



News Release

Monday, 19 April 2010

National skills crisis set to re-emerge as Clarius Skills Index reports further increase in demand

Australia's move towards yet another national skills shortage has been confirmed in the latest Clarius Skills Index, with demand for skilled labour reporting a significant upswing.

In the March quarter, 15 of the 20 skilled occupations measured in the Index reported an increase in demand with eight of those skilled categories showing demand exceeding the available labour.

The eight categories are Building and Engineering and Computer Professionals, Building and Engineering and Chefs in the Associate Professionals category and Metal, Automotive, Wood and Hairdressers in the Tradespersons categories, which all scored above 100 in the Index.

A score of 100 indicates equal tension between labour supply and demand. Anything greater than 100 indicates a skills shortage.

This follows significant increases in demand for 17 of the categories in the December 09 quarter.

Released today, the Clarius Skills Index – Australia's only measure of underlying demand and supply of skilled labour – indicates that employers, major infrastructure projects and Governments face significant challenges from an emerging skills shortage, particularly in the construction related industry and industries requiring computing skills.

The overall Index for 20 categories rose from 99.0 in the December quarter to **99.6** for the March quarter, compared with 98.3 in the September quarter and 98.9 in the June quarter, as the economy continues to emerge from the GFC.

Clarius Group Chief Operating Officer, Kym Quick, said today: "While the shortage of talent was a distant memory for many employers last year, we are quickly seeing it re-emerge as one of the most significant issues facing business.

"We are seeing major infrastructure projects and programs, such as the National Broadband Network and Building the Education Revolution program, already being affected by a lack of quality skilled staff in the construction and computing professions and trades.

"The Federal Government will be under growing pressure from a policy position and demands from employers, particularly in the big end of town, facing skills shortages and requiring clarity on the 457 Visa rules which many will feel need to be more flexible.

"We predicted a potential war for talent when the December quarter Index came out showing strong demand increases coming out of the GFC in those 17 occupation categories. Firms have been preparing for expansion. And we are seeing it now getting into full swing across a number of recruitment sectors," Ms. Quick said.



At the same time, recruiting policies are beginning to change, moving from internal appointments or the hiring of temporary staff, to external permanent hiring.

Quarterly rises among the occupational indices included the Metal Tradespersons (up 4.3 to **105.1**), Construction Tradespersons (up 1.4 to **99.8**), Building and Engineering Associate Professionals (up 0.5 to **100.5**), and Electrical/Electronics Tradespersons (up 0.6 to **97.0**).

These, in particular, reflect the impact of the government's Building Education Revolution stimulus package which is boosting demand in construction and related labour markets.

Computer skills are increasingly in short supply across a range of applications and industries with the Index for Computer Professionals rising from 99.8 to **100.6**.

The growth in demand for Metal Tradespersons was large enough to move it into first place in the list of occupations with the highest level of skills shortages.

They are displacing Chefs (Associate Professionals category) who have held top spot since 2008 but slipped this quarter by 0.3 to **104.5**.

Other upward trends include Automotive Tradespersons (who repair and maintain motor vehicle engines, electrical and electronic systems and bodies) which have shown a significant increase from 100 to **101.7** this quarter.

Demand for hairdressers has increased from 100.2 to **101.4** since the December quarter.

Less dramatic in their moves, both Accounting (up 0.7 to **99.2**) and Auditing (0.2 to **98.3**) Professionals have shown marginal increases in demand, though there is still a small oversupply in both professions.

Experienced professionals, in both categories, are in strong demand for senior positions.

There has been increased demand for Marketing and Advertising professionals, after a relative high of 99.2 in the beginning of 2007 which was followed by a slump throughout 2008 and 2009.

There are now signs of increased demand for this occupation, with the index up by 0.7 to **98.1** in the March quarter.

And there is a marginal increase in demand for Business and Information Professionals, up 0.8 to **98.5**.

(See the Clarius Skills Index table and the Top Ten occupations with the highest level of skills shortages in the full report. Previous quarters of the Clarius Skills Index summaries are also at the back of this Index report)



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.

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 very close eye on any skills trends that might otherwise get overshadowed by a downturn in the economy.

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