

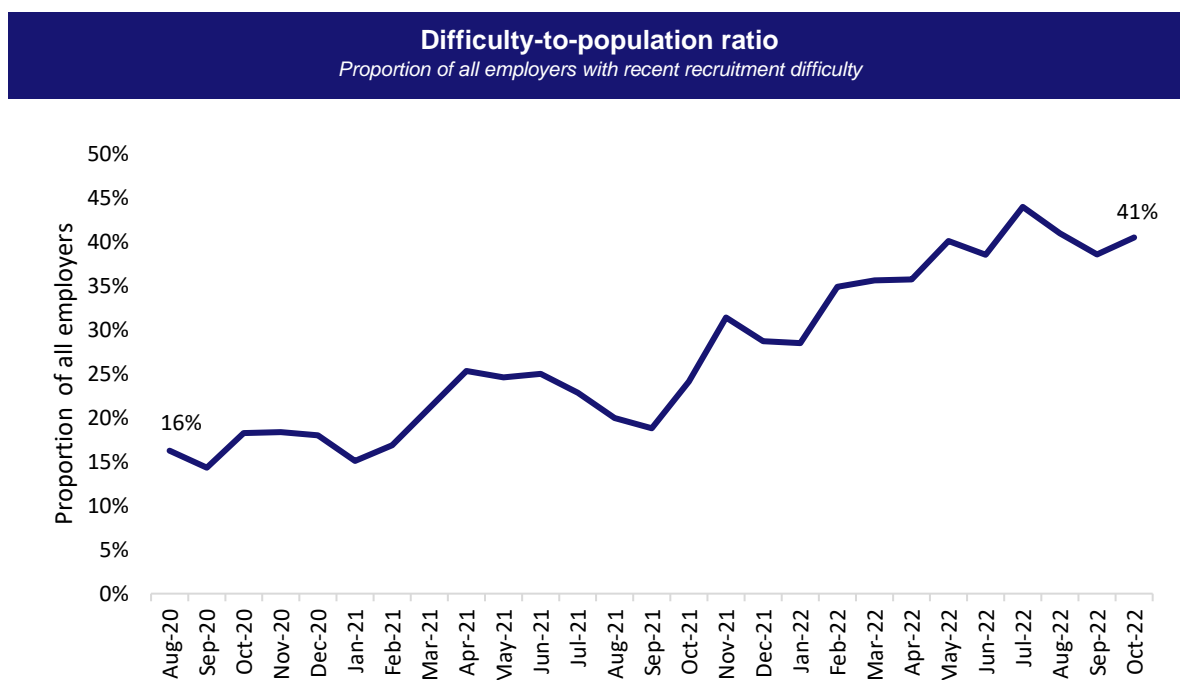
Difficulty-to-population ratio: recruitment difficulty as a proportion of *all* employers

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:

- a) Recruited in the past month, and
- b) Had difficulty in their most recent recruitment in the past month.¹

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.

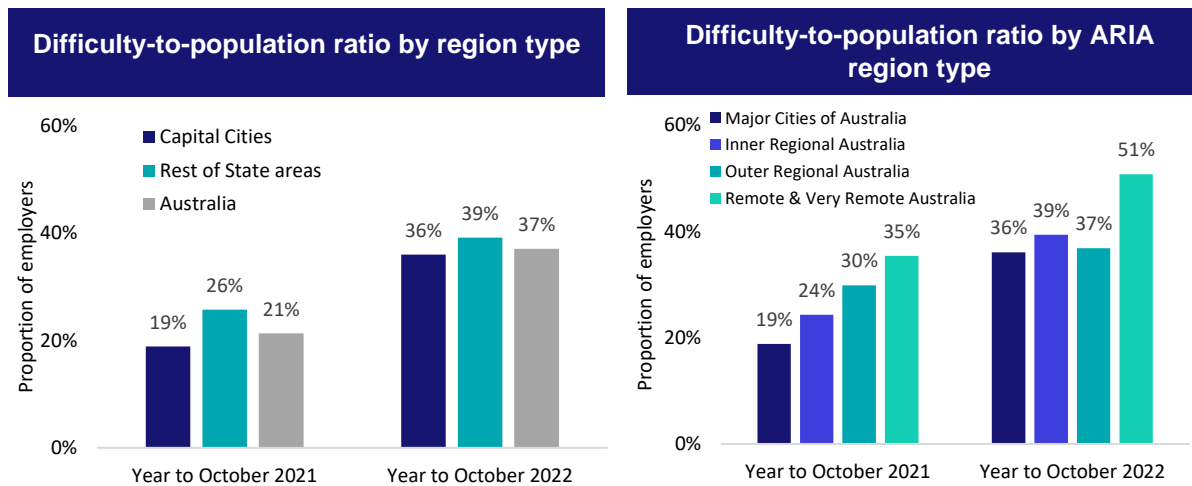


The difficulty-to-population ratio has increased in all region types

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.

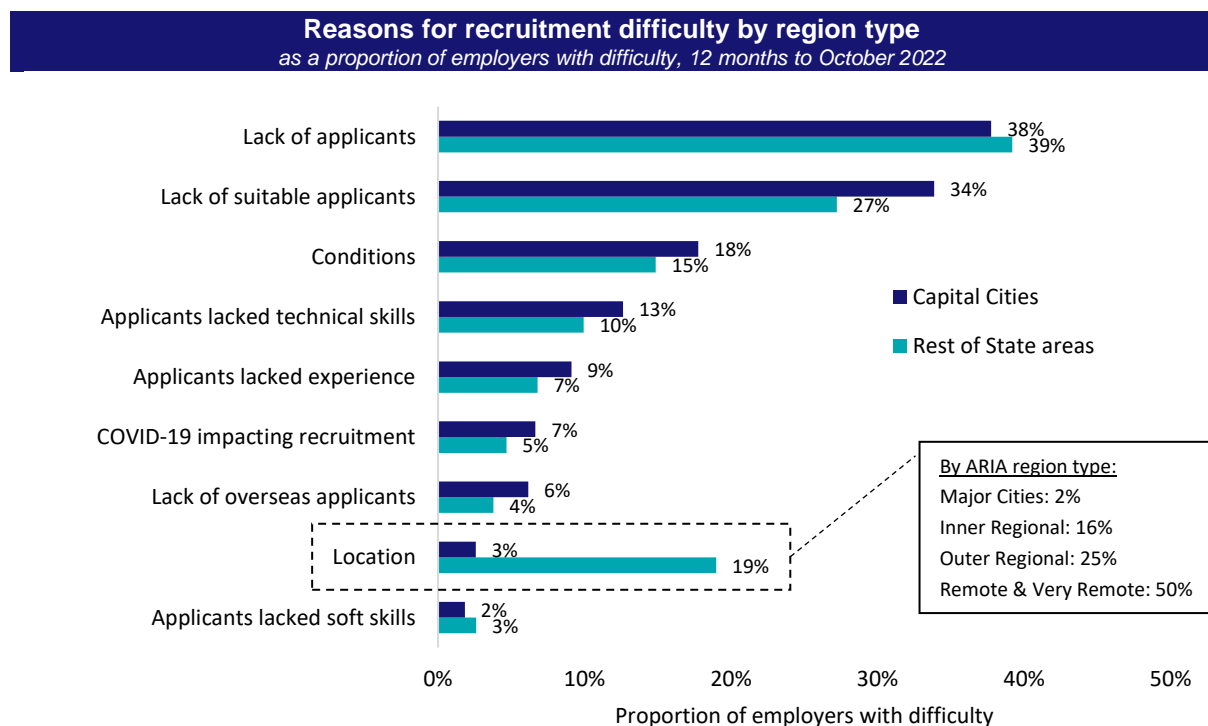
¹ Note that according to this definition, employers with no difficulty in their most recent recruitment round are not flagged as having difficulty, even though they may have had difficulty for another, previous recruitment round in the past month. The REOS does not pick up such instances of difficulty 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.² 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.

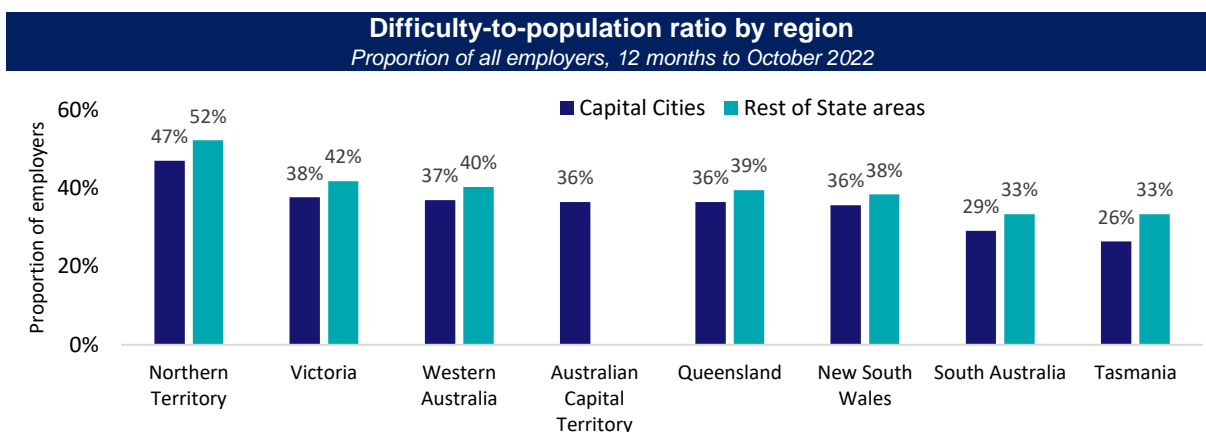


² The classification used here is based on the Accessibility and Remoteness Index of Australia (ARIA+), which divides Australia into 5 'Remoteness Areas': Major Cities of Australia, Inner Regional Australia, Outer Regional Australia, Remote Australia and Very Remote Australia. In this analysis, Remote 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.



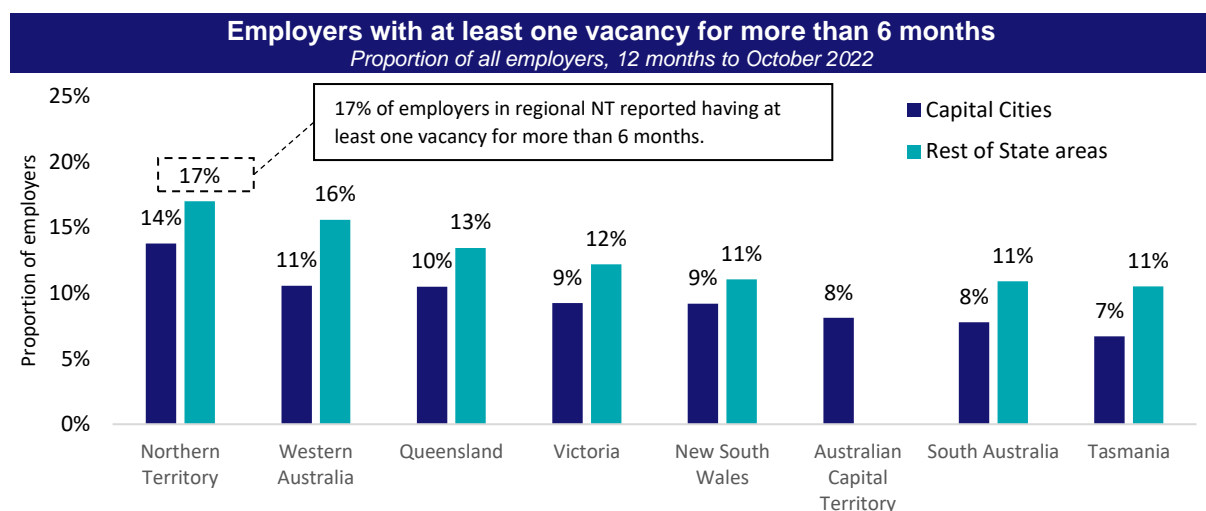
Chronic vacancies – where are they most common?

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.³

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%.



³ 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.