

The Market: The Coming Tidal Wave

The proposed Resources Mining Profits Tax again cast a pawl over the WA employment market this month. With much of the rapid rebound in the employment market seen over the last two quarters being driven by the Mining sector, the uncertainty caused has again clearly had many management teams hitting the “wait and see” button when it comes to new recruitment hires. This itself has therefore had a knock on effect throughout the rest of the market. However, despite some employment decisions being put on hold until the uncertainty ends (and the new PM certainly seems to be making that her number one priority), there is still significant recruitment activity occurring. This is definitely creating the domino effect that we spoke about in April’s market update – whereby each job mover leaves behind a vacancy, which the next person gets, creating another vacancy...and so on. And bearing in mind that in June there have been twice as many adverts for Qualified Accountants in *The West Australian* than in any month prior this year, it is clear that the momentum is on the rise.

Whilst many employers we are feeling very confident about staff retention currently – having lost virtually no staff for the last two years – we would urge considerable caution as there is a tidal wave of movement fast approaching, and the unprepared manager could find themselves in a very awkward staffing position in as little as six months from now. The reasons for this are threefold:

- **Candidate Pool:** By historical standards, generally candidate pools are very strong currently. For the last two years many employees, who in the natural course of events would have moved on for career progression reasons, have stayed put due to the uncertainty caused by the GFC. Therefore there is currently an artificially high proportion of high calibre candidates on the market ready to move due to this pent up demand. This was clearly demonstrated this month when one assignment that we were handling for a client to source a Financial Controller produced a pool of over 100 applicants (with the associated problems that come from such a pool being the time taken to effectively screen so to ensure the best make it through). This time next year however we would expect that pool – even with Beilby’s access to front page *West Australian* advertising, and our vast knowledge base of existing candidates – to be as low as 10-15, as each one of those 100 secure a new role over the coming months (see the “domino effect” above), and very few new candidates coming in behind them
- **The Oil & Gas ‘Man-Up’:** The current recruitment surge is being driven by the Mining sector, however with the onset of massive projects coming online we are anticipating that the sector drive direct and associated sector recruitment needs as we move through the financial year.
- **The domino effect running its course:** Though they may not have shown any indication of leaving your organisation yet, according to the most recent statistics from *CareerOne* around 30% of your current staff are actively looking for new employment at present. As the domino effect takes hold, opportunities for them will arise with increasing frequency

It is our opinion that, assuming no major worldwide shocks occurs, the pace of employment activity will rapidly increase again in the new financial year and skills shortages to be seen in all sectors by the beginning of 2011. In most circumstances the old saying “The early bird catches the worm” will therefore be appropriate towards corporate recruitment strategy in the new financial year. However, as we have advised previously, all companies would be well advised to focus considerable energies towards their retention strategies, because ultimately, as the war for talent heats up in Western Australia, it will become a lot cheaper to retain valuable staff than it will be to replace them.

Please contact James Fairbairn on 08 9323 8888 for further information.