

COUNCIL OF REGIONAL ORGANISATIONS (CROP)

Annual Comparison of Reference Markets

2005 Update

**Submitted by Strategic Pay and
PricewaterhouseCoopers Fiji**

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BACKGROUND

This report summarises the 2005 updating of a benchmarking study conducted on behalf of the CROP participating agencies in 2004 to obtain comprehensive comparative data on remuneration from Fiji, New Zealand and Australia.

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

This report is set out under the following headings:

1. Research Methodology
 - Job Evaluation
 - Survey Data
 - Market Data Analysis
2. Research Findings
3. Findings

2. RESEARCH METHODOLOGY

• Job evaluation

Mercer to Strategic Pay/PwC Fiji

The assumptions used in 2004 have been replicated in the current study. In that study Strategic Pay constructed a correlation framework for comparing the job evaluation data from the Mercer HR job evaluation system with the Strategic Pay format. This was a necessary step in order to access Fiji local rates for technical/support staff employed by the agencies.

Our 2004 analysis identified the following alignment between the points totals which are the outcome of the two evaluation methodologies.

CED	SP/PwC	CED	SP/PwC
200	292	800	846
250	342	850	887
300	392	900	934
350	442	950	979
400	492	1,000	1,028
450	532	1,050	1 077
500	571	1,100	1,124
550	629	1,150	1,182
600	690	1,200	1,234
650	732	1,250	1,287
700	773	1,300	1,339
750	808		

Mercer to Hay

In the 2004 study a similar correlation exercise was undertaken between the Mercer and Hay systems. This was necessary in order to make use of data on Australian public service rates provided courtesy of the HayGroup Australia.

• **Survey Data**

Strategic Pay has obtained updated market data on each of the markets specified:

- Fiji – from the PwC Fiji database. This data was drawn from the April 2005 General Market survey. Upper quartile base salary is the target market segment.
- New Zealand – from the Strategic Pay database, and in particular the March 2005 Central Government survey, released in April and published annually. This covers 26 Government departments and ministries/agencies and a sample of 3,103 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. It reports exclusively on roles within Central Government departments and ministries.
- Australia – Since the 2004 study the HayGroup has made a policy decision not to supply data to third parties, nor to non-Hay clients. This was advised to us only two days ago and too late to make alternative arrangements for the current study. In order to form a view of market movements in the ensuing twelve months, we have been in contact with the Australian Department for Workplace Relations. They advise that in the twelve months to March 2005 the annualised average wage movement (AAWI) for Australian public service roles has increased by 4.2%. We have updated the HayGroup 2004 data by this figure for all job size levels.

• **Market Data Analysis**

For the purposes of updating the 2004 study, the regression formulae from each database, converted to Mercer CED points as per the job evaluation phase, have been then analysed to produce the following reports, attached as appendices to this document:

- **Chart A:** CROP Professional NZ, reported in SDR format
- **Chart B:** CROP Professional Aust, reported in SDR format
- **Chart C:** CROP Professional Fiji, reported in SDR format
- **Chart D:** CROP Support NZ, reported in Fiji dollars
- **Chart E:** CROP Support Aust, reported in Fiji dollars
- **Chart F:** CROP Support Fiji, reported in Fiji dollars

Accompanying each chart is a comparison table of existing CROP midpoint practice with the reported database remuneration for jobs of the same size. Tables A-F are attached as appendices to this document.

The CROP professional tables are provided in the Special Drawing Rights format. Given that all three surveys operate with a March 2005 cut-off for market data, we have used the March 2005 average SDR as the unit of currency.

The average SDR rates for March 2005 were:

- Australian dollar – 1.943178 (source IMF website)
- New Zealand dollar – 2.090273 (source IMF website)
- Fiji dollar – 0.3986 (source Fiji Reserve Bank)

3. RESEARCH FINDINGS

The summary tables below and accompanying graphs highlight the continuing movement in public service rates in the New Zealand, Australian and Fiji General Market.

In NZ's case, concerns about senior executive level pay have led to substantial movements in some cases and these have been reflected both in our own database, and in recent moves by the State Services Commission to review the market rates for chief executives. Movement in the lower end data in the Strategic Pay database reflects a relative lack of data in the public sector for routine roles, but also their continued movement in real wages. The levels of increase shown for bands A-E, is partly explainable by changes in the survey sample – as higher paying departments now join our study.

Grade	Base Salary SDR New Zealand Public Service Table A			Base Salary SDR Australian Public Service Table B			Base Salary SDR Fiji General Market Table C		
	2004	2005	% change	2004	2005	% change	2004	2005	% change
M	69,694	79,943	14.7%	96,798	101,993	5.4%	35,572	38,429	8.0%
L	58,785	68,071	15.8%	74,048	78,022	5.4%	27,504	30,178	9.7%
K	50,874	57,271	12.6%	64,526	67,989	5.4%	22,091	25,163	13.9%
J	40,919	45,256	10.6%	55,376	58,348	5.4%	17,239	18,241	5.8%
I	29,085	31,012	6.6%	36,685	38,654	5.4%	11,602	11,996	3.4%

Grade	Base Salary SDR New Zealand Public Service Fiji Dollar Comparisons Table D			Base Salary SDR Australian Public Service Fiji Dollar Comparisons Table E			Base Salary Fiji General Market \$Fiji UQ Support/technical Staff Fiji-based Table F		
	2004	2005	% change	2004	2005	% change	2004	2005	% change
H	80,973	86,258	6.5%	107,516	111,951	4.1%	37,717	38,200	1.3%
G	67,449	71,325	5.7%	87,867	86,285	4.1%	28,249	28,626	1.3%
F	61,055	65,344	7.0%	67,032	69,796	4.1%	22,111	22,404	1.3%
E	45,020	50,053	11.2%	54,490	56,737	4.1%	17,610	17,841	1.3%
D	32,463	38,272	17.9%	45,066	46,925	4.1%	13,927	14,108	1.3%
C	30,687	35,623	16.1%	40,116	41,771	4.1%	11,308	11,673	3.2%
B	28,501	32,798	15.1%	37,213	38,748	4.1%	9,714	10,500	8.1%
A	26,865	30,700	14.3%	35,043	36,488	4.1%	8,439	9,562	13.3%

Please note that the Australian public service figures vary from the 4.2% adjustment (see page 2) because of exchange rate fluctuations with SDR and Fiji dollars.

Given our findings, the CROP agencies should consider what transitional strategy will be used for the next three years to at least make a start on aligning the midpoints for professional staff (Grades I to M) to the preferred survey market. This strategy should address both current practice with respect to progression within band, including performance increments and annual midpoint movement.