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About Hudson

Hudson (NASDAQ: HHGP) is a leading provider of specialised recruitment, managed services and talent management solutions worldwide.

From single placements to total outsourced solutions, Hudson helps clients achieve greater organisational performance by assessing, recruiting, developing and engaging the best and brightest people for their businesses.

The company employs more than 3,600 professionals serving clients and candidates in more than 20 countries.

More information about Hudson is available at www.hudson.com
Introduction

The Hudson Report is an established and highly reputable publication, based on in-depth and nationwide research. Released quarterly, the Report uncovers and analyses the hiring expectations of Australian employers over the forthcoming quarter, and provides insights into a range of human resource issues currently impacting business and the broader Australian economy.

While a number of industry surveys currently address hiring intentions and job vacancies, The Hudson Report fills the gap in market knowledge and data on broader human resource issues and trends relevant to business leaders.

The Hudson Report for the April – June 2008 period consists of interviews with 7,195 employers across Australia.

Methodology

The Hudson Report has established a reputation as a key socio-economic indicator in the Australian market. It captures employers’ hiring expectations for permanent staff over the forthcoming quarter.

The Report’s quarterly findings on permanent employment expectations are built on the premise that the expectation to increase or decrease permanent staffing levels represents a significant indication of employers’ optimism for the growth of their organisations.

The Hudson Report frequently refers to the term ‘net effect’. The net effect figure is calculated by taking the percentage of employers surveyed that expect to increase permanent staff levels during the forthcoming quarter and subtracting the percentage of employers surveyed that expect to decrease permanent staff levels.

The Hudson Report combines the expectations of key employment decision makers from all major industries across small (<20 employees), medium (20—200 employees) and large (>200 employees) organisations, and analyses the findings in relation to other key economic indicators (i.e. interest rates and housing figures).

For the April – June 2008 period 7,195 employers were personally surveyed by Hudson recruitment and consulting professionals. Participants were surveyed from 19 core industry groups, aligned with the Australian Bureau of Statistics industry classifications, as detailed below:

- Advertising/Marketing/Media
- Construction/Property/Engineering
- Education
- Financial Services/Insurance
- FMCG
- Government
- Healthcare (private)
- Healthcare (government)
- Information Technology
- Manufacturing
- Non Profit
- Professional Services
- Resources
- Retail
- Telecommunications
- Tourism/Hospitality
- Transport
- Utilities
- Wholesale/Distribution
Summary of Key Findings

• Employer optimism has waned for the first time in over two years, following eight consecutive quarters of continuous growth. However, sentiment remains strong with a net positive 37.9% of the employers surveyed indicating an intention to increase their permanent staff levels during the April – June 2008 quarter. The result is 4.9 percentage points (pp) lower than the previous period.

• Over seven times as many employers intend to increase their permanent staffing levels (43.7%) over those who intend to decrease (5.8%), while 50.5% expect to hold their current staff levels steady.

• All states and territories, except South Australia (SA), recorded a decline in sentiment compared to the previous quarter. Australian Capital Territory (ACT) employers recorded the largest decline, with sentiment falling 13.4pp to its lowest level in over four years, +24.9%.

• Western Australia (WA) continues to display the highest level of employer optimism across the country at +48.6%, despite an 11.5pp fall on last quarter’s results. In Queensland, a net +41.0% of employers indicated an intention to increase permanent staff levels over the coming three months, down 9.3pp from last quarter.

• Employers in SA bucked the national trend with sentiment rising 2.1pp to a record high of +47.0%. In Victoria, employer sentiment declined 6.3pp to a more moderate, yet still above-trend, +35.7%. Confidence in New South Wales (NSW) remains strong at +37.6%, down just 1.7pp compared to last quarter.

• Across the industries surveyed nationally, construction/property/engineering has reported the highest level of employer sentiment, rising 1.4pp in its sixth consecutive quarter of growth to a new record of +57.2%. The professional services industry showed the second highest level of optimism at +52.3%, despite being down 9.7pp compared to last quarter.

• The financial services industry experienced the largest decline in employer sentiment of all industries surveyed, falling 13.0pp to +35.0%. Optimism in the resources sector fell 11.5pp to +42.4%. Government employment expectations fell 4.3pp to their lowest level in almost two years, +27.5%. 
The Hudson Report for the April – June 2008 quarter reveals a slowing in the escalating optimism shown by Australian employers over the last two years. A net +37.9% of the 7,195 employers surveyed indicated an intention to increase their permanent staff levels over the coming three months. Following eight consecutive quarters of continuous growth, permanent employment expectations declined 4.9pp on the January – March 2008 quarter, returning sentiment to the level recorded in mid-late 2007.

The softening in employer optimism has been experienced to various degrees in most parts of the country. ACT employers indicated the largest decline, with sentiment falling 13.4pp to its lowest level in over four years, +24.9%. This result is almost certainly due to the Federal Government’s decision to review Commonwealth Government Departments and cut Government spending.

Employer sentiment in WA fell 11.5pp, reflecting a forecast levelling of the State’s soaring economic growth. WA nevertheless remains the most optimistic of all the states and territories, with a net +48.6% of employers expecting to increase employment levels over the coming three months. In Queensland, sentiment declined 9.3pp to +41.0%, returning to its trend level of the last two years after two previous high peaks.
In the context of enduring tight labour markets, employees now have more negotiating power than ever before and as a result are demanding more from their employers. The latest report in the Hudson 20:20 Series shows that 60% of Australian employees are unsatisfied in their current role and that 57% of employees nationwide are either actively or passively looking for a new job. The challenge for employers is to provide an attractive, engaging employment experience where employees have the option to leave but choose to stay.

NSW confidence remains strong at +37.6%, down just 1.7pp compared to last quarter. In Victoria, employer sentiment declined 6.3pp to a more moderate, yet still above-trend, +35.7%.

SA is continuing its growth run with the sixth consecutive quarter-on-quarter increase, taking employer optimism to a record high for the state, +47.0%. SA now has the second highest level of sentiment of all the states and territories.

The reductions in employment expectations for the April – June 2008 quarter are likely to be due in many areas to the RBA’s most recent rate rise, together with the sustained turbulence in global financial markets, which has been felt in increasing credit costs and considerable share market volatility. However, the sentiment is yet to be borne out in actual employment figures and the labour market remains strong, with 36,700 jobs added to the economy in February and unemployment falling to a new 33-year low of 4.0%.1

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1 ‘16th straight rise in jobs taking the unemployment rate to a generational low’, Westpac, 13 March 2008

Permanent Employment Expectations (April – June 2008): By State/Territory

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1 Permanent Employment Expectations

2 Hudson 20:20 Series, Candidate Buying Behaviour, March 2008
The construction/property/engineering industry has reported the highest level of optimism of all sectors surveyed, with a record net +57.2% of employers expecting to increase permanent staff levels over the coming three months. Up 1.4pp in the sixth consecutive quarter of growth, this strong result is being driven by major public infrastructure projects in NSW and Victoria including roads, hospitals and energy works, as well as a continuing undersupply of both residential and commercial buildings. In addition, demand for engineers in SA is escalating as a result of major resource projects such as the Olympic Dam Expansion and increased exploration incentives for mining companies.

Employer sentiment in the financial services industry has fallen a considerable 13.0pp, as the industry continues to deal with the unabated deterioration of global credit markets. Following three consecutive quarters of increasing optimism, sentiment has now returned to its level from 12 months ago, with a net +35.0% of employers expecting to increase permanent staff over the coming three months. In the investment banking community, multiple billion dollar write-downs by global players have created a highly volatile stock market and a climate of uncertainty, while the retail banking sector is dealing with marked increases in funding costs. The insurance sector is facing reduced growth forecasts due to multiple severe weather events around Australia.

Reduced transactions in the financial services market has dampened demand for accounting, legal and consulting professionals, with employer sentiment in the professional services industry falling 9.7pp from last quarter’s record high. Sentiment is nevertheless the second highest of all industries surveyed, with a net +52.3% of employers intending to increase permanent staff over the coming three months.

Employer sentiment in the resources sector dropped 11.5pp from last quarter’s record peak, with a net 0% of employers expecting to increase permanent staff over the coming three months. In the mining industry, multiple billion dollar write-downs by global players have created a highly volatile stock market and a climate of uncertainty, while the retail banking sector is dealing with marked increases in funding costs. The insurance sector is facing reduced growth forecasts due to multiple severe weather events around Australia.

By Industry

Wide variation in employer sentiment is evident across the industry sectors surveyed for the April – June 2008 quarter. Half of the industries surveyed reported increased sentiment compared to the previous quarter and half reported decreased sentiment.

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Permanent Employment Expectations

+42.4% of employers now intending to increase permanent staff levels over the coming three months. Sentiment in the sector fell significantly in WA, driven by funding concerns in the high growth mid and junior markets as well as the completion of ramp-up phases for many projects in larger companies. Employer sentiment in Queensland continues to grow due to a range of coal, coal seam methane and alumina projects. In Victoria, the mood is cautious as resources companies undergo mergers and decentralise their head office functions.

In the government sector, employer sentiment fell 4.3pp to its lowest level in almost two years, +27.5%. This result is largely driven by falling employment expectations within the Federal Government. Across the states, government employer sentiment varies widely, with strong growth in regional NSW and a significant decline in Queensland.

Employer confidence in the manufacturing sector continues to exhibit steady growth, rising 1.6pp to its highest level on record. A net +35.9% of employers now intend to increase headcount, a level more than double that recorded two years ago. This strong result is due to high domestic demand, especially from the resources sector, stable exports and a successful focus on increased operating efficiency.

The telecommunications industry has reported a 7.5pp decline in sentiment following the exceptionally high peak last quarter. A net +43.9% of employers are now intending to increase permanent employment levels over the coming three months. The lower sentiment could be attributed to some delays in the Government announcing the make-up of their ‘expert panel’ to review the future of broadband networks in Australia. This, coupled with providing enough time for tender submissions, has pushed the timetable for contracts back from mid-year to October and possibly even further. Similarly, sentiment in the IT industry declined 5.4pp to +43.6% after last quarter’s record high.

A net +37.8% of employers in the advertising/marketing/media industry expect to increase permanent staff over the coming three months, a result 0.3pp higher than last quarter and 8.5pp higher than 12 months ago. Media business’ strategies are unfolding, with early movers already realising the benefit of Australia’s new media ownership laws. Growth in many media segments, including Pay TV, is likely to generate increasing demand for talented professionals.

Employers in the retail sector reported an 8.9pp decline in sentiment, reflecting the collapse in consumer sentiment recorded for March immediately following the latest rise in interest rates. After last quarter’s phenomenal peak in employment expectations, this result is still the second highest level of sentiment on record for the industry, at +40.4%. Over the coming months, changes across Wesfarmers’ retail business is expected to create a significant pool of highly skilled and experienced candidates entering the labour market.

In the FMCG sector, employer confidence declined 5.2pp, with a net +22.2% of employers reporting an intention to increase permanent employment levels over the coming three months. This result is largely due to increasing input costs, particularly for fuel, agricultural produce and labour, which are in turn driving site consolidation and role redundancies in some areas.

A net +41.1% of employers in the utilities sector expect to increase permanent staff levels over the coming three months. This result is 0.8pp higher than that recorded last quarter and reflects continuing expansion in the sector in most parts of the country.

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3 ‘Consumer sentiment collapses’, Westpac, 12 March 2008
Australian Capital Territory

- ACT employer sentiment falls 13.4pp to a four year low of +24.9%
- Government employer sentiment plummets 16.1pp to a six year low of +18.7%

A net +24.9% of employers in the ACT expect to increase permanent staff levels over the April – June 2008 quarter. This result is a considerable 13.4pp lower than that recorded last quarter and employer sentiment is now at its lowest level in four and a half years.

The drop in permanent employment expectations is due to sentiment in the government sector, which plummeted 16.1pp this quarter to its lowest level in six years. A net +18.7% of government employers are now expecting to increase permanent staff levels during the coming three months. 16.8% are expecting to decrease their permanent staffing levels, 35.5% expect an increase, and 47.7% expect to hold current staff levels steady.

The trends in government employment expectations in the ACT are being driven by the implementation of the Federal Government’s election promise to cut $10 billion in Government spending over four years, with an additional cut of $6.43 billion announced in February⁴. To meet these savings, the Government has set up a "Razor Gang" to comprehensively review each Commonwealth Government Department.

In the current climate of uncertainty, the ACT economy appears to be faltering, with state final demand growing at 1.7% in the year to December, the lowest rate in the country and well below the national average of 5.3%⁵. The future of the Territory’s labour market will continue to be unclear until the outcomes of the spending reviews are announced in the May budget.

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⁴ http://www.pm.gov.au/docs/first_100_days.rtf
New South Wales

- NSW confidence remains strong at +37.6%, down just 1.7pp
- Construction/property/engineering propels state optimism, rising 13.1pp to +51.8%
- Financial services confidence falls 15.3pp to +31.9%

Employers in NSW remain optimistic with a net +37.6% of employers intending to increase permanent staffing levels during the April – June 2008 quarter. This result is 1.7pp lower than last quarter’s peak but still remains the second highest level of optimism on record for the State.

The construction/property/engineering industry is generating considerable employment growth in NSW, with a net +51.8% of employers intending to increase permanent staff levels over the coming three months. Up 13.1pp on last quarter, employer sentiment in the industry is now at an all time high.

Sentiment in the financial services industry fell 15.3pp from last quarter’s record peak as employers reacted to the continuing deterioration of global financial markets. A net +31.9% of employers reported an intention to increase permanent staff levels over the coming three months.
A net +48.8% of professional services employers are expecting to increase permanent staff levels over the next three months. While 11.4pp lower than last quarter, this result is still robust and follows the extremely high sentiment of the previous two quarters. The industry remains affected by a critical shortage of experienced lawyers and accountants. One reason for the shortage is the large number of lawyers and accountants going to work in overseas markets, however the current instability in US and UK financial markets may lead to expatriates returning to Australia.

In the retail sector, employer confidence continues to grow despite a drop in consumer confidence on the national level. In its fifth consecutive quarter-on-quarter increase, confidence rose 4.6pp to its highest level on record, with a considerable net +50.6% of employers intending to increase permanent staff levels over the coming three months.

Confidence in the FMCG industry declined 7.3pp to +25.4%. This result is down on the peaks of the past two quarters but is still the third highest level of confidence recorded for the industry in the past three years.

Employer sentiment in the government sector grew 6.0pp this quarter, with a net +29.0% of employers intending to increase permanent staff levels.

Advertising/marketing/media sentiment softened by 4.1pp but still remains strong, with a net +39.0% of employers intending to increase permanent staff levels over the coming three months. Sentiment is now 12.2pp higher than it was 12 months ago.

In the telecommunications sector, confidence grew 9.1pp on last quarter to its highest level in two and a half years, +48.6%. The IT sector maintained the strong sentiment recorded last quarter with a net +45.5% of employers intending to increase permanent staff levels. Down 0.4pp on last quarter, this result is 10.2pp higher than it was 12 months ago.
Employer sentiment in the Hunter/Central Coast region has surged 8.1pp, with a net +52.8% of employers expecting to increase permanent staff levels over the coming three months. This result is the highest on record for the region. Buoyant optimism is being driven by major government and private sector projects currently underway. The region continues to attract new investment with some public and private sector organisations relocating their operations to the area. Government employer sentiment grew a considerable 41.7pp on last quarter to a record +73.0%.

Confidence in the resources industry remains high, with a net +50.0% of employers intending to increase permanent staff levels over the coming three months. Furthermore, the resources boom continues to generate business in related industries. Employer sentiment in the construction/property/engineering industry grew 14.9pp to +59.7%, more than recovering from the drop in sentiment seen last quarter. In the manufacturing industry, confidence is up a considerable 28.7pp, with a record net +60.6% of employers expecting to increase permanent staff over the coming three months.

Employer sentiment in the financial services industry fell 10.4pp in line with sentiment around the country. However, a considerable net +58.3% of employers are still planning to increase permanent staff over the coming three months.

Permanent Employment Expectations

By Industry

- Government
- Manufacturing
- Construction/Property/Engineering
- Financial Services/Insurance
- All Industries
- Resources
Permanent Employment Expectations

Greater Western Sydney

- Optimism rises 7.5pp to a four year high of +32.9%
- Government employer sentiment rises 17.1pp to +34.0%
- Strong growth in sentiment amongst construction/property/engineering and manufacturing employers

Employer sentiment in Greater Western Sydney rose 7.5pp to its highest level in four years of surveying. A net +32.9% of employers are now expecting to increase permanent staffing levels during the coming three months.

The manufacturing industry continues to drive employer optimism, with a net +38.8% of employers reporting an intention to increase permanent staff levels. This result is up 5.3pp on last quarter.

Government employers are making a strong contribution to employment growth in the area, with employment expectations rising by a considerable 17.1pp to +34.0%. This is likely to be due to a number of NSW Government departments relocating their operations to the area.

Employer sentiment in the construction/property/engineering industry grew 8.6pp this quarter to +31.3%, driven by strong growth in the commercial building market. The residential building market is being constricted by rising interest rates, however there has been a slight rise in residential renovations, due in part to recent storm damage to a wide swathe of homes in Western Sydney.

Sentiment in the FMCG industry remained the same as last quarter, with a net +20.0% of employers expecting to increase permanent staff. This figure may increase over the coming months with consumer companies expanding operations in the area.

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Greater Western Sydney Permanent Employment Expectations (October 2004 – June 2008)

Greater Western Sydney Permanent Employment Expectations (April – June 2008):
By Industry

Queensland

- Queensland employer sentiment declines 9.3pp to +41.0%
- Financial services sentiment falls 16.8pp to +48.3%
- Resources employers remain optimistic, up 0.6pp to +53.4%

A degree of cautiousness has appeared in the Queensland employment market in comparison to the record levels of optimism seen over the past 12 months. Employment expectations for the April – June 2008 quarter are 9.3pp lower than those recorded for the previous quarter, with a net +41.0% of employers now reporting an intention to increase permanent staff levels over the coming three months.

While the decline in expectations is likely to be driven by national and international economic trends, local economic conditions are forecast to remain strong for the foreseeable future. Queensland will continue to see ongoing investment in the State’s infrastructure network and the service sectors required to meet population growth. Reflecting this, the majority of change this quarter is from employers holding staff levels steady as opposed to the bullish head count growth seen previously. 46.4% of Queensland employers are expecting to increase their permanent staffing levels, 48.2% are expecting to hold current staff levels steady, and only 5.4% are expecting to decrease staff levels.

The financial services industry reported a 16.8pp decline in sentiment following the record levels of optimism of the past six to 12 months. While Queensland’s commercial banking market is expected to remain relatively unaffected by international conditions, residential mortgage providers are experiencing pressure. Nevertheless,
the industry still remains a driver of employment growth in Queensland, with a net +48.3% of financial services employers intending to increase permanent staff levels over the coming three months.

In the government sector, employer sentiment declined 11.1pp from last quarter to its lowest level in over a year, at +31.1%. This result is likely to be due to the major public sector reform initiatives announced by the Premier in March7.

The resources industry remains a key driver of employment growth, with a net +53.4% of employers reporting an intention to increase permanent staff levels over the next three months, up 0.6pp on last quarter. Manufacturing employers reported a 2.7pp rise in confidence with a net +38.2% expecting to increase permanent staff. In the FMCG industry, employer confidence grew a substantial 13.0pp to +35.7% in response to strong local demand.

QLD Permanent Employment Expectations (April – June 2008):
By Industry

Net Effect

South Australia

- SA sentiment rises 2.1pp to a record +47.0%
- Construction sentiment surges 16.0pp to +75.0%
- Strong employer optimism in professional services, IT and manufacturing

SA is continuing its growth run, with the sixth consecutive quarter-on-quarter increase in employment expectations, taking optimism to a record high. Rising 2.1pp on the result last quarter, SA now has the second highest level of sentiment of all the states and territories with a net +47.0% of employers intending to increase permanent staff levels over the coming three months.

The construction/property/engineering industry is making the biggest contribution to employer sentiment in SA. A phenomenal net +75.0% of employers are currently intending to increase permanent staff levels, up 16.0pp on last quarter and a record high for the industry. Much of this demand is being driven by major investments in mining and defence projects such as the Olympic Dam Expansion and the Federal Government's Air Warfare Destroyer (AWD) project.

The professional services sector continues to be a strong driver of employment growth in SA, with an
8.4pp rise in confidence taking employment expectations to a record high. A net +64.3% of employers are now intending to increase permanent employment levels over the coming three months.

The IT industry also remains a key driver of growth with a net +63.3% of employers expecting to increase permanent employment levels. While down 14.4pp from last quarter’s peak, this result is the second highest level of confidence on record. Sentiment in the industry is likely to remain high as several major projects unfold.

Employer sentiment in the manufacturing industry rose 15.3pp over last quarter, with a record net +46.8% of employers reporting an intention to increase permanent staff levels over the coming three months. This result shows optimism in the manufacturing industry in South Australia despite the recent closure announcement from Mitsubishi.

A net +26.0% of employers in the government sector reported an intention to increase permanent staff levels over the coming three months, a result 5.1pp higher than that recorded last quarter.

Financial services confidence dropped 16.8pp from last quarter’s peak in keeping with industry sentiment nationally. A net +45.5% of employers are now intending to increase permanent staff levels over the next three months.
Victoria

- Victorian employer sentiment falls 6.3pp to +35.7%
- Confidence booming in construction/property/engineering, at +70.2%
- Professional services sentiment falls 13.5pp to +52.4%

Employer sentiment in Victoria has declined by 6.3pp from last quarter’s record high but nevertheless remains well above trend. A net +35.7% of employers have indicated an intention to increase permanent staffing levels over the coming three months.

The construction/property/engineering industry is making the largest contribution to employer sentiment in Victoria. Building on steady growth in employment expectations over the past two years, sentiment has now risen 4.6pp to a record high, with a phenomenal net +70.2% of employers expecting to raise permanent employment levels over the coming three months. This result is being driven by major public and private investment in infrastructure such as the Eastlink development, the Westgate Freeway upgrade and the Port of Melbourne Channel Deepening Project.

Employer sentiment in the professional services sector fell 13.5pp this quarter, signalling a softening in the high level of mergers and acquisition activity seen over the past year. Sentiment still remains high however, with a net +52.4% of employers intending to increase their permanent staff levels over the next three months. Financial services employers are clearly feeling the impact of global conditions, although not as strongly as the rest of the nation, with sentiment falling 5.7pp compared to 13.0pp nationally. Employer sentiment in the industry is now at +36.8%.

The telecommunications industry reported a 24.1pp decline in employment expectations, possibly due to the completion of the roll out of significant mobile network upgrades and the flow-on effects to suppliers. A net +33.9% of employers reported an intention to increase permanent staff levels. IT employers have maintained strong sentiment at +44.4%, down just 0.3pp on last quarter.

In the retail industry, employer sentiment fell 14.1pp from last quarter’s record peak, with a net +31.0% of
employers intending to increase permanent staff levels over the coming three months. This result is likely to be due to developments within Wesfarmers following its acquisition of Coles. Sentiment in the FMCG industry is down 3.7pp from last quarter with a net +13.3% of employers expecting to increase permanent staff.

Employer confidence in the resources industry has returned to a more regular level after expectations more than doubled last quarter. A net +20.8% of employers now expect to increase permanent staff levels over the coming three months. The fluctuation in hiring expectations is likely to be due to recent acquisition activity in the industry.

Government employers recorded a drop in sentiment, down 5.2pp to +29.1%. This is the lowest level of government employment expectations in two years. The lower sentiment is likely to be a result of current budgetary pressures and the contraction of activity due to Federal policy initiatives.

In other industries, optimism amongst utilities employers remains strong at +45.3%, down just 3.5pp on last quarter, while manufacturing sentiment declined 5.9pp from last quarter’s peak to its second highest level on record at +29.2%. Optimism in the advertising/marketing/media industry has returned to trend, rising 20.2pp to +36.8% after a large drop in sentiment last quarter.

The tourism and hospitality industry saw a decline in employment expectations of 26.9pp after the positive impact of the Australian Open and F1 Grand Prix last quarter, with a net +32.4% of employers in the industry now intending to increase permanent staff levels over the coming three months.
The results for employment expectations are consistent with expectations for the State's economy. Economic growth is forecast to decelerate during 2008-09 from its current annual rate of 9.7% to a much more moderate 4.5%, with growth slowing in business investment and household consumption. While unemployment recently fell to a new low of 2.8%, over the medium-term employment growth is expected to slow.

Employers in the financial services industry reported the largest decrease in optimism compared to last quarter, with employment expectations falling 35.0pp to their lowest level in two and a half years. A net +21.1% of employers in the industry now intend to increase permanent staff levels over the coming three months. The fall in sentiment is consistent with lower employment expectations for the industry at a national level, due to the global credit crunch.

A net 66.7% of employers in the professional services industry reported an intention to increase permanent staff levels over the coming three months. This represents an increase of 6.7pp over last quarter's results and indicates the strong contribution the industry makes to employment growth in WA.

Employer confidence in WA appears to be moderating, with sentiment declining 11.5pp from last quarter to its lowest level in 18 months. Still at high levels, a net +48.6% of WA employers are now intending to increase their permanent staffing levels over the coming three months.

The Permanent Employment Expectations chart shows the percentage of employers expecting to increase permanent staff levels over the coming three months, measured monthly from November 2000 to June 2008. The chart indicates a general upward trend in employment expectations until early 2007, followed by a decline in expectations during the global financial crisis, with a slight recovery in 2008.

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8. 2007-08 (WA) Government Mid-year Financial Projections Statement
9. ‘16th straight rise in jobs taking the unemployment rate to a generational low’, Westpac, 13 March 2008
10. ‘Western Australian Economic Summary 2007 No.4.’, WA Dept of Treasury & Finance
In the resources industry, employer sentiment declined 18.5pp from last quarter’s phenomenal peak, with a net +63.8% of employers now intending to increase permanent staff levels over the next three months. None of the employers surveyed expressed an intention to decrease their permanent head count.

Employer optimism in the construction/property/engineering industry declined 14.0pp this quarter after the exceptional results of the past two quarters. However, with a net +56.7% of employers intending to increase permanent staff levels, sentiment in the industry remains high.

Across the State, despite reduced employment expectations in many industries this quarter, labour market conditions remain tight and there are significant wage pressures. Employers are hoping the constraints start to ease as interstate and overseas migration helps boost labour supply.
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