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BUSINESSES BOOST PAY AND CONDITIONS TO LURE SCARCE TALENT

Eight in 10 businesses have had to boost pay or offer better conditions over the past year to stay competitive in the battle for skilled workers.

The findings, contained in Business NSW's [State of Skills 2024](#) report, have prompted calls for the Federal Government to accelerate the number of skilled visas and reverse planned cuts to international students.

The report from NSW's peak business group reveals 77% of NSW employers are still facing significant skills shortages, down from 93% in 2022 but still above 51% in 2019 (pre-pandemic).

Business NSW CEO Daniel Hunter said finding the right workers remained incredibly challenging for businesses.

"Businesses are bending over backwards to hire and retain staff and that is being reflected in greater wages and better conditions," Mr Hunter said.

"To stay ahead, businesses are not only paying a premium but also innovating their approach, with 80% boosting pay or improving conditions. This up from 12% in 2017 and 47% in 2022.

"This trend reflects the intense pressure to adapt and secure skilled workers. Businesses are in a lose-lose for workers: they can't afford to hire people they need and there is not the pool of people to hire from."

More than a quarter of employers (28%) reported that they had made five or more attempts to recruit for a given role in the past 12 months.

"The Federal Government's decision to try and cut the number of international students in 2025 will make things much worse, like we saw during COVID," Mr Hunter said.

"The Federal Government needs to accelerate the number of skills visas. We must ensure filling skills shortages is data-driven not politics driven."

Mr Hunter said 36% of employers in shortage were relying on contractors and external service providers to bridge the gap, while others had resorted to getting 'back on the tools'.

The report also revealed a greater reliance on remote workers.

Business NSW is calling on the government to:

- enhance TAFE NSW as the standard for quality vocational education and training - alongside improving RTOs and universities - with strategic investments in facilities and priority fields

- expand childcare funding to create more places for parents, supporting workforce participation and early childhood development
- ensure access to vocational education in regional NSW, with incentives for local, innovative solutions via a Regional Skills Fund
- speed up visa processing and prioritise regional skilled visas to meet urgent sector needs, particularly in energy and agriculture; and
- collaborate with SMEs to create VET programs that meet industry needs and involve employers in training and development.

Key findings from the report include:

- 75% of businesses in shortage reported an increase in the workload being carried by existing staff, with many business owners having to 'get back on the tools' to keep the business running
- 77% of employers surveyed reported they had difficulty recruiting or were unable to recruit the people they need. This figure was 81% for employers with five or more staff
- 39% of employers anticipated significant negative impacts for their business if skill shortages continue
- 4% feared their business might not survive if they were unable to meet their skills needs
- 23% of employers in shortage indicated they lacked the additional capacity needed to supervise and train staff – a finding that has serious implications for sustaining a skilled economy and providing for future skilled workforce needs
- factors underlying difficulty in recruitment include difficulty in keeping pace with salary expectations, staff turnover, a lack of interest in available roles and location-based challenges. About half of all employers surveyed indicated they struggled to keep pace with wage or salary expectations (47% of all employers, and 52% of those in shortage).

About Business NSW

Formerly the NSW Business Chamber, **Business NSW** is the peak policy and advocacy body which has been representing businesses in NSW since 1826. We represent almost 50,000 businesses.

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MEDIA CONTACT: BEN PIKE – 0429 993 822

