

2.8 Post Differential Allowance (FSD 58)

The Post Differential Allowance (PDA) which is also tax-free, is designed to encourage you to serve at Hardship Missions. It provides you with monetary compensation for undesirable local conditions which, for the most part, cannot be alleviated. After 24 months of continuous service at one or more Hardship Missions, you are entitled to begin receiving a 50 per cent increase in the applicable PDA. If you go from a hardship to a non-hardship posting, your 50 per cent bonus ceases. If you return to another hardship mission, then your points start accruing all over again from the beginning of that posting. However, Ottawa is not considered to be a break in continuous service for payment of the 50 per cent bonus. So, if you return to Ottawa from a hardship mission where you received the 50 per cent bonus and then are posted to another hardship mission after Ottawa, your 50 per cent bonus is reinstated.

Every so often, missions are asked to complete a special Rating Form which allows "hardships" to be described in terms of Isolation, Local Conditions, Climate and Environment, Health, Medical Care, Violence and Hostility. These forms are then sent to Ottawa where they are carefully assessed by an Interdepartmental Hardship Post Committee. Based on relative numerical ratings, missions are designated in one of five hardship levels — Level I indicating the least significant hardship and Level V, the most difficult. (Non-hardship missions are referred to as A-level missions.) A complete and up-to-date listing of hardship missions and PDA Table is contained in the *Schedules to Foreign Service Directives and Meal Rates*, revised and distributed monthly by SBM.

Like the Foreign Service Premium, the PDA Table will be updated on April 1st of each year by the average percentage increase in Federal Public Service salaries during the preceding calendar year. Please note that Hardship Levels may change at any time during a posting and the Post Differential Allowances are adjusted accordingly.

2.9 Post Index and Salary Equalization

The most common misconception about this Directive is that Salary Equalization is an allowance like the Foreign Service Premium or the Post Differential Allowance. In reality, it is an adjustment to your disposable income designed to maintain your purchasing power at more or less the same level as that of your counterpart in Ottawa. It is not intended to shelter you from the effects of inflation in Canada or to keep your purchasing power at the same level as when you arrived at the mission.

The Post Index is simply a number that indicates the relationship between retail prices paid by an average employee at a mission abroad for a specific basket of goods and services relative to retail prices for the same goods and services in Ottawa. Price levels in Ottawa are deemed to be constant at 100. Therefore, if the post index is 120, this indicates that retail prices for these goods and services are about 20 per cent higher, on average for employees at the mission than in Ottawa.

Your actual salary at the commencement of your posting is used to determine the percentage of your salary that will be indexed for the duration of that posting. For employees earning less than \$58,306 (1994 rates), disposable income is considered to be 55 per cent of salary; for those earning more, disposable income is considered to be 50 per cent. Salary Equalization is calculated by applying the difference between the post index and 100 (which is the Ottawa Index) divided by 100 x your disposable income and is paid on a monthly basis. Salary Equalization is not a constant amount and will be adjusted upward or downward depending on relative changes in the Post Index. No payments or recoveries are made when the Post Index is 100 or less.

The post index is established by Statistics Canada on the basis of cost-of-living surveys conducted by Missions. All post indexes are reviewed monthly and any changes that may be warranted on the basis of information from a variety of other sources, (including exchange rate information, information on inflation in Canada and statistical information generated by other countries), are reported to the Department. Statistics Canada is solely responsible for administering the post index methodology as agreed to in the National Joint Council Committee on the Foreign Service Directives. Any adjustments in the level of a post index following a review are implemented on the first day of the month following the month in which the review was completed.

Statistics Canada has consistently employed objective methodology in a timely fashion and provisions have been made for conducting special reviews about every two years following reports of exceptional developments received from missions.