

How HR Professionals Can 'Make Their Mark' With CSI MD, Jairus Ashworth

Smart Shopping Tips

Skills Crisis: The Opportunity Of A Lifetime



Before bemoaning the lack of applicants for your recently advertised job vacancy, or the fact that your biggest competitor is stealing your staff for salaries 20% higher than what you are currently paying, consider the following....

Australia is riding the crest of a once in a generation economic boom. An uninterrupted 16 year growth cycle with record high commodity prices, corporate profits and share prices has been sustained through low inflation and moderate interest rates. This is as good as it gets when it comes to running a business.

We should then look at the low unemployment rate and 'skills crisis' in the context of this superior economic performance – it is a pretty predictable side-effect of being successful.

We are quick to blame the government for skills shortages. However, the market supply and demand curves for labour change a lot more quickly than the government and private sector can make changes to skills development apparatuses (this is not to say of course that governments couldn't do a whole lot better!).

The point that should be made is that this economic boom sees the market system working as it naturally should and demonstrates to us why the system works; rewards accrue to those who use resources most effectively. Thus, Sydney bus drivers are being attracted to drive trucks at mine sites in Western Australia for twice the money.

We would comfort you with the thought that if you are having trouble attracting and retaining skills then you are not alone. In fact, most of your competitors are probably doing it just as tough. So what this means is that if you keep on chugging away through this market using the same old techniques to attract, retain and motivate you'll probably be in relatively good company.

And there in lies the opportunity ...

Organisations that can turn attraction, retention and motivation of employees into a source of competitive advantage can achieve lasting and substantial business success in an environment of skills shortages. Remuneration and HR specialists are tasked with exactly this and we are trained to solve these problems.

In short, we were born for this time and this business environment. The current economy presents the opportunity for our profession to contribute to business success like never before.

How will you seize the opportunity?

Remuneration Dictionary

Job Evaluation

"The process of assessing the relative size of jobs within an organisation. Size is used to indicate the relative significance or importance of a job to an organisation."

From "Reward Management" by Michael Armstrong & Helen Murlis

Purchasing The Right Salary Review Software Solution

This is the third article in a five part series providing tips on what to look for when you're shopping around for the perfect salary review software solution for your organisation ...

There are a number of design features within quality salary review software solutions that HR practitioners should demand when making their purchase. The first of these features is a consistent organisation or department-wide methodology for making salary review decisions. This was discussed in the last edition of this newsletter. The second of these features is greater control mechanisms for HR practitioners to automatically monitor and guide the progress of the salary review.

So how do you assess whether the salary review software you are planning to buy includes this feature? The answer is simple ... make sure it provides the following:

- ✓ Devolved yet controlled budget management. The software should allow you to specify an overall salary review budget and a budget for each reviewing manager. It should also allow reviewing managers to see the impact of their decisions on this budget as they are finalising each salary increase recommendation.
- ✓ The facility for managers to lodge business cases for salary increase recommendations that fall outside of company policy or guidelines. The software should facilitate an automated dialogue between reviewing managers and approval managers for approval of these exceptional recommendations.
- ✓ The ability for the HR team, as leaders of the review, to control and guide all involved parties throughout the review process. HR staff should be able to do this by configuring the software as the review progresses so that specific access to different types of information and screens within the software is provided to managers. The software should also allow HR staff to automatically alert managers to new work and follow up missed deadlines.

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Sales Commission Plan Design

Sales commission plan design is an area of remuneration management that provides one of the greatest opportunities to drive sales revenue and business profitability targets.

Traditionally the responsibility of Sales Managers alone, it is now widely recognised that a strategic partnership between sales and HR can deliver a robust plan that delivers on an organisation's key strategies and initiatives.

Unfortunately, even with this collaborative approach between sales and HR, sales commission plan design can often lead to undesired expectations and behaviours within the sales team and mediocre business results. This underlines the importance for Sales Managers and HR practitioners to be regularly refreshing and updating their knowledge and skills in this area.

CSi will be holding Sales Commission Forums on the 16th November 2007 in Melbourne and the 22nd November 2007 in Sydney.

The forums will feature a mix of :

- Theoretical learnings to discuss the key principles and stages involved in commission plan design.
- Case studies presented by clients.
- 'Break-out' learning group sessions. Participants will be given scenarios to work on within their break-out groups before presenting their recommendations to the broader group.

The forums will be facilitated by Nigel Gray, CSi's Melbourne Practice Manager and will feature presentations by CSi clients. Sales Managers and HR practitioners with a general interest in understanding the broad principles of commission plan design are encouraged to attend.

If you would like to register your interest for the Melbourne or Sydney forums, please contact Christine Rulli at crulli@csirem.com.au.



New Hires: Pay Pressure, Policy & Practice

Featuring A Case Study By Dimension Data Australia

This brand new report is designed to help HR practitioners understand where the pay pressure on new hire rates is actually occurring in the Australian labour market and, more importantly, how to deal with this pay pressure.

One of the main findings within this report is that the pay pressure on new hire rates is currently not organisation-wide or even consistent within job families. As a result, the report looks at the most pressured job roles and provides the detailed intelligence HR practitioners need to employ a targeted approach when dealing with new hire pay pressure. This intelligence is critical for ensuring that the dollars spent on attracting and retaining talent are spent wisely.

The report begins with an overview of the major trends within the current Australian economic and labour market environments. This overview provides an explanation for the current pressure on new hire rates and more broadly on attraction, motivation and retention in Australian businesses.

The report then presents the results from CSi's New Hire Rates survey that was conducted in July 2007. These results provide an understanding of where new hire pay pressures currently exist and includes an analysis of the particular job families, job levels and states/regions that are experiencing the most pay pressure.

The report also features detailed analysis and expert commentary regarding some of the current measures being used to address new hire salary pressures and attraction and retention on a broader scale.

The report contains a case study from Dimension Data Australia to illustrate a successful approach to addressing new hire pressures. National HR Manager, Jill Shapiro, discusses Dimension Data's remuneration strategy and the organisation's recent winning of a BRW-St George Client Choice Award.

The report is available now and order forms can be accessed via CSi's website: <http://www.csirem.com.au/Surveys/HRPolicy/NewHire.htm>

Soft Benefits Policy & Practice Report 2007

Due to be released on the 5th October, this brand new report provides detailed statistics and expert commentary regarding the policy and practice around a diverse array of soft benefits that fall under the broad categories of:

- Memberships
- Education assistance
- Health & wellbeing
- Insurance
- Work/life balance benefits
- Travel benefits
- Employee assistance programs
- Other benefits

The report will feature data from close to 200 Australian and 30 New Zealand organisations. Pre-order your copy of this report by completing the order form at CSi's website: <http://www.csirem.com.au/Surveys/HRPolicy/SoftBenefits.htm>

Purchasing The Right Salary Review Software Solution

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The next article within this series will discuss the third key design feature within quality salary review software solutions that HR practitioners should demand when making their purchase. This feature is time saving and automation devices. Should you require this information before the next edition of our newsletter, please contact :

- Sydney: Paul Wright on +61 2 8440 6500
- Melbourne: Nigel Gray on +61 3 9607 1361

CSi's RDA is a sophisticated online remuneration solution that facilitates the entire pay review process. It incorporates the design principles discussed in this series of articles, go to: <http://www.csirem.com.au/Software/index.htm>

How To Maintain Pay Market Competitiveness



The retention of talented employees is currently a 'hot' HR topic. Whilst brainstorming and researching for innovative ways to address the 'retention issue' is important, it is also essential to remember that innovative retention programs will have little or no impact if fundamental elements of the employee value proposition, like market competitive pay, are not adequately addressed.

Remuneration benchmarking is one of the most efficient and effective ways for HR practitioners and business managers to understand whether or not their organisation's remuneration offerings are competitive in the market place.

What Is Remuneration Benchmarking?

Remuneration benchmarking is a two-stage process that involves the matching of an organisation's positions to generic job roles in the market and then comparing the differences in salaries and benefits paid.

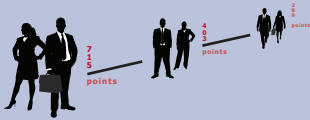
Why Do Remuneration Benchmarking?

Remuneration benchmarking can assist with gaining a clear understanding of an organisation's market position and the competitiveness of employees' remuneration packages. It clearly identifies situations where particular employees are paid far more or far less than market rates for their particular roles.

Benefits Of Remuneration Benchmarking

Armed with the results of a remuneration benchmarking project, HR practitioners and business managers can cost and build remuneration strategies to move the organisation to a market competitive position and towards a more focused, targeted approach to remuneration management. This will contribute to business profitability and assist with attracting, retaining and motivating talented employees.

CSi's consultants regularly perform remuneration benchmarking projects for organisations. For more information on CSi's remuneration benchmarking services, go to: <http://www.csirem.com.au/RemunerationConsulting/Capabilities>.



Job Evaluation In The 21st Century

Job Evaluation is a relevant, contemporary foundation for remuneration and HR strategies, frameworks, policies, practices and decisions.

With the advances in 21st century technology, job evaluation is no longer the cumbersome, time consuming and bureaucratic process it once was.

Job evaluation is the process of assessing the relative size of jobs within an organisation. Size is used to indicate the relative significance or importance of a job to an organisation.

Modern job evaluation can:

- create a transparent and equitable framework from which HR practitioners can make sound HR decisions, including those relating to organisational structure and design; career development and progression; performance management; and remuneration and benefits.
- work in synergy with a market pricing approach to making remuneration decisions.
- adapt to organisational structure changes in fast moving businesses.

CSi offers sophisticated job evaluation solutions that provide accurate assessments of the relative sizes of roles within an organisation.

Our job evaluation software solutions include JJE Hub and Watson Wyatt's Global Grading System (GGS).

For more information, please go to: <http://www.csirem.com.au/RemunerationConsulting/Capabilities/index.htm> and select 'job evaluation' or contact:

- Sydney: Paul Wright on +61 2 8440 6500
- Melbourne: Nigel Gray on +61 3 9607 1361

Employee Death Benefits - The Simple Super Casualties?



By Mike Smith,
Director – Corporate
Superannuation,
Certainty Financial

When the Federal Government announced its sweeping changes to superannuation in the May 2006 Budget, it placed a spotlight on super like never before. In most instances, the changes were positively received, resulting in record-breaking inflows to super in the lead up to 30 June 2007.

The Devil In The Detail

However, hidden amongst the changes were new tax rules that apply harsh tax treatment to employee death benefits¹ funded through employer group insurance policies. It's a complex matter but let's see if we can summarise the effects of these changes.

How Are Employee Death Benefits Usually Arranged?

Typically, there are two ways in which employee death benefits are arranged in the workplace. One way is to house the death benefits in the employer default superannuation fund as a standard feature. The recent removal of the Reasonable Benefit Limits (RBLs) results in more favourable tax treatment of death benefits within super than before.

It is also quite common to have death benefits provided outside of super through a group insurance policy (usually funded and owned by the employer). This can represent a point of differentiation for organisations in how they structure their employee benefits. More recently, it has become a popular means of guaranteeing insurance cover for all employees – irrespective of their superannuation choice.

Prior to 1 July 2007, death benefit proceeds were treated as an Eligible Termination Payment (ETP) and taxed in a similar manner to a superannuation death benefit. Now, from 1 July 2007, employer group insurance schemes are subject to significantly different tax treatment in the hands of beneficiaries of a deceased employee. ETPs have

been replaced by employment termination payments. Under these arrangements, death benefits payable from an employer funded group insurance policy will now be taxed at 45% (plus medicare levy) on amounts over \$140,000.

Depending upon the age of the deceased employee, and the amount of insurance cover held, dependents could lose nearly half of the proceeds they would otherwise expect to receive.

Actions You May Wish To Consider

If your firm provides employee death benefits through a group insurance policy then you might want to reassess the appropriateness of continuing to pay for insurance premiums outside of your superannuation fund. In making such a decision, you should also consider other issues such as:

- The preservation of benefits inside superannuation (particularly for TPD);
- Any product limitations of group insurance policies inside superannuation; and
- Any employment contractual obligations and amendments that may be required.

These matters can be complex and there is no "one size fits all" solution. It is vital that you seek specialist advice as to your options and best course of action.

End Note

¹ Reference to death benefits can also include Total and Permanent Disablement (TPD) benefits.

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Certainty Financial Pty Ltd is a corporate advisory firm that specialises in superannuation and group insurance solutions.

Go to: certainty.com.au

Mike Smith can be contacted on +61 3 9896 4622 or msmith@certainty.com.au

CSI Welcomes New Clients

- Chloride Power Protection
- Elderslie Finance Corporation
- Fortescue Metals Group Ltd
- Heatcraft Australia
- Kittelson & Associates, Inc
- Media Monitors
- MICROS-Fidelio Australia
- Prescare
- RAC Insurance Pty Ltd
- Shell Company of Australia
- St Vincent de Paul Society Sydney Archdiocese
- Star Track Express Pty Limited
- Superpartners
- Tower Software

We look forward to working with you!

A Little Chuckle About Pay

Reaching the end of a job interview, the human resources person asked a young applicant fresh out of business school,

"And what starting salary are you looking for?"

The applicant said,

"In the neighborhood of \$125,000 a year, depending on the benefits package."

The interviewer said,

"Well, what would you say to a package of five weeks' vacation, 14 paid holidays, full medical and dental, company matching retirement fund to 50 percent of your salary, and a company car leased every two years, say, a red Corvette?"

The applicant sat up straight and said,

"Wow! Are you kidding?"

And the interviewer replied,

"Yeah, but you started it."

As published on:

<http://www.recruitersnetwork.com/jokes/salary.htm>

Pressures In The Recruitment Market

Employment Expectations

The Hudson survey of permanent hiring expectations (www.hudson.com) for the 3 months to September 2007 reveals that employer optimism continues to rise with the sixth consecutive quarter on quarter increase in sentiment and the highest level of optimism in seven years of surveying.

A net positive 36.8% of the 7,788 employers surveyed indicated an intention to increase permanent employment levels over the next quarter, representing an increase of 2.5 percentage points from last quarter.

More than eight times as many employers have indicated that they intend to increase their permanent staffing levels over those who have indicated a decrease.

Current 'net effect' is arrived at by subtracting the expected decrease in employee numbers from the expected increase in staff levels.

Executive Demand

Executive demand in July for all sectors except Information Technology ended the month in positive territory, with Marketing recording the most significant rise, according to the E.L Executive Demand Index (www.elconsult.com). Both federal and state governments boosted their executive hiring intentions in July as they moved to implement aggressive spending programs. The significant increase in government requirements for executive-level talent saw overall demand rise 13% compared with the previous month, despite flat demand from the private sector.

Recruitment Trends

The Olivier Internet Job Index (www.olivier.com.au) rose 2.91% in August, with a total of 359,959 jobs counted on Australia's three major job sites, setting another new record. The index now stands at 385.58.

Australia's online job market has grown by half again (50.81%) in the past 12 months and the analysis shows that next month's results are also likely to continue to be strong.

14 out of the 21 industry sectors rose in August, with the biggest gain in Healthcare, Medical and Pharmaceutical (up 9.62%). There was flat growth in the Building and Construction sector (up a marginal 0.06% in the month to August) which may be a consequence of the higher cost of borrowing. The biggest fall was in the small Arts and Entertainment sector which dropped 12.89% in the month to August.

Stat Wrap

GDP (annualised June 07 trend figure)	4.4%
CPI (annualised June 07 trend figure)	2.1%
Unemployment (annualised June 07 trend figure)	4.3%
Wages Growth (annualised May 07 trend figure)	4.5%

www.abs.gov.au

IT Spot

According to CSI's IT Specialists Survey, employers of IT staff are predicting an average 4.4% salary increase for the 07/08 financial year.

There was an increase during August 2007 in the number of vacant jobs in the IT&T sector according to the Olivier Internet Job Index. The IT & T index stands at 150.22 in August, up from 143.60 in July 2007.

The DEWR ICT Vacancy Index fell by 1.0% to 362.8 over the four weeks to mid August 2007 (November 2002=100) but is 17.9% higher than in August 2006. The three Australian ICT online recruiting sites included in the ICT Vacancy Index averaged around 27,000 vacancies in the four weeks to mid August 2007.

Skilled Vacancies

The Skilled Vacancies Index (SVI) (www.workplace.gov.au) rose by 0.7% in August 2007 to 99.6 (November 1997=100). Vacancies rose for Associate Professionals (up by 3.8 per cent) and Trades (1.3 per cent), but fell for Professionals (down by 0.8 per cent). In annual terms, the SVI is 4.8% lower than in August 2006.

Four states and the Northern Territory recorded increases in skilled vacancies in August 2007, with the strongest rise in Tasmania (up by 5.0%), followed by South Australia (2.2%) and Victoria (2.1%).

Over the same period, falls in skilled vacancies were recorded for Western Australia (down by 1.2%) and Queensland (0.4%).

Over the year to August 2007, increases in skilled vacancies were recorded in Tasmania (up by 37.3%), South Australia (16.5%), the Northern Territory (12.8%) and Queensland (8.7%). Over the same period, the strongest fall was recorded in New South Wales (down by 20.8%), followed by Western Australia (14.1%).



HR Spotlight

Helen Williams

Human Resources Manager

The Australian Ballet

Helen Williams trained as a primary school teacher before becoming a principal for 20 years in both the government and independent school systems. This extensive experience prepared her for much of the generalist HR work she currently does now for The Australian Ballet. We caught up with Helen to talk with her about her life and career.

How do you spend your time outside of work? ... I attend jazz ballet classes and, up to last year, took tap lessons for 10 years! I also enjoy socialising with family and friends, going to the theatre, seeing films, reading and generally having fun.

What are your career highlights? ... Being the head teacher of Mt Buller Primary School in my first teaching appointment! Being selected for an International Teaching Fellowship to the USA for 12 months. Undertaking an Advanced Management Program at the University of Hawaii. Being the principal of Deepdene Primary School for over 11 years. Becoming the HR Manager of The Australian Ballet – piece de resistance!

What is the most important element of remuneration management at The Australian Ballet? ... Ensuring that the diverse skills required in this arts organisation are recognised and rewarded fairly and equitably.

How has remuneration management changed in your organisation in recent times? ... Remuneration management has changed significantly since we engaged CSI to undertake a Remuneration Review during 2006. HR manages the determination of salaries in consultation with relevant managers. Positions are placed into bands according to the degree of business impact, skills and experience, influence across the organisation and leadership. Our employees were aware that the review was being undertaken and that a significant outcome has been the fair, objective and equitable setting of salaries across the organisation.

How would you rate CSI's service? ... Fantastic – accessible, friendly, professional, thorough, responsive.

Helen holds a TPTC (Trained Primary Teachers' Certificate), BA, Bachelor of Educational Studies (post graduate) and a Graduate Certificate of HR Management.



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