

INSIDE THIS EDITION

- » Annualised Salaries - new obligations
- » Underinsurance - what is it?
- » Travel insurance - dos and don'ts
- » Will your job exist in the future?
- » Australia's top earners
- » Top 10 tech developments of a decade

Annualised Salaries - pros and cons

If you have adopted annualised salaries in your business...watch out.

There have been numerous high profile wage underpayment scandals reported in the media recently...so you need to make sure you don't make the 6 o'clock news too. New obligations will take effect from March 1, 2020 and are likely to have a significant operational impact on employers who pay annualised salaries to employees, covered by certain categories of modern awards.

What is an annualised salary?

An annualised salary is the payment of an "all inclusive" annualised rate of pay, which is intended to compensate an employee for all entitlements, such as minimum rates, allowances, overtime, penalty rates and annual leave loading. Under an annualised salary arrangement, employees are paid the same amount each pay period.

What are the new requirements?

The employer must notify a full time employee, in writing the...

- Annualised salary
- Award provisions which are satisfied by payment of the annualised salary
- Calculations of the annualised salary, including each separate component, including any overtime or penalty assumptions, used in the calculation
- Outer limits of ordinary hours, which would attract the payment of a penalty rate under the award
- Outer limit of overtime hours, which an employee may be required to work, without being entitled to an amount above the annualised salary.



If in a pay period, an employee works any hours in excess of the outer limit, those hours will not be covered by the annualised salary and must be paid separately.

What are the consequences?

While the new obligations include a range of protections to prevent employee disadvantage, the increase in the administrative burden, will be significant. Employers will have to put in place a system, which records the start and finish time of work, unpaid breaks and overtime hours for each pay period, for each employee subject to an annualised salary. The records must be signed or acknowledged as correct by the employee, for each pay period. Every 12 months from the commencement of the arrangement, or on termination, the employer must calculate the amount of remuneration, which would have been pay-

able to the employee under the provisions of the award and compare it to the amount of the annualised salary actually paid to the employee. If there is any shortfall, the employer must pay the outstanding amount within 14 days.

Finally, it's not unreasonable to say that the cost of satisfying these obligations, particularly in relation to record keeping, defeats the purpose for employers to adopt annualised salaries, which historically was to reduce the administrative burden associated with calculating overtime, penalties and allowances in each pay period.

Disclaimer...this document is intended to be a just a brief introductory guide and you should seek professional assistance, to avoid being named and shamed.

What is Underinsurance?

Insurance is a form of risk management, delivered in the form of an insurance contract.

The purpose of that contract is to hedge against the risk of uncertain future events, such as catastrophic weather or accidents. Underinsurance is when you do not have insurance that covers all of your risks, or when you have coverage, but it is insufficient to meet all of your needs in the event of a loss.

Does Australia have an under insurance problem?

Australians are known for their eternal sunny optimism, egalitarianism and 'mateship'. This translates to a 'she'll be right' approach to insurance; a confidence that nothing bad will ever happen to them, or if it does, that someone (often the government) will bail them out. Unfortunately, if something does go wrong, and there is inadequate insurance coverage in place, no amount of optimism or mateship will restore you to the position you would have been in had the event not occurred.

Only appropriate insurance may accomplish that.

What are the risks of underinsurance?

The risks of underinsurance are many and varied, depending on the terms of the policy, including:



- Direct financial cost - if you are uninsured or grossly underinsured, you will need to dip into your finances to bear the direct financial cost of loss and consequential loss.
- Inadequate policy response - depending on the terms of your policy, the insurer may be able to:
 - void the policy, decline the claim and simply refund your premium; or
 - only pay a proportion of the loss, since it was grossly underinsured in the first place

What should you do to prevent being underinsured?

- Seek advice – Your broker can tell you what your existing policies cover and do not cover. Talk to your broker if there is anything you

do not understand or are unsure of.

- Consider your existing finances – Will your finances allow you to absorb certain costs that are not covered by insurance? If no, then you should consider additional or other insurance cover.
- Focus on needs and replacement costs – What do you need to replace items, maintain the status quo and cover ongoing financial obligations in case something unexpected happens?
- Update – your insurance needs may change year to

year as your composition changes, so adjust and update regularly. With each change to your assets, income and financial obligations - get in touch with your broker to make sure your insurance cover is adequate.

- Budget – budget for your insurance premiums as you would with any other essential expense. It is a vital risk management measure that will protect you against life's uncertainties.
- Prepare for the unexpected - assessing and insuring potential risks is the best way to be prepared for unexpected events in life.

What should you do?

If you are concerned about underinsurance, do not delay in speaking to your broker.

Travel insurance alert

Passport – check. Clothes – check. Medications – check. Smartphone – check. You've got all of the above, but what about travel insurance?

Travelling overseas can be a fantastic adventure – but you shouldn't do it without first having a travel insurance policy in place. Not all travel policies are the same with many policy limitations that sometimes aren't as obvious until it's too late.

It's vitally important to ensure that you're purchasing a policy that is adequate for where you are going together with coverage for activities that will be undertaken. Many activities are not included in the "standard" policies for example heli-skiing or caving or certain underwater activities may be excluded or have policy limitations imposed. Be careful to ensure that any activities you intend to undertake are covered prior to your

departure. Further, you should also make a point of looking up the Government's smart traveller website to check the "safety status" of the country you intend visiting. This official site classifies countries according to travel safety and, of course, in many parts of the world this is volatile and subject to constant change. The highest warning the Government issues is its "Do not travel", which advises against travel to certain destinations. Some current "Do not travel" warnings include Syria, Afghanistan, Iraq, South Sudan and Yemen. Be aware that if you travel to countries against advice, your travel insurance will most likely be of no value. A number of countries are on a "reconsider your need to travel" list.

Travel policies vary enormously and in the case of violence, political unrest and terrorist activities, these can escalate quickly, and may force the Australian Government to upgrade



its warning to "Do not travel".

Given the current 'Corona Virus' situation ensuring you have a full understanding of your policy terms and conditions is critical. To ensure that you have the appropriate travel insurance it's prudent to discuss your requirements with your insurance advisor, who can tailor a policy accordingly and arrange well prior to your departure date.

Will your job exist in the future?

It is predicted that within 50 years a robot or an intelligent algorithm will be doing humans work. Experts hold vastly different opinions with regard to the dramatic impact of the changes in the job structures. Others claim that, thanks to digitalisation and automation, many employees whose jobs are at high risk will not be replaced completely, even if the technical advances would allow a replacement.

CREATION OF NEW TYPES OF JOBS

• Data Scientist

One example of a newly created job is that of the data scientist. Their task is to structure huge data volumes collected by big data analyses. This includes the research of both the data and their structure or origin, to supplement incomplete data sets and to create links between abstract data sets. The data scientist role has been in existence only for a few years and will gain importance in the future.

• Crowd Worker

A field of work of growing significance is that of crowd workers. They are freelancers who offer their skills via their computers on online platforms. Crowd working is a symbol of a changing world of work for white-collar workers in the gig economy.

• Simple Physical Work

New high-end jobs will be created, but there will be an increase in the low-wage, non-routine sector as well. There are positive spill over effects from high-tech employment to low-tech employment, especially in the form of in-person services.

JOBS TO BE ELIMINATED

• High-routine occupations

Almost every job where an employee sits in front of a computer screen and processes and interprets data is at high risk.

• Simple Physical Work/Manual Work

In the future, simple work mostly carried out by mere physical strength will be increasingly, but never completely, performed by machines. The

decisive criterion remains the level of routine. The efficient use of a machine rather than a human employee is possible only if the process can be made independent and is repeated with certain regularity.

• Dismissal of Employees as a result of digitisation

If retraining the employees is out of the question or if the technical reorganisation will reduce the number of employees to such extent that not all employees can be retrained, collective redundancies in the fields of work listed above, by way of example, will be the inevitable consequence. The ability to effect such collective redundancies may be constrained by labour law but the rules vary from country to country.

JOBS IN DEMAND

• IT Management and Science

IT and science professions, in particular, as well as media science and humanistic professions, will initially benefit from the increase in investments and the associated growth in the area. In the next ten years, the IT service sector will experience the greatest boom. Typically, high-paying occupations are corporate managers, physical, mathematical, and engineering professionals, life science and health professionals, in other words, typical jobs related to science, technology, engineering and mathematics that can be found in parts of both manufacturing and services.

• Teaching Professions

The sector 'teaching professions' covers not only the areas of school, university and vocational training, but in particular, further and advanced training for adults. This professional group benefits from the need of companies to spend more money on the education of employees and the achievement of further key qualifications for new and existing employees. More education leads to more jobs for teachers even if there are fewer attendance seminars, more webinars and more online workshops for Generation Y.

• Humanistic, Social Science, Media Science and Artistic Professions

Creative professions have benefited in all



respects in recent decades, and humans in these professions will not be replaced by machines in the future either. Whether they are superstars with their music, artists with their works or authors and actors with their literary or cinematic works, or simply humanities and media scholars, increasing demand is forecast for their professions.

• Doctors and Nursing Staff

Doctors and nursing staff are far from being replaced. However, in this sector too, technical possibilities can lead to staff reduction. In some cases, machines are able to work faster, more accurately, and more efficiently than the best humans. It will no longer be possible to imagine hospitals without robots in the future. Additionally, software technology based on artificial intelligence, called 'IBM Watson Health', will help doctors to diagnose various illnesses by reconciling patient data with medical knowledge collected in a cloud.

It is clear that both blue and white-collar sectors will be affected by a potential loss of jobs and that the digitalisation (and automation) of services is a global phenomenon. This phenomenon, however, is a far-reaching and diversified field of advisory services, particularly with regard to labour law. It would be desirable for the future laws, which will hopefully be secured at the international level by uniform standards, to be geared to the technological developments and the increased need for flexibility.

Reference: Artificial Intelligence and Their Impact on The Workplace IBA Global Employment Institute - April 2017

Australia's top earners according to the ATO.

1. Surgeons

Nearly 4,000 Australians work in this profession, and they top the earnings bracket with an average taxable income of \$394,866.

2. Anaesthetists

There are over 3,000 anaesthetists nationwide, and they earn an average taxable wage of \$367,343.

3. Internal Medicine Specialists

Over 8,500 employees in this occupation earn approximately \$299,378 each year.

4. Financial Dealers

Roughly 4,500 Australians work as financial

dealers, and they earn an approximate taxable income of \$261,008.

5. Psychiatrists

There are approximately 2,800 employees in Australia, who earn an average taxable income of \$216,075.

6. Other Medical Practitioners

This profession employs over 28,000 Australians, who earn approximately \$204,387.

7. Judicial and Other Legal Professionals

The legal industry is just over 3,500 strong in Australia, and workers in this cluster of professions earn an average taxable income of \$195,703.

8. Mining Engineers

Australia is home to over 8,000 mining engineers, who earn a taxable wage of \$167,345. Find out more about becoming a mining engineer here.

9. CEO and Managing Directors

There are over 174,000 workers in the higher echelons of executive management, who earn an average income of \$157,643.

10. Engineering Managers

There are over 25,000 engineering managers in Australia, and they earn an average taxable income of \$147,451.

Top 10 Tech Developments of a decade

From Tesla to Alexa to iPad to Airbnb, these were tech's biggest leaps forward during the 2010s according to Jason Hiner from CNET.

10. Uber, Lyft and Airbnb

Services such as Uber and Lyft and Airbnb made getting a ride and finding a place to stay easier and cheaper than ever. The power of the smartphone app was rarely more apparent than with these companies.

9. AirPods and the death of the headphone jack

One of the most controversial "innovations" of the decade was the decision by Apple in 2016 to remove the headphone jack from the iPhone 7. When they first launched in 2016, the AirPods looked incredibly awkward and were the object of heaps of scorn. But the look eventually caught on, making it the undisputed leader in a now crowded market of excellent wireless earbuds.

8. Amazon Echo and the Alexa movement

Unlike the scorn and derision that initially greeted AirPods, the first speaker in 2014 was mostly met with shrugs and head scratches. It was a mediocre Bluetooth speaker in the shape of a Pringles can that could answer a few rudimentary voice commands. But some funny things happened. The device got smaller and cheaper. Developers bought into creating "skills" to expand what it could do.

7. Apple Watch and the wearables explosion

In April 2015 when Apple launched its first wearable device, the Apple Watch, it made us think of a Dick Tracy-style computer on our wrists. It turned out to be just a slightly smarter Fitbit. But that was enough to make it the best-selling watch in the world within two years.

6. Tesla Autopilot and the big upgrade

Tesla deserves a spot here despite selling, by far, the smallest number of products of any company on this list. Despite its modest sales, the carmaker pushed forward the development of all-electric vehicles and self-driving cars more than any of the world's giant automakers.

5. The 'quantified self' uses tech to fight tech

The collateral damage of the digital age is that

we're spending a lot more time sitting still and looking at screens -- and it can have terrible effects on our health. As people have become more aware of the risks this poses, it's created demand for tech solutions to help monitor and manage the three pillars of health: exercise, diet and sleep.

4. Cord cutting changes TV forever

When we think of "cutting the cord" from cable TV, the first thing that comes to mind is wanting to save money. And while that's often the primary motivator, cord-cutting was also driven by people wanting to watch video in new ways. Streaming services are key and has given consumers content libraries at our fingertips.

3. Ninja revolutionaries: Cloud, data and AI

There's one trend powering all of the others on this list: the explosion of new behind-the-scenes technologies -- cloud computing, big data and artificial intelligence. These three enable so many of the amazing new capabilities in our devices, from digital assistants to low-light photography to backing up our photos so we can still access them after we break or lose a phone.

2. iPads, Chromebooks and the new PC era

After almost a decade of denying that Apple was working on a tablet computer, Steve Jobs strode on stage in January 2010 and announced the iPad. He boasted it would define "an entirely new category of devices that will connect users with their apps and content in a much more intimate, intuitive and fun way than ever before."

1. 4G LTE put the world in our pocket

The 4G experience led the smartphone to become central to our everyday lives throughout the decade. And it's why there's so much enthusiasm about how the next leap forward with 5G is going to shape the decade ahead. While it's been massively overhyped and the current 5G networks are still in their infancy, think about this: 4G was a 5x improvement in speed and latency over 3G, while 5G is a 10x to 100x improvement in speed and latency over standard 4G. The next decade could be pretty good.

Be sure. Before you insure!

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Commercial and Retail Insurance

- Business Property
- Business Interruption incl Loss of Rent
- Liability
- Burglary and Money
- Glass Breakage
- Machinery Breakdown
- Computer
- Goods in Transit
- Tax Audit
- Motor
- Contract Works
- Commercial Strata

Liability

- Public and Products Liability
- Professional Indemnity
- Management Liability
- Directors and Officers
- Employment Practices Liability
- Statutory Liability
- Cyber Risk

Premium Funding

Private and Domestic Insurance

- Home and Contents
- Car, Caravan, Boat and Trailer
- Travel
- Residential Strata

Life, Disability and Partnership

- Life/Accident and Illness
- Term Life
- Long Term Disability/Income Protection
- Key Man
- Superannuation

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Wisewords

"It does not matter
how slowly you go,
so long as you do
not stop."

— Confucius

"The difference
between winning and
losing is most often not
quitting."
- Walt Disney

"Learn from yesterday,
live for today, hope
for tomorrow. The
important thing is not
to stop questioning."
- Albert Einstein