



Australian Government
Department of Employment

Recruitment Conditions in Australian Capital Cities

Results from a Survey of Employer's Recruitment
Experiences conducted in July 2013

employment.gov.au

ABOUT THE SURVEY

In July 2013, the Department of Employment conducted the fourth annual *Survey of Employers' Recruitment Experiences in Capital Cities* across Australia.

More than 3000 employers participated in the survey and answered questions about their recent recruitment activity and future employment expectations.

The survey results provide city based insights into the levels of recruitment activity, the occupations for which employers had the greatest difficulty filling vacancies and the recruitment outlook.

Hobart was surveyed as part of a March 2013 Survey of Tasmania and consequently was not part of the Survey of Capital Cities. As there are some differences in the questionnaires used for each survey and the timing of the two surveys is different, the 2013 results for Hobart are not directly comparable. While some general findings for Hobart are provided in some sections of this report, detailed results can be found at: www.employment.gov.au/tasmania-regional-and-industry-employment-surveys.

The survey was conducted by telephone and the sample was drawn so that it was broadly representative of major level industries, workplace employment sizes and the geographic locations of businesses within each city. To ensure a high level of comparability of results over time, 74 per cent of surveyed workplaces were also surveyed as part of the 2012 survey. The response rate for the 2013 survey was 69 per cent.

SUMMARY FINDINGS

In line with the current below trend employment growth and rising unemployment recorded in 2012-13, the survey results show that **recruitment conditions continued to soften in all capital cities.**

- Vacancy rates declined in each capital city
- Applicant numbers increased as more job seekers compete for the available job vacancies
- Employers had less difficulty filling vacancies

There were substantial differences in recruitment conditions between some cities.

- Labour market conditions in Darwin remained strong while in Adelaide and Hobart conditions were considerably softer.

Employers had far greater difficulty filling higher skilled vacancies.

- Employers frequently reported difficulty filling vacancies for Technicians and Trades Workers.

Employment growth expectations were lower in every capital city compared with 2012 with the exception of Sydney.

TRENDS IN RECRUITMENT CONDITIONS

The number of job vacancies per unemployed person provides a general picture of recruitment conditions across Australia. As the number of job vacancies per unemployed person rises, job seekers usually find it easier to secure employment and employers report higher levels of recruitment difficulty.

Chart 1 shows that the ratio of vacancies per unemployed person increased as the economy recovered from the Global Financial Crisis (GFC) suggesting an increase in opportunities available to job seekers. While still above the levels at the height of the GFC, the ratio has declined over the last couple of years thereby making it more difficult for job seekers, in general, to find employment.

The survey results for capital cities are consistent with the national trends identified in chart 1.

Recruitment activity and unfilled vacancies increased between 2009/2010 and 2010/2011 reflecting the strengthening in labour market conditions following the GFC. However, both measures are now at their lowest levels since the survey commenced in 2009/2010 (see chart 2).

Not surprisingly, recruitment activity and unfilled vacancies are higher in States (data not available for capital cities) where the number of vacancies per unemployed person is also higher. Chart 3 shows that the Northern Territory and Western Australia have the highest number of job vacancies per unemployed person and that surveyed employers in Darwin and Perth reported the highest levels of recruitment activity and unfilled vacancies.

Chart 1: ABS job vacancies per unemployed person¹

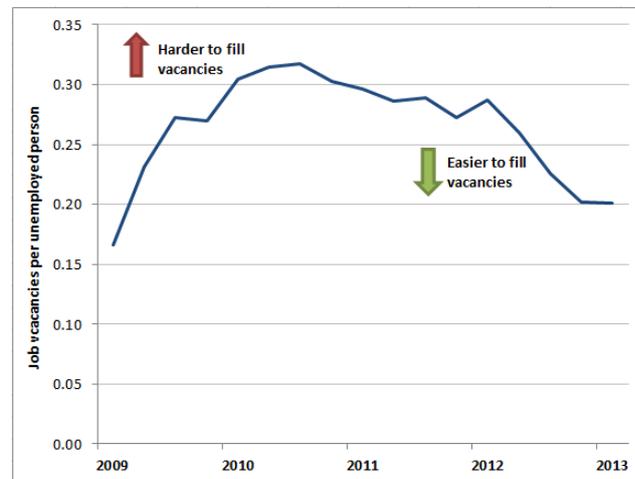


Chart 2: Vacancies in the past six months per 100 staff and proportion of vacancies unfilled

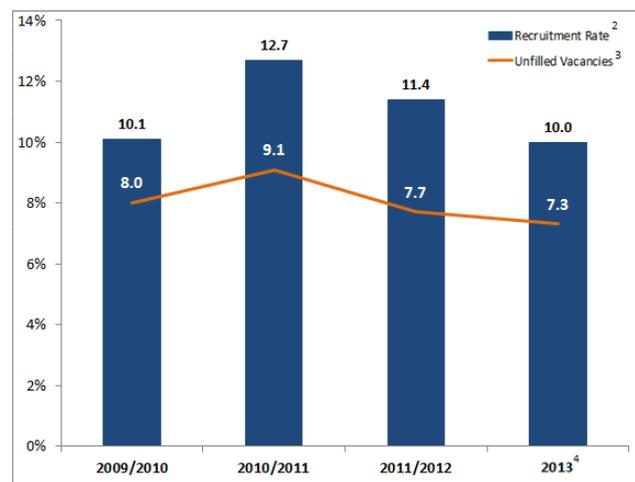
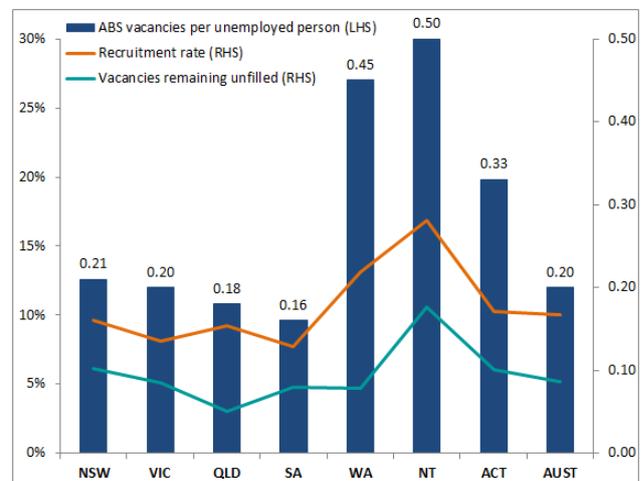


Chart 3: Key indicators of labour market tightness by State/city⁵



¹ ABS Labour Force, Australia, 6291.0.55.001 and 6354.0, original data August 2013.

² Vacancies per 100 staff.

³ Proportion of vacancies that were unable to be filled from employers most recent recruitment round.

⁴ Survey results are 6 months to July 2013.

⁵ City based estimates of ABS job vacancies per unemployed person are not available so State based estimates have been used as a proxy. ABS Labour Force, Australia, 6291.0.55.001, 12 month averages of original data used for State unemployment, seasonally adjusted data used for Australia total unemployment; ABS 6354.0, original data.

CITY COMPARISONS

The key results illustrating the diversity in labour market and recruitment conditions across the capital cities are summarised in Table 1.

Table 1: Summary of recruitment conditions in each city*

	RECRUITMENT ACTIVITY	RECRUITMENT DIFFICULTY	RECRUITMENT OUTLOOK**
SYDNEY	SUBDUED	MODERATE	INCREASING
MELBOURNE	SUBDUED	MODERATE	STEADY
BRISBANE	SUBDUED	MILD	STEADY
ADELAIDE	SUBDUED	MILD	STEADY
PERTH	MODERATE	MODERATE	SOFTENING
HOBART***	SUBDUED	MILD	SUBDUED
DARWIN	HIGH	HIGH	STRONG
CANBERRA	MODERATE	SIGNIFICANT	SOFTENING

* Summary results were derived by considering a number of indicators collected in the survey

**For the six months following the survey

***Based on survey results from March 2013

Labour market conditions in **Darwin** remained stronger than in any other capital city. Rates of recruitment activity and recruitment difficulty were well above those of other cities. Two thirds of employers said that they had difficulty recruiting or retaining workers in Darwin and 40 per cent of surveyed employers said that these difficulties had a significant and negative impact on their business. Employers reported greater difficulty recruiting for higher skilled jobs, in particular, Technicians and Trades Worker occupations with one in three vacancies remaining unfilled.

In line with the slowdown in the resources sector, the survey results for **Perth** showed a continued easing from the tight labour market conditions identified in the 2011 survey. While the levels of recruitment activity remained well above those recorded in most other capital cities, more than one quarter of employers had reduced staff numbers in the past six months.

The economy or future demand for their goods or services was the single greatest concern of 40 per cent of respondents (up from 28 per cent in 2011) suggesting that many employers remain uncertain about the period ahead.

Labour market conditions also softened significantly in **Canberra** where a growing number of employers reported reducing staff numbers in the six months prior to the survey. An increase in the number of applicants per vacancy resulted in a reduction in the level of recruitment difficulty and unfilled positions reported by employers. Recruitment conditions in the six months following the survey were expected to continue to ease with a large number of employers anticipating further reductions in staff numbers.

The survey results for **Brisbane** were mixed. Some 18 per cent of surveyed employers in Brisbane reported that they had reduced staff numbers due to worsening business conditions.

At the same time, many employers were having difficulties finding appropriate staff, with more than one in five employers reporting that recruitment and retention difficulties had a significant and negative impact on their business.

Overall, levels of recruitment difficulty in **Sydney** were below the all city average. Nevertheless, employers reported significant difficulties recruiting for Technicians and Trades Workers with almost one in five vacancies going unfilled. The recruitment outlook for Sydney also appears to be improving as a higher proportion of employers anticipated the need to increase staff numbers in the six months following the survey and a smaller proportion of employers were most concerned about the future demand for their products or services than was the case in 2012.

Labour market conditions in **Melbourne** continued to soften with recruitment activity declining further since the 2012 survey.

Employers in Melbourne experienced the largest increase in the number of job applicants per vacancy of any city which has contributed to the reduction in the level recruitment difficulty reported by employers.

The subdued demand for labour in **Adelaide** has resulted in increased job applicant numbers, low levels of recruitment difficulty and fewer unfilled vacancies. The results suggest that there was unlikely to be a noticeable change in labour market conditions in the six months following the survey.

Hobart continues to experience softer labour market conditions than any other capital city. Recruitment expectations suggest that the subdued conditions will continue, at least in the short term, with almost half of the surveyed employers reporting their greatest future concern was the outlook for the economy or demand for their products and services.

RECRUITMENT ACTIVITY

The overall rate of recruitment activity was lower in 2013 than 2012 (11.4 vacancies per 100 staff compared with 10.0) with declines being recorded in every capital city. This result coincides with falls in the ABS job vacancy series and the Department of Employment’s Internet Vacancy Index (IVI) over the same period.

The rate of recruitment varied significantly between the capital cities and industries.

- Employers in Darwin reported the highest levels of recruitment in the previous six months of any capital city (17 vacancies per 100 staff employed).
- While significantly down on 2012 results, recruitment in Accommodation and Food Services (an industry that is subject to high staff turnover and seasonality) remained well above levels recorded for other industries.
- Contrary to the overall trend, the recruitment rate for the Construction industry increased significantly on 2012 levels.

In line with the lower overall levels of recruitment activity recorded in 2013, a smaller proportion of surveyed employers had increased staff numbers in the six months prior to the survey, while a higher proportion had decreased staff numbers (see Table 2).

Some industries are performing better than others.

- Almost one in three employers in Construction and Health Care and Social Assistance had increased staff numbers in the six months prior to the survey.
- On the other hand and in line with the lower vacancy numbers, one third of employers in Manufacturing and Wholesale Trade had decreased staff numbers in the preceding six months.

Chart 4: Vacancies in the past six months per 100 staff employed

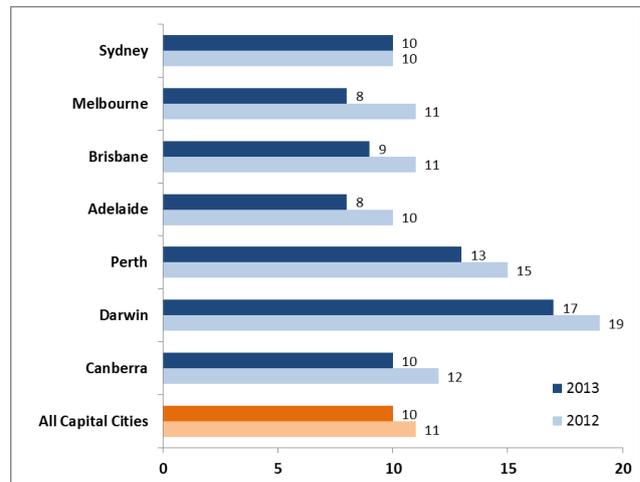


Chart 5: Vacancies in the past six months per 100 staff employed



Table 2: Change in staff numbers in the six months preceding the survey

	2013	Change on 2012
Increased staff numbers	22%	- 4% points
Decreased staff numbers	24%	+ 6% points

RECRUITMENT DIFFICULTIES

A smaller proportion of employers (42 per cent) reported that recruitment or staff retention was 'difficult' at some point in the six months prior to the survey compared with the 2012 results (49 per cent).

There was considerable variation across the country with two thirds of employers in Darwin reporting that recruitment or staff retention was difficult while in Adelaide only one third had difficulties (see table 3).

Recruitment and retention difficulties had had a negative impact on many businesses. Almost one quarter of surveyed employers said that in the past six months recruitment or retention difficulties:

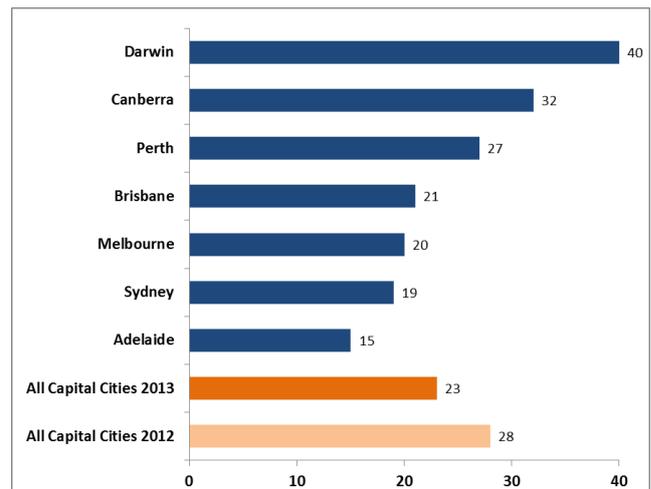
- prevented them from meeting the demand for their products/services;
- prevented them from carrying out an investment project or growing the business; or
- had a noticeable and negative impact on the quality of their business outputs.

In line with the more frequent reports of recruitment and retention difficulties, employers in Darwin and Canberra were most likely to cite these difficulties having a negative impact on their business (40 per cent and 32 per cent respectively). On the other hand, only 15 per cent of employers in Adelaide reported any negative impact from recruitment and retention difficulties.

Table 3: Proportion (%) of employers who reported recruitment and/or retention difficulty

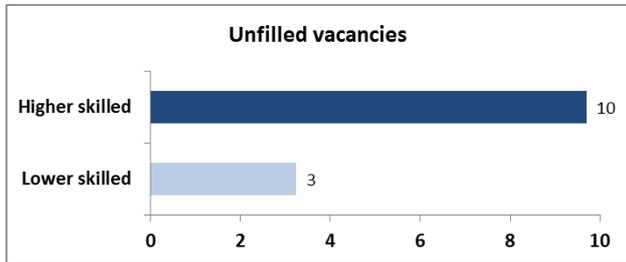
	Recruitment difficulty	Retention difficulty	Recruitment or retention difficulty
Darwin	61	31	66
Canberra	52	23	57
Perth	42	16	46
Sydney	36	8	38
Melbourne	36	13	38
Brisbane	33	11	36
Adelaide	32	11	34
All Capital Cities 2013	39	14	42
All Capital Cities 2012	46	17	49

Chart 6: Proportion (%) of employers who reported that recruitment and retention difficulty had negative business impacts



RECRUITMENT DIFFICULTIES BY SKILL LEVEL

Chart 7: Proportion (%) of employers with unfilled vacancies⁶



Recruitment difficulties varied significantly by skill level⁷. Charts 7 and 8 show that employers recruiting for higher skilled occupations such as Technicians and Trades Workers, Managers and Professionals had greater difficulty filling vacancies than employers recruiting for lower skilled occupations.

Not surprisingly, higher skilled jobs were more likely to remain unfilled in each city, although there was a marked difference in the extent to which this was the case.

Chart 9 shows that 29 per cent of higher skilled vacancies remained unfilled in Darwin compared with 5 per cent for lower skilled vacancies. In Darwin, one in three vacancies for Technicians and Trades Workers remained unfilled reflecting the shortages for occupations such as Metal Fitters and Machinists, Motor Mechanics and Electricians.

Chart 10 shows that vacancies for Technicians and Trades Workers were also the most likely to remain unfilled for all capital cities combined (11.3 per cent).

Chart 8: Proportion (%) of employers who said recruitment was 'difficult'

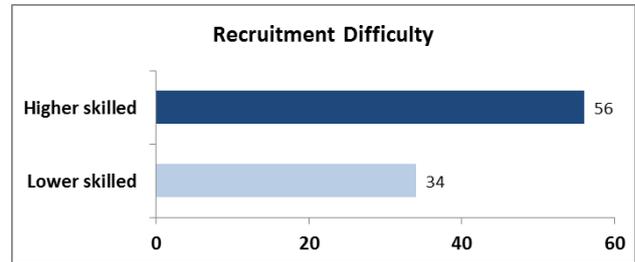


Chart 9: Proportion (%) of higher and lower skilled vacancies unfilled by city⁶

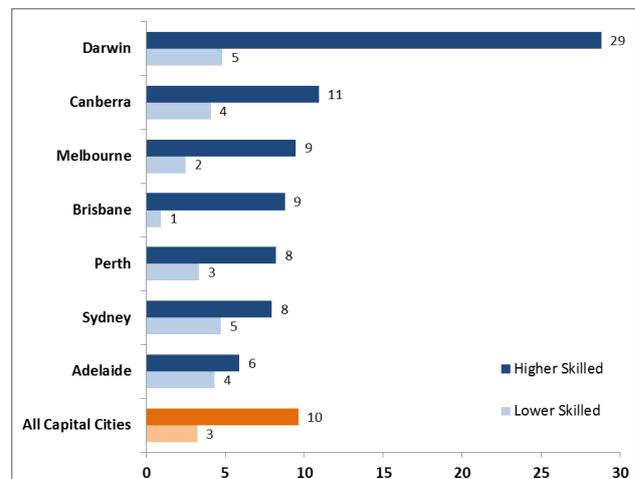


Chart 10: Proportion (%) of vacancies unfilled by major occupation category⁶



⁶ Unfilled vacancies exclude vacancies that employers had not yet filled but expected to fill them with applicant's they had assessed to date. Unfilled vacancies are from employer's most recent recruitment round.

⁷ Higher skilled includes occupations at skill level 1,2 and 3 as defined by the Australian and New Zealand Standard Classification of Occupations.

EMPLOYER EXPECTATIONS

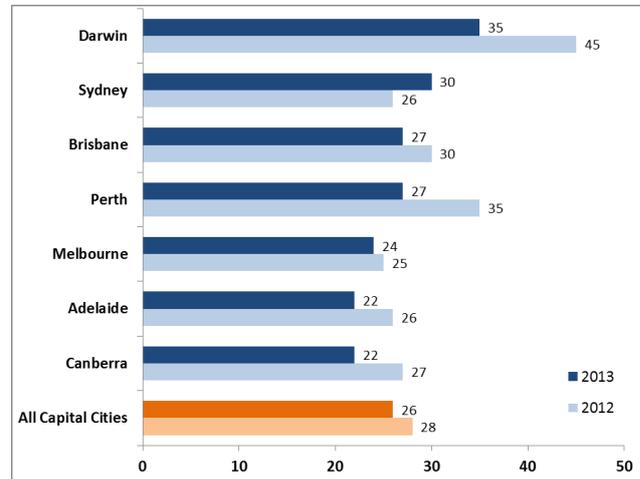
CHANGE IN STAFF NUMBERS

Some 26 per cent of surveyed employers expected to increase staff numbers in the six months following the survey compared with 28 per cent in the 2012 survey. On the other hand, 9 per cent were expecting to decrease staff numbers.

Sydney was the only city where the proportion of employers anticipating staff growth had increased from 2012 levels, mainly due to the relatively weak outlook recorded in 2012.

- While employers in Darwin were more likely to expect to increase staff numbers (35 per cent), the proportion was significantly lower compared with the outlook following the 2012 survey (45 per cent). Similarly, there was a large decline in the proportion of employers in Perth anticipating to increase staff numbers (27 per cent compared with 35 per cent in 2012).

Chart 11: Proportion (%) of employers who expected to increase staff numbers in the six months following the survey



SINGLE GREATEST BUSINESS CONCERN

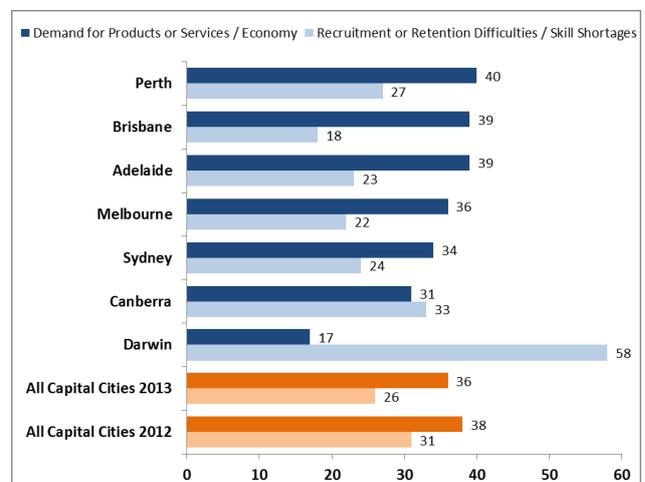
Employers were asked about their single greatest business concern for the six months following the survey.

As was the case in 2012, the most common concern was reduced or uncertain demand for products or services/adverse economic conditions (36 per cent). Future recruitment or retention difficulties/skills shortages were reported to be the greatest concern of 26 per cent of employers.

- Despite relatively strong labour market conditions, 40 per cent of surveyed employers in Perth were most concerned about future levels of demand for their goods and services, the highest proportion of any city (up from only 27 per cent in 2012) as the Mining sector continued to soften in 2013.

- Employers in Darwin continue to be most concerned about staff recruitment and retention with 58 per cent of employers citing this as their greatest concern.

Chart 12: Greatest concerns of employers (%) for the six months following the survey



RECRUITMENT DIFFICULTY FOR SELECTED OCCUPATIONS

Table 4 below uses a scale to rate the recruitment difficulty for a broad range of occupations in each city.

Table 4: Ratings of recruitment difficulty by city

	SYD	MEL	BNE	ADL	PER	DWN	CAN
Professionals and Managers							
Hospitality, Retail and Service Managers	Red	Yellow	Red	Green	Red	Grey	Red
Education Professionals	Yellow	Green	Green	Yellow	Yellow	Yellow	Red
Registered Nurses	Red	Yellow	Yellow	Yellow	Grey	Grey	Red
ICT Professionals	Yellow	Yellow	Red	Green	Yellow	Grey	Red
Technicians and Trades Workers							
Automotive Electricians and Mechanics	Grey	Red	Yellow	Grey	Grey	Red	Grey
Structural Steel and Welding Trades Workers	Yellow	Green	Yellow	Red	Yellow	Yellow	Grey
Mechanical Engineering Trades Workers	Yellow	Grey	Yellow	Grey	Yellow	Red	Grey
Food Trades Workers	Red	Yellow	Red	Yellow	Red	Yellow	Red
Community and Personal Services Workers							
Aged, Disability and Nursing Support Workers	Yellow	Green	Green	Green	Yellow	Grey	Green
Hospitality Workers	Green						
Clerical and Administrative Workers							
General Clerical Workers	Yellow	Green	Green	Green	Green	Yellow	Green
Receptionists	Green	Green	Green	Yellow	Green	Green	Green
Accounting Clerks and Bookkeepers	Green	Green	Green	Green	Yellow	Yellow	Yellow
Sales Workers							
Sales Representatives and Agents	Yellow	Yellow	Red	Yellow	Red	Red	Red
Sales Assistants/Persons and Checkout Operators	Yellow	Green	Green	Yellow	Green	Green	Green
Machinery Operators and Drivers							
Machine and Plant Operators	Yellow	Yellow	Yellow	Red	Yellow	Red	Grey
Truck and Bus Drivers	Green	Green	Green	Yellow	Yellow	Yellow	Yellow
Storepersons	Green	Green	Green	Yellow	Green	Yellow	Green
Labourers							
Factory Process Workers	Yellow	Green	Green	Green	Green	Grey	Grey
Food Preparation Assistants	Green	Yellow	Green	Red	Green	Grey	Red

RATING SCALE

Evidence suggesting that:

Employers reported frequent or severe recruitment difficulty	Red	Recruitment difficulties were not widespread	Green
Employers reported moderate levels of recruitment difficulty	Yellow	There was insufficient evidence to rate the occupation	Grey

FURTHER INFORMATION

For further information visit:

Survey of Employers' Recruitment Experiences: www.employment.gov.au/regionalreports

Labour Market Information Portal: www.lmip.gov.au

Job Outlook: www.joboutlook.gov.au

Australian Jobs: www.employment.gov.au/australianjobs

Australian Job Search: www.jobsearch.gov.au

Or contact the Recruitment Analysis Section on [1800 059 439](tel:1800059439) or email recruitmentsurveys@employment.gov.au