



## **Media Release Embargo 18 May, 2009**

### **Skilled employment plunges in latest Clarius Skills Index**

Skilled employment has plunged to its lowest level since 2001 with a record 43,500 skilled workers joining the unemployment queues in the March quarter, according to the quarterly Clarius Skills Index released today.

Skilled worker unemployment surged to 133,700 in the March quarter 2009, up by 48.2% for the quarter (up from 90,200 in the December quarter 2008) and 38.6% over the year (up from 96,500 in the March quarter 2008).

These figures relate to the March quarter and therefore do not include the April labour force data, which showed a questionable 0.3% drop in the national unemployment rate.

Clarius Group Executive Manager, Kym Quick, said the drop reflects the shrinking economy and the imperative for fast government action.

"The important message in the Skills Index is in the underlying dynamic in the unemployment figures," Ms. Quick said.

"There will continue to be pressure on certain skill sets and to avoid mass unemployment within any given sector, stimulus must be targeted and strategic with the view to long term benefits and not 'quick fix' solutions.

"A significant problem exists in the unskilled market, but the trends we see from the index results give some insight into how the unemployed could be up-skilled to alleviate the pressure in some sectors.

"The general feel in the business community is that some softening of the downturn is starting to occur with both activity and confidence in the employment market being more positive. There are positive and negative connotations."

It's expected the \$22 billion commitment for infrastructure projects over the next six years, a projected 4.5% growth rate in two years and cuts to the skilled migration program may see demand for skilled labour hold up in some industries as the economy emerges from recession.

During the March quarter, the greatest easing was in the tradespersons occupational group, with a sharp fall in the number of vacancies being advertised in almost every occupation within this skill category.



The Clarius Skills Index for tradespersons fell from a high level of 103.7 in the December quarter 2008 to be balanced at 100.3 in the March quarter 2009. The most significant impact was in Electrical and Electronics trades (100.0 down to 97.9).

An index of 100 indicates equal tension of skilled labour supply and demand in the sectors.

In the Professional categories the fall was from 101.6 to 100.3 and Associate Professional categories down from 103.9 to 102.2.

Across Professional occupations, although estimated labour demand rose by a total of 13,800 additional filled or vacant positions in the quarter, the index fell due to the much larger rise in the estimated labour supply, which jumped by 56,400 persons from 1,792,000 to 1,848,400, reflecting higher unemployment.

There was a similar story in the Associate Professional occupations, with estimated labour demand rising slightly (up by 4,400 additional filled or vacant positions), but this was outweighed by the increase in the estimated labour supply, which was up by 10,600 persons from 229,700 persons to 240,300.

Accountants and auditors (100.8 down to 99.6) and Marketing and Advertising (98.7 to 97.9) sectors were specifically affected the economic pressures on business.

Clarius Group, a leading ASX-listed recruitment company, commissioned KPMG Econtech to analyse, index and forecast labour demand against labour supply across 19 occupation categories as defined by the Department of Employment and Workplace Relations and using Australian Bureau of Statistics labour force data.

Out of the 19 different occupations featured in the Clarius Skills Index, seven are now showing a skills index under 100, reflecting a higher number of unemployed workers than vacant skilled positions available. This is an increase from four out of the 19 occupations that had an index below 100 last quarter.

This is in sharp contrast to just a year ago when only two occupations recorded skills index values under 100, and 15 out of the 19 occupations had skills index readings that were classified as either high or extreme.

One of the key professional categories to be impacted is the computing industry.

The Clarius Skills Index for computing professionals fell by 2.2 per cent in the March quarter 2009, from a high reading of 103.3 back in December to be a balanced 101.1. As the global financial crisis has hit the business sector in Australia, most firms have put plans for additional recruitment on hold.

However, Immigration Minister Chris Evans has said the skilled immigration cuts would not be made to professions on the critical skills shortage list such as IT.



(See the Clarius Skills Index table and the top ten occupations with the highest level of skills shortages below)

**Background and how the Clarius Skills Index works:**

The Clarius 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.

The results are reflected in a skills barometer which applies a ranking to specific occupation categories which will be released quarterly.

A score of 100 indicates equal tension between labour supply and demand. Anything greater than 105 on the skills shortage side of the Index is regarded as extreme. A score of 95 to 98 is moderate.

The Clarius Skills Index is produced quarterly so that government and business can keep a very close eye on any skills trends that might otherwise get overshadowed by a downturn in the economy.

**Media contacts:**

John Hanrahan – 02 9692 8811 or 0411 212 965; Lotta Haegg on 02 9692 8811 or 0403 044 584

**About Clarius Group**

Clarius Group (ASX: CND) is a specialist in the employment services market providing recruitment, contractor and staff services in the information and communications technology, banking, finance, commercial accounting, library, records and senior management markets to governments and corporations across the Asia Pacific region.

Established over twenty four years ago and listed on the Australian Stock Exchange in 1997, Clarius Group has a reputation for high-quality delivery and remains one of the largest, longest standing and best performing recruitment suppliers in the region

**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.



**The top ten occupations with the highest levels of skills shortages are:**

March Quarter 2009	December Quarter 2008
1. Chefs	1. Chefs
2. Metal Tradespersons	2. Wood Tradespersons
3. Hairdressers	3. Metal Tradespersons
4. Health Professionals	4. Automotive Tradepersons
5. Food Tradespersons	5. Health professionals
6. Science Professionals	6. Building and Engineering
7. Computing Professionals	7. Hairdressers
8. Wood Tradespersons	8. Computing professionals
9. Building and Engineering Professionals	9. Construction Tradepersons
10. Automotive Tradespersons	10. Building and engineering associate professionals.

## Clarius Skills Index Shortage Index by Occupation<sup>1</sup>

	Skills Index					Labour Dem.	Labour Sup.
	(seasonally adjusted)					'000 persons	'000 persons
	Mar-02	Mar-06	Mar-08	Dec-08	Mar-09	Mar-09	Mar-09
<b>Professionals</b>	<b>98.6</b>	<b>100.2</b>	<b>102.3</b>	<b>101.6</b>	<b>100.3</b>	<b>1837</b>	<b>1848</b>
Science	98.3	99.8	101.8	102.6	101.8	83	82
Building and Engineering	99.2	101.9	105.1	103.4	100.8	192	193
Accountants & Auditors	99.6	100.9	101.7	100.8	99.6	187	190
Marketing & Advertising	97.4	98.0	98.8	98.7	97.9	93	96
Computing	98.8	101.4	104.1	103.3	101.1	204	203
Business & Information	97.6	98.4	99.8	99.0	98.5	183	187
Health	99.5	101.9	104.5	104.1	102.6	462	455
Social	97.7	98.5	100.4	99.4	98.7	433	443
<b>Associate Professionals</b>	<b>99.7</b>	<b>102.1</b>	<b>104.0</b>	<b>103.9</b>	<b>102.2</b>	<b>245</b>	<b>240</b>
Medical & Science	97.4	98.3	100.4	99.3	99.2	53	54
Building and Engineering	99.0	100.0	101.8	101.8	100.5	120	121
Chefs	103.1	109.2	110.6	112.1	108.0	71	66
<b>Tradespersons</b>	<b>95.9</b>	<b>101.2</b>	<b>104.8</b>	<b>103.7</b>	<b>100.3</b>	<b>1186</b>	<b>1188</b>
Metal	97.5	107.4	115.5	113.4	103.0	127	124
Automotive	95.9	101.5	104.8	102.9	100.8	166	165
Electrical & Electronics	94.8	99.4	101.5	100.0	97.9	278	285
Construction	95.7	100.0	103.7	103.0	100.2	396	398
Food	95.7	101.8	105.4	105.0	102.5	99	97
Printing	96.0	102.0	104.0	100.8	98.7	23	23
Wood	96.3	101.2	107.4	107.6	100.9	38	38
Hairdressers	97.8	102.7	104.9	103.6	103.0	59	58
<b>All</b>	<b>97.6</b>	<b>100.7</b>	<b>103.3</b>	<b>102.5</b>	<b>100.4</b>	<b>3267</b>	<b>3277</b>

Source: Clarius Group - KPMG Econtech Skills Index Model

<sup>1</sup> Note that the skills index figures have been seasonally adjusted, whereas the Labour Demand and Supply figures are in original terms. For further information on how the index is calculated, please refer to "Methodology, Definitions and References" on page 28.