

Market Trends: February 2010

In our November 2009 newsletter we anticipated that our early 2010 surveys would reflect the impact of the recession in remuneration statistics, and that they would show the degree to which wage freezes, if not actual pay cuts, and reduced levels of staff turnover, have acted as a brake on wage growth.

Our expectations have so far been met in the three surveys already published this year, in two very different sectors; chartered accountancy and energy. Both these sectors have experienced lower market movements in the year to February 2010 than have been experienced in previous years.

The energy sector in particular has felt the effect of the recession. In November, we reported that the sector anticipated a 'normal' 4% salary movement for the year. However, actual movement at 2.8% is appreciably lower than anticipated, with forecast increases for the coming year even lower, at 2.7%.

Average market movement in the sector has experienced an even greater drop. Fixed remuneration movement for the year to 1 February was 2.8%, compared with 5.3% for the previous year. Total remuneration movement also dropped significantly, from 7.3% in 2008-2009 to just 1.9% for the current year. It appears that energy sector companies have kept a tight rein on the payment of bonuses and incentives as part of managing costs in these difficult economic times.

In the professional services sector market movements in the last year have been close to zero, reflecting the ongoing careful management of costs in this sector.

Labour cost index figures for December 2009, released by the Statistics New Zealand showed that overall salary and wage rates (including overtime) increased 1.8 percent, while private sector salary and ordinary time wage rates increased 1.5 percent.

In our May newsletter we expect to bring you comprehensive information on both private and public sector salary budgets and market movements, following the publication of our three cross-industry surveys and several more industry specific surveys.