

**FIFTIETH MEETING OF THE  
COMMITTEE OF REPRESENTATIVES OF GOVERNMENTS AND ADMINISTRATIONS**  
(17–19 November 2020, Virtual Meeting)

**Working Paper**

**AGENDA ITEM NO. 6: REPORT ON REMUNERATION**

(Paper presented by the Secretariat)

**Purpose**

1. This paper provides an update on the Secretariat's review of SPC salaries and allowances in 2020, and presents two recommendations to CRGA that take account of the current economic climate.

**Recommendations**

2. CRGA is invited to:
  - i. note the Secretariat does not propose a general market increase in salaries for 2021;
  - ii. direct the Secretariat to defer implementation of the 2.5% midpoint band shift until 2022 (noting that in 2019, CRGA approved this shift for implementation in 2021).

## Report on remuneration

### Background

3. Covid-19 has had a strong impact on the operating environment in the Pacific in 2020. The Secretariat's Human Resources (HR) team has taken these impacts into account in conducting a market analysis and reviewing current remuneration issues to provide recommendations for CRGA's consideration.
4. The effect of these recommendations has been incorporated in the 2021 budget submitted to CRGA 50 for approval.
5. In 2019, the following areas were reviewed:
  - i. Salaries for local staff in Suva and Noumea
  - ii. Suva housing allowance
  - iii. Suva education allowance
  - iv. COLDA (cost of living allowance)
  - v. General market Increase
  - vi. Salary scale midpoints
6. The Secretariat notes that as part of the budget approval process in November 2019, CRGA agreed on the following recommendations:
  - i. An increase in salaries for Suva local staff of 5%, effective 1 January 2020.
  - ii. An increase in the housing allowance for Suva-based staff of 10%, effective 1 January 2020.
  - iii. A general market increase of 2% across all position types and locations to cover inflation, effective 1 January 2020.
  - iv. An increase of 5% at the mid-point for all SPC salary scales (international and local), to be phased in over two years, with effect from 1 January 2020 and 1 January 2021.
7. In 2020, the review of salaries and allowances has focused on:
  - i. a general market increase, and
  - ii. salary scale midpoints.

### Economic and environmental context

8. The following information provides some regional context and background for SPC's HR strategy and the remuneration recommendations in this paper.

### Covid-19 economic and social impacts

9. The Covid-19 pandemic has significantly affected the economies of all SPC members. Since border closures and travel restrictions came into force in March 2020, the tourism and commercial sectors across the region have largely come to a standstill, with job losses and other impacts experienced across all countries.
10. Remuneration strategies and associated budgets for 2021 have taken this context into account.

## SPC's remuneration initiatives

### General market increase

#### *Background*

11. In 2018, CRGA 48 approved a general salary increase for SPC staff, effective 1 January 2019, of 2% across all position types and locations to cover inflation. In 2019, CRGA 49 approved a general salary increase, effective 1 January 2020, of 2% across all positions, and an additional 5% for locally recruited positions in Fiji.
12. Historically, the inflation adjustment has been calculated on the basis of average inflation across the office locations where most of the Secretariat's staff are located; that is, New Caledonia and Fiji.
13. Over the last five years, the average annual inflation rate has been measured at 2.9% for Fiji, and 0.8% for New Caledonia. The average inflation rate for New Caledonia and Fiji is estimated to have been 1.9% per annum between 2015 and 2019.
14. In the first half of 2020, both Fiji and New Caledonia recorded negative rates of inflation relative to the previous year. Indications are that inflation will remain flat over the course of 2020 and that this is likely to continue well into 2021.

#### *Proposal*

15. Given this outlook, and recognising the projected economic impact of Covid-19 on the region and on the global economy, the Secretariat does not propose a general market adjustment for 2021.

### Adjustment of salary scale midpoints

#### *Background*

16. In 2019, CRGA approved a 5% adjustment to the midpoints of SPC salary scales to be implemented over two years. In 2020, the Secretariat therefore shifted the midpoint of all salary scales by 2.5% and expected to implement an additional midpoint shift of 2.5% in 2021.

#### *Market data*

17. CROP<sup>1</sup> agencies, including SPC, design salary scales based on salary bands, with each band having a salary range (minimum and maximum) around a **midpoint reference salary**. The midpoint is defined as the exact middle of the salary range and is aligned to the market value for the jobs grouped in that band.

---

<sup>1</sup> Council of Regional Organisations in the Pacific.

18. The Secretariat's compensation structure is designed by grouping similar positions in bands, with each band having a defined salary range. The ranges are constructed around midpoints, which are 100% of the salary scale. Thus, the midpoints are meant to serve as the target salary for jobs in a particular salary band.
19. Market data was reviewed for all bands, as per recent years. The trend in the data shows that salary bands on average remain flat compared to 2019. However, salaries for most senior positions in the market (equivalent of band 15 and above) are approximately 10% higher than the current SPC salary band midpoints for these levels. This is not unexpected, as salaries for senior roles have a wide degree of variation in the marketplace, especially in mature markets such as Australia and New Zealand.

*Proposal*

20. Given the results of the market analysis, and the projected impacts of Covid-19 on the region in the coming year, the Secretariat recommends that the salary bands remain unchanged for 2021 and that the previously approved midpoint adjustment of 2.5% for 2021 be deferred until 2022.

**Recommendations**

21. CRGA is invited to:
  - i. note the Secretariat does not propose a general market increase in salaries for 2021;
  - ii. direct the Secretariat to defer implementation of the 2.5% midpoint band shift until 2022 (noting that in 2019, CRGA approved this shift for implementation in 2021).