

2018

Association of Consulting Engineers NZ (ACENZ)

MEMBERS REMUNERATION REPORT

How Strategic Pay can help

Whether your focus is on internal equity, market relativity or performance improvement, we have a range of solutions to meet your needs.

WE CAN HELP YOU TO:

- Improve organisation performance
- Design effective organisational structures
- Develop and map accountabilities for your leadership team
- Define your reward strategy in line with your business philosophy
- Assess executive performance and reward
- Choose and implement the right remuneration system
- Design and market value your jobs
- Ensure your performance management system supports your strategy
- Review and design tailored incentives to align rewards with strategy
- Train your managers and staff in the systems you choose

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StrategicPay 

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Executive Summary



65

ACENZ Member Organisations



8,276

Employees

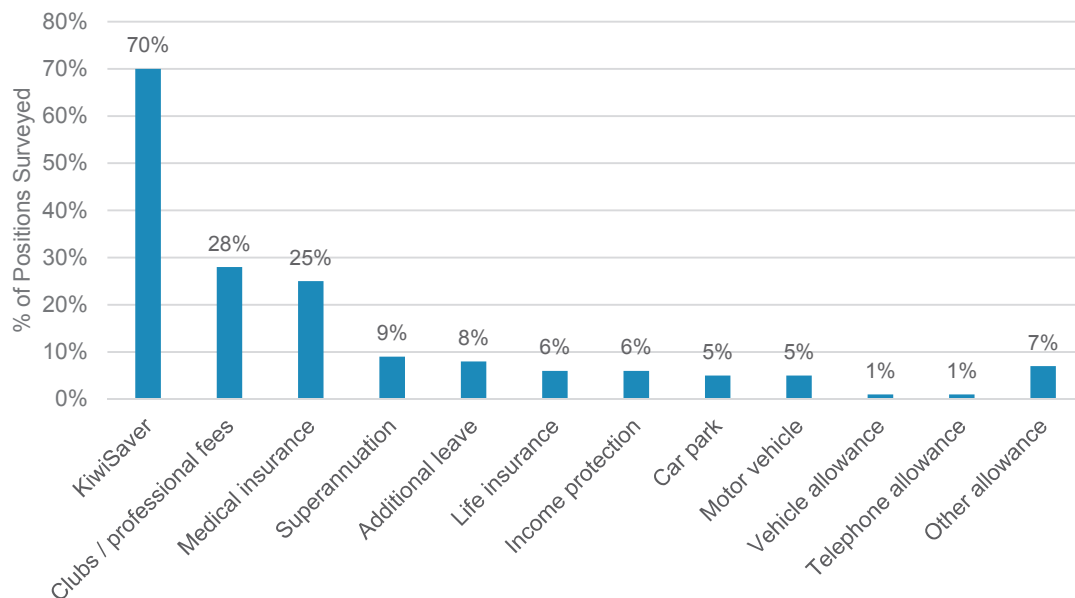


55

Benchmark jobs

- Forty-eight of the organisations are from the main centres (Auckland, Wellington and Christchurch) and the remaining 17 are from other locations around New Zealand.
- Twenty-seven of the reported benchmark jobs are specific to the engineering function, and the analysis is split into a potential further 23 discipline categories, providing for base salary, fixed remuneration and total remuneration breakdowns by location and organisation size (turnover and employee numbers).
- Analysis of the remuneration information shows that 93% of positions surveyed receive one or more benefits in addition to salary. The percentages of benefits offered are as follows:

BENEFITS OFFERED



- Sixty-six percent of ACENZ member organisations fund KiwiSaver on top of the salary review budget.
- Eighty percent of participants are actively recruiting.
- The majority of participants (65%) have a policy of increasing base salary on the achievement of CPEng. Only two participants who increase salary for achievement of CPEng pay a bonus as well.
- Ninety percent of roles work a 40 hour week compared with 10% working a 37.5 hour week. The average number of hours worked in ACENZ member organisations is 39.7 hours.
- The weighted average in movements at the base salaries across all engineering job categories in the past 12 months was 1.6%, 1.3% at fixed remuneration and 1.1% at total remuneration.
- The median whole sample movement is 1.8% for base salary, 2.6% for fixed remuneration and 2.5% at total remuneration. Tables of market movements are in this report from page 18.
- The median forecast remuneration increase for 2019 is 3.0% and the average is 3.5%.

The data in this report is current as at **1 August 2018**.

Commentary

2018: WHAT IS DIFFERENT THIS YEAR ON REMUNERATION?

In 2017 the ground breaking residential care workers settlement was announced (ground breaking as it was very high). Following through into this year are minimum wage increases, nurses' and teachers' potential settlements (already well signalled), with other groups no doubt in the wings. Are things changing on the pay front? Three areas to note are highlighted below.

- 1 Increased market expectations are out there, but modest increases are still forecast...unless the chequebooks suddenly appear

Having experienced a period of price and wage stability for a number of years, the growing expectations and vocal statements of a number of groups suggest we are likely to see increased wage inflation in the year ahead. Not only must the Living Wage advocates be delighted with the government's Minimum Wage statements, but also the residential care workers' (and more recently their mental health counterparts) settlements have set a precedent for many others. As at the time of writing we have the NZ Nurses Organisation making their views known (with DHBs obviously very cautious and cash-strapped). The teachers are also sharpening their arguments as they will be soon be putting their case forward. This level of debate and argument has not been heard in NZ for a number of years and it poses particular issues for a new government looking to appear fiscally stable and judicious in its financial management.

One question this survey asks every six months concerns wage expectations. It relates specifically to organisations' forecasting for payroll increases. This statistic is really at the heart of the matter in terms of affordability. It is of course a number that includes allowance for increased staffing as well as annual increases. Our experience is that the predicted payroll increases (i.e. the answer to our question) bears a close relationship to actual annual increases the year following.

The results are clear from our clients as they completed the survey in February of this year. An overall median increase of 2.4% is expected across the whole market. The Private Sector is forecasting a median 3% and the Public Sector a lower 2.1%. Note that our Public Sector includes Central Government, Education, Health and Local Government and the figure is the median across all those groups. The payroll increases are in effect reflective of organisations' budgets and, once set, reflect their funding (in the case of Public Sector organisations) or pricing (in the case of those in the Private Sector).

Is there any room to move with these figures? A small amount usually can be accommodated but nothing substantial. A predicted 2% increase cannot turn into 5% or more unless drastic changes are made elsewhere.

These are not the numbers that will meet nurses' expectations (they have balloted for strike action as at the time of writing) nor, I suspect, the teachers' when their turn comes around. Employers are well aware of the broader issues; for example dealing with those groups that have to reach the new minimum wage by 2021. They will likely receive 5% annual increases for the next two years to ensure they reach the new minimum levels.

When heightened expectations for larger pay increases hit the wall of cast-in-stone pay and salary budgets something has to give. Will the government find more money for nurses (if they do I imagine the teachers will see their case for similar/higher increases as very strong) and will this create a wave of larger than expected claims/increases across the whole of the Public Sector and perhaps affect Private Sector pay movements? The next few months should give us our answer.

2 Make it so: Government decrees that incentive pay shall go

Well it's a policy decision, the will of the government of the day, so as Captain Pickard of the Starship Enterprise would say "Make it so". The decision to remove the incentive pay component, part of the government's package of measures to have more control over pay levels in the broader Public Sector, will not in itself have much impact on senior Public Sector pay levels as variable pay levels are very low in themselves. I doubt if the potential earnings will be backed in any way into the fixed element of pay so the decision will contribute in a small way to increasing the gap between Public and Private Sector remuneration. This gap will of course increase if the government uses its powers to minimise the pay of senior executives generally at the expense of other employees.

3 Controlling Private Sector Pay at the executive level

Initiatives recently include the NZX Code of Corporate Governance, discussion of CEO/Staff pay ratios being published (compulsory for US listed companies), NZ Shareholders Association framework (for reporting of CEO remuneration), and the FMA Corporate Governance in NZ: Principles and Guidelines. Certainly there is enough advice out there on senior pay levels. Frequent media comment and highlighting of individual pay levels is also common.

Does any of this change what Boards and their remuneration committees are choosing to do? While many would suggest not I believe it is having an effect. Certainly Boards are becoming more cautious as to how they make decisions and seeking the best advice in making them. The transparency of the decisions is now much more apparent and this is of course increasing as we write.

While there will be always those who question issues such as paying against overseas pay rates (which we do in New Zealand to a limited extent) the reason why this is done is often overlooked. It's always about the best person for the job. We saw a good example of this a few weeks ago when it was being reported that farmers would prefer a Kiwi as the next Fonterra CEO. Well that was always the headline, the detail in the accompanying articles was always more precise, yes we want a Kiwi but not at the expense of the best person available. So while the Private Sector will continue to address pay in terms of business imperatives, the Public Sector is looking at it quite differently this year.

John McGill
Chief Executive

Strategic Pay Limited

Introduction

Introduction

INTRODUCTION

Strategic Pay is pleased to present the August 2018 ACENZ Members Remuneration Report. The objective of this report is to provide comprehensive information on remuneration and benefits across the ACENZ Member organisations.

This comprehensive 'one-stop-shop' remuneration survey covers specific engineering roles and corporate services roles. For the engineering specific roles, it is split into a potential further 23 discipline categories as follow:

- General
- Architects
- Civil
- Construction
- Electrical / Electronic
- Environmental / Water
- Fire
- Geotechnical
- Hydro-Geologist
- Land Surveyors
- Landscape Architects
- Mechanical
- Planners
- Power
- Process (includes Chemical)
- Project Management (Professional)
- Property / Valuers
- Quantity Surveyors
- Roothing
- Scientists
- Structural
- Transport / Traffic / Rail
- Water Resources

SURVEY REPORT FORMATS

The survey report is set out in two modes:

Comparisons by Job Size

The charts in Section 5 (Detailed Analysis by Job Size) summarise for each Strategic Pay grade the quartile and average data for:

- Base salary
- Fixed remuneration
- Fixed remuneration (excluding KiwiSaver)
- Total remuneration
- Total remuneration (excluding KiwiSaver)

This is presented for ACENZ Members (the organisations surveyed for this report) and the general market (the 508 organisations across the public and private sectors that were surveyed for the March 2018 Strategic Pay New Zealand Remuneration Survey).

These charts draw on all roles in the survey with Strategic Pay job evaluation points or grades.

Comparisons by Job Code

The charts in the section Detailed Analysis by Job Code (page 91) provide detailed analysis for 55 roles across all engineering roles and corporate services roles. While fixed and total remuneration data is reported in this section, Strategic Pay also provide the figures excluding KiwiSaver for fixed and total remuneration.

Where possible we have tried to ensure that only jobs that fit within the indicated Strategic Pay grade range have been included in these samples. The Strategic Pay database applies statistical analysis techniques to avoid the skewing of the data by organisations providing a high proportion of the sampled data. We have helped some organisations code their roles for survey purposes and have made every attempt to ensure accuracy of matching in the coding process.

SURVEY PARAMETERS

Purpose

The purpose of the Strategic Pay ACENZ Members Remuneration Report is to provide a credible, reliable and consistent methodology for analysing rates of employee remuneration within ACENZ member organisations throughout New Zealand, based on both job size and job function comparisons.

Timing

The data is reported as at 1 August 2018. This is the ninth Strategic Pay ACENZ Remuneration survey and is published annually during September.

Method of Data Collection

Ease of data collection for survey participants remains a key objective for the Strategic Pay survey. To this end, many survey participants download payroll data for all staff. This enables us to draw on a large pool of data on employee remuneration in the New Zealand market. The data has then been selected and coded by Strategic Pay, then analysed using statistical sampling techniques to ensure representative samples and avoid data skewing.

Job Sizing Methodology

This survey reflects a mix of job match and job evaluation data as submitted by participants. From a quality assurance perspective, we seek to work more closely with individual organisations to confirm the validity of their internal relativities and associated matching to the ACENZ Remuneration Survey format.

Benchmark Job Categories

The benchmark job categories have been developed by Strategic Pay, in consultation with clients. Fifty-five benchmark categories are reported in this survey; 27 of these are specific to the engineering function, and the analysis is split into a potential further 23 discipline categories. These positions were assigned based on job size, job title, and our knowledge of your organisation and the sector in general.

Base Salary, Fixed Remuneration and Total Remuneration

The survey report provides detailed analyses for base salary, fixed remuneration (total remuneration less bonus), and total remuneration (all cash and non-cash benefits). The fixed remuneration and total remuneration lines calculate all remuneration items for which a benefit value (including Fringe Benefit Tax) has been assigned by participants. The vehicle calculations do include FBT, but rely on Strategic Pay's vehicle valuation methodology (see Appendix C). The market data analysis also reports fixed and total remuneration excluding KiwiSaver.

Sampling Methodology

This report uses Strategic Pay sampling methodology to prevent swamping by one organisation of the overall sample as well as at the regional level. Based on the sampling criteria, the methodology process may remove randomly a certain percentage of roles based on the overall number of organisations in that region as well as in the overall sample. To protect confidentiality, we require a minimum of 3 firms and 5 incumbents to publish any data. Where there are only five incumbents in the sample, only median and average information is provided.

Confidentiality

Strategic Pay maintains stringent standards of data confidentiality and security. It is expected that this survey report will be used by participating organisations for **internal purposes only**.

Disclaimer

This report is designed to provide a summary of current pay trends, and as such does not purport to be conclusive or to provide specific guidelines. No responsibility can be accepted for loss occasioned to any person, or organisation, acting, or refraining from acting, as a result of any statement in this publication.

Feedback

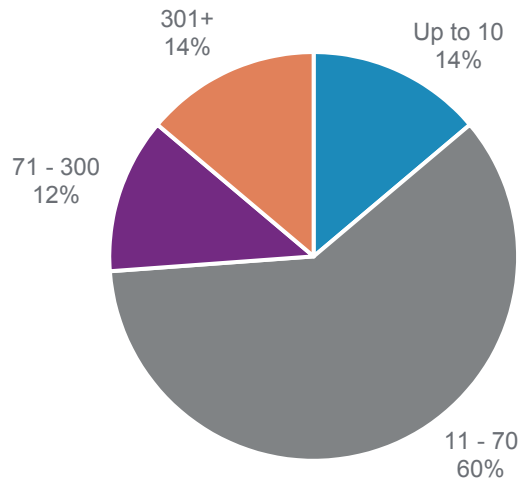
We welcome feedback from participating organisations on additions / deletions / enhancements to the Survey. Please send your feedback to Santa Harvett, Market Information Manager at santa.harvett@strategicpay.co.nz.

SURVEY DATABASE

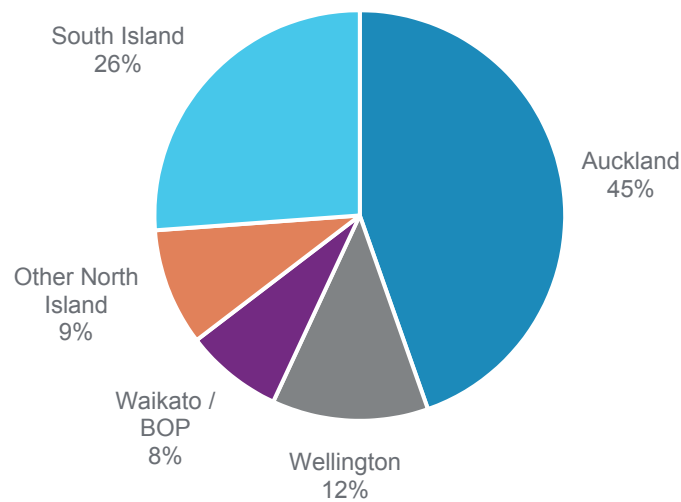
Participating ACENZ Members

The survey report is based on data from 65 ACENZ members. These are represented in the survey as follows. *For a full list of participants please see Appendix A.*

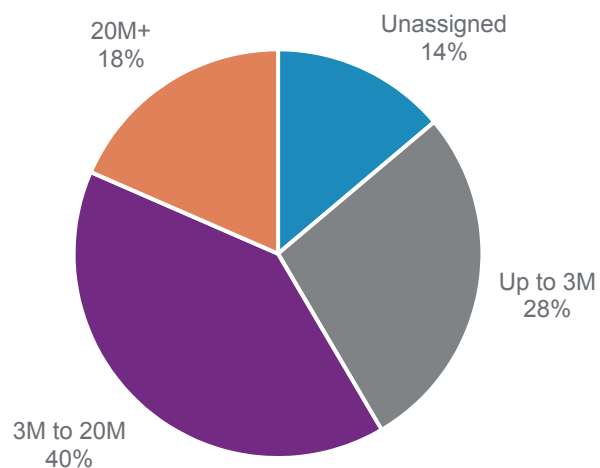
PARTICIPANTS BY EMPLOYEE NUMBERS



PARTICIPANTS BY REGION



PARTICIPANTS BY TURNOVER



INDEX OF POSITIONS

Code	Job Title	Grade Range	Page
Engineering			
ENG101	Trainee CAD Operator / Cadet	6 - 8	97
ENG102	CAD Operator	7 - 9	98
ENG103	CAD / Design Draughtsperson	10 - 12	99
ENG104	Senior CAD / Design Draughtsperson	12 - 14	100
ENG105	CAD / Drawing Operations Supervisor / Manager	14 - 17	101
ENG106	Trainee Technician / Cadet	6 - 8	102
ENG107	Technician	7 - 10	103
ENG108	Senior Technician	11 - 13	104
ENG109	Technician Supervisor / Manager	14 - 16	105
ENG110	Graduate - Entry	10 - 11	106
ENG111	Graduate 2nd Year	11 - 12	107
ENG112	Graduate 3rd Year	12 - 13	108
ENG113	Graduate 4th Year	13 - 14	109
ENG114	Professional	14 - 15	110
ENG130	Mid-level Professional	15 - 16	111
ENG115	Senior Professional	16 - 17	112
ENG116	Manager	17 - 19	113
ENG117	Intermediate Manager	19 - 21	114
ENG135	Senior Manager	21 - 23	115
ENG118	Specialist	17 - 19	116
ENG140	Senior Specialist	19 - 21	117
ENG119	Advanced Specialist	21 - 23	118
ENG120	Business Development Manager	21 - 24	119
ENG121	Business / Regional Manager	22 - 26	120
ENG165	Senior Urban Designer	17 - 19	121
ENG170	Urban Designer Manager	19 - 21	122
TR36*	BIM Technician	16 - 18	123
Corporate Service			
CO04*	Corporate Services Manager	18 - 20	127
CO16	Practice Manager	16 - 18	127
CO05	Administration Manager	14 - 17	128
CO07	Administration Team Leader	11 - 14	128

Code	Job Title	Grade Range	Page
CO08	Administration Officer	10 - 12	129
CO09	Administrative Assistant	8 - 10	129
CO10	Administrative Support	5 - 7	130
CO21	Executive Secretary	11 - 13	130
CO22	Senior Secretary / PA	9 - 11	131
CO23	Secretary / PA	8 - 10	131
CO25	Receptionist / Telephonist	6 - 8	132
FI04	Finance Manager	21 - 23	132
FI10	Accountant 1	17 - 19	133
FI11	Accountant 2	14 - 16	133
FI28	Assistant Accountant	11 - 13	134
FI32	Senior Accounts Officer	9 - 11	134
LRC640*	Quality Assurance Manager	18 - 20	135
HR04	Human Resources Manager	18 - 20	135
HR05	Senior Human Resources Advisor	16 - 18	136
HR06	Human Resources Advisor	15 - 17	136
HR08	Human Resources Assistant	9 - 11	137
HR42	Senior Payroll Officer	11 - 13	137
IT95	Information Technology Manager	20 - 22	138
IT96	Senior IT Specialist	17 - 19	138
IT97	IT Specialist	14 - 16	139
IT65	IT Support Officer	12 - 14	139
MK03*	Marketing Executive	21 - 23	140
MK11*	Marketing Officer	12 - 15	140

*New positions published this year

Market Movements and Salary Increases

Market Movements and Salary Increases

MOVEMENTS IN DATA

Market movements and salary increases are two ways of looking at changes in remuneration levels; however, each looks at remuneration from a different angle.

It is common to assume the two methodologies measure 'market movement' and measure the same information. However, these methodologies produce two very different sets of statistics. The following table highlights the differences between these two approaches to data analysis.

Market Movement	Salary Increases
Looks at the value of the job in the market as a whole	Looks at individual employees' average pay increases
Incorporates recruitments, exits, premiums, as well as salary movements	Incorporates company performance (ability to pay salary increases), promotions, and pay increases
Dynamic and volatile movements – can be up or down	Upward year-on-year movement
Market movement analysis e.g. the change in median data for each job code as compared to the previous year	Salary increase analysis – reflects company average salary increases year on year
Is what's taken into account when reviewing pay ranges to reflect the organisation's policy position against the market	Is the figure most likely to be taken into account when setting salary budgets

Market movement data is typically used to evolve an organisation's pay ranges in order to remain market competitive and continue to reflect the organisation's policy position (i.e. ideal position against the market, such as median total remuneration).

Salary increase data (actual and forecast) is used to understand actual increase movements and cost impact to the organisation. Forecast data is typically used to budget for the upcoming financial year's salary reviews.

MARKET MOVEMENTS

Overall New Zealand Remuneration Trends

From our March 2018 New Zealand Remuneration Report (**166,095** incumbents from **508** participating organisations: 60% Private, 33% Public, 7% Not for Profit), the following overall movements were noted.

Market Movements | March 2017 to March 2018

MEDIAN MOVEMENT FOR MATCHED ORGANISATIONS AND WHOLE SAMPLE

SP10® Points	Staff Level	Fixed Remuneration					
		Matched Movements (%)			Whole Sample Movements (%)		
		General Market	Private Sector	Public Sector	General Market	Private Sector	Public Sector
Up to 400	General Staff	2.5	2.6	2.4	2.3	2.3	2.2
400 – 800	Middle Management/Specialist / Technical	2.7	2.7	2.2	2.4	2.6	2.3
800 - 1200	Senior Management / CEO small Organisation	2.5	3.1	2.1	2.3	2.6	1.9
1200 - 1600	CEO medium organisation / GM larger organisation	2.3	2.8	2.2	2.6	2.7	2.1

This analysis compares only those organisations that participated in both March 2017 and March 2018.

Salary Projections 2018 / 2019

OVERALL PAYROLL INCREASES

Staff level	Average increase expected in Base Salary (%)		
	General Market	Private Sector	Public Sector
General Staff	2.5	2.8	2.1
Middle Management / Specialist / Technical	2.3	2.5	2.1
Senior Management / CEO small organisation	2.5	2.8	2.1
CEO medium organisation / GM large organisation	2.4	2.5	2.2
Overall - All Staff	2.4	2.6	2.1

Long Term Trends in Market Movements for Matched Organisations | March 2010 to March 2018

ANNUAL INCREASE PERCENTAGE IN MEDIAN FIXED REMUNERATION FOR MATCHED ORGANISATIONS



ACENZ Members Remuneration Trends

Whole Sample Median Movements

BY STAFF CATEGORY 2017 TO 2018

Grade Range	Staff Level	Base Salary (%)	Fixed Remuneration (%)	Total Remuneration (%)
All: 6 - 25	All staff	1.8	2.6	2.5
6 - 12	General Staff	1.6	3.1	2.4
13 - 20	Specialist / Technical	1.2	1.5	1.9
21 - 25	Senior Management / CEO Small Org	3.1	3.9	3.5

Median Movements for Matched Organisation – ACENZ Members

BY STAFF CATEGORY 2017 TO 2018

Grade Range	Staff Level	Base Salary (%)	Fixed Remuneration (%)	Total Remuneration (%)
All: 6 - 25	All staff	3.0	3.3	2.2
6 - 12	General Staff	3.3	3.4	2.8
13 - 20	Specialist / Technical	2.0	2.5	2.3
21 - 25	Senior Management / CEO Small Org	4.2	4.4	1.1