

**Not for Profit Sector  
Remuneration Survey**

**May 2008**

**Strategic Pay**

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## 1.0 INTRODUCTION

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Welcome to the Strategic Pay *Not for Profit Sector Remuneration Report – 2008*.

The Not for Profit Sector Remuneration Report is one of Strategic Pay's suite of remuneration surveys providing a comprehensive view of the New Zealand employment market.

The overwhelming response to our initial survey of pay in this sector was most gratifying, and the increased participation this year reflects the growth of Strategic Pay's work in the Not for Profit Sector. The information provided in this report will be of great assistance to these organisations in developing effective remuneration systems and processes.

By its very nature, the Not for Profit Sector faces challenges unlike those in most other employment sectors. Budgets are almost universally more constrained, and relationships with governing boards of trustees or directors are often less clearly defined, leading to more complex remuneration-setting processes. In addition, relationships with funders and contractors exert greater influence on the remuneration setting process for these organisations than in any other sector.

At the same time, the Not for Profit Sector, as a whole, touches the lives of many New Zealanders in a more personal way than the broader Public and Private Sectors. Because of the different sources of funds of these organisations – through charitable donations, public funding, grants from private trusts and other methods of fundraising, the pay of staff is almost always a particularly sensitive matter. Despite the many challenges, not the least of which is the modest remuneration offered, employees in this sector probably love their work more than any other.

In this report, we set out the statistical findings of the survey in a variety of formats designed to assist employers in reviewing individual pay rates. Further comment is provided in Section 6.0 on the use of this data in the design of effective remuneration structures.

Those participants who chose to purchase a copy of this report will also receive an individual client report which makes direct comparisons of their positions with the summary market data of the report.

We call your particular attention to the cover letter notes and our request for feedback on the accuracy of the job sizes and job matches of your positions.

Strategic Pay would like to thank all the contributing organisations for their participation in this survey. We would also like to thank the following organisations for their active support of this survey and our work in this Sector.

- > Association of Non Government Organisations Aotearoa
- > New Zealand Federation of Voluntary Welfare Organisations
- > New Zealand Council of Social Services
- > Volunteering New Zealand
- > Council for International Development
- > Social Service Providers Aotearoa
- > PLATFORM

Strategic Pay is pleased to work with these organisations in facilitating better employment practices among their members.

## 2.0 SURVEY PARAMETERS

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### 1. Purpose

The purpose of the Strategic Pay Survey of Remuneration in the Not for Profit Sector is to provide a credible, reliable and consistent methodology for analysing rates of employee remuneration within not for profit organisations throughout New Zealand, based on both job size and job function comparisons.

### 2. Timing

Strategic Pay collects the data as at 1 May and publishes the report as at 1 June annually. Access to the database and survey report is available throughout the year, and organizations are invited to participate at any time when the information will be useful.

### 3. 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 Not for Profit organisations. The data has then been selected and coded by Strategic Pay using statistical sampling techniques to ensure representative samples and avoid data skewing.

### 4. Job sizing methodology

This is a job evaluated survey, with participants submitting the job evaluation points or grades for each employee. In this report, all positions have been sized using the Strategic Pay JobWise™ job sizing system. Some data from other job sizing systems has been converted to the JobWise™ format for survey purposes. These should be treated as a guide only and consultant input sought to determine the accuracy of conversions.

Strategic Pay Limited bears no responsibility for the accuracy of the job sizing information provided by participants. Job evaluation is an art, not a science. Consistent job sizing results are more likely to result from committee-based or processes validated through input from consultants with solid experience in job evaluation methodology.

### 5. Benchmark job categories

The benchmark job categories have been developed by Strategic Pay, in consultation with clients. 81 benchmark job categories are reported in this survey divided into eleven broad disciplinary groupings. We welcome feedback from participating organisations on suggested additions / deletions / enhancements to the job categories in this Survey. We have assigned positions to the benchmark job categories based on job size, job title, and our knowledge of organisations and the Not for Profit Sector in general.

### 6. Base Salary, Fixed Remuneration and Total Remuneration

The survey report provides detailed analyses for Base Salary, Fixed Remuneration and Total Remuneration (including all cash and non-cash benefits). As with previous findings, the incidence of variable pay in the Not for Profit Sector is so small that the difference between the Fixed and Total Remuneration lines is minimal. The Total Remuneration lines calculate all remuneration items for which a benefit value (including FBT) has been assigned by participants.

### 7. Confidentiality

It is expected that this Survey Report will be used by participating organisations for internal purposes only. This report is not to be shared with external persons without the specific permission of Strategic Pay Limited.

## 3.0 DEFINING THE NOT FOR PROFIT SECTOR

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Statistics NZ has identified over 97,000 non-profit institutions in New Zealand. This seems a staggering number, but it becomes clearer when we look at what is included under that label of “non-profit.” The internationally agreed definition of a non-profit institution applied by Statistics NZ is that a non-profit institution is:

- > Organised, to the extent that it can be separately identified
- > Not-for-profit and does not distribute any surplus that may be generated to those who own or control it
- > Institutionally separate from government (that is, private)
- > Self-governing, that is in control of its own destiny
- > Non-compulsory, that is membership and participation are voluntary

The range of non-profit institutions in New Zealand is extensive, including:

- > Museums, arts centres, orchestras, ensembles and societies; sports and social clubs
- > Non-profit hospitals and health organisations, pre-schools, schools and other training organisations; social service providers and environmental groups
- > Religious congregations
- > Trade unions, business and professional associations; political parties
- > Advocacy groups working to promote rights or environmental and political interests of interested constituencies
- > Community-based associations that offer services or advocacy and community trust boards
- > Whanau, hapu and iwi based organisations that provide services to or advocate for tangata whenua
- > Philanthropic trusts, international aid and relief organisations.

Government controlled organisations are excluded as are producer boards, co-operatives, trading societies, friendly societies and credit unions.

While the Strategic Pay Survey accepts participants from any of the above groups, the emphasis is on those that work in the Social Services Sector providing the great range of social services, emergency and relief services, income support and maintenance and related activities.

According to Statistics New Zealand, ninety percent of all non-profit institutions do not employ paid staff. That leaves approximately 9,700 with paid staff! Of the total 105,340 employed by these institutions, 31,000 or nearly a third are employed in the Social Services, the largest portion by far and the primary target group of this survey.

With data on nearly 4,200 individual employees, this survey covers over 13% of those working in the Social Services Sector – a fair sampling indeed!

For non-profit institutions that employ paid staff, the average number of employees is 10.8. Unsurprisingly, hospitals and health-service providers employ the larger numbers averaging 33.5 each. The average number of employees in social services institutions is 18.

As this is a survey of the remuneration of paid employees, volunteers are not considered. As a matter of interest, Census data indicates in excess of 436,000 volunteers working with these organisations – outnumbering the paid staff four to one.

*Source: Counting Non-profit Institutions in New Zealand 2005 – Statistics New Zealand. For more information, go to [www.stats.govt.nz](http://www.stats.govt.nz)*

## 4.0 EXECUTIVE SUMMARY

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- > The Strategic Pay Survey of Remuneration in the Not for Profit Sector provides a broad representation of the Not for Profit sector in New Zealand. This report is based on **4,215** employees representing **148 organisations**.
- > The survey provides detailed analyses of **81 job categories**, providing base salary, fixed and total remuneration breakdowns by location and organisation size (employee numbers).

Participating organisations were divided into size categories on the same basis as their subscription participation in the survey.

Large	Over 40 employees
Medium	6 to 40 employees
Small	Fewer than 6 employees

In some cases, the size was adjusted to reflect the impact of part time employees, volunteers, or dollar turnover which may have indicated a better comparison with another category.

- > **Benefits** are not the general rule with these organisations.
- > **Unsurprisingly, only 20.9%** of employees surveyed receive one or more benefits in addition to base salary. Of the benefit categories surveyed, the survey shows they occurred as follows:

- Use of organisation vehicle	5.8%
- Professional Fees	4.8%
- Performance bonus (past year)	4.1%
- Telephone Allowance	2.7%
- Superannuation	2.6%
- Medical insurance	2.2%
- Vehicle Parking	1.6%
- Other allowances	5.8%

- > Even for those who receive benefits, the amounts are modest indeed. The average value of benefits for those jobs under grade 20, i.e. up to supervisory/middle management roles, *who received the above benefits*, is a mere 8.0% of their total remuneration packages.
- > Our survey shows that a significant number of staff in the Not for Profit Sector (48.2%) are contracted to work less than a normal full-time week (37.5 or 40 hours). When factored against overall salary levels that are notably below the broader public and general employment sectors, the shorter work weeks indicate a large part of this employment sector who are both under paid and under employed.
- > On average, the difference in the median base salaries between the Not for Profit Sector and the Public Sector as at 1 May 2008 is **17.9%**
- > On average, the difference in the median base salaries between the Not for Profit Sector and the General Market as at 1 May 2008 is **20.8%**
- > The data in this survey is current as at 1 May 2008. Data in this report was all pro-rated to a full 37.5 or 40 hour work week for comparison purposes.

## 5.0 COMMENTARY

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### The Love Factor and the Contract Challenge

Over the past 16 years, I have worked with many organisations in the Not for Profit Sector as they strove to balance the increasing value of the Love Factor, or the margin of pay between this sector and the general market, with their very real budgetary constraints. In recent years the attempt to maintain a reasonable degree of competitiveness has been undermined by another dynamic.

Many organisations in the Not for Profit Sector (NfPs) receive a significant portion of their funding from various Ministries, e.g. Health, Social Development, etc., in the form of contracts for services. These contracts are drawn up in good faith by both parties and typically provide for paying the NfP employees at pay rates for those jobs current at the time of the contract. That approach is quite tenable as long as salaries in the public sector remain at stable levels.

However, like remuneration everywhere, salaries in the public sector have not remained stagnate over recent years. They continue to move upwards at 3% to 5% per annum for most roles below the managerial level. In addition, union awards have resulted in significant movements for particular employment groups. The mere mention of the National Nurses' MECA can run chills down some spines in this regard!

Where these salaries have moved substantially, NfP employees paid at the older salary levels now find the substantially increased Love Factor unsustainable. The temptation to leave for higher paid employment in the public sector – often with the very agencies that contracted for their services externally – becomes increasingly potent. As long as the NfPs remain bound by contracts where salary rates reflect an earlier day, they will struggle to retain these staff.

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 analysis of current remuneration levels within the organisation provides the following advantages:

- > 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.

*Commentary by David Shannon, Senior Consultant, Strategic Pay Limited*

## 7.0 DATABASE MOVEMENTS

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### New Zealand Not for Profit Sector Movements

The following table summarises the movements in the reported Grade ranges between the 2007 and 2008 Not for Profit Remuneration Surveys. A significant increase in sample size between the 2007 and 2008 surveys could account for the lower than expected movements from the 2007 survey. These movements are considerably lower than the General Market movements as reported below, however this may reflect the affordability issues of the Not for Profit Sector as a whole.

Grade Range	Base Salary (%)	Total Rem (%)
5 to 10	0.5	2.2
11 to 16	1.1	3.3
17 to 22	2.2	2.6
23+	1.7	2.2

### New Zealand General Market Movements

As a matter of interest, we provide the following data from the Strategic Pay General Market Survey Report of March 2008. While these specific figures may not apply precisely to the Not for Profit Sector, they do provide a reasonably reliable overview of how the general employment market has moved over the period March 2007 to March 2008.

#### Whole Sample Market Movement

The whole sample market movement analysis compares all participating organisations in March 2007 with all participants in March 2008. Changes in survey sample reflect the changing nature of the workforce resulting from restructuring, mergers and acquisitions of organisations. These factors affect the remuneration market, and should be taken into consideration when assessing remuneration placement.

#### Matched Client Market Movement

The whole sample comparison is of the entire database in 2007 and 2008 with no regard for how many organisations may have changed in that time. The matched client comparison is data drawn only from those organisations which participated in both the 2007 and 2008 surveys and is generally a better indicator of market movement.

### Median Movements for Whole Sample and Matched Organisations

#### March 2007 to March 2008

Grade Range	Base Salary (%)		Total Remuneration (%)	
	Whole Sample	Matched Clients	Whole Sample	Matched Clients
5 to 14	3.6	3.7	3.0	3.3
15 to 24	4.3	4.0	3.5	4.0
25+	5.2	5.6	4.8	5.2

## 8.0 PARTICIPATING ORGANISATIONS

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Across Te Kotahitanga O Te Wairua  
Action Mental Health Society (AMHS)  
Age Concern Auckland  
Age Concern Wellington Inc  
Anglican Action  
Anglican Care Waiapu Limited  
Anglican Family Care Centre  
Arataki Ministries  
Asthma and Respiratory Foundation of New Zealand Inc  
Atareira  
Auckland City Mission  
Auckland Kindergarten Association  
Auckland Sexual Abuse Help  
Beth-Shean Trust  
Birthright Hawkes Bay Child and Family Care  
Birthright New Zealand Inc  
Birthright Waikato Inc  
Bishops Action Foundation  
Brain Injury Association  
Cancer Society of New Zealand Auckland Division  
Cancer Society of New Zealand Canterbury West Coast Division  
Cancer Society of New Zealand Central Districts Division  
Cancer Society of New Zealand Otago and Southland Division  
Cancer Society of New Zealand Waikato Bay of Plenty Division  
Cancer Society of New Zealand Wellington Division  
Canteen  
Canterbury Community Law Centre  
CBM New Zealand  
Child Cancer Foundation Inc  
Christchurch Council of Social Services  
Christchurch Methodist Central Mission  
Christian World Service  
Community Waitakere  
Coromandel Independent Living Trust  
Council for International Development  
Counselling and Education Centre (Marton) Inc  
Counties Manukau Sports Foundation  
Development Resource Centre  
Diabetes New Zealand Inc  
Downtown Community Ministry  
Dunedin Community Care Trust  
Dunedin Council of Social Services  
Eating Difficulties Education Network  
Equip  
Family Support Centre  
Family Support Services Whanganui  
Federation of Workers Educational Associations Inc (WEAs)  
Foundation of the Blind  
Friendship House  
Gisborne Volunteer Centre  
Hamilton Area Citizens Advice Bureau  
Harbour Sport  
Hauraki Maori Trust Board  
Heart Children New Zealand  
Home and Family Counselling Inc  
Hutt Council of Social Services  
Iosis  
J R McKenzie Trust  
Kites Trust  
Linkage Trust  
Literacy Aotearoa  
Lower Hutt Womens Centre  
Mahitahi  
Make A Wish Foundation  
Man Alive Inc  
Mangere Community Law Centre  
Marlborough Community Law Centre  
Mash Trust  
Mental Health Foundation of New Zealand  
Methodist City Action  
Methodist Mission Northern  
Mind and Body Consultants Limited  
Mind Matters Charitable Trust  
Multiple Sclerosis Society of Auckland and the North Shore Inc  
National Council of YMCAs of New Zealand  
National Heart Foundation  
New Zealand Breastfeeding Authority  
New Zealand Red Cross  
North Shore Community and Social Services Inc  
Northern Stewart Centre Trust  
New Zealand AIDS Foundation  
New Zealand Family and Foster Care Federation  
New Zealand Family Planning Association  
New Zealand Federation of Family Budgeting Services Inc  
New Zealand Federation of Voluntary Welfare Organisations  
Odyssey House Trust  
Open Doors New Zealand Inc  
Otorohanga Support House  
Ozanam House Trust  
Pacific Paramedical Training Centre  
Philanthropy New Zealand  
Porirua Council of Social Services  
Presbyterian Support Central  
Presbyterian Support Northern  
Presbyterian Support Upper South Island  
Preventing Violence in the Home Inc  
Prison Fellowship New Zealand  
Problem Gambling Foundation NZ  
Raukawa Trust Board  
Register of Engineers for Disaster Relief New Zealand  
Richmond New Zealand  
Rotorua Community Law Centre  
Rotorua Social Services Council Inc  
Royal New Zealand Plunket Society



Save the Children New Zealand  
Serenity Trust Home  
Sisters of Mercy Wiri  
Social Service Providers, Aotearoa  
Social Services Waikato  
Society of St Vincent De Paul  
Southland Community Law Centre  
Sport Northland  
St Albans Residents Association  
START Inc  
Step Ahead Trust  
Stepping Stone Trust  
Stroke Foundation  
Taupo Council of Social Services  
Te Kohanga Reo  
Te Kuiti Community House Trust  
Te Tahī Maori  
The Auckland District Kidney Society Inc  
The Champion Centre  
The Crosslight Trust  
The Leprosy Mission New Zealand  
The National Foundation for the Deaf  
The Peace Foundation  
The Salvation Army  
The Tindall Foundation

Volunteer Service Abroad  
Volunteer Wellington  
Volunteer Whanganui  
Volunteering Auckland Trust  
Volunteering Canterbury  
Volunteering New Zealand  
Volunteering Otago  
Waiapu Anglican Social Services Trust Board  
Wairarapa Community Law Centre  
Walsh Trust  
Wellington Community Law Centre  
Wellington Council of Social Services  
Wellington Refugees as Survivors Trust  
Wellington Sexual Abuse Help Foundation  
Wellington Wairarapa School Trustees Association  
Wellstop  
Wesley Community Action  
Whitianga Community Services Trust  
Women's Centre Inc  
Workforce Auckland Inc  
World Vision  
WWF New Zealand  
Youthlaw Incorporated  
YWCA Auckland

## 11.0 APPENDICES

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### EXPLANATION OF SURVEY TERMS

The following terms have been used in the detailed survey statistics which form part of this report:

<b>SP Size</b>	Strategic Pay grades – the relative “size” of the job as assessed through the Strategic Pay job sizing process.
<b>Base Salary</b>	Basic remuneration paid weekly, fortnightly or monthly without the inclusion of any additional payments or benefits (such as telephone).
<b>Total Remuneration</b>	This is the sum total of base salary plus all other benefits and other items to which a cash equivalent value has been attributed. This is sometimes called total package. FBT should be included in the calculation of total remuneration, but we are aware most of the vehicle values reported do not include FBT.
<b>Lower Quartile</b>	25% of all salaries and total remuneration are paid below this point, 75% above. It represents the 25th percentile.
<b>Median</b>	This is the midpoint value of all the data points in a given sample. It represents the 50th percentile.
<b>Upper Quartile</b>	25% of all salaries and total remuneration are paid more than this point, 75% below. It represents the 75th percentile.
<b>Average</b>	The statistical average (or mean) of all the data shown.
<b>Percentage receiving</b>	For each remuneration item, the survey page identifies the percentage of participants receiving that item. The average cost for employees receiving that item is shown in the adjoining column.
<b>Bonus</b>	Performance bonus. Actual amounts paid to recognise the achievement of individual, team or organisation goals.
<b>Vehicle</b>	Vehicles have been included in this analysis on the basis of the value to the employee reported by each organisation. In most cases, the value assigned by organisations to the vehicle benefit is substantially lower than the full costs of running that vehicle, including FBT.
<b>Vehicle Parking</b>	Actual dollar amount of providing a vehicle parking space to an employee for either an employer car or the employee’s own vehicle.
<b>Superannuation</b>	Actual dollar amount that the organisation contributes to superannuation.
<b>Medical Insurance</b>	Payments made by the employer to cover all or some of the costs of a health care scheme, or other medical cover.
<b>Professional Fees</b>	The actual fees or subscriptions paid or reimbursed by the organisation for membership in any professional or other association or club as part of the employee's total employment package. This does not include associations in which the organisation requires the employee's participation as essential for business purposes.
<b>Other allowances</b>	The sum total of all other benefits. These range from life insurance to clothing allowances, service bonuses, and other cash allowances.

# ABOUT STRATEGIC PAY

Strategic Pay Limited is a human resources consultancy, specialising in strategic rewards and performance management. Strategic Pay was formed in 1994, growing steadily in areas such as job evaluation, remuneration and performance management, particularly within Local and Central Government.

In April 2004 it acquired the former IBM/PwC remuneration consulting and survey business. Strategic Pay now has a nationwide network of clients, across all sectors of the economy. With offices in Auckland, Wellington and Dunedin, Strategic Pay is a leading remuneration and performance development consulting firm.

## We respond to client needs in the following areas:



# THE STRATEGIC PAY APPROACH TO JOB SIZING

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One of the challenges facing organisations today is the development of effective reward systems to ensure the very best organisational and individual outcomes. Equitable and competitive remuneration is critical to the attraction, motivation and retention of high calibre employees. In order to ensure equitable and competitive systems, an organisation must first establish the relative worth of its jobs. Analytical job evaluation is a useful and reasonably objective basis for assessing relative job worth.

Job sizing is an objective and systematic method of comparing one particular job, a group of jobs, or even a type of work with other jobs. It provides management with key information for identifying and establishing meaningful and dependable pay relationships between jobs, both within the organisation, and externally with the wider labour market.

Strategic Pay offers three main options for job evaluation:

## 1 Use Strategic Pay's Points job evaluation system

This is the legacy IBM/PwC job evaluation methodology. It has a wide following in the public and private sectors, particularly at executive level, and with its associated linkage to executive remuneration data. It suits the executive scene and environments where points differentials are considered important. It comprises 10 factors.

## 2 Use Strategic Pay's generic JOBWISE™ model

For some organisations it is convenient and cost-effective to simply use the job sizing factors provided by the consultant. Strategic Pay's work with customising factor plans led logically to the development of a set of factors which could be applied to a wide range of jobs across organisations in the public and private sectors.

The five JOBWISE™ factors are:

<b>Accountability</b>	the job's accountability for and contribution to the end results of the organisation and the impact on organisation performance
<b>Work Complexity</b>	the complexity of the problems faced, the requirement to exercise judgement, as well as the availability of guidance and assistance for problem solving
<b>Responsibility for People</b>	the leadership, teamwork and coaching skills required to perform the job, including the extent of direct responsibility for supervising other employees
<b>Relating to Others</b>	the range of interpersonal skills required for effective performance, both inside and outside the organisation
<b>Expertise</b>	the knowledge and expertise required to achieve full competence in the role

It is a simple no-nonsense points-based factor plan, with over 60 organisations (including 42 Councils) using the job evaluation system to identify internal relativities, and as a basis for market benchmarking using the Estimated Market value methodology (see next page).

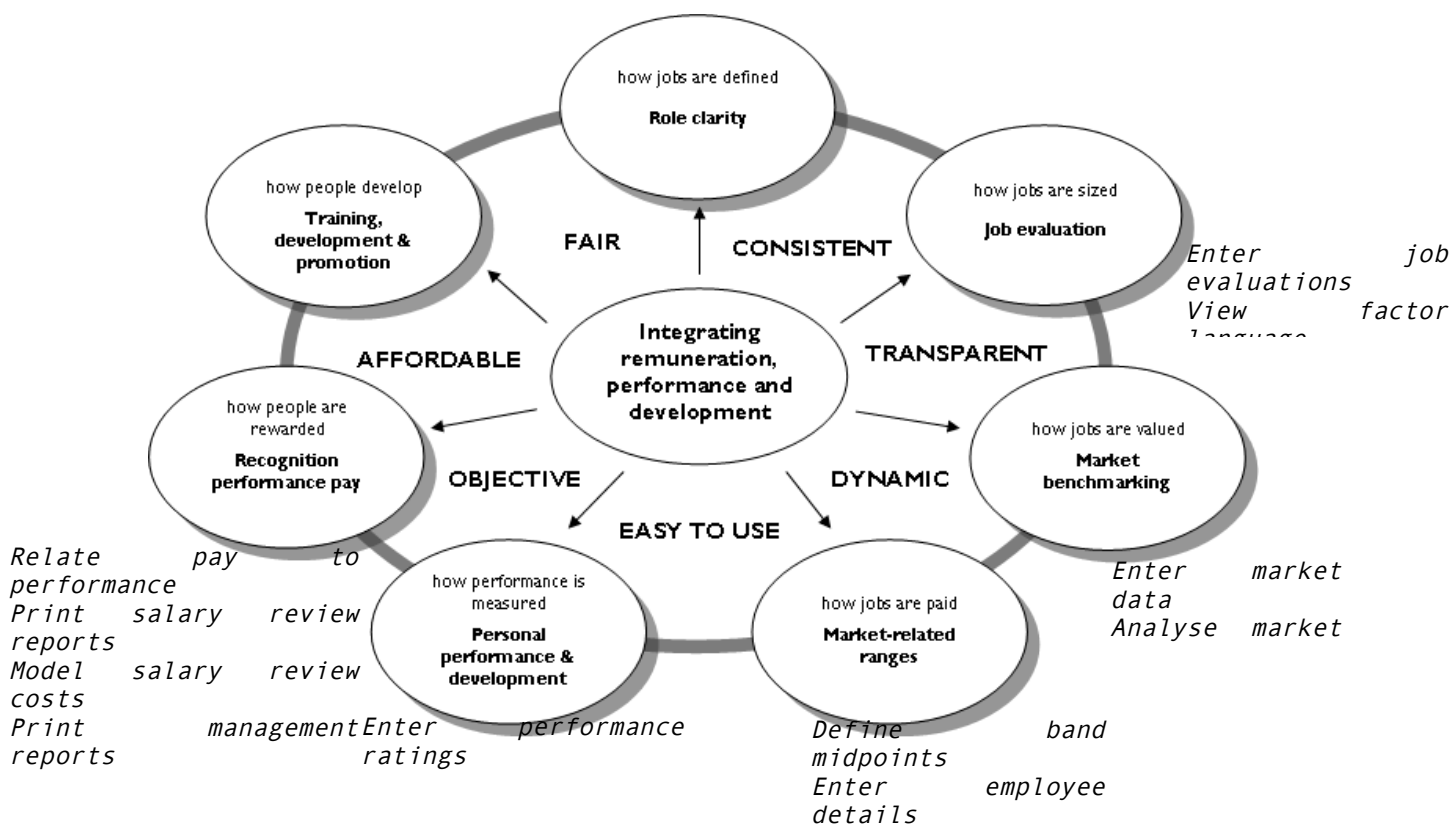
## 3 Use Generic Job Profiles to Speed up the Process

Job evaluation is a tool for understanding how jobs and organisations function. It is evident that many roles at middle and lower levels are generic within and across organisations. We expect to see certain patterns in the job evaluation scores assigned to knowledge, experience, complexity and problem-solving. Strategic Pay designed the **Indicative Job Profiles** as an adjunct to consulting projects in broad banding, career pathway and job family models. This can be a cost effective starting point for the evaluation process, enabling organisations to speedily evaluate comparable roles in varying functions. The emphasis is on looking for the similarities between jobs rather than the differences.

# REMWISE™ – A TOOL FOR MANAGING REMUNERATION

RemWise™ is Strategic Pay's salary management tool to enable HR practitioners to manage job evaluation and remuneration data. It has been designed to mirror the integrated HR model below and so enhance understanding at all levels of the relationships between the various elements of remuneration and performance in managing human resources.

The highlighted items identify the HR processes available in the RemWise™ program:



RemWise™ has been designed to make life easier for busy HR departments:

- > The settings can be customised to suit the client organisation
- > Market survey data can be imported to minimise the need for detailed data entry
- > Range of reports for management and employees:
  - Job evaluation
  - Market benchmarking
  - Salary review communication
  - System performance (e.g. ratings distribution)
- > Detailed analysis of remuneration costs
- > Automated salary survey return

Please contact the Strategic Pay Office for more information  
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