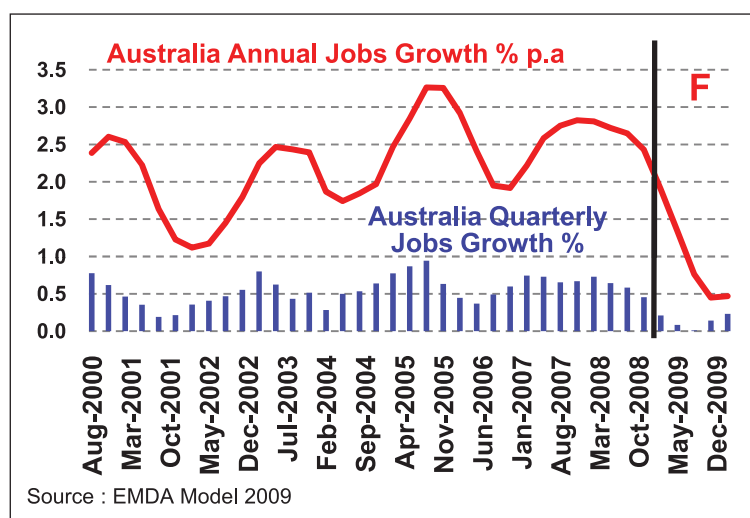


Australian Employment Outlook

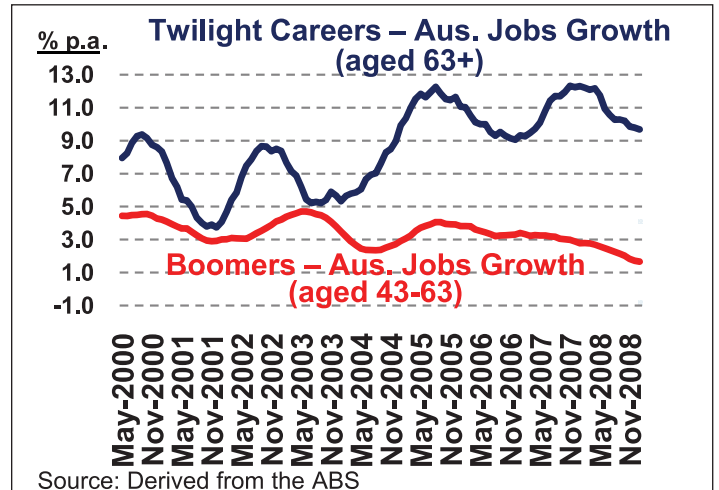
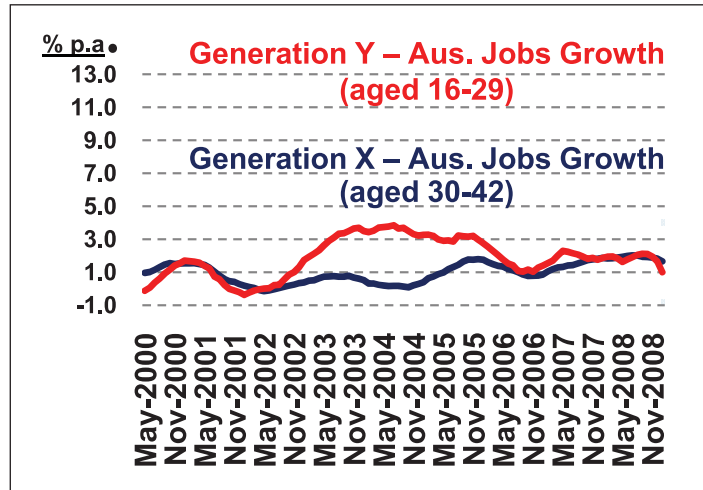
- Although the world economy is slowing, Australia is better placed than many other countries. Positive factors in our favour include lower interest rates, this time lowered well before unemployment starts to rise. We also have a strong banking system and rapidly improving housing affordability. Australia now has a lower exchange rate which assists our exports, and the Federal Government has announced big economic stimulus measures.
- Although there are positives, the slowdown has changed the employment landscape just as quickly as business has been surprised by the extent and depth of the slowdown overseas and the resultant nervousness here. Already business, through confidence surveys, are showing a big fall in intentions to hire new staff.
- Against this background, EMDA models are showing that employment growth will slow to just 0.5% by February 2010 (see chart below), a far cry from the heady 3%+ growth rates of 2006. However, this growth will not be enough to stop unemployment rising further. The unemployment rate is forecast to reach a peak level of 7.2% by Feb. 2010.



- Typically, in difficult times the least educated and the unskilled (read younger workers) experience the brunt of the unemployment hammer and this time it is expected to happen again. The dynamics of the labour market have changed as well – now, there is much more of a “sit tight” culture with fewer people willing to switch jobs and business reluctant to take on new staff. Business is also switching to more casual staff, once again this is a fairly typical response in challenging times as business seeks to reduce labour costs.
- The outlook of all the Industry Sectors is generally weak. Only those areas that are heavily exposed to the Public Sector such as Health and Community Services are forecast to achieve any growth. Sectors such as Finance and Property and Business Services are expected to languish. The Mining sector as well, due to the drop in commodity prices, doesn't look good.

Generations X,Y, Boomers, Seniors

In our review of the employment market, in this report, the difference between the generational segments and their relationship with the workforce has been examined and outlined below. The charts below provides the recent employment trends, in terms of growth, since the last downturn in Australia, for each of the segments.



Generation Y: This is the Technology Generation – they want it all now including promotions. This has been a very mobile segment, easily moving jobs (three in three years is not unusual) as they have sought career advancement opportunities. They will still expect rapid advancement and also they are more interested in getting their work to accommodate their other lifestyle goals. It has all come fairly easily to this group and they don't expect the future to be much different. A more challenging environment will be a shock to them. As the chart above shows, they actually experienced a decline in jobs in 2001 and already the job market for this segment is slowing as organisations concentrate on keeping generally older and more experienced staff who also exhibit more loyalty.

Generation X: These are career minded people who have often put in the "hard yards" to achieve their career goals. They are also a segment that have been striving for that elusive work/life balance. The job market is slowing for this segment (as it is with others), but they are more realistic than their Gen Y counterparts, now is a time to carefully consider before moving, the "better the devil you know" type attitude prevails.

The Boomers: Generally most Boomers plan to work past traditional retirement age, not only because they need the money, but because they enjoy being challenged and engaged. Many will shift into part-time work or begin entirely new careers or entrepreneurial ventures. Many have had the benefit of living through hard times before and can make the necessary adjustments to their lifestyles, knowing that the good times will come around again.

Twilight Careers: This is by far the fastest growing segment in the workforce and at this stage their participation is increasing. The recent falls in their retirement savings due to the stock market crash will only encourage them to work longer – mainly in part time roles. Their experience and loyalty is becoming more highly regarded.