

# RCSA Web Survey

Round 21 – December 2006



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Quarterly Online Business Manager Survey  
an RCSA Research Foundation Initiative

Presented by



Principal Partner



# Executive Summary

## Summary

- Business confidence has dropped 3% and expected changes in volume of business have also dropped by 1% to what is a typical pre-Christmas figure
  - QLD, SA and VIC are expecting higher growth rates than elsewhere, WA and NZ are expecting lower
- Difficulties in the labour market have become slightly more problematic after easing last round. Labour shortages remain a big problem
  - NZ is finding it hardest to get candidates with the right mix and level of skills
  - VIC, QLD, SA are finding it easiest and NZ hardest to find candidates with the right capabilities
  - WA is finding it hardest to find appropriate applicants for positions and candidates with the right work ready attitudes
- Staff turnover has kicked up again for the second quarter in a row from 31% pa to 41%. Much of this rise is driven by WA and staff growth has dropped from 16.74% to 11.6%
  - Companies operating in WA are experiencing much higher staff turnover
  - Companies in NSW & QLD are experiencing higher staff growth than average and in WA, NZ and VIC they are experiencing lower
- The majority of placements are on-hire, with the proportion of those placements as part of the total increasing to 93% of all placements from 92%
- The proportion of revenue for on-hired employee services has dropped and the proportion for recruitment and contractor services remain stable. Obviously the value of other services, not covered in the survey, have risen
  - SA & WA get a larger proportion of revenue from on-hired employees while NZ gets less
  - VIC gets a larger proportion of revenue from contractor services while WA & NZ get less
  - 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. Difficulty in finding suitable recruitment staff remains in second place while price undercutting in the industry has dropped to fourth place after the state of the economy – concerns about this have risen by 4%.
  - NZ is most worried about the economy and has greater problems finding suitable staff, financing growth maintaining profit levels and price undercutting
  - NSW is most worried about hiring intentions of clients, financing growth, cost of advertising, industrial relations and work cover legislation
  - VIC is least worried about retaining recruitment staff and financing growth. They are worried about price undercutting
  - QLD is least concerned about financing growth and most concerned about employment legislation
  - SA is most worried about maintaining profitability and least worried about the state of the economy, hiring intentions of clients, financing growth and restructuring industries
  - WA is least worried about a range of issues including state of the economy, hiring intentions of clients, finding and retaining suitable recruitment staff, cost of advertising and industrial relations
- Of the national issues:
  - In Australia concerns about legal issues about on-hired staff, Work Cover and OH&S have all increased while concerns about employment legislation have decreased. In NZ, concerns are stable except that concerns about ACC levies have increased substantially(+11%)

**Note: If locational differences are not mentioned, the differences are insufficient for comment**



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# 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. The shortage of health professionals and nurses has become worse
- The top 12 skills shortages being:
  - Non-building professional engineers
  - Business professionals
  - Non-building engineering associates and technicians
  - Building professionals
  - Health professionals
  - Non-building electrical/electronic trades
  - Nurses
  - Electrical trades (building)
  - Carpenters and joiners
  - Building associates and technicians
  - Metal trades
  - Plumbers



# Executive Summary

## Immigration and visas

- Just over a quarter of organisations assist clients with 457 visa requirements and nearly a fifth sponsor 457 visa holders directly
- The most frequent types of visa applied for are:
  - Working holidays/students = 12
  - Skilled migration = 5

## Overseas skills expos

- Nearly half the respondents are interested in attending overseas skills expos and a quarter have had someone attending a skills expo while only a small number find it easy to attend



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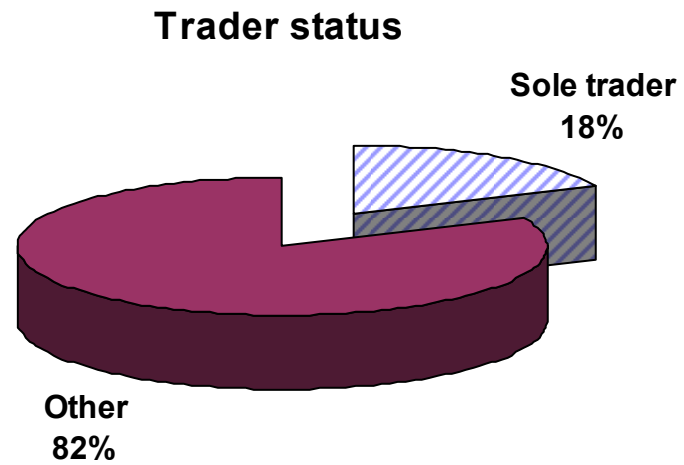
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# Process

- Web survey
  - E-mail business heads in both NZ and Australia
  - Data collection began mid November 2006 and completed 1 December 2006
  
  - The total annual revenue of respondent companies is \$2.6 billion down from \$2.7 billion last round

# Demographics of sample

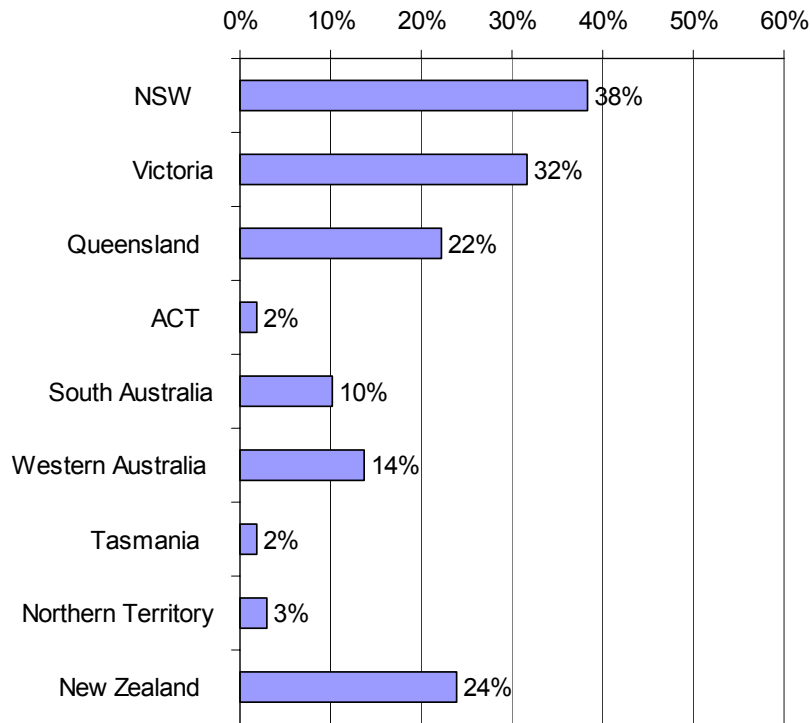


# Demographics of sample

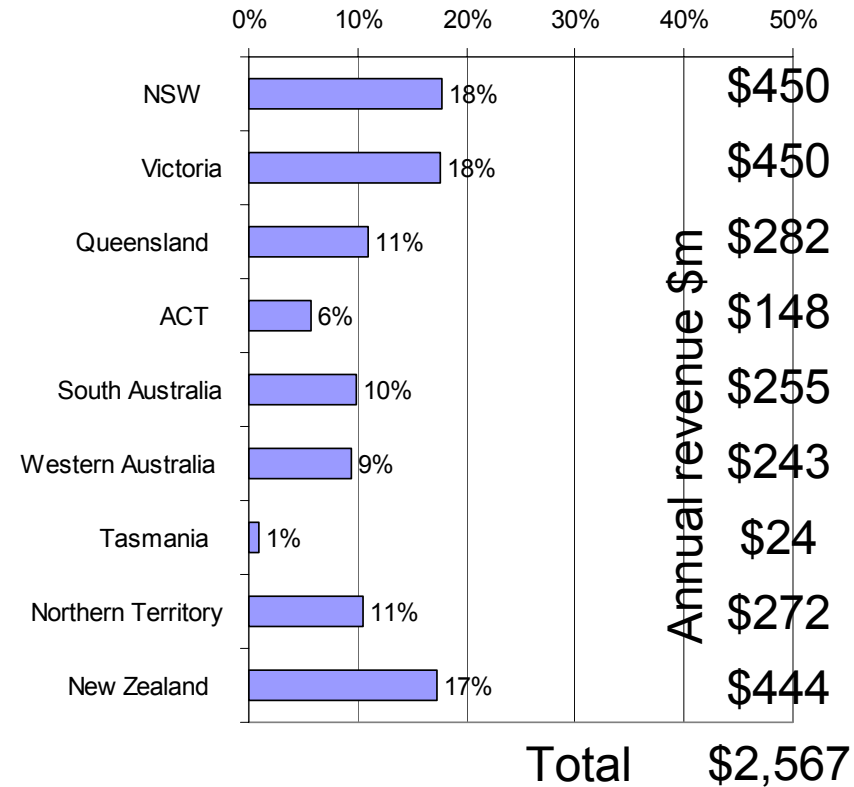
The total annual revenue of respondent companies is \$2.57 billion up from \$2.69 billion last round

**Location company operates in**

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

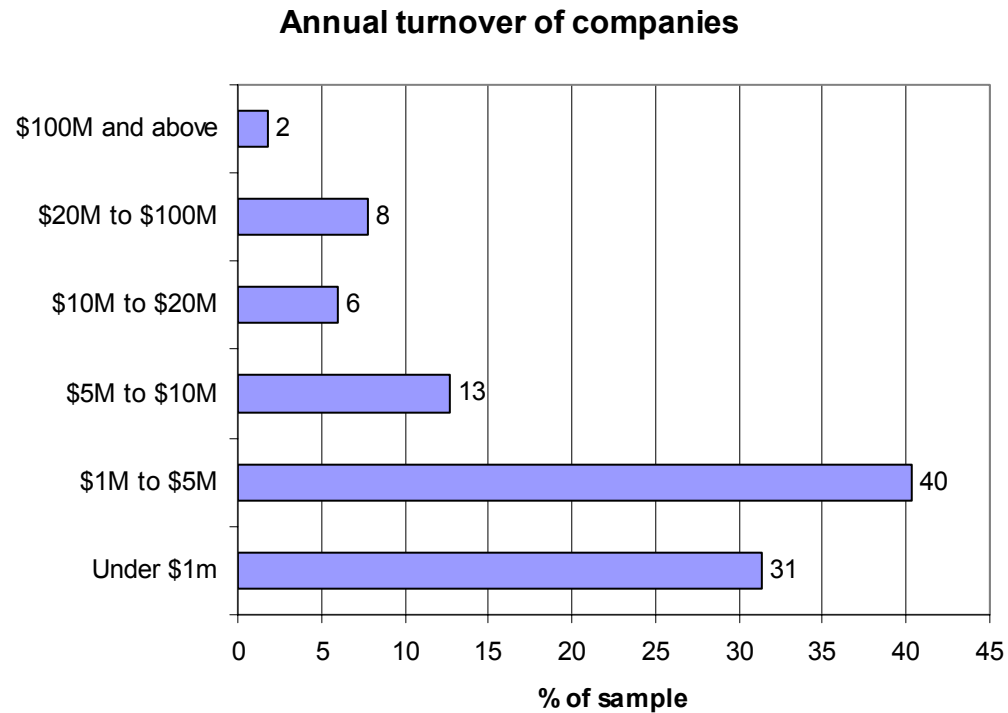


**Proportion of revenue generated by location**



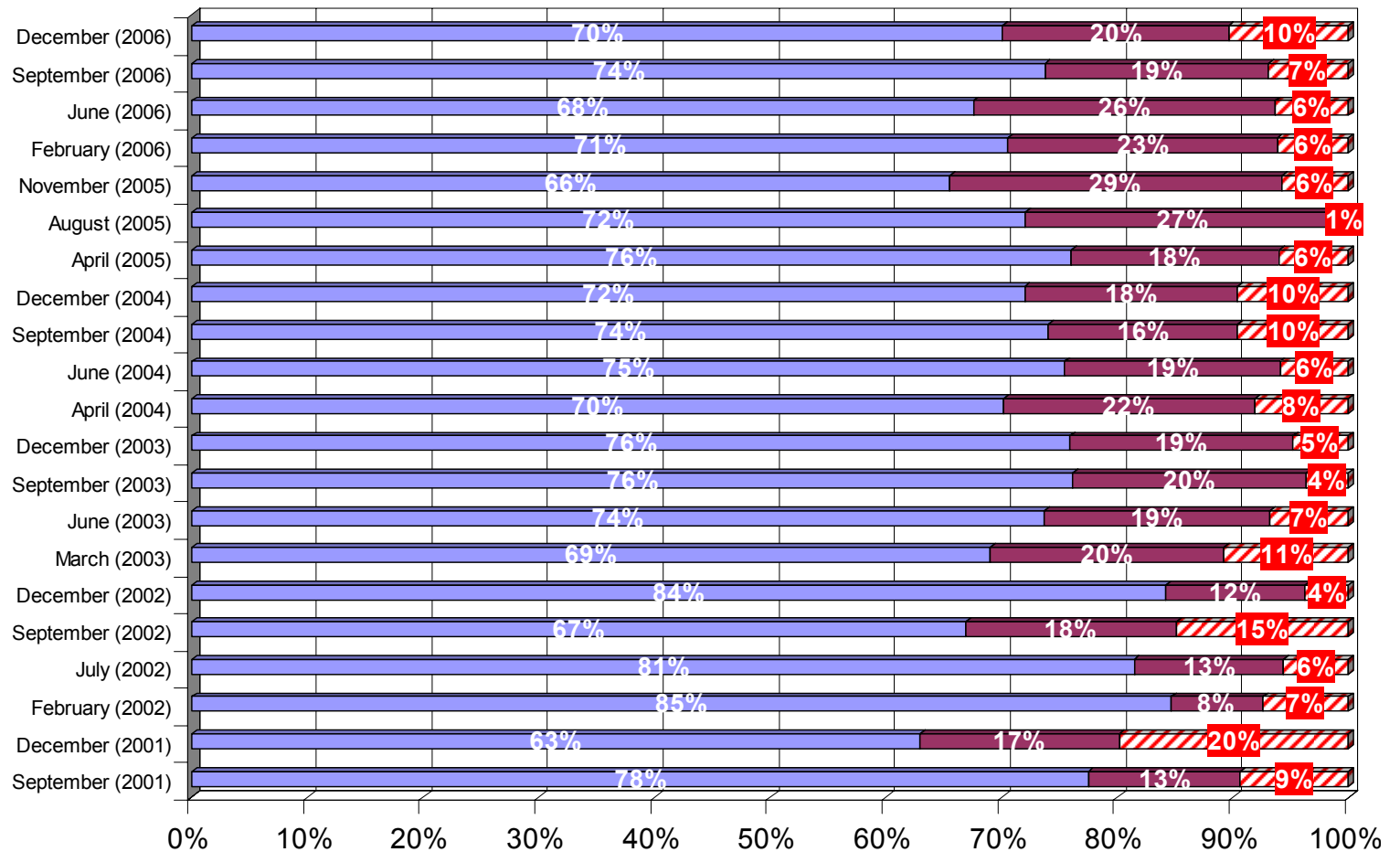
**Total Australia=\$2.12b**  
**Approx 83% of revenue**

# 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

No location differences



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■ %Agree ■ %Neutral ■ %Disagree

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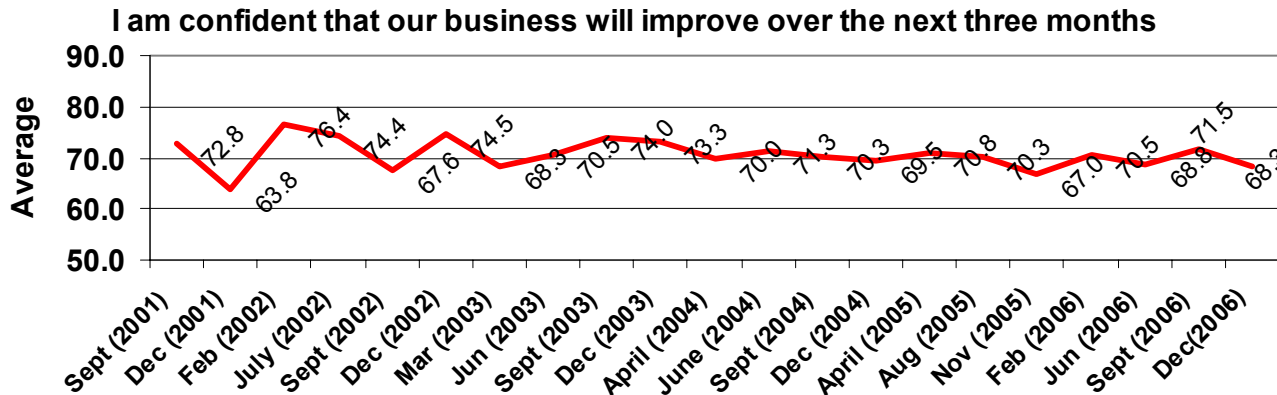
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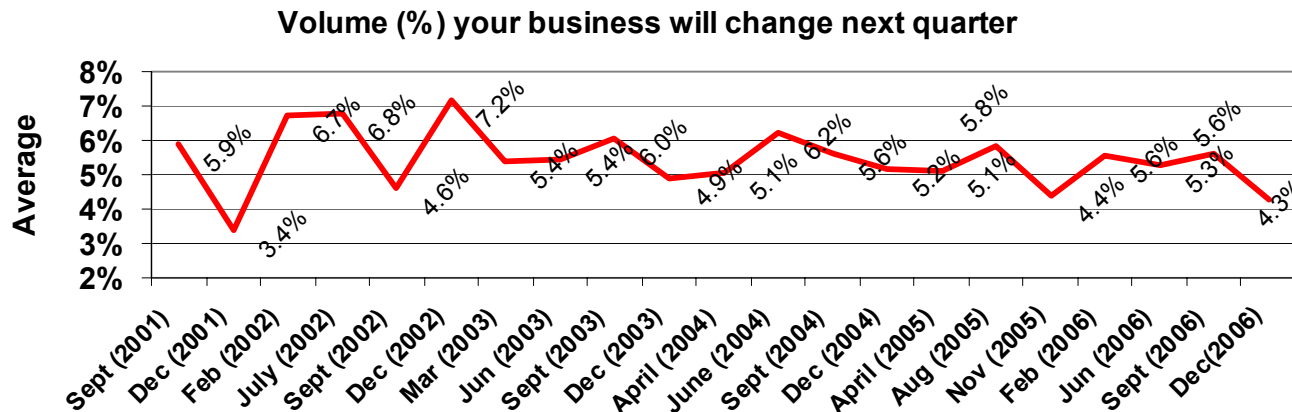
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Business confidence has dropped 3% and expected changes in volume of business have also dropped by 1% to what is a typical pre-Christmas figure



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



**Differences**

QLD, SA and VIC are expecting higher growth rates than elsewhere, WA and NZ are expecting lower

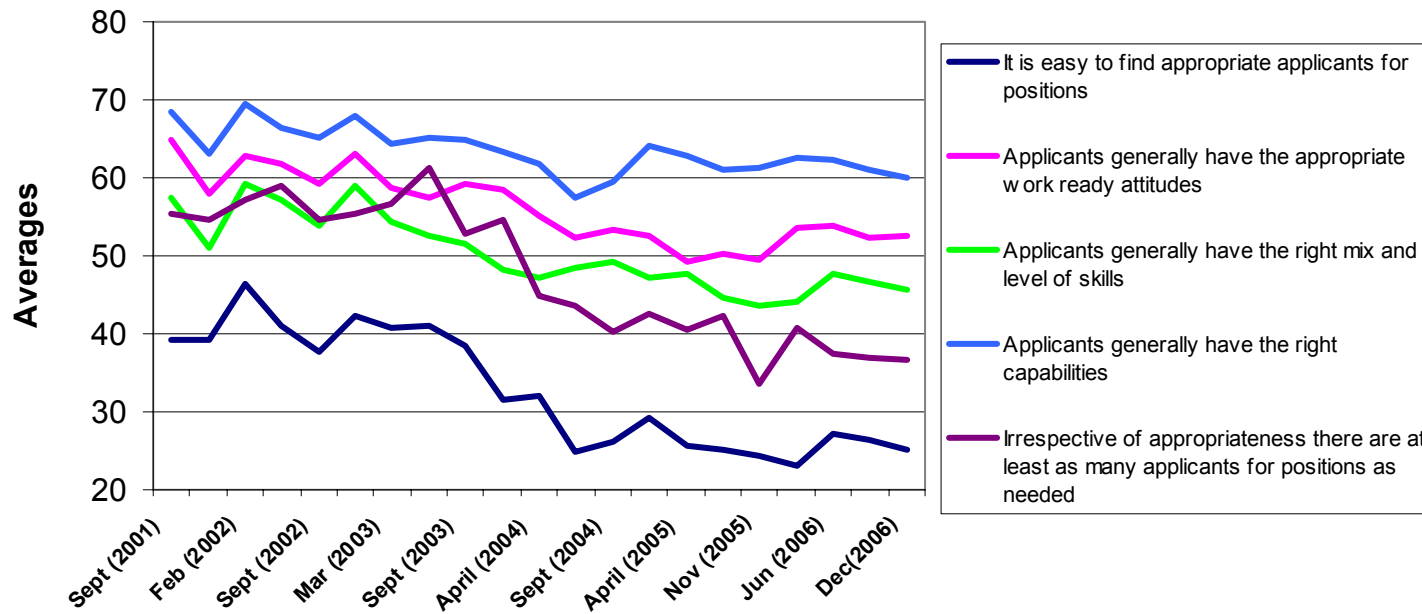


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# Difficulties in the labour market have become slightly more problematic after easing last round. Labour shortages remain a big problem

**Labour market scores**



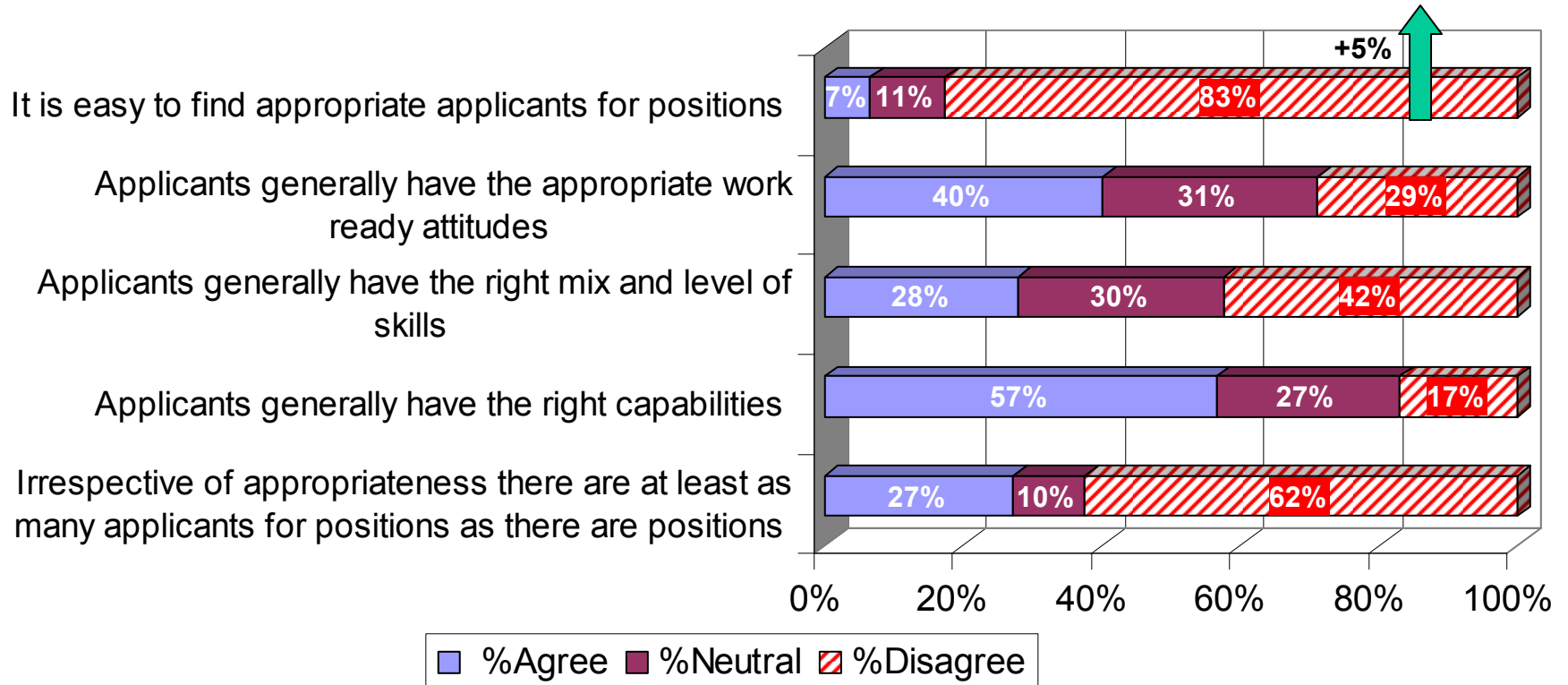
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**Differences**

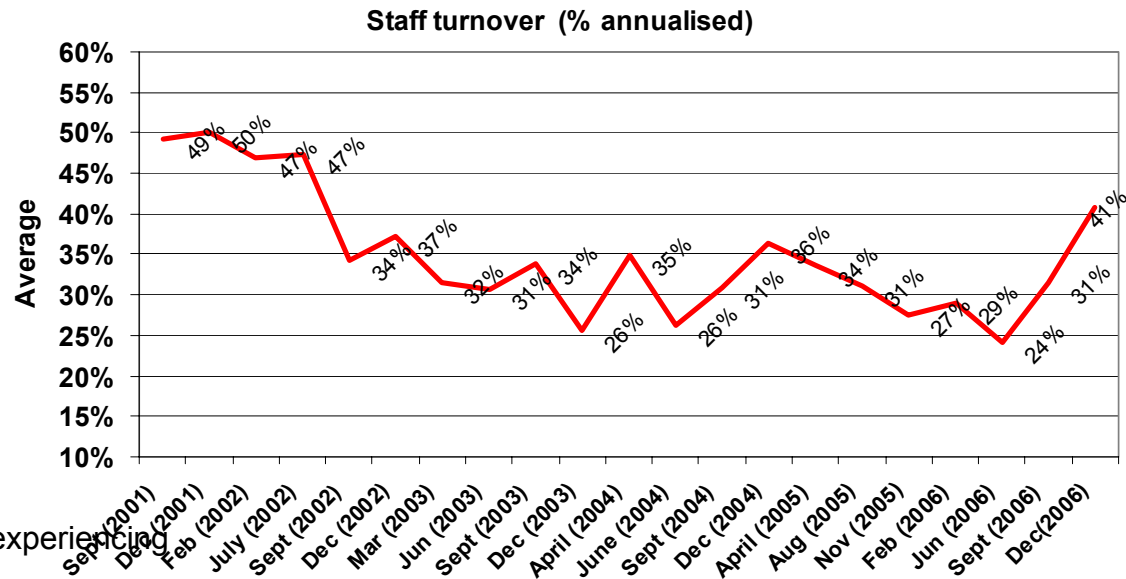
- NZ is finding it hardest to get candidates with the right mix and level of skills
- VIC, QLD, SA are finding it easiest and NZ hardest to find candidates with the right capabilities
- WA is finding it hardest to find appropriate applicants for positions and candidates with the right work ready attitudes

Labour market scores have moved little – in general less than 5%.

### Labour market

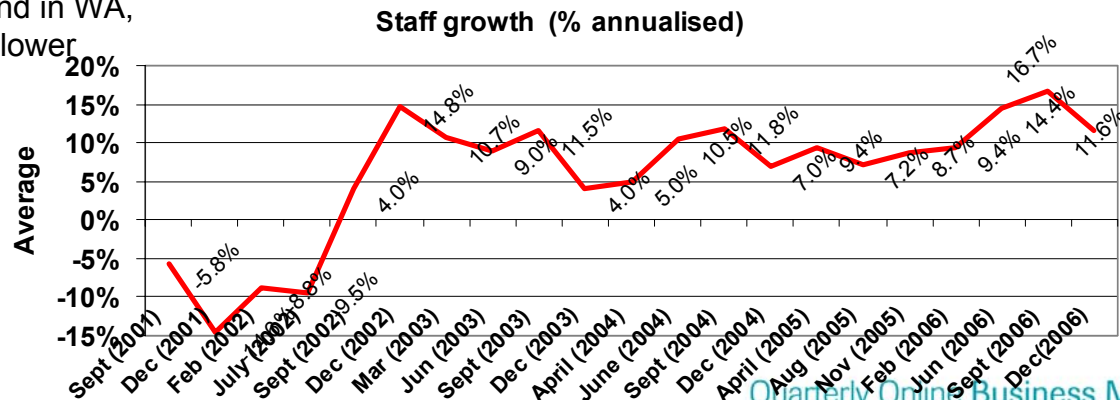


Staff turnover has kicked up again for the second quarter in a row from 31% pa to 41%. Much of this rise is driven by WA and staff growth has dropped from 16.74% to 11.6%



**Differences**

- Companies operating in WA are experiencing much higher staff turnover
- Companies in NSW & QLD are experiencing higher staff growth than average and in WA, NZ and VIC they are experiencing lower



# Staff placed and on-hired workers

There has been a minor increase in both permanent full-time employment and contractor placements. Permanent part time placements have risen strongly off a low base and on-hire placements have increased strongly.

## 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

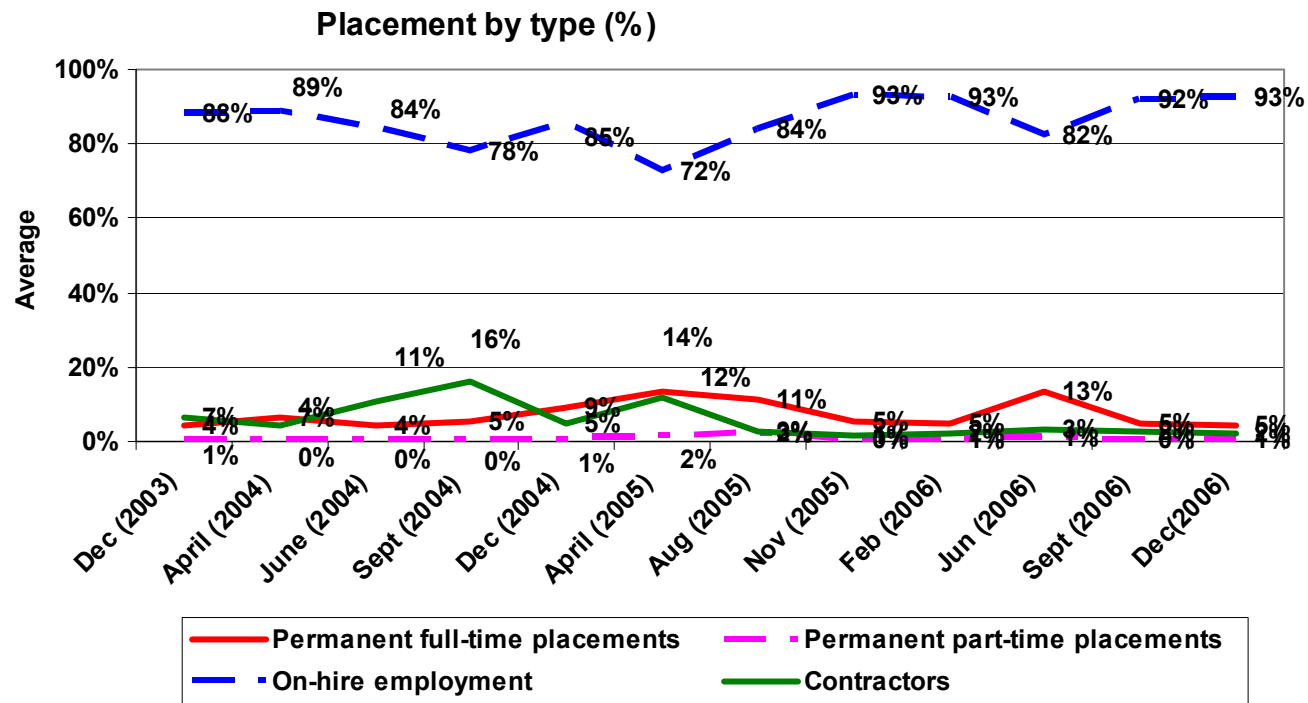
## December 2006

	Mean	Minimum	Maximum
Permanent full-time placements	24.78	0	550
Permanent part-time placements	3.84	0	250
On-hire employment	505.52	0	60,000
Contractors	12.10	0	1,000

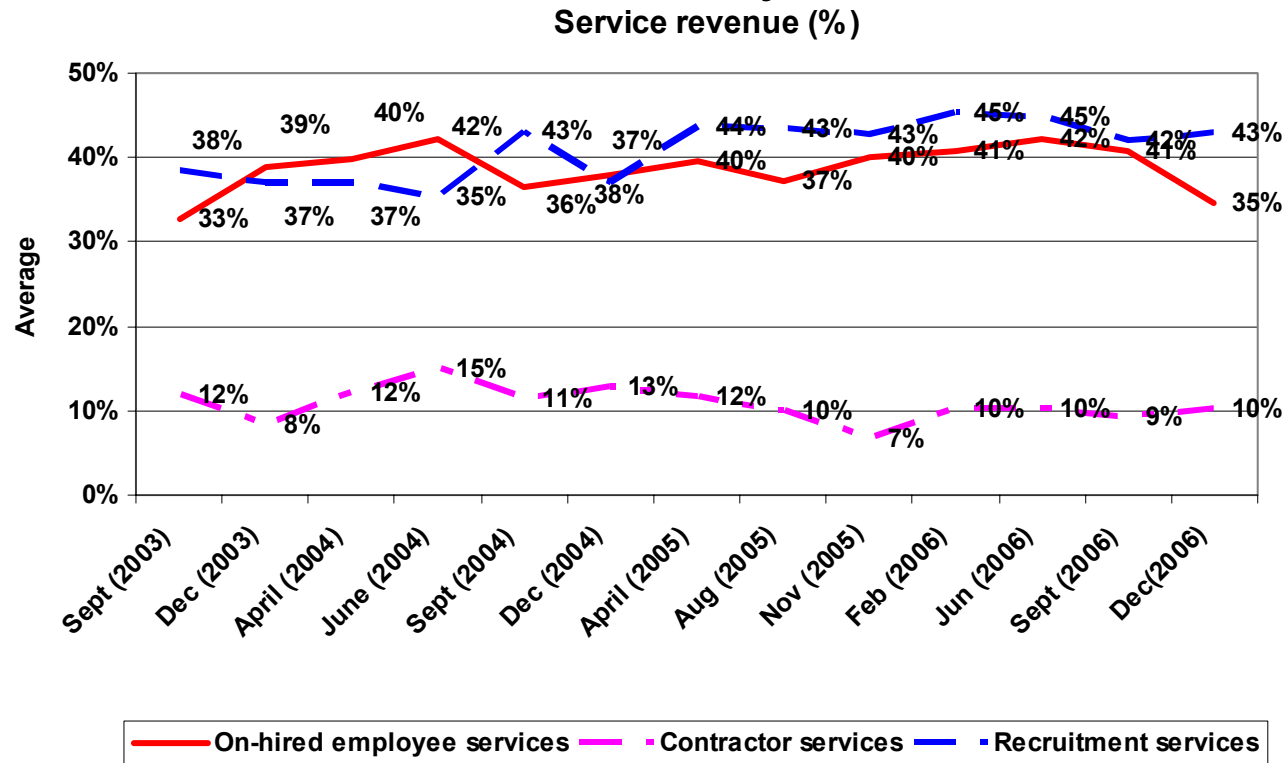
Note: variability may arise because of a few large numbers – this is a problem of small data sets



The majority of placements are on-hire, with the proportion of those placements as part of the total increasing to 93% of all placements from 92%



The proportion of revenue for on-hired employee services has dropped and the proportion for recruitment and contractor services remain stable. Obviously the value of other services, not covered in the survey, have risen

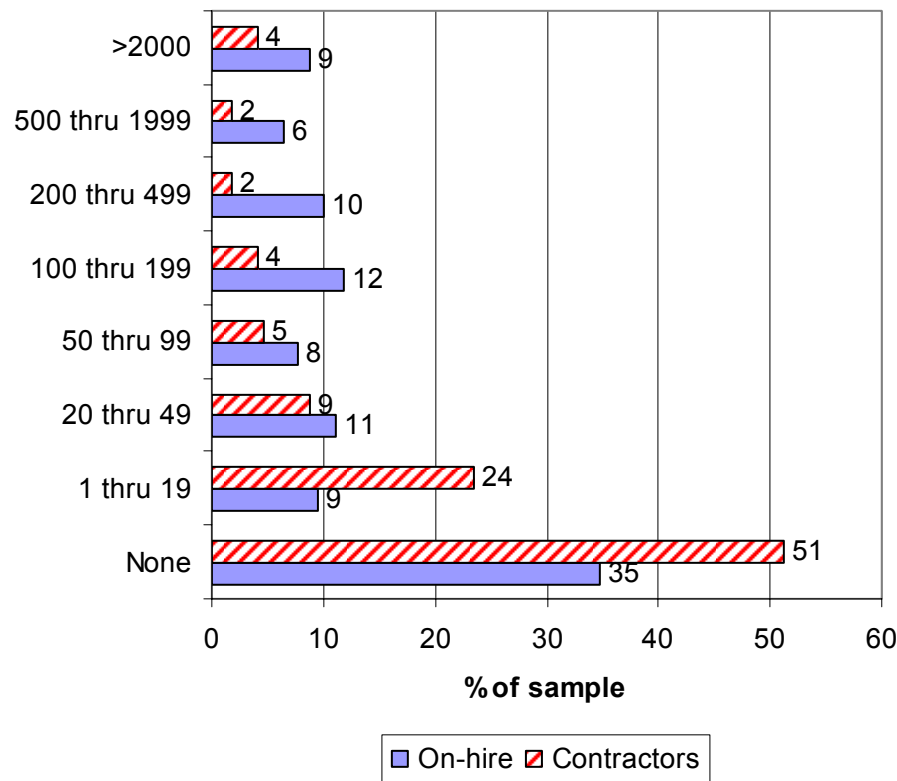


**Differences**

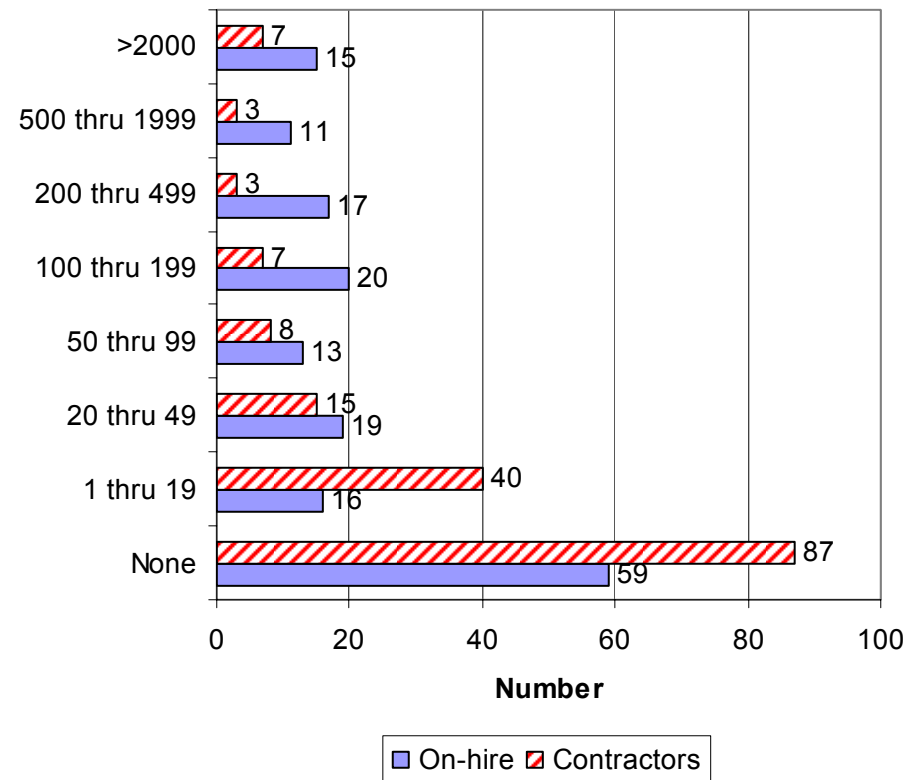
- SA & WA get a larger proportion of revenue from on-hired employees while NZ gets less
- VIC gets a larger proportion of revenue from contractor services while WA & NZ get less
- SA and WA get proportionally less revenue from recruitment services while NZ gets more

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

On-hire and contractor numbers on books



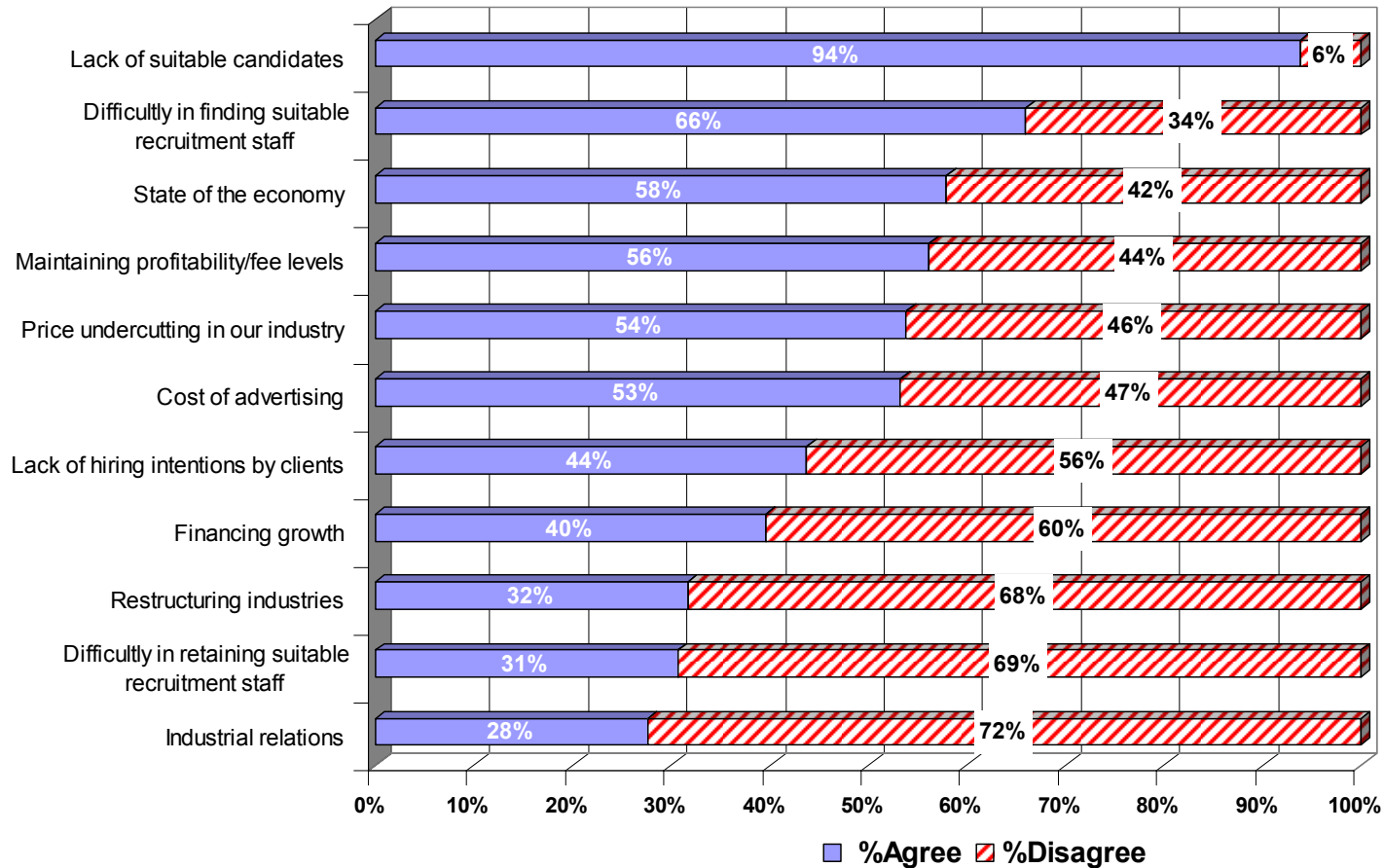
On-hire and contractor numbers on books



# Concerns for the present and near future

(all respondents)

Lack of suitable candidates remains the top concern. Difficulty in finding suitable recruitment staff remains in second place while price undercutting in the industry has dropped to fourth place after the state of the economy – concerns about this have risen by 4%.



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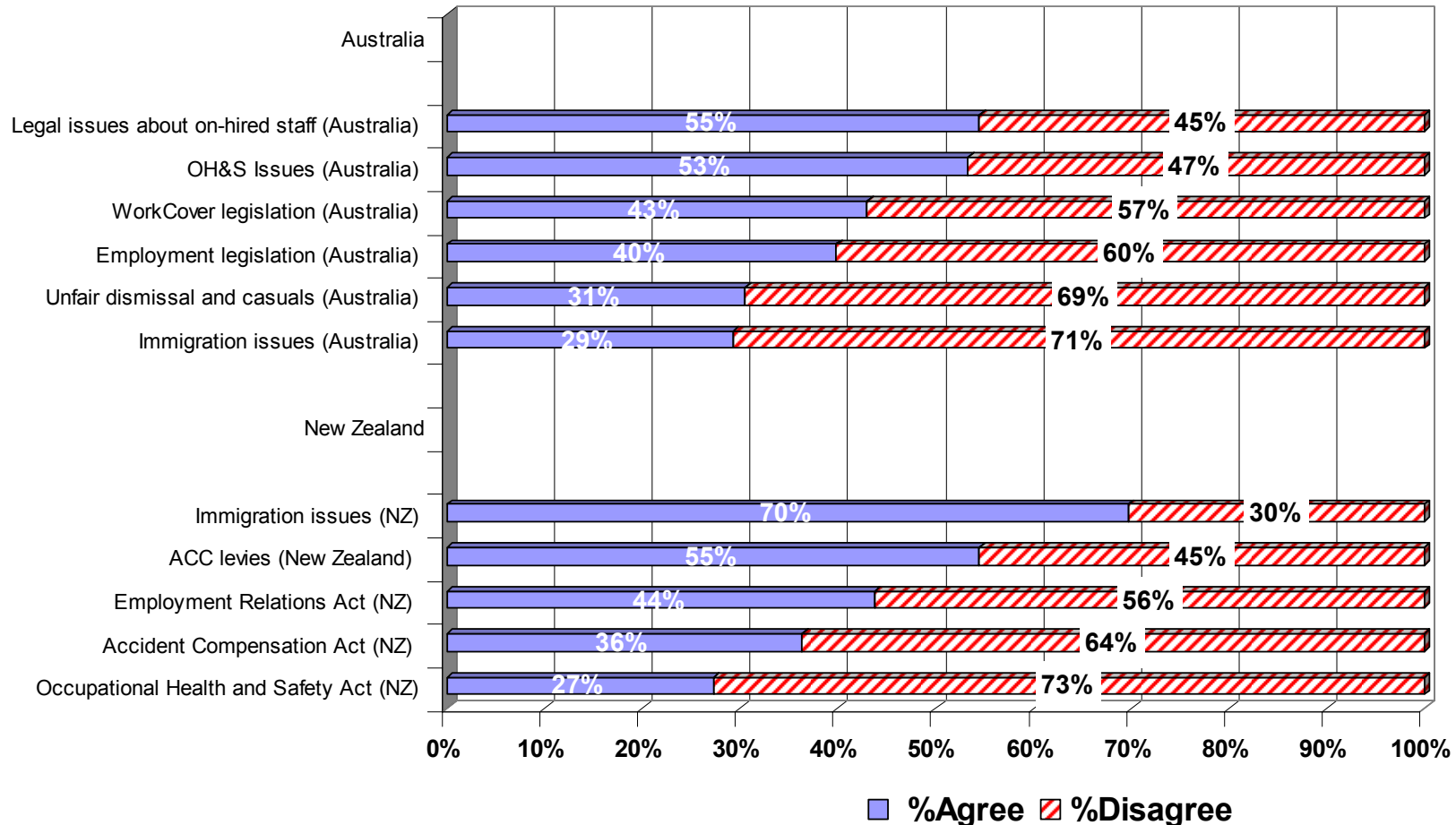


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# Concerns for the present and near future (National issues)

In Australia concerns about legal issues about on-hired staff, Work Cover and OH&S have all increased while concerns about employment legislation have decreased. In NZ, concerns are stable except that concerns about ACC levies have increased substantially(+11%)



# Location differences

Variable	NSW	VIC	Qld	SA	WA	NZ	Weighted ave
			Substantially less than average				
			Substantially more than average				
State of the economy	61.00	57.00	58.00	40.00	41.00	64.00	56.64
Lack of suitable candidates	95.00	92.00	97.00	94.00	96.00	90.00	93.81
Lack of hiring intentions by clients	52.00	45.00	39.00	33.00	32.00	49.00	44.50
Difficulty in finding suitable recruitment staff	74.00	63.00	74.00	60.00	59.00	69.00	68.16
Difficulty in retaining suitable recruitment staff	36.00	23.00	28.00	36.00	33.00	46.00	33.21
Financing growth	42.00	23.00	23.00	14.00	24.00	53.00	32.77
Maintaining profitability/fee levels	57.00	60.00	59.00	73.00	64.00	68.00	61.73
Price undercutting in our industry	51.00	60.00	47.00	53.00	50.00	63.00	54.50
Restructuring industries	33.00	37.00	35.00	20.00	23.00	33.00	32.29
Cost of advertising	63.00	37.00	50.00	36.00	33.00	53.00	48.44
Industrial relations	31.00	28.00	24.00	21.00	14.00	23.00	25.45
WorkCover legislation (Australia)	46.00	40.00	42.00	38.00	41.00		35.07
Employment legislation (Australia)	40.00	42.00	56.00	44.00	32.00		35.65
Legal issues about on-hired staff (Australia)	54.00	45.00	66.00	40.00	48.00		43.02
Immigration issues (Australia)	29.00	21.00	53.00	40.00	43.00		28.20
OH&S Issues (Australia)	55.00	42.00	64.00	47.00	52.00		43.20
Unfair dismissal and casuals (Australia)	31.00	31.00	32.00	27.00	19.00		24.39

## Differences

- NZ is most worried about the economy and has greater problems finding suitable staff, financing growth maintaining profit levels and price undercutting
- NSW is most worried about hiring intentions of clients, financing growth, cost of advertising, industrial relations and work cover legislation
- VIC is least worried about retaining recruitment staff and financing growth. They are worried about price undercutting
- QLD is least concerned about financing growth and most concerned about employment legislation
- SA is most worried about maintaining profitability and least worried about the state of the economy, hiring intentions of clients, financing growth and restructuring industries
- WA is least worried about a range of issues including state of the economy, hiring intentions of clients, finding and retaining suitable recruitment staff, cost of advertising and industrial relations

## Note:

<50=less than neutral

50=neutral

>50 = greater than neutral



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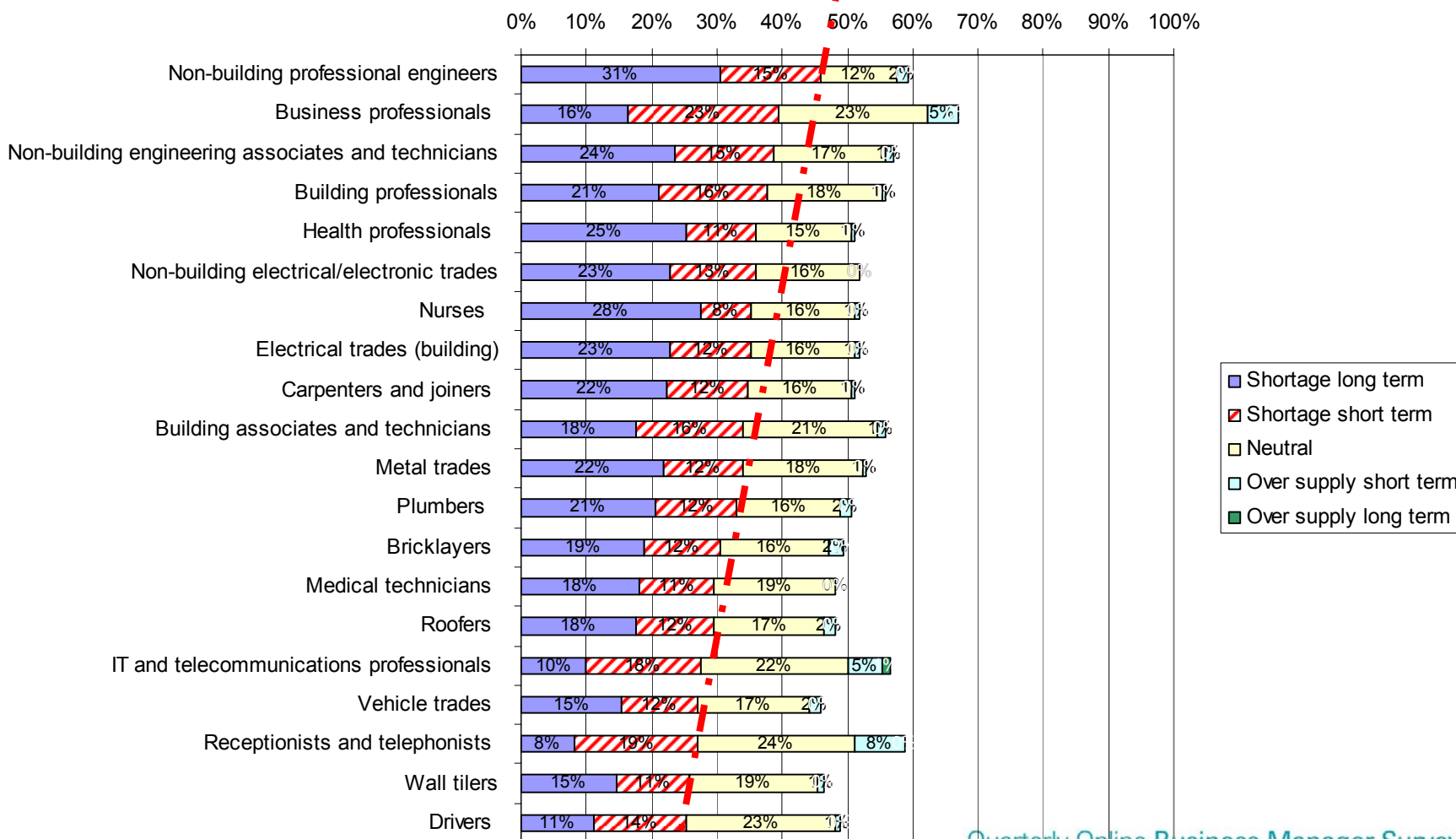


# Skills issues

# 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. The shortage of health professionals and nurses has become worse

Supply of skills by occupation in order of total shortage



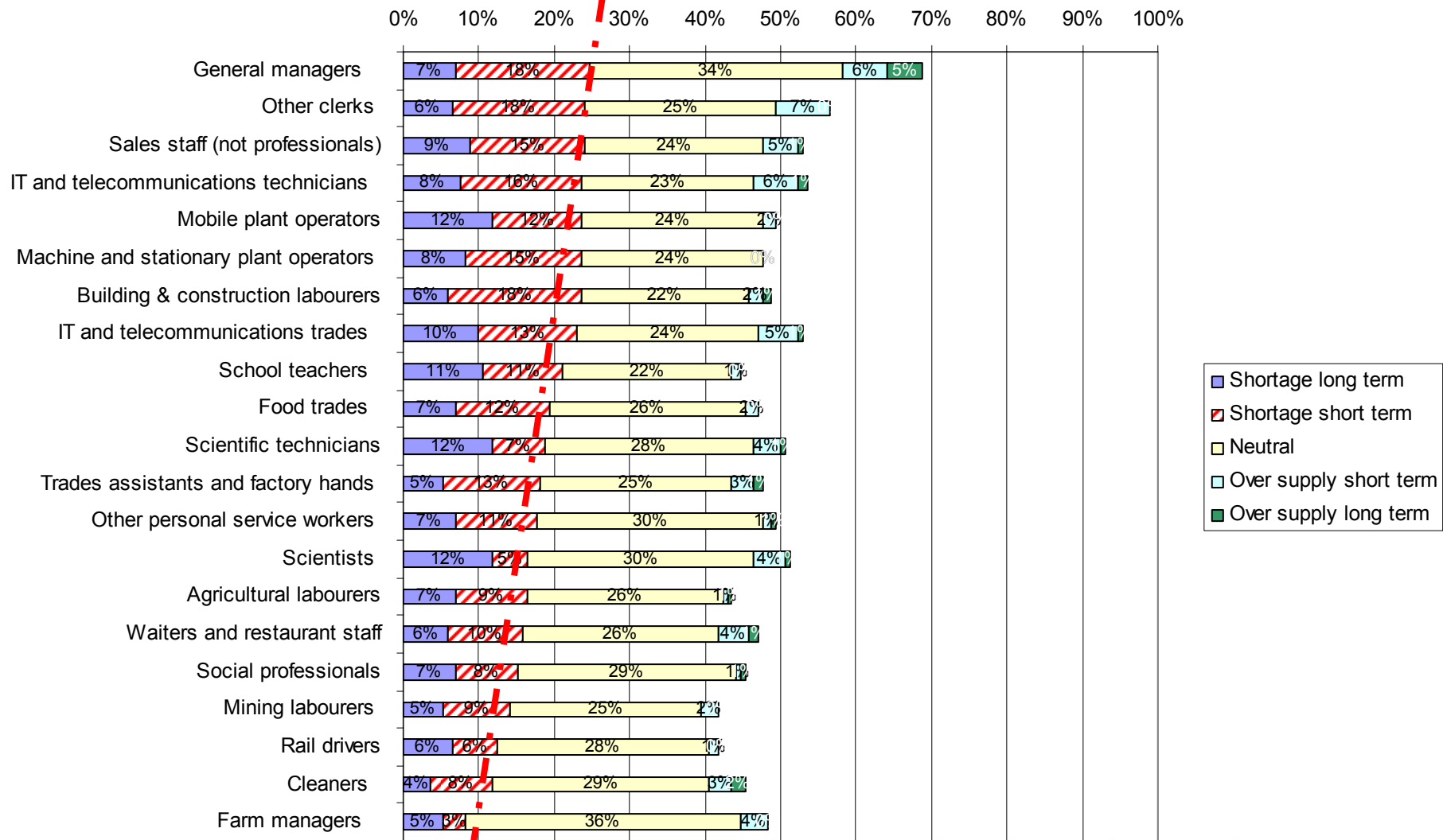
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# Skills shortages by occupation – bottom 20

Supply of skills by occupation in order of total shortage



# Top 10 skill shortages by location

## ➤ NSW

- Non-building professional engineers
- Non-building engineering associates and technicians
- Business professionals
- Nurses
- Building professionals
- IT and telecommunications professionals
- Building associates and technicians
- IT and telecommunications technicians
- Health professionals
- General managers

## ➤ VIC

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



# Top 10 skill shortages by location

## ➤ Queensland

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

## ➤ South Australia

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



# Top 10 skill shortages by location

## ➤ Western Australia

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

## ➤ New Zealand

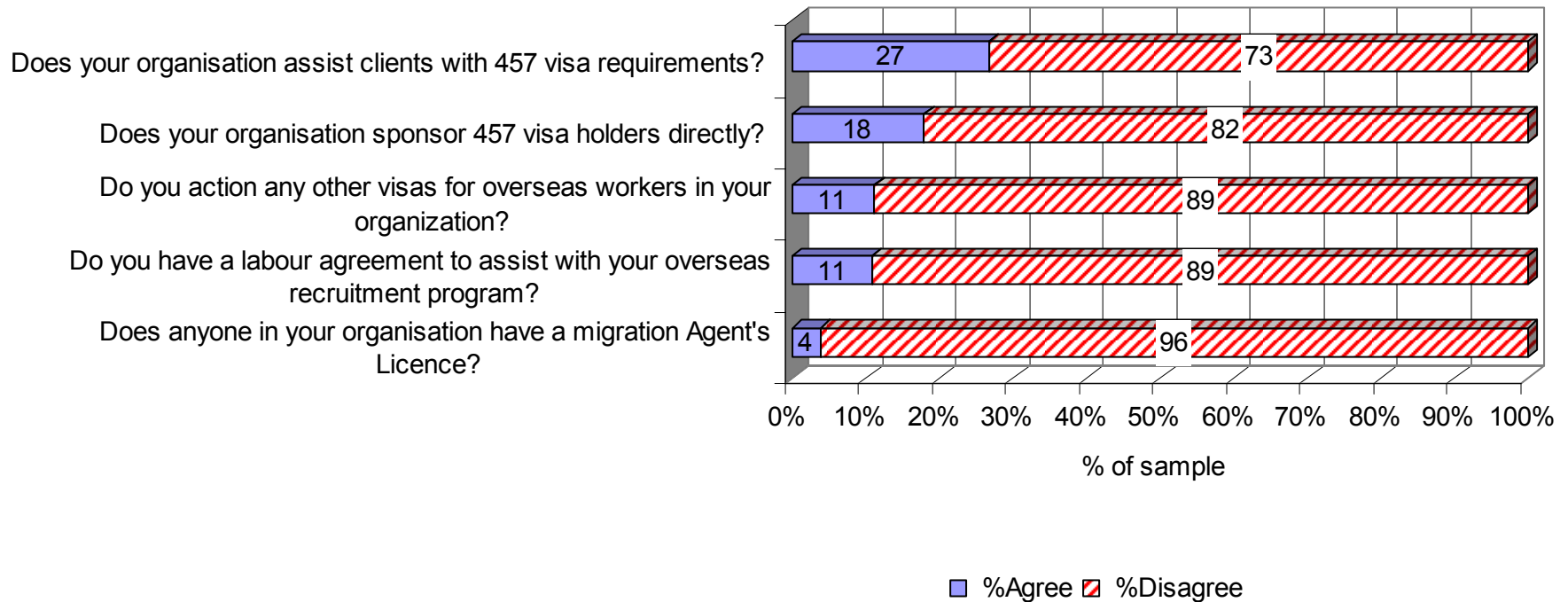
- Non-building professional engineers
- Non-building electrical/electronic trades
- Non-building engineering associates and technicians
- Business professionals
- Electrical trades (building)
- Building associates and technicians
- Nurses
- Health professionals
- Carpenters and joiners
- Plumbers



# Special section

## Immigration and visas

Just over a quarter of organisations assist clients with 457 visa requirements and nearly a fifth sponsor 457 visa holders directly



- While most respondents do not sponsor 457 visa holders directly, the median for those that do is six
- The types of visa's actioned are:
  - Working holidays/students = 12
  - Skilled migration = 5



# Special section

## Overseas skills expos

Nearly half the respondents are interested in attending overseas skills expos and a quarter have had someone attending a skills expo while only a small number find it easy to attend

