



Michael Page Employment Index Quarter 3, 2011

Australia

Executive Overview

Key Findings

Employers in Australia are sustaining their hiring activity over coming months to complete another quarter of positive jobs growth. Some 28% of the companies surveyed plan to expand their headcount during the third quarter, with most recruitment (51%) occurring in revenue generating areas like sales and business development. A further 35% of employers are looking to boost their back office capacity to support increasing levels of business activity.

The ongoing skills shortage is placing pressure on companies to retain their key staff. Some 31% of the employers surveyed will be placing a major focus on staff retention over coming months. For most companies, training and development opportunities (38%) or flexible working arrangements (26%) will be provided as incentives for top performers to remain with their business.

The issue of talent management is of particular concern to companies that operate in Western Australia and Queensland. Almost half of the employers surveyed from these states believe that the resources boom is making it more difficult to attract and retain talent. For sectors experiencing significant professional skills shortages, such as mining and resources, the acquisition and retention of top performers is especially challenging.

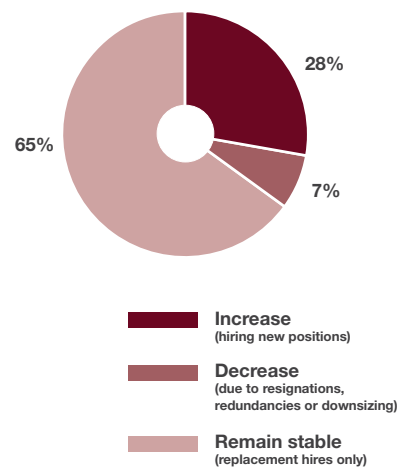
For most employers (32%), the strength of the Australian dollar was identified as a key area of concern in the third quarter. For companies that rely on export markets, a strong Australian dollar is impacting trading levels. Other business challenges impacting employers over coming months include the attraction and retention of talent and the consequent issue of rising payroll costs.

Most employers surveyed are positive about the strength of domestic economic conditions. Some 70% of respondents predict business conditions in Australia will remain stable over coming months, with the national unemployment rate also expected to remain steady.

Methodology

The Michael Page Employment Index provides a snapshot of hiring and business confidence trends for the white-collar employment market in Australia. The online survey is distributed quarterly to a group of more than 2000 senior human resources professionals and hiring managers. The report is predictive and focuses on anticipated trends for the quarter ahead, rather than an analysis of historical employment data such as job advertisement numbers. Respondents work across a broad range of professional sectors and are surveyed on a standard set of employment indicators, as well as a selection of topical questions to reflect current market developments.

Predicted staff numbers for Q3



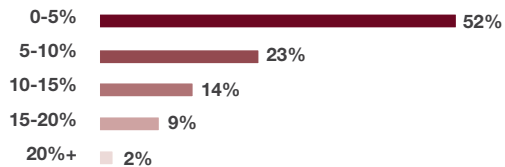
“Resources boom impacts staffing in WA and QLD”

Companies increasing headcount in Q3

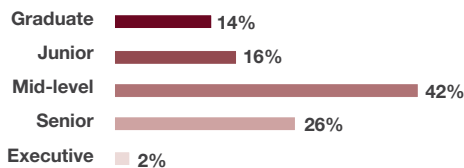
The consistent hiring activity we have seen across professional markets in Australia will continue in the third quarter of 2011, with 28% of the companies surveyed set to increase staff numbers during this period. Over half of all respondents are focusing their investment on front line, revenue generating roles in areas like sales and account management. A further 35% of companies are looking to boost their back office capacity in areas like finance and IT in order support increasing levels of business activity.

The majority of companies expanding their headcount in the third quarter are recruiting at mid and senior levels. Whilst most employers (52%) are planning a moderate increase to staff numbers (0-5%), some 23% are looking toward more considerable increases of between 5-10%.

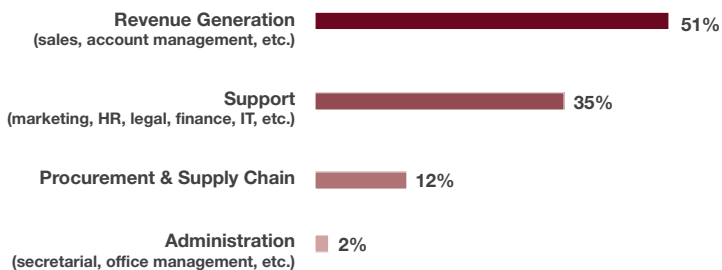
Anticipated headcount increase



Hiring focus by level of experience



Hiring focus by business function



42%

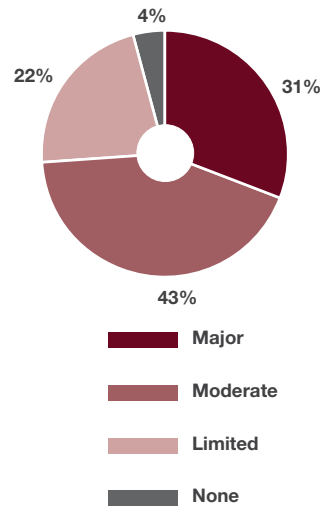
of companies hiring new staff are focusing on mid-level positions.

Talent Management

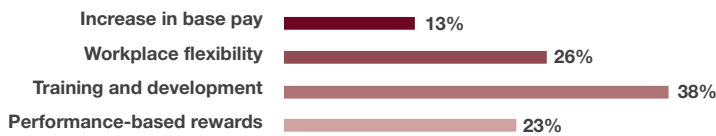
As the professional labour market tightens across Australia, employers will need to work harder to attract and retain the best talent in the market. Whilst most companies (43%) do not expect staff turnover levels to fluctuate significantly over coming months, some 34% are predicting increased employee movement as professionals continue to take advantage of new opportunities.

Of the companies surveyed for this report, 31% will be placing a major focus on staff retention in the third quarter. To help retain their most valuable staff, most companies (38%) will be providing training and development opportunities. Flexible working arrangements (26%) and performance-based rewards (23%) are also common strategies used by employers as incentives for top performers to remain with their business.

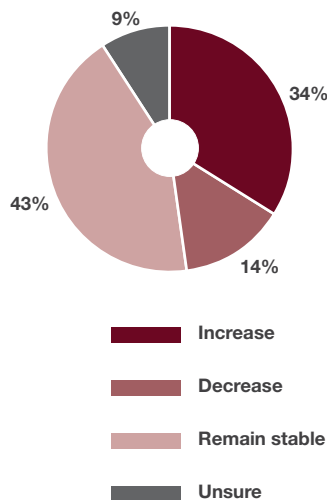
Level of focus on staff retention



Key retention strategies for Q3



Predicted staff turnover in Q3



31%

of companies are placing a major focus on staff retention in Q3.

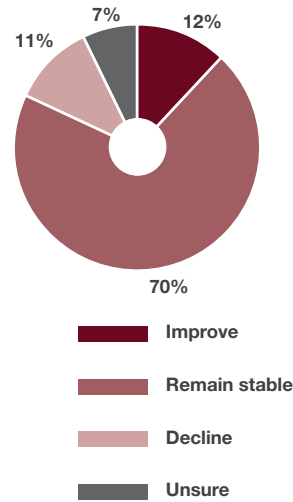
Market Outlook

Most employers in Australia remain positive about business conditions following 12 months of steady economic growth. Whilst the vast majority of companies (70%) expect the domestic business environment will remain stable over coming months, an element of caution remains in the current market.

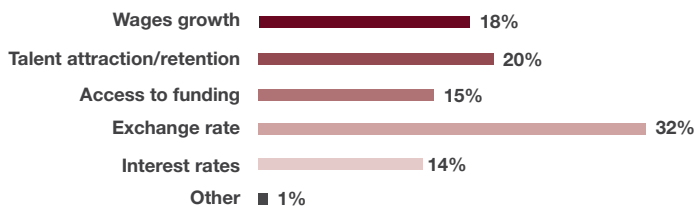
For 32% of the employers surveyed in this report, the strength of the Australian dollar was nominated as the primary issue confronting their business in the third quarter. This was followed by concerns around talent attraction and retention (20%), wages growth (18%) and access to funding (15%).

Most export companies surveyed (21%) are unsure as to whether global demand for their products/services will improve in the third quarter. This suggests that a level of uncertainty still exists around the strength of global business conditions. A further 15% of companies reported a more optimistic outlook, with the expectation that international demand for their products/services will increase during this period.

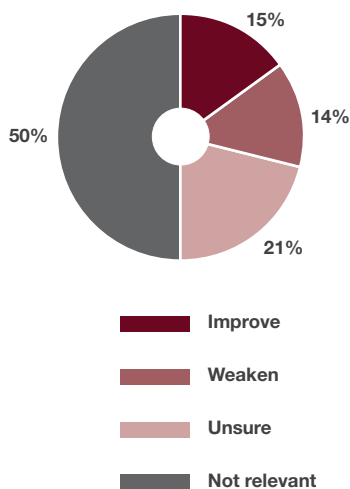
Predicted business conditions for Q3



Key business concerns for Q3



Global demand for your products/services in Q3



70%
of employers expect business conditions to remain stable in Q3.

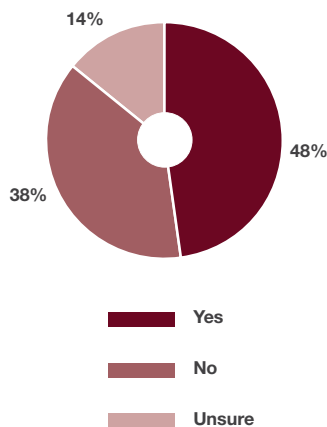
Market Outlook

cont'd

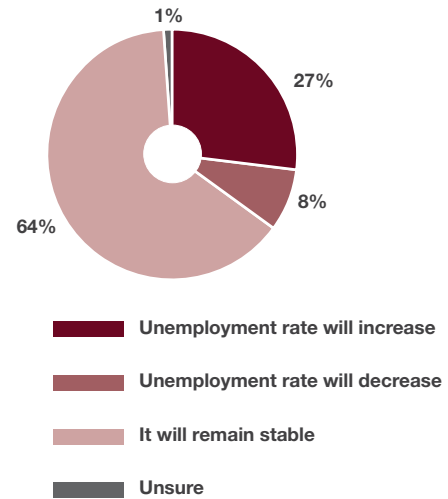
Sustained jobs growth has seen the Australian unemployment rate remain relatively steady over the first six months of the year. The majority of companies surveyed for this report (64%) expect this trend to continue for the remainder of the year.

Whilst talent management remains a general business concern across the country, it is especially high on the agenda for companies with operations in Western Australia and Queensland. Almost half of the employers surveyed believe that the resources boom is making it more difficult to attract and retain talent in these states. In the mining and resources sector in particular, the demand for professional skills is far outweighing supply, which is increasing the pressure on employers to have strong attraction and retention strategies in place.

The resources boom is impacting attraction and retention in WA and QLD



Change in unemployment rate over the next six months



48%

of employers say the resources boom in WA & QLD is making attraction and retention more difficult.

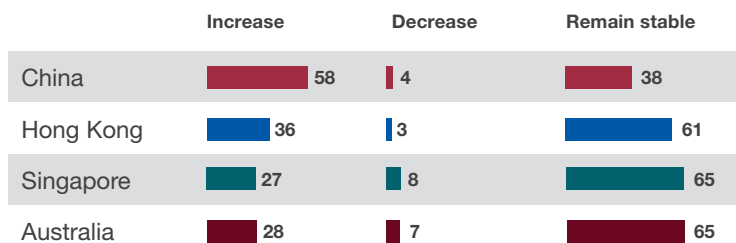
Regional Trends

Strong jobs growth in the professional employment market is set to continue across the Asia Pacific region over the third quarter of 2011. China is at the forefront of jobs growth, with 58% of respondents intending to increase their staff numbers during this period. This compares to 36% of employers in Hong Kong, 28% in Australia and 27% in Singapore.

As the professional employment market continues to strengthen, employees are becoming less cautious about

a career move and are actively looking for their next opportunity. Employers will need to have strong retention strategies in place in order to keep their best performers at a time when their skills are crucial to supporting business growth. Some 44% of the companies surveyed in Hong Kong are placing a major focus on staff retention in the third quarter, followed by 41% in Singapore, 40% in China and 31% in Australia.

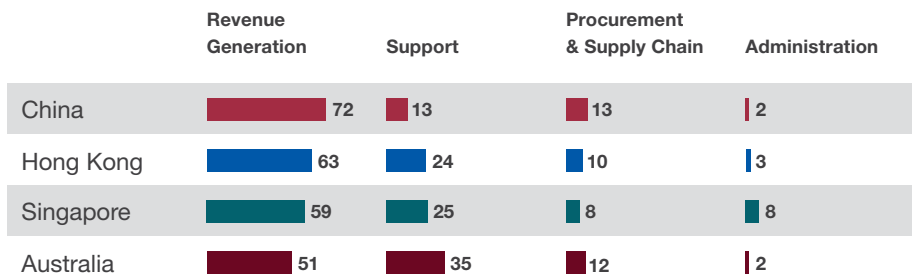
Predicted staff numbers for Q3 (%)



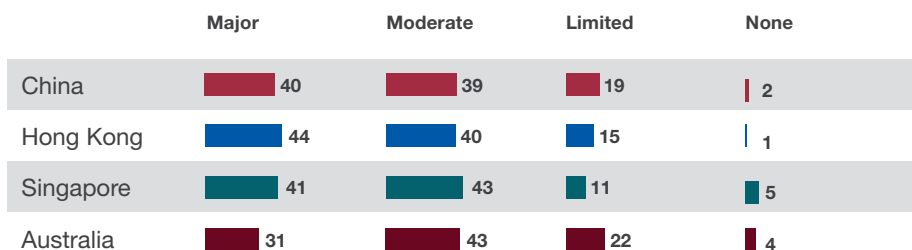
NOTE:

- Increase = hiring new positions
- Decrease = due to resignations, redundancies or downsizing
- Remain stable = replacement hires only

Hiring focus by business function (%)



Level of focus on staff retention (%)



Regional Trends

cont'd

Employers across Asia Pacific are largely positive about the strength of the global economic recovery. Respondents in China are the most optimistic about economic conditions, with 53% believing the recovery will continue at the current pace over the next 12 months. This compares to 51% of employers in Australia, 50% in Hong Kong and 44% in Singapore.

Rising payroll costs continue to be a key business concern for employers across the region. Almost half of the companies surveyed in Hong Kong consider wages growth to be the primary business challenge in the third quarter. This compares to 41% of employers in China and 39% in Singapore. For most Australian respondents (32%), the strength of the Australian dollar was nominated as the primary business concern.

Predicted staff turnover in Q3 (%)

	Increase	Decrease	Remain stable	Unsure
China	30	25	33	12
Hong Kong	28	26	38	8
Singapore	13	23	48	16
Australia	34	14	43	9

Global economic recovery over the next 12 months (%)

	Another downturn is highly likely	Another downturn is quite likely	Recovery will continue at current pace	Recovery will strengthen	Unsure
China	2	19	53	15	11
Hong Kong	2	15	50	14	19
Singapore	4	17	48	12	19
Australia	8	21	51	6	14

Key business concerns for Q3 (%)

	Wages growth	Talent attraction/retention	Access to funding	Exchange rate	Interest rate	Other
China	41	24	16	6	9	4
Hong Kong	48	19	11	14	2	6
Singapore	39	33	14	11	2	1
Australia	18	20	15	32	14	1

Office Locations

Sydney - CBD

Level 7
1 Margaret Street
Sydney, NSW 2000
Tel + 61 2 8292 2000
Fax + 61 2 8292 2001
enquiries@michaelpage.com.au

Sydney - North Shore

Level 6, Tower B , Zenith Centre
821 Pacific Highway
Chatswood, NSW 2067
Tel + 61 2 8292 2500
Fax + 61 2 8292 2501
enquiries@michaelpage.com.au

Sydney - West

Level 9
79 George Street
Parramatta, NSW 2150
Tel + 61 2 8836 0700
Fax + 61 2 8836 0701
enquiries@michaelpage.com.au

Melbourne - CBD

Level 19
600 Bourke Street
Melbourne, VIC 3000
Tel + 61 3 9607 5600
Fax + 61 3 9607 5666
enquiries@michaelpage.com.au

Melbourne - South East

Suite 10, Level 2
622 Ferntree Gully Road
Wheelers Hill, VIC 3150
Tel + 61 3 8562 5400
Fax + 61 3 8562 5499
enquiries@michaelpage.com.au

Brisbane

Level 5
100 Creek Street
Brisbane, QLD 4000
Tel + 61 7 3414 6100
Fax + 61 7 3414 6101
enquiries@michaelpage.com.au

Perth

Level 4
181 St George's Terrace
Perth, WA 6000
Tel + 61 8 9215 9500
Fax + 61 8 9215 9599
enquiries@michaelpage.com.au

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