



## **EMPLOYMENT MARKET OVERVIEW**

The white-collar employment market is beginning to stabilise but this is not translating into new job creation. Our annual employment survey, which this year includes responses from over 400 senior managers from Australia's corporate sector, reveals 51% of respondents believe their headcount will not be reduced further over the next 12 months. This suggests employment levels are stabilising after the sharp cuts that occurred in sectors such as financial services during the second half of 2008.

While this is an encouraging sign it points to employment market stabilisation rather than recovery. For a recovery to occur new jobs must be created and only 16% of respondents believe this will happen over the year ahead. Business confidence levels are still too low for employers to invest in new job creation. Only 49% of respondents predict improved conditions by the end of 2009, with 27% forecasting no improvement and 24% still unsure.

The permanent recruitment market has been most heavily impacted by the fall in business confidence. Contracting has proved

more resilient, particularly in the professions where permanent employment has been hardest hit by the economic downturn. We are starting to see an increase in contract roles within financial services in Australia and more broadly across the UK and US markets. These are encouraging signs because in previous downturns the sectors that led us out of the downturn were the ones to lead us out.

Events over the last 12 months have temporarily obscured the skills shortage but employers still recognise the importance of staff retention. To avoid staff cuts many companies have pursued alternative strategies of payroll cost reduction. Our employment survey reveals 35% of companies have frozen salaries, 18% have implemented forced paid leave and 9% have reduced working hours.

The focus of staff retention strategies must change to reflect the economic downturn. In contrast to previous years in which financial incentives rated highly, employees are now looking for leadership and direction during uncertain times. Of our survey respondents, 51% rated leadership as the

most effective staff engagement strategy in the current environment, followed by transparent communication at 31%.

Our advice to employers is that staff retention is even more important during a downturn. Companies should not operate on the assumption that the skills lost will be readily available when they are required again. Commercial and business development capabilities, as well as sales and marketing functions, need to be established ahead of the next market upturn. Our experience of previous downturns shows the companies that continue to invest in these business critical functions gain market share in the first stage of the upturn.

Hiring activity will remain cautionary for the second half of 2009 and this will be reflected in reduced salary pressure. Permanent salaries are remaining constant but we anticipate any increases to be 1% - 3% with bonus components typically being reduced. Contracting rates are proving to be more resilient and will increase before permanent salaries when market conditions improve.

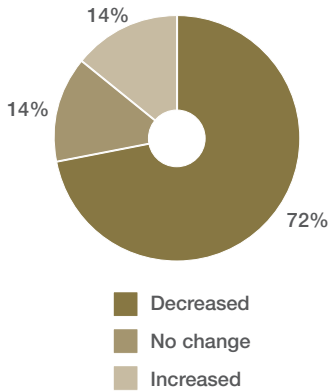
## **SECTOR TRENDS – MINING & RESOURCES**

- We are seeing little hiring activity across the industry within both production and exploration areas. Unfortunately, with both overseas and industrial demand for product declining over the last six months, local workforces have had to reduce in line with this downturn in demand.
- On a positive note, the mining and resources labour force will spike as soon as demand from overseas increases again reflecting the boom/bust nature of this market.
- Both markets have reduced dramatically, however contracting shows more signs of life than permanent with the most activity around maintenance/operational engineering and technical roles.
- For employees with specialist skills looking to move roles, salary levels are mostly remaining at 2008 levels. Unfortunately this is not the case for out of work professionals, who are likely to face a 20% pay cut as employers take advantage of the fact they no longer have to pay the type of large salaries to attract talent as has been observed in recent years.
- Bonuses for senior management are still offered, however these are marginal in comparison to previous years.

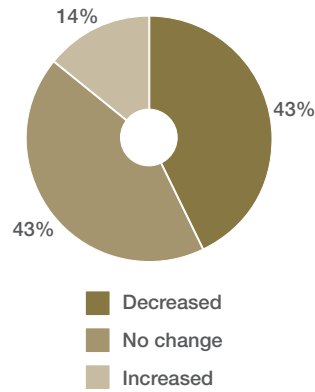


**MARKET RESEARCH RESULTS**

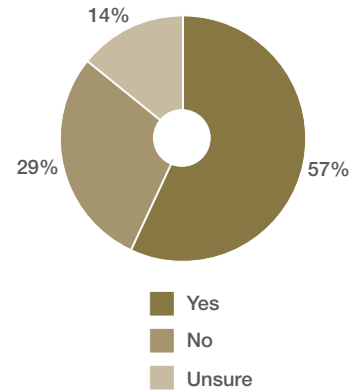
Over the last six months, how has your headcount been impacted by the global economic downturn?



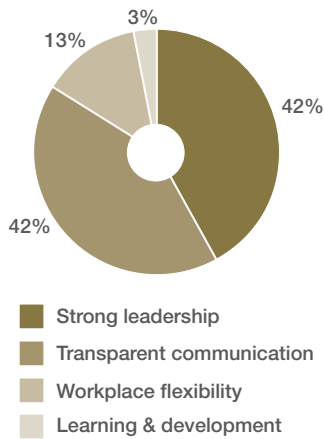
In the next 12 months, how do you see your headcount being impacted?



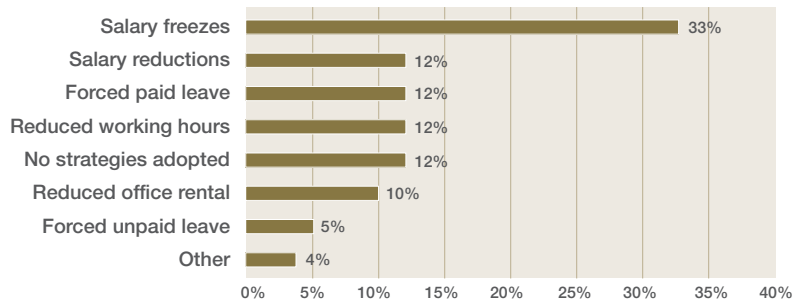
Do you anticipate business conditions will start to improve by the end of 2009?



What employee engagement strategies are proving most effective in the current environment?



What strategies has your organisation implemented to avoid job cuts?





## SALARY TABLES

State	WA	WA	QLD	QLD
Size of Company	Sm/Med	Large	Sm/Med	Large
Salary	\$'000	\$'000	\$'000	\$'000
<b>DESIGN &amp; CONSULTING</b>				
Graduate Engineer	55-65	60-70	50-60	55-70
Design Engineer	75-115	80-120	75-105	95-115
Senior Design Engineer	120-160	130-170	120-135	125-140
Lead Engineer	140-175	160-190	135-160	150-180
Principal Engineer	160-190	170-220	160-190	170-220
Engineering Manager	160-200	190-240	145-160	165-185
<b>PROJECT MANAGEMENT &amp; CONSTRUCTION</b>				
Field/Site Engineer	80-140	100-160	90-130	110-140
Construction Manager	180-210	220-260	170-210	200-240
Project Engineer	85-130	100-140	75-105	95-115
Senior Project Engineer	125-155	130-160	120-135	125-140
Project Manager	160-220	180-240	180-220	200-250
Project Director	N/A	250-320	N/A	250-300
Senior Planning Engineer	130-150	135-165	110-140	130-155
Senior Cost Engineer/Estimator	110-140	125-150	100-135	120-150
Project Controls Manager	160-190	170-210	150-180	170-200
Senior Contracts Engineer	130-150	140-180	110-140	130-155
Contracts Manager	160-190	170-220	150-180	170-200
<b>OPERATIONS &amp; TECHNICAL</b>				
Graduate Engineer	60-85	70-90	60-75	60-80
Process/Metallurgist/Mechanical/Electrical Engineer	75-110	80-120	70-110	80-120
Senior Process/Metallurgist/Mechanical/Electrical Engineer	110-140	120-160	110-140	80-120
Maintenance/Reliability Engineer	90-110	120-145	75-100	80-110
Maintenance Superintendent	110-140	140-160	110-135	140-160
Project Engineer	85-120	100-130	60-90	75-105
Senior Project Engineer	110-135	130-155	80-115	90-125
Projects Superintendent	130-160	140-180	95-120	120-140
Maintenance Manager	140-175	170-230	130-170	160-200
Engineering Manager	140-190	170-240	130-170	160-200
Process/Metallurgy Manager	160-180	180-230	150-180	160-220
Mining Engineer	90-120	90-120	80-110	90-120
Senior Mining Engineer	115-145	125-160	110-140	120-150
Mining Superintendent	140-180	150-190	130-170	150-185
Mine Manager	180-200	200-240	180-200	200-240
Geologist	60-90	80-110	55-85	75-105
Senior Geologist	100-120	110-230	95-115	105-225
Exploration Manager	120-150	140-200	115-145	135-195
Geology Manager	160-190	180-220	155-185	175-215
General Manager	220-250	250-300	215-245	245-295
Operations Manager	250-300	300-350	245-295	295-345
Technical Services Manager	N/A	190-230	N/A	185-225

Please note:

- Salaries indicated are inclusive of superannuation, but exclusive of bonus/incentive schemes.
- Small to medium companies are defined as having a turnover of less than \$250 million. Large companies are defined as having a turnover of more than \$250 million.
- Roles marked N/A are not commonly found in small to medium companies.



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