Public Sector Pay Scales in PNG: Are Academics Underpaid?

Thomas Wangi and Stephen Howes
Lecturer and Director
UPNG (Eco) and ANU (Devpolicy)
Objective of the research

- To understand why academic staff – especially in business and economics – leave public universities and join other institutions in the public sector, private sector, and other organizations)
Introduction

The research focus on pay scales of four public institutions;
- Universities (UPNG)
- Government Department
- Statutory Authorities
- Public Enterprise

- Compare pay scales among the above
- Compare at international level
- Conclude with policy recommendations
For noting

- Analysis of gross salary (before tax and super deductions)
- Data for heads of universities (Vice Chancellor), government departments (Secretary), statutory authorities (Chief Executive Officer), and public enterprise (Managing Director) not available.
- Private sector salary data not available, and for SAs and SOEs, we use anonymous examples for analysis.
UPNG has 6 categories of academic staffs: Tutor, Lecturer 1, Lecturer 2, Senior Lecturer, Associate Professor, and Professor. Each category has 7 salary points, with 4 as the median base salary.

Each salary point attracts a base salary, and compulsory allowances (ATA, DMA & Gratuity)

Other allowances (HDA) not included

No housing allowances and is NOT condition of employment, but many staff have university housing. Estimate of imputed Housing Value included in the pay scale.
1. For all positions the value of allowances is greater than the base salary.
2. There are significant pay differentials, with a professor earning 2.5 times the salary of a lecturer.
Public Service (Government Departments)

- The public service has 20 levels of pay grade up to Deputy Secretary. Each grade has 5 salary points, with 3 the median.
- Most senior officers receive Accommodation, Vehicles, Utilities, Telephone, and Entertainment Allowances.
- The Domestic Market Allowance is paid to both junior and senior staff above PS10.
- The standard housing allowance for grades below PS10 is K7 per fortnight.
1. The public sector pay scale covers a wide spectrum, from less than K8,300 for the lowest grade (1) to K140,000 for the highest (20), with a ratio of 18.

2. Allowances also varies, for grades 1 to 3, there are no allowances; for grades 4 to 17, allowances account between 5 and 19 percent of the total; and for the three very senior grades 18 to 20, allowances account at least 33 percent of the annual gross salary.
Has 16 levels of pay grade up to the General Manager.

Each grade has 7 salary points with 4 as the median salary base. The base salary varies with pay grades and salary points.

The allowances are the Domestic Market Allowance, Housing, Motor Vehicles, Entertainment, Utilities, Telephone and Gratuity.

Each pay grade receives a housing allowance. Most other allowances are only paid to senior positions.
1. Grades 1 to 8 allowances account between 13 and 22 percent of the gross salary, and for Grades above 9 allowances account between 35 and 53 percent of the annual gross salary.

2. The lowest grade (1) receives a total salary of K15,000, while the highest grade (16) receives a total salary of K174,000, giving a salary range of 11.5.
Has 12 levels of pay grade up to and including Chief Officer, which is a second-in-command position.

Each grade has 9 salary points, 5 is the median.

Individual allowances are for rent, vehicles, and market allowance.
The share of allowances in the salary is very constant across grades at around 40 per cent. The lowest pay is K31,000 and the highest is K353,000, giving a ratio of 11.
# Comparing Salaries across different Institutions

<table>
<thead>
<tr>
<th></th>
<th>Base Salary</th>
<th>Allowances</th>
<th>Total</th>
<th>Share of Allowances in Total</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>UPNG</td>
<td>41,657</td>
<td>71,345</td>
<td>113,002</td>
<td>63%</td>
<td>54,741</td>
<td>182,443</td>
<td>3.3</td>
</tr>
<tr>
<td>PS</td>
<td>30,171</td>
<td>8,463</td>
<td>38,633</td>
<td>22%</td>
<td>8,290</td>
<td>147,937</td>
<td>17.8</td>
</tr>
<tr>
<td>SA</td>
<td>39,576</td>
<td>29,613</td>
<td>69,188</td>
<td>43%</td>
<td>15,165</td>
<td>174,349</td>
<td>11.5</td>
</tr>
<tr>
<td>SOE</td>
<td>91,220</td>
<td>56,263</td>
<td>147,483</td>
<td>38%</td>
<td>30,843</td>
<td>352,535</td>
<td>11.4</td>
</tr>
</tbody>
</table>

1. Average pay is highest for the SOE, followed by UPNG and Statutory Authority, and then the public service.
2. The average share of allowances in total pay is highest at UPNG and lowest in the public service.
3. The pay range (ratio of highest to lowest pay) is the highest in the public sector, and lowest among academics.
Comparing Salaries across different Institutions

UPNG has the highest minimum pay. Maximum pay rates are similar for all three of UPNG, public service, and SA. Maximum pay is much higher at the SOE.

Allowances are more important for every UPNG salary grade than they are for any other grade at any other institution. Allowances are only important for higher grades in the public service and SA, but are of roughly equal importance across grades for the SOE.
## Comparable Positions in the Public Sector

<table>
<thead>
<tr>
<th>UPNG</th>
<th>Government</th>
<th>SA</th>
<th>SOE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Designation</td>
<td>Salary (K)</td>
<td>Designation</td>
<td>Salary (K)</td>
</tr>
<tr>
<td>Tutor</td>
<td>57,175</td>
<td>Graduate</td>
<td>21,051</td>
</tr>
<tr>
<td>Lecturer 1</td>
<td>76,440</td>
<td>Officer</td>
<td>30,907</td>
</tr>
<tr>
<td>Lecturer 2</td>
<td>98,684</td>
<td>Heads</td>
<td>36,285</td>
</tr>
<tr>
<td>Senior Lecturer</td>
<td>135,943</td>
<td>Assistant Secretary</td>
<td>61,132</td>
</tr>
<tr>
<td>Associate Professor</td>
<td>160,790</td>
<td>Deputy Secretary</td>
<td>147,937</td>
</tr>
<tr>
<td>Professor</td>
<td>192,895</td>
<td>Secretary</td>
<td>MD</td>
</tr>
</tbody>
</table>
For all positions, the SOE salaries are by far the highest, and 60 to 120 per cent above the comparable academic positions. For four out of the five positions, the SA positions are the second highest. However, the differences between the SA and academic positions are not large, often only around 10%. All comparable UPNG positions offer higher salaries than the comparable government positions. The differences are large (more than double) until the Associate Professor level.
PNG academic salaries emerge fairly well from this comparison, coming in at around the half-way mark, not far below Australia. Among developing countries, the only ones with higher professorial (top) salaries than PNG are Malaysia, South Africa and India. The other 12 developing countries in the sample all have professorial salaries below PNG.
International Comparisons

- Since academic salaries are internationally comparable in PNG, but PNG remains a very poor country, this must mean that the ratio of salaries to GDP per capita in PNG must be high. Figure 11 confirms that indeed, this ratio is higher for PNG than for any of the 28 countries surveyed by Altbach et al., and by a considerable margin. The ratio in PNG is 35. The next highest are Nigeria, India and Ethiopia, all around 25.
Recommendations

First: There is clearly need for an increase in salaries, but, since academic salaries are already high by international standards, any increase should not be across the board. Rather, it should be carefully targeted to those disciplines where there is competition from the market.

Second: Staff are already permitted to undertake consultancies, and this policy should remain in place. However, too much reliance on consultancy income will undermine teaching and research performance.

Third: Allowances are very important for university remuneration: much more important than for any other public sector institution. Where universities are able to provide housing, they should take measures to improve their housing stock, in terms of both quantity and quality.

Fourth: it will be difficult, and perhaps impossible and indeed undesirable, to close the gap between academic and SOE salaries. Other measures, such as improving the job satisfaction of academics by improving the work environment, and increasing the supply of quality candidates to fill academic positions will also be critical.
Thank you