



Twentieth SPREP Meeting

Apia, Samoa
17 – 20 November 2009



Agenda Item 8.1 : 2009 Triennial Review for Professional Staff

Purpose of Paper

1. To present for consideration of the SPREP Meeting the outcomes and recommendations of the 2009 Triennial Review for Professional Staff, and where necessary, seek its endorsement of the CROP Executives' recommendations. The outcomes of the 2009 Market Data Review for professional staff are presented as 20SM/Officials/WP.8.1/Att.1.

Background

2. SPREP is one of the six agencies in the Council of Regional Organisations in the Pacific (CROP) that have adopted a 'harmonised' approach to their remuneration principles and practices over the past two decades. This involves triennial reviews of salaries, terms and conditions.

3. The last Triennial Review for Professional Staff was conducted in 2006 by Mercer HR Consulting Ltd. The 2009 Triennial Review was conducted by a consortium of Strategic Pay and PriceWaterhouseCoopers (the consultants). The Terms of Reference for the 2009 review are attached as 20SM/Officials/WP.8.1/Att.2.

4. The 2009 Triennial Review Report presented a number of recommendations which are in 20SM/Officials/WP.8.1/Att.3 (refer pages 3 to 7 of the report). This paper summarises the Review's recommendations, highlights the CROP Executives' comments, and seeks endorsement for those recommendations that require approval by the SPREP Meeting.

Summary of Review's Recommendations:

Banding of All Roles

5. The current salary scale comprises two parts with different terms and conditions: the 'support staff scale' and the 'professional staff scale'. The grades within the scales are broad-banded into a range of job-points. Jobs are sized, and the size of the job determines which grade the job falls in and therefore the salary range (and terms and conditions) for that job.

6. The Harmonisation Working Group identified an overlap for some of the participating agencies in job points between the support staff scale and the professional staff scale. SPREP does not have this problem as it has a clear demarcation between its existing salary scales for professional and support staff.

7. Some agencies are finding that the limited number of professional staff salary grades is causing difficulty because some managers fall into the same grade as their staff, and are thus paid at the same rate. A more effective method is the new salary scale proposed by the 2009 review.

8. The main difficulties SPREP has encountered relate to insufficient flexibility with the limited number of grades and steps within each grade in the professional staff scale, particularly the absence of opportunity for further progression based on performance for those who have reached the maximum of the professional staff salary scale.

9. The CROP Executives agreed in principle to review the banding model as presented by the consultants with a view to expanding the number of bands, eliminating the overlap between the current professional staff and support staff scale that exists for some agencies, and developing one salary scale for all staff. It should be noted that the proposed new salary scale is different from the current scale only in that there are more grades spread over essentially the same job points.

10. The Harmonisation Working Group will continue to work on aligning positions in their organisations with the new salary bands and to ensure effective implementation. The results are expected to be discussed by the CROP Executives in the first week of February 2010.

11. The Secretariat seeks endorsement from the SPREP Meeting of the Consultants' recommendation to revise the salary scale and will advise the SPREP Meeting of an implementation date, and any other substantive issues relating to this change, either at the next SPREP Meeting or earlier by circular, if necessary.

CEO banding

12. The consultants noted that there is a broad range of job sizes for the CROP CEO positions and therefore recommended that the CROP Executive roles be treated as a separate band supplying remuneration ranges for them based specifically on their job size. The CROP Executives did not reach consensus with respect to this recommendation and have asked the Harmonisation Working Group to provide further insight. At this stage, no decision is required of the SPREP Meeting.

13. The CROP salary scale is currently defined by nine equal increments from a minimum to a maximum (with step 5 being at the mid-point). The proposed new banding model recommends abolition of the incremental step approach and adopting a percentage movement within each band, based on percentages attached to each organisation's performance management system. This suggestion is consistent with good pay practices, such as the percentage movements system used by PIFS since 2005, and may eliminate any entitlement culture that step increases can foster.

No change for SPREP: Harmonised Payline, Six-Year Rule, Retirement Age, SDR

14. The consultants made several recommendations to harmonise positions across the six participating agencies, which require no change to SPREP practices. These recommendations include the retention of the following practices:

- a) Setting the professional staff salary payline at the average of the three reference markets¹ and setting the support staff payline as 10% above the upper quartile in the local market;
- b) Applying the six-year rule by maintaining a three-year term renewable for a further three years, and allowing the incumbent to reapply at the end of the first six years;
- c) Removing any references to a retirement age; and,
- d) Continuing to use the Special Drawing Right (SDR) for denominating the CROP salary scale, along with the existing stabilisation mechanism.

Communication

15. The consultants made a number of recommendations with respect to communicating remuneration information (page 5 of the report). SPREP Management has considered these recommendations and fully supports progressing them within the organisation.

16. The consultants also recommended that the participating CROP agencies develop a common job description template. A job description template has been adopted by the Harmonisation Working Group with the assistance of the consultants and SPREP Management has already endorsed the use of this template for the development of its job descriptions. A Job Analysis template is currently being progressed by the Working Group for assessing each job and developing job descriptions.

¹ The reference markets are the median of the Australian public service sector, median of the New Zealand public service sector and the upper quartile of the Fiji all organisations market.

Performance Management

17. The consultants also made a number of recommendations regarding the CROP performance management systems. SPREP Management, in response to the ICR Report, intends to undertake a full review of the Secretariat's performance management system. The consultants who conducted the Triennial Review and who also undertook a comprehensive review of the PIFS performance management system, should be available before the end of the year to provide training on this model, should SPREP consider adopting a system like the PIFS one. The Secretariat is committed to having a fully revised performance management system in place in line with the new proposed salary scale.

Retention Programmes

18. The consultants made five recommendations on retention, which SPREP management are considering. The Secretariat already has an induction programme for new staff, which it continues to review and refine to suit the growing needs of the organisation.

19. Continuing education and personal development plans for staff is an area which the consultants identified as requiring attention. The consultants' report noted that it has been a historical CROP-wide policy and understanding that support staff are the priority and that professional staff are recruited 'developed' therefore should not require significant professional development during their relatively short-term tenure with CROP organisations (i.e. the six-year rule). SPREP Management has recognised the need for its entire staff to be continuously updated and exposed to current developments within their fields of expertise, as have other CROP agencies, through the Harmonisation Working Group. This will be further considered under a revised performance management system.

Impact of International Best Practice

20. Three recommendations were made by the consultants as a result of their review of international best practice. SPREP Management has already noted the importance of introducing total remuneration statements for its staff in the near future. It has also acknowledged the need to provide training for managers and staff in effective performance management (including giving and receiving feedback) in light of plans for a full review of its performance management system.

21. With respect to the recommendation to compare the CROP agencies' total remuneration with the reference markets, the CROP Executives agreed that there would be some value in doing so, provided that the comparison was comparing 'apples with apples'. The Harmonisation Working Group continues to progress this issue and will report any further developments to the next CROP Executives meeting.

Cost of Living Differential Adjustment (COLDA)

22. The harmonised salary scale used by the CROP agencies is set with Suva, Fiji as the base, and adjusted through the COLDA mechanism for the cost of living differences between Suva and the other CROP locations, such as Apia.

23. The participating CROP agencies use a number of different mechanisms to apply COLDA. The consultants recommended that all participating CROP agencies consider adopting the mechanism used by PIFS, which is a simpler formula and more up-to-date than the existing mechanisms, the majority of which date back to 1995. The consultants however have noted that there will be very minimal differences in the figures arrived at using the two formulas.

24. Further work is progressed by the Harmonisation Working Group in relation to harmonising the COLDA mechanism across the participating CROP agencies. SPREP Management will consider relevancy and impacts on its staff and organisation once some definite outcomes come to hand.

Detailed Recommendations Relating to Harmonised Employment Conditions

25. The CROP agencies document their practice with respect to implementation of the harmonised remuneration arrangements through the CROP Comparison of Staff Remuneration Arrangements matrix (refer appendix 3 of the consultants' report). The report recommended a number of changes to the wording of the matrix, which the Harmonisation Working Group is addressing.

26. The consultants also specifically recommended replacing the current CROP-wide freight allowance on recruitment and repatriation of 6 cubic meters for staff, 2 cubic meters for their spouse and 1 cubic meter for each child, with a simpler policy of a maximum of a standard 20 foot container. CROP executives endorsed this recommendation and therefore the Secretariat seeks the endorsement of the SPREP Meeting for this practical administrative improvement.

27. The SPREP Management has also considered its other policies and practices in light of the cross-CROP comparison matrix of employment conditions. Where there are amendments required to the Staff Regulations, these will be submitted in a separate paper for the SPREP Meeting's consideration.

Job Sizing

28. In addition to the Triennial Review, the participating CROP agencies have job sized all of their professional staff positions and in some organisations, their support staff positions. In doing so, the agencies have agreed to use Strategic Pay's SP10 job sizing methodology rather than the CED method of Mercer.

29. SPREP Management has also considered that for fairness and transparency purposes, all sizing analysis of SPREP positions will be contracted out to an independent consultant, with experience in applying the SP10 methodology.

Recommendations

30. The SPREP Meeting is invited to:

- **note** the outcomes of the 2009 Triennial Remuneration Review for Professional Staff;
- **approve** the adoption of the proposed new salary banding model and direct the Secretariat to advise SPREP Members of an effective implementation date, and any other substantive issues relating to the adoption of the new banding model, either at the next SPREP meeting or earlier by circular, if necessary;
- **approve** replacing the existing entitlement for freight expenses on recruitment and repatriation with a maximum of a 20 foot container; and
- **note** that future job sizing of SPREP positions will be completed by independent consultants using the SP10 job sizing methodology.