Australian Government
Department of Education, Employment and Workplace Relations

Recruitment Conditions

in Australian Capital Cities

March 2012

ABOUT THE SURVEY

In March 2012, the Department conducted the third annual *Survey of Employers' Recruitment Experiences in Capital Cities* across Australia, obtaining 3300 responses from employers. The survey results enable comparisons of recruitment conditions across cities, industries and occupations, and an assessment of the difficulty employers are having in filling vacancies.

MAIN FINDINGS

The survey results highlighted the multi-speed nature of the Australian economy, with labour market conditions very strong in Perth and Darwin whereas Sydney and, in particular, Hobart exhibited relatively soft conditions.

- The survey results also showed a general easing in the level of recruitment activity across capital cities and, concurrently, recruitment difficulty since March 2011.

Despite the overall easing in recruitment activity over the last 12 months, the majority of employers continued to recruit across all cities, industries and occupations in the six months prior to the survey.

Generally, recruitment difficulty was most prevalent in the higher skilled occupations. In particular, recruitment difficulty was frequently reported for many Technicians and Trades Workers occupations in all capital cities.

- By contrast, employers reported little difficulty filling vacancies for many lower skilled occupations in Sydney, Melbourne, Adelaide and Hobart.

Reflecting the softer labour market conditions in March 2012, employer expectations for the six months following the survey were for continued modest recruitment overall. The notable exceptions were employers in Darwin and Perth, who anticipated strong growth, albeit easing from 2011 levels.

CITY COMPARISONS

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

Table 1: Summary of recruitment conditions in each city*

	RECRUITMENT ACTIVITY	RECRUITMENT DIFFICULTY	RECRUITMENT OUTLOOK**
SYDNEY	MODERATE	MILD	WEAKENING
MELBOURNE	MODERATE	MODERATE	WEAKENING
BRISBANE	MODERATE	MODERATE	STEADY
ADELAIDE	MODERATE	MODERATE	WEAKENING
PERTH	HIGH	HIGH	STRONG
HOBART	SUBDUED	MILD	SUBDUED
DARWIN	HIGH	VERY HIGH	VERY STRONG
CANBERRA	MODERATE	HIGH	STEADY

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

** For the six months following the survey.

Continuing strong labour demand and limitations to the supply of labour have resulted in recruitment difficulties in **Darwin** being more prevalent than in any other capital city, although they have eased slightly since 2011. The significant recruitment challenges for employers in Darwin are highlighted by the low average number of applicants per vacancy, which is well below the average across all cities.

In line with the generally strong labour market conditions across Western Australia, due in large part to the strength of the resources sector, recruitment activity and recruitment difficulty in **Perth** were also at levels well above those in other capital cities. Employer expectations for the months following the survey were for strong overall recruitment.

While recruitment difficulty was also well above average in **Canberra**, recruitment activity was closer to the average conditions, suggesting that this labour market tightness could ease from current levels. Recruitment difficulties were most common for higher skilled occupations, although the tight labour market has resulted in significant difficulty recruiting for some lower skilled occupations.

By contrast, and reflecting the subdued recruitment in the city, employers in **Hobart** generally experienced little difficulty filling many vacancies, although difficulty persists for many Technicians and Trades Workers vacancies. The survey results suggest that labour market conditions are likely to remain subdued in the near term.

Softening labour market conditions in **Melbourne** have resulted in a decline in recruitment activity since 2011. This has contributed to a reduction in recruitment difficulty and unfilled vacancies falling below the average for all capital cities.

Recruitment activity in **Adelaide** has also softened since 2011 due to weakening economic conditions, with levels of recruitment difficulty slightly below the average for all capital cities.

Levels of recruitment difficulty varied significantly between higher and lower skilled occupation categories in **Sydney**. Employers frequently reported difficulty recruiting for many higher skilled occupations, but the recruitment difficulties for lower skilled occupations were amongst the lowest of all capital cities.

Recruitment activity in **Brisbane** was broadly in line with the average for all capital cities while overall levels of recruitment difficulty for higher skilled occupations were below those commonly found in other cities.

RECRUITMENT IN THE SIX MONTHS PRIOR TO THE SURVEY

IMPACT OF RECRUITMENT AND RETENTION DIFFICULTY

Despite some weakening in overall labour market conditions across the capital cities, the majority of employers continued to recruit across all cities, industries and occupations, with 80 per cent of employers recruiting in the six months prior to the survey.

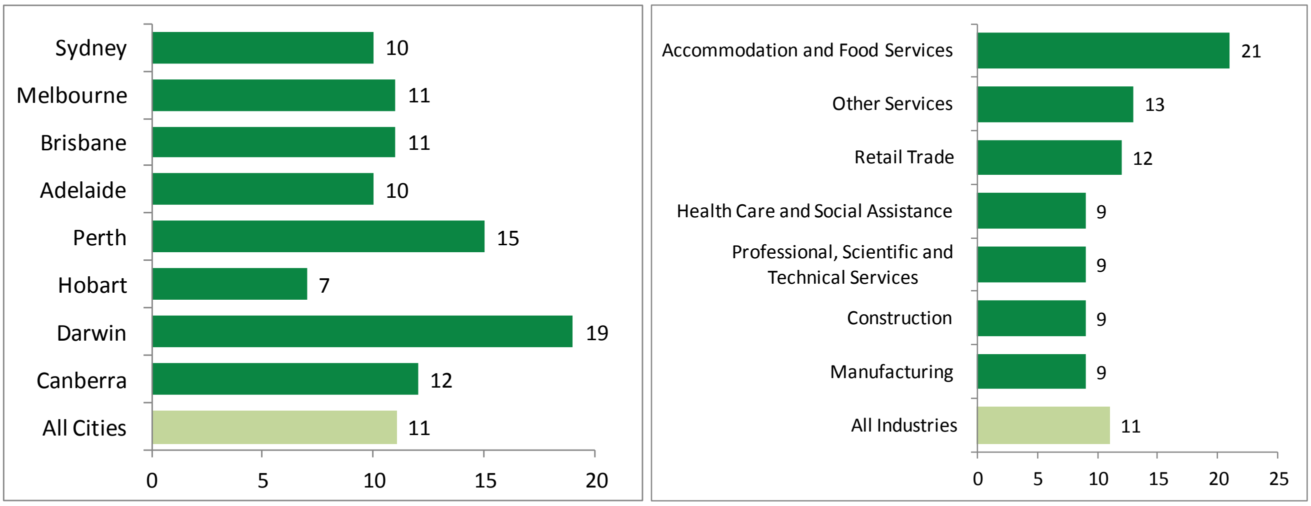
- While the level of recruitment activity was lower than in 2011, more than one in five employers reported increasing staff numbers for economic reasons (such as increased demand for products or services) over the previous six months.
- However, the level of recruitment activity in 2012 was not as high as reported in the 2011 survey.

The level of recruitment activity in the six months prior to the survey varied significantly across the capital cities. Employers in Perth and, in particular, Darwin had the highest number of vacancies per 100 staff employed (15 and 19 respectively). By contrast, Hobart had the fewest vacancies (7 per 100 staff).

Employers in the Accommodation and Food Services industry reported strong recruitment in the six months prior to the survey (frequently due to high staff turnover and seasonal employment), with 90 per cent of employers recruiting and 21 vacancies per 100 staff.

While the economic conditions for employers in the Manufacturing and Construction industries have been relatively subdued recently, employers were continuing to recruit in the six months prior to the survey, with both industries reporting 9 vacancies per 100 staff.

Chart 1: Vacancies in the past six months per 100 staff employed at the time of survey



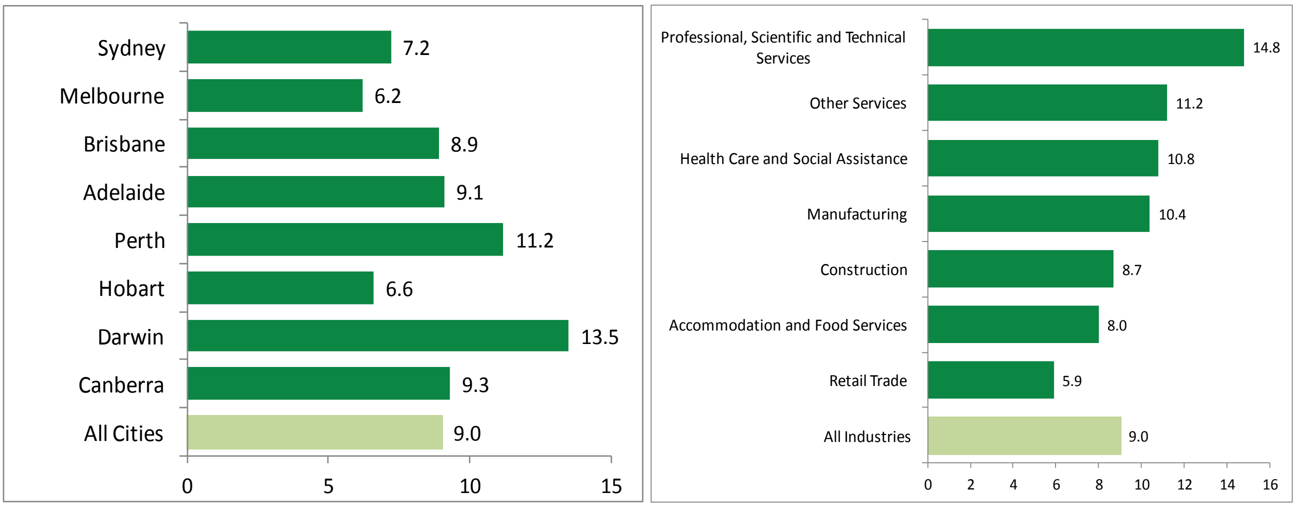
RECRUITMENT OUTCOMES

Overall, 9.0 per cent of all vacancies over the six months prior to the survey remained unfilled, Darwin and Perth had the highest proportions of unfilled vacancies (13.5 per cent and 11.2 per cent respectively), while Melbourne and Hobart had the lowest (6.2 per cent and 6.6 per cent respectively).

The largest proportions of vacancies remaining unfilled were in the Professional, Scientific and Technical Services (14.8 per cent), Other Services (11.2 per cent) and Health Care and Social Assistance (10.8 per cent) industries, in part due to the nature of the work and the specialised skill requirements of many jobs in these industries.

- Interestingly, despite the flat employment growth in the Manufacturing industry over the last 12 months, 10.4 per cent of vacancies in the industry remained unfilled, most commonly for Technicians and Trades Workers.

Chart 2: Proportion (%) of vacancies in the past six months remaining unfilled at the time of the survey



RECRUITMENT AND RETENTION DIFFICULTY

Another indicator of recruitment conditions is the prevalence of recruitment and retention difficulties. Employers can experience difficulty finding or retaining appropriate staff while ultimately filling all vacancies.

Almost half (49 per cent) of all surveyed employers experienced recruitment or retention difficulty in the six months preceding the survey.

- Recruitment difficulty was more common than retention difficulty (46 per cent of employers compared with 17 per cent respectively).
- Very few employers reported difficulty retaining staff without also having difficulty recruiting staff.

Employers surveyed in Darwin had the highest incidence of recruitment or retention difficulty (67 per cent), followed by those in Perth and Canberra (both 60 per cent). By contrast, Hobart and Sydney had the lowest proportion of employers who experienced recruitment or retention difficulty (37 per cent and 38 per cent respectively).

Recruitment and retention difficulty have remained relatively stable over the last 12 months in most capital cities, although there has been a notable easing in Melbourne.

Table 2: Proportion (%) of employers that reported recruitment and/or retention difficulty

	SYD	MELB	BRIS	ADEL	PER	HOB	DAR	CANB	All Cities
Recruitment difficulty	37%	44%	43%	44%	56%	35%	62%	58%	**46%**
Retention difficulty	11%	12%	17%	16%	25%	13%	37%	20%	**17%**
Any recruitment or retention difficulty	38%	45%	46%	47%	60%	37%	67%	60%	**49%**

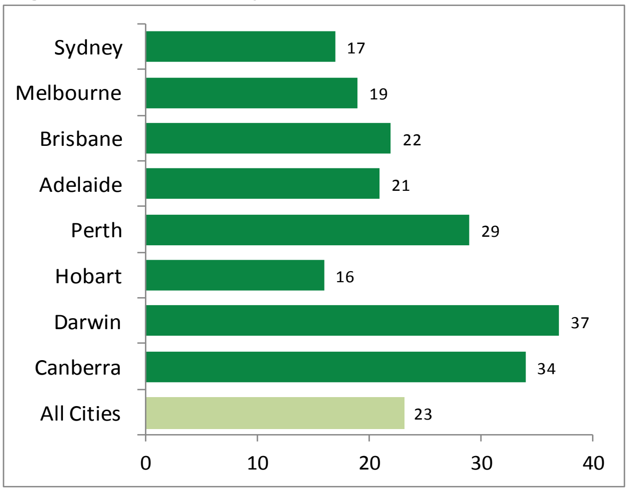
IMPACT OF RECRUITMENT AND RETENTION DIFFICULTY

Some 23 per cent of all employers reported that recruitment or retention difficulty had a negative impact on their business. Impacts included preventing business growth or preventing the employer from meeting the demand for their products/services.

Employers in Darwin (37 per cent), Canberra (34 per cent) and Perth (29 per cent) were most likely to report negative impacts on their business due to recruitment and retention difficulty. By contrast, less than one in five employers in Hobart (16 per cent) and Sydney (17 per cent) reported negative impacts.

The impact of recruitment and retention difficulty was relatively unchanged in most capital cities compared with 2011, although there was a decline in Darwin (from a very high level) and Melbourne.

Chart 3: Proportion (%) of employers who reported that recruitment and retention difficulty had negative business impacts



RECRUITMENT DIFFICULTY BY OCCUPATION

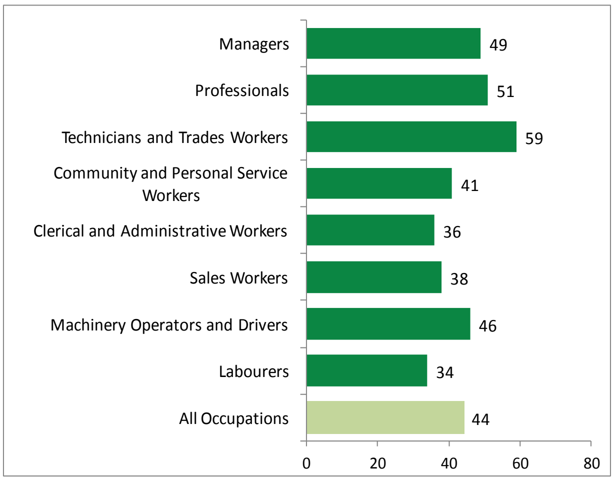
RECRUITMENT DIFFICULTY BY OCCUPATION GROUP

Under half (44 per cent) of employers reported that they had difficulty recruiting for their most recent vacancies.

The higher skilled occupation groups of Technicians and Trades Workers, Professionals and Managers had the highest proportion of employers report recruitment difficulty (59 per cent, 51 per cent and 49 per cent respectively), in large part due to the high level qualifications or experience requirements for the positions. Recruitment difficulty was also commonly reported for vacancies for Machinery Operators and Drivers (46 per cent).

By contrast, smaller proportions of employers had difficulty recruiting for Labourers and Clerical and Administrative Workers occupations (34 per cent and 36 per cent respectively).

Chart 4: Proportion (%) of employers reporting recruitment difficulty for their most recent recruitment round



RECRUITMENT OUTCOMES BY OCCUPATION GROUP

Around 8 per cent of vacancies in the most recent recruitment round remained unfilled.

The higher skilled occupation groups of Managers, Professionals and Technicians and Trades Workers had a relatively high proportion of vacancies remaining unfilled (14.4 per cent, 12.8 per cent and 13.1 per cent respectively). By contrast, lower skilled occupations generally had fewer unfilled vacancies, with only 2.6 per cent of vacancies for Labourers remaining unfilled.

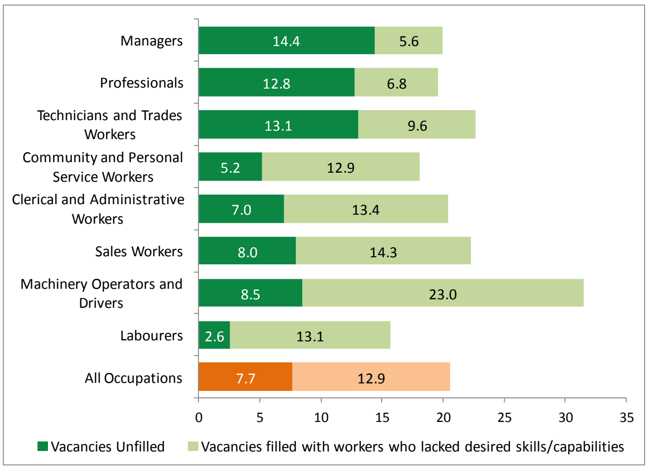
Some employers are prepared to fill vacancies with staff who lacked the desired skills or capabilities required for the position, often willing to provide training rather than leave the position unfilled. One in eight vacancies in the most recent recruitment round were filled by staff lacking the desired skills or capabilities.

Lower skilled occupations had the highest proportion of vacancies filled with staff lacking the desired skills or capabilities. This was particularly high for vacancies in the Machinery Operators and Drivers occupation group (23.0 per cent), although each of the other lower skilled occupation groups had at least one in eight vacancy filled will staff lacking in skills or capabilities.

Of those employers with staff who lacked skills or capabilities, the majority reported their staff lacked job specific skills (87 per cent), most commonly relevant experience (60 per cent) and technical skills (42 per cent).

Significantly, relatively few employers filled vacancies with staff who lacked employability skills (27 per cent of all employers with staff who lacked skills or capabilities). The most frequently reported employability skill lacking in recently recruited staff was motivation (18 per cent), with few employers hiring staff lacking in skills such as communication, teamwork and organisation.

Chart 5: Proportion (%) of vacancies unfilled or filled with workers who lacked desired skills/capabilities

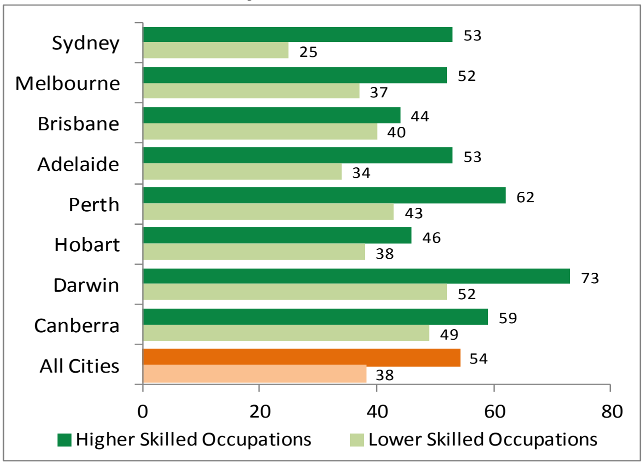


RECRUITMENT DIFFICULTY BY OCCUPATION SKILL LEVEL

In all capital cities, recruitment difficulty was more prevalent for employers recruiting for higher skilled occupations. Employers were much more likely to report difficulty recruiting for higher skilled occupations than for lower skilled occupations, and more than twice as likely to be unable to fill the vacancy.

The greatest disparity between recruitment difficulty for higher and lower skilled occupations was in Sydney, where employers reported little difficulty recruiting for most lower skilled occupations. By contrast, the prevalence of recruitment difficulty was much more even across skill levels in Brisbane, which avoided the severe recruitment difficulty for many higher skilled occupations experienced in other capital cities, especially Darwin.

Chart 6: Proportion (%) of employers that reported recruitment difficulty



RECRUITMENT DIFFICULTY FOR SELECTED OCCUPATIONS

Using the survey results, it is possible to rate recruitment difficulties for common occupations in each capital city.

Table 3: Ratings of recruitment difficulty by city

	SYD	MELB	BRIS	ADEL	PER	HOB	DAR	CANB
Professionals and Managers								
Hospitality, Retail and Service Managers	Red	Red	Red	Green	Red	Yellow *	Yellow	Red
Teachers	Green	Green	Green	Yellow	Yellow	Yellow *	Red	Yellow
Registered Nurses	Red	Red	Red	Red	Yellow	Yellow *	Grey	Yellow
ICT Professionals	Red	Red	Red	Yellow	Red	Yellow *	Grey	Red
Technicians and Trades Workers								
Automotive Electricians and Mechanics	Red	Red	Red	Red	Red	Red *	Red	Red
Mechanical Engineering Trades Workers	Red	Yellow	Yellow	Red	Red	Red *	Red	Grey
Food Trades Workers	Red	Red	Red	Red	Red	Red *	Red	Red
Structural Steel and Welding Trades Workers	Yellow	Red	Yellow	Yellow	Red	Red *	Red	Grey
Community and Personal Services Workers								
Aged, Disability and Nursing Support Workers	Green	Yellow	Green	Yellow	Yellow	Green	Yellow	Red
Hospitality Workers	Green	Green	Green	Yellow	Yellow	Yellow	Yellow	Yellow
Clerical and Administrative Workers								
Receptionists	Green	Yellow	Green	Yellow	Yellow	Green	Red	Yellow
Accounting Clerks and Bookkeepers	Yellow	Green	Yellow	Yellow	Green	Green	Yellow	Red
General Clerks	Green	Yellow	Green	Yellow	Green	Green	Green	Yellow
Sales Workers								
Sales Representatives	Red	Red	Red	Red	Red	Red	Red	Grey
Sales Assistants and Checkout Operators	Yellow	Green	Yellow	Green	Yellow	Green	Yellow	Yellow
Machinery Operators and Drivers								
Plant and Machine Operators	Red	Yellow	Green	Yellow	Yellow	Yellow *	Red *	Red *
Bus and Truck Drivers	Grey	Green	Yellow	Yellow	Red	Yellow *	Red *	Red *
Storepersons	Green	Green	Yellow	Green	Yellow	Yellow *	Red *	Red *
Labourers								
Factory Process Workers	Yellow	Green	Yellow	Yellow	Green	Green	Yellow *	Grey
Food Preparation Assistants	Green	Green	Yellow	Green	Green	Green	Yellow *	Green

* Due to the small number of responses, results for individual occupations have been combined to give an overall rating for the whole occupation group.

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

EMPLOYER EXPECTATIONS

Employer expectations of both upcoming challenges to their business and for staff growth over the six months following the survey varied significantly across capital cities and industries.

STAFF GROWTH

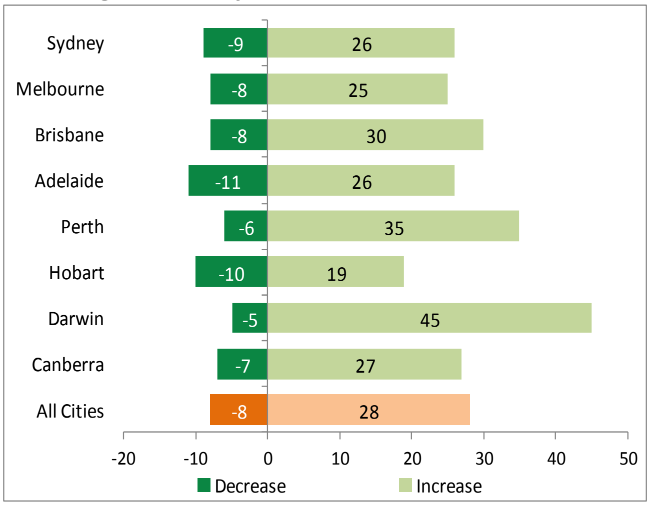
More than one quarter (28 per cent) of all employers expected to increase staff numbers in the six months following the survey, compared with 35 per cent in the 2011 survey. On the other hand, 8 per cent of employers expected to decrease staff numbers.

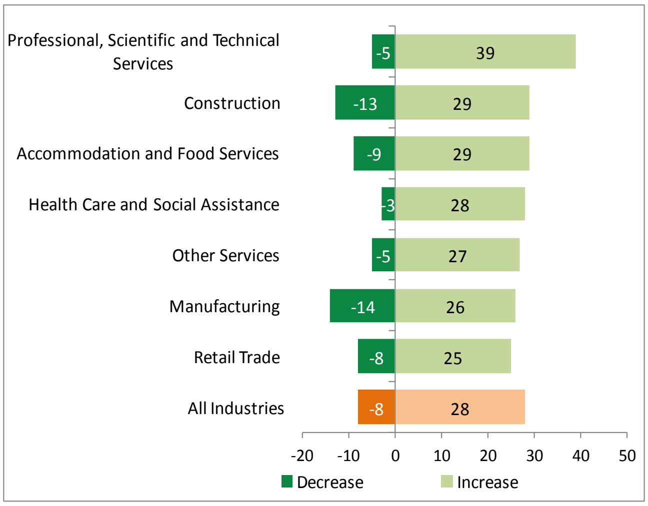
Recruitment expectations varied greatly by city, with a high proportion of employers in Darwin and Perth anticipating increasing staff numbers (45 per cent and 35 per cent respectively). By contrast, employers Hobart, in particular, have a more cautious attitude to future staff numbers.

Employers in the Professional, Scientific and Technical Services and Health Care and Social Assistance industries had the strongest overall outlook, with a large proportion of employers expecting to increase staff numbers relative to the proportion expecting to decrease.

- Although economic uncertainty in the Construction and Manufacturing industries has resulted in an above average proportion of employers anticipating decreasing staff numbers, more than one quarter of employers in both industries still anticipated increasing staff numbers.

Chart 7: Proportion (%) of employers who expect to increase or decrease staff numbers in the six months following the survey





GREATEST FUTURE BUSINESS CONCERN

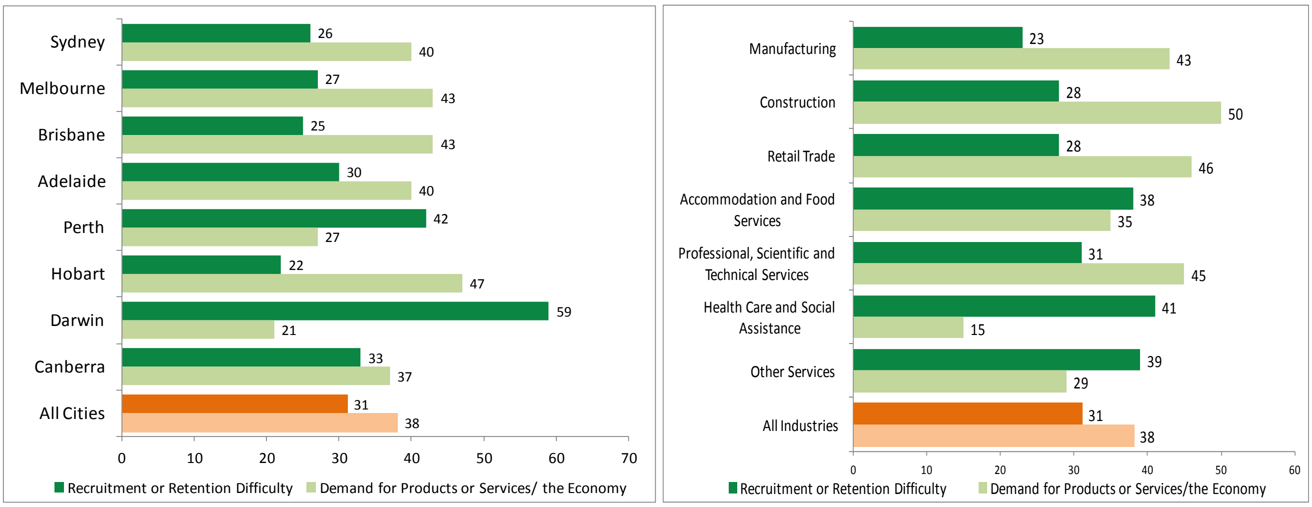
Employers were asked about their single greatest business concern for the six months following the survey. Responses most frequently related to the low or uncertain demand for their products or services or adverse economic conditions (38 per cent), with recruitment or retention difficulty (31 per cent) also a common concern.

- Concern about low levels of demand for their goods and services was higher in 2012 than in 2011 (38 per cent compared with 33 per cent), reflecting the softening in economic conditions that has occurred over the last 12 months.

Variability across the cities was again evident, with employers in Perth and Darwin more commonly reporting recruitment or retention difficulties as their greatest concern (59 per cent and 42 per cent respectively). By contrast, employers in cities with relatively soft economic conditions, Hobart in particular, were more concerned about the demand for their products or services.

Employers in the Health Care and Social Assistance industry more commonly reported recruitment and retention difficulties as their greatest concern (41 per cent, compared with 15 per cent for economic conditions). However, employers in the Manufacturing, Construction, Retail Trade and Professional, Scientific and Technical Services industries were most commonly concerned about demand for their products or services/the economy.

Chart 8: Employers' greatest concern for the six months following the survey



FURTHER INFORMATION

For further information visit:

Labour Market Information Portal: **www.deewr.gov.au/lmip**

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

Job Outlook: **www.joboutlook.gov.au**

SkillsInfo: **www.skillsinfo.gov.au**

Australian Jobs: **www.deewr.gov.au/australianjobs**

Australian Job Search: **www.jobsearch.gov.au**

Or contact the Regional and Industry Employer Surveys Section on **1800 059 439** or email **recruitmentsurveys@deewr.gov.au**