

HR Quarterly Index Australian Dashboard Report

August 2011

EXECUTIVE SUMMARY

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

The economic outlook has taken a notable turn as business confidence has dropped in the last quarter by 8%. This is also reflected in the cooling of the labour market in terms of job advertisements and job creation.

The decline in business confidence is affecting business owners and their personal return. The Sensis Report has identified lower expectations in the value of sales and profitability. Subsequently margins are being squeezed. This is having a marked affect on strategy and planning as business owners are focusing on the immediate future and not longer term.

It is important now for workplaces to be aligned internally as employees are more satisfied in their roles than employers are with their businesses. This may lead to strained relationships in the future.

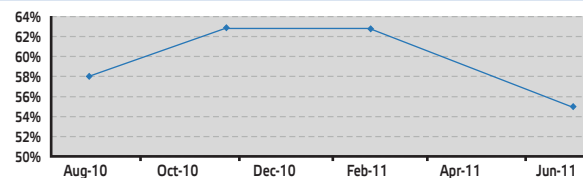
Over the next quarter it will be important for employees to be proactive in their work. Business owners will need employees to not only think about their job, but how they contribute to the performance of the business.

Focusing on controlling costs, strong relationships with clients and suppliers and innovative and inexpensive idea generation will each have an impact on improving the bottom line and the sustainability of the business itself.

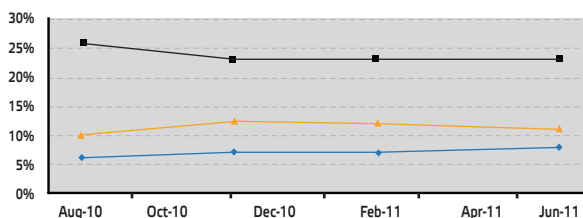
It is, however, not all bad news. This quarters results present the business sector with an opportunity for businesses to be doing more with less and to foster innovative ideas within.

It will be important to not react to the external environment, but rather respond with high focus on what can be done internally. This is good news for business to prepare for what looks set to be continued change ahead.

Business Confidence



Business Expectations for Staff



	Aug-10	Nov-10	Feb-11	Jun-11
Concerns - Ability to Find and Keep Staff	6%	7%	7%	8%
Expect Increases in Wages Bill	26%	23%	23%	23%
Expect Increases in Size of Workforce	10%	13%	12%	11%

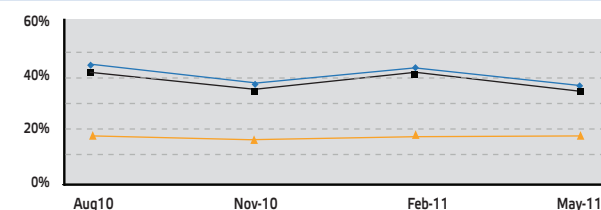
Internal Business Engagement Rating

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	Aug-10	Nov-10	Feb-11	Jun-11	Qtr Var
Lack of Business Confidence	21%	19%	19%	27%	8%
Business Confidence	58%	63%	63%	55%	-8%
Concerns - Ability to Find and Keep Staff	6%	7%	7%	6%	-1%
Expect Increase in Wages Bill	26%	23%	23%	23%	0%
Expect Increase in Size of Workforce	10%	13%	12%	11%	-1%
Expect Increase in Value of Sales	46%	39%	44%	37%	-7%
Expect Increase in Profitability	41%	35%	41%	35%	-6%
Expect Increase in Capital Expenditure	18%	17%	18%	18%	0%

Business Expectations for Growth



	Aug-10	Nov-10	Feb-11	May-11
Expect Increase in Value of Sales	46%	39%	44%	37%
Expect Increase in Profitability	41%	35%	41%	35%
Expect Increase in Capital Expenditure	18%	17%	18%	18%

Job Advertisements

Job Advertisements have consistently been rising with consistent trends of newspaper advertisements increasing at a slower rate than the internet.

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

Current State of the Employment Market

(as at July 2011)

Participation Rate	65.6%
Unemployment Rate	4.9%
IMF Unemployment Forecast 2011 - Australia	5.1%
OECD Unemployment Forecast 2011	8.4%
Employment by person	11,440,500
Unemployment by person	592,800
Labour force underutilisation rate	12.0%

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