RCSA Web Survey

Round 18 – February 2006

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Executive Summary

Summary

- Business confidence has risen 3% back from its lowest point to mid-range and expected changes in volume of business have risen 1.2%
- While finding appropriate applicants for positions has again worsened slightly, other labour market scores have eased slightly. The labour shortages may be reaching bottom
- Staff turnover has increased slightly to 29%pa and staff growth has risen slightly to 9.4%
  - Finding suitable recruitment staff remains a concern for members
- Lack of suitable candidates remains the top and has increased slightly. The biggest change is price undercutting which has risen from 6th concern to second (from 55% agree to 62%). Concerns about the state of the economy have eased 8% and industrial relations has dropped a further 7%. Overall concerns have dropped 3%.
  - NZ is the least worried about the economy
  - NSW is having problems finding recruitment staff
  - QLD is least concerned about financing growth
  - WA is least concerned with the cost of advertising while NZ is most concerned
  - SA is the most concerned with industrial relations
- In Australia concerns about secondary issues have dropped by a substantial amount (10%). In NZ, concerns have also eased considerably (12%)
  - For Australian issues
    - SA is worried about work cover, employment legislation, legal issues about on-hired staff and OH&S issues
    - WA is worried about legal issues about on-hired staff
    - Vic is worried about OH&S issues

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

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 top 10 skills shortages being:
  - Non-building professional engineers
  - Non-building engineering associates and technicians
  - Building associates and technicians
  - Electrical trades (building)
  - Non-building electrical/electronic trades
  - Building professionals
  - Business professionals
  - Carpenters and joiners
  - Plumbers
  - Metal trades

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Executive Summary – Member Training

- Slightly more than half of RCSA members use one or more RTOs, while only 9% of respondents are registered training organisations, 13% have formal links to a registered training organisation
- Respondents with on-hired employees
  - Slightly fewer than half provide training to them
  - Most training of on-hired employees is informal or by mentoring while less than a quarter of organisations provide formal (external and internal) training and vendor training
  - All on-hired employees receiving training get some from staff. Private providers are involved with a third of organisations followed by TAFE and universities
  - All organisations that provide some training to on-hired staff provide some induction training to them. A third provide training in generic technical skills.
- Respondents with direct employees
  - The majority (86%) provide training to them
  - 81% of organisations with direct employees provide external formal training or informal in-house training (77%), mentoring is provided in 70%, formal in-house training in nearly half and vendor training in nearly a third
  - More than three quarters of organisations with direct employees use staff to train while private providers train are involved in nearly three quarters of organisations. Around a quarter of organisations use TAFE and universities
  - More than three quarters of organisations with direct staff provide some level of induction training followed by training for career development and generic technical skills

Process

- Web survey
  - E-mail business heads in both NZ and Australia
  - Data collection began early February 2006 and completed 8 March 2006
  - Respondent companies represent $3.1b in turnover.

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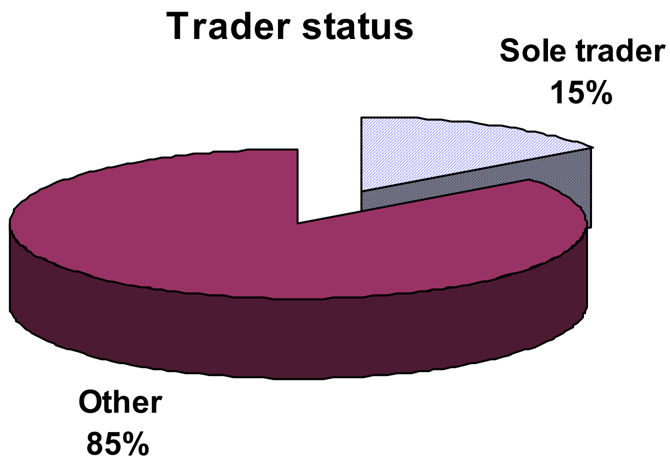
Demographics of sample

The proportion of sole traders is substantially less this round (from 22% to 15%) hence revenues represented by the sample are increased



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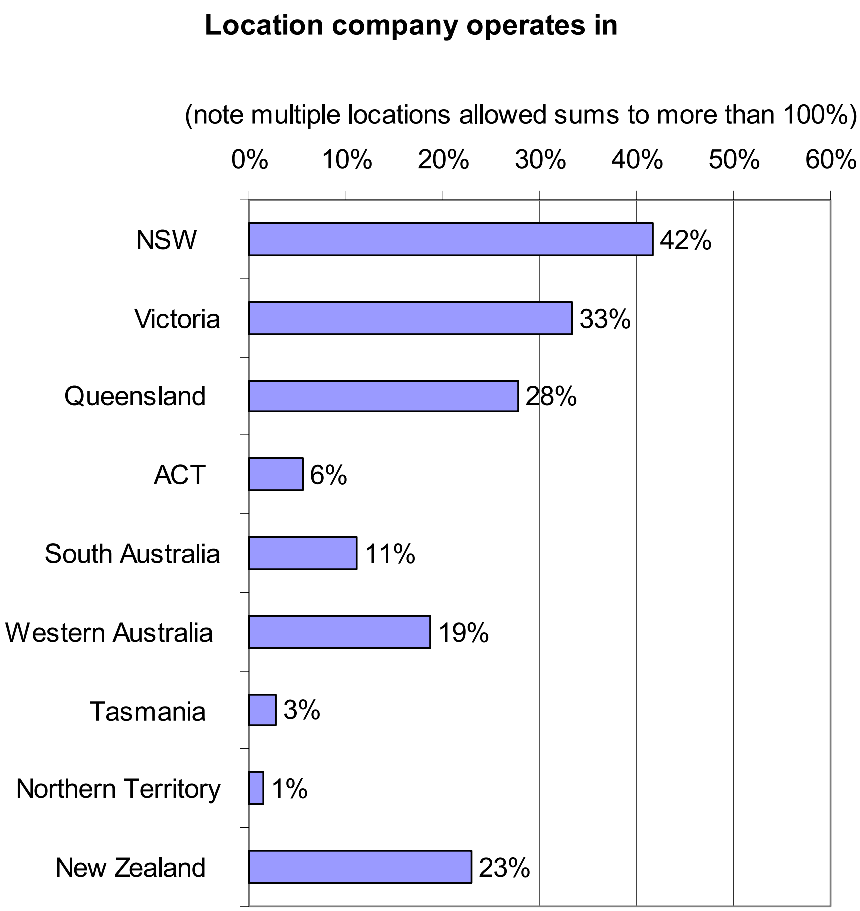
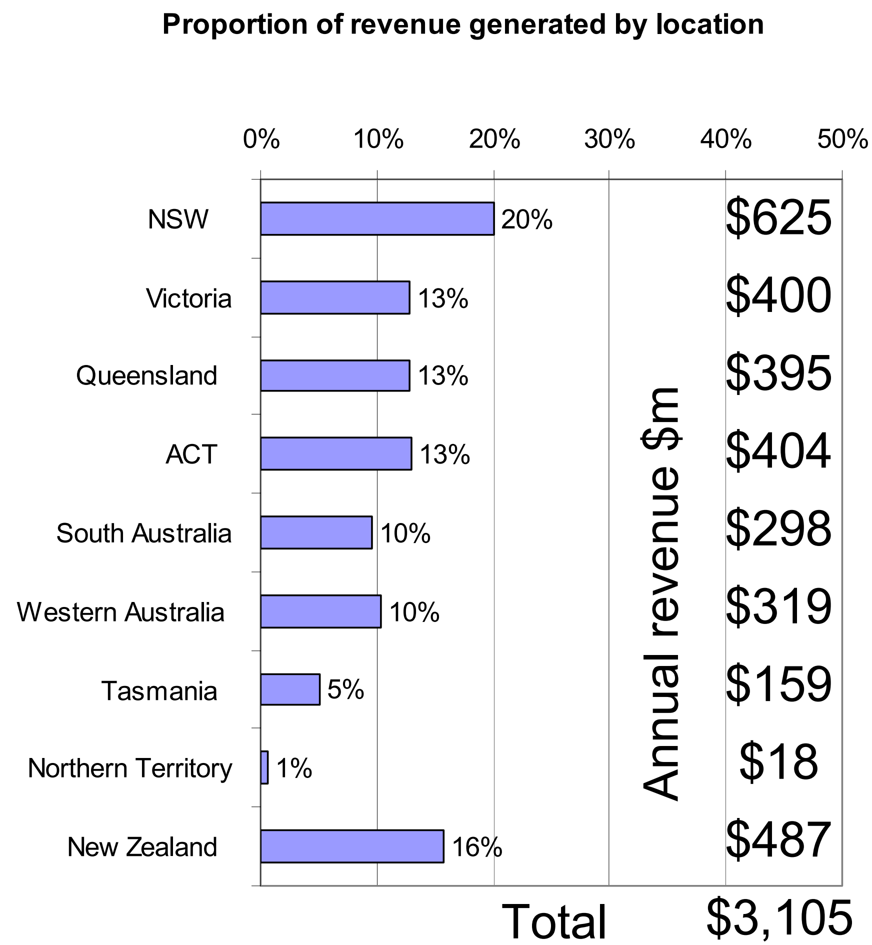
Demographics of sample

The total annual revenue of respondent companies is $3.1 billion





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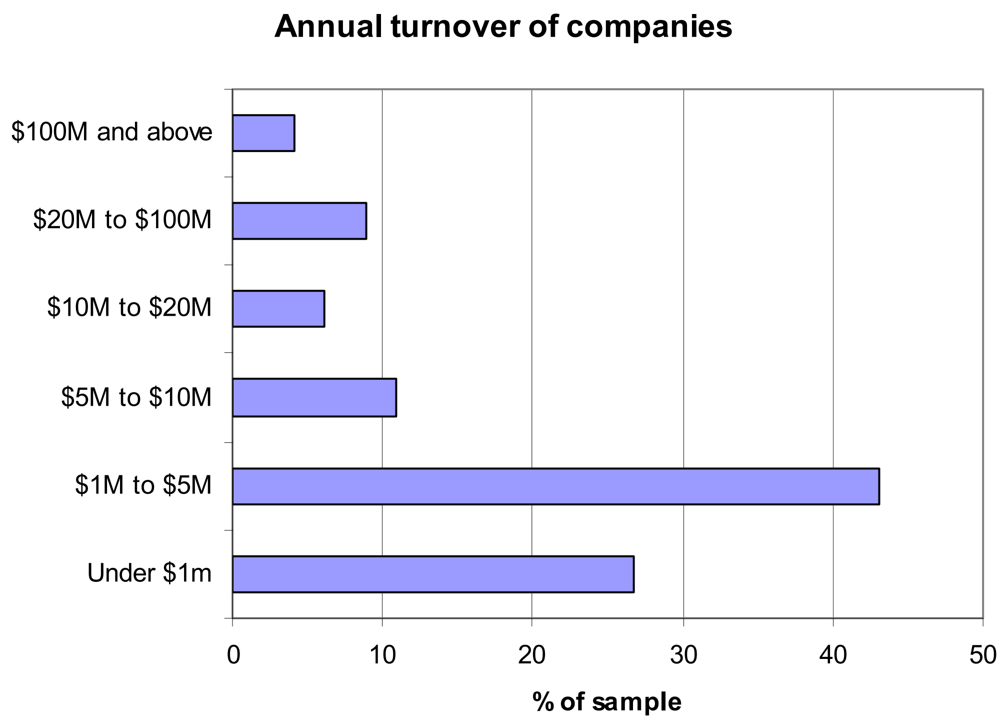
Total Australia=$2.6b
Approx 84% of revenue

Demographics of sample



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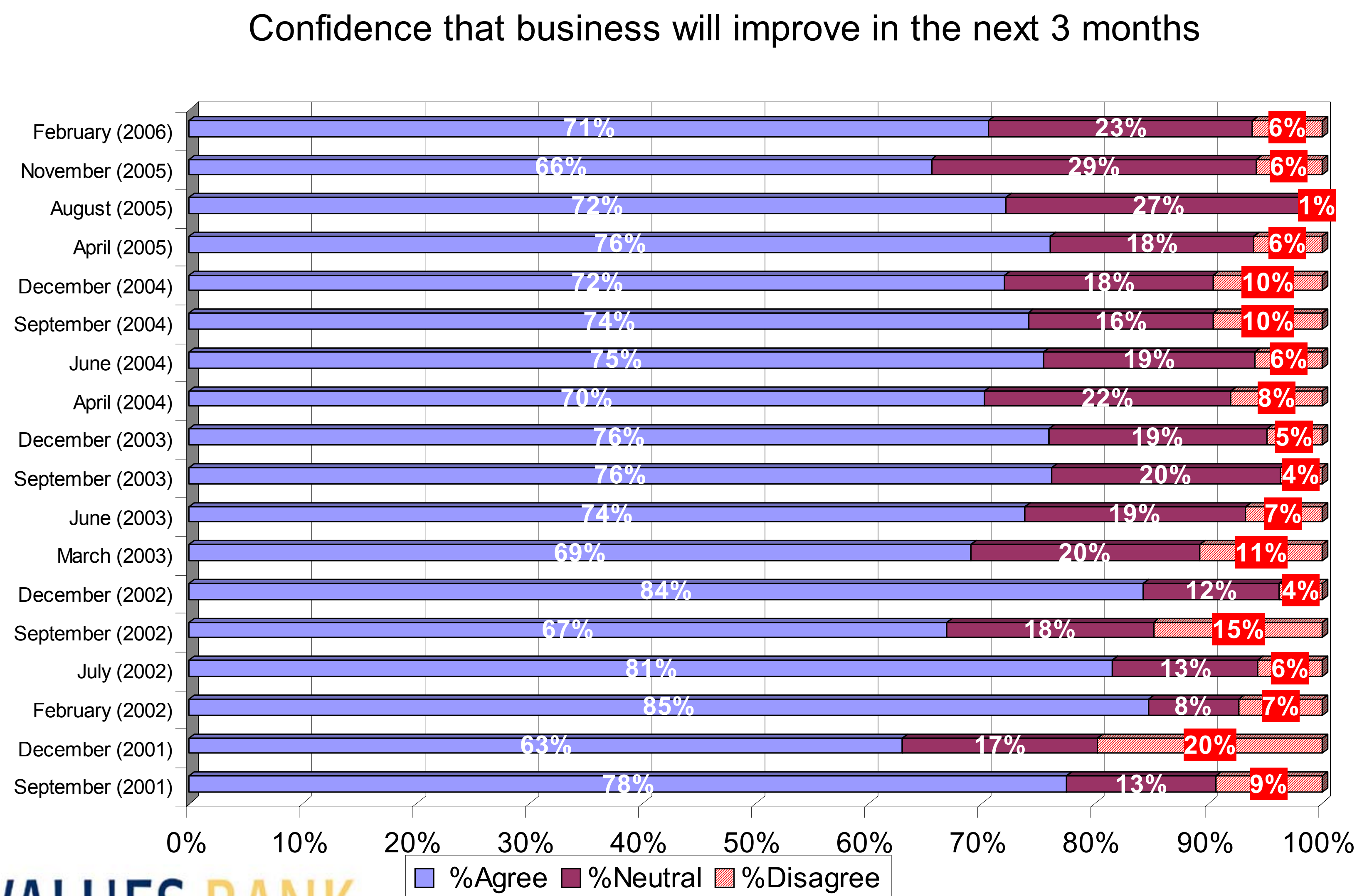
RCSA members confidence about business improvements in the next three months has risen back to mid range



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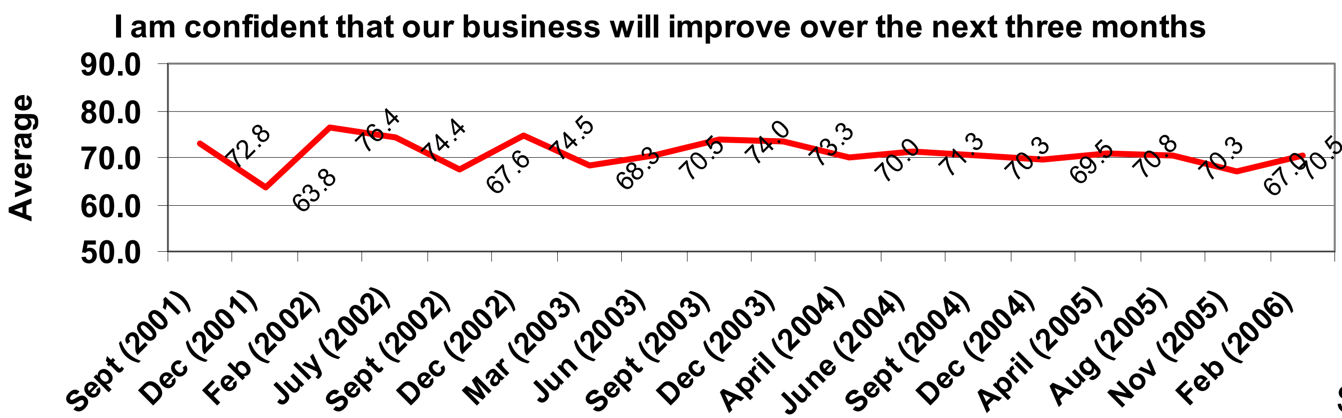
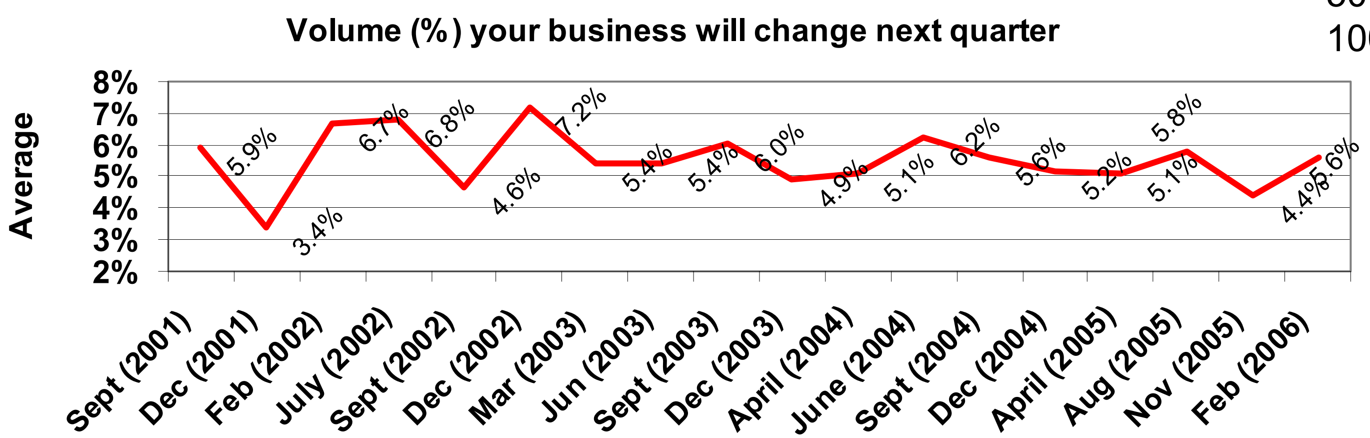
Differences
Qld, SA and WA are approximately 10% more confident than others

Business confidence has risen 3% back from its lowest point to mid-range and expected changes in volume of business have risen 1.2%



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



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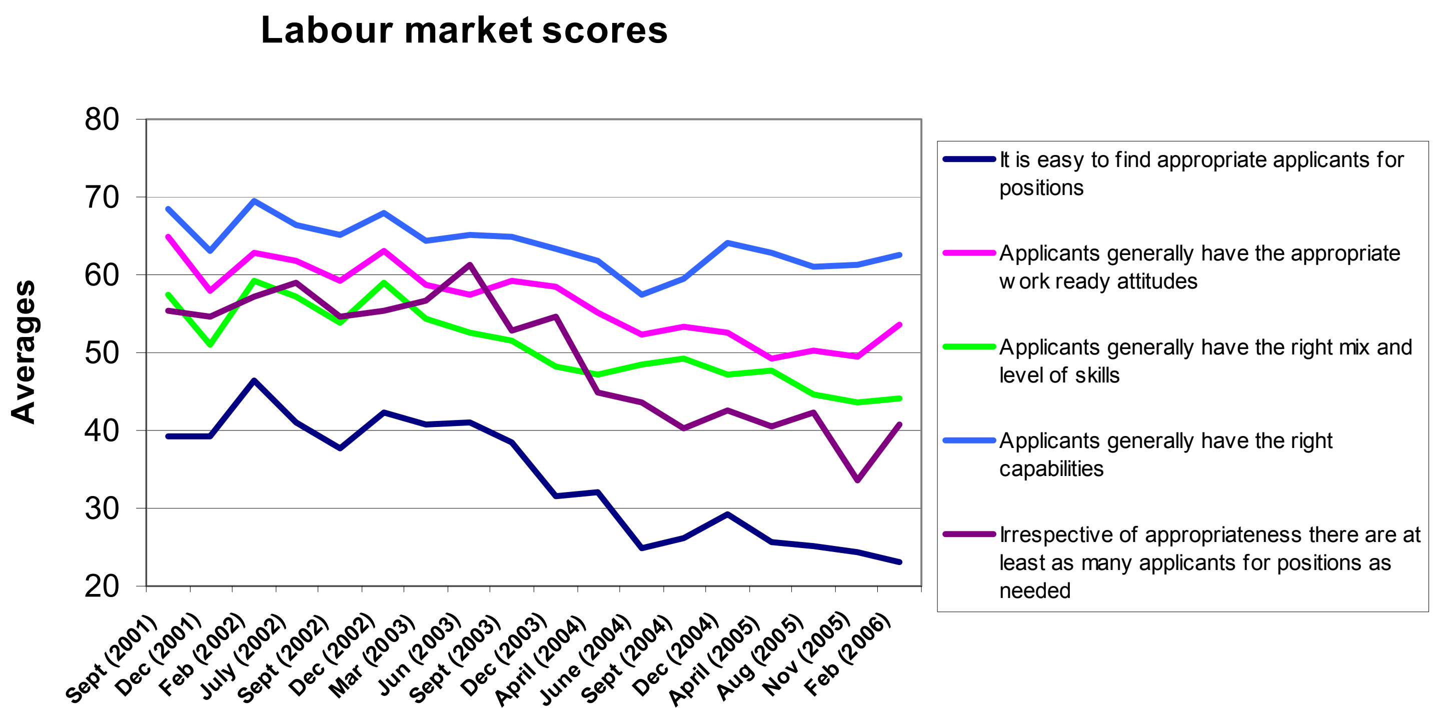
Differences
Qld is expecting higher growth rates than elsewhere

While finding appropriate applicants for positions has again worsened slightly, other labour market scores have eased slightly. The labour shortages may be reaching bottom



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

Differences
•SA and NZ are finding it slightly easier than average to find appropriate applicants

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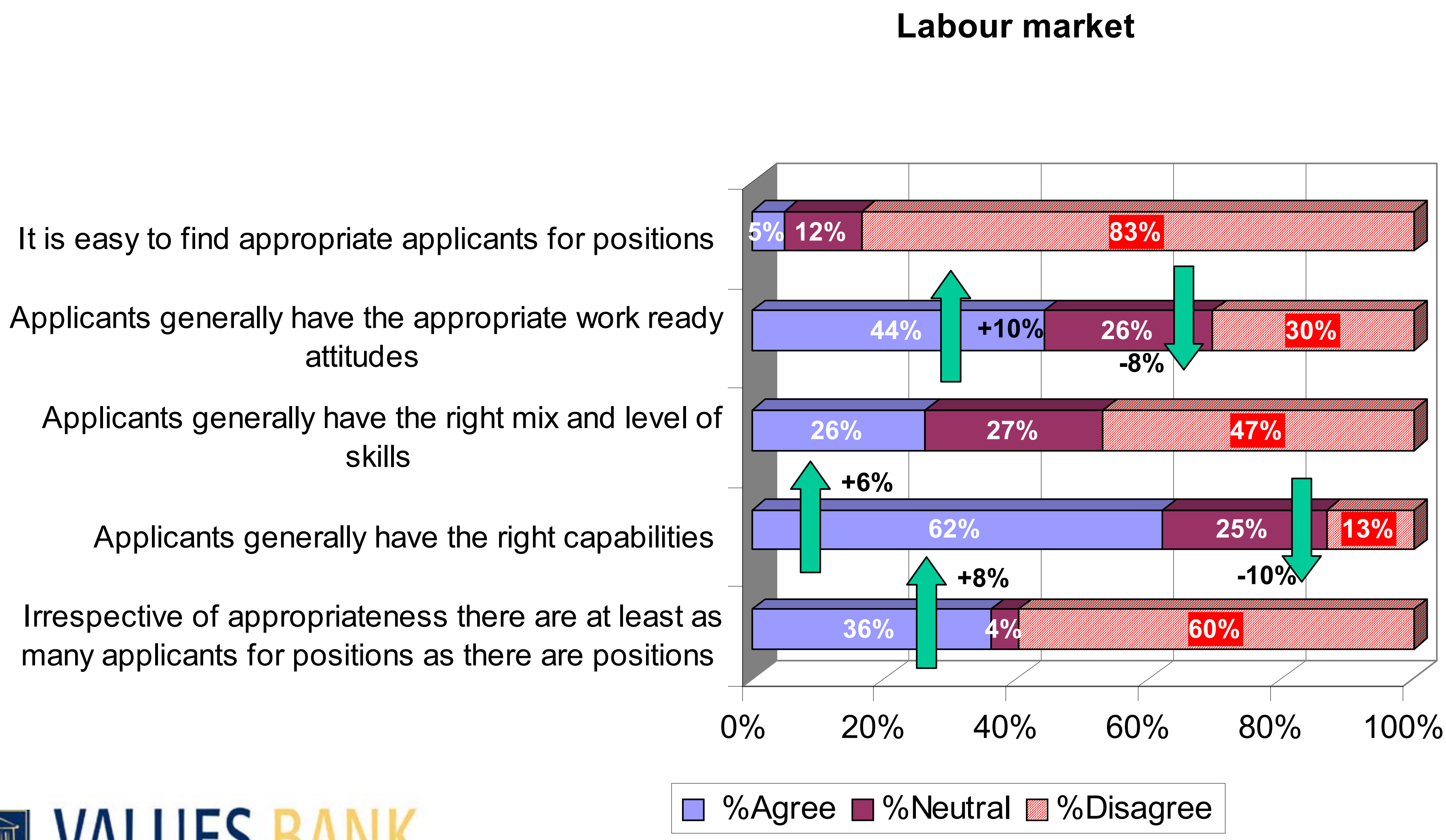
The biggest changes in labour market scores are improvements in attitudes, capabilities and the overall number of applicants for positions while appropriate applicants remain the same



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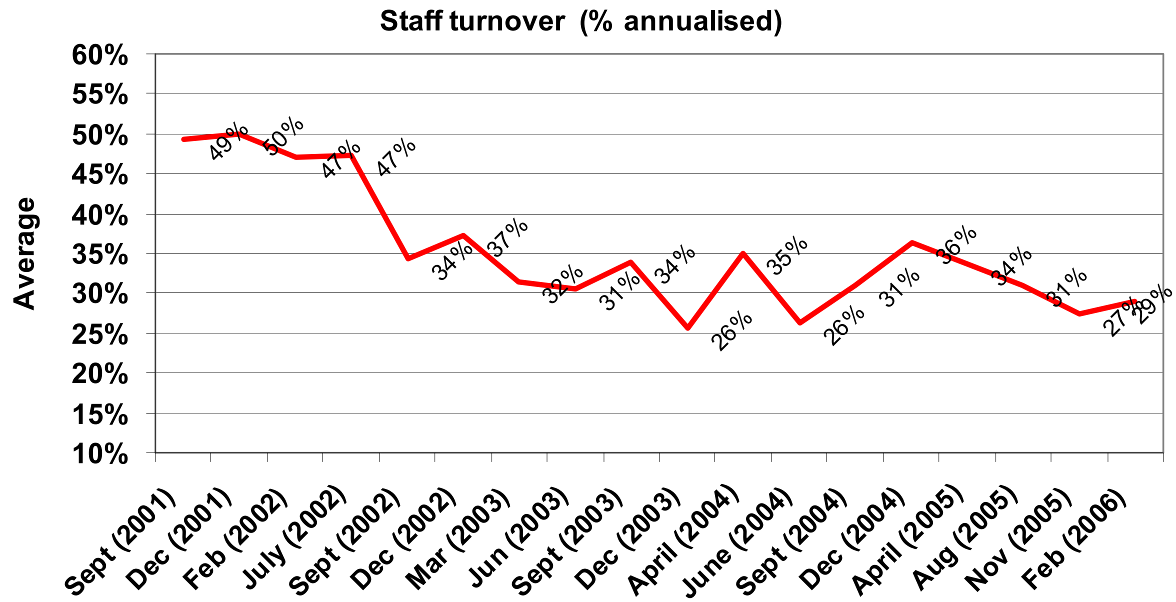
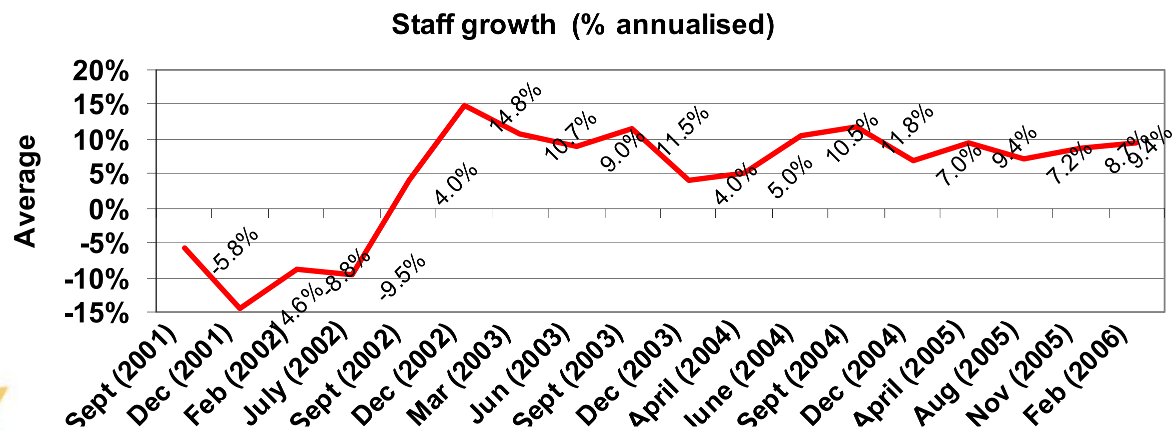
Staff turnover has increased slightly to 29%pa and staff growth has risen slightly to 9.4%





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Staff placed and on-hired workers

There has been a decrease in permanent full-time and on-hire employment and an increase in part-time employment and contractor placements

February 2006

	Mean	Minimum	Maximum
Permanent full-time placements	23.90	0	211
Permanent part-time placements	3.01	0	50
On-hire employment	456.69	0	42,000
Contractors	9.56	0	300

November 2005

	Mean	Minimum	Maximum
Permanent full-time placements	30.16	0	480
Permanent part-time placements	2.42	0	60
On-hire employment	541.93	0	15,000
Contractors	7.96	0	250

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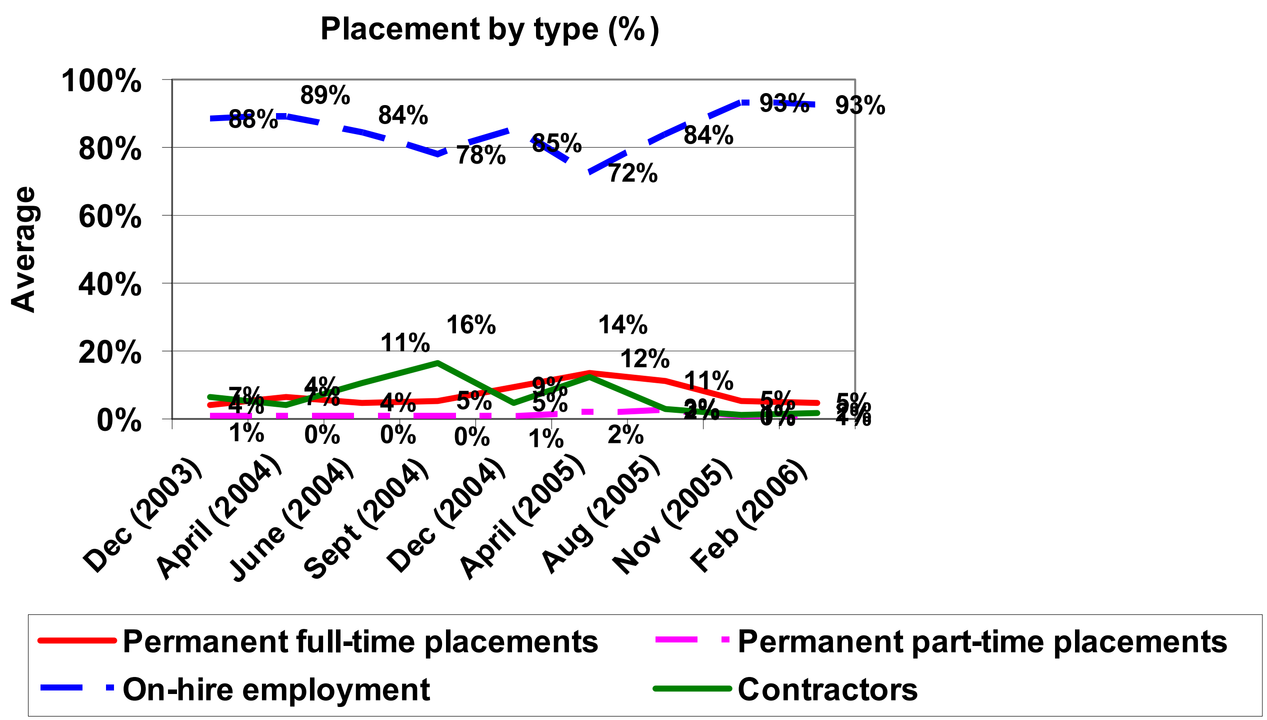
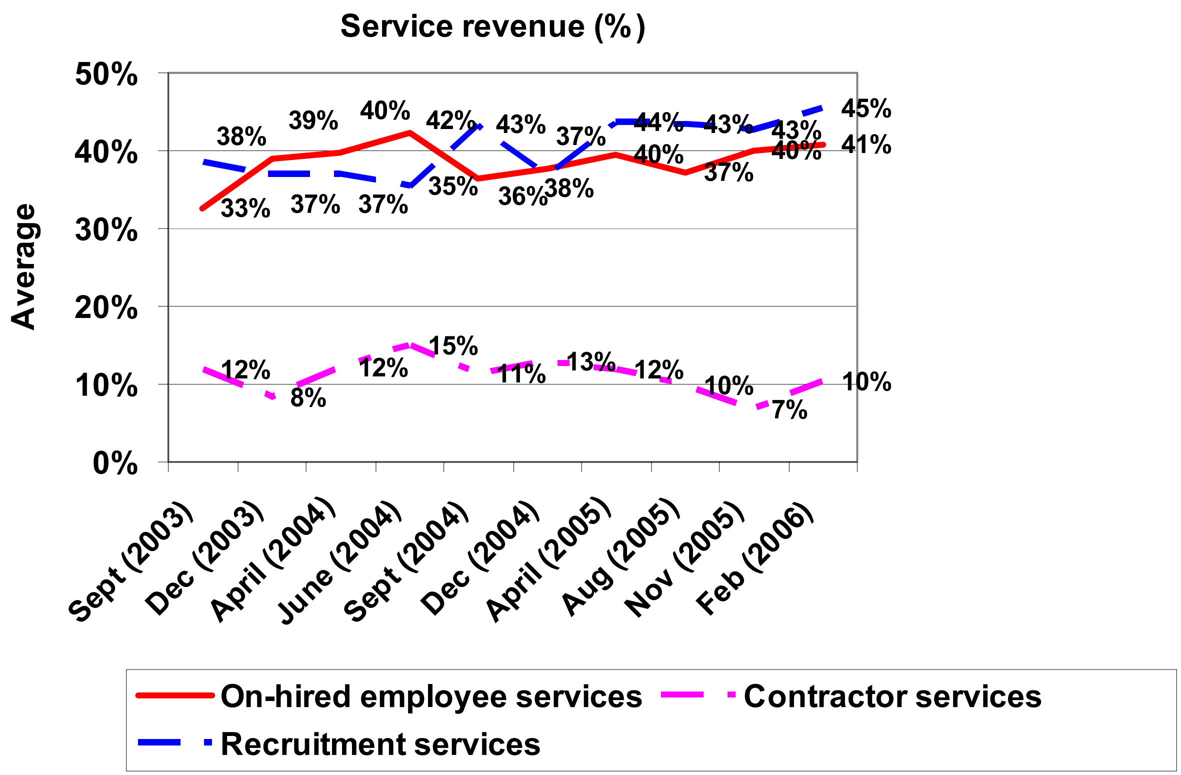
Note: variability may arise because of a few large numbers – this is a problem of small data sets

The majority of placements are on-hire, with the proportion of those placements as part of the total remaining stable at 93% of all placements.



And the proportion of revenue for on-hired, recruitment and contractor services have all lifted slightly, therefore, services unaccounted for by the survey have declined.



Differences

- NZ gets less revenue from on-hired employees and more from permanent
- Qld and WA gets more revenue from contractor services
- NSW, SA and WA gets less revenue from recruitment services

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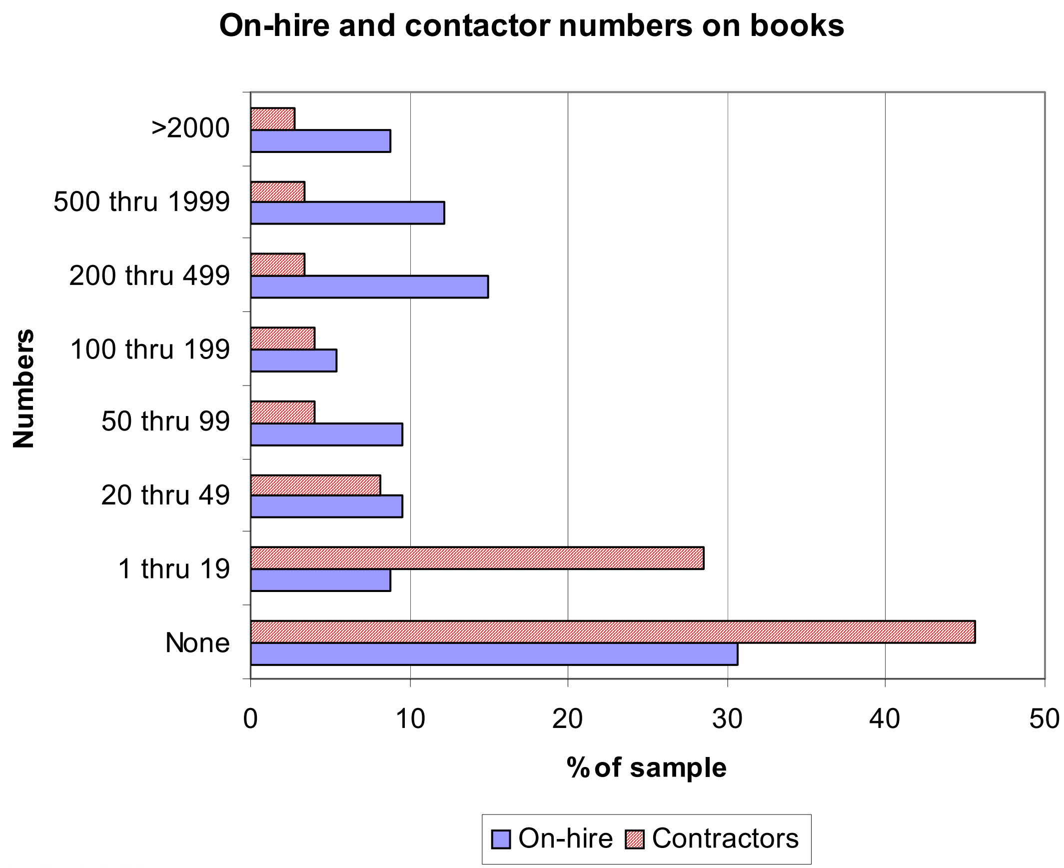
A substantial proportion of companies have neither contractors nor on-hire employees.



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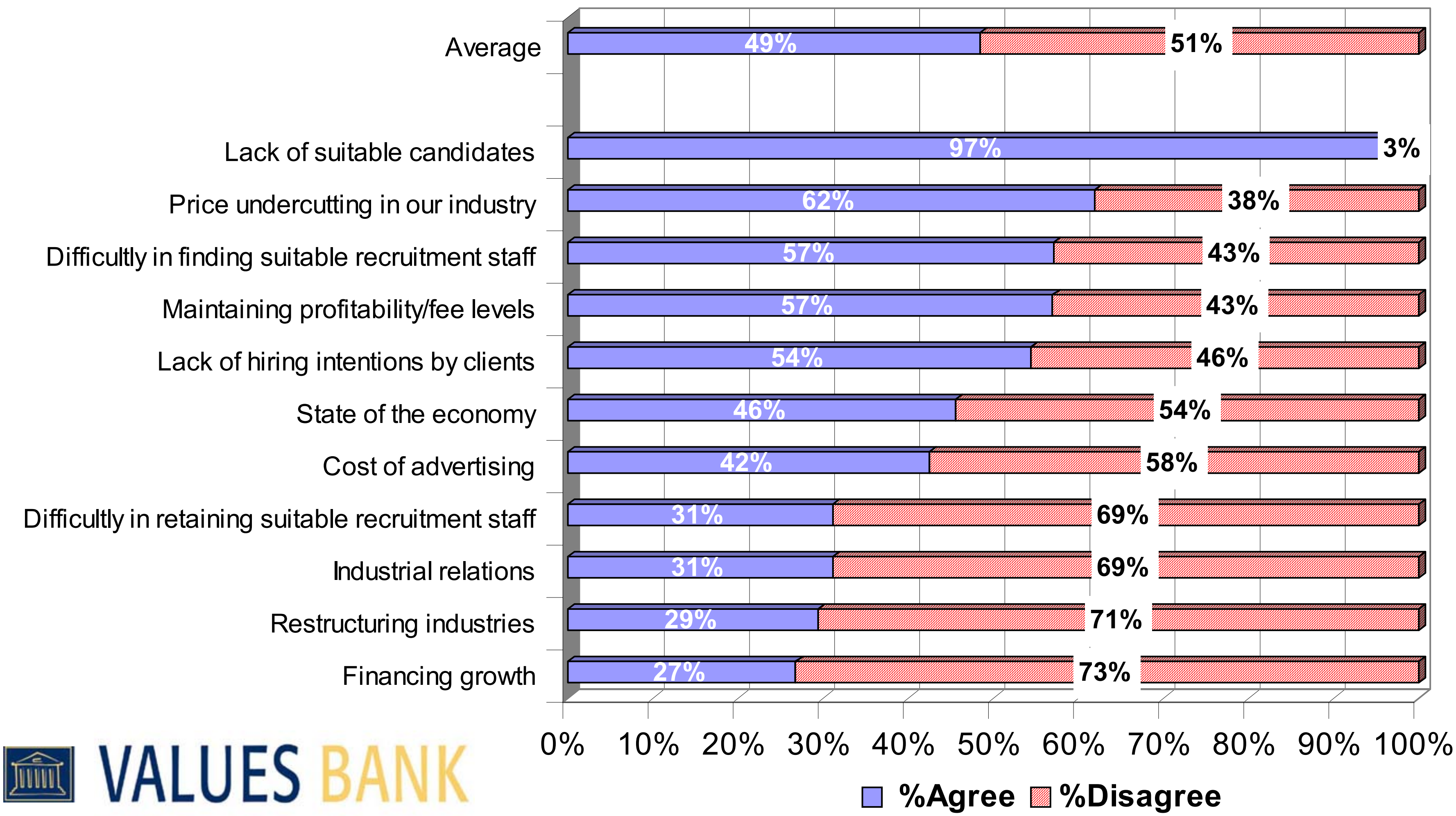
Concerns for the present and near future

(all respondents)

Lack of suitable candidates remains the top and has increased slightly. The biggest change is price undercutting which has risen from 6th concern to second (from 55% agree to 62%). Concerns about the state of the economy have eased 8% and industrial relations has dropped a further 7%. Overall concerns have dropped 3%.



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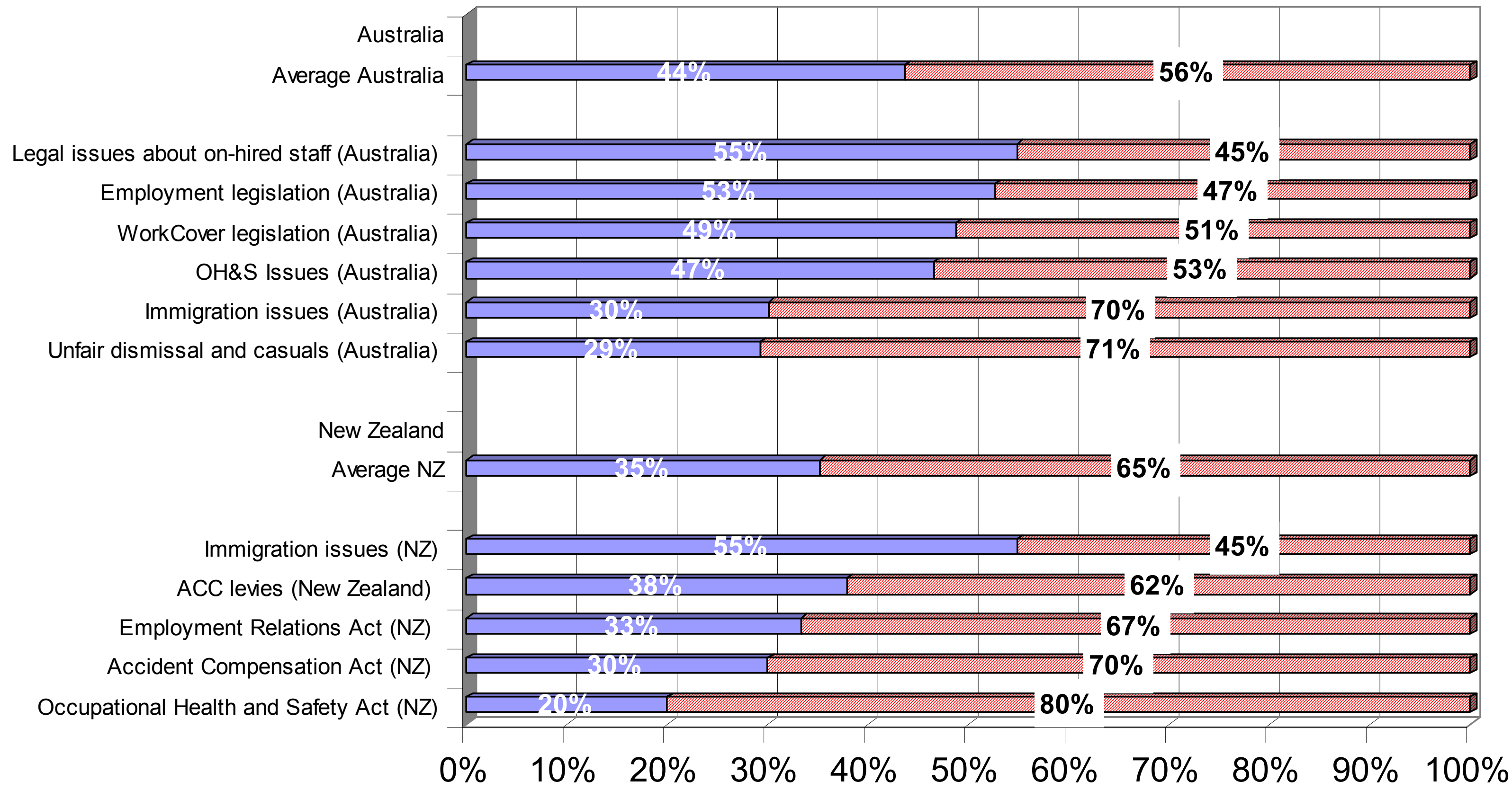
Concerns for the present and near future (National issues)

In Australia concerns about all issues have dropped by a substantial amount (10%). In NZ, concerns have also eased considerably (12%)



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Location differences

Variable	NSW	VIC	Qld	SA	WA	NZ	Average
			Substantially less than average				
			Substantially more than average				
State of the economy	46.00	40.00	37.00	38.00	31.00	72.00	46.00
Lack of suitable candidates	95.00	98.00	95.00	94.00	96.00	100.00	97.00
Lack of hiring intentions by clients	63.00	57.00	43.00	56.00	50.00	48.00	54.00
Difficultly in finding suitable recruitment staff	68.00	63.00	58.00	63.00	62.00	55.00	57.00
Difficultly in retaining suitable recruitment staff	36.00	32.00	37.00	44.00	42.00	35.00	31.00
Financing growth	28.00	35.00	16.00	19.00	15.00	22.00	27.00
Maintaining profitability/fee levels	51.00	55.00	47.00	56.00	50.00	58.00	57.00
Price undercutting in our industry	64.00	70.00	59.00	75.00	69.00	56.00	62.00
Restructuring industries	25.00	27.00	24.00	25.00	19.00	32.00	29.00
Cost of advertising	40.00	43.00	39.00	25.00	27.00	65.00	42.00
Industrial relations	39.00	38.00	37.00	50.00	31.00	27.00	31.00
WorkCover legislation (Australia)	52.00	53.00	43.00	69.00	36.00		49.00
Employment legislation (Australia)	58.00	62.00	62.00	69.00	60.00		53.00
Legal issues about on-hired staff (Australia)	60.00	61.00	56.00	69.00	77.00		55.00
Immigration issues (Australia)	27.00	34.00	35.00	31.00	40.00		30.00
OH&S Issues (Australia)	54.00	60.00	47.00	56.00	44.00		47.00
Unfair dismissal and casuals (Australia)	35.00	32.00	35.00	38.00	40.00		36.00

Note:
<50=less than neutral
50=neutral
>50 = greater than neutral

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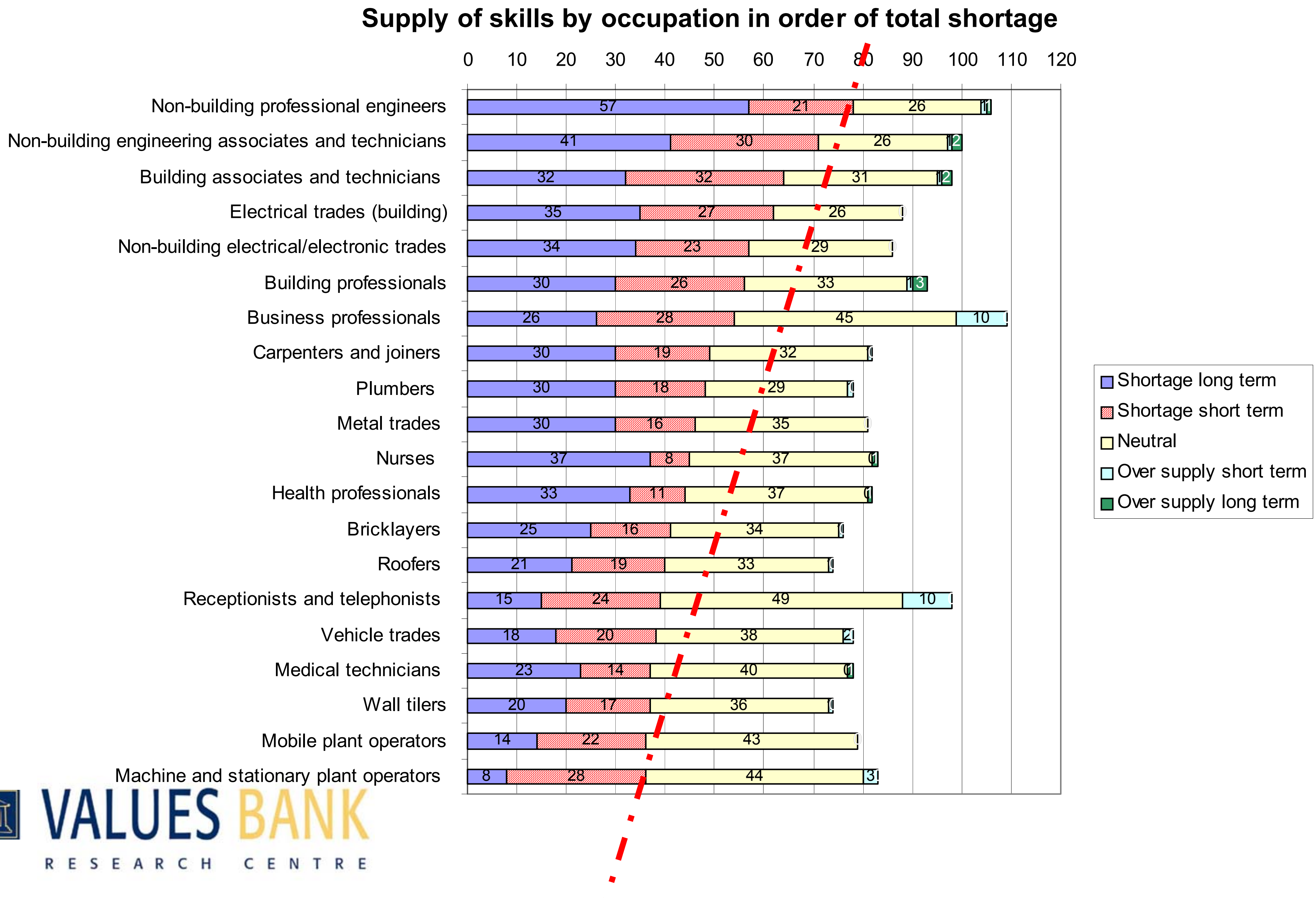
Differences
•NZ is the least worried about the economy
•NSW is having problems finding recruitment staff
•QLD is least concerned about financing growth
•WA is least concerned with the cost of advertising while NZ is most concerned
•SA is the most concerned with industrial relations
•For Australian issues
•SA is worried about work cover, employment legislation, legal issues about on-hired staff and OH&S issues
•WA is worried about legal issues about on-hired staff
•Vic is worried about OH&S issues

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.



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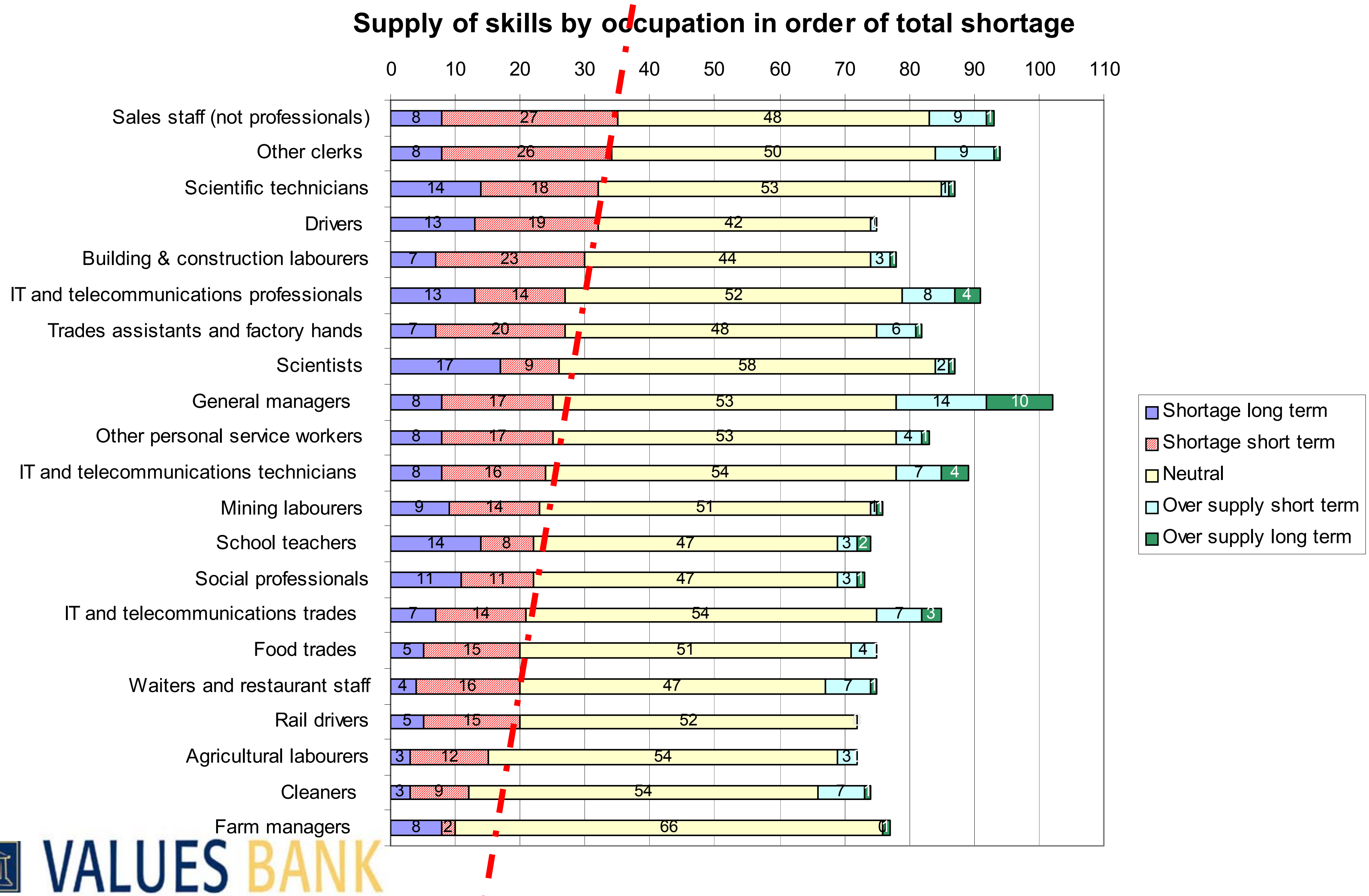
Skills shortages by occupation – bottom 20



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Top 10 skill shortages by location

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

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Top 10 skill shortages by location

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

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

Top 10 skill shortages by location

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

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

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Special section

Training of on-hired and direct employees

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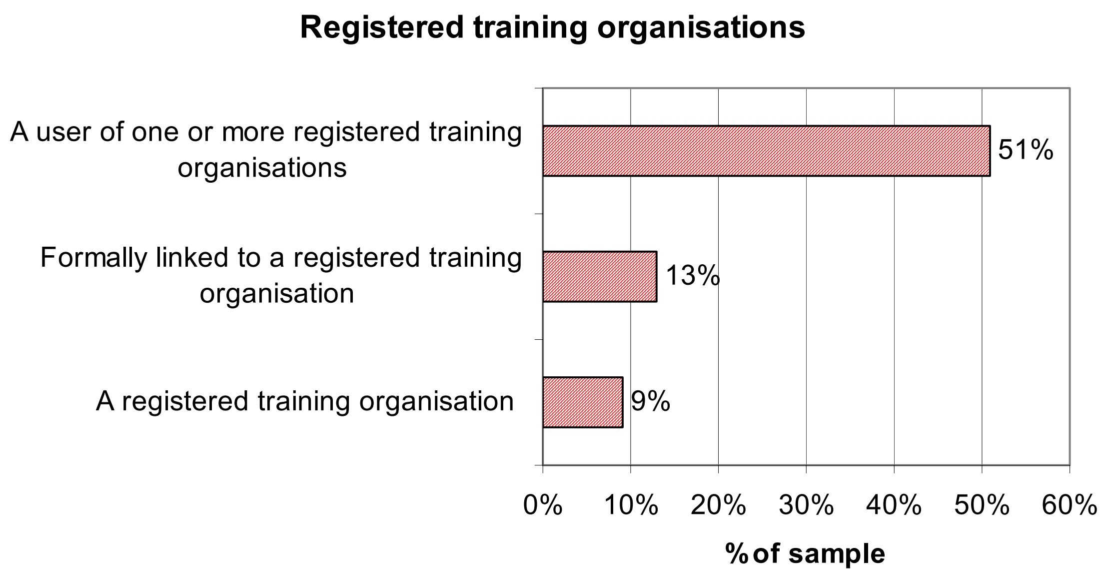
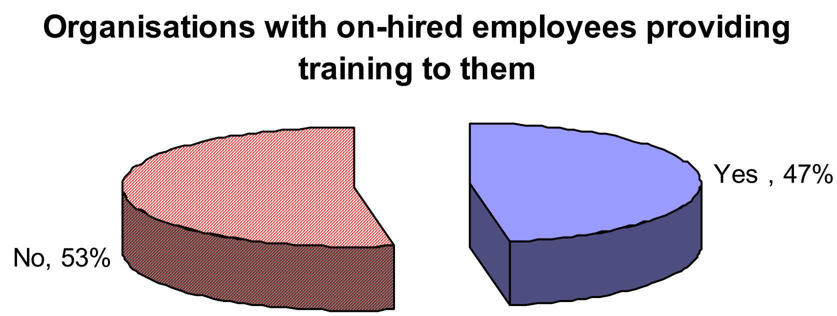
Slightly more than half of RCSA members use one or more RTOs, while only 9% of respondents are registered training organisations, 13% have formal links to a registered training organisation



Slightly fewer than half the respondents with on-hired employees provide training to them



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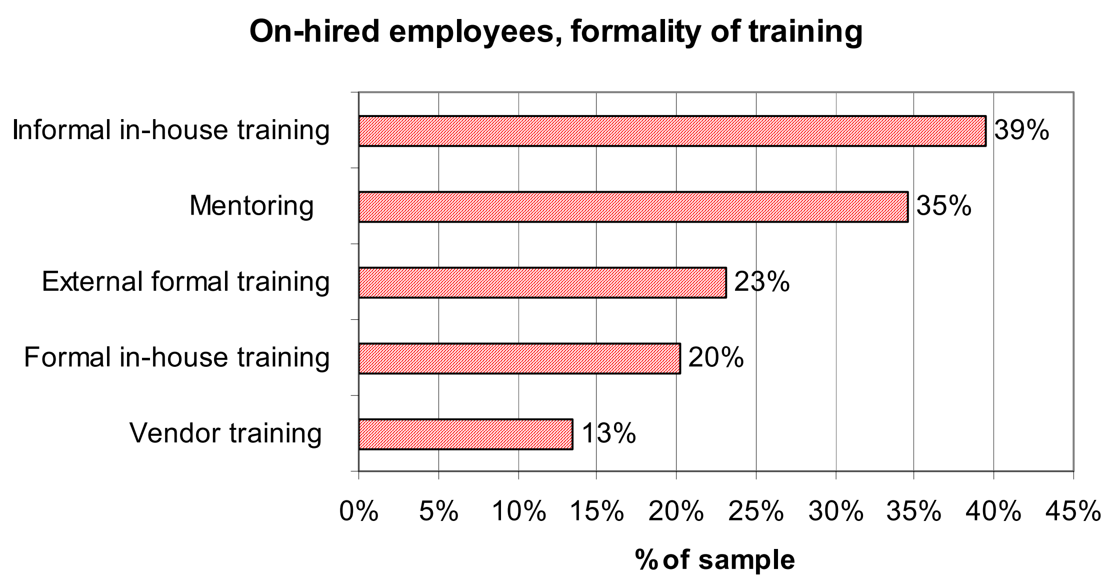
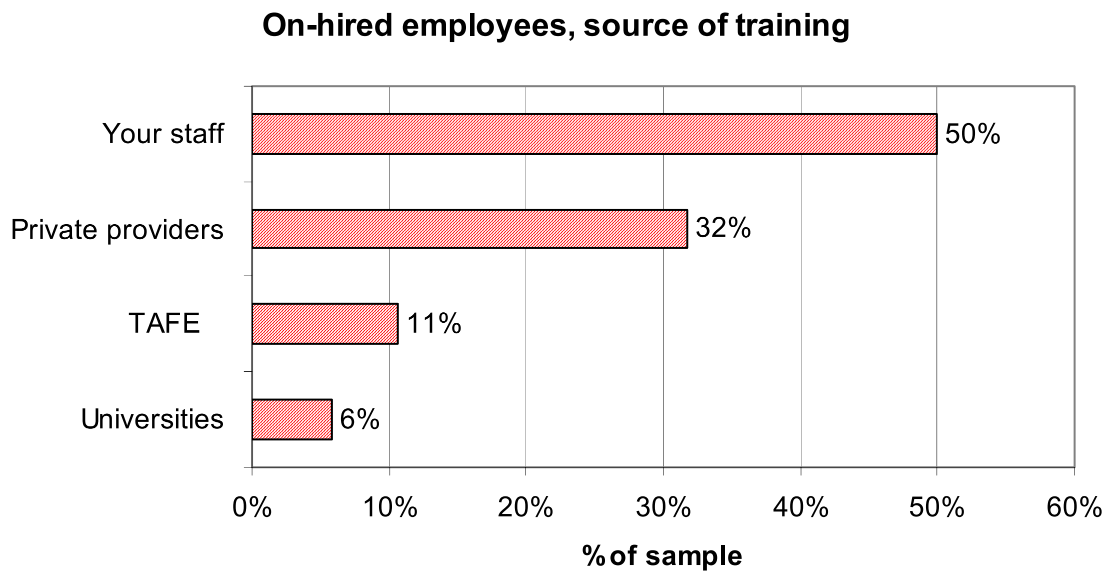
Most training of on-hired employees is informal or by mentoring while less than a quarter of organisations provide formal (external and internal) training and vendor training



All on-hired employees receiving training get some from staff. Private providers are involved with a third of organisations followed by TAFE and universities



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All organisations that provide some training to on-hired staff provide some induction training to them. A third provide training in generic technical skills.

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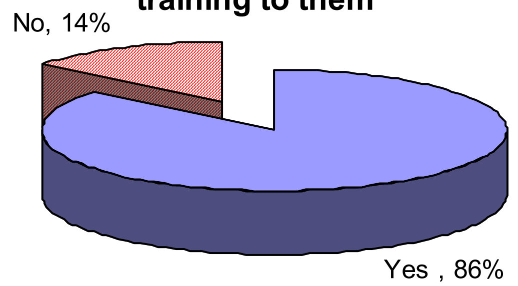
The majority of respondents with direct employees provide training to them

Organisations providing direct employees providing training to them



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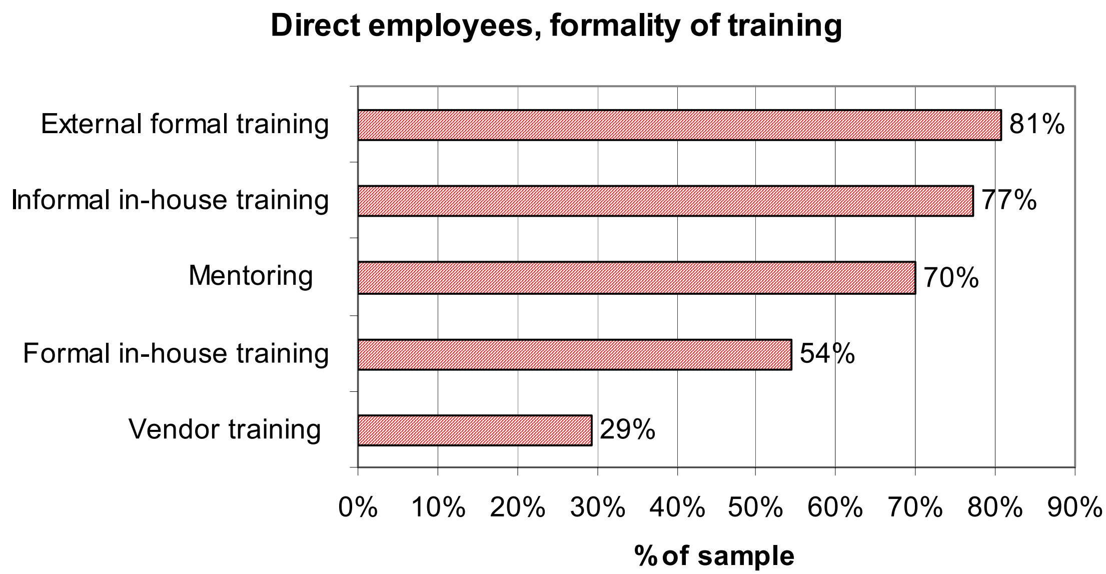
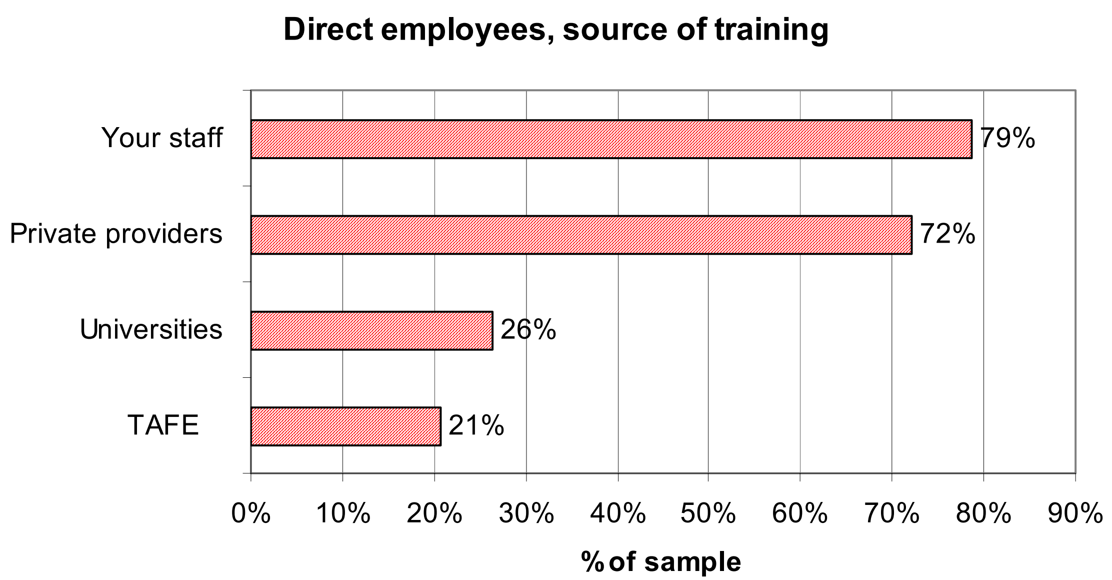
81% of organisations with direct employees provide external formal training or informal in-house training (77%), mentoring is provided in 70%, formal in-house training in nearly half and vendor training in nearly a third



More than three quarters of organisations with direct employees use staff to train while private providers train are involved in nearly three quarters of organisations. Around a quarter of organisations use TAFE and universities



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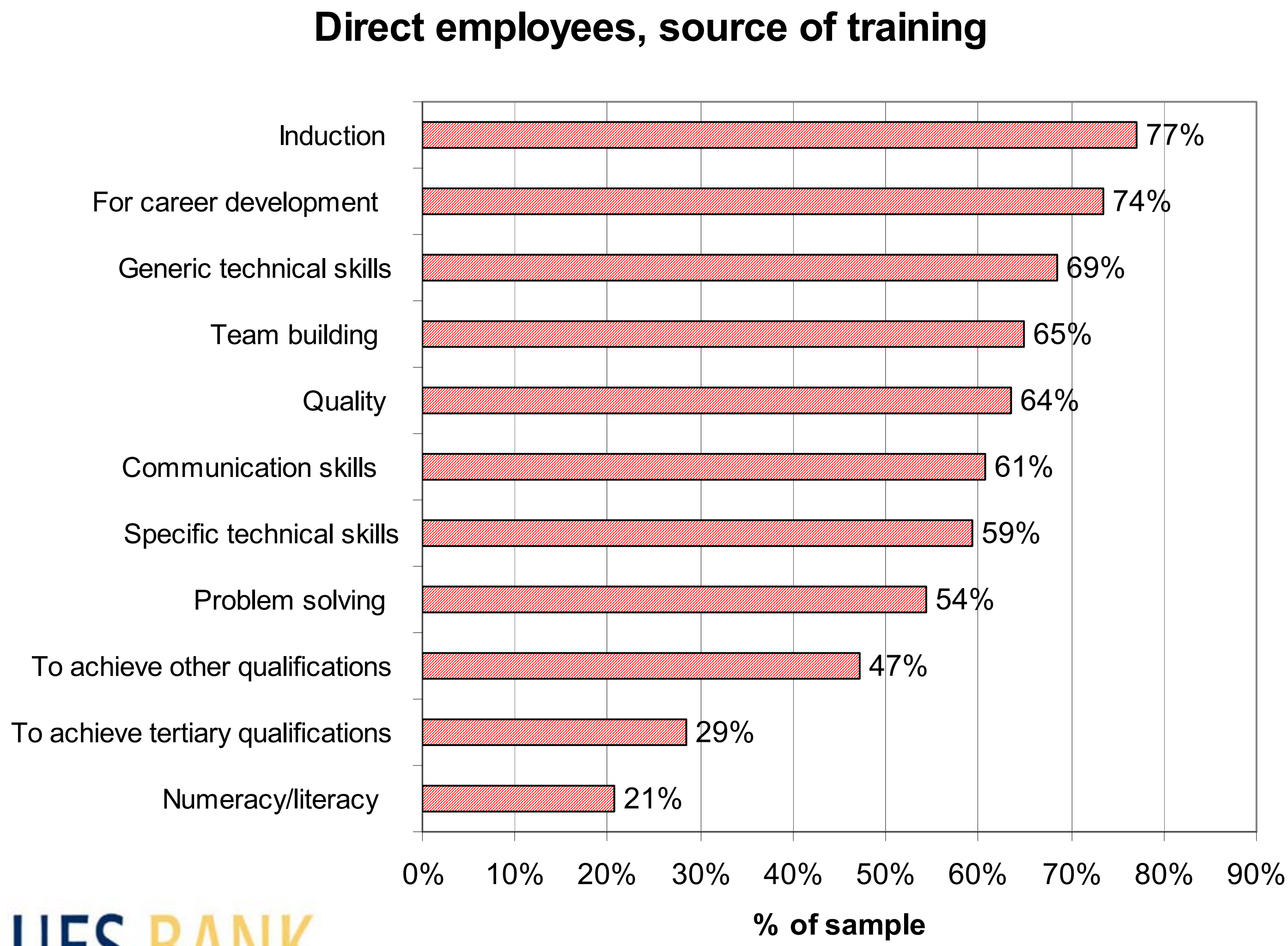
More than three quarters of organisations with direct staff provide some level of induction training followed by training for career development and generic technical skills



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