

Press release

7 June 2023

More than 4 in 10 Australian employers set pay depending on location

- 43% of Australian employers have a two-tier pay system – one tier for their remote staff who live in regional areas and are paid less, and a higher tier for their employees who live in metropolitan areas.
- 19% of employers plan to implement a two-tier pay system to account for cost-of-living differences.
- SMEs are less likely to have a two-tier pay system in place than large businesses.
- NSW employers are most likely to base pay on where workers live.

Sydney, 7 June 2023 – Professionals who work remotely in regional areas may earn less than their metropolitan colleagues, new research by specialised recruiter [Robert Half](#) shows.

More than four in 10 Australian employers surveyed (43%) report paying their remote staff less due to the lower cost of living in regional areas.

That said, an almost equal percentage of employers who hire remote workers (41%) do not pay differently based on location. Small and medium-sized businesses (42%) are less likely than large businesses (45%) to have a two-tier pay system for remote workers.

While more than half of Australian employers (55%) with one pay system in place have no plans to make changes, nearly one in five (19%) plan to implement a two-tier pay system in the future.

Many CFOs welcome a two-tier pay system, with 37% currently using one and 25% planning to introduce it. CIOs are slightly slower to embrace the method, with 39% having a two-tier pay system in place and only 11% planning to implement it.

Regional comparisons

Sydney's position as the most expensive city in Australia¹ may be why employers in NSW are the most likely to currently pay metropolitan workers a different rate than their regional colleagues (49%) or plan to do so (24%).

Western Australian employers, however, are almost as likely as Sydney to currently have or plan to have a two-tier pay system (47% and 23% respectively) as the cost of living in Perth increases.

An equal percentage of Queensland employers use the method as those who do not (41% each), and only 14% plan to implement one, which may reflect the highly regional population that already exists in that state.

Victoria, where large regional centres such as Ballarat and Geelong are closely located to the metropolitan area, is where employers are least likely have a two-tier pay system in place (36%) or implement one (19%).

"The simple truth is that the way we work has changed. Naturally, with that change, comes adjustments to how businesses operate. In a world where decentralised workforces are now widely adopted, remote workers need to take many factors into account when considering their overall job satisfaction. Being able to work remotely has a big impact on work-life harmony, and job seekers interested in remote opportunities should have a sense of how their salary might be impacted based on the company's pay policy," said **Nicole Gorton, Director at Robert Half.**

"Larger companies typically have the infrastructure to support remote working compared to smaller businesses, and may be using the method to cast a wider net when recruiting. But regardless of size, employers need to be aware of the potential pros and cons of a two-tier pay system for remote staff. This setup could result in friction between colleagues who perform similar roles and are paid differently, which could ultimately sap employee morale and result in staff leaving for higher-paying opportunities."

"Implementing a two-tier pay system can be a delicate balance between fairness and financial sustainability. It's too soon to tell how the rise of remote work will affect salaries long-term. What we do know is that employers need to offer competitive compensation to attract and retain the best talent. No matter what, employers need to stay on top of salary trends to offer fair and competitive pay. And beyond salary, employers need to promote their full compensation package, which includes sought-after benefits and a strong corporate culture," concluded **Gorton.**

##

Notes to editors

About the research

The study is developed by Robert Half and was conducted online in November 2022 by an independent research company, surveying 300 hiring managers, including 100 CFOs and 100 CIOs, from companies across Australia. This survey is part of the international workplace survey, a questionnaire about job trends, talent management and trends in the workplace.

About Robert Half

Robert Half is the global, specialised talent solutions provider that helps employers find their next great hire and jobseekers uncover their next opportunity. Robert Half offers both contract and permanent placement services, and is the parent company of Protiviti, a global consulting firm. Robert Half Australia has offices in Brisbane, Melbourne, Mount Waverley, Perth and Sydney. More information on roberthalf.com.au.

Follow Robert Half Australia



Read related articles on our [Robert Half's worklife blog](#)

For more information

Courtney Fletcher

Courtney.Fletcher@roberthalf.com.au

+61 421 209 304

Calvin Lu

RobertHalfAu@fticonsulting.com

+61 431 537 068

ⁱ [Cost of living comparison, Finder](#)