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The Pacific environment, sustaining our livelihoods and natural heritage in harmony with our cultures.

Twenty Seventh SPREP Meeting of Officials

Alofi, Niue

19 – 21 September 2016

Agenda Item 8.2: CROP Triennial Review of Staff Terms & Conditions

Purpose

1. To update the SPREP Meeting of the Secretariat's position on the Report of the 2015 CROP Triennial Review of Staff Terms & Conditions

Background

2. The 26th SPREP Meeting in Apia in 2015:
 - **Noted** that the final draft of the joint CROP Triennial Review of Staff Terms and Conditions has not been received at the time of preparing this report
 - **Noted** that the Secretariat will carry out a full analysis and evaluation of the relevancy and value of continued participation and involvement in the CROP approach to harmonisation of staff terms and conditions, in consultation with Members;
 - **Noted** that the Secretariat will provide a report to the 2016 SPREP Meeting of this evaluation as well as suggested ways forward for addressing recommendations of the 2015 CROP Triennial Review Report.
3. Since the 26th SPREP Meeting's decision above, a number of key developments have taken place within the participating CROP agencies that play a key role in the way forward for the Secretariat.

CROP EXEC DECISIONS:

4. Relevant decisions of the CROP Execs are highlighted as follows:

9-10 November 2015 (CROP Executive Meeting Minutes)

- Executives noted the key findings of the CROP Triennial Remuneration Review conducted by Aon Hewitt from May to August 2015.
- Executives **agreed** to the recommendation to establish a joint sub-committee of the governing bodies to support and facilitate decision making in relation to the CROP harmonisation implementation and **tasked** the CROP Harmonisation Working Group to develop draft Terms of Reference for the joint sub-committee by the next CROP Executives meeting in February 2016.
- Executives **reaffirmed** support for the principles of CROP Harmonisation and **tasked** the CROP Harmonisation Working Group to develop options for parameters for the scope of flexibility to its application and in the review of the harmonisation principles.

22 April 2016 (CROP Executive Meeting Minutes)

- Executives discussed the financial constraints faced by their respective agencies and current considerations by SPC and FFA to withdraw from the process of a harmonised CROP remuneration system. Executives agreed that there is currently no support to progress the proposed joint-CROP agencies initiative due to organisations' financial situations, including managing the impacts of foreign exchange fluctuations. Although Executives remain in support and committed to the basic principle of CROP harmonisation. The draft Terms of Reference of the Joint Remuneration Sub-Committee of CROP Governing Bodies were not endorsed.

July 2016 (FOC Sub-Committee Meeting Minutes)

- In an effort to progress discussion on this issue, representatives of the Sub-Committee held a meeting with Chairs of the Governing Bodies of SPC and SPREP in the margins of a meeting of the Joint CROP Steering Committee on the Analysis of Governance and Financing Options for Pacific Regionalism on 21 July 2016. The Sub-Committee noted that discussions indicated that the Governing Bodies of SPC and SPREP were yet to be presented with the FOC Chair's letter. It was further noted that financial and operational challenges currently facing CROPs have made harmonisation of remuneration more problematic and has tempered engagement in the establishment of the proposed joint body

PROPOSAL FROM THE 2015 FORUM OFFICIALS COMMITTEE (FOC) CHAIR:

5. A proposal was received on 10 February 2016 from the Chair of the 2015 Forum Officials Committee (FOC)(Annex 1):
 - Invited the Chair and the SPREP Meeting to consider "the concept of a Joint Members Sub-Committee on Remuneration that would report to all governing bodies that participate in the CROP harmonised remuneration system".
 - Further stated that "We envisage this would be comprised of several representatives from your governing body, though at this stage its exact form will depend upon the views of the governing bodies of all CROP agencies. We would appreciate it if you would arrange for your governing body to discuss this recommendation and consider what form this joint body could take. We would appreciate a short response that summarises the views of your governing body as well as any preferences in relation to the joint sub-committee's form".
6. It is noted that the SPREP Meeting would be the first Governing Council of the other 3 participating agencies to consider this proposal from the FOC Chair. The Secretariat welcomes views and suggestions from the SPREP Meeting on this proposal however, some important issues that must be taken into consideration include:
 - Involvement of members in a joint member sub-committee would require time and commitment from members - availability and commitment of members to meet and discuss remuneration matters throughout the year
 - Participating members have the relevant background on remuneration issues for active and constructive discussions and suggestions
 - Differences in membership between the 4 participating CROP agencies
 - Interested members will provide self-funding for any key activities requiring meetings in person of the joint sub-committee.
 - A joint member sub-committee may not be possible if other agencies withdraw from the harmonised approach.

CURRENT CROP POSITION

7. The process that had been in place prior to the FOC Chair's proposal for a joint member sub-committee is as follows:
 - The CROP Working Group on Harmonisation of Remuneration consider key principle and issues guiding staff terms and conditions, including the Triennial Review and provide relevant recommendations to the CROP CEOs. This Working Group is made up of Human Resources representatives from the 4 participating agencies (FFA, PIFS, SPC and SPREP).
 - The CROP Working Group presents proposals and recommendations to the CROP Execs to determine a CROP position.
 - The CROP position is then used by each of the agency to present their submissions and proposals to their Governing Councils.
8. The work of the CROP Working Group on the 2015 Triennial Review Report has not progressed in 2016 due to a number of reasons:
 - The financial constraints faced by each of the participating agencies and therefore the diminishing interest and commitment to the work of the CROP Working Group on Remuneration
 - The priority and preference from PIFS to establish a joint member sub-committee to oversee remuneration issues for the CROP agencies
 - The absence of any firm position from the CROP Execs on the way forward even though they have reaffirmed support and commitment to the principles of harmonisation in their meeting in April 2016.
9. It is clear from the above that there is no longer a unified CROP position on matters relating to the CROP Harmonisation of Remuneration. The key concerns raised by SPC and FFA are 1) affordability and 2) the process being too slow that it was no longer meeting and responding to their peculiar needs. These CROP agencies are considering withdrawing from the CROP Harmonisation Working Group. The financial difficulties faced by CROP agencies have meant a diminishing commitment to and the gradual deviations from the harmonised principles.

SPREP POSITION:

10. The Secretariat recognises that the Harmonisation Principles have provided a fair and equitable benchmark and guideline for the Secretariat staff terms and conditions over the years. Whilst the Secretariat continues to support the concept of a harmonised approach, there is now a clear indication that the 4 participating CROP agencies are no longer united on this concept, and there is a possibility of participating members withdrawing.
11. Staff terms and conditions offered by the Secretariat play a key role in the attraction, recruitment and retention of highly qualified and skilled staff. The key challenge for the Secretariat, like the other CROP agencies, is affordability of keeping up with relevant market terms and conditions that are continuously reviewed through these harmonised approach and principles, to maintain a competitive edge in the global employment market.
12. Whilst the Secretariat continues to follow the CROP Harmonisation Principles on Remuneration issues, it is timely that it also explores other possibilities and alternative approaches that could be affordable but continue to provide a fair, independent and equitable assessment of most relevant and appropriate terms and conditions for staff so that the Secretariat continues to be able to attract, recruit and retain best possible staff for its work in the region. The Secretariat recognises that this work requires funding therefore, this proposal for another year to consider these issues allows the Secretariat time for strengthening its funding base and be in a better position to provide some firm recommendations in the next SPREP Meeting. This is also aligned with the Secretariat entering into a new Strategic Plan for the next 10 years, so that it has time to revisit key governance and strategic operational issues for the Secretariat to continue to provide the most relevant and necessary support and guide to its operations.

Recommendations

13. The Meeting is invited to:

- **note** that the Secretariat continues to support in general the principles of CROP Harmonisation of Remuneration;
 - **note** that other CROP organisations are considering withdrawing from the CROP Harmonisation Working Group;
 - **approve** that the Secretariat explore and consider alternative market references and benchmarks for Staff Terms and Conditions that are affordable but continues to provide a competitive edge in the global employment market given there appears to be no longer a unified and common CROP position on the harmonised principles of remuneration;
 - **note** that the Secretariat will provide a report to the 2017 SPREP Meeting on the future of the harmonised approach given the different challenges faced by the participating CROP agencies; and
 - **propose** setting up a Friends of the Chair Working Group to work with the Secretariat on consideration of the best possible options for a relevant market benchmark outside of the harmonised approach, if necessary.
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14 September, 2016

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The Meeting:

- noted that the Secretariat continues to support the principles of CROP Harmonisation of Remuneration;
- tasked the Secretariat to set up an inter-sessional Friends of the Chair on next steps for engaging in the regional process for harmonisation of remuneration; and
- directed the Secretariat to accept the invitation from the Chair of the Forum Officials Committee 2015 to participate in the sub-committee