



News Spring 2008

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Employment News:

Wage growth not dented by weaker economy

Salaries, excluding bonuses, posted annual growth of 4.1% in trend terms during the June 08 quarter, according to the ABS labour price index.

Private sector salaries grew 4.3% year-on-year - the highest rate of trend growth since the ABS began the series in late 1997. Meanwhile, growth in public sector pay rates slowed to 3.8% a year - the lowest growth rate in three years.

Meanwhile, the latest Mercer salary survey of over 250 employers found that average annual wage growth for the same person in the same role had risen to 5%, up from 4.7% a year earlier.

Mercer principal David Abusah said fixed salary growth over the next 12 months was expected to stay at 5%.

Abusah said the survey result suggested that the skills shortage and a complex labour market were keeping wages up - despite a slowing economy and lower business confidence.

He said if the unemployment rate rose, wage growth could drop back to around 4.5% in 2009/10.

This was more likely to occur in industries which were badly affected by the downturn, such as manufacturing, financial services and retail. "The major differences between this slow down and those of the past, is that employers are now dealing with a workforce [which] is ageing, is more mobile, has diverse generational preferences, and requires greater flexibility.

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"In addition, star performers still have numerous career opportunities even in a slowing market, so employers cannot afford to be complacent," Abusah said.

He said as well as raising salaries, employers were spending more than ever on training, with 54% saying they would increase their training budget over the next 12 months.

Queensland and WA soon to have highest labour costs?

The Australia and New Zealand Regional Differentials report, by consulting group Mercer, shows that employment costs in Queensland and WA (which include wages, benefits and super) have grown more rapidly than in NSW and Victoria, and eroded the long-term differential in pay rates.

NSW remains the state with the highest-paid workers, with employment costs 2.6% above the national general median. Victorian employment costs average 1.2% below the median, while WA has moved up to 1.8% below the median, Queensland is at 3.1% below and South Australia, 5.9% below.

The study also looks at relative costs of living in the state capitals, and reveals that while wages have been catching up, the costs of living in Perth and Brisbane remain significantly below Sydney, at 6% and 8% cheaper respectively.

Intake of 457 workers rising

The number of 457 visa sponsorships granted in 2007/08 was up 27% to 110,570 - according to DIAC's latest annual summary of the scheme. Immigration Minister Chris Evans said the total number of visas for 2007/08 included

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58,050 granted to primary skills workers, and 52,520 visas for their dependents.

New South Wales remained the biggest user of the 457 system, with 20,480 primary visas, while Western Australia tracked the largest rise in visa grants, up 41% to 11,800.

By far the biggest source of 457 workers was the UK, with 23% of primary visas granted to Britons. This was followed by India (14%), the Philippines (9%), and South Africa, China and the US (all 6%).



Evans said the **457 program** was "proving vital... in delivering skilled labour to employers across a wide range of industries". He is calling on state and territory governments to increase their sponsorship of skilled migrants, to fill local skill gaps, as state sponsorships made up less than 10% of total skilled migration, "whereas employer-sponsored migration is closer to 20%".

All articles courtesy of Shortlist.net.au, recruiterdaily and CareersMultiList.

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Corporate Social Responsibility (CSR) now crucial to attraction and retention

A new global study has confirmed that an employer's commitment to corporate social responsibility is now crucial to attracting and retaining its workforce.

The Towers Perrin ISR Global Workforce Study is one of the largest of its kind, covering nearly 95,000 workers throughout the world and more than 1,500 Australians.

It focused on employee engagement and what drives it, and found that CSR and career development were by far the most important attraction, engagement and retention factors for today's workforce.

"The survey showed that employee retention is most strongly influenced by the behaviour of the organisation and its senior leaders as well as the learning and career development opportunities available for employees," said Dr Hamish

Deery, Managing Principal - Asia Pacific, Towers Perrin-ISR. "This includes concern for employees' well being as well as a concern for the environment."

Australian workers more engaged and satisfied

The study also showed that Australian workers had higher levels of engagement and job satisfaction than those in most other countries

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and that Australian management was doing a comparatively good job of empowering employees and offering attractive career development opportunities.

Deery said that overall, 41% of Australian respondents fell into the "healthy engagement" category - meaning they experienced high levels of engagement,

a high degree of well-being, and a strong intention to stay with their current employer.

"Unhealthy engagement" rising

While Australian employees ranked about 10% above the global average for engagement and wanting to help their company succeed, the study also showed a growing trend toward "unhealthy engagement". This is characterised by a high level of engagement but with a low sense of wellbeing and a strong intention to change jobs.

Deery said these workers were highly motivated, but also frustrated with their jobs - often as a result of a management approach which prioritised "high engagement at all costs".

In The Courts

Dismissal laws a worry for small-medium employers

Many HR professionals believe the Rudd Government's unfair dismissal laws will be "onerous" for small and medium employers, according to a poll by workplace law firm Deacons.

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The survey of about 100 HR managers in Melbourne and Sydney, found that half of all respondents (including those from large businesses) said that small companies should not be subject to the same unfair dismissal laws as large companies.

Just 23% of respondents said that the skills shortage would affect whether or not they sacked an employee, while more than double this number (58%) said the dismissal laws would be a factor in the decision. A number of recent unfair dismissal cases provide a reminder to employers about what to do to avoid or minimise unfair dismissal cases:

- Employers should ensure that any policy is expressed clearly and consistently across all policy documents, codes of conduct and contracts of employment.
- Employers who cease providing injured employees with duties to perform and who cease paying wages for an indefinite period of time may be at risk of a finding that the employee has been constructively dismissed
- Employers should consult with injured employees and their treating practitioners about changes to the employee's medical condition where it is suspected that there may have been an improvement in their medical condition.
- Evidence of a number of unsuccessful attempts to contact an employee are essential when trying to establish that an employee has abandoned his or her employment

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