

Directive on performance pay administration for certain senior excluded and unrepresented groups and levels

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Directive on Performance Pay Administration for Certain Senior Excluded and Unrepresented Groups and Levels

1. Effective date

- 1.1 This directive takes effect for the review period starting on April 1 ,2020.
- 1.2 This directive replaces the following Treasury Board policy instruments:
 - o Performance Pay Administration Policy for Certain Non-Management Category Senior Excluded Levels (2002)
 - o Salary Administration Policy - Mediation/Conciliation Officer Sub-group (1996)

2. Authorities

- 2.1 This directive is issued pursuant to the authorities indicated in section 2 of the *Policy on People Management*.

3. Objectives and expected results

- 3.1 The objectives of this directive are as follows:
 - 3.1.1 To encourage excellent performance by providing performance pay that is consistent with the standards established in the performance management program; and
 - 3.1.2 To provide a framework for accurate and consistent administration of performance pay for certain senior excluded and unrepresented employees.
- 3.2 The expected results of this directive are as follows:
 - 3.2.1 Performance pay supports and reflects the standards and values established in the performance management program; and
 - 3.2.2 Performance pay is implemented accurately and consistently across the core public administration, based on each employee's performance assessment.

4. Requirements

- 4.1 The head of human resources is responsible for the following:

- 4.1.1 Ensuring that performance pay is administered in accordance with the requirements in Appendix A and based on each employee’s performance assessment;
- 4.1.2 Ensuring that the process of determining performance pay for a review period ending March 31 begins on April 1 of the following fiscal year or on a date prescribed by the Treasury Board;
- 4.1.3 Ensuring that performance pay payments do not exceed the maximums available for the evaluated level of performance;
- 4.1.4 Ensuring that expenditures on in–range salary increases and lump sum performance awards do not exceed the organization’s performance pay budget of a maximum of 5% of salary expenditure, or according to subsection A.2.1.2, for the eligible employees at the end of the review period;
- 4.1.5 Ensuring that all information, training, advice and guidance required to implement and administer the performance pay plan is provided to managers and human resources advisors; and
- 4.1.6 Ensuring that before an employee starts a secondment, the two organizations involved in the secondment agree in writing which one is responsible for paying performance pay for any eligible periods of employment covered under this directive.

5. Roles of other government organizations

5.1 Not applicable.

6. Application

6.1 This directive applies to persons employed in the core public administration who occupy a position in the following excluded or unrepresented groups and levels:

Group	Group and level
Administrative Services	AS–07 and AS–08
Financial Management	FI–04
Information Services	IS–06
Personnel Administration	PE–06
Program Administration—Mediation Conciliation Sub-Group	PM–MCO-01 to PM–MCO-04
Purchasing and Supply	PG–06

Group	Group and level
Translation	TR-04 and TR-05
Welfare Programs	WP-07

6.2 This directive does not apply to casual workers, persons employed for terms of less than three months, part-time workers, or members of the Royal Canadian Mounted Police.

7. References

7.1 Legislation

- o Federal Public Sector Labour Relations Act
- o Financial Administrative Act
- o Public Service Employment Act

7.2 Related policy instruments

- o Directive on Performance Management Program
- o Directive on Terms and Conditions of Employment
- o Directive on Terms and Conditions of Employment for Certain Excluded and Unrepresented Groups and Levels
- o Policy Framework for the Management of Compensation
- o Values and Ethics Code for the Public Sector

8. Enquiries

8.1 For interpretation of any aspect of this directive, contact your departmental corporate labour relations or compensation officials. If necessary, departmental corporate labour relations or compensation officials may contact:

Compensation and Collective Bargaining Management
Employment Conditions and Labour Relations
Office of the Chief Human Resources Officer
Treasury Board of Canada Secretariat
Email: Interpretations@tbs-sct.gc.ca

Appendix A: Standards for the Administration of Performance Pay

A.1 Eligibility

A.1.1 To be eligible for performance pay under this directive, an employee must:

A.1.1.1 Have occupied a position listed in subsection 6.1 of this directive during the fiscal year for which performance is being assessed;

A.1.1.2 Have a valid performance agreement, in accordance with subsection B.2.2.1 of the Directive on Performance Management, and an assessment of performance against it; and

A.1.1.3 Have performed the duties of the position for a minimum of three consecutive months.

A.2 Performance pay budget

A.2.1 An organization's performance pay budget is a percentage of the total salary expenditure at the end of the performance review period (March 31) for employees in the occupational groups and levels to which this directive applies. The specific percentage depends on the number of employees in the organization who are covered by this directive.

A.2.1.1 For organizations with 20 or more employees covered by this directive, the percentage must not exceed 5%.

A.2.1.2 For organizations with fewer than 20 employees covered by this directive the percentages are as follows:

No. of employees covered by directive	Percentage of total salary * - expenditure (%)
1	10.0
2	7.0
3	6.0
4	6.3
5	5.8
6	5.5
7	5.7

* - Includes the salary of employees who are acting in positions that are eligible for performance pay.

No. of employees covered by directive	Percentage of total salary * - expenditure (%)
8	5.5
9	5.3
10	5.2
11	5.4
12	5.3
13	5.2
14	5.3
15	5.2
16	5.1
17	5.2
18	5.2
19	5.1
* - Includes the salary of employees who are acting in positions that are eligible for performance pay.	

A.3 Performance pay

- A.3.1 To receive performance pay, an employee's performance rating must be at least "Succeeded".
- A.3.2 Performance pay must be pro-rated to the actual time spent working in the eligible position.
- A.3.3 Performance pay may be awarded as an in range salary increase or as a lump sum performance award. In both cases, performance pay is a percentage of the employee's salary on March 31 and depends on the employee's performance rating:

Performance rating	Percentage of salary
Surpassed (Level 5)	Up to 10%
Succeeded plus (Level 4)	Up to 7%

Performance rating	Percentage of salary
Succeeded (Level 3)	Up to 5%
Succeeded minus (Level 2)	0%
Did not meet (Level 1)	0%
Unable to assess (Level 0)	0%

A.3.4 Organizations may further subdivide a performance rating level and the corresponding percentage with an assigned percentage that must be no more than the maximum for that level, as indicated in subsection A.3.3. This must be done by developing consistent assessment criteria that will be applied across the organization.

A.3.5 The distribution of performance ratings across the organization is to be used in determining an individual employee's performance pay amount.

A.4 In-range salary increases

A.4.1 Performance pay for employees who are paid at a rate below the maximum rate of pay is to be applied as an in range salary increase. In other words, the base salary will increase so that the salary moves up within the salary range.

A.4.2 When an in range salary increase would result in a salary that would exceed the current maximum rate of pay, see subsection A.6.1.

A.5 Lump sum performance awards

A.5.1 Performance pay for employees whose salary is at the maximum rate of pay is to be paid as a lump sum performance award.

A.5.2 Lump sum performance awards must be re earned each review period.

A.5.3 Lump sum performance awards are considered part of salary for pension purposes. They are not considered part of salary for the purposes of salary calculations relating to promotion, deployment, or acting pay, or for the purposes of calculating termination benefits such as severance pay and cash-out of vacation leave.

A.6 Combined application of in-range salary increase and lump sum performance award

A.6.1 An employee may reach the maximum rate of pay with an in-range salary increase that is less than the amounts permissible under subsection A.3.3. In such a case, an organization may grant the employee a lump sum performance award in addition to the in-range salary increase. The combination of the two amounts must not exceed the maximum amount permitted for each performance rating.

A.7 Administration of performance pay in special circumstances

This section contains details on the administration of performance pay in special circumstances.

A.7.1 In order for the provisions of this section to apply, employees must first meet the eligibility criteria set out in section A.1.

Leave with or without pay

A.7.2 An employee who was on leave with or without pay for less than three consecutive months during the review period may be eligible for performance pay as long as the organization is able to assess the employee's performance.

A.7.3 An employee who was on leave with or without pay for three consecutive months or more during the review period may be eligible for performance pay as long as the organization is able to assess the employee's performance. In this situation, the amount of performance pay awarded is pro-rated so that the period the employee was on leave is not counted because they did not perform the duties of the position while on leave.

Full-time language training

A.7.4 An employee on full-time language training for less than three consecutive months during the review period may be eligible for performance pay as long as the organization is able to assess performance.

A.7.5 An employee on full-time language training for three consecutive months or more during the review period may be eligible for an in range salary increase as follows:

A.7.5.1 On a pro-rated basis for the time spent performing the duties of the eligible position; and

A.7.5.2 On a pro-rated basis for the time spent on language training, up to the maximum percentage increase for the performance rating "Succeeded" and contingent upon successful completion of language training or of any required components of language training during the review period.

A.7.5.3 For greater certainty, an employee on full-time language training for three consecutive months or more during the review period is not eligible for a lump sum performance award for the time spent on full-time language training.

Employee acting in an eligible position during review period

- A.7.6 The administration of performance pay for an employee in acting status during the review period depends on whether the employee's substantive position is subject to performance pay and on whether the employee's salary in the substantive position is at the maximum.

Substantive position not subject to performance pay under this directive and employee's salary in substantive position not at maximum

A.7.6.1 No in-range salary increase is applied at the start of the review period. Rather, the substantive salary is revised as of the date the employee's next increment is due in the substantive position, and the acting salary is recalculated based on the new substantive salary.

A.7.6.2 If the recalculation of the substantive salary described in subsection A.7.6.1 does not change the acting salary, then the performance pay awarded is based on the performance rating in the acting position and is applied to the acting salary to determine the new acting salary, as of the employee's increment date in the substantive position.

A.7.6.3 If the recalculation of the acting salary will exceed the maximum rate of pay of the acting position, the employee may receive the excess amount as a lump sum performance award.

Substantive position not subject to performance pay under this directive and employee's salary in substantive position at maximum

A.7.6.4 The percentage award is based on the performance rating in the acting position and applied to the acting salary to determine the new salary as of the start of the review period.

A.7.6.5 If the recalculation of the acting salary will exceed the maximum rate of pay of the acting position, the employee may receive the excess amount as a lump sum performance award.

Substantive position subject to performance pay under this directive and employee's salary in substantive position not at maximum

A.7.6.6 The performance assessment is converted into a rating and performance pay percentage appropriate to the substantive group and level, based on how performance pay is applied in the employee's substantive position.

A.7.6.7 The substantive performance pay percentage is applied to the salary of the substantive position to determine the new substantive salary.

- A.7.6.8 The acting rate of pay is recalculated based on the new substantive salary, and the employee receives this salary for the period that they are in acting status.
- A.7.6.9 If the calculation in subsection A.7.6.8 generates a lump sum payment based on how performance pay is applied in the employee's substantive position, this lump sum can be added to the acting pay.
- A.7.6.10 If the recalculation of the substantive salary does not result in a higher acting salary, the acting pay is recalculated based on the percentage award for the performance in the performance pay plan of the acting position, and this percentage is applied to the acting salary to determine the new acting salary for the period the employee is in acting status.
- A.7.6.11 If the recalculation of the acting salary will exceed the maximum rate of pay of the acting position, the employee may receive the excess amount as a lump sum performance award.

Substantive position subject to performance pay under this directive and employee's salary in substantive position at maximum

- A.7.6.12 The acting rate of pay is recalculated based on the percentage award for the performance in the performance pay plan of the acting position, and this percentage is applied to the acting salary to determine the new acting salary for the period the employee continues to act.
- A.7.6.13 If the recalculation of the acting salary will exceed the maximum rate of pay of the acting position, the employee may receive the excess amount as a lump sum performance award.

Employee's position reclassified

- A.7.7 An employee whose position is reclassified retroactively during the review period may be awarded performance pay that is pro-rated to the time spent working in the position at the new level in the current fiscal year; no performance pay will be awarded for periods outside the current fiscal year.

Employee subject to salary protection

- A.7.8 A salary-protected employee who occupies a position listed in subsection 6.1 of this directive will have their lump-sum performance award calculated based on the maximum rate of pay of the substantive position and not on the salary protected rate of pay.

Employment is terminated before end of review period

- A.7.9 When employment ceases before the end of the review period, the former employee is not eligible for an in-range salary increase but may be eligible for a lump sum performance award in accordance with subsection A.5.1.
- A.7.10 If an employee is terminated under paragraph 12(1)(c), (d) or (e) of the *Financial Administration Act*, no performance pay is paid.

Death

- A.7.11 If an employee dies during the review period and was eligible for a lump sum performance award, it is to be paid to the former employee's estate.

A.8 Authorization

- A.8.1 The head of human resources is authorized to determine in range salary increases and lump sum performance awards in accordance with this directive unless otherwise directed by the Chief Human Resources Officer, Treasury Board of Canada Secretariat.
- A.8.2 When the circumstances of a case are so exceptional that an organization believes that the maximum percentages set out in its performance pay budget should be exceeded, the head of human resources must obtain prior written approval from the Chief Human Resources Officer, Treasury Board of Canada Secretariat.

Appendix B: Definitions

Definitions to be used in the interpretation of this directive can be found in this appendix and Appendix D of the Policy on People Management.

performance review period (période d'examen)

The period starting on April 1 and ending on March 31 of the following year or a different period as prescribed by the Treasury Board.

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