ISSUE #1 **JAN 2023**

REMSMART

WORKFORCE & REMUNERATION TRENDS **2023 & BEYOND**

THE STAY CARD
Retention with salaries off the Richter scale

ESG MEASURES
Reshaping board and executive reward

REMUNERATION DATA
A guide for MD, CEO and CFO roles

IN PARTNERSHIP WITH BDO

Discover the REMSMART Team

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Cover Photo: Allan Feinberg and Charmaine Reay. Photographer: David Henry

Welcome

It is with pleasure we share with you REMSMART 2023 and Beyond, the only remuneration and workforce guide of its kind for the Western Australian rail, resources and energy sectors.

This inaugural publication has long been a vision of ours and we have brought together some of the best minds, data, market knowledge and company practices to fuel and inspire future decision making as we continue to navigate some of the most unprecedented workforce challenges.

Our exclusive interviews with some of the most influential business figures in our country, cast light on how companies are transforming their capability to attract and retain workers in Australia's worst talent shortage since 1947.

We also illustrate just how business has responded and is charting new ground in the way people are both rewarded and managed. Over the past two years, as we emerged from a pandemic, we have seen sustainable and progressive businesses find new ways of engaging, compensating and working with their people. Interestingly, the most competitive organisations have been able to deliver on the sweet spot – both an attractive pay packet with benefits and a culture with purpose.

There is no denying fast-moving leaders have had to adopt new tactics to align with an employee's playbook. And this movement, to meet the changing demands of current and future workforces, is not showing signs of slowing.

Celebrating growth and innovation

We now have over 200 companies subscribed to REMSMART's industry and executive digital surveys, with demand continuing to drive our innovation and technology updates.

In the last 12 months we have signed three game-changing partnerships: alignment with the Australian Resources and Energy Employer Association, to deliver the largest mining, oil and gas pay survey in Australia; alignment with the Australasian Rail Association to deliver the first rail focused remuneration survey in this country's history; and alignment with the Australia Africa Minerals and Energy Group to deliver unique insights into offshore and expat remuneration for Australian companies operating in Africa, of which we have deep expertise in advising and developing strategy.

These new relationships are empowering companies to tackle workforce, remuneration, technology, training and skills challenges via a cloud-based portal backed by REMSMART expertise. We remain committed to continual innovation and reinvigoration of our platforms to meet the demands of today and the future.

It has always been our view that no one gives remuneration the due consideration it deserves, and we hope as you review these insights you will feel inspired and prepared to handle what is coming in the future of people and pay.

Let's turn the tide on reactive management.

Allan Feinberg
Managing Director
REMSMART

Charmaine Reay
Director
REMSMART

Reconciling inflation with workforce trends

To claim that the economic environment of the pandemic era has affected workforce remuneration trends would be a vast understatement. The last several years has seen an abundance of government fiscal stimulation measures, which have led to inflation reaching a four-decade high, with interest rates rising similarly. The pertinent question amid this fiscal environment is whether the world's central banks will be able to contain inflation, and what effect will this have on remuneration trends?

REMSMART turned to recent commentary from investment house Wingate to seek guidance around the current economic environment and whether inflation will continue to rise, or if the world's central banks will be able to contain inflation going forward.

"We are seeing some optimism in the markets, hoping that inflation has 'peaked' and that the Federal reserve will soon pivot," noted Wingate, further observing that while equities markers saw relief in October 2022, in the form of weaker than expected US consumer price inflation data, this was likely to only be temporary.

"The tightening of monetary concerns from the US Federal Reserve and other central banks has not yet been sufficient to drain the global economy of excess liquidity left behind by years of quantitative easing."

The incredible rates of inflation we have seen in recent years will take a considerable amount of time to ease, with relief being realised in years, rather than months. The rapid injection of funds stands in stark contrast to the solution, and it will be significantly more difficult to take money out of the economy.

The economic environment naturally has wide-ranging effects, and the rising cost of living has in turn driven worker demand for higher salaries at the same time as the associated costs to operate a business are on the up. Increased mental strain coupled with financial injections from government have seen workers en masse reconsidering the value of work in the context of their lives, prompting a wave of resignations and negotiations in the past year.

Supply chain issues that have arisen in recent years have eased, but input costs remain high, "2022 has seen much of the economy battered by rising energy costs, as Russia maintains its stranglehold on European gas, OPEC members cut oil production, and the promises of mature green energy have yet to materialise".

Workforce trends have reflected the effects of a turbulent year as skills shortages continue and the costs of business remain at an all-time high. Observations from Wingate shared that our collective resilience has recently weakened as a result of the times in which we currently find ourselves. This was contextualised with a quote from G Michael Hopf: "Hard times create strong men. Strong men create good times. Good times create weak men. And weak men create hard times." The commentary further reflected that "the strong men and women of the future will be created by the way in which we respond to the present."

It is undeniable that the strain on the economy in the pandemic era has had a profound effect on remuneration trends and the climate of the workforce. The attempts of government to ease the strain in the form of injections of capital into the economy has led to record inflation rates, and it is unlikely these will ease rapidly. Instead, we face the prospect of increasing inflation rates over the course of the next few years and expect fixed remuneration increases to wane relative to increasing inflation.

For further information on Wingate or investment opportunities, please visit wingate.com.au

Resources companies reap benefits from putting purpose front and centre

Driven by the impact COVID-19 has had on our work and our lives, resources companies are experiencing significant turnover as employees rethink what is important to them and are actively seeking something better.

"As we think more about how we work and why we want to work, purpose has become more important," says Allan Feinberg, Managing Director, REMSMART.

Although pay remains the primary way to retain employees, more executives are willing to make less money if they think they are doing work that matters in the world.

"In the wake of this 'great resignation', pay is working hard as an attraction, retention and motivation tool and remains a valuable weapon in the war for talent, but in the background, we are seeing the power of purpose rising as a powerful retention tool," Mr Feinberg says.

Why focusing on ESG matters

Although it remains a relatively under-employed tool, companies that focus on environmental, social and governance (ESG) as a driving purpose at the grassroots level often pay less than their counterparts, especially at executive levels.

This an emerging trend that we are tracking, and REMSMART has worked with several resources companies to help them build ESG strategies that are making a difference beyond merely compliance. Those that are doing this right have several things in common that are worth examining.

Firstly, they are not ignoring pay issues. They are focusing on market pay, but they also have a strong purpose and great culture to attract and retain people.

Secondly, ESG initiatives are driving the 'purpose' agenda, and these are well planned, co-created, and focus on delivering sustainable long-term value and, most importantly, are inseparable from the business plans. Leadership teams that have been most successful have made purpose a compelling business case. It is not something that they do 'on top' of everything else. They do it 'as part' of the daily work.

In addition, the purpose agenda describes where a company wants to be and has a destination goal of what that looks like. The ideal future state is defined in behavioural terms.

This means that everyone is clear how it delivers competitive advantage, and they track it using key metrics that are then cascaded into every team and every job. In this way, everyone is clear on the direction and goals, with desired behaviours described in detail.

"There's always a verb," Mr Feinberg says. "It's not managers are nice, it's every manager delivers on a target."

This takes time to implement, but leaders at all levels take the time to help their teams develop relevant soft skills, such as collaboration, environmental and cultural awareness. They update employees on progress and align goals to daily work and celebrate wins.

A purpose-led culture creates trust

None of this is short term. A purpose-led culture that creates both trust and discretionary effort takes a few years to build and requires leadership tenacity and continuity.

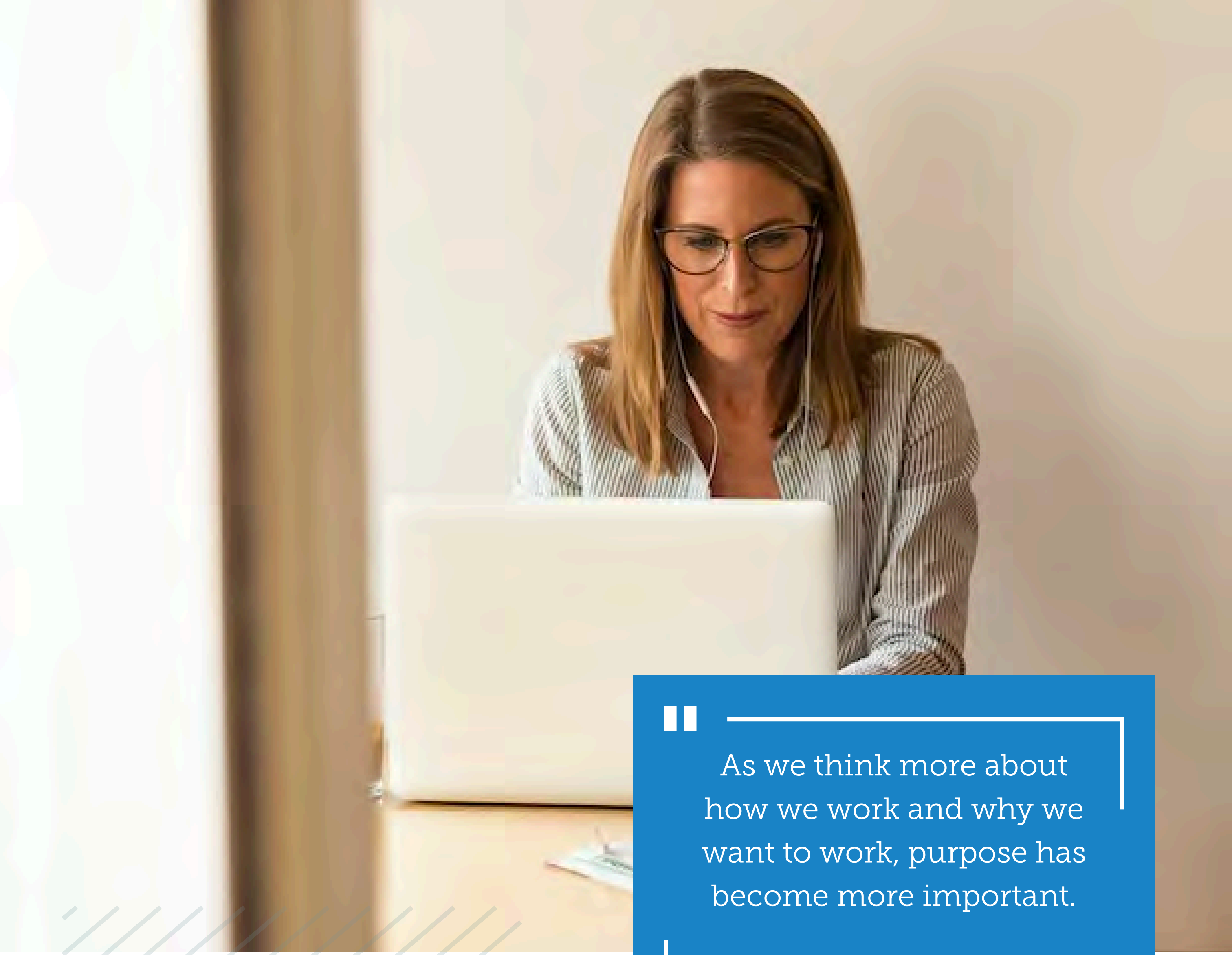
But given the growing investor focus on ESG and decarbonisation, the scramble to retain talent and the burgeoning need to attract and grow new skills to support modernisation and intelligent mining are compelling arguments for a purpose-led approach to leading people well and ensuring sustained profitable growth.

"If you're serious about purpose, consider using the ESG agenda to drive it, but if you're going to do it, do it properly, and make it core to your strategy and the way you work and reward people and recognise good work," Mr Feinberg says.

How does having purpose at the core of what you do translate into paying less and having less turnover?

"We helped three different mining companies in WA incorporate their purpose into everything they do, and as a result, they are paying about 15% less than their competitors," Mr Feinberg says, noting that those who have a really entrenched purpose don't have to work as hard as competitors.

One organisation was losing people, and they implemented great communication around purpose. Their purpose was that they wanted to stay and grow as a business and grow people's skills in a boom-bust environment. They promised



> As we think more about how we work and why we want to work, purpose has become more important.
>
> **Allan Feinberg**
> Managing Director, REMSMART

employees there would be jobs and growth, because they would survive through developing skills and introducing new technology.

By providing employees with a clear career path, employees felt more invested and embraced the company.

"From our data we are paying a lot of money and doing a lot of interesting pay things for people, and yet companies are terrified of losing people. If we go back to purpose and drive with that, and track and measure that, and make it part of the business, the process builds trust with employees as well as investors," Mr Feinberg says.

Some resources companies have further embraced ESG values by including more social values such as mental health components, or dealing with issues like social bias.

On a management level it becomes a routine agenda item with routine trackers on it, and every single employee has a performance requirement with built in social or environmental financial reward opportunities.

For a complimentary consultation on how to build an aligned ESG strategy and remuneration strategy, please reach out.

Allan Feinberg
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Taking a values-led approach to talent acquisition and retention

As Managing Director and CEO of junior sulphate of potash (SOP) explorer Trigg Minerals, Keren Paterson is no stranger to the challenges faced by companies in the acquisition and retention of talent in the mining sector.

Trigg Minerals is exploring and developing three SOP projects 170km east of Laverton, Western Australia. Chemical-free, natural SOP is an essential fertiliser for high-value food crops and is likely to become increasingly important for global food security.

The company's Lake Throssell project was awarded Discovery of the Year at the 2022 Australian Mining Prospect Awards, recognising its potential to be a top 10 global, lowest-cost quartile producer of SOP.

With an extensive career in mining, Ms Paterson has established a company with ESG in its DNA. She shares her experiences with attracting talent in this booming industry.

Q: How did Trigg Minerals start?

» The company started on just a piece of paper: name, purpose and values. That all happened long before we found the right project.

I had an idea of what I wanted the company to look like and our purpose: to develop natural resources projects communities can be proud of.

I came across sulphate of potash and learned very quickly about the importance of quality mineral fertilisers for sustainable agriculture and food security, and Trigg evolved from that. Our decisions always come back to our vision to make a positive impact by providing the world with essential minerals for food security and to address climate change.

Q: Is Trigg's purpose and vision a driving factor for your talent acquisition strategies?

» Yes. As part of our recruitment process, we look for people with aligned values and a real interest and passion for what we're doing. We've being doing ESG from the very beginning and our employees and consultants have come on board because of our purpose and our approach to doing the work.

We're doing something quite different – it's a new industry, skill set and knowledge base for Western Australia. We're very passionate about encouraging like-minded people to build up that knowledge.

Q: Do you think your company purpose helps differentiate you against Australian peers?

» It's quite unusual for a mining company to start out with such a purpose. It has set us apart from the very beginning, framing our decision-making processes in how we do business and how we engage with our various stakeholders. It is our guiding principle – are we going to be proud of this decision, how can we set the groundwork for something that is as sustainable as it can be.

Q: How does talent acquisition relate to ESG?

» You can't achieve anything without people and Trigg is made up of passionate, committed people. Growth mindset is what I'm particularly looking for because we need to constantly challenge ourselves to find a better way to do things. That is what ESG is driving everybody to do, and the message coming from investors and the public is that we need to do better and find better and more sustainable ways of operating. That's one of our values – we question the status quo.

Keren Paterson
Managing Director and CEO
Trigg Minerals

Reflect on the past to understand the future

Professor Gary Martin is Chief Executive Officer of the Australian Institute of Management WA. He is uniquely positioned to comment on the future of the Western Australian workplace, which he says will have a renewed focus on wellbeing, inclusivity, respect, hybrid arrangements and a cultural rethink.

"Three years ago, thanks to COVID, we experienced the 'great disruption'," Professor Martin explains. "This was the first stage of the huge transformation that the workplace has undergone.

"As people started to work from home, they were able to see the benefits that came from being flexible.

"From the 'great disruption' came the phase known as the 'great convergence'. This phase saw the line between home life and work life become blurred; people weren't switching off. This inevitably led to the 'great exhaustion', during which people needed a break.

"Unfortunately, this led to the 'great divide' – a time where the workforce was split into two; those who could work from home, and the front-line workers, who couldn't. Although the front-line workers were putting their lives at risk to do their job, they were almost forgotten. They could see everyone else talking about flexible and remote working, but they didn't have that option.

"The mixture of exhaustion and division resulted in the 'great resignation' – people simply packed up and left their jobs, something that would never normally have happened in those economic circumstances."

Professor Martin goes on to explain that employers panicked at the loss of their employees, often urging them to return to their jobs. However, employees were reluctant to return to the status quo, believing the old adage that the grass is greener on the other side of the fence.

"The main factors that made people reluctant to return to their old jobs was the flexibility available elsewhere. People discovered the time that could be saved by not commuting, they appreciated the sense of freedom that comes from not being bound to the office desk, they enjoyed less distractions and were able to work their own hours," he says.

"Employers, as a result, were forced to be more competitive to attract and retain employees. The 'great competition' has culminated in the 'great rethink', which is where we are now. Workers are searching for culture, remuneration and flexibility."

According to Professor Martin, it's not entirely necessary to look elsewhere for a change of culture, remuneration and flexibility. The great rethink has seen many employers shake up their workplaces, focusing on an improved culture, while offering generous salaries and flexible working arrangements, in order to retain staff and attract back those who have left.

"The grass isn't necessarily greener on the other side," Professor Martin says. "Sometimes you are better to water your own grass before you go elsewhere.

"It's a worker's market; employers want you to ask, rather than simply leave."

This change of thinking has seen the rise of the 'stay' interview rather than the 'exit' interview.

"Employers are looking at culture, training and salary. They're asking, 'how can we help you stay with us, are you happy, what are you looking for'?" he says.

"The great rethink is letting people speak, acknowledging them and letting them feel and be heard."

Employers are looking at culture, training and salary. They're asking, 'how can we help you stay with us, are you happy, what are you looking for'?

Professor Gary Martin
CEO, Australian Institute of Management WA

Hot button issues in resources and energy as we shift into 2023

The Australian mining labour market is currently defined by severe talent shortages, increased pay packages and high staff turnover, coupled with a growing emphasis on non-financial benefits being used to lure new starters. Moving into 2023, these trends are projected to continue and organisations will need to focus on providing supportive workplaces, creating a strong culture and responding to remuneration trends in order to attract and retain a skilled workforce.

Industry Talking Points

1. **Culture accountability**
2. **Retiree resurrection**
3. **Value alignment**
4. **Employee experience**
5. **Immigrant workforce**
6. **Technology transformation**

1. Enough is enough

Now that the government has weighed in on workforce behaviours focused on safe and inclusive workplaces, industry will be even more accountable for building a culture of respect that is free from adversity and harassment. New legislative reforms could be introduced as early as 2023 to protect FIFO workers and complementing other workplace culture and safety initiatives like "Thrive at Work in Mining" and the "Mental Awareness, Respect and Safety" (MARS) program.

2. Reintroducing retirees

In a bid to fill the growing skilled worker shortage, more employers are coaxing retirees back into the workforce. The loss of critical skillsets means that those with experience and knowledge are needed for mentoring and training new recruits. While Baby Boomers may be slower to adapt to change and require greater support around technology, they bring critical, and in some cases lost experience, which is invaluable to retaining IP and helping train up younger employees. This will see an increase in the average age of workers in 2023.

3. People want purpose

Coming out of the left field in recent years is the revelation that people want purpose; more than salary, employees have indicated that a sense of purpose and an alignment of values is a key component to workplace satisfaction. The pandemic has been a catalyst to elevate personal purpose and values, making people rethink the position that work has in their lives. Moving into 2023, you can expect your workforce to prioritise their sense of value in their work and personal alignment with the purpose of their organisation. Companies whose values do not align with their workers will compete with small/medium organisations which can offer the work/life balance, exciting work, flexibility and supportive working environment.

4. Size isn't everything

Previously, large organisations held the corner on the workforce, recognised for offering the best in career progression and development. Changes in recent years coupled with the increased need for a sense of purpose has brought small and medium size corporations to the forefront in a big way.

These smaller firms are recognised by the workforce as workplaces that concentrate on employee experience, with a focus on work life balance and engagement, leaving them better positioned to attract and retain the right talent. Moving forward it will be key for businesses to focus on employee engagement, fewer conflicts, strengthened confidence, improved culture, greater work-life balance and inclusivity for their employees in order to retain their workforce and provide a culture that promotes productivity and long-term satisfaction.

5. Competing for migrants

As labour shortages intensify, the time is ripe for skilled workers to relocate from other countries. The federal government recently announced a change in regulations which will allow businesses to import skilled workers under certain conditions.

The outlook for 2023 is that there will be increasing demand for skilled workers in the resources and energy sectors as companies continue to develop new mines, projects and processing plants. With the ageing workforce retiring, there will be a greater reliance on younger employees entering into these industries as they require more training to do their jobs effectively. In order to attract and retain this talent, organisations have to increasingly shift towards providing supportive working environments, purposeful engagement and non-monetary remuneration.

> The pandemic has been a catalyst to elevate personal purpose and values, making people rethink the position that work has in their lives.
>
> **Charmaine Reay**
> Director, REMSMART

6. Jumping ship for tech

The nature of work is shifting in mining, with technology creating new, more attractive jobs and repurposing of skills. As a result, employees are jumping ship like never before and applying their trade or transferring experience to newly created roles where exact profession does not yet exist or is not required. For example, a haul truck driver who previously worked FIFO might trade in the role for a remote operating centre in the city. The end result; increasing expectations of employees for greater flexibility, higher pay, remote working and job satisfaction – challenging employers to scramble for new hiring and retention strategies.

To obtain the full copy of REMWATCH RESOURCES AND ENERGY TRENDS, which includes full statistics on highest paying roles, anticipated market movements and more contact:

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Celebrate and upskill your people

IGO is a leading ASX-listed exploration and mining company focused on discovering, developing and operating high-quality assets focused on metals critical to enabling the clean energy transition.

As IGO's Chief People Officer, Sam Retallack explains that the company has a forward-thinking approach to recruitment, resulting in a stable, engaged workforce that has weathered the skills-recruitment crisis across Western Australia.

According to Ms Retallack, the skills shortage in Western Australia has been caused by a range of factors – not least the COVID-19 pandemic, which severely impacted access to interstate and overseas labour markets.

"Many companies have a boom-and-bust approach to skills and labour," Ms Retallack says. "When things are good, companies add employees and trainees, but when things are tough, they focus on reducing costs and redundancies."

Much has been made of Australia's skills shortage, yet Ms Retallack believes the solution may be closer to home than we realise. Restoring migration to pre-pandemic levels may be helpful, but it's not the number one solution.

The border closures have shown us that many companies have neglected the training and development of their people or a strategic focus on workforce planning. According to Ms Retallack, we should be maximising Australia's existing population to fill skills shortages through education and training along with migration.

"Companies need to take a more long-term approach to talent acquisition and retention. A good skills strategy takes time; students should be nurtured, and the skills of your existing staff need to be developed for the business of the future," she says.

She believes that companies need to make a long-term commitment to training and education. Ms Retallack also advises companies to take a close look at their workplace culture, as employees are becoming much more discerning about where they work.

"People are looking for more meaningful work, a place and a role that provides them with a sense of belonging," she says. "They want to be part of something with impact and purpose, in a workplace environment that's connected, flexible and contributes to society."

Importantly, companies need to take action to encourage women back to the workplace. "We have to mobilise and equitably pay the 50 per cent of the workforce who are female," Ms Retallack says.

"We need to create an environment that works for parents of all genders, for instance, supporting day care. Prioritising support for families, so that both parents can work if they choose will be an important societal shift for Australia and something that a number of Nordic countries have seen as important for some time now.

"It is important to support early childhood education through quality childcare and to support those educated people in the workplace through all stages of their life and family journey."

Importantly, if you're a company that is actively promoting a positive workplace culture, then take the time to celebrate and showcase your forward-thinking attitude. By doing so, you'll be leading by example, according to Ms Retallack, and ensuring you are able to attract the talent that you require for growth.

"We celebrate and promote programs that support female development, the education of children in our catchment areas, and participate in events that clearly speak and align with what we believe in. We are a purpose driven organisation, we test everything against our purpose – which is to create a world where people power makes amazing things happen," she says.

"We take very opportunity to showcase that we are a smarter, kinder and more innovative company, where there's a strong sense of equality and an environment that nurtures, engages and retains quality teams and committed people."

> We need to create an environment that works for parents of all genders.
>
> **Sam Retallack**
> Chief People Officer, IGO

Micro-education the answer to skills shortage

Brunel is a global network connecting talented and experienced specialists with present-day and pioneering projects. With more than 120 offices and 12,000 specialists around the world, Brunel delivers people and workforce services that transform global projects in mining, oil & gas, renewable energy, infrastructure and life sciences.

Brunel's Managing Director Australasia, Tania Sinibaldi, is well placed to understand Western Australia's skills shortage, specifically in the resources sector.

"Our industry has experienced a lot of complexity," Ms Sinibaldi explains. "We lost a lot of the workforce due to COVID; around half a million people left and have not come back."

Rather than admitting defeat, Ms Sinibaldi believes the skills shortage offers a unique opportunity for companies to shift direction, with a focus on employee retention and upskilling.

"There has been a digital transformation and not everyone has the skills to keep up with this," she explains. "From a mining perspective, employees are looking for jobs that will give them a variety of micro-credentials, particularly around technology."

According to Ms Sinibaldi, the demand for skills transition and talent is at the forefront of the resources sector. She believes that developing and mobilising transferable skills across the resources sector will be essential for success in the renewables age.

Additionally, organisations are moving away from traditional qualifications and toward "micro-credentials", particularly when it comes to digital skillsets. The shift to micro-education will see employers taking on people with the desired skills irrespective of formal qualification.

"We'll see staff being upskilled, so their skillset aligns more with the job description," Ms Sinibaldi says.

Skills that can be transferred across energy sectors are an increasingly critical focal point as the shortage of both skills and personnel forces the industry to adapt. For workers, this is opening access to on-the-job training and access to new, less-traditional career progression pathways.

Ms Sinibaldi points out that particularly innovative organisations are sourcing individuals as early as Year 10 to ensure consistent access and retention of skilled individuals. More organisations are taking in graduates and in some cases are attracting students through work-experience initiatives.

She says it is also important for forward-thinking resources companies to consider attraction and retention. Some companies are using sign-on and retention bonuses as an extra incentive to attract and retain employees. Companies need to get creative to keep key people in the business.

"Remuneration isn't the only factor in addressing the skills shortage," Ms Sinibaldi adds. "It's also important to be a socially responsible organisation with flexible polices."

According to Ms Sinibaldi, employees are increasingly evaluating their potential employer's management team, ESG policies, flexibility and company values.

"How are you looking after your people? Are you offering a four-day week? Is parental leave available to men? Looking after employees is a key solution to addressing the skills shortage," she says.

Ms Sinibaldi says that to become the employer of choice, companies should take a close look at their environmental, social and governance policy.

"Employees are continually looking for evidence that you are who you say you are," she concludes.

> We'll see staff being upskilled, so their skillset aligns more with the job description.

Tania Sinibaldi
Managing Director Australasia, Brunel

Kerry Stack
Managing Director and
Cultural Consultant, Goolamwiin

Aboriginal culture is every Australian's culture

Since 2006, Reconciliation Action Plans (RAPs) have enabled Australian workplaces to sustainably and strategically take meaningful action to advance reconciliation, based around the core pillars of relationship, respect and opportunities.

With RAPs becoming increasingly – and pleasingly – more common in Australian workplaces, there is growing emphasis on implementing these plans strategically, sensitively and authentically.

It's a subject that Kerry Stack feels strongly about. As the Managing Director and Cultural Consultant of Goolamwiin, she and her husband, Trevor, have built a business around connecting people to their Aboriginal culture.

Kerry and Trevor work with organisations to build an understanding of Aboriginal culture, so that workplaces are culturally safe and sensitive, with authentic RAPs.

Q: How did Goolamwiin come into existence?

» As children, Trevor and I both lived on Aboriginal reserves; Trevor in Northam and myself in Pingelly.

These were tough times for our parents and grandparents, but as children, we enjoyed it as we always had our family with us. We never knew the struggles of our parents and grandparents until we grew up.

Reconnecting to culture is our way of giving back 'for family and country'.

Q: Why did you build a business around Aboriginal cultural awareness?

» After many years working in government, Trevor and I found that no one really knew our story. In particular, our young people didn't know their culture, due to government policies back in the day. We needed to reconnect our children and community to culture.

Goolamwiin provides cultural awareness. I tell my story as an Aboriginal woman who went to school and got called names. I tell my story of the society I grew up in. I am only 59 years old, so it wasn't long ago.

Goolamwiin exists to reconnect our community to our culture.

Q: How important is cultural awareness to all Australians?

» Aboriginal culture in Australia is everybody's culture.

Goolamwiin is about reconnecting to culture. Goolamwiin means "winds blowing from the south-west" in our Nyungar language.

It doesn't matter where you come from, this is your culture. It's the longest-living culture in the world and we all need to be proud of this culture.

Q: Can you explain immersive cultural awareness?

» To immerse yourself in culture is to walk beside us as Nyungar people and learn how Aboriginal people have survived thousands and thousands of years here in this country. We survived colonisation and segregation and are still surviving.

There is a story that Australia didn't want to tell for a long time, and it's a story about its First Nations people. We were prohibited to practice our culture; it's now time to tell the truth. We can now be ourselves.

Our culture has been here for thousands of years, we have survived on this harsh land and have been able to learn a lot of lessons along the way.

Australia has a story that has never been told. People need to understand our culture and our untold story. If people understand our story, they understand us.

Q: Why is immersive cultural training important?

» Number one, it's all our culture. We need to show solidarity.

Number two, it's the story that hasn't been told.

Number three, harmony. If you know each other's story, you will get on better – we need to respect that we are different and listen to each other.

Q: Why should workplaces authentically immerse themselves in Aboriginal culture?

» This is important, because we are one. We are all the same, we are human beings, we all bleed red blood.

By teaching our culture, our story, we can learn to live together in a harmonious society.

To do this authentically, you need the Aboriginal community to guide you. Get an Aboriginal representative to work with you on your RAP and take the journey together. It's continuous.

RAPs need to work for us now, but also for our grandchildren and our future grandchildren. They have to be there for the next generations to come.


Laura Grierson
Director, Acacia
Abbi Vermey
Founder and Director
Acacia

Getting the balance right

With their innovative approach to recruitment, Acacia's Abbi Vermey and Laura Grierson are well placed to offer a fresh perspective on WA's skills shortage. Acacia is a global executive search consultancy that goes beyond the limits of traditional methods, by pursuing the people who drive results and make an impact, in the best way possible.

Abbi Vermey, Founding Director, and Laura Grierson, Director, saw the huge impact COVID's border closures had on Western Australian businesses. They now believe that a certain amount of innovative, forward thinking is required to redress the balance of supply and demand. It's not simply a case of opening the borders and hoping for the best.

"Relying on the migration of skills alone into our state to remedy our skills shortage is a dangerous prospect," Ms Grierson recently wrote in The West Australian. "It's too narrow a view, not to mention the unknown long-term ramifications of dismantling our once stringent requirements for overseas workers on the quality of the state's talent pool.

"What we really need is to invest in attracting talent at all levels of business for growth and prosperity for years to come and to re-establish WA as a hub where global businesses can be run from."

According to Ms Vermey, the past 12 months have seen the creation of a number of new executive roles, such as Chief Technology Officers, Chief Sustainability Officers, and Automation Officers. While there has been a lot more demand, this has not been matched by supply.

"Acacia has placed a record number of executives this past year, with a particular demand for executives with experience in ESG, sustainability and technology," she says. "In 2022, we placed more people into senior management and executive roles in the ESG/sustainability space than we have in the previous five years combined.

"Demand for managerial and executive jobs is surging, as business confidence continues to rise, capital continues to be raised and companies continue to IPO and/or grow."

According to Ms Grierson, the solution to the skills shortage lies with the businesses themselves, which need to market their roles better and be more open.

> It's been proven that an organisation is more successful when they are diverse.
>
> **Laura Grierson**
> Director, Acacia

"Companies need to get better at articulating their value proposition," she says. "Salary is not the determining factor – it isn't much of the motivation anymore."

In today's market, people want to work for responsible companies in meaningful roles. They're looking for diverse and inclusive workplaces that offer fair and equitable remuneration packages. Companies with clear ESG standards and a commitment to diversity are inevitably going to attract better talent.

According to a report on diversity from McKinsey, companies in the top quartile of gender diversity on executive teams were 25 per cent more likely to experience above-average profitability than peer companies in the bottom quartile – with this premium increasing over time.

"Diversity equals better performance," Ms Vermey says. "It's been proven that an organisation is more successful when they are diverse. Diverse companies outperform non-diverse companies on every metric."

SUSTAINABILITY STARTS IN YOUR OWN BACKYARD
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Find out more:
Your Sustainability Team
Catherine Bell
Sustainability Strategy
Jane Gouvernet
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ESG reshaping board and executive reward and accountability

The reporting landscape has changed, and stakeholder focus on ESG performance is growing. And, while most listed companies have governance structures and processes in place to ensure board oversight of operational ESG issues and targets, it is questionable whether existing equity instruments for ESG measures are adequate.

It is no longer good enough for directors to think about profit and reputation, the key is ESG and what is happening between the organisation and the community. As such, and increasingly so, more organisations are looking to link executive reward structures with ESG – tying it to annual bonuses or long-term incentives.

But, with good governance prescribing that non-executive directors (NEDs) are incentivised independently from executive management, we still see little to no linkage between board and executive ESG metrics. 'Will they get to net zero and by what date?', 'Will they achieve a more diverse workforce or board?' or 'Will they reduce emissions?'; are just some examples of current metrics seen in the ESG agenda. With this thinking in play, how can companies assure investors of a balanced and transparent rationale to the NED remuneration package?

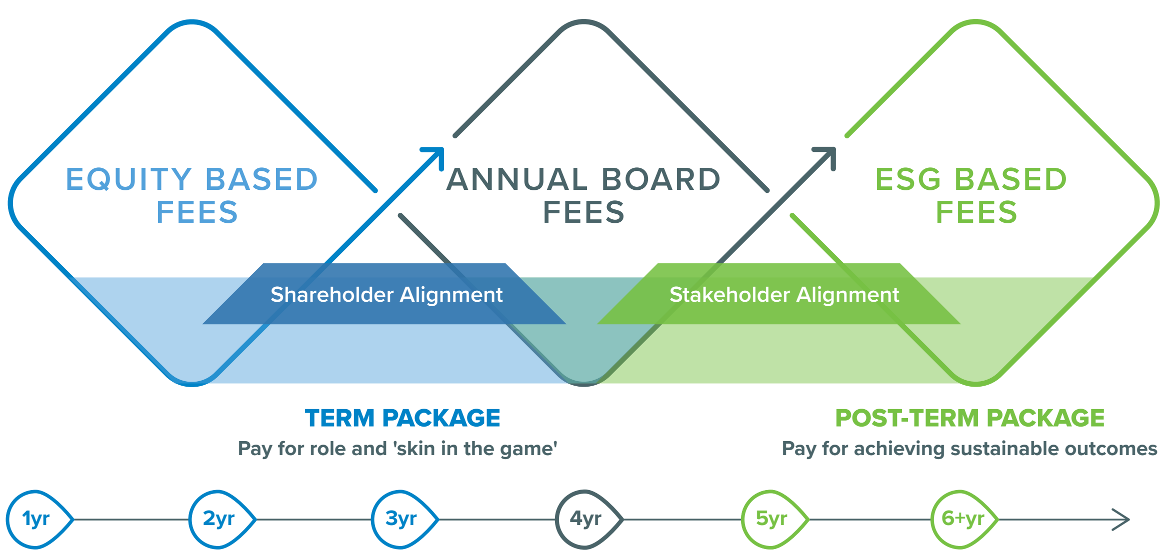
Companies should explain how ESG issues could affect financial performance and how this is reflected in long-term incentive plans.

What's hindering meaningful reward of NEDs who achieve a company's ESG goals?

For most board members, the average term of service is three years. This causes issues when linking ESG performance and non-executive incentives where the vesting term of those measures would typically take longer than three years to convert.

So, if the board and executive management are there to ensure that the company has a sustainable platform to ensure long-term shareholder value how do we ensure the wellbeing of the business is not compromised for short-term gains? The alignment between board and executive management has to exist.

A Remuneration Structure to Achieve Trail Accountability



What if there was a long-term equity instrument for NEDs that catered to long-term ESG measures?

Introducing a long-term equity instrument for ESG measures in non-executive pay – with say a five-to-seven-year vesting term and cascading incentives for executives – would enable companies to show that they were serious about managing their social and economic impacts.

Imagine how incentivising both the board and executive management with a whack of incentives accessible seven years in the future could change decision making during their term of service. This would not only drive a board to think beyond the shareholder, but to the broader business stakeholders and longer-term business sustainability – which is very different to now, where the board is focused more on shareholder expectations and profitability.

In addition, NED remuneration should include stakeholder alignment of which shareholders are just one part of that bundle. A sure way to achieve stakeholder alignment would be to ensure that the board, management and shareholders are held to long-term ESG metrics with trail accountability.

An example of ESG-linked remuneration in the carbon neutrality space could include:

Board level KPIs

- 2 per cent year-on-year emissions reduction until 2030, of net greenhouse gas emissions compared with the 2015 baseline 100,000 CO_2e.
- 3 per cent annual reduction in operational greenhouse gas emissions intensity until 2040, compared with the 2017-18 facility baseline 15 t CO_2e per tonne of hydrogen equivalent production.
- Use 100 per cent renewable energy across operations by 2025.
- Phase-out all fossil fuel-based energy sources across operations by 2027.

Executive level KPIs

- Identify and implement energy efficiency initiatives to reduce overall energy consumption and/or waste.
- Engage and support supply chain vendors to transition towards net zero emissions by 2050.
- Engage with and contribute to research and development to support decarbonisation and emissions reduction strategies with key industry partners.

Why should companies consider an external remuneration consultant to select appropriate ESG metrics and long-term performance measures?

With regulation coming to play in the next 12 months that will push businesses into longer-term thinking – the choice exists to begin work on implementation now.

An external remuneration consultant can add impartial oversight and experience in establishing the right financial metrics, targets and weighting for peer benchmarking. In this pandemic pay era, ESG can determine the fabric of the company culture, where rates and reward are at record highs and individuals more likely to be chasing short-term gains – this is a matter that deserves due attention and investment.

Importantly, how can ESG align with remuneration if the board haven't established an ESG baseline to measure KPIs against? This is where the importance of the skill of the remuneration consultant and their connection to sustainability integration comes in. The selection of an appropriate adviser can have significant impact on reportable company performance in the short and long term.

REMSMART and BDO in Australia's Sustainability team work collaboratively on pay and reward structures, strategies, and measurement tools. This unique relationship is proven in our track record transforming the way boards manage themselves by rewarding individuals who want to do the 'right thing' and take a longer focus by using metrics that enable correlation between decision making and sustainability.

For a complimentary consultation on how to attract serious board talent and experience to your executive team, as well as establish a leading NED pay package that creates assurance that your board and executives are getting rewarded for doing the right thing in the right way, get in touch.

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The main attraction

Kelly Arnett and Kyle Giddins are the Directors of Lacuna Search, a firm that recruits management, C-suite and board level executives for energy and resources companies across mining, oil and gas and new energy sectors.

Ms Arnett and Mr Giddins have come to realise that articulating a compelling vision is key to shaping the direction of a company and attracting the best interest, from staff and shareholders alike.

"For many, this continues to be a work in progress," Ms Arnett says. "We are finding that the theme of 'attraction' is high on the agenda for many forward-thinking businesses – not just in terms of employee attraction and retention but also regarding building trust and credibility with investors."

"Gaining attraction continues to be a challenge involving a myriad of factors," Mr Giddins says. He believes getting it right is a craft that involves:

- Remuneration
- Culture
- Having an understandable approach towards work and personal life demands
- Offering more control or 'say' over how, where and when staff work, with flexibility prioritised
- Company vision/identity/story

"It is important for the employee to feel like they have a future where they can see themselves as being part of a successful business," Ms Arnett says. "People want a genuine commitment from the board and executive team. Having a clear and compelling company strategy, vision, is a big draw card to attract interest.

"We are finding that creating a strong vision is a tough task for many companies. In 2020, traditional oil and gas and mining companies had a significant identity crisis, and we find most companies are still stuck in some sort of battle with it. Companies rushed to proclaim a commitment to net zero emissions, and now there are a lot of business opportunities going around. Deciding what to go after, how to repurpose assets and convey the right messaging is a complex process. The appetite for change is there but it's about 'why' and 'how,' to create long term value. This impacts the ability for boards and executives to create a clear vision."

According to the directors at Lacuna Search, this is more important than ever, particularly because of the rise in hybrid working.

"Remote work has shown loss in culture and a disconnect for some companies. If you have a strong vision and you have your leadership driving that, then you'll have that looked after. A strong vision pulls people in. It demonstrates confidence and certainty."

It is important for the employee to feel like they have a future where they can see themselves as being part of a successful business.

Kelly Arnett
Director, Lacuna Search

Companies with a well-implemented ESG plan and those who prioritise DEI (diversity, equity and inclusion) with a genuine commitment to a lower carbon future have a huge advantage, according to Mr Giddins.

"Companies need to build a strong vision – one robust enough to deliver certainty but also agile, to make the most of new opportunities," he says.

"Then they need to sell it. Most companies don't sell their organisation enough. That's what we do.

"At Lacuna Search, we act as brand ambassadors to our clients and market the value proposition to industry to attract interest. Having the right partnerships in place to increase attraction is not only beneficial in this market, it's absolutely essential."

There is so much opportunity in getting this right, the directors say.


Kyle Giddins
Director, Lacuna Search
Kelly Arnett
Director, Lacuna Search

Are non-executive directors being undervalued?

Is it time to adjust the remuneration model to reflect the changing landscape?

Many listed companies are faced with navigating an increasingly complex environment in the search to attract and retain high-quality directors in a competitive marketplace.

Most recently, the spotlight has been placed on tackling the challenges posed by what's known as 'overboarding' – where a director holds a large number of board seats at one time.

Some argue that overboarding presents a governance risk because when a director over-commits, there is a chance they could become ineffective and may not be able to devote the significant time required to adequately service the company's needs. This could become apparent during a time of crisis at one or more of the companies they are involved with – or during a broader crisis like the COVID-19 pandemic.

This scrutiny has led to recommendations that directors hold no more than five board appointments, with a chair position counting as two appointments.

However, this approach has led to concerns around the ability of companies to attract high-performing directors in such a restrictive environment.

One of the challenges is defining what we understand to be an over-committed director. The 'right' number of board positions for a director could depend on the mix of companies they serve, the time commitments required and complexities of each in terms of the issues being faced. It also depends on the individual and their ability to juggle their workloads – so in reality, three or four board positions for some directors could be quite manageable.

Higher NED pay – the key to building a high performing board

According to the Governance Institute of Australia's recent Future Of The Board Report, higher pay for non-executive directors (NEDs) could be a factor in addressing a range of issues, including overboarding.

Placing limits on the number of boards NEDs can join makes the current remuneration model unworkable, according to REMSMART's Managing Director Allan Feinberg.

“The problem is NED pay is still being done the way it's always been done, but that was based on NEDs being able to sit on a number of boards," he says.

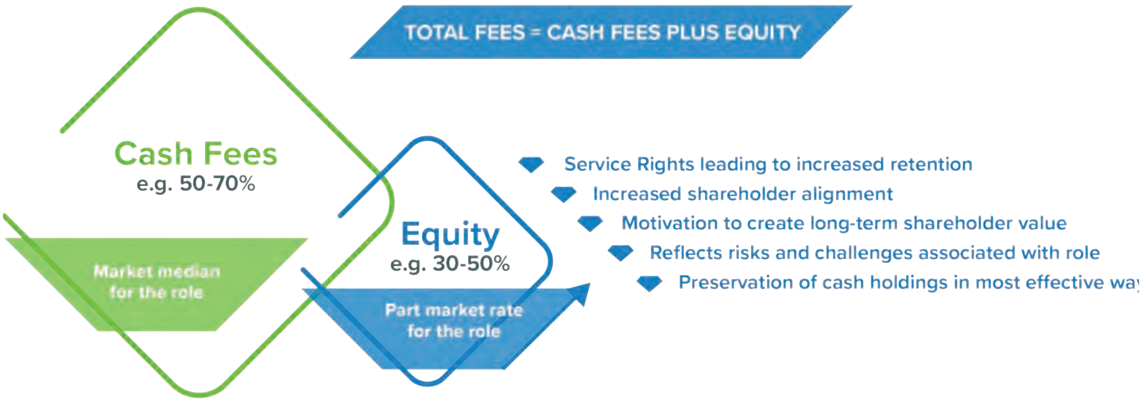
"Now that their earning potential is being constrained, companies need to provide competitive and appropriately structured remuneration packages to attract high calibre candidates.”

There is also a strong commercial logic for companies looking to attract investment. Existing shareholders, new shareholders and lenders require proof that corporate maturity exists via a well-functioning system of corporate governance. Lenders could be deterred if a sub-standard governance structure is in place.

> With a growing number of board opportunities available and a shrinking talent pool – only the forward thinking and flexible businesses will put the incentives in place to attract top NEDs who have the capability and experience to drive better returns.
>
> **Allan Feinberg**
> Managing Director, REMSMART

In this environment, NEDs are likely to become more selective about which boards they sit on – favouring well-established companies with more generous remuneration packages, while potentially shunning perceived higher-risk ventures.

An Alternative NED Retention Framework



If NEDs become more selective, this will have an impact particularly on smaller and newly listed companies, whose board composition is vital to attracting investment.

"If you're looking to attract public money and external shareholder investment, investors are going to look at the board," Mr Feinberg says. Do directors have experience with other listed companies? Do they have a good track record? This provides them with the security that they are making a good investment.

"There is an increased risk for directors sitting on a small cap board, or where a company hasn't monetised its product. If you want to get in good people, you need to make it worth their while, and that comes in the form of additional fees."

Making it worth their while

The risks associated with being a NED have become far greater in recent years, with increased financial risk, reputational risk and personal liability. Business has also arguably become more complex, with a host of issues requiring attention from directors – from environmental and social issues to government regulation and increased stakeholder and community scrutiny.

"In essence some of these people manage and control companies that are the size of small countries; $3-4billion plus. Great responsibility comes with managing a company of that scale, so you need to have a strong board to act as custodians to ensure that not only shareholders, but stakeholders are protected," Mr Feinberg says.

Added to this is the growing number of publicly listed companies seeking highly qualified and experienced directors. And without the financial incentive to attract quality candidates, this talent pool is likely to shrink even further.

"Ironically, in this market, your earning potential is possibly greater as an executive than a director," he says. So, then the question begs why would you want to be a NED if it is more rewarding to be an executive?

"This thinking creates a fork in the road – if you can't maximise your earnings as a NED, then you may consider staying an executive. Then the pool of NEDs in the market shrinks even more. So, eventually there must be an increase in fees."

An alternative and commercial NED remuneration framework is needed

A revised remuneration standard for NEDs, Mr Feinberg suggests, could involve a combination of both cash fees and non-performance-based equity and where special circumstances exist, this could be in performance-based equity. This gives the company the ability to attract the right individual and provides a greater return for their skills and further upside for taking on the board position.

Some companies are reluctant to offer board members equity as there is the perception it may impact the independence of board performance. However, this risk is removed if the equity is not performance-based and instead includes a service right, which stipulates the NED needs to stay with the company for a certain amount of time to receive that payment.

"If you think about it logically, higher NED pay makes good commercial sense. With a growing number of board opportunities available and a shrinking talent pool – only the forward thinking and flexible businesses will put the incentives in place to attract top NEDs who will ultimately have the capability and experience to drive better returns for shareholders," Mr Feinberg says.

Julie Colvin
Managing Partner
Derwent

Diversify the boardroom and executive team to beat the skills shortage

Derwent Managing Partner Julie Colvin is well versed in sourcing high-impact talent. Derwent advises on board, CEO and leadership appointments across a range of industry sectors, with a reputation for being champions of diversity.

Ms Colvin's success in identifying and connecting high-impact talent with thriving organisations makes her well-placed to comment on the current skills shortage in Western Australia. She is also able to offer innovative solutions to building a future-proof board and executive teams.

Q: How can companies future-proof their board and executive teams?

» Job functions are changing shape at both board and executive level. Previously, technology talent was only needed by technology companies – now, every business needs this skill set and all sectors are competing over the same talent pool.

Data, data analytics and technology have had an impact on all role types and we are seeing similar trends with ESG. There needs to be a change of capability of leaders and executives to lead through ambiguity and change. We need to see change in every role at every level, not just a replication of doing the same thing, better.

Q: How can companies build boards that are resilient and adaptable to change?

» We need to look further afield than is typical for Western Australian companies. Today is an environment of complex risk, with digital disruption, climate change impact and increased regulation and shareholder activism. It is also one with unforeseen opportunities.

In the boardroom, given the accelerated pace of change along with increased complexity we need a blend of experienced board members, balanced with new knowledge and diversity of thinking.

Q: How important is diversity in the modern corporate structure?

» For companies to stay ahead of the game and withstand the skills shortage, they must embrace diversity – not just on a notional level, but with real meaning and impact. Now more than ever there is a stronger appreciation for the value of diversity.

Employers are now looking for employees with a strong set of adaptability skills. The ability to lead through daily changing environments has become a strong selection criteria. Leadership capability is very important in forward-thinking companies.

Q: What capabilities and skills should companies be looking to place on their board?

» Broaden the brief and search in new fields for missing capabilities and skills, such as those with customer engagement, digital experience, cultural experience, people skills, sustainability mindsets, transformative thinking and marketing knowledge.

Consider board members from contrasting industries, who therefore bring different thinking and insights. Consider board members with differing cultures, values, genders, ethnicity and abilities.

Employers need to invest in their people over time, regardless of cycle. Support female leaders, Indigenous leaders, develop the capability of your graduates. Take the time to nurture these talents within your company.

Diana Forsyth
Founder, Augmentia

Developing a governance framework that suits your business

Diana Forsyth has served on 14 boards since 1994 as a chair, committee chair and non-executive director. Her governance expertise and background in people, workforce, culture, engagement and organisational design and development has been developed over 35 years working in Australia and internationally.

As the founder of Augmentia, her team of experts provide advice on people and social strategy, organisation capability and governance.

"We operate in a corporate governance environment that incorporates the law, regulatory bodies, shareholders/members, other stakeholders, society's expectations and self-regulatory codes – all of which are underpinned by the founder's or board's ethical approach," Ms Forsyth says.

How you define your governance framework will have a significant impact on performance, the capacity to innovate, develop strategy and respond to changing markets.

So how can you execute a practical governance framework in your business?

> How can you protect your business and ensure that it goes in the right direction?
>
> **Diana Forsyth**
> Founder, Augmentia

Authority – who has the power?

Ms Forsyth says one of the challenges for start-ups and small to mid-caps is the question of when to pivot to a formal governance structure, moving away from a founder centric to independent governance approach.

"Legal requirements, for example, can be strengthened and clarified through clear articulation of authority in a shareholder agreement, board charter or governance manual, making the entity more attractive to potential funders," she says.

"When a substantial shareholder has a differing world view to the founder, how can you protect your business and ensure that it goes in the right direction? Clarity on how differences are resolved, and appropriate shareholding exit provisions, can be useful in this context."

She says an independent board can also act to protect the best interests of the company ahead of sectarian influences and conflicts of interest.

Risk, strategy and decision making – who calls the shots?

Ms Forsyth says it's important to define who in the organisation will set the risk appetite and strategy – is it the board, the founders, or primary shareholders?

"At what point do you transition from a representative to an independent board? How does this board and the management team work together?" she says.

Similarly, building clarity around the company's strategy and decision-making framework is essential.

"Is development along the value chain to production or processing, or is asset sale the goal? Is it appropriate to pursue other mineral deposits? Enter JV arrangements or go it alone? What type of capability do we need as an organisation?" she says.

Resolving differing views on strategy is essential; defining who makes the call to move on available choices even more so.

Accountability – how is your culture meeting expectations?

Protecting the interests of shareholders is a must. Ms Forsyth says business owners need look at their remuneration structure and how it incentivises leaders to maximise shareholder and stakeholder benefit.

"Are performance expectations and KPIs clear and measurable? The enrichment of directors at the expense of shareholders is increasingly unpopular, as is a board that acts without shareholders and stakeholders at front of mind," she says.

She says companies are also under greater obligation to meet stakeholder expectations around culture. Recent high-profile events – such as the controversy surrounding several AFL clubs and allegations of racism and sexism – show societal pressures are changing the way people do business.

"What is our culture and how do we respond to poor behaviours? How are we engaging with traditional owners? The events leading to the destruction of Juukan Gorge caves had serious consequences for officers of Rio Tinto. Often unintentionally, interests can diverge," she says.

A well designed, proportionate and flexible governance approach will help to manage risk and clarify how to govern for success in changing environments.

Don't forget the basics of attraction and retention

In 2021-22, Australian businesses faced the triple whammy of critical skills shortages, high turnover and higher than normal wage increases.

Retention became a critical concern across many sectors and key roles. But while the Australian government ramped up immigration after the COVID lockdowns, this skills shortage remains – so it is worth looking a little deeper into the industry response to these conditions.

In recent years, we have found that companies have approached attraction and retention very differently, depending on where they sat culturally and economically.

For simplicity, we have clustered these approaches into short, middle, long term and end 'games'. Few companies focused on only one 'game', while most tried to implement elements of at least two. All of these choices have a cost, and companies need to weigh up the risks and rewards before determining the most suitable approach for their business.

The short game: meet or beat the market

Most companies have needed to play the 'short game' in this period. The winning prize is employee continuity and retention of core and critical skills. There were two primary tactics here:

- Companies carefully pay to market, or slightly above market if they can afford to.
- Critical roles are offered higher increases.

The middle game: make incentives count

Companies that have looked to retain critical skills in the mid-term while also attempting to limit increases in base pay changed their bonus structure and introduced pertinent short-term incentives. The two primary strategies have been:

- Adjust short-term incentive values upwards.
- Introduce retention bonuses which last two-to-three years.

The long-term game: focus on people

Companies which see a cultural and economic value in playing the long game have deliberately focused on purpose, ESG, inclusion and wellness. Key strategies include:

- Driving purpose through impactful ESG initiatives and an effective inclusion agenda.
- Improved flexibility: work from home, four-day weeks, "workcations" at the same pay.
- Increased focus on individual and team well-being.
- Being incentivised for progressing individual and team development plans.

The end game: design out people

Organisations are putting money behind technology and virtual management, looking to see what work (especially routine, remote and dangerous work) can be restructured and automated. They are also looking to manage risk by outsourcing certain capabilities to specialist contractors. This of course cannot happen to all roles; but in many sectors, we have seen an increase in contract employees at all levels of the organisation and a growth in technology project teams designing automated process solutions.

The importance of brilliant basics

There are, however, two trends which were not as obvious and that can make a difference. The first is good organisational design and ways of working, which provides job satisfaction and meaning. The second is great managers and leaders.

In 2022, research was carried out among 15,000 employees globally, with over 1.5 million data points collected. One of the key questions concerned the sources of job satisfaction (refer to figure below). Interestingly, the top three reasons for job satisfaction varied by industry, however for most, 'meaningful jobs' and 'trust' in leadership was critical.

Any well-functioning organisation needs to look across all these 'games', and place financial bets where it makes sense. A combination of 'game' plans, aligned to the organisation's long term strategy, is optimal.

In addition, developing excellent leaders and managers – as well as ensuring an effective job and organisational design so employees feel they are doing something of value – is also worthy of attention.

Industry	1st	2nd	3rd
Mining & Metals	Meaningful job	Trust in managers	Professional development
Energy, Utilities, Oil & Gas	Meaningful job	Trust in leaders	Connection with purpose
Transport, Logistics & Shipping	Meaningful job	Putting purpose into practice	Inclusive organisation
Industrials	Meaningful job	Professional development	Inclusive organisation

(The Purpose Scanner, Economics of Mutuality, 2022)

Gen Z and baby boomers could fill the gap

For more than 100 years, the Australian Resources and Energy Employer Association (AREEA) has been promoting Australia's resources and energy industry as an attractive place to invest, employ and contribute to the nation's economic prosperity.

According to modelling released in AREEA's *Resources and Energy Workforce Forecast: 2022-2027*, Australia's resources and energy industry will conservatively require an additional 24,000 workers by the end of 2027.

"In total, 89 mining projects are included in the modelling, with coal (22), gold (21) and critical minerals (19) being the star performers," the report states. "Eighteen oil and gas projects are also likely to proceed within the modelled period.

"Demand is significantly frontloaded within the five-year period, with 69 projects requiring 15,000 new workers expected to come online by the end of 2024."

Tom Reid is the Head of Policy and Public Affairs at AREEA, making him well placed to comment on employment in Western Australia's resources sector.

Q: What measures are needed to solve the skills shortage currently facing the resources and energy industry?

Both Generation Z and the Baby Boomer generation could hold the answer to the imminent skills shortage. It's imperative to embrace generational change and utilise all generations and demographic segments in the workplace to the fullest.

Q: How can we attract Generation Z to the resources and energy sector?

Attracting younger talent to the workplace is an increasing challenge. To address this, we need to understand the barriers of the younger generation, and what they want from their workplace.

The younger generation want to feel like they are part of something bigger; something with a positive impact on future generations.

Increasingly, they're looking to cutting-edge industries for employment – industries that change the world.

Q: If you're a company making a meaningful impact, how can you effectively reach Generation Z?

Employers need to tell their story in a more effective way. They need to engage with Generation Z in a meaningful way, showcasing a positive workplace culture that prioritises mental-health benefits and work-life balance.

Generation Z also prioritises corporate social responsibility and social licence issues, being concerned that the resources sector lacks moral integrity, putting profits above the destruction of traditional indigenous lands and sacred sites and effects on communities. It's vital that forward-thinking employers dispel this myth to attract Generation Z employees.

Q: What about the Baby Boomers? How can we entice them back to the workplace?

Baby Boomers are known to be hardworking, loyal and open to upskilling. However, due to unjustified and pervasive bias, Baby Boomers are rarely given the opportunity to prove themselves in the modern workplace.

Employers should consider performance-based pay over tenure or age-based pay to make the Baby Boomer generation competitive for entry-level positions.

To address the skills shortage and attract Baby Boomers back to the workforce, employers should actively attempt to combat age bias in their recruitment process, even going so far as to request HR agents provide a certain percentage of Baby Boomer applicants.

Tom Reid
Head of Policy and Public Affairs, AREEA

It's the 'stay card' – how to retain core skills when employees have the upper hand

With salaries off the Richter scale in Australia, managing the current remuneration environment can feel like there's no longer a measurement instrument able to detect a red flag in magnitude.

The battle to negotiate competitive starting salaries, benefits and incentives for quality executives and critical skilled senior management has become for most industries an unfair playing ground on an exponential trend. HR departments and remuneration committees are grappling with outdated fixed and performance incentive pay structures that are proving unfit to retain core skills where employees have the upper hand in commanding remuneration and work-life balance.

Creating a more balanced approach to attract and sustain core skills in your business

Remuneration structures for executives and senior management traditionally consist of total fixed remuneration and incentives. The problem with this approach is its limitation to only offer reward for performance and an ongoing rate for doing the job. There's effectively no loyalty motivator, no limit on starting price or salary reviews – and no end to the 'great resignation' pandemic. This creates huge risk for retaining IP and remaining profitable.

In this highly reactive environment things are further exacerbated by a lack of planning and a fear of missing out – boards may even feel forced to offer a share in equity where an individual doesn't hit an incentive target, or cling on to personnel who may be delivering an average performance through anxiety of not being able to replace them.

Capability retention payments – a 'stay card' – more than a long-term incentive

Allan Feinberg, Managing Director, REMSMART says there is an alternative and additional remuneration tool that can be implemented to reduce short-term base salary pressures, retain top talent and create loyalty over the mid to long term.

A capability or retention payment, which can be delivered as either a cash or equity incentive after 18 months to three years' service, is a new differentiator and unique incentive scheme that motivates good performance and creates shared value.

"Importantly, this initiative should not be seen as a free payment as the incumbent still has to go through performance appraisals and meet KPIs and objectives," Mr Feinberg says. "And, only if they are viewed as a good employee, the business can reassess during the period as to whether it renews the retention payment on a rolling basis to lock that person in again."

The capability retention payment is a stay card that creates loyalty – from an employee's perspective they feel valued and from a company's perspective it is locking IP that you won't find in the open market. This is a service reward for critical skills both core and non-core, that can't be replaced, and is quite different from long-term incentive pay that is only available to senior executives, excludes other critical roles and is based on performance.

Put simply, we are going back to manufacturing principles, which typically have very long tenure of personnel (especially managerial) who understand the fabric of those companies and retain knowhow – which ultimately ensures better running of the organisation regardless of level.

> What we are seeking to do is reduce a company's fight or flight response.
>
> **Allan Feinberg**
> *Managing Director, REMSMART*

"What we are seeking to do is reduce a company's fight or flight response by reducing the fixed remuneration pressure in the short term and replacing that competitive gap with a retention payment over the mid to long term depending on the level of the person in the business," Mr Feinberg says. "For critical skills, that payment may be equivalent to three to six months' pay at the end of three years. If it's cash it will be taxable, and if it's paid as equity the benefit can be deferred for taxation purposes. The key here is that it's got to be meaningful, and for it to be meaningful it should represent 1.5-2 x salary per annum depending on the period.

"In Western Australia, we are in a situation where we have a 3.7 per cent unemployment rate, with a CPI of 4.2 and a shortage of critical skills that has been exacerbated by lockdowns and COVID. The issue we need to manage is not a skills shortage, but the allocation of a finite availability of skills – this is what gives business sustainability and continuity of operations."

To find out more about how to design a capability retention payment in your organisation contact:

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Connecting lawyers and professionals with business

Perth Legal Society, a new professional association is appealing to a broad stakeholder base, beyond lawyers, with its fresh approach to events and networking.

According to Jordan Feinberg, Perth Legal Society exists to connect lawyers and professionals with business. The society brings together various professions across different industries to simplify legal issues while making them relevant to business people in Perth.

This was showcased at the society's first event, "Mabo and Mining", which discussed the future relationship between Australia's mining industry and native title.

"Native title is a complex area of law," Mr Feinberg explains. "The event seeks to present such perspectives in a palatable manner that is applicable and understandable to people in business."

According to Fraser Institute's Annual Survey of Mining Companies, Australia is regarded as the world's most attractive country for mining investment in 2022. The year 2022 also marked the 30th anniversary of the Mabo decision in the High Court. The Mabo case was a significant legal case in Australia that recognised the land rights of Aboriginal & Torres Strait Islanders.

"Given 2022 was a big year for mining and native title alike, how do these two things reconcile?" Mr Feinberg asks. "Our panel spoke about their experiences interacting with the mining industry and to what extent mining and native title share the same objectives.

"Can they grow together, simply co-exist, or is the relationship doomed to fail?" The consensus at the end of the evening was that they are already co-existing.

Panellists at the event included Greg McIntyre SC, Barrister at Michael Kirby Chambers, Rowena Leslie, Director at Kai Rho Contracting and Darren Stralow, CEO of Bellevue Gold.

The BDO Mabo & Mining Event took place on Tuesday 11 October 2022, at BDO Perth, Level 9, Mia Yellagonga Tower 2, 5 Spring Street, Perth.

Jordan Feinberg
Founding Director
Perth Legal Society

Winning the race to the top

Few people can be better placed to address Western Australia's current skills shortage than Marion Fulker AM. She is the former CEO for the Committee for Perth, and the Director of Race to the Top – a research project that addresses the immediate labour and skill shortages in WA and prepares the workforce to meet future industry demand.

Q: What are the key discoveries from the Race to the Top report?

» The Race to the Top report has uncovered that while WA can look forward to a strong labour market, access to workers continues to be a challenge. The removal of border restrictions will not resolve the problem quickly, as the research for Race to the Top reveals. To fuel WA's future growth with a ready, willing and able workforce, a State-wide workforce strategy is needed.

Q: What are the report's main recommendations to address the skills shortage?

» The Race to the Top report makes 14 key recommendations to address WA's skills shortage:

1. Reduce visa processing time.
2. Temporary suspension of labour market testing.
3. Skill & qualification recognition for migrants.
4. Enable retirees & pensioners to re-enter the workforce.
5. Develop an employment transition program.
6. Develop best practice for workplace inclusiveness.
7. Reduce employment & occupational bias.
8. Develop a migration advocacy strategy for WA.
9. Build the profiles of Perth, Greater Perth & WA.
10. Pathway to permanent residency.
11. Build partnerships between education providers and industry.
12. Engage in lifelong learning.
13. Build a one-stop shop online platform.
14. Establish Future Employment WA.

Q: Which segment of the workforce is most valuable in the current skills shortage?

» WA's skilled, educated and creative people will be our most valuable future resource, yet it's these people who are in diminishing supply. Skilled workers are in short supply throughout Australia, with a comparative decline over the past two decades.

Meeting current and future workforce needs is one of the biggest challenges facing many WA businesses. Over the past 20 years, WA has experienced an increase in high-skilled jobs and a decline in low-skilled jobs. There has been a pivot towards skills that are transferable across occupations and industries to meet emerging skill needs.

Q: How important is emotional intelligence as a skillset?

» Employers are looking for people with emotional excellence. An ability to interact with the team is something that is not really trained; emotional intelligence is not taught.

To address the skills shortage, employers are going to have to more formally incorporate training and development of emotional excellence.

Q: Should companies strive to address the gender imbalance?

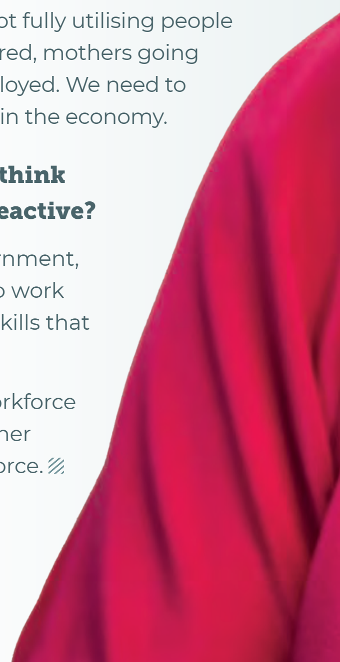
» There's a compelling economic case for gender equality to be seen as a strategic imperative at organisation, industry and state levels.

Part of the issue is that industry is not fully utilising people with a disability, people who are retired, mothers going back to work, the long-term unemployed. We need to support these people to participate in the economy.

Q: Is it time for companies to think long-term, rather than being reactive?

» There is a role for the WA government, industry and education providers to work together to provide students with skills that are relevant to industry needs.

Industry needs to be strategic in workforce planning by thinking long term, rather than providing a just-in-time workforce.



Marion Fulker AM
Former CEO
Committee for Perth

REMSMART board and executive remuneration guide

A comprehensive guide for remuneration committees and boards, salary data is derived from more than 1,800 ASX listed entities and covers large, micro and middle market businesses.

Portal Capabilities and Data Definitions

Filter data by company size, market cap, annual revenue and industry.

Roles surveyed

- Non-Executive Chairman
- Non-Executive Director
- CEO/Managing Director
- Chief Operating Officer
- Chief Financial Officer
- Business Unit Leader
- Chief Human Resources Officer
- Exploration & Business
- Development Executive
- Sales & Marketing Executive
- Chief Legal Officer
- Company Secretary
- Executive Director

Reporting remuneration levels

P25th: Lower quartile i.e., 25% of the companies in the marketplace pay less than 75% of companies in the marketplace;

P50th: Median i.e., 50% of the companies in the marketplace pay less than the other 50% of companies in the marketplace;

P75th: Upper quartile i.e., 25% of the companies in the marketplace pay more than 75% of companies in the marketplace.

By remuneration element

Total Fixed Remuneration (TFR): represents Base Salary, all allowances, company statutory superannuation contributions and non-monetised benefits.

Total Annual Remuneration (TAR): The Fixed Annual Remuneration package together with the short term incentive bonus is equal to TAR.

Total Remuneration (TR): Total Annual Remunera tion with short and long term incentives is equal to TR.

By market category

- National
- Mining and Metals
- Consumer
- Financial
- Healthcare
- Industrial
- IT and Telcos
- Real Estate

By company size: market capitalisation

- **Tier 1:** >$3b
- **Tier 2:** $600m-$3b
- **Tier 3:** $125m-$600m
- **Tier 4:** $25m-$125m
- **Tier 5:** <$25m

By geography

- New South Wales
- South Australia
- Victoria
- Western Australia
- Queensland

Board and executive data extract

The following data is an extract from REMSMART's cloud-based Board and Executive Portal and provides a guideline for total fixed remuneration packages for Managing Director/Chief Executive Officer and Chief Financial Officer roles.

Total fixed remuneration data – CEO/Managing Director

National

	P25th ($000')	P50th ($000')	P75th ($000')
	$940	$1,390	$1,850
	$450	$660	$940
	$310	$420	$570
	$210	$300	$390
	$130	$210	$290

Mining and Metals

	P25th ($000')	P50th ($000')	P75th ($000')
	$900	$1,250	$1,750
	$390	$550	$840
	$270	$350	$470
	$180	$270	$340
	$100	$190	$270

Consumer

	P25th ($000')	P50th ($000')	P75th ($000')
	$1,120	$1,410	$2,040
	$620	$840	$1,160
	$410	$530	$700
	$240	$360	$480
	$180	$250	$320

Financial

	P25th ($000')	P50th ($000')	P75th ($000')
	$910	$1,430	$2,320
	$570	$660	$970
	$480	$590	$740
	$170	$290	$410
	$210	$280	$360

Healthcare

	P25th ($000')	P50th ($000')	P75th ($000')
	$1,580	$1,980	$2,200
	$430	$720	$980
	$330	$430	$510
	$270	$340	$410
	$150	$260	$340

Industrial

	P25th ($000')	P50th ($000')	P75th ($000')
	$1,120	$1,520	$2,200
	$390	$600	$970
	$390	$510	$760
	$310	$390	$470
	$190	$270	$330

IT and Telcos

	P25th ($000')	P50th ($000')	P75th ($000')
	$630	$1,100	$1,560
	$480	$610	$830
	$320	$370	$540
	$250	$320	$420
	$180	$250	$290

Real Estate

	P25th ($000')	P50th ($000')	P75th ($000')
	$970	$1,500	$1,520
	$500	$600	$740
	$610	$730	$770
	$240	$290	$410
	$170	$230	$330

Total fixed remuneration data – Chief Financial Officer

National

P25th ($000')	P50th ($000')	P75th ($000')
$530	$760	$920
$320	$420	$540
$230	$310	$400
$150	$220	$290
$70	$130	$230

Mining and Metals

P25th ($000')	P50th ($000')	P75th ($000')
$490	$700	$890
$320	$410	$540
$210	$280	$360
$110	$190	$260
$40	$100	$150

Consumer

P25th ($000')	P50th ($000')	P75th ($000')
$590	$870	$920
$360	$430	$550
$270	$390	$450
$200	$230	$300
$40	$130	$250

Financial

P25th ($000')	P50th ($000')	P75th ($000')
$560	$790	$1,020
$360	$450	$590
$300	$370	$440
$230	$260	$320
$210	$230	$250

Healthcare

P25th ($000')	P50th ($000')	P75th ($000')
$550	$840	$1,090
$290	$490	$520
$190	$250	$330
$80	$210	$290
$70	$160	$200

Industrial

P25th ($000')	P50th ($000')	P75th ($000')
$680	$790	$980
$280	$570	$630
$280	$320	$390
$210	$280	$320
$110	$200	$240

IT and Telcos

P25th ($000')	P50th ($000')	P75th ($000')
$300	$430	$610
$320	$350	$430
$170	$280	$350
$170	$280	$350
$80	$120	$210

Real Estate

P25th ($000')	P50th ($000')	P75th ($000')
$600	$730	$860
$350	$390	$420
$320	$370	$410
$260	$290	$320
$70	$140	$220

For further information on incentives or remuneration strategy, please contact Allan Feinberg: allan@remsmart.com.au