

October 2022
Recruitment activity¹

58%

Monthly change: 0%pts
Yearly change: ▲13%pts

October 2022
Recruitment difficulty rate

70%

Monthly change: ▲3%pts
Yearly change: ▲16%pts

October 2022
Expect to increase staff

31%

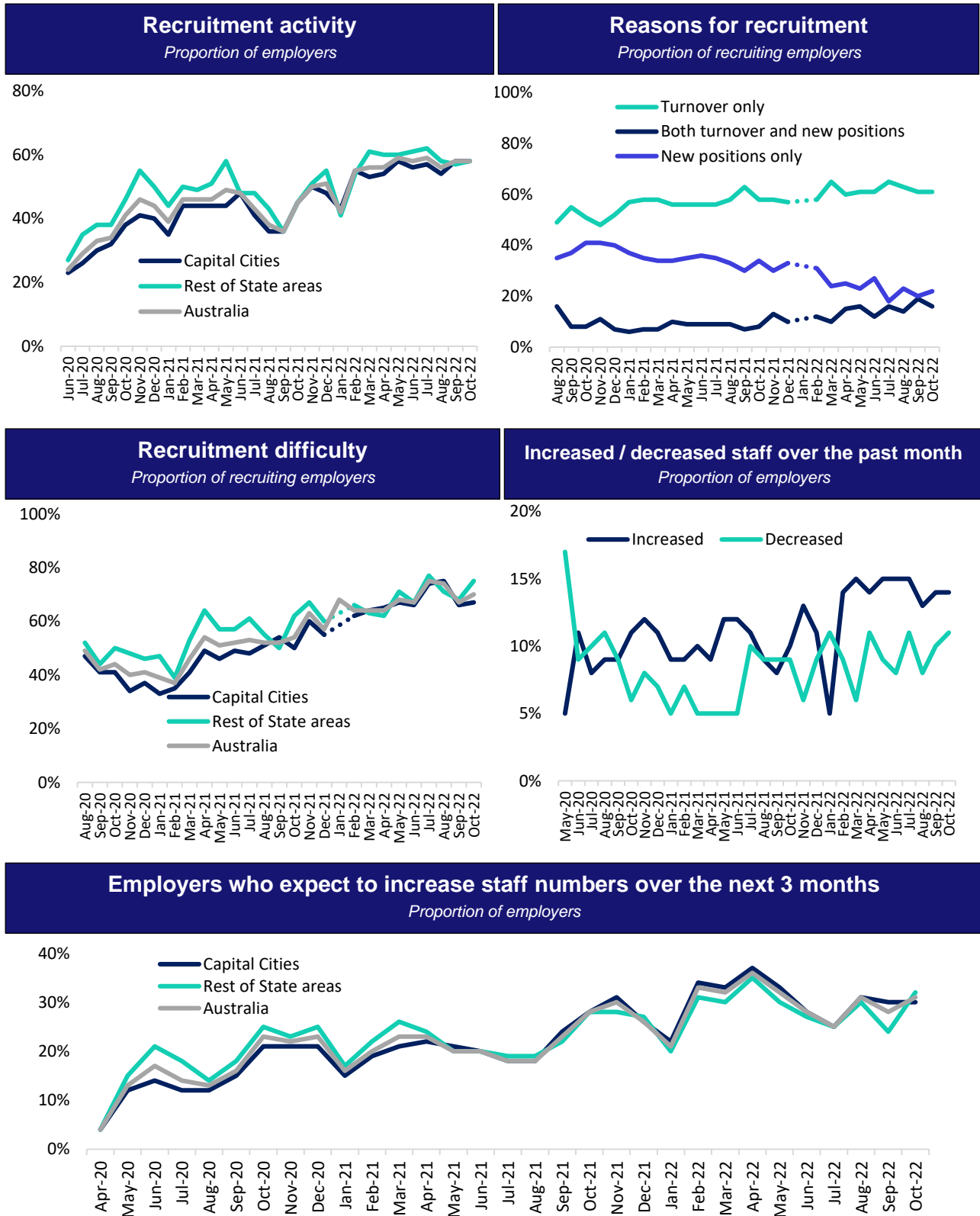
Monthly change: ▲3%pts
Yearly change: ▲3%pts

Key findings from the Recruitment Experiences and Outlook Survey (REOS)

- REOS results were relatively stable in October 2022 and suggest that labour market conditions remain very tight. All key indicators remain high, with recruitment difficulty and expectations to increase staff increasing slightly over the month.
- 58% of employers reported recruitment activity – the same as last month and 13 percentage points higher than in October last year. It's the equal-third highest monthly result since the beginning of the series in June 2020.
 - In Capital Cities the recruitment rate remained steady at 58% of employers, which is an equal-record high for this series. In Rest of State areas, the recruitment rate increased by 1 percentage point to 58% of employers.
- 14% of employers increased staffing levels over the past month, the same proportion as last month. The proportion of employers who decreased staff over the past month was 11%, 1 percentage point below last month's result.
- The recruitment difficulty rate increased by 3 percentage points to 70% of recruiting employers (representing 41% of all employers). This is the third-highest monthly result on record (the peak of 75% was recorded in July 2022).
 - The recruitment difficulty rate jumped by 7 percentage points to 75% in Rest of State areas, while in Capital Cities it edged up by 1 percentage point to 67%.
 - For Higher Skilled occupations recruitment difficulty stood at 72%, while for Lower Skilled occupations the rate was 68%.
- Employers' expectations to increase staffing levels over the next three months rose by 3 percentage points to 31%. Some 2% of employers were expecting to decrease staffing levels over the next three months.
- This month's Spotlight examines recruitment difficulty as a proportion of *all* employers (called the difficulty-to-population ratio), and how this measure varies across different types of regions. It shows that Rest of State areas consistently have higher ratios than their Capital City counterparts, as well as higher rates of long-term vacancies.

¹ Note: Recruitment activity (also referred to as the 'recruitment rate') refers to the proportion of all employers who are either currently recruiting or who had recruited in the previous month. The recruitment difficulty rate is the proportion of recruiting employers who experienced difficulty hiring staff. The 'expect to increase staff' figure is the proportion of all employers who expect to increase staff numbers over the next three months.

Recruitment indicators – key charts



Note: Some disaggregated data was not publishable in January 2022; hence in some of the above charts data points from December 2021 to February 2022 have been joined by a dotted line.

Spotlight: Comparing Capital Cities and Rest of State areas using the difficulty-to-population ratio

This month's Spotlight examines recruitment difficulty across various regions of Australia, using a new indicator called the 'difficulty-to-population ratio'.

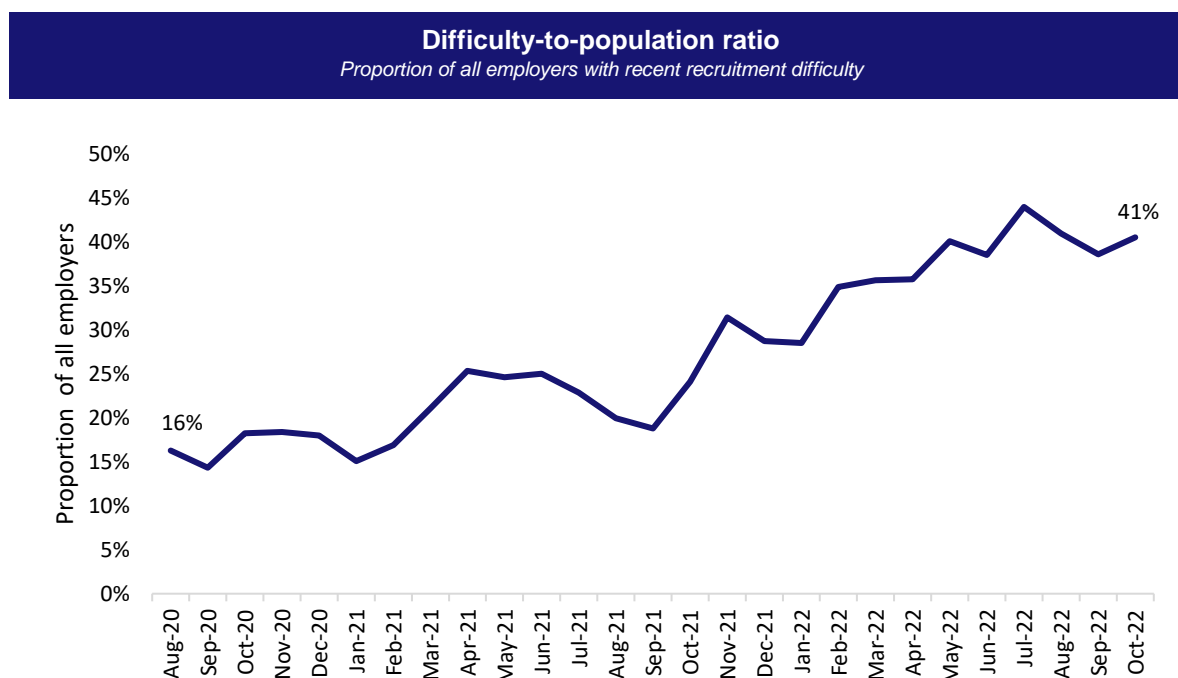
Difficulty-to-population ratio: recruitment difficulty as a proportion of *all* employers

The difficulty-to-population ratio reflects recruitment difficulty as a proportion of *all* employers (instead of recruiting employers, as is done for the standard recruitment difficulty rate). The difficulty-to-population ratio is the proportion of *all* employers that said they:

- Recruited in the past month, and
- Had difficulty in their most recent recruitment in the past month.²

The level of recruitment and the incidence of recruitment difficulty give complementary indications of labour market tightness. The difficulty-to-population ratio summarises these two factors into one measure, allowing for trends in labour market tightness to be more easily assessed when comparing across several regions.

The difficulty-to-population ratio has more than doubled over the last two years, driven by increases in both the recruitment rate and the recruitment difficulty rate over this period. From a modest 16% of employers in August 2020, the difficulty-to-population ratio peaked at 44% in July 2022, before easing slightly to 41% in October 2022. The largest decrease in the ratio over this time was from June 2021 to September 2021, when COVID-19 lockdowns reduced recruitment levels.

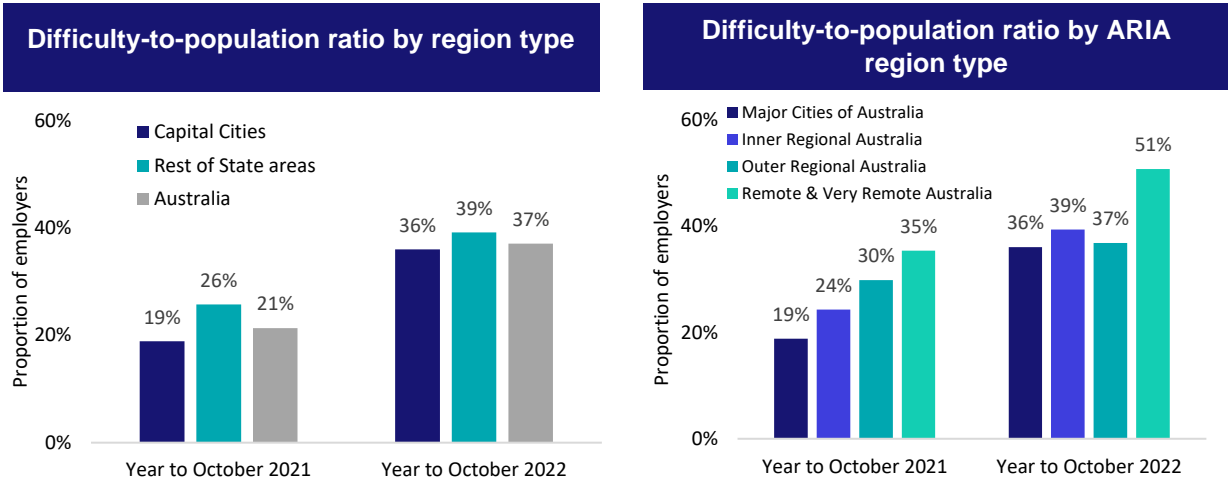


The difficulty-to-population ratio has increased in all region types

The difficulty-to-population ratio has increased over the last two years in Capital Cities and in Rest of State areas, due to increases in both the level of recruitment and the incidence of recruitment difficulty. While the ratio in Rest of State areas is higher than in Capital Cities, the difference between Capital Cities and Rest of State areas is now much smaller compared with a year ago.

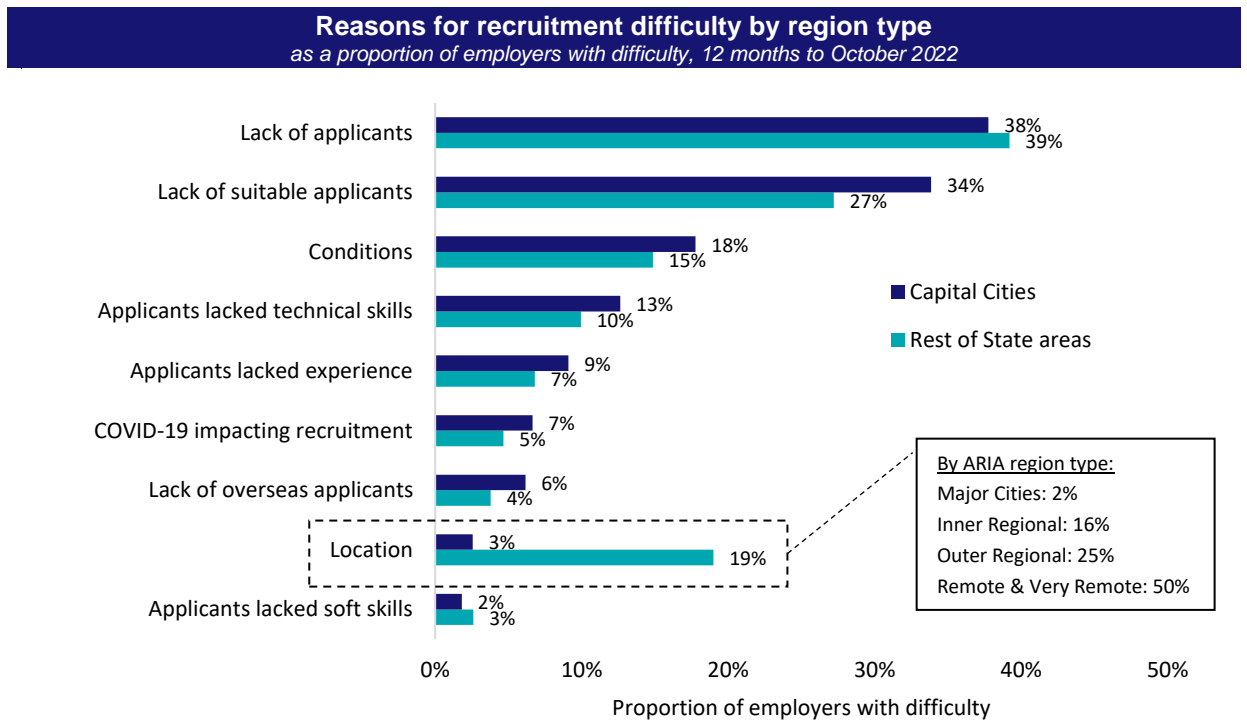
² Note that according to this definition, employers with no difficulty in their most recent recruitment round are not flagged as having difficulty, even though they may have had difficulty for another, previous recruitment round in the past month. The REOS does not pick up such instances of difficulty as it only asks about difficulty in the most recent recruitment round from the past month.

The second chart below shows a more detailed breakdown by region type.³ It shows that the difficulty-to-population ratio in major cities has increased to a similar level to regional areas (even though the ratio in regional areas has also increased over the year). In remote areas, however, the ratio has surged over the year and remains much higher than in regional or metropolitan areas. Over half (51%) of employers surveyed in these areas reported that they recently recruited and had difficulty finding staff for their most recent recruitment round. This suggests labour and skill shortages are more likely to be prevalent in these types of areas.



Regional and remote employers often attribute their difficulty to their location

For the most part, the reasons employers give for their recruitment difficulty are mentioned at a similar rate across Capital Cities and Rest of State areas. However, the rate at which employers attribute location as a reason for their difficulty depends heavily on their type of location. While only 3% of employers with difficulty in Capital Cities say that the difficulty was due to their location, 19% of employers with difficulty in Rest of State areas said the same. For employers with difficulty in remote and very remote areas, half attribute their recruitment difficulty to their location.

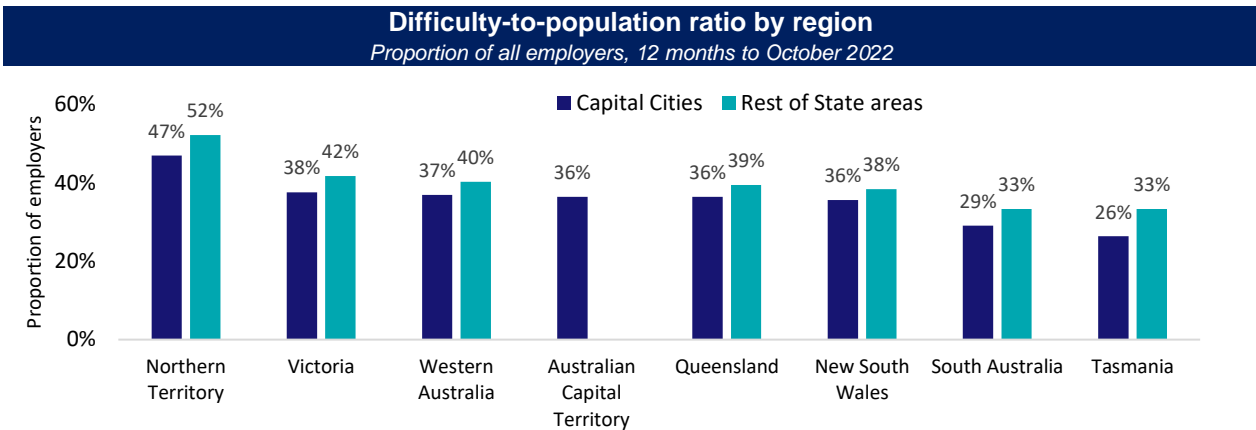


³ The classification used here is based on the Accessibility and Remoteness Index of Australia (ARIA+), which divides Australia into 5 'Remoteness Areas': Major Cities of Australia, Inner Regional Australia, Outer Regional Australia, Remote Australia and Very Remote Australia. In this analysis, Remote Australia and Very Remote Australia have been combined into one category due to small sample sizes.

Difficulty-to-population ratio by region

The overall trend of higher ratios in Rest of State areas holds true for each individual State and Territory. For example, within the Northern Territory, the 'Rest of NT' (52%) has a higher ratio than Greater Darwin (47%); and within Victoria, the 'Rest of Victoria' (42%) has a higher ratio than Greater Melbourne (38%) - this trend holds true for the remaining States, too.

It is also worth noting that the ranking of the jurisdictions is the same for both the Capital Cities series and the Rest of State series: the Northern Territory has the highest difficulty-to-population ratios, while the lowest ratios are in South Australia and Tasmania.



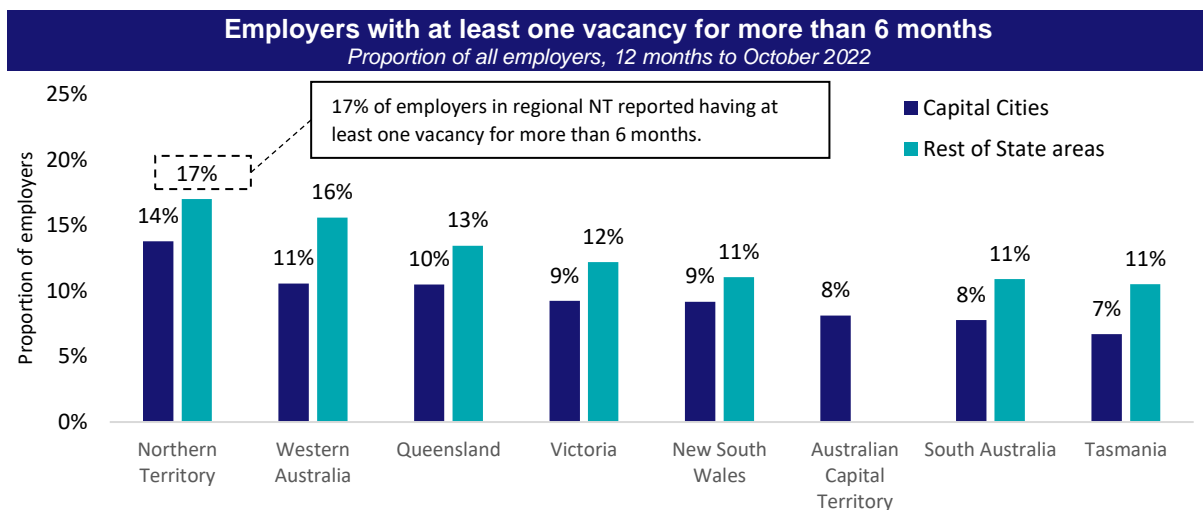
Chronic vacancies – where are they most common?

Some employers who cite recruitment difficulty still end up filling their vacancies in a reasonable timeframe – for example, within a month.

The most severe recruitment difficulties are likely to occur when employers take a long time to fill their vacancies. To measure these severe difficulties another indicator, similar to the ratio used thus far in this report, has been used below: the proportion of all employers that had at least one vacancy for more than 6 months in their most recent recruitment round.⁴

The chart below shows that of the Capital Cities, Greater Darwin had the highest of proportion of employers who had at least one vacancy for more than 6 months (14%). Greater Adelaide (8%) and Greater Hobart (7%) had the lowest proportions. This follows the pattern seen in the previous charts of difficulty-to-population ratios.

The Rest of State areas all have higher levels of chronic vacancies than their Capital City counterparts. The 'Rest of Northern Territory' had the highest rate of chronic vacancies of 17%, followed by 'Rest of Western Australia' at 16%.



⁴ These employers either had unfilled vacancies which they'd been trying to fill for more than 6 months, or they recently filled a vacancy that they'd been trying to fill for more than 6 months.

Background

Information in the monthly Recruitment Insight Reports is based on the *Recruitment Experiences and Outlook Survey* (REOS), which is an ongoing survey of employers across Australia. Approximately 1200 employers are surveyed each month, with data published on the Labour Market Insights website (labourmarketinsights.gov.au). While the data are indicative of recruitment activity, they may be subject to seasonal factors and other volatility and should therefore be used with caution. In addition, the survey is targeted towards employers with 5 or more employees, and excludes many government organisations.

REOS results may not reflect the full impact that outbreaks of COVID-19 and associated restrictions have had on employers and their recruitment experiences since the survey is unable to gather data from employers who have closed down (even temporarily) and response rates can vary significantly by industry in areas under lockdown restrictions.

Please note that data collection paused over the Christmas and New Year period from 21 December 2020 until 8 January 2021, and 18 December 2021 to 7 January 2022.

Data in this release should be referenced as: National Skills Commission, Recruitment Insights Report, October 2022.

For additional information email RecruitmentAnalysis@skillscommission.gov.au.