

**News Release**  
**Monday, 7 February.**

**Skills shortage reprieve short lived as natural disasters hit employment market**

The softening of Australia's skills shortage that was experienced in the last quarter of 2010 has already started to reverse, with the impacts of floods, fires and cyclones significantly increasing labour demand.

According to the 2010 December Quarter Clarius Skills Index, the increase in labour supply and fall in labour demand saw employment numbers move from a 21,300 shortfall in skilled labour to a slight oversupply of 1,800 people across 20 skilled occupation categories.

The Clarius Skills Index - prepared by KPMG Econtech – is the only measure of underlying demand and supply of skilled labour in Australia. An Index of 100 means indicates a balanced labour market. The December quarter Index was **99.9**, down from 100.6 in the September quarter.

According to Clarius COO Kym Quick, since the December Index, the demand for skilled labour is already above what is normally experienced in the early part of a year.

“While the threat of a skills shortage had a temporary reprieve, we expect recent natural disasters will quickly turn that around and we will have greater demand for skills stretching over several quarters.

“It is important that to alleviate the situation, the Government fast tracks both skills training programs and a greater flexibility of the skilled migrant visa program to meet escalating demands for skilled workers. We have been calling for changes to both for at least two years.”

Business optimism of employees over the December quarter saw a significant turnaround in the participation rate in the workforce with the supply of workers increasing at a faster rate than demand, leading to the highest participation rate on record since the series began in 1978<sup>1</sup>, reaching 66 per cent in November 2010.

The skills shortages remain in a number of occupations, including metal, construction and automotive trades and computing professionals, building and engineering professions.

Ms. Quick said that while the natural disaster impacts are causing sharp increases in demands for certain skills there is an economic upside to the disasters.

“The floods across the east coast, particularly in Queensland, are expected to have an immediate cost to the economy, estimated at \$30 billion<sup>2</sup>, including \$1.6 billion to repair and replace infrastructure and homes.

“But it is also likely to have a stimulatory effect for the construction and associated sectors as homes and infrastructure are rebuilt.”

She said the upskilling of the workforce, whether it is retraining opportunities or short-forming some specialist skills courses for first-time employees, was an imperative for the Australian economy.

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<sup>1</sup> [Australian Bureau of Statistics Labour Force Data \(Cat 6202.0\)](#)

<sup>2</sup> The Herald Sun *Counting cost of Queensland floods January 15 2010* available: <http://www.heraldsun.com.au/business/counting-cost-of-queensland-floods/story-e6frfh4f-1225988029312>

“Training programs also need to be reviewed to ensure high quality skills are maintained. Where practical, certain training programs through TAFE and other institutions should be reconfigured to respond to specific skills and labour demands,” Ms. Quick added.

“It’s time to act on both issues and for the state governments to support the federal government as quickly and as strongly as they can.”

Ms. Quick also noted that the resources boom has seen the demand for miners continue to increase, along with accountants and lawyers, as firms search for future leaders. In line with the increased demand, these occupations are expected to receive the highest pay increases in 2011<sup>3</sup>.

Occupations that are experiencing shortages of skilled labour in the December quarter are listed below, though in a number of cases the higher participations rates increased the number of people available or seeking work, and lowered their Index figures.

- Chefs (**104.9**; 108.5 in the Sept qtr)
- Metal Tradespersons (**105.6**; 108.0 in the Sept qtr)
- Automotive Tradespersons (**103.4**; 104.5 in the Sept qtr)
- Food Tradespersons (**101.6**; 102.7 in the Sep Qtr)
- Hairdressing Tradespersons (**101.6**; 102.7 in the Sep Qtr)

### **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.

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<sup>3</sup> Business Review Weekly *Where Salaries Soar* 13, January 2011

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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.

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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.