Medium Variant column used in providing a projected labour force. For this age group we have assumed further growth in the participation rate although it would appear likely to be getting near the upper limit in view of the competing demands of increase secondary and tertiary study,

For the 25 to 39 years age group, there appears to have been a similar although less pronounced impact on population growth of Net Overseas Migration ceasing in 2020/21, particularly for females (Table 9). Of note is that by the June quarter of 2022 employment of females, likely reflecting the increase in health and the various care services demand, was above that in 2019 and has continued to grow strongly. This has lifted the labour force participation rate although at 80.9 per cent it remains below the national average.

Table 9 South Australian Labour Force by Sex and Age Groups, June Qtr, & ABS Projected Population

	2017	2018	2019	2020	2021	2022	2023	2033 ABS Projections		
								High	Medium	Low
25 to 39 years - Females										
Civilian Population '000	169.7	172.8	176.4	180.3	180.6	182.4	186.9	193.3	189.2	185.8
Labour Force '000	128.9	132.6	136.2	139.9	141.7	146.4	151.2		157.1	
Employment '000	120.3	124.9	128.1	130.1	135.8	140.5	145.8			
Employment to Population Ratio %	70.9%	72.3%	72.6%	72.2%	75.2%	77.0%	78.0%			
Labour Force Participation Rate %	75.9%	76.8%	77.2%	77.6%	78.5%	80.3%	80.9%		83%	
Labour Force Participation Rate %,	76.2%	77.4%	78.0%	76.7%	80.3%	81.4%	82.8%			
25 to 39 years - Males										
Civilian Population '000	166.0	167.7	174.3	178.6	180.1	182.1	186.8	199.1	195.6	192.6
Labour Force '000	149.5	153.7	159.2	156.5	165.2	163.2	172.3		183.9	
Employment '000	144.6	144.8	151.7	142.0	158.8	155.0	165.1			
Employment to Population Ratio %	86.2%	84.9%	87.0%	79.5%	88.2%	85.1%	88.4%			
Labour Force Participation Rate %	89.1%	90.1%	91.3%	87.6%	91.7%	89.6%	92.2%		94%	
Labour Force Participation Rate %,	91.4%	91.6%	91.9%	89.6%	92.2%	91.5%	92.6%			

Sources: ABS Cat. 6291.0.55.001 – LMI- Labour force status by Age, Greater Capital City and Rest of State (ASGS), Marital Status and Sex, February 1978 onwards. ABS Population Projections, Australia, 2022 (base) – 2071, accessed 29 January 2024.

For males, population growth slowed through 2020/21 but with the fall in employment in mid-2020 there was a substantial fall in labour force participation and the labour force fell. These falls were each more than reversed through 2021, 2022 and 2023 such that by the June quarter of 2023 SA's male labour force participation rate for this age group of 92.2 per cent was broadly around the national average.

The ABS is projecting to 2033 very limited population growth for each sex under each of the Medium and Low growth variants. For Females, it is respectively growth of 1.2 per cent and a fall of 0.6 per cent, while for males it is growth of 4.7 per cent and 3.1 per cent respectively. This follows growth of around 10 per cent for each in the previous 5 years.

The differential in the growth rates appears to reflect a likely assumption that Net Overseas Migration will be principally of males. Actual outcomes for overall Net Overseas Migration could therefore be substantially affected by proposed changes to Study Visas designed to reduce the number of applicants wishing to find work rather than study.

In this age group, with the strong demand for workers in health and aged, disability and pre-school child, a greater focus on suitably qualified female immigrants might provide most specific workforce benefits.

The potential main increase in hours worked in this age group to 2033 would, however, be most likely to come from females already in SA to continue to increase labour force participation overall and particularly full time employment. This group of females has the prime child care responsibilities.

Childcare subsidies are already in place focused on allowing increased labour force participation while the SA Government's proposals to increase the availability of Out of School Hours Care are also designed to assist workforce participation and improve children's longer term educational achievement.

Each policy will, however, increase the demand for workers in early childcare so the net impact on overall labour force availability may be problematic unless it is largely met by migrants.

For this age group we have assumed further growth in the participation rates for each sex although they would each appear likely to be getting near their upper limits. This is particularly for males at a 94 per cent participation rate as there would be some proportion of this population that does not wish to work due to other priorities or health reasons.

Further increases for females to at least the national average would seem possible although female workforce participation appears already high by industrialised country standards.

Of interest is the comparison with Denmark which, amongst the European Union countries, has the highest childcare hours provided in institutional care for those up to three years (almost 80 per cent in 2015) and the second highest for children from 3 years to mandatory school age (almost 100 per cent in 2015).¹² For Women 25 to 34 years, the Danish Employment to Population Ratio in the third quarter of 2023 was 77 per cent¹³, about the same as in SA for the 25 to 39 year age group.

¹² Women in the Labour Market, European Semester Thematic Factsheet, European Commission, page 7.

¹³ Statbank.dk/2309/AKU110k.

To 2033, the 40 to 54 years old population is likely to be the main potential source of labour force growth with the population on the Medium variant projected to grow at 1.2 per cent per annum and in total by 43,800, 37.8 per cent of the projected growth in the population aged 15 years to 79 years. This would be likely to mainly reflect people moving out of the 25 to 39 age group rather than a substantial lift in Net Overseas Migration.

Table 10: South Australia's Labour Force by Sex and Age Groups 40 - 54 years June Qtr. 2017 to 2033

	2017	2018	2019	2020	2021	2022	2023	2033 ABS Projections		
								High	Medium	Low
40 to 54 years - Females										
Civilian Population '000	168.7	167.7	167.3	168.0	168.6	169.9	171.9	196.4	194.9	193.6
Labour Force '000	134.5	135.4	135.9	136.9	140.0	136.9	142.0	163.7		
Employment '000	127.0	131.2	128.7	130.5	132.4	133.7	139.5			
Employment to Population Ratio %	75.3%	78.2%	76.9%	77.7%	78.5%	78.7%	81.1%			
Labour Force Participation Rate %	79.7%	80.7%	81.2%	81.5%	83.0%	80.6%	82.6%	84%		
Labour Force Participation Rate %, Aust	79.4%	80.5%	80.8%	78.3%	81.1%	82.2%	82.7%			
40 to 54 years - Males										
Civilian Population '000	165.6	164.7	164.2	164.4	165.0	165.8	167.6	189.4	188.4	187.6
Labour Force '000	143.3	145.1	142.4	142.6	145.9	146.0	151.0	171.5		
Employment '000	135.4	139.0	136.2	134.2	138.9	140.8	145.9			
Employment to Population Ratio %	81.7%	84.4%	83.0%	81.6%	84.2%	84.9%	87.1%			
Labour Force Participation Rate %	86.5%	88.1%	86.7%	86.7%	88.4%	88.1%	90.1%	91%		
Labour Force Participation Rate %, Aust	89.2%	89.3%	89.8%	89.2%	89.7%	89.9%	89.8%			

Sources: ABS Cat. 6291.0.55.001 – LMI- Labour force status by Age, Greater Capital City and Rest of State (ASGS), Marital Status and Sex, February 1978 onwards. ABS Population Projections, Australia, 2022 (base) – 2071, accessed 29 January 2024.

In addition, further growth in labour force participation of females in this age group appears likely. Of note since 2017 at least is that SA females labour force participation has generally been at or above the national average. We project growth to 84 per cent in view of the national average of 82.7 per cent and the relatively high and rising labour force participation, now over 80 per cent, of South Australian females on average in the 25 to 39 age group. Around two in three of this latter population will have moved into the 40 to 54 year old age group by 2033.

While the trend of later childbearing may continue, by the late 2020s the SA Government's proposed policies on OSHC and Pre-School should be sufficiently well implemented to give more women with children in their early 40s and 50s more choice and flexibility about workforce participation.

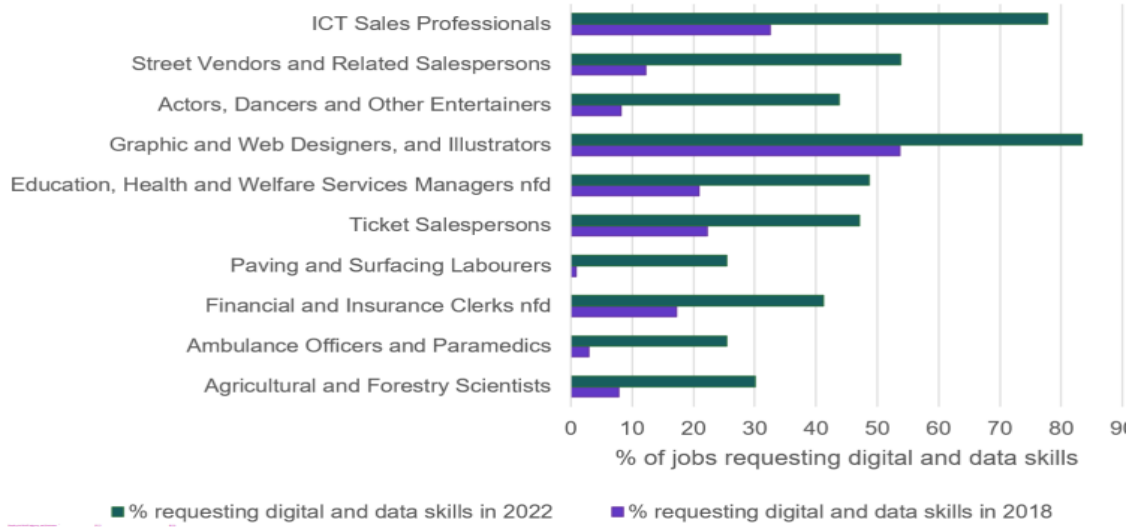
Male labour force participation and full time employment participation in South Australia are now at or above national average levels and the highest since the early 1990s. It seems unlikely there would be substantial further rises in male labour force participation rates in this age group or further shifts on average from part time to full time work.

A policy issue is the impact likely continued rapid changes in industry structures, job types and technologies and processes applying to jobs, along with the rising credentialism required to be qualified to do an increasing number of jobs, would have on this age group.

As an example, Figure 14 from Job Skills Australia indicates the pace at which digital and data skills are being increasingly demanded across a very broad range of occupations.

While increasing credentialism may initially most impact new job entrants, much of this age group will have finished formal education and training 25 to 30 years ago. In addition, job creation and destruction seems likely to accelerate under the impact of the issues noted above and the as yet unquantified changes likely to be brought by Artificial Intelligence and machine learning.

Figure 14: Top 10 occupations with highest growth in the percentage of jobs requesting digital ai data skills, 2018 to 2022



Source: Lightcast (2018 – 2022); Jobs and Skills Australia analysis

Source: Towards a National Jobs and Skills Roadmap, Annual Jobs and Skills Report 2023, Jobs Skills Australia, Commonwealth of Australia 2023.

Governments may therefore need to consider more strongly what roles they play in the processes of (re) education and (re) training for the mature age job transitioner as compared with the new workforce entrant.

Labour force growth in the 55 to 64 year old age cohort will have to come from increased labour force participation rates as the ABS is projecting this population cohort to peak across each of its variants in the 2020s. The population is then projected to decline through to the mid-2030s to the lowest levels, on the Medium variant, since around 2018.

Participation rates are, however, already relatively high after increasing post COVID. For each of males and females it is likely at post WW2 highs and now exceed the national averages.

Table 11: South Australia's Labour Force by Sex and Age Groups 55-64 years June Qtr. 2017 to 2033

	2017	2018	2019	2020	2021	2022	2023	2033 ABS Projections		
								High	Medium	Low
55 to 64 years - Females										
Civilian Population '000	110.9	112.5	114.1	116.5	116.9	116.9	117.1	116.2	115.7	115.2
Labour Force '000	68.4	73.4	71.1	70.7	74.2	75.8	77.6		78.6	
Employment '000	66.4	71.5	69.3	67.6	71.8	74.6	75.8			
Employment to Population Ratio %	59.9%	63.5%	60.7%	58.0%	61.4%	63.8%	64.7%			
Labour Force Participation Rate %	61.7%	65.3%	62.3%	60.7%	63.5%	64.9%	66.2%		68%	
Labour Force Participation Rate %,	60.6%	60.4%	61.3%	60.1%	63.3%	64.2%	64.3%			
55 to 64 years										
Civilian Population '000	105.7	107.3	108.7	110.3	111.1	111.3	111.4	110.0	109.7	109.5
Labour Force '000	76.5	80.9	78.4	78.8	79.3	81.6	81.5		81.2	
Employment '000	73.3	77.9	75.6	74.1	75.5	78.6	79.2			
Employment to Population Ratio %	69.4%	72.6%	69.5%	67.2%	67.9%	70.6%	71.1%			
Labour Force Participation Rate %	72.4%	75.4%	72.1%	71.4%	71.4%	73.3%	73.2%		74%	
Labour Force Participation Rate %,	72.8%	72.9%	73.7%	72.1%	74.3%	75.4%	74.2%			

Sources: ABS Cat. 6291.0.55.001 – LMI- Labour force status by Age, Greater Capital City and Rest of State (ASGS), Marital Status and Sex, February 1978 onwards. ABS Population Projections, Australia, 2022 (base) – 2071, accessed 29 January 2024

Some further gains seem likely with specific push factors for higher labour force participation in this cohort likely to be:

- Generally improving health and life expectancies and likely rising expectations about desired standard of living post-employment and for a longer period than their parents often lived; and
- The increased ages for access to Age Pension, now 67 years for people now in and entering this age cohort; and to Superannuation, with the Preservation age from 1 July 2024 being 60 years, up from 58 as at 1 January 2021.

For females, there could be the opportunity for more hours worked as the ongoing labour shortages are likely to see a further increased availability of full time employment as part of the overall increase in employment participation. However, the ratio of part time to full time employment in this cohort for females seems remarkably stable over the last 30 years at around 50:50 or so.

For business and public policy makers the focus for increasing the labour force participation would include:

- The (re) training and (re) education issues noted for the 40 to 54 year age cohort;
- The social and community expectations about people remaining in the workforce past their 60s; and
- What changes are needed in work practices to accommodate this groups' other responsibilities including in grandchild care and likely rising support for aged parents. The latter is in the context particularly of the Federal Government policies aimed at having older Australians remain in their own homes for as long as possible.

The **65 and over years group** population has historically, as noted earlier, had low labour force participation rates and unlikely other cohorts, this did not lift post COVID. The labour force growth from 2017 to 2023 was therefore almost all due to the cohort's population growth of 18.9 per cent. Most of this population growth occurred in the 65 to 79 year age group, up by 45,900 or 20.1 per cent, compared with the population 80 years and over which lifted 13,000 or 15.5 per cent.

Table 12: South Australia's Labour Force by Sex and Age Groups 65-79 years June Qtr. 2017 to 2033

	2017	2018	2019	2020	2021	2022	2023	2033 ABS Projections		
								High	Medium	Low
65 to 79 years - Females (Estimated)										
Civilian Population '000	118.7	122.7	126.9	131.8	136.2	140.2	143.6	167.7	166.1	165.3
Labour Force '000 (65 and over)	15.2	13.7	22.0	14.8	20.3	20.8	21.2		29.9	
Employment '000 (65 and over)	14.8	13.4	21.6	14.2	19.9	20.2	20.6			
Employment to Population Ratio %	12.5%	10.9%	17.0%	10.8%	14.6%	14.4%	14.3%			
Labour Force Participation Rate %	12.8%	11.2%	17.3%	11.2%	14.9%	14.9%	14.8%		18%	
65 to 79 years - Males (Estimated)										
Civilian Population '000	109.3	112.7	116.2	120.5	124.2	127.2	130.2	150.0	148.9	148.2
Labour Force '000 (65 and over)	27.4	22.3	30.6	25.2	26.5	27.2	32.5		44.7	
Employment '000 (65 and over)	27.1	22.0	30.3	24.0	25.8	26.7	31.9			
Employment to Population Ratio %	24.8%	19.5%	26.0%	19.9%	20.7%	21.0%	24.5%			
Labour Force Participation Rate %	25.1%	19.8%	26.4%	20.9%	21.3%	21.4%	25.0%		30%	

Sources: ABS Cat. 6291.0.55.001 – LMI- Labour force status by Age, Greater Capital City and Rest of State (ASGS), Marital Status and Sex, February 1978 onwards. ABS Population Projections, Australia, 2022 (base) – 2071, accessed 29 January 2024.

This suggests the static labour force participation rates are not principally due to the increasing share of the population 80 years and over which would be expected to currently have minimal labour force participation. It seems to be about issues specific to the population 65 to 79 years.

As we have noted in an earlier paper^{iv}, an important negative influence is likely the income test applying to the Aged Pension and other Commonwealth Income Supports as these remain the main sources of income for most people 65 and over. According to the Australian Institute of Health and Welfare, while the share of the population 65 years and over receiving some form of Commonwealth Income Support was 63 per cent at March 2023, of which 92 per cent was the Age Pension.

Increasing labour force participation rates in the 65 years and over group through to 2033 is likely to make an important contribution to SA's labour force issues. This population group is projected by the ABS (based on each of its change variants) to be the fastest growing and to make the biggest contribution to South Australia's overall population growth over the period to 2033. On the Median variant, the population is projected to grow by 95,300 and comprise 56.4 per cent of the total growth.

Over half this growth (54,100) is in the population 80 years and older which grows at a projected 2.3 per cent per annum to 2033. Its share of the population 15 years and over, the group considered to be potential labour force participants, rises from 6.2 per cent to 8.8 per cent.

Of particular relevance is that the growth projected by the ABS in the 65 to 79 year group slows considerably from 45,900 or 3.7 per cent pa between 2017 and 2023 to 41,200 and 1.4 per cent pa from 2023 to 2033. It still grows, but more slowly, as a share of the population 15 years and over from 17.8 per cent in 2023 to 18.5 per cent in 2033.

In view of the size of this population, the pressures facing the SA economy, housing markets and labour force and the poverty and poor welfare and health issues facing many 65 years and over, the low labour force participation of the 65 years and over group, and the 65 to 79 year group in particular, need attention.

Table 13: South Australia's Labour Force by Sex and Age Groups 80 years and over, June Qtr. 2017 to 2033

	2017	2018	2019	2020	2021	2022	2023	2033 ABS Projections		
								High	Medium	Low
80 years and over - Females (Estimated)										
Civilian Population '000	49.4	50.0	51.0	52.1	53.2	54.2	55.4	86.4	85.0	84.9
Labour Force '000	1.0	1.0	1.0	1.0	1.1	1.1	1.1		2.5	
Employment '000 (65 and over)										
Employment to Population Ratio %										
Labour Force Participation Rate %	2%	2%	2%	2%	2%	2%	2%		3%	
80 years and over - Males (Estimated)										
Civilian Population '000	33.7	34.6	35.6	36.8	37.9	39.3	40.7	65.9	65.2	65.2
Labour Force '000	0.7	0.7	0.7	0.7	0.8	0.8	0.8		2.6	
Employment '000 (65 and over)	0.7	0.7	0.7	0.7	0.8	0.8	0.8			
Employment to Population Ratio %	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%			
Labour Force Participation Rate %	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%		4%	

Sources: ABS Cat. 6291.0.55.001 – LMI- Labour force status by Age, Greater Capital City and Rest of State (ASGS), Marital Status and Sex, February 1978 onwards. ABS Population Projections, Australia, 2022 (base) – 2071, accessed 29 January 2024.

For Business and public policy makers the focus for increasing the labour force participation would include the factors noted for the 55 to 64 year age cohort along with:

- What changes are needed in work practices to accommodate this groups' health and non-work lifestyle requirements, e.g. relating to travel and volunteer responsibilities; and
- How the various Asset and Income Tests for Commonwealth Income Support payments - Age Pension, Disability Support Pension, Carer Payment and Job Seeker Payment - discourage paid employment.

Total Labour Force projected outcomes

Table 14 shows all the 15 plus years age group cohorts combined for South Australia for the June quarters for 2017 through to 2023 and the ABS High, Medium and Low population projections to 2033.

While we have projected increased labour force participation in each age group as provided by the ABS in its Medium population projection, the strong growth in the age groups with low labour force participation, i.e. the 65 to 79 years and 80 years and over, results in the labour force participation rates by 2033 being overall flat to lower than in 2023 across each sex and for the overall population 15 years and over.

Over the next 10 years on these ABS Medium projections the labour force grows more slowly (+10.4 per cent) than the population (+11.0 per cent). This is in contrast to the period 2017 to 2023 when the labour force grew considerably faster (+12.0 per cent) than the population (+8.3 per cent) as the overall labour force participation rate rose.

It should be noted that the projected increase in the labour force by 2033 would likely be higher if the ABS High Projection variant was used. This variant, however, uses net national international immigration assumptions to 2033 that are well above the assumptions for net international immigration implied by recent Federal Government policy announcements and as used in the 2024 Federal Budget.

Table 14: South Australia's Labour Force by Sex and All Age Groups 15 years plus June Qtr. 2017 to 2033

	2017	2018	2019	2020	2021	2022	2023	2033 ABS Projections		
								High	Medium	Low
Total Females 15 years and older										
Civilian Population '000	724.4	732.7	742.6	754.3	758.7	767.9	782.6	881.3	869.8	861.3
Labour Force '000	420.0	428.1	440.5	433.0	449.9	457.7	474.1		522.2	
Employment '000	387.7	404.7	415.4	401.9	424.5	440.1	456.5			
Employment to Population Ratio %	53.5%	55.2%	55.9%	53.3%	55.9%	57.3%	58.3%			
Labour Force Participation Rate %	57.8%	58.3%	59.2%	57.3%	59.2%	59.5%	60.4%		60.0%	
Labour Force Participation Rate %, Austr:	59.8%	60.7%	61.0%	58.5%	61.6%	62.5%	62.8%			
Total Males 15 years and older										
Civilian Population '000	692.4	699.2	712.0	722.7	727.9	736.5	751.6	842.8	833.4	826.1
Labour Force '000	468.3	478.3	487.9	473.6	492.5	499.7	520.8		576.7	
Employment '000	439.4	450.2	457.5	433.3	464.5	473.6	496.8			
Employment to Population Ratio %	63.5%	64.4%	64.3%	60.0%	63.8%	64.3%	66.1%			
Labour Force Participation Rate %	67.6%	68.4%	68.5%	65.5%	67.7%	67.8%	69.3%		69.2%	
Total 15 years and older										
Civilian Population '000	1416.8	1431.9	1454.6	1476.9	1486.6	1504.4	1534.2	1724.1	1703.2	1687.4
Labour Force '000	888.3	906.3	928.4	906.6	942.4	957.4	995.0		1099.0	
Employment '000	827.1	854.8	872.9	835.3	888.9	913.7	953.3			
Employment to Population Ratio %	58.4%	59.7%	60.0%	56.6%	59.8%	60.7%	62.1%			
Labour Force Participation Rate %	62.7%	63.3%	63.8%	61.4%	63.4%	63.6%	64.9%		64.5%	

Sources: ABS Cat. 6291.0.55.001 – LMI- Labour force status by Age, Greater Capital City and Rest of State (ASGS), Marital Status and Sex, February 1978 onwards. ABS Population Projections, Australia, 2022 (base) – 2071, accessed 29 January 2024.

Relationship of the SA Labour Force Projections to potential Employment

In terms of labour market conditions, a major question is how might this projected lift of 104,000 in the labour force, a marginally slower gain by number than the 106,700 gain from 2017 to 2023, match up with the projected growth in employment.

Employment projections are always problematic, particularly over long time frames and into the future.

Table 15 shows the employment changes by industry sector from 2017 to 2023 and our projections to 2033.

On what would appear to be reasonably justifiable assumptions on growth by sector, and recognising that Net Overseas Migration, Interstate Migration, labour force participation rates and employment demand will each adjust as labour market conditions and outlooks change, it would appear South Australia's labour markets will remain tight.

Table 15: South Australia's Employment by Industry Sector 2017 to 2033

Sector	2017	2018	2019	2020	2021	2022	2023	2033 Proj	Projected Growth Rate per annum	Average Annual Growth Rate 2017 - 2023
Agriculture, Forestry and Fishing	34.5	38.4	32.2	31.8	35.1	38.3	39.6	42.5	0.7%	2.3%
Mining	9.2	7.7	9.1	14.0	17.3	11.5	14.8	15.9	0.7%	8.3%
Manufacturing	73.0	66.7	68.3	72.5	67.3	72.4	74.4	76.7	0.3%	0.3%
Electricity, Gas, Water and Waste Services	10.4	13.2	13.5	10.5	9.6	10.8	13.2	15.3	1.5%	4.1%
Construction	64.6	71.6	78.8	67.5	76.5	79.8	74.3	90.6	2.0%	2.4%
Wholesale Trade	19.4	22.8	26.7	25.8	24.1	23.9	28.7	33.4	1.5%	6.8%
Retail Trade	91.9	88.7	88.8	84.0	88.8	88.2	91.9	91.9	0.0%	0.0%
Accommodation and Food Services	53.3	64.2	62.4	49.5	55.3	55.5	57.9	64.0	1.0%	1.4%
Transport, Postal and Warehousing	44.9	40.5	40.2	39.2	33.9	40.2	45.9	47.7	0.4%	0.4%
Information Media and Telecommunications	10.1	12.0	11.1	11.6	8.8	9.2	11.6	12.8	1.0%	2.2%
Financial and Insurance Services	22.8	22.9	19.4	23.1	23.2	27.9	26.1	28.8	1.0%	2.3%
Rental, Hiring and Real Estate Services	11.1	13.2	11.4	12.6	14.2	10.5	11.8	12.4	0.5%	1.0%
Professional, Scientific and Technical Services	48.6	52.3	60.9	58.2	68.1	69.8	73.3	98.5	3.0%	7.1%
Administrative and Support Services	32.0	28.4	33.5	34.5	28.3	33.4	33.3	35.0	0.5%	0.7%
Public Administration and Safety	55.1	62.4	48.3	57.7	68.6	60.1	67.3	78.1	1.5%	3.4%
Education and Training	64.2	63.9	79.0	69.1	77.4	74.5	74.2	86.1	1.5%	2.5%
Health Care and Social Assistance	130.7	129.3	135.0	131.1	139.5	157.9	170.7	218.5	2.5%	4.6%
Arts and Recreation Services	17.7	16.6	12.2	14.8	13.5	10.9	13.5	14.9	1.0%	-4.5%
Other Services	32.9	31.0	34.6	29.9	39.5	39.9	34.3	37.8	1.0%	0.7%
Employed total	826.5	845.7	865.5	837.6	889.1	914.6	956.8	1,100.8		2.5%
Labour Force	888.3	906.3	928.4	906.6	942.4	957.4	995.0	1,099.0		

Sources: ABS, 6291.0.55.001 – LMI- Labour force, Australia, Detailed Table 05.

Conclusion

The impact of the ageing population on labour supply and health and aged care services, very slow projected growth in what have historically been the major working age cohorts and already generally high labour force participation rates points to increasing labour force constraints on South Australian economic growth. This is likely to limit rises in per capita living standards.

This outlook is expected to be compounded by a large number of Federal and State government policies which are increasing the demand for workers across a wide range of sectors already facing labour shortages.

These range across child, health, aged and disability care, while also raising educational and care standards and wages in these areas. Increased transport infrastructure spending; policies to lift housing construction; the further development of renewable energy production and transmission networks; the establishment of the hydrogen economy; and increased defence services and manufacturing activity will also likely add significantly to employment demand.

At the same time, Federal Government policies to reduce net international immigration nationally without a (unlikely) substantial lift in South Australia's share imply slower labour supply growth.

This in turn will likely require other sectors in South Australia to shed labour, that is to say, grow more slowly in the absence of increased labour force participation and stronger productivity growth.

Reduced net international immigration seems a sensible part of the response to the housing crisis nationally, itself in part due to labour shortages. However, it will not solve the housing shortage problem and seems highly likely to worsen current labour supply issues.

A much broader set of policy and business responses is needed, particularly to increase labour participation of the over 65 to 74 year age group. As this population is already in place, increased participation would reduce the need for the immigrant sourced increased workforce.

In addition, it is becoming a major part of the potential labour force opportunity. On the ABS Medium projections, the population growth in this sector to 2033 of 41,200 will be quadruple that of the 25 – 39 years and 55 – 64 years cohorts in combination and only 2,600 less than the projected population growth in the 40 – 54 year cohort.

The other major issue is to restart labour force productivity growth. This is so less of an increase in the labour supply, and therefore new housing demand, is likely most needed to meet the forecast growth in demand for goods and services.

This is particularly in the “care” sectors where strong growth in labour force demand will continue due to both demographic change and public policy. In view of these sectors already accounting for around 20 per cent of total employment in South Australia, the benefits of stronger productivity growth through areas such as education and training, business process improvement, government regulation rationalisation and application of new technologies, etc. would appear to provide some major immediate and longer term dynamic benefits to the South Australia industry and consumers.

Slower growth, but of a more productive and higher income workforce would seem preferable on a number of levels, including taking some pressure off the needed growth in the required size of the housing stock and increasing the capacity to pay more tax per capita while still having growth in after-tax incomes.

End notes:

-
- ⁱ All reports prepared for the Independent Research Fund (IRF) have been prepared through the South Australian Centre for Economic Studies, The University of Adelaide.
Possible Impacts of Reducing Disincentives for Age Pensioners to Increase Paid Employment, August 2020
65 Years and Over Industry Sector Workforce Participation October 2022
COVID 19 Potential Impacts on South Australia's Population: Closed Borders have Economic and Social Implications Paper 1
COVID 19 Potential Impacts on South Australia's Population: Policy Implications Emerge in the Wake of Population Changes Paper 2
COVID 19 Potential Impacts on South Australia's Population: Workforce Shortages Loom as Population Ages Paper 3
COVID 19 Potential Impacts on South Australia's Population: An Insight into South Australia's Employment for the Youth Cohort Paper 4
Super and Broken Work Patterns, Seventeenth Report of the Senate Select Committee on Superannuation, Parliament of the Commonwealth of Australia, Canberra November 1995, Chapter 15
- ⁱⁱ ABS Schools 2023 released 14/2/2024. Accessed online 17 May 2024
- ⁱⁱⁱ ABS Education and Work, Australia, May 2023, Table 15. Accessed online 17 May 2024
- ^{iv} Possible Impacts of Reducing Disincentives for Age Pensioners to Increase Paid Employment, August 2020