

## The Australian Labour Market<sup>1</sup>

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- Prior to the onset of the Global Financial Crisis in September 2008, economic and labour market conditions in Australia had been reasonably strong, although the unemployment rate had already troughed, at 4.0 per cent in February 2008, and the pace of employment growth had begun to ease. In September 2008, however, world growth weakened dramatically and economic and labour market conditions in Australia deteriorated sharply.
- Since August 2009, the economic downturn has eased. The Australian labour market has shown significant signs of recovery, with a fall in the unemployment rate of 0.9 percentage points to 4.9 per cent and a rise in employment of 488,000 people to 11,436,000 between August 2009 and April 2011.

## The Geelong Employment Service Area

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- The Geelong ESA is located on Corio Bay, approximately 45 minutes west of Melbourne. The Geelong ESA includes the Local Government Areas (LGAs) of Golden Plains, Greater Geelong, Queenscliff and Surf Coast and has a working age population of 175 600 people.<sup>2</sup>
- Employment in this ESA is reliant on the Retail Trade, Manufacturing and Construction industries, which are sensitive to economic downturns.
- The unemployment rate in Geelong rose from 3.5 per cent to 6.2 per cent between December 2008 and March 2011, and was higher than the national unemployment rate (5.1 per cent) in March 2011.<sup>3</sup> Within the Geelong ESA there are pockets of disadvantage. Unemployment rates are particularly high in the Corio-Inner Statistical Local Area (SLA) (10.4 per cent) and the Greater Geelong SLA (7.3 per cent) compared with the Geelong ESA as a whole (6.2 per cent) (March 2011).<sup>4</sup>
- Approximately 7.2 per cent of the working age population in Corio-Inner (or 2900 people) was in receipt of an unemployment benefit in March 2011, compared with 4.8 per cent of the working age population in Geelong (or 8400 people) and 4.4 per cent for Australia.<sup>5</sup>
  - A relatively small proportion of employers reported recruitment difficulty (35 per cent), compared with all regions (41 per cent).

## Survey of Employers' Recruitment Experiences

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- In order to gain a better understanding of labour market conditions in the Geelong Employment Service Area, the Department of Education, Employment and Workplace Relations (DEEWR) conducted a Survey of Employers' Recruitment Experiences in March 2011.  
The survey was conducted by telephone interview with 233 businesses in the Employment Service Area.

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<sup>1</sup> ABS Labour force data, trend (cat. no. 6202.0).

<sup>2</sup> ABS, *Population by Age and Sex, Regions of Australia, 2010* (ABS. cat. no. 3235.0).

<sup>3</sup> DEEWR, *Small Area Labour Markets, March quarter 2011*.

<sup>4</sup> Ibid.

<sup>5</sup> DEEWR Administrative data, March quarter 2011 and ABS Estimated Resident Population, June 2010.

- The survey collected information on:
  - the recruitment of employees in the 12 months preceding the survey;
  - changes in staffing levels in the three months preceding the survey;
  - the experience employers had recruiting for their most recent vacancy; and
  - recruitment expectations in the 12 months following the survey.

## **Main Findings**

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- The results of the Geelong survey were mixed, but are consistent with a relatively soft labour market in the region.
  - There was moderate competition for vacancies (6.4 applicants on average per vacancy, of whom 2.1 were considered suitable);
  - The proportion of recent vacancies remaining unfilled was significantly lower (4.8 per cent) compared with all regions surveyed in the 12 months to March 2011 (8.1 per cent); and

## **Recruitment Experiences in the 12 Months Preceding the Survey**

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- In the 12 months preceding the survey, 77 per cent of employers in the Geelong ESA had recruited, which was higher than for all regions surveyed in the 12 months to March 2011 (71 per cent).<sup>6</sup>
  - Larger businesses (those with 20 or more employees) accounted for 84 per cent of job vacancies reported by employers in the preceding 12 months.
  - There was one vacancy in the previous 12 months for every six staff employed. This was lower than the average for all regions surveyed to March 2011 (one vacancy for every five staff employed), despite Geelong being a large population centre in its own right and experiencing population growth similar to Australia.
- The Accommodation and Food Services industry had the highest recruitment rate (one vacancy for every four staff), while the Manufacturing industry had the lowest recruitment rate (approximately 1 vacancy for every 12 staff).
- Recruitment due to turnover (88 per cent) was more prevalent than recruitment due to business growth (54 per cent), similar to results for all regions surveyed in the 12 months to March 2011 (84 per cent and 54 per cent, respectively). Notably, 86 per cent of employers in the Manufacturing industry recruited due to business growth. A higher proportion of employers had also recruited due to business growth in the Construction (75 per cent) and Professional, Scientific and Technical Services (63 per cent) industries.
- A much lower proportion of vacancies over the preceding 12 months remained unfilled (3.2 per cent) compared with all regions surveyed in the 12 months to March 2011 (7.3 per cent).
  - Unfilled vacancies were most common in Health Care and Social Assistance (13.3 per cent), Other Services<sup>7</sup> (7.7 per cent), Transport, Postal and Warehousing (6.5 per cent) and Manufacturing (5.7 per cent).

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<sup>6</sup> Note that some of the regions surveyed in the 12 months to March 2011 were Priority Employment Areas, and these results may therefore be reflective of disadvantaged labour markets.

- Despite the very low unfill rate, more than half (52 per cent) of the employers who had recruited in the year prior to being surveyed had difficulty recruiting for one or more occupations, which was on par with all regions surveyed (54 per cent).
  - There were higher levels of recruitment difficulty associated with industries that had higher unfill rates, with the exception of the Other Services industry (38 per cent).

*Table 1. Recruitment experiences in the 12 months preceding the survey*

	<b>Geelong ESA (March 2011)</b>	<b>All Regions (12 months to March 2011)</b>
<b>Proportion of employers who recruited</b>	77%	71%
- to increase staff	54%	54%
- to replace staff	88%	84%
<b>Vacancies per 100 employees</b>	16	22
<b>Proportion of recruiting employers who experienced difficulty</b>	52%	54%
<b>Proportion of vacancies unfilled</b>	3.2%	7.3%

### **Most Recent Recruitment Activity**

- The vast majority of recent job vacancies were filled, with only 4.8 per cent of vacancies remaining unfilled in the Geelong ESA compared with 8.1 per cent for all regions surveyed in the 12 months to March 2011.
- The unfill rate varied by occupation. The highest proportion of unfilled vacancies was for Community and Personal Service Workers (13.5 per cent), driven by unfilled vacancies for hospitality workers, such as Bar Attendants and Baristas and Waiters. By contrast, all vacancies for Managers and Machinery Operators and Drivers were filled.

*Figure 1. Proportion of unfilled vacancies in the most recent recruitment round*

Community and Personal Service Workers	13.5%
Professionals	12.5%
Technicians and Trades Workers	6.1%
Clerical and Administrative Workers	5.6%
Labourers	3.4%
Sales Workers	2.2%
Geelong ESA 2011	4.8%
All regions to March 2011	8.1%

<sup>7</sup> The Other Services industry includes a broad range of personal services, such as hairdressing; religious, civil, professional and other interest groups; and selected repair and maintenance activities, including automotive repair.

- Relatively few employers (35 per cent) had difficulty recruiting for their most recent vacancy, apart from employers recruiting Community and Personal Service workers (60 per cent), which is consistent with the high unfill rate for these occupations (13.5 per cent).
  - Overall, employers most commonly reported the technical skill requirements (38 per cent) and soft skill requirements of the job (33 per cent) as common reasons for recruitment difficulty.
- Employers in the Geelong ESA reported difficulty recruiting for a range of occupations (see Table 2). Occupations with high unfill rates, namely Community and Personal Service Workers, Professionals and Technicians and Trades Workers, were most frequently mentioned as being difficult to fill.

*Table 2. Occupations difficult to fill by skill level*

<b>Bachelor Degree or Higher VET Qualifications</b>	
Civil Engineering Professionals	Pharmacists
Production Managers	Cafe and Restaurant Managers
Chefs	Hairdressers
Motor Mechanics	Structural Steel and Welding Trades Workers
Real Estate Sales Agents	
<b>Other occupations</b>	
Child Carers	Waiters
Sales Assistants (General)	Receptionists
General Clerks	Truck Drivers
Storepersons	

### **Applicants and Suitability**

- There was an average of 6.4 applicants per vacancy in the Geelong ESA, of whom an average of 2.1 applicants were considered suitable. This was lower when compared with the average for all regions surveyed (7.3 applicants per vacancy, of whom an average of 2.3 applicants were considered suitable, see Figure 2).
  - There was a high number of applicants and suitable applicants for Managers and Professionals (10.9 and 3.3 applicants respectively).
  - The high number of applicants for Clerical and Administrative Workers (13.7 applicants) was driven by very high numbers of applicants (i.e. more than 100 applicants for a single vacancy) for Receptionists.
  - Lower skilled occupations, such as Labourers and Sales Workers, had the lowest average number of suitable applicants per vacancy (1.9 and 1.4 applicants, respectively).

*Figure 2. Average number of applicants and suitable applicants per vacancy*

	Average number of applicants per vacancy	Average number of suitable applicants per vacancy

Managers and Professionals	10.9	3.3
Clerical and Administrative Workers	13.7	2.7
Technicians and Trades Workers	5.3	2.5
Community and Personal Service Workers	6.1	2.1
Machinery Operators and Drivers	5.4	2.3
Labourers	4.7	1.9
Sales Workers	5.3	1.4
Geelong ESA 2011	6.4	2.1
All regions to March 2011	7.3	2.3

- The most common reasons employers considered applicants unsuitable for the advertised position was due to insufficient experience to perform the job (69 per cent), insufficient technical skills (31 per cent) and limited interest in the job (17 per cent).
  - Employers with vacancies for Community and Personal Service Workers had a higher proportion of applicants who had limited interest in the job (58 per cent), applied from overseas or interstate (17 per cent) or had poorly written/presented applications (17 per cent).
  - Almost all employers trying to fill Professional and Clerical and Administrative Workers vacancies considered applicants unsuitable due to lack of experience (both 92 per cent), which implies that job seekers with relevant work experience are highly sought after by employers.
- Far more vacancies were advertised using formal means (71 per cent), predominantly newspaper advertising (44 per cent) compared with informal means (33 per cent), most commonly word of mouth or approached by a job seeker (26 per cent). A low proportion of employers (22 per cent) advertised vacancies on the internet.

### **Apprentices and Trainees**

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- More than one third (35 per cent) of employers in the Geelong ESA had an apprentice or trainee employed in their business, which was similar to all regions surveyed (36 per cent).
- Almost one in four (24 per cent) employers surveyed anticipated recruiting an apprentice or trainee in the 12 months following the survey, similar to all regions (22 per cent).
  - The Construction industry had a higher incidence of apprentices employed (46 per cent) and above average future apprentice recruitment expectations (31 per cent).
- Overall, 48 per cent of employers had experienced challenges in employing an apprentice or trainee.
  - This was particularly prevalent for employers in the Other Services industry with 75 per cent of employers experiencing challenges.
  - The main challenge experienced by employers was a lack of work readiness of apprentices or trainees, followed by a lack of suitable staff to train and/or supervise new apprentices.
- Given some vacancies for Technicians and Trades Workers were difficult to fill (unfill rate

only 6.1% and 2.5 applicants is relatively high) providing support for apprenticeships or traineeships, especially among smaller employers, could help alleviate these recruitment difficulties, although problems with general work readiness of apprentices and trainees would need to be addressed.

### **Job Services Australia (JSA)**

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- Less than half (45 per cent) of employers surveyed in the Geelong ESA had heard of Job Services Australia (JSA) which was lower compared with all regions surveyed in the 12 months to March 2011 (52 per cent).
- Actual usage of JSA by employers surveyed in Geelong (28 per cent of employers who had heard of JSA) was similar to JSA usage for all regions surveyed in the 12 months to March 2011 (26 per cent).
- Satisfaction with JSA was higher in Geelong (78 per cent) compared with all regions surveyed (70 per cent).
- The most common reason for dissatisfaction was that the technical skill of the applicants referred by the JSA provider did not match the employer's job description.

### **Future Recruitment Expectations**

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- Recruitment expectations for the year following the survey were relatively strong, with more than half (56 per cent) of employers expecting to recruit in the 12 months following the survey, higher than in all regions surveyed over the 12 months to March 2011 (48 per cent) (Table 5).
- Future recruitment expectations in the Manufacturing industry were particularly high (69 per cent), with many employers expecting to recruit due to business growth (82 per cent). Other industries with a high level of anticipated recruitment include Transport, Postal and Warehousing (62 per cent), Health Care and Social Assistance (56 per cent) and Retail Trade (56 per cent).
  - These strong recruitment expectations may be influenced by high profile development projects in and around the Geelong ring road and the Heales Road industrial estate, the Avalon Airport precinct, the Princes Freeway and the Port of Geelong.
- Of those employers who anticipated recruiting, 37 per cent expected to have difficulty filling their vacancies. Anticipated recruitment difficulty was particularly high in the Retail Trade industry (42 per cent).
- More than half (53 per cent) of employers anticipated they would face either new or ongoing challenges in the 12 months following the survey, which was similar to all regions surveyed in the 12 months to March 2011 (54 per cent).
  - Market changes were reported as the most common challenge (31 per cent of employers who anticipated challenges), followed by reduced business activity and business regulations (both 21 per cent).
  - Employers in industries more likely to be affected by economic downturns, such as Manufacturing (67 per cent) and Retail Trade (50 per cent) had a much higher proportion of employers concerned with market changes, possibly due to increased competition for business from overseas.

Table 3. Recruitment expectations for the 12 months following the survey

<i>Proportion of employers</i>	<b>Geelong ESA (March 2011)</b>	<b>All Regions (12 months to March 2011)</b>
<b>Expects to recruit</b>	56%	48%
<b>Expects future difficulty</b>	37%	43%
<b>Expects to increase staff numbers</b>	30%	27%
<b>Expects to reduce staff numbers</b>	0%	3%

### **Opportunities for Job Seekers**

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- Opportunities for job seekers may exist for hospitality workers, such as Waiters and Bar Attendants and Baristas, in the Accommodation and Food Services industry for which there was a high unfill rate, high difficulty in filling vacancies and few suitable applicants.
- Opportunities are also likely for Technicians and Trades Workers (particularly Chefs, Motor Mechanics and Structural Steel and Welding Trades Workers), for which there was high difficulty in filling vacancies and few suitable applicants.
- In addition, opportunities may become available in the industries that are expecting a high level of future recruitment and with occupations difficult to fill, namely Manufacturing (Fabrication and Mechanical Engineering Trades Workers), Health Care and Social Assistance (Child Carers, General Clerks), Transport, Postal and Warehousing (Truck Drivers, Storepersons and General Clerks) and Retail Trade (Sales Workers).

**For more information:**

– **Labour Market Information Portal:**

[www.deewr.gov.au/lmip](http://www.deewr.gov.au/lmip)

– **Skill Shortages**

[www.deewr.gov.au/skillshortages](http://www.deewr.gov.au/skillshortages)

– **Survey of Employers' Recruitment Experiences**

[www.deewr.gov.au/regionalreports](http://www.deewr.gov.au/regionalreports)

– **Job Outlook**

[www.joboutlook.deewr.gov.au](http://www.joboutlook.deewr.gov.au)

– **SkillsInfo**

[www.skillsinfo.gov.au](http://www.skillsinfo.gov.au)

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