



Australian Government



Jobs and Skills Australia

Skills Shortage Quarterly

March quarter 2024

29 May 2024



Contents

About the Skills Shortage Quarterly	2
Fill rates continue their gradual rise	3
Results by region	5
Results by major group	6
Results by state and territory	7
Results by skill level	8
Spotlight analysis: challenges of small businesses	9
Fill rates and other metrics	9
Employers' recruitment experience.....	10
Explanatory Notes	13
Definitions of metrics	13

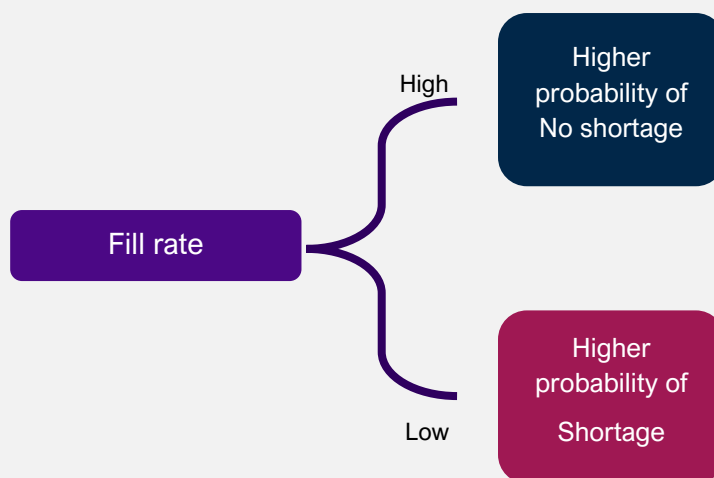
About the Skills Shortage Quarterly

The Skills Shortage Quarterly report offers analysis on occupations that may be in shortage or are experiencing shortage pressures. The insights are based on the percentage of advertised vacancies filled by occupation (fill rate), which is drawn from the Jobs and Skills Australia Survey of Employers who have Recently Advertised (SERA). Some background on the fill rate is provided below, and additional information on other metrics used in the report and their definitions are provided in the [Explanatory Notes](#) section.

Box 1: Jobs and Skills Australia's occupation shortage definition

An occupation is in shortage when employers are unable to fill or have considerable difficulty filling vacancies for an occupation or cannot meet significant specialised skill needs within that occupation – at current levels of remuneration and conditions of employment, and in reasonably accessible locations.

Based on this definition, the fill rate is the key proxy measure of shortages. This metric has a simple intuition: if the fill rate is high, the likelihood of an occupation being in shortage or having high shortage pressures is low. In contrast, if the fill rate is low, the opposite is likely to be true.



National results

Fill rates continue their gradual rise

Table 1: National snapshot

	March qtr 2024	Change over the qtr	Change over 12 months
Vacancy fill rate (%)	64.3%	↑ 0.9% pts	↑ 4.2% pts
Applicants per vacancy (no.)	20.6	↑ 2.3	↑ 5.9
Qualified applicants per vacancy (no.)	6.8	↑ 0.6	↑ 1.7
Suitable applicants per vacancy (no.)	2.8	↑ 0.2	↑ 0.4
Suitability gap (%)	58.3%	↑ 1.6% pts	↑ 6.0% pts

Source: Jobs and Skills Australia, Survey of Employers who Recently Advertised (SERA).

Note: The change from previous quarter refers to the change from December quarter 2023 to March quarter 2024. The change from the previous year refers to the change from March quarter 2023 to March quarter 2024.

The fill rate across all occupations increased slightly in March quarter 2024 by 0.9 percentage points to 64.3% (Table 1).¹ The fill rate also increased by 4.2 percentage points over the last 12 months to the current quarter. In part, this may reflect the increase in the average total number of applicants, qualified applicants, and suitable applicants per vacancy over the quarter and the year to March quarter 2024.

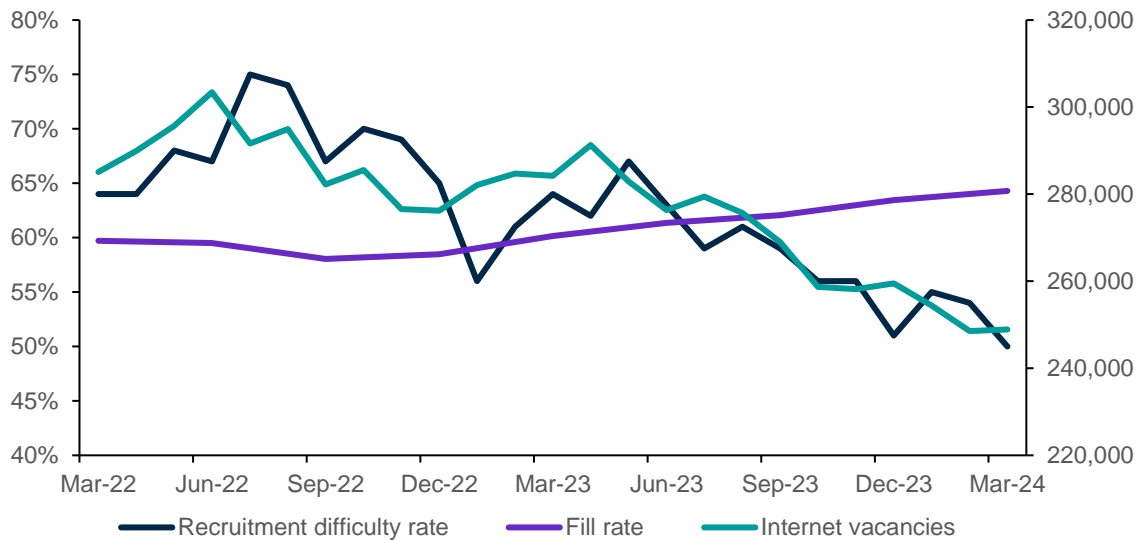
In March quarter 2024, the suitability gap increased by 1.6 percentage points to 58.3%.² The suitability gap captures the percentage of applicants who have the required qualifications but are deemed unsuitable by employers for the job advertised.³ The gap consistently increased from 52.3% in March quarter 2023 to be 6 percentage points higher.

¹ The fill rate and other metrics in the table are based on using 12 months of data leading to the latest quarter. Using a rolling annual period, as opposed to the latest quarter itself, removes the impact of data volatility attributable to SERA sampling, whereby concentrations of sampling with respect to different occupational major groups can occur at different times of a year.

² The suitability gap is the difference between the number of qualified applicants per vacancy and suitable applicants per vacancy, as a percentage of the number of qualified applicants per vacancy.

³ The metric has several interpretations. A wide or widening gap may indicate that qualifications of applicants may not be equipping them with all skills and experiences needed, including the need for greater work experience and/or other soft or hard skills. It could also suggest slack in the labour market, allowing employers greater scrutiny of candidates that apply for vacant roles.

Figure 1: Fill rate (%) and monthly recruitment difficulty rate (%) (left axis), and monthly internet vacancy index (000's) (right), National

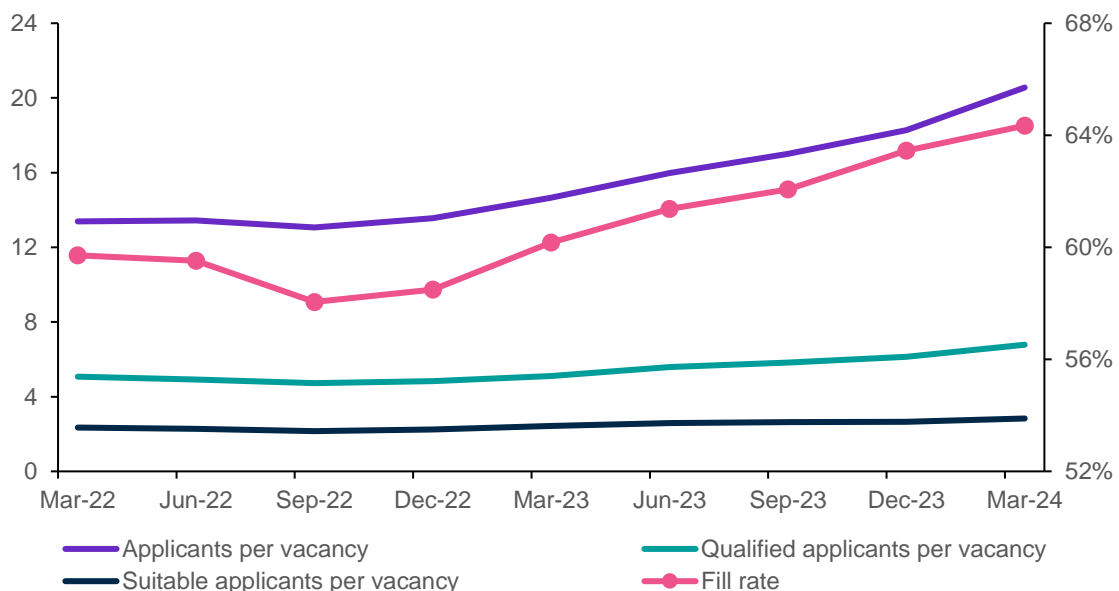


Source: Jobs and Skills Australia: Survey of Employers who Recently Advertised; Recruitment Experiences and Outlook Survey; and Internet Vacancy Index (seasonally adjusted).

The gradual rise in the fill rate was consistent with partial indicators of labour market activity, which indicate a somewhat softer outlook. Jobs and Skills Australia’s Recruitment Experiences and Outlook Survey results show a declining trend in recruitment difficulty rates since May 2023 (Figure 1). Similarly, Jobs and Skills Australia’s Internet Vacancy Index data show that job advertisements trending down from around the same time.

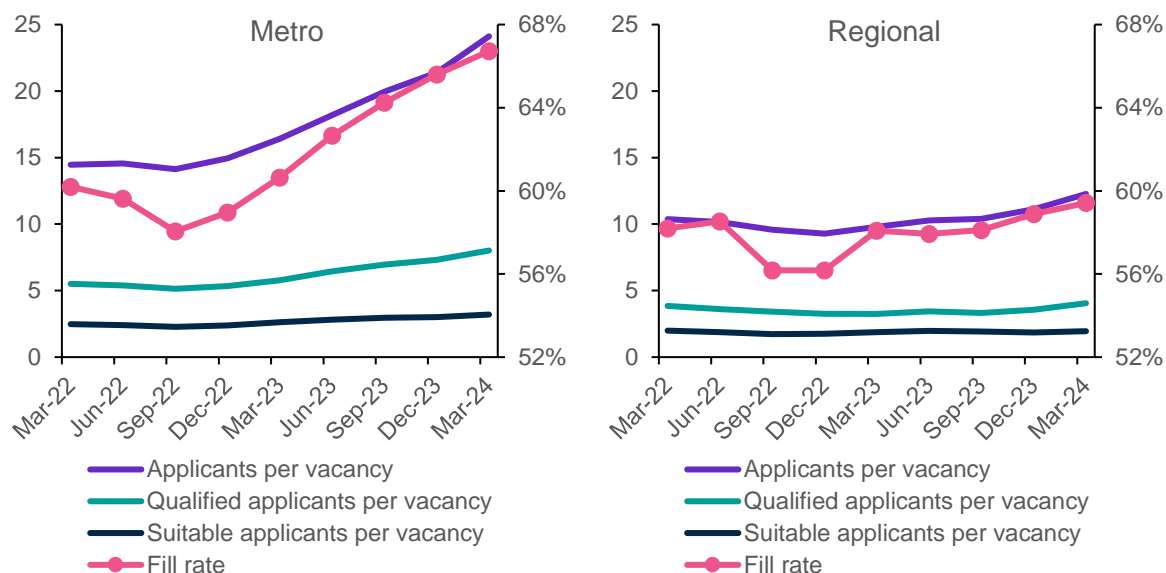
Despite the recent fall in abovementioned indicators, employers are still experiencing challenges finding suitably skilled workers to fill vacant positions. This could be due to the fact that the above labour market indicators still remain elevated relative to pre-COVID. Further, there has only been a slight increase in the average number of suitable applicants per vacancy over the year, from 2.4 in the March quarter 2023 to 2.8 in the March quarter 2024 (Figure 2: Fill rate (%) (right axis); average total, qualified and suitable applicants per vacancy (no.) (left axis), National), suggesting that there is still shortage pressure in the labour market.

Figure 2: Fill rate (%) (right axis); average total, qualified and suitable applicants per vacancy (no.) (left axis), National



Results by region

Figure 3: Fill rate (%) (right axis) and total applicants, qualified, and suitable applicants per vacancy (no.) (left axis), by regionality.



Source: Jobs and Skills Australia, Survey of Employers who Recently Advertised

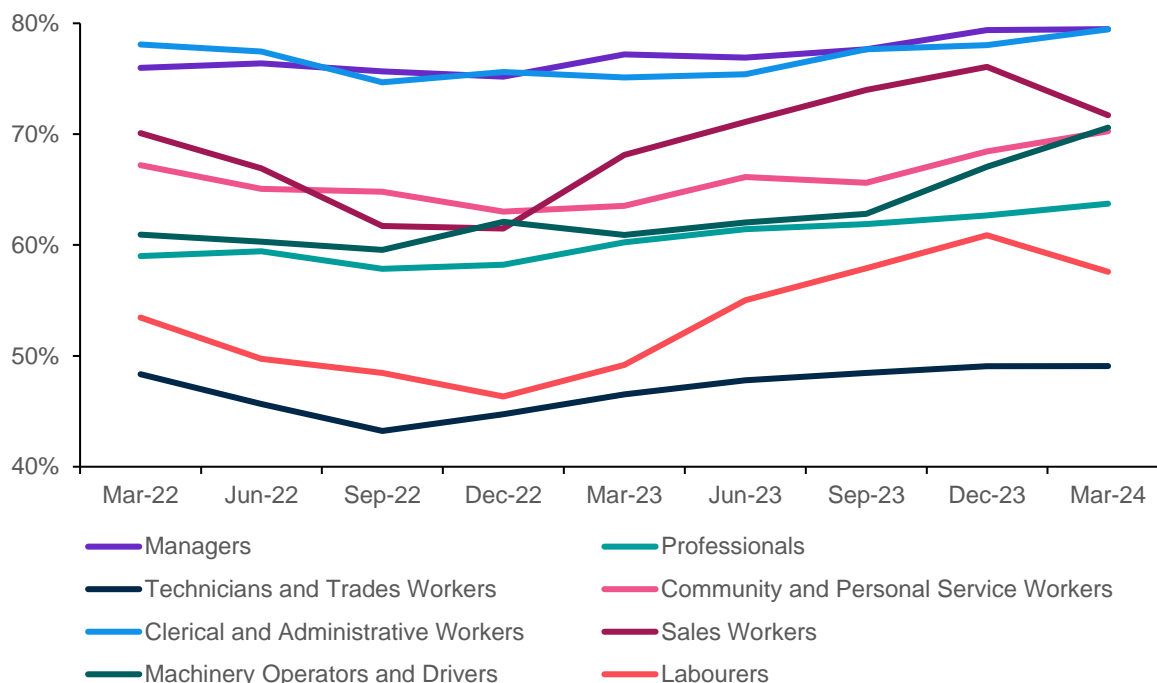
Fill rates for both metropolitan and regional areas (see definitions in the Explanatory Notes) increased to 66.7% and 59.4%, respectively (Figure 3). In regions, the fill rate only increased by 0.5 percentage points, while it increased by 1.1 percentage points in metropolitan areas.

In metropolitan areas, fill rates remained well above those of regional areas. The average difference in fill rates between the two areas has widened over time from 1.9 percentage points in 2022 to 5 percentage points in 2023, indicating shortage pressures in regional areas have become more pronounced.

Total applicants, qualified applicants and suitable applicants have increased in both areas, but both the level and growth in the metrics were larger in metropolitan areas. The higher number of total applicants, qualified applicants and suitable applicants is a product of much larger pools of workers in metropolitan areas compared to regional areas.

Results by major group

Figure 4: Fill rate (%) by ANZSCO⁴ major group



Source: Jobs and Skills Australia, Survey of Employers who Recently Advertised

Between December quarter 2023 and March quarter 2024, the fill rate for most major group occupations increased except for Sales Workers and Labourers, where the fill rates for these groups fell (Figure 4).

Fill rates for Sales Workers have increased steadily over the past 12 months to March quarter 2024 and remained above 70% since June quarter 2023. As a result, the recent fall in the fill rate could be due to data volatility rather than a sudden increase in difficulty filling vacancies.

The fill rate for Managers and Clerical and Administrative Workers remained high and close to 80% in recent quarters.

The growth in fill rates for Technician and Trade Workers was marginal and has remained consistently below 50%. The fill rate for this occupation group is and remains the lowest of all major group occupations.

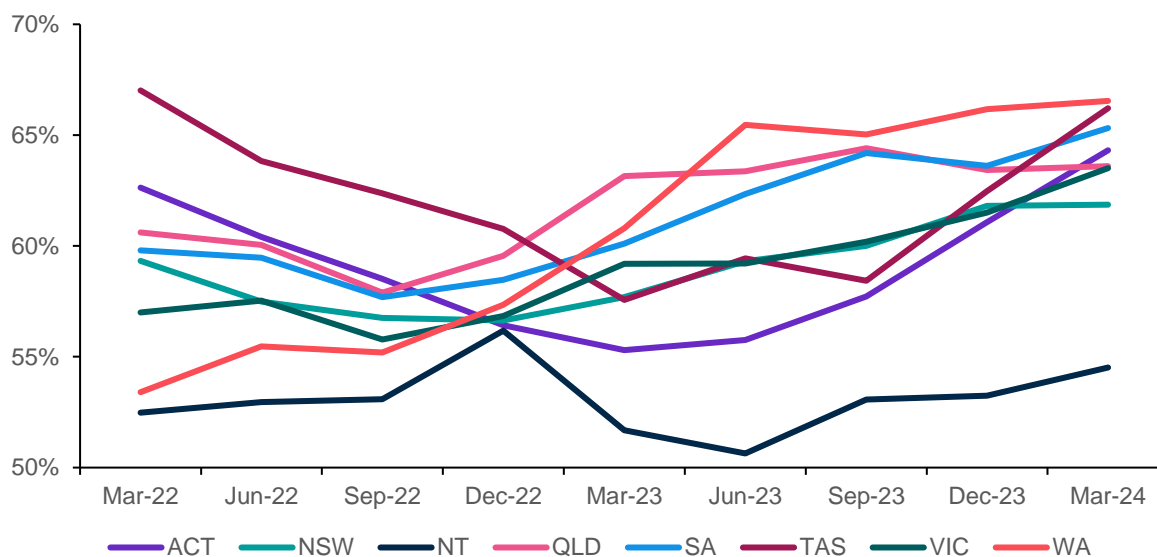
Similarly, fill rates for Labourers was low at 57.6% in March quarter 2024. However, since the trough of 46.3% in March quarter 2023, the fill rate has increased and hovered between 57% and 60% since September quarter 2023.

The low fill rates for Technician and Trade Workers and Labourers likely indicate shortage pressures for occupations within this broad group are relatively more acute.

⁴ Australian and New Zealand Standard Classification of Occupations.

Results by state and territory

Figure 5: Fill rate (%) by states and territories

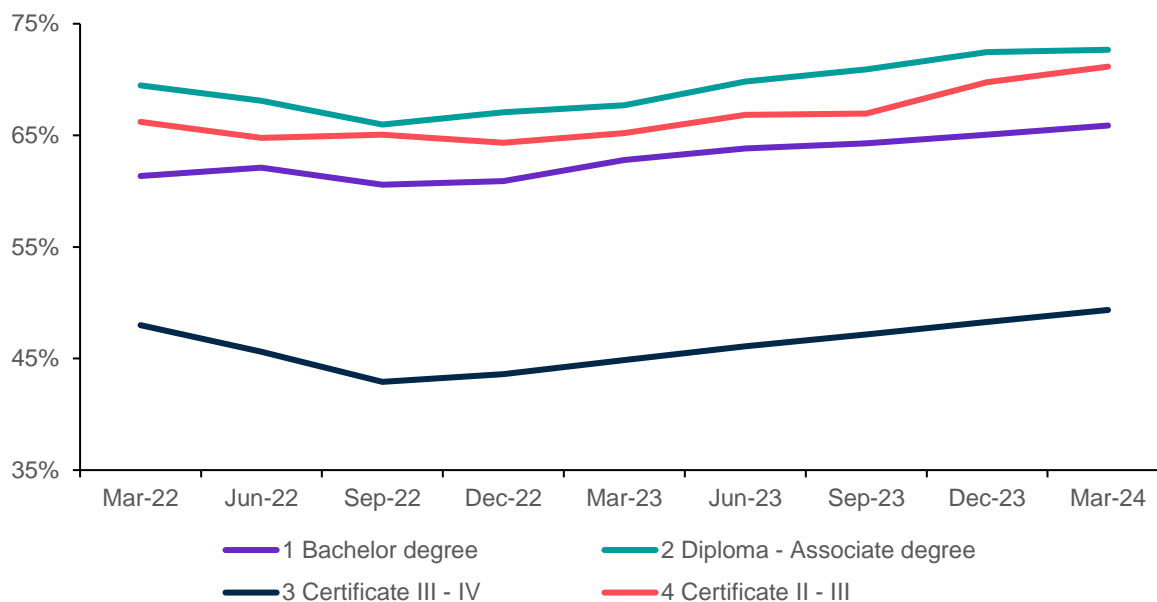


Source: Jobs and Skills Australia, Survey of Employers who Recently Advertised.

Fill rates in most states and territories have also been rising overtime (Figure 5). However, the growth in fill rates slowed in New South Wales since December quarter 2023. In Western Australia, fill rates have hovered between 65 and 66% between June quarter 2023 and March quarter 2024. In Queensland, improvements in the fill rate were very modest, with very little change in the year to March quarter 2024.

Results by skill level

Figure 6: Fill rate (%) by skill level



Source: Jobs and Skills Australia, Survey of Employers who Recently Advertised.

Fill rates increased across all skills levels 1 to 4 in March quarter 2024.⁵ The largest increase was observed for Skill Level 4 occupations, which rose by 1.4 percentage points to 71.2%. Fill rates for Skill Levels 1 and 2 occupations grew more slowly compared to others, while the fill rate for Skill Level 3 occupations remained low at 49.4% (Figure 6). This indicates that shortage pressures for Skill Level 3 occupations persist.

⁵ The Australian Bureau of Statistics provides information on the concept of Skill Levels as part of its [Conceptual basis of ANZSCO](#) advice. Skill Level 5 is not considered in this report.

Spotlight analysis: challenges of small businesses

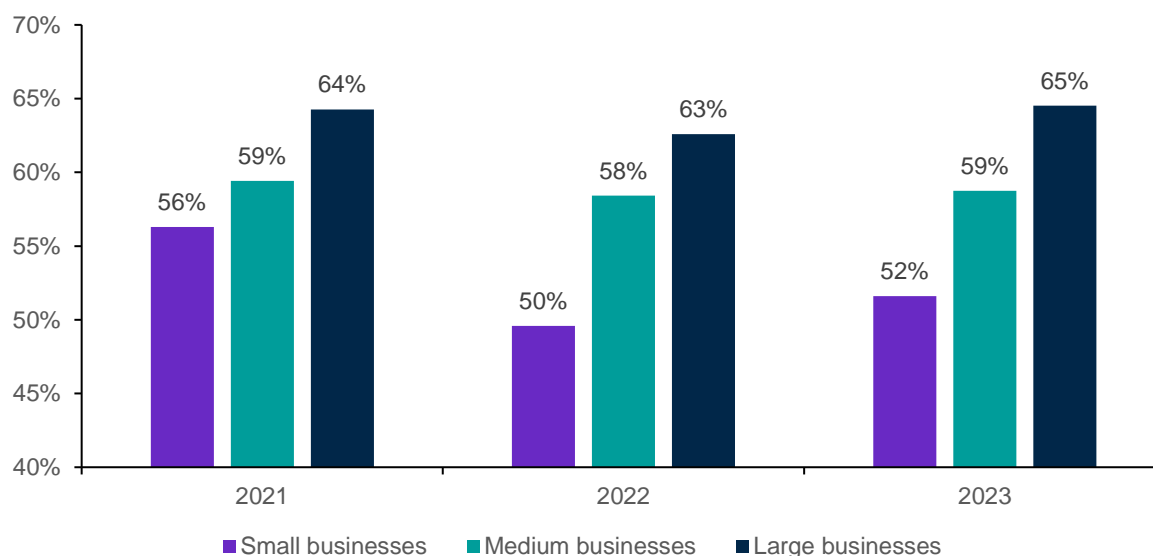
In the section, small business fill rates and recruitment experiences relative to that of medium and large businesses are discussed.

Fill rates and other metrics

Small businesses, on average, have lower occupation vacancy fill rates than medium-size and large businesses (Figure 7).⁶ For example, in 2022-23, fill rates were 52% for small businesses compared to 59% for medium and 65% for large businesses. The gap in fill rates between small and medium or large businesses has increased since 2020-21. In 2020-21, the gap in fill rates between small and large businesses averaged 8 percentage points. But in 2022-23, the difference was 13 percentage points. The increase in the gap in fill rates between small and large businesses could be due to tight labour market conditions exacerbating small business employers from filling vacancies.

The lower fill rates among small businesses were echoed by REOS recruitment difficulty rates. Over 2020-21 to 2022-23 financial years, recruitment difficulty rates were consistently higher in small businesses than in medium and large businesses.⁷

Figure 7: Fill rates (%) by business size, 2020-21 to 2022-23



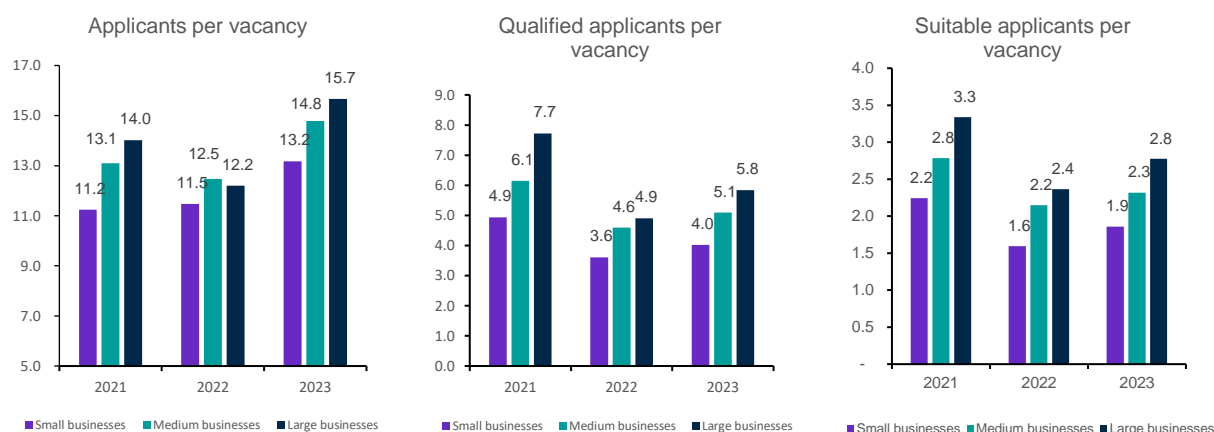
Source: Jobs and Skills Australia, Survey of Employers who have Recently Advertised.

⁶ In this analysis, small businesses are defined as businesses with under 20 staff members but excluding sole traders. Medium businesses are those with more than 20 but under 100 staff members, while large businesses are those with more than 100 staff members. This definition of business size is different from the ABS definitions and are used due to limitations in SERA data.

⁷ This finding is based on internal analysis using data from Recruitment Experiences and Outlook Survey, April 2024, Jobs and Skills Australia.

The lower fill rates of small businesses were driven by their lower number of total applicants, qualified and suitable applicants per vacancy compared to medium and large businesses. The level of these three metrics has remained lower for small businesses than their larger sized counterparts (Figure 8). In 2022-23, the number of total applicants per vacancy was 13.2 in small businesses, while the figure was 14.8 and 15.7 in medium and large businesses, respectively.

Figure 8: Number of total applicants, qualified and suitable applicants per vacancy, by business size, 2020-21 to 2022-23



Source: Jobs and Skills Australia, Survey of Employers who have Recently Advertised.

The results suggest that small businesses face greater challenges recruiting skilled workers and experience higher occupation shortage pressures than their counterparts. This outcome could be due to the ability of larger businesses to offer better pay, opportunities and working conditions.^{8,9}

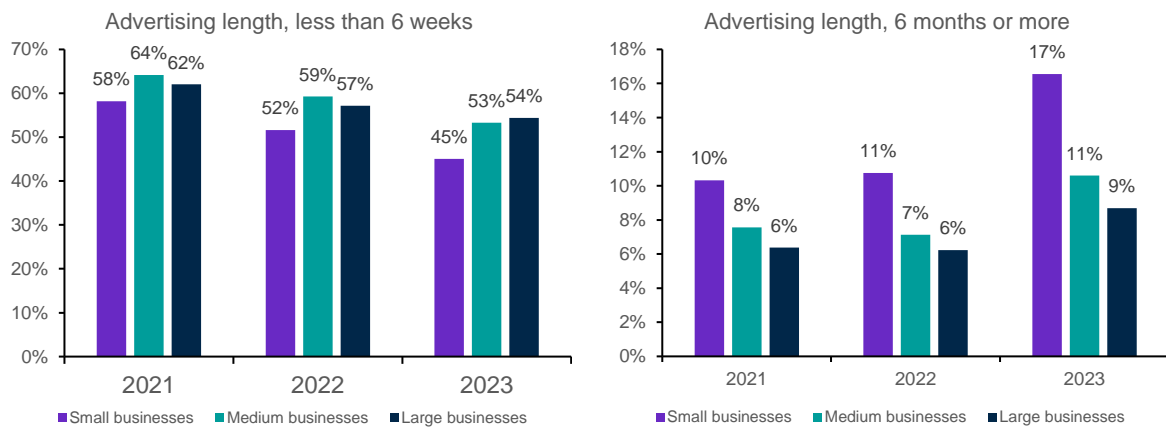
Employers' recruitment experience

Small businesses tend to advertise job vacancies for longer than medium and large businesses. From 2020-21 to 2022-23, a smaller percentage of small businesses advertised positions for fewer than 6 weeks, and a higher percentage advertised positions for 6 months or more (Figure 9). This means small businesses need to advertise vacancies for longer periods of time to fill vacant positions, reinforcing the argument that they have more difficulty finding skilled workers than their medium and large business counterparts. Also, when job vacancies were unfilled, small businesses were less persistent in adapting advertising strategies and pursuing further. They were slightly more likely to give up or reduce new or existing work. This may be due to their greater sensitivity to advertising costs, and its impact to their overall operating costs.

⁸ Parliament of Australia, [Small business sector contribution to the Australian economy](#), 2020.

⁹ Australian Bureau of Statistics, [Australian Industry, 2021-22 financial year](#).

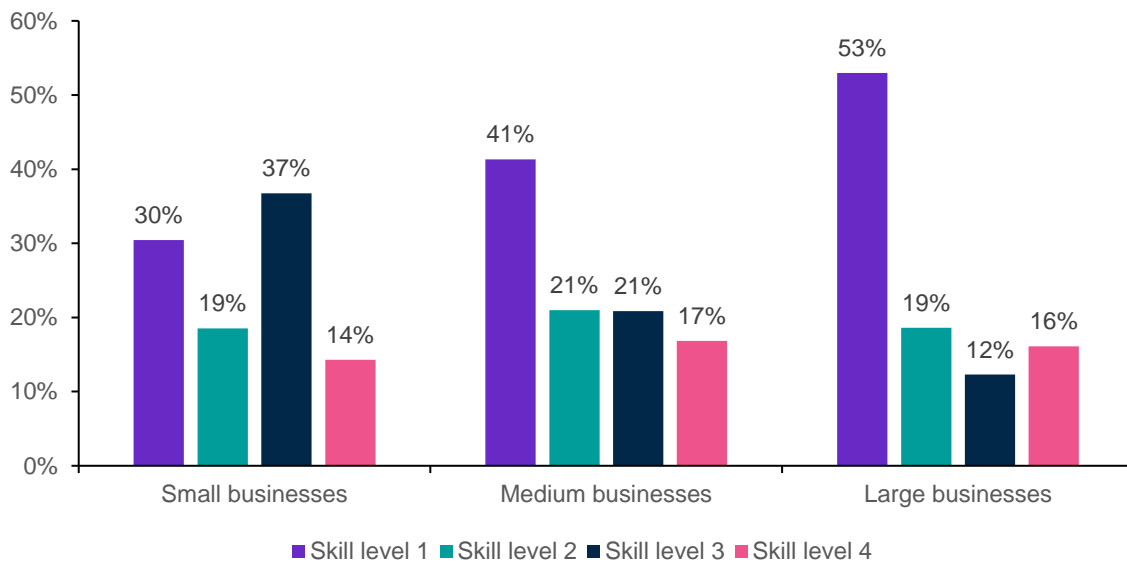
Figure 9: Duration of job advertising, 2020-21 to 2022-23



Source: Jobs and Skills Australia, Survey of Employers who have Recently Advertised.

The main reasons applicants were deemed unsuitable for a vacancy were similar across all business sizes, with lack of experience, qualifications, and specific skills being the most common. However, more applicants were deemed unsuitable by small businesses due to applicants' motivation for Centrelink Benefits. Between 2020-21 and 2022-23, the percentage of applicants found unsuitable due to their motivation for Centrelink Benefits was 5 to 7 percentage points higher among small businesses compared to large businesses.

Figure 10: Skill levels by business size, 2022-23



Source: Jobs and Skills Australia, Survey of Employers who have Recently Advertised.

This result may be partially driven by small business employers advertising, on average, lower skill level roles (with fewer barriers to entry) than medium or large businesses. SERA data highlights that in 2022-23:

- The percentage of all Skill Level 1-4 advertised vacancies that were for Skill Level 1 roles was significantly lower for small businesses (30%) than for medium (41%) and large businesses (53%) (Figure 10).
- The percentage of all Skill Level 1-4 advertised vacancies that were for Skill Level 3 roles was significantly higher for small businesses (37%) than for medium (21%) and large businesses (12%).

Small businesses also accounted for a larger share of job vacancies in Technicians and Trades workers, Sales Workers, and Labourers than the other business size groups. The percentage of lower skilled occupations within these major groups are much higher compared to Managers and Professionals.

Explanatory Notes

The Survey of Employers who have Recently Advertised (SERA) is designed for the specific purpose of assessing occupational shortages for skilled occupations and provides a direct measure of the employer experience when recruiting. The survey receives around 2,000 responses each quarter from employers who have advertised vacancies online. Only those occupations with a sufficient quarterly sample size are included for analysis in this report to ensure data changes are more reflective of labour market developments.

The survey covers occupations, as defined by [Australian and New Zealand Standard Classification of Occupations](#), generally requiring a university degree, trade apprenticeship or Certificate III or Certificate IV. As a result, the survey outcomes are reflective of occupations requiring post-school education and training.

The fill rate is used as a proxy for identifying occupations that may be in shortage: lower fill rates generally imply greater employer difficulties filling vacant positions. In contrast, higher fill rates suggest fewer challenges and in general, imply a lower likelihood of shortage.

Additional metrics collected in SERA include applicants on a per vacancy basis; the average number of total applicants; qualified applicants; suitable applicants; and the average years of labour market experience sought by employers (for definitions, refer to the following section). Movements in these variables add context to changes in fill rates over time.

Data found in Skilled Shortage Quarterly is not an indicator of occupations appearing on the 2023 Skills Priority List (SPL).

Caution should be exercised when interpreting data for Tasmania, the Northern Territory and the Australian Capital Territory given lower sample sizes.

Definitions of metrics

The fill rate is the percentage of vacancies employers advertised that were filled. The metric is calculated by dividing the number of filled vacancies by total advertised vacancies.

The average number of applicants per vacancy is calculated as the sum of the number of applicants divided by the sum of advertised vacancies.

The average number of qualified applicants per vacancy is calculated as the sum of the number of qualified applicants divided by the sum of advertised vacancies. Qualified applicants are the applicants who are assessed by employers as meeting the required qualification criteria of an advertised vacancy.

The average number of suitable applicants per vacancy is calculated as the sum of the number of suitable applicants divided by the sum of advertised vacancies. Suitable applicants are those who are deemed by employers to be suitable for the job advertised.

The average years of labour market experience sought by employer is the average number of years that employers require applicants to have spent in relevant occupations and is calculated as the mean of the years required per employer.

Metropolitan area refers to Capital City, while **Regional area** refers to Rest of State locations. Capital City and Rest of State areas are defined by the [Australian Statistical Geography Standard \(ASGS\): Volume 1 – Main Structure and Greater Capital City Statistical Areas](#), July 2016.

Suitability gap is the difference between the average number of qualified applicants per vacancy and the average number of suitable applicants per vacancy. A suitability gap greater than zero would mean that there are fewer suitable applicants than qualified applicants.

For more information, contact SkillsPriorityList@jobsandskills.gov.au.

Please refer to [Skills Shortages Analysis | Jobs and Skills Australia](#) for the 2023 SPL key findings reports, stakeholder submission snapshot, methodology paper and data.