



Secretariat of the Pacific Regional Environment Programme

TWENTY-FIRST SPREP MEETING

Madang, Papua New Guinea

6 – 10 September 2010

Agenda Item 10.2: 2010 Market Data Review

Purpose of Paper

1. To present to the SPREP Meeting the outcomes of the 2010 market data review and to seek endorsement of the proposed 2011 salary scales.

Background

2. The following conditions for reference markets for professional staff salary scales, adopted by the Governing bodies of the participating CROP agencies in 2004, continue to be observed as the guidelines for annual market data reviews:

- *Australia (public service sector), Fiji (all organisations) and New Zealand (public service sector) markets be established as reference markets;*
- *Annual tracking of the reference market data and analysis of CROP recruitment, retention and other data for monitoring CROP salary scales should be undertaken;*
- *Data from all three markets should be reviewed by a CROP agency working group annually and submitted to the CROP Heads meeting. If a recommendation for a salary increase is the result of this annual review, the recommendations should be presented to Pre-Forum FOC and subsequently other CROP Governing Bodies*

3. Determination of the mid-points of each grade of the CROP salary scale continues to follow the guiding policy for a harmonised CROP payline where the average of the three reference markets¹ is used for calculating the mid-points of each grade of the CROP salary scale.

4. As in previous years, the 2010 market data was collated and presented to the participating CROP agencies by Strategic Pay Ltd (NZ).

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

Market Benchmarking

5. Working Paper 10.1 presented the new banding model for all CROP agencies. For the first time, the 2010 market data provides market benchmark for the new CROP banding model. For comparison purposes, the new salary banding model had to be retrospectively applied to the 2008 market data, from which the current salary scales were derived. The Report for the 2010 Annual Market Data Review is attached as **Attachment 1**.

6. **Table 1** presents the percentage difference between the equivalent of the current salary scale and the average of the reference markets using the 2010 market data (for positions advertised internationally – professional staff only).

BAND	Current Salary Scale Equivalents (Mid- points)	2010 Market Data (Mid-points)	% Change
16	76,503	81,348	6.3%
15	65,526	70,117	7.0%
14	56,462	59,124	4.7%
13	48,533	50,547	4.1%
12	42,603	44,090	3.5%
11	37,201	38,298	2.9%
10	31,236	31,996	2.4%
9	27,595	28,443	3.1%
8	24,521	25,449	3.8%

Table 1: Mid-point values for the new banding model based on the average of the three reference market 2010 data compared to the equivalent of the current salary scale (denominated in SDR)

7. Bands 1 to 7 are being proposed in the new banding for positions advertised locally (support staff). The salary scales for these bands are benchmarked against 10% above the upper quartile of the local market (Apia) therefore the Consultants have extrapolated the current support staff scale mid-points to the new banding model as presented in Table 2.

BAND	MID-POINT	RATIONALE
7	\$ 39,285.00	Equivalent old SPREP F3
6	\$ 31,731.00	Equivalent old SPREP F2
5	\$ 25,421.00	Equivalent old SPREP F1
4	\$ 19,500.00	Derived mid-point
3	\$ 14,550.00	Equivalent old SPREP D/E
2	\$ 12,900.00	Derived mid-point
1	\$ 11,491.00	Equivalent old SPREP B/C

Table 2: Mid-points for Bands 1 – 7 benchmarked against 10% above the upper quartile of the local market.

Comparison with the Reference Markets

8. Because Bands 1 – 7 for SPREP have the local Apia market as its reference market, this report will focus on the market data review for the salary bandings 8 - 16 for the positions advertised internationally using the three reference markets as endorsed by the CROP Executives. The full review of terms and conditions for positions advertised locally (support staff) will be conducted in 2011 including the market data review.

9. Figure 1 compares the 2010 market data for the three reference markets with that of the average of the three markets. The average of the three markets for Bands 8 above sits below that of the Australian and New Zealand markets and well above the Fiji market.

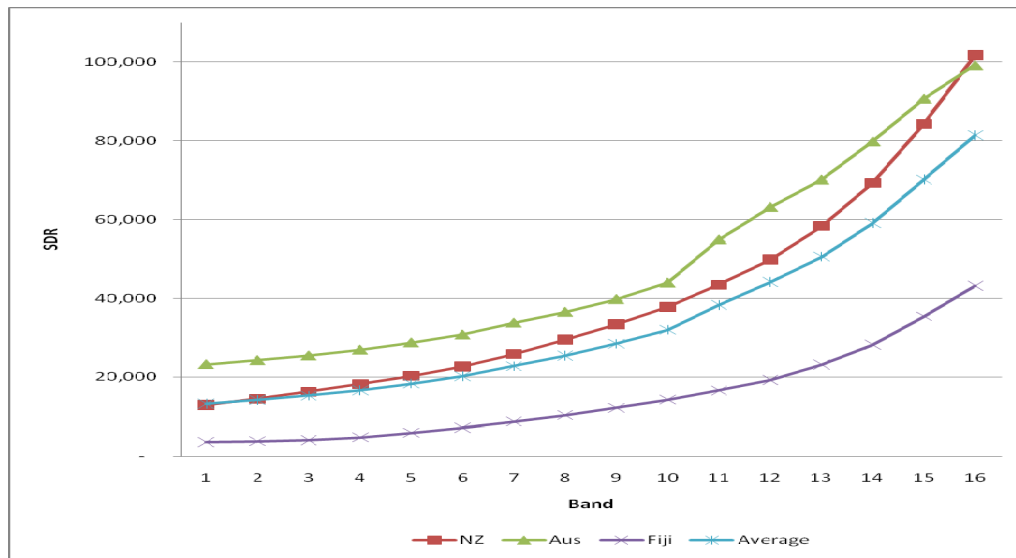


Figure 1: Comparison of the CROP Professional Salary Scale with the Reference Markets

10. Table 3 below shows the average of the three markets as a percentage of the reference markets by band. The CROP salary for Band 16, for instance, is 18.0% behind the Australian market, 20.0% behind the New Zealand market and 88.7% above the Fiji market. The same trend is observed for all bands in relation to the three individual markets.

Band	Compared to Australia	Compared to Fiji	Compared to NZ
16	-18.0%	88.7%	-20.0%
15	-22.7%	98.0%	-16.8%
14	-26.0%	109.5%	-14.7%
13	-27.9%	118.2%	-13.4%
12	-30.2%	129.3%	-11.5%
11	-30.2%	130.9%	-11.8%
10	-27.2%	124.7%	-15.3%
9	-28.5%	133.7%	-14.8%
8	-30.3%	145.7%	-13.7%

Table 3: CROP Salaries Expressed as a Percentage of the Reference Markets

Movements in the Reference Markets

11. The current CROP salary scales are aligned to the 2008 market data. Movements in the 2010 reference markets compared to 2008 are not uniform across the various bands ranging from a low of 2.4% (Fiji market Band 8) to a high of 19.9% (again in the Fiji market Band 15) as shown in Table 4 below. It is noted that between 2008 and 2010, movements in the Australian and New Zealand markets are between 8%-11% whereas in the Fiji market, movement is between 3% - 8% with the top two bands observing about 10% increases.

Band	Australia	Fiji	New Zealand
16	9.7%	19.0%	11.8%
15	9.3%	19.9%	12.9%
14	9.1%	8.9%	11.3%
13	9.0%	7.3%	10.0%
12	8.7%	5.5%	8.7%
11	8.2%	5.0%	8.0%
10	7.9%	4.1%	8.0%
9	7.9%	3.2%	9.7%
8	8.3%	2.4%	10.9%

Table 4: Percentage movements in reference markets (local currency) between 2008 and 2010

Denomination for CROP Professional Staff Salaries

12. CROP salaries are expressed in Special Drawing Rights (SDR) a currency unit of the International Monetary Fund made up of a ‘basket’ of currencies (USD, EURO, YEN, GBP). The reference market data are collected in local currency and converted to SDR in order to make the necessary comparison. All national currencies have exchange rates that fluctuate relative to the SDR. Movements in the SDR exchange rates for the three reference markets are shown in Table 5.

Australia			Fiji			New Zealand		
2008	2010	% Change	2008	2010	% Change	2008	2010	% Change
0.5671	0.5968	5.24%	0.4086	0.3388	-17.08%	0.4916	0.4597	-6.49%

Table 5: Movements in the SDR exchange rates for the three markets

13. The strengthening of the Australian dollar against the SDR, and the weakening of the Fiji dollar and NZ dollar against the SDR are illustrated by the percentage change.

Alignment with the Reference Markets

14. Movements in the 2010 markets compared to 2008 after conversion to SDR are presented in Table 6. Based on the analysis of the movements in the three reference markets, and applying the current methodology of *‘setting the CROP payline at the average of the quantum of the remuneration of the three reference markets’* Table 6 shows how much the CROP salary scale would need to be adjusted to be on par with the reference markets. The final column in Table 6, the average of the three markets, provides the percentages by which each band needs to be adjusted to bring the salary scale into line with the approved CROP methodology.

Band	Australia	Fiji	New Zealand	Average
16	13.0%	-1.3%	3.7%	6.3%
15	12.6%	-0.6%	4.7%	7.0%
14	12.5%	-9.7%	3.2%	4.7%
13	12.4%	-11.1%	2.1%	4.1%
12	12.1%	-12.6%	0.8%	3.5%
11	11.5%	-13.0%	0.2%	2.9%
10	11.3%	-13.6%	0.2%	2.4%
9	11.2%	-14.5%	1.8%	3.1%
8	11.6%	-15.1%	2.9%	3.8%

Table 6: Percentage adjustment in CROP salaries (SDR)

Attracting and Retaining Staff

15. Attraction and retention of staff is currently not a major problem with SPREP, specifically in relation to remuneration as there are other drivers in the market such as scarcity of skills, location, family situations to name a few. There is still however a need to keep up with the changes in the market to ensure SPREP remains a competitive employer. The new salary banding model has yet to be implemented however it should provide further opportunities for attracting and retaining qualified staff at different levels it now offers.

Conclusion

16. The SPREP Meeting is advised that the last change to the Secretariat’s professional salary scale was implemented in January 2010. This was a result of the 2008 market data review which was not implemented in 2009 as done in most other CROP agencies because of affordability issues. The Secretariat acknowledges that affordability is a key consideration in endorsing increases to the salary scales however it is important that SPREP salary scales remain on par with other CROP agencies to ensure the issues of attraction and retention as well as morale is not compromised.

17. In light of the above, the proposed salary scale for professional staff is presented in Table 7. This takes into account the percentage increases of between 2.4% - 7% and applied to the current methodology of +/-20% of the mid-point for each band.

Band	80%	Mid-Point	120%
16	65,079	81,348	97,618
15	56,094	70,117	84,141
14	47,299	59,124	70,949
13	40,437	50,547	60,656
12	35,273	44,090	52,909
11	30,639	38,298	45,985
10	25,597	31,996	38,395
9	22,754	28,443	34,131
8	20,359	25,449	30,538

Table 7: Recommended salary scale for professional staff (SDRs)

18. Table 8 presents the proposed mid-points for Bands 1 – 7 (support staff scale). In light of the last market data review of the support staff scale where no substantive movements were reported in the local market the next market data review for the local market is proposed for 2011 to take into account the recent percentage increases across the board for the Samoa Government public service (effective 1 July 2010) and any likely impacts on the other sectors.

BAND	80%	MID-POINT	120%
7	31,428	\$ 39,285.00	47,142
6	25,385	\$ 31,731.00	38,077
5	20,336	\$ 25,421.00	30,505
4	15,600	\$ 19,500.00	23,400
3	11,640	\$ 14,550.00	17,460
2	10,320	\$ 12,900.00	15,480
1	9,193	\$ 11,491.00	13,789

Table 8: Recommended mid-points for the support staff scale (SAT\$)

Financial Implications

19. In light of the above, an estimated USD\$80,000 is required for implementing the new salary scale for professional staff. Provision for this increase has been made in the 2011 Budget and Work Programme.

Recommendation

20. The Meeting is invited to:

- **approve** the following salary scales for professional staff (positions advertised internationally), presented in SDR, effective from 1 January 2011:

Band	80%	Mid-Point	120%
16	65,079	81,348	97,618
15	56,094	70,117	84,141
14	47,299	59,124	70,949
13	40,437	50,547	60,656
12	35,273	44,090	52,909
11	30,639	38,298	45,985
10	25,597	31,996	38,395
9	22,754	28,443	34,131
8	20,359	25,449	30,538

- **approve** the following salary scales for support staff (positions advertised locally), presented in SAT, effective from 1 January 2011:

BAND	80%	MID-POINT	120%
7	31,428	\$ 39,285.00	47,142
6	25,385	\$ 31,731.00	38,077
5	20,336	\$ 25,421.00	30,505
4	15,600	\$ 19,500.00	23,400
3	11,640	\$ 14,550.00	17,460
2	10,320	\$ 12,900.00	15,480
1	9,193	\$ 11,491.00	13,789

- **Note** that the cost of implementation is approximately USD\$80,000 for which a provision has been made in the 2011 Budget and Work Programme