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[www.csirem.com.au](http://www.csirem.com.au)

# CSI's Remuneration Review

## The NZ Pay Market In '06

### What will the pay market be like in 2006?

This is a question many Senior Executives and HR professionals are forced to ponder at this time of year in order to accurately forecast salaries and wages costs for the upcoming 12 months.

The process of predicting salaries and wages costs is highly detailed and fraught with the potential to create dire consequences for a business. If salary increase projections fall short or exceed actual increases then business profitability can be jeopardised.

Just a small difference between projected and actual spend can be costly to an organisation. As

such, organisations need to develop a method using a variety of credible sources to forecast growth.

To assist with this, CSI's remuneration consulting team has formulated their predictions on pay market conditions. These have been published in the *Pay Market In Australia & New Zealand In 2006 Report*.

We encourage all readers to download a complimentary copy of this report from:

<http://www.csirem.com.au/knowledge/payMarket.htm>

Here is a snap shot of general predictions contained within the report for the NZ pay market:

The market to the end of '05 remained tight with the continuation of low unemployment rates and skills shortages in various fields.

In '06 there will be reduced pressure in the NZ pay market. This will occur as a result of a slowing economy and programs to attract and retain skilled workers within New Zealand. The IT sector will be an exception with pronounced skills shortages expected to continue in high demand job families throughout the year.

*Should you wish to discuss the report in more detail, contact Belinda Catorall - [bcatorall@csirem.com.au](mailto:bcatorall@csirem.com.au) or ph: +61 2 8440 6520.*

## REM101 Training In NZ

**Back by popular demand, REM101 - An Introduction to Remuneration will be held in Auckland on 21st March '06.**

CSI's REM101 training seminar is designed to provide participants with an introduction to remuneration and its role in human resources management.

Participants obtain a working knowledge of the important elements

of remuneration management, from the 'big picture' to the specifics of day-to-day practicalities.

Past REM 101 attendee, Kylie Hunt, HR Consultant at Vodafone commented,

"I highly recommend REM 101 to HR people wanting to gain more knowledge in remuneration. The course covered all of

the important areas of remuneration and was a fun, highly interactive day."

"I walked away with a broad overview of remuneration, a number of practical solutions and a few more HR buddies."

*To attend REM 101 in Auckland on 21st March '06, contact Christine Rulli on +61 2 8440 6529 or [crulli@csirem.com.au](mailto:crulli@csirem.com.au)*

## CSI Turns 20

**December 2005 marked CSI's 20 year company anniversary.**

On 25th of November '05, CSI celebrated with a cocktail party held at the ZippRestaurantBar, Saville Park Suites, Chatswood.

Clients, strategic business partners and suppliers joined CSI staff for an evening full of lively conversation; recollections of CSI throughout the past 20 years; and heart-warming speeches made by a number of clients and staff members, both past and present.

Those making speeches commented on the unique 'soul' of CSI that has been carefully cultivated

over time and helps to differentiate the business in the market place; as well as CSI's highly flexible and adaptive, customer service oriented culture.

Roaming the room throughout the event were three cartoonists who paused to capture on paper the faces of those in attendance. The caricatures will provide



**Peter Barton, CSI's Chairperson, sketched by Brad Wightman of Red Faces Caricatures during CSI's 20 year anniversary party**

lasting memories of the occasion.

A very big 'thank you' from CSI staff goes out to all clients, strategic business partners and suppliers who have been intrinsic to making the past 20 years a success story for CSI; as well as to those who attended our party and helped to make our 20 year anniversary celebration special and memorable.

## Editor's Message

Happy new year!

CSI is starting 2006 with the launch of a new website. Go to: [www.csirem.com.au](http://www.csirem.com.au)

We've packed this edition of Remuneration Review full of information on the state of the pay market to the end of 2005 and what to expect in 2006.

Please email your suggestions and feedback to: [remreview@csirem.com.au](mailto:remreview@csirem.com.au)

**Natasha Edwards**  
Marketing Communications Executive

## CSI Welcomes New Clients

Acrcis Australia  
Aderant  
Allens Arthur Robinson  
Andrew Corporation (Aust)  
Aortech Biomaterials  
Apnic  
Boart Longyear  
Cardno  
Convatec  
CSM Group  
Elekta  
Hyne Timber  
Infinity Solutions  
Mimotopes  
Mitre 10 Australia  
MTU Detroit Diesel  
NEC Business Solutions  
Norma Pacific  
NSW Dept Of Housing  
NYK Line (Australia)  
Orion Systems International  
Philmac  
RACQ  
Railcorp  
Resi Mortgage Corporation  
Rexel Asia Pacific  
Solectron Global Services  
Sydney Symphony  
Transfield Services (NZ)  
Unisuper Management  
Visa International  
Woolworths



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# Why Organisations Use Salary Surveys

**HR professionals are often asked by their organisations to justify the cost of their salary survey subscriptions.**

The following snap shot is designed to provide an overview of how and, more importantly, why organisations use salary surveys. In essence, salary surveys constitute a strategically important item in an HR professionals' remuneration toolkit.

### Job Pricing

Salary surveys allow employers to obtain current market pay rates or 'job prices' for specific roles. Without this information, an organisation's profitability may be compromised - an organisation paying too little for a particular role will find attracting, motivating and retaining talented staff difficult, yet paying too much may be detrimental to business growth. Salary surveys assist in balancing these competing requirements.

### Benchmarking Individual Employees' Remuneration

Salary surveys allow employers to establish 'compa-ratios' or comparisons between individual employees' remuneration and market rates for their particular roles. Compa-ratios allow organisations to assess whether they are remunerating individual employees at a market competitive level, thereby assisting with the attraction, motivation and retention of key talent within the organisation.

### Market Intelligence To Support Your Organisation's Remuneration Structure

Salary surveys provide market data that can be used to support an organisation's remuneration strategy (e.g. salary ranges, types of benefits offered, and amounts

provided to employees for benefits). This ensures an organisation's remuneration strategy is aligned to the market or leading the market.

### Setting Salary Budgets

Reputable salary surveys contain information relating to amounts organisations have spent on salaries over the past 12 months and amounts organisations are intending to spend on salaries over the next 12 months. This information, together with economic indicators and market trends can be used to set realistic and industry-relevant salary budgets.

### Identifying Pay Market, Economic & Industry Trends

As the pay market, economic and industry circumstances are always in flux, salary surveys provide insight into important trends and hot spots in the market. Armed with this knowledge, organisations can respond to industry and market pressures and formulate informed strategic remuneration plans.

### Assisting HR/Remuneration Professionals To Successfully Perform Their Role

Part of an HR/Remuneration professional's responsibilities to an organisation includes the provision of accurate and relevant market research to facilitate the effective formulation of remuneration and benefits strategies, policies and processes. Salary surveys are an essential part of fulfilling this responsibility!

When selecting a salary survey it is important to ensure that the one you select is produced by a reputable provider. The following features should be carefully assessed to ensure you are purchasing a reliable product. Salary surveys

should be:

### Market Representative

Your competitors and industry leaders, as well as organisations of differing sizes and sectors of the industry should be contributing to the survey. The participating organisations list should be published within the report.

### Timely

Reports should be produced using streamlined survey processes so that each publication is dispatched in a timely manner following the finalisation of client's data submissions. In addition, survey reports should be produced no less than once per annum, but preferably twice per year, so that access to current remuneration information is guaranteed.

### Consistent

Year on year, the salaries and benefits database used to produce survey reports should remain largely consistent. The consistency of the database ensures that meaningful comparisons of reported figures over 12 month periods can be reliably performed to assess market pay trends and industry trends. Trend analyses should also be included within the survey report.

### Comprehensive

Data for all elements of remuneration packages at the average and at varied market percentiles should be presented for each surveyed roles. This allows organisations to select the point in the market they wish to benchmark their employees' remuneration against.

*To discuss this article or to find out how a salary survey could benefit your organisation, contact Paul Wright, CSI's Business Development Manager, +61 2 8440 6513 or [pwright@csirem.com.au](mailto:pwright@csirem.com.au)*

## Resolving The 'Brain Drain'

**Amendments to the Student Loan Scheme Act 1992 were passed by parliament on 14th December '05.**

These amendments are considered a significant win for New Zealand businesses and are expected to ease skilled labour shortages in New Zealand. They should also assist organisations with recruiting and retaining employees.

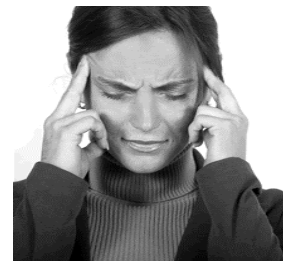
The amendments introduce a full interest write-off for resident student loan borrowers and grant

an amnesty to write-off penalties on overdue student loan assessments for certain non-resident borrowers.

By making student loans interest free, graduates are discouraged from relocating overseas and expatriates with outstanding debt are encouraged to return home.

Loans cease to be interest free for those graduates choosing to work outside of New Zealand.

The changes come into effect April 2006.



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# The Story Our Market Data Told In '05

## Every statistic tells a story!

Whilst salary increases for current employees (same incumbents) in the NZ market were at healthy levels throughout '05, an interesting contrast to this was the surprisingly low growth in market pay rates for many surveyed positions.

To satisfy our curious remuneration consulting minds, we dug into our data and collected anecdotal evidence from our NZ customer base to confirm our suspicions about prevailing pay strategies. Our research pointed to some very interesting trends in the NZ market.

In a year characterised by average voluntary staff attrition of more than 16%, organisations enacted all manners of strategies in the talent retention battle. If there was any time remaining between ongoing recruitment traumas, NZ HR managers focused on talent management strategies.

## Relax, Sustain & Retain

### Are you inadvertently burning your employees out? By Nigel Gray, CSI's Practice Manager.

As I sit powering my brain up and planning for another exciting year in the office, it is with some trepidation that I reflect on my wonderfully relaxing Christmas holiday. Whilst I am sure you're not interested in knowing all the details of my "get away from it all" camping holiday, I wish to share a couple of points with you!

Whilst on the beach - I found myself in one of those Shangri-La settings surrounded by hills where no-one has yet thought to build a telecommunications tower - I was out of mobile range! With no mobile, no telephone, no email, and no television I was out of touch. Oh yes, it was concerning for a day or so, but after that I simply evolved.....and RELAXED!

So what is the point of all this? Today's world, today's technology and today's business environment rarely gives us the chance for true downtime!...we have become a 24/7 workforce!

The basic tools of an office are rapidly becoming the computer and the mobile phone. Supported by continuing enormous leaps in technology, people are increasingly asked (directly or indirectly) to be available all the time. "Just

Promotion was a particularly popular mechanism for rewarding key talent and this impacted on market pay rates. Employees moving into more senior roles typically commenced their new positions at 'low-in-band' salary levels. This led to market salaries for positions actually decreasing or remaining flat.

The other interesting pay trend, this time from an IT sector perspective, was the decline of market rates for IT support staff. A reduction in IT support salaries, specifically those for lower level phone based roles was evident in the NZ and Australian markets in '05. Two factors were at play here.

First, there was pressure on IT multinationals to contain costs in local support functions to alleviate the risk of a shift of operations to lower cost centres, including India.

Second, there was a shift in the backgrounds of people recruited into low level tech support roles. Rather than technical ability, the

give me your mobile number" "Just log in from home" "I'll send you an email to your blackberry."

The word flexibility has never been so prevalent in the workplace. We have freedom to work in a coffee shop or from the beach house, to accommodate family life - what could be better!!

I'm not here to knock down the virtues of a flexible workforce, but I think too often we are not clear as individuals and organisations on how we best utilise this newfound freedom. If we want to create highly productive organisations, if we want to get the most out of our employees and retain the best ones, then we need to ensure the basic health of the workforce.... when they take a break, make it a real break...help them switch off from work!

So how do we as individuals set boundaries of work and leisure and how do we as employers help individuals switch off? Some tips that might work for your organisation include:

- First and foremost recognise that employees need a rest!
- Be clear on what constitutes a break. A 5 minute phone call whilst on holiday may have a far broader impact!
- Lead by example at the top.
- Set work boundaries in your personal life and be sure these are

core competencies sought were customer service, interpersonal skills, good business sense and a willingness to learn and embrace IT. The controversial adage of 'it's easier to teach IT to a business person than it is to teach business to an IT person' was incorporated into recruitment strategies.

Equipped with a polytechnic education rather than the traditional IT degree, the expectations of these recruits, from a remuneration perspective, tended to be lower. This helped to dissolve pressure on market salaries for first line IT support roles in both New Zealand and Australia.

The trends outlined above are symptoms of operating in a tight labour market where attraction and retention issues are prominent.

To discuss these trends or CSI's NZ salary surveys, contact Paul Wright, CSI's Business Development Manager on +61 2 840 6513 or [pwright@csirem.com.au](mailto:pwright@csirem.com.au)

agreed on and consistent with the organisation's expectations. Keep your home office separated from family living area.

- When you take a break next, put the right processes and people in place to ensure it is a true break (eg. assign delegation authority, transfer of phones to support staff, etc).
- Build succession planning and contingency planning strategies for all employees.
- As an organisation, think about enforcing leave during the Christmas-New Year period. Beyond the obvious benefits of reducing employees' leave liabilities, it will help ensure a guilt free week of rest at the end of the year!
- For a slightly left of field strategy, as an individual, consider the use of symbols that tell your subconscious you are at work (eg. work attire, a watch on, etc). These are referred to as "transitional objects"!

In summary, flexibility in the workforce is essential and technology a great aid to making this possible, but just be clear on the broader implications, use them appropriately and remember that your employees are like the engine in your car, they need a regular servicing - ensure the next break they have is a real break!

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## Stat Wrap

CPI - Sep qtr  
1.1% annualised  
GDP - Sep qtr  
0.2% annualised

Unemployment - Sep qtr  
3.4% annualised

[www.stats.govt.nz](http://www.stats.govt.nz)

## IT Spot

The predicted average salary budget increase in 05/06 is 4%.

The average salary increase for IT staff, September 04-05 was 4.3% (total salary)

CSI's NZ IT/Computer Specialists Survey

## Employment Expectations

The Hudson survey of employment expectations amongst 2,261 clients showed a positive net effect of 36.6%, with a positive outlook across all industries for the coming 6 months. Industries indicating a more positive sentiment than the national average include:

- IT +55.8%
- Construction, Property & Engineering +53.4%
- Telecommunications +45.1%
- Professional Services +45%
- Transport +45%

Current 'net effect' is arrived at by subtracting the expected decrease in employee numbers from the expected increase in staff levels.

[www.hudson.com](http://www.hudson.com)

## Job Vacancies

The overall Job Vacancy Index decreased by 3% to 130 (Jan 03 = 100) between Nov 04-05. This was the second consecutive month in which an annual decrease in total job vacancies was measured.

<http://www.dol.govt.nz/publications/jvm/>



[www.csirem.com.au](http://www.csirem.com.au)

## Hot Jobs

### According To Hays

According to Hays, a specialist recruiter, the following jobs are hot from a recruitment perspective:

#### Accountancy & Finance

Management Accountants

Business and Financial Analysts with a focus on performance reporting and customer behaviour analysis

Internal Auditors

Assistant Accountants

Tax Specialists, especially candidates with 2-3 years experience and New Zealand tax experience

Accounts Payable and Accounts Receivable Clerks particularly for those candidates with high volume accounts payable processing experience or New Zealand accounts receivable experience

BAS Intermediates and BAS Managers within CA firms

#### Construction

Estimators

Intermediate Project Managers

#### Property

Qualified Intermediate Property Managers

Commercial Development Managers

#### Facilities Management

Operations Managers

Intermediate Facilities Managers

#### Engineering

Shortages exist across the board

#### Architecture

Project Architects

#### Information Technology

Candidates with Java skills

Candidates with Microsoft skills

Consultancies, banks and manufacturers have indicated an intention to recruit permanent staff throughout the first quarter of 2006 which will drive demand

#### Office Support

Legal Secretaries

For full details of the Hays Quarterly Forecast, which details current market conditions for sectors across Australia and New Zealand, please visit: [www.hays.com.au/forecast](http://www.hays.com.au/forecast)

## HR Spotlight - Mark Souter

HR Manager, Dell Australia & New Zealand



Mark Souter

Passionate, hard working and energetic, Mark Souter chatted to us about his career, working for a leading global IT organisation, his work/life philosophies and favourite 'time-out' activities.

#### What are your career highlights?

Taking opportunities for fantastic overseas assignments in Europe, America and Asia, in different areas of HR practice, such as talent management, HR business partnering, compensation and benefits and generalist HR. Also having Dell listed as a 'Best Employer' in Australia and New Zealand, back-to-back in 2004 and 2005, by Hewitt Associates, the AGSM and Boss Magazine is an exciting point so far in my career.

#### What is the most important element of remuneration management from your perspective?

To be clear, transparent and display integrity in the approach to remuneration - team members need to buy in and believe the compensation approach and philosophy of the company for it to be successful. Once this trust and belief is earned, programs and policies can be built within a remuneration strategy in a very meaningful, creative and potentially different or advantageous way to the marketplace.

#### What are the current challenges related to remuneration management in New Zealand?

I believe current challenges related to remuneration management are not isolated to New Zealand, and can potentially be seen elsewhere in Asia Pacific and Japan. A key challenge is around ensuring team members have a solid understanding and articulation of the complete value proposition of a reward package. Having this complete value proposition well known within a team helps build long term success for both the organisation and people who demonstrate and deliver consistent, high performance.

#### How would you characterise your workplace culture?

The Dell workplace culture is one fuelled with high energy, of winning, of high-speed fact-based decisions, of honesty, of direct feedback and constant self improvement. We place high value on our people, the customer experience and market leading business performance.

#### What is your work/life philosophy?

I have had the privilege of some true industry HR leaders as managers and apply the following philosophies when it comes to work/life: know your priorities in life, be accountable for owning your career, focus on building an experience portfolio not simply a list of fancy job titles and be prepared as life does change.

#### What's your work background?

I have had 8 years experience in Human Resource management, as a HR generalist/HR business partner and also in dedicated compensation/benefits roles. These experiences have mainly been gained in the IT industry, both locally and internationally.

#### How do you spend your time outside of work?

I enjoy spending time with old and new friends, playing and listening to rock n' roll music and helping out on short film and TV projects.

#### What do you use CSI for?

I mainly use CSI for their expertise in salary and benefit survey data provision, across the local ANZ marketplace. CSI staff are professionals in facilitating industry forums and building and maintaining a well connected network with significant benchmark and peer organisations. Their professional relationships are highly valuable and useful, helping to build continual trust with their clients and also maintaining a credible and articulate understanding of the local industry's landscape.

#### How would you rate CSI's service?

I rate CSI's service as a best practice in the field of local Australia and New Zealand remuneration understanding. I have found the team at CSI to be responsive, informed and well rounded on many of the key remuneration issues.

Mark has a Bachelor of Social Science, majoring in IR/HR and is a Justice of the Peace (NSW).



The Remuneration Specialists

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