

**SECRETARIAT OF THE PACIFIC COMMUNITY****FORTY-FOURTH MEETING OF THE
COMMITTEE OF REPRESENTATIVES OF GOVERNMENTS AND ADMINISTRATIONS**
(Noumea, New Caledonia, 4–7 November 2014)

AGENDA ITEM 7: OPERATIONS AND MANAGEMENT DIRECTORATE REPORT**AGENDA ITEM 7.5: ANNUAL MARKET DATA REVIEW AND FISCAL YEAR 2015 SALARY
SCALES & SALARY REVIEW**

(Paper prepared by the Secretariat)

SUMMARY

1. This paper presents conclusions and recommendations based on the 2014 annual market data review of the three reference markets used to benchmark the salaries of CROP (Council of Regional Organisations in the Pacific) agencies for positions advertised internationally¹ and for positions advertised locally in each of SPC's four host countries.
2. In particular, the secretariat draws CRGA's attention to the lack of harmonisation between CROP agencies and to the need to find solutions in order for SPC to remain competitive as an employer.
3. This paper also explores the need to redefine the reference markets for salary surveys in order to position SPC in the market that it seeks to draw talent from. This goes beyond the Pacific region and should include reference points from the global market.

RECOMMENDATIONS

4. CRGA is invited to:
 - i. approve an update of the midpoint for all salary bands of positions advertised internationally of 2%;
 - ii. approve an update of the midpoint for all salary bands for positions advertised locally in Fiji of 2%;
 - iii. approve an update of the midpoint of salary bands 1, 2 and 3 for positions advertised locally in Noumea of 10%;
 - iv. approve an update of the midpoint for all salary bands for positions advertised locally in the Federated States of Micronesia and Solomon Islands of 1%;
 - v. approve a market salary increase of 1.5% for all staff in all locations, with the exception of members of the Senior Leadership Team;

¹ Median of the public service sectors in Australia and New Zealand, and the upper quartile of the Fiji 'all organisations' market.

- vi. mandate the secretariat to undertake initiatives to re-define the reference market for salary surveys to include reference points from the global market, with a focus on international organisations in development and research.
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ANNUAL MARKET DATA REVIEW AND FISCAL YEAR 2015 SALARY SCALES

Background

- The annual market data review, prepared by Strategic Pay, is used as the benchmark against which the following year's salary scale is considered (i.e. the 2014 market data review is used as the benchmark for the 2015 salary scale). These salary policies were adopted in 2004 by the governing bodies of CROP agencies and have been reconfirmed by subsequent triennial remuneration reviews.

Salary scale updates

- Harmonisation of remuneration between CROP members is currently dysfunctional, with no visible harmonisation between agencies and, according to recent indications, no will to truly harmonise pay scales and salary levels.

Positions advertised internationally

- SPC is objectively the least competitive of the CROP organisations in terms of salary scales. Table 1 shows the discrepancies per band between SPC and three other agencies – Pacific Islands Forum Secretariat (PIFS), Secretariat of the Pacific Regional Environment Programme (SPREP) and Forum Fisheries Agency (FFA).

Table 1: Current differences in salary scales per band of three CROP agencies in comparison to SPC

| Band | PIFS | SPREP | FFA |
|-------------|-------------|--------------|------------|
| 18 | + 6% | + 13% | + 4% |
| 17 | + 5% | + 11% | + 3% |
| 16 | + 4% | + 9% | + 2% |
| 15 | + 4% | + 9% | + 2% |
| 14 | + 4% | + 9% | + 2% |
| 13 | + 4% | + 8% | + 2% |
| 12 | + 4% | + 8% | - 11% |
| 11 | + 4% | +9% | - 6% |
| 10 | + 4% | + 9% | + 2% |
| 9 | + 4% | + 8% | Local |
| 8 | +4% | + 8% | Local |

- At the time of writing, SPREP has indicated that it will maintain its current salary scale, PIFS is planning to increase its midpoints to catch up with SPREP, and FFA will not implement a midpoint review until May 2015. Should SPC fail to take any steps, this will drive the discrepancies further.
- The secretariat understands that it is not feasible to make a major adjustment to salary scales to bring SPC in line with the above salary bands or with the recommendations made by the market survey.
- However, the secretariat considers that it is essential to improve SPC's salary scales in order to remain attractive as an employer and maintain its capacity to attract quality staff in the global market.
- CRGA is therefore requested to endorse an increase in the midpoint of the salary scale for positions advertised internationally of 2%.

12. It should be noted that salary scale updates are independent of general salary increases and the recommended increase is neutral in terms of budgetary impact, i.e. a staff member who is at 98% of salary band 10, would still receive the same salary but would, following the mid-point shift, be at 96% of the band.

Proposed SPC 2015 annual salary scale midpoints for positions advertised internationally (bands 8-18)

| Band | SPC current salary scale midpoint (SDR) | SPC proposed salary scale midpoint (SDR) |
|-------------|--|---|
| 8 | 26,971 | 27,510 |
| 9 | 30,143 | 30,746 |
| 10 | 33,974 | 34,653 |
| 11 | 40,783 | 41,599 |
| 12 | 47,040 | 47,981 |
| 13 | 53,929 | 55,008 |
| 14 | 63,122 | 64,384 |
| 15 | 74,452 | 75,941 |
| 16 | 86,460 | 88,189 |
| 17 | 98,241 | 100,206 |
| 18 | 115,065 | 117,366 |

Positions advertised locally

Fiji

13. PricewaterhouseCoopers (PwC) in Fiji conducts annual market surveys for SPC and other CROP agencies.
14. The 2014 market data analysis and midpoints comparison recommends a 2% increase to remain market competitive in Fiji.
15. In line with the recommendation made by PwC, the secretariat therefore proposes a midpoint update of 2% for all salary bands for positions advertised locally in Fiji. Once again, this measure would be cost neutral.

Proposed SPC 2015 annual salary scale for Fiji (bands 1-7)

| Band | SPC 2014 midpoint (FJD) | SPC 2015 proposed midpoint (FJD) |
|-------------|--------------------------------|---|
| 1 | 11,916 | 12,154 |
| 2 | 12,963 | 13,222 |
| 3 | 14,152 | 14,435 |
| 4 | 16,625 | 16,958 |
| 5 | 20,564 | 20,975 |
| 6 | 24,967 | 25,466 |
| 7 | 30,181 | 30,785 |

New Caledonia

16. This year, the *Institut pour le Développement des Compétences en Nouvelle-Calédonie* (IDC-NC) published a salary survey of average combined salaries for the public and private sectors classified by industry and job. The survey was used to assess SPC's position and the competitiveness of its levels of remuneration in comparison with the New Caledonian market.

17. The results show that, as an organisation, SPC average salaries in Noumea for positions advertised locally are highly competitive.
18. A detailed analysis of Noumea 2014 midpoints reveals that grades 1, 2, and 3 are less competitive. In order to ensure recruitment of qualified prospective employees, the above grades need to be updated. Grades 4, 5, 6 and 7 are functional and there is no business/market need to review them at this point.
19. As such, the secretariat recommends a midpoint update of 10% for bands 1, 2 and 3 in Noumea. This update would also be cost neutral.

Proposed SPC 2015 annual salary scale for Noumea (bands 1-7)

| Band | SPC 2014 midpoint (CFP) | SPC 2015 proposed midpoint (CFP) |
|-------------|--------------------------------|---|
| 1 | 1,709,867 | 1,880,854 |
| 2 | 1,964,298 | 2,160,728 |
| 3 | 2,303,265 | 2,533,592 |
| 4 | 2,620,445 | 2,620,445 |
| 5 | 3,228,692 | 3,228,692 |
| 6 | 3,893,442 | 3,893,442 |
| 7 | 4,557,260 | 4,557,260 |

Federated States of Micronesia (FSM) and Solomon Islands

20. While awaiting a formal review, SPC recommends a minimal midpoint update of 1% for local salary bands in FSM and Solomon Islands.

Proposed SPC 2015 annual salary scale for FSM (bands 1-7)

| | SPC 2014 midpoint (USD) | SPC 2015 proposed midpoint (USD) |
|---|--------------------------------|---|
| 1 | 11,981 | 12,101 |
| 2 | 16,292 | 16,455 |
| 3 | 20,604 | 20,810 |
| 4 | 24,088 | 24,329 |
| 5 | 27,573 | 27,849 |
| 6 | 30,403 | 30,707 |
| 7 | 34,532 | 34,877 |

Proposed SPC 2015 annual salary scale for Solomon Islands (bands 1-7)

| Band | SPC 2014 salary scale midpoint (SBD) | SPC proposed 2015 salary scale midpoint (SBD) |
|-------------|---|--|
| 1 | 20,075 | 20,276 |
| 2 | 22,427 | 22,651 |
| 3 | 39,347 | 39,740 |
| 4 | 47,941 | 48,420 |
| 5 | 61,713 | 62,330 |
| 6 | 72,134 | 72,855 |
| 7 | 82,723 | 83,550 |

2015 salary increases

21. The secretariat draws CRGA's attention to the fact that SPC has not implemented the recommended market increases over the past years and, as such, currently offers lower salaries than other CROP agencies.
22. As an illustration, the survey shows that the recommended market increase since 2009 is a cumulative total of 32%. However, since 2009, SPC salaries have increased by only 8% (compared to other CROP agencies, with cumulative increases ranging from 12% to 20%).
23. The secretariat wants to balance issues of budgetary responsibility, taking into account the financial context of the organisation and its members, with the need to improve staff retention and address inflation and the impact of foreign exchange fluctuations on its payroll.
24. CRGA is therefore requested to improve a general salary increase of 1.5 % across all position types and locations. Provision for the cost of this measure is made in the 2015 budget.
25. It should be underscored that SPC's Senior Leadership Team (SLT)² unanimously made the decision to exclude itself from such an increase at its meeting in August 2014. As a consequence, the secretariat's proposal will not result in a salary increase for SLT members.

Reference market for salary surveys

26. The secretariat considers that the reference markets for salary surveys (currently Australia, New Zealand and Fiji) are no longer adapted to the market from which SPC seeks to recruit expertise.
27. To meet the needs of member countries and territories of the Pacific Community, SPC draws on the global international development market (including UN agencies) as opposed to a strictly regional market.
28. To position itself as a credible prospective employer in this international market, SPC needs to be able to establish its position relative to similar organisations drawing from the same talent pool.
29. The secretariat therefore requests that CRGA mandate it to undertake initiatives to redefine the reference market and to expand it beyond Australia, New Zealand and Fiji to include reference points from the global market, with a focus on international organisations in development and research.
30. Should other CROP agencies wish to continue with the current market definition, the secretariat considers it would be in the best interests of the organisation to explore this initiative independently.

Recommendations

31. CRGA is invited to:
 - i. approve an update of the midpoint for all salary bands of positions advertised internationally of 2%;
 - ii. approve an update of the midpoint for all salary bands for positions advertised locally in Fiji of 2%;

² Director-General, three Deputy Directors-General, Director of SEPPF, seven Division Directors, Director of Finance, Director of Human Resources, Principal Advisor to the Director-General, Director of the North Pacific Regional Office and Manager of the Solomon Islands Country Office.

- iii. approve an update of the midpoint of salary bands 1, 2 and 3 for positions advertised locally in Noumea of 10%;
 - iv. approve an update of the midpoint for all salary bands of positions advertised locally in the Federated States of Micronesia and Solomon Islands of 1%;
 - v. approve a market salary increase of 1.5% for all staff in all locations, with the exception of the Senior Leadership Team.
 - vi. mandate the secretariat to undertake initiatives to redefine the reference market for salary surveys to include reference points from the global market, with a focus on international organisations in development and research.
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