



FINANCE AND ADMINISTRATION COMMITTEE
Fourteenth Session
Electronic Meeting
7 – 15 December 2020

PROFESSIONAL STAFF SALARY

WCPFC17-2020-FAC14-03
5 November 2020

Purpose

At FAC13, the committee agreed that further consideration of the Triannual Salary Market Data Review for professional staff salaries be held at FAC14.

The Triannual Salary Market Data Review (WCPFC16-2019-FAC13-08) as presented at FAC13 is attached for reference.

Recommendations

The Committee is invited to make the appropriate recommendations to the Commission.



FINANCE AND ADMINISTRATION COMMITTEE
Thirteenth Session
Port Moresby, Papua New Guinea
4 – 11 December 2019

TRIANNUAL SALARY MARKET DATA REVIEW

WCPFC16-2019-FAC13-08
18 November 2019

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, 2019 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.

2019 Market Data Review

4. The survey details, findings and methodology for the market data review for 2019 are set out in the attached StrategicPay Report. The report's Executive Summary show that the Commission's professional salaries for Bands I to M are below the benchmark average:
 - Band M is 70.5% of the benchmark;

- Band L is 75.3% of the benchmark;
 - Band K 77.1% of the benchmark;
 - Band J 80.3% of the benchmark; and
 - Band I is 89.2% of the benchmark.
5. A summary comparison that includes the proposed salary scales of the CROP agencies as of January 2019. 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 18% to 34%. Table 2 show the proposed CROP salary scale as of January 2019 to align with the reference market.

Table 1

Band	CROP equivalent January 2019	WCPFC January 2019	Comparatio
M	119,937	81,950	66%
L	95,089	68,140	69%
K	72,073	54,796	73%
J	57,025	52,417	71%
I	36,136	34,469	82%

Table 2

Band	Current Midpoint	Suggested Movement in WCPFC scale	Suggested Scale January 2020	Potential CROP Scale January 2020	Jan 2020 WCPFC Scale as % of CROP	Jan 2020 WCPFC Scale as % of Market
M	81,950	25%	102,438	119,937	85%	88%
L	68,140	20%	81,768	95,089	86%	90%
K	54,796	17.5%	64,385	72,073	89%	91%
J	52,417	15%	48,376	57,025	85%	92%
I	34,469	5%	32,273	36,136	89%	94%

6. 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

7. 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.

8. 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

9. As in 2016, the current survey recommends a relatively large increase of 20% for Bands M-J that may not be financially feasible. It is suggested that an increase of 10% to be applied to Bands M-J and to the Executive Director's salary and a 5% increase be applied to Band I.
10. If the amount of the increase is not palatable, as in previous years, it is recommended that a 5.4% increase be implemented. This amount is based on the annual increase to the UN-D1 salary scale over the last three years.
11. The Commission may also consider pegging the professional staff salary scales to the adjustments in the UN-D1 salary scale which is average to 1.7% a year. This would allow the professional staff to keep the salary scales in relative alignment with the EDs salary and avoid larger increases that may put more pressure on the budget once every three years.
12. If this was to be implemented the need to tri-annual reviews would be reduced and could be conducted every 6 to 8 years.

Costs

13. The costs of a 10% increase to Bands M-J and the Executive Director and a 5% increase to Band I – USD147,133.
14. The cost of providing a 5.4% increase for staff would be USD65,506.

Recommendations

15. The Committee is invited to make the appropriate recommendations to the Commission.

Western and Central Pacific Fisheries Commission (WCPFC)

Market Data review
August 2019

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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 2019
Australia	APS Remuneration Survey	Median	December 2018
Fiji	PWC Fiji All Organisations	Upper Quartile	April 2018

**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 2019			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	150,725	123,528	74,593	116,282	81,950	70.5%
L	840	945	1049	111,721	106,377	53,513	90,537	68,140	75.3%
K	630	735	839	85,760	87,643	39,854	71,086	54,796	77.1%
J	470	550	629	62,894	66,332	28,025	52,417	42,066	80.3%
I	260	365	469	42,989	42,867	17,550	34,469	30,736	89.2%

The following movement has occurred in the three reference markets since March 2010:

Grade	Average 2010	Average 2013	Average 2016	Average 2019	% Change 2016-2019
M	92,139	122,231	117,899	116,282	-1.4%
L	76,162	96,879	92,060	90,537	-1.7%
K	60,307	77,005	72,311	71,086	-1.7%
J	45,868	58,440	54,066	52,417	-3.0%
I	30,188	38,586	35,718	34,469	-3.5%

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 2020:

Grade	Current Midpoint	Suggested Increase	Resulting Midpoint	Indicative Market Midpoint SDR	New Midpoint as % of Market
M	81,950	25.00%	102,438	116,282	88.09%
L	68,140	20.00%	81,768	90,537	90.31%
K	54,796	17.50%	64,385	71,086	90.57%
J	42,066	15.00%	48,376	52,417	92.29%
I	30,736	5.00%	32,273	34,469	93.63%

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 2019 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 2019 Central Government survey, released in April and published annually. This covers 33 State Sector organisations, primarily Government departments and ministries/agencies, and a sample of 35,368 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 2018 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 2015 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 2018 are as follows:

Grade	CED Points			Current Midpoint SDR
	Min	Midpoint	Max	
M	1050	1180	1310	81,950
L	840	945	1049	68,140
K	630	735	839	54,796
J	470	550	629	52,417
I	260	365	469	34,469

The average SDR rates for August 2019 were:

- Australian dollar - 2.02616 (source: http://www.imf.org/external/np/fin/data/param_rms_mth.aspx)
- New Zealand dollar – 2.12937 (source: http://www.imf.org/external/np/fin/data/param_rms_mth.aspx)
- Fiji dollar - 2.988 (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	81,950	150,725	54.4%
L	840	945	1049	68,140	111,721	61.0%
K	630	735	839	54,796	85,760	63.9%
J	470	550	629	52,417	62,894	83.3%
I	260	365	469	34,469	42,989	80.2%

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	81,950	123,528	66.3%
L	840	945	1049	68,140	106,377	64.1%
K	630	735	839	54,796	87,643	62.5%
J	470	550	629	52,417	66,332	79.0%
I	260	365	469	34,469	42,867	80.4%

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	81,950	74,593	109.9%
L	840	945	1049	68,140	53,513	127.3%
K	630	735	839	54,796	39,854	137.5%
J	470	550	629	52,417	28,025	187.0%
I	260	365	469	34,469	17,550	196.4%

TABLE D: SUMMARY MOVEMENTS 2016 -2019

Grade	Base Salary SDR NZ Public Service			Base Salary SDR Aust Public Service			Base Salary SDR Fiji General Mkt UQ		
	2016	2019	% change	2016	2019	% change	2016	2019	% change
M	157,888	150,725	-4.5%	125,208	123,528	-1.3%	70,601	74,593	5.7%
L	118,252	111,721	-5.5%	108,690	106,377	-2.1%	49,238	53,513	8.7%
K	89,823	85,760	-4.5%	91,201	87,643	-3.9%	35,910	39,854	11.0%
J	65,769	62,894	-4.4%	71,352	66,332	-7.0%	25,077	28,025	11.8%
I	45,512	42,989	-5.5%	46,143	42,867	-7.1%	15,499	17,550	13.2%

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. Because of the large movement in the SDR rate the data shows negative movements over the period in question.
- This combined with very small movements in the Australian public sector and minimal in the New Zealand public sector as well.

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 2019

Grade	CED Points			Base Salary SDR August 2019			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	150,725	123,528	74,593	116,282	81,950	70.5%
L	840	945	1049	111,721	106,377	53,513	90,537	68,140	75.3%
K	630	735	839	85,760	87,643	39,854	71,086	54,796	77.1%
J	470	550	629	62,894	66,332	28,025	52,417	52,417	80.3%
I	260	365	469	42,989	42,867	17,550	34,469	34,469	89.2%

Should the Commission move to adopt the above market median data as the basis for the salary scales to apply from January 2020, 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 2019									Current Midpt	% Incr to Mkt
	Point 1	Point 2	Point 3	Point 4	Point 5	Point 6	Point 7	Point 8	Point 9		
M	93,026	98,840	104,654	110,468	116,282	122,096	127,910	133,724	139,538	81,950	41.9%
L	72,430	76,957	81,483	86,010	90,537	95,064	99,591	104,118	108,645	68,140	32.9%
K	60,423	63,110	65,755	68,420	71,086	73,752	76,417	79,083	81,749	54,796	29.7%
J	44,554	46,536	48,486	50,451	52,417	54,383	56,348	58,314	60,280	42,066	24.6%
I	28,723	30,160	31,598	33,032	34,469	35,906	37,344	38,778	40,215	30,736	12.1%

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 2018 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 2019

Band	CROP equivalent January 2019	WCPFC January 2019	Comparatio
M	119,937	81,950	66%
L	95,089	68,140	69%
K	72,073	54,796	73%
J	57,025	52,417	71%
I	36,136	34,469	82%

The CROP Agencies undertook their Triennial Review in 2018 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 2020 AND ASSOCIATED RELATIVITY

Band	Current Midpoint	Suggested Movement in WCPFC scale	Suggested Scale January 2020	Potential CROP Scale January 2020	Jan 2020 WCPFC Scale as % of CROP	Jan 2020 WCPFC Scale as % of Market
M	81,950	25%	102,438	119,937	85%	88%
L	68,140	20%	81,768	95,089	86%	90%
K	54,796	17.5%	64,385	72,073	89%	91%
J	52,417	15%	48,376	57,025	85%	92%
I	34,469	5%	32,273	36,136	89%	94%

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
- 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 2020

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	81,950	87,072	92,194	97,316	102,438	107,559	112,681	117,803	122,925	81,950	25.0%
L	65,414	69,503	73,591	77,680	81,768	85,856	89,945	94,033	98,122	68,140	20.0%
K	54,728	57,161	59,556	61,971	64,385	66,800	69,214	71,629	74,043	54,796	17.5%
J	41,120	42,948	44,748	46,562	48,376	50,190	52,004	53,818	55,632	52,417	15.0%
I	26,893	28,239	29,584	30,927	32,273	33,619	34,964	36,307	37,653	34,469	5.0%

APPENDIX A: ABOUT STRATEGIC PAY

At Strategic Pay we provide innovative solutions to help organisations meet their strategic remuneration, performance development and performance improvement goals. We help improve your overall performance by ensuring employee effort, remuneration and rewards are closely aligned with business objectives.

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