

**2005 - 2006  
PERFORMANCE  
MANAGEMENT PROGRAM  
GUIDELINES**

**DEPUTY MINISTERS,  
ASSOCIATE DEPUTY MINISTERS  
AND INDIVIDUALS PAID IN THE  
GX SALARY RANGE**

**Senior Personnel and Special Projects Secretariat  
Privy Council Office  
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## **PERFORMANCE MANAGEMENT PROGRAM GUIDELINES**

The purpose of this document is to provide an overview of the Performance Management Program as it applies to deputy ministers, associate deputy ministers, and individuals paid in the GX salary range.

This guide and all related documentation are available on the Privy Council Office Web site at: [www.pco-bcp.gc.ca/performance-rendement](http://www.pco-bcp.gc.ca/performance-rendement).

### **PROGRAM OBJECTIVE**

The objectives of the Performance Management Program are:

- to encourage excellent performance by recognizing and rewarding the achievement of results that are linked to business plans and government objectives and the demonstration of leadership competencies; and
- to provide a framework within which a consistent and equitable approach to performance management can be applied.

### **COMPENSATION PLAN**

In February 1998, the government accepted the recommendations contained in the *First Report of the Advisory Committee on Senior Level Retention and Compensation*. As a result, a new compensation plan for deputy ministers, associate deputy ministers, and other Governor in Council appointees was introduced.

Cash compensation for senior personnel has two components - base salary and performance pay. Performance pay has two elements - a variable amount (at-risk pay) which must be re-earned each year and a bonus for performance that surpasses expectations. As in the private sector, it would be expected that most senior personnel would receive at-risk pay.

An effective performance management program is integral to the success of this compensation plan.

## PERFORMANCE MANAGEMENT PROGRAM COMPONENTS

### Eligibility

To be eligible for performance pay, incumbents appointed by the Governor in Council must normally hold their positions for at least six (6) consecutive months in the performance cycle. This period allows the incumbent sufficient time to achieve measurable results. If the period covered by the performance evaluation is less than 12 months (full performance cycle), performance pay, if approved, is prorated.

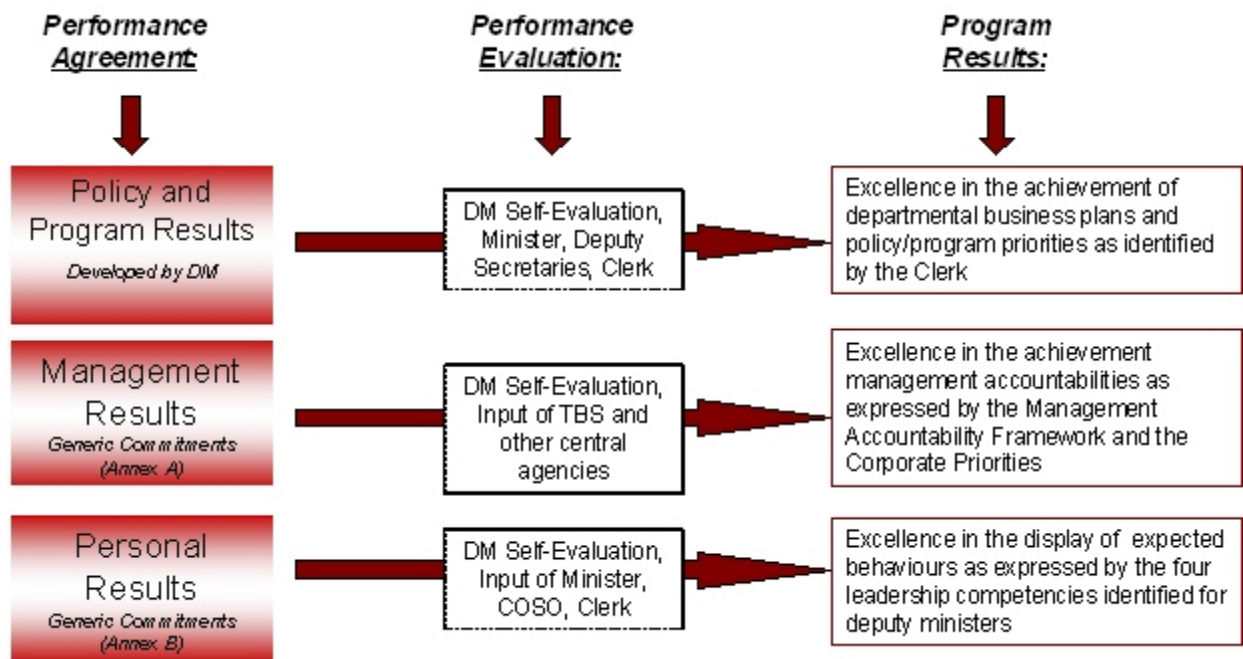
If an individual is appointed as a deputy minister (or associate deputy minister or paid within the GX salary range) from an assistant deputy minister position during the performance cycle, the individual will be included in the Performance Management Program for Deputy Ministers for the complete cycle.

### Performance Agreement

The performance agreement is a mutual understanding between the deputy minister and the Clerk of the Privy Council (or the associate deputy minister/GX and the deputy minister) as to what is expected for the performance cycle. This performance agreement is comprised of commitments and their related performance measures in the following three categories:

- 1) ***Policy and Program Results:*** These commitments reflect the organization's priority areas of focus during the performance cycle related to business plans. They are challenging but achievable with effort through the individual's own influence and control. They are also results-oriented and measurable. Individuals are expected to develop the following into their performance agreements, as appropriate:
  - commitments based on the business plans of the department;
  - a commitment that reflects a priority area of focus related to the policy or program agenda of the government as identified by the Clerk of the Privy Council.
- Each commitment must be accompanied by related performance measures which are observations or data that determine and define if and how well the commitments are met. They will form the basis of reporting at the end of the performance cycle.

- 2) **Management Results:** Individuals with responsibility and accountability for the management of an organization will also be measured on their progress against core organizational and management accountabilities as described in the Corporate Priorities issued annually by the Clerk of the Privy Council and in the Management Accountability Framework of the Treasury Board Secretariat. Individuals' performance will be assessed against the generic management results commitments (Annex A) which will serve as the benchmark for expected performance.
- 3) **Personal Results:** These commitments reflect the expected demonstration of the leadership competencies required to successfully carry out the responsibilities of the position. Individuals' performance will be assessed against the generic leadership commitments (Annex B) which will be used as the benchmark for expected performance.



### **Changes to Performance Agreements**

Changes may be made to the performance agreement during the performance cycle, in consultation with the Clerk (or with the deputy minister in the case of associate deputy ministers/persons paid in the GX salary range).

### **Performance Evaluation**

At the end of the performance cycle, each deputy minister completes a self-evaluation assessing achievements against the agreed upon commitments. Deputy ministers also complete an evaluation of their associate deputy minister(s) as well as those paid in the GX salary range, where applicable.

Additional information is sought by the Privy Council Office to supplement the self-evaluations including:

- the input of the responsible Minister;
- the comments of central agencies including the Treasury Board Secretariat reporting on results in relation to the Management Accountability Framework; and
- the input of the Committee of Senior Officials.

### **Evaluation Results**

Overall performance is evaluated with the following possible results:

- *No Performance Pay/Unable to Assess*  
  
Did not achieve the performance expectations or unable to assess the performance during the cycle (leave, training, special assignment).
- *At-Risk Pay*  
  
Has achieved the performance expectations.
- *Bonus*  
  
Has surpassed performance expectations.

The amount of performance pay is determined by the degree to which the commitments were achieved, the relative contribution of the individual and the manner in which these results were achieved.

### **Performance Pay**

The Performance Management Program provides the opportunity to earn the following compensation:

- *In-Range Salary Movement*  
  
Movement through the salary range, up to the maximum of the range, is earned through the successful achievement of commitments. Normal progression for successful performance is 5% per year. Higher or lower percentages may be approved based on the degree of performance against expectations. No in-range salary increase is awarded for performance that does not achieve expectations.
- *At-Risk Pay*  
  
This lump sum payment is equivalent to a percentage of base salary and must be re-earned each year, based on the successful achievement of commitments. This payment does not increase an individual's base salary but is included in average salary for pension calculations. At-risk pay can be earned regardless of an individual's position in the salary range, however, no at-risk pay is awarded for performance that does not achieve expectations.

- *Bonus*

This lump sum payment is in addition to at-risk pay and is based on the individual's demonstrated performance that has surpassed expectations. Like at-risk pay, this payment does not increase an individual's base salary but is included in average salary for pension calculations. Bonuses can be earned regardless of an individual's position in the salary range.

- *Economic Increase*

Eligibility for an economic increase, as recommended annually by the *Advisory Committee on Senior Level Retention and Compensation*, is normally dependent upon the successful achievement of commitments. An economic increase is also awarded in cases where performance is unable to be assessed for reasons such as leave, training, etc. Therefore, no economic increase is awarded for performance that does not achieve expectations.

In implementing in-range salary increases, at-risk pay and bonuses, the salary used as the base for calculations is that in effect on the last day of the performance cycle, that is, March 31<sup>st</sup>. Economic increases are based on the salary following application of any in-range salary increase.

The following table illustrates the maximum performance awards available according to performance and the individual's level:

<b>Summary of Compensation Eligibility Pursuant to the PMP for 2005-2006</b>					
<i>Evaluation Results</i>	<i>Definitions</i>	<i>At-Risk Pay</i>	<i>Bonus</i>	<i>In-Range Salary Increase</i>	<i>Economic Increase</i>
<i>No Performance Pay</i>	Unable to Assess	X	X	X	✓
	Did Not Achieve Performance Expectations	X	X	X	X
<i>At-Risk Pay</i>	Achieved Performance Expectations	✓ DM-1/GX: Up to 10% ✓ DM-2/3: Up to 13% ✓ DM-4: Up to 17%	X	✓	✓
<i>Bonus</i>	Surpassed Performance Expectations	✓ DM-1/GX: 10% ✓ DM-2/3: 13% ✓ DM-4: 17%	✓ DM-1/GX: Up to an additional 5% ✓ DM-2/3: Up to an additional 7% ✓ DM-4: Up to an additional 8%	✓	✓

## **Approval**

Compensation for deputy ministers and associate deputy ministers is approved by the Governor in Council. Copies of the Order in Council authorizing payment are provided to the individuals concerned for forwarding to their compensation office for implementation.

## **Communications**

To ensure transparency and understanding of the program objectives and results, as well as alignment in the organization, individuals are encouraged to share their performance commitments with their organization.

## **Timelines**

### **February**

- Corporate priorities and policy/program commitments are finalized.
- Call letters to deputy ministers are sent requesting an evaluation of the previous fiscal year's performance, including those of associate deputy ministers and individuals paid in the GX salary range, and a proposed performance agreement for the next fiscal year.

### **January - March**

- Deputy ministers finalize planning processes, meet with management teams on commitments, etc.

### **April**

- Evaluations and performance agreements are due.
- Clerk seeks input from various sources including Ministers, the Privy Council Office and central agencies.

### **May**

- COSO meeting is held to provide advice to the Clerk on individual performance.

### **June**

- Clerk follows up with each deputy minister to discuss performance and to finalize the new performance agreement.
- Performance pay is implemented.

## Management Results Generic Commitments

These commitments reflect the core organizational and management accountabilities as described in the Treasury Board Secretariat's Management Accountability Framework.

### **Policy and Programs**

Organizational research and analytic capacity is developed and sustained to assure high quality policy options, program design and advice to ministers.

### **People**

The organization has the people, work environment and focus on building capacity and leadership to assure its success and a confident future for the Public Service of Canada.

### **Citizen Focussed Service**

Services are citizen-centred, policies and programs are developed from the "outside in" and partnerships are encouraged and effectively managed.

### **Risk Management**

The executive team clearly defines the corporate context and practices for managing organizational and strategic risks pro-actively.

### **Stewardship**

The organizational control regime (assets, money, people, services, etc.) is integrated and effective, and its underlying principles are clear to all staff.

### **Accountability**

Accountabilities for results are clearly assigned and consistent with resources, and delegations are appropriate to capabilities.

### **Public Service Values**

Through their actions, organizational leaders continually reinforce the importance of public service values and ethics in the delivery of results to Canadians (e.g. democratic, professional, ethical and people values).

### **Governance and Strategic Direction**

The essential conditions - internal coherence, corporate discipline and alignment to outcomes - are in place for providing effective strategic direction, support to the minister and Parliament, and the delivery of results.

### **Learning, Innovation and Change Management**

The organization manages through continuous innovation and transformation, promotes organizational learning, values corporate knowledge, and learns from its performance.



## Personal Results Generic Commitments

These commitments reflect the expected demonstration of the key leadership competencies required to successfully carry out the responsibilities of the position as defined in the leadership competency profile for deputy ministers (DMs). The profile can also be found at the following Web site:

[http://www.hrma-agrh.gc.ca/leadership/klc-ccl/intro\\_e.asp](http://www.hrma-agrh.gc.ca/leadership/klc-ccl/intro_e.asp).

### VALUES AND ETHICS – Serving through Integrity and Respect

Public Service (PS) leaders serve Canadians, ensuring integrity in personal and organizational practices, and respect people and PS principles, including democratic, professional, ethical, and people values. They build respectful, bilingual, diverse and inclusive workplaces where decisions and transactions are transparent and fair. They hold themselves, their employees, and their organizations accountable for their actions.

An effective leader:

- Demonstrates values and ethics, including the Code, in personal behaviour;
- Integrates values and ethics, including the Code, in departmental practices;
- Makes transparent decisions without favouritism or bias;
- Models and instills commitment to citizen-focused service and the public good;
- Provides fearless advice and acts with the courage of his/her convictions;
- Recognizes and reconciles conflicting values;
- Creates an inclusive and diverse culture built on Official Languages (OL) and Employment Equity (EE) policies; and
- Models and builds a culture of respect for people and PS principles.

### STRATEGIC THINKING – Innovating through Analysis and Ideas

PS leaders advise and plan based on analysis of issues and trends, and how these link to the responsibilities, capabilities, and potential of their organization. They scan an ever-changing, complex environment in anticipation of emerging crises and opportunities. They develop well-informed advice and strategies that are sensitive to the various needs of multiple stakeholders and partners, reflect the strategic direction of the PS, and position the organization for success.

#### ANALYSIS

An effective leader:

- Frames issues with a thorough understanding of legislation and the role of the DM;
- Identifies links between global, societal, and economic trends, stakeholder concerns, the policy agenda, public service values, and departmental, regional and horizontal issues;
- Extracts the key issues from complex, ambiguous, rapidly changing contexts; and
- Analyzes problems thoroughly before developing solutions.

#### IDEAS

An effective leader:

- Provides quality judgment and policy advice to the Minister;
- Develops vision and policy, based on broader PS vision and policy and the national context;
- Projects beyond the status quo to the department's potential contribution to society;
- Sets necessary transformational goals with broad perspective and long-term timelines;
- Encourages debate and ideas from across hierarchy, skills sets, and stakeholders;
- Anticipates emerging issues / changing context and develops strategies quickly to solve problems or seize opportunities; and
- Teaches and learns from others.

## **ENGAGEMENT – Mobilizing People, Organizations, Partners**

PS leaders engage people, organizations, and partners in developing goals, executing plans, and delivering results. They lay the groundwork by building coalitions with key players. They mobilize teams, building momentum to get things done by communicating clearly and consistently, investing time and energy to engage the whole organization. They use their negotiation skills and adaptability to encourage recognition of joint concerns, collaboration, and to influence the success of outcomes. They follow and lead across boundaries to engage broad-based stakeholders, partners, and constituencies in a shared agenda and strategy.

An effective leader:

- Develops effective working relationships and trust with the Minister and Minister's Office;
- Acts as interface and builds relations between the Minister, partners, stakeholders, and Central Agencies;
- Mobilizes and motivates teams to achieve objectives;
- Builds a commitment to excellence and common purpose by promoting the vision internally and externally;
- Collaborates with strategic alliances to achieve departmental and shared objectives;
- Develops and implements effective communication and engagement strategies with partners, including unions;
- Builds support through influence, negotiation, and balancing national and regional interests;
- Removes barriers to collaboration; and
- Works with other DMs as a corporate collective to strengthen PS results for Canadians.

## **MANAGEMENT EXCELLENCE – Delivering through Action Management, People Management, Financial Management**

PS leaders deliver results by maximizing organizational effectiveness and sustainability. They ensure that people have the support and tools they need and that the workforce as a whole has the capacity and diversity to meet current and longer-term organizational objectives. They align people, work, and systems with the business strategy to harmonize how they work and what they do. They implement rigorous and comprehensive human and financial resources accountability systems consistent with the Management Accountability Framework (MAF). They ensure that the integrity and management of information and knowledge are a responsibility at all levels and a key factor in the design and execution of all policies and programs.

**ACTION MANAGEMENT: Design and Execution**

An effective leader:

- Leads organizational change that maximizes results, departmentally and PS-wide;
- Builds an effective, sustainable organization through stewardship and governance;
- Creates, aligns, and integrates structures, systems, and teams to better achieve objectives;
- Integrates the business plan into a transparent management framework;
- Integrates Comptrollership, MAF, federal legislation, regulations, and policies into organizational practices;
- Fulfils obligations of management accountabilities;
- Applies and encourages strategic risk management practices;
- Integrates HR, Finance, IT, IM, and Communications issues into planning and actions;
- Revises goals and plans to reflect changing priorities or conditions;
- Commits to a course of action despite incomplete information, if required;
- Makes decisions, initiates urgent actions, and remains calm in crisis situations; and
- Recognizes and acknowledges errors and makes corrections.

## PEOPLE MANAGEMENT: Individuals and Workforce

An effective leader:

- Invests time in managing and developing people, individually and collectively;
- Looks after people and builds staff morale;
- Provides clear direction on priorities;
- Encourages reasonable and strategic risk taking;
- Recognizes and rewards results and deals constructively with setbacks;
- Gives clear, honest feedback and manages non-performance;
- Builds accountability and value for people management within the executive community;
- Provides people with the ongoing learning, support, and tools they need;
- Ensures the workforce has the capacity and diversity to meet current and future needs;
- Builds rigorous HR systems and fulfils obligations of HRM accountabilities; and
- Collaborates within the DM collective on PS-wide HR initiatives and issues.

## FINANCIAL MANAGEMENT: Budgets and Assets

An effective leader:

- Implements strategies to achieve operational efficiencies and value for money;
- Builds, operates, and monitors rigorous systems for Financial Information Management, internal audit, and evaluation;
- Fulfils obligations of accountabilities for departmental finance and assets management;
- Delegates authority, responsibility, and accountability to appropriate levels;
- Acts on audit, evaluation, and other objective performance information;
- Links financial and performance information; and
- Manages stewardship issues actively, e.g. chairs audit and evaluation committees, seeks strategic re-allocation.