

A person wearing a red jacket and a backpack stands on a rocky ledge in a lush, green forest, with their arms raised in a gesture of joy or triumph. In the background, a waterfall cascades down a rocky cliff, surrounded by dense vegetation and trees. The scene is bathed in natural light, creating a vibrant and serene atmosphere.

INTEPEOPLE MARKET UPDATE

January 2024

Better people make a better world
Mā tātou ka pai ake ai (te ao)



INTEPEOPLE™
YOUR PEOPLE & CULTURE PARTNERS



Introduction

Kia ora and Happy New Year! We hope that you are starting off the year feeling refreshed after a relaxed summer break.

As we move into 2024, we are excited to share the first Intepeople Market Update with you. In this report we will summarise key industry trends, look at remuneration and reward strategies, and review the changes made by our new government that impact the employment market. Tim Malcolm, our Senior HR & Talent Partner, has prepared our first market update. Tim specialises in remuneration and reward strategies.

Stay tuned for further updates throughout the year, as we keep our eyes on developing market dynamics and hiring trends.

Ngā mihi nui,

Melisa Kappely

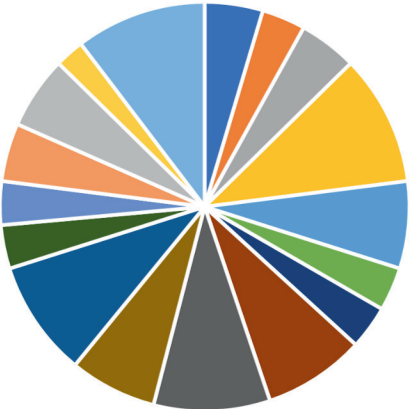
General Manager, Intepeople



The employment market at a glance

2023 was a challenging year for a lot of organisations nationwide. We are seeing clients still grappling with talent shortages, especially in higher-skilled roles like IT, Finance, Risk & Compliance, Banking & Finance, Engineering, and Legal, as the unemployment rate stands at 3.9%.

As outlined in the pie chart below, Intepeople have recruited across a broad range of industries and role types during the year and have found there is less pressure to fill Executive and Director level roles, indicating that candidates at this level are open to shifting organisations if the role is right for them.



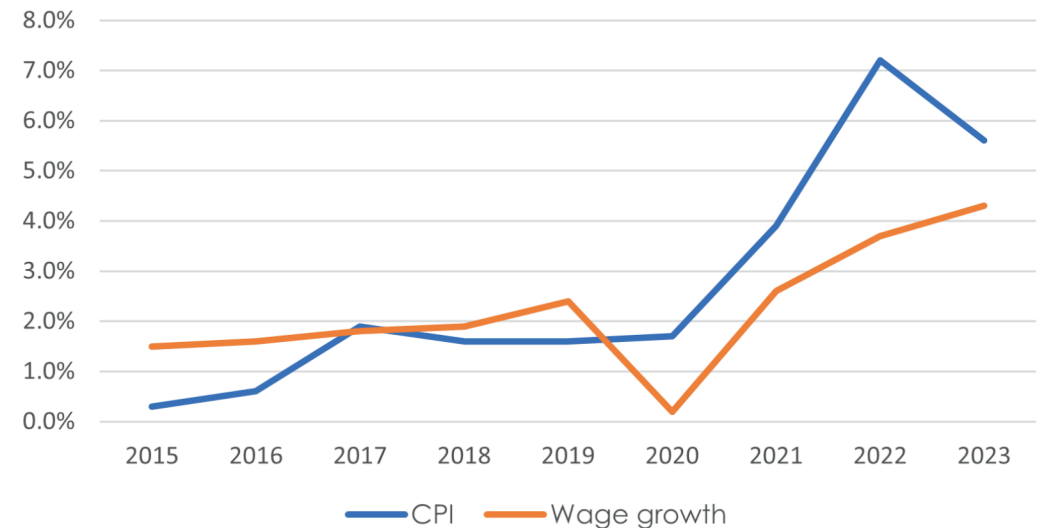
- Property
- Executive
- Marketing & Comms
- Marine
- Sales
- H&S
- Engineering / technical
- Finance
- Customer Services
- Admin and Support
- IT
- HR
- Trades
- Manufacturing
- Director
- Supply Chain
- Operations / Service Delivery



Remuneration update

- The New Zealand Economic Institute of Economic Research suggests easing labour shortages in unskilled roles. This is particularly beneficial for industries like retail, hospitality, agriculture, and manufacturing.
- The recent minimum wage increase from \$21.20 to \$22.70 adds pressure to employers. The new government is indicating that, moving forward, they will commit to moderate increases to the minimum wage each year.
- The Living Wage increased to \$26 on the 1st of September 2023, benefiting employees but creating wage pressure/compression for employers.
- Overall wage inflation is 4.3%, with CPI of 5.6%, indicating that wage growth is still below CPI. The new government plans on tackling this.
- Pre-pandemic, the five-year average CPI was 1.16%, suggesting that for employees pre-2020, remuneration may have kept up with or exceeded inflation, even if recent increases have been lower than CPI.
- Forecast salary increase for the next 12 months is between 4-5% for general staff, and between 3-4% for Executives.
- Gone are the days of blanket remuneration increases for staff, replaced by targeted performance-based increases.

CPI vs Wage Growth



What can you do as an employer?

Remuneration and reward strategies.

Developing a remuneration and reward strategy aims to attract and retain employees by providing competitive salaries, performance-based bonuses, and benefits while ensuring fair and equitable pay across the organisation.

This can be achieved through salary benchmarking, regular pay equity reviews, and tying performance to remuneration.

Outlined is a suggested approach to develop the strategy and put it into practice:

1. Define the approach to salary benchmarking and adopt a market policy line.
2. Conduct regular pay equity reviews.
3. Tie remuneration to performance.
4. Provide managers with the ability to motivate their teams e.g. variable pay for particular roles.
5. Provide benefits for employees.

Intepeople is seeing an upward trend in organisations who are seeking support to build out their remuneration and reward strategy, so if this is something you are interested in then we would be happy to assist.





Employee value proposition

- Employee demands for competitive remuneration, additional benefits, and cultural fit are increasing.
- Many organisations are focusing on articulating the value they offer to employees, both tangible and intangible. This emphasis is supported through the development of their employee value proposition.
- Candidates are expressing a likelihood to switch employers if the employee value proposition doesn't align with their needs.
- We have found a sharp increase in the number of organisations who are looking to better articulate the value that an organisation can offer to employees in return for the employees skills.

Our new government

What we know about its impact on the employment landscape so far.

CONFIRMED CHANGES

- The Fair Pay Agreements (FPA) Act has been repealed with effect from 20 December 2023.
- The expansion of 90-day trials to apply to all businesses, not just those with 19 or fewer employees, effective 23 December 2023.
- The Worker Protection (Migrant and other Employees) Act 2023 came into force on 6 January 2024, strengthening immigration and employment laws that protect employees from exploitation.

SIGNALLED CHANGES

- The public sector is poised to undergo a reduction in non-essential back-office functions, aiming to revert the public sector headcount to 2017 levels.
- The personal grievance process may be amended. This could mean that employees would not be eligible for remedies if they are at fault. This also may include implementing an income cap beyond which a personal grievance could not be pursued.
- Contractors may be prevented from challenging their status, i.e. preventing them from making a claim that they are actually an employee.
- Health and safety laws and regulations may be reviewed.





Would you like more
information? Get in touch!

We would love to hear from you.

Phone: +64 3 546 8649

Email: info@intepeople.co.nz

www.intepeople.co.nz



INTEPEOPLE™
YOUR PEOPLE & CULTURE PARTNERS