

## **TELECOMMUNICATIONS INDUSTRY: NO 'REAL' SALARY INCREASE BUT MORE JOB SECURITY**

**Wednesday 13<sup>th</sup> August 2003:** Employees in the telecommunications industry have received average salary increases below their counterparts in other industries over the past year, but are now more likely to retain their jobs, according to a new survey.

The August 2003 *Telecommunications Industry Salaries and Benefits Survey*, produced by remuneration specialist CSi and representing 10,881 employees, shows incumbents received an average 2.8 per cent increase in **total remuneration** in the year to August 2003 (**base salaries** rose 2.7 per cent), a figure keeping pace with the CPI, but providing only a modest 'real' salary increase.

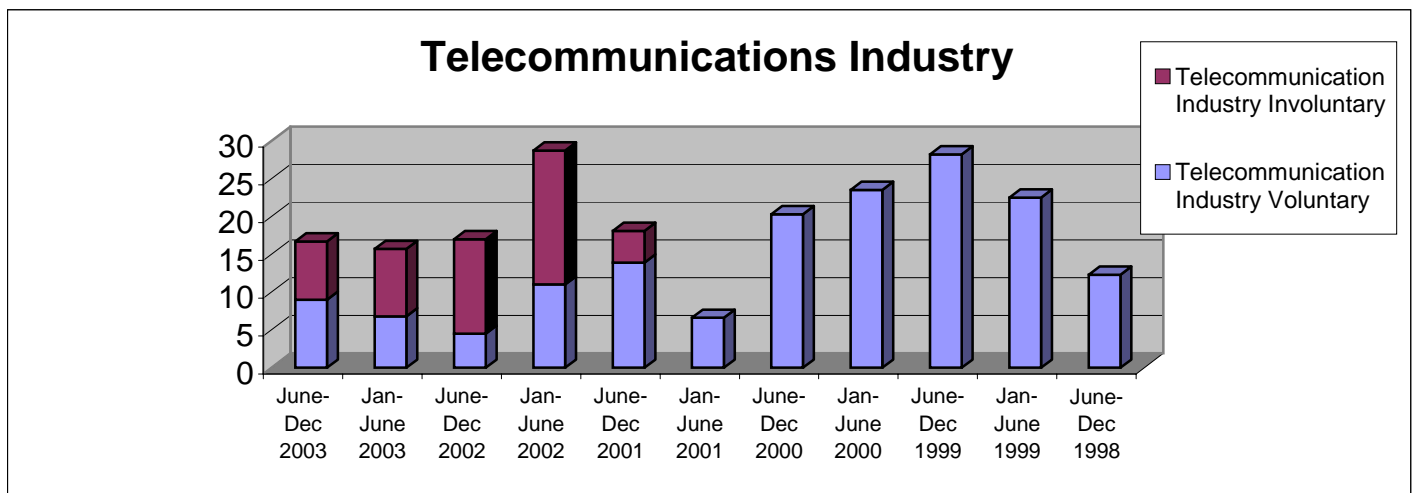
Average annual **base salary** increases for the industry peaked in 2001 with incumbents commanding average annual rises of 7.5 per cent, after three years of increases above 6 per cent. **Base salary** increases declined to 4 per cent in August 2002, with weakening global conditions resulting in what CSi managing director Peter Barton calls an "employers market."

"The small increases indicate that funds allocated for across-the-board increases have been reduced and performance criteria are likely to have tightened in response to market conditions," says Mr Barton.

In comparison to the telecommunications industry, the average **same incumbent** movement for the general Australian salary market, as reported in CSi's June 2003 *General/Combined Industries Salaries and Benefits Survey*, was 4.4 per cent at **total remuneration cost (TRC)** and 3.7 per cent at **base salary**.

On a more optimistic note, the industry's staff attrition rate has fallen over the past 12 months after a tumultuous period which saw **involuntary turnover** – terminations and redundancies – peak at 17.7 per cent of the telecommunications workforce in February 2002.

**Overall industry attrition** is down to 15.8 per cent from 17 per cent in August 2002 and 28.6 per cent in February 2002. Current levels of **voluntary staff attrition** are up, rising to 9 per cent from 4.5 per cent in August 2002, but **involuntary staff turnover** has dropped from 12.5 per cent in 2002 to 7.7 per cent this year.



**Note about this graph: Figures for December 1998 to June 2001 account for both voluntary and involuntary attrition (data was not separately collated at this time).**

'Hot spots' in the telco recruitment market, as reported in the **survey-on-survey** results, include e-Business (up 9.5 per cent), Billing (up 5.6 per cent), Research and Development (5.2 per cent) and Sales (4.8 per cent).

The outlook for pay increases in the telecommunications industry is improving, with organisations anticipating average salary increases of 3.2 per cent over the next 12 months.

## ENDS

**Note:** This survey represents information supplied by 42 Australian telecommunications organisations, the majority of which are Services Providers/Carriers (59 per cent) and the remainder Systems/Equipment Suppliers (41 per cent). These organisations supplied data for a total of 10,881 staff.

## Definitions:

**The Same Incumbent (SI) movements:** reflect the overall average and median movements at various remuneration aggregates as reported by contributors in their data submission – ie. Data for incumbents in the same position this year and last.

**Survey-on-Survey (SOS) movements:** are simply a calculation of the annual movement in Nominal Base Salary, Total Remuneration Cost and Total Fixed Remuneration rates as reported in the annual cycle within this Survey. Comparisons are made between the average rates reported on the relevant survey tables between August 2002 and August 2003. SOS movements reflect increases for people in the same position this year and last as well as new hires.

## Note:

*CSI is Australia's remuneration specialist. We conduct 20 industry-specific salary surveys in Australia and New Zealand and provide remuneration consulting services ranging from executive compensation advice to remuneration technology services.*

For further information please contact:

*Mr Peter Barton*

Managing Director on (02) 8440 6500

*Ms Kylie Crisp*

Remuneration and Benefits Client Specialist on (02) 8440 6500

*Ms Erica Holburn*

Marketing Communications Officer on (02) 8440 6500 or 0404 139 650

Or go to [www.classalinfo.com.au](http://www.classalinfo.com.au)