

Overview of demand for managers, professionals and technicians: South Australia – June 2009

South Australian Economy

State Treasury estimates that the South Australian economy grew by 1.0 per cent in 2008-09, significantly below the 3.8 per cent growth rate recorded in 2007-08. Much of the reduction in economic growth can be attributed to the global recession, which dampened both consumer confidence and business investment following the onset of severe strains in global financial markets towards the end of 2008.

Key economic data show that total new private capital expenditure in SA peaked at a record level in the June quarter 2008, but declined in the three subsequent quarters up to March 2009. In year-on-year terms, new capital expenditure declined by over 7 per cent in the March quarter. Similarly, annualised growth in retail spending slowed in the latter part of 2008, although large federal government fiscal stimulus measures (implemented in December 2008 and April/May 2009) supported retail sales growth in the period to May. South Australian construction activity weakened through 2008-09. Total building approvals declined by 26 per cent in the twelve months to May 2009, including a 43 per cent reduction in non-residential project approvals. Estimates of actual construction work done show a 10 per cent fall in completed projects in the March quarter 2009, although in year-to-date terms activity remained relatively strong. Engineering construction activity recorded solid growth through 2008-09, with a 6 per cent increase in the value of work done in the March quarter.

The state's manufacturing sector continued to be hit hard during 2008-09, as domestic and export demand for manufactured products weakened as a result of the global recession. Significant numbers of retrenchments were reported during the year, particularly in the timber products and motor vehicle and components manufacturing sectors. Declining demand for mining commodities also resulted in some downsizing amongst firms with exposure to the global commodities market.

South Australian merchandise exports (12 month totals) declined for six successive months up to May 2009, largely due to a drop in demand for motor vehicles, wine and mineral products. However, a solid recovery in agriculture exports cushioned what would have been a more severe downturn in merchandise exports during this period. Over the year to May 2009, total South Australian merchandise exports were around 5 per cent lower, a significant turn-around compared to the double-digit growth rates experienced during the height of the commodities boom, up to mid-2008. Services exports continued to provide a positive stimulus to the local economy, due to a record number of overseas students residing in South Australia in the past year.

Labour Market Developments

Employment in South Australia grew by 0.9 per cent through the year to May 2009, compared with a national growth rate of 0.1 per cent over the same period. As at May 2009, South Australian employment (ABS Trend series) was at the highest level ever recorded. However, consistent with the slowdown in economic growth, full-time employment contracted 0.7 per cent through the year to May, while part-time employment increased 4.5 per cent over the same period.

Despite a modest rise in employment over the year to May 2009, unemployment increased by over 20 per cent, partly as a consequence of continuing high levels of labour force participation. The South Australian unemployment rate increased from 4.7 per cent to 5.6 per cent over the same period.

ABS estimates (averaged over four quarters) show the industries with the largest growth in employment in the year to May were Education and Training (+5900), Construction (+5400), and Health Care and Social Assistance (+3200). In contrast, there were large employment reductions in the Public Administration and Safety (-6600), Retail Trade (-5200) and Manufacturing (-3400) industries. Employment in the Mining industry declined by around 650 persons through the year to May 2009.

13 Specialist Managers

The South Australian construction industry experienced a softening in demand conditions during the latter half of 2008-09, with a noticeable decline in vacancies for Construction Project Managers compared with the previous year. Employers contacted by DEEWR confirmed that demand for Construction Project Managers eased in late 2008, as a number of large non-residential construction projects were put on hold due to the economic downturn. Whilst there was evidence that some vacancies advertised prior to the onset of the global recession were difficult to fill, the situation changed rapidly in early 2009 and recruitment difficulties appeared to dissipate quickly. Demand for Engineering Managers was also affected by the global economic downturn, due to the large proportion of the occupation employed in manufacturing (over 40 per cent). Employers who had recently advertised for Engineering Managers reported few difficulties sourcing experienced workers and there was a significant improvement in the vacancy fill rate compared with the previous employer survey. The labour market for Engineering Managers was therefore rated as not being in shortage.

23 Design, Engineering, Science and Transport Professionals

The labour market for Architects and Landscape Architects is influenced, to a large extent, by residential and non-residential construction activity. South Australian construction activity remained relatively strong through to the end of 2008, although signs emerged that activity would weaken going forward into 2009. Subsequent ABS data showed that total construction work done declined by around 10 per cent in the March quarter 2009. Nonetheless, aggregate employment of Architects and Landscape Architects increased over the four quarters to May 2009. DEEWR research undertaken in early 2009 indicated that there were no significant recruitment difficulties for either Architects or Landscape Architects, and there were no reports of unfilled vacancies for these occupations. The labour market for Surveyors was also assessed at this time, and employers reported difficulties sourcing experienced, qualified Surveyors when they advertised. However, shortages were confined to a small number of vacancies and did not appear to be widespread among employers surveyed.

Several professional engineering occupations were researched by DEEWR in the first half of 2009, with differing labour market outcomes. ABS data show that employment of Engineers remained reasonably stable over the four quarters to May 2009. However, demand for Engineers employed in the manufacturing and mining sectors generally declined in line with weaker economic conditions affecting these industries, principally due to the global recession. A survey of business activity levels by the Engineering Employer's Association of South Australia showed that conditions in the state's manufacturing sector deteriorated sharply through 2008-09, while media articles reported significant numbers of manufacturing employees were retrenched in SA during this period. Contact with employers revealed that demand conditions had softened significantly through the year and vacancy fill rates improved compared to earlier surveys. Consequently, there was no evidence of

recruitment difficulties in respect of Mechanical Engineers, Chemical Engineers and Production or Plant Engineers.

Engineering construction work remained buoyant up to the March quarter 2009. ABS data show that activity levels were supported during this period by significant levels of expenditure on roads, highways and subdivisions, electricity generation, and pipelines. Consequently, employers seeking Civil engineers reported difficulty sourcing experienced professionals at the time of the employer survey in March 2009. However, it was also reported that demand conditions were starting to weaken at around this time, in line with the general downturn in the economy. Vacancies for structural and transport engineers were fewer in number and there was no evidence that either occupation was in shortage at the time research was undertaken.

Despite evidence of a slowdown in traditional employing industries such as manufacturing, mining and engineering consultancy services, electrical and electronics engineers were both noted to be in shortage. Employers seeking electrical engineers with experience in the electricity generation and supply industry reported difficulty finding applicants with suitable skill levels and experience, and only a small percentage of vacancies for this occupation could be filled within reasonable timeframes. Similarly, a small number of hi-tech, niche manufacturing firms reported difficulty recruiting experienced Electronics Engineers. The supply of Electrical and Electronic Engineers from university training has been in decline for several years, contributing to current shortages for these occupations.

24 Education Professionals

Demand for Education Professionals is influenced by population and demographic trends, while the number of Education Professionals who choose to take long or short-term career breaks also impacts on demand. Population data show a decline in the SA pre-primary school age population, with a corresponding reduction in pre-school enrolments. At the same time, the supply of Early Childhood (Pre-primary School) Teachers has been rising. Contact with employers who had recently advertised for Early Childhood Teachers indicated that all positions had been filled without difficulty. Similarly, long term trends show a gradual decline in the South Australian primary school student population, while the supply of Primary School Teachers has been trending upwards. Contact with both government and non-government employers of primary school teaching professionals revealed that there was no difficulty recruiting suitable teachers when required, and Primary School Teachers were not regarded as being in shortage.

The secondary school student population has been rising slowly in recent years, partly due to higher school retention rates. The supply of Secondary School Teachers has risen at a slightly faster rate, resulting in a small reduction in the ratio of students to teachers. Neither the government nor non-government education sectors reported an overall shortage of secondary school teachers, with the vast majority of vacancies being filled without difficulty. However, there were a small number of subject specialisations for which the supply of experienced teachers was not always adequate, including mathematics, science, home economics and design and technology studies. There were also occasional difficulties filling teaching positions in some remote locations around the State. A number of strategies have been put in place by the South Australian Government to address these issues over time.

25 Health Professionals

Demand for Health Professionals has been rising due to the growth and ageing of the population. Health services are largely dependent on state and Australian Government health funding which has increased substantially over the past few years. 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.

Despite rising levels of demand for health services, aggregate employment of Health Professionals in SA remained largely unchanged over the year to May 2009. Of the occupations researched by DEEWR in the first half of 2009, shortages were identified in respect of Hospital Pharmacists and Registered Nurses. Whilst there was an improvement in the overall vacancy fill rate for Registered Nurses in 2009 compared to a year ago, they continued to leave the profession at a faster rate than they could be replaced. Shortages were especially noticeable for Midwives, Paediatric, Critical Care and Emergency, Medical, Mental Health, Perioperative, and Surgical Nurses. Employers continued to recruit large numbers of Registered Nurses from overseas in an attempt to ease nursing shortages in SA. There were no identified shortages for Dentists, Retail Pharmacists, Occupational Therapists or Physiotherapists, with all of these occupations recording improved vacancy fill rates compared to previous surveys.

27 Legal, Social and Welfare Professionals

There was a noticeable decline in demand for Solicitors in 2008 compared to a year earlier, while supply from university training continued to rise. There were no reports of significant recruitment difficulties from employers when hiring experienced Solicitors, although positions located in regional/remote locations around SA were slightly harder to fill. Overall, the majority of vacancies were filled within relatively short timeframes and solicitors were not regarded as being in shortage.

The labour market for student counsellors was also assessed by DEEWR in 2009. Demand for this occupation has been low and stable for a number of years, and the majority of recently advertised positions were for replacement workers, rather than due to employment growth. Employers reported an adequate number of suitable applicants in response to most job advertisements and recruitment difficulties in respect of student counsellors were not apparent.

312 Building and Engineering Technicians

Demand for this group of occupations is primarily influenced by activity levels in residential, non-residential and engineering construction and, to a lesser extent, manufacturing. Combined levels of residential and non-residential construction in SA remained relatively solid up to the end of 2008, although ABS data show a 10 per cent contraction in the amount of work done in the March quarter 2009. The value of engineering construction work done increased by 38 per cent in the March quarter, compared to the same period a year earlier. Conditions in the SA manufacturing sector deteriorated in 2008-09 due to the onset of the global recession. Domestic and export demand for manufactured goods declined accordingly, with associated negative effects on manufacturing activity and employment.

DEEWR's survey of employers who had advertised for Building and Engineering Technicians in the period from February to March 2009, showed that there were no recruitment difficulties for Architectural Draftspersons, Building Associates, Electrical and Electronic Engineering

Draftspersons and Technicians, or Mechanical Engineering Draftspersons and Technicians. However, despite acknowledgements from employers that a downturn in construction activity was underway, it was reported that Construction Estimators with sufficient levels of experience and relevant qualifications were difficult to find. Similarly, a high proportion of vacancies for experienced Civil Engineering Draftspersons and Technicians were unfilled at the time research was undertaken, and this occupation was also considered to be in shortage.

41 Health and Welfare Support workers

The labour market for enrolled nurses (ANZSCO 411411) was also assessed by DEEWR in the first half of 2009. Demand for enrolled nurses was noted to have declined during the year to May 2009, and employers in the hospital sector reported no difficulty recruiting enrolled nurses when they advertised. Consequently, there was a significant improvement in the vacancy fill rate for this occupation in 2009, compared to a year earlier. However, a number of aged care facilities reported having unfilled vacancies for enrolled nurses, although this was largely due to issues surrounding wages and job satisfaction levels.