



17 December 2021

[Redacted]

Ref: OIA-2021/22-0487

Dear [Redacted]

Official Information Act request relating to DPMC's Performance payments and bonus policy

Thank you for your Official Information Act 1982 (the Act) request received on 26 October 2021. You requested:

"Can you please provide me with a copy of the policy you have in place that pertains to performance payments made to staff, whether this goes by the name performance payment policy, bonus policy and or ex-gratia payment policy..."

The time frame for responding to your request was extended under section 15A of the Act by 20 working days because consultations needed to be undertaken before a decision could be made on your request. Following this extension, I am now in a position to respond.

Under the Act I am releasing to you a copy of the Department of the Prime Minister and Cabinet's (DPMC) current remuneration policy.

You have the right to ask the Ombudsman to investigate and review my decision under section 28(3) of the Act.

This response will be published on the DPMC's website during our regular publication cycle. Typically, information is released monthly, or as otherwise determined. Your personal information including name and contact details will be removed for publication.

Yours sincerely

[Redacted Signature]

Clare Ward
Executive Director
Strategy, Governance and Engagement



Remuneration Policy

| | | | |
|-------------------------|----------------|---------------------|-------------------------|
| Version: | 3.0 | Contact: | Human Resources Manager |
| Status: | 1 July 2017 | Approved by: | Chief Executive |
| Date for Review: | 1 January 2019 | iManage: | 3102902 |

| Name | Chief Executive Role | Signature | Date |
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Remuneration Policy

Introduction

1. The Remuneration Policy is designed to be fair, consistent, flexible, and to maintain relativity across the Department and wider public sector.
2. Payment of remuneration is based on performance and is designed to maintain balance between:
 - consistent and fair approach to our staff;
 - flexibility to attract and retain talent (the best people);
 - relativity (but not equity) with public and/or private sector markets; and
 - our operating budget and the Government's fiscal position – ability to pay and stewardship of public funds.

Purpose

3. The purpose of this policy is to provide managers and employees with information about the remuneration review process and the factors to be applied when setting remuneration levels for employees.

Scope

In-Scope

4. All permanent employees and fixed-term employees where an annual salary review is expressly stated in their employment agreement.

Out of Scope

5. This policy does not apply to casual employees, fixed term employees and contractors who are not in scope of this policy.

Definitions

6. The following terms contained in this policy are defined as:

| | |
|----------------------------|--|
| <i>Base Salary:</i> | Salary (generally expressed as an annual dollar figure) excluding allowances and benefits. |
| <i>Performance Year:</i> | The performance year runs from 1 July to 30 June the following year. |
| <i>Short-term absence:</i> | Occasional or temporary absence of less than six months. |
| <i>Total remuneration:</i> | The complete remuneration package of an employee (including benefits), not only based on the base salary |
| <i>Moderation:</i> | Moderation is a process for reviewing indicative performance ratings for all employees within each business group/unit before determining final individual employee performance ratings. Moderation will ensure performance rating criteria has been fairly and consistently applied to evidence of individual performance while maintaining confidentiality of information. |

Relevant Legislation

7. Legislation relevant to this policy:
 - Public Service Act 2020
 - Employment Relations Act 2000
 - Equity Pay Act 1972

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Related Policies

8. Related policies, procedures and other official documents are:
 - Individual Employment Agreement
 - Code of Conduct
 - Recruitment and Selection Policy
 - Performance, Development and Growth Policy
 - Individual Development Plan (IDP)

Policy Detail

9. DPMC regularly reviews an employee's remuneration to ensure it reflects current levels of performance and is realistic in the current market. The annual review process is predominantly based on assessed performance during the previous performance year; however, any recommendations for a remuneration review will also take into account the following considerations:
 - the government's policy on public sector remuneration practices;
 - the need to recognise top talent;
 - the flexibility required to reward personnel employed in the diverse and changing roles that exist within the department;
 - recruitment and retention factors;
 - relativity to relevant private and/or public sector markets;
 - any gender pay gap;
 - the Department's operating budget, and the provision made for salaries and wages in the coming period;
 - the need for a consistent and fair approach across all employees in DPMC; and
 - the agreed remuneration review matrix.

Setting remuneration for new employees

10. When reviewing and setting remuneration, the focus is on the complete remuneration package (including benefits), not only base salary.
11. Performance can be recognised monetarily, and/or with non-monetary rewards/acknowledgement.
 - Monetary rewards are generally provided in the form of salary increases or, one-off payments to recognise specific achievements. It could also be approval of additional days of leave to be taken within a defined timeframe.
 - Non-monetary rewards can consist of:
 - a letter from the Chief Executive (CE) acknowledging exceptional performance.
 - a staff award to recognise exceptional performance
12. Remuneration for new employees is determined by the level of the position, the skills, qualifications and experience of the successful candidate. As a guideline, on appointment, employees are ideally placed 87% to 95% of the pay range for the role they occupy. For roles in bands 11.12, 13.14 and 15 employees are to be placed at a minimum 90%.

Remuneration Review Budgets

13. The ELT will review the remuneration budget annually and take into account the external market movement in the annual remuneration survey(s) of its preferred remuneration survey specialist along with guide provided by the Public Services Commission on pay and employment.

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Annual Remuneration Reviews

14. The Remuneration Review process will occur annually from 1 June to 30 September with specific dates set by ELT. CASS HR provides support and advice to managers during the review process.
15. All eligible employees will have their remuneration formally reviewed annually. The standard annual performance review date is as at 30 June. The employee's remuneration will then be reviewed in light of the employee's assessed performance.
16. Moderation of performance levels will be conducted by ELT members with their managers (where appropriate), facilitated by CASS HR. As soon as practicable after each year end ELT will meet to moderate and approve departmental wide performance levels facilitated by CASS HR prior to managers completing performance assessment forms and informing them of their final performance level.
17. The outcome of the annual remuneration review will result in either:
 - no change to the employee's current salary; or
 - a salary increase; or
 - a one-off payment; or
 - a combination of a salary increase and a one off payment.

Any change in remuneration is to be effective from 1 July following the review date, unless otherwise specified in a written agreement or in the employee's employment agreement.
18. Any salary increase must be justified by a significant level of performance improvement during the year. Meeting the requirements of the job in itself does not justify a salary increase, unless the employee's remuneration is low in the job band. On a case-by-case basis, a one-off payment may be considered in accordance with the conditions and guidelines indicated in this policy.
19. More information is available in the DPMC "Staff guide to how pay works" booklet on the intranet.
20. Where staff are in jobs which are difficult to fill and hard to retain due to external forces, consideration will be given to target those roles to ensure they are not falling behind the external market.

Eligibility for a remuneration review

21. All permanent staff, subject to the conditions below, are eligible for a review:
 - Deemed to be meeting DPMC/NEMA Performance Expectations as set out in the Performance Development and Growth Policy;
 - Staff on secondment, home manager to confirm with HR that they meet the DPMC/NEMA Performance Expectations
 - Permanent staff on extended leave on 1 July of the remuneration year commencing, provided they have worked for at least six (6) months during the prior remuneration year (not necessarily for a continuous period). Any outcome will be applied to their pay upon their return to work. Where a one-off payment is awarded this will be paid while on leave.
22. The following permanent staff will not be eligible for a review:
 - Staff who are already on 105% PIR (with the exception of those earning less than \$60,000).
 - Staff who joined DPMC after 1 January of the remuneration year.
 - Staff who had a promotion after 1 January of the remuneration year.
 - Staff who had a remuneration change (other than as a result of changing their hours of work) after 1 January of the remuneration year.
 - Staff who resign or otherwise cease employment with DPMC/NEMA from 1 July of the coming remuneration year.
23. Fixed term staff are not eligible, unless stated in their agreement.

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24. Managers can make recommendations in exceptional circumstances on the above eligibility criteria as appropriate subject to the ELT approval.

Salary increases

25. The size of any salary increase should be relative to the performance throughout the performance year. It should also be consistent with the increases of other employees who have performed to a similar level across the department, unless there is another reason for a particularly high or low percentage increase.
26. Employees whose performance is meeting expectations should, over a few years, be at or moving towards 100% of the market median. To move beyond 100% of the market median, the employee would have to be performing consistently in excess of normal expectations for the position.
27. Any recommended salary increase should not take the salary for an employee beyond the maximum of 115% of the pay range for the role.
28. The principles to be applied to the process for considering salary increases are agreed by ELT each year.
29. Remuneration review decisions are at the discretion of the Chief Executive.

Movement for employees who 'exceed requirements' for two consecutive years

30. staff who exceed requirements for two consecutive years can be moved more quickly up the range by applying the following:
 - Anyone who 'exceeds requirements' consistently over two consecutive years and is above 85% may be moved to at least 90%.
 - Anyone who reaches 'exceeds requirements' consistently over two years and is above 90% may be moved to at least 95%.
 - In Grades 11.12 and 13.14 and 15: anyone who exceeds requirements consistently over two years and is at, or above, 95% may be moved to at least 100%.

One-off payments

31. DPMC uses one-off payments to recognise exceptional achievement and contribution (e.g. completion of a special project), over and above the ongoing requirements for the role. Any payments should be made as close as practicable to the actions or performance for which the payment recognises
32. Recommendations are guided by the following criteria:
 - the achievement should be exceptional for what we would expect from someone who is at their remuneration level, given their experience and role; or
 - the achievement is not being recognised in any other way (e.g. a remuneration increase).
33. All one-off payments must be approved by the CE or as may be delegated by the CE.

Remuneration for Higher or Special Duties

34. Employees may be required to undertake duties or special duties normally associated with a higher position, or to work unusually long hours in a position for which overtime is not payable. In this case the manager may approve the payment of an allowance of no more than 5% of the employee's wages to acknowledge the extra contribution the employee made to the department. Where this arrangement continues for longer than 3 months the manager should review the arrangement and if appropriate could adjust the arrangement for the employee to receive up to 10% of their annualised wages as a higher duties allowance.

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Policy Exceptions

35. Any recommendations for remuneration levels or benefits that go beyond the parameters of the policy must be discussed and agreed with the Chief Executive to ensure a consistent approach.

Responsibilities

36. Responsibilities are contained in Appendix 1.

RELEASED UNDER THE OFFICIAL INFORMATION ACT 1982

Responsibilities

The Chief Executive is responsible for:

- approving the Remuneration Policy; and
- approving remuneration increases and one-off exceptional performance payments

ELT is responsible for:

- approving remuneration review principles and process including eligibility criteria, high level timelines and matrix once finalised;
- leading business unit discussions on review of outcomes/adjustments/one off recommendations at moderation;
- participating in cross-DPMC discussion during moderation on the remuneration review outcomes/adjustments and one-off/ exceptional performance payments; and
- making final recommendations on remuneration review outcomes /one-off/ exceptional performance payments to the Chief Executive.

Line Managers are responsible for:

- ensuring that they understand DPMC's Remuneration Policy and processes, and respond to any issues appropriately in line with this policy, their delegations and employment terms and conditions of individuals;
- confirming review outcomes or recommending adjustments/one-off payments using the remuneration tool;
- discussing any proposed adjustments/one-off payments with their manager;
- participating in remuneration discussions during moderation; and
- discussing final outcome with staff member and signing out their staff letters.

DPMC employees are responsible for:

- understanding the Remuneration Policy;
- participating in the annual performance review process;
- raising any concerns or issues in an appropriate way.

CASS HR is responsible for:

- working with ELT to set priorities and timelines around the remuneration review, providing advice to ELT on remuneration principles;
- supporting managers in achieving the aims of DPMC's Remuneration Policy through; providing support and advice; and
- ensuring there is a process in place so that DPMC has up-to-date information that informs ELT about remuneration relativity across DPMC and the wider public sector.