

PAY INCREASES OUTPACE THE AUSSIES: IT&T INDUSTRY

Friday 22nd August 2003: It's not just the All Blacks who've come out on top of the Aussies. According to a new survey, employees in the New Zealand IT&T industries have received average salary increases above those awarded to their Australian counterparts over the past 12 months.

The August 2003 *New Zealand IT&T Industries Salaries & Benefits Survey*, produced by remuneration specialist CSi and representing 6,764 IT&T employees, shows incumbents remaining in the same position received an average 4.4 per cent increase in **total remuneration** (base salary plus benefits and variable pay) in the year to August 2003 (**base salaries** rose 4.6 per cent on average), a figure well above the current CPI of 1.5 per cent.

In comparison, Australian telecommunications employees received an average 2.8 per cent increase in **total remuneration** and 2.7 per cent rise in **base salaries**, while IT industry incumbents received an average 4.1 per cent rise in **total remuneration** and 3.6 per cent in **base salaries**. With the CPI sitting at 2.7 per cent (annualised to June 2003), Australian incumbents have received only modest 'real' salary increases.

Base salary increases for the New Zealand IT&T industry peaked in August 2001, with incumbents commanding average annual increases of 7 per cent after three years of increases above 5 per cent, before declining to 3.4 per cent in February 2002.

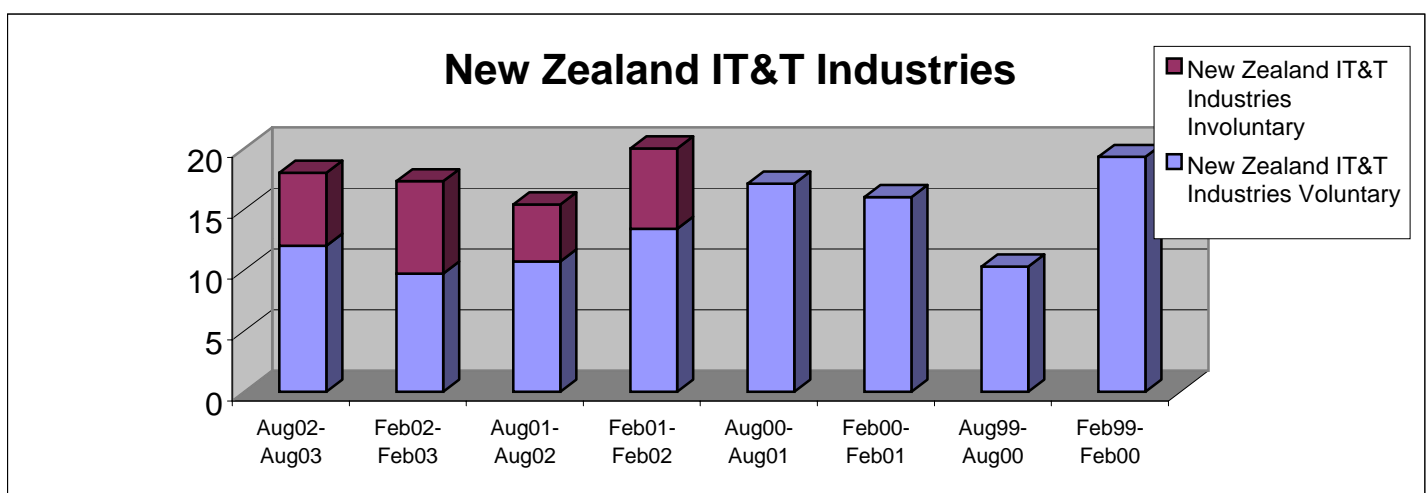
"Weakening global conditions and a strong supply of candidates to the employment market via both immigration and Kiwis returning from the depressed UK contractors market have resulted in an "employers' market," says CSi remuneration specialist Nick Woodward.

New Zealand IT&T industry incumbents receiving above-average annual salary increases over the year to August 2003 include those in e-Business (average TRC increase of 6.5 per cent), Marketing (5.6 per cent), Finance and Administration (5.3 per cent) and Customer Support (5.0 per cent).

An indication of a stable employment market, the survey's **base salary** survey-on-survey movement has rebounded from negative territory in August 2002, to the healthy figure of 3.1 per cent in 2003. The survey-on-survey movement reflects increases awarded per position to prospective employees (the 'buy-in' rate) as well as incumbents. Hot areas in the market include Marketing (which recorded a 5.4 per cent survey-on-survey base salary increase) and e-Business (5.0 per cent).

Staff turnover activity has increased over the past 12 months, in contrast to the Australian IT&T industries where activity has dropped off after high levels of staff attrition – in excess of 20 per cent of the IT&T workforce left their jobs voluntarily or because of termination/redundancy – were recorded in the year to February 2002.

Total attrition in the New Zealand IT&T industries has increased to 18.8 per cent from 15.5 per cent in August 2002. Levels of both voluntary (rising to 12.0 from 10.7 per cent in 2002) and involuntary (to 6.0 from 4.7 per cent) turnover have increased.



Note about this graph: Figures for February 1999 to August 2001 represent both voluntary and involuntary turnover: data was not collated separately at this time.

The outlook for pay increases in the New Zealand IT&T industries is moderate, with organisations anticipating average salary increases of 3.3 per cent over the next 12 months. This is marginally above the National Bank of New Zealand's average hourly rate forecast of 3.2 per cent for the year to June 2004.

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Note: This survey represents information supplied by 57 New Zealand IT&T organisations. These organisations supplied data for a total of 6,764 staff.

Definitions:

The Same Incumbent (SI) movements: reflects data for incumbents in the same position this year and last.

Survey-on-Survey (SOS) movements: SOS movements reflect increases for people in the same position this year and last as well as new hires. This movement is a good indicator of the broader IT&T salary market (i.e. a low or negative figure represents soft pressure on pay).

Note:

CSi monitors pay-market trends in Australia and New Zealand. We conduct 20 industry-specific salary surveys in both countries and provide remuneration consulting services including incentive plan design, job evaluation and remuneration technology services.

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