



Remuneration Review

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News Flash

CSi Opens New Zealand Office

It is with great pleasure that we announce the opening of our New Zealand office and the appointment of Rachael Finnemore to the position of New Zealand Practice Lead.

The expansion to New Zealand is the latest in a series of moves made by CSi to better service a growing client base. It will enable our current and prospective New Zealand based clients to readily access our expert remuneration advice, innovative training programs, and leading edge remuneration and benefits products and services.

"The opening of our New Zealand office is an historic event for CSi," remarked Jairus Ashworth, Managing Director. "We are now an international company."

Located in Auckland, CSi's new office will be officially open for business on the 1st May 2006 and will service the whole of New Zealand.

Rachael Finnemore joins CSi after a long and successful career with Vodafone New Zealand, most recently in the position of HR Services Manager.

"Rachael brings a wealth of remuneration management experience and knowledge to her new role within CSi," commented Mr Ashworth.

"Rachael is charged with building CSi's New Zealand business. She will be working closely with our clients to develop and implement tailored remuneration solutions. She will also be expanding our suite of New Zealand specific remuneration reports. Our inaugural *New Zealand Executive Remuneration Report*, released in April 2006, is the first publication in an expanding range of reports that will become available as the year progresses."

Further details about the opening of our New Zealand office will be announced shortly. Should you have an urgent remuneration requirement and wish to meet with Rachael Finnemore, please contact CSi's Sydney office on +61 2 8440 6500 and speak with Liz to arrange a meeting.

By Jairus Ashworth, Managing Director

The Role Of Rewards In Becoming An Employer Of Choice

The latest HR Holy Grail for many organisations is to become an "Employer of Choice" (EOC). With awards ranging from Fortune magazine's "Coolest Companies" to AGSM/Hewitt's "Best Employers To Work For", there is great opportunity for organisations to gain public recognition of their successful working cultures. The awards represent a strong marketing tool for current and potential employees of the company. There is also a correlation between being a best employer and delivering above average financial returns.

Whether the EOC phenomenon disappears within a few years or becomes deeply ingrained in management practice, one message that has come out strongly from these studies is that "Pay is not the answer". The argument is that above market pay, in and of itself, does not create an environment of employee engagement and high commitment to the organisation. A fair enough point!

Increasingly though it seems this has been distorted almost to the point where people are saying that rewards do not matter - all you have to do is follow the market and you will be okay. We, at CSi, feel this is a dangerous and erroneous perception and that rewards are one of the most effective levers an organisation can use in building a great place to work by aligning employee and organisational goals.

The primary purpose of a good rewards program is to reinforce and encourage certain behaviours. In essence, using rewards is about "putting

your money where your mouth is" - if you want employees to achieve particular results, you need to reward them if they do. This can be done through a number of channels; personal recognition, spot bonuses and incentives, increased base pay or lifestyle benefits. The important thing is that the rewards program is aligned with the culture the organisation is trying to create.

There are multiple variables the rewards professional can modify to ensure this alignment exists:

- The mix between base salary, variable pay and benefits
- The method of determining base pay increases
- The position of salaries vis a vis the market
- The criteria upon which incentive or bonus payments are awarded
- The emphasis on team versus individual rewards

There is no more of a concrete reinforcement tool than hard cash. If the way an organisation distributes this cash is not consistent and reinforcing of the values and cultural messages, it is undoubtedly far more difficult to persuade employees of their authenticity.

Let CSi partner with your organisation to ensure your pay strategies, policies and practices are sending a consistent message to your employees and support the strategic direction of your business.

Hot New Releases!

CSi's Incentive Pay Plans Policy & Practice Report 2006

This report presents all the intelligence you need to ensure your incentive pay plans are market competitive. It also features case studies from QBE Insurance Group, EDS New Zealand and Oracle Corporation Australia.

Statistics appear in easy-to-read graphs with in-depth commentary to assist you to understand market trends. Results are based on data from 130 Australian and 35 New Zealand businesses.

To order your copy go to: <http://www.csirem.com.au/surveys/policy/index.htm>

CSi's Australian SAP Specialists Salaries & Benefits Survey Report 2006

In response to the sharp growth in demand for IT professionals with SAP skills and the pressure on market remuneration rates for SAP roles, CSi has produced the Australian SAP Specialists Salaries & Benefits Survey. It features independent and robust market intelligence on remuneration rates for 18 SAP roles and where data samples permit, rates are published per SAP module. To order your copy go to: www.csirem.com.au and click 'surveys'.



What's On?

Remuneration Seminar

CSI's All Industries Remuneration Seminars present participants with a half-day overview of current and forecast remuneration considerations. Topics for discussion include the:

- Latest trends and forecasts in various industry sectors
- Implications of international trends for Australian organisations/employees
- Impacts of the 2006 federal budget on remuneration
- Latest trends in incentive policy and practice

All information is presented and discussed by specialist CSI representatives.

When?

North Sydney

Wednesday, July 12th 2006

Melbourne

Wednesday, July 19th 2006

Who Should Attend?

HR and Remuneration professionals at all levels and anyone with an interest in understanding current and forecast remuneration trends.

Registration Fees

\$495 inc GST per person

How To Register

Go to: <http://www.csirem.com.au/training/calendar.htm> or phone Christine Rulli at CSI on +61 2 8440 6529.

CSI At AHRI Convention '06

We invite you to visit us at the Australian HR Institute (AHRI) National Convention. CSI representatives will be waiting at stand 44 to discuss how we can assist you with your organisation's remuneration needs. Free Entry!

When?

Wednesday 24th May, 8am-5pm
Thursday 25th May, 8.30am- 4pm

Where?

Melbourne Exhibition & Convention Centre

More Info?

Call Christine at CSI on +61 2 8440 6529.



The Current Business Environment

Stat Wrap

GDP	2.7%
(annualised Dec 05 trend figure)	
CPI	2.8%
(annualised Dec 05 trend figure)	
Unemployment	5.2%
(annualised Feb 06 trend figure)	
Wages Growth	5.4%
(annualised Nov 05 figure)	

www.abs.gov.au

IT Spot

According to CSI's IT/Computer Specialists Survey, employers of IT staff are predicting an average 4.0% salary increase for 06/07.

There has been significant growth in the number of vacant jobs in the IT&T sector according to the Olivier Internet Job Index. The IT industry index stands at 86.78 in March 2006, up from 78.29 in February 2006.

In the four weeks to mid March 2006, the Information and Communications Technology (ICT) Index rose by 10.9%, averaging approximately 19,800 vacancies. This is 23.6% higher than in March 2005.

Skilled Vacancies

The Skilled Vacancies Index (www.workplace.gov.au) rose by 1.2% in March 2006 to 104.8.

Vacancies for Professionals and Trades rose by 0.5% and 1.6%.

Associate Professionals also rose (up by 2.6%).

In annual terms the SVI is 7.2% lower than in March 2005.

Executive Demand

According to the current E.L Executive Demand Index, (www.elconsult.com) Australian executives continue to be in hot demand.

Demand is now at record highs and continues to trend upwards, indicating strong confidence in the future of the Australian economy.

'While there was a slight tempering of the huge gains made last month, the strength of the current E.L Index is without historical precedent,' said Mr Grant Montgomery, MD of the executive search firm E.L Consult that researches and publishes the E.L Index.

An Extract From Watson Wyatt's 'Asia Pacific HR Update' - First Quarter 2006

Attracting & Retaining Talent In The Asia Pacific Region

Hong Kong

Hong Kong is experiencing rising staff turnover rates across all business sectors, except the health care industry. The average turnover rate rose from 10.7% in 2004 to 14.7% in 2005. Sales and marketing were the hardest hit job functions with an average 22.0% attrition.

Hong Kong companies reported the three most effective retention mechanisms to be salary increases; incentive bonus schemes; and career progression.

There is a continuous trend of increased use of performance-based reward amongst Hong Kong companies. The fixed versus variable cash ratios by staff category are:

94:6	general to supervisory staff
91:9	management/snr management
87:13	top management

India

Indian companies are experiencing difficulty with attracting and retaining all types of talent. The highest staff turnover rates have been experienced in the BPO/IT enabled (40 - 50%); hi-tech (20 - 30%) and consumer products (12%) industries.

Companies are using monetary (pay for performance, stock options, etc.) and non-monetary (recognition schemes, education assistance, overseas assignment etc.) reward strategies to address the attraction/retention issue. Companies are also advised to pay special attention to career development and skills enhancement for employees.

Japan

Japanese companies are currently grappling with the "2007 Problem", a generic term for the consequences of the impending mass retirement of baby-boomers.

The problem is primarily about skills and know-how succession between the baby-boomer generation and the next.

Companies are attempting to address this problem. Their strategies include extending the retirement age; systematizing skill and know-how succession; and increasing employment of new graduates as technical workers.

Malaysia

When asked to identify key HR challenges, more than 30% and 15% of businesses indicated 'employee retention' and 'employee attraction' as top HR challenges. The general tightening of labour markets as companies shift from a 'cost focus' to 'growth focus' is considered a contributing factor to this result.

In response, some companies are looking at hiring talent outside of Malaysia, especially in key sectors such as oil/gas and financial services. Others are starting to review pay and reward policies and practices as competition for talent picks up. The introduction of long and short-term incentives and other non financial incentive programs, (e.g. flexible benefits, work/life balance, job rotation) are also being assessed.

Strategies outside of reward management that have been identified as mechanisms to attract and retain employees include partnering with universities to develop pools of talent to meet future business needs; developing a broader range of training and development initiatives through the offer of international assignments; providing project exposure to key employees; encouraging continued education; and offering management development.

Thailand

Retirement benefits are increasingly being viewed as an effective retention tool - 72% and 55% of companies consider retirement benefits as 'excellent' and 'good' retention tools for management and non-management groups of employees.

References

Watson Wyatt Asia Pacific Databases
The Economist Intelligence Unit
Major Local Newspapers and Media

CSI has a strategic alliance with Watson Wyatt, one of the world's leading international benefits and human resources consultancy firms. Through this alliance we can provide you with international remuneration market intelligence, compensation reports, HR reference manuals and Watson Wyatt's Global Grading System (GGS).

Toolkit: Understanding And Using Pay Market Data



Introduction

There are many reasons for using external pay data. These include:

- creating or validating a grade structure or set of pay ranges
- checking out the external market before recruiting into a new position
- developing a new bonus scheme
- responding to recruitment or retention problems.

Whatever the reason, if it has fallen to you to provide the external pay data, how do you find good data? How do you know if the data is reliable? And how do you turn raw data into meaningful analyses?

Following is an extract from a comprehensive toolkit, written and researched by e-reward. This extract will help you understand the methods of obtaining, interpreting and using market rate data as a basis for market pricing decisions.

Why do organisations make market comparisons?

One of the vital ingredients of an effective human resource strategy is the development of a competitive pay and benefits position which enables you to attract, retain and motivate people with the skills necessary to deliver organisational success. Competitive pay structures – whatever the degree of formality – can only be developed and maintained if data on the levels of pay in the external market are systematically monitored by a process of market rate analysis.

To do this effectively requires a balancing act whereby the organisation aims to reconcile the often conflicting needs for pay structures and levels to be both internally equitable and externally competitive.

In spite of the importance of internal equity, some organisations decide that it should be a secondary consideration, especially if the market for their key staff is highly competitive. Other organisations

may state that their policy is to be sensitive to market rates without being driven by them, which means that they have to resolve the competing claims of competitiveness and equity.

The problem of defining a market rate

All too many managers and senior executives – and, indeed, many employees – commonly believe that it is not only possible, but relatively simple, to establish a “correct” rate, for any given job, in any industry, in any location, for any age or experience level – preferably to the nearest dollar.

But as a report by CubikSurvey.com explains, accurate market-rate information may be difficult to obtain:

“The expectation is that reward specialists, and the surveys they provide, can wave a magic wand and come up with the only right answer. This rather overlooks the complexity of remuneration issues. It is rare that two companies, even within the same industry and location, are managed in identical ways. Different corporate values, perceptions of the contribution of each job to the effectiveness of the organisation, and the experience and performance of the individuals holding the jobs all impact on the remuneration paid to people in apparently similar positions.”

Ultimately those differences are reflected in the market and the remuneration paid to people in apparently similar positions. There is always a choice of rates. No survey is able to provide the single “correct” salary for any position, or range of positions.

What is market rate analysis?

Market rate analysis aims to collect two types of data to provide for competitive pay:

- the rates provided for similar jobs in other organisations
- the rates at which pay is increasing in other organisations (‘going rates’) in order to inform decisions on annual pay reviews.

What are market rate surveys?

- surveys that collect information on pay – market rates – and employee benefit provisions in other organisations
- reports that provide guidance on levels of pay and benefits within the organisation in line

with its policies on reward comparabilities

- reports that are sometimes known as ‘pay and benefit surveys’ or ‘pay benchmarking’.

How is market data used?

- to maintain a competitive pay and benefit position
- to assist in determining levels of pay
- to provide guidance on internal differentials
- to inform annual pay reviews.

How to select a salary survey

Surveys are sometimes prohibitively expensive and of varying content, presentation and quality. When selecting a survey we suggest that you follow our guidelines:

- Does it cover relevant jobs in similar organisations?
- Does it provide the information on the pay and benefits required?
- Are there enough participants to provide acceptable comparisons?
- So far as can be judged, is the survey conducted properly in terms of its sampling techniques and the quality of job matching?
- Is the survey up to date?
- Are the results well presented?
- Does it provide value for money?

What are the key steps in the process of market analysis?

1. Confirming the need for market analysis and who will do it
2. Deciding on job coverage
3. Data collection criteria
4. Matching your jobs to the external market
5. Analysing and interpreting data
6. Presenting your results.

Has your appetite for a more comprehensive explanation of these points been piqued? This discussion comes from a 37 page report that we at CSi consider to be an essential reading for serious HR/Remuneration professionals. Contact Paul Thompson at e-reward.co.uk. - paul@e-reward.co.uk for information on their research report subscription. Be sure to mention you are a CSi newsletter reader!

Alternatively, detailed discussion of this information (and more!) is presented within CSi’s training courses - ‘REM 101’ & ‘How To Use Salary Surveys’ - email training@csirem.com.au for course outlines.

CSi Welcomes New Clients

- Allume Technology Partners
- Alzheimers Association QLD
- American International Assurance Company (Australia)
- Ball Solutions Group
- Callaway Golf Company
- Caltex Australia Petroleum
- Centacare, Newcastle
- ChildFund Australia
- CorpTech
- CPS Group
- Data#3
- FCS Computer Systems Australia
- Hagemeyer Australia
- Living Cell Technologies
- Markinson Business Solutions
- Metabolic Pharmaceuticals
- NRMA Motoring & Services
- Oregon Scientific Australia
- Pay Global
- Reserve Bank of New Zealand
- SEEK
- Shimadzu Medical Systems (Oceania)
- The Smith Family
- Total RISC Technology
- Weir Services Australia
- Zeacom

We look forward to working with you!

Client Comment

“With CSi’s support and the use of their salary review software, RemSys, our salary review has gone from being a two person exercise over four solid weeks to being a one person exercise from beginning to end. I don’t need an additional secretary to do all the letters.

It’s brilliant, a brilliant product.”

Kim Reade, Human Resources Manager, Ricoh Australia





HR Spotlight

Mike Bullock

HR Hombre - Virgin Mobile Australia (VMA)

He's been a flying instructor and charter pilot in and around Arnhemland; an equities and derivatives dealer; a trainer in the finance industry and now he's VMA's HR 'Nice Guy'. We recently chatted to Mike Bullock to gain insight into his career, workplace and unique view of life.

What does your role encompass at VMA?

I look after the Sales, Retail, IT and Networks departments in a generalist capacity as well as specialising in the statistical reporting aspect of the HR business.

How would you characterise the workplace culture at VMA?

I recently saw a quote from a new Virgin employee in the UK:

"I joined Virgin because I wanted Rock and Roll. I wanted the big challenge, the big job, the big car, but I wanted Rock and Roll as well."

This is one of the best ways I have heard the culture summed up and the quote came from a Finance Director. I can't imagine anyone less rock and roll than your average Finance Director, but that's the beauty of Virgin. We attract crazy people that do crazy things at crazy times on crazy budgets.

Describe your career highlights at VMA.

There really are so many highlights! Being the roadie for Robbie O and the Punished Monkeys in the 2004 VMA Air Guitar Championships; winning the walkoff at the 2005 Moustache Growing Contest; being part of the HR department and winning best film at the January 2005 "Oscar Night" quarterly review at Fox Studios for our interpretation of Pulp Fiction.

What is the philosophy around remuneration management and attraction / retention of employees at VMA?

Obviously VMA's employees expect a fair day's pay for a fair day's work and we aim to ensure our pay is competitive, but the type of people we attract place a lot of value on non-financial rewards as well. Most VMA employees have a very hectic social life. As a company we place a great deal of importance on maintaining a healthy work/life balance and so we try to provide our people with ways to help them manage their time off, including: mobile phones for new starters to the company; credits for their mobile phones; experiential rewards such as Red Balloon days; discounts at music / lifestyle based retailers; and accommodation discounts.

We also offer all our employees two V-days per year. These days, also known as 'Lifestyle Days' or 'Well Days' can be taken at any time and for any purpose.

What is your work/life vision?

It is the dream of the VMA HR team to have our employees look forward to the weekdays as much as they look forward to the weekends.

How do you spend your time outside of work?

Having fun. I love to fly and do this whenever I can, especially aerobatics. I like to go kayaking and have recently begun kayak fishing. I also love to snowboard and I organise the Bullski snow trip each year.

What do you use CSI for?

Remuneration benchmarking analysis and remuneration training.

How would you rate CSI's service?

Brilliant, efficient, thorough and friendly. Working with CSI staff has been a pleasure.

Mike is tertiary educated with a Bachelor of Business (Management). He also has a Certificate IV in Workplace Assessment and Training and a commercial pilot's licence.

Hot Jobs In The Recruitment Market

The following jobs are hot from a recruitment perspective:

Information Technology

- Candidates with .net and J2EE skills
- Mid-level project managers
- Testers
- ITIL skills

Human Resources

- The Australian executive HR market continues to improve at a fairly modest pace
- Workers compensation and rehabilitation candidates with specific industry experience
- Learning & Development candidates who can deliver efficient, responsive and cost effective training interventions
- OH&S candidates
- HRIS candidates
- HR Administration and Coordinator

Engineering

New South Wales - public sector:

- Traffic engineers
- Civil design engineers
- Road designers with Civil CAD skills

New South Wales - private sector:

- Civil and structural engineers with 5-10 years experience
- Traffic modellers
- Civil designers
- Senior HVAC and senior electrical project managers with 5-10 years experience
- Mechanical and electrical design engineers, especially those with 5+ years experience

Victoria:

- Electrical and structural engineers with 3-10 years experience
- Fire specialists
- Civil/structural drafters at all levels

Tasmania:

- Civil/structural engineers
- Building services engineers and drafters

Australian Capital Territory:

- Hotspots exist across the board, from civil and structural engineers to building services

Banking

Perth:

- The junior level banking market is booming. Candidates at levels below \$50,000 are in greatest demand for both temporary and permanent positions
- Financial planners, para planners and financial planning support skills
- Mobile lenders
- The temporary market requires experienced lending staff and credit analysts

Accountancy & Finance - Public Sector

- Management accountants
- Auditors, particularly in internal audit
- Financial accounting skills specifically in year-end reporting and IFRS
- Assistant accountant and accounts payable candidates with good systems skills

For full details of the Hays Quarterly Forecast, which details current market conditions for sectors across Australia, visit: www.hays.com.au/forecast.



CSI - The Remuneration Specialists

Pty Limited A.B.N. 86 003 854 920

Head Office - Lvl 12, South Tower,
Chatswood Central, 1-5 Railway Street,
Chatswood NSW 2067, Ph: +61 2 8440 6500

Melbourne - Level 9, 440 Collins Street,
Melbourne VIC 3000, Ph: +61 3 9607 1361

