

AIM Media Release
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Party's over for workers in WA

While large companies in Western Australia gave employees pay increases well above the national average in 2008/2009 - 5.1 per cent compared to the national average of 4.3 per cent – next year's forecasts indicate that they will receive the lowest increases in the country with pay increases likely to be down 1.8 per cent on the 2008/2009 forecast to 3.9 per cent, the nation's leading survey of salaries and HR trends has found.

In fact, according to The Australian Institute of Management's (AIM) National Salary Survey 2009, large companies in the (until recently) resource boom states of Western Australia and Queensland have been hardest hit, with the rate of actual salary increases and forecast salary increases falling significantly from the previous year's pay movements and forecasts.

Now in its 45th year, AIM's national salary survey is based on the responses of 759 companies, comprising large companies (548 contributors) and small companies (211 contributors).

The Survey also revealed signs of further negative fallout from the global economic downturn, with involuntary staff turnover rates up slightly from 3.8 per cent in the 2008 AIM National Salary Survey (AIM Survey), to 4.8 per cent in the 2009 Survey. A more worrying trend is that only 39.6 per cent of large companies in Australia expect permanent staff numbers to increase over the next 12 months (down from 59.7 per cent in the 2008 Survey), while nearly a quarter (23.5 per cent) of organisations are expecting a decrease in permanent staff levels (up significantly from 8.4 per cent in the 2008 Survey).

The combined effects of lower wage increases and higher involuntary turnover rates, amounts to significant challenges for organisations to contain employment costs while remaining competitive and keeping employees engaged, all within the context of an increasingly uncertain and challenging economic environment.

"In this market, savvy employers are looking at creative ways to attract, retain and motivate people. This may include putting in place a career development plan, complete with a formal training program, to give employees the skills they need to progress to the next level within the organisation. In this way employees get that sense of a great career move, while employers get to engage and retain high-performing individuals," said AIM's executive director Mr Patrick Cullen.

While voluntary staff turnover rates are only down slightly on last year (from 13.3 per cent to 12.2 per cent), it still appears to be an issue for large companies.

The survey also found the top reasons for staff resignations from large companies were to pursue a new challenge (in 73.8 per cent of large companies) and to obtain better pay (in 52.0 per cent of large companies).

“While pay is important, clearly there is a need for employers to ensure that employees have the right skills to take on more challenging roles and to ensure that investment in training is benefited by the organisation by developing and retaining key talent,” said Mr Cullen.

Indeed, the Survey indicates that in 2008/2009, only 57.3 per cent of large companies have a dedicated training budget while less than one-third (31.7 per cent) of large companies have formal succession plans in place.

According to the AIM Survey, there are some mixed signs with regard to expected training spend over the next 12 months, with a notably lower proportion (33.7 per cent) of organisations expecting to increase training budgets (as compared to 45.7 per cent in the 2008), while the majority (52.5 per cent) of organisations expect their training budgets will remain the same (up slightly from 48.4 per cent in the 2008 AIM Survey).

Since last years (2008) Survey, a comparatively higher proportion of large companies in the Survey group reported using Profit Sharing schemes to incentivise staff and help improve overall business performance.

“Given the increased difficulty in managing operating costs in order to remain competitive, it is perhaps not surprising that a comparatively higher proportion of large companies are electing to use low financial risk Variable Reward incentive schemes, in order to improve business performance” said Mr Cullen.

Highlights of pay trends within the 2009 AIM Survey of large companies include:

The highest annual salary movement by job level was recorded for Senior Executives and Professional Technical staff (both 4.4 per cent) while Salaried Staff had the lowest average salary rise (4.1 per cent). According to forecasts, Senior Executives will continue to receive the highest pay rises in the year ahead at 3.6 per cent, while Salaried Staff will have the lowest increases at 3.3 per cent;

On an industry-basis, the highest salary increases were recorded for the Mining & Quarrying and Electronics/IT industries (5.3 per cent and 5.2 per cent respectively). The lowest increases were reported within all of the various Manufacturing sub-groups (between 3.8per cent and 4.0 per cent). The greatest improvement in average salary movements (since those reported in last year’s Survey), was for the Electronics/IT industry (up 1.0 per cent on 2008 Survey figures) and the largest decline was reported for the Business & Professional Services industry (down 1.8 per cent on the 2008 figures). The largest pay increases (over the next twelve months) are forecast for the Electronics/IT industry (4.8 per cent) and the lowest in forecast for the Manufacturing Petrol/Chemicals industry (2.8 per cent).

By job family, the highest salary increase was recorded for General Management (4.4 per cent) and the lowest for the Manufacturing/Supply/ Distribution job family at 3.8 per cent. The Information Technology job family recorded the largest drop in salary movements since last years Survey (0.6 per cent lower). Forecast salary movement for 2009/2010 are generally lower than actual 2008/2009 movements across all job families. The greatest decrease in forecast salary movements, since those reported in last year's (2008) Survey was for the General Management job family (1.1 per cent lower than the previous year's forecasts);

Western Australia recorded the highest salary rise for 2008/2009 at 5.1per cent, while Victoria/Tasmania recorded the lowest (4.0 per cent). When compared to pay movements recorded in last year's (2008) AIM Survey, Western Australia and Queensland recorded the greatest fall (down 1.3 per cent and 0.9 per cent respectively). When comparing pay forecasts made in the 2008 AIM Survey to those made in the 2009 AIM Survey, Western Australia is predicting the greatest decline (down 1.8 per cent from the forecast pay movement reported in the 2008 Survey) however, Victoria/Tasmania is forecasting the lowest annual pay movements overall (at 3.1 per cent).

Note to Editors:

The Australian Institute of Management will release the small company findings nationally on Monday 1 June 2009.

About the National Salary Survey 2009:

A total of 759 private and publicly listed companies from a broad range of industries contributed to the 45th Australian Institute of Management's National Salary Survey 2009. The Large Company (more than \$10 million turnover) edition reports the data of 548 organisations, and the Small Company (less than \$10 million turnover) reports from 211. For more information go to www.aimsurveys.com.au

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To purchase a copy of the full National Salary Survey, please contact AIM WA's bookshop on (08) 9383 8088.