



Secretariat of the Pacific Regional Environment Programme

TWENTY-FIRST SPREP MEETING

Madang, Papua New Guinea
6 – 10 September 2010

Agenda Item 10.1: New Salary Banding Model

Purpose of Paper

1. To advise the SPREP Meeting of the progress and status for the implementation of the New Salary Banding Model for the Secretariat.

Background

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

3. The 20th SPREP Meeting in Apia in 2009 considered the 2009 Triennial Review Report recommendations and approved the adoption of a new salary banding model for the Secretariat. It also directed the Secretariat to advise the SPREP members on key issues relating to the adoption of the new banding model.

4. This paper reports progress of implementing the new salary banding model including the final bands endorsed by the CROP Executives and other substantive issues such as the CEO Banding, for endorsement by the SPREP Meeting.

New Salary Banding

5. Some minor changes to the band boundaries were made to the banding model initially submitted to the 20th SPREP Meeting. **Table 1** presents the final banding model version endorsed by the CROP Executives at their special meeting in February 2010 for recommendation to their respective governing bodies as the new CROP-wide salary model. This salary scale now offers 16 bands: Bands 1 – 7 for positions advertised locally (support staff) and Bands 8 – 16 for positions advertised internationally (professional staff).



BAND	FROM	MID-POINT	TO	BAND WIDTH	% DIFFERENCE
16	966	1048	1130	164	16.1%
15	841	903	965	124	15.0%
14	729	785	840	111	14.4%
13	643	686	728	85	12.6%
12	575	609	642	67	11.9%
11	513	544	574	61	12.4%
10	456	484	512	56	12.3%
9	407	431	455	48	12.8%
8	357	382	406	49	14.7%
7	309	333	356	47	15.6%
6	268	288	308	40	15.2%
5	232	250	267	35	15.7%
4	201	216	231	30	15.5%
3	174	187	200	26	15.4%
2	151	162	173	22	15.7%
1	130	140	150	20	-

Table 1: Proposed Salary Banding Model

6. The bands within the salary scale are broad-banded into a range of job-points. Salary ranges are assigned to each band, by determining the dollar value for the mid-point of the band. Minimum and maximum dollar values for each band are calculated as being +/-20% of the mid-point dollar values. Jobs are sized, and the size of the job determines which grade the job falls in and therefore the salary range (and terms and conditions) for that job. All SPREP positions have undergone job sizing to determine their job-points and related position in the new banding model.

Budget Implications

7. To implement the proposed banding model, employees will move from the old salary scale to the new based on the job size of their position at their existing salary at the time. The following implementation principles were endorsed by the CROP Heads for transferring staff to the new banding scale:

- a) For employees whose salaries fall below 80% of the mid-point (i.e. the minimum salary) of the new range, increase their salaries to 80% unless their performance is of concern and is subject to management action;
- b) For employees whose salaries fall above 120% of the mid-point (i.e. the maximum salary) of the new range, freeze their salaries until the market catches up; and,
- c) All others whose salaries fall within the new range transfer at their existing salaries.

8. Salaries for any new employees appointed from the date of implementation will be aligned to the new model.

9. The only costs required for implementing the new banding at SPREP is the cost for shifting those employees whose salaries fall below 80% of the new grade. In the Secretariat’s case, it is estimated that the cost is approximately USD\$25,000. Provision for this increase has been made in the 2011 Budget and Work Programme.

Implementation Date

10. To ensure effective implementation, there is a significant level of work that will be required by each of the agencies to consult with staff and align positions to the new salary bands. The CROP Executives have endorsed implementation of the proposed banding model from 1 January 2011.

CEO banding

11. In the 2009 Triennial Remuneration Review, the consultants noted that there was a broad range of job sizes for the CROP CEO positions and therefore recommended that the CROP Executive roles be treated as a separate band supplying remuneration ranges for them based specifically on their job size.

12. The CROP Executives, at their June 2010 meeting, considered the Consultant’s report and endorsed two additional bands for the new salary banding model. Table 2 presents Bands 17 and 18 which is proposed for CEOs. The CROP Executives also noted the job evaluations for the CEO posts and their placements in the new banding model as recommended by the Consultants. However, they acknowledged the authority and supremacy of the respective governing councils and therefore agreed that the placement of the CEO positions in the model was a matter for each of the governing councils to consider and decide.

BAND	FROM	MID-POINT	TO	BAND WIDTH	% DIFFERENCE
18	1302	1411	1520	218	16.0%
17	1131	1216	1301	170	16.0%

Table 2: Proposed Salary Banding for CEOs

SPREP CEO (Director) Banding

13. The “*Report on the Banding of CEO Roles*” is attached at **Attachment 1** for consideration by the SPREP Meeting. The report outlines the framework for CEO remuneration which is aligned to the existing *CROP Harmonisation and Remuneration – Guiding Principles and Strategies*.

14. The SPREP Director's role was evaluated and assessed by the Consultants to have total job points of 1271. In light of the banding proposed for CEOs presented in Table 2, the Director's job fits into Band 17. The approach adopted is consistent with that used for evaluation of all staff roles.

15. The Consultants have acknowledged in the report that changes may have occurred for some of the CEO roles since the evaluations were conducted early in 2009 and that the CEO evaluations have not been finalised with the governing bodies. It is generally their practice to discuss the CEO evaluation with the governing body, in the form of a Board or Council, or its representative, generally the Chair.

16. Of the 5 CEOs of the participating CROP agencies, the SPREP Director role is evaluated with two others in Band 17 whilst the other two are placed in Band 18. Key factors that distinguish between the evaluations are presented in Attachment 1.

17. The SPREP Meeting is informed that Job Evaluation is not an exact science. While the position information provided in the Job Description will have shaped the views and assessment by the Consultants of the job size in each factor, the SPREP Meeting may have a different view given the influence and significance of the organisation, the position's context in the organisation and the role of SPREP in general. The same practice applies to the evaluation of all Secretariat roles.

18. The Secretariat invites the SPREP Meeting to consider the outcomes of the "*Report on the Banding of CEO Roles*" as recommended by the Consultants and decide either to endorse the proposed evaluation and placement or request the Consultants to further discuss this matter with the Chair (and any other nominated representatives).

The New Banding Model and the Performance Development System

19. Work is currently in progress by Strategic Pay Consultants for reviewing and developing a Performance Development System (PDS) for the Secretariat. The implementation of the new banding model will go hand in hand with the new PDS given the recommendations of the 2009 Triennial Review for a harmonised approach by the CROP agencies in linking between performance and remuneration.

20. In light of the above, the Secretariat proposes that when the PDS for the Secretariat is completed and implemented, that the same policy and guidelines be adopted for assessment of the Director's performance on an annual basis. It is thus suggested the SPREP meeting appoint and convene a standing Committee to assess the Director's performance on an annual basis. The Secretariat will coordinate and provide advice and assistance on the adopted PDS in due time to the Chair and a selected Committee.

Recommendations

21. The SPREP Meeting is invited to:

- **approve** the proposed new CROP harmonised banding model as follows:

BAND	FROM	MID-POINT	TO	BAND WIDTH	% DIFFERENCE
18	1302	1411	1520	218	16.0%
17	1131	1216	1301	170	16.0%
16	966	1048	1130	164	16.1%
15	841	903	965	124	15.0%
14	729	785	840	111	14.4%
13	643	686	728	85	12.6%
12	575	609	642	67	11.9%
11	513	544	574	61	12.4%
10	456	484	512	56	12.3%
9	407	431	455	48	12.8%
8	357	382	406	49	14.7%
7	309	333	356	47	15.6%
6	268	288	308	40	15.2%
5	232	250	267	35	15.7%
4	201	216	231	30	15.5%
3	174	187	200	26	15.4%
2	151	162	173	22	15.7%
1	130	140	150	20	0.0%

- **note** that the cost of implementation is approximately USD\$25,000 for which a provision has been made in the 2011 Budget and Work Programme;
- **note** that implementation of the new banding model will be effective from 1 January 2011;
- **consider** the evaluation of the SPREP Director role and relevant banding as recommended in the “*Report on the Banding of CEO Roles*” by the Consultants and either accept this recommendation or request the Consultant to further discuss this matter with the SPREP Chair; and,
- **agree** to appoint a standing Committee, to be chaired by the current SPREP Chair, to assess the Director’s performance on an annual basis.