WILL RETIRED PEOPLE CHOOSE TO LIVE IN THE NORTHERN TERRITORY?

KEY FINDINGS

- Population ageing in developed nations includes the emergence of the ‘young old’ who are relatively healthy and wealthy and contribute to economic prosperity of the regions in which they live;

- The demographic imperative for a region like the NT which seeks population growth is to attract and retain ‘young old’ residents;

- While the NT’s older population has been increasing, there is still a pattern of outmigration of people approaching and entering retirement age;

- International experience suggests that six factors are involved in attracting retired people – natural amenity, access and infrastructure, a core activity, the presence of other retirees, an amenable climate, and opportunities for investment;

- The NT faces substantial challenges in creating an environment which meets the needs of retirees, and our projections of continued growth in this population may need to be reassessed.

RESEARCH AIM

To investigate the conditions under which the Northern Territory could stimulate growth in the retirement aged population.

This research brief draws on data from the Census of Population and Housing provided by the Australian Bureau of Statistics, and from the Northern Territory Population Mobility Survey (TMS) conducted by the Population Studies Group in late 2006. The study is part of a program of demographic research funded in part by the Northern Territory Treasury and the Australian Research Council.

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BACKGROUND

The ageing of populations in developed nations has significant implications for future patterns of economic development. Concerns about the costs of increasing dependency ratios (the proportion of the population not working compared to the proportion who are working) have been balanced by observations of the economic potential of the ‘young old’ – people who are past retirement age, but are still active either as producers (in part-time work or running ‘lifestyle’ businesses) or as consumers. As self-funded retirement becomes more common, and lifetime health and life expectancies improve, the ‘young old’ will become a more and more valuable economic resource.

The Northern Territory’s population is also ageing, but the patterns are somewhat different to that of the rest of Australia. In the case of the Northern Territory, our workforce is getting older, but the ‘hump’ of older workers has not yet passed into retirement age. The growth in retirement aged (65 years and over) people in the Northern Territory is largely attributable to ageing of the Indigenous population, who are less likely at this stage to be self funding in retirement. One of the issues for the Territory’s population future is the capacity to retain the cohort of ageing workers once they reach retirement age.

Beyond our existing population, there is an issue of attracting retirees to the Northern Territory from other States (and potentially other parts of the World). This is essential if the Territory hopes to reach its goal of increasing the population by 100 000 people over the next twenty years. This research brief revisits research onto patterns of mobility of people approaching and entering retirement age (see Research Brief 2008005), and then summarises the international literature in terms of what is required to attract and retain the ‘young old’. Finally, we provide a brief analysis of the challenges facing the Northern Territory, and propose a research agenda that will help in our efforts to attract this population.
Retirement Migration Patterns and the Northern Territory

Over the past twenty-five years, the greatest net loss of population through outmigration has been of those aged 60-64 years. The second largest out-migration group has been those aged 55-60 years, followed closely by those aged 65-69 years (see Figure 1).

Figure 1: Age specific net migration rates, 1980-2006

Source: Australian Bureau of Statistics Census of Population and Housing

What Figure 1 suggests is that people do not necessarily wait until they reach retirement age to make a residential move. These moves are more commonly made in the five or ten years prior to retirement as people seek to 'set themselves up' by moving to the place where they wish to spend the early years of their retirement (indicated by a substantial reduction in mobility of people 70 years of age and older).

Figure 2 sheds more light on the implications of the patterns observed in Figure 1. What it shows is a ‘bubble’ of people aged in their mid to late 20s entering the Northern Territory population in the late 1970s. This cohort has remained prominent in the age profile (although the bubble has gradually flattening out) through to 2006, with those people now aged in their mid to late 50s.
Historical patterns of outmigration over this time period would suggest that a large proportion of this cohort will leave the Northern Territory in the next five or ten years. The flattening of the bubble suggests that the process may have already started. Their departure could result in a population decline if a new cohort does not develop behind them. At minimum, the outmigration of the ‘young old’ will leave a substantial gap in the labour force (particularly in senior positions), and will change the age and sex profile of the population as a whole. Recent patterns of ageing (the median age in the Northern Territory has risen by nearly 10 years in this period to 33 years at the 2006 Census) may well be partially reversed.

The challenge for population growth ambitions is that we have traditionally struggled to retain younger people in the population, and the high rates of population turnover of people in their 20s and 30s has been identified as one of the challenges to sustainable population growth (see Research Brief 2008021 for an example). The population is likely to grow more slowly without a relatively stable cohort of ‘young old’ people. Furthermore, the change in expected age distribution of the population (from a growing cohort of older people to a return to highly mobile younger populations) has important implications for services design and delivery.
What Retirees Want
There is a growing international literature on the lifestyle preferences of the ‘young old’. In summary, the literature identifies six key factors that impact on decisions about where to live on (and approaching) retirement.

1. **Natural amenity** – ‘Young old’ are the driving force behind the ‘sea change’ and ‘tree change’ phenomena. They desire natural visual amenity which usually involves water (beach, lakes, rivers, mountain streams etc).

2. **Access and infrastructure** – the critical element here is the ability to easily maintain physical contact with family (particularly grandchildren). Stories of failed retirement migration efforts usually come back to a loss of contact with family and friends. There needs to be infrastructure (transport and communications) to support contact. There also needs to be infrastructure to reassure concerns about increasing needs for health services.

3. **A ‘core activity’** – retirement is often associated with an aspiration to engage in a hobby or recreational activity. This is particularly the case for men, with women being more interested in social interaction (see point four). Activities that are rated highly include fishing and golf. Economic activities are also rated highly – the opportunity to do hobby farming, wine making, manage a bed and breakfast business and so on.

4. **PLUs (People Like Us)** – the initial decision to make a lifestyle move at or near retirement age closely resembles the decision making process used to decide where to go for an extended holiday. In fact, many of the places selected by retirees are tourism destinations, but they are tourism destinations of a particular type. They are those with which this age group is familiar (and so have visited before), and where other retirees have ‘lead the way’. As with all trends, a critical mass of early adopters is required.

5. **Climate** – while there are successful retirement communities in many different environments, the literature does suggest that places that are too hot or too cold are generally avoided. Where these are selected (such as some mountain locations in Europe), they tend to have different seasons for tourists and residents. In the mountain example, ‘young old’ take up residence during the low summer season, and can rent their apartments and/or leave the location during the winter season when the snow sports tourists arrive.

6. **Investment opportunity** – the locations retirees prefer tend to provide good property investment opportunities – so that they can purchase property there before they actually move (and make money by renting it out to other residents or tourists). They also want locations where it is relatively easy (and profitable) to sell the property if they decide that the move has been a mistake or need to move closer to health care facilities, family and so on.

How the Northern Territory Rates
The major barriers for the Northern Territory in growing its population of ‘young old’ are access and infrastructure, people like us, climate, and investment. The last of these is more relevant in regional locations than in Darwin and Alice Springs where the housing market has been buoyant over a long period. Outside of a few centres in the Northern Territory, it is not possible to purchase land or housing, and the investment value of the purchases that can be made is questionable. More significantly, respondents to the 2006 Northern Territory Mobility Survey (see [http://www.cdu.edu.au/ssprr/documents/northern_territory_population_mobility_survey_2006.pdf](http://www.cdu.edu.au/ssprr/documents/northern_territory_population_mobility_survey_2006.pdf)) talked about the lack of, or inconvenience of, transport infrastructure as a key reason why they would move away when they retired. Limited choice of air services, long distances by road and rail, and back of clock air service schedules (Darwin) are all disincentives for
regular travel to and from the Northern Territory. Climate was also a significant issue. The Northern Territory has highly variable climates, with summer seasons (November to April) which are avoided by both residents and tourists.

Perhaps the most substantial barrier is the lack of an existing cohort of ‘young old’ (PLUs). The Australian Seniors Association identifies no locations in the Northern Territory as being designed specifically for ‘senior living’. Generating a sufficient critical mass of ‘young old’ and developing the infrastructure that is recognised as appropriate by networks of retirees is a major challenge.

That said, the Northern Territory has advantages in regards to natural amenity - beaches, rivers, and even desert landscapes (although the latter have proven difficult and expensive to manipulate to meet the needs of the ‘young old’ because of the lack of water features). The Northern Territory is well known as a fishing destination (again in the north rather than the south), and hosts other potential core activities such as four wheel driving/ camping and bird watching. The tourism sector, however, has not been structured around lifestyle products like bed and breakfast accommodation, and it has failed to attract a large number of repeat visitors, so familiarity with the location is low. Furthermore, the Northern Territory has been the worst performing jurisdiction in terms of tourism growth over the past ten years, which may indicate declining value attached to its natural amenity, climate, and infrastructure.

Further Research
The Northern Territory Mobility Survey only provided some information about the retirement intentions of older residents. More research is required specifically on the intentions of key groups (professional workers, self funded retirees). More research is also required on the potential economic benefits of a ‘young old’ cohort – can they help meet skilled labour shortages through part time work? Can they contribute to upskilling of younger people through continued engagement in the workforce or in education and training organisations? Can they play a part in restructuring the ailing tourism sector?

Consideration needs to be given to the implications of attempts to attract and retain ‘young old’ for community design. Where will ‘young old’ choose to settle? The evidence suggests Darwin and its immediate rural fringe. What facilities and services will be required to support the ‘young old’ in these locations? Are the costs of investing in these justified by the economic benefits? How do we address the issues relating to access? How do we address issues relating to property investment?

Finally, but most importantly, the impacts of various scenarios of ageing on population projections needs to be researched. What would the impacts be of a substantial outmigration of the existing ‘bubble’ over the next five or ten years? If the bubble is retained, how might this affect migration patterns in other age groups (children of retirees may move to the Northern Territory as well, for example)? The immediate and urgent need is to understand how the labour market might adjust to the outmigration of older workers over the next five or ten years, and what this means for the demographic profile of the Northern Territory in the years to come.