



## 2009 REMUNERATION SURVEY

### Executive summary

The 2009 Remuneration Survey in association with Randstad offers a timely snapshot of the changes and challenges experienced by the New Zealand accounting industry this year.

While accountants are optimistic about the future of New Zealand's economy, salary increases in the accounting industry were quite modest. The survey findings reflect the effects of companies that are looking to steady their staffing levels and manage costs during the downturn.

Those at a provisional accounting level saw the highest increase in salary this year. Interestingly, location had a noticeable impact on the past year's salary changes, with some big winners and losers identified across the country.

Regardless of economic conditions, work-life balance continues to play a larger role in motivating employees and maintaining staff levels. This has seen many companies make a conscious effort to offer better flexibility and study leave. Unsurprisingly, earning power and career advancement also continue to play a large role in motivating accounting professionals for the future.

Looking ahead, for the majority of accountants in New Zealand, an economic turnaround is certainly expected - but will not happen immediately. Instead, it is believed by respondents that a turnaround is likely by 2010, which has led to a more conservative approach to hiring and salary movements this year.

#### NZICA Statistic commentary

CA = CHARTERED ACCOUNTANT

ACA = ASSOCIATE CHARTERED ACCOUNTANT

AT = ACCOUNTING TECHNICIAN

### Remuneration Year on Year

As the economic downturn took hold in New Zealand during 2008/09 and with clients more financially sensitive as they looked to cut costs, the accounting sector came under considerable pressure to maintain revenues and limit any increases in expenditure. As a result, the 2009 Remuneration Survey revealed that most position levels in the accounting sector saw only modest salary increases compared to 07/08, where increases ranged from 7-15 per cent.

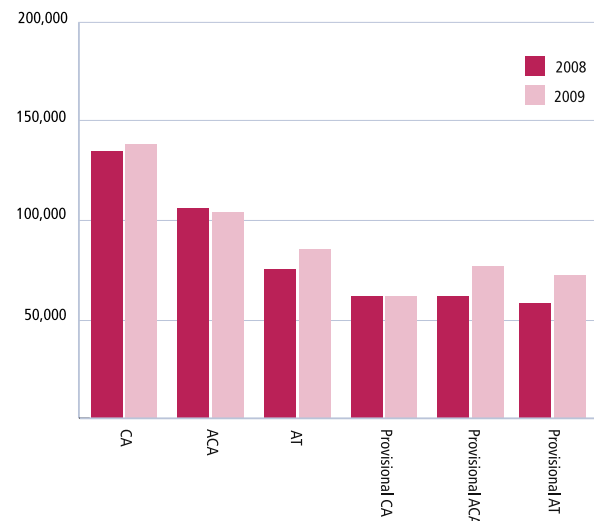
Despite this downward pressure on costs, some accounting levels are still experiencing healthy salary increases in 2009. Provisional Associate Chartered Accountants (ACAs) and Accounting Technicians (ATs) have the largest salary increases of 24 per cent on average, which is likely to significantly exceed salary increases across most other business sectors in New Zealand. However, as accountants become more senior, any increases in salary this year have been more modest. Those with ACA qualifications are experiencing a 2 per cent reduction in remuneration and CAs see an increase of just 2.6 per cent. Those with a provisional CA have experienced a modest increase of just under 0.5 per cent.

For obvious reasons, salaries continue to be an important way for employers to motivate, value and recognise employees. This year's Randstad Employment Trends Report of more than 360 companies in New Zealand found that 18 per cent of companies in the accounting and financial services sector, wanting to improve their employer brand, cite remuneration as the second highest focus behind having stronger company culture and values (27 per cent).

For employees, the Randstad Employment Trends Report found that remuneration is the second most important reason for staying in a job (37 per cent), second only to career opportunities and having a career path (46 per cent). This continues through to when an employee leaves a company, with below average remuneration (26 per cent) being the third reason why they decide to leave. The two main reasons why employees leave an organisation is due to there being better career opportunities elsewhere (52 per cent) and realising there is a lack of career opportunities (30 per cent) with their current employer.

While both employers and employees therefore recognise the importance of salaries, a mis-match has appeared between perception and reality when it comes to salary trends during the economic downturn. Despite the recession and widespread pressure on businesses not to raise salaries until the economy improves, the Randstad Employment Trends Report reveals the accounting and financial services sectors are still expecting a pay rise of up to 10 per cent in 2009. Given the economic crisis gripping many countries, including New Zealand, many professionals may find themselves disappointed in 2009.

Remuneration Year on Year



## Remuneration by Industry - CA

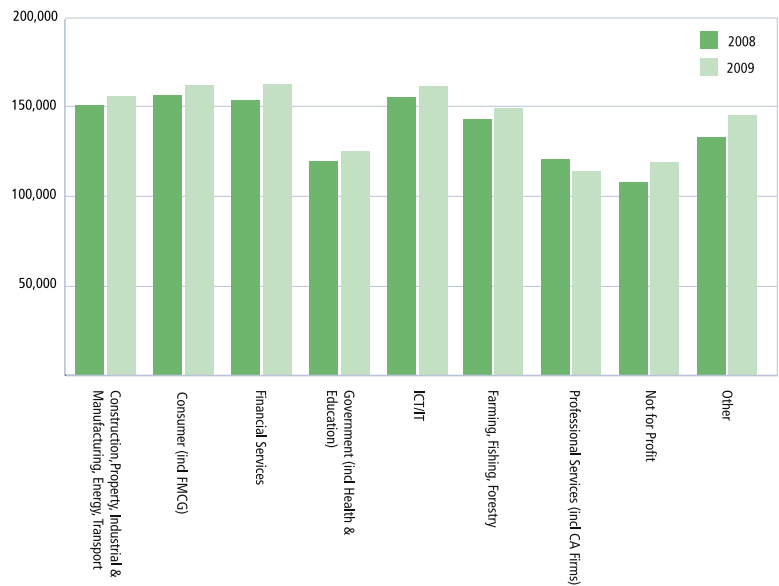
The belief that the corporate world should be the focus for accountants looking for significant remuneration has been brought into question in 2009. For Chartered Accountants working across industry sectors, the largest increase in remuneration from 2008 was in the Not-for-Profit sector (9 per cent). Following the Not-for-Profit sector were the more traditional high paying sectors, including Financial Services (6 per cent) and the Public Sector (4.5 per cent).

Surprisingly, given the retail and IT sectors have been two of the hardest hit sectors by the downturn, CAs in the consumer space still experienced remuneration increases of just under 4.5 per cent, and those in the IT sector experienced a 4 per cent increase in total remuneration.

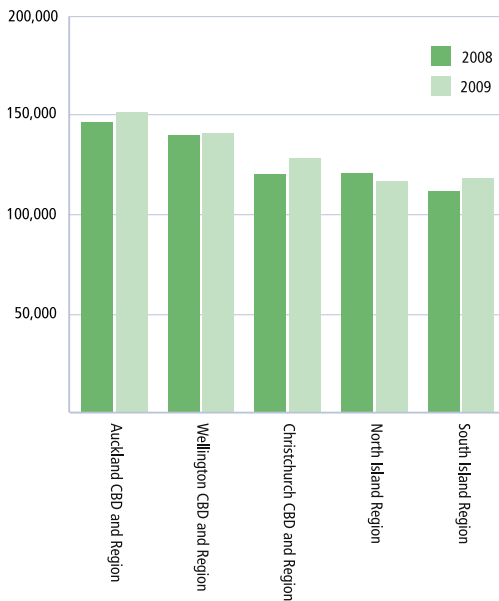
Those working in the construction, property, industrial, manufacturing, energy and transport industries had a modest 3.5 per cent increase in their remuneration year-on-year.

The hardest hit were those working in professional services firms, which include accounting practices. CAs working in this sector saw their salaries decrease by 3 per cent.

Remuneration by Industry – CA



Remuneration by Region – CA

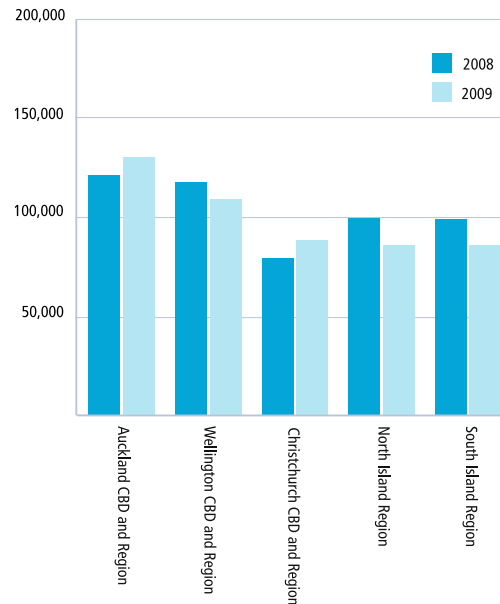


## Remuneration by Region - CA

A North/South Island divide has opened up in 2009 according to the latest statistics. The results show an accountant's geographic location can greatly influence the rate of remuneration increases and decreases. For example, this year's remuneration survey found those CAs based in the North Island were subject to a 3 per cent decrease in salary from 2008 to 2009, while those in the South Island saw their salary increase by 5.5 per cent.

Looking a little closer, the 2009 Remuneration Survey found pockets of growth in accountants' salaries over the last 12 months. Those practising in Christchurch saw an increase of nearly 7 per cent, while those in Auckland and the surrounding region saw remuneration increases of just over 4 per cent.

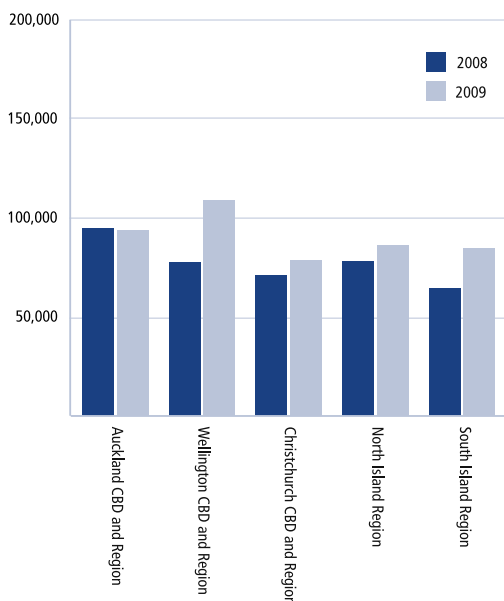
Remuneration by Region – ACA



## Remuneration by Region - ACA

The geographic divide has not, however, spread across all levels of accountants. Unlike CAs in their respective regions, ACAs in the North and South Islands both experienced a 12 and 13 per cent decrease in pay (respectively), and Wellington workers experienced a 7.5 per cent reduction in salary. However, ACAs in Christchurch and Auckland have cause for celebration - receiving increases of 11.5 per cent and 7.5 per cent respectively.

Remuneration by Region – AT

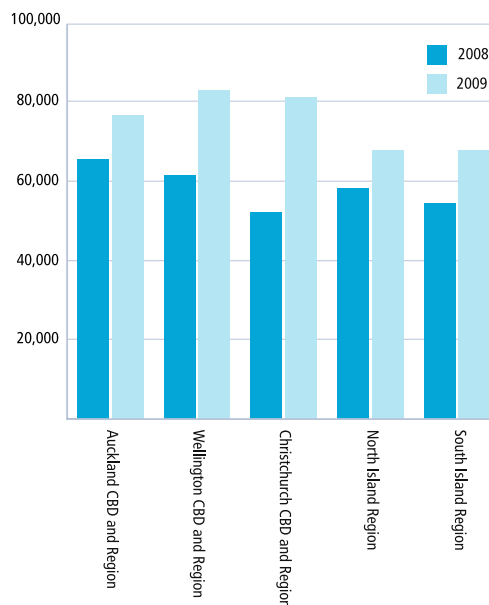


### Remuneration by Region - AT

When looking at Accounting Technicians, the survey found large geographic variations across the country. For example, ATs in Wellington are clearly doing well and are highly valued by their employers, with an average salary increase of nearly 40 per cent. In comparison ATs in Auckland had a much tougher year, experiencing a 1 per cent decrease in salary.

The South Island was also generous with AT salary increases, with an increase of 31.5 per cent compared to 11.7 per cent in the North Island.

Remuneration by Region – Provisional ACA

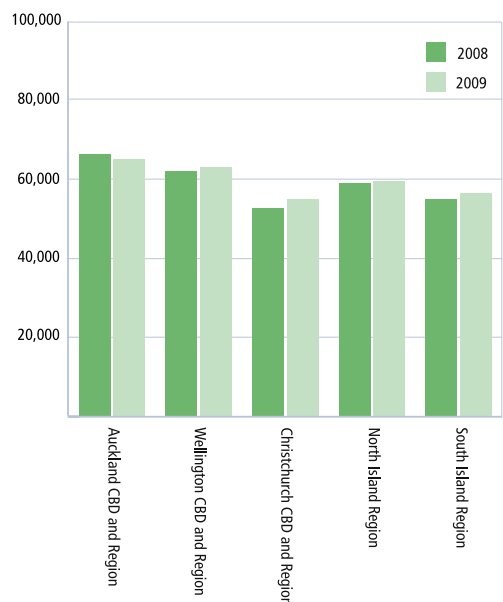


### Remuneration by Region - Provisional ACA

Across the entire 2009 Remuneration Survey of CA, ACA and AT positions within the accounting industry, provisional ACAs were the only group to experience solid salary growth, irrespective of their location.

In the Christchurch area, the highest increase in salary between 2008-2009 was close to 56 per cent. Registering closely behind were remuneration packages in the Wellington region which grew by nearly 35 per cent, and the South Island by 24.6 per cent. Similar increases occurred in Auckland and the North Island 16.9 per cent and 16.2 per cent respectively.

Remuneration by Region – Provisional CA

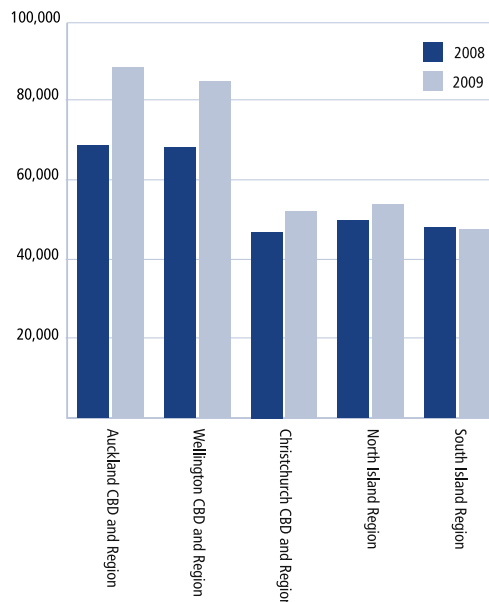


### Remuneration by Region - Provisional CA

Provisional CAs experienced the smallest change in remuneration year-on-year, with the largest increases just over 4.5 per cent in Canterbury. Wellington and the North Island experienced a small increase of 1.5 per cent and 2 per cent respectively and South Island remuneration packages increased by just under 2.5 per cent.

In Auckland, however, remuneration for the group decreased by 2 per cent.

Remuneration by Region – Provisional AT

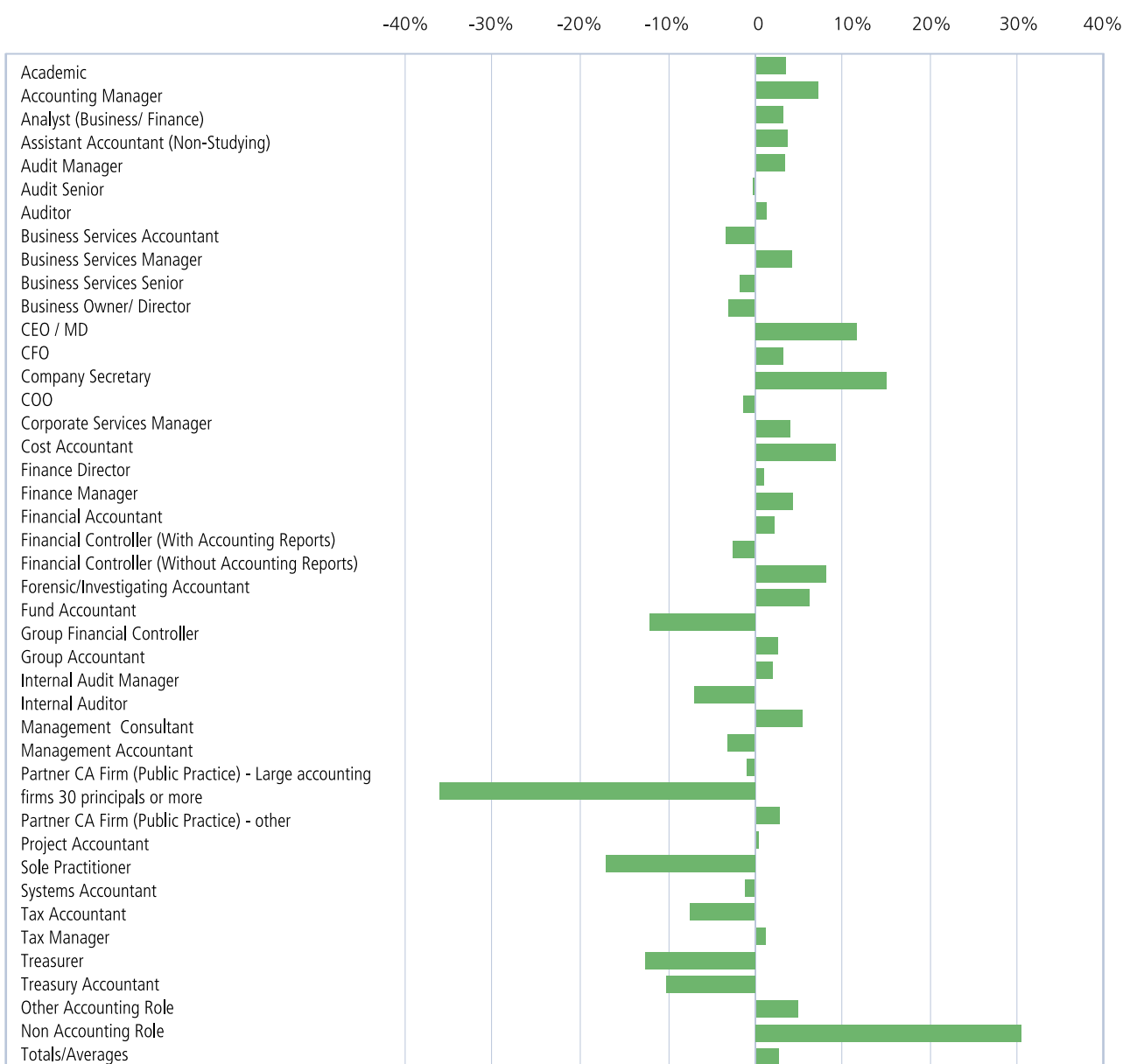


### Remuneration by Region - Provisional AT

Auckland and Wellington employers were generous toward provisional AT salaries from 2008-2009 with an increase of 28.6 per cent and 24.5 per cent respectively, while Christchurch showed an increase of just over 11 per cent.

The North Island showed remuneration growth of 8 per cent and the South Island experienced a drop of just over 1 per cent.

## Percentage Variance in Remuneration by Position Year on Year – CA



### Percentage Variance in Remuneration by Position Year on year-CA

Overall, remuneration across accounting-related roles rose by a modest 2.61 per cent between 2008 and 2009.

25 of the 42 position categories had a remuneration increase - the largest being those in non-accounting roles (30 per cent increase), Company Secretaries (15 per cent) and CEOs (11.5 per cent).

The greatest decrease in salaries were experienced by Partners in CA firms (36 per cent decrease), Sole Practitioners (17 per cent) and Treasurers (12.5 per cent). Fund Accountants and Treasury Accountants experienced noticeable decreases of 12 per cent and 10 per cent respectively.

## Work-life Balance

In today's employment market, an employee's package is far more than just a salary. Today, all employees and accountants included, look for a package that offers additional opportunities outside of financial incentives.

This year's 2009 Remuneration Survey found a significant number of accountants enjoying additional benefits from their employer, including flexible work options and study leave, but further work is needed when it comes to wellbeing and parental leave. Two thirds (67 per cent) of respondents said they have the ability to work flexible hours, 40 per cent are able to work from home and a further 77 per cent are offered flexible lunchtimes.

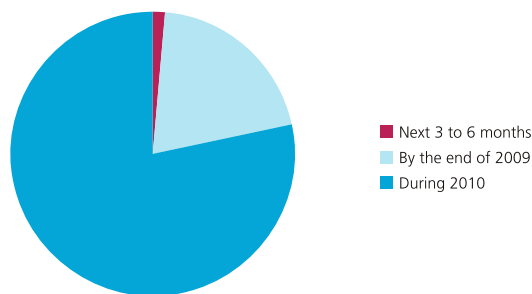
The survey also found that employers recognise the importance of allowing their staff to study and gain further qualifications. Of those surveyed, 64 per cent said their employer offers study and training leave and a further 50 per cent have additional training programs provided.

By offering education support, both employers and employees can benefit. Staff are given the opportunity to gain further qualifications and an employer can build a workforce that is more qualified, leading to new business, increased revenue and stronger client loyalty.

One area of improvement is in the area of parental leave. The accounting industry falls short in supporting its staff through paid parental leave. The 2009 Remuneration Survey found only a third (35 per cent) of respondents said they were entitled to paid maternity leave and only 26 per cent said their employer offers paternity leave.

The survey also found employees in the accounting sector can do more to consider their employees' physical and mental wellbeing. Only 35 per cent of employees said their employer offers counselling services, with just 32 per cent saying they have a formal wellbeing programme in place, and only 13 per cent of employees have the option to take a sabbatical.

## Optimism about the Economy

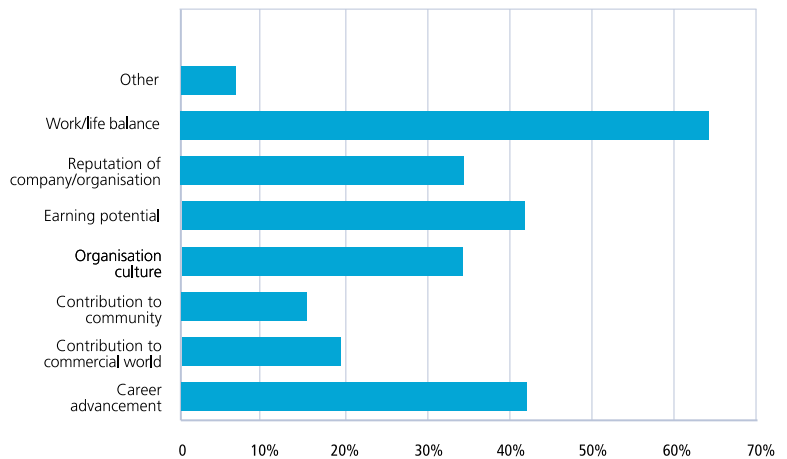


## Optimism about the Economy

Any significant turnaround in the New Zealand economy appears some way off, according to the accountants surveyed. While the findings did show nearly all accountants (98 per cent) were optimistic about the economy, only 20 per cent expected a turnaround this year - with most (78 per cent) accountants believing a recovery was not likely until 2010.

With a recovery not expected for the rest of the year, many employers are playing a wait and see approach to hiring. The 2009 Randstad Employment Trends Report showed that 58 per cent of employers from the financial services sector (which includes accountants) expected to keep headcount stable during 2009, with only 13 per cent predicting to grow the number of employees this year. When asked about the recruitment approach for future temporary, contract and permanent staff, all respondents were keen to keep their numbers stable.

## Motivation in current role



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In uncertain economic times, employees tend to focus on ensuring their role is safe within a company and their employer recognises the value they bring to their organisation. However, the findings from this year's survey indicate that as well as focusing on job stability, gaining the right work-life balance is becoming increasingly important for New Zealand accountants, regardless of the economic conditions.

As a result, work-life balance was the number one motivator for employees, with nearly two-thirds (64 per cent) of respondents citing it as their biggest motivation in their current role. Employers have obviously responded to this demand, with the 2009 Randstad Employment Trends Report showing that 43 per cent of finance and accounting businesses now offer part-time and flexible working hours to employees.

Given the economic uncertainty that has occupied the country for the last 12 months, it comes as no surprise that traditional motivators continue to be important for employees. This year's 2009 Remuneration Survey found the earning potential and career advancement of accountants remained important factors, with 42 per cent of accountants being motivated by increased salary and career progression.

This year's research also gave employers in the accounting sector a reminder that employer branding and organisational culture were still important for employees in New Zealand. The survey found that 34 per cent of accountants said that these were both important motivators for them.

Given the downturn it appears employees have turned their attention to areas of their organisation that have a direct impact on them and the performance of their company, rather than external activities. This year, the remuneration survey found that Corporate Social Responsibility has taken a back seat, with a company's contribution to the community being listed as the lowest motivating factor for employees in the accounting sector.