

PACKAGE DEAL

THE SKILLS SHORTAGE HAS SEEN STARTING SALARY PACKAGES SOAR, BUT FINANCE GRADUATES NEED TO THINK BEYOND DOLLARS

BY JANE-ANNE LEE

When you hear the word “package” you generally think of something bundled or tied up together. And that’s basically what a salary package is: a parcel whose main component is usually money (a wage in other words, and superannuation payments) but that also can include a range of other items.

The good news for those entering the job market is the starting rate for many salary packages has surged by up to 15 per cent as the skilled employment market continues to tighten. Even better for graduates is that the standard package of salary and super from day one may also be enhanced by an attractive sign-on bounty as an added incentive to join a leading CPA firm.

Experts say the best salary packages are being offered by the financial services sector, professional services such as accounting and consulting firms, and some corporate sectors such as fast-moving consumer goods.

Nicole Gorton, regional director of Robert Half, says there are two types of packages: one where the company pays; the other where the individual pays but gains a tax benefit.

Graduates can usually package their

salaries straight away by using salary-sacrificing options such as super because there is no cost to the company.

According to Lyons, graduates at CPA firms usually start with a total-cost-of-employment package, where they are offered between \$35,000 and \$55,000, inclusive of superannuation.

“The starting salary will depend on the organisation, the type of position and the calibre of the individual,” he says. “A small CPA firm in Bathurst, NSW, will pay about 25 to 30 per cent less for a graduate than an investment bank in Sydney or Melbourne. In mid-to-large CPA firms, there may be prescribed pay rates, but most companies will go on market rates. However, there may be some degree of flexibility because of the skill shortages.”

Middle-sector employees can expect to be paid from \$75,000 to \$90,000, while senior executives may receive about \$120,000 to \$200,000 plus packages.

Gorton agrees the skills shortage has had a big impact on the way companies are attracting and retaining staff. As a result, there are three aspects to remuneration: paying what someone is worth based on what they can bring to the job; paying a candidate

based on what the job is worth; and the more recent trend of paying an extra 10 to 15 per cent on the base salary due to the skills shortage.

Given there is tight supply, some companies may entice top-end graduates with a \$5000 sign-on bounty. Sinead Hourigan, director of Robert Walters, Brisbane, says items such as laptops may also be part of graduate deals.

Yet it’s the mid-management phase where packages become more varied. “As you move through the ranks and become more attractive to companies thanks to your experience and career history, you start to see more share options flow into salary packages to create a sense of loyalty,” Hourigan says. “A lot of [companies are also] offering allowances to let people buy the car of their choice, but have a kickback from an income perspective.”

Known as non-wage remuneration, “package extras” are aimed at creating a better work/life balance and a sense of company loyalty. These are also usually offered to mid- and senior-level staff.

Package options may include healthcare, gym membership, education, extra leave, flexible days off, sabbaticals, corporate discounts, vehicle and vehicle running



costs, parking, travel, creche, airline lounge membership, mobile phone, career coaching, study days, share options and income protection insurance.

Short- and long-term incentives also begin at the middle-management stage, with bonuses for individual performances and reaching targets.

“At the top end, there may be additional super contributions being offered, bonuses and significant share options,” Hourigan adds. “It’s all about trying to minimise the tax impact, allowing them to manage their cashflow more effectively. Companies may pay income protection insurance as an additional bit of security ... to top candidates. And there’s also the attractive option of additional leave entitlement, such as one or two extra weeks a year.”

Some firms are more flexible in their offerings, and premiums are paid to those working in a city centre.

“It depends on the organisation,” Lyons says. “There are some who take the view they want to offer a range of benefits, such as gym membership or study assistance, flexible days off and additional leave, because they want to be competitive. That is a trend in

the last two to three years since the market became tighter.”

Gorton says the extras may also include a year off to work abroad, an option usually reserved for high-end employees. Provided they prove their worth to the company, the deal may include finding employees a position within a company’s international offices and paying their flights and relocation costs. The types of options will depend on what’s negotiated.

As staff retention is a key concern because of limited supply, Gorton believes employers need to be more lateral in their thinking about offerings. Incredibly, 51 per cent of finance departments are passively or actively seeking new people.

When evaluating packages, Gorton recommends that individuals spend time thinking about what is important to them. Training and development, improved work/life balance, overseas opportunities, increased responsibility, attractive working environment, varied career path, the chance to work with talented individuals and the opportunity to have a mentor should all be part of the evaluation.

“They also need to think laterally about

what they can negotiate and what is of higher value,” Lyons says. “Is it the money, or is it worth more if the firm paid for their MBA? Am I going financial or do I look at the bigger picture?”

Graduates also need to think beyond the dollars when evaluating packages. “I always advise it is about learning, not earning, in the early part of your career,” Lyons says. “So you probably want to take the view on the quality of the organisation and the role, the quality of the manager you will be working with and the quality of experience you will gain over the next two or three years, rather than the fact you are going to earn \$10,000 more than somewhere else.” ■

FURTHER READING

■ “Salaries Will be Higher for Staff CPAs in 2007 as Demand Outpaces Supply,” *Accounting Office Management & Administration Report*, Jan 2007, Vol 07, Iss 1. Available via ProQuest

■ “Students Graduate to Big-Buck Salaries,” Susannah Moran, *Financial Review*, 2006 Nov 17

■ “Going Up: Sky’s the Limit,” Zoe Fielding, *Asset*, 2006, Nov 01