



21 February 2020



Reference: OIA-2019/20-0340

Dear 

Official Information Act request relating to salary information for legal and policy roles

Thank you for your Official Information Act 1982 (the Act) request received on 28 January 2020. You made a number of requests, I will respond to these each in turn.

Question One

"Please provide the salaries or, if applicable, salary band (meaning minimum and maximum salary) for each of the following roles or their equivalents at the Department of the Prime Minister and Cabinet (DPMC)."

Please provide individual responses for each sub-paragraph a-e for the roles at both 1. and 2.

1. People with the following years of experience in a legal role (solicitor);

- a. Graduate (first year of work);*
- b. One year of prior experience;*
- c. Two years of prior experience;*
- d. Three years of prior experience;*
- e. Four years of prior experience."*

I note you have requested we provide salaries/salary bands based on roles. Staff in specified roles are paid within salary bands, and not specifically by years of experience. In terms of legal roles, the following positions apply:

- Senior Solicitor (generally 6+ yrs experience): \$112,837 – \$152,661
- Senior Legal/Constitutional Advisor: \$94,716 – \$128,146
- Solicitor : \$78,069 – \$105,623

Question Two

"People with the following years of experience in a policy role (policy analyst or closest equivalent)

- a. Graduate (first year of work)*
- b. One year of prior experience;*
- c. Two years of prior experience;*
- d. Three years of prior experience;*
- e. Four years of prior experience."*

In context to the above, the salary bands of the standard policy analyst/advisor in DPMC are:

- Senior Advisor/Senior Policy Advisor \$94,716 – \$128,146
- Advisor, Analyst, Policy Advisor, \$67,865 – \$91,817

Question Three

"3. Does the DPMC offer anyone of the roles at 1. or 2. above financial incentives or bonuses?"

The Department of the Prime Minister and Cabinet (DPMC) does not 'offer' bonuses or financial incentives in any roles in the organisation. Small, generally \$5,000 or less, one-off payments may be made in exceptional circumstances only.

In 2018/19, the criteria for one-off payments in DPMC, which had not changed since 2008, was based on:

- exceptional performance or achievement by an employee in their given position (e.g. when an individual's performance far exceeds the normal high expectations); or
- undertaking work that exceeds the normal high expectations (e.g. by taking on significant additional duties not part of their normal position).

This policy has been updated in 2019/20 to include staff at the top of the range operating at exceeds expectations.

Question Four

"If yes, please provide a copy of the DPMC's relevant policy or policies on financial incentives and bonuses."

Please find attached the DPMC's staff guidance on pay: *How pay works around here – 2018/2019*.

Question Five

"Does DPMC offer anyone of the roles at 1. or 2. above payment for hours worked over and above their contracted hours?"

DPMC operates a flexible working environment. Managers work with staff to ensure workload and hours are managed effectively. DPMC does not pay overtime in any roles at this level. Time Off in Lieu (TOIL) is only used in exceptional circumstances – such as in a National Emergency Response situation.

Question Six

"If yes, please provide a copy of DPMC's relevant overtime policy or policies."

I refer you to my response to question four.

Question Seven

"Does the DPMC offer anyone of the roles at 1. or 2. above a system of paid time off in recognition of longer than normal hours worked (TOIL or equivalent)?"

I refer you to my response to question five.

Question Eight

"If yes, please provide a copy of the DPMC's relevant time off in lieu (or equivalent) policy or policies."

I refer you to my response to question four.

You have the right to ask the Ombudsman to investigate and review my decision under section 28(3) of the Act.

Finally, for your information, this response will be published on DPMC's website during our regular publication cycle. Typically, information is released monthly, or as otherwise determined. Your personal information including name and contact details will be removed for publication.

Yours sincerely



Clare Ward
Executive Director, Strategy, Governance & Engagement



**DEPARTMENT OF THE
PRIME MINISTER AND CABINET**
TE TARI O TE PIRIMIA ME TE KOMITI MATUA

How pay works around here

2018/2019

Advancing an ambitious, resilient and well governed New Zealand

Contents

Introduction	3
Our Principles: factors in remuneration decisions	4
<hr/>	
Performance and Talent	4
Affordability	4
External Job and Remuneration Information	4
Internal Relativity of Roles	5
Government Principles for Remuneration	5
Lifting lower wages	5
Gender Pay Gap	6
Flexibility and Transparency	6
<hr/>	
When remuneration decisions are made	7
Who makes remuneration decisions	7
Benefits of working for DPMC	8
Annual remuneration review process	10
What information will I receive?	14
Frequently asked questions	15
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Introduction

To provide an overview of the annual remuneration and reward process. This guide outlines the principles taken into consideration when making remuneration decisions to ensure DPMC is meeting its goals of supporting consistent high performance and offering a career path that is valued by our employees.

This guide should be read in conjunction with the following policies and guidelines:

DPMC Remuneration Policy

Our Principles: factors in remuneration decisions

Performance and Talent

At DPMC, consistent high performance and results are recognised and rewarded. DPMC must also be able to attract and retain the right people to realise our vision and deliver our strategic goals. These factors are the main considerations in remuneration decisions. The talent management process is based around the regular performance and development discussions between you and your manager.

Affordability

Remuneration decisions must take into consideration DPMC's current funding models and future direction. As leaders in the state sector we must model prudent fiscal practice, and our aim is not to lead the employment market. Our remuneration decisions must also be sustainable over time.

External Job and Remuneration Information

DPMC's remuneration approach is intended to maintain relativity with private and public sector markets. We aim to offer salaries that are competitive with other similar organisations and roles. We use Total Remuneration (TR) as our comparison.

Information about role sizes and remuneration rates is provided by the KornFerry-Hay Group, an independent remuneration company. Roles at DPMC are benchmarked against comparable external public sector roles and where possible, similar roles across the central agencies. Other external factors considered when making remuneration decisions include general market remuneration trends where applicable and recruitment activity. Refer to “Setting Benchmarks” information below for more details.

Internal Relativity of Roles

Fairness and relativity across the Department is important. Recognising the responsibility, complexity and outcomes of roles across the Department helps to ensure relativity. This cannot be achieved solely through external job and remuneration information.

Government Principles for Remuneration

The Government has released a series of principles that public sector agencies are expected to consider within their remuneration strategy. These include:

- Lifting lower wages
- Reducing the gender pay gap

Lifting lower wages

In 2018 DPMC made a change to the lowest four grades, using a broadband to create two new grades. The bottom of these grades is aligned to be above the living wage.

Gender Pay Gap

The Gender Pay Gap (GPG) at DPMC was 10.2%¹ after the 2018 remuneration review. Executive Leadership Team (ELT) analyse the remuneration data during the moderation to ensure no anomalies occur in like-for-like roles. Our aim is to reduce our GPG year on year, noting that the measure is a 'snapshot' of our people at a given time, and may change based on a small number of roles.

On appointment HR checks recent appointments (at that level) to ensure remuneration offers are not creating GPG anomalies.

Flexibility and Transparency

An element of flexibility exists to attract and retain the right people, while working within the Remuneration Policy and without compromising our principles. Our need to be flexible to recruit or retain people is balanced with the needs of the Department.

Transparency and consistency are important and staff will be advised of the pay grade aligned to their role. Refer to "Who makes remuneration decisions" for clarity on where responsibilities lie. Many factors are considered with regard to remuneration decisions as outlined above i.e. performance, affordability, external and internal relativity of roles along with government expectations. During the annual remuneration cycle a formal moderation process occurs with various checkpoints through managers, business units and ELT.

¹ After the 2018 Remuneration Review process, DPMC commissioned NZIER to do an independent analysis of the gender pay gap. This work found no statistically significant gender difference in the current level of remuneration. Pay grades and position in these grades determined the majority of the difference in pay rates between individuals.

When remuneration decisions are made

- ▶ On appointment to DPMC or a new role such as promotion or secondment
- ▶ During the annual remuneration review process
- ▶ If a fixed term agreement is being extended, varied or a new agreement is made
- ▶ Outside of the above, situations may arise where it is appropriate to review an individual's remuneration – this is an exception rather than the rule

Who makes remuneration decisions

On a day-to-day basis (including on appointment) and consistent with the Delegations Policy:

Who	On what
Managers with HR	Recommend and support remuneration decisions
Relevant ELT member	Signs off remuneration decisions, commencing salaries on appointment

At a strategic level

Who	On what
ELT	Strategic decisions such as external market benchmarks, budgets and parameters
Chief Executive	Sign off of annual remuneration reviews

Benefits of working for DPMC

People want to work for DPMC for many reasons. Often people align their values and beliefs with the organisation they join. In addition, the branding or reputation of the organisation draws them to apply for a role. What motivates individuals to join or stay is not always driven just by remuneration. DPMC's value proposition for employees include:

- ▶ Competitive salaries
- ▶ Commitment to investing in their personal and professional development
- ▶ The work DPMC is involved in that is advancing an ambitious, resilient, well governed New Zealand
- ▶ Potential to work on project based assignments, offering additional variety and challenge
- ▶ Interaction with, and opportunities to influence decision makers
- ▶ Flexible working arrangements
- ▶ Innovative performance management practices that focus on the individual and supporting them to thrive and grow. Refer to Performance, Development and Growth Policy for more information.
- ▶ Four weeks annual leave along with five paid departmental days taken over the Christmas break
- ▶ 10 days sick leave, increasing to 15 days after two years' service
- ▶ Long service leave
 - ▶ Recognition of exceptional achievement
 - ▶ Access to discounted Southern Cross Healthcare rates
 - ▶ Ability to access additional leave provisions
 - ▶ Annual reimbursement of wellbeing costs, including vision care (glasses etc.) subsidy

- ▶ Support for those who incur expenses in caring for dependents when working above and beyond and when travelling
- ▶ Parental Leave ex-gratia payments
- ▶ Employee Assistance Programme (EAP) through Vitae
- ▶ A proactive Culture & Engagement calendar

Released under the Official Information Act 1982

Annual remuneration review process

All permanent DPMC staff are entitled to an annual review of their remuneration. This is set out in your individual employment agreement. Remuneration decisions during the annual review are based on DPMC's remuneration principles, with employees meeting DPMC's Performance Expectations (results, behaviours and development) being a critical decision driver. Refer to "Assessing Performance" information below for more details.

Key steps in process

- ▶ Setting benchmarks
- ▶ Assessing performance
- ▶ Managers make recommendations
- ▶ Moderation process to check for consistency
- ▶ Decisions finalised and communicated

Eligibility

You must meet the following criteria to be eligible for a review:

- ▶ You are a permanent employee
- ▶ You are currently employed and have not resigned as at 30 June 2019
- ▶ You have worked for at least six months in the performance year

Employees seconded to other agencies who met the above criteria will also be eligible.

Fixed term employees are not eligible for a remuneration review. This is contrary to DPMC Remuneration Policy. However DPMC wants to ensure that those on fixed term agreements are treated

fairly. Remuneration changes for this group of staff should be made if agreements are extended or varied. Fixed term agreements that are for longer than two years will have a review process included in their agreement. If this is not the case, please discuss this with HR.

Setting benchmarks

All roles in DPMC are sized and placed in a grade based on the expectations, responsibilities and tasks of a role. To ensure consistency and transparency we work with an independent remuneration company KornFerry-Hay Group, using their system to evaluate, size and map roles.

Each remuneration grade is benchmarked against data from the external job market to indicate the salary range appropriate for roles in that grade. DPMC currently benchmarks remuneration to the 'average public sector total remuneration midpoint' for all roles.

On appointment people are placed on a minimum of 85% of the grade their role is situated in. The range for any grade is 85% to 115%. Where people sit (in the grade) is expressed as a percentage of that remuneration grade based on their Total Remuneration (which includes base salary, employer superannuation contribution and other benefits if applicable).

During the annual remuneration review process the latest external market data is evaluated for each remuneration grade; however, this does not necessarily mean that the data will change on an annual basis.

For 2019-2020 the grades will be moved 1.72%, with adjustment ranging from 0.00% to 3.10%.

Assessing performance

Performance is one of the eligibility criteria that must be met to be considered for a remuneration review i.e. is the individual meeting the DPMC Performance Expectations? In other words, do they deliver consistent results, behave in accordance with DPMC values and seek to actively develop their skills and experience as expected given the individual's role and experience?

The DPMC Performance, Development and Growth Policy and Performance Expectations provide guidance to understand how to identify when an individual is meeting the DPMC performance expectations. The framework is intended to be used when setting and assessing performance, development and behavioural goals and to guide performance conversations.

Managers make recommendations

Taking the KornFerry-Hay market data, our remuneration principles, an individual's performance, position in range (PIR) and current remuneration into consideration, a manager will propose remuneration increase recommendations for their team.

Increases need to be affordable within the annual remuneration budget. Any changes need to come within the overall budget.

Consideration is given to whether a person is currently sitting in the right part of the pay grade for their role according to their performance and experience. Position in range is also reviewed to ensure there is no obvious bias based on gender. Getting to the desired position in a grade is based on sustained performance levels over a number of years (not just one-off achievements).

In most circumstances, it would be expected that:

- Individuals new in a role would be between 85-95% position in range

- Individuals consistently demonstrating DPMC performance expectations of the role should be moving up the range over time

Applying the remuneration matrix

We use a matrix to provide guidance to managers making remuneration decisions. A matrix is modelled using current market data and position in range information. The exception to this is the Policy Advisory Group, where there is flexibility on remuneration outcomes using performance, the agreed remuneration principles and budget.

One-off payments

DPMC uses one-off payments to recognise exceptional achievement and contribution, over and above the ongoing requirements for the role. Recommendations are guided by the following criteria:

- the achievement should be exceptional for what we would expect from someone who is at their remuneration level, given their experience and role
- the achievement is not being recognised in any other way (e.g. a remuneration increase)

One-off payments should be made as close as practicable to the actions or performance for which the payment recognises.

Checking for consistency

Business group managers moderate the proposed outcomes to ensure consistency within each group. ELT then discusses those recommendations from managers and takes an overall DPMC perspective (in line with agreed principles and budget) before final sign off is made by the Chief Executive.

What information will I receive?

Your annual remuneration review outcome letter will include the following details:

- ▶ Confirmation on demonstrating DPMC performance expectations(unless not applicable)
- ▶ Your new total remuneration
- ▶ The grade your position falls within
- ▶ The midpoint of the remuneration grade for your position and your position within that grade
- ▶ The \$ amount approved and/or the \$ amount for a one-off recognition payment (if applicable)
- ▶ Details of when you will receive your increase (if applicable) which is backdated to 1 July

Frequently asked questions

How is remuneration determined when hiring someone new?

Managers work with HR to help determine a remuneration recommendation for a new employee based on DPMC's remuneration and reward policy and principles.

The benchmark for the role and the experience, skills and qualifications of the individual are taken into consideration to determine a total remuneration package. Consideration is also given to relativity with other recent appointments in the same grades/roles to ensure no GPG anomalies.

New employees can expect to be appointed no lower than 85% of the grade.

When is the annual remuneration review process?

At the end of the financial year the annual remuneration review process is undertaken, usually in July.

A timetable is sent to managers each year outlining specific dates and actions required for the remuneration round. General steps are as follows:

Steps	What
One	<p>ELT discussion and approval of how the annual remuneration review works, in particular:</p> <ul style="list-style-type: none"> – Remuneration review focus areas and principles, – Consideration of current market information – Budget allocation and administration, and eligibility criteria
Two	<p>Managers enter information into SharePoint, including:</p> <ul style="list-style-type: none"> – confirm whether each team member is meeting the DPMC performance expectations² – add few performance highlights and areas for development
Three	<p>Information to managers on:</p> <ul style="list-style-type: none"> – remuneration principles – annual remuneration review process – the use of the remuneration tool
Four	Drop in sessions for managers (on an as-required basis)
Five	<p>Remuneration tool open for managers to make remuneration review recommendations.</p> <p>Business Unit management teams to meet and discuss remuneration recommendations</p>
Six	ELT discussion and approval of final remuneration outcomes and costs
Seven	ELT members on sign-off final remuneration review outcomes and costs for their business unit
Eight	Communications and conversations take place for all employees, letters distributed
Nine	<p>DPMC payday</p> <p>New remuneration grades will be communicated to employees</p>

² The Performance, Development and Growth Policy will be used to support regular quality conversation between managers and their staff to understand if the individual is meeting the DPMC performance expectations. Consistent with the Performance, Development and Growth Policy these conversations will take place on an ongoing basis and not be a point in time assessment.

What is total remuneration?

DPMC's approach to total remuneration includes:

- ▶ base salary
- ▶ employer contribution to superannuation (gross)
- ▶ other benefits if applicable

How often is remuneration data reviewed?

We review external remuneration data each year as part of the annual remuneration and reward review process. This doesn't necessarily mean that the data will change on an annual basis.

What does a working example look like?

Once a role is evaluated and sized it is placed according to that size in a grade.

What an individual's remuneration package is for that role then determines the position in the grade for that person.

As an example (Note: remuneration grade data may not be current):

Your role: Advisor is sized in grade	15
Hay public sector fixed package range for grade 15 (85% to 115%)	\$66,033- \$89,339
Hay public sector fixed package midpoint for grade 15 (100%)	\$77,686
Your total remuneration package (including any employer contribution to superannuation and other benefits you receive)	\$79,500
Your position in range (PIR) for grade 15	102.34%

Can staff know what grade their role is in?

Annual remuneration review outcome letters detail the grade for the role, midpoint of the grade and position in that range (PIR). Current remuneration grades and their associated range are published on Kāinga under the *How Pay Works Around Here* section of the HR Pages.

If someone is unhappy with their remuneration review what can they do?

In the first instance they should have a further conversation with their direct manager, if they do not feel the issue is sufficiently resolved then they can escalate it to their manager's manager.

Why would an individual's PIR go down even if they received a remuneration increase?

DPMC's remuneration grades are reviewed annually in line with the relevant market (public sector) which may result in grade movements. Fiscal constraints mean that these movements do not automatically result in remuneration adjustments.

Remuneration before the annual review:³

Hay Grade	Grade Midpoint	Total Rem	PIR
15	\$77,686	\$79,500	102.34%

Remuneration following the annual review (as at 1 July)

Hay Grade	Grade Midpoint	Matrix Movt.	increase	Total Rem ⁴	PIR
15	\$79,784	2.0%	2.0%	\$81,090	101.64%

³ Note: Remuneration grade information may not be current.

⁴ The employee in this case received a 2% increase in their total remuneration. However, their PIR as at 1 July went down by 0.670% because the range for grade 15 increased by 2.70%. Note: Remuneration grade information may not be current.

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