



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 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.

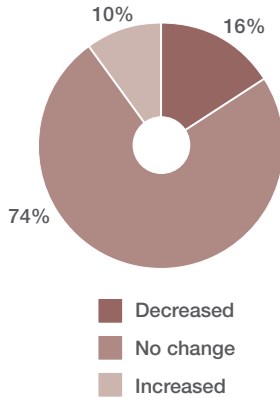
SECTOR TRENDS – PROCUREMENT

- There is ongoing demand for procurement professionals in Sydney and Melbourne, while other states have experienced sharper downturns.
- The contracting market is proving resilient, particularly at junior and executive levels. On the permanent side, some employers are taking advantage of volatile market conditions by recruiting experienced professionals with skills that were scarce 12 months ago such as indirect and direct category management, business transformation and contract management skills.
- Demand for specific skills include business transformation and improvement program experience, strong stakeholder management (internal and external) and internal process improvement. Industry specific or project specialist at the middle to senior executive level in business transformation, change management and business enhancement also remain in demand.
- Salaries have remained static throughout the year. Permanent candidates moving jobs can still achieve a 5%-10% increase or move for the same salary with the benefit of greater job and career security. At the senior end of the market, executives are being more flexible in their salary expectations given the shortage of roles available.
- Bonuses are still on offer, although at reduced levels to previous years.

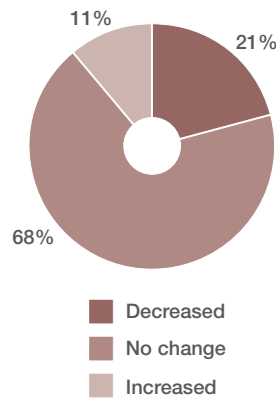


MARKET RESEARCH RESULTS

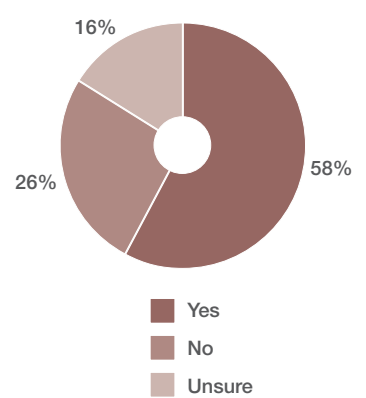
Over the last six months, how has your headcount been impacted by the global economic downturn?



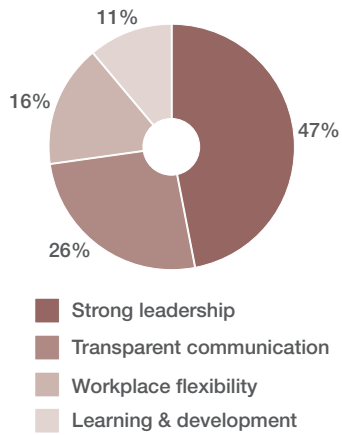
In the next 12 months, how do you see your headcount being impacted?



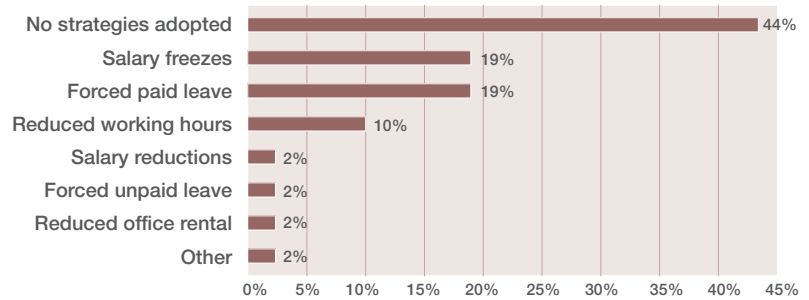
Do you anticipate business conditions will start to improve by the end of 2009?



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



What strategies has your organisation implemented to avoid job cuts?





SALARY TABLE

State	NSW	NSW	VIC	VIC	QLD	QLD	WA	WA
Size of Company	Sml/Med	Large	Sml/Med	Large	Sml/Med	Large	Sml/Med	Large
Purchasing/Procurement Officer	45-65	50-70	45-55	55-65	45-55	50-65	45-60	50-90
Procurement Coordinator/Specialist	50-70	55-80	50-70	55-80	50-70	55-80	60-80	70-100
Buyer	55-75	60-90	50-65	60-75	45-65	55-65	45-60	50-90
Senior Buyer	70-90	80-110	60-90	80-110	60-90	80-100	55-70	60-100
Contracts Administrator	55-70	60-80	60-75	65-80	55-65	60-80	60-90	75-100
Senior Contracts Administrator	70-100	80-120	70-100	75-120	70-100	75-120	70-110	85-130
Strategic Sourcing/Procurement Analyst	70-90	75-100	65-90	75-100	55-70	70-100	70-90	75-100
Procure to Pay – P2P/E-Procurement	**	**	**	**	**	**	**	**
Purchasing Manager	85-120	95-140	70-100	90-120	70-100	80-120	80-110	90-140
Category/Commodity Manager	90-120	100-150	80-120	110-160	90-110	100-145	90-120	100-160
Procurement Manager	95-120	110-160	110-140	140-180	90-110	105-150	110-140	140-200
Strategic Sourcing Leader/Manager	110-140	130-180	110-140	130-180	110-140	120-180	100-140	120-180
Commercial/Contracts Manager	90-110	120-180	80-110	100-150	80-110	110-180	100-140	140-200
Vendor Manager/Supplier Relationship Manager	90-110	120-180	90-110	120-150	90-110	110-180	90-110	120-180
General Manager Procurement†	150- 180	180-500	150- 180	180-400	150- 180	150-300	150- 180	160-300+

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 size companies.
- ** Salary range varies greatly and is specific to the industry and candidate's experience. Please speak to a Michael Page consultant for specific information.

† Salaries at this level can vary widely depending on the individual's background and experience and the scope of the role. Please contact our Executive Search team for specific advice regarding salaries at the executive level.



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