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CROP DECISIONS ON HARMONISED STAFF CONDITIONS

WCPFC5-2008-FAC2/10
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Paper prepared by the Secretariat

Introduction

1. The Commission's terms and conditions of service for staff are based on the range of benefits extended to the staff of organisations that make up the Council of Regional Organisations in the Pacific (CROP)¹. The Commission itself is not a member of CROP. This paper has two main purposes:

- to provide advice on the 2008 recommendations by the Heads of CROP to their governing bodies in regard to CROP terms and conditions, and
- to suggest changes to the Commission's Staff Regulations to accurately reflect decisions made at WCPFC4, consistent with CROP practices.

Heads of CROP decisions

2. CROP terms and conditions of service are subject to a comprehensive review every three years with emphasis on basic salaries and their alignment with a suitable comparator. The next triennial review is due in 2009. The mechanism for pay adjustment in the intervening years is a survey of three agreed comparator markets by a specialist remuneration consultancy firm. The average of the three comparator markets is used for alignment purposes; these markets are the Australian and New Zealand public sector markets and the Fiji All Organisations' market.

3. Based on the most recent survey the 2008 recommendation of the CROP Heads to their respective governing bodies is to increase professional salary grades as follows: Grade I, 9.5%; Grade J, 14%; Grade K, 14%; Grade L, 14.2% and Grade M (and therefore the ED grade as well), 15.5%; all from 01 January 2009. Where allowances are set as a proportion of base salary these increases would automatically flow on. The 2009 cost of these increases, if implemented by the Commission, has been estimated at \$151,974 (refer attachment to WCPFC5-2008-FAC2/14, "Proposed salary costs for staff 2009 – 2011 for budget purposes").

¹ Pacific Islands Forum Secretariat, Secretariat of the Pacific Community, Pacific Islands Forum Fisheries Agency (FFA), South Pacific Applied Geosciences Commission, South Pacific Board for Education Assessment, and the Secretariat of the Pacific Regional Environment Programme.

4. It is understood that so far at least three CROP organisations, Pacific Islands Forum Secretariat (Forsec), the Secretariat of the Pacific Community (SPC), and the Secretariat of the Pacific Regional Environment Programme (SPREP), have put those increases to their governing bodies and that Forsec and SPC adopted them but SPREP's governing body decided to defer consideration until a later date. It is expected that the other organisations will consider their positions progressively as their annual sessions occur.

5. The Secretariat proposes to the Committee that it note the decision of the CROP Heads and the decisions taken by Forsec, SPC and SPREP but defer any decision on implementation until after the results of the comprehensive triennial review due in 2009.

6. Several reasons underpin this proposal:

- The Secretariat is sensitive to the current global economic problems which are likely to impact on both members' capacity to pay and trends in the hybrid remuneration comparator market;

- The quantum of the increases, particularly in light of other increases in recent years, is pause for thought as it implies productivity growth possibly not matched by other indicators (e.g. the Australian Bureau of Statistics reports wages and salary growth for the year to June 2008 to be 7.3%²) notwithstanding that CROP salaries are starting from below par with the comparator hybrid market. The 2008 remuneration survey was apparently based on some proxy data as the December 2007 APS Remuneration Survey was not available at the time the remuneration consultancy prepared its report;

- Prevailing Australian and New Zealand dollar exchange rates are a major factor as they are used to derive equivalent Special Drawing Rights³ amounts. It is possible that rates used in early 2008 will be lower in 2009; and

- A comprehensive triennial review is due in 2009 and it may be better to wait on that survey in the context of 2009 economic conditions rather than adopt significant increases now.

7. One of the risks with this proposed approach is that the Commission's salary scales will, at least temporarily, not synchronise with those of the CROP agencies that adopt increases from 01 January 2009. Hopefully this situation will be for 12 months only and not overly compromise the harmonisation principle. In this regard it would be helpful if the Secretariat were given the mandate to engage closely with the CROP triennial review exercise and attend the related CROP Heads' meeting as an observer.

Staff Regulations: adoption of WCPFC4 decisions

8. The report of the first meeting of the Finance and Administration Committee (FAC1) adopted in its entirety by the WCPFC4 requires the Secretariat to draft revised Staff Regulations to reflect the decisions taken in relation to conditions of service. In addition it is an opportunity to seek to change apparent typographical errors in Staff Regulations 18 (b) (ii) and 24 (r). The Committee will be asked to approve proposed revisions as follows:

² www.abs.gov.au "Business Indicators Australia June 2008"

³ CROP and Commission staff salaries are denominated in Special Drawing Rights (SDR).

Staff Regulation 12: Appointment policy

Add new sub-regulation:

“(h) Education and housing allowances are to be regarded as benefits associated with appointment to a professional grade, rather than compensation for staff that relocate in order to take up an appointment” (refer WCPFC4-2007/16, paragraph 9, recommendation (i)). The purpose is to seek to avoid unintended discrimination against any national of the Federated States of Micronesia appointed to a professional grade position.

Staff Regulation 25: Annual Leave

Alter sub-regulation (a) (i) to read *“Professional contract staff: 30 working days”* (refer WCPFC4-2007/16, paragraph 9, recommendation (iv)). This recognises the annual leave entitlement agreed.

Staff Regulation 23: Professional Staff and Expatriate Allowances Education allowance.

Replace sub-regulations (i) and (j) with new sub-regulations that read as follows:

“(i) The education allowance entitlement for professional staff is a total of USD14,800 per annum per dependent child comprising, separately, total tuition fees of USD7,500 and total boarding fees USD7,300.”

“(j) Each employee’s entitlement under the education allowance is defined as the sum of the entitlements due to up to three of the employee’s dependent children which the employee nominates, and permitting employees to claim 75% reimbursement of expenses incurred in educating any of his or her dependent children up to the total of his or her entitlement.” (Refer WCPFC4-2007/16, paragraph 9, recommendation (v) (b)). This recognises the education allowance entitlement agreed.

And

Add new sub-regulation as follows:

“Location allowance

(r) Professional staff shall receive a location allowance as follows: 10% of base salary from 01 January 2008; 13% of base salary from 01 January 2009 and 16.5% of base salary from 01 January 2010.” (Refer WCPFC4-2007/16, paragraph 9, recommendation (v) (c)). This recognises the phasing of the location allowance entitlement agreed.

9. The typographical errors that require amendment are in relation to Staff Regulations 18 (b) (ii) and 24 (r):

Staff Regulation 18 Overtime Overtime Rates of Pay

- The current regulation 18 (b) (ii) reads as follows:

“for Sundays or public holidays, double (2) the normal hourly rate provided that the normal hourly rate upon which overtime is based shall be no higher than the maximum step of Grade F3 for support staff.”

10. However as the Commission follows local wage levels based on those of FSM Telecom (refer Schedule 2 b of the Staff Regulations) a reference to a Grade F3 is inappropriate and meaningless. Consequently it is suggested that the regulation be altered to simply read: *“for Sundays or public holidays, double (2) the normal hourly rate.”*

Staff Regulation 24: Executive Director’s Entitlements.

11. This regulation has only one paragraph but it is labelled “(r)”. It is suggested the single paragraph be labelled “(a)”.

Recommendations

12. The Committee is invited to recommend to the Commission that:

- (i) the salary increases recommended by the CROP Heads in 2008 not be implemented in 2009, but in light of the triennial review due in 2009, consideration be deferred to FAC3 and WCPFC6;
 - (ii) the Secretariat be given a mandate to engage with the CROP triennial review of salaries, terms and conditions due in 2009 and for it to approach CROP accordingly to seek its cooperation; and
 - (iii) the proposed changes to the Staff Regulations set out above be adopted;
- or
- (iv) the Committee provide alternative direction.