

# **Overview of demand for professionals, associate professionals and managers: South Australia – June 2008**

## **South Australian Economy**

State Treasury expects the South Australian economy to have grown by 3.75 per cent in 2007-08, which is 0.25 percentage points above the growth rate for Australia as a whole during the same period. Residential construction activity has remained buoyant and the amount of work done increased 8.2 per cent over the four quarters to March 2008. At the same time, business investment increased to its highest level on record in the March quarter and was 4.6 per cent higher through the year. Investment in mining was particularly strong during this period. Solid growth in employment and wages and rising house prices have all contributed to high levels of household consumption spending. Retail turnover grew at an annualised rate of almost ten per cent in the early months of 2008, while sales of new motor vehicles also remained solid. Despite relatively dry conditions and continuing irrigation entitlement restrictions, farm sector output increased significantly in 2007-08. Total production from South Australian field crops is estimated to be 67 per cent higher in 2007-08 compared to 2006-07, but still around 12 per cent below the five-year average.

While there are positive trends in construction, mining and retail, international competition and the strong Australian dollar continue to exert pressure on the state's manufacturing sector. There have been significant retrenchments in the automotive sector, most notably those arising from Mitsubishi's decision to close its production facility at Tonsley Park in March 2008. Developments have been more positive in SA's defence manufacturing sector, with local contractors benefiting from work associated with a number of projects, such as new Air Warfare Destroyers; construction of vehicles for the Australian Army; and the future Joint Strike Fighter.

The value of South Australian goods exports grew by 8.0 per cent to a total of \$9.9 billion in the twelve months to April 2008. Major contributors to growth were recorded from metals, wine and motor vehicle exports – the latter assisted by recent opportunities for Holden to export vehicles to the United States. Exports of education services continue to rise due to growth in South Australia's international student population.

## **Labour Market Developments**

Employment in South Australia grew by a solid 2.9 per cent through the year to May 2008. This was above the 2.5 per cent employment growth rate recorded for Australia as a whole over the same period. However, despite strong gains in South Australian employment during this period, there has been considerable variation in employment growth among different industries. In the twelve months to May 2007, ABS Labour Force Survey estimates (averaged over four quarters) show that employment growth was strongest in Government Administration and Defence (up 5750), Retail Trade (up 4800) and Personal and Other Services (up 4250). Employment in the Accommodation, Cafes and Restaurants also improved (up 2900).

In percentage terms, the Electricity, Gas and Water Supply industry recorded the strongest employment growth over the period, expanding by 21 per cent (up 1300). In contrast, employment fell in other industries including Education (down 2600) and Cultural and Recreational Services (down 1500).

## **12 Specialist Managers**

More than 40 per cent of engineering managers and around 85 per cent of production managers are employed in the manufacturing industry. Overall demand for both occupations has been subdued as a result of difficulties experienced in some sectors of the manufacturing industry (e.g. automotive manufacturing) and there is no evidence that production managers are currently in shortage within the state. However, mining-related manufacturing activity (such as iron and steel production) remains buoyant and demand for engineering managers to work in this sector has been difficult to satisfy due to specialised skill and experience requirements. A number of such positions have been unfilled for lengthy periods and therefore engineering managers with relevant skill sets are considered to be in shortage.

The child care industry continues to experience solid growth, with the total number of licensed child care centres increasing in 2007. Demand for child care co-ordinators – as measured by newspaper vacancies – increased by more than 20 per cent in 2007 following strong growth rates in the previous two years. The occupation also experiences relatively high wastage due to factors associated with pay and conditions. Difficulties were widely reported by child care centres attempting to recruit experienced child care co-ordinators and therefore the occupation has a current rating of shortage.

## **21 Science, Building and Engineering Professionals**

Despite some variation in demand among different engineering occupations, aggregate demand for engineering professionals remained relatively strong during 2007-08. Reduced demand due to difficulties experienced in some sectors of the manufacturing industry (e.g. automotive manufacturing) has been more than offset by growth in demand from mining, construction and defence-related manufacturing activity. Demand is likely to increase further in the future due to the anticipated commencement of a number of large projects including the possible expansion of the Olympic Dam mine and the construction of three Air Warfare Destroyers for the Royal Australian Navy.

Most engineering occupations were reported to be in shortage, including: civil engineer, electrical engineer, and mechanical engineer. Strong levels of construction activity combined with a lack of suitably qualified and experienced civil engineers to meet this demand were the main reasons for this occupation being in shortage. Electrical engineers with experience in electricity generation and transmission and those with significant electrical design experience were also in shortage due to high demand and low levels of occupational supply. Despite indications that mechanical engineers were in less demand than other engineering professionals, a high percentage of employers reported difficulty recruiting mechanical engineers with the required levels of experience.

Demand for agricultural scientists and advisors has been subdued in recent years due to the drought and a general decline in employment in agriculture, forestry and fishing. At the same time, the number of university graduates with relevant degrees has been falling, reducing the supply of appropriately trained professionals. Employers attempting to recruit experienced agricultural scientists and advisors reported significant difficulties, especially in rural areas of the state. Shortages may be exacerbated in the future as demand for advice on the environmental impacts of mining projects and potential effects of climate change increase.

## **22 Business and Information Professionals**

Since nearly all industry sectors employ business and information professionals, demand for these occupations can be influenced by a wide range of factors. These factors can best be examined using a broad measure such as Gross State Product (GSP). South Australian GSP is forecast to have grown at an annualised rate of 3.75 per cent in 2007-08, compared to 0.8 per cent in 2006-07, suggesting a significant improvement in overall demand conditions. In aggregate, there has been solid growth in the number of employed business professionals over the past year.

Employers reported recruitment difficulties in filling vacancies for accountants and external auditors possessing a minimum of two years relevant experience. Demand for accounting and audit services continues to rise, influenced by improving economic conditions across the state. There is also relatively high wastage of external auditors and this is a contributing factor to both demand and persistent recruitment difficulties for this occupation. The supply of university graduates for both occupations appears to be substantial and employers seeking new graduates reported no shortage of suitable applicants. Demand for both accountants and external auditors is expected to remain firm over the short-term and shortages of experienced workers are likely to continue.

## **23 Health Professionals**

Employment levels for health professionals is mostly impacted by population trends and demand for health services, e.g. hospitals, nursing homes and community health services. Health services are largely dependent on State and Australian Government health funding which has increased substantially over the past few years. Consequently, the number of employed health professionals has increased over the past year. Demand is also affected by the composition of the workforce. Many health professions are characterised by a growing proportion of young females who are more likely than males to have breaks in their careers for family reasons, and are more likely to work on a part-time and/or casual basis.

University completions in general nursing reached their highest level in a decade in 2007. However, the net supply of registered nurses from interstate and overseas immigration – a traditional source of supply – has declined. The nursing profession also experiences high levels of wastage. Despite an overall improvement in labour market conditions relative to a year ago, a significant percentage of employers reported difficulties recruiting experienced registered nurses and shortages persist. Similarly, a shortage of midwives is evident despite an apparent increase in training completions last year. Regional hospitals reported that it is particularly difficult to recruit nurses with dual qualifications in midwifery and general nursing. Registered mental health nurses are also in shortage primarily due to lower training rates over a prolonged period.

## **24 Education Professionals**

Demand for teachers correlates with the size of the student population. Over the past five years, there has been a reduction in the pre-primary and primary school age population in South Australia. In contrast, the population of secondary school students has increased over the same period. In four quarter average terms, the number of employed teachers (pre-primary, primary, secondary and special education) declined by around 1.5 per cent in the year to May 2007.

University commencements and completions data suggest that supply to the teaching professions has increased over the past few years and is likely to remain high in the medium term. Consequently, apart from some specialised secondary school subjects such as mathematics, science, home economics and design and technology studies, there are no reported labour market shortages.

## **25 Social, Arts and Miscellaneous Professionals**

Demand for student counsellors appears low and stable and there is an adequate supply of experienced workers to fill vacancies when they arise. A shortage of student counsellors is therefore not apparent.

There has been a steady increase in demand for solicitors, social workers, welfare workers, clinical psychologists and occupational health and safety officers in recent years. As a result, employment levels in these occupations have remained strong. At the same time, the supply of workers for these professions has either been maintained at sufficient levels or increased to meet demand. With the exception of clinical psychologists, employers report few difficulties filling vacancies for this group of occupations. The supply of qualified, experienced and registered clinical psychologists is below that needed to satisfy current demand and this occupation appears to be in shortage.

## **31 Science, Engineering and Related Associate Professionals**

Demand for agricultural technical officers has been affected by difficult conditions in the agriculture sector stemming from the drought. As a consequence, there are no reports of recruitment difficulties for this occupation. This situation may change, however, as the need for advice on the environmental impacts of mining projects and the potential effects of climate change increase.

There has been increasing demand for civil engineering and building associates in response to robust activity in mining, construction and defence-related manufacturing. Despite an increase in the level of training for both occupations, employers indicate that supply is not sufficient to meet the present level of demand. Shortages are also evident for electrical and electronic engineering associates, although recruitment difficulties appear to be more supply-side-related, rather than being driven by strong levels of employer demand. Demand for mechanical engineering associates has been in decline as a result of the difficulties in some sectors of the manufacturing industry (e.g. automotive), and there is no evidence that mechanical engineering associates are currently in shortage.

## **39 Other Associate Professionals**

Growth in employment of enrolled nurses has occurred in response to growing demand for health services such as hospitals, nursing homes and community health services. This growth is likely to continue over the foreseeable future, particularly given the ageing population. At the same time, there has been strong growth in occupational supply and recruitment difficulties for enrolled nurses are largely confined to the age care sector. In contrast, hospitals and community health centres are able to fill vacancies for enrolled nurses relatively easily.