



Australian Government

Department of Education, Employment and Workplace Relations

Survey of Employers' Recruitment Experiences in the Gas Supply Industry

July 2011

This report was prepared by the Labour Market Research and Analysis Branch and is based on research conducted by the branch.

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Background

At the request of EE-Oz Training Standards, the Industry Skills Council for the ElectroComms and EnergyUtilities sectors, the Department of Education, Employment and Workplace Relations (DEEWR) conducted a survey of Employers' Recruitment Experiences for the Gas Supply industry in July 2011. The survey was conducted by telephone interview with 86 employers operating in or supplying equipment or services to the industry.

The survey was developed in consultation with EE-Oz Training Standards, the Australian Pipeline Industry Association, the Australian Liquefied Petroleum Gas Association Limited, the Energy Networks Association, the Australian Workers' Union and the Transport Workers' Union.

The Australian Labour Market

Prior to the onset of the Global Financial Crisis (GFC) in September 2008, labour market conditions in Australia had been exceptionally strong, with employment growth averaging 2.8 per cent per annum over the five years to September 2008, the unemployment rate troughing at 4.0 per cent in February 2008 and the participation rate standing at a near record high, of 65.8 per cent in April 2008.

During the three years (September 2008 to September 2011) that have followed this unprecedented stretch of strong and sustained growth, there have been marked differences in the strength of labour market activity. After the onset of the global downturn in September 2008, labour market conditions deteriorated, employment growth slowed and the unemployment rate increased to a peak of 5.9 per cent in June 2009.

Nevertheless, the Australian economy and labour market displayed remarkable resilience and weathered the fallout from the global recession much better than expected with labour market conditions strengthening and the unemployment rate falling to 4.9 per cent in December 2010, around half the rate recorded in the US and the Euro-zone at that time.

Since late in 2010 and throughout the 2011 calendar year, however, there has been a clear slowdown in labour market conditions in Australia from the strong growth experienced over most of 2010. For instance, the pace of trend employment growth has slowed from a peak of 39 300 jobs per month in August 2010, to its current pace of less than 6 000 jobs per month in October 2011, while the unemployment rate has increased to 5.3 per cent¹.

Overview of the Labour Market in the Gas Supply Industry

- According to the Australian Bureau of Statistics (ABS), there were 146 000 people employed in the Electricity, Gas, Water and Waste Services industry in Australia in August 2011². Employment data specific to the Gas Supply industry are not available, however, the distribution sector of the industry alone employed 9950 people in August 2011³.
- Over the year to August 2011, employment in the Electricity, Gas, Water and Waste Services industry declined by 2.3 per cent, yet employment in the distribution sector of the industry increased by 12.6 per cent. The large number of LNG projects under construction, continuing

¹ Australian Bureau of Statistics, Labour Force, October 2011, trend data.

² Australian Bureau of Statistics, Labour Force, August 2011, four quarter average of original data.

³ Australian Bureau of Statistics, Labour Force, August 2011, four quarter average of original data. In its industry classification, the ABS defines the Gas Supply industry as "units primarily engaged in the distribution of gas such as natural gas or liquid petroleum gas through mains systems". The much broader definition of the industry used in the survey was "gas transmission and distribution from wellhead to consumer access point, both through an extensive pipeline network and appropriate storage vessels".

population growth, and a shift towards lower-carbon sources of energy are expected to increase employment in the industry significantly in the coming years.

Summary of Results

The results of the survey suggest that the industry is growing strongly, and that employers commonly had difficulty recruiting suitable staff, particularly engineers. The continued growth of the industry will ensure there are ongoing opportunities available across a range of skilled levels including for entry-level occupations such as Building and Plumbing Labourers and Sales Assistants.

- A large proportion of surveyed employers in the Gas Supply industry had recruited to increase staff numbers in the 12 months prior to the survey (86 per cent) compared with the average for all industries (60 per cent).
- A much higher proportion of employers in the Gas Supply industry reported recruitment difficulty (82 per cent) compared with all industries (64 per cent).
- Employers in the Gas Supply industry attracted fewer suitable applicants (1.5 suitable applicants per vacancy) compared with all industries (2.0 suitable applicants per vacancy).
- One fifth (20 per cent) of vacancies were filled by staff requiring further development to do the job. This was high when compared with all industries (15 per cent).
- Employers reported difficulty recruiting for a range of occupations, including several engineering occupations (Industrial, Chemical and Production Engineers; Mining Engineers; and Electrical Engineers), technicians (Mechanical Engineering Draftspersons and Technicians; and Architectural, Building and Surveying Technicians) and Building and Plumbing Labourers.

Despite the widespread recruitment difficulty, a relatively low proportion of employers in the Gas Supply industry employed an apprentice or trainee (34 per cent), compared with all industries (54 per cent).

Future recruitment expectations in the Gas Supply industry are strong, with a very large proportion of employers expecting to recruit to increase staff numbers in the 12 months following the survey (89 per cent), compared with all industries (41 per cent).

- Employers in the industry expect their recruitment difficulties to continue, with 64 per cent expecting to experience recruitment difficulty in the 12 months following the survey compared with 45 per cent for all industries.

Demographics

- The 86 employers in the Gas Supply industry who responded to the survey employed 11 387 people, of whom 19 per cent were contractors.
- Nearly two thirds (65 per cent) of surveyed businesses had 20 or more employees. The analysis below compares the data collected in this survey with data for all businesses in all industries with 20 or more employees surveyed in the 12 months to June 2011.

- The largest share of employment was in the Electricity, Gas, Water and Waste Services industry (42 per cent), followed by Construction with 16 per cent.
- The survey collected information about four sectors of the industry: Gas Transmission; Gas Distribution; Gaseous Fuel Vessels; and Business Support Activity. The largest share of employment was in Gas Distribution (47 per cent), followed by Gas Transmission (39 per cent) (see Table 1).

Table 1. Number of employees and contractors at the time of the survey

Sector	Number of employees (including contractors)	Proportion of total employees in each sector ⁴	Number of contractors	Proportion of employees who are contractors ⁵
Gas Transmission	4478	39%	643	14%
Gas Distribution	5336	47%	1346	25%
Gaseous Fuel Vessels	73	1%	0	0%
Gas Supply Business Support	1500	13%	137	9%
Gas Supply industry - Total	11 387	100%	2126	19%

- Employees aged 55 or over accounted for 21 per cent of the Gas Supply industry's workforce⁶. This compares with 17 per cent for the Australian workforce overall⁷. However, employees aged 15 to 24 only accounted for 10 per cent of the workforce compared with 17 per cent.

Changes in staffing levels

- Most (59 per cent) employers had increased staff numbers in the 12 months prior to the survey while 8 per cent had decreased staff numbers (see Table 2).

Table 2. Changes in staff numbers in the 12 months preceding the survey

<i>Proportion of employers</i>	Staff	Contractors
Increased staff numbers	59%	45%
Decreased staff numbers	8%	13%
Staff numbers remained the same	33%	41%

⁴ This is a proportion of all employees in the Gas Supply industry.

⁵ This is proportion of contractors within the sector.

⁶ Information was collected in relation to ongoing employees only. Excludes results of some employers who were unable to provide age details for their workforce.

⁷ ABS Labour Force Survey, 3 month average to August 2011.

Recruitment Experiences in the 12 Months Preceding the Survey

- The proportion of employers in the Gas Supply industry who had recruited in the 12 months preceding the survey (83 per cent) was lower than the average for all industries (94 per cent).
- A very large proportion (86 per cent) of employers who recruited in the 12 months preceding the survey did so to increase staff numbers. This was high when compared with all industries (60 per cent).
- Over the 12 months preceding the survey, 7.8 per cent of vacancies remained unfilled. This is similar when compared with all larger employers surveyed in the 12 months to June 2011 (7.9 per cent).
- Recruitment difficulties were much more prevalent in the Gas Supply industry compared with all larger employers surveyed in the 12 months to June 2011 (82 per cent compared with 64 per cent (see Table 3).

Table 3: Recruitment experiences in the 12 months preceding the survey

<i>Proportion of employers</i>	Gas Supply Industry, July 2011	All businesses with 20 or more employees, 12 months to June 2011
Employers who recruited	83%	94%
- to increase staff	86%	60%
- to replace staff	82%	92%
Employers who reported difficulty	82%	64%
Vacancies unfilled	7.8%	7.9%

Staff Retention Issues and Strategies

- One quarter (26 per cent) of surveyed employers in the Gas Supply industry reported that staff retention was a problem. This proportion was similar to employers in all industries surveyed to June 2011 (25 per cent). However, a higher proportion of employers in the Gas Supply industry had strategies in place to address their retention issues (77 per cent compared with 67 per cent).
 - o The most common retention strategy was increased remuneration such as wages and bonuses (65 per cent) followed by providing development and training (59 per cent) and offering flexible working hours and providing a good working environment (both 35 per cent).

Most Recent Recruitment Activity

- The survey results for employers' most recent recruitment round again show a similar proportion of vacancies remaining unfilled, but a higher prevalence of recruitment difficulty, compared with all larger employers surveyed in the 12 months to June 2011 (see Table 4).
 - The proportion of vacancies remaining unfilled was highest for Professionals (17.3 per cent). This was high when compared with results for all industries surveyed to June 2011 (10.1 per cent). However, the proportion of vacancies remaining unfilled for Technicians and Trades Workers was lower when compared with results to June 2011 (10.3 per cent compared with 19.6 per cent).
- More than half (57 per cent) of employers surveyed reported difficulty in their most recent recruitment round with 65 per cent of these employers reporting that it was difficult to find people with the necessary skills. More than one third (35 per cent) of these employers had difficulty recruiting due to the tight labour market/not enough applicants and 25 per cent stated the nature of the work made recruitment difficult.

Table 4: Most recent recruitment experiences

	Gas Supply Industry, July 2011	All businesses surveyed with 20 or more employees, 12 months to June 2011
Proportion of vacancies unfilled	11.1%	10.4%
Professionals	17.3%	10.1%
Technicians and Trades	10.3%	19.6%
Proportion of employers who reported difficulty	57%	42%

- The demand for labour/skills was dominated by Queensland (which accounted for 26 per cent of vacancies), Western Australia (23 per cent) and New South Wales (22 per cent). Demand for higher skilled workers was slightly higher in Queensland and Western Australia, each accounting for 30 per cent of higher skilled vacancies; demand for medium to lower skilled workers was higher in New South Wales, accounting for 39 per cent of vacancies at this skill level.

Qualifications

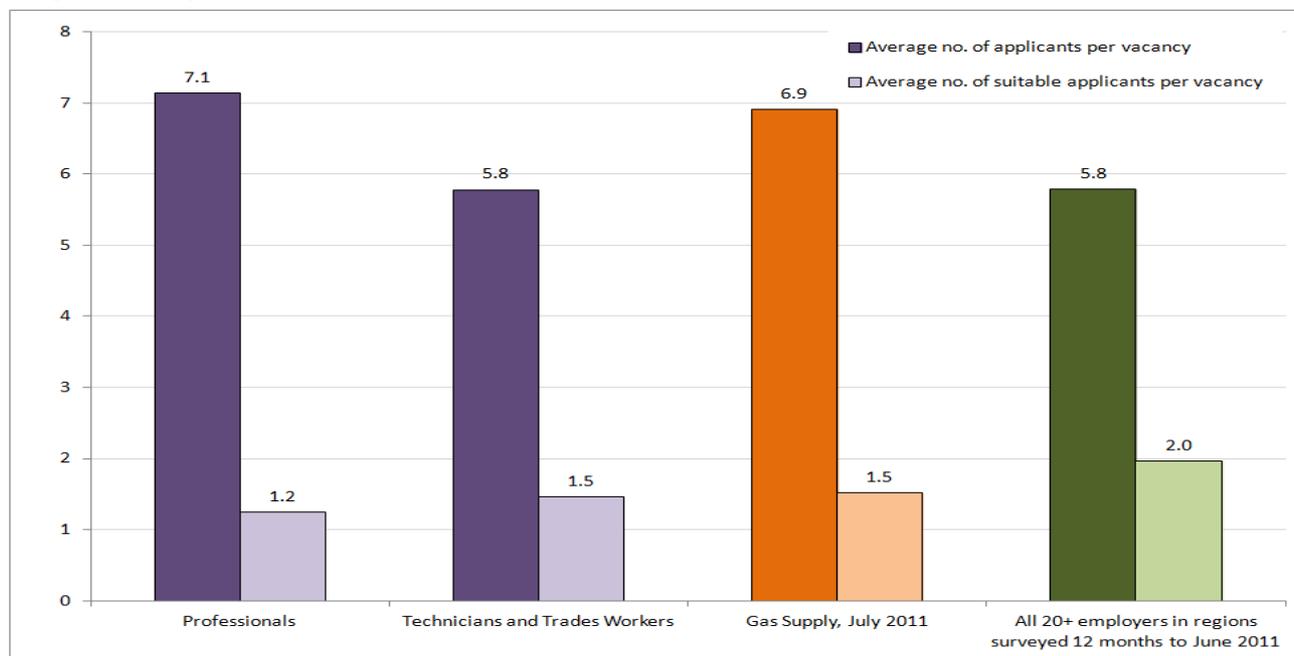
- 74 per cent of employers required a qualification for the occupation for which they most recently recruited.
- Of the employers who required a qualification for their most recent vacancy, 42 per cent required a Bachelor degree (many of which were vacancies for Engineers) and 42 per cent required a certificate. Nationally, almost one quarter (23 per cent) of employed persons aged 15 to 64 with a non-school qualification had a certificate qualification and 30 per cent had a

bachelor degree⁸. This suggests the Gas Supply industry has a higher demand for both certificate qualified and highly skilled staff.

Competition for vacancies

- The average number of applicants for vacancies in the Gas Supply industry was higher compared with all larger employers surveyed to June 2011. However, the average number of suitable applicants was lower (see Graph 1).

Graph 1: Competition for vacancies



- The most common reasons for applicant unsuitability were insufficient experience to perform the duties of the job (67 per cent), followed by insufficient qualifications or training (46 per cent), poor attitude or insufficient work readiness skills (19 per cent) and the applicant being from overseas or interstate (19 per cent).

Occupations difficult to fill

- Employers in the Gas Supply industry reported a range of occupations to be difficult to fill. The most commonly mentioned occupations were Industrial, Chemical and Production Engineers followed by Cartographers and Surveyors, Building and Plumbing Labourers and Occupational and Environmental Health Professionals.

⁸ ABS, Education and Work, May 2010

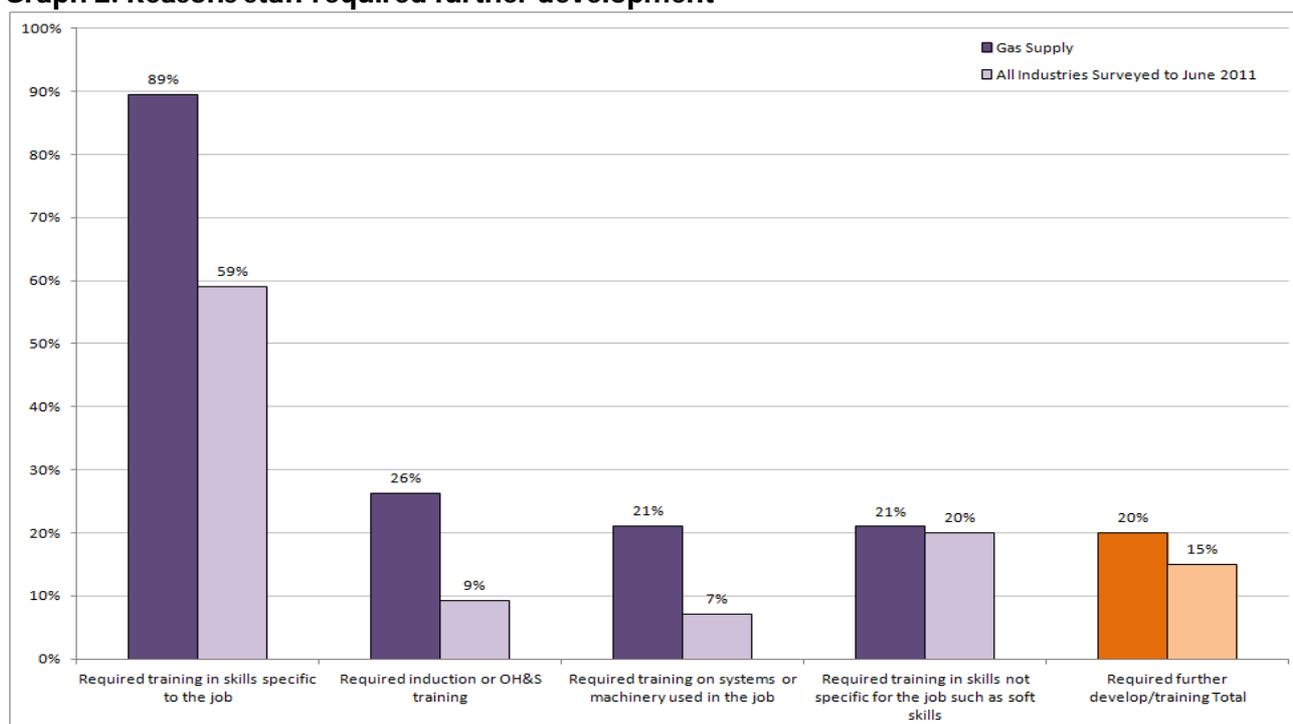
Table 5: Occupations difficult to fill

High Skill Level - Bachelor Degree or Higher	
Industrial, Chemical and Production Engineers	Cartographers and Surveyors
Occupational and Environmental Health Professionals	Mining Engineers
Electrical Engineers	Construction Managers
Medium Skill Level – Certificate II to Associate Degree	
Contract, Program and Project Administrators	
Sales Representatives	Mechanical Engineering Draftspersons and Technicians
Earthmoving Plant Operators	Chemical, Gas, Petroleum and Power Generation Plant Operators
Architectural, Building and Surveying Technicians	Plumbers
Low Skill Level – Compulsory Secondary Education to Certificate I	
Sales Assistants (General)	Building and Plumbing Labourers

Staff requiring further development

- One fifth (20 per cent) of employers’ vacancies were filled by staff requiring further development to do the job. This was high when compared with all industries (15 per cent) (see Graph 2).
- The most common areas in which newly-hired staff required development were:
 - o Skills specific to the job (89 per cent);
 - o Induction or OH&S training (26 per cent).
 - o Skills needed to operate systems or machinery for the job (21 per cent).
 - o Soft skills, such as communication and team work (21 per cent).

Graph 2: Reasons staff required further development



Apprentices and Trainees

- Of the employers surveyed in the Gas Supply industry, only 34 per cent employed an apprentice or trainee. This is significantly lower when compared with results for all industries surveyed to June 2011 (54 per cent).
 - Less than one third (30 per cent) of employers in the Electricity, Gas, Water and Waste Services industry employed an apprentice or trainee. The proportion was somewhat higher for employers in the Construction industry (39 per cent).
- More than half (55 per cent) of surveyed employers had experienced challenges employing an apprentice or trainee. This was similar when compared with results to June 2011 (52 per cent).
 - The main reported challenge in employing an apprentice or trainee was the high attrition rate during or immediately after training had finished. This was followed by the difficulties meeting mandatory training requirements and the quality or service of the mandatory training organisation.
- Only 35 per cent of employers expected to hire an apprentice or trainee in the 12 months following the survey. Again, this is lower than the results for all industries to June 2011 (40 per cent).

Trade Qualified Staff

- Less than half (41 per cent) of employers who employed an apprentice or trainee reported that all of their trade qualified staff completed their apprenticeship and/or traineeship through the business where they were currently employed. Of those employers who had recruited trade-qualified staff from elsewhere, most (86 per cent) had recruited from within the Gas Supply sector and 50 per cent had recruited from outside the sector.

Nationally Recognised Training

- Almost two thirds (63 per cent) of employers had arranged for their staff to undertake nationally recognised training in the 12 months prior to the survey. This is similar to the industries average (65 per cent). Training facilitated by TAFEs and commercial training providers were both utilised by 48 per cent of employers, while 33 per cent of employers used the services of an industry body to train their staff.
- More than one third (36 per cent) of employers reported barriers to providing nationally recognised training to their staff which is higher than employers in all industries (27 per cent).
 - More than half (58 per cent) of employers deemed the cost of training to be high, well above all employers surveyed to June 2011 (33 per cent).
 - The length of training and location of training providers were considered to be a problem for 29 per cent of employers whilst 26 per cent of employers thought the quality of training was low.

Future Recruitment Expectations

- A high proportion of employers in the Gas Supply industry expected to recruit in the 12 months following the survey (see Table 6).
- Almost all (89 per cent) employers anticipated recruiting to increase staff numbers with 90 per cent of these employers citing a higher demand for products/services.
- A much larger proportion of employers expected to encounter recruitment difficulty (64 per cent) compared with all employers surveyed to June 2011 (45 per cent).

Table 6: Recruitment expectations for the 12 months following the survey

<i>Proportion of employers</i>	Gas Supply Industry, July 2011	All businesses with 20 or more employees, 12 months to June 2011
Proportion of employers who expected to recruit	81%	77%
-to increase staff numbers	89%	41%
Proportion of employers who expect difficulty	64%	45%
Uncertain about future recruitment	5%	9%

Future Challenges

- A higher proportion of employers surveyed in the Gas Supply industry expected to experience business challenges in the 12 months following the survey, compared with all employers surveyed to June 2011 (74 per cent compared with 57 per cent).
 - o More than two fifths (42 per cent) of employers considered skill shortages and/or recruitment difficulties to be a challenge. This was followed by changes in the structure of the market (31 per cent) and handling increased business activity (25 per cent).



For more information:

- **Labour Market Information Portal:**

www.deewr.gov.au/lmip

- **Skill Shortages**

www.deewr.gov.au/skillshortages

- **Survey of Employers' Recruitment Experiences**

www.deewr.gov.au/regionalreports

- **Australian Jobs**

www.deewr.gov.au/australianjobs

- **Job Outlook**

www.joboutlook.deewr.gov.au

- **SkillsInfo**

www.skillsinfo.gov.au

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