



**PNG EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
SECRETARIAT**

**REPORT TO THE MULTI STAKEHOLDER GROUP
ON THE
REMUNERATION REVIEW**

2 November, 2018

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1. PURPOSE

The purpose of this report is to inform the Multi Stakeholder Group (MSG) on the Findings and Recommendations of the review conducted by Brian Hart Consulting Ltd (BHCL) into the *PNG Extractive Industries Transparency Initiative (PNGEITI)* into the Salary and Benefits offered and where they are in the PNG market.

Specifically, BHCL was engaged to:

- Review the current organizational structure and staff salary grades (currently standard Public Service grade levels) and Hay JE points for the PNGEITI National Secretariat.
- Review the current job descriptions, especially the Major Accountabilities, Position Dimensions and Qualifications required.
- Perform Job Evaluations on the reviewed job descriptions.
- Review individual resumes for PNG EITI National Secretariat staff to ascertain requisite competencies.
- Review the details of existing remuneration packages paid to individual officers against the comparative markets.

2. BACKGROUND

The PNG Government led by the Minister for Treasury applied for EITI candidacy in 2013. PNG was accepted as a candidate country in 2014 with the government committing to work alongside civil society and extractive industry companies to implement EITI.

In 2015 a Multi-stakeholder Group (MSG) was officially established through a Memorandum of Understanding (MOU) to oversee the establishment and implementation of EITI in the country. In 2016 the EITI National Secretariat office was fully established and operationalized.

When the PNGEITI was created, the MSG approved that the positions in the Secretariat would be at levels equivalent to the Department of Treasury. The Director's remuneration was to be greater than a First Assistant Secretary and lower than that of a Deputy Secretary.

Given, the objective of the PNGEITI is to not be aligned with either the Government, Civil Society or the Developers, BHCL has been engaged to independently assess the work value of the positions in the PNGEITI and to show where they are in the PNG market, with particular reference to similar Secretariat type bodies.

Based on the outcome of the above, BHCL is required to produce a Report based on the findings and make recommendations to the PNG EITI MSG for consideration.

In order to gather the required information, BHCL undertook:

- Consultations with other similar organizations and State entities in the extractive, industries, both public and private sectors; and
- A desktop review of remunerations and benefits currently offered by similar entities and compare these with that offered by the PNG EITI National Secretariat.

BHCL are the PNG Agents for Korn Ferry Hay who conduct PNG's longest running an annual Survey of Remuneration and Benefits. Once the work value of a position is determined through the Hay Job Evaluation Methodology, where it is paid in comparison to other Survey Participants can be determined.

This report will show where the PNGEITI currently sits in comparison to the PNG Market in general and other Secretariat type organisations in particular. It will put forward options in relation to where the PNGEITI Secretariat positions could be situated in the relation to PNG Market, for the MSB to consider

3. INTERVIEWS

Interviews were conducted with two groups:

- PNGEITI Stakeholders to better understand the responsibilities, issues and challenges facing the Secretariat to enable the accurate Job Evaluation of the positions; and
- Representatives from similar organisations to gain some specific remuneration data in relation to the Head of the Secretariat, in particular, and other positions, in general.

The interviews also covered the respondent's views of the PNGEITI generally and more specifically on the performance of the Secretariat and respondent's views on the remuneration members of the Secretariat warranted.

The following is a summary of the interviews carried out with various stakeholders and Remuneration Benchmark participants. Detailed interview results can be found in Attachment 1.

Stakeholder interviews were conducted with*:

- Paul Barker – PNG Institute of National Affairs
- Ketty Maru - IRC
- Richard Kassman – Total
- Lucas Alkan – PNGEITI

*Note: We were unable to secure a time to talk to the Chamber of Mines and Petroleum.

Remuneration Survey interviews were conducted with:

- Arnold Lakamanga, Dianne Aikung-Hombhanje and Edward Lasisi – MRA
- National Aids Council Secretariat
- APEC Secretariat via the Department of Personnel Management

The three representatives we interviewed from the Civil Society, Government and Extractive Industries held the following common opinions:

- The EITI represents a positive step forward for the relationship between the Government of Papua New Guinea, Resource Developers, Resource Owners and the Community.
- The level of communication amongst Stakeholders and expected of Stakeholders has increased significantly since the inception of the Initiative and continues to improve.
- There was general agreement that the EITI should be an independent self-funding body and not be as dependent on the public service for support, office space, funding etc.
- Whilst the report needs to be completely independent, the interviewees see that there is an opportunity to develop internal capability to reduce the amount of effort required of third parties and hence save cost.
- Interviewees were impressed with how EITI has evolved and operates and as a representative of Civil Society they see the benefits of transparency driving a fairer distribution of benefits.

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- Interviewees agreed that EITI is a very worthwhile initiative and that the people involved should be rewarded at levels similar to the markets they are taken from. There are limited career prospects (prospects for promotion within EITI) and as such packages need to be competitive.

Based on the interviews, the Secretariat have a number of responsibilities and challenges including:

- Incorporating Government, Industry and Civic Sector issues and gaining their buy-in to the process and engendering the various stakeholders and interested parties' commitment to the report;
- Managing the tender process, the tenderers, the successful tenderer and ensuring a high quality, independent report that meets the EITI international standards
- Being able to analyse financial, production, taxation and royalty data, identify and explain discrepancies.
- Managing Public Relations and the distribution of the report and presentation of its findings to a cross section of stakeholders and interested parties.
- Managing the publication and awareness raising of, the report's existence, goals and outcomes.
- Setting and following the highest ethical and professional standards, by being beyond reproach and holding the trust and respect of the Government, Civic Society, Mining Industry, the International EITI and the general public.
- Ensuring Secretariat staff are highly qualified and experienced in comparable operations and
- Ongoing liaison with the EITI Internationally, in order to keep PNG in the Initiative and to gain the benefits of investment that such membership brings.

The interviews associated with remuneration focussed on the remuneration packages given to positions similar to that of the Head of the Secretariat. The results of these interviews can be found in Section 4.3 which details the various components of remuneration and compares it to that of the Head of the EITI Secretariat.

4. FINDINGS

4.1 JOB EVALUATION RESULTS

BHCL conducted Job Evaluation on all the positions at the PNGEITI and these results can be found in Table 1 below.

Table 1: Job Evaluation Results – PNG EITI Secretariat

DESIGNATION	KNOW HOW				PROBLEM SOLVING				ACCOUNTABILITY				TOTAL	PROFILE	Kornf Ref Level	PS Grades
	TKH	MB	HR	Score	TE	TC	%	Score	FA	Mag.	Imp.	Score				
Head of Secretariat	G-	III+	3	700	G	4+	66%	460	G-	3+	P	608	1768	A2	24	19
Deputy Head of Secretariat	F+	III	3	608	F+	4	57%	350	F+	3+	S	400	1358	A1	22	17
Media & Communication Specialist	F	II	3	400	F	4	50%	200	F	3	S	304	904	A3	21	15
Technical Officer	F	II	2	350	F	4	50%	175	F	3	C+	264	789	A3	20	15
Finance Officer	F-	II	2	304	F	4	50%	152	F-	3	C+	230	686	A3	19	14
Procurement Officer	E+	II	2	304	E+	4	50%	152	E+	3	C+	200	656	A2	19	14
Admin Officer	D	II	2	200	D	3+	33%	66	D	2	C	76	342	A1	15	9
Administrative Assistant	D	I	1	132	C+	2	22%	29	C	1+	R	33	194	A1	12	
Driver	C+	I	1	115	C	1+	16%	19	C	1	R	29	163	A3	11	

A detailed commentary on the Job Evaluation of the Head of the National Secretariat can be found in Attachment 1.

All of the Job Evaluation results are derived from the updated Job Descriptions BHCL have prepared based on information provided by the Secretariat. The updated Job Descriptions can be found in Attachment 3.

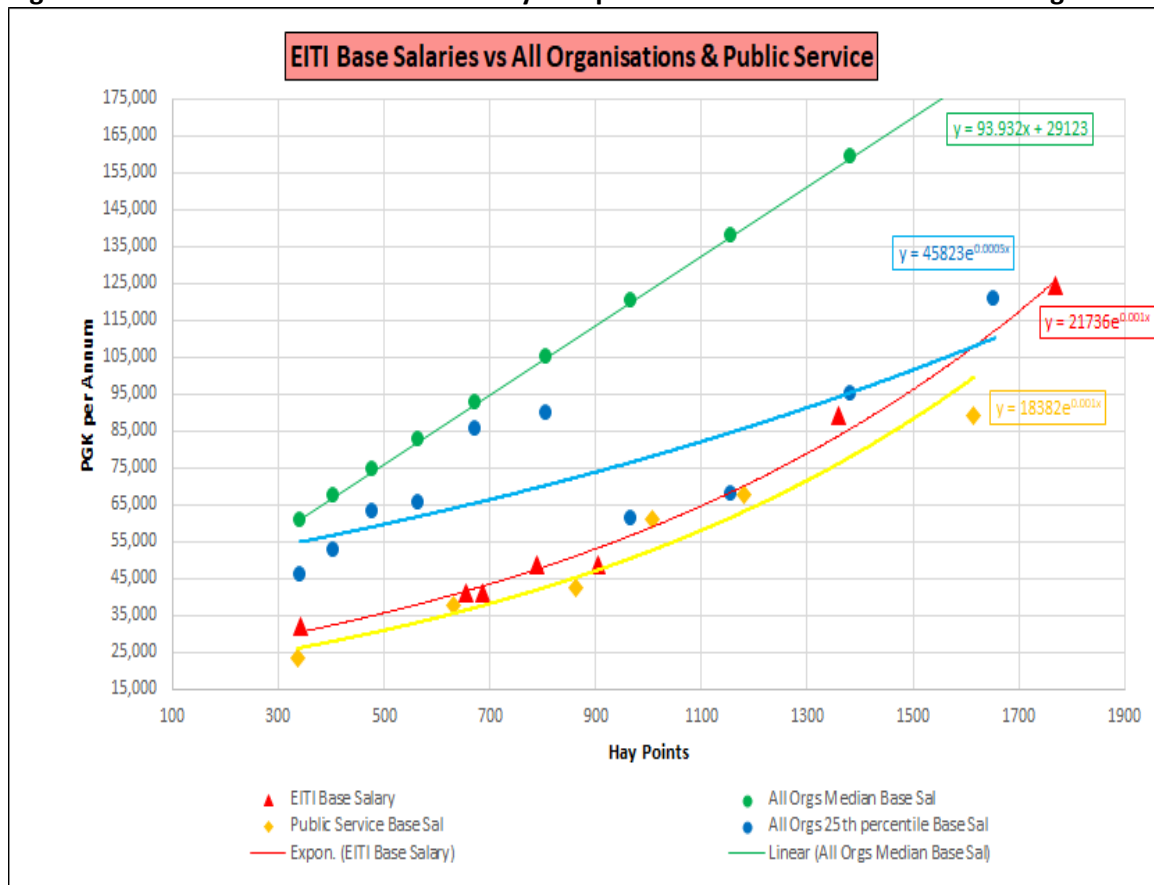
4.2 MARKET COMPARISON

BHCL compared the PNGEITI positions against the 2018 Korn Ferry Hay survey of PNG Remuneration and Benefits published in September 2018. A comparison was done between Base Salaries and Fixed Annual Reward at PNGEITI with the Public Sector and All Organisations Median and 25th Percentiles.

4.2.1 Base Salary Comparison

Based on these evaluations Figure 2 below shows where these positions compare to the Base Salaries (including Superannuation) in the Public Service and to the All Organisations 25th Percentile and Median remuneration practice lines.

Figure 1: PNG EITI Secretariat Base Salary Comparison with Public Service and All Orgs



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Table 2: PNG EITI Secretariat Base Salary Comparison Against Reference Levels

All Organisations Including Government & Public Service - EITI Current Remuneration against Reference Levels								
Base Salary								
Reference Levels	Hay Points Mid	All Orgs 50th	Percentage of Median	All Orgs 25th	Percentage of 25th Percentile	EITI Current	Pub Serv Current	Percentage of Pub Serv
Level 24 (1508 - 1800)	1,654	184,412	68%	120,636	103%	124,566	89,103	140%
Level 22 (1056 - 1260)	1,158	137,901	65%	67,555	132%	89,353	67,555	132%
Level 21 (880 - 1055)	968	120,084	41%	61,049	80%	48,669	61,049	80%
Level 20 (735 - 879)	807	104,987	46%	89,479	54%	48,669	42,684	114%
Level 19 (614 - 734)	674	92,515	45%	85,434	48%	41,327	37,940	109%
Level 15 (314 - 370)	342	60,827	53%	45,731	70%	32,240	23,467	137%
Level 12 (192 - 227)	210	33,822	0%	27,694	0%		16,933	0%
Level 11 (161 - 191)	176	26,466	0%	23,705	0%		12,880	0%
Average Difference Across All Reference Levels			53%		81%			119%

Note: Shading in the above table indicates in green where the EITI Base Salary is 20% or more above the All Organisations 25th Percentile or the Public Service median. Pink shading looks at the same relativities only 20% below the same comparative markets.

This table show us that:

- EITI contract Base Salaries as they currently stand are above their Public Service counterparts. Each of the 7 staff for whom we have data average 19% above their PS counterparts, with the Head, Deputy Head and Administration Officer substantially above their PS equivalents;
- The only position below the PS is the Media & Communication Specialist who is being paid on a Gr 15 contract when the evaluation indicates a higher Gr 16 figure is more appropriate;
- Like the Public Service, most employees' Base Salaries are below the All Organisations (including Government organisations) 25th Percentile level.
- Only exceptions to this observation are the Head and Deputy Head.

The MSG will need to decide whether it wants to link Base Salaries at PNGEITI with the Public Service or the All Organisations practice line. It could pay a certain percentage above the Public Service or below the All Organisations Median levels. This will be addressed in the Recommendations section.

4.2.2 Fixed Annual Reward Comparison

Fixed Annual Reward is also known as Total Remuneration and includes Base Salary and Superannuation and other benefits like:

- Gratuity
- Allowances
- Benefits
- Housing
- Education
- Motor Vehicle

Figure 3 below shows the PNGEITI Secretariat positions Fixed Annual Reward compared to the Public Service and All Organisations.

Figure 2: PNGEITI Secretariat Fixed Annual Reward Comparison with Public Service and All Organisations

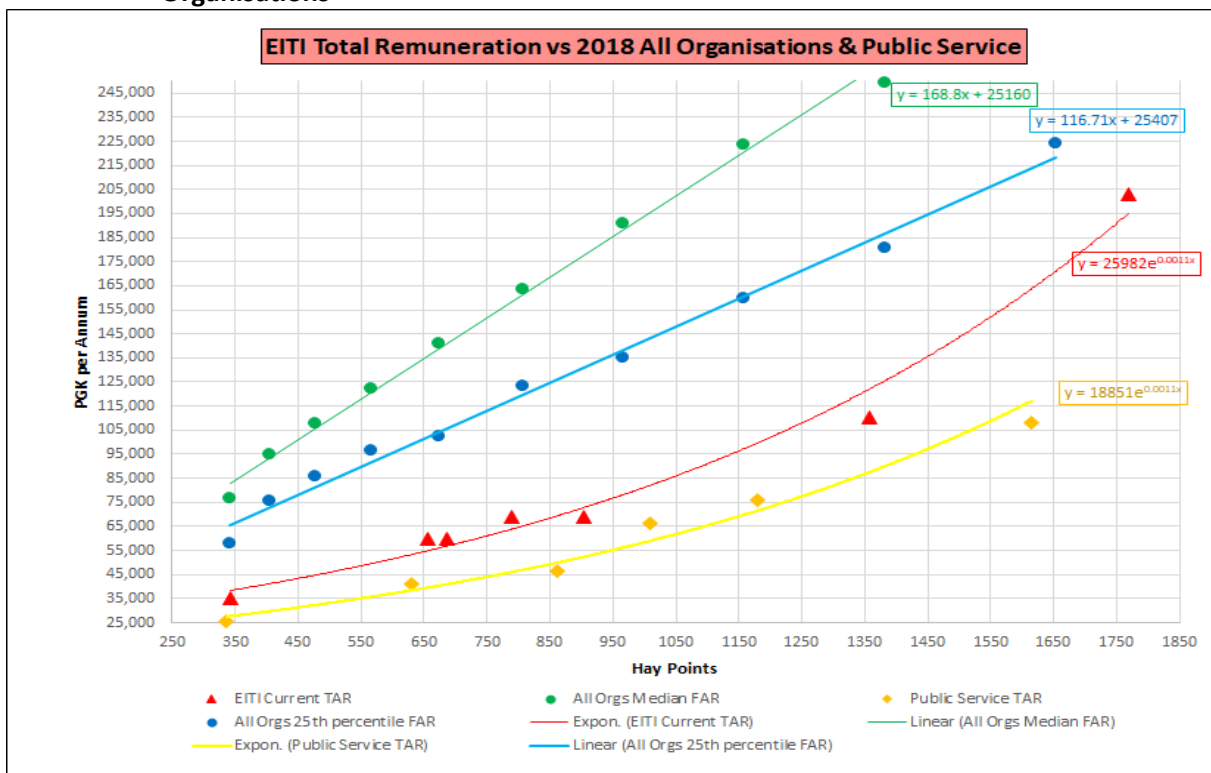


Table 3: PNG EITI Secretariat Fixed Annual Reward Comparison Against Reference Levels

All Organisations Including Government & Public Service - EITI Current Remuneration against Reference Levels								
Total Remuneration								
Reference Levels	Hay Points Mid	All Orgs 50th	Percentage of Median	All Orgs 25th	Percentage of 25th Percentile	EITI Current	Pub Serv Current	Percentage of Pub Serv
Level 24 (1508 - 1800)	1,654	307,655	66%	223,951	91%	202,876	107,988	188%
Level 22 (1056 - 1260)	1,158	223,132	49%	159,427	69%	110,330	75,730	146%
Level 21 (880 - 1055)	968	190,754	36%	134,710	51%	68,757	66,177	104%
Level 20 (735 - 879)	807	163,318	42%	123,036	56%	68,757	46,270	149%
Level 19 (614 - 734)	674	140,653	43%	101,990	59%	59,798	41,127	145%
Level 15 (314 - 370)	342	76,423	46%	57,843	60%	34,948	25,438	137%
Level 12 (192 - 227)	210	41,910	0%	28,967	0%		18,355	0%
Level 11 (161 - 191)	176	36,117	0%	24,708	0%		13,962	0%
Average Difference Across All Reference Levels			47%		64%			145%

This table show us that:

- When it comes to Total Remuneration, a similar theme can be observed.
- The superior allowances see the Head and Deputy Head increasing their margins over their PS counterparts by an average of 67%.
- On the whole EITI employees receive 45% better Total Remuneration packages than equivalent Public Servants.
- Although the base salary and allowance packages enjoyed by EITI staff are better than those provided to mainstream public servants, further ground is lost to the All Organisations Market

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as (on the whole) private sector counterparts receive superior levels and types of allowance and other benefits.

- No EITI employee's Total Rem package is above the equivalent Reference Level 25th Percentile salary line and, on average, each staff member is 36% below the rest of the PNG market.

The MSG will also need to decide whether it wants to link Allowances and other Benefits provided to PNGEITI staff with a certain All Organisations practice line, such as the 25th Percentile. Typically, private sector organisations provide housing and school benefits at Reference level 15 and above, that are not provided to public servants.

4.3 HEAD OF NATIONAL SECRETARIAT POSITION

Table 4 below shows specific comparisons between the Head of the National Secretariat and other similar positions in PNG.

Table 4: Head of PNG EITI Fixed Annual Reward Comparison

REMUNERATION COMPONENT	Head of EITI	Exec Manager MRA	National Director NAC	AVERAGE
Base Salary	99,652.50	118,979.00	136,737.00	118,456.17
Superannuation	8,370.81	9,994.24	11,485.91	9,950.32
Gratuity	24,913.13	33,500.00	0.00	29,206.57
Housing	30,000.00	40,510.00	0.00	35,255.00
SDMA	0.00	34,350.00	45,000.00	39,675.00
Motor Vehicle	30,000.00	35,000.00	74,863.00	46,621.00
Utility Allowance	3,620.00	0.00	4,050.00	3,835.00
Telephone	2,700.00	0.00	4,050.00	3,375.00
Security	0.00	0.00	6,750.00	2,250.00
Entertainment	3,620.00	0.00	6,500.00	5,060.00
Domestic Servant	0.00	0.00	4,455.00	4,455.00
Professional Assoc	0.00	2,000.00	0.00	2,000.00
Education	0.00	15,000.00	0.00	15,000.00
Airfares	0.00	10,000.00	0.00	10,000.00
Other	0.00	0.00	0.00	0.00
Total	202,876.44	299,333.24	293,890.91	265,366.86

The Head of the PNGEITI Secretariat is paid significantly below that of other similar positions. BHCL suggests that the components of the Package that should be considered for increase are Base Salary, Housing, Education and Airfares. The BHCL consultants further suggest that the emphasis be on an increase in Base Salary, as opposed to applying an SDMA, because of the multiplier effect Base Salary has on Gratuity.

The adoption of the following suggested package will move the National Director, EITI Secretariat to 13% above the All Organisations Fixed Annual Reward 25th Percentile line.

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Table 5: Director PNG EITI Fixed Annual Reward Recommendation

Components of Salary Package	Current	Proposed
Base Salary	99,653	120,000
Superannuation	8,371	8,371
Gratuity	24,913	30,000
Housing	30,000	40,000
Motor Vehicle	30,000	35,000
Utility Allowance	3,620	3,620
Telephone	2,700	2,700
Security	0	0
Entertainment	3,620	3,620
Airfares	0	10,000
Total	202,876	253,311

5. RECOMMENDATIONS

BHC recommends that:

- When EITI is fully funded, the MSG approve linking the remuneration levels at PNGEITI to the All Organisations (Including Government) line at the 25th Percentile level.
- The MSG approve an annual review of the market position of the Secretariat to keep them at the approved policy level.
- The Secretariat positions receive backdated pay increases that at least match those provided to the Public service for the years it has not been received – that is 3% in 2016, 2017 and 2018.
- The Head of the Secretariat be paid at a level approaching the average of other similar organisations and above the All Organisations 25th Percentile level as shown in Table 5 above.
- The Deputy Head be paid at 80% of the level of the Head.
- Total Packages for the other EITI positions be set at the equivalent All Organisations 25th Percentile amounts shown in Table 3 above.
- Once set for 2018, these same amounts be increased by 5% in 2019 to account for the anticipated CPI rate of 5%.
- The position titles: National Head of the PNGEITI Secretariat and Deputy National Head could be changed to something like Director and Deputy Director in keeping with other similar positions in PNG.

Attachment 1

JOB EVALUATION COMMENTARY – NATIONAL DIRECTOR PNGEITI SECRETARIAT

Position and incumbent information provided as described in the Findings section of this Report were then incorporated in a comprehensive Hay Job Evaluation process to determine its worth relative to other similar roles.

A brief outline of Hay Job Evaluation

The Hay Job Evaluation Methodology is an objective process that assesses 3 main Job Factors (Know How, Problem Solving and Accountability) and 8 Sub-factors that are present, to some degree, in all jobs. The appropriate levels of these Factors necessary for at least adequate performance of the position being evaluated, are determined by comparing what is expected of the incumbent against set standards enunciated in the Hay Guide Charts. For each Sub-factor, these statements are then assigned an alpha or numeric rating which is converted into a points score by determining the convergence of the three (Know How & Accountability) or two (Problem Solving) Sub-factors in the relevant Points Chart.

Know – How, which involves judgments relating to what is required for fully acceptable performance.

- 1) The amount of Technical or Specialist skills and experience
- 2) Supervisory or Management skills required
- 3) Human Relations skills required in the position

Problem Solving Skills, in which the Know-How is used to resolve problems faced by the position:

- 1) The Thinking Environment or level of Freedom to Think, which can be constrained or reduced by corporate rules and practices.
- 2) The Thinking Challenge which assesses the complexity of the problems the problems that need to be solved by the job's incumbent.

Accountability, used to assess the responsibility for taking action, and for the consequence of that action, in producing results.

- 1) This includes Freedom to Act, involving making decisions or making recommendations.
- 2) The Scope or Nature of Impact of the position, the degree to which the incumbent contributes to the position's deliverables.
- 3) The Magnitude or Area of Impact, how big an influence the decisions made and output delivered has on the bottom line.

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Based on the information provided, BHC arrived at the following evaluation:

Know – How

Depth and Range of Practical/Technical Know-How Professional)	G-	(Comprehensive
Planning, Organising and Integrating (Managerial) Knowledge	III+	(Broad)
Communicating and Influencing Skills	3	(Change Behaviour)

KH: G-III+3 = 700

Problem Solving

Thinking Environment – Freedom to Think	G	(Generally Defined)
Thinking Challenge	4	(Adaptive)

PS: G+4 (66%) 460

Accountability

Freedom to Act	G1	(Guided)
Area and Type of Impact	4+	(Medium - relative size)
Impact	P	(Prime)

ACC: G-4+P = 608

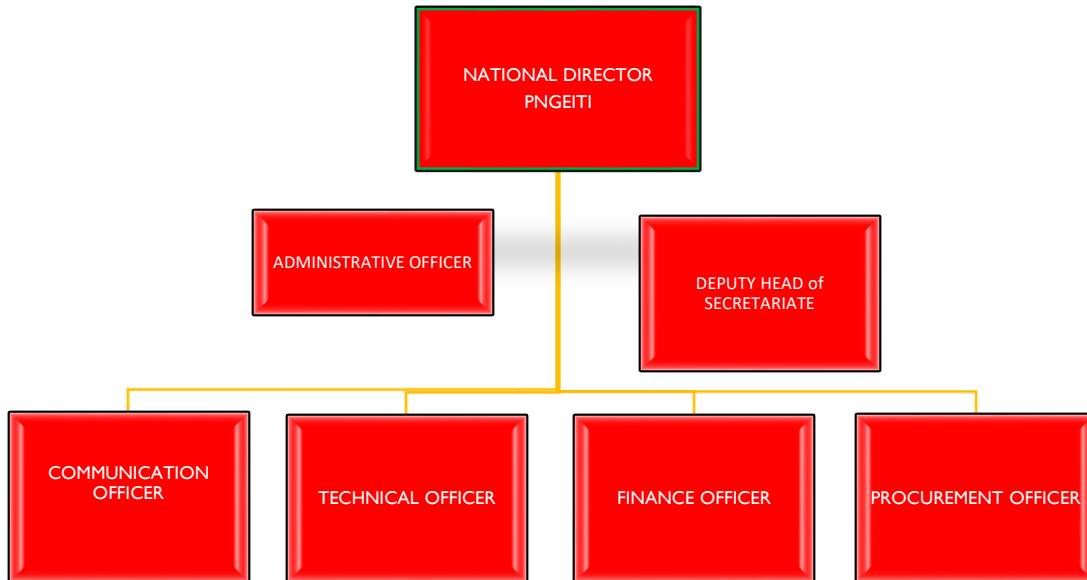
Total Hay Points: 700 + 460 + 608 = 1768

Job Profile A2

This score would result in the position being placed in Reference Level 24 and above a First Assistant Secretary but below a Deputy Secretary in a central agency of the Public Service.

Attachment 2

ORGANISATION STRUCTURE



Attachment 3

PNGEITI SECRETARIAT – UPDATED JOB DESCRIPTIONS