

IT pay rises slow

MONDAY , 27 FEBRUARY 2006

By REUBEN SCHWARZ

The pay rises of New Zealanders working for IT firms and telcos slowed over the past 12 months, despite a lingering skills shortage and rising inflation.

Base salaries for workers in New Zealand IT and telecommunications firms went up 4.1 per cent on average in the past 12 months, according to Australian pay researcher CSi.

This is about 1 percentage point above the inflation rate of 3.2 per cent.

The average base salary rise is down from the 4.7 per cent reported by CSi in a similar survey in September, when inflation was 3 per cent.

Total salaries, including bonuses and commissions, rose 4.6 per cent on average in the past 12 months, down from 4.9 per cent reported in September.

Remuneration specialist Jodie Lewthwaite says the pay rises reflect both the high inflation rate and the lingering IT skills shortage in a time of record low unemployment.

"Retention in a tight skilled labour market continues to be an issue with many organisations looking to flexible work practices to aid in staff retention.

"Economic growth in New Zealand has been potentially stagnated by labour shortages, as business' ability to grow is hamstrung by their ability to source appropriate skilled labour. This is not helped by the ongoing brain drain."

Demand for .Net and Java developers was particularly high in the past 12 months.

Salary rises were targeted at high performers, she says, and salaries for new starters grew at between 2.5-3.0 per cent, less than the rate of inflation.

About one in six employees left their job for another one, forcing many IT firms to continually recruit and train new staff.

This could impact the productivity of New Zealand's IT sector, she says.

CSi surveyed about 7500 people across 51 companies who had remained in the same job for the past 12 months.