

News Release

Monday, 7 November 2011

Major employment sectors to be hit by skills shortfalls

Australia's health sector is among three industries that will be substantially hit by a skills gap within the next decade and a half as the ageing workforce retires, according to the latest Clarius Skills Index.

Analysis undertaken by KPMG Econtech shows that based on current trends, for every 110 health professionals who retire, including GPs, nurses, pharmacists, vets and dietitians, there will only be 84 qualified people to replace them.

A similar situation is expected in education, with only 73 qualified people being available to fill every 107 jobs created by retirement. Engineering is another sector that will be hit by skills shortages, with 18 per cent of those employed now just a few years from retirement.

The September quarter Clarius Skills Index, the only measure of supply and demand of skilled labour, eased to a **balanced** ranking of **99.7**, with an additional 8,500 skilled people to jobs, from a perfectly balanced result of 100.0 in the June quarter.

Kym Quick, Chief Executive Officer of the Clarius Group of recruitment companies, said the easing of skills pressure reflected the moderating Australian economy and the uncertain outlook for growth.

"However, the Index does provide false comfort, as the skills gap are only closing as a result of the weak economy and not as a result of any real measures to address the problem of structural shortages," Ms Quick said.

"Negative sentiment is playing the biggest role in the demand for skills at present. Generally, there is a reluctance to take on permanent hires, but still enough demand that there is a gradual improvement in contractor and temporary staff demand.

"Among so much uncertainty, the one thing we can be sure of is that the market is cyclical and although this current cycle is unlike any other we have seen in recent times, there are clear indications it will recover and demand for skills will be higher than ever. The more confident and savvy operators are using this as an opportunity to shore up talent while it is available.

"But the reality now is that the problem of skills gaps persists in seven of the 20 occupations surveyed and will re-emerge for many others once the economy picks up pace and hiring follows suit.

"This will be further compounded as our ageing workforce reaches retirement."

She said that while in 1998 less than 8.3 per cent of the labour force was between 55 and 65 years, today it has almost doubled to 13.8 per cent.

“These workers will reach retirement age in 10 to 15 years, and with a growing economy, Australian employers need to either convince them to stay longer in the labour market or plan to replace them with younger qualified workers,” Ms. Quick said.

“The big challenge of meeting our economy’s labour needs is not only to secure the number of workers to sustain our growth but also to ensure the correct skills mix of workers.

“Many businesses are already working to keep their older skilled employees, but more initiatives are needed to encourage and incentivise them to stay while at the same time ensure skill levels and our knowledge economy are transferred and extended across the workforce.”

The three occupation groups, Professionals, Associate Professionals and Tradesperson, performed differently during the third quarter.

The Index for Professionals eased 0.4 per cent while the index for Associate Professionals tightened 0.5 per cent.

The Index for Tradespersons was unchanged during the September quarter. The group of occupations with skills shortages shrank from eight to seven; Building and Engineering Professionals’ Index dropped below 100.

The skills shortage intensified in the Metal Tradesperson category, and there is an excess demand of 14,500 persons. The gap widened from 10,900 in the June quarter. This occupation has had the largest skills shortage since the end of 2009, and the shortage has been extreme for the past seven quarters.

The occupations currently experiencing shortages of skilled labour are listed below:

- Mechanical and Fabrication Engineering Tradespersons (**112.2** in the Sep qtr; 108.9 in the Jun qtr);
- Chefs (**107.8** in the Sep qtr; 105.3 in the Jun qtr);
- Automotive Tradespersons (**103.7** in the Sep qtr; 103.8 in the Jun qtr);
- Hairdressers (**101.8** in the Sep qtr; 101.1 in the Jun qtr);
- Food Tradespersons (**101.1** in the Sep qtr; 101.8 in the Jun qtr);
- Computing Professionals (**100.4** in the Sep qtr; 100.5 in the Jun qtr); and
- Wood Tradespersons (**100.3** in the Sep qtr; 102.6 in the Jun qtr).