

News Release

Monday, 18 April.

Skills shortages re-emerge due to rebuilding demands and resources boom

Serious national skills shortages are re-emerging after a brief oversupply in the December quarter as Australia faces increasing demands from the rebuilding phases after natural disasters this year and the ongoing resources boom, according to the latest Clarius Skills Index.

The March Index reports a net shortfall of 11,000 skilled workers across all occupation categories, predominantly in the Construction, Building and Engineering categories, across Professional, Associate Professional and Trades occupations.

Demand for skilled labour rose during the March quarter by 64,000 people (1.9 per cent) while supply increased by only 51,400 people (1.5 per cent). As a result, the Clarius Skills Index has risen in the March quarter, and remains firmly in the **balanced** range at **100.3**, up from 99.9.

Clarius COO Kym Quick, said as recovery moves into the rebuilding phase demands for construction, engineering and building skills will combine with the escalation of the resources boom in Western Australia and major IT projects to place a growing drain on the nation's available skills.

"This is shaping as a major national issue. WA's boom economy continues draw a range of skills. The impact of the floods, and cyclone in Queensland, has not fully translated into major shifts in labour demand or supply but they are now starting to emerge," she said.

"There are also pressures in the IT sector as three of the major banks spend \$4 billion dollars to upgrade their IT systems and the national NBN rollout, despite issues with 14 tenders, continues."

The Skills Index – prepared by KPMG Econtech – is the only measure of underlying demand and supply of skilled labour in Australia. An Index of 100 indicates a balanced labour market.

The March figures reverse the slight oversupply in December of 1,800 people across the 20 skilled occupation categories but represent only half the 21,300 shortage reported in the September quarter.

The main shortages are in Metal Trades (11,300), Automotive (8,300), Construction (2,600) and Wood (1,300) while there is a shortage of 400 in the Professional Associates category of Building and Engineering and of 2,200 Computing Professionals across the government and private sector.

There are oversupplies of skilled labour in Health, Social and Electronic occupation categories.

In some of the smaller Professional categories there have been significant increases in demand.

"There has been an increased demand of 16,000 accountants. This is a quite a jump considering there's a total of around 178,000 jobs for various types of accountants. The main areas of increase have been those related to revenue like accounts payable and receivable and payroll," Ms. Quick said.

"In Financial Services we are seeing a tightening of the market because of a reluctance of professionals in this category to chance their arm and explore other job opportunities. They tend to be cautious because of impact of global economic movements as well as what's happening in Australia."

Ms. Quick said there was also evidence of future frustrations for companies seeking specialised IT staff. "Rapid developments in the IT sector are leaving many candidates with dated IT skills, which are no longer in high demand. Some of the emerging skills are yet to be developed locally and this is placing some pressure on the issue of the government's policy on skilled migration," she explained.

She said there was also some uncertainty among employers stemming from two Federal Government proposals - the carbon tax and increased focus on workplace gender balance, particularly in the Mining, Construction and IT industries.

"It's vital for the nation's productivity that we increase the number of women in the workforce," Ms. Quick added.

"It's been estimated that closing the gap between male and female employment could boost Australia's GDP by 11 per cent and increase economic activity by over 20 per cent."

"We are told that the changes to reporting requirements for companies with more than 100 staff, and that includes full-time, part-time, casual, temporary employees and staff on contract from all subsidiaries, will be simpler. That's important. But it means managers must ensure they are fully aware of the proposed changes. I understand legislation will go into Federal Parliament later this year."

On government plans to introduce a carbon tax, Ms. Quick said employers were carefully monitoring the potential costs and, in some cases, the likely requirements to measure and manage any tax impositions. The occupations that are currently experiencing most shortages of skilled labour are:

- Metal Tradespersons (**108.9** in the Mar qtr; 105.6 in the Dec qtr)
- Chefs (**106.6** in the Mar qtr; 104.9 in the Dec qtr)
- Automotive Tradespersons (**106.1** in the Mar qtr; 103.4 in the Dec qtr)
- Wood Tradespersons (**103.2** in the Mar qtr; 101.4 in the Dec qtr)
- Food Tradespersons (**102.2** in the Mar qtr; 101.6 in the Dec qtr)
- Hairdressers (**101.6** in the Mar qtr; 101.6 in the Dec qtr)
- Computing Professionals (**101.1** in the Mar qtr; 100.7 in the Dec qtr)
- Construction Tradespersons (**100.7** in the Mar qtr; 101.2 in the Dec qtr)
- Building and Engineering Associate Professionals (**100.3** in the Mar qtr; 100.1 in the Dec qtr)
- Auditors (**100.1** in the Mar qtr; 100.3 in the Dec qtr)



Background and how the Clarius Skills Index works

The Clarius Skills Index analyses labour demand and supply, using labour force data supplied by the Australian Bureau of Statistics and the Department of Employment and Workplace Relations. The results are reflected in a skills barometer which applies a ranking to specific occupation categories. The index is updated and released quarterly.

The data is compiled and analysed by KPMG-Econtech on behalf of the Clarius Group.

A score of 100 indicates a balanced labour market. Anything greater than 105 on the skills shortage side of the Index is regarded as extreme. A score of 95 to 98 is moderate. Any disparities when comparing the published quarterly values of the Clarius Skills Index with the labour demand and supply people estimates are due to two factors.

First, the estimates of labour supply and demand are rounded to the nearest thousand in the body of the report, whereas the raw index is calculated using exact, unrounded numbers. Second, the skills index is seasonally adjusted to take into account the regular fluctuations through the year in the pattern of demand and supply for labour.

The Clarius Skills Index is produced quarterly so that government and business can keep a close eye on any skills trends that might be starting to emerge.

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Clarius Group employs over 300 staff through a network of offices located in Sydney, Melbourne, Brisbane, Perth, Adelaide and Canberra in Australia; Auckland and Wellington in New Zealand; Hong Kong, Beijing and Shanghai in China.

About KPMG Econtech

KPMG Econtech is one of Australia's leading independent economic consultancies specialising in economic modelling. Its work covers the key areas of industry economics, social policy, tax policy and economic forecasting in Australia and Asia.