

News Release

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Australia rolls from jobs slump to skills crisis says Clarius Skills Index

Australia has moved from a jobs slump to the brink of a skills crisis in just six months, according to the December quarter Clarius Skills Index, despite most leading economists predicting spiralling unemployment.

Released today, the Clarius Skills Index, which is the only measure of underlying demand and supply of skilled labour, revealed that as employers emerge from the bad dream that was the global financial crisis, they have quickly discovered an old nightmare hasn't gone away.

Skills shortages are again rapidly emerging in key industries, prompting Clarius Group – a leading ASX-listed recruitment company – to warn employers of an impending war for talent, potentially compromising labour requirements for key national projects.

The surplus of skilled workers that built up during the global financial crisis has receded in 17 of the 20 skilled occupation categories analysed in the last three months of 2009.

Clarius Group Executive General Manager, Kym Quick, said the number of skilled workers looking for full time positions today would be barely enough to fill the 18,000 centre court seats at Melbourne's Rod Laver Arena.

"The skilled labour shortage issue might have fallen off a cliff in March last year but it has dusted itself off in the last eight months and is now climbing back up the rock face faster than most recruitment experts would have predicted," Ms Quick said.

"The oversupply of skilled labour in all skilled occupation categories for the quarter was just over 17,000. That's down from 45,000 in the September quarter. It's a great result for job seekers but could mean some sleepless nights for employers and policymakers."

"Of most concern, is the underlying trend back to chronic skills shortages, which is moving the fastest among the building and engineering professionals and tradespeople who are so desperately needed to fulfil the nation's infrastructure agenda."

The Clarius Skills Index groups into three clusters the 20 skilled occupation categories it measures; professionals (e.g. engineers, surveyors, accountants, IT workers) associate professionals (e.g. chefs) and tradespersons. The Skills Index analyses labour demand against supply, using labour force data supplied by the Department of Employment and Workplace Relations and the Australian Bureau of Statistics.

A score of 100 in the Clarius Skills Index indicates equal tension between labour supply and demand. Anything greater than 105 on the skills shortage side of the Index is regarded as an extreme shortage. Between 102 and 105 is considered high. A balanced reading is between 99 and 101. A score of 95 to 98 is moderate. 95 or less is considered low.

Key findings for the December quarter Clarius Skills Index include:

- Nationally, there was a 0.8 per cent quarter on quarter increase to 99.0 seasonally adjusted - its highest level in six months. Labour supply outstrips demand by just 0.5 per cent or 17,000 skilled workers across the economy.
- Tradespersons recorded the largest group increase, up by 1.5% for the quarter to 98.7 (surplus 7,000 workers), seasonally adjusted. Associate professionals rose by a healthy 0.7% to 100.8 while professionals rose by 0.4% to 99.0.
- Chefs remain the occupation with the highest skills shortage indicator at a high 104.9 while metal tradespersons recorded the largest quarterly index increase of 2.8%.
- Building and engineering professionals rose by 1.5% to 100.5.
- Marketing and advertising professionals, medical and research associate professionals, were the most sluggish occupations in the economy – both recording slight dips in their Index readings.



Ms Quick said the rise in the overall index in the December quarter reflected an acceleration in recruitment activity, particularly in the second half of the quarter (end November and December).

“Over the last six months, firms have been preparing for expansion and those plans are now being implemented,” she said.

“In the short term, it is now expected that employees will begin playing ‘musical chairs’ seeking more attractive employment arrangements as Australia emerges from the global financial crisis.”

“Longer term, students cautioned by the impact of the GFC, are shown to be opting for careers with better longer term employment potential and subsequently re-shape the available skills market.”

“At the older end of the market, as ‘baby boomers’ reach retirement age, we are also going to face the loss of a lot of experience and intellectual property which will be hard to replace.”

“This is tempered to a degree by some nearing retirement reassessing their superannuation, and realising they need to continue working and are seeking retraining to extend their longevity in the workforce.”

Media contacts: John Hanrahan on 02 9692 8811 or 0411 212 965