

CROP Agencies

Market Data Review

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Executive Summary

- This report, compiled by Strategic Pay details the development of a midpoint scale for the 16 band CROP pay structure agreed by the CROP chief executives at their February 2010 meeting.
- Market data for Bands 8 -16, covering positions advertised regionally or internationally, has been sourced from:

Country	Survey	Quartile	Operative survey date
Fiji	PwC Fiji All Organisations	Upper Quartile	April 2010
Australia	APS Remuneration Survey	Median	Dec 2008, with 4% projection
New Zealand	Strategic Pay Central Govt Survey	Median	March 2010

- The data has been averaged, as per CROP practice, to derive the following midpoint values as at March 2008 and March 2010:

Band	Average 2008	Average 2010	% Change Averaged Markets
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%
7	21,825	22,766	4.3%
6	19,320	20,191	4.5%
5	17,489	18,312	4.7%
4	15,861	16,624	4.8%
3	14,821	15,265	3.0%
2	14,144	14,173	0.2%
1	13,550	13,215	-2.5%

- For Suva, the market data for locally advertised roles bands 1-7 are set out on page 9.
- The current scales for locally advertised roles in Apia, Noumea and Honiara are set out on pages 10-11. These have been extrapolated from the A-H scales that currently apply to the CROP Agencies there. Strategic Pay will liaise with these Agencies to prepare 2011 scales.

1 Background

This report provides the first market referencing for the CROP scale agreed by the CROP executives in Noumea in February 2010. In common with past reports, it is designed to obtain and analyse comprehensive comparative data on remuneration from Fiji, New Zealand and Australia. We document the process used to analyse that data.

This report details, for the first time, the market benchmarking of the new CROP bands.

This report has been completed by Strategic Pay, including market data from PricewaterhouseCoopers Fiji.

2 Job Evaluation

All roles across the five participating CROP Agencies have been job evaluated using Strategic Pay's SP10® job evaluation methodology. The following salary bands were endorsed by the CROP executives in February 2010:

Figure 1: CROP BANDING MODEL

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

All figures are expressed in SP10® points

Because SP10® forms the core sizing mechanism in both the Strategic Pay Central Government (public service) database and also the PricewaterhouseCoopers Fiji database, the survey outcomes from these databases can be compared directly with the current CROP scale and used to inform the 2011 scale.

The Australian data is sourced from the Australian public service (APS) rates using quartile data in the publicly available 2008 APS Remuneration Survey, prepared by Mercer Australia. This annual survey of federal public service rates relies on data collected in December 2008, with the full report published in July 2009. It is set out as a series of broad bands, each derived from job sizing using the Mercer Cullen Egan Dell job evaluation system as far back as 2001.

In order to access and analyse this data for the current study, we have retained the correlation framework of previous reports for comparing the job evaluation data from the Mercer CED job evaluation system with the Strategic Pay format.

That analysis has identified the following alignment between the points totals which are the outcome of the two evaluation methodologies.

CED	SP10	CED	SP10
50	142	700	773
100	192	750	808
150	242	800	846
200	292	850	887
250	342	900	934
300	392	950	979
350	442	1000	1028
400	492	1050	1077
450	532	1100	1124
500	571	1150	1182
550	629	1200	1234
600	690	1250	1287
650	732	1300	1339

In the course of the work undertaken for the 2009 Triennial Review, Strategic Pay consultants reviewed the alignment of the CED points with Strategic Pay (PwC) points for the professional bands. In each case the changes advised were minor (ranging from 2-7 points) and we judged that this would have a minimal effect on the final averaged midpoint. Hence, for the purposes of this report, we have run all the tables on the basis of the alignment above which has been the basis of our annual reports since 2005.

3 Reference Markets

The CROP salary scale is currently calculated on the basis of the average of three reference markets:

- Median of the New Zealand Public Service
- Median of the Australian Public Service
- Upper quartile of the Fiji All Organisations sector.

This mechanism was adopted by the CROP agencies in 2007.

3.1 New Zealand Market Data

Data on the New Zealand public service is based on the Strategic Pay database, and in particular the March 2010 Central Government survey, released in April and published annually. This covers 50 State Sector organisations, primarily Government departments and ministries/agencies, and a sample of 14,657 employees. This survey is now a pre-eminent source of data on Central Government remuneration levels. It uses stratified sampling to avoid the skewing of data by large organisations with multiple jobholders in the same job family. The data is extensively screened before being entered into the database.

3.2 Australia Market Data

Australian public service remuneration is related to a series of banded remuneration scales, three at SES level and nine non-SES classifications, including a graduate classification. The salary levels for SES and non-SES employees are benchmarked annually both within the public service and compared with the private sector in research commissioned annually by the Department of Employment and Workplace Relations and undertaken by Mercer (Australia).

Research of this data has identified that the SES and non-SES scales have Mercer “work value” (Mercer CED) points as the point of comparison for survey purposes.

The timing of the APS Remuneration Survey is always an issue for the CROP Agencies. While the data is collected as of December each year, it is not formally or publicly available until July the following year. Hence, for the purposes of this report, we are reliant on the 2008 APS Remuneration Survey, even though data collection will have been undertaken and analysis is under way for the 2009 Survey. The 2009 report would have provided the most up-to-date data on the Australian federal public service rates.

We do check the accuracy of our projections and our projections for the past two years have been within 1% of the actual increases reported when the survey has been published.

Given the non-availability of the December 2009 APS Survey, we have updated the 2008 APS data on the basis of estimated movement in the median data to December 2009. Our estimate is guided by information from the Department of Education, Employment and Workplace Relations (DEEWR), who reported an average annualised wage increase (AAWI) in all public sector wage agreements concluded in the September 2009 quarter of 4.0%.

In the absence of the December 2009 APS Remuneration Survey, and for the purposes of this report, an increase of 4.0% has been applied to the 2008 APS Remuneration survey data.

3.2 Fiji Market Data

As in earlier years, data on the Fiji All Organisations market has been sourced from the PwC Fiji database, or more particularly the April 2010 All Organisations survey.

4 Market Data Analysis

The raw market data sourced from the reference markets has been analysed to produce the following tables.

Figure 2: Market Data as at May 2008

(all figures expressed in base salary)

Strategic Pay SP10 Points				March 2008 Market Data - SDR			
Band	From	To	Midpoint	NZ Central Govt Median as at Mar 08	Australia APS Median as at Dec 2007	Fiji All Orgs UQ as at April 2008	Average
16	966	1130	1048	98,048	87,770	43,691	76,503
15	841	965	903	80,426	80,515	35,636	65,526
14	729	840	785	67,112	71,010	31,263	56,462
13	643	728	686	57,174	62,378	26,048	48,533
12	575	642	609	49,444	56,372	21,992	42,603
11	513	574	544	43,315	49,236	19,053	37,201
10	456	512	484	37,726	39,492	16,491	31,236
9	407	455	431	32,807	35,750	14,228	27,595
8	357	406	382	28,644	32,712	12,206	24,521
7	309	356	333	25,145	30,026	10,305	21,825
6	268	308	288	22,158	27,243	8,560	19,320
5	232	267	250	20,163	25,219	7,086	17,489
4	201	231	216	18,378	23,437	5,768	15,861
3	174	200	187	17,069	22,407	4,988	14,821
2	151	173	162	16,169	21,583	4,681	14,144
1	130	150	140	15,376	20,862	4,412	13,550

SDR Exchange Rates 2008

Source; 2008 CROP Market Report

Australian dollars:	1.76344	0.567074	<i>(supplied by Dir Corporate Services PIFS)</i>
New Zealand dollars:	2.03421	0.491591	
Fiji dollars:	2.44738	0.4086	

Figure 3 analyses the same three markets as at May 2010.

We do note, however, that both the Australian data set is based on a 4% projection of data that is now at least 12 months old.

Figure 3: Market Data as at May 2010

(all figures expressed in base salary)

Strategic Pay SP10 Points				March 2010 Market Data - SDR			
Band	From	To	Midpoint	NZ Central Govt Median as at Mar 10	Australia APS Median as at Dec 2008	Fiji All Orgs UQ as at April 2010	Average
16	966	1130	1048	101,710	99,222	43,114	81,348
15	841	965	903	84,239	90,698	35,415	70,117
14	729	840	785	69,281	79,865	28,226	59,124
13	643	728	686	58,347	70,127	23,166	50,547
12	575	642	609	49,844	63,197	19,231	44,090
11	513	574	544	43,404	54,907	16,584	38,298
10	456	512	484	37,797	43,950	14,240	31,996
9	407	455	431	33,397	39,761	12,170	28,443
8	357	406	382	29,478	36,508	10,359	25,449
7	309	356	333	25,814	33,757	8,726	22,766
6	268	308	288	22,609	30,739	7,226	20,191
5	232	267	250	20,272	28,706	5,959	18,312
4	201	231	216	18,180	26,865	4,825	16,624
3	174	200	187	16,254	25,397	4,143	15,265
2	151	173	162	14,443	24,222	3,855	14,173
1	130	150	140	12,849	23,193	3,602	13,215

SDR Exchange Rates 2010

Source; http://www.imf.org/external/np/fin/data/param_rms_mth.aspx

Australian dollars:	1.675723	0.596757	<i>(supplied by Dir Corporate Services PIFS)</i>
New Zealand dollars:	2.175308	0.459705	
Fiji dollars:	2.951594	0.3388	

Figure 4 below summarises the market movements in the average reference markets including exchange rate movement. Appendix B shows, for each surveyed country the actual market movement:

Figure 4: Market Movements 2008-2010 after SDR exchange

Band	% Change 2008-10 NZ Median	% Change 2008-10 Aust Median	% Change 2008-10 Fiji UQ	Average 2008	Average 2010	% Change Averaged Markets
16	3.7%	13.0%	-1.3%	76,503	81,348	6.3%
15	4.7%	12.6%	-0.6%	65,526	70,117	7.0%
14	3.2%	12.5%	-9.7%	56,462	59,124	4.7%
13	2.1%	12.4%	-11.1%	48,533	50,547	4.1%
12	0.8%	12.1%	-12.6%	42,603	44,090	3.5%
11	0.2%	11.5%	-13.0%	37,201	38,298	2.9%
10	0.2%	11.3%	-13.6%	31,236	31,996	2.4%
9	1.8%	11.2%	-14.5%	27,595	28,443	3.1%
8	2.9%	11.6%	-15.1%	24,521	25,449	3.8%
7	2.7%	12.4%	-15.3%	21,825	22,766	4.3%
6	2.0%	12.8%	-15.6%	19,320	20,191	4.5%
5	0.5%	13.8%	-15.9%	17,489	18,312	4.7%
4	-1.1%	14.6%	-16.3%	15,861	16,624	4.8%
3	-4.8%	13.3%	-16.9%	14,821	15,265	3.0%
2	-10.7%	12.2%	-17.6%	14,144	14,173	0.2%
1	-16.4%	11.2%	-18.3%	13,550	13,215	-2.5%

Suva-based staff Bands 1-7

The following indicative midpoints are based on 10% above the PwC Fiji All Organisations upper quartile. Strategic Pay has extrapolated the current A-H scales to the new Band 1-7 scale and applied the upper quartile plus 10% principle to the PwC Fiji All Organisations base salary data for April 2010.

The indicative 2011 scale for **Suva** on this basis would read as follows:

Band	2008 Market	2010 Market	% Chnage
1	11,877	11,696	-1.5%
2	12,603	12,517	-0.7%
3	13,428	13,450	0.2%
4	15,527	15,667	0.9%
5	19,077	19,347	1.4%
6	23,045	23,460	1.8%
7	27,743	28,331	2.1%

* Currency unit: Fiji dollars

Non-Suva-based staff Bands 1-7

SPREP

Strategic Pay has extrapolated the current SPREP A-H scales to the new Band 1-7 scale.

The 2010 scale for **Apia** on this basis reads as follows:

Band	2010 Midpoint*	Rationale
1	11,491	equivalent old SPREP B/C
2	12,900	derived midpoint
3	14,550	equivalent old SPREP D/E
4	19,500	derived midpoint
5	25,421	equivalent old SPREP F1
6	31,731	equivalent old SPREP F2
7	39,285	equivalent old SPREP F3

* Currency unit: Samoan tala

Strategic Pay will work with SPREP to ensure that the survey data which underpins the midpoint-setting is sufficient and robust enough to derive a credible and defensible scale for these roles and to derive a 2011 scale.

SPC Noumea

In October 2009, Strategic Pay worked with HR to identify the following alignment of the current SPC A-H scales to the new Band 1-7 scale.

The 2010 scale for **Noumea** on this basis reads as follows:

Band	2010 Midpoint (Monthly)	Rationale
1	139,000	equivalent old SPC A/B
2	159,683	equivalent old SPC C
3	187,239	equivalent old SPC D
4	213,024	equivalent old SPC E
5	262,470	equivalent old SPC F
6	316,509	equivalent old SPC G
7	370,473	equivalent old SPC H

* Currency unit: South Pacific francs

Strategic Pay will work with SPC to ensure that the survey data which underpins the midpoint-setting is sufficient and robust enough to derive a credible and defensible scale for these roles and to derive a 2011 scale.

FFA

FFA data for local support staff is based on the market research of Honiara organisations by Ken Firewood Consulting. The FFC have accepted the recommendations for movement in the FFA scale for 2011 and the scale below will become operative 1 July 2010. This scale reflects the alignment of the old A-H FFA scale to the new Bands 1-7.

The 2010 scale for **Honiara** on this basis reads as follows:

Band	2010 Midpoint	Rationale
1	16,400	derived from old FFA A
2	20,497	equivalent old FFA B
3	37,091	equivalent old FFA C
4	45,193	equivalent old FFA D, some E
5	58,176	equivalent old FFA E
6	68,000	derived midpoint
7	77,982	equivalent old FFA F

* Currency unit: Solomon Islands dollar

Appendix A: About Strategic Pay Limited

Strategic Pay is a market leader in strategic remuneration and performance management. We help organisations improve their performance by ensuring remuneration and rewards are closely linked to business objectives, and by providing a compelling proposition that attracts, retain and motivates the best people.

Strategic consultancy

The highly experienced consultancy team at Strategic Pay offers clients a depth of remuneration and performance expertise unmatched in the New Zealand market. Our team uses a sophisticated set of proprietary tools designed to help organisations achieve constant improvement by integrating remuneration, performance and rewards management.

This includes:

- + Remuneration and reward strategy
- + Executive remuneration and performance
- + Incentive schemes, including STIs and LTIs
- + Base pay systems, including points, grades, bands or benchmarks and using our proprietary job evaluation systems SP5[®], SP10[®] and BAND-IT[®]
- + Salary review management, including processes, tools and training
- + Performance management systems, including customised design and implementation
- + Remuneration audit tools and processes
- + Company benefits, including valuations, policy development and transitions

New Zealand's largest data services offering

Strategic Pay offers an unrivalled suite of nation-wide and specialist industry sector market surveys, based on a database of pay information for over 120,000 New Zealand employees. This rich data source gives our clients access to better and broader comparative information to effectively benchmark their remuneration and rewards packages.

Our key nation-wide surveys include:

- | | |
|---|---|
| + Directors' Fees Report | + Corporate Services and Executive Management |
| + CEO and Top Executive Remuneration Report | + NZ Benchmark Report |
| + NZ Remuneration Report | |

Our specialist industry sector surveys include:

- + Association of Consulting Engineers NZ
- + Banking Forum
- + Accounting Firms
- + Central Government
- + Financial Services
- + HRINZ HR Practitioners
- + Medical Technology Association of NZ
- + Pharmaceutical
- + Retail
- + Energy Sector
- + Wine Industry

Smart technology

We understand the needs of busy HR practitioners and have developed a range of smart automated tools to manage your remuneration and survey submission needs.

- + RemWise[®] – salary management software for managing every aspect of remuneration management
- + spectREM[®] – Strategic Pay's Web-enabled database
- + PayCalculator – survey data at your fingertips

Building client capability

We offer a suite of educational programmes designed to help you build your organisation's management capability and understanding in reward management.

Appendix B: Market Movements by Survey 2008-2010

Figure a: Market Movement Fiji All Organisations Upper Quartile Data

Band	April 2008	April 2010	% Change
16	106,929	127,254	19.0%
15	87,216	104,531	19.9%
14	76,511	83,310	8.9%
13	63,749	68,376	7.3%
12	53,823	56,761	5.5%
11	46,631	48,948	5.0%
10	40,360	42,032	4.1%
9	34,820	35,922	3.2%
8	29,872	30,577	2.4%
7	25,221	25,755	2.1%
6	20,950	21,327	1.8%
5	17,343	17,588	1.4%
4	14,116	14,242	0.9%
3	12,207	12,227	0.2%
2	11,457	11,379	-0.7%
1	10,797	10,633	-1.5%

* Currency unit: Fiji Dollar

Figure b: Market Movement New Zealand Public Service Median Data

Band	April 2008	April 2010**	% Change
16	197,846	221,250	11.8%
15	162,287	183,246	12.9%
14	135,422	150,707	11.3%
13	115,368	126,924	10.0%
12	99,770	108,425	8.7%
11	87,403	94,416	8.0%
10	76,125	82,219	8.0%
9	66,199	72,649	9.7%
8	57,800	64,124	10.9%
7	50,738	56,154	10.7%
6	44,711	49,181	10.0%
5	40,686	44,097	8.4%
4	37,084	39,548	6.6%
3	34,444	35,358	2.7%
2	32,626	31,418	-3.7%
1	31,026	27,951	-9.9%

* Currency unit: NZ Dollar

Figure c: Market Movement Australian Public Service Median Data

Band	April 2008	April 2010**	% Change
16	151,629	166,269	9.7%
15	139,096	151,985	9.3%
14	122,676	133,831	9.1%
13	107,764	117,513	9.0%
12	97,387	105,900	8.7%
11	85,059	92,008	8.2%
10	68,225	73,649	7.9%
9	61,761	66,628	7.9%
8	56,512	61,177	8.3%
7	51,872	56,567	9.1%
6	47,065	51,510	9.4%
5	43,568	48,102	10.4%
4	40,489	45,019	11.2%
3	38,710	42,558	9.9%
2	37,286	40,589	8.9%
1	36,040	38,866	7.8%

* Currency unit: Australian Dollar