

Love Doesn't Pay the Bills!

Critical Knowledge in Negotiating Remuneration Contracts

By David Shannon, Strategic Pay Limited

Many organisations in the Not for Profit Sector (NfPs) receive a significant portion of their funding from various Ministries, e.g. Health or Social Development, or DHBs in the form of contracts for services. These contracts are drawn up in good faith by both parties and typically include provision for paying the NfP employees based on current pay rates for those jobs at the time of the contract. This would seem fair to all as it provides sufficient funding for the NfP to employ qualified staff at salary levels on broad parity with what these same employees could receive working in the public sector.

That was acceptable as long as salaries in the public sector remained at levels broadly stable. However, salaries in the public sector have not stagnated over recent years. They continue to move upwards at 3% to 5% per annum for roles below the managerial level. In addition, union awards have resulted in significant movements for particular employment groups.

Where these salaries have moved substantially, NfP employees paid at the older salary levels now find the substantially increased margin unsustainable – no matter how much they love their work. The temptation to leave for higher paid employment in the public sector – often with the very agencies that contracted for their services – becomes increasingly potent. As long as the NfPs remain bound by contracts where salary rates reflect an earlier day, they will struggle to retain the staff required to deliver the services.

This makes it more crucial for these organisations to have access to reliable information on current market rates for the roles they employ. Sound market data provides:

- A means of establishing the internal relativities of jobs and thereby maintaining an internal reward structure that is seen as fair and equitable by staff.
- A means of comparing the organisation's roles with those in other Not for Profit agencies in order to ensure equitability across the sector.
- A means of comparing the organisation's roles with comparable roles in the Public or other employment sectors in order to understand any difference that may exist in pay levels and make sound decisions on how to address that gap.
- A means of tracking direct comparisons with counterpart employment groups in the Public Sector (or other funding sources) in order to prepare for effective contract negotiation which will provide for on-going equity in remuneration levels.

While it would be wonderful for a Not for Profit Agency to operate in a bubble where staff worked for whatever the organisation can afford because they love their work so much they will never leave, such is not the way of today's market. When NfPs must renegotiate their funding contracts, they must do it in full knowledge of the market remuneration rates that may apply both then and in the future.

2009 Survey of Remuneration in the Not for Profit Sector

Announcement of the Survey

The Strategic Pay Not for Profit Sector Remuneration Survey is now underway. The deadline for participation and submission of organisation data is 17 April 2009.

Our Survey has the continued active support of the following organisations:

- > Association of Non-Governmental Organisations of Aotearoa (ANGOA)
- > Council for International Development (CID)
- > Volunteering New Zealand
- > New Zealand Council of Social Services
- > New Zealand Council of Christian Social Services
- > Social Service Providers of Aotearoa
- > New Zealand Federation of Voluntary Welfare Organisations
- > PLATFORM
- > National Network of Stopping Violence
- > New Zealand Federation of Family Budgeting Services

The Survey Report provides valuable information to organisations in all parts of the Not for Profit Sector as they negotiate funding contracts and consider the pay of their staff. This survey meets the needs of the following interested persons:

- > Managers in the Not for Profit Sector searching for better information on how to pay their staff and how to respond to developments in the remuneration market.
- > Boards of Trustees and Directors seeking expert advice on appropriate levels of remuneration for their executive roles - in many cases the only paid position in the organisation.
- > Boards and Managers in developing submissions to funding bodies.

New Format for Smaller Organisations

Some smaller organisations felt the format of the survey was a bit “overwhelming” in the forms required for only a few jobs. As a result, we have developed another, shorter version of the data-pack specifically for smaller organisations – ranging from very local social services to national umbrella organisations with few staff.

Costs: 1 – 5 FTE's - \$200; 6 – 40 FTE's - \$400; Over 40 FTE's - \$650

AND! Ask David about special cost arrangements for “affinity groups” of very small agencies.

**TO OBTAIN A SURVEY DATA-PACK OR FURTHER INFORMATION ABOUT THE SURVEY,
PLEASE CONTACT:**

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