



Australian Government
Department of Employment

Demand for labour in Northern Australia

Survey of Employers' Recruitment Experiences:
July 2014 to April 2015



KEY FINDINGS

The Department of Employment, as part of its *Surveys of Employers' Recruitment Experiences*, interviewed more than 2,000 employers in northern Australia between July 2014 and April 2015. This paper provides an overview of labour market conditions in the region and the recruitment experiences of the surveyed employers.

1. The **demand for labour has eased considerably** in much of northern Australia over the past two years. With the exception of Darwin, more employers had reduced rather than increased staff numbers in the last year. The unemployment rate in northern Australia has also increased significantly in the last year, mainly as a result of a 20.7 per cent increase in the level of unemployment.
2. There was **no evidence of widespread labour shortages** in northern Australia, however, many employers, particularly in Darwin and remote locations, still reported recruitment difficulty:
 - a. Employers in all locations reported **difficulty recruiting for higher skilled jobs**, in particular Health and Education professionals, and Hospitality, Retail and Service Managers.
 - i. In the **Northern Territory**, employers also reported recruitment difficulty for some Technician and Trades Workers occupations, including Engineering Trades Workers.
 - b. Employers in the Northern Territory also found vacancies difficult to fill for some **lower skilled jobs**, including Truck Drivers, Storepersons and Labourers.
 - c. Some employers reported **a lack of applicants** as the reason for recruitment difficulty, even in **locations with high competition for vacancies**. While this was partly due to difficulties filling some vacancies for specific roles, it may also be due to employers increasing their expectations with regard to the skills and experience of applicants as the labour market softens.
3. Despite an overall easing in labour market conditions in northern Australia, there was **considerable variation across the region**:
 - a. **Darwin** was the only location that experienced strong recruitment activity, with one in three recruiting employers increasing staff numbers in the last year. Darwin also continued to experience significant recruitment and staff retention challenges.

- b. **Townsville, Cairns, Mackay and Rockhampton** all experienced soft and deteriorating labour market conditions in the past year. The proportion of employers reporting recruitment difficulties declined significantly in these locations and competition for vacancies was high. With the exception of Rockhampton, unemployment rates in these areas are also above the national average.
 - c. **Remote areas:**
 - i. **Outback Northern Territory, Outback Queensland and the Kimberley** continued to experience strong recruitment activity, due mainly to staff turnover. Attracting and retaining suitable staff was particularly difficult for many employers in remote areas and, as a result, many often relied on labour from outside the local area, including backpackers.
 - ii. The **Pilbara** also continued to experience a high level of recruitment activity and some difficulty attracting and retaining staff. However, recruitment activity and recruitment difficulty has eased significantly, since the area was surveyed in 2010.
4. On the whole, the recruitment outlook in northern Australia is mixed with many employers reporting economic conditions as their main future concern.

LABOUR MARKET CONDITIONS IN NORTHERN AUSTRALIA

Labour market conditions deteriorated in northern Australia¹ over the year to May 2015, with the level of employment increasing by a modest 7,700 (or 1.2 per cent) and the level of unemployment rising by 8,000 (or 20.7 per cent).² Against this backdrop, the unemployment rate in northern Australia increased by 1.0 percentage point over the year to stand at 6.7 per cent in May 2015, above the national rate (6.0 per cent³). The rise in the unemployment rate occurred in conjunction with a 0.5 percentage point increase in the participation rate over the period, to 70.5 per cent, well above the national rate (64.7 per cent).²

In line with the softening labour market conditions, the Department of Employment's Vacancy Report showed that vacancies in northern Australia declined by 14.0 per cent over the year to May 2015, compared with a rise of 5.6 per cent Australia-wide.⁴

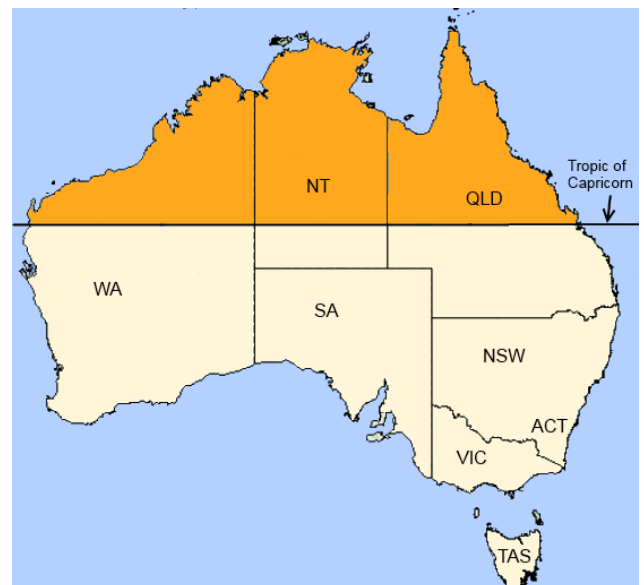
Despite an overall easing in labour market conditions, there was considerable variation across northern Australia, with unemployment rates ranging from 12.2 per cent⁵ in the Kimberley to 3.5 per cent⁶ in Darwin.

Many parts of northern Australia depend heavily on one or two industries for employment, for example Mining and Construction in Mackay and the Pilbara, Public Administration in the Northern Territory and Tourism in parts of Coastal Queensland (see Attachment A). This low diversity can leave local labour markets vulnerable to downturns. For example, parts of Western Australia that depend heavily on Mining and Mining Construction have experienced a significant easing in labour market conditions over the last year.

INDIGENOUS POPULATION⁷

Around 15 per cent of the population in northern Australia identify as Indigenous compared with 3 per cent for Australia overall. On average the unemployment rate for Indigenous Australians in northern Australia is almost five times higher than for non-Indigenous Australians, although this differential is in line with other parts of the country. Further, a substantial proportion of the Indigenous working age population is not participating in the labour force. Educational attainment is also substantially lower for the Indigenous population in northern Australia, with only 25 per cent of the Indigenous working age population having completed Year 12 (compared with half of the non-Indigenous population). Indigenous employment is predominantly in Public Administration, Health and Education.

Map of Northern Australia



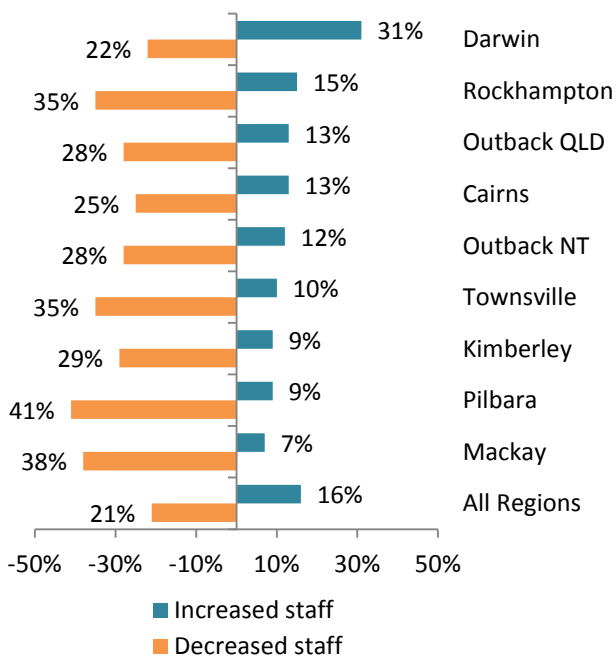
DEMAND FOR LABOUR

The demand for labour remained high in many parts of Northern Australia in the 12 months prior to the survey, driven mainly by staff turnover. However, the demand has generally eased in the past two years, in line with the softening labour market conditions nationally.

Across all locations, except for Darwin, more employers have reduced staff numbers than increased staff numbers (see Chart 1). This was particularly evident in Mackay and the Pilbara, reflecting the downturn in the Mining sector, which accounts for a significant proportion of employment in these regions.

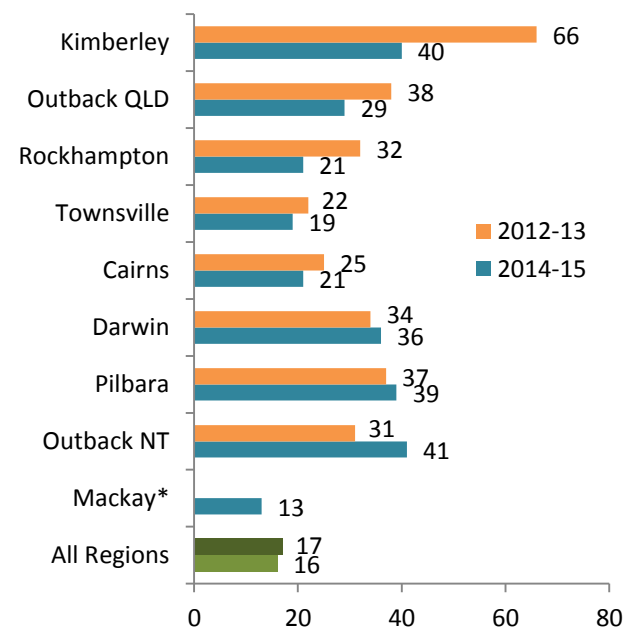
In Darwin, a high proportion of employers increased staff numbers in the 12 months prior to the survey (31 per cent), highlighting the continuing strong growth in the city. However, the proportion of employers who increased staff numbers in all other locations was below the average for all regions surveyed across Australia.⁸

Chart 1: Proportion of employers who increased and decreased staff numbers in the past 12 months



Employers in Outback Northern Territory, the Kimberley, the Pilbara and Darwin all reported strong recruitment activity (see Chart 2). However, Outback Northern Territory, the Kimberley, and the Pilbara all had a low proportion of employers who recruited to increase staff numbers, which suggests that most recruitment activity was due to turnover. On the other hand, recruitment activity in Mackay was very low (13 vacancies per 100 staff).

Chart 2: Annual vacancies per 100 staff



*No previous data for Mackay

In line with the general softening of economic conditions across the country, most locations in northern Australia experienced a reduction in recruitment activity over the past two years. Of particular note was the significant decline in recruitment activity in the Kimberley. While recruitment activity in the Pilbara remains well above the average across all regions, it has declined significantly since the peak of the mining construction phase. Results from a survey of employers in the Pilbara in 2010 showed that the annual vacancy rate in the 12 months to August 2010 was 79 vacancies per 100 staff, double the rate recorded in the two most recent surveys.

MINING IN NORTHERN AUSTRALIA

Mining investment has been a major driver of economic and employment growth in northern Australia. Around 60,000 people (9 per cent of total employment)¹ are directly employed in the Mining industry, and employment in other major industries, such as Construction, Manufacturing and Transport, is often directly, or indirectly, linked to Mining. Despite strong growth in the Mining industry for many years, a slowdown in the sector has impacted on parts of northern Queensland and Western Australia. Mining employment in northern Australia has fallen by 13,900 or 20 per cent over the past year⁸, and is projected to fall further (by 11,300 or 19 per cent)¹ over the five years to November 2019.

RECRUITMENT EXPERIENCES

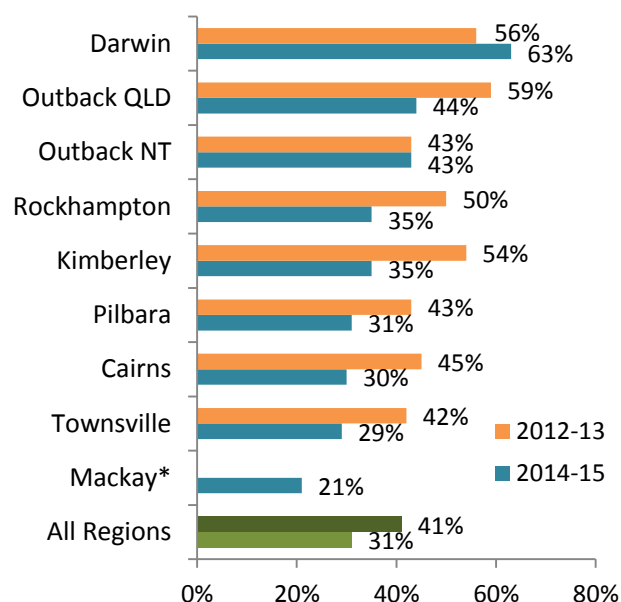
Despite the recent softening in the demand for labour in much of northern Australia, some employers still had difficulty filling their vacancies, as well as concerns related to staff retention and the availability of suitable labour.

RECRUITMENT DIFFICULTY

The proportion of employers reporting recruitment difficulty decreased significantly in all parts of northern Australia between 2012-13 and 2014-15, except Darwin and Outback Northern Territory (see Chart 3). The largest fall was in the Kimberley, where the proportion of employers reporting recruitment difficulty decreased from 54 per cent to 35 per cent. The proportion of employers reporting recruitment difficulty in the Pilbara (31 per cent) had decreased considerably since the previous survey (43 per cent) and had halved since the 2010 survey (61 per cent).

In Darwin almost two thirds of employers who had recruited reported difficulty, up from 56 per cent in 2012-13. A large proportion of employers in Outback Queensland (44 per cent) and Outback Northern Territory (43 per cent) also had difficulty filling their vacancies. With the exception of Mackay, where recruitment difficulty was well below average, the remaining locations all experienced similar levels of recruitment difficulty to other parts of Australia.

Chart 3: Proportion of employers reporting recruitment difficulty (2012-13 and 2014-15)

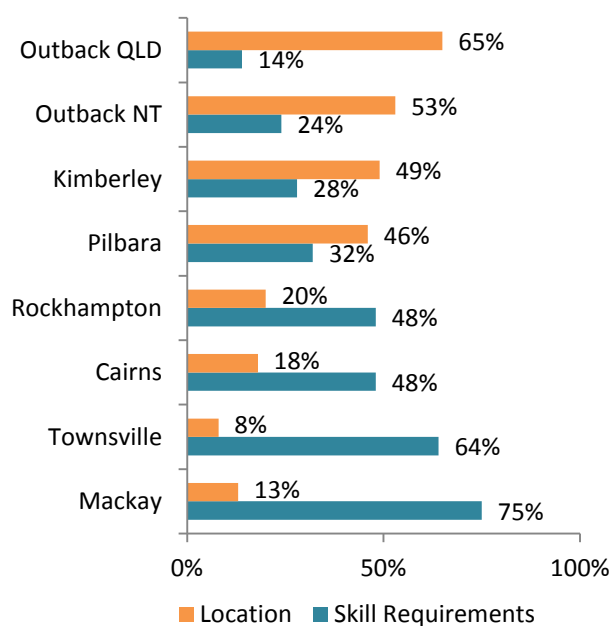


*No previous data for Mackay

In the more remote areas of northern Australia, including Outback Queensland, Outback Northern Territory, the Kimberley and the Pilbara, the most common reason for recruitment difficulty was location (see Chart 4). However, in Mackay, Townsville and Cairns only a small proportion of employers considered their location a cause of recruitment difficulty. Instead, most employers in these locations said that a lack of applicants with relevant skills was the most common cause of recruitment difficulty.

Some employers in northern Australia reported a lack of soft skills amongst applicants, such as teamwork or interpersonal skills, as a reason for recruitment difficulty. In Townsville in particular, 32 per cent of employers who experienced difficulty reported a lack of soft skills as the main reason for their recruitment difficulty. Soft skills were also a common concern for employers experiencing difficulty in Cairns (20 per cent).

Chart 4: Reason for recruitment difficulty



RECRUITMENT DIFFICULTY BY SKILL LEVEL

Across northern Australia, employers experienced difficulty most often when recruiting for higher skilled occupations (52 per cent of employers who recruited). One in three employers recruiting for lower skilled occupations also experienced difficulty.

Employers reported recruitment difficulty for a range of higher skilled occupations, particularly Health and Education Professionals and Hospitality, Retail and Service Managers (see Attachment B). Employers across the Northern Territory also reported significant difficulty recruiting for Engineering Trades Workers and Food Trades Workers.

Employers in remote areas who recruited for higher skilled occupations were most likely to cite location and the tight labour market as the reason for difficulty. However, the main difficulty experienced by employers recruiting for higher skilled occupations in the larger centres in Queensland was the technical skill requirements of the position. Recruitment difficulty when recruiting for higher skilled occupations was most common in Darwin and Outback Queensland.

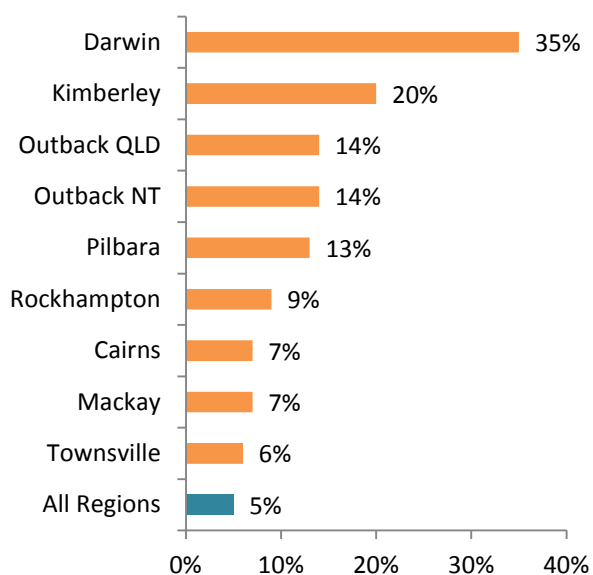
Recruitment difficulty for lower skilled occupations was particularly prevalent across the Northern Territory (48 per cent of employers who recruited) with employers frequently reporting difficulty recruiting for Sales Assistants, Truck Drivers, Storepersons, and Food Preparation Assistants. Location and a tight labour market were the most common reasons for difficulty recruiting for lower skilled occupations in the Northern Territory. Elsewhere, only employers in Outback Queensland were more likely to have difficulty recruiting for lower skilled occupations when compared with all regions surveyed across Australia.

STAFF RETENTION

Staff retention was a more commonly reported problem in many parts of northern Australia, compared with other regions surveyed across Australia (see Chart 5). Staff retention was particularly challenging in Darwin, with 35 per cent of employers experiencing a staff retention problem. Employers in the Kimberley, Outback Queensland, Outback Northern Territory and the Pilbara were also significantly more likely to experience staff retention difficulties than other regions surveyed across Australia. In these locations, employers in the Health, Rental, Hiring and Real Estate Services, and the Accommodation and Food Services industries most commonly reported retention difficulties.

Of those employers who recruited in the past year, 14 per cent said that recruitment or retention difficulties had impacted on output, while 10 per cent said that it had impacted on investment.⁹

Chart 5: Proportion of employers who had staff retention problems



AVAILABILITY OF SUITABLE LABOUR

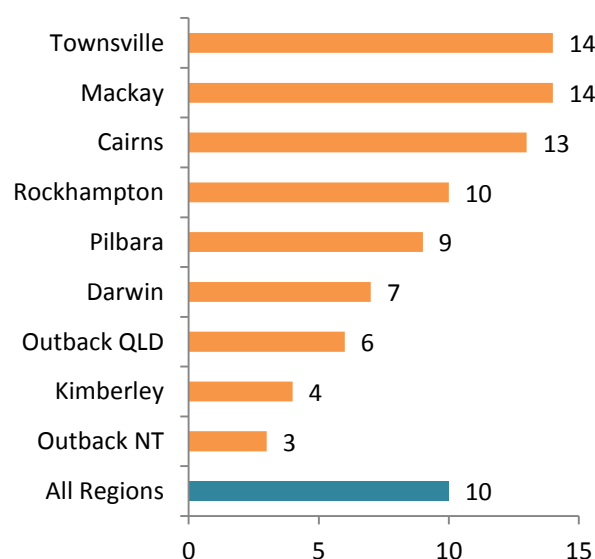
The availability of labour, particularly workers with the skills and attributes that employers value, was an issue in some parts of northern Australia, reflecting the variable labour market conditions across the region (see Chart 6).

In the larger centres of Townsville, Mackay and Cairns, employers had, on average, a high number of applicants for their vacancies. However, employers in Darwin, Outback Queensland, and particularly the Kimberley and Outback Northern Territory had far less choice when filling their vacancies.

Across all locations few interviewed applicants were considered suitable (an average of 1.3 suitable applicants per vacancy), however, this was similar to all regions surveyed across Australia.

Throughout northern Australia, but most commonly in the larger centres of Queensland, employers often highlighted shortcomings in the skills of applicants. When evaluating potential applicants for a vacancy, a lack of experience was the most frequent reason employers considered applicants to be unsuitable. A lack of soft skills was also commonly mentioned.

Chart 6: Average number of applicants per vacancy



Indigenous Australians

The labour market outcomes for Indigenous Australians are significantly below those for non-Indigenous Australians. At the time of the 2011 Census, the Indigenous unemployment rate in northern Australia was 18.7 per cent, compared with 3.9 per cent for non-Indigenous residents.⁷ In 2013 employers in Rockhampton, Alice Springs and Cairns were asked how Indigenous labour market prospects could be improved. One third of employers said that further education and training would be helpful, while one in ten recommended improvements to soft skills. Some employers also recommended mentoring programmes.

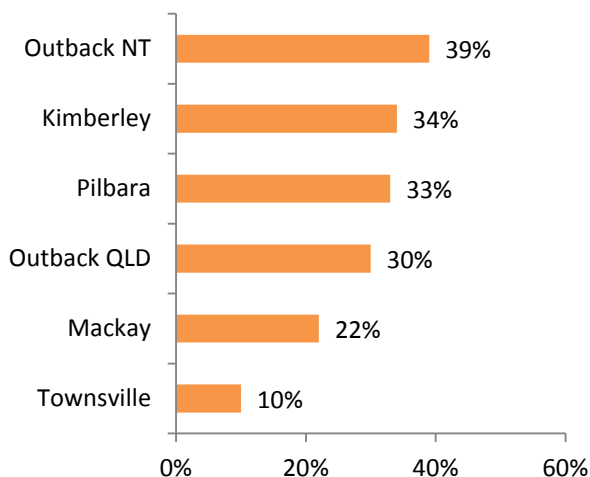
For more details, see *Improving employment prospects for Indigenous Australians* at: [http://lmip.gov.au/default.aspx?LMIP/Recruitment Analysis](http://lmip.gov.au/default.aspx?LMIP/RecruitmentAnalysis).

NON-LOCAL LABOUR

Many recruiting employers across northern Australia, particularly in the more remote areas, had recruited labour from outside the local area in their most recent recruitment round (see Chart 7). This was particularly common in Outback Northern Territory, the Kimberley, the Pilbara and Outback Queensland where between 30 and 40 per cent of employers recruited from outside the area.

Employers in Agriculture were the most reliant on non-local labour, followed by employers in the Professional, Scientific and Technical Services, and Mining industries.

Chart 7: Proportion of employers who recruited staff from outside the local area



Sourcing labour from outside the local area was not restricted to employers recruiting for higher skilled occupations, with many employers hiring non-local applicants for lower skilled positions. Employers in the Pilbara, the Kimberley and Outback Northern Territory were most likely to source lower skilled workers, particularly Labourers, from outside the area.

AGRICULTURE IN NORTHERN AUSTRALIA

Employers in Agriculture are most reliant on non-local labour in northern Australia and are more likely to report recruitment difficulty, compared with other industries. However, employment in the industry fluctuates and lower skilled employment is often seasonal in nature.

While a major industry in terms of economic output, Agriculture, Forestry and Fishing accounts for only 3 per cent of total employment in northern Australia.⁸

Employment in this industry in northern Australia has fallen by 18,200 or 46 per cent over the five years to May 2015, but is projected to rise by 2300 jobs over the five years to November 2019.⁹

Backpacker labour

Employers in the Pilbara and the Kimberley were asked whether they had employed a backpacker in their most recent recruitment round. Of those employers who had recruited from outside the local area, one third of those in the Pilbara and 40 per cent in the Kimberley had recruited backpackers. More than half of these employers used only informal recruitment methods, that is, they did not formally advertise the vacancies and instead relied on backpackers approaching their business or asking existing staff whether they knew any potential workers. The internet was by far the most common formal recruitment method for employers who employed backpackers. These employers commonly used their own website, or general classifieds sites such as Gumtree.

Many employers said that they employed backpackers as they wanted the work, were easy to recruit and were willing to approach employers. Other employers said that they employed backpackers because local people were either not interested in the work or did not apply, noting that many employers did not actually advertise their vacancies.

Of those employers who had recruited from outside the local area in the Pilbara and the Kimberley, those in the Retail Trade, and Accommodation and Food Services industries were most reliant on backpackers for labour. Anecdotal evidence suggests that the labour provided by backpackers is also important to employers in many other areas in northern Australia. It is likely, however, that the methods of recruitment used by employers of backpackers in all industries across northern Australia vary considerably.

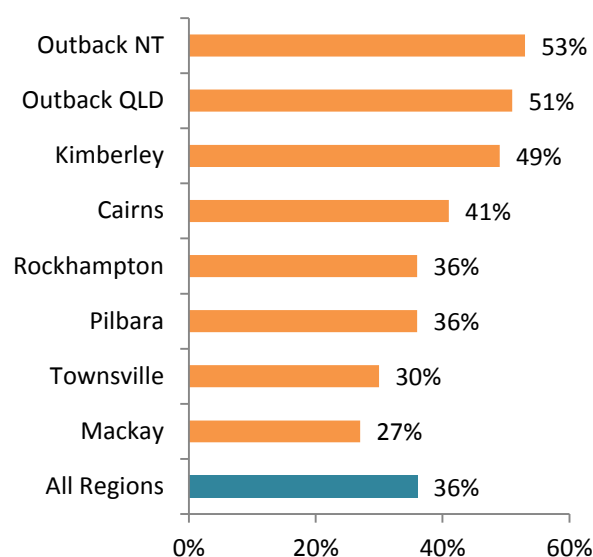
RECRUITMENT OUTLOOK

The outlook for northern Australia is mixed, with considerable variance in employers' expected recruitment activity across locations in the 12 months following the survey (see Chart 8). Expectations for future recruitment were high in Outback Northern Territory, Outback Queensland and the Kimberley, while in Townsville and Mackay recruitment expectations were more subdued.

In terms of growth, employers in Darwin, Outback Queensland and the Kimberley were more likely to anticipate an increase in staff numbers in the future, with relatively few employers in these locations anticipating that they would reduce staff numbers. Employers in Townsville and the Pilbara were least likely to anticipate increasing the size of their workforce.

The most common future concern for employers across northern Australia was demand for their goods and services and a weakening economy. Employers in Mackay and the Pilbara, in particular, most commonly reported demand issues and a weakening economy as their major concern for the future. Darwin was the only location where recruitment difficulty and staff retention were a significant future concern, which is consistent with the tighter labour market there.

Chart 8: Proportion of employers expecting to recruit in the 12 months following the survey



ABOUT THE SURVEY

In the period July 2014 to April 2015, the Department of Employment conducted *Surveys of Employers' Recruitment Experiences* across northern Australia.

More than 2,000 employers participated in the surveys, answering questions about their recent recruitment experiences and future employment expectations.

ATTACHMENT A: LOCATION SNAPSHOTS

	Adult population ¹		Unemployment Rate ²		Top 3 Employment Industries ³
	2013	Growth 2008-2013	May 2015	Change (12 months) % pts	
Cairns	189,600	9%	7.9%	-0.2	12% - Health Care and Social Assistance 11% - Retail Trade 9% - Construction
Townsville	185,500	8%	8.9%	2.2	17% - Health Care and Social Assistance 12% - Retail Trade 9% - Accommodation and Food Services
Mackay	142,300	12%	7.1%	2.8	12% - Mining 12% - Retail Trade 10% - Construction
Rockhampton*	93,500	10%	6.1%	0.3	12% - Construction 10% - Health Care and Social Assistance 10% - Retail Trade
Outback Queensland	56,200	8%	4.0%	-0.5	19% - Mining 17% - Public Administration and Safety 12% - Retail Trade
Darwin	108,900	14%	3.5%	0.5	16% - Public Administration and Safety 14% - Construction 10% - Health Care and Social Assistance
Outback Northern Territory	78,000	8%	5.5%	-1.1	19% - Public Administration and Safety 15% - Health Care and Social Assistance 8% - Education
Pilbara	54,600	31%	3.2%**	-0.9**	36% - Mining ⁴ 17% - Construction 5% - Transport, Postal and Warehousing
Kimberley	30,700	17%	12.2%**	-2.0**	13% - Health Care and Social Assistance ⁴ 13% - Education and Training 9% - Public Administration and Safety

*Rockhampton unemployment and industry figures are those of the Fitzroy SA4. The Capricornia Employment Service Area surveyed accounts for 66 per cent of the Fitzroy SA4s population (ABS *Estimated Residential Population 2011*).

** Department of Employment, *Small Area Labour Markets*, March 2015.

¹ ABS, *Estimated Residential Population*, 2013.

² ABS, *Labour Force Survey*, May 2015 (12 month average of original data).

³ ABS, *Labour Force Survey*, May 2015 (four quarter average of original data).

⁴ ABS, *Census of Population and Housing*, 2011.

ATTACHMENT B: RECRUITMENT DIFFICULTY FOR SELECTED OCCUPATIONS

Table 1: Ratings of recruitment difficulty by selected locations

	Cairns/Outback Queensland/ Far North	Capricornia/ Townsville/ Mackay	Northern Territory	Kimberley/ Pilbara
Professionals and Managers				
Hospitality, Retail and Service Managers				
Education Professionals				
Health Professionals				
Technicians and Trades Workers				
Automotive Electricians and Mechanics				
Construction Trades Workers and Electricians				
Engineering Trades Workers				
Food Trades Workers				
Community and Personal Services Workers				
Health and Welfare Support Workers				
Child Carers				
Personal Carers and Assistants				
Hospitality Workers				
Clerical and Administrative Workers				
General Clerical (workers)				
Personal Assistants, Secretaries and Receptionists				
Sales Workers				
Sales Representatives and Real Estate Agents				
Sales Assistants and Checkout Operators				
Machinery Operators and Drivers				
Machine and Plant Operators				
Truck Drivers				
Storepersons				
Labourers				
Cleaners and Laundry Workers				
Construction and Mining Labourers				
Factory Process Workers				
Farm Forestry and Garden Workers				
Food Preparation Assistants				

RATING SCALE

Evidence suggesting that:

Employers reported frequent or severe recruitment difficulty		Recruitment difficulties were not widespread	
Employers reported moderate levels of recruitment difficulty		There was insufficient evidence to rate the occupation	

ATTACHMENT C: NORTHERN AUSTRALIA GEOGRAPHY

Cairns: Cairns Employment Service Area (ESA). Major localities: Cairns, Innisfail

Townsville: Townsville ESA. Major localities: Townsville, Charters Towers, Ingham

Mackay: Mackay ESA. Major localities: Mackay, Bowen

Rockhampton: Capricornia ESA (partial). Major localities: Rockhampton, Yeppoon, Emerald

Outback Queensland: Mount Isa ESA (partial) and Far North ESA. Major localities: Mt Isa, Cloncurry, Longreach, Cooktown

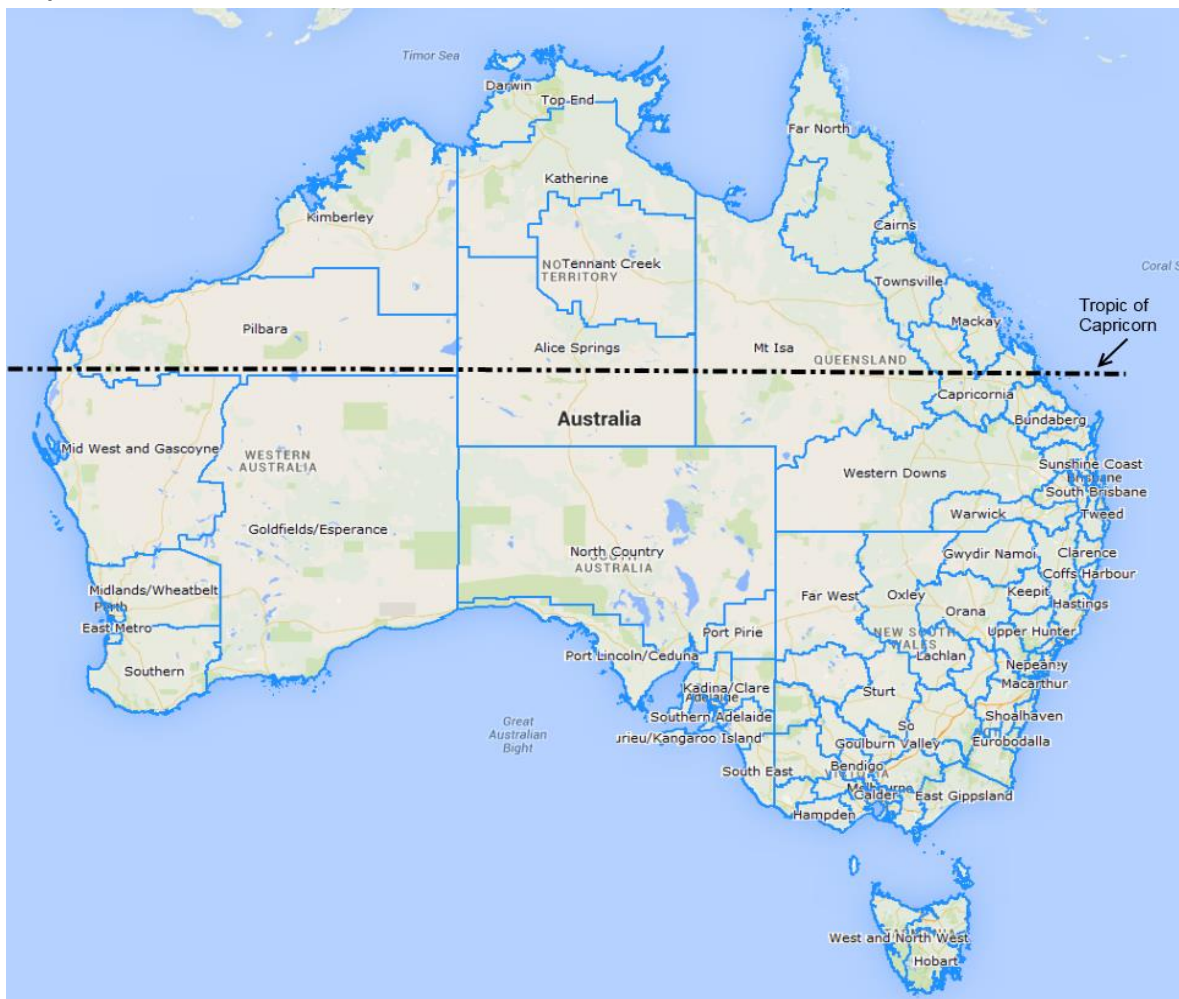
Darwin: Darwin ESA

Outback Northern Territory: Alice Springs, Katherine, Tennant Creek and Top End ESAs

Pilbara: Pilbara ESA. Major localities: Karratha, Port Hedland

Kimberley: Kimberley ESA. Major localities: Broome, Kununurra

Map of Northern Australia



References

¹ For these labour market figures, northern Australia is defined by the ABS Statistical Area Level 4s (SA4s) of Cairns, Mackay, Townsville, Queensland – Outback, Western Australia – Outback, Darwin and Northern Territory – Outback. It should be noted, however, that Western Australia – Outback covers most of Western Australia outside of Perth and the South West/Wheatbelt, including all of the north of the state, but also extending all the way to Esperance and Geraldton. Similarly, Queensland – Outback covers the west of the state, from the Torres Strait down to the Queensland – New South Wales border.

² ABS, *Labour Force Survey*, May 2015 (three month average of original data).

³ ABS, *Labour Force Survey*, May 2015 (Seasonally adjusted).

⁴ Department of Employment, *Internet Vacancy Index*, May 2015 (three month average of original data).

⁵ Department of Employment, *Small Area Labour Markets*, March 2015.

⁶ ABS, *Labour Force Survey*, May 2015 (three month average of original data).

⁷ ABS, *Census of Population and Housing*, 2011.

⁸ Department of Employment, *Survey of Employers' Recruitment Experiences*, All regions surveyed in the 12 months to December 2014.

⁹ Employers in Townsville, the Pilbara, the Kimberley, Outback Northern Territory and Outback Queensland.

FURTHER INFORMATION

Surveys of Employers' Recruitment Experiences: www.employment.gov.au/regionalreports

Labour Market Information Portal: www.lmip.gov.au

Job Outlook: www.joboutlook.gov.au

Australian Jobs: www.employment.gov.au/australianjobs

Australian Job Search: www.jobsearch.gov.au

Contact the Employer Surveys Section on [1800 059 439](tel:1800059439)

or email recruitmentsurveys@employment.gov.au