

Recruitment activity

45%

Change since June 2021¹:

▼ 4% pts

Recruitment difficulty rate

52%

Change since June 2021:

▲ 2% pts

Expect to increase staff

19%

Change since June 2021:

▼ 1% pt

Key findings from the Recruitment Experiences and Outlook Survey (REOS)²

- REOS results in July 2021 suggest that labour market conditions are easing, reflecting the impacts of recent COVID-19 outbreaks in several regions across Australia.
- In July 2021, 45% of employers were recruiting or had recruited in the past month, 4 percentage points lower compared with June 2021 (49%).
 - The recruitment rate has decreased significantly in Capital Cities (from 49% to 43%), while in Rest of State areas it stands at the same level (48%) compared with a month ago.
 - Not surprisingly, given the current restrictions in the state, NSW had the lowest recruitment rate of the states (40%), followed by South Australia (41%). On the other hand, Western Australia had the highest recruitment rate (51%).
- The proportion of recruiting employers who reported recruitment difficulty increased slightly to 52% in July 2021, up from 50% in June 2021 but slightly below the 53% recorded in May 2021.
 - The rate of recruitment difficulty increased in Rest of State areas from 54% to 60% over the past month, while in Capital Cities it fell from 48% to 46%.
- In July 2021, 19% of employers expected to increase their staffing levels over the next 3 months, marginally below the 20% recorded in June 2021.
 - Construction (36%) had the highest proportion of employers that expected to increase staff numbers over the next 3 months.
 - In Accommodation and Food Services, expectations to increase staff (18%) have declined significantly over the month, down from 27% in June 2021.
 - Staffing expectations in NSW stood at 14%, down 11 percentage points since June 2021.
- This month's *Spotlight* section presents preliminary findings on the prevalence of retention difficulty amongst employers, based on data collected between 28 June 2021 and 30 July 2021. It shows that 9% of employers experienced retention difficulty in the previous 3 months, with this proportion higher for employers in Accommodation and Food Services and for employers located in Outer Regional, Remote and Very Remote areas.

Note: Recruitment activity refers to the proportion of employers 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. The 'expect to increase staff' figure is the proportion of employers who expect to increase staff numbers over the next three months.

¹ In this release, 'July' refers to the 4 weeks to 30 July 2021, while 'June' refers to the 4 weeks to 25 June 2021. See the 'Background' for more information on time periods used in this report.

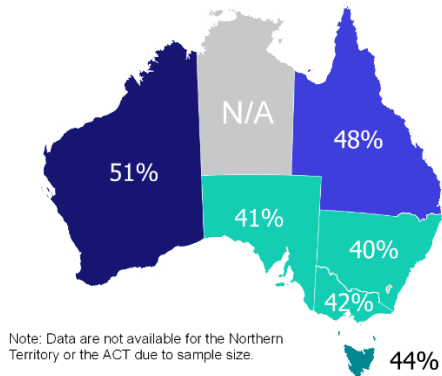
² Please note that the REOS is unable to gather data from employers that have closed down. In addition, in areas under lockdown restrictions, response rates can vary significantly by industry. As a result, REOS results may not reflect the full impact that the current outbreaks of COVID-19 and associated restrictions have had on employers and their recruitment experiences.

Recruitment activity

- In July 2021, 45% of employers were recruiting or had recruited in the past month. This is a 4 percentage point drop from the proportion recorded in June 2021 (49%).
- The recruitment rate has decreased significantly in Capital Cities (from 49% to 43%), while in Rest of State areas it stands at the same level (48%) compared with a month ago.
- NSW had the lowest recruitment rate of the states (40%), followed by South Australia (41%). On the other hand, Western Australia had the highest recruitment rate (51%).
- The recruitment rate for businesses with 5 to 19 employees declined by 5 percentage points over the month to stand at 38% in July 2021. The recruitment rate for businesses with 20 or more employees also declined, by 2 percentage points, to 72%.
- Employers in Accommodation and Food Services were far less likely to have recruited in July 2021 (44%) compared with June 2021 (69%).

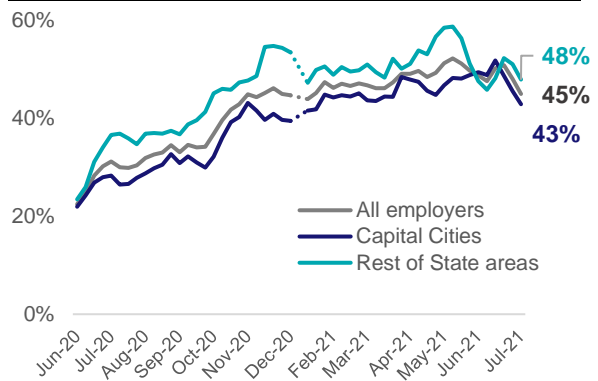
Recruitment by state and territory

Proportion of employers who are recruiting by state



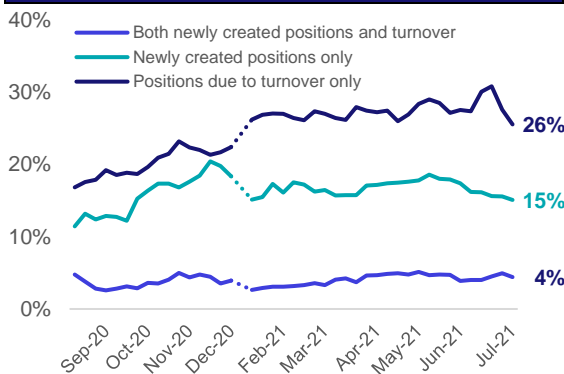
Recruitment by region type

Proportion of employers who are recruiting by region type



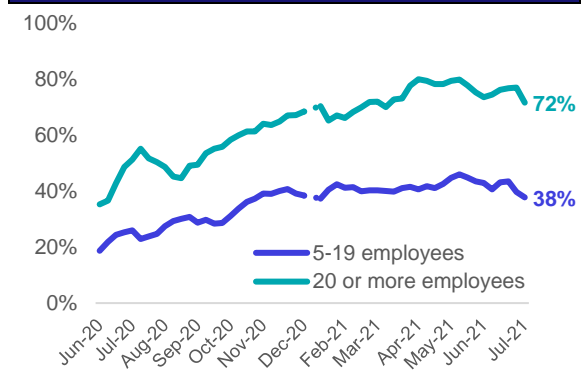
Reason for recruitment

as a proportion of all employers



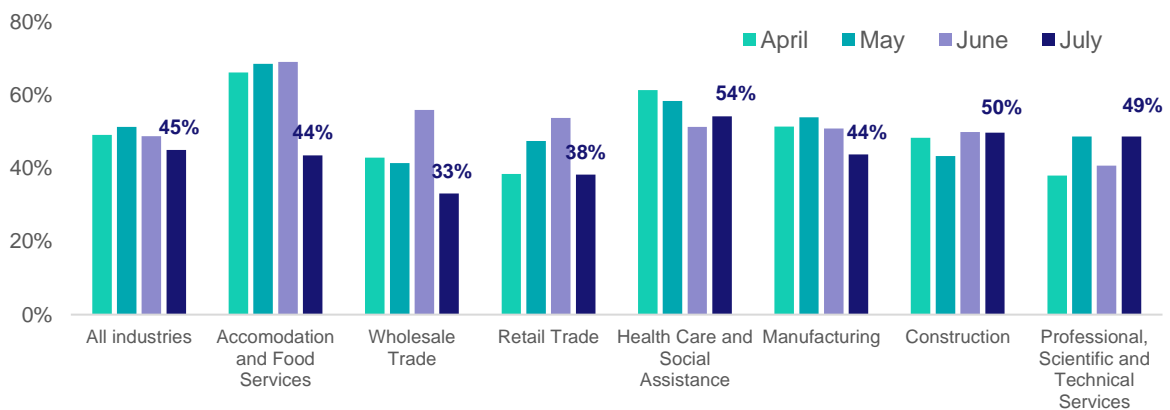
Recruitment by business size

Proportion of employers who are recruiting by business size



Recruitment rate by selected³ industries

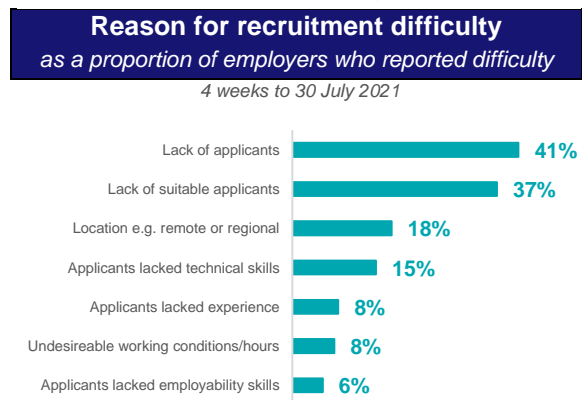
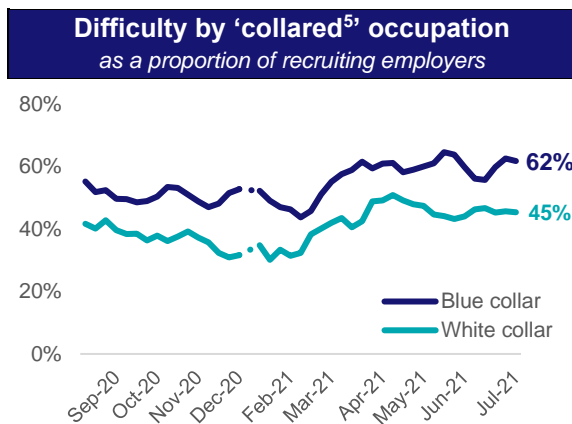
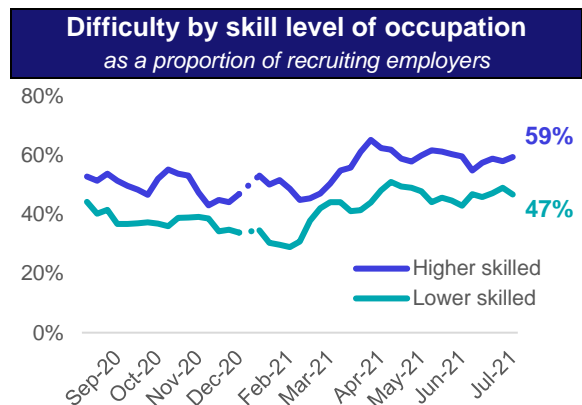
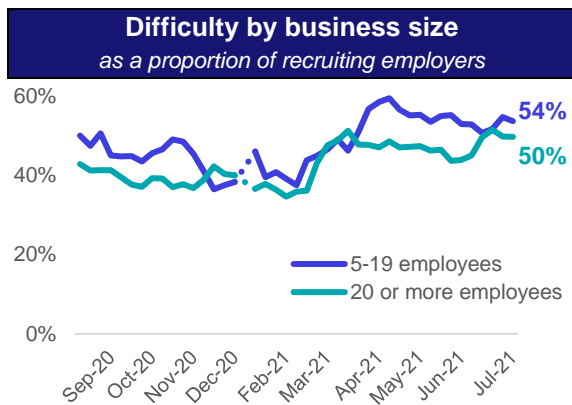
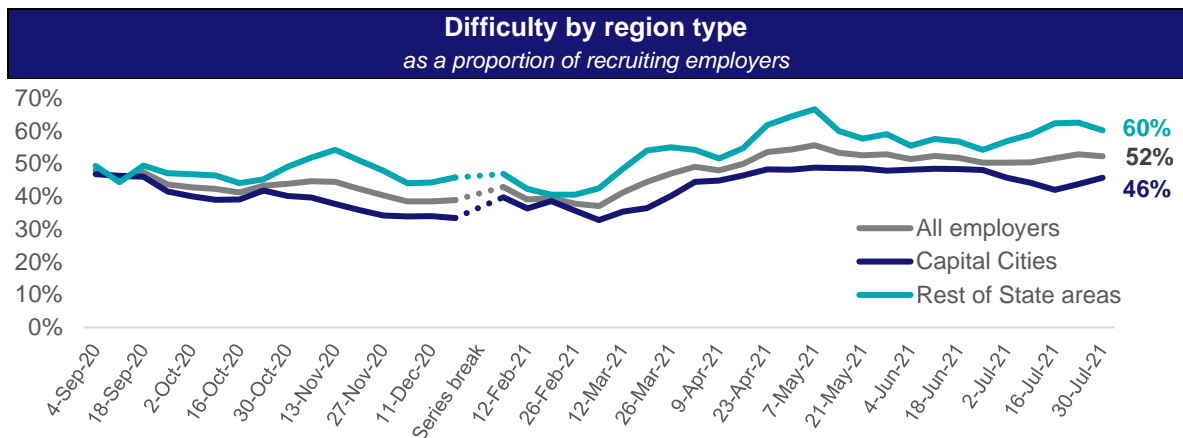
Proportion of employers who are recruiting by industry



³ Some industries are not reportable due to small sample sizes.

Recruitment difficulty rate

- The proportion of recruiting employers who reported recruitment difficulty increased to 52% in July 2021, up from 50% in June 2021 but slightly below the 53% recorded in May 2021.
- The rate of recruitment difficulty increased in Rest of State areas (from 54% to 60%) over the past month, while in Capital Cities it fell from 48% to 46%.
- The rate of recruitment difficulty increased by 6 percentage points for businesses with 20 or more employees (from 44% to 50%). For businesses with 5 to 19 employees, the rate of difficulty (54%) remained similar to the previous month (53%).
- Higher skilled occupations remain considerably more difficult to recruit for compared with lower skilled⁴ occupations, with a rate of recruitment difficulty of 59% and 47%, respectively.
- 'Blue collar' occupations also remain considerably more difficult to recruit for compared with 'white collar' occupations (a rate of difficulty of 62% and 45%, respectively).
- A lack of applicants (41%) was the most common reason for recruitment difficulty, followed by a lack of suitable applicants (37%).



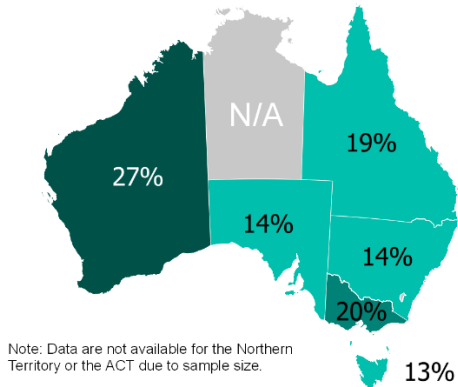
⁴ In this report, lower skilled refers to occupations with an ANZSCO Skill Level of 4 or 5, while higher skilled refers to ANZSCO Skill Levels 1, 2 or 3.

⁵ Blue collar occupations include Technicians and Trades Workers, Machinery Operators and Drivers, and Labourers. White collar occupations include Managers, Professionals, Community and Personal Service Workers, Clerical and Administrative Workers, and Sales Workers. Note: Data by 'collared' occupation and reasons for recruitment difficulty are not published in the REOS weekly data file releases but are available upon request.

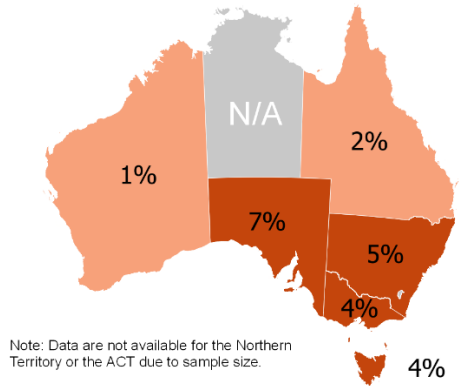
Staffing outlook

- In July 2021, 19% of employers expected to increase their staffing levels over the next 3 months, slightly lower than the 20% recorded in June 2021.
- Western Australia had the highest proportion of employers expecting to increase staff numbers over the next 3 months (27%). Just 14% of employers in NSW expected to increase their staffing levels, down 11 percentage points since June 2021.
- Over the past month, expectations to increase staffing levels fell slightly in Capital Cities, to 19% in July 2021, and increased slightly in Rest of State areas, to 20% in July 2021.
- Of the reported industries, Construction (36%) had the highest proportion of employers that expected to increase staff numbers over the next 3 months.
- In Accommodation and Food Services, expectations to increase staff (18%) have declined significantly since June 2021 (27%). In July 2021 this industry also had the highest proportion of employers expecting to *decrease* staff numbers over the next 3 months (8%).
- The overall proportion of employers expecting to decrease staff numbers (4%) increased by 2 percentage points over the month. Of the states, South Australia (7%) and New South Wales (5%) had the highest proportions of employers who expected to decrease staff over the next 3 months.

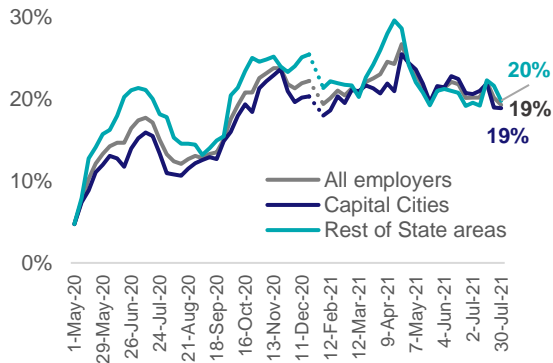
Expectations to increase staff as a proportion of all employers



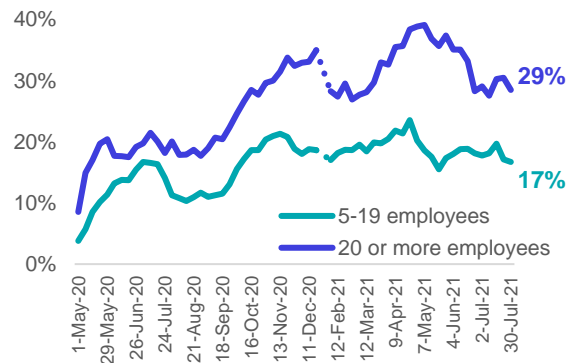
Expectations to decrease staff as a proportion of all employers



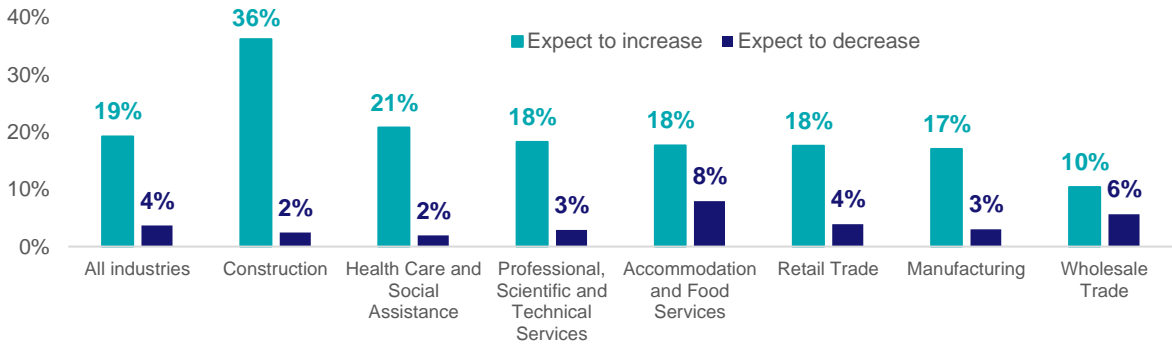
Expectations to increase staff by region type as a proportion of all employers



Expectations to increase staff by business size as a proportion of all employers



Staffing expectations over the next 3 months by selected⁶ industries as a proportion of all employers



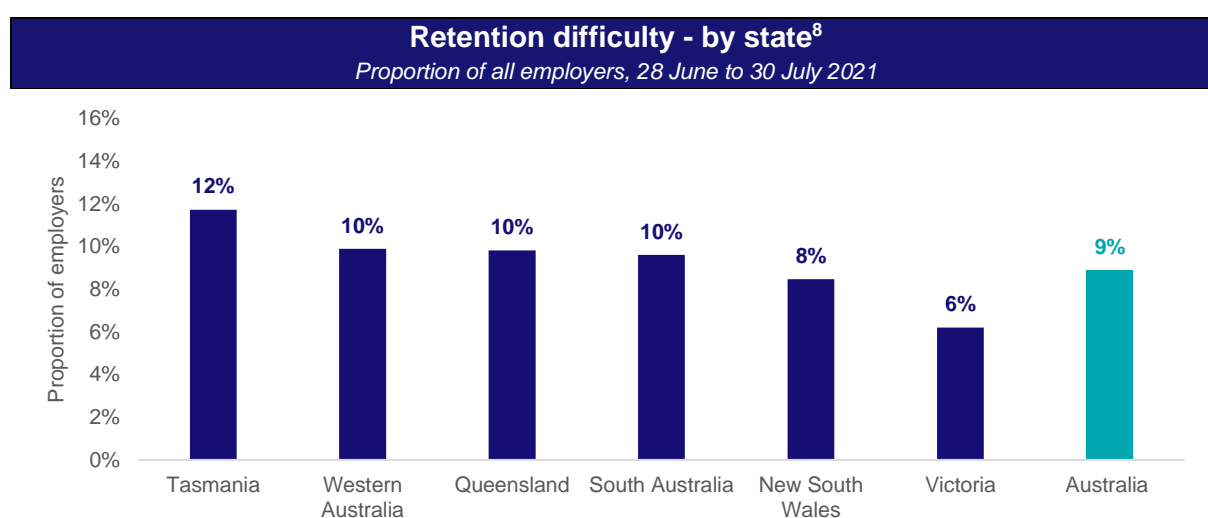
⁶ Some industries are not reportable due to small sample sizes.

Spotlight: Employers' retention difficulty – preliminary results

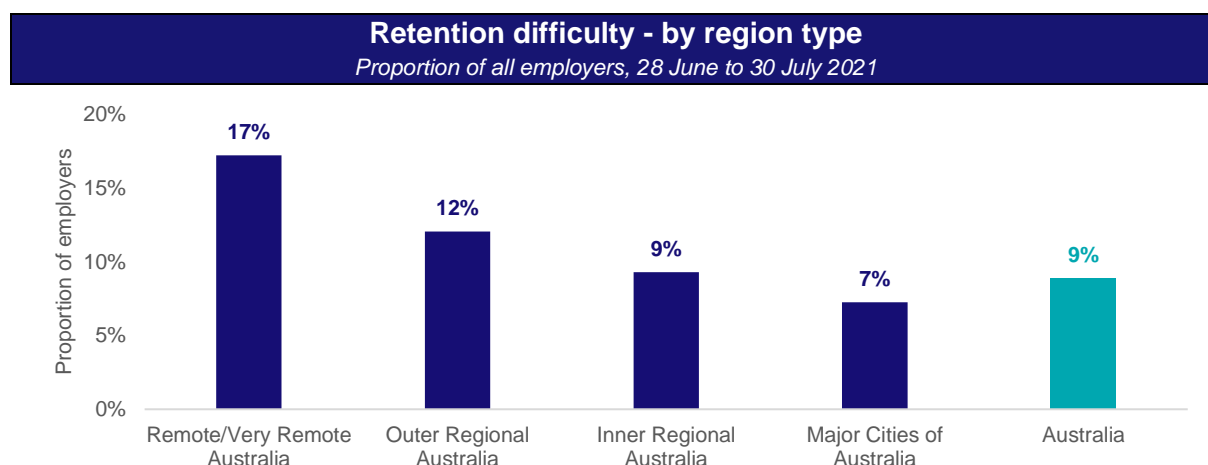
This month's Spotlight features preliminary findings on the prevalence of retention difficulty amongst employers, based on data collected between 28 June 2021 and 30 July 2021 in the REOS. Employers were asked whether they had difficulty retaining staff for any occupation over the past 3 months. The NSC will continue to monitor how results from this question change over time in response to evolving labour market conditions.

Overall, 9% of employers reported having difficulty retaining staff over the past 3 months. Tasmania had the highest proportion of employers that reported retention difficulty (12%), followed by Western Australia, Queensland and South Australia (each 10%). Employers in Victoria (6%) had the lowest proportion of retention difficulty.

Interestingly, the incidence of retention difficulty across the states broadly aligns with the proportion of the labour force in each state that live in an outer regional or remote area. Tasmania has the highest share of its labour force in outer regional or remote areas (30%), while New South Wales (6%) and Victoria (3%) have the lowest share of their labour force in these areas.⁷



In general, retention difficulty is more prevalent in remote areas of Australia.⁹ Remote and Very Remote Australia (17%) had the highest proportion of employers experiencing retention difficulty, followed by Outer Regional Australia (12%). Only 7% of employers in Major Cities of Australia reported having retention difficulty.

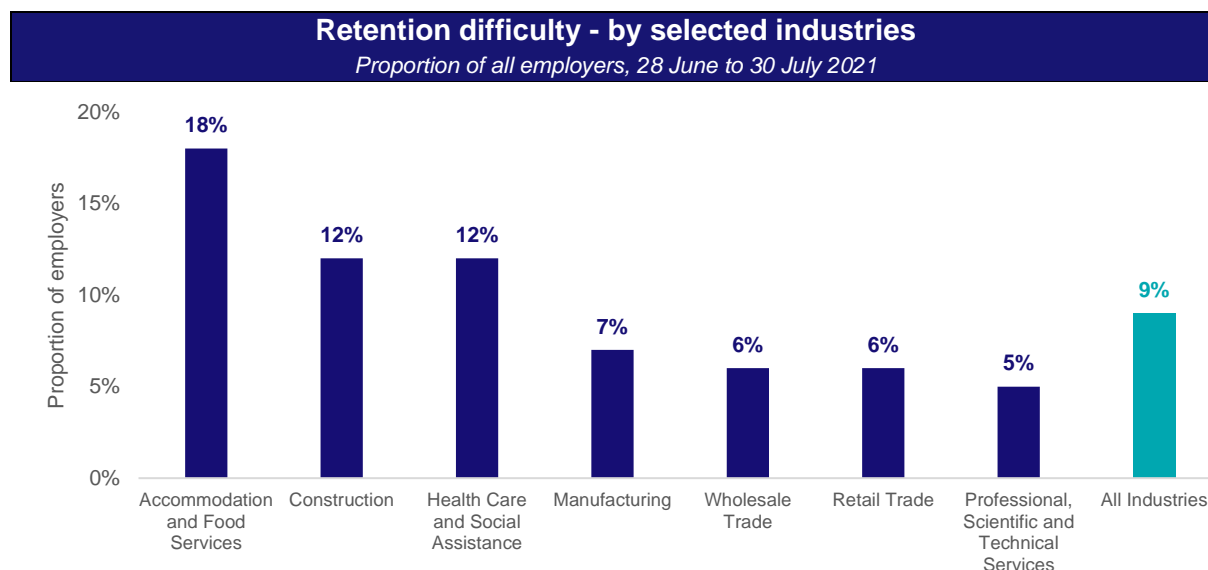


⁷ ABS, *Labour Force, Australia, Detailed, June 2021*.

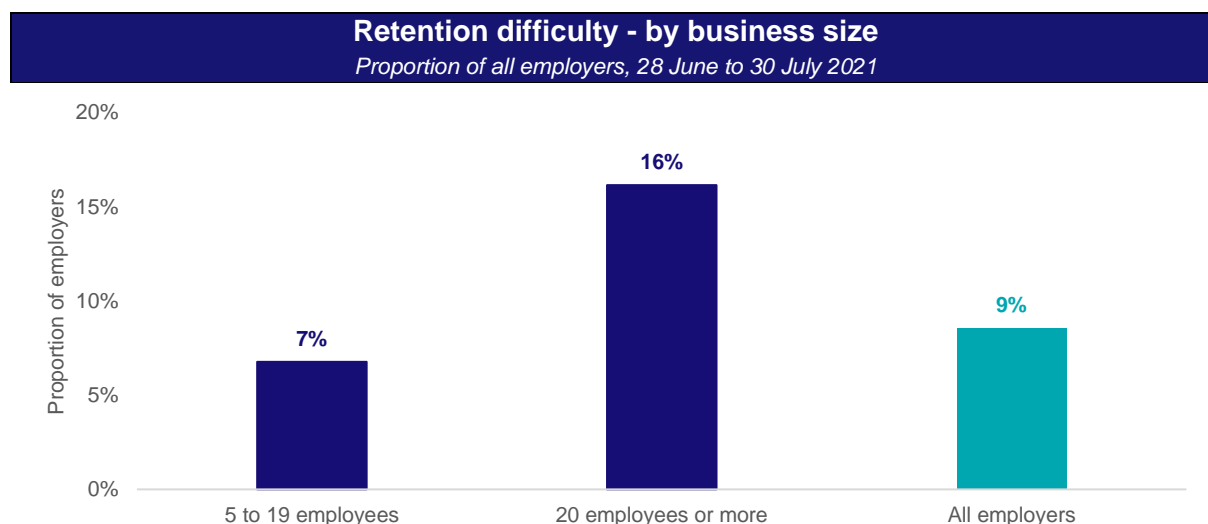
⁸ The Northern Territory and the Australian Capital Territory are not reported due to small sample sizes.

⁹ The classification used in this section 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.

Of the reported industries, Accommodation and Food Services had the highest proportion (18%) of employers experiencing retention difficulty, followed by Construction and Health Care and Social Assistance (both 12%). The Professional, Scientific and Technical Services industry had the lowest proportion of retention difficulty (5%).



Businesses with 5 to 19 employees (7%) reported retention difficulty significantly less frequently than businesses with 20 or more employees (16%).



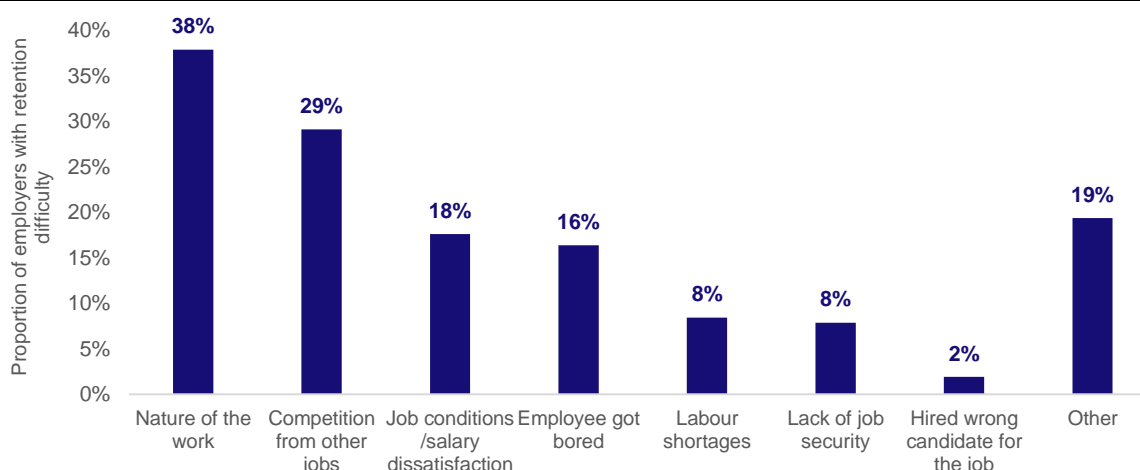
Employers were also asked about the reasons for their retention difficulty. 'Nature of the work' was the most common reason reported by employers (reported by 38% of employers who had retention difficulty). Notably, more than half of employers in Accommodation and Food Services and Health Care and Social Assistance who had retention difficulty said that it was due to the nature of the work.

The next most common reasons for employers' retention difficulty were 'competition from other available jobs' (29%), 'employees being dissatisfied with their salary or conditions' (18%), and 'employees lacking commitment or getting bored' (16%). Other, less commonly mentioned reasons included 'labour shortages' (8%), 'a lack of job security' (8%) and 'the employer having hired the wrong person for the job' (2%). One in five employers (19%) reported a variety of other reasons for their retention difficulty.¹⁰

¹⁰ 'Other reasons' included retention difficulties such as a lack of work at the business or employees being reluctant to work due to concerns around COVID-19.

Reasons for retention difficulty

as a proportion of employers who reported retention difficulty, 28 June to 30 July 2021



Note: employers could provide more than one reason.

Background

Information in the Recruitment Insight Reports is based on the *Recruitment Experiences and Outlook Survey* (REOS), which is an ongoing survey of employers across Australia. Approximately 1,200 employers are surveyed each month, with data published on the Labour Market Information Portal (LMIP) in a weekly data file and a monthly report. 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.

Note that the month time periods referenced in this report are based on the closest 4-week period of data. The table below shows the month and corresponding 4-week period:

August 2020	4 weeks to 4 September 2020	February 2021	4 weeks to 26 February 2021
September 2020	4 weeks to 25 September 2020	March 2021	4 weeks to 2 April 2021
October 2020	4 weeks to 30 October 2020	April 2021	4 weeks to 30 April 2021
November 2020	4 weeks to 27 November 2020	May 2021	4 weeks to 28 May 2021
December 2020	4 weeks to 18 December 2020	June 2021	4 weeks to 25 June 2021
January 2021	4 weeks to 5 February 2021	July 2021	4 weeks to 30 July 2021

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

Data in this release should be referenced as – National Skills Commission, Recruitment Insights Report, July 2021.

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