

Media Release

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Mounting skills shortages pressure wage demands and infrastructure budgets

Australia's major infrastructure projects, including the National Broadband Network and key transport, health and education infrastructure projects, face increased wage pressures as the shortage of skilled workers continues to grow.

According to the September quarter Clarius Skills Index, there was an overall shortage of skilled labour, with the Index of skilled workers rising from a moderate 98.3 in the September 2009 quarter to a **balanced** - bordering on high - reading of **100.6** for the September 2010 quarter.

A score of 100 indicates equal tension between labour supply and demand.

This translates into a shortage of approximately 21,300 skilled workers in the Australian labour market of almost 12 million people.

The report says that these large projects will generate further increases in demand for labour and if this increase is not met by supply, the skills shortage may widen and wages may rise for occupations that are directly sought for those infrastructure projects.

Ten of the 20 skilled occupation categories measured by the Clarius Skills Index are now experiencing shortages, and six are involved in aspects of infrastructure projects across the country.

They are Building and Engineering Professionals, Building and Engineering Associate Professionals, Construction Tradespersons, Metal Tradespersons, Automotive Tradespersons and Wood Tradespersons.

According to the Chief Operating Officer of the Clarius Group, Kym Quick, the increased demand that infrastructure projects generate could widen the gap between skills supply and demand.

"The shortages could seriously impact on the progress of a number of infrastructure projects including mining and exploration, hospital programs and important road upgrades. Apart from budget increases, it also takes time to find the right people," Ms Quick said.

"In addition to the potential implications on these infrastructure projects, we are also seeing competition for experienced, skilled workers placing pressure on the corporate sector.

"Some companies will pay whatever it takes to get the right person, but this has a wider affect on the market place forcing other companies to match their offers or miss out on key staff.

"And it raises, again, the issues of how the Federal Government is going open and encourage opportunities for up-skilling, the ability of key employers to bring in workers on 457 Visas and the flexibility of the SIR Visas for regional areas."

The Index, based on ABS and DEEWR data, is the only measure of supply and demand of skilled labour in Australia, shows that 13 of the 20 skilled occupation categories have increased demand.

The 10 occupations and index readings that are currently experiencing skilled labour shortages are listed below:

- Building and Engineering Professionals (100.5)
- Computing Professionals (101.4)
- Building and Engineering Associate Professionals (100.8)
- Metal Tradespersons (108.0)
- Automotive Tradespersons (104.5)
- Construction Tradespersons (102.7)
- Food Tradesperson (102.7)
- Wood Tradesperson (103.6)
- Chefs (108.5)
- Hairdressing Tradespersons (102.7)

Demand for Computing Professionals is up after decision making paused due to the delayed federal election outcome, with the Index for Computing Professionals continuing to rise, pushing the boundary of the **balanced** range to reach **101.4**.

This equated to a shortage of approximately 2,800 Computing Professionals in the September quarter.

The Index for Construction related occupations has also continued to rise, with Construction Tradespersons increasing by 0.8 per cent to a **high 102.7** from 101.9 in the June quarter and Building and Engineering Professionals increasing by 0.5 per cent to **100.5**, which equates to a shortfall of about 1,000 personnel in the Building and Engineering Professionals category.

And there is now moderate hiring activity in the Marketing and Advertising professional category as retailers develop and launch marketing campaigns.

Meanwhile, there is also ebb and flow in supply and demand in Accounting and Auditing categories, where recruitment is expected to pick up over the next six months.

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 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 close eye on any skills trends that might be starting to emerge.

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Clarius Group (ASX: CND) is a specialist in the employment services market providing recruitment, contractor and staffing services in the Accounting, Administration, Banking, Construction, Engineering, Finance, Information Management, Information Technology, Library, Marketing, Records, Sales and Senior Management markets to governments and corporations across the Asia Pacific region.

Established over twenty five years ago and listed on the Australian Securities 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.

Clarius Group operates through a number of quality specialist brands including:

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- Ignite Contractor Management Services
- Jav IT Managed IT Services and Professional IT

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.