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RECRUITMENT AND CONSULTING SERVICES ASSOCIATION LTD

Submission to the Senate Employment, Workplace Relations and
Education References Committee

Regarding Australia's Current and Future Skills Needs

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INTRODUCTION

The Recruitment and Consulting Services Association Ltd is Australia's leading employment industry association with over 3200 member providing employment services and on-hire employees to Australian business.

According to the Australian Bureau of Statistics, the employment industry conducts over 2.3 million on-hired placements and almost 450,000 permanent placements every year. As the experts in job matching, the industry is aware of current skill shortages in our workforce as well as the skills that will be in demand in the future.

It is important to monitor skill shortages in order that the Australian economy continues to grow. "Skill shortages, if extensive and sustained, can limit investment and growth opportunities, give rise to upward pressure on earnings and, thereby, dampen the pace of economic and jobs growth and make it more difficult to reduce unemployment"¹.

The RCSA has surveyed its members in regards to their opinions on skills needs and received contributions on the issues with selected members of its education and training committee, which is comprised of leading practitioners from around the country. Their responses are summarised in the following document.

¹ Skill shortages in the trades – an employment perspective, Labour Market Policy Group, Department of Employment, Workplace Relations and Small Business, September 1999, page 2

DEFINITIONS

According to the Department of Workplace Relations skill shortages can “exist when employers are unable to fill or have considerable difficulty in filling vacancies for an occupation, or specialised skill needs within that occupation, at current levels of remuneration and conditions of employment, and reasonably accessible location. Shortages are typically for specialised and experienced workers, and can coexist with relatively high unemployment overall or in the occupation”².

As noted above, skill shortages can occur where there is high unemployment, this is often because specific skills and training are required, or the conditions offered are simply not attracting candidates despite a broader economic downturn. Other reasons for shortages include ‘undesirable’ employers who may have trouble attracting applicants (ie. tobacco companies); businesses in regional/rural that find distance is a barrier; or the pace of technology requires employees with new IT skills.

In trade-based occupations there appears to be greatest leakage. Due to the diversity of occupations tradespeople are now finding other careers more appealing than traditional ‘blue-collar’ roles. The most common examples are tradespeople leaving work as they reach middle age because the physical demands of the job; uncongenial hours for hospitality; and in particular chefs, or hairdressers, a predominantly female profession, leaving work to raise family³.

² The Department of Workplace Relations, *National and State Skill shortage Lists*, 2002

³ Skill shortages in the trades – an employment perspective, Labour Market Policy Group, Department of Employment, Workplace Relations and Small Business, September 1999, page 4

RESEARCH

Department of Employment and Workplace Relations

The Department of Employment and Workplace Relations undertakes ongoing tracking of Australia's employment and vacancies.

Over the last year the numbers of job vacancies advertised in major metropolitan newspaper saw "trades increase by 30.1% and Associate Professionals rose 7.2%, while Professionals fell by 10.7%"⁴. In other words there was greater labour demand for tradespeople, medical officers, and building/engineering associates than traditional professionals.

When looking at data from the Australian Job Search web site over 5000 vacancies were lodged for labourers, factory and machine workers in January 2003; followed by about 4500 for food, hospitality and tourism; and about 4000 vacancies for sales assistants and storepersons⁵.

The Department has also drilled down to the specific types of employment where skill shortages exist. The key areas of shortage were child care workers, accountants, registered nurses, other medical practitioners (i.e. occupational therapists, physiotherapists and radiographers), secondary teachers, ICT specialists (eg. experts in Java, Peoplesoft, Siebel), and a large shortage of tradespeople such as metal fitters, welders, electricians plumber, bricklayers and cooks⁶.

ANZ Bank Job Advertisement Series

Another key research indicator that has followed vacancy rates, in the form of job advertisement, is the ANZ Bank. According to the Job Advertisement Series, the lowest number of jobs advertised was 10,000 per week in late 1982 and seven years later it reached the greatest number of advertisements per week in 1989 with an average of 41,000. Most recently in January 2003 there were 20,339 job advertisements per week.

The data does not breakdown by occupation.

RCSA Research

Skill shortages and labour demand

The RCSA surveyed its membership in late 2002 and early 2003 to ascertain views from around the country on skill shortages. This research was conducted by independent

⁴ The Department of Workplace Relations, *Vacancy Report*, January 2003

⁵ The Department of Workplace Relations, *Vacancy Report*, January 2003

⁶ The Department of Workplace Relations, *National and State Skill shortage Lists*, 2002

research company, the Values Bank Research Centre, as part of the RCSA's quarterly survey of members' views.

Our research concurs with the findings of the Department.

We found that the responses were broad and covered both the white and blue collar segments (see Tables 1 and 2). The survey asked members to predict labour demand for the next six months.

In terms of industries, the health and medical sectors were the areas that attracted most concern for members in terms of demand. This sector covers the occupations of doctors, physiotherapists, nurses, social workers and dental practitioners. The second area of demand was logistics and supply. This predominantly blue collar sector covers occupations of purchasing officer, drivers, storepeople and customs managers. Third on the list was legal, a traditional white collar sector that includes barristers, solicitors, law clerks and conveyancing clerks. The fourth in demand was building and engineering, which includes tertiary qualified engineers to builders and crane operators.

When looking closer at those industries to find out the occupations of most demand, we found that nursing was number one.

Nursing is the biggest area of concern for our members, which reiterates the findings noted in the federal government's report on nursing in 2002, *Our Duty of Care*. This document outlined a shrinking and ageing workforce that is placing increasing strain on Australia's health sector. RCSA members not only noted that there was shortage of registered nurses but also those who specialise in specific fields of nursing such as geriatric care. The nursing shortage is not just an Australia issue with countries worldwide finding fewer people going into, and staying in, nursing. Not surprisingly, the category titled 'nurses for export' was also one of the highest categories for skill shortages.

Other health and medical occupations in demand were social workers, dental technicians and physiotherapists. This section was closely followed by labourers, who are under the trades and services sector.

A lack of qualified trade's people was a consistent message from the industry with metal trades and trades assistants also in demand. The RCSA also has anecdotal evidence that there is a need for boilermakers, fitters/turners, toolmakers, transport drivers, electricians and mechanics.

Akin to this industry is logistics, with a shortage of storepeople and drivers also nominated by RCSA members.

In the legal fraternity, the market requires law clerks and legal secretaries.

There is predicted growth in labour demand for receptionists, telemarketers, call Centre staff, electrical engineers and chefs.

Those occupations that are likely to suffer from decreasing demand are tellers, postal workers, greenkeepers, bank managers, company secretaries and travel consultants.

Specific areas (ie. suburbs, regions) where it is hard to find suitable candidates

In general the area where our industry finds it most difficult to find candidates with the right skills sets to match employment demand is in rural and regional Australia.

The movement of young Australians to the city for university and the perception of limited opportunities in regional areas have created this labour shortage. One member said they were having trouble finding farm hands to manage the demand.

At the same time there is also a skills drain from some capital cities, for example a South Australia member claimed that Adelaide is losing candidates to the eastern states.

However, areas around capital cities were also mentioned as areas of skill shortages. The northern and western suburbs of Melbourne and the western suburbs of Sydney were listed a key areas of concern. The Sunshine Coast in Queensland was also listed as an area of labour and skill shortage where they currently lack public practice accountants, solicitors, doctors, nurses, town planners and civil engineers.

ADDRESSING THE SKILL SHORTAGE

The Government has previously addressed the skill shortage in its paper in 1999⁷. Some of the options proposed have already been applied, such as supporting flexible employment to allow for the seasonality of particular industries such as trades, and improved career matching.

The RCSA's membership was very consistent in its response in terms of the action that needs to be undertaken to satisfy further employment demands. Not surprisingly an emphasis was placed on building the ranks of tradespeople. Increasing the support for traineeships and apprentice schemes by Government was seen as a direct way to reverse the skill shortage.

Likewise incentives behind the training schemes are crucial in gaining support from employers for such schemes. It has been proposed by some members that increasing the minimum wage for trades people would also make the profession more attractive.

It has also been argued that the push for all students to complete year 12 does not reflect the skills of those students, or the needs of the market. Some members argue that students who are not academically inclined and are far more interested in pursuing a trade should be offered more trades-like subjects at secondary school. At the same time, members argue that closer links between the TAFE and secondary school sector should continue to enable students to take some secondary and some TAFE subjects. It is believed that the on-the-job form of training that occurs through TAFE is particularly beneficial and enables the students to become 'job-ready'.

Ongoing professional education in the workplace is also required to ensure that employees remain up to date with technology and industry developments. The industry supports education and training however if it is not managed on a broad scale, cost can be a barrier to many employers - especially those in small business. Government incentives and tax benefits for ongoing training would help to overcome this barrier.

Whatever training or assistance is provided to boost Australia's skills base, it is important to consider the rural and regional areas of the country when rolling out the programs. As the skill shortage is often felt most strongly in regional centres, either through up-skilling the region's workforce or providing incentives for skilled employees (perhaps through HECS) to move to rural areas was seen by RCSA members as an opportunity to level out the inequities of distance.

In regards to nursing, the Federal Government's report reviewing the shortfall of nurses said that "nurses made it very clear ... that they need to be recognised for what they do, appreciated for the contribution they are making recognition of their professionalism"⁸. In

⁷ Skill shortages in the trades – an employment perspective, Labour Market Policy Group, Department of Employment, Workplace Relations and Small Business, September 1999

⁸ Schubert, M., 'Nursing crisis due to a lack of respect', *The Australian*, September 17, 2002, page 4

other words a structural review of the industry and how they are rewarded and recognised is a key factor in ensuring that those skills stay where they are needed most.

To address some of the IT shortages, we encourage TAFE and tertiary institutions to ensure that they are educating students on the latest technology. On the other hand, technology companies could be encouraged to provide education / software to education institutions so that students graduate with skills in the latest technology.

Job Network

Some of these issues raised by members will be addressed in the new Job Network/Job Placement model.. The RCSA has worked closely with the federal government to develop the Job Placement section of the Job Network process. One of the major changes is to firstly train job seekers to become job ready through improving their presentation and communication skills. This then helps considerably in the job matching stage and gaining future employment.

It is important to note that skill shortages cannot always be directly filled by the unemployed for reasons outlined earlier; however, re-skilling and training can align some job searchers skills with market demand.

CONCLUSION AND RECOMMENDATIONS

In conclusion, the RCSA's research concurs with that of the federal government. Australia has a skill shortage predominantly in the trades and medical/health sectors. The area where this is most pronounced is in regional and rural Australia.

Government policy has already acknowledged some of the skill shortages, in particular trades through the New Apprenticeship Scheme launched in late 1999.

The RCSA believes that the reforms to the Job Network will assist in training job seekers to develop skills in areas of labour demand, and at the same time make them job ready.

However, it should be noted that simply undertaking vocational education and training would not reduce the gap between employees and the skills demanded of the market. In some cases fundamental change of the industry is required to attract people to work in the areas.

The RCSA is keen to work with the Government to ensure the Australian workforce is skilled and trained for future labour demand in the following areas:

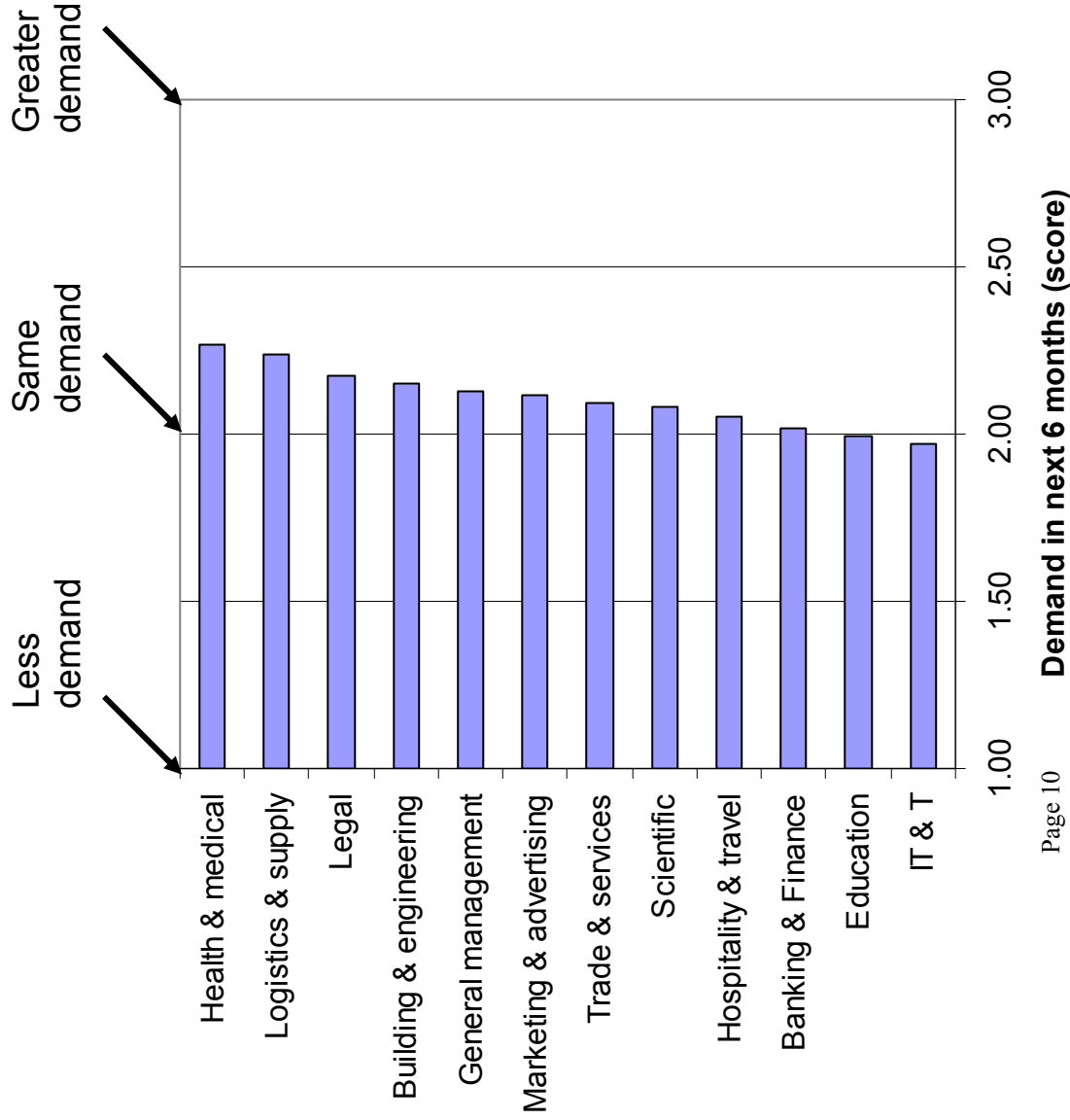
- Research: One of the key areas noted in Government research was the importance of gathering labour market data. The RCSA is keen to assist through monitoring its 3200 members' labour needs and likewise their predictions for skill shortages in the future.
- Industry partnership and counsel: The RCSA is eager to work with the Government to develop strategies to counter the skill shortage. RCSA has a proven track record of working with the government, in terms of assisting with industry change. The RCSA conducted a national program to gain industry compliance with the National Privacy Principles last year and will soon roll out of the new Job Network across the country.
- Assisting in developing strategies to make perceived 'unappealing' jobs more attractive through job redesign, flexible work arrangements etc.

We look forward to any future dialogue with the Government and its agencies on the comments raised in this document.

Demand by industry

TABLE 1

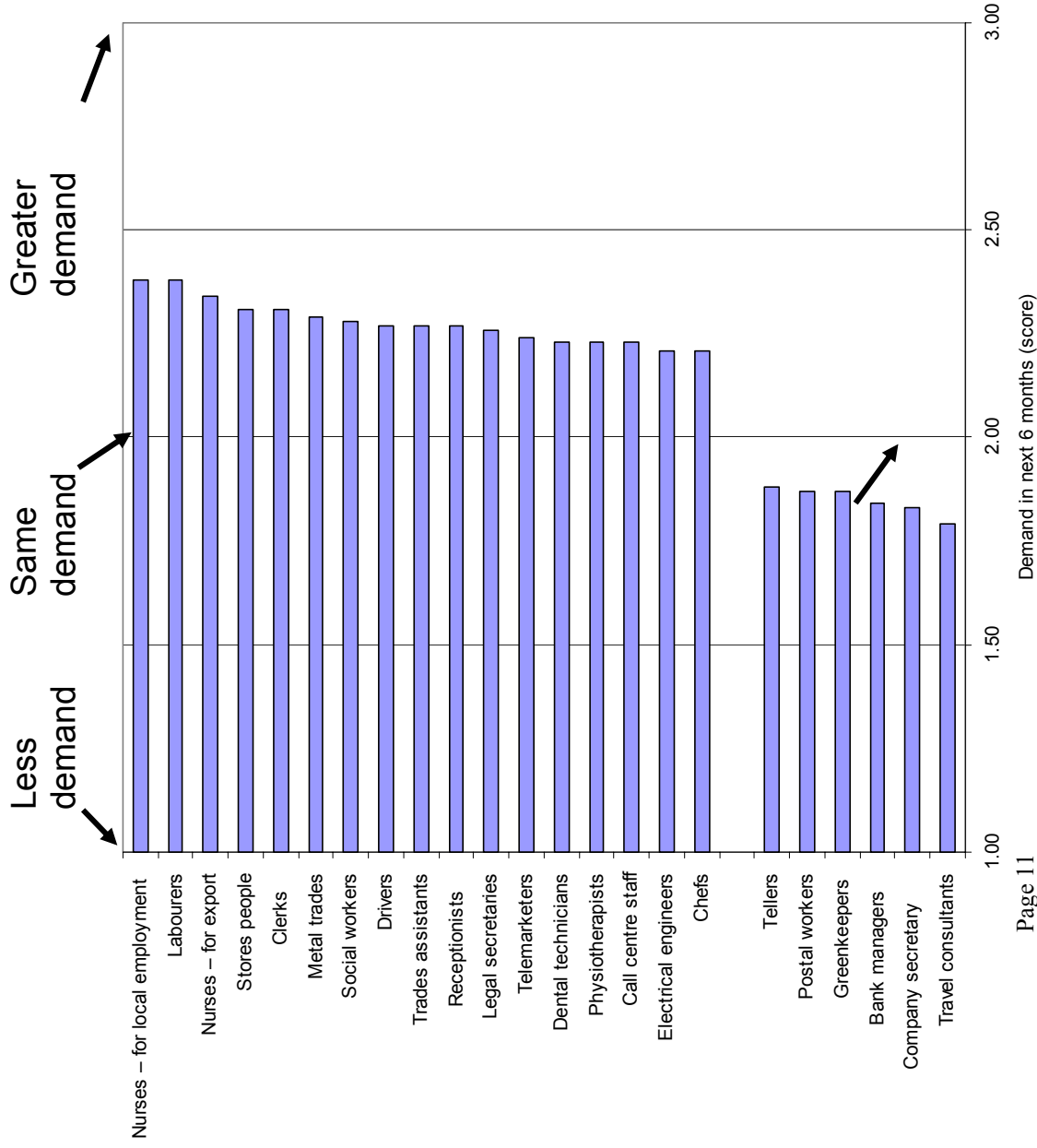
Employment in industries will experience moderate to weak growth in the next six months. The health & medical, followed by logistics and supply will experience the most growth.



Demand by occupation

Employment in industries that will experience moderate to weak growth in the next six months.

TABLE 2



APPENDIX 1

Industry and occupational categories used in the RCSA survey.

General management – not industry specific

General management – Chief executive
General management – Company secretary
General management – Senior management
General management – Secretary/PAs
General management – Receptionists
General management – Recruitment consultants
General management – Personnel consultants

IT & T

IT & T – IT Project managers
IT & T - Programmers
IT & T - Computer software developers
IT & T - Computer systems engineers

Marketing & advertising -

Marketing & advertising - - Public relations consultants
Marketing & advertising - - Marketing consultants
Marketing & advertising - Advertising (eg copy writer, account executive)
Marketing & advertising - Marketing (eg marketing officer, market researcher)
Marketing & advertising - Telemarketers
Marketing & advertising - Call centre staff
Marketing & advertising - Data entry staff

Banking & Finance -

Banking & Finance - Accountants
Banking & Finance - Financial planners
Banking & Finance - Business analysts
Banking & Finance - Branch managers
Banking & Finance - Bookkeepers
Banking & Finance - Tellers

Education -

Education - Principals
Education - Lecturers
Education - Tutors
Education - Teachers
Education - Child care workers

Legal -

Legal - Solicitors

Legal - Legal secretaries
Legal - Law clerks
Legal - Conveyancing clerks

Scientific -

Scientific - Scientists
Scientific - Laboratory technicians

Trade & services -

Trade & services - Florists
Trade & services - Beauty therapists
Trade & services - Hairdressers
Trade & services - Motor mechanics
Trade & services - Greenkeepers
Trade & services - Nannies
Trade & services - Tilers
Trade & services - Sales consultants
Trade & services - Store managers
Trade & services - Cabinet makers
Trade & services - Electricians
Trade & services - Plumbers
Trade & services - Bricklayers
Trade & services - Metal trades
Trade & services - Trades assistants
Trade & services - Labourers
Trade & services - Process workers
Trade & services - Other manufacturing workers
Trade & services - Postal workers
Trade & services - Security guards
Trade & services - Mining workers
Trade & services - Wine industry workers

Health & medical -

Health & medical - Doctors
Health & medical - Chiropractors
Health & medical - Physiotherapists
Health & medical – Nurses – for local employment
Health & medical – Nurses – for export
Health & medical - Dental technicians
Health & medical - Social workers
Health & medical -

Hospitality & Travel -

Hospitality & Travel - Hotel/motel managers
Hospitality & Travel - Tourism co-ordinator/officer
Hospitality & Travel - Travel consultants
Hospitality & Travel - Chefs
Hospitality & Travel - Kitchen hands
Hospitality & Travel - Bar attendants
Hospitality & Travel - Waiters/waitresses
Hospitality & Travel - Cleaners

Building & Engineering -

Building & Engineering - Civil/structural engineers
Building & Engineering - Electrical engineers
Building & Engineering - Chemical engineers
Building & Engineering - Builders
Building & Engineering - Crane operators
Building & Engineering - Drafts people
Building & Engineering -

Logistics & supply -

Logistics & supply - Purchasing officer
Logistics & supply - Driver
Logistics & supply - Stores people
Logistics & supply - Customs managers

APPENDIX 2

THE RECRUITMENT AND CONSULTING SERVICES ASSOCIATION LTD

The RCSA is the peak body for the recruitment and consulting services industry throughout Australia and New Zealand. It is a not-for-profit association that is managed by a Board of Directors.

The central focus of the RCSA is “To represent and serve the interests of members for the increased profile and professionalism of the industry”. The RCSA has more than 3200 members in Australia and New Zealand comprising multi-national companies, single consultancies, and individual practitioners operating within a recruitment consultancy.

The association is instrumental in setting the professional standards, educating and developing member skills, monitoring industry participant performance and working with legislators to formulate the future. Members are kept up-to-date on information regarding best practice techniques, resources and technological innovation, along with legislative changes impacting on employment.

The RCSA also acts as a lobbying voice, representing its members on issues that impact upon the industry. It has a strong relationship with the public and private sector.

Members offer the following capabilities:

- On-hired employee services
- On-hired contractor services
- Recruitment services
- Employment consulting services
- Project outsourcing services

Key Statistics

- Research conducted by the RCSA in 1999 suggests that the on hire industry contribute \$10 billion to the Australian economy, with \$7.5 billion of this figure in worker’s wages.
- The majority of the on hired employee industry’s workforce is casual (probably in excess of 95%).
- Members with an on hired employee component represent 65% of RCSA members.