

REMUNERATION REVIEW

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NOW RELEASED!

PARENTAL LEAVE POLICY & PRACTICE REPORT



'Four Hands on Belly' by Elliott
McFadden

The pressure on governments and organisations to amend legislation and update company policy to incorporate paid parental leave persists. Australia remains one of the few OECD countries to not have statutory paid parental leave. With debates in both public and private forums focused on how best to respond to Australia's falling workforce participation and increased competition for skilled labour, the issue of parental leave offerings remains of primary importance.

For organisations grappling with this issue, it is not just the pressure on implementing paid parental leave that is being dealt with, it is also the larger issue of updating parental leave and return to work policies so that they fall in line with *current* market practice.

CSi's newly released Parental Leave Policy & Practice Report (Australia & New Zealand) provides up-to-date and valuable intelligence on what constitutes market policy and practice with respect to eligibility/definitions for parental leave entitlements; the prevalence and value of paid parental leave; the treatment of accruals and other benefits whilst employees are on leave; contact channels utilised during parental leave; return to work transitioning after parental leave; flexible working conditions for pregnant women; the prevalence of onsite parenting rooms; utilisation levels of parental leave entitlements; and the provision of childcare support.

Key statistics included in the report are:

- Of the 110 organisations surveyed from an array of different industries, 87% have a formal parental leave policy.
- Of the surveyed organisations with a formal parental leave policy, 61% currently offer paid maternity leave.

To request a copy of the *Parental Leave Policy & Practice Report (Australia & NZ)* or to obtain further information, contact Christine Rulli - ph: 61 2 8440 6500 or email: crulli@classalinfo.com.au.

CSi – Your Remuneration Specialists

STAT WRAP

Despite a slight setback in 2003, the Australian economy now looks well placed to take advantage of the anticipated global upturn.

- CPI is 2.0% annualised to March 2004*;
- March's unemployment rate was 5.7%, down 0.5% on this time last year*;
- Signifying the highest level since October 2002, newspaper job ads rose by 0.3% in March 2004 (ANZ Survey);
- "Improving global & domestic economic outlook means that labour market prospects over 2004 are positive" (ANZ Economic Snapshot);
- Wage costs increased by 0.9% during March (National's Monthly Business Survey).

*Source: Australian Bureau of Statistics.

IT SPOT

IT employees received Nominal Base Salary increases of 4.9% on average in the year to April 2004. Over the coming year, organisations are predicting 3.6% on average for IT Salary increases.*

- The number of IT & T jobs advertised rose by 4.6% in March according to the Olivier Internet Job Index.
- The DEWR ICT Vacancy Index increased by 16.1% over the four weeks to mid March.
- The Hudson Report shows 38.8% of IT employers expect to increase staffing levels for the June 2004 quarter.

*Source: CSi's *Computer Specialist Salaries & Benefits Survey April 2004*.





EDITOR'S MESSAGE

With all of this cycle's surveys produced and released or nearing completion, CSi staff have been busy conducting Survey Feedback Sessions and market trend presentations.

This issue of *Remuneration Review* features an article on manufacturing pay trends by experienced management consultant, Marian Cantwell, alongside our regular features.

Please email any feedback or suggestions to: natashae@classalinfo.com.au

Natasha Edwards
Remuneration & Benefits
Client Specialist

EXECUTIVE DEMAND

Demand for executives rose by 33% in February, according to E.L Consult's Executive Demand Index, demonstrating executive demand at its highest level in 6 months.

"These results are extraordinarily good and follow on from the 'in principle' acceptance of the Free Trade Agreement with the US, buoyant world commodity prices and other positive economic news," said Mr Grant Montgomery, Managing Director of the executive search firm E.L Consult.

"We are seeing the move towards a steadily strengthening market for Australian executives and a final ending of the 'jobless recovery' which has had the greatest effect here on middle management positions."



USING CSI'S ON-LINE DATA SERVICES

CSi recently introduced web-based data services under the banner of 'WEBRem' for all survey subscribers. We conducted a Q&A with WEBRem Developer, Terry McCracken, to establish how clients can benefit from the latest innovations.

Q: What does WEBRem offer to CSi survey subscribers?

A: WEBRem has two main features at present, 'Surveys On-line' and 'Compa-ratios Download'.

Q: How do clients benefit from Surveys On-line?

A: Clients can log onto WEBRem and view the remuneration tables and position descriptions from their survey at any time and from any place provided they have internet access.

Surveys On-line negates the need for carrying around heavy survey binders. It offers the flexibility to make the data available to employees in their home offices, or to colleagues located in overseas or interstate offices that may need to look at survey data from time to time. WEBRem is a secure site that disallows unauthorised users. It is therefore a very secure way to transport highly confidential data.

Q: How can 'Compa-ratio Downloads' assist clients?

A: The biggest feature is that clients can access a range of market percentiles for remuneration items (data permitting) and view the differential between their employees and the market. For example, an organisation may target the 90th percentile for Variable Pay components and then benchmark against the 65th percentile for Base Salary. Both of these items at these varying percentiles can be downloaded and analysed.

Clients can do detailed remuneration analyses using 'Compa-ratio Downloads'. Clients can download discreet remuneration items such as sales commissions or car allowances into an excel sheet and then

use standard Microsoft Excel™ functionality to generate statistics for reporting and market analyses.

The market rates for all items downloaded are shown against individual employee rates within an organisation. A percentage differential comparing the market rate to individual employees is also provided so that organisational positioning against the market can be established at a glance.

Q: Where is development of WEBRem headed in the near future?

A: The next phase of WEBRem is to include functionality that allows clients to order customised cuts of the database that are specific to their organisation and remuneration requirements.

For example, development is underway that will allow clients to see remuneration rates based on named or direct competitors. Development further down the track will enable clients to view market data in a format that reflects their organisation's salary packages. One organisation may communicate a Total Remuneration Cost inclusive of every remuneration item except superannuation, whereas another organisation might have a Total Package that includes all remuneration items except FBT. These varying arrangements from organisation to organisation will be accommodated on-line with WEBRem.

Q: What type of clients have utilised WEBRem's data services to date?

A: The smart ones (said with a smile!). A variety of large, medium and small organisations from all of our industry groupings. There is something there for everyone.

Access WEBRem:

<https://www.csirem.com.au/webrem/webrem>

For more information, please contact CSi Support on 61 2 8440 6500 or support@classalinfo.com.au



Peter Barton crystal ball gazes and shares some insight on pay predictions for 2005 and beyond.

REMUNERATION - BEYOND 2005

CSi's Managing Director, Peter Barton, discusses the likely challenges for remuneration specialists in the second half of this decade.

It is said that history has a habit of repeating itself. Hence it is also said that the first few years of every decade are recessionary to be followed thereafter by much more buoyant economic conditions. During the recession of the early 1990's pay pressures were subdued but after 1995 the pressures built up progressively to the Dot Com boom which hit at the end of the decade.

So what will be the issues that affect us after 2005?

Top Executive reward will probably remain in the limelight until a more structured approach to remuneration prevails, including relativities to market; relativities to other company executives; and the establishment of appropriate performance hurdles.

Stock plans will almost certainly take off again in another 'bull' market but will most likely be restricted issues and charged to the company's profit and loss.

Short term incentives, including cash incentives, bonuses and commissions are predicted to become key items of packaging and organisations will be consulting their remuneration surveys for more detail about trends in these benefits.

Regionalisation of pay is set to become a prominent factor in reward. The generic data presented in regional surveys may become an important adjunct to detailed country specific reports.

Hot or premium skills (aka: GST, Y2K and IT specialists towards the end of last decade) will start to emerge for certain roles after 2005. It is too early to predict which sets of skills will be in high demand. Regardless, the establishment of a system to deal with hot skills will become important.

For more information, contact Peter Barton - pbarton@classalinfo.com.au

PAY TRENDS IN MANUFACTURING COMPANIES

Marian Cantwell, a management consultant based in Melbourne, reports on her finding from remuneration surveys she has conducted covering blue-collar and technical positions.



Collective agreements have changed the way total remuneration is determined for blue-collar workers. In the past, an hourly or weekly base pay rate was quoted for each job; variable pay elements were likely to be overtime and/or allowances for site conditions (confined space, dirt, etc.) and shifts. Now, in a large number of organisations, recognisable base pay rates are no longer calculated. Increasingly, the framework for blue-collar pay determination resembles that for clerical and managerial jobs. Remuneration for technicians, reliability trades, stores and production employees is now likely to be:

- quoted as an annual salary or earnings figure;
- comprised of fixed elements (a job or grade rate, which includes bundled allowances for items such as annual overtime hours) and variable elements (performance pay, etc.);
- linked directly to internal performance parameters such as productivity improvements, flexibility, customer service and team work requirements;
- not directly linked to award rate changes;
- benchmarked with, but not linked to, movements in national economic indices such as the Consumer Price Index or the Wage Cost Index;
- benchmarked with 'the going rate' for a similar job in the employment catchment area for the plant.

Organisations that require a high level of team work

and employee flexibility generally set higher pay rates for blue-collar employees than those with a more 'traditional' work structure. Collective agreements frequently lead to payments for qualitative or personal job elements, such as employee flexibility and commitment, as well as paying for technical job skills and training - the 'quantitative' job elements. For example, a maintenance Electrician position, at C10 metal trades classification level, may be paid close to award rate in a traditional organisation, yet could receive a considerably higher remuneration in an organisation that values a high level of employee flexibility and participation in decision-making.

The technical skills and experience required to perform the basic job elements are identical for each organisation, but the employee participation elements are worlds apart. This approach to pay setting requires position-related remuneration data for benchmarking purposes, rather than the traditional points-based (job evaluation) information. What is needed is position-specific data which focuses on the market value of a position in a particular industry or location rather than on dollars for generic job evaluation points.

Marian Cantwell (BBS, MSc (Econs), MB (HRM) conducts remuneration surveys covering blue-collar and technical positions and has been associated with CSI for a number of years. For further information phone 0412 495 925 or access: www.emer.com.au.

NZ STATISTICS

- CPI in the March 2004 quarter increased by 0.4%.
- The unemployment rate for the December 2003 quarter was 4.6%.
- The labour force participation rate is sitting at 66.5% for the December 2003 quarter.
- The ANZ Jobs Ads series recorded a 4.1% fall in February 2004 to 32,113 seasonally adjusted, though this figure is still 3.7% higher than February 2003.
- ANZ Chief Economist David Drage said that "persistent labour shortages were playing a role in underpinning the job ad series, by forcing employers to re-advertise positions in an attempt to attract appropriate candidates".

SKILLED VACANCIES

The Department of Employment and Workplace Relations' Skilled Vacancies Index decreased by 0.2% in March 2004.

Two of the three major occupational groups fell: Professionals by 0.2%, and Associate Professionals by 2.1%. Despite the fall, vacancies are 5.4% higher than in March 2003.

SOFTCOPY SURVEYS

Is your hard copy survey getting too heavy to carry?

Request an adobe acrobat (PDF) version of your Survey.



SALARY REVIEW SOFTWARE

SIT, CSI's Salary Increase Tool has undergone major development to include letter generation for salary reviews and automatic summary generation for reporting purposes. Consequently the software has been re-branded to reflect the new functionality and is now called 'RemSys'.

RemSys allows organisations to manage the entire salary review process. It automates all operational aspects of the salary review process, freeing up HR Managers' time for the functions that really add value to the process.

For more information on RemSys contact Paul Wright on 61 2 8440 6500 or pwright@classalinfo.com.au.

ICT & TELCO CLIENTS



CSI would like to thank all clients that attended the Telco & AIIA Survey Feedback Sessions.

CSI's Telco and ICT clients met for their survey feedback sessions in March. Hot issues for Telco clients included the emergence of 3G technology roles and the establishment of market pay rates. Discussion amongst ICT clients centred around the more positive outlook for the industry; the ageing population; and hot skills in the market.

Thank you to our hosts, Damovo, CSC and EDS.

CSI SERVICES UPDATE

CSI's Client and Professional Services Teams have conducted several projects recently, including:

- Provision of Executive Remuneration advice for CEO's, Senior Executives, Non-Executive Directors and Chairpersons to an array of different organisations.
- Developing business commission plans for a large Telco company.
- Benchmarking of employees within a number of organisa-

tions in IT, Marketing, Graduate, Financial Planning, and Professional Services Job Families.

- Generation of a report on Premium Skills and Premium Skill Payments within leading ICT and Banking Organisations.
- Provision of Policy and Practice advice for Motor Vehicle Benefits.

To discuss how the CSI team might meet your needs, phone Jaius Ashworth on 61 2 8440 6500 or email: consulting@classalinfo.com.au.

OPTIMISTIC HIRING INTENTIONS

Of 6,972 employers surveyed by Hudson, 35.2% have indicated they are anticipating an increase in current staffing levels over the coming three months. Eight of the 16 industries surveyed recorded higher employment outlooks than the national average.

Sector	% employers creating new jobs
Professional Services	43.2
Construction/Property/Engineering	29.1
Telecommunications	35.1
Information Technology	38.8
Healthcare	28.7
Financial Services/Insurance	33.1
Utilities	35.7
Advertising/Marketing/Media	31.7

HOT SKILLS & HOT SKILL PAYMENTS

With a slight upturn in the IT jobs market, profitability returning to the IT sector and the talk of an improvement in IT spending, the issues of identifying and remunerating hot skills are coming to the fore again for HR practitioners.

In a recent hot skills study conducted by CSi it was determined that 36% of organisations currently have a premium skill plan to meet the needs for key technologies.

"Hot skill payments can significantly impact an organisation's bottom line if they are built into employee's base salaries," explains Andrew White, CSi's Consultant who recently completed the research. "Organisations can find themselves paying inflated base salary rates even when skills have cooled off."

Hot skills are IT skills usually perceived to be either so rare or so high in demand in the market that they are difficult to recruit. They can also be skills that are business critical. Hot Skill Payments are rewards that are directly attributable to employee's hot skills.

For more information on identifying hot skills and structuring hot skill payments, please contact Andrew White on 61 3 9607 1361 or awhite@classalinfo.com.au.

CSi TO APPEAR AT THE AHRI CONVENTION - MAY

CSi will be featured as one of the exhibitors at the Australian Human Resources Institute National Convention on the 10th and 11th of May 2004 in Melbourne. All current and prospective clients are encouraged to attend the Melbourne Convention Centre, Corner of Flinders and Spencer Streets.

CSi consultants will be providing information on all elements of CSi's products and services.

Phone Christine Rulli on 61 2 8440 6500 for more information.

SURVEYS FOR RELEASE

MAY

Non Government Organisations
Media

JUNE

Defense Systems
General/Combined Industries
General Insurance Group

JULY

ACICG
Australian Top Executive Report

SURVEY FEEDBACK SESSIONS

MAY

Consulting Engineering (ACEA)
Banking & Finance Industry

JUNE

Business Equipment (Pre-Survey)
Non Government Organisations

JULY

General Insurance Group

REMUNERATION TRAINING SESSIONS

REM 101

Sydney 16th June

HOW TO USE SALARY SURVEYS

Melbourne 11th June

In-house sessions upon request

HR SPOTLIGHT

Darren Taylor
Remuneration Program Manager
IBM Australia



Darren Taylor, Remuneration Manager, father of two, and golf 'fanatic' talked to us about his professional career and all the good things in life.

What is your work/life philosophy?

I strive to uphold the "I work to live" motto. It's often a difficult task with peak times but it's all about give and take. I work for an organisation that embraces this philosophy.

What is the most important remuneration situation you have had to deal with?

There's not one situation but an ongoing need to educate managers and employees, and communicate with managers and employees on remuneration, the market trends, and the organisation's philosophy.

In one sentence, describe your work background.

I've split my career fairly evenly between HR Consulting organisations (Mercer and Watson Wyatt) and corporate organisations (Household Finance and IBM).

Name some of your favourite things.

Coaching my son's soccer team - a dozen 7 year olds can be trying at times, but very rewarding; golf - more of a love/hate relationship really(!) and fishing; Carlos Santana; Van Morrison; planning holidays; wine; Clive Cusler and Colin Forbes books.

What is one change that has come with being a father?

With two small children dining out is a thing of the past. Dining In is the new Dining Out.

What do you currently use CSi for?

We use CSi primarily as a survey provider but also seek advice constantly on Executive Remuneration and various special surveys on HR policy or individual job pricing. To be honest, we view CSi more as a Remuneration/HR business partner.

Darren is tertiary qualified, with a Bachelor of Economics Degree.



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