



ambition

Accounting and Finance Recruitment
Market Trends & Salaries Report

Australia Summer

07

→ ambition ... be inspired

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2006 Market Review

The recruitment market for accountants in 2006 has actually been two markets, with a shortage of candidates at part, newly and recently qualified level (up to approximately five years post qualification), and beyond that a quieter market, especially in NSW and Victoria, where supply is greater than demand.

The junior market has been characterised by the shortage of candidates in all key areas, particularly for permanent accountants in the \$60-\$120K salary bracket. Since demand continues to outstrip supply in most business sectors, wages have increased by an average of 8-12% right across the board.

Demand has been driven by a number of factors, but in particular by a continued high level of business confidence and the continued recruitment of entry level accountants into a broad range of positions including traditional financial accounting, financial and business analysis, ERP implementation, costing and management accounting, supply chain, merger or integration expertise. In addition to this, we are witnessing great demand for group and technical accountants, compliance professionals and internal auditors. Supply has been limited and exacerbated by the continued migration of Australian accountants overseas.

At the more senior levels the market has been steady rather than spectacular, with most recruiting assignments being replacement orientated positions as companies upgrade skills and experience in key positions. As a result companies are not rushing assignments, instead preferring to wait to hire in candidates with an exact fit desired profile.

On the supply side, job seeker confidence has also been high with no indications that rising inflation, interest rates and oil price fluctuations are dampening the appetite to move jobs.

Looking ahead to 2007 we believe the market will stay much the same if local and global business confidence remains steady. Demand at the junior levels will continue and supply will remain tight with multiple opportunities and increased salaries for the best applicants.

However in the medium term – in 2008 and 2009 - its likely that supply at the junior levels will rise to meet current levels of demand as initiatives by the Federal Government (assistance programs designed to encourage more young people to undertake studies in areas where there are skills shortages, and the creation of offshore processing centres that will allow the fast tracking of applicants with essential skills into the country) and major accounting firms (largest volume graduate and school leaver recruitment campaigns in a decade) take hold.

If there is a softening of the economy next year this will reduce demand but there's no guarantee it will improve supply as more job seekers will be inclined to stay with their current employers rather than risk a move.

Gavin Houchell
Managing Director, Ambition Finance

"Supply will remain tight with multiple opportunities and increased salaries for the best applicants"



The Market Drivers



"Companies look to add the financial skills necessary to meet their aggressive profit targets"

Demand Drivers

Sector Growth – Notable Standouts

Whilst there has been a growth in demand across most sectors, there have been a number of standout areas where this demand has been notably strong. Record profits in the finance sector, combined with strong investment forecasts have created a recruiting boom for accountants with skills in both retail and investment banking. For IT&T companies, consolidation and the growth of emerging media platforms have created recruitment stimulus as both major and minor players position themselves for what will be an exciting period for the industry. Elsewhere, the "once in a lifetime" commodities boom has boosted demand in the mining and resources sector, as companies look to add the financial skills necessary to meet their aggressive profit targets.

Demand for Technical Accountants Continues

Whilst it was initially believed that the demand for compliance professionals would decrease once satisfactory systems were put in place, it is becoming increasingly obvious that is not the case. Companies remain vigilant with their reporting processes, and with the high penalties for non-compliance, directors are taking a personal interest in their group reporting staff. The demand for high level technical experience has created some very prosperous opportunities for accountants from Big 4 backgrounds with extensive professional service experience.

Increasing Candidate Mobility

The shortage of top quality candidates in the marketplace is creating confidence amongst employees, encouraging them to risk the safety of their existing positions as they seek out new opportunities elsewhere. In addition to this, younger workers in particular are looking to build their careers through regular moves in a variety of workplaces, instead of a number of years within the one organisation. This vocational 'portability' is stimulating a lot of recruitment demand from clients, although, obviously this is a different requirement from demand being driven by organic growth or acquisition.

Skills in High Demand

Financial Accountants remain in high demand across all sectors. There is a shortage of Cost Accountants, and people with Supply Chain experience. SAP skills are at a premium, as are people with experience in logistics, pricing analysis and credit. In the banking and finance sector, wealth managers, investment and portfolio analysts and corporate finance professionals are all in demand.

Accounting Support Market Remains Strong

Payroll, junior level financial accounting, accounts payable and accounts receivable skills continue to be in strong demand.

Ambition's sister company AccountAbility specialises in the under \$60K accounting support market and can be contacted on 02 8296 5300 or visit their website www.AccountAbility.com.au to view current positions available.

Supply Drivers

Newly Qualified Market

In recent years, the Big 4 reduced their graduate intake programs, which has had a flow on effect on the supply of the rest of the market. Over the past 12 months however this trend has reversed, as the Big 4 have created a larger graduate intake than at any point over the previous ten years. Long term, this will improve the supply pool dramatically, easing the current candidate shortage as their qualifications are attained.

The Brain Drain

Australia is losing the younger generation to the UK, US and Asia and many of them are not coming back. Previously, the overseas trip was about getting the "travel bug" out of your system before you got serious about your career and life.

These days, the UK (and particularly London) remains a popular destination but individuals are not coming back until much later. Australians are in strong demand there. They are valued because they are well educated and trained, work hard and those that have traveled are socially adept and mature. The UK Government has reacted to their own skills shortage, particularly in the booming financial services and professional services markets, by making it much easier for our young professionals to stay permanently. Long term visas, ancestry visas (recently extended to five years) and sponsorships are all on offer to those eligible. And our youngsters love that. Their career isn't on hold because they are now working and excelling in career positions in an exciting city with cheap travel to Europe, and they are earning – and saving – sterling. They are putting any thoughts of returning on hold because they know Australia will still be here in 5-10 years time and while they are earning sterling they are always going to be ahead of their contemporaries back home.

To make matters worse the US have jumped on the bandwagon and are also luring our youngsters. Similarly Australian Asian students, who in the past may have stayed on here after obtaining their degree and professional qualification, want to return to the excitement of Asia where their western education and bilingual or trilingual skills are valued more highly than in Australia.

"The Big 4 have created a larger graduate intake than at any point over the previous ten years"



In a survey conducted recently by CPA Australia of its members, it was found that of the Australians who pursue careers overseas, three quarters head to Hong Kong, UK, Singapore, Malaysia, USA and New Zealand, two-thirds are aged between 25 and 35 and a third have a post-graduate degree (graduate diploma, masters or doctorate). In short, these are the candidates Australia needs to retain to fulfil our own demand requirements.

Government Initiatives to Help Ease the Skills Shortage

Overseas Sponsorship

Whilst the use of 457 visas remains a contentious issue, there can be little doubt that employers are utilising this option to help fill their recruitment needs. As businesses have struggled to meet labour and skills shortages, the number of 457 sponsorships for foreign workers rocketed to 58,140 in the first 10 months of this year. This is a significant trend, and points to an increased willingness from employers to look outside traditional sources in their quest for talent.

\$837 Million in Training and Skills Development

In the final quarter of 2006 the Australian Federal Government released plans for an \$837 million program aimed at easing the skills crisis the nation is facing. There can be little doubt that at this point the major inhibitor of economic growth in the nation is a lack of quality candidates in a range of areas, and it is encouraging to see the Government targeting the problem aggressively. One of the key facets of this program will be financial incentives encouraging young Australians to develop skills in areas where the supply pool is low. This move has been welcomed by the CPA, ICAA, and most Accounting and Finance organisations.

Off-shore "Fast-Track" Centres

In addition to this, the Government unveiled plans for the creation of a number of offshore skills processing centres which will be set up in countries believed to have the greatest potential for providing workers who can fill existing skills shortages in Australia. They include India, Sri Lanka, the Philippines, South Africa and Britain. Under this scheme, applicants with skills in areas of the economy facing supply shortages will be fast tracked. Potentially, this scheme may provide a useful stream of new candidates for the industry, if companies are willing to work through the procedural difficulties involved in the process.

"There has been increased willingness from employers to look outside traditional sources in their quest for talent"



Key Trends and Hot Sectors

Contracting Trends

Temp to Perm Push Continues

Contracting has started to plateau in 2006 primarily because clients are taking steps to secure valuable skills in-house and creating permanent positions instead. In less confident companies, contracts are being extended to retain the contractors longer term. The result has been a dramatic increase in contract to permanent offers and fewer high calibre contractors available in the marketplace.

Strong Communication Skills Remain a Contractor's Best Friend

In the current contracting market, it is those candidates with good communication skills who are perceived as being able to add most value to a company. For corporate clients, there is a renewed focus on the development of internal resource pools – groups of accountants and finance professionals who can be rotated throughout the business as and when required. This has allowed clients to retain key skills for their business in a critically candidate short market. Accordingly, contractors who are able to display strong analytical and communication abilities (skills required for inter-departmental projects) are being well rewarded in the marketplace.

Geographic Trends

Western Sydney

In 2006 companies continued to be attracted to the larger spaces and lower rents of office locations in Western Sydney, with a number of major corporations either making the move West, or announcing plans to do so in the New Year. The main challenge for relocated companies is attracting the accounting talent they need to run their businesses at full efficiency – a challenge exacerbated by the need for improved transport infrastructure throughout the region.

However, as rising prices encourage more and more people to look for housing outside of the Sydney CBD region, we are seeing the creation of a pool of resources that companies based in Western Sydney can utilise. As such, we are seeing a demographic change in the make up of a lot of relocated companies, with a move away from the 20-ish single professionals, toward the 30+ accountants with a young family and mortgage. As such, savvy companies in this region are catering their remuneration packages to reflect the new demographic, with those who are winning the war for talent offering a range of flexible, family friendly initiatives.



“It is those candidates with good communication skills who are perceived as being able to add most value to a company”



"Creative employers are using more than just salary increases to retain talent"

Melbourne

In Melbourne, auditors have been the number one requirement this year followed by financial accountants and risk and compliance professionals.

The banking and finance sector has also been recruiting very strongly in Melbourne with corporate finance analysts, equity analysts, risk analysts and investment operations professionals in most demand.

Brisbane

The strong Queensland economy underpinned a very busy Brisbane recruitment market, particularly in the Permanent Accounting up to \$90K level. Senior professionals in Credit Control and Payroll are greatly in demand, and there is a call for accountants on 3-6 month contracts in a variety of fields.

Like the rest of the country, the main impediment to growth in a lot of areas remains the lack of qualified candidates, and this shortage is pushing wages up right across the board.

Other Trends

Companies Moving Quickly on Top Level Talent

Given the shortage of newly and part qualified accountants, companies still insisting on 3-4 interviews are often losing high calibre candidates who accept another offer from what is perceived to be a faster moving, more dynamic environment. In response to this, companies are moving much faster to secure the talent they require. In this environment, the true value of working with a recruitment partner can become apparent, as employers can utilise the relationship between candidates, recruiters and themselves, to greatly reduce the recruiting process times. Good recommendations on applicants from recruitment partners who know a business, can prove to be invaluable when employers are forced to move quickly in their hiring decisions.

Retention Retention Retention

Creative employers are using more than just salary increases to retain the talent they need to run their businesses. They are being more consultative in their approach and working hard to instil loyalty to the company's brand. The adoption of increased flexibility in the workplace, the ability to work in several different functions and the opportunity to work with emerging technologies have all proven to be useful tools in a companies attempts to retain key personnel. A number of clients are also using regular feedback and career planning sessions to improve communication and identify issues in order to pre-empt any desire to move.

Increasing Focus on People Management

As employers become more focused on the need to retain all leadership levels talent, we are seeing a trend emerge for companies to focus on the improvement of their people management skills at all leadership levels. A genuine trend has emerged for employers to train their management staff in "soft skills", as they appreciate that the cost of replacing disgruntled or unhappy employees in this market can be prohibitive.

Focus on Psychometric Assessments

Candidates with skills which are in short supply but who are inexperienced in a desired environment are increasingly being evaluated with psychometric assessments. These assessments give companies a feel for the "type" of person they are considering and the environment in which they are likely to work most effectively. Employers are using these assessments to reduce the risk they are taking in a market which requires faster recruitment decisions and more flexibility. In addition, companies are taking extra precautions and checking candidates' backgrounds prior to employment. This often includes the verification of qualifications and employment history as well as traditional references.

Key Sector Summaries

Financial Services

The buoyancy of the global financial markets has been one of the main drivers of recruitment demand over the last six months. With bank profits at historically high levels and the economic outlook generally positive, investment banks and financial institutions have devoted significant resources to improving both their front and back end operations. Business Analysts, particularly those with a blend of Accounting and IT skills, are hot commodities.

IT&T/Telecoms

Increasing competition in the IT market has led to a drive in demand for accountants with pricing experience in large customer databases, as companies seek to balance the fine line between competitiveness and profitability. A number of mergers have also driven demand, as companies look to integrate systems and refine their business processes.

Media & Advertising

Recent changes to media ownership laws are creating an exciting time for accounting professionals working within the industry. Consolidation will be a major factor over the next 12 months as major players look to buy investments across a range of areas. The drive toward "new media" looks set to continue, with major media moguls continuing to invest significant resources in the development of emerging media platforms.

"There is a focus on the improvement of people management skills at all leadership levels"





"There is a huge demand for commercial and 'value adding' accountants"

Property

Whilst stagnation in the retail housing sector has reflected on recruitment demand in that area, the call for accounting professionals on the corporate side of the industry remains strong, as many larger buildings undergo major redevelopment, and a number of companies consider moving office locations to take advantage of cheaper leasing rates outside the CBD. The rise of 'community and retirement housing' complexes across Australia is booming, with many accountants moving into project based roles to support these developments.

Utilities

Consolidation continues to drive recruitment demand in this sector. There is a huge demand for commercial and 'value-adding' accountants as a number of relatively new businesses continue to refine their processes.

Retail/FMCG

Inflationary pressures, including rising petrol prices and high interest rates have helped contribute to some slowing in the retail sector, as decreases in household spending budgets have a trickle down effect on FMCG recruiting budgets. The private equity sector has been aggressively involved in takeover bids of retail companies over the last 12 months, and this activity has stimulated recruitment demand in the area. As always, there is a strong demand for quality cost accountants, and a number of emerging opportunities for those willing to follow as head offices move out of the CBD. Supply chain experience is at a premium in this sector right now, and people with good Supply Chain skills are seeing wage increases of up to 20%.

Accountants' Pay – Remuneration and Reviews

Throughout the industry, salaries remained fairly steady during the second half of 2006 with increases slightly above inflation in most areas.

In particular we are seeing growth around the \$90K level, and accountants with 4-6 years experience are being rewarded well by employers. We have noted substantial growth in salaries for Senior Tax Accountants, Internal Auditors, Compliance Analysts and Senior Accountants in most disciplines. The demand for technical accountants and group reporting specialists has pushed wages in this area slightly higher again.

Bonuses are increasingly being used by employers to attract or keep staff with bonus increases sometimes replacing salary raises at the more senior levels.

In this candidate short market place companies are also aware that attaining or retaining the top level candidates requires more than the right salary level. We are seeing increased attention being placed on packages that include flexible workplace practices, training and skill development, and a renewed focus on people management skills – ensuring employee issues are being addressed before they develop into problems which may lead to loss of staff.

In Melbourne, the short supply of auditors has led to increases of 15-20% over the last 12 months with many now commanding six figure salaries. Analysts have also enjoyed increases of 10-15% during the last year.

Toward the latter part of 2006 there was some pressure exerted on contracting rates, but for the most part, they remained steady throughout the year, and we expect the to remain the same for the next six months.

Benchmark Reviews

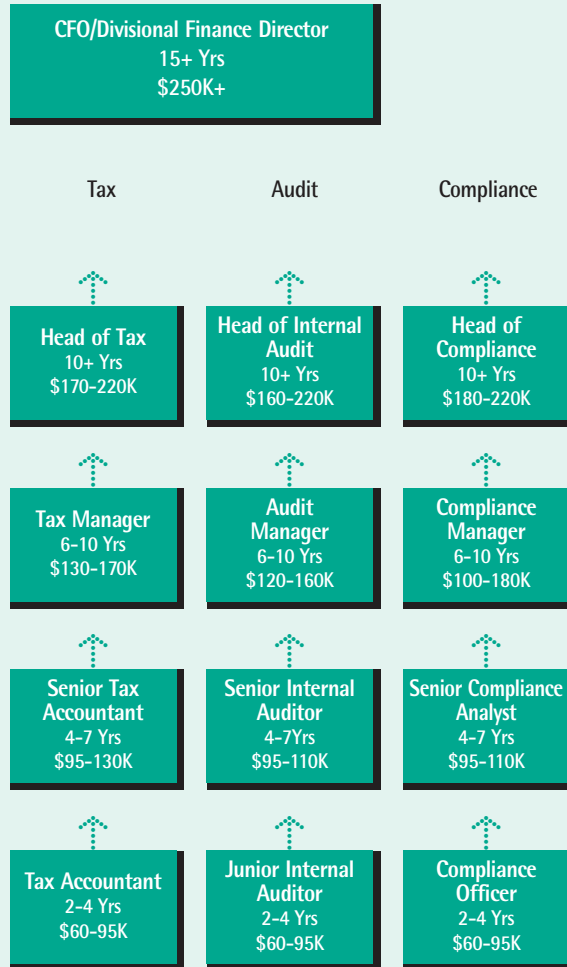
We work with clients to benchmark their staff salaries against the market and advise on what salary reviews should be to remain competitive. If you seek help in this area, please contact Gavin Houchell, Managing Director – Ambition Finance on 02 9249 5000 or email gavin.houchell@ambition.com.au

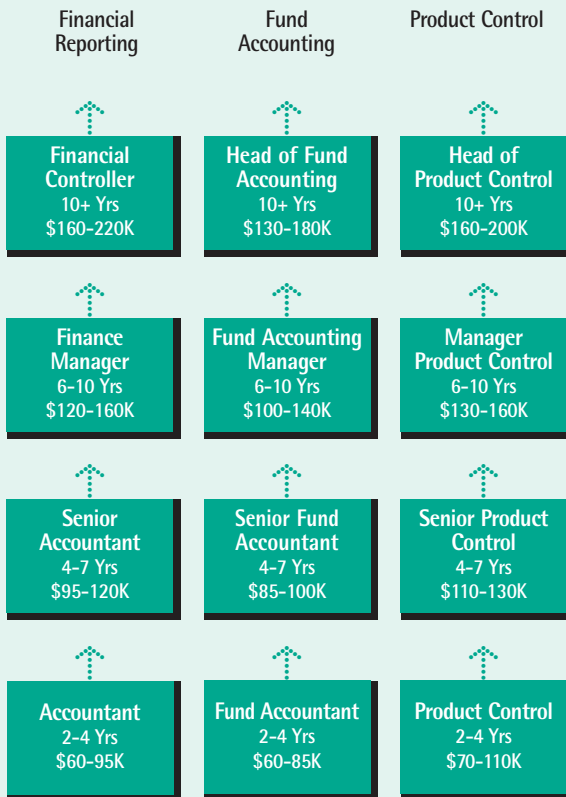


“Bonuses are increasingly being used by employers to attract or keep staff”

Salary Guide

Financial Services Sector

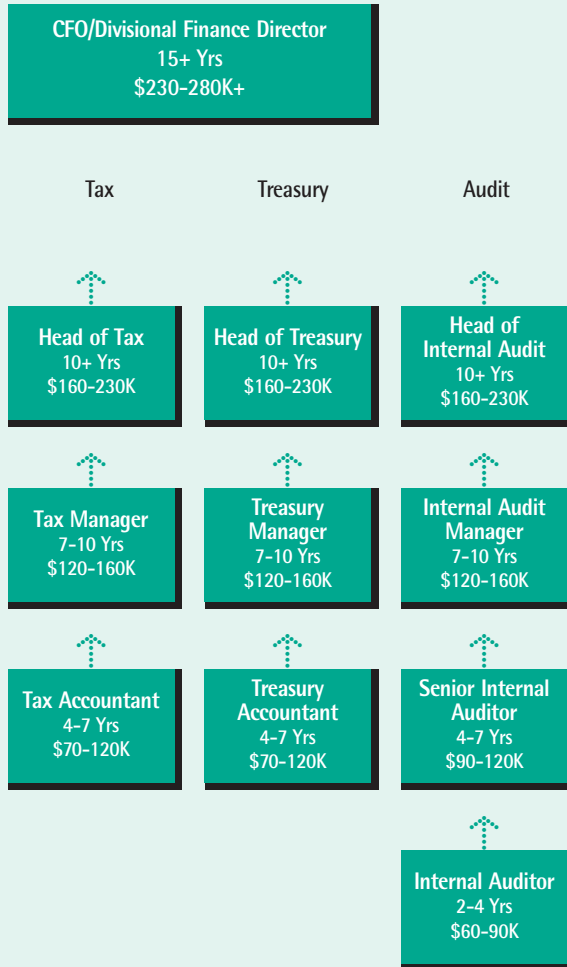




The figures for both the Banking and Commercial sectors are ranges expressed as TCE (Total Cost of Employment) packages. Cash + Superannuation, excluding Short Term Incentives. These vary according to organisational size and sector and the individual circumstances of both the job seeker and employer. Positions are described by years of postgraduate experience and ranges of \$AUD.

Salary Guide

Accounting in Commerce





The figures for both the Banking and Commercial sectors are ranges expressed as TCE (Total Cost of Employment) packages. Cash + Superannuation, excluding Short Term Incentives. These vary according to organisational size and sector and the individual circumstances of both the job seeker and employer. Positions are described by years of postgraduate experience and ranges of \$AUD.

The Ambition Accounting Jobs Index

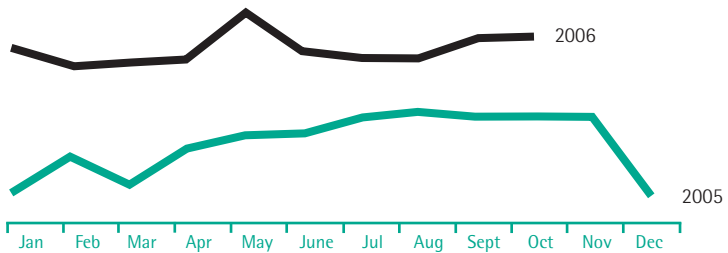


Accounting Job Vacancies Higher in 2006

The Ambition Accounting Jobs Index records the accounting job vacancies each month in the print media and key job sites state by state for both contract and permanent accounting vacancies. The Index is published monthly and detailed results can be found on the Ambition web site www.ambition.com.au

In 2006 the national accounting job market has continued to improve with increased vacancies over 2005.

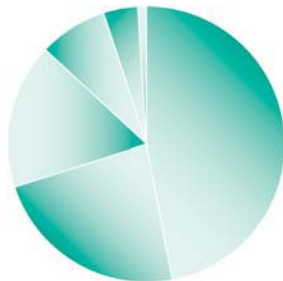
Volume of Accounting Positions Australia Wide



Sydney Remains the National Hub

The Ambition Accounting Jobs Index also records each state's share of national accounting vacancies and Sydney remains the key centre with approximately half of the nation's accounting jobs.

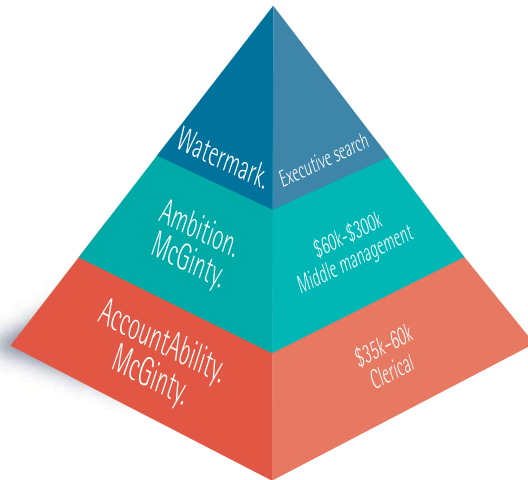
National Share of Accounting Positions October 2006



Sydney & NSW	47%
Melbourne & VIC	23%
Brisbane & QLD	17%
Perth & WA	8%
Adelaide & SA	4%
Canberra & ACT	1%
Hobart & TAS	less than 1%

The Ambition Group

We can now assist at all salary levels in Finance and Technology



Watermark Search

Watermark recruits at Board level across all disciplines using Executive Search.

Ambition Finance

- Professional and Executive positions \$60,000-\$300,000+.
- Accounting and Finance - Accounting, Analysis, Financial Management, CFO etc.
- Internal Audit, Compliance and Risk - Audit, Governance, Risk, Compliance, Company Secretarial.
- Banking and Finance - Investment and Portfolio Accounting, Analysis, M&A, Corporate Finance.

Ambition Technology

- Information Technology and Telecommunications positions \$60,000-\$300,000+.
- Support, Development, Analysts, ERP/CRM, Network Admin, Project Management, Architecture, Business Intelligence, Security, CIO.

McGinty Recruitment

McGinty Recruitment is the leading Brisbane recruitment consultancy specialising in accounting, information technology, HR and office administration.

AccountAbility

- Clerical and support accounting positions to \$60,000.
- Accounts Payable, Accounts Receivable, Payroll, Reconciliations, Accounting support.



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Careers Recruitment and Contracting
Accounting, Finance and Technology

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