

SUMMARY OF DECISIONS
25th MEETING OF CROP EXECUTIVES
SPREP Headquarters, Apia Samoa
9-10 June, 2010

1. The CROP Executives of the PIFS, FFA, SPREP, SPC, SOPAC, USP, PPA, PIDP and a representative of FSchM gathered in Apia at the Head Quarters of the Secretariat of the Pacific Regional Environment Programme (SPREP) for their 25th Meeting on 9 -10 June, 2010. Kindly hosted by SPREP, CROP Executives considered a number of issues, including progress of their decisions of 2009, progress of the Pacific Plan and any emerging issues, and the development of a comprehensive framework for monitoring and reporting progress under the Pacific Plan. In addition, they discussed issues of coordination, including the CROP Charter, membership issues and the review of CROP Working Group mechanism. Also discussed were preparations for the Forum Leaders and associated meetings, developments around other commitments by international partners, including Japan, and finally CROP remuneration and harmonization assessments.

2. CROP Executives extended their sincere gratitude for the field trip organized by the Ministry of Environment of Samoa and SPREP to the areas affected by the September 2009 tsunami. They expressed their deep appreciation for the tour of the area and noted the significant environmental recovery. Executives reiterated the importance of continued support to the people affected by the tsunami as an indication for strengthening on-going and effective disaster risk reduction, management and recovery efforts in the region.

Presentations by CROP Executives

3. CROP Executives presented their respective priorities and links to progress the Pacific Plan priorities endorsed by Leaders in 2009.

4. CROP noted developments in Information Communication Technology (ICT) across the region, including significantly increased capacity, bandwidth and connectivity at USP and SPC. It was acknowledged that many more rural areas in member countries now have access to the Internet, which offers far greater opportunities for communities to access distance learning, communicate and engage with innovative global thinking.

5. Following a presentation from SOPAC, Executives acknowledged the importance of Pacific Island Countries' (PICs) finalising their maritime boundaries delimitations in order to benefit from development opportunities from their resources in their respective EEZ's, particularly fisheries resources, as well as to protect these national resources. In addition, extended continental shelf claims are being submitted with increased interest being shown by multinational mining companies which are approaching members to lease parts of their sea bed for prospecting. CROP noted the importance of member

states having an appropriate regulatory framework to deal with this development and manage the potential risks, so clearly demonstrated by the devastating oil slick currently polluting the Gulf of Mexico.

6. CROP acknowledged the continued importance of addressing Climate Change in the region. SPREP noted that an emerging and important issue in this sector is the number of development partners and the prospect of increase in the level of funding in the region. This requires effective coordination of these various stakeholders and funding based on national and regional priorities, and policies that are developed and owned by PIC's.

7. SPC raised the importance of proactively promoting cutting edge scientific research in the region, in particular in relation to adaptation to climate change impacts such as salt water resistant crops.

8. CROP discussed the review and development of regional policy in particular the reviews of the:

- a. Pacific Islands Framework for Action on Climate Change (PIFACC);
- b. Disaster Risk Management Framework;
- c. Pacific Digital Strategy;
- d. Pacific Islands Regional Energy Policy; and
- e. the development of the recent Food Secure Pacific Framework and the intention to report to Leaders on this for their support.

9. SPC noted its intention to seek support for the development of a Culture Strategy for the Pacific Region. This strategy will seek to articulate the value of culture to the Pacific, including in support of good governance and natural resource management.

10. Executives noted the importance of also engaging with UN Frameworks where there is value for the region, such as the Johannesburg Plan of Implementation and the Mauritius Strategy of Implementation, the MDG's, as well as the UN regional inter-governmental processes. The development of regional indicators and targets should take these international frameworks, processes and efforts into consideration.

11. SPC updated CROP Executives on the value of their Joint Country Strategies. CROP Executives agreed that there could be significant value in using this approach to coordinate their efforts and delivery of services at the country level, including through joint programming and strategizing. CROP Executives agreed there was an opportunity to use the Marshall Islands as a pilot as the first attempt at a Joint CROP Country Strategy mission to be undertaken in late November 2010.

12. PPA informed the meeting of the difficult financial situation and lack of human resource capacity faced by many of the utilities in the region, which could potentially seriously disrupt power supply. This situation is exacerbated by limited technical capacity, including a scarcity of engineers, and increasingly out of date equipment which is contributing to inefficient generation and supply. PPA highlighted the potential efficiencies in fuel consumption of new investment in infrastructure and improved capacity of utilities, and reduced pressure on balance of payments on member countries.

13. The meeting noted that renewable energy technology is being promoted in the region by many different partners, raising complex issues around utilities management and maintenance using different types of technology and systems. While environmental benefits should be a significant consideration in the move to renewable energy, it is important to acknowledge member states existing and projected dependency on fossil fuel and associated technology, and the need to effectively manage and maintain this existing infrastructure.

14. FFA informed the meeting of the significant progress in the management of migratory fish stocks in the region. Particular emphasis was placed on continued efforts in ecosystems based management, regional and sub-regional integration of fisheries management and the monitoring and control of Illegal Unregulated and Unreported fishing (IUU). FFA also outlined the emerging benefits of sub-regional groupings in the fisheries sector, specifically the Parties to the Nauru Agreement and Te Vaka Moana. These approaches were increasing the market price of fish, as well as improving efforts to conserve fish stocks.

15. PIFS informed the meeting of efforts to improve regional integration in trade, and responses to the Global Economic crisis. In addition, PIFS outlined a focus on building strategic partnerships with international partners and improving coordination of donor harmonization and aid effectiveness, including through the implementation of the Cairns Compact. PIFS further noted that this is linked with the Secretariats work in the management of regional funds, such as those with the EU under the Coteneau agreement, the Japanese PEC Fund and Development Fund, Taiwan development Fund and scholarship funds, SIDS Development Funds, and the pooled funding mechanism by PIF members for Disaster Relief in the Region.

CROP and Pacific Plan Priorities

16. CROP agreed that the set of multi-year priorities agreed to in 2009 (for a three year period 2009-2012), remains as endorsed by Forum Leaders at their Cairns meeting and should be proposed as a rolling set of priorities to be revisited for considered revision in 2012. It also agreed the need to focus on measuring progress against these priorities noting in particular that the vulnerability of PICs was increasing whilst at the same time their resilience and capacity to cope was not . The meeting acknowledged the need for a simple and effective performance framework for reporting on progress against

the Pacific Plan, and highlighted the need to link it to existing CROP performance frameworks. Particular attention was drawn to the need for support to national reporting to ensure that progress on regional integration is firmly based on real benefits accruing at the national level.

17. CROP further noted that in addition to the standing Pacific Plan priorities, some new and emerging issues have come to the fore which may need to draw to the attention of the Pacific Plan Action Committee (PPAC). These included expanding the notion of disaster risk management to be people focused, covering responses to health disasters as well as factoring in population growth and movement. Another priority was the need to reflect water and sanitation as a key vulnerability requiring support to PIC's. With respect to education, emphasis was placed on the poor literacy and numeracy rates amongst people in the region, and the need to focus on quality education for transferability of qualifications. In the area of energy, the lack of technical and managerial capacity in the power utilities area was highlighted as a serious concern that needed to be addressed. The urgency around declaring maritime boundaries was also highlighted, especially with respect to developing effective management mechanisms for national resources within the sovereign waters of PICs, including mineral prospecting and explorations. Finalisation and permanent maritime boundary declaration was also noted as an important issue with respect to projected climate change and sea level rise impacts in the region.

18. To this end, the Council requested the Secretariat to consult with CROP Agencies to develop a draft performance framework, and highlight the emerging priorities as part of the report to the PPAC meeting in July 2010.

Issues Relevant to CROP Coordination

Regional Institutional Framework

19. SPC updated Executives on the implementation of the Regional Institutional Framework (RIF). CROP noted the merger of SPBEA with SPC and the transfer of components of SOPAC's work into SPC, particularly in energy and ICT. The meeting noted that a Letter of Agreement was being developed and to be signed between SPC and PIFS on the transfer of technical functions in infrastructure and the need to ensure adequate resourcing for smooth transition of responsibilities and maintaining services to members.

20. SOPAC updated Executives on the phased transfer of SOPAC's specific work programmes relating to energy, ICT and climate change to SPC and SPREP. SOPAC also outlined the plan to transfer its core programmes to SPC by January 2011.

21. SPREP acknowledged with gratitude the transfer of SOPAC functions in the PIGOOS in relation to Climate Change.

22. Executives' emphasized the importance of adequate resourcing in the transfer of SOPAC programmes and acknowledged the positive response from core donors, including NZ, Australia and the EU, to support this.

Cairns Compact

23. PIFS updated the meeting on the progress of implementing the Cairns Compact on strengthening development coordination in the Pacific, anchored in international and regional commitments for donor harmonization and aid effectiveness.

24. It was noted that CROP was exempted from the current round of reporting by development partners on their efforts in support of aid effectiveness through their aid delivery arrangements. Concerns and issues as to the scope and coverage of the reporting template for development partner reporting will be considered by a reference group currently being established. Executives emphasized the need to streamline and align the amount of reporting if at all possible. In addition, there was a need to clarify the reporting arrangements of CROP programmes under the Cairns Compact to ensure that there was no duplication, given that CROP organisations are an extension of national capacity and channel development partner funding, rather than being a source of funding *per se*.

25. It was noted that a technical working group was set up to focus on the Millennium Development Goals (MDG) tracking report, which was currently in draft form. In addition to quantitative data, this was to include qualitative data around reasons for progress (or lack of progress) with the intention of improving the utility of the tracking report.

26. Acknowledgement was made for the support from all organizations, including the UN agencies, in the various aspects of the Cairns Compact.

Gender

27. CROP discussed the importance of ensuring implementation of best practice in implementing gender strategies. While current statistics on the balance of women and men employed in CROP agencies is relatively even, there is a significant discrepancy in gender balance in senior management positions. The Council noted the information provided and agreed to ensure a monitoring tool was in place for continued reporting on these trends in CROP agencies and to track the mainstreaming of gender policies into their work programmes. Further it was suggested that PPAC be made aware of the need to monitor commitments to gender policies across the board and maintain this issue on the Leaders agenda.

CROP Coordination

CROP Charter and Membership

28. Executives discussed the CROP Charter and the criteria for becoming a member of CROP particularly in relation to reforms in the region since 2004. The Council agreed that although it was premature to suggest amendments to the Charter and membership at this stage, the Forum Officials Committee (FOC) should be sensitised to the consequences of the RIF and the national reforms of Fiji in relation to the Fiji School of Medicine (FSMed) being absorbed into the Fiji National University. To this end the Secretary General agreed to include this in his report to the Forum Officials Committee (FOC) including a recommendation that any future reports might best be channeled through PPAC.

29. CROP agreed that it would be useful to have a CROP Calendar with respective governing Councils meeting dates and details indicated. It was agreed this should be hosted on the PIFS website.

CROP Working Groups

30. CROP noted their appreciation of the significant amount of work being undertaken by the CROP Working Groups as detailed in their reports.

31. CROP welcomed the proposal by the Working Group on Harmonization to formalise a CROP working group on Libraries, Archives and Information Management (CLAIM). To this end Executives noted that the first meeting of this working group would finalise their terms of reference and work plan on the basis of papers presented to the Executives' meeting.

32. CROP reached a number of agreements in relation to the working groups as follows:

- a. **approved** proposed activities and milestones outlined by the working groups as reported;
- b. **noted** changes that have occurred in the working groups as a result of the RIF;
- c. **approved** the disbandment of the CROP Energy Working Group as advised by SPC in light of the RIF implementation and the review of the Pacific Islands Energy Policy and the establishment of the Energy Alliance;
- d. **agreed** that USP and SPC co-chair the ICT Working Group.
- e. **agreed** that SPC be the Chair of the Health and Population Working Group.

CROP Working Group Review

33. In considering the report on the Review of the CROP Working Groups, the Executives noted that the report had a considerable number of recommendations. They expressed varied positions on the recommendations and on the whole agreed they could not endorse these without considerable modification. Given the time available for the discussion, and in line with the decision on other reform processes around the Pacific Plan, the Council agreed that PIFS develop a paper with consolidated recommendations that could be considered in depth at the next CROP Executives gathering. They requested that adequate time be set aside at their next meeting to discuss and agree to a way forward on the CROP Working Groups.

34. In the mean time, CROP Executives agreed to take a more proactive role in the working of the respective CROP working groups that their organization was chairing.

CROP High Level Sub-Committee on Climate Change

35. CROP discussed the issue of climate change and its cross cutting nature. They acknowledged that Pacific Leaders have stated that climate change is the single greatest challenge of our time. The Executives acknowledged that every CROP Agency had a role to play to tackle different aspects of climate change. SPREP noted that while it has the lead role in coordinating climate change efforts in the region, the challenge of climate change was much more than an environmental issue *per se* and therefore a regional response to climate change required the effective participation of all CROP agencies.

36. CROP discussed the political dimensions and sensitivities of climate change in the region and how this requires the effective engagement of Leaders, as well as development partners, in responding to climate change in the Pacific region. They further noted the importance of raising the bar when it comes to climate change advocacy in the region and drawing closer links to the regions development and security challenges exacerbated by climate change impacts.

37. CROP agreed that a High Level Sub-Committee consisting of CROP Executives be established to strengthen the coordination of CROP activities in this area, raise the profile of climate change ownership in the region, as well as effectively project the regions situation to the rest of the world. Executives also agreed to provide comments on the draft terms of reference for the operation of this Sub-Committee and agreed that the PIFS and SPREP co-chair this Committee.

Preparations for the Forum

38. The PIFS informed the Council of preparations for the upcoming Forum Leaders Meeting in Vanuatu from 3 to 6 August 2010 as well as its preceding officials meetings in July in Suva. The Executives noted that in past years the CROP Executives had participated in either a breakfast or dinner function with Leaders at the Forum. PIFS agreed to seek the views of the host Government of Vanuatu on the resumption of this

practice, or a similar arrangement, and whether this would be feasible at the Forum meeting in August.

International Issues

PALM5 Implementation

39. The PIFS provided an update on progress to implement the commitments made at the PALM5, in particular the Pacific Environment Community (PEC) initiative. As part of this initiative, Japan has committed ¥6.8billion (USD66) for the benefit of all PIC's with a focus on solar power generation systems and saltwater desalination plants.

40. The Government of Japan has agreed guidelines to transfer the management of the PEC Fund to the Forum Secretariat for the earliest implementation. The Secretariat informed the Council of the structure of the management mechanism for the fund, including the establishment of a Joint Committee comprising representatives of PIFS and Japan, a Project Management Unit (PMU) to be established in PIFS and an independent Technical Advisory Group (TAG) to provide technical appraisals of project proposals. It was noted that the structure of the modality is modeled on the European Development Fund (EDF) currently managed by the PIFS.

41. Under the PEC Fund, each PIC will have an indicative allocation of about USD4 million which they can apply for in the first 3 years. After 3 years, any remaining allocations that are not utilised will be consolidated in a common pool and can be accessed by all PICs on the merit of their proposals.

42. CROP Executives discussed the PEC Fund and noted the importance of keeping members informed of the opportunity this fund presents so they can prepare appropriately. SPC noted the fund was largely for member countries and suggested that its role was to provide technical advice on project proposals. CROP agreed that they would provide as much support as possible to member countries in the development of project proposals and in ensuring that technical advice was provided where needed, which was gratefully welcomed by the PIFS.

UN Observers

43. The UNDP Resident Representative, Ms Nileema Noble of the Samoa Office, thanked the CROP Executives for the opportunity to observe this very important meeting. UNDP informed the meeting that the United Nations Development Assistance Framework (UNDAF) is their mechanism for collective and coordinated approaches to supporting member countries in the region. The UNDAF is aligned to the Pacific Plan and should align to some extent with work of the CROP. The UNDAF is currently under review and highlights the difficulties in effective coordination amongst the various UN agencies. CROP may wish to draw from some of this review in strengthening its own mechanisms.

44. The UNDP noted that harmonisation in some instances can actually lead to greater complication. It is important that coordination processes are put in place that do not become overly burdensome in their own right. The aim was to improve service delivery to the region, rather than focus exclusively on process.

45. UNDP expressed its commitment to working together with the PIFS and others to effectively implement the Cairns Compact. It reiterated the importance of ensuring we did not put in place systems that second guess national determination of priorities, or that duplicate efforts already successfully deployed in these areas. UNDP also offered to contribute to PIF efforts to develop a revised performance framework for the Pacific Plan.

46. ESCAP expanded on the regional and sub-regional programmes that the UN implements in the region which are guided by UNDAF. It drew attention to the MSI+5 preparations and important support that CROP provided in the preparation of the regional report and regional meeting outcomes. ESCAP further noted the importance of continued engagement in the UN intergovernmental processes towards the High Level Review Meeting in September 2010. As part of this process, the recent resolutions of the ESCAP Commission are extremely positive and with the support of its 65 country membership, should provide important input to MSI+5.

47. UNDAF is a multi-country framework for improving the impact of UN activities at the national level. Regarding regional cooperation, the UN under coordination of its regional commissions uses the Regional Coordination Mechanism (RCM) for coordinating UN contribution to regional analysis, advocacy and initiatives on cross-boundary issues. While the UNCT focuses on enhancing operational activities at the country level, the RCM coordinates regional and sub-regional support to the work of the UNCTs as well as to addressing cross-boundary issues. Through these UN coordinating mechanism, there is a continued need to promote SIDS internationally and the value of the MSI in this process is quite central.

48. The Chair noted the presentations by the UN as well as the important of the UN presence in CROP Meetings where possible.

CROP harmonization and remuneration issues

49. CROP Executives of the five CROP agencies participating in Harmonisation namely: FFA, PIFS, SOPAC, SPC, and SPREP met to discuss and agree on a number of issues as outlined in attachment 1.

Other business

50. CROP Executives welcomed PIFS offer to host the next CROP Executives Meeting in 2011.

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SUMMARY OF DECISIONS CROP EXECUTIVES INVOLVED IN HARMONISATION AND REMUNERATION WORKING GROUP

SPREP Headquarters, Apia Samoa
Thursday 10 June, 2010

This session of the CROP Executives Meeting was attended by the CEOs of the five CROP agencies participating in Harmonisation namely: FFA, PIFS, SOPAC, SPC, and SPREP.

Progress Report on the Implementation of the Recommendations of the 2009 Triennial Remuneration Review 2010

2. Reporting on behalf of the CROP Working Group on Harmonisation (WG), Stephanie Jones, Director Corporate Services, PIFS, presented the Progress Report on the Implementation of the Recommendations of the 2009 Triennial Remuneration Review. In presenting this paper, she highlighted progress in three key areas: the implementation of the new banding model, performance management and its linkage to remuneration, which is leading to abolishing the incremental step movement through the salary band with movement within the band being determined by percentage movement based on the assessment of individual performance and organisational affordability.

3. Mrs Jones reported that SPC has been taking the lead with regard to the introduction of the new banding model, with introduction of it being driven in part by SPC's budget timetable. The other agencies are also looking at a 1 January 2011 implementation date, except FFA which is targeting 1 July 2011 to coincide with their financial year.

4. SPC is also moving quickly with regard to the implementation of a revised performance management scheme directly linked to remuneration. FFA, SOPAC and SPREP have also been reviewing their performance management processes. PIFS moved some time ago to abolish its incremental salary step system and will be further refining its performance management processes in the light of the experiences of the other agencies.

5. The Director, SPREP, reported that SPREP, in the context of harmonisation, has recently engaged Strategic Pay to assist in the further development of their existing performance management system. In undertaking this review, SPREP, with the assistance of Strategic Pay will be looking at the best practice systems operating in other CROP agencies, as well as best practice in New Zealand and Australia. The principles to be observed in the revised system will be those of fairness, transparency, clarity and simplicity.

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6. The Director-General, SPC, reported that SPC was still dealing with a number of issues relating to implementation of the banding model, which arise as a result of SPC's size and complexity. He noted that with regard to performance management, PIFS was ahead of SPC having implemented the proposed system sometime back. SPC has taken the decision to move ahead and has introduced a new performance process, and SPC now has six months to refine the process, including assessing financial implications. While being likely to have significant financial implications, it was recognised that the move to link job performance to remuneration does constitute best practice and harmonisation with the other CROP agencies.

7. With respect to the financial implications of the introduction of the banding model, the Director-General, SPC, noted that one of the principles being adopted was that staff would not be worse off. In this context he queried if the current reference markets were giving the right results especially noting that many expatriate staff are recruited from European and North American markets. He suggested that it is perhaps time to review the current reference markets noting however that the overall result should remain cost neutral.

8. He also noted that implementation of the revised performance management system could cost more in subsequent years since the overall impact will be based on percentage increases in salary applied to staff based on their performance outcomes. In SPC's case its current approach to providing for a three percent budget provision will determine the actual percentage payments which should assist in containing costs as it will constitute a salary cap.

9. The Director-General, SPC, also noted that on current predictions twenty percent of SPC positions fall within 110–120% of the new salary bands, (based on the Australian, New Zealand and Fiji benchmark). As mentioned above he said that he would be open to revisiting the current reference markets and would support a possible shift to either an Australian/New Zealand benchmark or perhaps an Australian/New Zealand/European Union benchmark.

10. The Director, SOPAC, thanked the WG for the work done and noted that 1 January 2011 is becoming a key date with regard to mergers and the implementation of a new remuneration regime. He reconfirmed SOPAC's commitment that there should be no diminution of services and therefore, it was necessary to "keep everybody happy". In this context, he noted the need to keep the RIF processes separate from the implementation of the harmonisation initiatives.

11. The Director-General, FFA, thanked the WG for its paper. He noted that the adoption of the SP10 job sizing methodology has been endorsed in principle by the FFC, on the basis of harmonisation, but it will be presented to the next FFC for discussion for possible implementation in July 2011.

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12. The Director-General, FFA, also noted that FFA is undergoing significant reform with respect to multi-planning frameworks with funding being linked to organisational performance. In this context, FFA is currently developing performance management systems for individuals directly linked to organisational performance. It is important to know how the implementation of the banding model will affect the organisation overall.

13. The Director-General, FFA, noted that that the banding model is a step in the right direction for CROP, serving to enhance the governance and planning framework, as endorsed by FFC. The monitoring and evaluation component will allow for annual review and assessment, with risk management also being part of the framework. The agency has also been asked to report on non-performance.

14. These reforms will require a lot of effort from staff of the calibre which are not always readily accessible. In this context, job evaluation has assisted the FFA in re-evaluating jobs and forms part of FFA's ongoing reforms aimed at improving its performance management and governance frameworks.

15. The Chair noted his appreciation and thanks to the WG for its work. He noted that each agency is required to respond to its own governing councils. He noted the value of harmonisation with regard to performance and organisational management, since all agencies have a common aim of improving efficiency. Good governance mechanisms add to our "sale-ability" and external relationships. Therefore, there is value in arriving at a commonality achieved through harmonisation and noted that this work was ongoing.

16. The Director-General, SPC, also commended the WG on the work done. He noted the moves made toward greater harmonisation and that these will lead to improved linkages between organisational and individual performance.

17. In response to the SPC's comments on the possible review of the reference markets used in benchmarking remuneration, Mrs Jones reported that Strategic Pay, in late May 2010, had made some observations in relation to the reference markets and has suggested some alternatives. She reflected that the introduction of the current reference markets required high levels of consultation with members, and proposing any changes would require the same. In preparing the papers for this meeting of the CROP Executives, the WG was aware of the need to prepare papers for next month's Forum Officials Committee meeting, and that there was insufficient time to undertake the necessary work required for any possible change to the reference markets. The WG had therefore come to the view that the review of reference markets should be deferred to a later date.

18. The CROP Executives **noted** progress towards implementation of the 2009 Triennial Remuneration Review recommendations and **commended** the Working Group for their efforts thus far.

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Market Data Reviews

19. In presenting the 2010 Market Data Review, Mrs Jones, on behalf of the WG, noted that the data being presented was based on the existing methodology and reference markets, however, if the CROP Executives considered it appropriate, a possible revision of the reference markets could be added to the WG's work plan.

20. She then noted that the 2010 Market Data Review is the first time that data has been presented for the CROP salary scales using the new banding model. Therefore in order to be able to provide a comparison to the current salary scales, it was necessary to retrospectively apply the new salary scales to the 2008 market data. These comparisons appear in Table 2 of the paper, with the percentage change between the current salary scales and those from the 2010 market data being shown in the last column. These changes, for Bands 8 to 16, are between 2.4% to 7.0%.

21. With regard to the "*Comparison of the Average of the Three Markets with the Reference Markets*" (Figure 1), Mrs Jones observed that Bands 1 to 5 align quite closely of the New Zealand market. Overall, the bands were about 30% below that of the Australian market, which is roughly equivalent to what might reasonably be expected to be the effect of the tax free status of the CROP salary scales.

22. In conclusion, the paper noted that there had been no changes to the salary scales in 2010 compared to 2009. The WG suggested that small, annual adjustments constitute better HR practice than larger, less regular adjustments. The paper recalled difficulties for the agencies in the past with not being able to afford the increases required to pitch the salary scales against the agreed benchmark (average of the Australian, Fiji and New Zealand markets) and now that parity with the benchmark had been achieved, recommended that this parity be maintained for 2011 to ensure that attraction and retention of staff is not compromised. It was therefore recommended that Table 7 of the paper be recommended to the governing bodies as the salary for positions advertised internationally (bands 8 to 16) effective from 1 January 2011; and that Table 9 of the working paper be recommended for the Suva-based positions advertised locally (bands 1 to 7).

23. The Director-General, FFA, commented that FFA will take note of the recommendations. However, he reflected that FFA is still recovering from the effects of the global economic crisis (GEC) which has resulted in the need to freeze the recruitment of some positions. There is now a need to recruit three of those previously frozen positions. FFA will present the market data review report to its governing council for its information, however, it is unlikely that FFA will be recommending it for adoption.

24. The Director, SPREP, noted that attraction and retention of staff was currently not a major problem. In considering the market data review, SPREP will consider the overall cost implications, which will be considered by the 2009 SPREP governing council. Any salary adjustments will have to be within budget. He also commented that

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it was difficult to consider the information contained in Table 3 “Average of the Three Markets Compared to Each of the Reference Markets” without considering the relevant tax information for each of those markets, given that SPREP, as for other CROP agencies is tax free.

25. The Director-General, SPC, agree that smaller, regular adjustments were better than big, irregular adjustments. SPC has also had a temporary freeze on some recruitment during the GEC but these positions have since been released. SPC will also consider the market data review information in the budget context however it may be able to accommodate the increases and agreed in principle to a 1 January 2011 implementation.

26. The Deputy Secretary General, PIFS, reported that the increases had been factored into the PIFS 2011 Budget and Work Programme for presentation to FOC.

27. The Chair summarised the discussion by noting that this matter was very sensitive to budgetary constraints but also needed to be considered in the context of the available data and staffing implications.

28. The CROP Executives:

- a. **endorsed** for recommending to their governing bodies the CROP harmonised salary scales for positions advertised internationally for 2011, as being:

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

- b. **endorsed** for recommending to their governing bodies the Suva-based CROP harmonised salary scale for positions advertised locally for 2011 as being:

Band	80%	Mid-Point	120%
1	9,502	11,877	14,252
2	10,082	12,603	15,124
3	10,760	13,450	16,140
4	12,534	15,667	18,800
5	15,478	19,347	23,216
6	18,768	23,460	28,152
7	22,665	28,331	33,997

- c. **agreed** that any recommendations to their governing councils for implementation will be subject to affordability by each agency.

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Working Group Work Plan for 2010 – 2011

29. Mrs Jones introduced the paper outlining the prioritisation of the WG's activities. She noted that an upgrade to their Human Resource Information Systems has become a priority for a number of the agencies and that Terms of Reference had been issued for a consultancy engagement to assist in the development of a joint system specifications and to recommend possible HRIS service providers.

30. The Director SPREP noted that the CROP Executives had requested the setting of priorities at their February 2010 meeting, which had been done but noted that the work plan still remained quite ambitious.

31. The CROP Executives **noted** and **endorsed** the Working Group on Harmonisation's 2010 – 2011 Work Plan.

Update on the Joint Information Services Review

32. In introducing Peter Murgatroyd, SPREP, and this topic, Mrs Jones noted that in 2008 the overall scope of the WG on Harmonisation of Remuneration had been expanded from just human resource management and remuneration matters, to include those functions that might reasonably fall within the responsibilities of the Corporate Services directors. In 2009, four of the five participating agencies undertook a joint review of their information services, i.e. registry, library, publications and information management functions.

33. Mrs Jones also noted that the key recommendation of the paper was for the formalisation of the CROP Libraries, Archives and Information Management (CLAIM) group as a CROP Working Group. If this recommendation was endorsed by the participating CROP Executives, it would need to be taken back to the full CROP Executive meeting, since it involved participation and representation by all agencies, and not just the agencies participating in the harmonisation initiatives.

34. Mr Murgatroyd, in presenting the working paper, noted that opportunities existed to establish best practice across the CROP agencies. This would include information sharing, removal of duplication and the provision of more effective and efficient services to stakeholders in the region. He noted that in the past there had been a number of initiatives undertaken across the agencies but that these had not been properly coordinated since there was no framework available to support knowledge management. CROP is in a position to provide such a framework. Mr Murgatroyd suggested that there be regular meetings of the relevant knowledge managers from each agency and that this group should also work closely with those in ICT in each agency. This would require a commitment to a regular forum and the mechanism to establish a knowledge management framework. The value of such a group would be in its opportunity to work closely together and to provide leadership in knowledge management across the region.

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35. The Director, SOPAC, noted that such a proposal was very timely, given his concern about the opportunity for SOPAC to share information with the outside world. He said he saw libraries as being the organisation's face to the world since they are in control of knowledge.

36. He also noted the need to redevelop web pages and for a common CROP approach for accessing information. He therefore endorsed the proposal for the establishment of the CROP Working Group and asked that this group also engage itself in issues concerning soft copy information.

37. The Director-General, FFA, also endorsed the proposal for the formalisation of CLAIM as a CROP Working Group. Nevertheless, he counselled the group to link into existing knowledge management arrangements and drew attention to the need to develop some information sharing principles, particularly with regard to ownership and confidentiality.

38. The Director, SPREP, congratulated the group on the excellent work it had done and endorsed the suggestion that it look at cross-CROP initiatives such as websites. He suggested that there was a need to develop initiatives and determine priorities, indentifying how these will assist in developing in-country capacity. He endorsed the formalisation of the Working Group and thanked the group for its work.

39. The Director-General, SPC, commented that this initiative was very timely for SPC. He acknowledged that at the moment, SPC is looking at developing a corporate wide system noting that a lot of what it has in place now had been driven at the programme level. He said that it would be necessary to firstly determine what information is relevant for the organisation as a whole and then consider what system would best meet its needs. In considering these issues, it would be necessary to determine who our clients are, (such as the CROP agencies, and our end users such as countries, partners and stakeholders). Countries would have a dual interest in terms of both accessing information as well as in capability building.

40. He also informed the meeting that SPC was investing in an Electronic Document Management System (EDMS) but would also be looking at how this might be integrated with the work of the Working Group. These initiatives are therefore timely in terms of engaging the CROP agencies.

41. He informed the meeting that SPC has some seed funding which might serve to pull the agencies together and was very supportive of the proposal for the formal establishment of the Working Group. He reminded the Working Group however, to be mindful that some of our clients do not have access to electronic data bases.

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42. The Chair commented that he personally had a different reaction to the proposal for the creation of the Working Group. While acknowledging that “we all had a story to tell”, he said that he was not yet ready to yield this function to the librarians. The Chair drew attention to annual reports, which he noted are retrospective in their reporting, rather than making available more instant, forward looking information. He said that there is a shared responsibility in coordinating information management. We all need to “tell our story”, since there is little writing that goes on in the region. Each agency needs to develop its record keeping and archives systems and suggested that there is possibly a place for information managers in the Regional Digital Strategy. In conclusion, the Chair commented that he was not sure if it was necessary to form a Working Group to get the job done.

43. The Director-General, SPC, commented that much of the focus in the presentation had been on recordkeeping. In SPC much of this is located with the programmes and that the intention was to shift to one central location, a least on a “virtual” basis. This would provide direct links between the Noumea, Suva and Pohnpei offices. The “front part” of the exercise is therefore the “story telling” component, while the “back part” is that of record keeping. It was here that value was to be gained through the formal linkages, while ensuring that the “front end” is not forgotten because it is that part that informs people what we are about.

44. The Director, SOPAC, agreed that the both parts were needed and that the opportunity presented itself for CROP to more easily present its image to the world. It was therefore suggested that the proposed Terms of Reference for the Working Group be further develop and that the group be set up for two to three years, after which time it be further reviewed.

45. The Director, SPREP, agree that the Working Group be given two or three key objectives, and that these might include consistency in websites and knowledge sharing protocols.

46. The Chair concluded by noting the obvious enthusiasm of the knowledge managers for the opportunity to set up this Working Group. He noted the CEO support for this but noted that the functions of such a group will need to be precisely indented with clear objectives and time-lines and to ensure that its services are consistent with the work of regional agency libraries and not duplicative in any way.

<p>47. The participating CROP Executives noted the outcomes of the 2009 Joint Information Services Review and agreed to recommend to all CROP Executives that CLAIM be formalised as a CROP Working Group.</p>
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CEO Banding and Review of Job Evaluations for Senior Positions

48. Mrs Jones presented to the CROP Executives the Strategic Pay Report on the “*Banding of CEO Roles*” and the “*Banding of the Senior Executive Roles*”.

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49. In presenting these papers, she commented that the 2009 Triennial Remuneration Review identified that the remuneration arrangements for the chief executive roles should be separate from that of the other CROP roles, and that the agencies should treat the chief executive roles as separate ‘bands’ with remuneration ranges for them based specifically on their job size.

50. The WG had presented some ideas to the CROP Executives on how this might work in practice, and a paper on best practice, with alternatives for consideration, was submitted to the Executives at their February 2010 meeting. This paper was considered, in a closed session with the consultants (PriceWaterhouseCoopers and Strategic Pay), who were asked to build on the work of the WG and to report back to this, the June 2010, meeting. They have done so in their “*Report on the Banding of CEO Roles*”.

51. The consultants’ report provides a framework for CEO Remuneration which talks about “pay for the job” and “pay for the person”. Pay for the job refers to: job size, market data, and setting a policy for how job size and market data are related; and “pay for the person” talks about performance management and rewards for performance. The framework aligns very strongly with the *CROP Harmonisation and Remuneration - Guiding Principles and Strategies*, and is therefore consistent with what has been agreed so far with respect to the other CROP roles.

52. Section 3.1 discusses job evaluation in the context of CEOs, and raises the point that for CEOs and senior executives, organisation size is an additional factor that needs to be taken into account. The report points out that the consultants have had an opportunity over a period of time to build a good understanding of the CROP agencies, and that the consultants are considered to be two of New Zealand’s foremost job evaluation specialists. They have also been mindful of the differences between the CROP Executives and other CEO’s and after analysing the CEO roles at length, they proposed the job evaluations in Table 2 on page 7 of their report.

53. The Consultants recommend that the average of the three reference markets (Australia, NZ and Fiji) be used to determine the salaries for the CEOs. This is the same methodology used for grade M (current CEO scale) and the same as used for all the other CROP roles.

54. In forming their opinion, regarding bands for the CEOs, the consultants note a number of things:

- Using one band (i.e. grade M) is highly unusual and out of step with market practice; and
- CEO roles are almost always treated separately from the other positions. But,
- With full implementation of RIF, there will (eventually) be only four participating agencies (i.e. four CEOs);

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- The new banding model for the CROP agencies provides for narrower pay bands than previously – it has 6 bands for the previous grade I and J – thus this new model recognises that not all advisor roles are the same and will end up in different bands. They suggest that the same logic should hold true for the CEO roles – i.e. that there are differences in job size and that these should be recognised;
- The new remuneration system represents a major break from the past – with a new job families model underpinned by the SP10 system; a new banding model with 16 bands for the CROP roles; a move towards percentage progression in range based on performance; introduction of new performance management systems; and new linkages between performance and pay. They believe that CROP has come a long way with the remuneration systems since the 2009 Triennial Remuneration review and that retaining the status quo for the CEOs would be highly anomalous in the context of all this work to date;
- That the principle of harmonisation should be equally applied to the CEOs as it should be for the other CROP staff;
- The proposed new 16 band, banding model, comprises of bands that have a reasonably consistent progression of mid-point job points that are approximately 15-16% apart; and that using that consistent progression results in two additional bands for the banding model – band 17 and band 18.

55. Based on the job evaluations from page 7, the consultants have identified, on page 12, which roles should sit in which bands. And based on the average of the three reference markets, the mid-points for these two new bands are identified at Figure 4, and the salary ranges are identified in the table below that.

56. Mrs Jones pointed out that the mid-point market data for band 17 is 15% above the current mid-point of grade M and band 18 is 33% above, but compared to the 2010 market data for grade M (which hasn't been accessed) the increase is more likely to about 7% for band 15 and maybe 20% for grade 18.

57. The consultants make the observation that the CEO performance review process enables the CEO (or their representative) to present a summary of outcomes or results to either the chair, the governing body or a sub-committee of the governing body. But, with the exception of FFA, there is little opportunity for CEOs to receive feedback on their performance. The WG suggests that since each agency has been working on developing best practice performance management systems for their staff, it is timely, therefore, that each of the governing bodies review its current approach to reviewing CEO performance with a view to implementing process and documentation aligned with best practice and in accordance with the performance management of other agency staff.

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58. Finally, the consultants proposed that salary review for the CEOs should be performed annually aligned to the outcomes of the CEO performance review process. They go further to suggest that remuneration increases should be a percentage progression through the grade, and should be limited based on performance outcomes to 95% of the mid-point if performance issues exist; to 98%-102% for competent performance; and to 102%-120% for performance above the requirements for the role, as evidenced by overall performance ratings of exceeds or higher.

59. The WG noted that over the past 12 months, the CEOs have been making a number of significant decisions and the WG has been undertaking a large body of work with respect to the remuneration structures for staff. These relate to the framework as described in section 2 of the consultants' report. A complete job sizing review for all staff within the agencies has been completed; the 2010 market data review has proposed new salary scales for 2011; a new banding model has been developed and road tested by the agencies; a new job description template that is SP10 compliant and designed to integrate into performance management systems has been developed; performance management systems have been, or are in the process of being reviewed, refreshed or rebuilt; the link to remuneration is being revised; and serious consideration is being given to percentage movement through the bands. The WG noted that the recommendations of the Consultants in their report are consistent with the work so far.

60. The WG further pointed out, that this is quite an unusual situation – it is unusual for CEOs to be involved in a discussion of this nature regarding their own remuneration packages. And it is unusual for this discussion to be happening in a group such as this. Also unusual is a recommendation from an incumbent CEO to his/her governing body to make changes to their salary scales.

61. More normal would be for the governing body (or some sub-committee of it) to discuss and agree with the Strategic HR manager of the organisation, a remuneration package including a salary range before undertaking a recruitment/selection process. Negotiations with the incoming CEO would then take place within these boundaries previously identified.

62. The WG is of the view that the Consultant's recommendations warrant the consideration of the governing bodies. However, recognising the sensitivity of the issue, especially with respect to the perceptions of the CEO making recommendations to their governing bodies regarding their own salary scales, the WG suggested that a way forward might be to present the recommendations of Strategic Pay's report to the governing bodies for approval to implement for future CEO contract renewals and beyond.

63. With respect to the review of the senior roles, the CEOs, in February 2010, asked for a further review of the job evaluations of the senior roles (those in bands 14, 15 and 16) and a report back to this meeting.

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64. The consultants worked with each of the CROP agencies to review the internal and cross-CROP relativities, and to ensure that they had a sound understanding of the roles in questions. Their findings are in the “*Report on the Banding of Senior Executives Roles*”.

65. The Director, SPREP, informed the meeting that he would forward to the consultants’ reports and recommendations to the Chair of the SPREP Council for Council consideration. He noted that the approach being suggested for determining CEO banding was consistent with that adopted for staff. He also noted that CEO performance management provided scope for further harmonisation across the agencies. He commented that the timing of possible implementation was a matter for consideration by each council.

66. The Director-General, FFA, commented that these reports raised some fundamental issues. He noted that the new banding model had been suggested to address the issues arising in the sister organisations as a result of the concentration of staff in the old I and J grades under the former Mercer model. While these issues had been addressed, they now created new issues.

67. He noted that while a lot of work had gone into developing these models, FFA is an independent organisation which operates in a highly competitive environment. He commented that the CROP mechanisms were starting to encroach upon this independence by “telling” the organisation what structure it should adopt for its senior hierarchy. This is seen as being the role of the governing council. The role of CROP is simply to establish the appropriate standards.

68. FFA has therefore developed the view that the banding model may not allow FFA to remain competitive. This sentiment had been conveyed to the consultants. The question now remains as to what impact the recommended banding will have on the organisation and who will be ultimately responsible to the stakeholders. The Director-General indicated that FFA would not be harmonising if it were found that this would have a negative impact on the organisation.

69. The Director-General indicated that FFA was happy with the SP10 methodology however the way in which it is implemented is a matter for the governing council. He said that he thought that this was outside the mandate of the CROP mechanism.

70. The Director-General reconfirmed that he was comfortable with the 1–18 banding model that was being proposed, but he saw the question as to which positions are placed at what level in the model as being one that should be the responsibility of the governing body. In particular, the placement of the CEO positions in the model was not seen as a matter for this group.

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71. The Director-General, SPC, agreed that there appeared to be harmonisation on the question of the model but that the issue is where in the model the CEO positions sit. He further noted that in the case of the SPC about 80 percent of SPC positions when migrated into the new broad-banding structure appear correctly placed with only about 20% of staff positions requiring further analysis to establish if the job description for each position is correct. If they are then the positions are correctly placed. If not, then the job descriptions would need to be refined. He noted however that overall the new broad-banding method appears consistent with current job values.

72. He agreed that where the CEOs sit in the structure is a matter for the governing body and that it was therefore up to the governing body to make this determination and for some agencies this may also apply to the deputy CEOs.

73. In conclusion, he said that SPC overall was happy with the SP10 methodology. He also said that SPC is happy with the 'two bands' structure for the CEO positions as it takes into account the relativities of each CEO jobs but agreed that where the CEOs sit in this structure would be a matter for the respective governing council to determine for their CEOs.

74. The Chair said that there appeared to be a general agreement with the 1 to 18 banding model and that, given the governance authority and general supremacy of governing bodies, it was a matter for governing bodies to determine the placement of the CEO positions within that model.

75. The Director, SPC, therefore suggested:

- That the Consultants' report be accepted;
- That there was agreed that there be a 1 to 18 band model;
- The CROP Executives acknowledge the authority and supremacy of the governing councils; and
- That the placement of the CEO positions in the model was a matter for each of the governing councils.

76. He also noted that the adoption of the recommendations will enhance performance management and that he was comfortable with the rest of the paper.

77. The Chair concluded that the papers presented by the consultants were the reference points for submission of these matters to each of the various governing councils. He then referred to the "*Report on the Banding of the Senior Executive Roles*".

78. The Director-General, FFA, commented that the same approach applies to the senior executive positions and that this is a matter for each of the governing councils.

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79. The Director-General, SPC, agreed saying that these reports are guides with regard to best practice. However he was of the view that the broad-bands needed to be acknowledged with regards to job sizes and where adjustments may be needed to address recruitment or retention challenges that the application of market adjustments is the preferred approach in order to maintain the integrity of the system but at the same time resolving issues of perceived lack of competitiveness.

80. The Chair agreed that it was necessary to maintain flexibility and that it must be left to the governing council as to how this would be determined.

81. The Director, SOPAC, suggested that the decision with regard to the CEO positions is a correct one and that flexibility was required with the senior executive positions in the 14, 15 and 16 band structure with the application of the market allowance if necessary.

82. As an example, the Director, SPC, referred to the integration of SOPAC with SPC where SOPAC will move from being an independent organisation to being a division of SPC. As a result, some of the aspects and scope of the position would change with the integration.

83. The Chair cautioned that this is an area where we need to be careful with the use of language and terminology. The Director-General, FFA, agreed that there was a need to integrate structures and language.

84. The Chair reminded the group that this matter had been discussed at their February meeting. Mrs Jones recalled that at that meeting, there had been agreement that, except for the Forum Secretariat, the senior positions would be titled Director-General, Deputy Director-General, Director and Deputy Director. In the case of the Forum Secretariat, the title of Secretary-General and Deputy-Secretary General would be retained. She noted that where agencies differed from this agreed position, the proposed changes would need to be submitted to the respective governing councils. The Director-General, SPC observed that in fact all but SPREP had already harmonised.

85. Coming back to the matter of competitiveness which had been raised earlier, Mrs Jones suggested that this matter is one related to the choice of reference markets which, if the CEOs through was urgent might be included in the WG's work plan for 2011.

86. The CROP Executives **noted** the Consultants' report on the CEO Banding and the Review of Job Evaluations of Senior Executives to be used as reference points for submission of these matters to each of the various governing bodies. They **endorsed** the banding model (bands 1 to 18) to be recommended to their governing bodies, with bands 17 and 18 being reserved for CEOs. The CROP Executives **noted** the proposed placement of the CEOs into bands 17 and 18 by the consultants however they **acknowledged** the authority and supremacy of the respective governing councils and in doing so, **agreed** that the placement of the CEO positions in the model was a matter for each of the governing councils.