

## Department of Employment Review of the STSOL and MLTSSL

### Submission of the Recruitment, Consulting & Staffing Association ('RCSA')

December 2017

As the peak body for the recruitment and staffing industry in Australia and New Zealand, RCSA takes this opportunity to participate in the consultation process pertaining to the review of the Short Term Skilled Occupation List and the Medium and Long Term Strategic Skills List, following the circulation of the draft Traffic Light bulletin in November. Whilst RCSA recognise the changing priorities of the Australian Government, in the field of skilled migration, we express our great concern about the process undertaken for review and the prospect that this occupation, which is very hard to fill from the Australian market, could be removed altogether.

RCSA members are passionate advocates of job creation and labour market facilitation. Through our members' recruitment, contracting, staffing and workforce solutions we source, place, assign and support Australians, Australian business and Australian governments by ensuring the right people, for the right role at the right time. Our members, and their consultants, are highly skilled individuals that ensure Australian business is competitive, governments are responsive and Australians are productively employed.

It is critical, to engage in proper consultation, for the Department of Employment to recognise the considerable difference between a Recruitment Consultant working within a recruitment agency and a Recruitment Consultant working as a talent acquisition specialist within a non-agency environment. The reliance upon sales, marketing and account management within an agency Recruitment Consulting role means that the two occupations are fundamentally different and, therefore, the availability of skilled professionals in each differs enormously.

The complexity and demands required of, and benefits derived from, a successful Recruitment Consultant, working within an agency, is commonly misunderstood and, therefore, the need to occasionally rely upon migrant skilled workers to fill those positions is commonly misunderstood. This is why the method of consultation to determine the genuine need to source talent from outside Australia must go beyond statistics alone. However, we have done what we can, in a very short timeframe, to provide statistics from the market and these statistics confirm that the occupation of Recruitment Consultant is very difficult to fill, in all its varieties.

**Professional Recruitment Consultants, within agencies, require a unique mix of skills which are, by no means, common or easily acquired. The modern Recruitment Consultant function is complex and dynamic, requiring expertise in marketing, compliance, sales, HR technology, customer service and human resource**

**management. It is this complex, and often non-complementary, skill set that results in the occupation being extremely hard to source for and even harder to productively sustain, in contrast to internal recruitment roles.**

RCSA submit that the occupation of Recruitment Consultant should not be considered as a natural sub-set of the human resource professional occupational grouping. Whilst we understand that Recruitment Consultant falls within the ANZSCO group, a Recruitment Consultant within an agency is distinctly different because of the sales and marketing element of the role. The extreme shortage of sales and marketing professionals lends to our position that

RCSA members are committed to the employment of Australians first. We strongly reject any assertion that we do not fulfil our obligation to the employment, or skilling, of Australian citizens. However, given the unique skill set of the modern Recruitment Consultant and the mutual exclusivity of that set, the means of training is not orthodox and commonly less formal. Many Recruitment Consultants are sourced from the occupational pools from which they themselves will be required to source, with specialists in financial talent acquisition being drawn from accountants, legal from lawyers and nursing agency consultants from hospitals and aged care facilities. The occupation calls upon a broad range of qualifications, which can be seen from the RCSA survey results attached.

Recruitment Consultants are very rarely guided in to the profession via school careers counsellors and there is no single qualification for aspiring Recruitment Consultants to pursue. They come from all professions and different backgrounds for different reasons but, by no means does this mean that RCSA members do not invest in training to a sufficient degree. It is just that it is more likely to be on the job. The training of a Recruitment Consultant needs to be considered quite differently to the training of other professions and skilled occupations owing to its uniqueness.

The KPMG research report on The Australian Recruitment Industry in 2016<sup>1</sup>, commissioned by the Department of Employment itself, specifically identified the breadth of the commercial Recruitment Consultant function. Furthermore, the acknowledgement that there is much to be learned by the public sector employment services sector from the private sector is testament to how important it is to ensure Australia continues to draw new ideas and approaches from other markets, including those outside of Australia.

Whilst we are aware that the Department of Employment has, to this point, relied upon traditional methods of determining skilled occupation shortages, and commitments to the upskilling of Australians first, we implore the Department to extend its consultation process well beyond the norm when it comes to Recruitment Consultants. To do otherwise would be to sell our industry short and to undermine the great contribution the recruitment and staffing industry is making to the

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<sup>1</sup> The Australian Recruitment Industry, A Comparison of Service Delivery, KPMG, August 2016

sourcing and placement of Australians in every industry and occupation at a time when the need for the best talent in the right place, at the right time, is about to grow on the back of improved business conditions.

We enclose a short submission, and data sourced from a range of job advertisers, and talent community managers, that monitor the employment market closely. These market analysts, and their reports, should go a long way to assisting the Department of Employment to make the right recommendation to the Minister for Immigration and Border Security. This data does, in our opinion, make it unmistakably clear that there remains a very real shortage of skilled Recruitment Consultants in Australia and that the shortage is broad and sustained.

By way of example, we highlight the following findings for the Minister to consider.

- a) Linked In confirm that Recruitment Consultants are one of the most sought after talent pools and have one of the highest turnover rates, confirming both the shortage and the difficulty of retention because of the unique skill sets required.
- b) Linked In confirm that there is high competition for recruitment consultants in each of the major capital cities and that this trend is constant. There is no reduction in the competition for the recruitment of Recruitment Consultants in the key employing locations of Sydney, Melbourne and Sydney.
- c) Seek confirm that job ads for the occupation of agency Recruitment Consultant has increased significantly in the past 12 months, in contrast to the previous two years.
- d) Seek confirm that the 'difficulty to fill' rating for Recruitment Consultant is moderate but, more importantly, the occupation remains harder to fill than occupations on the STSOL and MLTSSL such as chief executive officers, science and technology and accountants.
- e) Seek confirm that the number of overseas applications for Australian Recruitment Consultant job ads (ratio of applications to ads) have been decreasing.
- f) Jobgetter, who monitor all publicly available job postings in Australia, confirm that in the past month alone postings for Recruitment Consultants were approximately 400% higher than those of chefs which are on the MLTSSL.
- g) Jobgetter confirm that postings for Recruitment Consultants were considerably higher than all of the following occupations on, or proposed to be added to, the STSOL or MLTSSL:
  - 1) Primary School Teachers
  - 2) Real Estate Agents

- 3) HR Managers
- 4) Chefs

If, having considered the new evidence of a sustained and ongoing skill shortage for the position of Recruitment Consultant in Australia, the Department of Employment feel that it is necessary to take some form of action, RCSA would strongly encourage that the Department delay that action until more thorough and inclusive quantitative and, especially, qualitative research is completed in conjunction with the peak industry body, RCSA. We would also strongly encourage the Minister to use the option of caveats to target the outcomes to those sections of the industry she believes are not skill short.

The wholesale removal of the occupation from the STSOL is unwarranted and, given the alternatives available to the Minister to focus on deeper and wider analysis alongside a more targeted solution, RCSA is completely unconvinced there is a justification for such an action.

RCSA looks forward to continuing its work with the Department of Employment on a wide range of matters from promoting better Job Active outcomes to stamping out the exploitation of migrant workers in 'labour hire'. We hope that the Department understand the need for broader, and more considered, assessment of the true state of the skill shortage in our industry so that Australians continue to enjoy the benefit of the opportunities we create and business enjoys the benefit of the challenges we solve, especially as the Australian economy moves to improved growth.

Yours sincerely



Charles Cameron  
Chief Executive Officer

### Concern with process

We wish to reiterate our great disappointment with the process around changes to the skilled migration system since the initial announcement in April this year. It has felt arbitrary and has lacked what we feel is effective or even reasonable consultation. This current review of the STSOL compounds our concern as it appears cursory and shallow, with an over reliance upon data which RCSA has not been given the opportunity to review. We are told there is a problem but we are not being told what it is.

The Recruitment Consultant occupation has, for many years, been recognised and accepted as one where temporary skilled visas were necessary to address identified skills shortages. Despite RCSA engaging directly and extensively with the Department of Employment on a wide matters relating to migrant workers, at no stage has there been an indication the occupation was at risk of being removed from the STSOL altogether.

It was announced in a traffic light bulletin on Friday 17 November that Recruitment Consultants were being considered for removal from the STSOL, with a deadline for submission of 1 December. That left just 2 weeks for the sector to source evidence that demonstrates what we know is a severe shortage in the availability of Australian skilled labour for this occupation type.

Despite RCSA's engagement with government, not only was there no indication that the Recruitment Consultant occupations might be removed from all lists, but we did not even receive a copy of the bulletin itself directly. It is hard to understand, in this context, the process for determining that the Recruitment Consultant occupation is not in shortage within Australia, let alone the impact upon business of significantly disrupting the Australian recruitment industry which sources and places hundreds of thousands of candidates and workers in to Australian business and government each year.

The unreasonably tight timeframes, associated with what would be a hugely disruptive change for our industry, have limited the sector's ability to mount a considered, coordinated and evidenced response to the proposal. This is the first time the new methodology has been used to review the STSOL, so 2 weeks to respond to what is an extremely surprising and unexpected outcome feels like lip service to consultation.

We believe the recruitment and staffing sector deserves to be given an explanation, beyond a reference to Department of Employment statistical analysis, which RCSA has not been privy to, on why a decision, which has such enormous commercial implications for the industry, may be made in the manner and timeframes it will.

### Concern with methodology

RCSA maintain concerns around the effectiveness of methodology used by the government in making recommendations for the STSOL in relation to the Recruitment Consultant occupation.

We know that the Department of Employment methodology for reviewing the STSOL will be 'based upon labour market factors, using datasets that are updated regularly, as well as surveys and economic modelling'. However, we feel that it would be very unfair for the peak industry body not be given access to this modelling and other evidence, which the Department will be relying heavily upon, so that we can make submissions based on its suitability. We have not been given access to this modelling and evidence.

**We are informed by the Department of Employment that the occupation of Recruitment Consultant is not currently assessed as part of the Department of Employment's skill shortage research program and that a separate occupational report is not available. This adds to our confusion as to the methodology specifically used by the Department to issue a red light for the occupation.**

RCSA also feel that access to information on Recruitment Consultant occupational demand should be sourced with the assistance of the peak industry body, in a similar way to which Department of Health Workforce Projections would be relied upon to determine the demand for health workers. RCSA has not been approached, nor called upon, to assist the Department of Employment to properly assess the demand for Recruitment Consultants.

An example of where the methodology, as it relates to Recruitment Consultants, is flawed is that the occupation of Recruitment Consultant is not reflected in graduate outcomes, which we understand is a key consideration in determining Labour Market Factors. Instead, it sits in a blind spot of that data, contributing to a bias in Labour Market analysis that does not reflect the real market environment.

There are no dedicated tertiary, TAFE, apprenticeship or other training courses that support the Recruitment Consultant occupation. Any consideration of that data misses the occupation altogether and impacts its score under the methodology.

Demand is also not reflected well in other data considered, given the low number of school leavers or graduates who would cite 'Recruitment Consultant' as their desired vocational ambition. Indeed, one of the reasons dedicated courses do not exist for the occupation is because so few people plan for a career in recruitment. The vast majority of Recruitment Consultants come to the profession through a variety of different pathways, rarely with a stated vocational ambition in recruitment.

We also don't believe that the opportunity of a pool of graduates, skilled migrants and skilled unemployed provides an accurate measure of market demand for this occupation. Though ANZCO

classifies Recruitment Consultant as Skill Level 1, a relevant graduate degree or 5 years' professional experience is not, in itself, sufficient to determine suitability as a Recruitment Consultant.

To be successful a Recruitment Consultant needs to demonstrate a range of competing and non-complementary skills. Moreover, availability of a pool of graduate labour provides no indication of an appetite for this particular occupation.

The fact that our members have responded so quickly to the proposal, painting a vivid picture of severe undersupply of skilled labour to meet enormous market demand, indicates there is a significant – and concerning - gap between what the data identifies compared to the market environment the sector is experiencing.

It is an example of why the process of industry consultation is so important.

#### Understanding the occupation

The occupation of Recruitment Consultant is markedly different to that of an HR consultant, yet they are often referenced together. Recruitment consultants within an agency draw upon a very different suite of skills which are unique and not naturally complementary, making them difficult to find in a single candidate. To be successful an agency employed Recruitment Consultant needs to demonstrate strong relationship and pastoral care skills, sales and 'deal closing' abilities, expertise in regulation and compliance and a strong aptitude for market analysis.

Finding that combination of skills is exceptionally challenging and Australia's domestic market is not sufficient for the sector to meet demand for the occupation.

We strongly encourage the Department of Employment to consider the research it commissioned in 2015 to examine the breadth and complexity of the modern agency Recruitment Consultant, to better understand how this occupation operates differently across sectors and specialisations.

The Department are also invited to consider the Linked In skill set summary in the attached report form July 2017.

There is no 'one size fits all' approach that would do justice to the occupation of Recruitment Consultant and, a 'one size fits all' approach to determining skill shortages and training of Australians to become professional consultants, would be fundamentally misplaced.

#### Investment in training and developing Australians

Our members are unanimous in their view that it is less expensive, less difficult and far more appealing to hire and train Australians. There is an undeniable commitment to, and preference for, the employment of Australians as Recruitment Consultants. The cost, in time and money, and our members commitment to preferencing Australians makes this so.

**The only reason the sector has looked overseas for candidates is the inability to fill vacancies locally.**

Hiring strategies in the sector actively target Australian citizens for vacant positions and many organisations have created dedicated roles to attract, train and facilitate supply of Australian skilled labour. The sector has been innovative in its approach to attracting and training talent, including partnering with local universities to attract graduates and running internship and traineeship programs domestically.

The attached Linked In report outlines that approximately 5,800 graduates have entered the workforce from the recruitment consultant talent pool in the three years to June 2017 in Australia. Of these graduates held a bachelor degree.

The recruitment sector invests significantly in training and development locally. A survey conducted of RCSA members last week showed that around 22% of respondents invest more than \$70,000 a year on training their local recruitment consultant workforce.

Interestingly, the sector's use of temporary visas for skilled labour has itself played a vital role in upskilling and training. Recruiters who come from overseas bring highly specialised skills and that experience is actively leveraged by the sector in training its domestic workforce.

*Difficulty filling vacancies*

Ironically, the challenge every recruitment company faces is the ability to recruit great recruiters. Businesses are competing for a finite pool of resources and there is more demand than the sector can currently service in the Australian marketplace

Our members inform us that it is becoming increasingly difficult to find Australians who are willing to take on entry level recruitment consulting roles and that even when they do, the rate of sustainable employment outcomes remain low because the demands placed upon Recruitment Consultants are high and the skill sets complex and often mutually exclusive in nature.

RCSA's member survey demonstrates the problem is widespread, with the majority of respondents, 34.5%, advising it takes an average of 4-6 months to fill a Recruitment Consultant role in Melbourne, Sydney and Brisbane. In other capital cities 37.5% of respondents advised it takes an average of 6

months or more to fill a position, while in locations other than capital cities 28% of respondents said it takes them an average of 6 months or longer to fill a vacancy.

Members advise that not only are positions taking a long time to fill, but that positions are regularly closed without finding a suitable candidate despite being advertised on multiple platforms and through multiple channels.

The challenge of filling roles is becoming more pronounced as the sector becomes increasingly specialised in delivering services for clients. As the sector becomes more niche, so too does the skill set required of candidates. For example:

- An ability for candidates to speak multiple languages is important for agencies which support international clients from Australia
- The concept of general “IT” recruiters in many areas has been superseded by specialist java developer/.net/mobile application recruiters. That level of specialisation is very difficult to find in Australia’s domestic market and requires an overseas pool to successfully identify the necessary technical expertise.

The reality is that overseas job markets are more mature than they are here in Australia, and specialist Recruitment Consultants with experience in global professional markets are often best placed to find Australian talent for these roles.

### Evidence of skills shortage

Observations of employer demand for Recruitment Consultants are not limited to our members.

Chris McDonald, Managing Director, Australia and New Zealand for global job site Indeed has stated that “at a time when countries are competing for top talent globally to drive innovation and economic growth, highly skilled recruiters who can deliver the right taken at the right time are in high demand. Our data shows exactly this trend, with employer demand for ‘senior recruiting consultant’ outstripping job seeker supply by more than 11 times, the biggest skills gap in the Australian recruitment industry. As a result, almost 30% of these roles remain unfilled after 60 days.

Data provided by Indeed to RCSA shows that more than 26% of recruiting consultant roles are deemed ‘hard to fill’ meaning it takes more than 60 days to fill to roles. In specialised areas such as ‘IT Recruiter’ that percentage jumps to more than 43%

More than 20% of Recruitment Consultant roles in NSW, Victoria, WA and the ACT are deemed hard to fill. Employer demand (job postings) in every recruitment role category is outstripping jobseeker interest (clicks) but it most pronounced in the senior Recruitment Consultant space where demand outstrips interest by more than 11 times.

JobGetter provides real time postings of job information from all publicly available sources. Data provided by JobGetter to RCSA demonstrates significant demand for Recruitment Consultant roles, with almost 6000 jobs in market.

JobGetter data showed significantly higher demand for the role of Recruitment Consultant than for a number of other roles which are currently on or recommended for inclusion on the STSOL or MLSSL.

**Recruitment Consultants are 5 times more in demand than chefs, almost 4 times more in demand than real estate agents, and 1.5 times more in demand than HR managers and primary school teachers.**

Furthermore, data provided by Seek shows that in the past 12 months, growth in job advertisements for combined Recruitment Consultants has far outstripped that of candidate availability.

#### Impact on the broader economy

A skilled recruitment sector is vital in supplying and supporting Australian business and government with an effective and ready pipeline of skilled Australians.

Indeed, the capability and effectiveness of our recruitment sector has a significant influence over the ability of the broader Australian business community to source and supply its workforce at home, instead of being forced to look overseas for candidates.

The sector has experienced significant growth over the past 6-12 months, reflecting growing confidence and employment activity in the business community. Data provided by SEEK Australia shows an increase of more than 50% in job advertisements for Recruitment Consultant roles in the 12 months to October 2017.

Growth in demand for recruitment services is a good indication of upturn in the broader business and economic environment.

Demand for labour in Sydney and Melbourne markets is set to grow rapidly, supported by a number of major infrastructure projects committed by federal and state governments. This is in addition to major projects already underway in residential and commercial building and renewable energy.

Many of these projects are already constrained by not being able to attract the people that they need.

The recruitment industry's capacity to service demand from Australian business is more important than ever in this environment but the ability for the sector to effectively support this need is contingent on being able to fill its own vacancies.

The recruitment industry is made up of a number of sector specialties and each of those recruitment industry segments rely upon migrant recruitment consultants in different ways. For example, medical recruitment is still very boutique in Australia and often companies are made of owners running a single person company with no staff. RCSA has a specialist sub-association for medical recruiters with approximately 150 members' agencies with a minority of them having over 10 staff. Often these companies only specialise in one area of recruitment, such as just hospital locums or just permanent GPs.

Recruitment consultants are sourced from overseas as markets such as the UK and USA have a much more mature medical recruitment sector with larger organisation and larger recruitment teams.

**There is a significant amount of learning derived from these recruitment consultants, who are performing functions that complement, rather than replace Australian Recruitment Consultant roles.**

With District of Workforce Shortages (DWS) set by the Department of Health (Australian Government), holding a long list of medical professions, we know it is essential for the medical recruitment sector to be able to access highly experience medical recruiters from overseas who can enter the Australian workforce and fill essential DWS medical roles in rural and remote areas. There are simply not enough medical recruiters to fill these needs in Australia. The impact in not having access to overseas medical recruiters will have a serious impact on the medical workforce in DWS locations.

Removing the occupation from the STSOL has significant ramifications for broader economic activity, employment, productivity and growth within Australia and a far more thorough assessment of the reasons for the skill shortage, and the impact of removing the occupation from the STSOL must be undertaken before progressing further.

#### Impact on Global Mobility

Recruitment is a global industry and many of our members have global mobility programs in place. These programs not only facilitate the introduction of skilled international candidates to Australia but also facilitate job opportunities for Australian citizens across the globe.

In addition to the opportunities they present candidates, global mobility programs are important for training and upskilling of our own domestic recruitment workforce.

RCSA members include a significant number of multi-national firms that transfer professional recruitment consultants internationally as part of broader programs. Any decision of the Australian Government to prohibit the capacity of multi-national firms to transfer Recruitment Consultants internationally will have consequential impact for the opportunity for Australians to work abroad.

The removal of Recruitment Consultant from the STSOL will have a significant detrimental impact on those mobility programs but more importantly, will impact the capacity for those programs to provide work and training opportunities for Australian employees into the future.

The failure of the Department of Employment to consult with the industry on these potential consequences, and similar, is why RCSA is so concerned.

#### *Beyond STSOL*

While our immediate priority in this process is to ensure that Recruitment Consultant remains on the STSOL from January, it remains our ambition to have the occupation listed on the MLTSSL, given the occupations strategic importance to the sourcing and placement of Australians in an increasingly tight market driven by low unemployment and, in part, the constraints placed upon the capacity of Australian business to rely upon migrant skilled workers through the new skilled migration program.

For the occupation of Recruitment Consultant, the industry's priority is to retain skilled staff in the sector, both to leverage the training they have received in this country but also to realise their important value as educators and trainers of local Recruitment Consultants.

Our sector is responsible for placing candidates in occupations currently included in the MLTSSL due to a lack of available skills in Australia. That environment often creates a parallel need within our sector for those same specialised skills in order to effectively recruit roles for these positions.