



Australian Government

Department of Education, Employment and Workplace Relations

Survey of Employers' Recruitment Experiences

Mt Isa Employment Service Area – June 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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Australian Labour Market

- 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 March 2010, 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 5.0 per cent and a rise in employment of 534 000 people to 11 446 000 between June 2009 and June 2011.¹

The Mt Isa Employment Service Area

- The Mt Isa Employment Service Area (ESA) is a vast and sparsely populated region which comprises all of the Central West and North West Queensland regions. It is the largest ESA in Queensland and one of the largest in Australia in terms of area, spanning approximately 704 500 km² (roughly 41 per cent of the total area of Queensland). The Mt Isa Local Government Area is home to the city of Mt Isa, the main business, service and population centre for the region. Other LGAs in the Mt Isa ESA are Longreach, Cloncurry, Barcaldine and Blackall Tambo. Approximately 48 per cent of the working age population reside in the Mt Isa LGA.²
- At the time of the 2006 Census, there were approximately 28 600 people of working age (15-64 years) in the Mt Isa ESA, of whom 4 500 (16 per cent) were Indigenous.³
- Unemployment increased significantly in the Mt Isa LGA as a result of the global recession, from 4.4 per cent in December 2008 to 6.4 per cent in June 2010 (compared with 5.6 per cent for Australia).⁴ Unemployment has since fallen in the LGA (5.4 per cent in June 2011) due to the strengthening economy and the resumption of growth in the mining industry.
- As at June 2011, the unemployment rate for the Mt Isa ESA was 5.4 per cent, similar to the Australian rate of 5.1 per cent. Several Statistical Local Areas (SLAs) within Mt Isa had much lower unemployment rates, such as Cloncurry (4.1 per cent), Longreach (2.9 per cent) and Barcaldine (2.6 per cent).⁵ Other SLAs had high unemployment rates such as Burke (17.6 per cent), Doomadgee (17.1 per cent), Mornington (12.1 per cent) and Carpentaria (11.3 per cent).
- Educational attainment is very low among Indigenous people in the Mt Isa ESA, with 21 per cent having completed year 12 or equivalent at the time of the 2006 Census, compared with 42 per cent among non-Indigenous people.⁶ Similarly, the unemployment rate for

¹ ABS Labour Force, June 2011, seasonally adjusted data.

² ABS Estimated Resident Population 2009.

³ ABS, Census of Population and Housing, 2006

⁴ DEEWR, Small Area Labour Markets, March quarter 2011.

⁵ Ibid.

⁶ ABS, Census of Population and Housing, 2006. The year 12 completion rates are for the working age population (aged 15-64 years).

Indigenous people in the Mt Isa ESA (12.4 per cent) was five times higher than the non-Indigenous unemployment rate (2.4 per cent).

- The Mt Isa ESA is dominated by the Mining industry, particularly the Xstrata zinc mines operating in the region, and the cattle industry. Almost one third (31 per cent) of the working age population is employed in these two trade-exposed industries.⁷ Significant challenges for the region are managing the 'boom and bust' nature of these primary production industries in a way that complements other industries in the region, as well diversifying industry to achieve more balanced economic growth.⁸
- Net population growth in the Mt Isa ESA has been almost non-existent when compared with the Australian average. Total population growth between 2005 and 2010 was 1.5 per cent, compared with 9.5 per cent for Australia over the same period. The increase in the working age population in Mt Isa over the same period was 0.7 per cent.⁹ Strong job growth in the Queensland Mining industry¹⁰ has not translated into population growth in the ESA, as there are a large number of non-resident workers who live in on-site worker villages or who live in temporary or leased accommodation and are not included in ABS resident population estimates. This varies by region. Most mining jobs in Cloncurry and McKinlay were filled by non-resident workers (83 per cent and 99 per cent respectively), yet non-resident workers accounted for a small minority (16 per cent) of mining jobs in Mt Isa.¹¹
- Despite strong growth in the Mining industry, there is a shortage of affordable and/or adequate housing in Mt Isa, as well as an inadequate provision of infrastructure and social services, partly as a result of the transient/non-resident workforce and fluctuating population. This is a significant barrier to attracting and retaining staff in the region.

Survey of Employers' Recruitment Experiences

- In order to gain a better understanding of labour market conditions in the Mt Isa Employment Service Area (ESA) the Department of Education, Employment and Workplace Relations (DEEWR) conducted a Survey of Employers' Recruitment Experiences in June 2011. The survey was conducted by telephone interview with 268 businesses in the Employment Service Area, of whom 203 had recruited.
- Findings from the survey highlight the extent and nature of recruitment difficulties facing local employers and provide insight into the challenges facing businesses in the current economic climate.
- 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.

⁷ ABS, Census of Population and Housing, 2006.

⁸ Queensland Government, North West Regional Plan 2010-2031, 2010.

⁹ ABS Estimated Resident Population 2010.

¹⁰ Employment in Mining in Queensland has increased by 62% from May 2008 to May 2011 (ABS, Employed Persons by Region and Industry 2011).

¹¹ Queensland Government, North West Regional Plan 2010-2031, 2010, p33 (September 2007 data).

Recruitment Experiences in the 12 Months Preceding the Survey

- In the 12 months preceding the survey, 76 per cent of employers in the Mt Isa ESA had recruited, which was similar to all regions surveyed in the 12 months to June 2011 (74 per cent).
- There were 38 vacancies for every 100 staff employed in the previous 12 months. This was substantially higher than the average for all regions surveyed in the 12 months to June 2011 (24 vacancies for every 100 staff employed), despite Mt Isa being a small, remote city.
- A large proportion of employers recruited due to turnover (87 per cent) compared with recruitment due to business growth (55 per cent), similar to results for all regions surveyed in the 12 months to June 2011 (see Table 1).
- A significantly higher proportion of vacancies over the preceding 12 months remained unfilled (13.6 per cent) compared with all regions surveyed in the 12 months to June 2011 (8.3 per cent).
 - Unfilled vacancies were most common in the Other Services industry¹² (59.5 per cent, driven by unfilled vacancies for Motor Mechanics) and the Retail Trade industry (17.8 per cent).
- A strong majority (70 per cent) of employers who had recruited in the year prior to being surveyed had difficulty recruiting for one or more occupations, which was substantially higher compared with all regions surveyed (60 per cent).
 - Recruitment difficulty was endemic in the Professional, Scientific and Technical Services (100 per cent), Other Services (100 per cent) and Manufacturing industries (73 per cent).
- One quarter of employers (25 per cent) reported that retention was a significant problem, compared with 18 per cent in all regions surveyed in the 12 months to June 2011.
- Of those employers who reported that staff retention was a significant problem, two thirds (66 per cent) used retention strategies, which was higher compared with all regions surveyed in the 12 months to June 2011 (61 per cent).

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

	Mt Isa ESA (June 2011)	All Regions (12 months to June 2011)
Proportion of employers who recruited	76%	74%
- to increase staff	55%	53%
- to replace staff	87%	85%
Proportion of recruiting employers who experienced difficulty	70%	60%
Proportion of vacancies unfilled	13.6%	8.3%

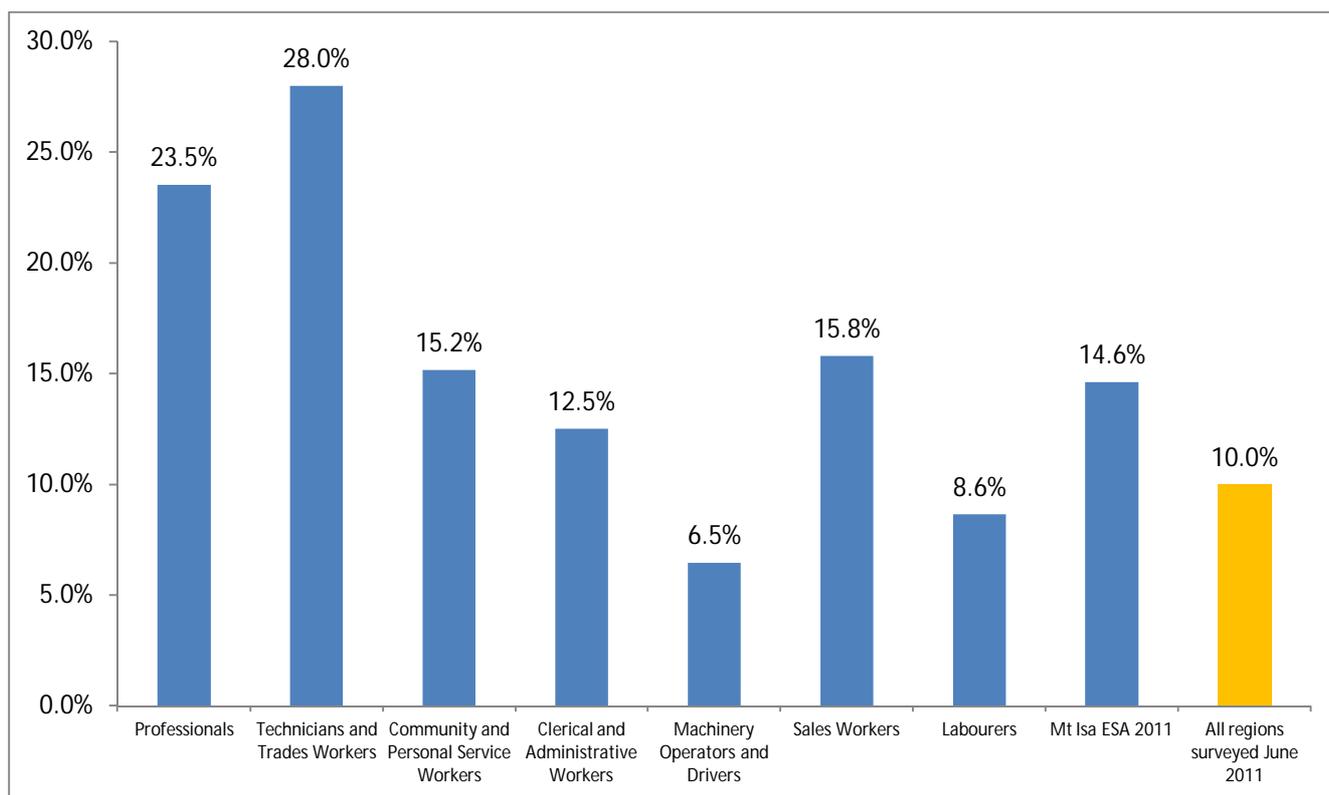
¹² The Other Services industry includes a broad range of personal services, such as hairdressing; religious, civil, professional and other interest groups; and selected repair and maintenance activities, including automotive repair.

Most Recent Recruitment Activity

Employers were asked about their most recent recruitment experience.

- A high proportion of recent job vacancies were not filled (14.6 per cent) in the Mt Isa ESA compared with 10.0 per cent for all regions surveyed in the 12 months to June 2011.
- The unfill rate varied by occupation. The high unfill rate for Technicians and Trades Workers (28.0 per cent) was driven by unfilled vacancies for Motor Mechanics, Cooks, and Metal Fitters and Machinists. The unfill rate for Professionals was also high (23.5 per cent) but spread across a range of Professional occupations. The unfill rate for Sales Workers (15.8 per cent) was driven by unfilled vacancies for Sales Assistants and Checkout Operators and Office Cashiers.

Chart 1: Proportion of unfilled vacancies by occupation group



- A substantially higher proportion of employers surveyed in Mt Isa (59 per cent) had difficulty recruiting for their most recent vacancy compared with all regions surveyed (45 per cent). Recruitment for Professionals (77 per cent), Labourers (69 per cent) and Technicians and Trade Workers (63 per cent) was particularly difficult.
- Employers in the Mt Isa ESA reported difficulty recruiting for a range of occupations (see Table 2). Occupations with higher unfill rates and higher levels of recruitment difficulty, namely Technicians and Trades Workers (Motor Mechanics, Metal Fitters and Machinists) and Sales Workers (General Sales Assistants) were most frequently mentioned as being difficult to fill.

Table 2: Occupations difficult to fill by skill level

Bachelor Degree or Higher VET Qualifications	
Motor Mechanics	Contract, Program and Project Administrators
Metal Fitters and Machinists	Chefs
Electricians	Cooks
Other Occupations	
Sales Assistants (General)	Checkout Operators and Office Cashiers
Commercial Cleaners	Bar Attendants and Baristas
Livestock Farm Workers	General Clerks
Truck Drivers	Motor Vehicle Parts and Accessories Fitters
Housekeepers	Child Carers
Tourism and Travel Advisers	Kitchen Hands

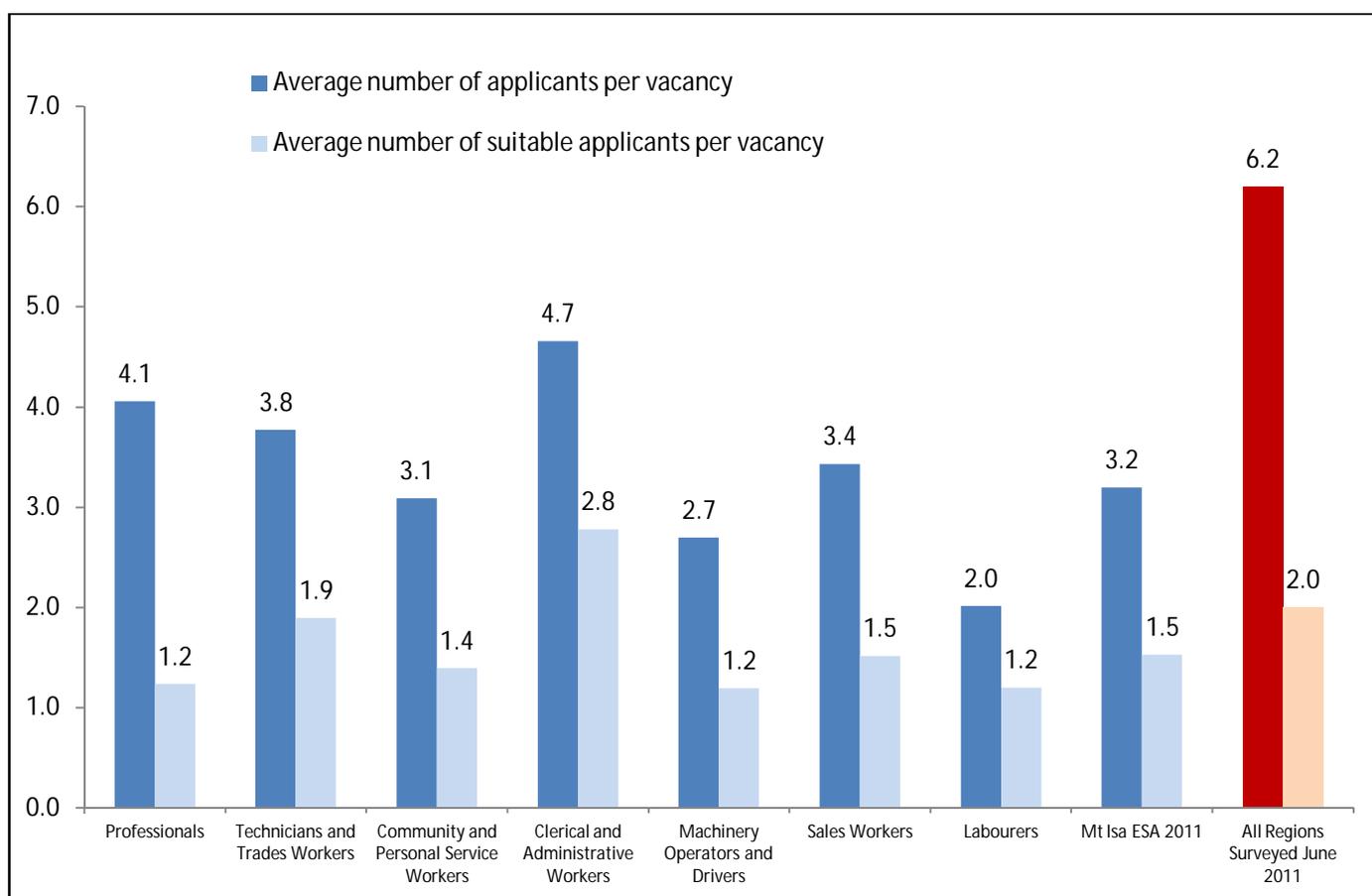
- Tight labour market/lack of applicants (52 per cent) and location (40 per cent) were common reasons for recruitment difficulty, followed by wages/remuneration not being competitive (23 per cent).
 - Tight labour market conditions were a source of difficulty prevalent in the recruitment of Professionals (60 per cent), Sales Workers (56 per cent) and Labourers (56 per cent).
 - Location was a particular difficulty for Community and Personal Service Workers (54 per cent), Professionals (50 per cent) and Machinery Operators and Drivers (50 per cent).
- While only a small proportion of employers who experienced recruitment difficulty specifically cited the Mining industry as a contributing factor, it is indicative that the higher wages on offer in the Mining industry are a contributing factor to tight labour market conditions as employers in service industries are, in many cases, unable to offer competitive wages.
- The median rent in Mt Isa was \$435 per week in December 2010, compared with \$330 per week for Queensland overall,¹³ implying a shortage of affordable housing in the Mt Isa region. Combined with the remoteness of the ESA, this partially explains why location was commonly cited as a source of recruitment difficulty by employers in the ESA. The high price of accommodation may be prohibitive for those not working in the highly remunerated mining sector. Additionally, the transient (“fly in/fly out”) nature of employment in the ESA has meant that there is little incentive to increase the supply of permanent accommodation in the region.

¹³ Queensland Housing and Market Report – December Quarter 2010, p14. Refers to 3-bedroom houses.

Applicants and Suitability

- There was an average of 3.2 applicants per vacancy in the Mt Isa ESA, of whom an average of 1.5 applicants was considered suitable. This was substantially lower compared with the average for all regions surveyed which recorded 6.2 applicants per vacancy, of whom an average of 2.0 applicants were considered suitable.
 - The low average number of applicants is consistent with the falling unemployment rate and low population growth in the Mt Isa ESA.
 - Employers recruiting for Professionals, Machinery Operators and Drivers and Labourers had the lowest number of suitable applicants per vacancy (1.2 for each).

Chart 2: Average number of applicants and suitable applicants per vacancy by occupation group



- The most common reason employers considered applicants unsuitable for the position was lack of experience (44 per cent) followed by limited interest in the job (22 per cent). Despite lack of experience being cited as the main reason for applicants' unsuitability, it was significantly lower compared with all regions surveyed in the 12 months to June 2011 (56 per cent).
 - Employers in the Mt Isa ESA may be more prepared to take on applicants without relevant experience if they show enthusiasm and have a good attitude (as a result of skill shortages and a tight labour market). This is reflected in the higher proportion employers recruiting staff who required development (1 in 4 employers) in the Mt Isa ESA versus all regions surveyed (1 in 7 employers).

- Applicants for Clerical and Administrative Worker vacancies were the most likely to be deemed unsuitable due to lack of experience (85 per cent), while applicants for Sales Worker vacancies were most likely to be unsuitable due to limited interest in the job (37 per cent).

Indigenous

- Half of the employers in the Mt Isa ESA who had recruited in the preceding 12 months had applicants from an Indigenous background. Of those employers, 26 per cent had filled a vacancy with an applicant from an Indigenous background. Employers with lower skilled vacancies (such as Sales Workers and Labourers) were most likely to have had Indigenous applicants (65 per cent).
- Just over a quarter (26 per cent) of all employers had experienced challenges employing people from an Indigenous background. Common challenges were absences and time off from the workplace (52 per cent) and poor attitude/lack basic work readiness skills (35 per cent).
 - In comparison, almost one third of employers surveyed had unsuitable applicants due lack of enthusiasm for the job or work in general, regardless of background.

Apprentices and Trainees

- A lower proportion (27 per cent) of employers in the Mt Isa ESA had an apprentice or trainee employed in their business compared with all regions surveyed (35 per cent).
- Just over 20 per cent of employers surveyed anticipated recruiting an apprentice or trainee in the 12 months following the survey, similar to all regions surveyed in the 12 months to June 2011 (23 per cent).
 - Industries which were most likely to have an apprentice employed were Other Services (58 per cent), Manufacturing (47 per cent), and Health Care and Social Assistance (33 per cent).
 - The industries most likely to take on an apprentice in the 12 months following the survey were Other Services (47 per cent) and Manufacturing (40 per cent).
- Almost one third of employers with apprentices had experienced challenges in employing an apprentice or trainee.
 - The main challenges experienced by employers were that the apprentice/trainee lacked general work readiness (27 per cent) and/or didn't stay long enough (27 per cent).
 - Anecdotal evidence suggests that apprentice and trainee staff have little incentive to stay long enough to complete training when they can gain higher wages by working in the Mining industry.

Future Recruitment Expectations

- Recruitment expectations for the year following the survey were relatively strong, with 57 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 June 2011 (52 per cent).
 - Future recruitment expectations were particularly high in the Accommodation and Food Services (64 per cent) industry.

- Of those employers who anticipated recruiting, 62 per cent expected to have difficulty filling their vacancies, significantly higher than all regions surveyed in the 12 months to June 2011 (47 per cent).
 - Anticipated recruitment difficulty was especially high in the Other Services (100 per cent), Manufacturing (83 per cent) and Professional, Scientific and Technical Services industries (83 per cent).
- More than half (58 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 June 2011 (55 per cent).
 - Skill shortage/recruitment difficulty (30 per cent) was the most common reason for expected challenges.
 - Business and government regulations (29 per cent), especially the carbon tax and the (then current) ban on live cattle exports, were frequently mentioned as employer challenges in the 12 months following the survey.
 - Employers also mentioned challenges arising from the remote location, flooding, and the transient/temporary nature of employment (fly in/fly out) within the region.

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

	Mt Isa ESA (June 2011)	All Regions (12 months to June 2011)
Expects to recruit	57%	52%
Expects future recruitment difficulty	62%	47%
Expects to increase staff numbers	31%	29%
Expects to reduce staff numbers	3%	3%

Opportunities for Job Seekers

- Opportunities for job seekers may exist for occupations with high unfill rates, high recruitment difficulty and low numbers of (suitable) applicants, such as:
 - Labourers (namely Commercial Cleaners, Livestock Farm Workers and Motor Vehicle Parts and Accessories Fitters); and
 - Technicians and Trades Workers (particularly Motor Mechanics, Metal Fitters and Machinists, Chefs and Cooks).
- Opportunities may become available in the industries that are expecting a high level of future recruitment and with occupations difficult to fill, namely Accommodation and Food

Services (Chefs, Commercial Cleaners, Bar Attendants and Baristas) and Other Services (Motor Mechanics, Metal Fitters and Machinists).

- A small labour force, minimal population growth and lack of affordable accommodation means that employers may need to look to people not currently in the labour force to fill their labour needs. Opportunities exist in entry-level occupations (namely Sales Workers and Labourers) which could provide entry into the labour market for job seekers with little or no experience in the labour market, such as young people, mature aged people, parents returning to the labour force and Indigenous job seekers.
- One of the main reasons applicants were deemed unsuitable was a lack of experience. Support for work experience programs, work readiness skills and support for apprentices and trainees could provide job seekers with the skills that employers are seeking.
 - Support for employers with apprentices and trainees could help increase the stock of skilled workers in the Mt Isa ESA, especially in difficult to fill occupations.



For more information:

- **Labour Market Information Portal:**
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