

absoluteIT Salary Report



October 2009



contents

1. Introduction.....	1
2. Methodology	2
3. Summary of Key Findings.....	3
4. Permanent Roles	4
Benefits.....	4
Permanent Salaries – The Changes.....	5
Permanent Salary Data	6
5. Contract Roles	8
Benefits.....	8
Contractors – The Changes to Pay Rates.....	9
Contractor - Hourly Rate Data.....	9
6. Are Pay Reductions a Retention Strategy?	10
7. Market Activity	11
Wellington	11
Auckland.....	11
8. What does the future hold for the ICT industry over the coming months?	12
9. About Us	13



introduction

Welcome to the second absoluteIT Salary Report.

This report has been developed in the interests of employers and employees from over 11,400 anonymous entries into IT Salaries website
www.itsalaries.co.nz

Released every six months, the report provides a comprehensive insight into real time salary and contract rates being paid in the NZ ICT industry today.

In this edition we focus on remuneration trends for permanent salaries and contract pay rates over the past 6 and 12 months, a first in the comprehensive measurement of IT remuneration.

“ Total salaries entered since September 2008 – 11,400 ”

2

methodology

The absoluteIT – Salary Report captures Contract and Permanent employees’ remuneration details as entered into www.itsalaries.co.nz

Of the estimated 40,000 ICT workers in New Zealand, over 11,400 have entered their remuneration details anonymously, representing over 25% of the ICT work force with an average of 100 new salary profiles posted by IT professionals each week.

The survey asks 24 anonymous questions. To ensure accuracy and a direct comparison against industry peers there are no ‘free text’ variables other than when confirming one’s exact job title. All other questions are answered by selecting the multiple choice drop down menus.

Of the 11,400 plus participants to the survey, there were seven levels of education, 75 industry groups, and seven types and size of current employer. In addition, participants were also asked to confirm their gender, number of years’ experience and the number of people managed or supervised.

“ Permanent salaries entered – 9329 ”

3

summary of key findings

- Total salaries entered since September 2008 – 11,400
- Permanent salaries entered - 9329
- Contract/Part-time/Casual/Interim rates entered - 2071
- The past 6 months has not recorded any drop in the median salary being offered of \$75,000 as measured against the 12 month total period
- The median contracting rate has dropped 12.5% in the past 6 months
- The median contract offered is now \$70.00 per hour down from \$80.00 per hour against the 12 month total period
- Total value of overall employment packages has dropped \$2,500, from \$78,000 to \$75,500
- Fewer people are being offered flexible working hours
- Training has been slashed as staff budgets tighten
- Employers are offering less overall when it comes to attracting new staff

This year many factors including the recession, the new Government and a very uncertain outlook have caused many organisations, public and private, to either give a very small across-the-board pay rise to their staff, impose a zero pay increase or even negotiate pay reductions.

This has been the hot topic of many recent management discussion groups as employers work through the associated issues of offering less to employees but expecting more.

In the past six months the median permanent salary package across the ICT Industry has decreased by \$2,500 to \$75,000.

Significantly for Contractors, pay rates have decreased up to 12.5% across the board.

These findings confirm the chatter that is out in the marketplace around salaries and what is being offered to ICT Professionals. Given the requirement to do more for less, there is likely to be significant movement across the sector in the months to come.

4

permanent roles – key findings

- Total Permanent Salaries as at 30 September 2009 – 9,329
- Median Base Salary within the New Zealand ICT Industry \$75,000
- Median Total Salary Package within the New Zealand ICT Industry \$75,500

Benefits

The past twelve months have seen some significant changes in the benefits paid within the ICT industry. As our chart on the following page details, 5% fewer people are being offered flexible working hours, in an industry that was one of the first to offer this as a benefit.

Training has also suffered as a consequence in part due to organisations, both public and private, slashing their costs. Whilst training and personal development is an important factor to employees, it is now being offered by fewer employers.

Company Paid Healthcare also features as a cost that has been removed from the budget with 3% fewer employees being offered this benefit in the last 6 months.

It is not all negative. More employees (3%) are being offered mobile phones or allowances as part of their package and extra annual leave is being offered (1%).

Company Cars and Car Parks have always been a significant cost to a business, however, interestingly over these tougher economic times, we have seen no change in either of these benefits being offered to employees. Not only are they seen as an important marketing tool for businesses using sign written vehicles, but they are also a must for those ICT businesses providing a service to other organisations, where travel is required.

permanent roles – key findings

Benefits Received (permanent employees)	% of your peers who receive benefits		
	Sept 08 – March 09	Apr 09 – Sept 09	% Change
Mobile Phone/Mobile Allowance	34%	37%	+3%
Flexible Working Hours	30%	25%	-5%
Company Paid Training	29%	25%	-4%
Health Care Subsidies	26%	23%	-3%
Car Park	24%	24%	n/c
Overtime Payments	12%	11%	-1%
Additional Superannuation	11%	9%	-2%
Car and/or Car Allowance	9%	9%	n/c
Extra Annual Leave	9%	10%	+1%
Gym/Health Club Membership	7%	6%	-1%
Stock Options	5%	5%	n/c
Child Day Care	1%	1%	n/c

Permanent Salaries – the Changes

As our data shows, a significant portion of permanent salaries have recorded decreases across the board.

The role of Trainer has seen a reduction of 10.9% for the lower quartile with a salary of \$49,000 being recorded, as opposed to \$55,000 in our previous report. This relates directly to a reduction of 4% in the number of companies offering training to permanent employees.

Software Architects are in high demand and as a result we have recorded an increase across the board in salaries offered. A significant 30% increase in the upper quartile salaries, and 11.8% in the lower quartile. The median salary has remained relatively stable with a smaller increase of 6.4%.

WAN/Telecommunications has seen a significant rise in the median salary of 31.6% (\$80,250) but a reduction in the lower and upper quartile roles of 7.1% and 13.2% respectively.

Permanent Salary Data – September 2008–September 2009

Title	Date Range	Lower Quartile \$	% Change	Medium Quartile \$	% Change	Upper Quartile \$	% Change
Architect	09/08 – 03/09	100,000		110,000		126,000	
	04/09 – 09/09	99,500	-0.5%	110,000	0.0%	125,000	-0.8%
Business Analyst	09/08 – 03/09	68,500		80,000		90,000	
	04/09 – 09/09	66,000	-3.6%	77,500	-3.1%	88,000	-2.2%
Consultant BI/CRM	09/08 – 03/09	75,000		88,000		101,500	
	04/09 – 09/09	75,000	0.0%	90,000	2.3%	104,000	2.5%
Consultant ERP/Supply	09/08 – 03/09	70,000		90,000		104,000	
	04/09 – 09/09	70,500	0.7%	80,000	-11.1%	105,000	1.0%
Consultant	09/08 – 03/09	74,500		90,000		115,000	
	04/09 – 09/09	75,500	1.3%	100,000	11.1%	118,000	2.6%
Consultant – Pre Sales	09/08 – 03/09	72,000		90,000		110,000	
	04/09 – 09/09	45,000	-37.5%	65,000	-27.8%	100,500	-8.6%
Data Record Management	09/08 – 03/09	52,000		60,500		65,500	
	04/09 – 09/09	49,000	-5.8%	55,000	-9.1%	80,000	22.1%
DBA Database Developer	09/08 – 03/09	70,000		80,000		92,000	
	04/09 – 09/09	70,000	0.0%	80,000	0.0%	86,500	-6.0%
Hardware Engineer	09/08 – 03/09	41,000		51,000		65,000	
	04/09 – 09/09	38,000	-7.3%	45,000	-11.8%	64,500	-0.8%
Help Desk/Support	09/08 – 03/09	41,000		47,000		55,000	
	04/09 – 09/09	39,500	-3.7%	45,000	-4.3%	53,000	-3.6%
IT Security	09/08 – 03/09	70,000		90,000		115,000	
	04/09 – 09/09	65,000	-7.1%	81,500	-9.4%	120,000	4.3%
Management	09/08 – 03/09	87,000		105,250		130,000	
	04/09 – 09/09	85,000	-2.3%	110,000	4.5%	133,000	2.3%
Network Administration	09/08 – 03/09	51,500		63,000		70,000	
	04/09 – 09/09	48,500	-5.8%	57,250	-9.1%	68,000	-2.9%
Network Engineer	09/08 – 03/09	53,500		68,500		80,000	
	04/09 – 09/09	50,000	-6.5%	65,000	-5.1%	80,000	0.0%
Project Manager/ Team Lead	09/08 – 03/09	82,000		98,250		113,000	
	04/09 – 09/09	78,000	-4.9%	95,750	-2.5%	110,500	-2.2%

Permanent Salary Data – September 2008–September 2009 cont.

Title	Date Range	Lower Quartile \$	% Change	Medium Quartile \$	% Change	Upper Quartile \$	% Change
Sales Exec/Account Manager	09/08 – 03/09	60,500		85,000		110,000	
	04/09 – 09/09	60,000	-0.8%	80,000	-5.9%	120,000	9.1%
Software – Analyst Programmer	09/08 – 03/09	60,000		72,000		83,000	
	04/09 – 09/09	54,500	-9.2%	66,500	-7.6%	78,500	-5.4%
Software Architect	09/08 – 03/09	89,000		102,000		120,000	
	04/09 – 09/09	99,500	11.8%	108,500	6.4%	156,000	30.0%
Software Developer	09/08 – 03/09	55,500		70,000		85,000	
	04/09 – 09/09	52,000	-6.3%	65,000	-7.1%	80,000	-5.9%
Systems Administration	09/08 – 03/09	55,000		64,500		75,500	
	04/09 – 09/09	53,000	-3.6%	64,250	-0.4%	73,000	-3.3%
Systems Analyst	09/08 – 03/09	57,000		71,750		82,000	
	04/09 – 09/09	52,500	-7.9%	66,500	-7.3%	75,000	-8.5%
Systems Integration	09/08 – 03/09	66,500		79,750		90,000	
	04/09 – 09/09	66,500	0.0%	79,500	-0.3%	100,000	11.1%
Technical Writer/ Documenter	09/08 – 03/09	54,500		70,000		77,000	
	04/09 – 09/09	55,000	0.9%	62,500	-10.7%	75,000	-2.6%
Testing and Q.A	09/08 – 03/09	60,000		70,000		85,000	
	04/09 – 09/09	55,000	-8.3%	68,000	-2.9%	88,000	3.5%
Trainer	09/08 – 03/09	55,000		60,000		65,000	
	04/09 – 09/09	49,000	-10.9%	55,500	-7.5%	62,000	-4.6%
WAN/ Telecommunications	09/08 – 03/09	56,000		61,000		110,000	
	04/09 – 09/09	52,000	-7.1%	80,250	31.6%	95,500	-13.2%
Web/Multimedia Designer	09/08 – 03/09	40,000		51,000		68,500	
	04/09 – 09/09	40,000	0.0%	46,500	-8.8%	60,500	-11.7%
Web/Multimedia Developer	09/08 – 03/09	45,000		55,000		67,500	
	04/09 – 09/09	45,000	0.0%	55,500	0.9%	75,000	11.1%

5

contract roles – key findings

- Total Contract/Part Time/Casual/ Interim Rates Entered – 2071
- Median Base Rate per hour within the New Zealand ICT industry - \$70.00 per hour
- Lower Quartile Hourly Rate – \$48.00 per hour
- Upper Quartile Hourly Rate – \$90.00 per hour

Benefits

Whilst there have been some recorded changes to the benefits offered to contractors, it remains that only a small portion are actually offered a benefit over and above their hourly rate.

Flexible working hours continue to be offered, but only to 13% of the contractor workforce who have participated in the IT Salary Survey. Given the nature of the “contractor” this is a surprising statistic.

Interestingly Mobile Phone and Company Paid Training are the two benefits that have had a positive change, with 8% of contractors now being offered a Mobile Phone or Allowance and 5% being offered company training. This could be an indication that more contractors are reinvesting in training, bringing their skills in line with the needs of the market. In our permanent benefits, we recorded a decrease in company training being offered.

Benefits Received (contractors)	% of your peers who receive benefits		
	Sept 08 – March 09	Apr 09 – Sept 09	% change
Flexible Working Hours	14%	13%	-1%
Car Park	6%	8%	+2%
Mobile Phone/Mobile Allowance	5%	8%	+3%
Overtime Payments	3%	4%	+1%
Car and/or Allowance	2%	3%	+1%
Company Paid Training	2%	5%	+3%
Extra Annual Leave	1%	1%	n/c
Gym/Health Club Membership	1%	2%	+1%
Healthcare Subsidies	1%	1%	n/c
Child Day Care	0%	0%	n/c

contract roles – key findings

Contractors – the Changes to Pay Rates

Our data shows the lower, median and upper quartile of hourly rates currently offered in the market

place, as entered into the www.itsalaries.co.nz website. Over the past 12 months, we have recorded a 12.5% decrease in the overall hourly rates paid to ICT workers.

Contractor Hourly Rate Data

Title	Lower Quartile \$ per hour	Medium Quartile \$ per hour	Upper Quartile \$ per hour
Architect	\$90.00	\$100.00	\$130.00
Business Analyst	\$70.00	\$80.00	\$90.00
Consultant BI/CRM	\$80.00	\$105.00	\$120.00
Consultant ERP/Supply	\$90.00	\$100.00	\$120.00
Consultant	\$90.00	\$100.00	\$140.00
Data Record Management	\$15.00	\$55.00	\$70.00
DBA Database Developer	\$70.00	\$80.00	\$90.00
Hardware Engineer	\$18.00	\$18.00	\$18.00
Help Desk/Support	\$25.00	\$30.00	\$40.00
IT Security	\$90.00	\$90.00	\$100.00
Management	\$60.00	\$90.00	\$120.00
Network Administration	\$35.00	\$50.00	\$60.00
Network Engineer	\$25.00	\$45.00	\$70.00
Project Manager/Team Lead	\$80.00	\$100.00	\$110.00
Software - Analyst Programmer	\$50.00	\$ 70.00	\$90.00
Software Architect	\$80.00	\$100.00	\$150.00
Software Developer	\$60.00	\$75.00	\$90.00
Systems Administration	\$36.00	\$60.00	\$80.00
Systems Analyst	\$60.00	\$70.00	\$80.00
Systems Integration	\$70.00	\$70.00	\$90.00
Technical Writer/Documenter	\$50.00	\$60.00	\$80.00
Testing and Q.A	\$60.00	\$70.00	\$80.00
Trainer	\$50.00	\$60.00	\$80.00
WAN/Telecommunications	\$19.00	\$60.00	\$140.00
Web/Multimedia Designer	\$40.00	\$40.00	\$50.00
Web/Multimedia Developer	\$30.00	\$35.00	\$70.00

6

are pay reductions a retention strategy?

As we start to emerge from the “recession”, more people will be looking to review their current employment status. Indications are that the general job shift that occurs after the Christmas festivities are over, is going to be more significant than we have seen in recent years. Therefore, employers are going to need to review their recruitment, retention and remuneration strategies to ensure they are attracting and retaining the best ICT talent for their organisations. Needless to say, pay reductions will not be seen as a good retention strategy for employers moving forward.

“ Total value of overall employment packages have dropped \$2,500, from \$78,000 to \$75,500 ”



market activity

Wellington

Overall vacancy numbers are increasing slightly across both the government and private sectors. Contracting vacancies more so than permanent. We believe this is due to existing staff having had heavy workloads (due to restructuring and redundancies) and clients are not overly confident in hiring permanent employees, or they don't have the mandate to do so. We have also noted an increase in some project work which has fuelled the demand for Contractors.

There is still a shortage of candidates in certain skill sets such as .NET, Java Developers, Architects and Middleware specialists – less so with Business Analysts and Project Managers.

We are seeing increasing demand for sales and presales candidates, this may indicate that some organisations are setting themselves up now to capitalise once the economy begins to turn.

Overall contract rates have taken a dip of between 5-12.5% from the prior 12-18 month highs, we expect rates to remain where they are at present and don't expect much of a change as supply and demand begins to equalise.

Auckland

The Auckland market has begun to show signs of improving since July 09, in particular an improvement in the number of contract roles as more organisations commence project based initiatives.

On the whole we are now starting to see pressure on the availability of operational and hands-on skills in the market (Developers, Engineers, Testers) as demand has increased, but with traditional shortages in this area compounded by fewer candidates actively looking in the market and preferring to stay in their current role.

Business Analysts are also proving difficult to source which is another pointer to an increase in project activity. There are still a large number of middle management and project management candidates available, as these areas appeared hardest hit by the recession and as a result we are seeing examples of these candidates looking for "downward" steps into operational and "doing" roles.

8

what does the future hold for the ICT industry over the coming months?

Our findings show there has been positive and negative movement across the industry for permanent and contractor salaries. In most cases the movement has been negative.

Whilst a number of positions remain in the 'hard to fill' category, it might be suggested that a higher salary (with better benefits) be an option to entice candidates out of their existing roles, but it would appear that employers are largely failing to apply this.

With the Government's recent announcement of no salary increases in the public sector across the board, for the next 5 years, we may see more skilled ICT people moving away from the public and into the private sector where pay rates may be more favourable. What does this mean for our government ICT infrastructure moving forward?

We have seen several recent examples of clients embarking on longer than anticipated recruitment processes. This has resulted in those customers missing out on quality candidates and having to start the process again.

We encourage clients to have a robust process that will allow them to make decisions quickly as we move to a more active and competitive employment market, scarce of skills, with limited availability and an overall increased demand for talent.

“ Contractor Hourly Rates have decreased up to 12.5% ”



about us

absolutelT is a specialist IT recruitment solutions company, employing 25 staff with offices in Auckland, Wellington and London.

absolutelT was established in 2000 and over this time has developed an excellent reputation in recruitment services in the New Zealand Government and Corporate sectors.

Using some of the latest international recruitment practices, together with smart ideas, has enabled absolutelT to position itself as a leader in the delivery of IT recruitment solutions.

We are the first New Zealand Recruitment Company to provide real-time data on the salaries, contract rates and benefits paid within the NZ IT Sector.

We hope you find our latest report to be an informative read. Should you wish to join our mailing list, please e-mail itsalaries@absolutelT.co.nz to ensure you receive our next edition due in April 2010.

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