Northern Territory seats in the Australian Parliament: It's a long way up, but not far down

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RESEARCH AIM

Recently record numbers of residents have been leaving the Northern Territory for interstate, despite data suggesting a very strong economy. The relatively low rates of population growth which are resulting puts at risk our political representation in the national parliament (the House of Representatives). In this study we use long-term population data to simulate the conditions under which the Territory would lose one of its two seats, and what it would take to gain a further seat in the House of Representatives.

KEY FINDINGS

- The NT is experiencing record levels of net negative interstate migration equivalent to an entire suburb of Darwin (3,350 people) during 2013-2014.
- This affects the Territory's capacity to maintain its level of representation in the national parliament (House of Representatives).
- Our modelling shows the NT may lose a seat in the House of Representatives as soon as 2016-2017 if very high levels of net negative interstate migration continue and net overseas migration (currently at high positive levels) reduces.
- Conversely, a continuation of current trends for interstate and overseas migration suggests obtaining a third seat may be a 'long way off', in around the year 2054-55.
- A range of inter-connected reasons for present day high population losses at a time when the economy of the Territory is purportedly in a position of great strength are discussed in this brief.

1. Introduction

In December 2014, the Australian Bureau of Statistics (ABS) released population estimates for the year ending 30 June 2014 (ABS, 2014a). These data indicated record levels of net population loss from the Northern Territory (NT) to interstate, at around 3,350 (the equivalent to a northern suburb of Darwin or a large suburb in Alice Springs) in the year to June 2014. At Territory and State levels population change has three different components: *Natural Increase* (NI - number of births minus number of deaths), N*et Overseas Migration* (NOM - net gain or loss of population through immigration to Australia and emigration from Australia) and *Net Interstate Migration* (NIM - net gain or loss of population through the movement of people from one state or territory of usual residence to another). Although all States and Territories experienced positive population growth in the year ending 30 June 2014, the proportion each of these components contributed to population growth varied greatly (ABS, 2014a).

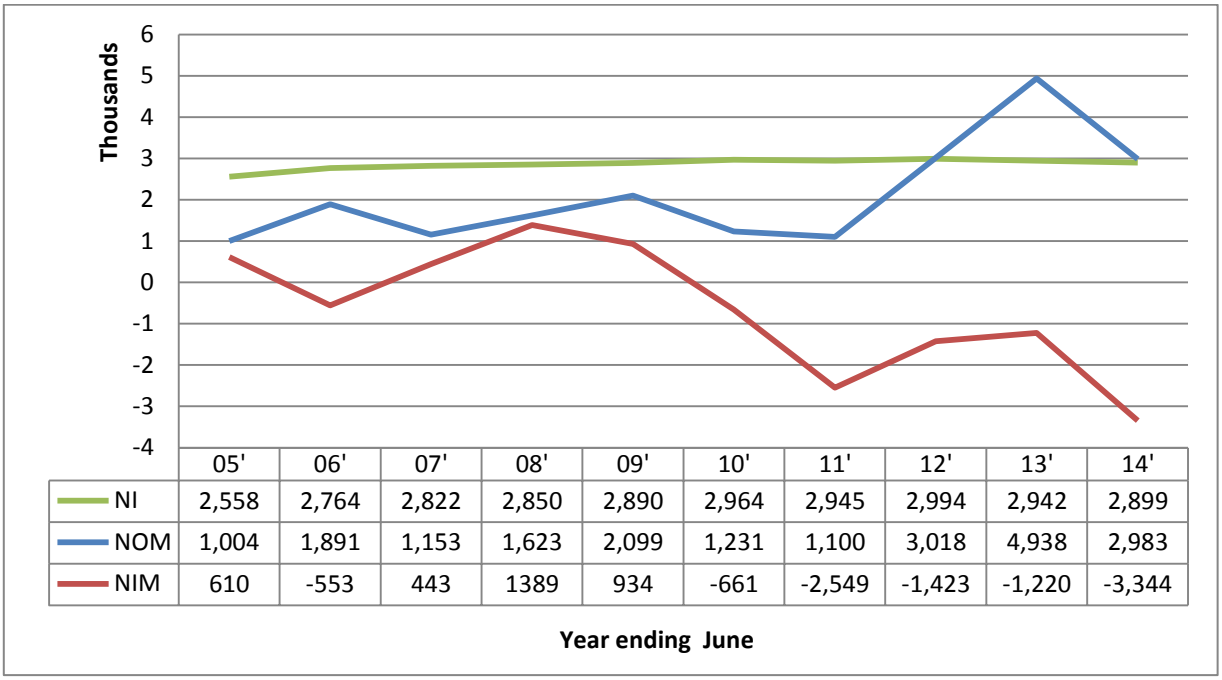
In the Northern Territory major observations on the components of change for that year were (ABS, 2014b):

- A net interstate migration loss of -3,344 people, a record for the Territory (excluding evacuations after Cyclone Tracy).
- Overseas migration continued at relatively high levels, but was slightly below the record year of 2012-13 at 2,983 people for the year 2013-14.
- Natural increase in the Northern Territory remained fairly stable at 2,899 people.

These trends mean that the Northern Territory experienced population growth of just 1.05% compared to a national growth rate of 1.58% in the year 2013-14. Historically, this rests below the NT's average growth rate of 1.24% for the past 5 years (2009-10 until 2013-14) and it means that the Territory is losing part of its share of the national population (currently at around 1%).

Figure 1 provides ten years of data for the components of population change. NI was relatively consistent with a 5 year average of 2,949 per annum and a 10 year average of 2,862 per annum. NOM has increased markedly since 2011 with an average of 2,654 per year over the past 5 years and an average of 2,104 per year for the last ten years. In contrast, NIM has plummeted since 2009-2010 and is currently at a 5-year average of -1,839 per year and a 10-year average of -1,274 per year.

Figure 1: Northern Territory Components of Population Change 2004-05 to 2013-14



	05'	06'	07'	08'	09'	10'	11'	12'	13'	14'
NI	2,558	2,764	2,822	2,850	2,890	2,964	2,945	2,994	2,942	2,899
NOM	1,004	1,891	1,153	1,623	2,099	1,231	1,100	3,018	4,938	2,983
NIM	610	-553	443	1389	934	-661	-2,549	-1,423	-1,220	-3,344

Source: ABS, 2014c

The record levels of NIM losses have occurred despite indicators on the strength of the economy suggesting the Territory is experiencing low unemployment rates and substantial economic growth. Reports propose that economic performance has been bolstered by construction associated with expansions in the oil and natural gas industry in particular (ABC, 2015). The consequences of the Territory losing share of the national population are far reaching and may seem contradictory during a time of high economic achievements (on paper at least). In the past, population outflows to interstate have led to the loss of a Territory seat in the national parliament (see Wilson et al., 2005) and reductions in Goods and Services Tax (GST) revenues for the NT. The current trends again place at risk the Territory's representation in the House of Representatives (HOR) and its share of GST revenues.

In this brief we simulate a range of possibilities for the components of population change to ascertain whether, how and when the Territory might lose its second HOR seat or gain a further seat to hold three. We then comment on a combination of factors that might be resulting in interstate population loss at a time when economic growth is purportedly robust.

2. Population and HOR representation entitlements for States and Territories

Official population estimates or census counts are used in many countries to determine local and regional political representation. In Australia, the Commonwealth Electoral Act 1918 indicates that the number of seats allocated to the population of each State and Territory in the HOR is largely decided by population size. Population size is determined by the Australian Statistician according to State and Territory Estimated Resident Populations (ERPs), with periodic re-calculations made

to allow for the changing geographical distribution of the nation's population (Wilson et al., 2005; Taylor, 2010).

The formulae for calculating the number of seats in the HOR is constrained so that each jurisdiction is allocated whole numbers of seats with the total number of seats across Australia being 150 (Taylor, 2010). The entitlements are calculated by dividing the total population figure for the Commonwealth, excluding Territory populations, by twice the number of Senators for the States to obtain the population quota (Australian Electoral Commission, 2014):

Total population of the six states / (Number of Senators for the states x 2) = Population quota

The population quota then divides the population of each State and Territory, and the result rounded to the nearest whole number to determine the number of members of the House of Representatives the State or Territory is entitled to:

Total population of individual state or territory / Population quota = Number of members

Important in calculating the number of members for the House of Representatives for a state or territory, if the remainder is more than 0.5, the figure for the number of members is rounded up. If the remainder is less than or equal to 0.5, the figure is rounded down (i.e. 2.5 = 2 members, and 2.52 = 3 members).

Moreover, the determination of the total population size of the Territories is slightly different than to the one of the States. The populations of the Territory of Cocos (Keeling) Islands and the Territory of Christmas Island are too small to entitle them to a member in the HOR, hence, the Commonwealth Electoral Act 1918 counts the Cocos and Christmas Island as part of the NT. In addition, Norfolk Islanders who are enrolled to vote in the NT are included (Wilson et al., 2005).

Prior to the year 2000, the Northern Territory was allocated just one seat in the HOR. However, because of the 2001 State and Territory ERP determinations made by the Australian Statistician, for the very first time, the NT was allocated a second seat. However, the second seat was almost lost just a few years later due to slower population growth relative to that of the six States. The result was that the Territory fell just a few people short of the required threshold for two seats (Wilson et al., 2005). The imminent halving of representation resulted in much public and Parliamentary uproar, including formal Parliamentary committee hearings and reports. Most of the outcry focused on perceptions of political unfairness with little attention being given to the key issue at the heart of this matter – namely the difficulty of estimating the Territory's population with sufficient accuracy for the purpose for which it was being used (Taylor, 2010).

Consequently, the procedure for calculating seat entitlements for the NT and ACT was changed in line with the Joint Standing Committee's recommendations. These amendments were made with the intention of largely removing the possibility of Territories being disadvantaged due to uncertainty in the official estimates of their populations. The solution recognised the existence of

uncertainty in ERP counts and based the threshold for seat removal for the NT and the Australian Capital Territory on the ERP minus the lower limit of a confidence interval for the ERP, while continuing to base the threshold for allocation on the ERP itself. Thus, the threshold for removing a HOR seat was reduced by two times the standard error of the ERP (Wilson et al., 2005).

The latest determination of seats in the HOR was in November 2014 and is outlined in Figure 2.

Figure 2: Details of the calculations performed in determining the number of members of the House of Representatives to be chosen in the Northern Territory

	Number of the people of the Northern Territory as ascertained by the Electoral Commissioner	Divided by the Quota	Result of the division	Number of members to be chosen
Northern Territory	246,478	158,286.8264	1.5572	2

Source: Commonwealth of Australia, 2014

The 'result of division' calculations show that in late 2014 the NT barely secured its second seat with the policy of rounding up saving it from a reduction to one seat. A continuation of record net loss of population to interstate is likely to place the NTs second seat at risk. While it is not clear what course of action might be taken by the Electoral Commission, Australian and Northern Territory Governments, should the NT fall below the quota for two seats, there is little awareness or discussion about the tenuous position of the Territory in relation to its level of national political representation.

3. Methods

The data used to create the different population growth scenarios from which we comment on the possibility of the NT losing or gaining a HOR seat were extracted from the latest Australian Demographic Statistics releases (ABS, 2014a; ABS, 2014b; ABS, 2014c). Each scenario represents assumptions for the three components of change: NI, NOM and NIM as described in the following scenarios. We excluded the Cocos (Keeling) and Christmas Islands' population as well as Norfolk residents in calculations of the NT population size for the creation of the scenarios since projections of their populations are not available, and not including them has no tangible effect on the results.

Scenario 1 – Projecting forward at the recent NT average growth rate

Scenario 1, the baseline scenario, carries forward the average annual growth rate of the NT and other States for the years 2009-10 to 2013-14 (1.24% for the NT and 1.32% for the six States) to ascertain the point at which the Northern Territory would gain a third seat in the HOR. In this scenario we assume that the growth rate is the (end) result of a mix of NIM, NOM and NI (and so we do not examine these components individually in this scenario as we do in the other scenarios). The starting population for the NT is 245,079 based on the ERP figure for 30 June 2014. This is multiplied by the average NT growth rate and divided by a quota of 160,382.702. This quota has been determined by taking the current quota (158,286.8264) and multiplying it by the average annual growth rate for the six States.

Scenario 2 – Continuous Negative NIM

Scenario 2, which can also be described as the worst case scenario, holds NOM at zero, to emphasise the effects of a slowdown from current high rates of NOM to the Territory, in tandem with a continuation of record net negative levels of NIM (-3,344 per annum). NI is held at its 5-year (2009-10 until 2013-14) average.

Scenario 3 – Reversing negative NIM to gain a new seat within 20 years

This scenario is based on the question "What levels of NIM are required to gain an additional seat in the HOR within 20 years?" NOM and NI are held at their 5 year averages (2009-10 until 2013-14). We then calculate the difference in population required to obtain a further seat within 20 years and ascertain the average annual levels of NIM required to achieve this. In a variation of this scenario (Scenario 3b) we slightly alter the figures and take into consideration a 10 year average for NOM and NI (2005-06 until 2013-14). We then determine NIM based on the same calculations as above. Table 1 provides an overview of the settings for NIM, NOM and NI for the different scenarios.

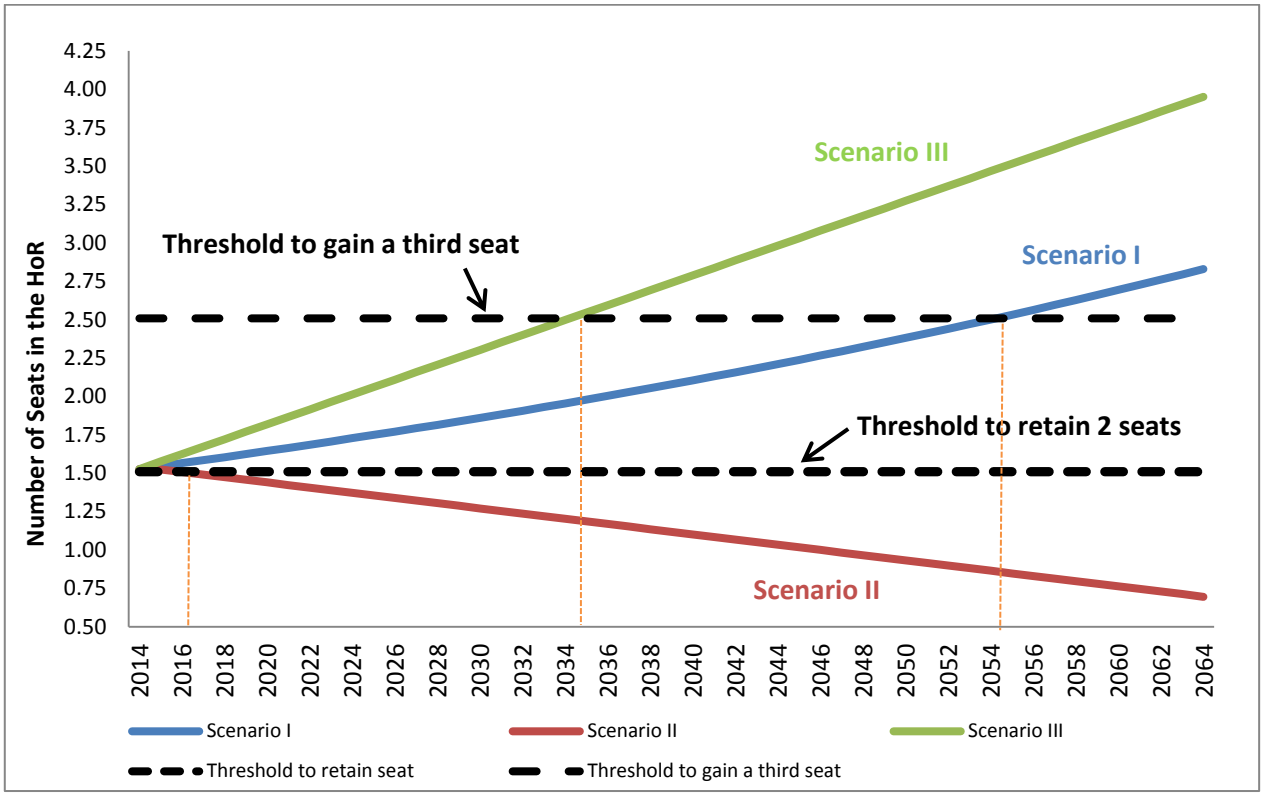
Table 1: Overview of scenarios for assessing the possible future loss or gain of a seat in the HOR

Scenario	NIM setting	NOM setting	NI setting
1	Part of the average growth rate	Part of the average growth rate	Part of the average growth rate
2	2013/14 figure of -3,344	Held at zero	5 year average of 2,949
3a	To be determined	5 year average of 2,654	5 year average of 2,949
3b	To be determined	10 year average of 2,104	10 year average of 2,862

4. Results

The calculations for Scenario 1 reveal that, with the continuation of the average growth rate for the past 5 years, the Northern Territory would not gain an additional seat until the year 2054-55 when its population would be around 563,895 (more than double the 2011 population). The worst case scenario, however, suggest a loss of the NT's second seat very soon - the year 2016-17 - on the basis of a slowdown in NOM and a continuation of record negative NIM. In Scenario 3 we asked the question of what NIM would have to be in order for the Territory to gain a seat within the next twenty years. The result outlines that NIM would have to be at least 1,924 per annum, a turnaround of 5,264 from the 2013-2014 results. Historically, that level of NIM was only experienced in 1981-82 when the NT public service was becoming established after Self-Government (ABS, 2014c). Lastly, the variation of Scenario 3 indicates that, if 10 year averages are considered for NI and NOM, then NIM would have to be even higher in order to obtain a seat within 20 years, at least 2,592 (a turnaround of 5,936 from 2013-2014). Figure 3 summarises the results of all three scenarios.

Figure 3: Comparison of Scenarios and an Indication of Seat Gain or Loss



Source: Author calculations based on ABS data

5. Discussion and Conclusion

In this study we have identified that the NT is experiencing record levels of net negative interstate migration. The extent of NIM losses are equivalent to the entire suburb of Nightcliff, one of Darwin's larger northern suburbs, in just a year. If migration from overseas had not been at the relatively high levels experienced during 2013-2014, the Territory would have gone into population decline. Our scenario modelling on the consequences of recent population change for political representation demonstrate the tenuous nature of population growth and change in the Territory.

The worst case scenario signposts the real risk of the Territory losing a seat in the HOR if NIM continues at record negative levels while the high rates of overseas migrant inflows to the Territory that were experienced recently are reduced. We can consequently say that NOM is 'subsidising' NIM losses to maintain positive population growth. However, it is not possible to say with any certainty whether this increased annual NOM is likely to be maintained into the future given the Department of Immigration and Border Protection forecasts for a reduction of NOM in the years leading up to 2018 (Department of Immigration and Border Protection, 2014). Our scenarios highlight that reductions in NOM will bring forward the loss of the Territory's second seat. Conversely, the 'Reversing negative NIM to gain a new seat within 20 years' (Scenario 3) scenario has demonstrated that gaining a third seat will not take place in the near future without a dramatic turnaround in the levels of net Negative NIM currently being experienced. In relation to

its political representation in the national parliament, all of our scenarios suggest that "it's a long way up" to gain a third seat, but "not far down" for the Territory to lose its second seat. Unless the current systems and calculations for determining HOR seats change, the NT may once again face the issue of representational loss in the national parliament.

But simulations of population change in the Territory using the latest data also point to issues and consequences outside of maintaining levels of political representation. On the one hand, substantial population losses at a time when the economy of the Territory is purportedly in a position of great strength may seem incongruous. This set of circumstance is most likely related to economic development pathways pursued over the long-term by the Australian and Northern Territory Governments, in association with industry workforce practices.

Like most jurisdictions in the northern parts of developed nations, the focus for economic growth continues to be 'big projects' and resource-led developments. Carson (2011) has argued that the Territory's persisting 'demographic imbalance' (featuring high turnover, age and gender imbalances when compared to other States) reflects "…*Territory and federal government expectations of economic development patterns in the region and the frontier mythology created around the Northern Territory*." (p. 1). Most recently, major expansions in the Liquid Natural Gas (LNG) industry, and in particular the promise of economic 'boom times' from the construction of the very large Blaydn Point processing facility just outside of Darwin has fuelled development expectations. The construction phase is thought to have employed around 5,000 to 6,000 workers (including during 2014), although exact figures are difficult to ascertain. As with many such ventures in northern regions, construction has engaged primarily fly-in-fly-out workers accommodated at a workers facility outside of Darwin. It is likely very few of these workers have infiltrated population estimates since the qualifying period of residence is six months or more (see Taylor and Carson, 2014). While LNG expansion helps explain concurrent strong economic growth (through financial inflows associated with construction), it does not readily illuminate on record high population outflows to interstate.

Other inter-related factors driving record population outflows are likely to be working in conjunction and to include:

- Inflationary, social and amenity impacts for local residents which are being experienced during the period where LNG expansion has stimulated high levels of economic growth. The term 'crowding out' (of locals) is widely used in literature from around the world on the effects of large resource based projects on residents (see our 2013 research brief Welcome to the Boomtown! Darwin and the 'Boomtown Syndrome'[1]). In the weeks prior to and following the final investment decision (to go ahead) for the Blaydn Point facility, for example, median house prices in Darwin spiked as speculative investors and property

[1] Taylor, A & Winter, J (2013). Welcome to the Boomtown! Darwin and the 'Boomtown Syndrome'. [Research Brief] Retrieved from http://www.cdu.edu.au/sites/default/files/research-brief-2013-3.pdf

vendors entered the market in anticipation of further house price rises during construction.

- The out-migration of workers whose contracts or workforce engagement in the Territory has ended. This type of migration flow is associated with the in-migration of people to the Territory for short periods (for example six months to 3 years) to 'boost' their career or financial situations. Many will be incorporated in resident population estimates (based on changing their Medicare details). Migrating out of the Territory once their contract or employment period ends has the dual effect of helping to ensure unemployment rates remain low while contributing to official figures for net population outflows.
- The significant numbers of working Territorians (particularly in the Public Administration and Safety industry category) who have recently moved into retirement ages. Based on past data showing a spike in out-migration rates from the Territory in post-retirement years, the majority of this 'bubble' of workers (see Martel et al., 2011) are likely to retire interstate, and are currently impacting on net population outflows.
- Effects from the suspension (from mid-2014) of the Rio Tinto alumina refinery at Nhulunbuy in the remote Arnhem Land area of the Territory. The suspension has led to an immediate population loss of around half of the town, which was around 4,200 residents in 2013. Outflows are anticipated to have peaked during 2014 but will continue into 2015 as small businesses and other sectors are affected.
- The absence of major (particularly construction) projects which employ local residents. In the past, interstate migration flows have been highly positive during periods where the construction of major projects has occurred. Examples include Cullen Bay and the Darwin Waterfront precinct. While LNG-led construction is presently occurring on a large scale in the NT, employment multiplier effects may be limited. This situation is borne out in international literature on local economic attributions from such projects, as well as the recent interstate migration statistics for the Territory.

In combination, these factors mean that it is not only a 'long way up' for the Territory in terms of forging greater political representation on the national stage. Its economy and population composition are also a 'long way' from being balanced, stable and diverse. In the context of specific policies to further develop northern Australia (Australian Government, 2014), this should challenge all Territorians to consider the types of economic development underpinning the economic growth indicators currently being experienced, but which also lead to inevitable cycles of low growth and contribute to unanticipated effects such as burgeoning out-migration to other parts of Australia. The fragility of our second seat in the HOR, which is demonstrated in this study, is emblematic of the delicate and complex interrelations between population, economy and policy for 'northern places' like the Northern Territory.

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