



REMUNERATION REVIEW NEW ZEALAND

Goodbye Car, Hello Kayak

The dramatic and sudden increase in petrol prices has been a topic of much conversation amongst HR practitioners recently. Any organisation providing motor vehicle assistance has been affected, leaving few immune.

CSi has spoken to a number of organisations seeking advice on this issue, and is currently in the process of surveying the market on the severity of the issue and likely action (or inaction). We encourage all organisations to review the issue holistically and to think creatively. For example, organisations should bear in mind that in Australia increased fuel efficiency of modern motor vehicles has seen the average fuel expenditure per KM travelled decline by 11% in the past 5 years, prior to the recent spikes.

In 2004 leading telecommunications company Vodafone implemented an employee travel plan program called 'i. commute'. They were the first corporate in NZ to go down this path and their objectives were to reduce environmental impacts generated by employee travel and to increase both fitness and happiness of staff through the adoption of fresh new travel options; such as running, cycling, kayaking or utilising public transport. Rachael Finnemore, HR Services Manager, outlines some of the highlights of the program as:

- Partnering with the Auckland Regional Transport Authority to review public transport options for its employees
- Allocating car parking for bikes, scooters and vespers

- Kayak racks in the carport for those commuting from Devonport and Waiheke
- Special deals with cycle, shoe and kayak suppliers
- Monthly employee pxt competitions which incentivise take up of new transport options. The first of these pxt competitions had a vespa scooter as the prize. The latest competition incentivises car pooling and offers a free car park for one month as the prize
- Road shows promoting fresh ways of travelling to work.

Across the globe, organisations in the US are also considering moving to a 4 day work week where possible. Schools, Colleges and IT organisations are leading the charge in this area.

Google "fuel prices 4 day week" for further reading.

The Latest In Leave Policy Trends

The detailed market trends contained within CSi's just released *Leave Policy & Practice Report 2005* serves as a benchmark with which to review organisational leave policies and draw comparisons with current market practice.

The report features policy information collected from 234 Australian and New Zealand organisations. NZ trends include:

- 67% of organisations provide 4 weeks of annual leave p.a. despite this being 1 week higher than current legislative requirements.
- Purchasing/selling leave is permitted in 22% of organisations. 5 days is the average maximum number of leave days that may be purchased/sold p.a.
- Paid military leave is offered by approximately a quarter of surveyed organisations.
- Where paid study leave is offered, the average number of days allowed to employees is 6.6 p.a.

To purchase a copy of this report, contact Christine Rulli on 61 2 8440 6500 or crulli@csirem.com.au

Stat Wrap

Some of the major economic indicators have moved significantly in recent times, leading to changes in economic predictions for 2006.

- CPI - 3.4% annualised (September 2005)*.
- The 4 major banks predict CPI figures between 2.3% and 3.3% for 2006.
- The current official cash rate is 7.0% as of October 2005.
- Unemployment rate (trend) - 3.7% (June 2005)*.

* Source: www.stats.gov.nz

IT Spot

According to CSi's New Zealand IT/Computer Specialists Survey, employers of IT staff predict an average 4.0% salary increase for 2005/06.

Salary increases at total remuneration cost for internal IT employees in the same job over the period September 04/05 were 4.3% on average.

IT & T vendor organisations predict an average of 3.9% salary increase for staff in 2005/06 (as reported in CSi's New Zealand IT&T Survey).

Whilst increases for employees in IT vendor organisations were 4.9% on average in the period August 04/05.

Job Vacancies

The Department of Labour's Job Vacancy Index (JVI) attested to an easing in employment demand.

The JVI measures the number of vacancies in 25 daily newspapers around the country on a once-a-month basis. The latest figures show an increase of 10% in May 2005, its slowest annual growth since the series began in Jan 04.

The slowdown was concentrated in vacancies for building trades workers, pointing to a slowing in the construction industry.

Source: www.treasury.govt.nz

Editor's Message

With this edition of Remuneration Review we tackle the issues of rising fuel prices and retaining older workers.

We also discuss our upcoming Strategic Sales Commission Workshop; provide vital information on current HR policy trends and hot spots in the recruitment market; as well as illuminate Volante's post merger remuneration solution.

Email your feedback and suggestions to: natashae@csirem.com.au

Natasha Edwards
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INSIDE THIS ISSUE

Strategic Sales Commission Plans 2

Hot Jobs 2

CSi News Update 2

Volante's Post Merger Remuneration Solution 3

Relocation Policy Trends 3

HR Spotlight Ravindra Kalpagé Victoria University of Wellington 4

The Employee Drought 4

Aligning Sales Commission Plans To Business Strategy

CSi invites you to explore the key role that aligning your sales commission plan to organisational strategy plays in the ultimate success of a plan.

On 18th November, 2005 in Melbourne and 30th November, 2005 in Sydney, CSi will be holding the Strategic Sales Commission Plan Design Workshop. This workshop is designed for HR and Sales decision-makers who are involved in de-

signing and implementing sales commission plans.

In session one of the workshop, Graham Childs, principal and co-owner of MasterTEK, will guide participants through the steps required to develop a strategically aligned and effective sales commission plan.

In session two, guest speakers from Microsoft and Unisys will discuss their real-

life sales commission experiences and address some of the current hot issues.

Session three will see participants broken into small groups and provided with a brief outlining requirements for a sales commission plan. The groups will act as consultants to review and recommend solutions.

To register for the Workshop, contact Christine Rulli - 61 2 8440 6500 or crulli@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

In Auckland:

- Management Accountants, particularly within the manufacturing and financial services industries.
- Business and Financial Analysts due to a focus on performance reporting and customer behaviour analysis.
- Internal Auditors and Assistant Accountants.
- Tax Specialists due to a shortage of candidates with 2-3 years experience and NZ tax experience.
- Accounts Payable and Receivable Clerks, particularly those with high volume accounts payable processing experience or NZ accounts receivable experience.

In Christchurch:

- Chartered Accountants for professional practice and the commercial sector.
- Qualified candidates with 3-5 years experience are a huge hotspot, sought by a variety of companies but in particular the professional practice market due to the continued movement of candidates into commerce.

In Wellington:

- CA qualified candidates with experience due to loss of candidates to the UK or Australia where higher salaries are typically paid.

Construction & Property

- Civil Engineers, Land Surveyors and Civil Project Managers are in demand due to guaranteed government funding over the next 5 years.
- In Auckland there is a shortage of candidates with 3-7 years experience due

to the continued movement of candidates overseas and the subsequent promotion of junior and intermediate level candidates.

Banking

- Roles in foreign exchange settlements, risk, internal auditing, fund management and investments, client reporting and analysis, and claims.

IT

- Developers with Java, C# and .Net space skills.
- Senior Project Managers due to an increase in large implementations and development projects.
- Infrastructure and server support roles.
- Demand continues for solid Telco BA's and consultants.

For full details of the Hays Quarterly Forecast, which details current market conditions for sectors across New Zealand, visit www.hays-hps.co.nz/forecast

CSi News Update

In November 2005, CSi will celebrate 20 years of excellence as a leading provider of remuneration management advice and information. We thank all of our clients for their continued loyalty.

Long standing employee, Kylee Small has recently returned from Parental Leave to take up the position of Executive Manager. Her main responsibilities will be to strategically lead the sales and marketing team as well as manage the CSi remuneration training function.

With more than three years of remuneration experience gained within the Sydney office, Penny Fox has accepted the newly created position of Remuneration & Benefits Specialist within the Melbourne office.

With Penny Fox relocating to Melbourne, CSi has recruited and welcomes a new part-time student research analyst/data administrator, Taryn Timm.

CSi also welcomes Fiona Mu-Hsing Lim

into the position of Analyst Programmer. Fiona's initial responsibilities will be to scope out the software design requirements for providing clients with the facility to do data 'cuts' online.

CSi's head office in Sydney will be moving premises in November 2005 to accommodate growing staff numbers and business expansion. The new office will be located at Level 12, South Tower, 1 - 5 Railway Street, Chatswood.

CSi Welcomes New Client

CSi warmly welcomes
Orion Systems International Limited
to the New Zealand
IT & T Salaries & Benefits Survey.

CSi's Strategic Sales Commission Workshop

Melbourne
18th November 2005
Sydney
30th November 2005
Register Now!

CSi's How To Use Salary Surveys Training

Sydney
12th December 2005
... gain a broad overview of the art of data input and data output interpretation
Register Now!

A Post Merger Remuneration Solution For Volante

Following Volante's merger with Ipex the business identified the need for a solution to assess and manage remuneration for all employees within the 'new Volante'. Kylie Sprott, Volante's Group Human Resources Manager engaged CSi as the solution provider and we recently discussed the project and the results for Volante.

Describe Volante's remuneration objectives following its merger with Ipex.

We needed to address salary levels across the entire merged entity. Our aims were to identify areas where there were significant differences between employee's salaries and market rates and begin to build strategies to address them. We also wanted to implement a new commission plan that would be more appropriate for the 'new Volante'.

Why did you approach CSi for assistance?

We have a long standing relationship with CSi and we knew that CSi would provide the right skills to assist us in achieving our aims.

Describe the solution offered by CSi.

CSi's solution included matching Vol-

ante's employees to CSi's salary surveys and Volante's internal banding structure. It also included a CSi Consultant working with the HR team and in some cases line managers to build the benchmarks and provide ad-hoc remuneration advice. The solution was designed and documented to ensure that the developed structure could be maintained in-house by the Volante HR team on an ongoing basis.

What work did the CSi consultant actually perform for Volante?

A thorough review of all of our salary bands was performed and a new and much more sophisticated spreadsheet to manage remuneration was put in place. Assistance with a job grading exercise was also provided along with recommendations for a revised commission plan.

Describe the experience of having a CSi Consultant work closely with you and your team.

It was an absolute pleasure to work with CSi - the consultant that performed the bulk of the work for Volante very quickly became one of the team! CSi's interaction with us was extremely professional

and it produced high quality solutions to address all of our issues. Working together was a lot of fun.

What were the results for Volante?

A much more sophisticated and appropriate system for our salary bands and commission plans. It was also very useful to have such a strong relationship with CSi - they understand our business really well now and so if we require any additional help on other matters, it won't take long for them to provide appropriate advice.

Can you provide a personal comment/opinion/recommendation about CSi and CSi's services?

I can't speak highly enough of the team at CSi. They have been extremely helpful with all of our growing requirements around remuneration and benefits - they really are an extension of our team. Our relationship has developed over time and CSi has always been extremely proactive in helping us.

For more information on how CSi can assist your organisation with a remuneration solution, please contact Paul Wright, Business Development Manager, on 61 2 8440 6500 or pwright@csirem.com.au.



Feeling frustrated with your annual salary review process?

RemSys - Salary Increase & Review Process Software automates manual salary review processes

Call CSi for info on +61 2 8440 6500 or email consulting@csirem.com.au

Market Trends In Relocation Policy & Practice

Domestic and international relocation of employees is becoming a hot issue. Some organisations have a need to share top talent across various global locations. Other organisations view employee relocation as an effective method for motivating and retaining key staff.

It has been estimated that for an international relocation organisations spend up to five times the cost of the relocating employee's ordinary domestic salary.

Due to these enormous costs, it is vital that relocation policies are market competitive and based on best practice.

The results of CSi's Relocation Policy & Practice Report 2005 provide an excel-

lent analysis of financial and non-financial aspects of relocation policy.

Some of the NZ market trends revealed within the report include:

- The spouse/family accompanies employees during long-term international relocations in 73% of organisations and in 65% of organisations for permanent domestic relocations.
- The practice of providing medical assessments for travelling employees prior to their selection for the relocation is generally uncommon.
- 35% of organisations provide employees with language and cross-cultural

training for long-term international assignments, and only 3% and 11% for business trips and short-term assignments respectively.

- Salary equalisation is most commonly practised when the employee is undertaking a long-term international assignment (41% of organisations).

Market trends are based on information collected from 210 Australian and New Zealand organisations.

The report includes a case study from ADI Limited.

To order a copy of this report please contact Christine Rulli at CSi on 61 2 8840 6500 or crulli@csirem.com.au

HR Spotlight



Ravindra Kalpagé
HR Advisor

Victoria University of Wellington

Ravindra Kalpagé spends his days working amongst an exciting group of people within the HR team at the Victoria University of Wellington (VUW). He took some time out to speak with us about his career, the unique working environment at VUW and life outside of work.

What's your work background?

I have worked in management roles for the last 18+ years, mainly in HR. Throughout this time my roles have mostly been with multi-national companies such as Unilever, Reckitt Benckiser and Holcim prior to my move to NZ.

Describe a career highlight.

Joining the HR Team at Victoria University of Wellington has been a great experience. Some of the best aspects of my current job are the people and the great environment within the university. Our workplace culture is based on respect, valuing our staff and students, valuing innovation and creativity, great communication, and constantly seeking to do things more effectively and efficiently.

What is the most important element of remuneration management for the HR team at VUW?

To us it is important to ensure that we remain aware of the trends in the remuneration market for IT personnel and maintain our relationships to the market so as to ensure our compatibility and competitiveness.

Describe one of the best aspects of your job?

An absolutely marvellous team environment where respect and recognition for the individual is very real. We also have a great client system.

Describe a challenging aspect of your job.

To be competitive within a market place where remuneration for IT personnel has been increasing and where good talent is scarce.

What is your work/life philosophy?

My work/life philosophy is very similar to that of the university. We believe in a strong balance between work and home and relaxation and networking. This means recognising self-responsibility for work/life balance as much as partnering with the organisation to ensure it works well.

How do you spend your time outside of work?

I try to spend time with my family and catch up on my reading. I also enjoy watching sports either live or on TV.

How would you describe CSi and CSi's services?

CSi provides us with an understanding of the remuneration and benefits trends in the IT market. The information has been of great benefit. CSi has become a partner of sorts and has provided great service to us at VUW.

Ravindra Kalpagé is tertiary qualified with a Bachelor of Science and MBA.

The Employee Drought - What Are You Doing?



By Nigel Gray, CSi's Practice Manager

Last quarter I shared with you my insecurities of being a middle aged Gen Xer and the growing threat of being left in the wake of the all powerful next generation, the Gen Y's. To add to my humility, I perhaps painted a rather bleak picture of the challenges of maintaining the precious Generation Xers.

So with this in mind, I thought it only fitting that I perhaps balance the picture and paint a slightly more positive story that emphasises the critical value of Baby Boomers and Gen Xers in your organisation over coming years. In doing so, I would like to provide some simple considerations on how to keep this older workforce now and into the future!

The Big Picture!

In understanding the true and growing value of Baby Boomers and Gen Xers, it is perhaps worth considering the big picture for one moment! We are currently amidst an extraordinary period of economic growth in this country. We have the lowest unemployment in more than 30 years, low inflation and 14 years of share market growth. We have a full and prosperous economy!

We have an Australian birth rate that has halved in the last 40 years and a population over 65 years of age that will double

to 25% of the total population in the next 40 years. The average Baby Boomer is now around 52 years of age and soon to start retiring. We are about to undergo the greatest employee drain from our workforce we have ever seen.

With these alarming statistics, it becomes very clear that organisations are going to have to be a whole lot smarter and more resourceful at managing and retaining their older workers.

The Current Reality!

So with this current tight labour market and rapidly aging workforce, what are organisations really doing about it? Not much it seems! We seek younger workers, accelerate people through career streams faster than ever before and inevitably spit them out earlier!

We live in a world that still is challenged by perceptions of older workers being more costly, less mobile and flexible, less motivated and high maintenance. We too often don't think about what the 40+ aged employees can bring in the way of loyalty, solid experience and value for money.

The Strategy!

In building your HR strategy and more specifically your remuneration strategy, think about how you attract, motivate and retain this critical, significant and growing chunk of your workforce! Understand your employee demographics

both now and potentially in the future! Challenge your organisation on the sort of people they need and perceptions of generational differences. Ask your employees what they want, what are they looking for!

Look at the gritty policies you have and messages you send to your employees. Are you truly providing flexibility? What is your view on part timers, parental leave, family leave etc? My guess is that you might be surprised what you find! It's not just about the cash!

For my part, I relate a simple story of a previous organisation I worked with. This organisation contributed up to \$300 p.a. towards a gym membership. I have to be honest and say that every week I went into that gym and felt indebted to and proud of the organisation for providing me with the catalyst and support to become an elite athlete (well keep fit anyway!). A small price to pay for my improved health, endless BBQ chats promoting my employer, and the weekly reminder of this great organisation I worked for! Would the money in my pay have been a better strategy? Absolutely not, at \$10 a week from the organisation, I have to say it was a smart use of money! To a 25 year old, I am sure the answer to the above example may have been quite different! Think about what is right for your organisation, and challenge your thinking!

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