



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.

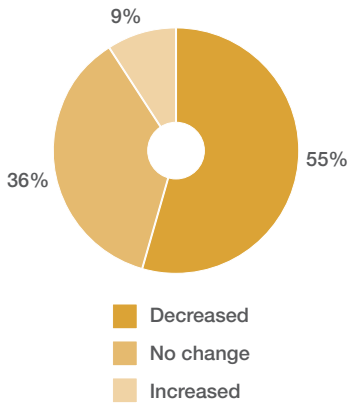
SECTOR TRENDS – PROPERTY & CONSTRUCTION

- Although businesses are not currently investing in this industry we are seeing increased activity on new Federal and State Government infrastructure projects and new initiatives: notably rail, water and roads.
- The types of roles in the current market, although few, are within Property and Facility Management. These are a mix of both permanent and contract and this is to be expected for the remainder of the year.
- Salary levels have held steady for property with the exception of senior roles, where we have seen a reduction of around 20%.
- Unlike many other industries, bonuses are expected for middle to senior management roles, however these will be on par with 2008 bonus levels.

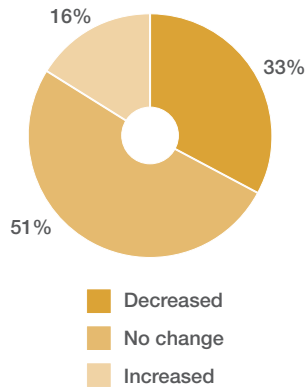


MARKET RESEARCH RESULTS

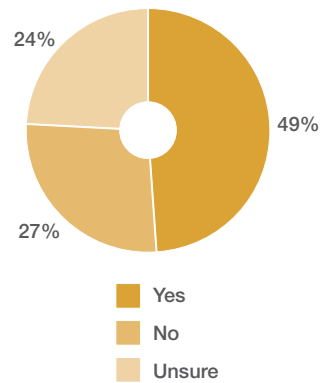
Over the last six months, how has your headcount been impacted by the global economic downturn?



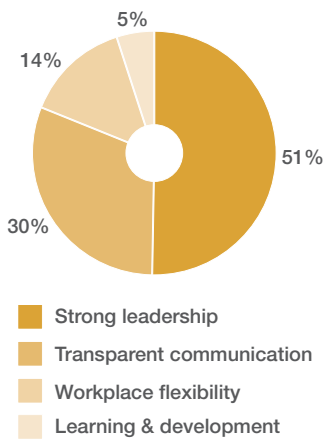
In the next 12 months, how do you see your headcount being impacted?



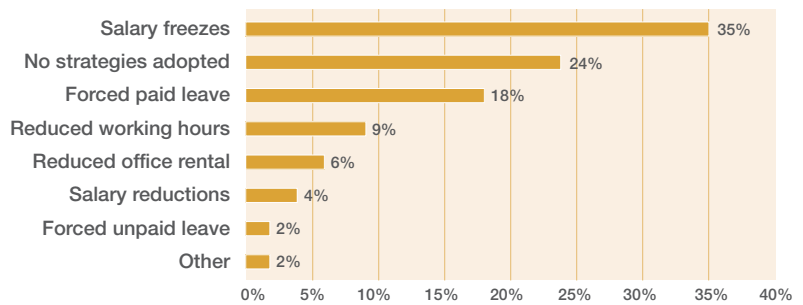
Do you anticipate business conditions will start to improve by the end of 2009?



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	All
Salary	\$'000
CIVIL & INFRASTRUCTURE	
Graduate Engineer	55-75
Contracts Administrator/Quantity Surveyor	65-130
Project Engineer	75-110
Estimator	80-130
Project Manager	120-160
Contracts Manager	120-160
Design Manager	100-130
Operations Manager/Construction Manager	140-220
COMMERCIAL BUILDING	
Estimator	70-120
Contracts Administrator/Quantity Surveyor	80-130
Project Engineer	80-100
Design Manager	90-130
Contracts Manager	90-140
Site Manager	100-130
Project Manager	110-180
Operations Manager/Construction Manager	150-220

Please note:

1. Salaries indicated are inclusive of superannuation, but exclusive of bonus/incentive schemes.
2. Remote site roles are typically subject to a site allowance ranging from 20-40% of base salary dependent upon location and site roster.



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