

RCSA Web Survey

Round 20 – September 2006



Quarterly Online Business Manager Survey
an RCSA Research Foundation Initiative



Executive Summary

Summary

- Business confidence has risen 3% and expected changes in volume of business have risen 0.3%
 - QLD & SA are expecting higher growth rates than elsewhere, WA is expecting considerably lower
- Difficulties in the labour market appear to be levelling out. Labour shortages remain a big problem
 - SA is finding it easiest to get candidates with work ready skills
- Staff turnover has kicked up from 24% pa to 31% and staff growth has risen to its highest level from 14.4% to 16.7%
 - Companies operating in QLD & NZ are experiencing higher staff turnover and companies in QLD is experiencing higher staff growth than average
- There has been a decrease in both permanent full-time employment and part-time employment and an increase in contractor placements. On-hire placements have increased dramatically but this appears to be a result of a one-off single large scale placement program
- However the proportion of revenue for on-hired, recruitment and contractor services all remain stable
 - SA & WA get a larger proportion of revenue from on-hired employees
 - QLD gets a larger proportion of revenue from contractor services
 - SA and WA get proportionally less revenue from recruitment services while NZ gets more



Executive Summary

Summary

- Lack of suitable candidates remains the top concern and has increased 3%. Difficulty in finding suitable recruitment staff has risen to second place while price undercutting in the industry has dropped to third place.
 - NZ is not worried about the economy but problems finding suitable staff, funding growth and cost of advertising. It has the lowest industrial relations problems
 - NSW has few problems financing growth, maintaining profitability or with the cost of advertising. It has some problems with restructuring industries
 - VIC has the most issues particularly with maintaining profitability and the state of the economy. It also has the biggest issues with industrial relations, WorkCover legislation, employment legislation, legal issues about on-hired staff and OH&S issues
 - QLD is least concerned about the state of the economy, hiring intentions of employers, price undercutting and OH&S issues but does have trouble finding recruitment staff
 - SA is also positive about the economy and the hiring intentions of clients but has the most trouble finding suitable recruitment staff, maintaining profitability and price undercutting
 - WA is least worried about a range of issues including state of the economy, hiring intentions of clients, finding and retaining suitable recruitment staff
- Of the national issues:
 - In Australia concerns about legal issues about on-hired staff, Work Cover and employment legislation have eased while concerns about OH&S has increased.
 - In NZ, concerns are stable with a slight rise in concerns about immigration (+3%)



Executive Summary - Skills

- The biggest skills shortages remain in engineering professionals and associates with other business professionals in increasingly short supply. Trades remain in short supply. Health professionals have become in shorter supply
- The top 12 skills shortages being:
 - Non-building professional engineers
 - Non-building engineering associates and technicians
 - Building professionals
 - Electrical trades (building)
 - Business professionals
 - Non-building electrical/electronic trades
 - Building associates and technicians
 - Health professionals
 - Carpenters and joiners
 - Metal trades
 - Nurses
 - Plumbers



Executive Summary – OH&S and workers compensation

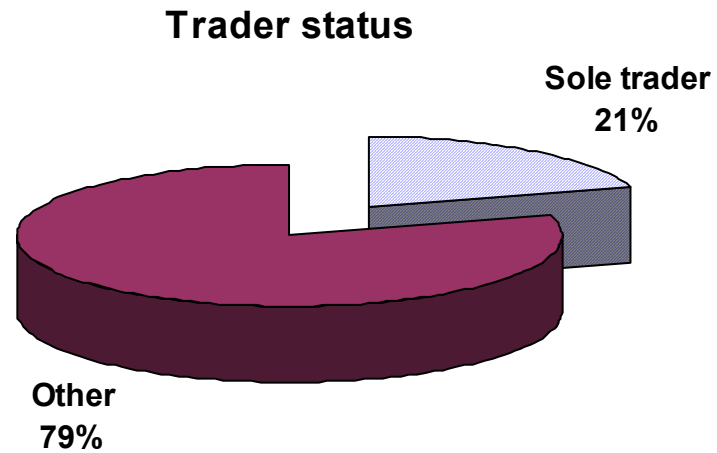
- Formal one day OH&S courses are the preferred minimum qualification (42%) followed by informal on the job training (26%)
- Responsibility for return to work of injured on-hired employees should be shared by the employer or provider and host (39%) followed by responsibility according to negligence (28%)
- Three quarters of respondents believe hold harmless provisions for on-hired employees should be prohibited by law
- Most respondents believe third party recovery for on-hired employees be retained so long as they accurately offset the impact upon an on-hire employers premium
- Just over half of respondents believe protective equipment for on-hired employees should be determined between employer and host organisation

Process

- Web survey
 - E-mail business heads in both NZ and Australia
 - Data collection began mid August 2006 and completed 15 September 2006

 - The total annual revenue of respondent companies is \$2.7 billion up from \$1.9 billion last round

Demographics of sample

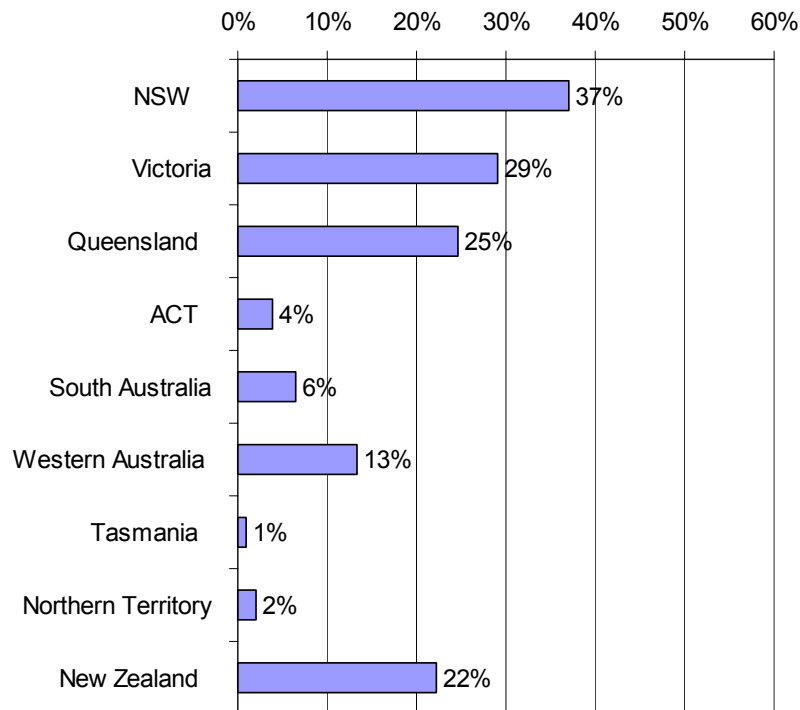


Demographics of sample

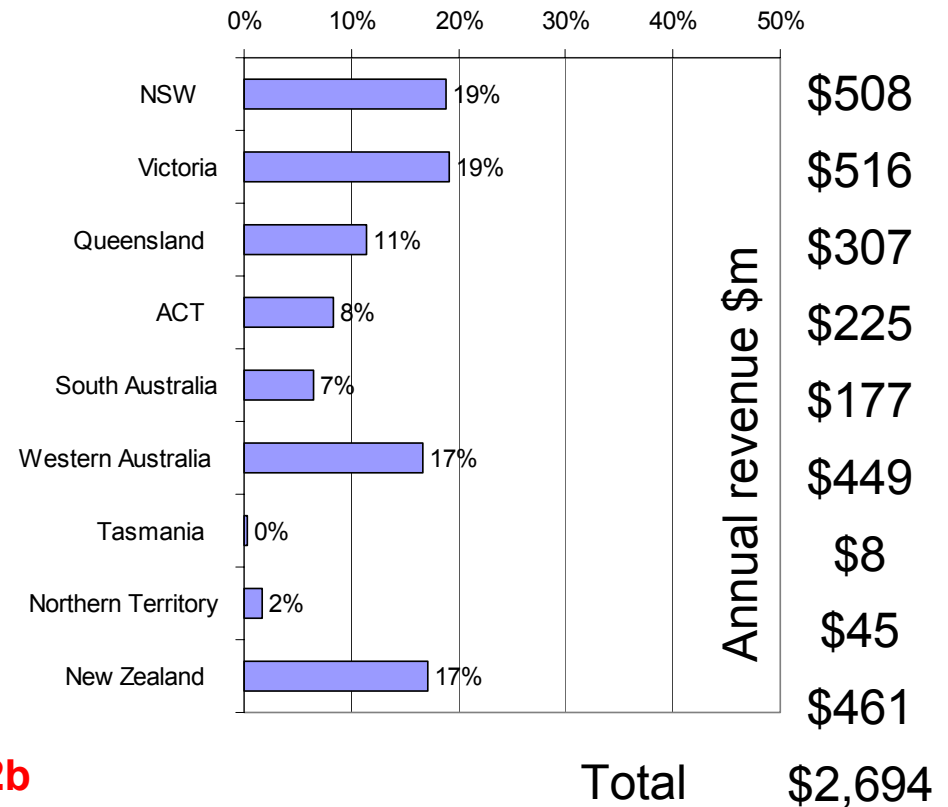
The total annual revenue of respondent companies is \$2.69 billion up from \$1.9 billion last round

Location company operates in

(note multiple locations allowed sums to more than 100%)



Proportion of revenue generated by location



**Total Australia=\$2.2b
Approx 83% of revenue**

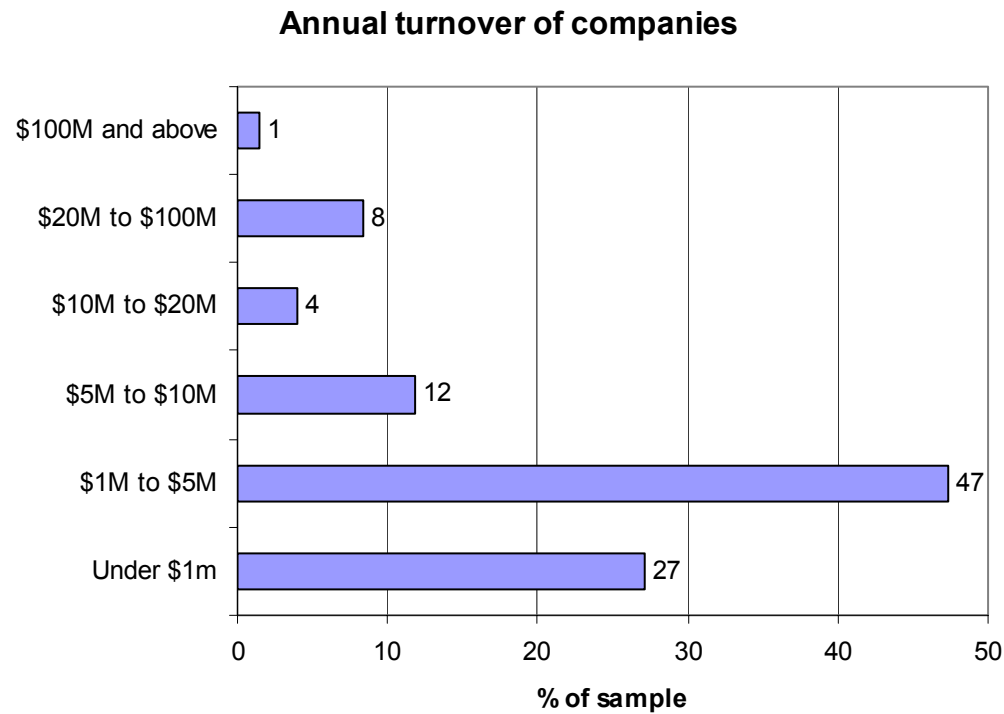


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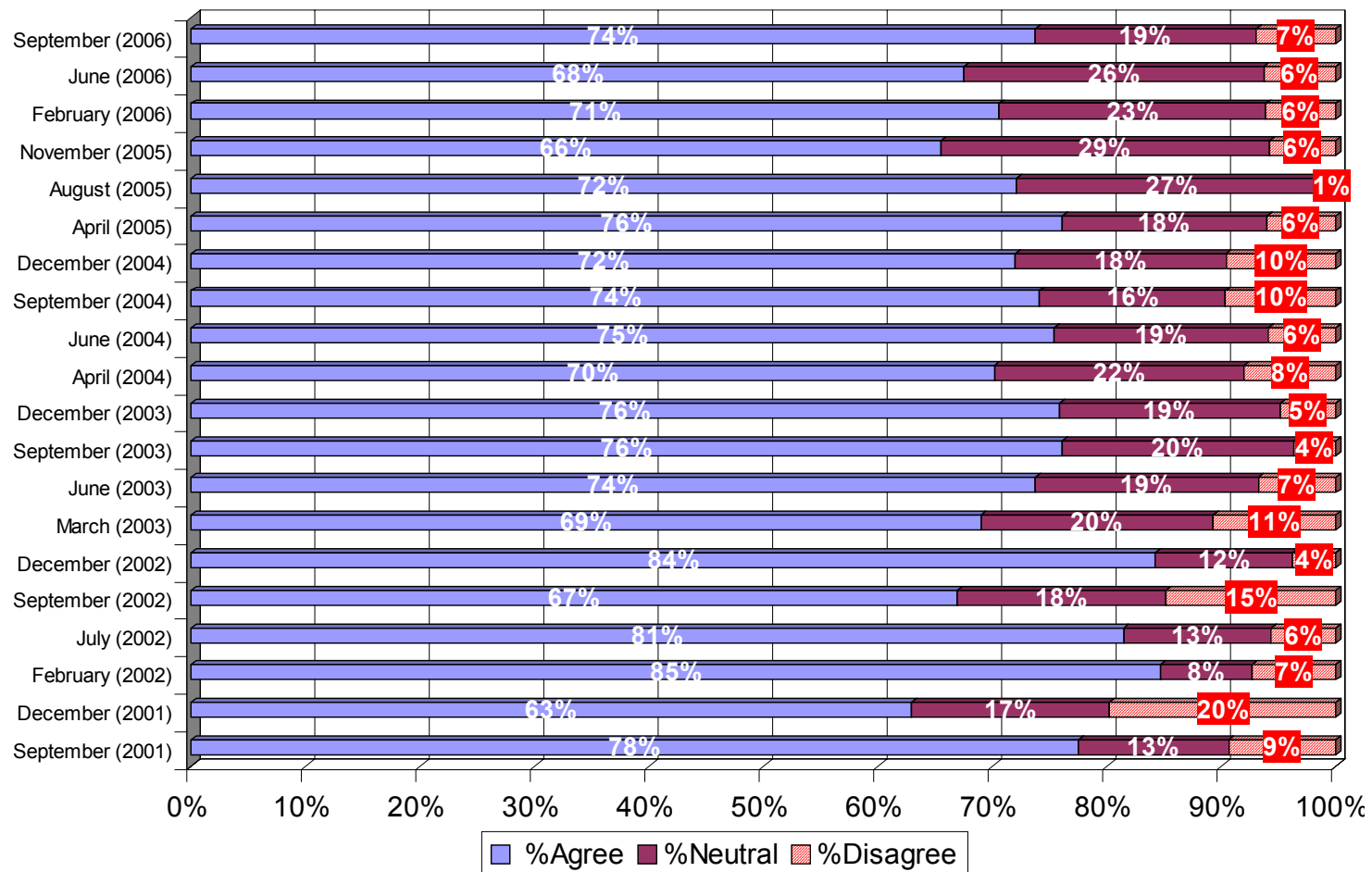


Demographics of sample



RCSA members confidence about business improvements in the next three months continues to rise

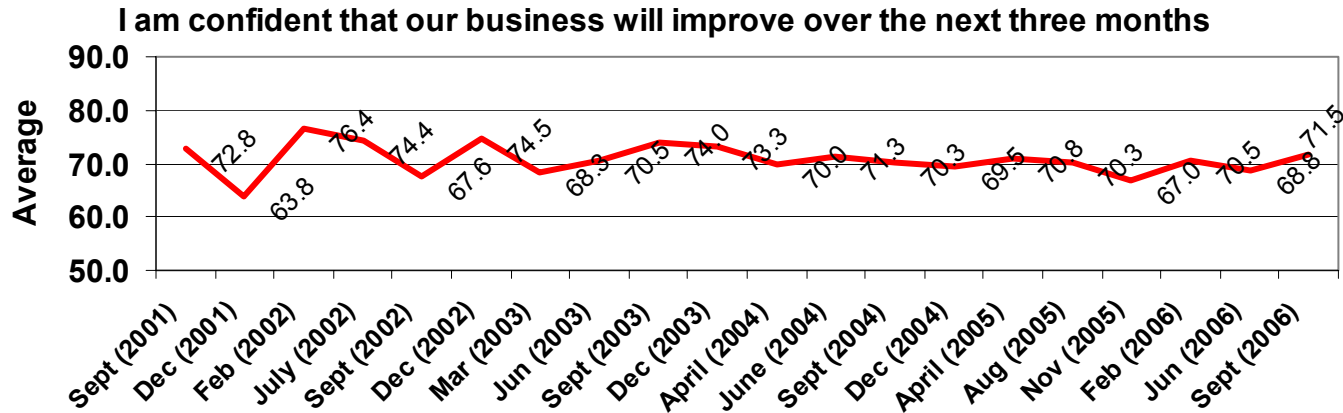
Confidence that business will improve in the next 3 months



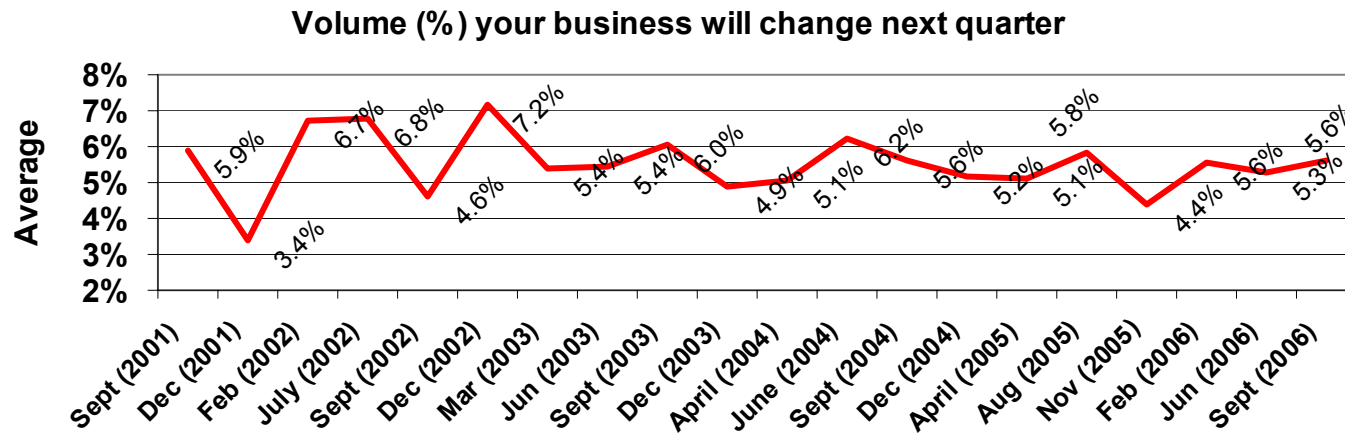
Differences

QLD is approximately 6% more confident than others

Business confidence has risen 3% and expected changes in volume of business have risen 0.3%



Scale:
 0=strongly disagree
 50=neutral
 100=strongly agree



Differences

QLD & SA are expecting higher growth rates than elsewhere, WA is expecting considerably lower



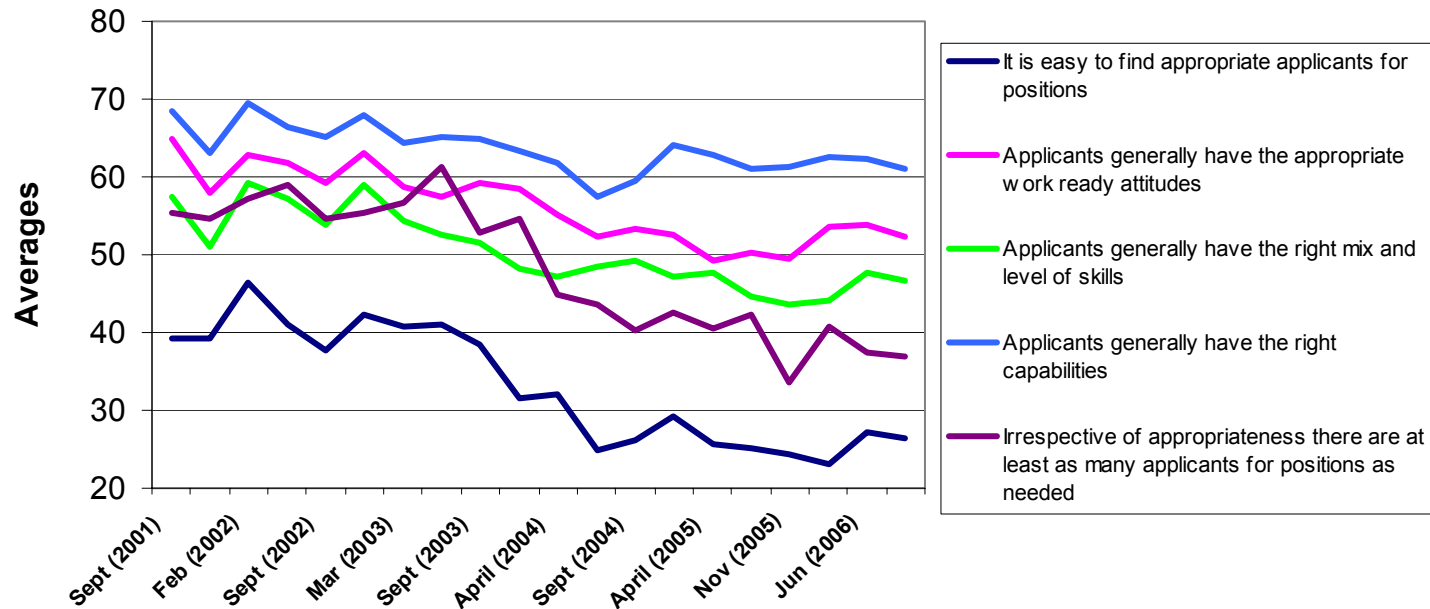
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Difficulties in the labour market appear to be levelling out. Labour shortages remain a big problem

Labour market scores



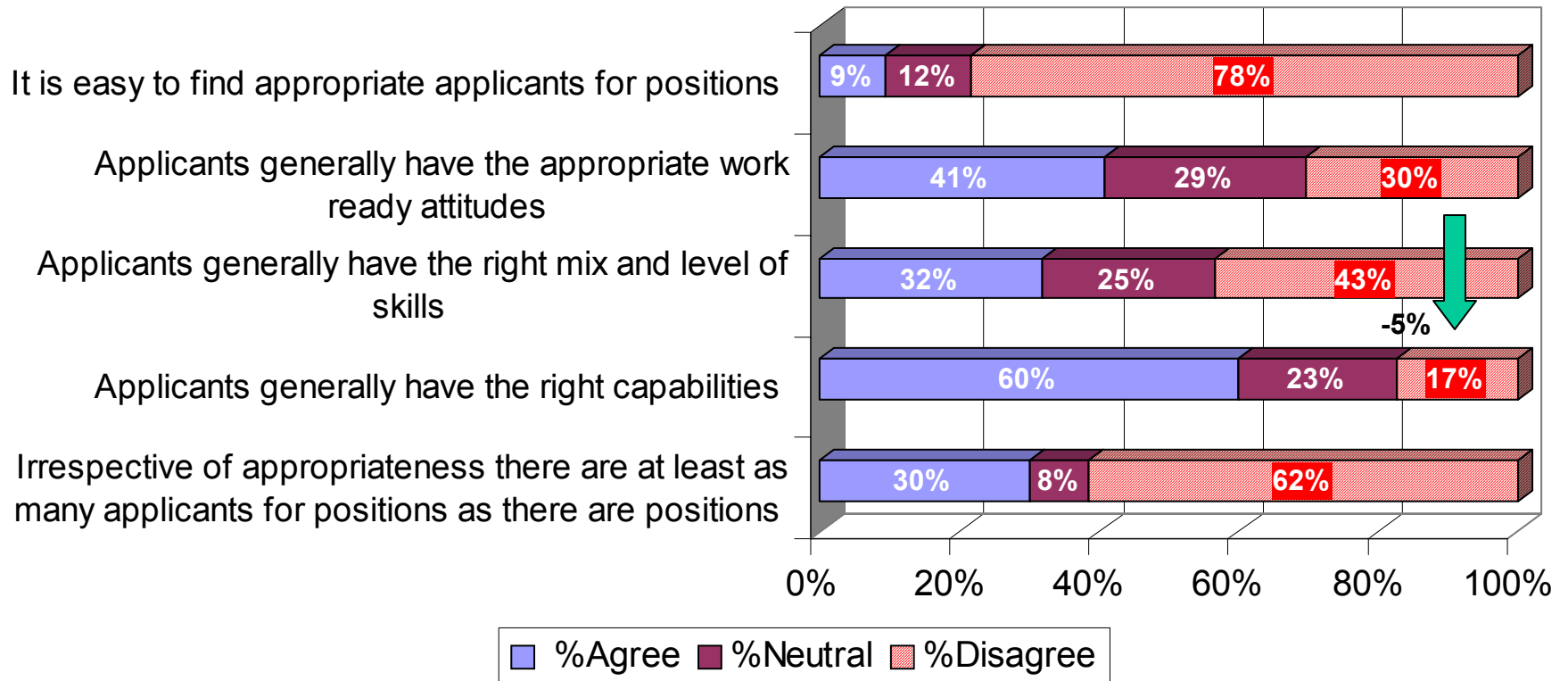
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Differences

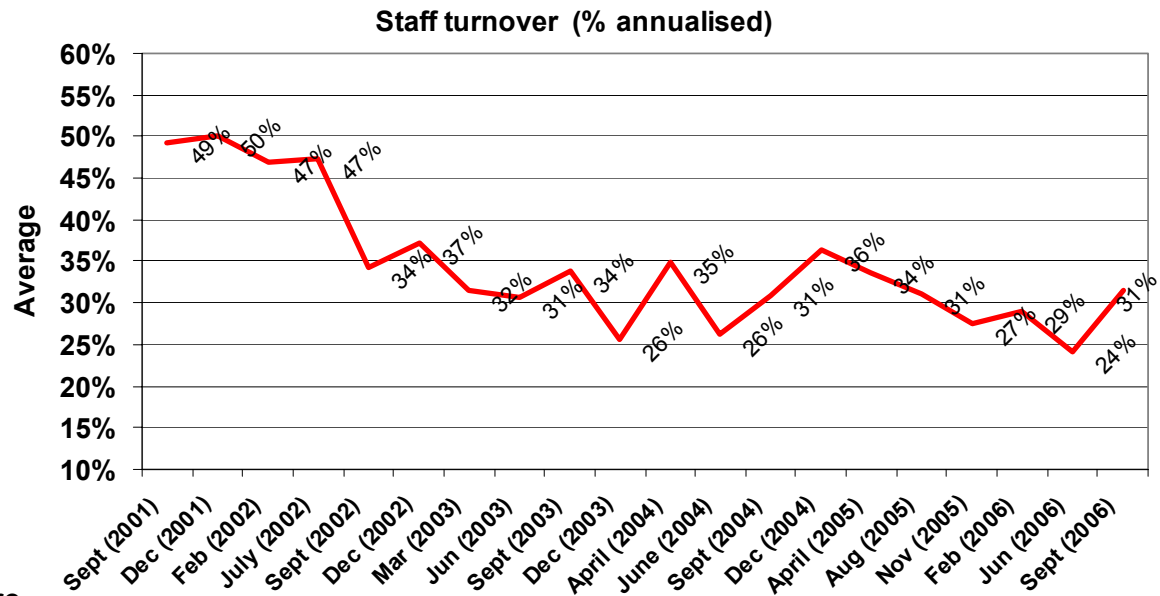
- SA is finding it easiest to get candidates with work ready skills

Labour market scores have moved very little indicating that the decline in conditions has reached a plateau

Labour market

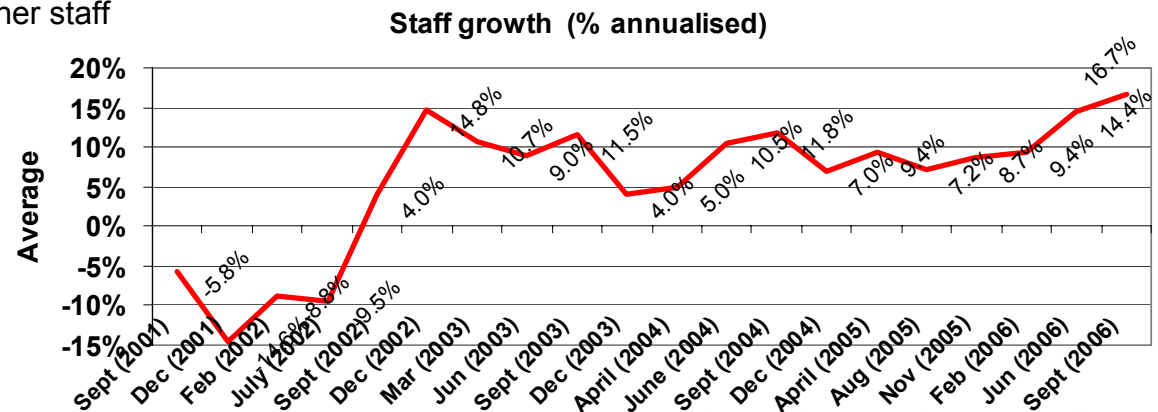


Staff turnover has kicked up from 24% pa to 31% and staff growth has risen to its highest level from 14.4% to 16.7%



Differences

- Companies operating in QLD & NZ are experiencing higher staff turnover and companies in QLD is experiencing higher staff growth than average



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Staff placed and on-hired workers

There has been a decrease in both permanent full-time employment and part-time employment and an increase in contractor placements. On-hire placements have increased dramatically but this appears to be a result of a one-off single large scale placement program

September 2006

	Mean	Minimum	Maximum
Permanent full-time placements	23.42	0	150
Permanent part-time placements	2.19	0	35
On-hire employment	434.07	0	42,000
Contractors	11.77	0	500

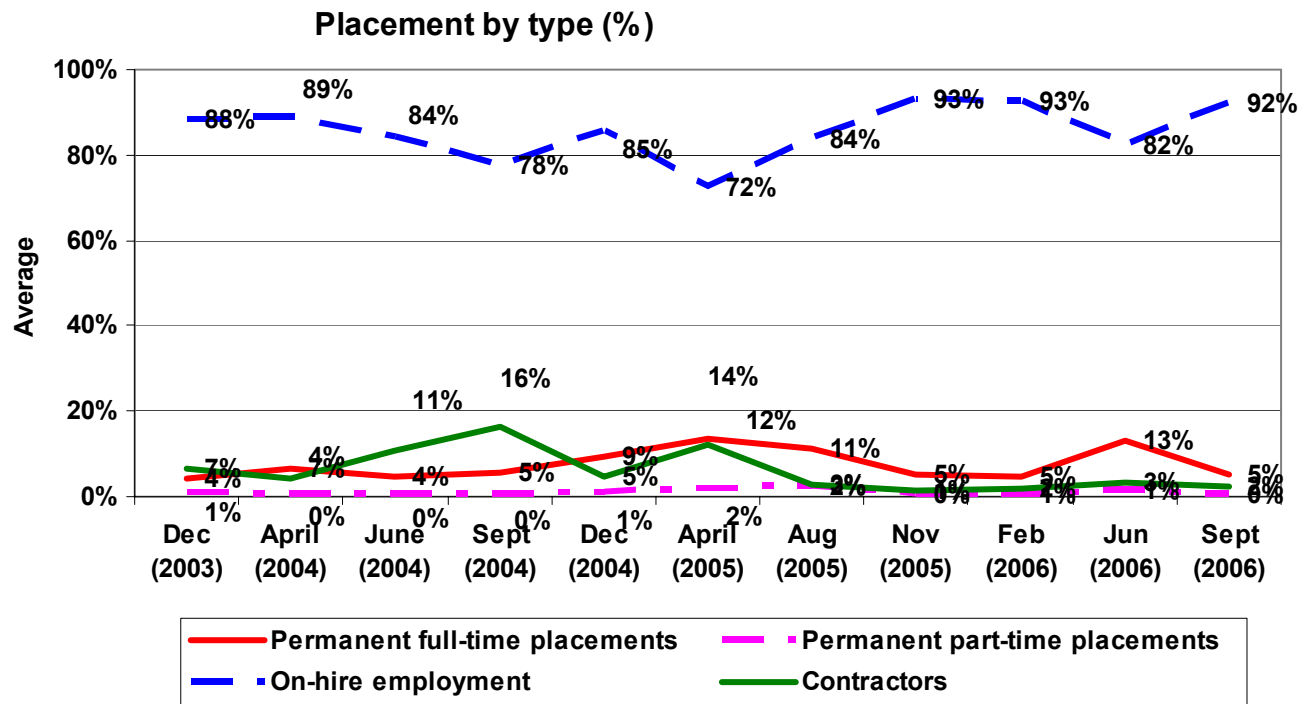
June 2005

	Mean	Minimum	Maximum
Permanent full-time placements	27.10	0	150
Permanent part-time placements	2.69	0	50
On-hire employment	167.63	0	4,200
Contractors	6.96	0	200

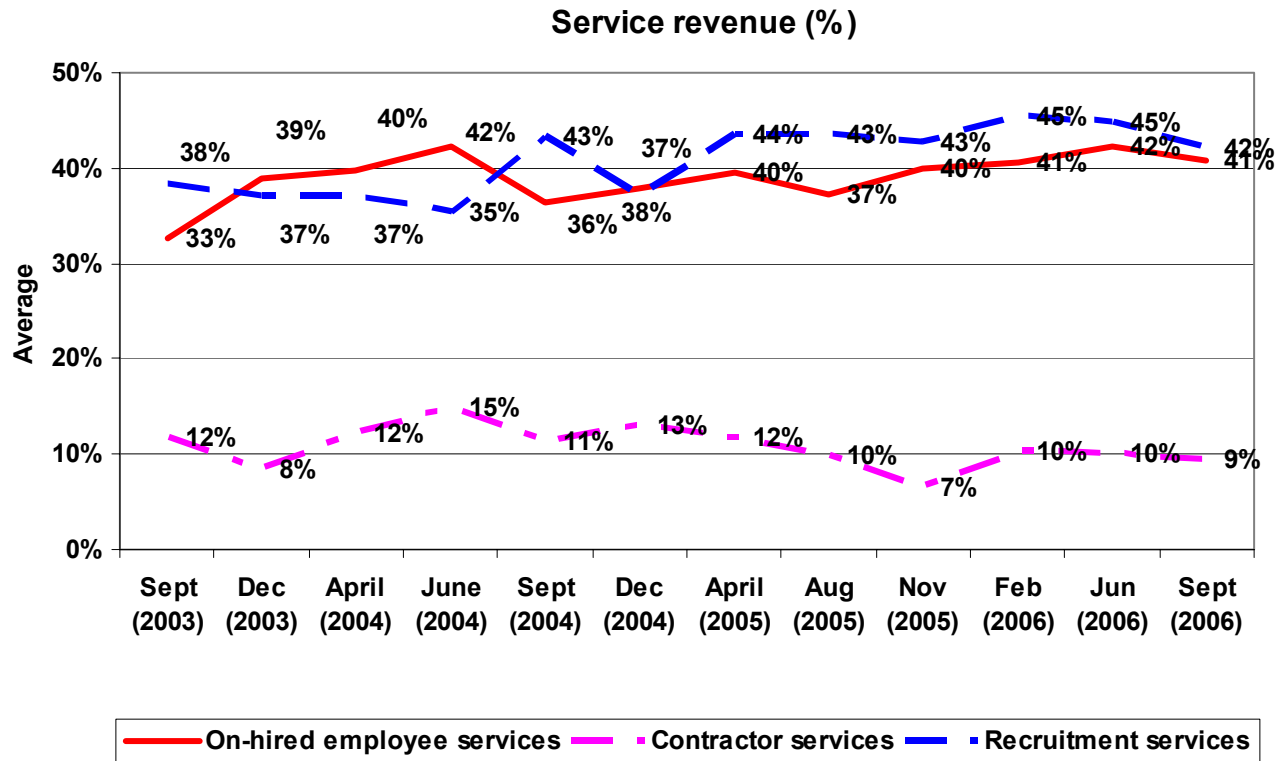
Note: variability may arise because of a few large numbers – this is a problem of small data sets



The majority of placements are on-hire, with the proportion of those placements as part of the total increasing to 92% of all placements from 82% - probably the result of a one-off single large scale placement program



However the proportion of revenue for on-hired, recruitment and contractor services all remain stable

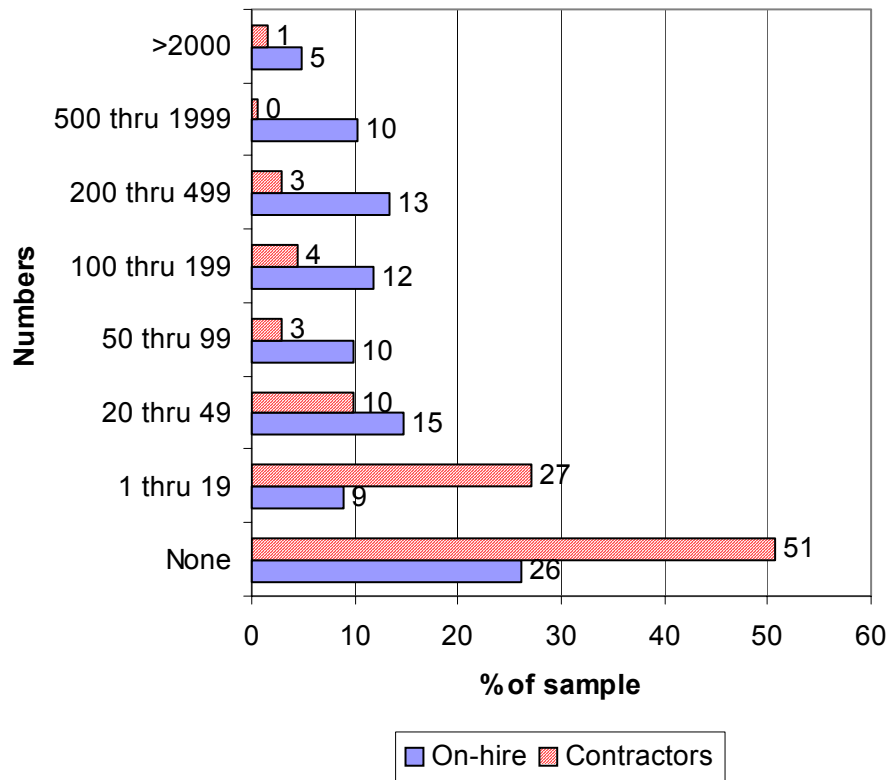


Differences

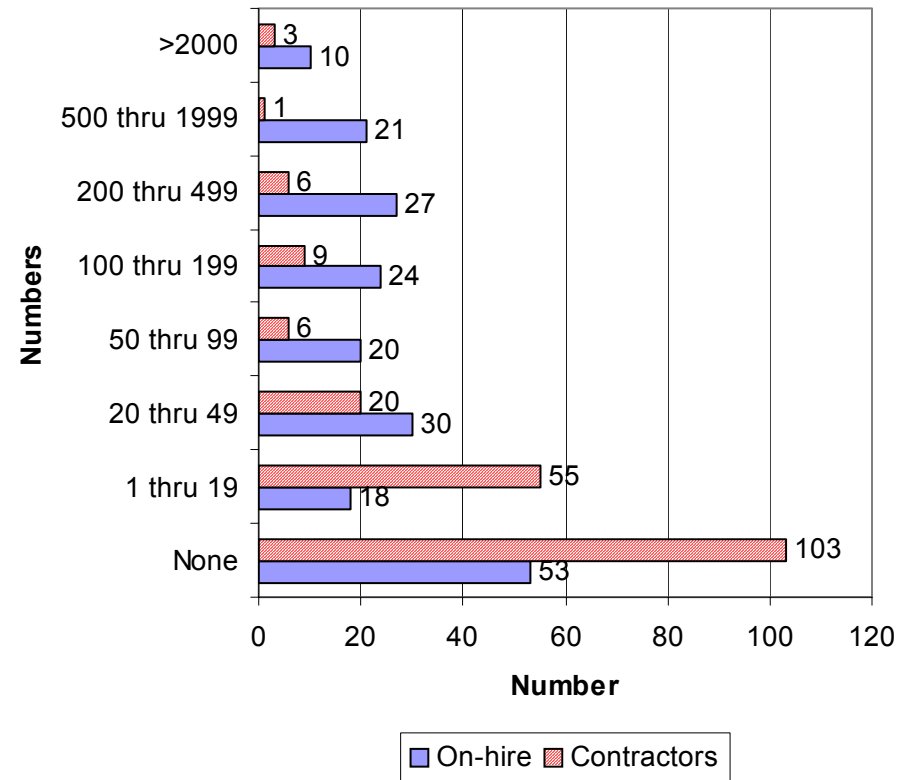
- SA & WA get a larger proportion of revenue from on-hired employees
- QLD gets a larger proportion of revenue from contractor services
- SA and WA get proportionally less revenue from recruitment services while NZ gets more

A substantial proportion of companies have neither contractors nor on-hire employees.

On-hire and contactor numbers on books



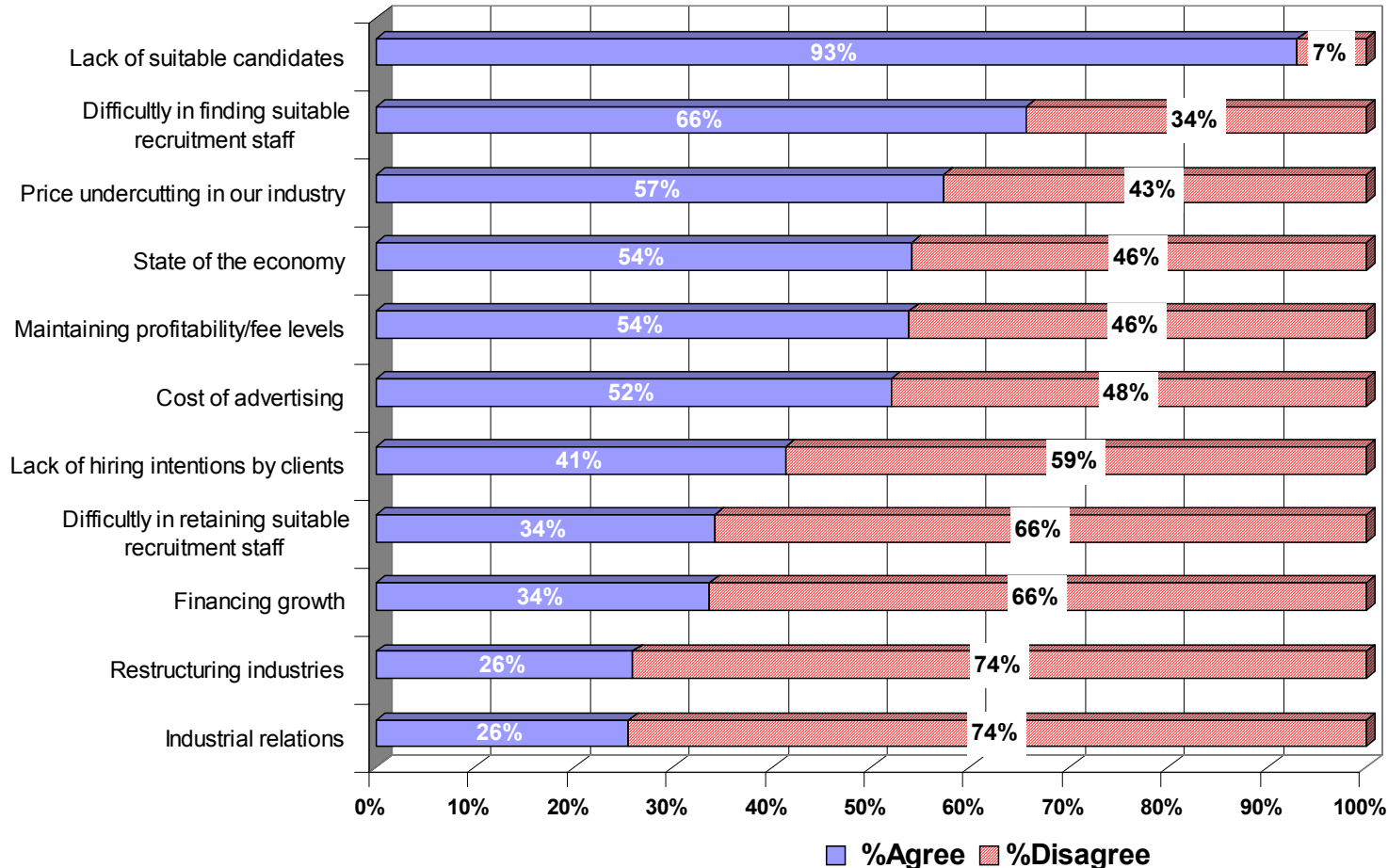
On-hire and contactor numbers on books



Concerns for the present and near future

(all respondents)

Lack of suitable candidates remains the top concern and has increased 3%. Difficulty in finding suitable recruitment staff has risen to second place while price undercutting in the industry has dropped to third place.



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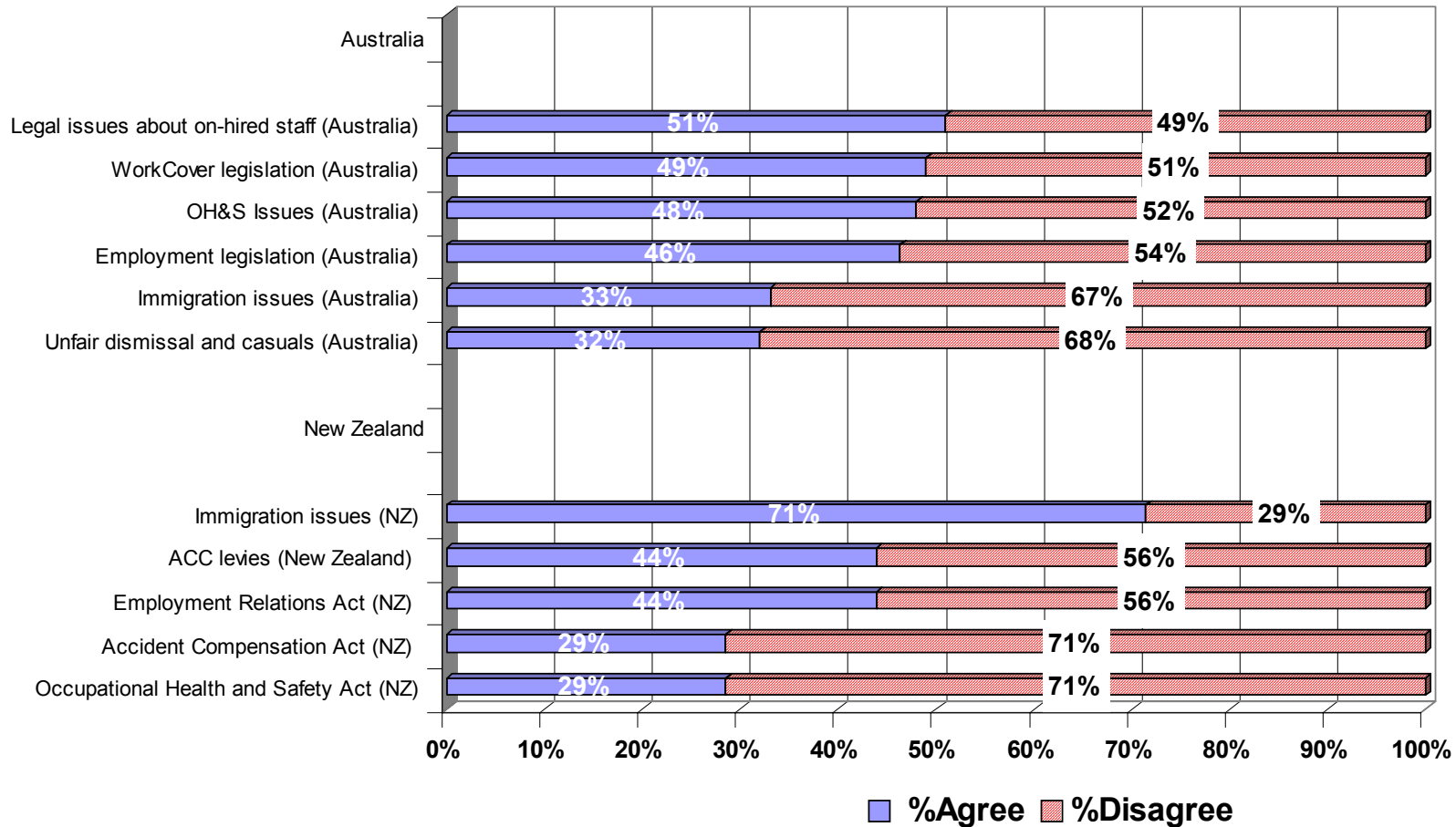


Principal Partner



Concerns for the present and near future (National issues)

In Australia concerns about legal issues about on-hired staff, Work Cover and employment legislation have eased while concerns about OH&S has increased. In NZ, concerns are stable with a slight rise in concerns about immigration (+3%)



Location differences

Variable	NSW	VIC	Qld	SA	WA	NZ
			Substantially less than average			
			Substantially more than average			
State of the economy	54.00	62.00	35.00	46.00	35.00	61.00
Lack of suitable candidates	93.00	88.00	98.00	92.00	93.00	89.00
Lack of hiring intentions by clients	48.00	46.00	28.00	23.00	19.00	44.00
Difficulty in finding suitable recruitment staff	70.00	74.00	80.00	92.00	56.00	78.00
Difficulty in retaining suitable recruitment staff	31.00	42.00	35.00	31.00	22.00	35.00
Financing growth	23.00	38.00	31.00	23.00	23.00	35.00
Maintaining profitability/fee levels	49.00	67.00	51.00	69.00	56.00	57.00
Price undercutting in our industry	58.00	60.00	48.00	69.00	54.00	56.00
Restructuring industries	32.00	25.00	9.00	8.00	15.00	24.00
Cost of advertising	41.00	50.00	43.00	33.00	42.00	53.00
Industrial relations	28.00	32.00	20.00	25.00	24.00	12.00
WorkCover legislation (Australia)	43.00	54.00	41.00	46.00	38.00	
Employment legislation (Australia)	44.00	50.00	38.00	31.00	38.00	
Legal issues about on-hired staff (Australia)	43.00	52.00	38.00	46.00	44.00	
Immigration issues (Australia)	31.00	30.00	41.00	46.00	42.00	
OH&S Issues (Australia)	40.00	49.00	30.00	31.00	42.00	
Unfair dismissal and casuals (Australia)	29.00	30.00	18.00	23.00	19.00	

Differences

- NZ is not worried about the economy but problems finding suitable staff, funding growth and cost of advertising. It has the lowest industrial relations problems
- NSW has few problems financing growth, maintaining profitability or with the cost of advertising. It has some problems with restructuring industries
- VIC has the most issues particularly with maintaining profitability and the state of the economy. It also has the biggest issues with industrial relations, WorkCover legislation, employment legislation, legal issues about on-hired staff and OH&S issues
- QLD is least concerned about the state of the economy, hiring intentions of employers, price undercutting and OH&S issues but does have trouble finding recruitment staff
- SA is also positive about the economy and the hiring intentions of clients but has the most trouble finding suitable recruitment staff, maintaining profitability and price undercutting
- WA is least worried about a range of issues including state of the economy, hiring intentions of clients, finding and retaining suitable recruitment staff

Note:

<50=less than neutral

50=neutral

>50 = greater than neutral



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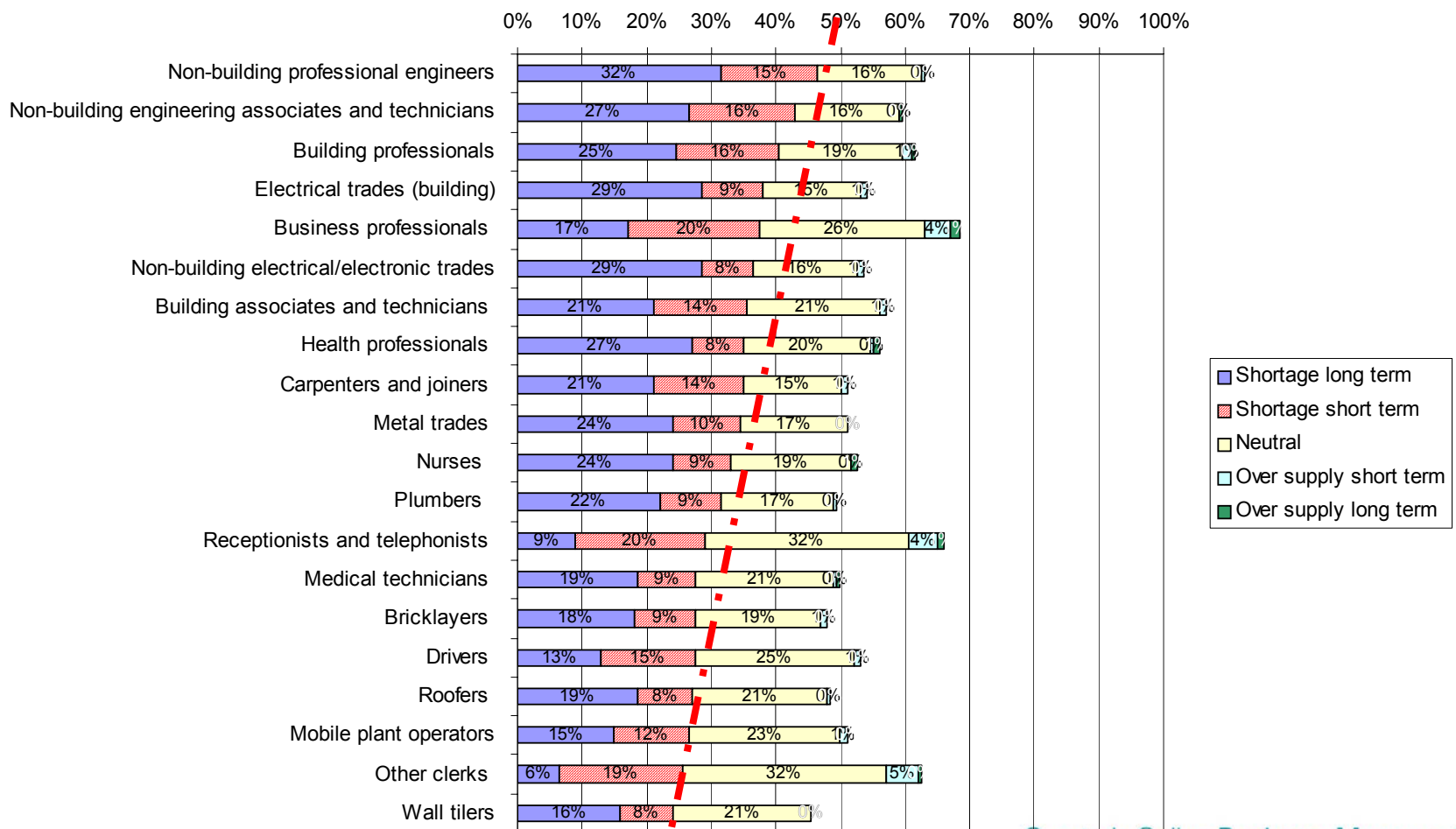


Skills issues

Skills shortages by occupation – top 20

The biggest skills shortages remain in engineering professionals and associates with other business professionals in increasingly short supply. Trades remain in short supply. Health professionals have become in shorter supply

Supply of skills by occupation in order of total shortage



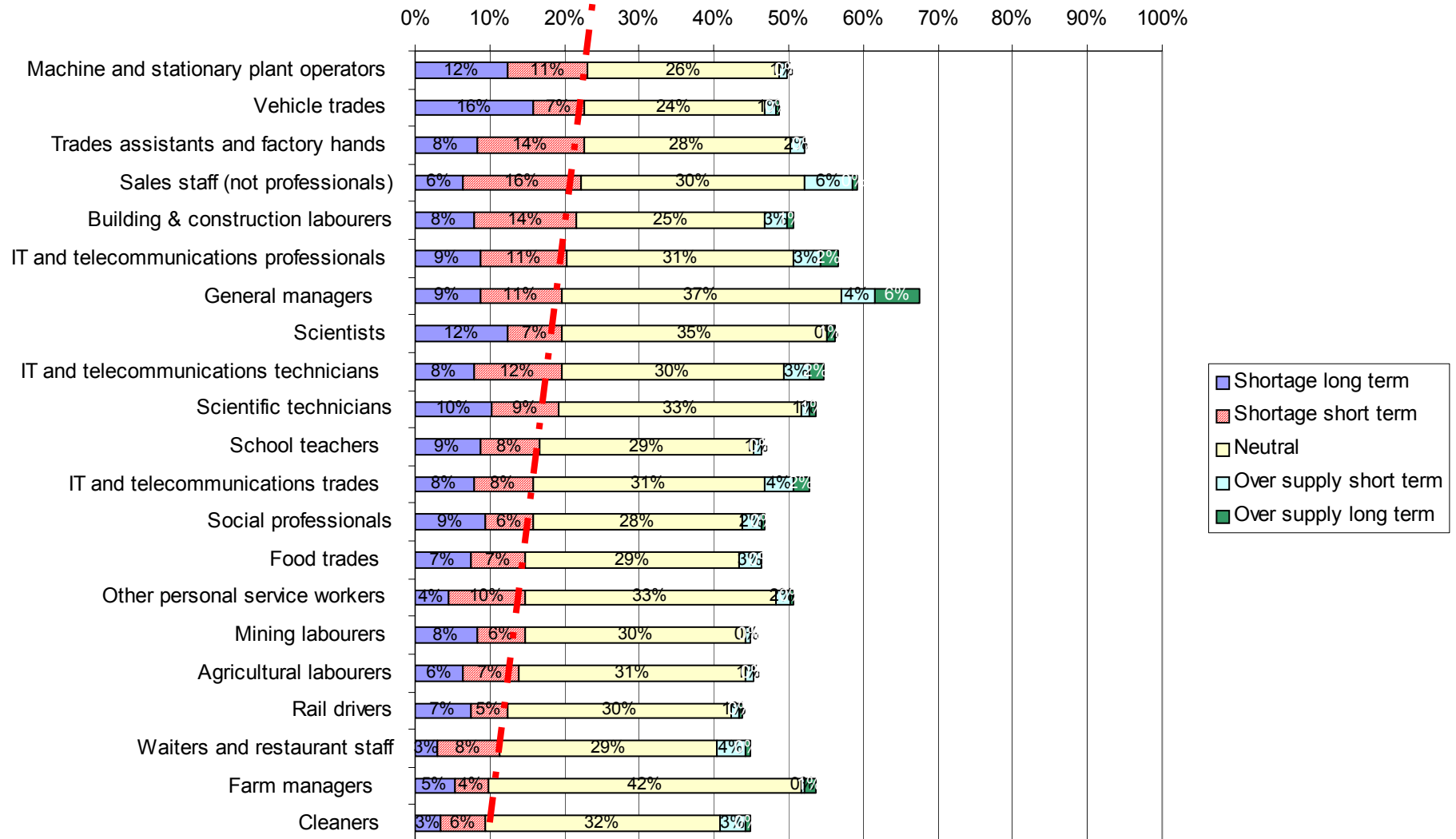
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Skills shortages by occupation – bottom 20

Supply of skills by occupation in order of total shortage



Top 10 skill shortages by location

➤ NSW

- Non-building professional engineers
- Business professionals
- Non-building engineering associates and technicians
- Nurses
- Building professionals
- Health professionals
- Electrical trades (building)
- Non-building electrical/electronic trades
- Building associates and technicians
- Medical technicians

➤ VIC

- Non-building professional engineers
- Non-building engineering associates and technicians
- Health professionals
- Business professionals
- Nurses
- IT and telecommunications professionals
- Building professionals
- Electrical trades (building)
- Carpenters and joiners
- Medical technicians



Top 10 skill shortages by location

➤ Queensland

- Non-building engineering associates and technicians
- Health professionals
- Non-building professional engineers
- Business professionals
- Electrical trades (building)
- Building professionals
- Nurses
- Non-building electrical/electronic trades
- Carpenters and joiners
- Metal trades

➤ South Australia

- Building professionals
- Non-building professional engineers
- Non-building engineering associates and technicians
- Health professionals
- Electrical trades (building)
- IT and telecommunications professionals
- IT and telecommunications technicians
- Business professionals
- Non-building electrical/electronic trades
- Carpenters and joiners



Top 10 skill shortages by location

➤ Western Australia

- Non-building professional engineers
- Electrical trades (building)
- Non-building electrical/electronic trades
- Non-building engineering associates and technicians
- Building professionals
- Carpenters and joiners
- Metal trades
- Mobile plant operators
- Building associates and technicians
- Plumbers

➤ New Zealand

- Non-building professional engineers
- Non-building engineering associates and technicians
- Building professionals
- Building associates and technicians
- Electrical trades (building)
- Non-building electrical/electronic trades
- IT and telecommunications professionals
- IT and telecommunications technicians
- Receptionists and telephonists
- Drivers

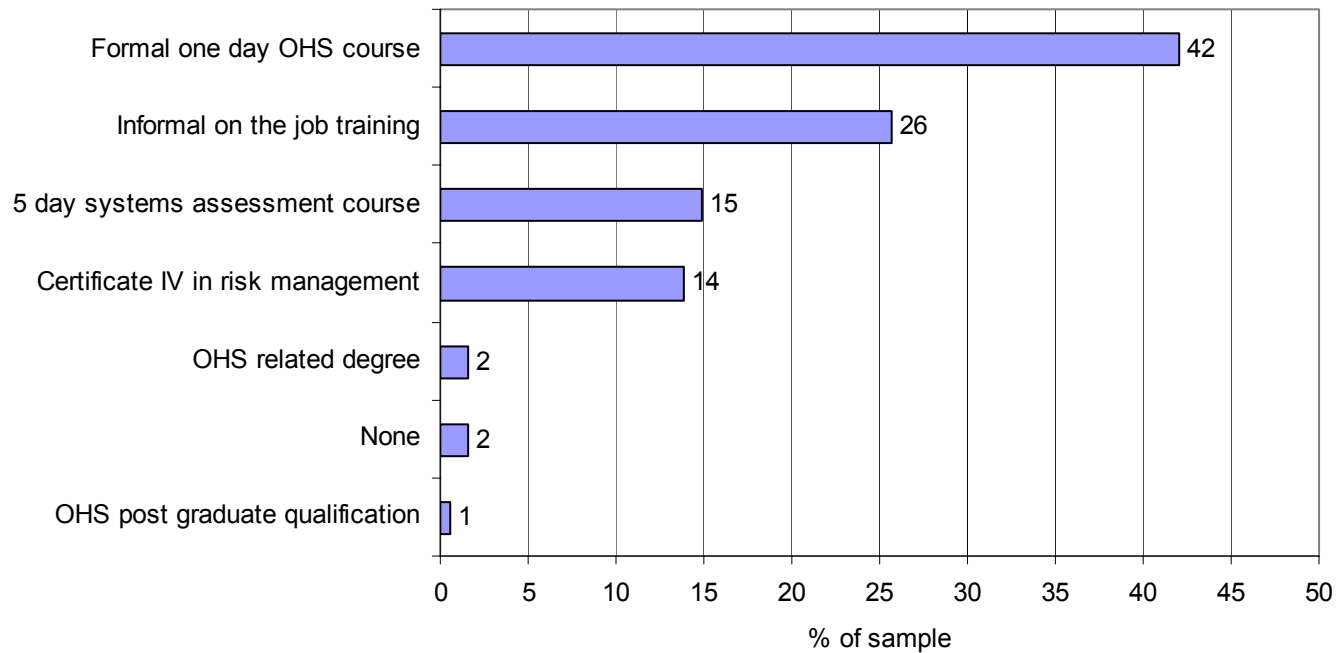


Special section

OH&S and workers compensation

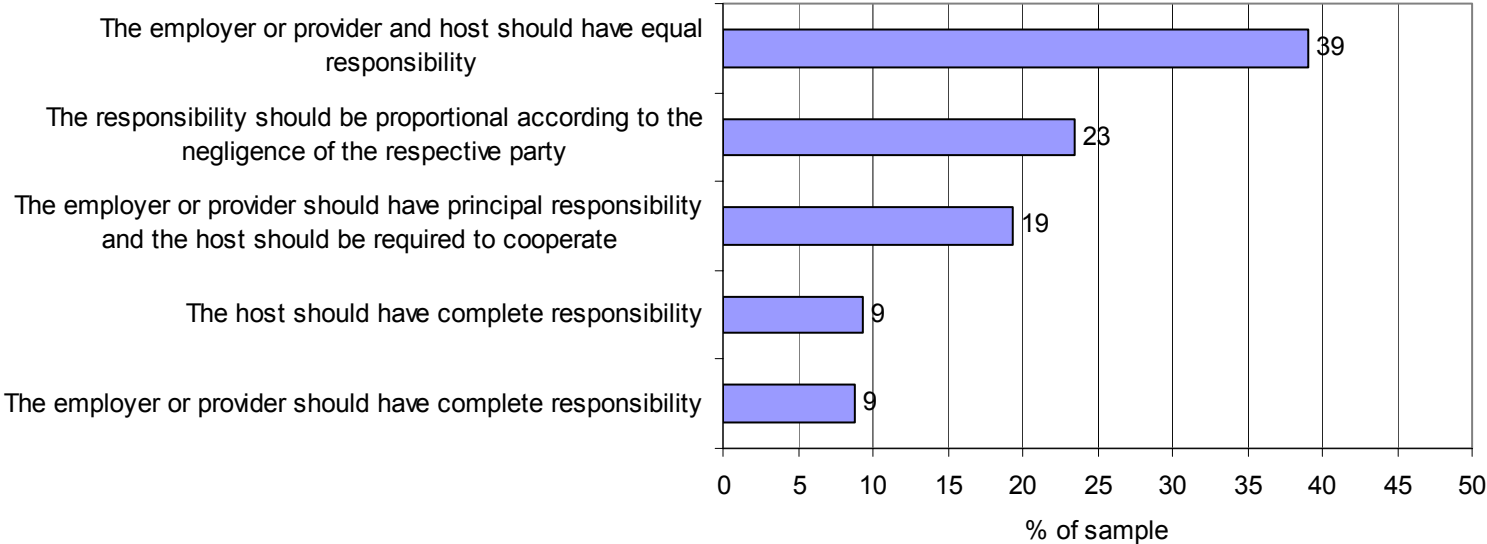
Formal one day OH&S courses are the preferred minimum qualification (42%) followed by informal on the job training (26%)

Minimum representative OH&S qualification required



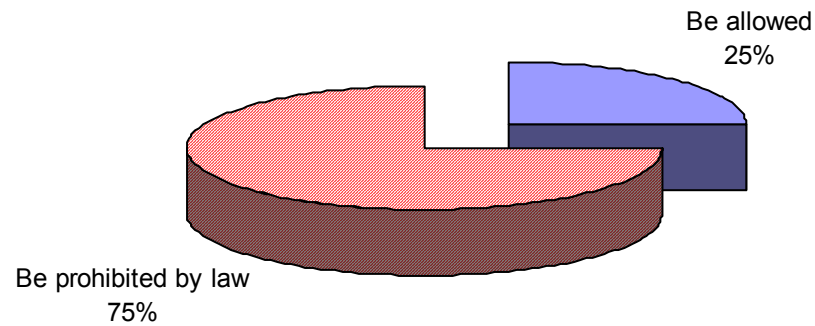
Responsibility for return to work of injured on-hired employees should be shared by the employer or provider and host (39%) followed by responsibility according to negligence (28%)

Responsibility for Return To Work of injured on-hired employees



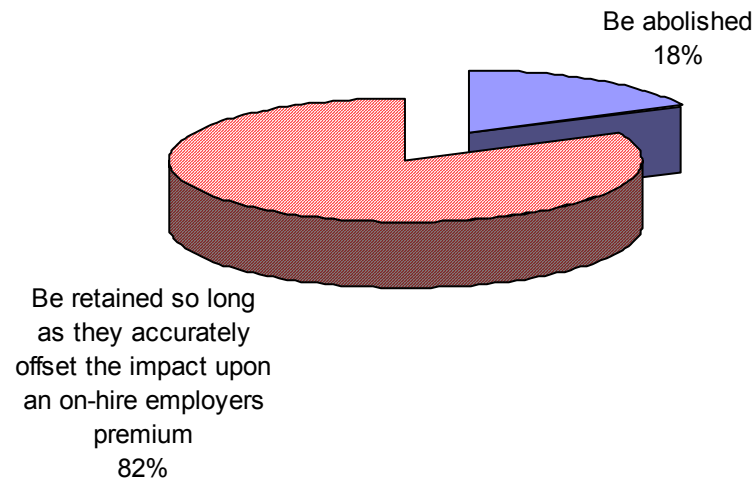
Three quarters of respondents believe hold harmless provisions for on-hired employees should be prohibited by law

Hold harmless provisions for on-hired employees



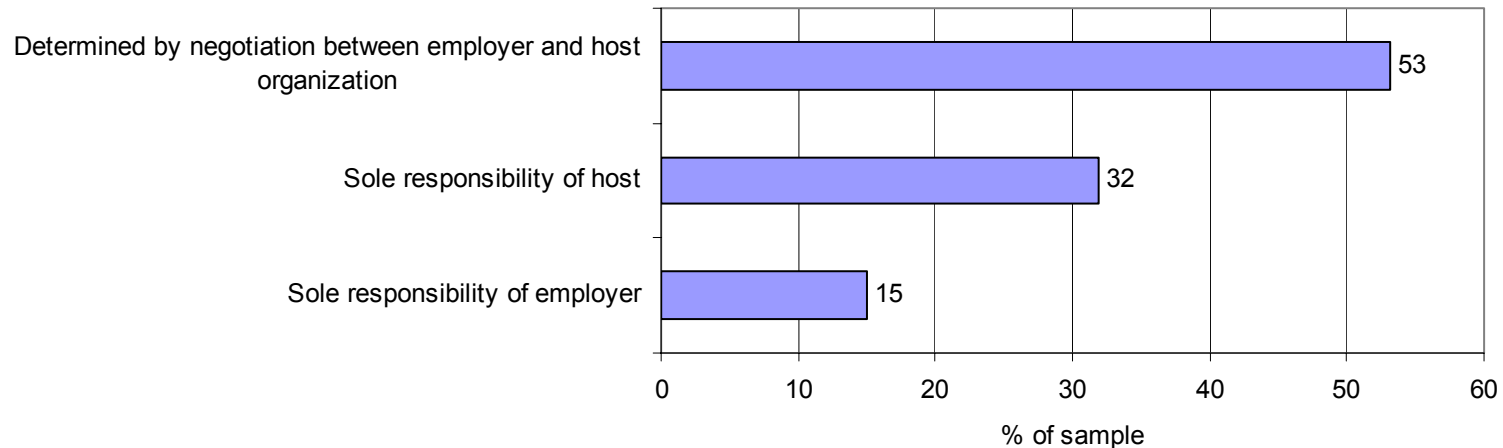
Most respondents believe third party recovery for on-hired employees be retained so long as they accurately offset the impact upon an on-hire employers premium

Third party recovery action for on-hired employees



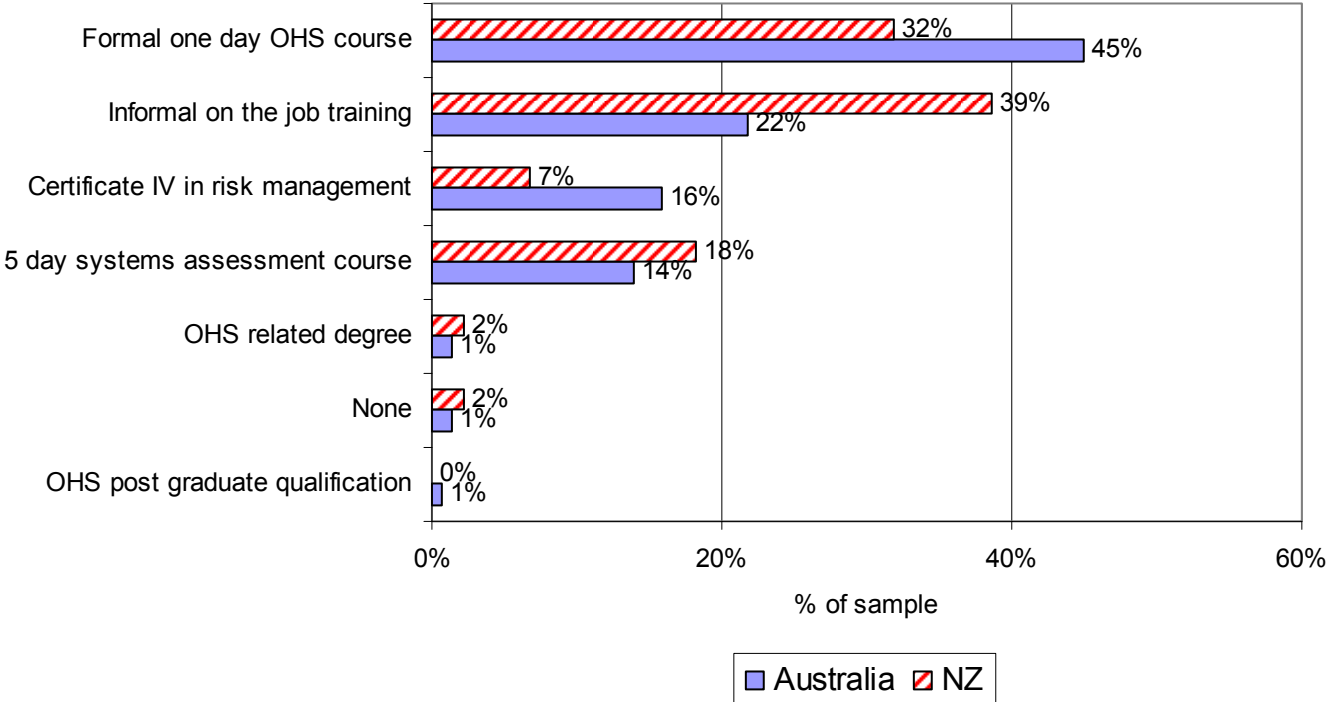
Just over half of respondents believe protective equipment for on-hired employees should be determined between employer and host organisation

Responsibility or the purchase and supply of personal protective equipment to on-hired workers

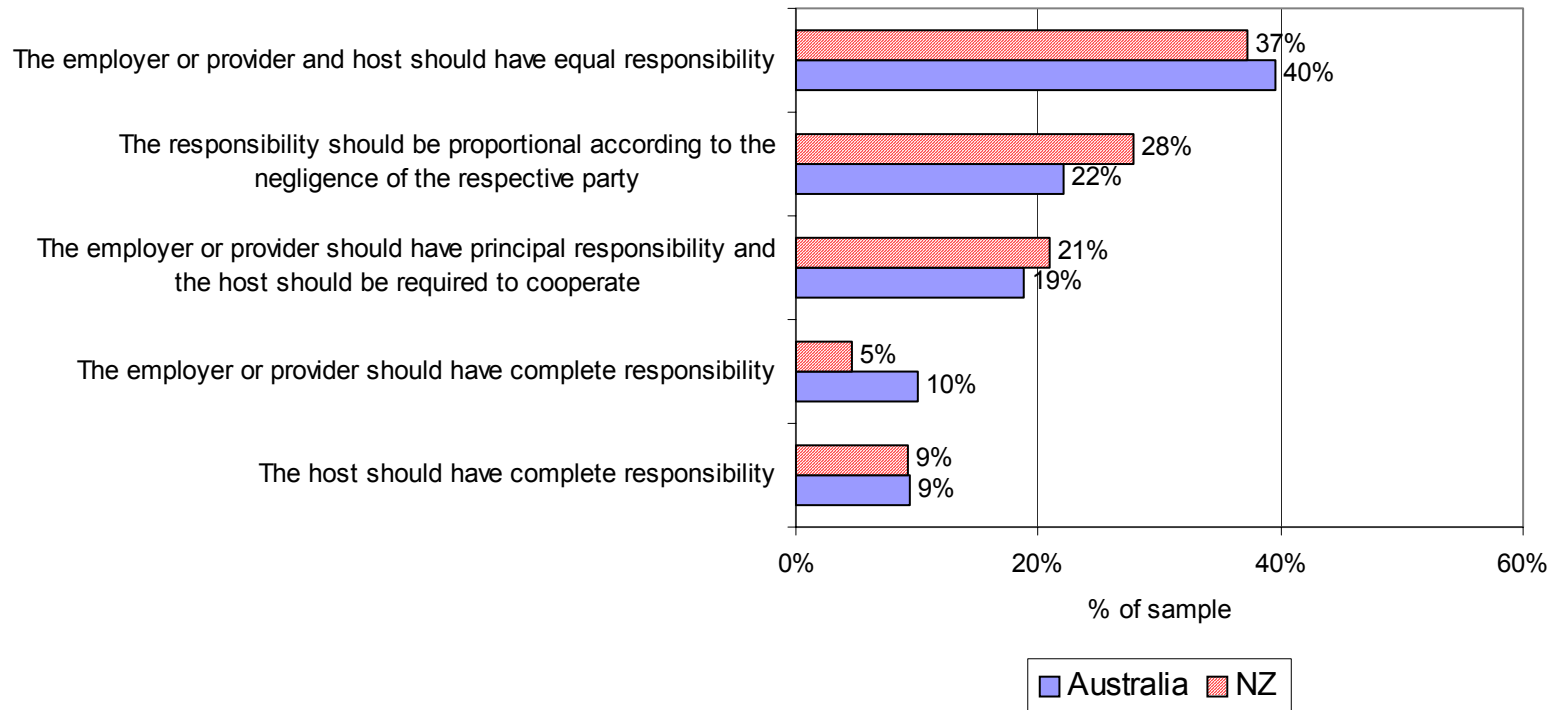


OH&S and workers compensation by country

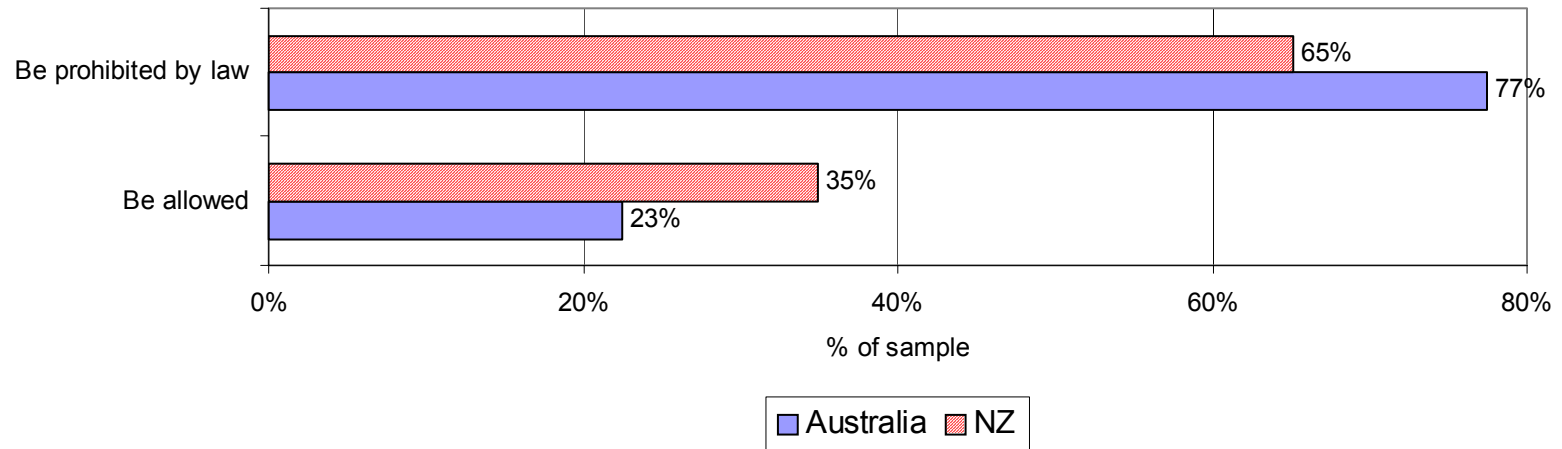
Minimum representative OH&S qualification required



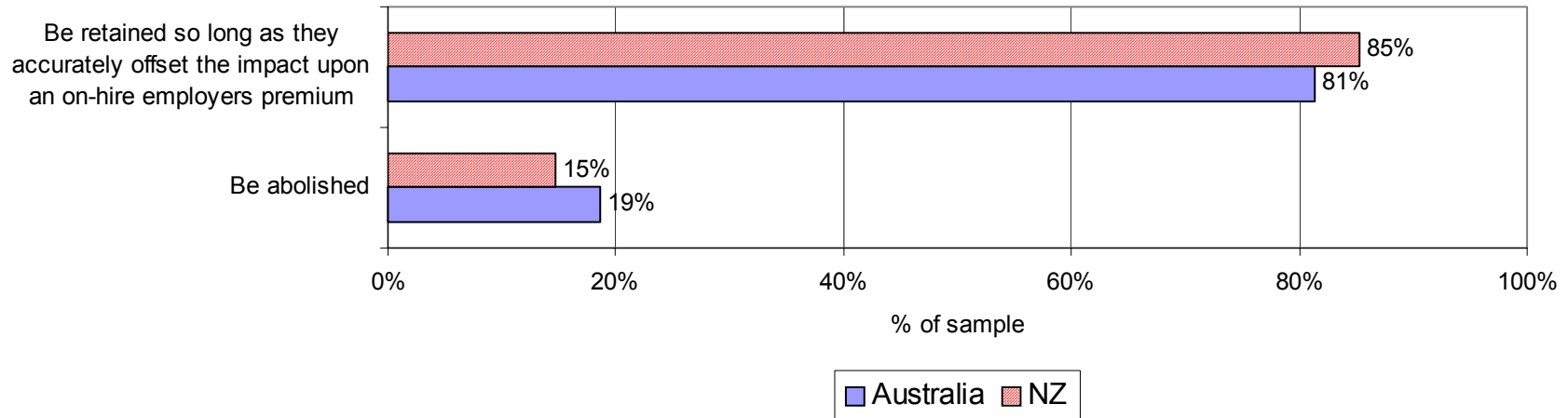
Responsibility for Return To Work of injured on-hired employees



Hold harmless provisions for on-hired employees



Third party recovery action for on-hired employees



Responsibility or the purchase and supply of personal protective equipment to on-hired workers

