

**News Release** 

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## Economic uncertainty slows employers recruiting decisions, tightest in decade

Uncertainty about Australia's current and future economic conditions and the resulting cautionary approach to recruitment decisions has seen the latest Clarius Skills Index reach the closest tension between supply and demand of skilled labour in a decade.

According to the June Quarter Clarius Skills Index, released today, supply and demand of skilled labour across 20 occupation categories was at a perfectly balanced 100.0, despite there being shortages in some trades occupations.

The quarterly Clarius Skills Index, developed by KPMG Econtech, is the only measure of supply and demand of skilled labour and is based on ABS and DEEWR data.

Overall demand for skilled labour fell by 56,800 people (1.6 per cent) while supply fell 44,700 people (1.3 per cent).

This resulted in a net shortage of just 1,000 skilled people across all categories in the quarter compared with the March Index (100.3) which reported a shortfall of 11,000 skilled workers across all occupation categories.

Kym Quick, Chief Operating Officer of the Clarius Group, said it was evident from the Index and Clarius Group's own experience that employers are erring on the side of conservatism.

"As a result of the global economic situation and uncertainty about our own economy, which has been compounded by the Carbon Tax debate and stalk of interest rate rises, we are seeing employers pull back on their hiring intentions," Ms Quick said,

"This is evidenced by not only the Index but our own experience, with our clients in all of the areas we specialise in wanting to employ short-term contractors as opposed to full time employees," Ms Quick said.

Ms Quick said while the skills gap had closed, it was likely to re-emerge in the coming quarters, even if the uncertainty around the economy remained unchanged, as a result of the introduction of the Carbon Tax, greater investment in the Queensland rebuild efforts and continued resource sector investment.

"While employers don't consider the impacts of the Carbon Tax to be immediate, they do recognise it to be an important factor in future hiring patterns. However, it will likely create new jobs in the future and add pressure on the availability of skilled labour," Ms Quick said.

"On top of that we will see an increase in skilled labour demand as the rebuild efforts in Queensland ramp up and then there is the Federal Government's prediction of 500,000 new jobs to be created in the next two years, driven largely by resource sector investment."



Ms Quick said she expected the Carbon Tax and later a carbon-trading scheme would see a significant boost in demand for accountants, auditors and other professional service providers.

"One of the immediate concerns for businesses will be the development of an appropriate strategy to respond to the costs and opportunities posed by the Plan," Ms. Quick said.

"This will boost demand for professional advice from accountants, lawyers and other professional advisers as businesses seek to understand their obligations, minimise costs and capitalise on available government assistance.

"It will also create new opportunities in the IT space, manufacturing sector and research and development."

The June Clarius Skills Index reports that at the Occupation Group level, all of the group level indices fell back in the June quarter.

Professionals fell by 0.2 per cent; Associate Professionals by 0.4 per cent; and Tradespersons by 0.6 per cent. The Professionals Index remained in the **balanced** range at **99.1**, while the indices for Associate Professionals and Tradespersons (both 101.2) fell back into the **balanced** range.

Despite the softening of the market over the past quarter, a number of the skilled occupations covered in this report recorded skilled labour shortages, two of which are in the **extreme** range.

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

- Metal Tradespersons (108.9 shortfall of 10,900, in Jun/Mar qtrs)
- Chefs (105.3 shortfall of 3,900 in the Jun qtr; 106.6 in the Mar qtr)
- Automotive Tradespersons (103.8 shortfall of 5,900 in the Jun qtr; 106.1 in the Dec qtr)
- Wood Tradespersons (102.6 shortfall of 900 in the Jun qtr; 103.2 in the Mar qtr)
- Food Tradespersons (101.8 shortfall of 1,600 in the Jun qtr; 102.2 in the Mar qtr)
- Hairdressers (101.1 shortfall of 500 in the Jun gtr; 101.6 in the Mar gtr)
- Computing Professionals (100.5 shortfall of 1,100 n the Jun qtr; 101.1 in the Mar qtr)
- Building and Engineering Professionals (100.3 shortfall of 700 in the Jun gtr; 99.9 in the Mar gtr)

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## 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 a balanced labour market. 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.



Established over twenty seven years ago and listed on the Australian Securities Exchange in 1997, Clarius Group (ASX: CND) has a reputation for high-quality delivery and remains one of the largest, longest standing and best performing recruitment suppliers in the Asia Pacific region.

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

Alliance Recruitment Corporate Services and Financial Services

Candle Information Technology

• Lloyd Morgan Accounting, Banking and Finance

SouthTech Architecture, Construction, Consulting Engineers and Manufacturing

The One Umbrella Library and Records Management
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.