

The Ultimate Guide to Employee Benefits for Organisations

Raise the bar and maximise value
through a best-practice program



Maxxia

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Why benefits matter now more than ever

The way we work is changing

There can be no doubt that the COVID-19 pandemic has accelerated the transition to flexible and remote working. In their 2021 Work Trend index which surveys more than 30,000 employees worldwide, Microsoft found almost three-quarters (73%) of employees want flexible and remote work options to stay. And the majority of leaders (66%) are considering redesigning office space for hybrid work¹.

With both leaders and employees expecting hybrid work to become the norm, HR teams are taking on a whole range of tasks and programs to manage this evolution. There are the significant practical demands of managing a safe return to the office for some employees and continuing support for WFH arrangements for others. Plus HR are also expected to play their part in keeping employees engaged, motivated and productive, regardless of where they're working.

Talent is in demand

As the Australian economy begins to recover, the job market is changing too. March and April 2021 saw job advertisements reach a 12-year high. With no workers migrating to Australia from overseas due to current border restrictions, the restricted supply of skilled employees is likely to result in increased competition for talent. This is yet another challenge making demands on the time and resources of HR teams as they seek to retain employees and create a compelling offer for new hires.

¹Microsoft, 2021 Work Trend Index: Annual Report, March 2021

²Gartner, Gartner HR Survey Shows a Quarter of Australian Employees Are Seeking a New Job, 29 April 2021

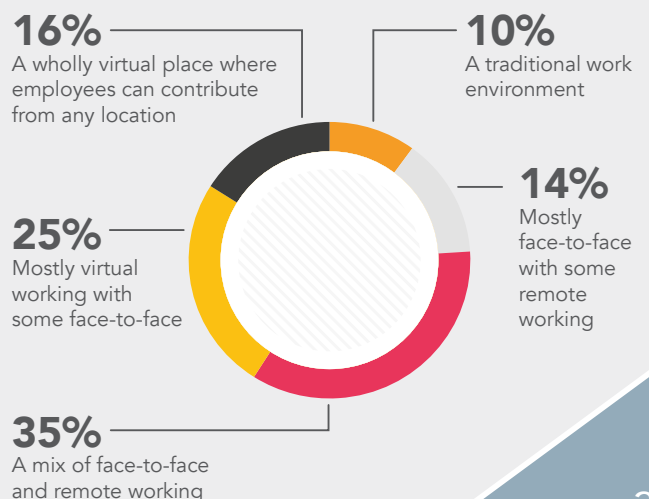
Graph Source: Upskilling hopes and fears, Australian data; In the future, what would your ideal work environment look like?, PwC, 2021

Realising the potential

Employee benefits have the potential to be a critical value-add for your workforce at a time when turnover and poor engagement could potentially be an issue for HR teams to tackle. Gartner Global Talent Monitor figures for Q4 2020 show that almost a quarter (24%) of Australian employees are actively seeking other employment and just 9% are considered engaged².

For HR teams to find ways to realise greater value from their programs and activities, they need the bandwidth to analyse strengths and weaknesses of what they currently offer and vet and select solutions. With so much workplace change to navigate, the capacity to re-evaluate and reset is in short supply.

This guide is designed to help you understand how your benefits program could better support mission-critical HR goals such as engagement and retention, as well as giving back to your bottom line with costs savings and resource efficiencies.



The value of employee benefits in a changed work environment

With their portfolio of responsibilities growing due to major shifts in working practices, HR have a lot to live up to.

HR leaders and teams are tasked with delivering programs in a whole range of areas including recruitment, retention, performance management, workplace evolution and workforce wellbeing. An effective employee benefits offering has the potential to help HR address four key challenges and support better outcomes:

HR challenges		How employee benefits can help
Engaging a remote workforce	Post-COVID work arrangements present challenges to HR teams in delivering a consistent, positive employee experience and keeping engagement levels high.	A flexible approach to delivering benefits gives employers a way to engage with all employees, including those spending more time working away from the office.
Offering incentives and rewards	Low wage growth is limiting opportunities for employers to recognise and reward employees.	Better engagement with a broad range of benefits such as salary packaging, novated leasing and rewards/discounts can improve employees' financial and lifestyle outcomes.
Attracting talent	With no skilled migration and rising job vacancies, talent shortages are a growing risk for many organisations.	Raising the bar with benefits can help employers differentiate their offer.
Being an adaptive and efficient organisational function	Due to changes in workplace locations and routines accelerated by COVID-19, HR teams have even more to deliver to their employees and leadership team.	Digital solutions for employee benefits and effective outsourcing can both lighten the load on HR teams.

How organisations are managing their benefits program



The employee benefits landscape across Australia is complex and varied. For organisations who already offer a selection of benefits, some will manage everything inhouse. Others outsource some of the tasks involved to a single employee benefits provider or a panel of providers.

Depending on the sector and organisation, employees will have access to a different range of benefits. This may be because certain benefits, such as a relocation allowance for mining industry employees, are expected for that industry and role. For other benefits, such as salary packaging, the range of items and services employees can pay for from their pre-tax salary will also depend on the type of organisation they work for and

the industry in which they operate. Salary packaging options for not-for-profit and healthcare employees, for example, are much broader than for employees when working with a large corporate.

As a provider to organisations of all sizes in not-for-profit, public sector, corporate and working across all industries from media to health, mining to education, Maxxia have a comprehensive view of the employee benefits landscape as well as the particular opportunities and challenges for each industry and organisation. In this guide, we share the five pillars of a best practice approach that any organisation can build on to deliver more value to their employees and their organisation as a whole.

Part 2:

How a best practice approach delivers value to employers



Pillar #1:
Program
efficiencies



Pillar #2:
Program
promotion



Pillar #3:
Performance
management

Pillar #1: Program efficiencies



Rewarding employees and driving engagement is an important goal for any employee benefits program. But when a program isn't running efficiently, or take-up of benefits is low, this can turn a potential value-add into a drain on resources. The many communication, procurement and reconciliation tasks associated with an employee benefits program can create a large workload for HR and payroll teams, as well as complexity and risk.

A best-practice approach can drive greater efficiency and lighten the administration load often experienced by organisations delivering employee benefits such as novated leasing and other salary packaging options.

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Historically we've had a small handful of novated leases – but all with different providers, so it was a headache for our payroll team, our tax team and even for those employees trying to deal with what they needed to do each FBT year.

Carrie Luzar, People & Culture Remuneration and Operations Manager at Alinta Energy

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Streamlining employee benefits integration and administration

When employee benefits programs are built from the ground-up and managed internally they can be highly customised to the needs of the organisation. Advantages of managing benefits inhouse include alignment with pay cycles as well as freedom to offer a suite of hand-picked benefits that best suit an organisation's workforce.

However, custom internal systems can become cumbersome to operate as they develop over time. Plus, they run the risk of being superseded by technology and compliance changes. As more and more employees interact digitally with service providers, from food delivery to banks, there is an expectation that employers should be providing digital access for selecting benefits, taking up discounts and offers and reporting on savings and rewards.

Look for scale and flexibility in a benefits provider

Harnessing technology is one way for outsourcing to deliver a better benefits experience to employees. For employers, there can also be advantages that come with the scale offered by an experienced provider who can usually deliver resources and expertise in a more cost-effective way to manage a benefits program on your behalf.

To get the best of both worlds, look for a provider with the expertise and technology to deliver solutions that set the standard for efficiency, responsiveness and flexibility. A solution that can be tailored to the particular systems and processes of your organisation while still offering the benefits of scale, technology and specialised knowledge, can enable you to offer a best-in-class benefits experience to employees, while lightening the administrative burden on internal teams.

Whether we're brought in to replace an inhouse solution or as an alternative to an existing service provider, our Maxxia transition team work with internal stakeholders to simplify and streamline the 'housekeeping' that comes with a benefits program. We can work with HR and payroll teams and beyond to identify and resolve pain points in your benefits workflow, reducing the administration load of running the program day-to-day.

Giving back to the bottom line – FBT and end of lease liabilities

With salary packaging arrangements, particularly novated leases, there are unforeseen costs that can end up falling on the employer. If an employee with a novated lease decides to leave, organisations run the risk of being liable for end of lease costs. There are also Fringe Benefits Tax (FBT) liabilities that remain 'hidden' until the end of a reporting period or financial year.

Based on our own experience across multiple organisations, these costs can be overlooked because they aren't attributed to a cost centre. These liabilities don't 'belong' to HR or payroll so they are often unaccounted for. Though these amounts usually start small, they can accumulate quickly and become a financial burden.

By working with experts in novated leasing and salary packaging who take a partnership approach to employee benefits, Maxxia clients can be confident that unexpected FBT and end of lease liabilities are monitored and managed. This leaves no invisible or surprise costs for the organisation to account for.

Program efficiencies: a summary

	Best-practice features and inclusions	Benefits to your organisation
	Aligned with existing pay cycles	Look for a tailored approach that can align with your organisation's existing pay cycle. This simplifies record keeping and reconciliation for payroll and financial reporting.
	Reduced internal handling of employee queries	An external customer service team from your employee benefits provider can respond to employee queries about benefits, freeing up HR staff to focus on other priorities.
	A dedicated payroll and finance support team	Expert external support from your employee benefits provider for these internal teams saves them time in implementing and troubleshooting benefits and rewards programs.
	Expert compliance support across all tax liabilities	<p>Salary packaging can come with compliance risks associated with the evolving income tax regulatory framework. Look for an employee benefits provider with in-house tax specialists to monitor and advise on compliance with relevant legislation.</p> <p>Support from these specialists can also reduce time spent on managing FBT year-end reporting requirements, GST and Input Tax Credits (ITC).</p>
	Automated reporting	Expect access to reports on program performance generated on demand to assess ongoing effectiveness of the program: e.g. promotional activities, introduction of new benefits and more.
	FBT liability	A best-practice solution provides indemnity from any unplanned FBT liabilities arising from management of an organisation's benefits program.

Pillar #2: Program promotion



To fully realise the potential of benefits available to employees, participation is key. Not only does higher participation in salary packaging deliver value to a greater number of employees through discounts and potential savings on their tax liability, it can also create payroll tax savings for the organisation itself in some sectors.

With so many organisations now adapting to having a workforce spread across home and office locations, best-practice in program

promotion is even more critical for lifting participation rates. Making sure benefits are effectively communicated as part of onboarding for new hires, as well as regular updates to existing employees, can be more challenging when employees are spending limited time in the office or WFH exclusively.

A well-designed benefits onboarding process and engagement program that includes digital assets can also support better resource efficiency for HR teams.

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The easier we make it for employees to engage in the program, the more people will participate.

*Natalie Paul, General Manager Sales & Distribution
– Northern Region, Maxxia*

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Digital delivery to drive participation and reduce administration

An employee benefits offer with automation and self-service built-in is more user-friendly for employees and requires HR to be less hands-on in promoting benefits and answering queries. Creating proprietary digital assets such as explainer videos, and an app or portal to connect employees with benefits and rewards takes a significant investment of resources from an organisation. Providing regular updates to employees across social channels and live online services for a rapid response to queries are also big commitments to expect from internal teams.

Outsourcing to a best-practice provider can provide your organisation with technology solutions and comprehensive campaigns for benefits and rewards promotion. For

example, onboarding is generally the best time to connect with employees about salary packaging arrangements on offer. This can be simplified for each new hire with a technology solution that automatically populates their details in online forms, ready for acceptance and immediate start as well as relevant offers that suit the employee's life stage.

As a specialist delivering a wide range of salary packaged benefits, rewards and discounts to employees, Maxxia offers access to a fully functioning mobile app and online portal. This gives every employee access to all the tools they need to manage their own experience, regardless of where they're located.

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Younger workers prefer online materials that explain different options and tools that illustrate the items that people like them typically choose. Over half of Gen Z employees prefer to have their benefit questions answered via online chat.


*2020 Global Benefits Attitudes Survey,
Willis Towers Watson, February 2021*

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Program promotion: a summary



	Best-practice features and inclusions	Benefits to your organisation
	Auto-setup integrated into employee onboarding	Maximise participation and employee engagement with easy take-up of salary packaging, rewards and other benefits during induction.
	Live and on-demand webinars on salary packaging and benefits topics	Self-service access to relevant information so employees can better understand value they'll get from benefits – in particular salary packaging which is often not well understood.
	Communications and content tailored for different employee segments	Personalised content across benefits promotion campaigns and offers, including call centre support to guide employees in optimising their benefits and salary packaging choices.



Maxxia were located on site with us, but they also did things like helped us with the collateral - posters, emails, branding. We had people who were able to talk to the program and how easy it was for them to change. I think that made a big difference.

Suellen Bruce, Executive Director People,
Culture & Communications at Western Health



Pillar #3: Performance management



Benefits programs are nothing new to the employee experience and HR portfolio of responsibilities. However, as organisations re-evaluate what employees need most in the context of changing working practices, the effectiveness of a current benefits offer could come under scrutiny. For HR teams to feel confident in backing their existing benefits suite, or highlighting where improvements could be made, they need to draw on consolidated performance data for their current program and comparative data from their industry.

Evaluating how effective a benefits program is in meeting employees' needs and measuring the dollar value it delivers should be a priority, regardless of whether benefits are up for discussion. Knowing whether your program is competitive with other organisations in your industry is critical if your benefits program is to be positioned as a key differentiator for talent attraction and retention.

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Almost three quarters (73%) of employers spend over 16% of their wage bill on employee benefits each year. Despite employers' high spend on employee benefits, it remains an area that receives very little analysis. Just three-fifths (60%) of employers use data to look at benefit costs – and just half (50%) report on benefit take-up levels.

The Age of Agility: Flexible, adaptable and resilient benefits, Darwin, 2020/21

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Measuring the total value and effectiveness of your benefits program

When capturing and reporting on data from their benefits program, research shows that a large majority of HR teams for global organisations are still relying on spreadsheets to collect and analyse this data³. Not only does this take time and effort, it also increases the chance of human error from manual data-handling.

Consolidating a benefits program and outsourcing to a single provider can create the opportunity to draw on their tools

and practices for improved performance measurement and program reporting. By taking an industry benchmarking approach, Maxxia can go one step further in their commitment to evaluating the success of a benefits program. We partner with organisations to develop a set of strategic and operational KPIs that have the potential to support better financial and risk outcomes for HR, payroll and finance as well as targeting improved customer service and satisfaction levels for employees.

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Our challenges really revolve round being able to attract the right people. We cannot compete, dollar for dollar, with large corporates and even the government. So we have to be able to offer something that is unique. Our employee benefits program gives people the opportunity to maximise the benefits associated with working for a not-for-profit.

*Adrian Prouse, Head of People and Culture,
Australian Red Cross*

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³The Age of Agility: Flexible, adaptable and resilient benefits, Darwin, 2020/21

Performance management: a summary



	Best-practice features and inclusions	Benefits to your organisation
	Dedicated program support	Rely on employee benefits experts who will get to know your organisation and how your program can better support strategic and financial goals.
	Annual program planning to meet organisational objectives	Consultation with external experts in benefits, asset financing, fleet management and salary packaging can provide critical inputs to strategic business planning.
	Performance tracking against industry/transactional KPIs e.g. program participation	Frame clear and specific goals for program savings/value and measure progress against these.
	Surveys and analysis of take-up	Monitor quantitative and qualitative data and benefit from recommendations to further improve strategic and financial outcomes.
	Performance guarantees	By taking a partnership approach to employee benefits, a provider may offer guarantees on agreed, industry-appropriate, participation targets for salary packaged benefits.

Part 3:

How a best practice approach delivers value to employees



Pillar #4:
Benefits suite



Pillar #5:
Customer service experience

Pillar #4: Benefits suite



Current restrictions on travel and migration, and the increase in work-from-anywhere roles across the globe is putting pressure on Australia's talent pool. With local job vacancies running high and wage growth relatively flat, HR teams are finding themselves operating in an increasingly competitive recruitment environment, making flexible, high-value employee benefits an even more important element for attraction and retention.

While tax regulations dictate the range of salary packaged benefits different types of organisations can offer, there's an opportunity to potentially offer further savings to employees with rewards and discounts. Plus, it's important for both employers and employees to be making the most of salary packaged benefits available for their industry.

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81% of employees say that benefits play an important role in building and sustaining workplace culture, which we know is critical in driving a sense of balance.

MetLife Annual Australian Employee Benefit Trends Study 2019

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Maximising salary sacrifice and discount/reward options

Expanding your organisation's benefits suite to keep your offer to employees competitive can be achieved by outsourcing to multiple providers. This approach is common, particularly among larger employers. However, managing a panel of providers has a few drawbacks, including potential for operational inefficiencies, unnecessary costs, limited transparency and piecemeal reporting on program performance.

A single provider, on the other hand can be held accountable to agreed standards of delivery and report on performance across all benefits. They can also offer the flexibility to expand your benefits suite as employees' and organisational needs change.






As a specialist with decades of experience delivering employee benefits across all sectors and industries, Maxxia offer in-depth knowledge and the support organisations need to optimise their range of benefits for their industry and workforce demographics.

Benefits built for distributed or remote workforces

For employers who have distributed teams of employees, whether that be in remote or regional areas or across multiples sites, there are specific ATO approved remote area benefits that can be accessed such as relocation costs, rent and mortgage payments and fly-in and fly-out expenses.



Benefits suite: a summary

	Best-practice features and inclusions	Benefits to your organisation
	Rewards program includes options relevant to different employee segments	Fast becoming standard across all sectors, rewards and discounts from a wide range of retailers and services are an important part of a competitive remuneration and benefits package.
	Instant discounts via an employee benefit card	Discounts are provided instantly at point-of-sale for easy take-up of benefits.
	Full suite of ATO approved salary packaging benefits for your sector/organisation	Offer a suite of cost-effective benefits matched to your sector, organisation and employees. Benefits such as remote or 'regional' area housing, meal and entertainment, living expenses, superannuation, professional memberships, in-house childcare and many more could form part of your organisations benefits offering.
	FBT free benefits – airport lounge, investment loans, self-education, portable devices	Offer a suite of cost-effective benefits matched to your sector, organisation and employees.
	Non-tax benefits – consumer finance, vehicle procurement, gym membership, Employee Assistance Program	Deliver a comprehensive suite of benefits across health, wellbeing and lifestyle. Working with a larger provider comes with buying power that can deliver discounts on costs associated with car ownership, including purchase price, maintenance, insurance and more.

Pillar #5:

Customer service experience

Delivering an exceptional customer service experience to your employees as part of a benefits offer is important for maintaining a positive employer brand. By enhancing the benefits and rewards experience for employees, you'll also be encouraging advocacy among peers. When individual employees have a positive interaction with a benefits program and provider they're more likely to refer colleagues, driving further participation and potentially deliver greater value to employees and your organisation.

High levels of customer service in employee benefits are built on excellence in education as well as digital tools and access to benefits. Call centres, webinars and one-on-one information sessions all have an important role to play in helping employees understand the benefits available to them and help to maximise their savings.

A better way to experience employee benefits

A comprehensive, multi-channel approach to delivering benefits and rewards supports a seamless, responsive user experience for employees. With access to a mobile app and online portal, every employee has the tools they need at their fingertips to manage their benefits and rewards.

With access to these digital channels, employees can receive push notifications for new rewards, offers and benefits available. More opportunities to potentially save and collect rewards means more ways to positively engage with your employer brand

24/7. Each time employees interact with these tools they can easily see how much they've saved, giving them regular reminders of the extra value they're receiving.

At Maxxia, we've found that organisations also value the customer service support provided by our specialist teams. As well as engaging with employees to explain different types of benefits, including salary packaging, we're also available to respond quickly to queries from internal teams as they promote, manage and administer employee benefits.

Customer service experience: a summary



Best-practice features and inclusions	Benefits to your organisation
 <p>Multi-channel employee engagement including:</p> <ul style="list-style-type: none">• Online self-service options• Online chat, call-back and booking for a remote, guided experience	<p>Convenient access to a fully integrated benefits and rewards program delivers greater financial value to employees.</p> <p>Multiple touch points, including apps and web services, provides the digital-first experience employees expect. Traditional teams like customer care can address the most complex of enquiries.</p>
 <p>Detailed employee package information delivered via a mobile app and online portal</p>	<p>Employees can monitor savings, discounts and rewards, and receive push notifications for opportunities to make extra savings or use rewards.</p> <p>These tools also enable employees to engage more often with your organisation/employer brand.</p>
 <p>Single point of contact for services – for HR, payroll and finance as well as employees</p>	<p>All stakeholders enjoy a high-quality dedicated customer relations team for consistent service experience and swift escalation and resolution of queries and issues.</p>

About us

Maxxia

At Maxxia we're on a mission to enhance the impact of employee benefits for Australian organisations.

Using proven methods to find the performance gaps in your program, Maxxia helps your organisation deliver more value to your people, through competitive and measurable employee benefits programs. Our goal is to ensure that you are measuring up to the best-in-class programs available.

When you partner with Maxxia, our team of specialists are with you every step of the

way, to help maximise engagement with your employees, and provide guidance on complex issues. Our fully resourced programs may also save your organisation time and money, and free your team up to focus on what they do best.

Find out more at:

www.maxxia.com.au/employers/resources-hub

www.linkedin.com/showcase/maxxia-insights-for-employers/

McMillan Shakespeare Group

Maxxia are part of the McMillan Shakespeare Group, a top 200 ASX-listed company and one of Australia's leading single source solution providers of salary packaging, novated leasing, consumer and fleet financing and management services.

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