



NEWS RELEASE: Australian Businesses Contain Salary Spending On Incumbent Employees

Thursday 30th June 2005: New research by CSI – The Remuneration Specialists has revealed that spending on salaries for incumbent employees over the period June 2004 – June 2005 has increased only marginally in comparison to spending during the June 2003 – June 2004 period.

CSI's *June 2005 Australian General Industry Remuneration Report*, a survey of close to 52,000 employees from 394 leading Australian organisations, shows that salaries for incumbent employees at total remuneration cost (ie. base plus benefits plus performance pay) have increased by 5.7 per cent on average over the period June 2004 – June 2005. This result is very similar to the average salary rise of 5.4 per cent previously reported for the June 2003 – June 2004 period.

“Despite talk of pressure on salaries and skills shortages, our figures are not surprising,” said CSI’s Chief Operating Officer, Mr Jairus Ashworth.

“My experience in recent times is that CEO’s are under immense pressure to maintain profitability. As a result, salary budgets are being strictly adhered to and spending on salaries for incumbent employees is being closely monitored and controlled.”

Although the overall level of spending on salaries for incumbent employees has remained stable, the report indicates that the largest salary increases have been allocated to staff employed at the senior executive level as well as to human resources professionals. The average salary increases reported for these groups of employees were 7.1 per cent and 7.2 per cent respectively.

At the other end of the spectrum, incumbent employees performing logistics roles and those employed within the IT function of businesses were awarded the lowest salary increases. Logistics staff received an average 4.7 per cent increase whilst IT employees were allocated an average 4.8 per cent increase.

CSi's report also analyses differences in salary increases across various industry sectors. This analysis revealed that the banking and finance sectors were the most generous with regard to salary increases awarded to staff in the period June 2004 – June 2005. Average salary increases in this sector were 6.9 per cent on average. This contrasts with the transport and shipping sector that awarded the lowest salary increases to employees of an average 4.3 per cent in the same period.

“These results are also linked to the pressure on CEO's to maintain profitability,” Mr Ashworth continued.

“Greater levels of profitability amongst organisations in the banking and finance sectors means that a larger pool of funds can be allocated to increasing incumbent employees' salaries without detrimentally influencing financial results.”

A breakdown of the results by job level included in CSi's report indicates that employees at the graduate or entry level and employees within the various levels of management were the more likely recipients of higher salary increases when contrasted with the increases reported for employees at the intermediate to specialists (non-management) levels of organisations.

In the period June 2004 – June 2005, CSi's report shows that graduate salaries were increased by an average 6.5 per cent. The salary increases for various levels of management ranged from 5.9 to 7.3 per cent. While increases for intermediate to specialist staff ranged from 5.3 to 6.0 per cent.

“The impact of these results is that the days of ‘across the board’ salary increases are becoming extinct,” Mr Ashworth commented.

“Funds available for salary increases are being allocated to areas of Australian businesses that provide the biggest return on investment, as well as to employees that are top performers or who pose a risk to the business if they are not retained. This typically means that some employees receive high salary increases and other receive nothing.”

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Note:

CSi's Australian General Industry Remuneration Report

This report includes information from 51,757 employees from 394 Australian organisations across a broad range of industry sectors including transport, shipping, logistics, computer, hi-tech, manufacturing, banking, finance, insurance, agriculture and energy. It provides detailed market intelligence to businesses on market remuneration rates for close to two

hundred job roles in the Australian market, as well as staff attrition rates, salary market movement percentages and forecasted salary budget figures.

CSi – The Remuneration Specialists

CSi is a specialist remuneration consultancy that provides advice to assist organisations with strategic and operational remuneration activities. With a reputation for excellence and integrity, CSi assists organisations with setting remuneration strategy, designing remuneration policies, sourcing and utilising market remuneration data, and providing training in remuneration management theory and practice.

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