



FINANCE AND ADMINISTRATION COMMITTEE
Sixteenth Session
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TRIANNUAL SALARY MARKET DATA REVIEW

WCPFC19-2022-FAC16-10
26 October 2022

Purpose

1. The purpose of this paper is to table for the Committee's consideration the outcomes of the Market Data Review Report dated August, 2022 undertaken by StrategicPay Ltd pursuant to regulation 19 of the Staff Regulations.

Introduction

2. When the Secretariat was established, the Commission decided to link the professional staff employment benefits to the harmonised range of benefits of the Council of Regional Organisations in the Pacific (CROP). The adoption of the CROP system of salaries and allowances was a compromise agreed to by the Commission between the higher UN based conditions of employment understood to apply in other tuna-RFMOs and the lesser remuneration levels of the CROP agencies.
3. Under Staff Regulation 19, the Secretariat is required to review professional staff salaries every three years. The survey conducted in 2010 and implemented in 2011 resulted in an increase of roughly 50% of the amount required to align with the reference employment market used in the survey. The survey in 2013 and implemented in 2014 called for a 7%-10% to be applied to Bands M-J and a 4%-5% increase be applied to Band I. A 2 % increase was approved for all bands. The Survey in 2016 called for a 20% increase to Bands M-J and a 5% increase for Band I. A 2% increase was approved for all bands.
4. In the last salary review conducted in 2019, it was agreed that the salary of professional staff be revisited at FAC14 in 2020 and an informal working group be established to review the remuneration system for the professional staff and the ED and to be led by Cook Islands over a 2-year period and report back to FAC15 in 2021. In 2020, a 1.7% increase in professional staff salary in 2021 excluding the Executive Director was agreed. In 2021, FAC15 deferred further discussion on Professional Staff Salary to FAC16, when the tri-annual salary market review will be available, and encouraged the informal small working

group led by Cook Islands to continue its deliberations intersessionally with a view towards helping to inform an appropriate consensus outcome on this issue at FAC16.

2022 Market Data Review

5. The survey details, findings and methodology for the market data review for 2021 are set out in the attached StrategicPay Report. The report's Executive Summary shows that the Commission's professional salaries for Bands I to M are below the benchmark average:
 - Band M is 63.8% of the benchmark;
 - Band L is 69.1% of the benchmark;
 - Band K 71% of the benchmark;
 - Band J 76% of the benchmark; and
 - Band I is 85.5% of the benchmark.

6. A summary comparison that includes the proposed salary scales of the CROP agencies as of January 2022. Table 1 (table g in the attached report) shows that for Bands M-J, the Commission's salary scale is behind CROP agencies by roughly 14% to 36%. Table 2 show the proposed CROP salary scale as of 2022 to align with the reference market.

Table 1

Band	CROP equivalent January 2022	WCPFC January 2021	Comparatio
M	130,569	83,343	64%
L	100,236	69,298	69%
K	78,493	55,728	71%
J	56,301	42,781	76%
I	36,558	31,259	86%

Table 2

Band	Current Midpoint	Suggested Movement in WCPFC scale	Suggested Scale January 2023	Potential CROP Scale January 2023	Jan 2023 WCPFC Scale as % of CROP	Jan 2023 WCPFC Scale as % of Market
M	83,343	25%	104,179	130,569	80%	80%
L	69,298	20%	83,158	100,236	83%	83%
K	55,728	17.5%	65,480	78,493	83%	85%
J	42,781	12.5%	48,129	56,301	85%	89%
I	31,259	5%	32,822	36,558	90%	95%

7. As indicated by Table 2 above (table h in the attached report), the StrategicPay report recommends that rather than adopt the full pay increase suggested by the survey figures, that an increase ranging from 5% to 25% be applied to Bands M-I.

Executive Director Salary Range

8. Upon the Commission's establishment in 2004 it was agreed that the salary of the Executive Director, unlike the rest of the professional staff, would be placed on the United Nations D-1 salary level. At the time the UN D-1 level was higher than the salaries paid for the heads of CROP agencies. Since then, the CROP agencies have moved to a new SP10 based salary structure and the salaries paid to the heads of CROP agencies were greatly increased and surpassed the UN D-1 salary range. This difference can be seen in the Job Evaluation of Secretariat Staff Positions paper (WCPFC13-2016-FAC10-10). As there has been limited movement in the UN D-1 salary scales, the range of movement for professional staff salary scales is also limited as the professional staff salary scales at the M level could significantly overlap the Executive Director's salary range if an increase is approved.
9. The UN salary scale used to calculate the ED's salary is adjusted every year for inflation. The four-year average of these increases is 1.7% per year.

Conclusion

10. As in 2019, the current survey recommends a relatively large increase of over 20% for Bands M-J that may not be financially feasible while the informal working group to review the remuneration system for the professional staff and the ED conducts its work.
11. If the amount of the increase recommended in the paper is not palatable, as in previous years, it is strongly recommended that a 5% increase be implemented. This is based on the increase of 6.7% to the UN-D1 salary scale provided to the Director for 2020-2023 minus the 1.7% increase that was provided to professional staff in 2020.
12. The Commission may also consider pegging the professional staff salary scales to the annual adjustments in the UN-D1 salary scale which averages to 1.7% a year. This would allow the professional staff to keep the salary scales in relative alignment with the EDs salary, adjust for inflation and avoid larger increases that may put more pressure on the budget once every three years.
13. If this was to be implemented the need for tri-annual reviews as per the Staff Regulations may not be required or conducted less frequently.

Costs

14. The cost of providing a 5% increase for staff would be USD78,003.

Recommendations

15. The Committee is invited to consider the outcomes of the triennial review of professional staff salaries and make the appropriate recommendations to the Commission.

Western and Central Pacific Fisheries Commission (WCPFC)

Market Data review
August 2022

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Private and Confidential

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Executive Summary

This report, compiled by Strategic Pay, details the development of a midpoint scale for the I-M grades used by WCPFC, and which has been historically aligned with the CROP Agencies' scale.

Market data for Grades I-M, covering positions advertised regionally or internationally, has been sourced from:

Country	Survey	Quartile	Operative survey date
New Zealand	Strategic Pay Central Government Survey	Median	February 2022
Australia	APS Remuneration Survey	Median	December 2021
Fiji	PWC Fiji All Organisations	Upper Quartile	April 2022

**publishes in September*

The following table (shown as Table E, page 8) summarises the current market levels and overall average, as per CROP practice, as the basis for developing an updated scale within WCPFC:

Grade	CED Points			Base Salary SDR August 2022			Average	Existing Scale	Existing Scale as % of Average
	Min	Mid point	Max	NZ Public Service	Aust Public Service	Fiji General Mkt UQ			
M	1050	1180	1310	159,935	136,441	95,330	130,569	83,343	63.8%
L	840	945	1049	120,830	117,789	62,091	100,236	69,298	69.1%
K	630	735	839	92,418	96,701	46,360	78,493	55,728	71.0%
J	470	550	629	67,794	72,094	29,016	56,301	42,781	76.0%
I	260	365	469	46,872	46,468	16,333	36,558	31,259	85.5%

The following movement has occurred in the three reference markets since March 2013:

Grade	Average 2013	Average 2016	Average 2019	Average 2022	% Change 2019-2022
M	122,231	117,899	116,282	130,569	12.3%
L	96,879	92,060	90,537	100,236	10.7%
K	77,005	72,311	71,086	78,493	10.4%
J	58,440	54,066	52,417	56,301	7.4%
I	38,586	35,718	34,469	36,558	6.1%

Assuming that the Commission wishes to retain a similar level of relativity to the CROP Agency scale adopted in January 2014, we recommend the following midpoints as from January 2023:

Grade	Current Midpoint	Suggested Increase	Resulting Midpoint	Indicative Market Midpoint SDR	New Midpoint as % of Market
M	83,343	25.00%	104,179	130,569	79.79%
L	69,298	20.00%	83,158	100,236	82.96%
K	55,728	17.50%	65,480	78,493	83.42%
J	42,781	12.50%	48,129	56,301	85.48%
I	31,259	5.00%	32,822	36,558	89.78%

Background

The Staff Regulations within the Western and Central Pacific Fisheries Commission (WCPFC) provide for the linkage of salary scales for Professional staff to the I-M scales formerly within use within the five agencies now constituting the CROP. While the CROP has replaced the I-M scales with a new 18 band model (11 of which are professional bands), WCPFC requires access to market reference data aligned to the former CROP format.

This report provides an analysis of the three reference markets as at August 2022 as a basis for the review of the WCPFC salary scales.

This report documents the market research process conducted by Strategic Pay, including market data from PricewaterhouseCoopers Fiji.

Job Evaluation

In order to align the Mercer CED points, which were the basis of the CROP (and still remain the basis of the WCPFC) remuneration systems, Strategic Pay developed the following alignment between the Mercer CED job points and Strategic Pay job points. The Strategic Pay system was formerly developed by PriceWaterhouse and remains the central core of the Strategic Pay NZ and PricewaterhouseCoopers Fiji databases.

The correlation, undertaken by Strategic Pay as early as 2004 and still in use today, is as follows:

Grade	Mercer CED points (at band midpoint)	Strategic Pay/PwC Fiji points
M	1180	1214
L	945	975
K	735	798
J	550	629
I	365	457

This alignment is as per our earlier reports.

Reference Markets

NEW ZEALAND PUBLIC SERVICE

Data on the New Zealand public service is based on the Strategic Pay database, and in particular the February 2022 Central Government survey, released in April and published annually. This covers 34 State Sector organisations, primarily Government departments and ministries/agencies, and a sample of 38,090 employees. This survey is now a pre-eminent source of data on Central Government remuneration levels. It uses stratified sampling and extensive screening to avoid the skewing of data by large organisations with multiple jobholders in the same job family.

AUSTRALIAN PUBLIC SERVICE

Benchmarking of Australian data is dependent on Australian public service (APS) rates using publicly available information, based on the annual APS Remuneration Survey.

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. 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.

This survey is conducted annually in December. The published survey report for December 2021 is the most recent available and this report incorporates that data.

FIJI GENERAL MARKET

As in earlier years, data on the Fiji All Organisations market has been sourced from the PwC Fiji database, or more particularly the April 2022 All Organisations survey.

[It should be noted that the CROP Agencies have retained the market mechanism for deriving band midpoints (i.e. the average of the NZ, Australian and Fiji markets as detailed in this report), applying the median of the Australian and New Zealand public service markets and the upper quartile of the Fiji general market (all organisations).]

Market Data Analysis

We are advised that the WCPFC salary scale midpoints as at 30 August 2022 are as follows:

Grade	CED Points			Current Midpoint SDR
	Min	Midpoint	Max	
M	1050	1180	1310	83,343
L	840	945	1049	69,298
K	630	735	839	55,728
J	470	550	629	42,781
I	260	365	469	31,259

The average SDR rates for August 2019 were:

- Australian dollar - 1.964108 (source: http://www.imf.org/external/np/fin/data/param_rms_mth.aspx)
- New Zealand dollar – 2.085288 (source: http://www.imf.org/external/np/fin/data/param_rms_mth.aspx)
- Fiji dollar - 2.982404 (source: <http://cuex.com>)

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

TABLE A: CURRENT SCALE CF NEW ZEALAND PUBLIC SERVICE, MARCH 2019

Grade	CED Points			Current Midpoint SDR	Base Salary SDR NZ Public Service	Current Midpoint cf NZ Market
	Min	Midpoint	Max			
M	1050	1180	1310	83,343	159,935	52.1%
L	840	945	1049	69,298	120,830	57.4%
K	630	735	839	55,728	92,418	60.3%
J	470	550	629	42,781	67,794	63.1%
I	260	365	469	31,259	46,872	66.7%

TABLE B: CURRENT SCALE CF AUSTRALIAN PUBLIC SERVICE, DECEMBER 2018

Grade	CED Points			Current Midpoint SDR	Base Salary SDR Australian Public Service	Current Midpoint cf Aust Market
	Min	Midpoint	Max			
M	1050	1180	1310	83,343	136,441	61.1%
L	840	945	1049	69,298	117,789	58.8%
K	630	735	839	55,728	96,701	57.6%
J	470	550	629	42,781	72,094	59.3%
I	260	365	469	31,259	46,468	67.3%

TABLE C: CURRENT SCALE CF FIJI GENERAL MARKET, AUGUST 2018

Grade	CED Points			Current Midpoint SDR	Base Salary SDR Fiji General Mkt Upper Quartile	Current Midpoint cf Fiji Market
	Min	Midpoint	Max			
M	1050	1180	1310	83,343	95,330	87.4%
L	840	945	1049	69,298	62,091	116.6%
K	630	735	839	55,728	46,360	120.2%
J	470	550	629	42,781	29,016	147.4%
I	260	365	469	31,259	16,333	191.4%

TABLE D: SUMMARY MOVEMENTS 2019 -2022

Grade	Base Salary SDR NZ Public Service			Base Salary SDR Aust Public Service			Base Salary SDR Fiji General Mkt UQ		
	2019	2022	% change	2019	2022	% change	2019	2022	% change
M	150,725	159,935	52.1%	123,528	136,441	61.1%	74,593	95,330	87.4%
L	111,721	120,830	57.4%	106,377	117,789	58.8%	53,513	62,091	116.6%
K	85,760	92,418	60.3%	87,643	96,701	57.6%	39,854	46,360	120.2%
J	62,894	67,794	63.1%	66,332	72,094	59.3%	28,025	29,016	147.4%
I	42,989	46,872	66.7%	42,867	46,468	67.3%	17,550	16,333	191.4%

The variability in market movement is a function of

- Impact of exchange rates, particularly Australia. In 2013 the SDR exchange rate was at an average of 1.454357 for March 2013 compared to 1.791683 in March 2015 and 2.02616 in August 2019. New Zealand has moved from 1.853718 in March 2015 to 2.12937 in August 2019 meanwhile Fiji has seen a minimal change. What we have seen in 2022 is a slight decrease in the SDR but at a minimal level and not the large movements that had been occurring between 2013-2019.
- In 2019 there had been minimal movements resulting in a closing of the gap between the bands, the subsequent COVID-19 outbreak kept the public sector rates low and this continued into 2020. From 2021 onwards there was movement as economies bounced back and then larger movements in 2022 to keep pace with inflation. This has resulted in the widening of the gap between SDR and the existing scale.

Proposed New WCPFC Scale

Remuneration practice in the CROP Agencies, both with the former grades derived from the Mercer CED system and with the new banding model developed in conjunction with Strategic Pay, has been to derive grade midpoints from the average of the three reference markets, as in Table E below:

TABLE E: AVERAGED REFERENCE MARKET RATES, AUGUST 2022

Grade	CED Points			Base Salary SDR August 2022			Averaged Markets	Existing Scale	Existing Scale as % of Average
	Min	Midpoint	Max	NZ Public Service	Aust Public Service	Fiji General Mkt UQ			
M	1050	1180	1310	159,935	136,441	95,330	130,569	83,343	63.8%
L	840	945	1049	120,830	117,789	62,091	100,236	69,298	69.1%
K	630	735	839	92,418	96,701	46,360	78,493	55,728	71.0%
J	470	550	629	67,794	72,094	29,016	56,301	42,781	76.0%
I	260	365	469	46,872	46,468	16,333	36,558	31,259	85.5%

Should the Commission move to adopt the above market median data as the basis for the salary scales to apply from January 2023, then the following salary scale and steps would apply:

TABLE F: FULLY MARKET-BASED WCPFC PROFESSIONAL STAFF SALARY SCALE 2019

Grade	Annual Salary SDR as from 1 January 2022									Current Midpt	% Incr to move to Mkt
	Point 1	Point 2	Point 3	Point 4	Point 5	Point 6	Point 7	Point 8	Point 9		
M	104,455	110,983	117,512	124,040	130,569	137,097	143,626	150,154	156,683	83,343	56.7%
L	80,189	85,201	90,213	95,225	100,236	105,248	110,260	115,272	120,284	69,298	44.6%
K	66,719	69,686	72,606	75,550	78,493	81,437	84,380	87,324	90,267	55,728	40.9%
J	47,856	49,984	52,079	54,190	56,301	58,413	60,524	62,635	64,747	42,781	31.6%
I	30,464	31,988	33,513	35,033	36,558	38,082	39,607	41,128	42,652	31,259	17.0%

Clearly, however, there is no likelihood of the WCPFC governing body adopting movements of the level identified in the final column in Table F. The governing body must weigh up the key principles involved in making a decision on scale movement and their relative importance. For example,

- Parity with market would suggest a new scale along the above lines – Table F
- Parity with the CROP might suggest a modest move but still sizeable movements as in table H below
- Affordability might mean that neither of the above principles can be achieved.

ALIGNMENT WITH THE CROP AGENCIES

We note that the adoption of the current scales in January 2022 resulted in the following relativity of the Commission scale with the CROP Agency scale at that time:

TABLE G: RELATIVITY OF CROP AND WCPFC SCALES JANUARY 2022

Band	CROP equivalent January 2022	WCPFC January 2021	Comparatio
M	130,569	83,343	64%
L	100,236	69,298	69%
K	78,493	55,728	71%
J	56,301	42,781	76%
I	36,558	31,259	86%

The CROP Agencies undertook their Triennial Review in 2022 and as a result of some of the outcomes of that report they are reviewing the market comparators they use for their Bands.

Should alignment with the CROP Agencies remain a key principle for the WCPFC Council, then the current scales would need to move significantly to achieve that goal. The following table analyses how that might look in practice:

TABLE H: SUGGESTED SCALE FOR JANUARY 2023 AND ASSOCIATED RELATIVITY

Band	Current Midpoint	Suggested Movement in WCPFC scale	Suggested Scale January 2023	Potential CROP Scale January 2023	Jan 2023 WCPFC Scale as % of CROP	Jan 2023 WCPFC Scale as % of Market
M	83,343	25%	104,179	130,569	80%	80%
L	69,298	20%	83,158	100,236	83%	83%
K	55,728	17.5%	65,480	78,493	83%	85%
J	42,781	12.5%	48,129	56,301	85%	89%
I	31,259	5%	32,822	36,558	90%	95%

WIDER IMPLICATIONS OF SCALE MOVEMENT

One of the major advantages of the new CROP banding model is that changes to the band midpoints do not automatically equate to the same changes in employee pay. This is because the CROP Banding model has a band midpoint, a minimum (80% of the midpoint) and a maximum (120% of the midpoint) but no intermediate points or steps. Management has complete flexibility around where staff are paid on the scale, but the broad principle is that staff developing competence should be paid in the lower part of the range; competent staff should be paid around the middle or be moving to that point, with the top part of the range reserved for genuine high performers.

One of the implications of any scale movement along the lines proposed in Table H is that staff will not only derive the % movement indicated in the final column (e.g. 20% for most bands) but in addition may well be entitled to a point-based increment.

Strategic Pay would contend that the Commission is locked into an entitlement-focussed approach to pay with dramatic effects when the scale is moved as it probably needs to if the Commission is to retain any form of parity with the CROP Agencies, let alone with the market for positions advertised internationally.

It may well be time for the Commission to consider the following steps:

- 1 Have all Band I-M roles re-sized in the Strategic Pay SP10® system in the same manner as the CROP Agencies and also Pohnpei Port Authority and Vital-FSM Petrocorp
- 2 Develop a revised banding model – either the same as the CROP Agencies – which would mean you could potentially coat-tail directly on the annual Market Reference updates we do for them as a group, or one that gives better effect to internal relativities and career structures within the Commission, or use the standard banding model Strategic Pay have now developed for the NZ-Australia market.
- 3 Review and amend the current remuneration policy to bring it more into line with modern remuneration practice, with open ranges, greater management discretion, performance-based progression in range etc.
- 4 Ensure that WCPFC's current performance appraisal system is able to differentiate levels of performance and hence link to performance-based progression through the salary range, it may involve having performance ranges instead of progression steps.
- 5 Transition staff across to the new bands and ranges on their existing salary and transition to the appropriate part of the pay range over time based on sustained performance and affordability.

The CROP Agencies have been progressively, and each at their own pace, addressing the latter three steps, having all moved as one to re-size the roles and develop a new banding model in 2010.

CONSULTANT PROPOSAL FOR GRADE MIDPOINT MOVEMENTS

Without wishing to pre-suppose the Commission's view on what might be an appropriate level of movement, Table I below outlines the indicative scale based on the midpoint move suggested above in table H.

TABLE I: INDICATIVE WCPFC SCALE JANUARY 2023

Band	Annual Salary SDR as from 1 January 2017									Current Midpt	% Change Current Scale
	Point 1	Point 2	Point 3	Point 4	Point 5	Point 6	Point 7	Point 8	Point 9		
M	83,343	88,552	93,761	98,970	104,179	109,388	114,597	119,806	125,015	83,343	25.0%
L	66,526	70,684	74,842	79,000	83,158	87,315	91,473	95,631	99,789	69,298	20.0%
K	55,658	58,133	60,569	63,025	65,480	67,936	70,391	72,847	75,302	55,728	17.5%
J	40,909	42,729	44,519	46,324	48,129	49,933	51,738	53,543	55,348	42,781	12.5%
I	27,351	28,719	30,088	31,453	32,822	34,191	35,559	36,925	38,293	31,259	5.0%

APPENDIX A: ABOUT STRATEGIC PAY

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