

HR Quarterly Index Australian Dashboard Report

October 2011

EXECUTIVE SUMMARY

The HR Quarterly Index provides a summary of employment confidence in the business sector from the HR Coach Research Institute.

The current economic outlook is volatile. Last quarter we saw jitters enter the business sector. This quarter, those jitters seem to have been compounded and are now entrenched. Business confidence has dropped in the last quarter by a further 7%. This equates to a 15% drop in business confidence in 6 months.

The ongoing effects of globalization, cost of debt and market instability seems to have impacted the sectors outlook. Despite this, fundamentals remain strong, evidenced by unemployment remaining at a very low 5.3%.

Over the past month the Australian dollar has shed more than 10% which is welcome news to many Australian exporters. Further to this, broad business trends may offer some solace to the sector.

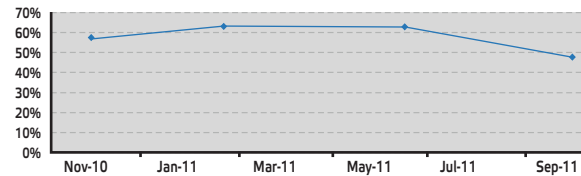
For the first time in over 12 months the ability to find and keep staff, an expected increased wages bill and growth of workforce have all fallen. For many businesses that have struggled over the past few years to find, manage and retain key staff this may be positive news.

Unfortunately capital expenditure continues to suffer and is displaying the effect market uncertainty is having on businesses. Cash reserves are being depleted, lean business management principles are being applied, and the long haul seems to be getting longer. Businesses now need to review their strategies for sustainability and cashflow and plan with employees for the longer term.

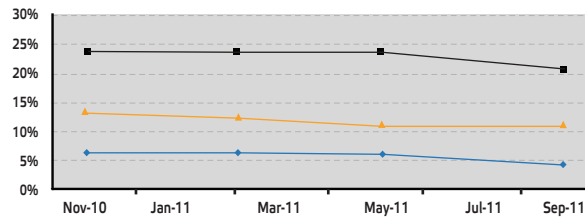
It highlights that employee management and planning is more critical and complex for the survival of business and the business owner. Interestingly shorter planning cycles are an outcome, where short term investments and low risk tactics are implemented to counteract the volatility. The increased usage of contractors will be a key strategy for business owners to minimize high fixed costs of employees.

Overall the events of recent months have reinforced the critical importance of the strength of local business sectors in a global economy.

Business Confidence



Business Expectations for Staff



	Nov-10	Feb-11	Jun-11	Sep-11
Concerns - Ability to Find and Keep Staff	7%	7%	6%	4%
Expect Increases in Wages Bill	23%	23%	23%	21%
Expect Increases in Size of Workforce	13%	12%	11%	11%

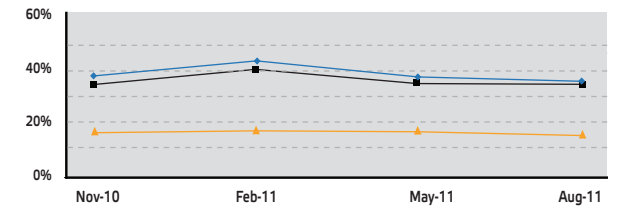
Internal Business Engagement Rating

Employer Summary	May-11
Overall Business Engagement Rating	67%
Overall Employer Confidence in Strategy Fulfillment	62%
Overall Employee Confidence in the Workplace	70%

Consolidated Results Table

Productivity Growth Factors	Nov-10	Feb-11	Jun-11	Sep-11	Qtr Var
Lack of Business Confidence	19%	19%	27%	33%	6%
Business Confidence	63%	63%	55%	48%	-7%
Concerns - Ability to Find and Keep Staff	7%	7%	6%	4%	-2%
Expect Increase in Wages Bill	23%	23%	23%	21%	-2%
Expect Increase in Size of Workforce	13%	12%	11%	11%	0%
Expect Increase in Value of Sales	39%	44%	37%	36%	-1%
Expect Increase in Profitability	35%	41%	35%	34%	-1%
Expect Increase in Capital Expenditure	17%	18%	18%	15%	-3%

Business Expectations for Growth



	Nov-10	Feb-11	Jun-11	Sep-11
Expect Increase in Value of Sales	39%	44%	37%	36%
Expect Increase in Profitability	35%	41%	35%	34%
Expect Increase in Capital Expenditure	17%	18%	18%	15%

Job Advertisements

Job Advertisements have fallen after consistently. Newspaper advertisements increase and decrease at a slower rate than the internet.

Job Advertisements per week	Month Change
Jun-10	2.70%
Jul-10	1.40%
Aug-10	2.60%
Nov-10	2.90%
Feb-11	1.20%
May-11	-0.50%
Aug-11	-0.60%

Current State of the Employment Market

(as at September 2011)

Participation Rate	65.6%
Unemployment Rate	5.3%
IMF Unemployment Forecast 2011 - Australia	5.1%
OECD Unemployment Forecast 2011	8.4%
Employment by person	11,432,600
Unemployment by person	636,800
Labour force underutilisation rate	12.3%

Key Sources:
HR Coach Research Institute
National STAR Report 2011
Sensis® Business Index 2011

ANZ Job Advertisement Series 2011
ABS - 6202.0 - Labour Force, Australia