

SECRETARIAT OF THE PACIFIC COMMUNITY**FORTIETH MEETING OF THE
COMMITTEE OF REPRESENTATIVES OF GOVERNMENTS AND ADMINISTRATIONS**
(Noumea, New Caledonia, 25–29 October 2010)*ADMINISTRATIVE AND STAFFING ISSUES***AGENDA ITEM 10.2 - 2010 MARKET DATA REVIEW FOR POSITIONS ADVERTISED
INTERNATIONALLY****Summary**

1. Under a mechanism agreed to by CROP (Council of Regional Organisations in the Pacific) governing bodies, the annual tracking of ‘market movement data’ from the three approved reference markets – Australia and New Zealand (public service sectors), and Fiji Islands (all organisations sector) – provides the basis for the annual assessment of CROP remuneration levels for staff positions advertised internationally.
2. At their June 2009 meeting, CROP Executives, consistent with recommendations of the 2009 CROP Triennial Remuneration Review, agreed to review their job banding model. At their February 2010 meeting they endorsed a new 1–16 band model for staff positions as recommended by Strategic Pay to their respective governing bodies, noting that a number of governing bodies, including CRGA 39, had already endorsed it in 2009. (Details of this new banding model have been tabled for CRGA’s information under Agenda Item 10.1 – Implementation of the 2009 Triennial Remuneration Review.) The 2010 Market Data Review therefore provides the first market benchmarking of CROP salary scales against this new banding model.
3. The 2010 market data was provided by Strategic Pay in its report, *CROP Agencies – Market Data Review* (See Annex 1). It was presented to CROP Executives in June 2010 and to the Forum Officials Committee (FOC) Pre-Forum and Budget & Work Programme Session in July 2010 for its consideration and approval for implementation from 1 January 2011. FOC approved the market data in respect of the Pacific Islands Forum Secretariat.

Market benchmarking

4. The new salary scales cannot be directly compared to the current salary scales. To provide a comparison, it is necessary to retrospectively apply the new salary scales to the same market data from which the current scales were derived.
5. The current salary scale is aligned to the average of the three reference markets based on 2008 data. Thus, taking the 2008 data from the survey results, converting them to SDR¹ at the exchange rates used when the current salary scale was determined, and then averaging the three reference markets, results in salary figures for the proposed new banding model equivalent to the current scales. This approach was taken by Strategic Pay in their market data analysis.

¹ CROP salaries are expressed in Special Drawing Rights (SDR), a currency unit of the International Monetary Fund made up of a ‘basket’ of currencies (USD, EURO, YEN, GBP).

6. The analysis of the 2010 market data shows that the average of the three reference markets (except for band 1) sits below that of New Zealand and Australia and above that of Fiji. The average for band 1 sits above that of New Zealand and Fiji, but below that of Australia.

Movements in the reference markets – SDR

7. Table 1 below illustrates the movements in the 2010 reference markets compared to 2008, after conversion to SDR. These movements reflect exchange rate movements between 2008 and 2010, as well as market movements.

Table 1: Percentage movements in 2010 reference markets compared to 2008, after conversion to SDR

Band	Australia	Fiji	New Zealand	Average
1	11.2%	-18.3%	-16.4%	-2.5%
2	12.2%	-17.6%	-10.7%	0.2%
3	13.3%	-16.9%	-4.8%	3.0%
4	14.6%	-16.3%	-1.1%	4.8%
5	13.8%	-15.9%	0.5%	4.7%
6	12.8%	-15.6%	2.0%	4.5%
7	12.4%	-15.3%	2.7%	4.3%
8	11.6%	-15.1%	2.9%	3.8%
9	11.2%	-14.5%	1.8%	3.1%
10	11.3%	-13.6%	0.2%	2.4%
11	11.5%	-13.0%	0.2%	2.9%
12	12.1%	-12.6%	0.8%	3.5%
13	12.4%	-11.1%	2.1%	4.1%
14	12.5%	-9.7%	3.2%	4.7%
15	12.6%	-0.6%	4.7%	7.0%
16	13.0%	-1.3%	3.7%	6.3%

8. The strengthening of the Australian dollar is reflected in the large positive percentage movements. Conversely, the devaluation of the Fiji dollar is reflected in the large negative movements. It is interesting to note that these large and opposite movements approximately offset each other, indicating that the SDR is providing a level of protection against exchange rate volatility, as it was intended to do.
9. The average movement (excluding the outliers of bands 1 and 2) is between 2.4% and 7%.
10. Parity with the agreed benchmark was reached with the implementation of the current salary scales on 1 January 2010, based on the 2008 market data review. It is recommended that parity be retained for 2011 to ensure that the ability to attract and retain suitably qualified staff is not compromised. To do so, will mean an increase in the salary scales for positions advertised internationally of between 2.4% and 7%. Provision for these increases has been made in the 2011 budget.

2011 Salary scales

11. Salary scales are defined by a series of salary ranges (bands). Often, salary ranges are described by a range of job-points, which is called “broad-banding”. Each job is placed in a band within the salary scale based on the size of the job as determined by a job evaluation

12. The actual salary scale is determined by applying +/- 20% to the mid-point for each band. By applying this to the mid-points of bands 8–16 (positions advertised internationally) as determined by the average of the three reference markets using 2010 market data, the proposed salary scale for 2011 is arrived at (denominated in SDR, Table 2). The salary scale for bands 1–7 applies to positions advertised locally and is not included in the table, but dealt with separately in CRGA 40 paper 10.3.

Table 2: Proposed salary scale for 2011 for positions advertised internationally (denominated in SDR)

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

Recommendation

13. CRGA is invited to:
- i. note that at its meeting in July 2010, the Forum Officials Committee approved the new CROP salary scale, based on 2010 data from the three reference markets, for internationally recruited staff at the Pacific Islands Forum Secretariat for implementation on 1 January 2011; and
 - ii. consider and approve the implementation of the new CROP salary scale for SPC staff recruited internationally, effective from 1 January 2011.
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2010 MARKET DATA REVIEW FOR POSITIONS ADVERTISED INTERNATIONALLY

Purpose

1. This paper presents the 2010 data from the three reference markets used to determine CROP salaries and the proposed salary scale for 2011 for positions advertised internationally (previously referred to as 'professional staff').

Background

2. Following the 2003 CROP Triennial Remuneration Review, in 2004 the governing bodies of participating CROP agencies approved and adopted the following recommendations concerning reference markets:
 - The median of the Australian Public Service no longer be used as the comparison market for positions advertised internationally, and that the Australian and New Zealand public service sectors and Fiji (all organisations) market be established as reference markets.
 - Annual tracking of the reference market data and analysis of CROP recruitment, retention and other data for monitoring CROP salary scales should be undertaken.
 - Data from all three markets should be reviewed by a CROP agency working group annually and submitted to the CROP heads' meeting. If a recommendation for a salary increase is the result of this annual review, the recommendations should be presented to the Pre-Forum FOC (Forum Officials Committee) and subsequently to other CROP governing bodies.
3. The 2006 CROP Triennial Remuneration Review, undertaken by Mercer HR Consultants, noted that while the reference market data was to be analysed annually in conjunction with recruitment and retention data, no guidance was given on how to determine where, relative to the reference market data, the CROP salary scale should sit. To resolve this difficulty, Mercer recommended 'that the CROP payline be pitched at the average of the quantum of remuneration of the three reference markets'².
4. At their June 2007 meeting, CROP heads approved in principle that participating CROP agencies should use the average of the quantum of the remuneration of the three reference markets to establish the CROP payline for positions advertised internationally, pending availability of the data for these three reference markets. They also agreed that this methodology should be reassessed at the next CROP Triennial Remuneration Review.

Harmonised payline

5. The 2009 CROP Triennial Remuneration Review was conducted by a consortium of Strategic Pay (New Zealand) and PricewaterhouseCoopers (Fiji). The consultants, after reviewing the value and usefulness of the harmonised payline approach over the previous three years, recommended its retention by the participating CROP agencies. The 'harmonised' approach to remuneration principles and practices has been adopted by the following CROP agencies:
 - Forum Fisheries Agency (FFA);
 - Pacific Islands Forum Secretariat (PIFS);
 - Secretariat of the Pacific Community (SPC);

² The CROP salary scale is currently calculated on the basis of the average of the three reference markets as follows: median of the Australian and NZ public service sectors, and upper quartile of the Fiji all organisations sector.

- Secretariat of the Pacific Islands Applied Geoscience Commission (SOPAC); and
- Secretariat of the Pacific Regional Environment Programme (SPREP).

6. The 2010 market data review was undertaken by Strategic Pay. The CROP Agencies Market Data Review report is attached as Annex 1.

Salary scales

7. The 2009 Triennial Remuneration Review recommended that CROP agencies review their banding model (salary scales) and proposed a new model.

8. At their June 2009 meeting, CROP heads, consistent with this recommendation, agreed to review their job banding model and at their February 2010 meeting endorsed a 1–16 banding model for staff positions for recommendation to their respective governing bodies. The adoption of this revised banding model has been tabled for consideration by CRGA 40 under Agenda Item 10.1 – Implementation of the 2009 Triennial Remuneration Review. The proposed model is shown in Table 3 below.

Table 3: Proposed banding model for CROP salary scales

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

Market benchmarking

9. The 2010 market data review provides the first market benchmarking for the new CROP salary scales.

10. The new salary scale cannot be directly mapped to the current salary scales. To provide a comparison, it is necessary to retrospectively apply the new salary scales to the same market data from which the current scales were derived. The current salary scale is aligned to the average of the three reference markets from the 2008 market data. Thus, extracting the 2008 data from the survey results, converting them to SDR at the exchange rates used when the current salary scale was determined, and averaging the three reference markets results in salary ranges for the proposed new banding model that are equivalent to the current scales. This approach was taken by Strategic Pay in their analysis and is illustrated in Table 4 below.

11. The percentage change shown in Table 4 is the difference between the equivalent of the current salary scale and the average of the reference markets using the 2010 market data.

Table 4: Mid-point values for the proposed new banding model based on the average of the three reference markets compared to the equivalent of the current salary scale (denominated in SDR).

Band*	Current scale equivalent (mid-points)	2010 Market data (mid-points)	% Change
1	13,550	13,215	-2.5%
2	14,144	14,173	0.2%
3	14,821	15,265	3.0%
4	15,861	16,624	4.8%
5	17,489	18,312	4.7%
6	19,320	20,191	4.5%
7	21,825	22,766	4.3%
8	24,521	25,449	3.8%
9	27,595	28,443	3.1%
10	31,236	31,996	2.4%
11	37,201	38,298	2.9%
12	42,603	44,090	3.5%
13	48,533	50,547	4.1%
14	56,462	59,124	4.7%
15	65,526	70,117	7.0%
16	76,503	81,348	6.3%

* The salary scales for bands 1-7 are benchmarked against 10% above the upper quartile of the Fiji local market, but are included in Table 4 for completeness.

Comparison with the reference markets

12. Figure 1 below compares the 2010 market data (for the proposed new banding model) for the three reference markets with that of the average of the three markets. The average of the three markets (except in band 1) sits below that of New Zealand and Australia and above that of Fiji. The average for band 1 sits above that of New Zealand and Fiji but below that of Australia.
13. It is interesting to note that in the lower grades (bands 1–5) the average of the three reference markets closely matches that of New Zealand (less than 10% variance – refer to Table 5). It is also interesting to note that the shapes of the three reference market curves are similar – with the slope of the curves being similar for bands 1–10 after which they increase quite sharply.

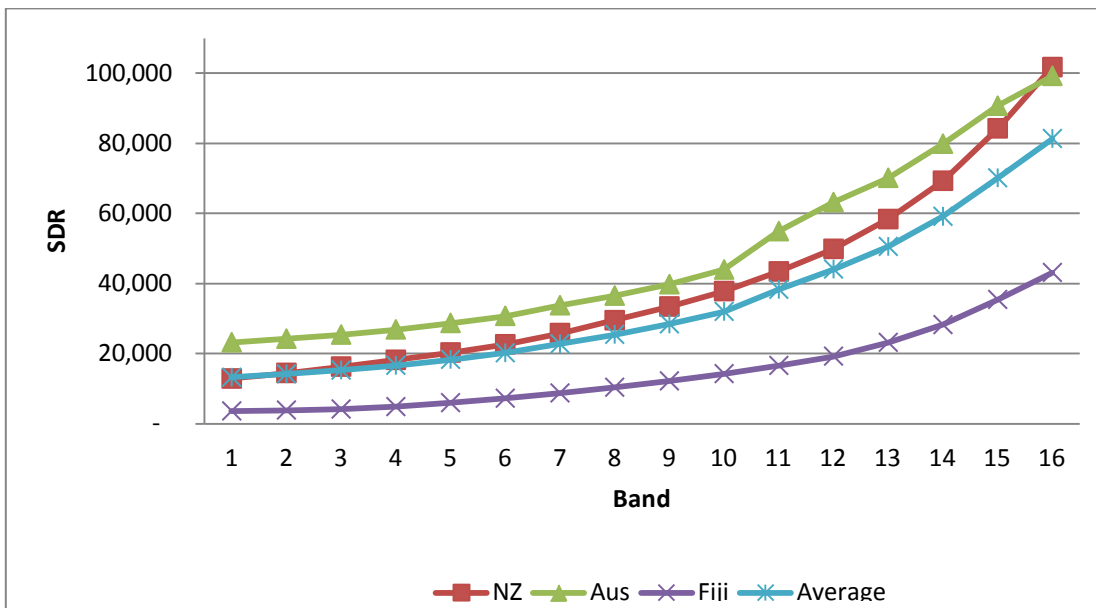


Figure 1: Comparison of the average of the three markets with the reference markets

14. Table 5 below shows the average of the three markets as a percentage of the reference markets by band. The CROP salary for band 11, for instance, is 30.2% below the Australian market, 130.9% above the Fiji market, and 11.8% behind the New Zealand market. It is also interesting to note that for bands 6–12, the percentage difference compared to Australia is approximately equal to the tax that might reasonably be expected to be paid.

Table 5: Average of the three markets compared to each of the reference markets

Band	Compared to Australia	Compared to Fiji	Compared to NZ
1	-43.0%	266.9%	2.8%
2	-41.5%	267.7%	-1.9%
3	-39.9%	268.4%	-6.1%
4	-38.1%	244.5%	-8.6%
5	-36.2%	207.3%	-9.7%
6	-34.3%	179.4%	-10.7%
7	-32.6%	160.9%	-11.8%
8	-30.3%	145.7%	-13.7%
9	-28.5%	133.7%	-14.8%
10	-27.2%	124.7%	-15.3%
11	-30.2%	130.9%	-11.8%
12	-30.2%	129.3%	-11.5%
13	-27.9%	118.2%	-13.4%
14	-26.0%	109.5%	-14.7%
15	-22.7%	98.0%	-16.8%
16	-18.0%	88.7%	-20.0%

Movements in the reference markets – local currency

15. The current CROP salary scales are aligned to the 2008 market data. Movements in the 2010 reference markets in the respective local currency (AU, FJ and NZ dollars), compared to 2008, are presented in Table 6. These movements are not uniform across the various grades, ranging from a low of -9.9% (New Zealand band 1) to a high of 19.9% (Fiji band 15). Excluding the outliers (NZ market bands 1–4) in Australia and New Zealand, the movements are between ~8% and 11%, indicating annual increases of about 4–5%. In Fiji, the annual increases are about half this except at the top end (bands 15 and 16) where annual increases of about 10% are observed.

Table 6: Percentage movements in reference markets (local currency) between 2008 and 2010

Band	Australia	Fiji	New Zealand
1	7.8%	-1.5%	-9.9%
2	8.9%	-0.7%	-3.7%
3	9.9%	0.2%	2.7%
4	11.2%	0.9%	6.6%
5	10.4%	1.4%	8.4%
6	9.4%	1.8%	10.0%
7	9.1%	2.1%	10.7%
8	8.3%	2.4%	10.9%
9	7.9%	3.2%	9.7%
10	7.9%	4.1%	8.0%
11	8.2%	5.0%	8.0%
12	8.7%	5.5%	8.7%
13	9.0%	7.3%	10.0%
14	9.1%	8.9%	11.3%
15	9.3%	19.9%	12.9%
16	9.7%	19.0%	11.8%

Denomination of salaries for CROP positions advertised internationally

16. As already noted, CROP salaries are expressed in Special Drawing Rights (SDR), a currency unit of the International Monetary Fund made up of a ‘basket’ of currencies (USD, EURO, YEN, GBP). The reference market data is collected in local currency and converted to SDR. Movements in the SDR exchange rates for the three reference markets are shown in Table 7.

Table 7: Movements in the SDR exchange rates for the three markets

Australia			Fiji			New Zealand		
2008	2010	% Change	2008	2010	% Change	2008	2010	% Change
0.5671	0.5968	5.24%	0.4086	0.3388	-17.08%	0.4916	0.4597	-6.49%

17. The strengthening of the Australian dollar against the SDR, and the weakening of the Fiji dollar and NZ dollar against the SDR are illustrated by the percentage change.

Movements in the reference markets – SDR

18. Movements in the markets compared to 2008 after conversion to SDR are illustrated in Table 8. These movements reflect the exchange rate movements between 2008 and 2010, as well as the market movements.
19. The strengthening of the Australian dollar is reflected in the large positive percentage movements. Conversely, the devaluation of the Fiji dollar is reflected in the large negative movements. Interestingly, these large and opposite movements approximately offset each other, indicating that the SDR is providing a level of protection against se rate volatility, as it was intended to do.
20. The average movements (excluding the outliers of bands 1 and 2) are between 2.4% and 7%.

Table 8: Percentage movements in reference markets between 2008 and 2010.

Band	Australia	Fiji	New Zealand	Average
1	11.2%	-18.3%	-16.4%	-2.5%
2	12.2%	-17.6%	-10.7%	0.2%
3	13.3%	-16.9%	-4.8%	3.0%
4	14.6%	-16.3%	-1.1%	4.8%
5	13.8%	-15.9%	0.5%	4.7%
6	12.8%	-15.6%	2.0%	4.5%
7	12.4%	-15.3%	2.7%	4.3%
8	11.6%	-15.1%	2.9%	3.8%
9	11.2%	-14.5%	1.8%	3.1%
10	11.3%	-13.6%	0.2%	2.4%
11	11.5%	-13.0%	0.2%	2.9%
12	12.1%	-12.6%	0.8%	3.5%
13	12.4%	-11.1%	2.1%	4.1%
14	12.5%	-9.7%	3.2%	4.7%
15	12.6%	-0.6%	4.7%	7.0%
16	13.0%	-1.3%	3.7%	6.3%

Attracting and retaining staff

21. CROP agencies have noted continued difficulties in attracting and retaining suitably qualified and experienced staff. SPC in particular continues to experience recruitment challenges in a number of positions in the Public Health, Economic Development and Land Resources Divisions. A number of these positions have had to be re-advertised. Staff losses are also occurring due to resignation or non-extension of contracts. The most common reason for staff resignations, however, relates to spouses not being able to obtain employment rather than to staff being dissatisfied with their jobs.

Conclusion – positions advertised internationally

22. In earlier years, CROP agencies faced some difficulties in being able to afford the increases required to pitch the salary scale against the agreed benchmark because of the large movements that were required. Small annual increases are recognised as better HR practice than large irregular increases in ensuring the ability to attract, recognise, reward and retain staff.

23. Parity with the agreed benchmark was reached with the implementation of the current salary scales on 1 January 2010³, based on the 2008 market data review. The CROP working group recommends that parity be retained for 2011 to ensure that the ability to attract and retain well qualified staff is not compromised. To do so, will mean an increase in the salary scales for positions advertised internationally of between 2.4 and 7%. Provision for these increases has been made in the 2011 budget.
24. The actual salary scale is determined by applying +/- 20% to the mid-point for each band. Applying this to the mid-points of bands 8–16 (positions advertised internationally), as determined by the average of the three reference markets from the 2010 market data, results in the proposed salary scale for 2011.

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³ Some agencies (such as PIFS and SOPAC) achieved parity in January 2009 with the implementation of the 2009 CROP pay scale; SPC, faced with the potential impact of the global economic crisis on service delivery, chose to delay implementing the approved 2009 increases till January 2010.

ANNEX 1

CROP Agencies

Market Data Review

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Executive Summary

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

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

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

Band	Average 2008	Average 2010	% Change Averaged Markets
16	76,503	81,348	6.3%
15	65,526	70,117	7.0%
14	56,462	59,124	4.7%
13	48,533	50,547	4.1%
12	42,603	44,090	3.5%
11	37,201	38,298	2.9%
10	31,236	31,996	2.4%
9	27,595	28,443	3.1%
8	24,521	25,449	3.8%
7	21,825	22,766	4.3%
6	19,320	20,191	4.5%
5	17,489	18,312	4.7%
4	15,861	16,624	4.8%
3	14,821	15,265	3.0%
2	14,144	14,173	0.2%
1	13,550	13,215	-2.5%

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

1 Background

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

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

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

2 Job Evaluation

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

Figure 1: CROP BANDING MODEL

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

All figures are expressed in SP10® points

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

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

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

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

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

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

3 Reference Markets

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

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

This mechanism was adopted by the CROP agencies in 2007.

3.1 New Zealand Market Data

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

3.2 Australia Market Data

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

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

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

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

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

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

3.2 Fiji Market Data

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

4 Market Data Analysis

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

Figure 2: Market Data as at May 2008

(all figures expressed in base salary)

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

SDR Exchange Rates 2008

Source; 2008 CROP Market Report

Australian dollars:	1.76344	0.567074
New Zealand dollars:	2.03421	0.491591
Fiji dollars:	2.44738	0.4086

(supplied by Dir Corporate Services PIFS)

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

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

Figure 3: Market Data as at May 2010

(all figures expressed in base salary)

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

SDR Exchange Rates 2010

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

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

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

Figure 4: Market Movements 2008-2010 after SDR exchange

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

Suva-based staff Bands 1-7

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

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

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

* Currency unit: Fiji dollars

Non-Suva-based staff Bands 1-7

SPREP

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

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

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

* Currency unit: Samoan tala

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

SPC Noumea

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

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

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

* Currency unit: South Pacific francs

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

FFA

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

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

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

* Currency unit: Solomon Islands dollar

Appendix A: About Strategic Pay Limited

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

Strategic consultancy

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

This includes:

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

New Zealand's largest data services offering

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

Our key nation-wide surveys include:

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

Our specialist industry sector surveys include:

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

Smart technology

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

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

Building client capability

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

Appendix B: Market Movements by Survey 2008-2010

Figure a: Market Movement Fiji All Organisations Upper Quartile Data

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

* Currency unit: Fiji Dollar

Figure b: Market Movement New Zealand Public Service Median Data

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

* Currency unit: NZ Dollar

Figure c: Market Movement Australian Public Service Median Data

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

* Currency unit: Australian Dollar