18 June 09

Triennial Remuneration Review

CROP Participating Agencies

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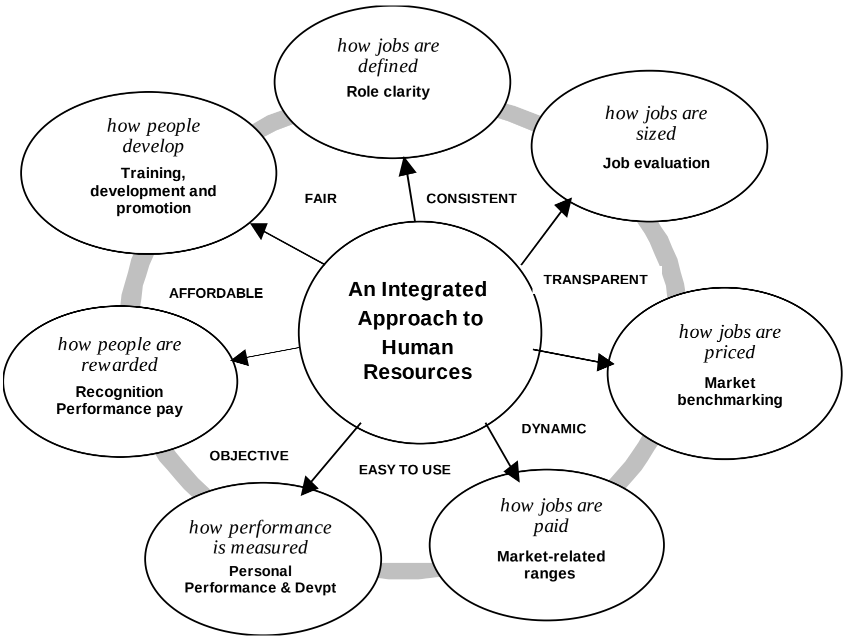
1 Recommendations

This section covers the key recommendations from our report. While we have other suggestions and ideas we have left these in context in the body of the report to be read and reviewed as required. The recommendations address both general comments related to improving remuneration related HR practices and specific areas we have been asked to look at.

The graphic below illustrates a number of the areas we have been asked to comment on and defines the philosophy we have adopted and we discuss the recommendations around each of the bubbles where we have been asked to review practices and policies. In particular, the recommendations that follow cover Role Clarity, Job Evaluation, Market Benchmarking, and Market related ranges. We offer comment on Personal Performance and Development but it was not the focus of this review. In considering each recommendation reference to this diagram will assist in understanding the linkages between the different recommendations.



Banding of All Roles

- We recommend that the agencies look to review their banding model expanding the number of bands. The table below illustrates.
- In adopting this model we further recommend the agencies should look at abandoning the current professional/support distinctions as they are widely seen as emphasising un-necessary differences in roles.
- In addition, we recommend that the agencies treat the Chief Executive roles as a separate "band" supplying remuneration ranges for them based specifically on their job size.

Strategic Pay SP10 Points		
Band	From	To
16	1105	1271
15	960	1104
14	834	959
13	725	833
12	629	724
11	**546**	**628**
10	**474**	**545**
9	**411**	**473**
8	**357**	**410**
7	309	356
6	268	308
5	232	267
4	201	231
3	174	200
2	151	173
1	130	150

The bolded grades (grades 8 to 11) are where there is currently an overlap between the support and professional roles.

The earlier Mercer (CED) system covers the same range of roles but their points totals are different.

With the revised bands we recommend further that:

- The incremental step system be abolished and be replaced with movement within the band determined by a percentage movement decided by individual performance and organisation affordability (PIFS have recently moved to this system). This additional recommendation is based on good pay practices and avoids both the entitlement culture that step increases bring with them and the expensive cumulative effect of paying for both step and percentage movements in any one year. In addition, it is designed to link closely and reinforce any performance management system the agencies may have.

The detail concerning this recommendation is in Section 6.6.1.

Harmonised Payline

The agencies have adopted a common payline for, as currently defined, professional staff. We have reviewed this recommendation and its value and usefulness in the past three years. We have concluded after our discussions and analysis that it should be retained in our view.

- We recommend that the current harmonised payline be retained.

6 Year Rule

- Consider maintaining a 3 year term renewable for a further three years, and allowing the incumbent to re-apply at the end of the first six years. This rule should not limit employees who have worked in an agency previously from applying for different positions at some future date.

- The current practice for SPC, SOPAC and FFA is for the current incumbent to be allowed to apply for reappointment following the completion of the first six years and on completion of each subsequent three year term. Selection is made on merit. The current incumbent can therefore be reappointed if they are found to still be the most suitable candidate. This policy position has been endorsed by the SPC's governing body and we recommend that it continue to apply.

Communication

- A simple document is prepared for publication to staff, or inclusion in an induction booklet, that outlines the reward strategy and key policy components. This will include, for example, information on the use of SDR's and salary conversion processes. Staff consultations across a number of agencies suggest this is a priority need from the employees' perspective.
- For every individual employee, a remuneration statement, which communicates the full value of their package, including benefits, is prepared. This should be provided at recruitment, at salary review time and whenever a transfer or promotion occurs.
- A common template for Job Descriptions be established and implemented across the agencies. Consideration should also be given to aligning job titles as part of this exercise.

Performance Management

- Reviewing the performance management systems across each agency to ensure they link to individual's results within the agencies' overall strategies. Further the agencies explore the development of a common performance management platform on the completion of this review.
- Business plan objectives be communicated and cascaded to divisions or branches, then teams and individuals.
- All objectives be reviewed to ensure they will enhance the organisation's performance; this could be achieved through a moderation process, where the senior team agrees that all objectives are appropriate.
- A mentoring or staff management KPI is included in all staff job descriptions and performance agreements.
- The use of behavioural aspects of performance is investigated for inclusion in performance agreements. This will encourage employees to work together to achieve organisational goals. This can be achieved through a balanced scorecard approach to performance assessment.

Retention Programmes (professional staff)

- The use, on a case by case basis, of pre-assignment visits by employee and spouse for particularly challenging countries, if they are not already familiar with the area. Although this is an expensive upfront cost, it will likely reduce the number of unsuccessful, short-term appointments.
- Requesting help from donor countries to increase the use of short-term (2 to 3 month) secondments of technical experts in areas where recruitment is very difficult.
- Develop induction programmes to help new employees and their families integrate into their new roles and new locations.
- Assisting the spouse whenever possible to obtain employment in the country, if they have been in paid employment in their home country. This will decrease their isolation and reduce financial pressure.
- Continuing education programmes and personal development plans for every professional employee, to reassure them that they will not lose ground while working outside their home countries.

Impact of International Best Practice on Participating Agencies

- Implement total remuneration statements. This requires the valuation of every benefit provided, in local currency, and communicating this to every individual. Without these, it will be impossible for the CROP agencies to communicate employee packages, or to know how competitive their remuneration is (overall) in the markets in which operate. This is the foundation for progress in a number of other areas.
  - Globally, there are many aspects of reward in all countries that provide a greater benefit to some employees than to others. Examples are life insurances, which are especially valuable to individuals with poor health histories, onsite cafeterias that are not used by all employees and health insurance that is provided for employees and their families, irrespective of size. All such benefits should be, however, costed so the value of the packages is more clearly understood.
- Train managers in effective performance development, including goal-setting linked to overall organisational goals, and performance appraisal interviews. Include a personal development plan in each performance document and ensure it is implemented. Personal development and the opportunity to progress, either within the CROP agencies or at home at the end of the contract, is a major concern for employees.
- Within one year, as a check, use the total remuneration statements to compare the CROP agencies' position against the reference markets. This will provide useful information on overall relativity with this market.

Retirement Age

- Each participating CROP agency removes any specific retirement age from its conditions of service.

COLDA

- The agencies adopt a more simplified COLDA adjustment mechanism and agree the use of a primary provider for regular information updates. While a formula approach will provide a more sophisticated adjustment to base pay we recommend that a single percentage figure is a simple effective solution. The figure of 60% of base salary is used currently by PIFS as the quantum used to multiply the COLDA by. We recommend that the percentage figure be reviewed with the primary provider chosen as part of the Triennial Review process. Agencies will access the latest information (i.e. annual updates) as required basis between these three year reviews.

SDR

- The SDR as a currency for denominating the professional staff salary scale should be retained, since the alternatives we have considered are no less volatile than the SDR and the introduction of, or change to, another mechanism would be disruptive.
- The existing stabilisation mechanism continues to be used.

Capacity Building

- Use a range of initiatives, such as graduate cadetships, secondments, and the PIFS young professional's scheme, to also build capability.
- Ensure performance development plans, specifically targeted at filling skill gaps, are included in all performance management systems.

- Maintain the current criteria of hiring and promotion on merit as it has demonstratively served the region well, has a focus on performance, and represents strong and attainable goals

- Consider the introduction of individual career development plans to protect their longer term employment prospects

Detailed Recommendations relating to Section 7 (harmonised employment conditions)

Professional Staff

Health Insurance
Only four of the agencies specify that the cover includes both the staff member and their dependents. The remaining two do not specify whether dependents are included or excluded from coverage. All agencies include for family. If they are excluded, this means that the FFA and SPC Health Insurance policies are likely to yield much less of a tangible benefit to their employees compared to employees in the other agencies. It may be however, that dependents are covered, but that this cover isn't specified.

We recommend that if this is the case, it would be beneficial for the wording to be more explicit around who is covered.

Relocation Provisions
We recommend a new policy of a maximum of a 20 ft container to be the CROP wide policy.

Class of Air travel
We recommend agencies could benefit from adding similar clauses to SPC around where discretionary decision making on business class would be made.

Education Allowance
We recommend that all agencies adopt the SPC/PIFS policy in terms of the detail of what is/is not included in the policy.

Other Leave
To improve consistency, we recommend a review of the SPC leave provisions to entitlements which are more consistent with the remaining agencies. In particular, the definition of family (parents-in-law, grandparents), compassionate leave to include brothers and sisters and other special leave (for example, national representation) should be considered.

Support Staff

Life and Disability
As per our recommendation with professional staff, consistency could be improved by standardising the degree of the benefit (e.g. two times or three times base salary). In addition, those agencies that don't specify any disability/accident cover currently could add this to their policy, if this is deemed feasible from a cost perspective.

Housing Allowance
While this benefit is fairly inconsistent across the agencies, this is driven by local needs and requirements, so complete harmonisation of this benefit is not being realistic or desirable. We recommend that the conflicting polices be reviewed and become more consistent as far as possible.

Other Leave
To improve consistency, a review of the SPC leave provisions to entitlements which are more consistent with the remaining agencies would be required.

2 Introduction

Strategic Pay Limited and PricewaterhouseCoopers were commissioned by six of the Council of Regional Organisations in the Pacific (CROP) agencies to undertake the 2009 triennial review of professional staff remuneration. These agencies are:

- Forum Fisheries Agency (FFA)
- Pacific Islands Forum Secretariat (PIFS)
- Secretariat of the Pacific Community (SPC)
- Secretariat of the Pacific Islands Applied Geoscience Commission (SOPAC)
- South Pacific Board for Education Assessment (SPBEA) and
- Secretariat of the Pacific Regional Environment Programme (SPREP)

Any reference in this report to the CROP agencies refers to these six participating agencies only.

The 2009 triennial review aims to:

- provide a comprehensive examination of existing remuneration principles and practices, including benefits and terms and conditions;
- make appropriate recommendations for improvement; and
- confirm that a harmonised approach is being taken by the participating CROP agencies.

The review was jointly undertaken by teams from PricewaterhouseCoopers in Suva and Strategic Pay Limited in Auckland. Jenny Seeto and John McGill were the respective lead consultants.

3 Background

For the last 10 years, the participating CROP agencies have agreed to manage their remuneration within a framework of harmonised remuneration guidelines. These include a consistent job-sizing methodology and the application of similar employment conditions in each agency and in each country of employment. Pay and conditions for both support staff and professional staff are included. A triennial review of remuneration structures are undertaken to assist this process.

Aside from recommendations on appropriate remuneration packages and approaches, specific policies and practices addressed in this report include:

- Capacity building, i.e. the transfer of skills to Pacific Islanders
- Banding Model Adjustments
- The 6-year rule and the retirement age policy
- The use of Cost of Living Differential Adjustments (COLDA)
- The use of IMF Special Drawing Rights (SDRs) as the basis of professional staff remuneration

More detailed Terms of Reference are included in Appendix 1.

4 Approach

The project was undertaken in February/March 2009, and included:

1. Review of numerous previous reports and supporting documents, including remuneration reviews and CROP harmonisation working group papers

2. Consultation with representatives of the participating CROP agencies in Fiji, New Caledonia, the Solomon Islands and Samoa, including:

- Forum Fisheries Agency (FFA)
- Pacific Islands Forum Secretariat (PIFS)
- Secretariat of the Pacific Community (SPC)
- Secretariat of the Pacific Islands Applied Geoscience Commission (SOPAC)
- South Pacific Board for Education Assessment (SPBEA) and
- Secretariat of the Pacific Regional Environment Programme (SPREP)

3. Analysis and interpretation of data

4. Preparing and presenting a draft report of key findings, reflecting the Terms of Reference

5. Provision of a final report.

5 International Best Practice and Impact on CROP

International best practice does not necessarily reflect the most common practice, and in some circumstances may not be appropriate or relevant to the participating CROP agencies. Indeed, one feature of reward programmes in ‘Most-admired Companies’ is their consistency. These companies stay focused on the original goals of their reward and remuneration strategies, and instead of following fads, stay with their strategies throughout the highs and lows of business and economic cycles.

We believe several themes evident in high performing, performance-driven organisations are relevant to the participating CROP agencies. In particular we note the following:

5.1 A clearly defined, well understood and effectively implemented remuneration strategy that reflects the organisation’s strategy and drives business outcomes

5.2 A strong link between remuneration and performance, with less emphasis on precise market data and more scope to differentiate pay in line with performance. Performance is defined and measured in terms of individuals’ contributions to organisational outcomes

5.3 Specific retention strategies, to avoid the need to ‘pay to keep people’

5.4 For organisations with employees throughout the world, carefully managed international assignments are an intrinsic part of their talent management systems.

Companies whose reward philosophies and strategies include these criteria, and who effectively implement and communicate these strategies, achieve a better return on their investment in remuneration than peer companies. The last factor is included because, while the participating CROP agencies do not define professional staff as expatriates, some elements of their remuneration and reward (e.g. housing and education allowances) are based on expatriate practices and significantly impact on the agencies’ reward strategies and costs.

5.1 A clearly defined (well communicated and carefully implemented) Remuneration Strategy

A remuneration strategy, signed off by a Board or governing body, is a set of principles that defines the organisation’s remuneration philosophy. It reflects the strategy, needs and priorities of the business, such as cost-saving or achievement of a significant long-term project. Good remuneration strategies are tailored to meet the business objectives of the organisation.

It is unusual to have different remuneration strategies for support and professional staff. This may occur in Australia and New Zealand in organisations with employees paid under collective agreements, which have different conditions to those on individual employment contracts.

A Clear Strategy

A clear strategy means decisions about other policies and practices are simpler, and more likely to be consistent. Key elements of a good strategy include:

- Communication
    - understanding, documenting and communicating the organisation’s goals, and the values and behaviours that are expected of its employees;
    - how transparent the remuneration strategy and policy are to employees; and
    - how and when packages are defined and communicated.

- Defining external relativity, including:
    - target employment markets, e.g. private versus public sector
    - the pay comparator used, e.g. base salary or total package and
    - target positioning in the market, e.g. median or upper quartile.

- How individuals are rewarded, and especially whether performance or market rates are more important:
    - is everyone paid the same for doing the same job;
    - are people paid according to tenure or seniority, or
    - are good performers paid more and poor performers paid less for the same job? (and how the performance management system drives this strategy through processes such as performance matrices)

- The remuneration system used, which reflects the following first three decisions:
    - how jobs are sized
    - how pay scales link to market data e.g. job evaluation or benchmarking; and
    - how (and if) jobs are clustered in the structure, i.e. grades, broad bands or individual jobs

- The remuneration mix:
    - whether packages should include benefits or be simplified to cash only, and
    - the rationale for any benefits included

In line with the Terms of Reference, external reference markets, how individuals are rewarded and the remuneration system are discussed later in this report.

Communicating the organisation's business strategy is the first step

There are three keys to the successful communication of HR strategies:

1. Communication about an organisation's overall business has as much, or more, impact on employee motivation than communication about pay and rewards;
2. 'As simple as possible' should be a goal for every strategy - people can only articulate and explain something if they clearly understand it
3. Middle managers are the key to successful communication of HR policies and practices

Excellent communication of the organisation's goals and strategies is a key feature of well managed companies with effective remuneration strategies. Business strategies form the basis of business plans, which are reviewed annually and well publicised and understood. The organisation's strategy stems from a clear vision, e.g. health for all by the year 2010, supported by a more detailed mission statement and set of values that all employees understand.

Well managed organisations ensure that from the employee perspective, all of these are well understood – the vision, the business strategy, the mission, the business plan for their group or division, and the values. Employees are expected to demonstrate the values in their dealings with each other and with customers or clients. Employees therefore understand:

- What they are expected to do
- How this links to the organisation's goals, and
- How they are expected to behave while working towards their targets

Communication is most trusted when it comes from the employee's direct line manager, rather than from HR or a more senior manager. This underlines the importance of middle management, and the need for these people to understand and be able to explain the organisation's pay policies and practices. The style of communication (e.g. group presentation or one-on-one sessions with managers) should, however, reflect the organisation's culture; there is no 'right' approach.

Communication and Transparency of Remuneration Strategy

Effective remuneration strategies, like business strategies, are also well communicated in high performing companies. This means their employees understand how their pay is derived and know the total value of their remuneration package, including benefits. This approach is supported by retention research, showing that employees who **understand how** their remuneration is derived are more likely to be satisfied with the organisation, their job and their pay.

The first step in good communication practice is to publish a remuneration strategy document, which outlines the organisation's market comparison policy, discusses benefits and eligibility and spells out the link between pay and performance.

Clarity is essential – remuneration strategies have to be clear and easily understood, especially by line managers, for any form of communication to be effective. Benefits are universally one of the most poorly understood aspects of reward, with most employees not understanding why they are provided or what they cost the company.

Different organisations, appropriately, have different policies about communicating the specific details of people's remuneration. It is very unusual to find any organisation where all individual remuneration is published. In the public sector, the complete pay structure, with salary ranges, is often available not only to staff, but more generally, e.g. on the internet. In the private sector, employees generally know their own pay range, but not necessarily other people's. They may know the pay range immediately above theirs, as this is relevant to their own career progression.

Good communication is enhanced if the organisation is well informed with respect to the remuneration system it uses. This includes job evaluation methodology. While evaluations may not be conducted in-house, we believe that a level of internal knowledge by human resource personal and selected senior managers is essential for the ongoing use of the process.

A further critical part of good communication entails the understanding of the role through good documentation. We see a common format for Position Descriptions as important to this. It was clear from a number of the discussions undertaken that the current Position Descriptions could be improved. As noted, we believe a useful starting point of this review process is the conduct of a Job Description course for CROP HR personnel, as recommended at the end of this section.

Total Remuneration: External market comparator – base salary, fixed pay or total reward?

Remuneration is the tangible pay that a person receives for doing their job. For the purposes of market comparisons, it is typically defined as one of:

- **Base Salary** – annual pay for job, excluding the value of any benefits
- **Fixed Remuneration (or total fixed package)** - Base Salary plus guaranteed benefits, such as company cars, allowances, superannuation, health Insurance and other benefits.
- **Total Remuneration/Reward** - Fixed Remuneration plus actual Variable Pay, e.g. bonuses, sales incentives, and commissions.

Although philosophies vary, fixed pay, including all guaranteed remuneration, is generally regarded as the pay a person receives for a good performance in their day-to-day job. Variable pay is generally regarded as an extra reward for exceptional performance.

Remuneration best practice throughout Australia and New Zealand is to view and communicate remuneration as a total package, rather than base salary. There are four main reasons for this:

1. It allows for realistic market comparisons (where appropriate survey data is available), as the total value of the packages paid to employees in different organisations can be considered, irrespective of whether they receive their pay in cash or in the form of benefits.
2. Employees are much more likely to appreciate the value of their benefits if they are costed and communicated.
3. Using a total package, or 'cost to company' approach may allow employees more choice, although this depends on whether benefits can be 'cashed up' (i.e. the employee can choose to take the value of the benefit, such as health insurance, in cash)
4. In the absence of tax or legal reasons for providing benefits, it is much simpler to administer cash packages.

Communicating, and comparing to the market with fixed remuneration is still possible even if organisations wish to provide some benefits to all employees. Benefits add complexity to both HR administration and to communication. Organisations should, therefore, have a very clear reason for providing benefits. Logical reasons include:

- Lack of government-provided social security – in countries where there is little provision of old-age benefits or public health services, companies are more likely to provide a range of employee benefits, such as superannuation and health insurance;

- Core business – for example, companies in the financial services sector may provide superannuation and insurance benefits because they are in the business of providing such benefits to the general public;

- Job requirements – salespeople or service staff may require a car, which is also available for personal use.

- Cost-benefit advantage - some benefits are very attractive to some groups of employees; providing such benefits pays, because employees will accept lower salaries and remain loyal to the company in return. An example is on-site childcare.

- Group purchasing power – employers may be able to arrange group schemes for life, income protection or health insurance. Employees may pay for these benefits, but get the advantage of cheaper premiums and often, fewer restrictions on cover.

- Altruism or paternalism – some companies provide a minimal level of life or health insurance to all employees because they do not want employees or their families to suffer extra stress in the event of medical problems.

While employees may have no choice about these benefits, best practice is still to value them and communicate their value at every opportunity.

Intrinsic and extrinsic rewards

More broadly, high performing companies globally not only use a total remuneration/rewards approach, but also promote the intangible rewards of employment, such as job satisfaction and career progression. The excellent communication of total reward strategies, and the emphasis on non-financial rewards like career development, rather than cash, enables these companies to pay lower base salaries, but achieve better performance, than the rest of the market. A total rewards inventory is included in Appendix 2.

With respect to total remuneration, in terms of previous reports, we note that The 2006 Triennial Review recommended that:

"That prior to the next Triennial Review the participating agencies commission a project to examine the advantages, disadvantages, feasibility and implementation issues regarding adoption of a total remuneration package approach to determining and managing remuneration. That the project brief include mechanisms to canvass staff views, financial modelling to determine budget impact, comparator markets and potential efficiencies."

The 2003 Triennial Review made reference also to Total Remuneration in terms of presentation of data but did not have any specific recommendations around the use of it.

The 1999 Review contained a recommendation that:

"The agencies move to a "total remuneration package approach" over the next two to three years.

Further the 1999 report noted that the:

"Such an approach enables the agencies to:

- *Identify the full cost of employment*
- *Identify the full cost of any increase in the cost of salaries and benefits*

- *Implement transparent and consistent packages*
- *Communicate the full cost of the package to employees*
- *Undertake full market comparisons"*

We understand and have seen that the 1999 and 2006 recommendations were not acted upon by the agencies. In reviewing this 2006 recommendation in 2009 we feel that it represents dramatic changes to the whole management of pay and should be put to one side. The broader issues concerning the use of total remuneration have been extensively reviewed and discussed in the earlier reports. In summary we emphasise the following reasons (to those noted above) for the adoption of using a system of documenting pay and benefits:

Flexibility
Remuneration can be clearly seen as composed of a number of elements, some of which are determined and defined by the organisation, and others are offered because they deemed as making the organisation competitive in the market. With full costing and analysis of the above many organisations allow individuals to choose between the benefits which allow a high degree of flexibility around the career and life cycles of employees. For example, the provision of a high degree of insurance or housing may be important for those with younger families, the provision of a greater cash component may be important for workers without these issues. Both these points were raised in discussions across a number of the agencies.

Transparency
We believe this is particularly important to the agencies at present. Our recommendations reflect the need to be more communicative in explaining the make-up of remuneration packages in their entirety. The discussion around how this can be achieved is noted already.

Cost control
Cash based packages are administratively simple to manage and if individuals have this option there are likely to be cost savings. Full detailed individual statements of remuneration are clear and more easily able to be reviewed and compared, hence they can be used to better understand the employment costs of individuals. As remuneration costs comprise such a large component of costs within the agencies then any measures taken to better understand and minimise them will be useful

We note the comments made in the 2006 report concerning the very strongly held views around this concept. We have considered these both in the light of our own experience and consulting work, the previous recommendations made, and what we believe is a useful next step given the prolonged and unresolved debate this issue has caused.

We would disagree with the 1999 report regarding the availability of comparisons to undertake comparative market analysis and that comparison would be against "in-country" surveyed employees whereas many of the packages we are talking about here are those of an expatriate nature. As the surveys compared against do not take into account the expatriate nature of many of the roles within the CROP agencies comparisons have to be made with care.

Instead our approach and discussions suggest that an understanding, construction and implementation of a total remuneration template for greater staff awareness and understanding of pay and benefits are important (the fourth bullet point from the 1999 report) and are the focus of our recommendation. Our discussions found both a lack of understanding of these costs with a focus only on base pay and its changes. This move to the development of the template noted involves no changes in either current pay policy or philosophy.

We believe there is merit in continued discussion with respect to total remuneration and recommend that if the agencies adopt the recommendation as noted they then review within two years its usefulness and the broader context of this concept.

We recommend:

- A simple document is prepared for publication to staff, or inclusion in an induction booklet, that outlines the reward strategy and key policy components. This will include, for example, information on the use of SDR's and salary conversion processes. Staff consultations across a number of agencies suggest this is a priority need from the employees' perspective.

- For every individual employee, a remuneration statement, which communicates the full value of their package, including benefits, is prepared. This should be provided at recruitment, at salary review time and whenever a transfer or promotion occurs.

- A common template for Job Descriptions be established and implemented across the agencies. Consideration should also be given to aligning job titles as part of this exercise.

- Job evaluation training is conducted for agency human resource and other personal to ensure a level of in-house understanding of the system being used.

5.2 Linking, Defining and Measuring Performance

In the current economic crisis, many organisations are looking hard at their remuneration systems to ensure the money they spend on pay is resulting in a benefit to the organisation – companies now expect a return on their remuneration investment. Rather than simply spending extra money across the board, companies are highly interested in identifying and rewarding their best performers. A strong link between performance and reward characterises good companies, and those whose employees are motivated and engaged.

Engagement has recently been defined as:

> 'employees' willingness and ability to contribute to company success. Put another way, engagement is the extent to which employees "go the extra mile" and put discretionary effort into their work – contributing more of their energy, creativity and passion on the job'

Source: Towers Perrin Global Workforce Study 2007 - 08 – Global Report

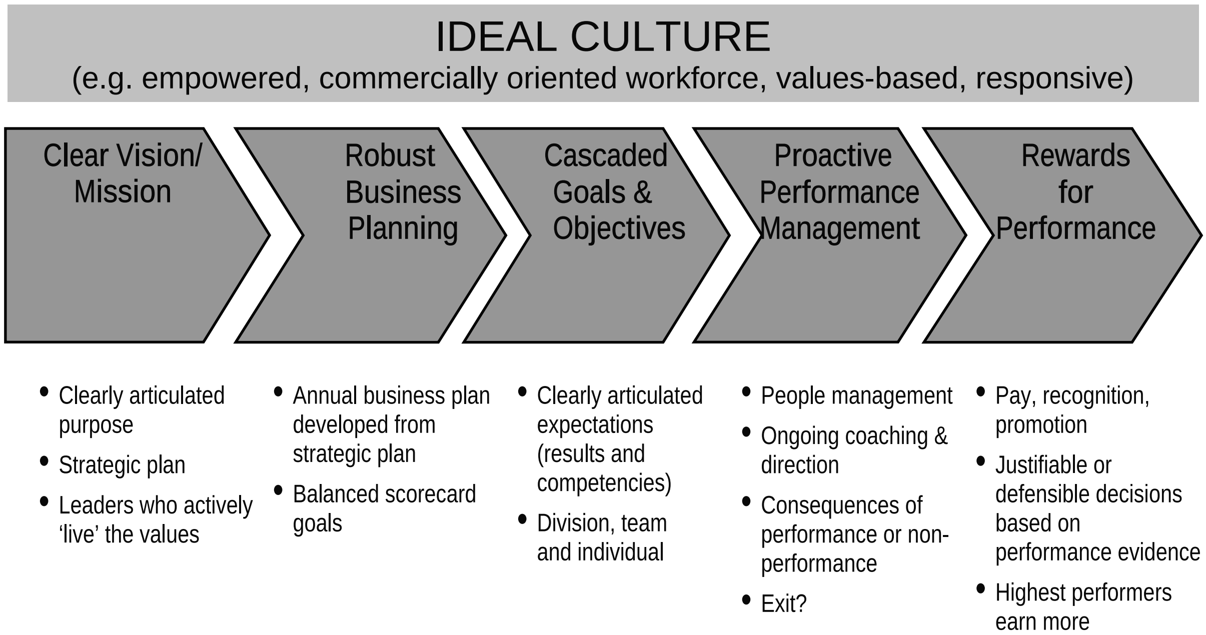
For these reasons, an effective link to performance has become remuneration's Holy Grail. However, while it is easy to see in theory the business benefits of linking performance and reward, this is more difficult to achieve in practice. A gradual approach is recommended – first, the introduction of the performance development process, and then once this is accepted and trusted, a clear link to people's pay.

Culturally, some employees may be wary of performance assessments, especially if their experience is that they are used punitively or it has minimal acceptance culturally. It is important to earn employees' trust by demonstrating that assessments can be recognition of a job well done, resulting in better pay or promotion.

Additionally, while most managers have no problems in theory or practice managing or rewarding good performers, they find it much more difficult to deal with poor performers. This is very important, as the one factor that has the most significant effect on morale and motivation in any type of organisation is the effective management of poor performers.

The keys to successful performance management are clarity and consistency. Employees must understand what is expected of them and how this links to broader business outcomes. For this to happen, they must understand the objectives of the business and its key short- and long-term goals. They must be confident that they will be fairly assessed compared with their peers, and must understand and observe the consequences of good and poor performance.

Our research indicates that a whole set of business disciplines needs to exist before remuneration is clearly linked with performance. These are illustrated below:



The elements at the left-hand side of the diagram are the starting points for effective performance management, and for many aspects of employee engagement. Employees tend to be more committed to their employer's business when they understand its goals and objectives and see how their own goals and objectives fit in with these. Specifically, goals and targets should be set for the agency, and be cascaded down to each division or branch, then into team and individual performance reviews.

Otherwise, there is a risk that targets are set for employees in isolation, and may well be achieved, without anything being added to the organisation's goals. For example, all senior technical and management employees should have a performance objective that relates to staff management or mentoring.

The CROP agencies have various performance management systems, and a commitment to reviewing performance before adjusting remuneration. While this is a good start, there are areas in which the forms could be adjusted to decrease the level of subjectivity. The different performance management systems can, in our view, become similar. While this issue was not specifically part of the review we are covering it under the more general mandate of "other significant issues". The recommendations covering the other aspects of remuneration would need to be agreed before moving towards a more common system as this may involve some or all agencies in considerable change.

We recommend:

- Reviewing the performance management systems across each agency to ensure they link to individual's results within the agencies' overall strategies. Further the agencies explore the development of a common performance management platform on the completion of this review.

- Business plan objectives be communicated and cascaded to divisions or branches, then teams and individuals.

- All objectives be reviewed to ensure they will enhance the organisation's performance; this could be achieved through a moderation process, where the senior team agrees that all objectives are appropriate.

- A mentoring or staff management KPI is included in all staff job descriptions and performance agreements.

- The use of behavioural aspects of performance is investigated for inclusion in performance agreements. This will encourage employees to work together to achieve organisational goals. This can be achieved through a balanced scorecard approach to performance assessment.

5.3 Retention strategies

As has been the case for several of the participating CROP agencies, employee retention has been a key concern for most employers in Australia and New Zealand for the past 5 years. Some agencies attribute turnover to the lack of competitiveness of CROP's remuneration package, and in Noumea specifically, a decrease in net pay as a result of currency fluctuations. For this reason, an analysis of retention drivers and strategies is included here.

While recruitment in recent years has been very difficult for some of the CROP, with several positions advertised several times and few Australian and New Zealand candidates, this is not unique to the participating CROP agencies. In fact, companies within Australia and New Zealand have experienced exactly the same problem over the past few years, because of record employment levels. Labour markets were at their most stretched in the five years to September 2008 with unemployment levels at near or actual historical lows for most levels of professional and technical specialists. It is likely that the rising unemployment levels in countries such as Australia and New Zealand will see an easing of these pressures.

Even countries with higher unemployment levels experienced high levels of turnover, with more than a third of large UK companies experiencing more than 20% turnover per annum and turnover rates in the US averaging more than 25% in some studies. Globally, the need to retain skilled employees is still a priority, with struggling companies very reliant on their skilled and experienced employees – even if they are shedding employees.

Despite common perceptions around remuneration, research consistently finds that the most significant ways of improving retention are to manage employees well, provide them with the opportunities to develop new skills and to recognise and manage different levels of performance.

Employers' presumptions about employees leaving were found to be incorrect in a recent UK study. The factors most likely to drive employees away were 'uninteresting work and boredom' (25%), 'lack of training and development opportunities' (25%), 'lack of teamwork and cooperation' (19%) and 'promises not kept by management' (17%). Structuring and analysing exit interviews, preferably keeping information anonymous, was an effective way of identifying the real reasons for people going.

The excerpt from Tower Perrin's 2007 Global Workforces study, shown below, also illustrates that remuneration is relatively unimportant for employee retention, although it is significant at the time of recruitment (a top attraction driver). Employees are more likely to be attracted to the organisation, and to be more engaged, if they see opportunities to develop skills and advance their careers. Challenging work is also key in attracting employees to the organisation.

Worldwide, employees' perceptions of the organisation they work for is the number one influence on retention, and employees who see their organisation as socially responsible are more likely to be engaged than employees who don't.

Another key factor affecting employees once they are employed is management. Managers who are empathetic, listen and care about their employees, and whose employee have the resources they need to do their jobs, are the most important factor in employee engagement. A good relationship with their supervisor is also the third strongest influence on retention.

Exhibit 2
Top Drivers of Attraction, Retention and Engagement

Top Attraction Drivers	Top Retention Drivers	Top Engagement Drivers
Competitive base pay	Organization's reputation as a great place to work	Senior management sincerely interested in employee well-being
Career advancement opportunities	Satisfaction with the organization's people decisions	Improved my skills and capabilities over the last year
Challenging work	Good relationship with supervisor	Organization's reputation for social responsibility
Convenient work location	Understand potential career track within organization	Input into decision making in my department
Flexible schedule	Ability to balance my work/personal life	Organization quickly resolves customer concerns
Learning and development opportunities	Fairly compensated compared to others doing similar work in my organization	Set high personal standards
Vacation/paid time off	Work in environment where new ideas are encouraged	Have excellent career advancement opportunities
Reputation of the organization as a good employer	Competitive training	Enjoy challenging work assignments that broaden skills
Reasonable workload	Input into decision making in my department	Good relationship with supervisor
Organization's financial health	Organization's reputation for social responsibility	Organization encourages innovative thinking

Source: Towers Perrin 2007-2008 *Global Workforce Study*

While engagement ("engagement" has become in recent years a relatively common term in human resources and refers to the degree of commitment between the employee and the organisation they work for) and retention are not the same, they are both important. There is debate about whether engaged employees are more likely to stay, with different studies finding different results. However, while they are with the organisation, engaged employees will contribute more than the average employee. One study found that 75% of highly engaged employees 'far exceeded expectations' in their jobs; they also missed 20% fewer days of work than other employees.

Strategic Pay's most recent New Zealand research (February 2009) found many organisations still using specific retention tactics, even though labour market pressure has eased. Thirteen percent of medium to large private sector companies have a formal retention strategy and most others use retention devices.

The following table outlines these approaches, and also indicates which are effective.

Approach	**% of Organisations Using Approach**	**% of Organisations Finding Valuable**		
		Valuable	No Long-term Impact	Unable to Measure
Relocation allowance	85%	30%	13%	57%
Mentoring	46%	52%	12%	36%
Enhanced induction process	46%	60%	16%	24%
Enhanced management training	43%	61%	-	39%

Enhanced benefits	39%	43%	14%	43%
Enhanced training	35%	68%	-	32%
Retention bonus	35%	47%	26%	27%
Sign-on bonus	31%	24%	6%	71%
Additional holidays	28%	40%	13%	20%
Other	6%	33%	-	67%

In line with other research, the most measurably valuable approaches focus on the development of the individual employee, such as mentoring, an enhanced induction process, management training and enhanced employee training.

Induction programmes are likely to be even more valuable for the participating CROP agencies than for most organisations, especially for staff recruited internationally given the relocation implications of new roles.

We recommend

- Mandatory mentoring programmes, to help new employees integrate into their new roles.
- Formal exit interviews for all employees, including those who leave assignments early, to identify their key concerns. Exit interviews are most effective when carried out with neutral third parties, two to three weeks after the end of the assignment. Information from exit interviews should be used to enhance induction programmes, and, therefore, assist with retention.
- Formal personal development plans be included in the performance assessment process.

5.4 Managing International Assignments

Organisations which approach remuneration from an organisation-wide perspective, including a global perspective where relevant, are more likely to have reward policies that are successfully implemented and communicated. Many incorporate international experiences in their overall career development and reward strategies, and carefully manage such assignments.

With many professional staff arriving with or without families in unfamiliar climates and locations, without their home country social networks, an effective induction process may make the difference between a settled employee on a successful assignment and an unhappy employee who takes the earliest opportunity to leave. Key stress factors for expatriates (from ORC worldwide) are:

- Living in hostile, remote or difficult locations
- Being separated from family and friends
- Acclimatising to a new job in a different country
- Dealing with family matters (dual careers, children's education)
- Finding a residence and moving into an unfamiliar location
- Working in a different linguistic and cultural environment
- Facing culture shock while coping with career progression and repatriation fears.

From the employer perspective, international assignments are very expensive, administratively complex and their remuneration sometimes difficult to explain. Maintaining consistency across regions requires companies to clearly state how their packages are structured and how costs are split between employers and employees. A formal policy on pay for international assignments is essential for a fair policy, although in one recent survey, about one-quarter of participants did not have an overall policy.

In Australia and New Zealand, international assignments are relatively common; both countries recruit specialists from Europe and, less often, the USA. In line with best practice, such companies tend to categorise international assignments into one of several clearly delineated contract types:

- Full expatriate assignments for a limited period, normally two years, at the end of which the employee will either return home or transfer onto local conditions

- Local hire of someone who happens to be a third country national

- Short-term secondment, with an accommodation allowance paid on top of home country salary

Local hires, who are not appointed as expatriates, are not eligible for expatriate assistance. While this can result in different pay levels within the same office, this is accepted as a short-term consequence, in return for the valuable expertise provided to the local office. For permanent appointments, candidates are generally told very clearly at the outset that local New Zealand or Australian market pay applies; recruitment, nonetheless, continues. Note, this paragraph refers to our experience with respect to international practices.

'Career security' is a major consideration for all international assignments. One of the reasons for relatively short-term expatriate appointments in many companies is the difficulty many expatriate employees experience reintegrating into the home country workplace. Individuals who leave their home countries to work in a completely different culture can rapidly lose touch with the trends and practices that develop among their home country peers.

Continuing education is one way of ensuring employees who are isolated from their peers do not become unemployable on their return home.

We recommend

- The use, on a case by case basis, of pre-assignment visits by employee and spouse for particularly challenging countries, if they are not already familiar with the area. Although this is an expensive upfront cost, it will likely reduce the number of unsuccessful, short-term appointments.

- Requesting help from donor countries to increase the use of short-term (2 to 3 month) secondments of technical experts in areas where recruitment is very difficult.

- Develop induction programmes to help new employees and their families integrate into their new roles and new locations.

- Assisting the spouse whenever possible to obtain employment in the country, if they have been in paid employment in their home country. This will decrease their isolation and reduce financial pressure.

- Continuing education programmes and personal development plans for every professional employee, to reassure them that they will not lose ground while working outside their home countries.

5.5 Impact on Participating CROP Agencies

The participating CROP agencies:

- operate in the Pacific
- wish to pursue harmonised best practice arrangements where practicable
- have undergone several previous triennial reviews.

While the agencies have some unique features, we believe they could adopt many aspects of reward practices found successful elsewhere. However, we believe that prioritising one or two areas and making significant progress on these will be the most effective approach.

The overall impression of the participating agencies' remuneration practices is one of complexity. One of the keys to a good reward strategy, which increase employees' trust in the system, is clarity and simplicity. Therefore, we recommend the participating CROP agencies do the following to move towards a more effective reward strategy:

- Implement total remuneration statements. This requires the valuation of every benefit provided, in local currency, and communicating this to every individual. Without these, it will be impossible for the CROP agencies to communicate employee packages, or to know how competitive their remuneration is (overall) in the markets in which operate. This is the foundation of any progress in a number of other areas.
    - Globally, there are many aspects of reward in all countries that provide a greater benefit to some employees than to others. Examples are life insurances, which are especially valuable to individuals with poor health histories, onsite cafeterias that are not used by all employees and health insurance that is provided for employees and their families, irrespective of size. All such benefits should be, however, costed for so as the value of the packages is more clearly understood.
- Train managers in effective performance development, including goal-setting linked to overall organisational goals, and performance appraisal interviews. Include a personal development plan in each performance document and ensure it is implemented. Personal development and the opportunity to progress, either within the CROP agencies or at home at the end of the contract, is a major concern for employees.
- Within one year, as a check, use the total remuneration statements to compare the CROP agencies' position against the pay markets in Fiji where comparative data exists for the administrative, clerical and similar roles. This will provide useful information on overall relativity with this market.

We recommend that these three priority actions be undertaken. None of them require a change in any individual's employment conditions. Recommendations 1 and 3 will provide essential information, improve budgeting data and enable the CROP agencies to understand better their relative market position. Recommendation 2 will improve attraction, retention and engagement.

6 Specific Issues

6.1 The 6-year rule

The Leaders' decision from the April 2004 Special Leaders Retreat in Auckland, was to

> "*enforce the provision that Secretariat executive/professional staff be hired for not more than two three-year terms of employment at the Secretariat, so that people with skills developed at the Secretariat can use these skills in the services of their home countries".*

This is a very positive and clear statement affording the agencies to offer on an ongoing basis employment opportunities in a multi-national context (i.e., across the region) in a part of the labour market that is relatively limited.

In 2004, FOC convened a working group comprised of the Suva-based Missions of the Governing Bodies to provide further clarity regarding the six year rule. The Working Group noted;

> "*that in practice few CROP agency staff returned to their home countries after service in the regional organisations"* **and** *"encouraged Members to consider mechanisms to entice their nationals back to their home countries after a period of regional service."*

The Working Group recommended the following:

> "*Professional staff are to be hired for no more than two three-year terms of employment with a CROP agency. The length of employment at the agency is not to exceed six years even if the staff member's position or job description within the agency should change during that time.*
>
> *This six-year rule applies to all professional positions except in circumstances where the CEO judges that it is impossible to recruit an appropriately qualified replacement, in which case the incumbent's contract may be extended for a further period up to a maximum of three years. Such instances should only occur in truly exceptional circumstances and be based on a very strong business case. Agencies should take steps to ensure a further extension would not be required at the end of this period.*
>
> *In considering exceptions to the six-year rule the following criteria should be used by CROP agencies:*
> - *Has the market for the skills required been fully tested and all avenues to find a suitable replacement exhausted?*
> - *Is there a genuine need for continuity for a particular reason?*
> - *Has the assessment ensured experience in the job is not weighted over the potential of a new candidate to perform the job?*
>
> *The CEO is to brief Members on any exceptions to the six-year rule at the next governing body meeting."*

This recommendation was submitted to all of the governing bodies of the participating CROP agencies. In the case of PIFS, it was adopted.

- In the case of the SPC, being a scientific/technical agency it is recognised that there are particular recruitment challenges in many of its highly specialised scientific disciplines. The current practice is for the current incumbent to be allowed to apply for reappointment following the completion of the first six years and on completion of each subsequent three year term. Selection is merit based and the current incumbent can therefore be reappointed, if the person is found to still be the most suitable candidate. This policy position has been endorsed by the SPC's governing body and we recommend that it continue to apply.

In other cases, the rule prevailing at the time was retained, namely that

- Employees are appointed for a 3-year contract (2-3 years for FFA)
- The contract may be renewed for another 3 years

- After 6 years, the job is re-advertised and the incumbent can apply, and if successful be reappointed for a further 3 years
- Where specialist skills and knowledge are required, some agencies reappoint the incumbent after each contract term
- Reappointment is advised to the governing body; in some agencies reappointment after an initial 6-year term is not unusual

We note from our discussions among the agencies that an unintended side effect of the six-year rule's application is that it is used as a de-facto performance management system. In addition, we understand that some staff start searching for other employment before the end of their term and leave before the completion of their full term.

There is little evidence to demonstrate that employees who leave one of the regional organisations do in fact return to their home country to utilise the skills they have developed.

The 6 year rule, as currently constituted, bars employees who have completed their period of service from returning to the agencies at some date in the future, perhaps in a different/more senior role. This is a lost opportunity for the agencies as they are not able to continue to develop staff directly in a manner that will benefit the region.

Our view is that the 6-year rule is not, therefore, working as planned. The relaxation of the rule per se is not a concern; it is an administrative device designed to support a strategy. The real question is whether the underlying strategy continues to be met, i.e. are skills being transferred back to their home countries (or is other value being derived from the policy)?

On a regional basis, there does seem to be regional capacity - virtually all employees in Band I are from Pacific island countries, as are approximately 60% of professional staff overall.

However, while regional capability appears to be building steadily (we note the role of the 6 year rule in career, training and development opportunities), it is not clear that it is being transferred back to the staff member's home country. Many of the staff from Pacific island countries are working outside their home country in Fiji, Samoa or Noumea and transfer their skills across agencies by moving from one agency to another, or by moving on to other international agencies.

There are several possible contributors to this:

- Our view is that the remuneration structure contributes to the problem. Employees from Pacific island countries who could return home with their skills obtain a significant financial advantage if they are appointed as a professional employee in a CROP agency compared to their local market conditions. This is a disincentive to either returning home or accepting local conditions.

- There seems to be no process or policy for localising SRIs. Such a move would be in line with international expatriate practice, where employees are seconded overseas to develop their own knowledge and, often to build local capability. However, there is usually a clear intention to repatriate the employee with times and rules around this. Most multinational companies which manage expatriate assignments restrict their terms to 2-3 years, after which employees must revert to local conditions or return home. This is driven by cost and skills management. We appreciate that CROP agencies are not in exactly the same position, but believe a stated localisation policy, with transition arrangements, could be effective in some areas.

- In some cases, professional jobs are very specialist, and the difficulty of finding the right skills can mean that programmes of work, particularly those involving scientific research, can often be severely interrupted or even postponed while new staff are recruited and brought up to speed.

- Actual or perceived security problems are a serious barrier to recruitment of new international assignees in some areas, whereas employees already living in the area may be more relaxed about such issues. In such cases, reappointment makes sense.

We recommend the CROP agencies:

- Consider maintaining a 3 year term renewable for a further three years, and allowing the incumbent to re-apply at the end of the first six years. This rule should not limit employees who have worked in an agency previously from applying for different positions at some future date.

- The current practice for SPC, SOPAC and FFA is for the current incumbent to be allowed to apply for reappointment following the completion of the first six years and on completion of each subsequent three year term. Selection is made on merit. The current incumbent can therefore be reappointed if they are found to still be the most suitable candidate. This policy position has been endorsed by the SPC's governing body and we recommend that it continue to apply.

6.2 Retirement Age

Overview

Globally, there are three pressures in recent years that have encouraged organisations to either eliminate or (usually) raise retirement ages:

1. Human Rights legislation or regulations prohibiting discrimination on the basis of age
2. Government's concern about providing retirement benefits to longer-lived retirees who make up an increasing percentage of the population
3. Employer and government concern about the loss of skills as 'baby boomers' retire, and (until recently) the tight labour market.

To some extent, potential retirees have added to this pressure, with many indicating that they would prefer to keep working, full- or part-time, after age 60 or 65.

It is generally illegal under Human Rights legislation to discriminate on the grounds of age, and in countries with such legislation, such as New Zealand, employers do not typically specify a retirement age. There are exceptions, such as jobs where health and safety requirements demand a certain level of fitness. Similarly European Union (EU) countries are covered by the EU Equal Treatment Framework Directive, although even EU countries may establish a retirement age if 'objectively justified' by the labour market and employment policy.

Retirement age is, therefore, often discussed in terms of eligibility to government superannuation or pension, and there is a worldwide trend to raise the age of eligibility.

Government pension retirement age increasing under legislation

In many developed countries with high life expectancies, the age of eligibility for social welfare benefits will increase to 65 over the next two decades, and is already at this level in Belgium, Germany, Denmark and Israel (men; women's retirement age will increase to 64). Australia and Japan are targeting 2014 and 2013, and South Korea 2033 with respect to these eligibility criteria. Singapore currently has a retirement age of 62, although indications are that the government wishes to increase this to 67.

In countries with retirement ages below 60 for either men or women or both, some countries, such as Turkey and Italy are gradually increasing their retirement ages, but to no higher than age 61. In others, there has been public debate, but so far, no actual move to increase retirement age. Examples are:

- India (retirement age varies by state from 55 to 62, mostly 58 to 60);
- Malaysia (56);
- China (60 for professional men, 55 for other men and professional women, 50 for other women); and
- Indonesia (55 for men and women).
- The Solomon Islands has a retirement age of 45 in their Public Service, and the Fiji Public Service has recently lowered theirs to 55.

Managing the loss of skills

Governments as well as businesses are concerned at the loss of skills when people retire. Indonesia, for example, increased the retirement age of pilots to 65 (subject to health), because of the acute shortage of candidates.

A recent Hewitt study found more than half of medium to large companies were developing special programmes to retain employees approaching retirement. Specific actions include collecting data from employees close to retirement, investigation or implementation of transition arrangements, such as gradual decreases in hours, and reviewing policies that prohibit the rehire of retirees. Changes in superannuation schemes to increase their flexibility (such as moves to cash accumulation schemes) facilitate the goal of retaining older workers.

CROP agency policies

Among the participating CROP agencies, retirement ages vary and there is no consistent policy. Based on the analysis above we believe there is no need to specify any retirement age. We note that home countries of employees have a range of policies reflecting, for example, economic reasons for doing so such as providing opportunities to younger workers, or, depending on the rules, access to specific government superannuation benefits.

Recommendation

- Each participating CROP agency removes any specific retirement age from its conditions of service.

6.3 Special Drawing Rights (SDR)

6.3.1 SDR as a Currency Link for Remuneration

Background

The CROP agencies denominate the salaries of executive/professional staff in International Monetary Fund Special Drawing Rights (SDR). However, salaries are paid to staff in local currency, e.g.:

- Fiji dollars (FJD) for Fiji-based staff
- Comptoirs Français du Pacifique Francs (CPF) for Noumea-based staff
- Tala for Samoan-based staff
- US dollars for Honiara-based staff.

The use of the SDR was introduced to define the CROP professional staff salary scale, to enable a common salary scale to be used across all locations. Doing so ensures that base pay levels can be paid at similar levels across the agencies wherever staff are located.

The SDR is an artificial currency unit created by the International Monetary Fund (IMF), which is widely used as a reference currency by regional and international organisations. Its value is determined with a weighted ‘basket’ of four major currencies. The IMF reviews the SDR basket every five years to ensure the included currencies represent those used in international transactions and the weights reflect their relative importance in the world’s trading and financial systems. The weights as at 1 March 2009 are:

- US dollars 44% (2003, 41%)
- Euro 34% (2003, 34%)
- Yen 11% (2003, 13%)
- UK Pounds sterling 11% (2003, 11%)

(2003 figures from earlier Mercer report)

Because the SDR is a basket of currencies, it should inherently be more stable than any single currency, because the movements in its components are not always in the same direction or of the same size. Thus, movements in the four currencies may partly cancel each other out. The SDR does, therefore, provide some protection against exchange rate volatility.

Exchange Rate Analysis

We undertook some analysis of the US dollar, the Australian dollar, the Euro and the New Zealand dollar against the Fiji dollar, to investigate whether any of these currencies would provide more stability. The reasons for selecting these currencies are:

- They are all important donor currencies
- Australia, New Zealand and Europe (although not the US) are also important sources of employees
- These currencies, plus the yen (which is not relevant in terms of donations or employees) make up the basket of currencies on which the Fiji dollar is based
- The reference markets for the CROP salary scale include Australia and New Zealand.

While the Fiji dollar weightings are not published, we understand that the Fiji dollar basket comprises USD, AUD, NZD, Pound sterling and Japanese yen. Table 1 shows that the FJD displayed the least volatility against the AUD. Neither the Euro nor USD would have provided good stability over the last 3 years. Between 1 January 2006 and 1 January 2009, the Euro appreciated 17% against the FJD. US dollar fluctuations year-on-year was up to 13.6%. For the three years 1 January 2006 to 1 January 2009, there has been about a 9% shift in the SDR exchange rate against both the Fiji dollar and the CPF. Recent volatility in exchange rates, since 1 January 2009 has been even more extreme, and in April 2009, Fiji devalued by 20%.

Table 1: Exchange rate Fiji dollars versus key donor currencies – Euro, Australian dollar (AUD) and New Zealand dollar (NZD) 2006 to 2009.

Date	SDR per $ Fiji	Year-on-year change	Euro per $ Fiji	Year-on-year change	AUD per $ Fiji	Year-on-year change	NZD per $ Fiji	Year-on-year change
January 1 2006	0.403		0.486088		0.786385		0.843053	
January 1 2007	0.401	-0.50%	0.456916	-6.00%	0.765135	-2.70%	0.856036	1.54%
January 1 2008	0.411	2.49%	0.440621	-3.57%	0.735768	-3.84%	0.839725	-1.91%
January 1 2009	0.366	-10.95%	0.405123	-8.06%	0.803068	9.15%	0.981886	16.93%
Total change over 3 years to 1 Jan 09		-9.18%		-16.66%		2.12%		16.47%

Table 2: Exchange rate SDR versus Fiji dollars and Comptoirs Français du Pacifique Francs (CPF) 2006 to 2009.

Date	SDR per $ Fiji	Year-on-year change	SDR per CPF (Noumea)	Year-on-year change
January 1 2006	0.403		0.00694	
January 1 2007	0.401	-0.50%	0.00735	5.91%
January 1 2008	0.411	2.49%	0.00781	6.26%
January 1 2009	0.366	-10.95%	0.00757	-3.07%
Total change over 3 years to 1 Jan 09		**-9%**		**9%**

Exchange rates are likely to remain volatile for several reasons, including the global recession, the swing to conservative investments and away from commodity currencies and political uncertainty. Although the Australian dollar would have provided the greatest stability, the change in exchange rates over the last year would still have been greater than 5%.

Expatriate packages typically deal with exchange rate fluctuations by recalculating the package once an exchange rate moves by more than 5%. For countries exposed to commodity exchange rates, like

Australia and New Zealand, this can create a great deal of administration, as exchange rates can move 5% in a week. Basket currencies, like SDR, can help reduce this level of fluctuation.

Overall, therefore, we do not consider that the fluctuating exchange rate warrants a move away from the SDR to another foreign currency at this time.

6.3.2 SDR Stabilisation Mechanism

Background

In 2004, the FOC Working Group recognised that associated with the use of the SDR some further protection against exchange rate fluctuations was needed for both staff and agencies. Hence it was decided to institute a stabilisation mechanism as follows:

a) A floor and a ceiling to be set, between which salaries would be paid at the rate of exchange of the SDR and the currency of payment applicable at the time. The floor and ceiling would be set at 5% below and above a reference point. If the actual SDR exchange rate falls below the floor, the floor rate would be used to calculate salaries, and if the actual rate rose above the ceiling, then the ceiling rate would be used. In order to avoid daily fluctuations, the SDR exchange rate used in calculating actual pay will be a monthly average immediately prior to the day the pay is calculated.

b) The reference point would be the average SDR exchange rate of the twelve months to December of the previous year, which would be recalculated annually to apply from 1 January.

We understand that the SDR stabilisation mechanism allows management the flexibility to deal with any unexpected significant events, for example, currency devaluation. Thus, should a significant and unpredictable event that affects the SDR exchange rates occur then the CROP agencies can immediately investigate the effect of the event and implement remedial action.

Relevance

The stabilisation mechanism currently in practice provides, within a range, certainty for both the staff and the agencies. It protects staff from reducing salaries and protects the agencies from rising costs. Hence it continues to have relevance and is considered to be appropriate.

For local support staff employees, this is not a problem, as their salaries are established and expressed in the local currency.

We recommend:

- The SDR as a currency for denominating the professional staff salary scale should be retained since the alternatives we have considered are no less volatile than the SDR and the introduction of, or change to, another mechanism would be disruptive.

- The existing stabilisation mechanism continues to be used.

6.4 COLDA

The harmonised salary scale used by the CROP agencies, is set with Suva, Fiji as the base. To adjust for the cost of living differences between Suva and the other CROP locations a cost of living differential adjustment (COLDA) mechanism is used.

From documents reviewed we understand the original adjustment mechanism was set up in 1995. The base information for the appropriate adjustment to be made annually is obtained from international consultancies that measure the relative difference in the cost of living between Fiji and other locations, including amongst others, Noumea, Honiara and Apia. Each of the agencies using the mechanism has its own variation on the process in place.

SPC

In addition to the base salary, COLDA is applied based on a formula that assumes some of the professional staff's salary is sent off shore, and that there is a need for an adjustment for taxation.

It is with this latter calculation that we have concerns. It appears that the assumptions being used around tax scales and spending power adjustment have become out of date as they have not been adjusted since 1995. Therefore the agencies cannot have any confidence in the results of any recent COLDA calculations. We note that the COLDA is only one component of the individual's remuneration package and any revision may not make a dramatic adjustment to the remuneration levels.

FFA

We understand FFA had concerns with their current methodology and have undertaken a review. No changes have yet been made pending findings of the CROP wide review.

PIFS

PIFS applies the cost of living differential index obtained from ICC to 60% of the base salary. This approach was adopted, when COLDA was required for the Trade Commissioners in Auckland, Beijing and Sydney based on advice from ICC in 2004. The approach works well and is being used.

SPREP

SPREP uses the same adjustment formula as SPC.

Comment

The three different mechanisms do not represent harmonisation. In reviewing them we considered the value of simplicity against having a more sophisticated adjustment mechanism (this more sophisticated mechanism would consider the spending power of the individual as it relates to an overseas assignment) and on balance have recommended the simpler solution as we could not see the value of the added complexity.

The different formula used all seek to provide the best answer to the question of what proportion of salary should an adjustment to salary be made against. There is no argument that there should be adjustment, it is just a matter of what level it should be at. To explain another way, only a percentage of salary should have a COLDA adjustment as only a portion of salary is affected by the difference in the cost of living between the home country (designated as Fiji) and the agencies' location.

The original SPC formula uses a formula which calculates the percentage of after tax income that the formula should be applied to. This formula is also used by SPREP. The PIFS uses a single percentage adjustment (60% of gross salary is spent in the country of employment).

Both the more complex and simple formula will give similar answers. A single figure most likely gives some bias towards those that are higher paid with a complex formula evening this out. We note that the majority of those people affected are in relatively narrow salary ranges so the differences between using a more complex (and more accurate) formula and a single percentage adjustment are likely to be minor. This was noted in the original 1995 paper on the formula when three options were outlined for calculating COLDA (the most complex involving the adopted formula).

We also note that two consultancies, ECA and ICC (a Mercer company) have been used for obtaining adjustment information. While we believe that both are reputable organisations we suggest that a single primary provider be chosen with a secondary provider to be used for verification and checking from time to time. Swapping between providers is likely to give conflicting and variable information.

Recommendation

- The agencies adopt a more simplified COLDA adjustment mechanism and agree the use of a primary provider for regular information updates. While a formula approach will provide a more sophisticated adjustment to base pay we recommend that a single percentage figure is a simple effective solution. The figure of 60% of base salary is used currently by PIFS as the quantum used to multiply the COLDA by. We recommend that the percentage figure be reviewed with the primary provider chosen as part of the Triennial Review process. Agencies will access the latest information (i.e., annual updates) as required basis between these three year reviews.

6.5 Capacity Building

The report refers to capacity building across a number of the recommendations made. Capacity building forms part of the mission and purpose of the CROP agencies. Capability Building has a broad meaning but we understand it is about:

“The building up of knowledge and technical skills across all disciplines and areas of study that supports both individual governments and the region in its economic and social development so as decision making and discussion is conducted by those who can best interpret and implement against their social and cultural norms”

Source: Strategic Pay

In terms of human resources this will cover both the development of the individual throughout their career, as well as the capacity/means to provide a continuing supply of new individuals. The role of the CROP agencies in this process is designed to be encouraged by:

- The 6 year rule (provides career, and training and development opportunities within the agencies)
- Specific training and development initiatives

We note that given the relatively short term nature of the employment contract placing emphasis on the career protection of the employee is likely to go some way to meeting the expressed employee concerns that they may have about finding their next role. Career protection typically keeps the employee’s technical and other skills current as is typically conducted through personal development programmes that outline what the individual needs are in the short term.

The agencies accept that their remuneration strategies attempt to ensure that remuneration policies will attract some of the “best and the brightest” from their member countries and for the individuals recruited their time at the agency will be a stepping stone in their individual careers, careers which may not be enhanced (from the perspective of the individual) by return in either the short or longer term, to their country of origin.

It is clear, we believe, that the agencies have a role in capacity building and it is built into a number of the policies and practices they employ. By focussing on a high standard in their recruitment and retention policies it could be argued that the agencies are not being as broad and inclusive in building capacity in terms of this mandate. We would argue that any policy that attempted to recruit at a level other than the merit standards identified would be self defeating to the work of the agencies. In particular, it is likely to:

- Lead to confusion in recruitment policies and confuse the criteria on which decisions are made.
- Equally lead to further confusion and a lack of clarity in the performance management processes that the different agencies use.
- The introduction of criteria to use other than merit would involve the development and definition of quotas, which we believe would be detrimental to internal employee relations.
- Best practice either internationally or locally emphasises always a focus on the ability to perform well in a role.
- The current mandate of hiring within the region is a broad capacity building mechanism which, from all our discussions and review, has worked successfully.

The sections on remuneration structuring and reference markets are also relevant to capacity building.

Recommendations

- Use a range of initiatives, such as graduate cadetships, secondments, and the PIFS young professionals scheme, to also build capability.
- Ensure performance development plans, specifically targeted at filling skill gaps, are included in all performance management systems.
- Maintain the current criteria of hiring and promotion on merit as it has demonstratively served the region well, has a focus on performance, and represents strong and attainable goals.
- Consider the introduction of individual career development plans to protect their longer term employment prospects.

6.6 Remuneration Benchmarking and Banding

In conducting this report, the basis of remuneration for both professional and support staff was asked to be commented on. There are four areas to this:

6.6.1 Review of the current Banding Model and a Revised and extended Banding Model
6.6.2 Market Pricing: Support staff employed in Fiji
6.6.3 Market Pricing: Professional staff employed by all CROP agencies
6.6.4 Market Pricing: Support staff locally employed elsewhere in the region

6.6.1 Review of the current Banding Model and a Revised and extended Banding Model

This project was conducted in conjunction with two other reviews concerned with the conversion of all support and professional roles to the Strategic Pay SP10 job evaluation methodology. These latter reports contain the detail of the analysis.

Broad Banding

We characterise the current banding system as a broad branding framework (Grades A through to M).

Broad band pay structures allow organisations to pay different individuals doing the same jobs very differently. The key motivation behind this type of structure is a desire to pay good performers more than average or poor performers. The prerequisite for an effective broad band structure is, therefore, a very robust performance management system.

Broad band structures are generally not suited to organisations that do not place such emphasis on individual performance, or whose performance management systems are less effective. If external market relativity is the driving force behind remuneration decisions (i.e. everyone doing the same job is paid the same and individual performance not considered), broad band structures are not manageable or effective. Such organisations are better off using narrower grades, with narrower salary ranges, which provide managers with little opportunity to remunerate on the grounds of performance.

All the CROP agencies consider performance when reviewing remuneration (see section 5). Provided the performance management system genuinely measures and rewards outcomes linked to business strategy, this approach supports the use of broad band structures.

The CROP agencies use slightly different approaches for support staff versus professional staff. Jobs for professional staff are grouped into five fairly broad bands, grades, I to M (shown below) and those for support staff into eight narrower bands. Both structures have broad but variable salary ranges.

Table 1: The current professional staff scale

	Mercer (CED) points		SP10 Points	
Grade	**Minimum**	**Maximum**	**Minimum**	**Maximum**
M	1,050	1,310	1077	1350
L	840	1,049	880	1076
K	630	839	720	879
J	470	629	550	719
I	260	469	350	549

Band structure

In a broad band structure, the values of the bands (i.e. the dollars) are determined by pitching the band midpoint at the target market value (e.g. median of the public sector). In monetary terms, the ranges typically overlap, but provide a significant difference (25% to 30%) between each band's midpoint (this is known as pay progression). This reflects the increased levels of potential reward for more complex and responsible jobs, as people move through different career levels. Most organisations 'smooth' their band structures to limit the impact of anomalous variations in market movement from year to year.

In the professional scale, the pay progression is such that band J's midpoint is 50% higher than band I's midpoint, but above this, there is only 19% to 23% difference between the bands. For support staff, there is only 6-7% pay progression between bands A, B and C, but 28-33% between bands D and H. Despite this, there is no overlap in the salary ranges H and I because the support staff bands are pitched against a different target market than those of the professional staff bands.

The bands we understand at present have reporting relationships within them, something that causes difficulty in administration and understanding of them. This is not surprising given how broad they are. Furthermore, with respect to job points, there is an overlap between the support staff bands and the professional staff bands. This means that a job with job points in the range 260 – 469 could be placed in either the support staff salary structure, or the professional staff salary structure.

From Broad Bands to Narrower Bands

Given the comments above, we believe, a greater number of bands across the job size range of the current bands are warranted. We outline below what such an increase in the number of bands would look like.

The new ranges are consistent with the use of the scaling factor in the job evaluation methodology for grouping together jobs of a similar size. This scaling factor is based on Weber's Law of Psychometric Scaling. Simply put, we use approximately 15% steps within all the factors in the job evaluation methodology when we are distinguishing levels of competence. In total then when we group roles together and they are within 15% of each other the methodology is saying they are jobs of similar size. Jobs of a similar size grouped together are unlikely to have reporting relationships as the hierarchical (and other) factors in the methodology make this most unlikely.

Based on this premise, those jobs of similar size should be grouped together, and should be paid similar levels of pay, when building a banding model; having ranges of approximately 15% (they can be a little higher or lower) is an important and useful first step. In terms of our discussions and review of the current model we recommend 8 bands as against the current 4 for the professional grades.

The movement within bands is currently through a series of incremental steps apart from the Forum Secretariat which uses a percentage movement within the band. We believe that the percentage movement is more efficient as it:

- Discourages a focus on the "next step" in the band
- Gives better control of costs
- Is more efficient in that it wraps up movement in the band into a single figure
- Will align more easily with a performance management system

Finally we recommend the current band M be treated separately. We understand this band is only for the CEO roles. We believe this should remain the case. However, rather than placing a salary range around this band, individual bands should be created for each of the CEOs. We see this as representing good practice and necessary given the wide disparity in organisation size between the agencies.

We have looked at a number of options and the recommendation below reflects what we believe will deliver the best result for the agencies. A banding model such as this is unlikely to have reporting relationships within each band, will deliver a career development structure more easily, and will cater for growth in organisations such as SPC.

The shaded area in the draft band model represents the current overlap between support and professional roles. The effect of this varies between the agencies. Some agencies have no issues with it, others clearly have the overlap. Where such an overlap exists the cut-off point needs to be clearly delineated and this will need to done through review within the individual agencies (with some agencies we note there is no issue). The addition of more bands will make this an easier process than otherwise would have been the case.

Recommendation

- We recommend that the agencies look to review their banding model expanding the number of bands. The table below illustrates.
- In adopting this model we further recommend the agencies should look at abandoning the current professional/support distinctions as they are widely seen as emphasising un-necessary differences in roles.
- In addition, we recommend that the agencies treat the Chief Executive roles as a separate “band” supplying remuneration ranges for them based specifically on their job size.

Strategic Pay SP10 Points		
Band	From	To
16	1105	1271
15	960	1104
14	834	959
13	725	833
12	629	724
11	**546**	**628**
10	**474**	**545**
9	**411**	**473**
8	**357**	**410**
7	309	356
6	268	308
5	232	267
4	201	231
3	174	200
2	151	173
1	130	150

The bolded grades (grades 8 to 11) are where there is currently an overlap between the support and professional roles.

The earlier Mercer (CED) system covers the same range of roles but their points totals are different.

With the revised bands we recommend further that:

- The incremental step system be abolished and be replaced with movement within the band determined by a percentage movement decided by individual performance and organisation affordability (PIFS have recently moved to this system). This additional recommendation is based on good pay practices and avoids both the entitlement culture that step increases bring with them and the expensive cumulative effect of paying for both step and percentage movements in any one year. In addition, it can link very closely to any performance management system the organisation may have.

6.6.2 Market Pricing: Support staff employed in Fiji

The reference market used by the Suva-based CROP agencies for support staff in Fiji was set in 2006 following a report by PwC (Fiji). In a concurrent exercise all roles are now evaluated in the SP10 methodology. This enabled a full review to be conducted against the Fiji marketplace using the PwC (Fiji) survey. The full analysis of that report is contained in the Suva-based Support Staff Job Evaluation Review. We note however, in summary:

- The policy position was fixed at 10% above the upper quartile of the Fiji all organisations' market data for Base Salary.
- Analysis from three CROP agencies (excluding SPC) against the market data for base salary shows market practice between the median and the 90th percentile. Most of the data analysis shows actual practice above the Median and it is only for a small number of relatively senior roles that the data falls to at or near the Median.
- When SPC data is included the market data is consistently higher which indicates SPC's staff are generally paid at higher rates than the other three agencies.

We understand the relatively high level of pay within SPC has come about for a number of reasons including the tax free status of locally employed staff.

We recommend that this policy position not be reviewed. While a number of individual positions may require further review the policy is sound in our view. SPC local staff are however, very well paid against the local market and we recommend that steps be taken to bring these employees closer to the agreed policy position. Such steps could include:

- A freeze on further incremental increases until the market catches up
- Reviewing roles and providing promotion opportunities where possible
- Ensuring that new recruits are paid at a level closer to the agreed policy.

6.6.3 Market Pricing: Professional staff employed by all CROP agencies

The reference market (harmonised payline) was set from the 2006 triennial review recommendation at the average of three markets:

- The upper quartile of the All Organisations data from Fiji
- The median of the Public Service data from New Zealand
- The median of the Public Service data from Australia.

When the current remuneration system was implemented, the original recommendation of Mercer Consultants was to pitch the professional staff salary scale at the median of the Australian public service sector, and to review the market data annually. The scale that was implemented in 2001 was based on the 1999 data and was not reviewed until the 2003 triennial review, at which time it was found that the CROP salary scale was significantly behind the benchmark position. The governing bodies agreed that the cost of implementing the benchmark was prohibitive, and requested the 2004 Working Group to review the benchmark.

The 2004 Working Group considered the issue, and recommended that that median of the Australian public service sector no longer be used as the benchmark, and that it be replaced with the reference markets comprising the Australian public service sector, the New Zealand public service sector and the Fiji all organisations market. At the time, the Working Group did not provide guidance as to where the CROP scale should be pitched relevant to these reference markets.

The 2006 triennial review identified the difficulty facing the CROP agencies with respect to where to pitch the CROP salary scales, and recommended that they be pitched against the average of the three reference markets.

The purpose of adopting the 2006 review was to ensure that a transparent affordable system could be managed that balanced the different remuneration practices across the member countries – and would effectively assist in recruiting from those member countries.

We understand that while the system adopted in 2006 is not perfect it is working reasonably well in attracting/retaining employees. The competitive pressures are high in the region for many of the technical, professional and managerial staff required by the agencies as both relatively high paying countries (Australia and New Zealand) and other organisations in the region (WHO, United Nations) look to recruit. Any change in the base payment regime would result in much disruption of the remuneration structures and we do not recommend changing this policy position.

Our paper containing the job evaluation of all professional roles (Report on a project to undertake job evaluation of Professional Staff roles) accompanies this report.

Recommendation

- We recommend that the current (harmonised payline) policy position be retained

6.6.4 Market Pricing: Support Staff employed outside Fiji

Noumea

Triennial reviews of support staff remuneration data are conducted using a local consultancy. In particular data from the Institute of Statistics is reviewed detailing the difference between Public and Private Sector pay levels. Results are integrated into the banding structure which has its basis in job evaluation. This process has been used for a number of years. While job evaluated market data is not available sufficient information to enable alignment with the Upper Quartile of the General Market is obtained and has resulted in relatively stable recruitment patterns within the local market. Public Sector pay increases are incorporated in adjustment to the scales on an annual basis.

We recommend this process continue to be used in Noumea. Conversion of the support staff roles to the SP10 methodology we understand will be after job evaluation training later this year.

Solomon Islands

Support staff salary scales in Honiara are reviewed annually using a specially commissioned local survey. I have reviewed the survey and discussed it with local FFA staff. The report is both relatively comprehensive (given the small market) and provides sufficient information for the setting of pay levels. There are, in addition, a number of other local surveys that they participate in and for which they receive the results.

The supply of staff in Honiara is relatively limited and dominated by the Public Sector. Job evaluation is not widely used and there are no surveys that provide this level of analysis.

We recommend that this approach be retained.

Federated States of Micronesia

We have reviewed both Public Service rates and those of the Tuna Commission (based in Pohnpei). The later organisation has a similar purpose and structure to the CROP agencies. For local staff they have remuneration that is set as follows:

- Direct linkage to those of FSM Telecom pitching at similar levels
- Use of similar performance criteria to FSM Telecom

As Public Service pay in the FSM has effectively been static for the past decade due to budget constraints, the need to attract and retain good staff saw the linkage to a major local employer with recognised HR practices and systems. An external review in 2006 endorsed this means of salary setting.

We recommend the approach of the Tuna Commission be used in the setting of local pay levels for staff recruited in Pohnpei.

Cook Islands

While none of the CROP agencies currently operate in the Cooks we understand that SPC may have an office there in the future. Strategic Pay advises both the Government and Private Sector on remuneration and produces surveys in this market. This information is the only regular analysis of pay trends in the Cooks. The data is analysed for both the Private and Public Sectors (and General Market) using the SP10 job evaluation methodology and hence will be straightforward for any CROP agency to link into.

We recommend the use of this survey for pay setting in the Cook Islands.

Samoa

SPREP commissioned Betham and Co to survey the local market. The resulting survey is a review of both local pay levels in addition to a summary and an overview of discussions with SPREP staff representatives. The local data collected is based on job title related data linked back to SPREP Salary grades. Given the recent large increases in Public Sector pay levels it is not surprising that the report recommended large increases. However, we believe further analysis is required to obtain more comprehensive data in Samoa given the manner in which the analysis has been done to date.

7 Consistency of CROP Agency Remuneration Arrangements

Harmonisation supports consistent remuneration arrangements across the CROP agencies. However, the CROP agencies also agree that harmonisation is regarded as strong guidelines, rather than narrowly prescribed practices hence there will some variation in contract conditions and in benefits provided to employees in different agencies that allow for unusual and particular circumstances.

Professional Staff

The professional staff remuneration arrangements for the six CROP agencies consulted as part of this project are included as Appendix 3. There are many minor differences, most of which do not create any significant problems. However, there are several key areas of difference, which may work against the desire to treat employees equitably and allow opportunities for integration. These are specified and analysed below:

SALARIES

The following information relates to the consistency of salary related benefits across the six CROP agencies:

Salary on Appointment

There is good consistency in terms of the agreed approach to managing starting salaries on appointment. Five of the agencies specify the starting level (or point 1) of the salary range, except at management discretion based on exceptional/special circumstances. SPC have a slightly different policy, which specifies *in the lower half* of the salary range. This provides SPC with quite a bit more scope in their salary decision making at appointment time and this may impact salary relativities across the CROP agencies.

While there is strong consistency in terms of policy, it may be useful to review what happens in practice, and how often the rationale of ‘special’ or ‘exceptional’ circumstances is used by the respective agencies to warrant a higher salary in the range than the starting level.

Salary Review on Performance

All of the agencies review salary on an annual basis. Three agencies review on the anniversary of employment date. The three remaining agencies specify an annual review with SPC conducting a whole of agency review on a calendar year basis.

Generally, stronger internal relativity of salaries is achieved when all the performance reviews and salary reviews are done at one time. This enables the business to compare and contrast performance levels, benchmark staff achievement across and within functions and have some level of moderation of managers’ ratings.

Only SPC and PIFS information makes any reference to how performance is factored into the salary review. It specifies that performance is evaluated annually in line with the staff appraisal policy, and in SPCs case, that a cash bonus is awarded, subject to a performance rating.

Awarding a one-off payment (rather than a fixed increase to Base Salary) as the basis for the salary review is an unusual approach. Usually one-off payments are used in lieu of an increase at salary review time only where an individual/special circumstance warrants it, e.g. they are already paid at the top of (or outside) their recommended range.

By awarding a lump sum bonus, SPC are not capturing changes to remuneration levels year-on-year. In this way benchmarking Base Salary levels for consistency between agencies and with the market is compromised.

Annual Increments

Five of the agencies have a consistent approach, with performance based (not automatic) increments. This approach is well aligned with best practice in remuneration management.

SPC do not offer annual increments, but rather offer a performance-based bonus. This policy approach can have advantages depending on its application, e.g. the business not applying an across the board increase to staff and raising costs with no consideration of performance. However, it is an unusual approach which does raise other issues, as detailed in the section above on 'Salary Review on Performance'.

Salary on Renewal of Contract

There is strong consistency of policy here, with four of the agencies explicitly stating that there is no salary increase on the renewal of a contract. Any increase is awarded through the annual performance review only. One agency simply says "Based on Annual Performance", which probably means that no increase on renewal is implicit.

SPC's approach differs however. They specify that renewal depends on "satisfactory performance and funding availability". This is offering another element to the commentary, with reference not only to what happens to salary <u>when</u> the contract is renewed, but commenting also on the influencers of <u>whether</u> a contract will be renewed. It would be useful to add this type of wording in the other agencies contracts to improve consistency, and also to shift the focus to some of the <u>criteria</u> for renewal, rather than an immediate focus on salary considerations at renewal.

In addition, SPC provides specific guidance on what happens to salaries on renewal, depending on where the employee is currently positioned in the range. Several examples are detailed as to how a staff member will receive an increase at renewal. These are all tenure based (rather than performance based) and as such are not aligned with best practice in remuneration management. On that basis, we would <u>not</u> recommend that the other agencies aim to achieve consistency with SPC on this facet of salary management.

BENEFITS

The following information relates to the consistency of benefits across the six CROP agencies:

Superannuation/Provident Fund

There is a reasonable level of consistency here with all agencies paying between 7% – 8% of salary in consideration for superannuation.

Two of the agencies specify Base Salary as the basis for this percentage to be derived for all eligible employees. Three specify only *salary*, rather than any further detail. This leaves this clause open to interpretation as to whether that percentage will incorporate just Base Salary, or other income components such as bonus/incentive payments, value of benefits into Total Remuneration etc.

If custom and practice in these agencies is to make these payments as a percentage of Base Salary, it would be useful to specify this. It will also improve consistency across the agencies in terms of policy and practice.

Five of the agencies specify that the entitlement will be paid either as a cash supplement to salary (an expatriate exception we understand), or to a nominated superannuation fund. If the amounts are paid out in cash rather than into a super fund, this somewhat undermines the usual philosophical intent of the provision of a superannuation benefit, i.e. to ensure employees have a form of compulsory savings for their retirement. However, we are informed that the philosophical intent of CROP is to meet the legal requirements and therefore the payment in cash is a specific business reason for this option in terms of the often limited term of employment. We would however, generally recommend the evolution to a policy which stipulates a nominated super fund only, rather than a cash-based salary supplement.

By contrast, the SPC specifies the percentage of base salary be paid towards a nominated super fund only.

In some instances, employees have no discretion as to which fund monies are paid to e.g. for Samoan citizens in SPREP, it must be paid to the Samoan NPF and in the FFA, SI citizens must pay 7.5% of all income to the SINPF.

Interestingly, within the FFA, SI citizens receive 7.5% of All Income which is not consistent with their practice for non-Solomon Island citizens or with the other agencies.

Health Insurance

Health insurance cover is provided as a benefit across all six of the agencies. Specific cover differs from agency to agency, however the majority provide coverage for local medical consultation, pharmaceutical benefits, and overseas medical treatment, optical and dental. Some also offer coverage for outpatient medical and maternity. On the whole therefore, there is reasonable consistency.

The FFA policy is the least detailed, simply citing "all reasonable medical, dental and optical expenses". It would be useful for a tighter description of what is covered and not covered to be defined here.

Only four of the agencies specify that the cover includes both the staff member and their dependents. The remaining two do not specify whether dependents are included or excluded from coverage. All agencies include for family. If they are excluded, this means that the FFA and SPC Health Insurance policies are likely to yield much less of a tangible benefit to their employees compared to employees in the other agencies. It may be however, that dependents are covered, but that this cover isn't specified. If this is the case, it would be beneficial for the wording to be more explicit around who is covered.

Life and Disability Insurance

All of the agencies provide life insurance cover to staff. Two offer *twice* base salary, one offers *not less than* twice base salary, and the remaining three offer life insurance equivalent to *three times* base salary.

Three of the agencies also specify some accident/disability coverage in addition to the life insurance provision.

To improve harmonisation, the degree of the benefit (e.g. two times or three times base salary) could be made consistent. In addition, those agencies that don't specify any disability/accident cover currently could add this to their policy. (Naturally though, there would be a cost implication of doing so).

Housing Allowance

There is strong consistency around the underlying approach to housing allowances, in that the figure of 75% (to a ceiling) of rental is used in five out of the six agencies. The variation occurs as to how the 75% of rental is determined. The definitions used to support this rental assistance include *market* rental, *total* rental, *actual* rental and *typical* rental. To improve harmonisation of packages, agreed rental assistance (not just a number but the definition of how it is measured) could be determined and implemented. SPREP conducts annual reviews.

How an appropriate rental property is selected is not detailed in any of the policy definitions, with the exception of SPREP, who specify an expatriate furnished house.

While the overall policy is fairly consistent, harmonisation could be strengthened by determining more specifications for the nature/quality/size/condition of the rental property. Currently, 75% of the rental of a small unit or a mansion could equally fit the provision made by the policy. In practice, we assume that there are other standards around what accommodation is considered reasonable and suitable.

The sixth agency (SPBEA), does not detail a percentage value of rental, but rather specifies a flat rate of rental assistance to be provided per month, dependent on the level of the role. While this is likely to ensure consistency within that agency, it is at risk of being inconsistent with the other agencies. In addition, SPBEA only pays the housing allowance to those staff they classify as Professional Officers in terms of delivery of services.

RELOCATION PROVISIONS

The following information relates to the consistency of relocation provisions across the six CROP agencies:

Travel on Recruitment and Repatriation

Provisions for travel on recruitment are highly consistent across all the agencies, generally offering economy air travel and transit costs for staff member, spouse and dependents by the most direct or economical route. Some specify a different travel class (e.g. first or business) for specific senior roles.

Freight Expenses on Recruitment and Repatriation

Removal expenses are highly consistent across all the agencies for the most part, with all agencies specifying the same amount of cubic meters shipping entitlement per person. Five of the agencies have the same excess baggage allowance per person. If it is cheaper one full or a half a container is specified.

SPREP allowance of 20kg is per staff member, not per person.

SPC allows 12kg rather than 20kg excess baggage allowance. They also do not specify that packing, insuring, shipping and unpacking are covered. This may be offered in practice, but it would improve consistency if this were stated.

We recommend a new policy of a maximum of a 20 ft container to be the CROP wide policy. We understand in terms of pricing this is very cost-effective, as compared to renting part of a container for example, and would effectively not add to costs as compared to the current policy.

Establishment Allowance

There is a high degree of consistency here across the agencies, with the base provision of SDR 1,100 establishment allowance for all staff recruited from outside a nominated region, from the base of the position. SOPAC is the one exception, where the amount is only specified in Fiji dollars, making a cross agency comparison of the entitlement more difficult. (SPC make specific provision for staff based in Suva and Noumea).

Two of the agencies have further detail on the amount to be paid, depending on where the recruit is appointed or the level of the appointment.

Only SPC have a tenure criterion to support this allowance. “Paid to expatriate staff appointed for at least 12 months”. Adding this clause would further strengthen the basis for payment in the other agencies also.

Accommodation on Recruitment and Repatriation

There is strong consistency of provision here, with five of the agencies providing six working days of accommodation on arrival. Each of these also offers provision to extend to 12 days as an option – some at Director Discretion. In most instances a similar provision is made on repatriation.

All of these five, except SOPAC, note that no other housing subsidy or rental assistance is paid during this period of temporary accommodation. (This clause could be added to make SOPAC's policy more consistent.)

SPC have a more detailed policy than the other agencies. Based on individual circumstances, options may include payment of a per diem, payment for a hotel or provision of suitable accommodation until permanent accommodation is confirmed.

Repatriation Allowance

The treatment of this allowance is consistent on the whole across the agencies. Five of the agencies pay two weeks' salary or equivalent at repatriation. The remaining agency pays the same amount upon completion of contract. SOPAC: there must be completion of at least the first full three year contract satisfactorily. If the contract is terminated, there is no repatriation allowance.

In addition, the FFA offers a retention incentive on the completion of each contract (21% for a three year contract, 14% for a two year contract). We wouldn't recommend this clause is standardised across the agencies, as this would attract additional cost, without necessarily adding value. The assumption for having a clause like this in place would be to support a particular retention need in a difficult labour market potentially.

SPC specify that staff recruited are eligible for the repatriation allowance whether or not they complete the contract.

SPREP does not pay the allowance if the staff resigns within 12 months or is dismissed.

General Commentary

Currently there do not appear to be 'claw back' provisions for any of the Relocation Provisions. Such clauses add protection to the business for their investment in employees. Often businesses will establish claw back provisions, whereby a percentage of the company spend must be reimbursed by an employee who does not meet a certain service requirement, e.g. minimum of six months or minimum of twelve months.

This option could be explored by the CROP agencies to protect the sizeable investment they make in these benefit provisions.

FAMILY PROVISIONS

The following information relates to the consistency of family provisions across the six CROP agencies:

School Holiday Travel

These provisions are consistent with all agencies specifying one return airfare for staff member or spouse to visit a studying child who is offshore (or for the child to visit them). However, SPBEA, SPC and SPREP only pay this for expatriates.

Home Leave Travel

There is reasonable harmonisation of this home leave travel benefit across the group, with four offering travel at the end of 18 months of a three year contract, and at the end of the contract if it is to be renewed. All specify economy class.

SPREP has the same provision for the 18 months.

The FFA has a different arrangement with travel offered for each completed year of service, except for the final year of employment. This entitlement could be greater or lesser than the other agencies, depending on the typical term of contracts. If contracts are typically three years in duration, then in practice, the entitlement would be more than the other agencies, with two trips in three years.

CONTRACT TERMS

The following information relates to the consistency of contract terms across the six CROP agencies:

Duration of Contract

See comments above on the 6-year rule

Termination of Contract

Specifications for termination of contract are fairly uniform, with four specifying one month’s notice. SPC and SPBEA both specify between one – three months depending on the contract/tenure.

Working Hours

No one agency has exactly the same provisions for working hours and lunch breaks. There is a reasonable degree of similarity however.

Almost all specify start times between 8.00am and 8.30am and finish times Monday to Thursday between 4.30pm and 5.00pm. Four agencies have slightly shorter specified hours on a Friday.

Four agencies specify the length of lunch break to be one hour, and when this should be taken.

Noumea based staff in SPC work Monday – Friday from 7.30am – 4pm, which represents the biggest deviation from the remainder of the group.

However, all agencies contract the majority of their staff to work between 37 – 38* hours per week. Only Pohnpei based staff working for SPC work a 40 hour week.

* This is based on the assumption of a one hour lunch break, whether specified or not.

To improve consistency, those agencies that don’t currently specify a lunch break could look at adding a lunch break provision.

Given the similarity in overall working hours, we don’t see a need to fully standardise the working hours across the agencies – especially given that these may have been developed to meet local/agency specific business or operating needs.

Class of Travel

There is a strong level of consistency on contractual provisions here, with all agencies specifying economy travel. Five of the six agencies stipulate that the CEO is entitled to fly business class.

Five of the six agencies indicate that business class travel for long haul flights would be signed off on a case by case basis.

SPC has the strongest policy definition around this element by actually defining “long haul” as flights over ten hours. They also specified that the discretionary decision would be made based on a range of conditions, including affordability.

Actual practice of utilising this exception of business class flights might vary quite considerably between the agencies if past travel trends were explored.

Other agencies could benefit from adding similar clauses around where discretionary decision making on business class would be made, in the vein of SPC’s terms.

Education Allowance

There is some variation with respect to the provision of an education allowance. 75% of actual compulsory school fees and board up to a maximum of 75% of the ‘benchmark’ (specified) is offered by three of the agencies. Two of the remaining three offer a maximum fee per child (different currencies and amounts are used). The remaining agency sets a $10,000 cap for any and all dependents relating to education spend, regardless of how this is made up (e.g. fees, boarding, prescribed book costs, uniform, sandals).

SPC and PIFS specifically detail what is and isn’t included in the allowance (e.g. fees, texts, boarding, extra curricular activities etc). This additional level of rigour would benefit the policies of the other agencies also.

SOPAC, SPREP and FFA only pay tuition fees and boarding costs.

SPBEA pays the education allowance only to those staff they classify as Professional Officers in terms of delivery of services.

We recommend that all agencies adopt the SPC/PIFS policy in terms of the detail of what is/is not included in the policy.

Annual Leave

Provision of annual leave is extremely consistent with all but one agency offering 25 days (5 weeks) per annum. FFA is the exception, they offer 30 days – the 5 extra days are offered due to the “hardship” location.

All agencies with the exception of FFA have a maximum of 50 days accumulation of annual leave.

To improve consistency, FFA’s annual leave provision could be revised downwards for new appointees, and a maximum accumulation amount stated.

Sick Leave

Sick leave policies are not highly consistent in terms of the extent of the benefit between the various agencies.

The number of days of entitlement per annum varies from 21 to 36. The majority however (67%) offer 30 days. The maximum accrual is 90 days for all but one agency, FFA, which offers a maximum accrual of 108 days.

FFA has the largest offering, 36 days sick leave with a maximum accrual of 108 days. On that basis, review of their sick leave policy would be the best place to commence to improve holistic consistency across the agencies.

We see an opportunity for the agencies to cut back on the accrual of sick leave and put in place a hospitalisation policy.

Other Leave

Provision of a range of other leave entitlements is consistent for the most part across the agencies.

Five agencies offer 60 days maternity leave after 1 year of service. The same five agencies offer 6 days of family related leave per annum.

Also, they offer special leave or leave without pay at the discretion of management. Four of the five note that this must be taken once annual leave has been exhausted. On that basis, it would improve harmonisation for SPREP to add this condition to their policy.

The SPC agency has different provisions, for each of these situations. They offer 80 days paid maternity leave and five days of family leave per ‘event’, up to a maximum of 10 days. In addition they provide Paternity Leave, Carer’s Leave, Adoption Leave and Duty Travel Compensatory Leave.

To improve consistency, a review of the SPC leave provisions to entitlements which are more consistent with the remaining agencies would be required. In particular the definition of family (parents-in-law, grandparents), compassionate leave to include brothers and sisters and other special leave (for example, national representation).

LOCATION SPECIFIC CONDITIONS

The following information relates to the consistency of location specific conditions across the six CROP agencies. It would not be expected for these to be consistent however. As the name implies, these conditions are location specific in nature.

COLDA

COLDA is covered in our earlier section.

Child Allowance

Only one agency, SPC, provides a child allowance. This is based on local legal requirements in Noumea, and therefore the approach cannot be harmonised further.

Location Allowance

A Location Allowance is provided only to Solomon Island based staff working for SPC. FFA stipulates an allowance of 16.25%, with no further detail added.

Support Staff

SALARIES

The following information relates to the consistency of salary related benefits for support staff across the six CROP agencies:

Salary

Four of the six agencies detail that support staff will be eligible for an annual increment or percentage movement based on performance. Of this group, SOPAC notes that these will be based on *exceeding* performance expectations. The others use words such as *good* or *satisfactory*, or do not offer any further definition of performance.

Improved consistency could be achieved by linking an annual increment/percentage movement to a <u>specified</u> level of performance.

PIFS talks about a percentage salary movement based on performance but there is no mention of timing or frequency.

SPC does not specifically detail any performance linked annual increment. Their discussion of salary movements for support staff is linked to the renewal of contracts (which in turn is linked to both satisfactory performance and funding). They have some movements in the grade which are linked to the length of a contract/tenure. Tenure based salary movements are <u>not</u> well aligned with best practice in remuneration management.

FFA also explicitly stipulates no COLA; the other agencies do not make a comment on this potential entitlement.

Three of the six agencies make reference to the renewal of contracts. SPC and SPREP specify performance and funding as the basis for renewal. SOPAC simply states that the contracts are renewable.

Referencing contract renewal in all of the agencies and adding criteria (as SPC and SPREP have done), would improve consistency.

SPREP are the only agency to make reference to the role that market movement’s play in the review of salary, specifying that a triennial review occurs based on local market conditions.

Recruitment Market

There is complete consistency on the defined recruitment market for the support staff for these agencies, with all six defining this as the location of their office.

BENEFITS

The following information relates to the consistency of benefits for support staff across the six CROP agencies:

Superannuation/Provident Fund

There is a reasonable level of consistency here, with all agencies paying between 7% – 8% of salary in consideration of superannuation.

SPREP and FFA specify 7% and 7.5% respectively and also nominate which fund the monies will be paid into.

Of the six agencies, only FFA defines salary as ‘All Income’. It would benefit the other agencies to define whether they are referring to all income or base salary, for example.

Health Insurance

All of the agencies have some provision of health cover in place for their support staff employees. The extent and detailing of the cover differs across the agencies however.

Four agencies specify that the cover extends to spouse and dependents, while two do not have this level of detail. To improve consistency, it would be useful for this to be confirmed in all of the policies.

The FFA policy is the least detailed, simply citing “all reasonable medical, dental and optical expenses”. As per our comment relating to professional staff benefits, it would be useful for a tighter description of what is covered and not covered to be defined here. As it stands, it is open to a lot of interpretation.

Life and Disability Insurance

All of the agencies provide life insurance cover to support staff. Two offer *twice* base salary, one offers *not less than* twice base salary, and the remaining three offer life insurance equivalent to *three times* base salary.

On that basis, as with professional staff, the coverage offered for life insurance can be considered reasonably consistent across the agencies.

Three of the agencies also specify some accident/disability coverage in addition to the life insurance provision.

As per our recommendation with professional staff, consistency could be improved by standardising the degree of the benefit (e.g. two times or three times base salary). In addition, those agencies that don’t specify any disability/accident cover currently could add this to their policy, if this is deemed feasible from a cost perspective.

Housing Allowance

Four of the agencies do not provide any level of housing allowance for support staff.

FFA offers a housing allowance of 20% for staff in grades A – E and 15% for Grade F – based on Solomon Island public service rates.

SPC do not offer any assistance for support staff in Fiji, New Caledonia or Pohnpei. Outside of those regions, prevailing public service conditions apply.

While this benefit is fairly inconsistent across the agencies, this is driven by local needs and requirements, so complete harmonisation of this benefit is not being realistic or desirable. We recommend that the conflicting polices be reviewed and become more consistent as far as possible.

CONTRACT TERMS

The following information relates to the consistency of contract terms for support staff across the six CROP agencies:

Working Hours

Each of the agencies has different start and finish times for support staff. Some have different times within their own business, dependent on the nature of the work.

All agencies specify start times between 7.30am and 8.30am and finish times between 4.00pm and 5.00pm. (The one exception to this is New Caledonia-based SPC maintenance from 7.00am to 3.30pm).

Four agencies have slightly shorter hours on a Friday. Five of the agencies specify the length of lunch break to be one hour, and when this should be taken.

However, all agencies contract the majority of their support staff to work between 37 – 37.5* hours per week. (Only Pohnpei based staff working for SPC work a 40 hour week).
* This is based on the assumption of a one hour lunch break, whether specified or not.

Maintenance staff appear to be contracted to a longer working week than general support staff. SPC maintenance staff based in Suva work 39 hours per week. SOPAC maintenance staff work 42.5 hours per week.

To improve consistency, the agency that doesn't currently specify a lunch break (SPC) could look at adding a lunch break provision.

Given the similarity in overall working hours, we don't see a need to fully standardise the working hours across the agencies – especially given that these may have been developed to meet local/agency specific business or operating needs and/or the nature of roles and their requirements.

SPREP specify that there is an entitlement to overtime and transport and meal allowances depending on the hours worked. To improve consistency, some criteria could be added here. Other agencies who are silent on this entitlement could add detail to their policies.

Annual Leave

There is significant variety in terms of annual leave entitlement across the agencies. This varies from 15 working days per annum (SPREP which is based on local market conditions) to 25 working days per annum (SPBEA and SPC).

Four agencies have a basic leave provision that does not change. The remaining two have a tiered leave entitlement which is driven by length of service. Each of these (PIFS and SOPAC) offer 18 days for the first five years' service, then 21 days per annum from the sixth year of service onwards.

Five of the agencies specify that the maximum accumulation of leave is 50 days. This could be added to FFA's policy (which is currently silent on accumulation rules) in order to strengthen consistency.

The difference between the highest and lowest annual leave provision is quite significant, with SPREP providing only 60% of the leave benefit of SPBEA. This could be a factor which would materially influence candidates should they be considering both agencies.

The average annual leave provision for the first five years of service is just over 20 days (e.g. 4 weeks). If a standardised policy is the objective, this would be a good figure to work towards.

Sick Leave

Sick leave policy is not particularly consistent across the agencies for support staff. As with professional staff, the number of days of entitlement per annum varies from 21 to 36. The majority however (67%) offer 30 days.

The maximum accrual is 90 days for all but one agency, FFA, which offers a maximum accrual of 108 days.

FFA has the largest, offering 36 days annual leave with a maximum accrual of 108 days. On that basis, review of their sick leave policy would be the best place to commence to improve holistic consistency across the agencies unless the hardship issues necessitate this difference.

Other Leave

Provision of other leave is reasonably consistent across the agencies.

Five agencies offer 60 days maternity leave after 1 year of service. The same five agencies offer six days of family related leave per annum, whether this is compassionate leave, paternity leave etc.

Also, they offer special leave or leave without pay at the discretion of management. Only two agencies note that this should be taken once annual leave is exhausted. This clause could be added to the remaining four agencies to strengthen harmonisation of the benefit across the agencies.

FFA has a long service leave benefit in place. SPREP have an examination leave entitlement, while the five other agencies remain silent on this area.

SPC have greater leave provisions in place than the other agencies. They have 80 days paid maternity leave in place and up to 10 days paternity leave. Compassionate leave is aligned with local law and practice. In addition there is provision if required for carer's leave, adoption leave and travel compensatory leave.

To improve consistency, a review of the SPC leave provisions to entitlements which are more consistent with the remaining agencies would be required.

LOCATION SPECIFIC CONDITIONS

The following information relates to the consistency of location specific conditions across the six CROP agencies.

Child Allowance

Only SPC has a child allowance in place. This is for Noumea-based staff and is a local legal requirement. As such, the lack of consistency for this benefit across the agencies cannot be addressed.

Appendix 1 - Terms of Reference

The terms of reference for the 2009 review are:

- Examine and report on trends in international best practice (including emerging trends) with respect to remuneration policy and practice, noting where the participating CROP agencies may differ;
- Provide advice on the impact of these trends and comment on the suitability of the CROP remuneration structure over the longer term;
- Examine the remuneration package currently offered to staff by each of the participating CROP agencies, document the areas of difference and note any impact arising from any such differences;
- Examine the harmonised remuneration package currently offered to staff relative to the reference markets and international best practice and recommend changes, if necessary;
- For professional staff, examine the harmonised remuneration pay-line relative to the reference markets and recommend whether the current benchmark of the average of the three reference markets is considered appropriate and if not, recommend alternatives;
- For Suva-based support staff, examine the harmonised remuneration payline relative to the reference markets and recommend whether the current bench mark of 10% above the upper quartile is considered appropriate;
- For non-Suva-based support staff, recommend an approach to determining an appropriate reference market if robust local market surveys are not available.

In completing the terms of reference the following specific issues are to be addressed:

- Examine the current practice of denominating professional staff salaries in SDR[6] and the associated stabilisation methodology and provide an opinion as to whether or not these are still relevant and if not, provide alternatives;
- Review the implementation of the “six-year rule” across the participating CROP agencies noting any differences where these occur and the impact of these differences;
- Review the current rates of COLDA, advise whether these are still relevant and note any opportunities for harmonisation or refinement;
- Examine whether the agencies have a role in capacity building; consider whether this conflicts with the current practice of recruitment based on merit, and what impact this might have on recruitment and remuneration practices;
- Examine prior recommendations regarding moving to total remuneration and comment on whether this continues to be an appropriate vision for the CROP agencies, and if so, recommend how this approach could be implemented;
- Review the retirement age policy, advise whether this is still appropriate and recommend a harmonised approach; and
- Review and advise on other significant relevant issues.

Appendix 2 – Sample Remuneration Statement

A statement such as that noted below would be developed from the reward framework noted in the second part of this Appendix. It would be unusual to apply all the different types of reward noted but a comprehensive listing is important as the starting point. Often the final listing an organisation chooses relates to their ability to obtain comparative external survey information.

CROP Agency
Professional Employee Remuneration Statement

Strictly Private & Confidential

Information Current: **1 March 2009**

Name:	**Mariana Jones**
Job Title:	Project Manager
Department:	Agriculture and Forestry
Job Band:	J

Base Salary (SDR)		**50,000**
Benefits		
Housing Allowance	12,500	
Superannuation	4,000	
Health Insurance (2 adults)	1,500	
Life and Disability Insurance	800	
Education Allowance (2 children)	4,000	
Other Benefits	500	
Total Benefits	**23,300**	
Total Fixed Remuneration		73,300
Target Bonus	5,000	
Total Remuneration Opportunity		**78,300**

In addition, you and your family are eligible for one return economy-class trip per annum to your home country, currently valued at SDR 5,000

Appendix 2 - Total Rewards Inventory (Source: World at Work)

The table below represents a complete listing of benefits. From this listing the CROP Agencies can choose the benefits that apply to their situation and develop a comprehensive unique statement of rewards.

Cash remuneration	Benefits	Work-life	Performance and Recognition	Development and Career Opportunities
BASE WAGES	HEALTH AND WELFARE	FLEXIBLE WORK ARRANGEMENTS	PERFORMANCE DEVELOPMENT	LEARNING OPPORTUNITIES
Salary, hourly or piece rate pay	Medical insurance	Flexitime	One-to-one meetings	Fee reimbursement
PREMIUM PAY	Dental and optical insurance	Telecommuting	Performance reviews	On-the-job training
Shift pay	Life and TPD insurance	Job-sharing	Performance planning and KPI setting	Outside courses or seminars
Holiday pay	Income protection insurance	Part-time employment		Self-development courses
On-call or callout pay	RETIREMENT	UNPAID LEAVE	RECOGNITION	
Hazard pay	Superannuation	Sabbaticals	Service awards	COACHING/MENTORING
Bilingual pay	OTHER BENEFITS	HEALTH AND WELLNESS	Recognition scheme	Young professional programme
Skills-based pay	Company car	Employee assistance programme	Employee suggestion scheme	Leadership training
Market allowance	Car allowance	Flu vaccinations		Mentoring programme
COLDA	Car park	Annual health check		Networking groups
VARIABLE PAY	Housing allowance			
Commissions	Education allowance	Stop smoking courses		OPPORTUNITIES FOR PROMOTION
Profit share	PAY FOR TIME NOT WORKED	Stress management courses		Apprenticeships
Team bonus	Annual leave			Secondments
Individual performance-based incentive	Sick leave	COMMUNITY PROGRAMMES		Job rotation
Referral bonus	Domestic leave	Community volunteer programme		Internal job advertisements
Sign-on bonus	Bereavement leave			Promotions
	Parental or adoption leave			Succession planning
	Military and jury leave			
	Study leave			

Appendix 3 - CROP Comparison of Staff Remuneration Arrangements

Professional Staff – January 2009

Salary and Benefits	PIFS	SPC	SOPAC	SPREP	FFA	SPBEA
Salary Scales	Denominated in SDR (Special Drawing Rights) and paid in Fiji dollars according to the average SDR/FJD exchange rate for preceding month within the boundaries of the stabilisation. SDR stabilisation calculated base on a ceiling and floor which is calculated as +/- 5% of the average SDR exchange rate of the previous year. Grade I – M.	Denominated in SDR (Special Drawing Rights) and paid in local currency according to the average SDR exchange rate for preceding month within the boundaries of the stabilisation. (In Noumea the SDR exchange rate is the average of the last 30 days). SDR stabilisation calculated base on a ceiling and floor which is calculated as +/- 5% of the average SDR exchange rate of the previous year. Grade I – M.	Denominated in SDR (Special Drawing Rights) and paid in Fiji dollars according to the average SDR/FJD exchange rate for preceding month within the boundaries of the stabilisation. SDR stabilisation calculated base on a ceiling and floor which is calculated as +/- 5% of the average SDR exchange rate of the previous year. Grade I – M.	Denominated in SDR (Special Drawing Rights) and paid in Samoan Tala according to the average SDR exchange rate for the preceding month within the boundaries of the stabilisation. SDR stabilisation calculated base on a ceiling and floor which is calculated as +/- 5% of the average SDR exchange rate of the previous year. Grade H to M.	Denominated in SDR (Special Drawing Rights) and paid in SBD dollars according to the average SDR/USD exchange rate for preceding month within the boundaries of the stabilisation converted to SBD using the USD:SBD rate on pay day. SDR stabilisation calculated base on a ceiling and floor which is calculated as +/- 5% of the average SDR exchange rate of the previous year. Grade I – M.	Denominated in SDR (Special Drawing Rights) and paid in Fiji dollars according to the average SDR/FJD exchange rate for preceding month within the boundaries of the stabilisation. SDR stabilisation calculated base on a ceiling and floor which is calculated as +/- 5% of the average SDR exchange rate of the previous year. Grade I – M.
External job sizing	Sample of positions sized against market and CROP on a 3 yearly basis by external consultant.	Sample of positions sized against market and CROP on a 3 yearly basis by external consultant.	Sample of positions sized against market and CROP on a 3 yearly basis by external consultant.	Sample of positions sized against market and C ROP on 3 yearly basis by external consultant	Sample of positions sized against market and C ROP on 3 yearly basis by external consultant	Sample of positions sized against market and C ROP on 3 yearly basis by external consultant
Salary on appointment	At starting level of salary range, or higher at management discretion.	In the lower half of the salary range. Depending on experience and qualifications and exceptions with respect to special circumstances, DG/DDG approval required.	At starting level of salary range or at higher in exceptional circumstances. (Some exceptions with respect to special circumstances, e.g. Team Leaders) Director approval required.	At starting level or higher level of salary range - in exceptional circumstances at Director's discretion.	Normally at Point 1. Director General has discretion to appoint at a higher level within the salary range if the circumstances justify it.	At starting level of salary range, or higher at management discretion usually dependant on experience and qualifications.
Salary review on performance	Annual.	Performance is evaluated annually in line with SPC staff appraisal policy. A cash bonus (% of base salary) is awarded subject to performance rating.	Annually on contract anniversary	Annual on anniversary date.	Annual on anniversary date.	Annual
Annual increments	Percentage salary range movements based on	No annual increments. Annual performance based	Performance based – not automatic.	Performance based – not automatic.	Performance based – not automatic.	Performance based – not automatic.

Salary and Benefits	PIFS	SPC	SOPAC	SPREP	FFA	SPBEA
	performance.	bonus system in place.				
Salary on renewal of contract	No increase on renewal. Increases only awarded through annual performance review.	Renewal depends on satisfactory performance and funding availability. If staff member has not reached the maximum point in position salary range, one increment within the grade is awarded upon renewal of a three contract or after having continuously worked in the same position on short-term contracts for a total of 3 years. Two increments are awarded on reappointment following advertisement of the position. (e.g. 6 year rule)	No increase on renewal. Increases only awarded through annual performance review.	Based on annual performance review.	No increase on renewal. Increases only awarded through annual performance review	No increase on renewal. Increases only awarded through annual performance review
Benefits						
Superannuation/Provident Fund	8% of salary (paid as a cash supplement to salary or to nominated superannuation fund, Fiji citizens - FNPF).	8% of base salary (paid towards nominated overseas superannuation scheme, SPC PF scheme or FNPF)	8% of salary (paid as cash supplement to salary or to nominated superannuation fund, Fiji citizens - FNPF).	7% of base salary paid as cash supplement or to nominated fund. For Samoan citizens and residents, 7% is paid to the Samoan NPF.	SI citizens - 7.5% of all income paid to the SINPF. Non-SI citizens - 7.5% of basic salary plus allowances, paid as a cash supplement or to nominated superannuation fund.	8% of salary (paid as a cash supplement to salary or to nominated superannuation fund, eligible Fiji citizens and non-Fiji citizens can join FNPF).
Health Insurance	Health insurance covered for: local medical consultation, pharmaceutical benefits and overseas medical treatment (subject to certain conditions) outpatient medical, optical, for staff member, dependants. Includes maternity schemes for staff members. Optical and maternity are “self-insured”	Health insurance covered for: hospitalisation, local medical consultation/ outpatient medical, pharmaceutical benefits and overseas medical treatment (subject to certain conditions),includes maternity cover and optical and dental. Optical and dental are “self-insured” in the case of Suva.	Health insurance covered for: local medical consultation, pharmaceutical benefits and overseas medical treatment (subject to certain conditions) for staff member, spouse and dependent children. Includes optical and dental in-house.	SPREP in-house Medical Scheme covers reasonable medical, optical and dental expenses based on established limits in Scheme. Medical evacuation for overseas medical treatment (subject to certain conditions) is also provided.	All reasonable medical, dental, and optical expenses.	Health insurance covered for: local medical consultation, pharmaceutical benefits and overseas medical treatment (subject to certain conditions) outpatient medical, optical, dental for staff member, dependants.
Life and Disability insurance	Term life insurance equivalent to 3 times base salary for staff member.	Term life insurance equivalent to twice base salary for staff member. Includes accident and permanent disability cover.	Term Life insurance not less than twice base salary of staff member. Also Total Permanent Disability Cover.	Life insurance cover equivalent to three times base salary for staff member. Personal accident cover is also provided.	Life insurance equivalent to three times base salary.	Term life insurance equivalent to two times the base salary for staff member.

Salary and Benefits	PIFS	SPC	SOPAC	SPREP	FFA	SPBEA
		Staff indemnity paid in case of incapacity to work equal to 50% base salary during one year (deductible 90 days)				
Housing Allowance	Rental assistance of 75% of actual rent paid to a maximum of 75% of the market rental. (Note transition arrangements provide for flat rate of $1,500 per month minimum for current contracts).	For Fiji based staff, rental assistance of 75% of total rental with a minimum of $1,170 per month & maximum of 75% of the market rental to a maximum limit of $2,625 per month. In Noumea (and elsewhere), rental assistance of 75% of market rent (special conditions apply).	Rental assistance of 75% of actual rent paid to a maximum of 75% of the market rental. (Note transition arrangements provide for flat rate of $1,500 per month minimum for current contracts).	Rental assistance of 75% of typical rent of expatriate executive furnished housing and adjusted to local market rentals annually.	Rental assistance of 75% of rental. Director General has discretion to impose reasonable limits. The maximum a staff member has to pay is SBD2,000 per month (due to current inflationary environment).	Rental assistance of $1,500 per month for staff on Grades I-L, and $2,500 per month for Director.

Relocation Provisions	PIFS	SPC	SOPAC	SPREP	FFA	SPBEA
Travel on recruitment and repatriation	Economy air travel and transit costs for staff member, spouse and accompanying dependents (first class for SG), between point of recruitment and Suva by most direct or economical route.	Economy air travel and transit costs for the staff member, (including DG), spouse and accompanying eligible dependants, between point of recruitment and base station by most direct or economical route. Repatriation – most economical airfare to "home' as designated in the contract or actual to alternative destination but no higher than equivalent passage home.	Economy air travel and transit costs for staff member, spouse and accompanying dependents (business class for Director), between point of recruitment and Suva by most direct or economical route.	Economy air travel and transit costs for staff member and accompanying dependants (business class for Director), between point of recruitment and Apia by most direct or economical route.	Economy air travel and transit costs for staff member, spouse and accompanying dependents (business class for Director General), between point of recruitment and Honiara by most direct or economical route.	Economy air travel and transit costs for staff member, spouse and accompanying dependents, between point of recruitment and base station by most direct or economical route.
Freight expenses on recruitment and repatriation	Reasonable removal expenses (packing, insuring, shipping and unpacking) from place of recruitment and on end of contract. Normally 6 cub metres for staff, 2 cub m for spouse, 1 cu m for each dependent child. Up to 20 kilos of excess baggage per person.	Removal expenses : 6 cu metres for staff 2 cu metres for spouse 1 cu metre for dependent child. Storage - 6 months after date of termination. Insurance cover No vehicle removal Up to 12 kilos per full fare and 6 kilos per child fare of excess baggage per person.	Reasonable removal expenses (packing, insuring, shipping and unpacking) from place of recruitment and on end of contract. Staff : 6 cubic metres Spouse : 2 cubic metres Children : 1 cubic metre in respect of each dependant child Up to 20 kilos of excess baggage per person	Reasonable expenses (packing, insuring shipping and unpacking) from place of recruitment and on end of contract. Entitlement: • 6 cub m for staff member; • 2 cub m for spouse; • 1 cub metre per dependant child. • Up to 20 kilos of excess baggage per staff member.	Reasonable removal expenses from home town to Honiara including packing, unpacking, insurance, freight and port charges etc. Allowance is 6 cu.m for staff member, 2cu.m for spouse, and 1 cu.m per dependent child. For those recruited outside of Honiara only. Up to 20 kilos of excess baggage per person.	Reasonable removal expenses (packing, insuring, shipping and unpacking) from place of recruitment and on end of contract. On recruitment: 6 cub metres for staff, 2 cub m for spouse, 1 cu m for each dependent child. On repatriation: 8 cub metres for staff, 4 cub m for spouse, 1 cu m for each dependent child. Up to 20 kilos of excess baggage per person.
Establishment Allowance	SDR1,100 for all staff recruited from outside the greater Suva area.	Paid to expatriate staff appointed for at least 12 months. Set at SDR1,100 regardless of location but paid out in the base station local currency. FJD3,200 for staff based in Suva and XPF200,000 for staff based in Noumea.	FJD3, 000 for staff recruited from outside greater Suva area.	SDR 1,100 for staff recruited from outside of Samoa. (SDR 1,467 for Director recruited from outside Samoa).	SDR1,100 for those recruited from outside of Honiara.	SDR1,100 for all staff recruited from outside the greater Suva area
Accommodation on recruitment and repatriation	6 working days hotel accommodation only on arrival and repatriation. Housing allowance not paid during this period. Maybe	For offices outside of Noumea, whilst suitable accommodation is being sought upon arrival a per diem may be paid up to 2	6 working days hotel accommodation only on arrival and repatriation. With the Director's discretion up to 12 working	Temporary accommodation is provided for up to 6 working days or such other period up to a maximum of 12 working days on arrival	6 working days hotel accommodation on arrival or up to 12 days on Director's discretion. 6 working days hotel	6 working days hotel accommodation only on arrival and repatriation. Housing subsidy not paid. Maybe extended to up to

Relocation Provisions	PIFS	SPC	SOPAC	SPREP	FFA	SPBEA
	extended to up to 12 days on arrival.	wks (14 consecutive days). Housing allowance applies upon occupation of permanent accommodation or after 14 days whichever is first. On termination, staff leave from their rental accommodation if still available. If not, per diems for hotel accommodation will be paid on a case by case basis prior to departure. For Noumea based staff, hotel accommodation is provided if there is no suitable accommodation available. Rental deductions commence on the date of arrival. Staff depart from their rented accommodation, if still available. If not, hotel accommodation will be provided and staff rental deduction ceases on departure date.	days.	and on repatriation. (Housing allowance is not paid during this period).	accommodation on repatriation. Rental assistance not paid for the period when temporary accommodation is met by the Agency. For those recruited outside of Honiara only.	12 days on arrival.
Repatriation allowance	Equivalent to 2 week's salary at repatriation of expatriate staff.	Equivalent to 2 week's salary at repatriation for expatriate staff who were recruited for at least 12 months.	Equivalent to 2 week's salary at repatriation of expatriate staff	For expatriate staff: Equivalent to 2 weeks salary upon completion of a contract.	Equivalent to 2 week's salary at repatriation of expatriate staff. Retention Incentive on completion of each contract – 21% for a 3 yr contract or 14% of a 2 yr contract.	6 working days hotel accommodation only on arrival and repatriation. Housing subsidy not paid. Plus equivalent to 2 week's salary at repatriation of expatriate staff.
Family Provisions						
School holiday travel	One economy class return airfare per annum for staff member or spouse to visit dependent child studying overseas **or** for child to visit Suva (expatriate professionals).	One economy class return airfare per annum for staff member or spouse to visit dependent child studying overseas **or** for child to visit staff member (expatriate professionals). The cost of the journey not exceed the	One economy class return airfare per annum for staff member or spouse to visit dependent child studying overseas **or** for child to visit Fiji, in addition to any home leave. (for expatriate professional).	For expatriate staff: One return economy class airfare per annum, for staff member or spouse to visit dependant child studying overseas, or for child to visit Apia.	Return airfare per year for each child between school town and Honiara, **or** one return airfare for staff or spouse to visit children in school.	One economy class return airfare per annum for staff member or spouse to visit dependent child studying overseas **or** for child to visit Suva (for expatriate professional).

Relocation Provisions	PIFS	SPC	SOPAC	SPREP	FFA	SPBEA
		cost of a return airfare between the staff member's recognised home and the duty station. Any additional cost is borne by the staff member.				
Home leave travel	At end of 18 months for a 3yr contract and if renewed at end of 3yrs. Return economy class airfares between Suva and point of recruitment for staff member, spouse and dependants.	At end of 18 months service for a three-year contract and if renewed at the end of 3 years also. Return economy class airfares between Suva and "home" as designated in the contract for staff and dependants' or actual but no greater than equivalent to "home" to an alternative destination.	At end of 18 months for a 3yr contract and if renewed at end of 3yrs. Return economy class airfares between Suva and point of recruitment for staff member, spouse and dependants.	Return economy class airfares between point of employment and recognised home for expatriate staff member and dependants after 18 months for three-year contracts.	Return economy airfares between Honiara and hometown by the most direct and most economical route for staff and dependents for each completed year of service except for the final year of employment.	At end of 18 months for a 3yr contract and if renewed at end of 3yrs. Return economy class airfares between Suva and point of recruitment for staff member, spouse and dependents.

Contract Terms	PIFS	SPC	SOPAC	SPREP	FFA	SPBEA
Duration of Contract (6-year rule)	3 yrs renewable for a further three years. Readvertise after 6 years, if a suitable new candidate can not be found the incumbent can be offered a further three years subject to conditions.	3 yrs renewable for a further term. Readvertise after 6 yrs – incumbent may apply and can be re-appointed on merit for a further term of 3 years. The position is advertised every 3 years if the incumbent applies and is re-appointed to the position.	3 yrs renewable, position, Reappointment to be reported to governing body	3 yrs renewable. Advertise after 6 yrs – incumbent may apply and can be re-appointed on merit for a further 3 years after which the position is readvertised. Reappointment to be reported to governing body.	2 or 3 yrs renewable, readvertise after 6 yrs – incumbent may apply and can be re-appointed on merit for a series of terms of up to a further 6 years. Reappointment to be reported to governing body.	3 yrs renewable, readvertise after 6 yrs – incumbent may apply and can be re-appointed on merit for a further 3 years after which the position is readvertised. Reappointment to be reported to governing body
Termination of Contract	One month's notice.	One month's notice during probation (first year), 3 months notice thereafter.	One month's notice	One month's notice or one month's salary in lieu of notice.	One month's notice.	One to three month's notice Depending on contract.
Working hours	Mon-Thurs: 8.30am-5pm Fri-8.30-4.30pm Lunch- 1 hr btw 12-2pm	**Suva Based staff :** Monday -Thursday: 8.00 a.m. to 4.30 p.m. Friday : 8.00 a.m. to 4.00 p.m. **Noumea** : Monday – Friday: 7.30 a.m. to 4.00 p.m. **Pohnpei:** Monday –Friday 8.00 am – 5.00 pomp **Other locations:** Observe local practice.	Mon-Thurs: 8.00am - 4:30pm Fri-8.00-4.00pm Lunch- 1 hr between 12–2pm	8.00am to 12 noon and 1.00pm to 4.35 pm Monday – Friday.	Mon-Fri: 8.00am-4.30pm Lunch- 1 hr btw 12 -1 pm	Mon-Thurs: 8.00am-4.30pm Fri-8.00-4.00pm Lunch- 1 hr which can be taken at any time btw 12.30 – 2.00 p.m.
Class of travel	Economy. Secretary General's discretion for upgrade to business class for long haul on a case by case basis. CEO business class.	Economy (including DG). Business class on long haul flights of over 10 hrs depending on several conditions being met, including affordability. Decided on a case by case basis.	Economy. CEOs discretion for upgrade to business class for long haul on a case by case basis. CEO business class.	Economy for all staff. Director business class.	Economy. DG discretion for upgrade to business class for long haul on a case by case basis. DG business class.	Economy. Director's discretion for upgrade to business class for long haul on a case by case basis, though everyone travels economy including Director. Director may use business class.
Education Allowance	75% of actual compulsory school fees and board up to a maximum of 75% of the benchmark, with the maximum allowance per family reimbursable equal to the benchmark rate times three. The benchmark is the fees of F4-7 at Suva International School.	75% of actual compulsory school fees and board up to a maximum of 75% of the benchmark, per child per year with the maximum allowance per family reimbursable equal to the benchmark rate times three. The benchmark is the fees of F4-7 at Suva International School. Education Allowance includes tuition fees, prescribed text	75% of actual compulsory school fees and board up to a maximum of 75% of the benchmark, with the maximum allowance per family reimbursable equal to the benchmark rate times three. The benchmark is the fees of F4-7 at Suva International School. Note transition provisions for current contracts of 100% of actual compulsory school fees	Up to SAT$15,600 per child and up to a maximum of SAT$46,800 per family of 3 or more to cover 75% of the actual costs of tuition and board only per annum.	Primary – 75% of actual compulsory school fees up to a maximum of 75% of the benchmark. The benchmark is the fee of grades 1-6 at Wood International Primary School Secondary & Tertiary – 75% of actual compulsory school fees and boarding only up to a maximum of	Can claim school tuition and reasonable school expenses for dependants but total for ALL dependants must NOT exceed $10,000 per year.

Contract Terms	PIFS	SPC	SOPAC	SPREP	FFA	SPBEA
	Note transition provisions for current contracts of 100% of actual compulsory school fees and board up to a maximum of 100% of the benchmark, with the maximum allowance per family reimbursable equal to the benchmark rate times three.	books and equipment, boarding fees at boarding schools and private homes including reasonable cost of meals, compulsory extra-curricular activities organised by school authorities and necessary private tuition.	and board up to a maximum of 100% of the benchmark, with the maximum allowance per family reimbursable equal to the benchmark rate times three. PS: Allowance per family is subject to the ceiling per child. Any remaining balances of the three children may be applied to additional children. Ceiling per child is set at the benchmark.		USD13,000 per child per year. The maximum allowance per family is USD39,000 based on the secondary and tertiary benchmark amount of USD13,000 times three. The benchmark is the secondary boarding schools in the Brisbane region of Australia, and New Zealand.	
Annual leave	Five weeks p.a. (25 days). 50 days maximum accumulation per contract.	Five weeks p.a. (25 days). 50 days maximum accumulation.	Five weeks p.a. (25 days). 50 days maximum accumulation per contract.	25 working days p.a. 50 days maximum accumulation per contract.	30 working days.	Five weeks p.a. (25 days). 50 days maximum accumulation per contract.
Sick leave	21 days p.a. 6 days uncertified Maximum accrual 90 days. Note for current contracts 30 days p.a.	30 working days p.a 8 days uncertified. Maximum accrual 90 days.	30 working days pa. 6 days uncertified. Maximum accrual 90 days.	30 working days p.a. 6 days uncertified in any one year. Maximum accrual 90 days.	36 days per annum. Maximum accrual 108 days pa	30 days pa. 6 days uncertified Maximum accrual 90 days.
Other leave	Family Leave - 6 days per annum (immediate family members only). Maternity Leave- 60 days after 1yr service. Special Leave or Leave without pay on discretion of Secretary General after Annual Leave exhausted.	Maternity leave: 16 weeks on full pay each confinement. Upon producing a certificate that complications arose at the time of birth, a further period of up to six weeks may be granted. Family Leave: Compassionate Leave – for the purpose of attending immediate kin in the case of critical illness, injury or death. Five working days per event (not including travel time), up to a maximum of 10 working days per year plus payment of return airfare not exceeding the cost of return airfare to the staff member's place of domicile (recognised home). Paternity Leave – up to 10	Family Leave- up to 6 days per annum (immediate family members only). Maternity Leave- 60 days after 1 yr service. Special Leave or Leave without pay at discretion of Director after Annual Leave exhausted. Other reasons may be extended illness or exceptional or urgent reasons.	Family Leave 6 days pa - incl Paternity and Compassionate leaves (for immediate family members only). Maternity leave – 60 working days after 1 yr of service. Special leave or Leave Without Pay at discretion of Director.	Family Leave – 6 days pa (immediate family members only). Maternity Leave – 60 days after 1 yr service. Special Leave or Leave Without Pay_on discretion of Director after Annual Leave has been expended.	Family Leave – 6 days per annum (immediate family members only). Maternity Leave- 60 days after 1yr service. Special Leave or Leave without pay on discretion of Director after Annual Leave exhausted

Contract Terms	PIFS	SPC	SOPAC	SPREP	FFA	SPBEA
		working days. Carer's Leave - up to five days per year to look after a sick dependant. Adoption Leave – up to 10 weeks (subject to conditions) Special Leave with or without pay at discretion of Director-General. Duty Travel Compensatory Leave Staff that are away on mission are compensated on a pro-rata calculation of 0.25 days per weekend day away (not involving work and exclusive of travel time) to a maximum of 8 days per year.				

Location-specific provisions	PIFS	SPC	SOPAC	SPREP	FFA	SPBEA
COLDA	Not applicable	Applicable to staff in countries based outside of Fiji. Adjusted periodically using data provided by external Reviewer.	Not applicable	COLDA is based on COL difference between Suva and Apia. Adjusted periodically using data provided by external reviewer.	COLDA (Cost of Living Differential Adjustment) which is based on comparison between Suva and Honiara.	Not applicable
Child Allowance	Nil	XPF 7500 per month per child in Noumea (local legal requirement)	Nil	Nil	Nil	Nil
Location allowance	Nil	Applies to Solomon Is based staff.	Nil	Nil	6.25%	Nil

Support Staff – January 2009

Salary	PIFS	SPC	SOPAC	SPREP	FFA	SPBEA
	Grade A-H. Percentage salary range movements based on performance.	Grades A-H. Renewal depends on satisfactory performance and funding. One increment within the grade is awarded upon renewal of a three year contract or after having continuously worked in the same position under short term contracts for a total of three years.	Grade A-H Annual increments based upon exceeding performance expectations. Contract employment renewable.	Grades B-F3 expressed and paid in Samoan Tala. Annual increments on good performance. Triennial review based on local market conditions. Three year contracts renewable at end of every term depending on performance, organisational need and available funding.	All performance based contract staff. Grade A-H expressed and paid in SBD. Annual increments on satisfactory performance. No COLA.	Grade A-H. (Annual increments on satisfactory performance).
Recruitment Market	Base Station	Base Station	Base Station	Base Station	Base Station	Base Station

Benefits	PIFS	SPC	SOPAC	SPREP	FFA	SPBEA
Superannuation/Provident Fund	8% contribution by staff and matched by the organisation	8% contribution by staff and matched by the organisation. Prevailing Public Service Conditions for those based in locations other than Fiji, New Caledonia and FSM.	8% contribution by staff and matched by the organisation	Payable to Samoan National Provident Fund at 7% of annual salary.	7.5% of all income paid to the SI National Provident Fund.	8% contribution by staff and matched by the organisation
Health insurance	Health insurance covered for: local medical consultation, pharmaceutical benefits and overseas medical treatment (subject to certain conditions) outpatient medical, optical, for staff member, dependants. Includes maternity schemes for staff members Optical and maternity are "self-insured"	Separately arranged Group Health insurance covered for Noumea and Suva based staff: local medical consultation, hospitalisation, pharmaceutical benefits and overseas medical treatment (subject to certain conditions), outpatient medical, optical, dental Optical and dental are self-insured in the case of Suva). Local insurance cover for fulltime SPC staff based in Pohnpei, PNG and other country locations. Eligibility extends to staff member and eligible	Health insurance covering local medical consultation, pharmaceutical benefits and overseas medical treatment (subject to certain conditions) for staff member, spouse and dependent children. Includes optical and dental schemes in house.	SPREP In-House Medical Scheme covers all reasonable medical, optical and, dental expenses based on established limits in Scheme. Medical Evacuation for overseas medical treatment (subject to certain conditions) is also provided.	Any reasonable medical, dental, and optical expenses.	Health insurance covered for: local medical consultation, pharmaceutical benefits and overseas medical treatment (subject to certain conditions) outpatient medical, optical, dental for staff member, dependants.

Benefits	PIFS	SPC	SOPAC	SPREP	FFA	SPBEA
		dependants. Includes maternity schemes for staff members.				
Life and disability insurance	Term life insurance equivalent to 3 times base salary for staff member.	Term life insurance equivalent to twice base salary for staff member. Daily indemnity paid in case of incapacity to work equal to 50% base salary during one year (deductible 90 days)	Term Life insurance not less than twice base salary of staff member. Also Total Permanent Disability Cover	Life insurance cover equivalent to three times base salary for staff member. Personal accident cover is also provided.	Life insurance equivalent to three times base salary.	Life insurance equivalent to two times base salary.
Housing allowance	Nil	None for those based in Fiji, New Caledonia and Pohnpei. Prevailing Public Service conditions for those based in other countries.	Nil	Nil	Housing allowance of 20% for Grades A-E and 15% for Grade F. Based on SI Public Service rates.	Nil

Contract Terms	PIFS	SPC	SOPAC	SPREP	FFA	SPBEA
Working Hours	Mon-Thurs 8.30am-5pm, Fri 8.30am-4.30pm. Lunch – 1 hr betw 12-2pm.	**Suva Based Staff:** Maintenance Staff: Mon-Thurs: 7.30 to 4.30pm Friday, 7.30 a.m. to 3.30 p.m. Other support Staff: Mon-Thurs: 8.00 p.m. to 4.30 p.m. Fri: 8.00a.m. to 4.00p.m. **For New Caledonia:** Maintenance Staff: 7.00a.m. to 3.30 p.m. Other Support Staff: 7.30 am to 4.00 pm. **For Pohnpei:** 8.00 a.m – 5.00 p.m Monday –Friday **Other locations:** Observe local practice.	Maintenance Staff : Mon-Fri 7.30am – 5pm Other support staff: Mon-Thurs 8.00am – 4.30pm, Fri 8.00am – 4.00pm. Lunch– 1 hr between 12-2pm.	8.00 am to 12 noon and 1.00 pm to 4.35 pm Monday to Friday. Overtime is paid including transport and meal allowances depending on hours worked.	Mon-Fri: 8.00am-4.30pm. Lunch – 1 hr btw 12-1pm.	Mon-Thurs 8.00am-4.30pm, Fri 8.00am-4.pm. Lunch – 12.30-1.30pm.
Annual Leave	18 days p.a. for first 5 yrs service and 21 days p.a. from Yr 6 onwards. Maximum accumulation of 50 days.	25 working days per annum. Maximum accumulation of twice annual leave provision (50 days).	18 days p.a. for first 5 yrs service and 21 days p.a. from Yr 6 onwards. Maximum accumulation of 50 days.	15 working days p.a Maximum accrual 50 days.	22 working days for each year service.	25 days p.a. Maximum carry over 50 days.
Sick Leave	21 days p.a. 6 days uncertified Maximum accrual 90 days.	30 days p.a Maximum accrual 90 days.	30 days p.a 6 days uncertified Maximum accrual 90 days.	30 days p.a. Maximum accrual 90 days.	36 days p.a. Maximum accrual 108 days.	30 days p.a. Maximum accrual 90 days.

Contract Terms	PIFS	SPC	SOPAC	SPREP	FFA	SPBEA
	Note for current contracts 30 days p.a.					
Other Leave	Family Leave– 6 days per annum (immediate family members). Maternity Leave – 60 days after 1 yr service. Special Leave or Leave Without pay on discretion of Secretary General.	Maternity leave: 16 weeks on full pay each confinement. Upon producing a certificate that complications arose at the time of birth, a further period of up to six weeks may be granted. **Family Leave:** Paternity leave – up to 10 working days. Compassionate Leave: Local law and practice to be applied. Special leave (with or without pay) - at discretion of DG. Carer's Leave - up to five days per year to look after a sick dependant. Adoption Leave – up to 10 weeks (subject to conditions) **Travel Compensatory Leave** Staff who are away on mission will be compensated on a pro-rata calculation of 0.25 days per weekend day away (not involving work and exclusive of travel time) to a maximum of 8 days per year.	Compassionate Leave- up to 6 days per annum (immediate family members only). Maternity Leave- 60 days after 1yr service Special Leave or Leave without pay at discretion of Director after Annual Leave exhausted. Other reasons may be extended illness or exceptional or urgent reasons	Maternity Leave - 60 working days after 1 yr of service. Family Leave - 6 days p.a. – incl Paternity and Compassionate leave (for immediate family members only). Special Leave Without Pay – at discretion of Director Examination Leave – a day for exam per subject for approved course of study subject to receiving pass in exam	Long Service Benefit equiv. to 6 weeks pay after 10 years service. Family Leave - up to 6 days pa (immediate family members only). Maternity Leave – 60 days after 1 yr service. Special leave Without or Without Pay on discretion of Director after Annual Leave has been expended.	Family Leave– 6 days per annum (immediate family members). Maternity Leave – 60 days after 1 yr service. Special Leave or Leave Without pay on discretion of Director.

Location-specific provisions	PIFS	SPC	SOPAC	SPREP	FFA	SPBEA
Child Allowance	Nil	XPF 7,500 per month for Noumea staff (local legal requirement)	Nil	Nil	Nil	Nil