



## **Half Year Rem Reflections ... & No Job, No Job.**

*The Covid "Pause" had a positive impact on some aspects of Australia's economy. But what does this mean for remuneration? Insightpay's Half-Year July 2021 Update Webinar (with a guest spot from Mapien) explored this. Here is a summary of our findings:*

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## **1. The General Market Employment Context**

Mark Chilcott, Insightpay's Managing Director, presented the first three parts of this July 2021 Webinar. We also thank our partner Mapien, and a number of our attendees, for sharing their experience and insights. These really contributed to the event's interest and depth of knowledge.

### **As Josh told us, unemployment is down significantly**

We first explored the unemployment levels, and as Josh Frydenberg has been announcing. Yes they are down. After peaking at 7.9% in June 2020, now in June 2021, unemployment is at 4.9% overall with Victoria the lowest in the country at 4.4%. These are the lowest levels since June 2011.

### **What is the likely impact of this low unemployment on business?**

As of June 2021, almost 20% of businesses do not have enough employees to service demand. This is compared to 12% in March 2021 and 15% in Dec 2020. In short, there is a labour squeeze emerging.

### **Why are employers struggling to fill available roles?**

Anecdotally it is apparent that low migration levels are driving skills shortages in some areas.

This has been seen especially in IT roles where the fight for talent is acute (see box) but also Technical and Engineering.

In addition, given the Covid experience, are some people now reassessing the importance of work?

### **There are also other factors at play in the economy**

What is the RBA forecasting as of the March quarter?

It looks like an economy in recovery – but is it sustainable with the regular rolling lockdowns? And what is the likely impact on wages?

It is too early to tell but we will be watching the June quarter data. It should reflect the various influences as they unfold, including the effect on wages.

### **An IT Skills Shortage?**

*An experienced Head of HR from the IT Industry recently detailed the impact of low migration to Insightpay.*

*It has been significant.*

- *Recruiters targeting her current IT specialists*
- *Employees getting over-market offers, weekly*
- *Losing some is inevitable*
- *The fight-back? Make it a great place to work*
- *It is working, as a number of people are returning*

## 2. The Specific Impact of The Economy on Remuneration



### What about the macro effects on Remuneration?

We can see from our Survey data that earnings overall are flat, with pockets of upswing.

These sectors are: Education & Training, Finance & Insurance and Electricity, Water, Gas and Waste Services.

In each case, they have seen an earnings upswing of between 1.5x to 2.0x of the market median increases.

We can see clear signs of a multi-speed remuneration market emerging.

### Key Insights From our April & May 2021 Salary Surveys

We see some pent-up demand, plus supply limitations, driving median salary increases:

- Overall Market – the data revealed a 2.0% median salary increase
- Seasoned Professionals – exhibited a greater increase than the market with middle to upper-level roles exhibiting a median increase of 2.7% to 3.2%.
- Engineering, Technical & Science – are impacted as well, with specialist operational roles showing median salary increases from 2.5% to 4.4%
- Public Sectors – both of our specialised surveys showed an increase, with Local Government at 2.5% median increase and Utilities seeing a 3.0% increase over April & May.

### The implications of lower immigration levels.

With the workforce size stagnating, employers may need to compromise on skills and look at a reinvestment in training to upskill existing employees, to fill the emerging skill gaps.

Industries relying on unskilled immigrant labour may need to explore alternatives. Or, given the increase in competition, they may need to budget more for those with the skills.

### Ok. What should employers do to adapt to the market?

We suggest you look at your total employee value proposition. Communicate the overall benefits of your workplace.

Tailor a specific working from home package for a role or sub-group of your workforce. If rural or regional, add relocation assistance to attract high value people from the CBD

**Creative ways to tap into some specialist employee groups.** Look at fully remote specialist team members, for some roles.

Develop Attractive part time conditions for skilled semi-retired people or parents with small children.

### **Creative Use of Secondments**

*One of our attendees shared how their organisation is using secondments very creatively:*

- *Wider job experience for middle level employees*
- *Extending competence while maintaining their specialist knowledge*
- *Creating a more agile, multi-skilled workforce*
- *Empowering employee career & resume growth*

### 3. Key Victorian Public Sector Remuneration Changes



#### CEO Employment & Remuneration Under the Local Government Act

The Context: There must be a: *“Chief Executive Officer Employment and Remuneration Policy”*

And the Council must seek:

*“Independent professional advice in relation to the matters dealt with in the Chief Executive Officer Employment and Remuneration Policy”*

Independent Professional Advice includes these areas:

- Recruitment, Contracts no longer than 5 years, Contract format, Performance, Annual Review (including Remuneration)
- Most councils have instigated a CEO Employment and Remuneration committee to deal deliver the requirements of S45(2). *Have you got a robust policy framework in place?*

#### Senior Officer Employment Provisions - Be Prepared

The Context: After July the 1st 2021, there are no specific provisions for Senior Officers contracts in the Local Gov’t Act. Impact is on CEO Direct Reports & Other officers with a total Rem of \$151K +

Changes essentially come into effect on the expiry of the current contract, so it is about being prepared. We hear that some Mid-Sized Councils are concerned Larger Councils might Cherry Pick their key Senior Officer talent, with higher offers.

#### Public Entity Executive Remuneration Policy (PEER)

The Context: From 18 December 2020 this applies to employers of Executives in prescribed public entities.

This includes most Water Utilities in Victoria. It allows employers to pay CEO’s & Executives within prescribed bands

In order to determine the band, an entity must arrange a classification of the role by the Victorian Public Service Commission (VPSC) using the Public Entity Executive Classification Framework by 31/12/2021 via an evaluation.

The interim classification will be based on current executive remuneration, however after the evaluation there may be decisions required by entities.

*“For existing executives whose roles are assessed as being in a higher or lower classification than their current remuneration, employers may consider adjusting either their responsibilities or remuneration, in negotiation with the executive.”*

#### A PEER Policy Evaluation

*A water industry attendee at our webinar had an ‘urgent situation’ role evaluated by the VPSC recently.*

*Feedback from the evaluation participant: “it worked well and was quite a constructive process”. A sample of one, but still good feedback.*

*Insightpay has worked with water clients on this matter:*

- *A positive. Remuneration bands can be quite large.*
- *A concern. Only limited actions are available if the prescribed remuneration range has been exceeded.*

## 4. No Jab, No Work Covid Debate (contributed by Mapien)



**Mapien is Australia's largest independently owned bespoke Specialist People Consultancy**



With more than 50 employees, they have offices in Brisbane, Perth, Sydney & Melbourne.

Jamie Paterson is an Associate Director at Mapien in Melbourne and he spoke on this important topic.

Insightpay has worked with Mapien on joint projects to bring a combination of strategic HR skills and expertise.

### Can employers mandate the Covid Vaccine for employees?

Employers want to know what they can do, and Government at all levels are unsure of whether mandating vaccinations is lawful. It was likened to an awkward school dance – with no one wanting to make the first move. There are a number of aspects to this debate

Human Rights and Constitutional considerations, require a balance to be maintained, for example:

- With your body - there is a requirement to administer health care with consent only
- Freedom of speech - and freedom of choice are key considerations
- Governments also have a role - in protecting human rights and protecting the health of people

The ACTU best embodies the union stance, only supporting mandates based on expert medical advice:

- Health Care Workers – for obvious reasons to keep patients safe from harm
- Meat Workers – and industries where transmission is a very significant issue

This does provide more guidance in terms of clear and logical medical imperatives. In summary, employers “*can give lawful and reasonable direction*” to employees within the workplace.

### Looking at the Legal Precedents

So now let's look at whether mandating the “Jab” is “lawful and reasonable”.

The case law so far has involved employers mandating that their employees get the flu jab, but they all backed it up with sound reasoning associated with their employment.

That is ... employees who work with, or engage with, vulnerable people. In all three cases we see here (see the box), this has been the reason.

This is why the employer was successful in these cases and in their decision to terminate the individual's employment, which was deemed to be *not unfair*.

#### **The Relevant Case Law**

*The Case Law at this stage is all related to the flu shot only:*

- *Bou-Jamie Barber v Goodstart Early Learning [2021] FWC 2156*
- *Kimber v Sapphire Coast Community Aged Care Ltd [2021] FWC 1818*
- *Glover v Ozcare [2021] FWC 2989*

### **Treatment Plant Case Study**

*One webinar attendee had significant Covid transmission concerns for their sewage treatment workers.*

*Their own advice suggested open cuts could be a big OH&S issue.*

*They asked. "Could these workers be instructed to get the Jab?"*

*Jamie worked through the detail using this framework:*

- *Was there a demonstrated employee OH&S risk?*
- *Is there a public health risk eg: from an outbreak?*
- *Is there medical evidence to support the request?*
- *Was there a range of other logical measures in place?*
- *Was the response in line with State Gov. legislation?*

*Obviously only a start.*

*But it was an instructive and popular application of these principles for all involved.*

### **What is Lawful and Reasonable Direction?**

We know that employers can give lawful and reasonable direction to employees.

But of course, the question here is... is mandating the Covid Vaccine Jab "lawful and reasonable"?

If an employer wants to mandate the job, then there needs to be an adequate connection to the work the employee is engaged in.

Some employers will use the OH&S argument – we have an obligation for the health and safety of all employees, and this will have some credibility in the short term.

### **Pressure from society to vaccinate is likely to increase**

In the long term, these types of scenarios may be challenged:

- Qantas – No Jab No Fly
- Cinemas – No Jab No Film
- Child Care – No Jab No Play

### **The Best Option for Employers**

Have in place a pragmatic, flexible Covid Workplace Policy.

Look at all avenues to protect employees – QR Code, Hand Sanitiser, Work from home policy, staggered work teams, disposable cutlery.

If possible, align your approach with those accepted already by society and/or State and National Legislation.

Think it through carefully, and get advice if need be.

### **A Final Note About Insightpay**

*We are a boutique Remuneration Consulting firm based in Melbourne. Prior to 2018 we were known as 'The National Remuneration Centre' (NRC) and have a 25-year history. We offer our clients:*

**Salary Survey Data** – reliable data is available, covering a range of positions and industry sectors across the following markets: Local Government, Water Industry, and our National Market Survey.

**Job Evaluation Services** – our team of highly skilled HR professionals can independently evaluate jobs on your behalf utilising our JobScore™ system (developed by the NRC and proven over decades). For many clients, we train them and their team to use JobScore™ in-house on the Insightpay Portal.

**Remuneration Consulting** - our skilled consultants are on hand to support you with an expert and independent external opinion. We provide input and advice on remuneration structures, policies, and challenges, as and when they arise. Just give us a call.