

Social Development Canada

**2004-2005
Estimates**

A Report on Plans and Priorities

Approved by:

The Honourable Ken Dryden, P.C., M.P.
Minister of Social Development Canada

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Minister's Message



The work that we do is about people: children, seniors, persons with disabilities, and the voluntary sector. It's about giving parents the tools they need to help their kids get a good start in life, and enhancing the voluntary sector's ability to enrich the quality of life in Canada's communities. It's about providing seniors and persons with disabilities with income security and facilitating opportunities for their full participation in society.

In December 2003, the Government of Canada made a commitment to strengthen what we do for Canadians. It laid out its vision of a Canada of participation and inclusion, where everyone is given a hand when it is needed, where Canadians—individuals, families and communities—are provided the tools to find their own answers, where everyone has a chance to live a full, rich, rewarding life.

Social Development Canada was created to support this vision. We cannot do this alone. Everyone has a role to play. Our partners in the provinces and territories work with us. Our goal is to be there for Canadians when we are needed.

This *Report on Plans and Priorities 2004-2005* talks about our objectives. It highlights the programs and activities the Department will work on to meet the expectations Canadians have of us, including improving support for children and families, enhancing initiatives for persons with disabilities, fortifying the Voluntary Sector initiative and implementing new programs for seniors like New Horizons.

We will continue to deliver and strengthen the established programs that Canadians count on, such as the Canada Pension Plan and the Old Age Security program. We will also be looking at innovative ways to modernize service for Canadians—from the citizen's point of view.

I encourage you to read on and learn more about the Department of Social Development and our plans and priorities. Canada is known throughout the world for its innovative social policies, and I am proud to have the opportunity to help make them even better.

Ken Dryden, P.C., M.P.
Minister of Social Development Canada

Management Representation Statement

I submit, for tabling in Parliament, the 2004-2005 Report on Plans and Priorities (RPP) for Social Development Canada.

This document has been prepared based on the reporting principles and disclosure requirements contained in the Guide to the Preparation of the 2004-2005 Report on Plans and Priorities:

- ❖ It accurately portrays the organisation's plans and priorities.
- ❖ The planned spending information in this document is consistent with the directions provided in the Minister of Finance's Budget and by Treasury Board Secretariat.
- ❖ It is comprehensive and accurate.
- ❖ It is based on sound underlying departmental information and management systems.

The reporting structure on which this document is based has been approved by Treasury Board Ministers and is the basis for accountability for the results achieved with the resources and authorities provided.

Nicole Jauvin
Deputy Minister
Social Development Canada

Date

Our Mandate

On December 12, 2003, Prime Minister Martin announced the creation of the Department of Social Development. Our new department was created to help the Government achieve its goal of securing and strengthening Canada's social foundations, while respecting federal, provincial and territorial jurisdictions.

The chart following this section sets out key elements in our accountability framework.

As it notes, we have defined our vision as "*A Canada for all, where everyone participates and plays an active role.*" To realize that vision, our mission is "*to strengthen Canada's social foundations by supporting the well-being of individuals, families, and communities and their participation through citizen-focused policies, programs, and services.*"

Since our department's creation we have been establishing ourselves as a focal point for social policy development, program design and delivery related to income security for Canadians and social well-being. We have a particular focus on the needs of seniors, families, children and persons with disabilities. Our department is actively engaging the private sector, non-governmental organizations and communities in partnerships to support community development and the social economy. We work closely with the other departments that share in federal social policy responsibilities and with international organizations that provide forums for us to learn from the experiences of others and contribute to better social policies and programs in other countries. Another key element of SDC's mandate is the provision of corporate services and service delivery functions to Human Resources and Skills Development Canada (HRSDC) in addition to our own department. We provide shared corporate services support to Human Resources and Skills Development Canada in the areas of human resources, corporate systems, financial and administrative services, and service delivery support in the areas of Internet and telephone client service.

SDC provides a solid base of policies, programs and service delivery to Canadians

SDC has approximately 12,000 employees who are responsible for \$53 billion in spending that benefits Canadians. By far, the largest component of this spending is for our major income support benefit programs to Canadians, with 97% of SDC's expenditures directed to income support benefits to Canadians that Parliament has legislated. These are paid under the Old Age Security program, which is funded from general tax revenue, and for the full range of benefits from the Canada Pension Plan, which is a contributory program that is not part of the consolidated revenue fund.¹

Other SDC programs involve operating expenditures, such as those that support the National Child Benefit. It is one of our programs that support families and children along with the Early Childhood Development Agreement and the Multilateral Framework on Early Learning and Child Care through which we work with provincial and territorial governments. We promote increased community, private and voluntary

¹ The Canada Pension Plan, as a Specified Purpose Account, is described in detail later in this report.

sector capacity to promote the inclusion and participation of all citizens, through the Social Development Partnerships Program and the Voluntary Sector Initiative. In addition to CPP benefits for persons with disabilities, programs such as the Opportunities Fund and the new Labour Market Agreements for Persons with Disabilities with provinces and territories use grants and contributions to promote the full participation of Canadians with disabilities in the labour market, learning and communities.

Supporting all these programs is our work to develop and disseminate knowledge on social policy issues and trends and our progress under the Social Union Framework Agreement to increase intergovernmental collaboration to advance social policy. This collaborative approach recognizes the shared jurisdiction in most social fields, and the need to work with all partners to set goals, focus resources and take action.

Social Development Canada and Human Resources and Skills Development Canada (HRSDC) operate in a shared service delivery model, which means each department has some responsibilities for the other department as well as its own. For example, SDC is responsible for delivering telephone and Internet client services for both SDC and HRSDC, while each department is responsible for its own mail services. SDC also manages program integrity functions, such as the issuance of Social Insurance Numbers, administration of the Social Insurance Registry and related responsibilities, which support the work of both departments. HRSDC is responsible for delivering the programs of both departments through its in-person service channel, which consists of more than 300 centres located in communities across Canada. This shared service delivery model was designed to ensure that Canadians receive high-quality and cost-effective service, by using a common, integrated infrastructure for service and benefits delivery, thus reducing overlap and duplication.

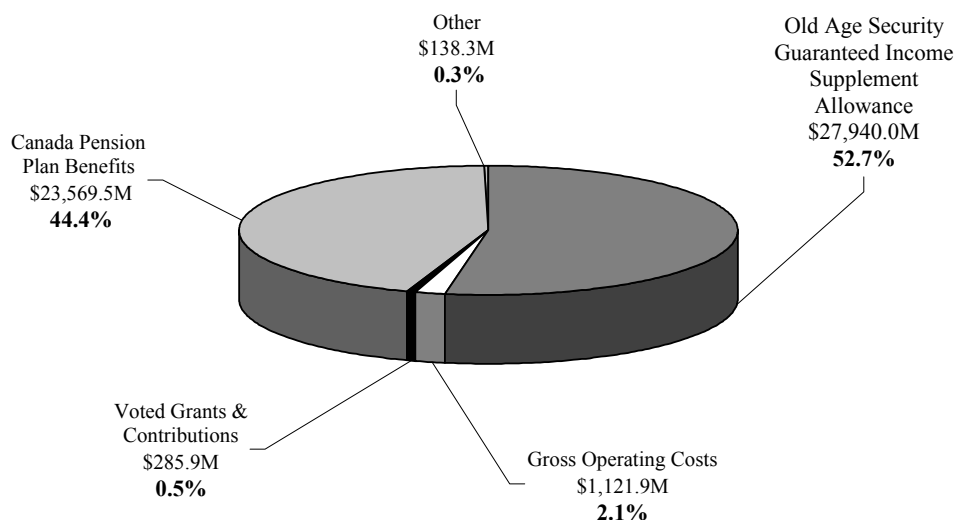
Social Development Canada Mandate

Vision			
A Canada for all, where everyone participates and plays an active role.			
Mission			
To strengthen Canada's social foundations by supporting the well-being of individuals, families, and communities and their participation through citizen-focused policies, programs, and services. We will achieve this by...reducing barriers and facilitating access to opportunities; investing in people and strengthening communities; delivering seamless, innovative, and responsive service, both internally and externally; working with federal partners, other governments, and communities; supporting our employees; and serving Canadians with integrity and commitment.			
	Inclusion and Participation	Vibrant Communities	Investments in Children and Families
	Income Support	Service Innovation	
Outcomes	A Canada where the quality of life and inclusion for seniors is enhanced and poverty alleviated through sustainable public pensions, benefits, and supports.	A Canada where the capacities of individuals, children, families, and communities are strengthened in order to promote social inclusion, participation, and well-being.	A Canada where service delivery is focused on citizen needs.
Program Activities	<p>Canada Pension Plan – Retirement, Survivors, and Death</p> <ul style="list-style-type: none"> ❖ Benefits ❖ Administration <p>Old Age Security/ Guaranteed Income Supplement</p> <ul style="list-style-type: none"> ❖ Benefits ❖ Administration <p>Canada Pension Plan - Disability</p> <ul style="list-style-type: none"> ❖ CPP Benefits - Disability ❖ CPP Administration ❖ Disability <p>Labour Market Agreements for Persons with Disabilities</p> <ul style="list-style-type: none"> ❖ Federal/Provincial/ Territorial Agreements ❖ Administration <p>Opportunities Fund for Persons with Disabilities</p> <ul style="list-style-type: none"> ❖ Contributions ❖ Administration 	<p>Social Development Partnerships Program</p> <ul style="list-style-type: none"> ❖ Grants and Contributions ❖ Administration <p>Voluntary Sector Initiative</p> <p>New Horizons</p> <p>Understanding the Early Years</p>	<p>National Child Benefit Initiative</p> <p>Early Childhood Development Agreement</p> <p>Multilateral Framework for Early Learning and Childcare</p>
Modernizing Service for Canadians			
- Research and Development			
Enterprise-wide Service Delivery			
Modern Service and Benefits Delivery			
Corporate and Shared Services			
Clients: Seniors, Persons with Disabilities, Communities, Community Organizations, Children, Families, and Individuals			
Partners: All Levels of Government, Canadians and their MPs, Employers, Unions, Service Providers, Community Organizations, Not-for-Profit and Voluntary Sectors, Non-Governmental Organizations, Research Partners, International Organizations.			

2004-2005 Planned Expenditure Profile

SDC has expenditures on programs and services of more than \$53 billion, of which 97%, or \$51 billion, directly benefits Canadians through the Canada Pension Plan (CPP) and the Old Age Security (OAS) programs.

CONSOLIDATED TOTAL: \$53,055.6M



SDC's Total Planned Expenditures		Statutory Transfer Payments	
Net Operating Costs	382.2		
Add Recoveries in relation to:			
Canada Pension Plan	228.1	Old Age Security	21,553.0
Employment Insurance Account	511.6 ¹	Guaranteed Income Supplement	5,949.0
	739.7	Allowance Payments	438.0
Operating Costs	1,121.9²	Total	27,940.0
Voted Grants and Contributions	285.9		
Total Planned Expenditures	1,407.8	Canada Pension Plan benefits	23,569.5
		Total Statutory Transfer Payments	51,509.5³
Other - CPP Charges and Recoveries	138.3⁴		

¹ The Employment Insurance (EI) Account is under the portfolio of Human Resources and Skills Development Canada (HRSDC) but SDC recovers costs for services provided to the EI program such as corporate services and service delivery.

² Total operating costs include costs of human resources, financial and administrative services and corporate systems for HRSDC.

³ This amount directly benefits Canadians.

⁴ Represents the CPP administrative charges from other government departments and excludes the SDC CPP administrative charges reflected as part of operating costs.

Planning Overview

The 2004-2005 Report on Plans and Priorities outlines Social Development Canada's policy, program and service delivery priorities for the 2004-2005, 2005-2006 and 2006-2007 fiscal years. It reflects the larger social and government context in which SDC operates, and the commitment to managing for results that matter to Canadians.

To focus our resources and priorities, SDC has implemented a citizen-centred departmental planning framework. We have largely defined our strategic outcomes and priorities on impacts that we expect to generate in the lives of Canadians and their communities.

What Drives Our Priorities

Environmental Context

SDC was established in December 2003 to strengthen Canada's social foundations by supporting the well-being of individuals, families and communities through citizen-focused policies, programs and services.

SDC is committed to enhancing social citizenship and equality of opportunity for all Canadians to participate fully in society and in the economy. Both are at the heart of Canada's fundamental social values. Our planning process has taken into account a series of major factors that are influencing the social policies, programs and service delivery that affect Canadians.

Pressures on Families: As a department responsible for policies and programs that assist and support children, families and communities, we are aware that the well-being of children is a determinant of the present quality of life in Canada and our future productivity. At the same time, we are alert to the growing number of families with children that face increasing challenges in balancing work and family responsibilities and providing for the well-being and development needs of their children. Over 70% of lone parents and both parents in two-parent households are now engaged in paid work. This means less time and energy for caregiving responsibilities for children, ageing parents and family members with disabilities.

Demographic Changes: As the department responsible for federal public pension programs, SDC recognizes the impact of a rising average age among Canadians. Seniors account for 13% of the population now and, by 2025, this will increase to 20%. Starting in 2011, the percentage of Canadians participating in the labour market will fall as baby boomers begin to retire. The challenge of dealing with our ageing society is leading to an exploration of better ways to enable people to shift from work to retirement.

Poverty and Social Exclusion: People who have persistently low incomes are often much less likely to participate fully in society as citizens, workers, parents, volunteers and caregivers. This is particularly notable for Canadians with disabilities, with 22% of working age people with disabilities living below the low-income cut-off, more than double the rate for working-age Canadians who do not have disabilities. In 2002, 10.2% of children lived in poverty. Public pensions have resulted in significant improvements in the quality of life for Canadians, with Canada having the lowest level of low-income

among seniors of Organization for Economic Co-operation and Development (OECD) countries. However, pockets of poverty still exist among seniors, with senior women and unattached seniors being particularly vulnerable.

Globalization: In this era of globalization, an educated, diverse and healthy population, inclusive social protection systems and vibrant and sustainable communities are critical elements in maintaining and growing a country's economy and its quality of life. More and more, international standards and benchmarks are using social policy indicators to measure and assess performance, and determine weaknesses and strengths. For example, the United Nations Development Report 2004 ranks Canada fourth on its Human Development Index, using a complex basket of measures including income, education and life expectancy.

Canadians' expectations of service delivery and accountability: Together, the environmental factors are contributing to the need for government to continually evolve how it delivers information and services, and achieve results in the most cost-effective manner. While Canadians desire and expect the same ease of access to information and services, and the reassurance of privacy that they receive from banks, insurance and other private sector companies, governments must respond with more integrated services and service delivery and take steps toward consolidating offerings, whether across single departments, across many departments or across jurisdictions. These changes demand better use of available technology while taking the appropriate steps to meet privacy expectations, and that funds are used with integrity. Overall, interactions today with Canadians must be citizen-centred and concentrate on accountability for results.

A social development policy framework for Canada

The creation of SDC provides an opportunity to explore new approaches to promoting social development and to renew and strengthen effective social partnerships that respond to the emerging social needs of Canadians. In 2004-2005, SDC will begin working on the conceptual basis for the design of an integrated social policy framework and associated plans for the subsequent implementation, including consultation. The comprehensive social policy framework that will result will be built on the sound base of social programs and policies that governments have put in place over the years to support the well-being of individuals, families and communities and their inclusion and participation in Canadian society.

This conceptual work and the resulting framework will guide the Department's new and evolving policy direction over the planning horizon of the next three years. We will consult Canadians on social issues, and work in collaboration with provincial and territorial governments, the non-profit and voluntary sector and other partners in Canadian society to develop social policies, programs and services that meet the needs of the 21st century.

Effective support to children and families will be one focus of the framework. There is strong evidence that highest social investment pay-offs come from investing in the early years, which lay the foundation for health, well-being and learning later in life. For example, continued focus on early learning and quality child care will need to

consider what steps are necessary to ensure that all Canadian children have a good start in life and that families have the tools they need to provide care and nurturing.

Poverty and inclusion issues will be another focus. Despite significant improvements in recent years, for example in reducing the rates of children and seniors in low income situation, far too many Canadians still lack adequate income and resources to fully participate in society as citizens, workers, parents, volunteers and caregivers. We will continue to work with disadvantaged and vulnerable groups in society to enhance their participation and inclusion in Canadian society, and renew efforts at tackling poverty and exclusion.

Enabling Canadians to manage transitions from work to retirement will also be a focus within the framework. Although Canada is the only G-7 country, and one of the few OECD countries, that has taken the necessary measures to sustain its public pension plan over the long term, the demographic challenge posed by the retirement of the baby boomer generation, and the ensuing economic and social repercussions, lead us to look at new and innovative ways of helping Canadians more effectively manage transitions and reduce risk during their work-to-retirement years.

The framework will address the need for all players involved in social policy to work harmoniously, accountably and effectively to better serve the needs of citizens. For example, although governments have invested substantial resources to improve the lives of seniors, and have worked together to improve collaboration on seniors issues, we can do more to ensure that policies and programs work in coordinated ways across jurisdictional or departmental boundaries, and produce improved results for Canadians.

As the focal point for social policy in Canada, our framework will look at ways to strengthen the evidence base on social development issues through the design and funding of the needed statistics, indicators and research, so that all jurisdictions and all social development partners can draw on a common information base to assess issues and options for action.

The emerging issue of the role of the social economy in community development will be part of our analysis. We expect to consider how to promote innovative practices in a range of areas: new forms of social enterprise; new approaches to the voluntary sector; new roles and partnerships with corporate citizens; and improved government coordination and modernized services.

Modernized service delivery is central to the SDC agenda

We will deliver Old Age Security program and Canada Pension Plan benefits to an estimated 5.2 million Canadians during 2004-2005. That number is growing, so service delivery has to be as efficient and citizen-centred as possible.

Both SDC and Human Resources and Skills Development Canada want to transform service delivery to achieve seamless, single-window services for Canadians through the Modernizing Service for Canadians (MSC) initiative for which SDC is responsible.

Through this initiative, we are exploring and implementing fundamental changes that will meet the service expectations of the Canadians who deal with us, including businesses and the voluntary sector.

The MSC initiative incorporates our ongoing work to improve the Social Insurance Number system as well as work that began under Government On-line and the Service Improvement Initiative. This work reflects commitments that the Government made to Parliament, the Auditor General and to Canadians.

Accountability and effectiveness

The Government and citizens expect departments and agencies to achieve increased accountability and effectiveness in all their departmental activities. As a newly-created department, Social Development Canada is in a position to take a fresh look at how we are organized, how we define and monitor accountability and performance, and how we assess the effectiveness of our programs. Our department is implementing the needed governance and organizational structure, and developing a Management Accountability Framework to ensure a focus on the actions most likely to generate efficient, effective results. We will work in 2004-2005 to finalize key building blocks to ensure effective stewardship and management of the human and financial resources entrusted to us.

Moving Forward in 2004-2005

As SDC moves forward on this broader approach, an important part of our agenda will be to pursue two complementary sets of immediate and specific initiatives.

Meeting specific Government of Canada commitments to Canadians

We will support the Government in meeting the commitments to Canadians that it set out in the February 2004 Speech from the Throne and subsequent commitments made by the Prime Minister including:

- ❖ Extending the Understanding the Early Years pilot project to enable at least 100 more communities to identify children whose readiness to learn is at risk;
- ❖ Supporting federal work with the provinces and territories to fill the gaps in education and skills development and in workplace supports and workplace accommodation for people with disabilities;
- ❖ Advancing the Voluntary Sector Initiative;
- ❖ Working with provinces and territories towards the development of a national early learning and child care program for the 21st century;
- ❖ Supporting Government of Canada efforts to work with the provinces and territories, and stakeholder groups to develop a comprehensive strategy to increase support for caregivers;

- ❖ Evaluate the needs of low income seniors with particular attention on income security and including the Guaranteed Income Supplement, and implement the New Horizons for Seniors program to ensure a high quality of life and full participation in society for Canadian seniors;
- ❖ Improving the coordination of Government of Canada policies and programs for seniors; and
- ❖ Developing new strategies to enhance business development programs for social economy enterprises and for community economic development.

Reaching targets for early action in SDC's longer-term objectives

SDC has identified four corporate-level priorities that will enable us to meet our strategic outcomes:

- ❖ To begin conceptual work for the eventual development of a comprehensive social development policy framework for Canadians that provides national leadership in addressing the social development needs of Canadians; and to implement major initiatives arising from the February 2004 Speech from the Throne and the March 2004 budget.
- ❖ To ensure an integrated approach to policy, programs and service delivery in a manner that contributes to the highest standards of management excellence, stewardship, accountability and financial probity.
- ❖ To establish standards of service excellence that protect the integrity of Social Development Canada and Human Resources and Skills Development Canada programs on behalf of taxpayers and all citizens, and ensure Canadians receive timely and relevant service focused on their needs.
- ❖ To provide effective and efficient shared corporate services in the areas of human resources, finance and administration, and systems, for Social Development Canada and Human Resources and Skills Development Canada.

The actions to meet the Government of Canada commitments to Canadians and reach targets for early action in SDC's longer-term objectives are reflected across the individual priorities and deliverables described under each strategic outcome in the next section.

Plans and Priorities by Strategic Outcome

The Planning Overview pointed out that Social Development Canada has created a planning framework with citizen-centred strategic outcomes. The chart below lists priorities for each of the strategic outcomes, and each of them is defined in detail in the following sections. Consistent with Treasury Board Secretariat direction:

- ❖ **new priorities** cover new issues or areas of attention for a department;
- ❖ **ongoing priorities** are issues or areas of attention that were identified in the previous Report on Plans and Priorities (although not necessarily under the same wording) and that would not normally be expected to end, such as effective management of a major legislated benefit program; and
- ❖ **previous priorities** are issues or areas of attention that, while previously identified, are expected to have a defined timeframe, such as implementation of a major, multi-year government initiative that has an expected end date.

The corporate priorities set out at the end of the previous section have been integrated across the strategic outcomes as appropriate. In some cases, they align with specific strategic outcomes; in others, our actions across a number of strategic outcomes will contribute to reaching those corporate priorities.

Strategic Outcome	Priorities for 2004-2005
1. A Canada where the quality of life and inclusion for seniors is enhanced and poverty alleviated through sustainable public pensions, benefits, and supports	<ul style="list-style-type: none"> ❖ Ensure consistent, ongoing service delivery to Canadians (ongoing priority) ❖ Inform the international and domestic policy agenda relating to income security, ageing and seniors across jurisdictions and governments (ongoing priority)
2. A Canada where the social and economic participation of persons with disabilities is enhanced	<ul style="list-style-type: none"> ❖ Provide federal leadership on issues affecting persons with disabilities (ongoing priority) ❖ Build strategic partnerships (ongoing priority) ❖ Enhance community capacity building for persons with disabilities (ongoing priority) ❖ Fulfill commitments to Parliament regarding the disability component of the Canada Pension Plan (new priority)
3. A Canada where vibrant and inclusive communities meet the social development needs of Canadians	<ul style="list-style-type: none"> ❖ Provide federal leadership, oversight and coordination in strengthening the capacity of social non-profit and voluntary sector (new priority) ❖ Develop, design and implement the New Horizons for Seniors Program (new priority) ❖ Expand the Understanding Early Years initiative (new priority) ❖ Continue to make strategic investments and work in partnership with organizations in the non-profit sector that address the social development needs of persons with disabilities, children and families, and other vulnerable populations (ongoing priority)

SDC — Plans and Priorities by Strategic Outcome

Strategic Outcome	Priorities for 2004-2005	Con't
4. A Canada where the capacities of individuals, children, families, and communities are strengthened in order to promote social inclusion, participation, and well-being	<ul style="list-style-type: none"> ❖ Ensure effective implementation of the National Child Benefit initiative (ongoing priority) ❖ Ensure effective implementation of the Early Childhood Development Agreement (ongoing priority) ❖ Ensure effective implementation of the Multilateral Framework on Early Learning and Child Care (ongoing priority) ❖ Ensure effective implementation of the Child Disability Benefit (new priority) 	
5. A Canada where service delivery is focused on citizen needs	<ul style="list-style-type: none"> ❖ Provide improvements to the national infrastructure for identity and integrity (previous priority) ❖ Develop a streamlined and integrated approach across government for the collection, use and maintenance of payroll, earnings and income information (previous priority) ❖ Continue the development of a Service Strategy and Service Offerings (previous priority) ❖ Provide enterprise-wide Internet and telephone client services for Social Development Canada and Human Resources and Skills Development Canada (previous priority) ❖ Simplify and streamline benefits and service delivery (ongoing priority) ❖ Develop a strategy and action plan for regional service delivery (new priority) 	
6. Effective Corporate Services	<ul style="list-style-type: none"> ❖ Provide effective shared corporate services in the areas of human resources, financial and administrative services and corporate systems to SDC and HRSDC (new priority) ❖ Support a dynamic workforce (ongoing priority) ❖ Achieve effective stewardship and accountability (ongoing priority) 	

Strategic Outcome 1:

A Canada where the quality of life and inclusion for seniors is enhanced and poverty alleviated through sustainable public pensions, benefits, and supports.

In 2003, 4.1 million Canadians were 65 years of age or older. Their numbers are expected to reach 6.4 million in 2020—or nearly one in five Canadians—making them the fastest growing age group in Canadian society. Seniors today are generally healthier, better educated and economically better off than seniors of previous generations. They are also enjoying longer lives. As of 1996, a 65-year-old person had an estimated remaining life expectancy of 18.4 years, roughly half a year more than in 1992, three years more than in 1971 and five years more than in 1921.

While many Government of Canada departments and agencies provide services and supports that benefit seniors, Social Development Canada makes a particularly significant contribution to the social well-being of seniors because of its responsibility for the income support that seniors receive from the Canada Pension Plan (CPP) and the Old Age Security (OAS) program.²

This strategic outcome focuses largely on our responsibility for overall policy and program activities related to the material well-being of seniors. It also includes our increasing attention to broader policy issues related to the needs of seniors and to an ageing society. Our commitment to innovative and improved services to seniors through our income support programs is addressed under Strategic Outcome 5: *A Canada where service delivery is focused on citizen needs*. Our commitment to enhancing the participation of seniors in their communities through the reshaping of the New Horizons for Seniors Program is integrated with our other community engagement priorities under Strategic Outcome 3: *A Canada where vibrant and inclusive communities meet the social development needs of Canadians*.

This strategic outcome accounts for 92% of all SDC spending. In 2003-2004, the Old Age Security program provided \$27 billion in benefits to Canadians who were 65 or older and their spouses or common-law partners. CPP retirement benefits worth \$15.9 billion went to 3.0 million individuals. Seniors and those nearing that age were the vast majority of the 5.2 million Canadians who received CPP and OAS benefits. Benefits administered under these programs include: Canada Pension Plan benefits for retirement and survivors, and Old Age Security benefits such as the basic pension, Guaranteed Income Supplement and the Allowance.

Our planning takes into account the impacts of an ageing society, whether in terms of ensuring the continuing strength of Canada's retirement income system or in terms of considering other impacts on seniors, families and society. For example, we are seeing rising pressures related to caregiving both for seniors who need some degree of support to remain independent or for those family members who provide informal caregiving,

² More information on the Canada Pension Plan is provided in Annex 10 of this report. Details of the Old Age Security program are provided in Annex 4 of this report.

including other seniors. Our planning recognizes the impact of other changes in society as seniors reflect Canada's increasingly diverse population.

Our planning is increasingly attentive to the diversity among seniors demonstrated through their age groups. For example, people nearing the age of 65 face issues relating to the transition from work to retirement and caregiving for others. Those between 65 and 80 are interested in social inclusion and active living issues. Seniors who are older than 80 tend to face issues related to health, greater needs for appropriate housing, home care, transportation and other services, as well as increased social isolation.

We have two broad priorities to support this strategic outcome: to ensure consistent, ongoing service delivery to Canadians; and to inform the international and domestic policy agenda relating to income security, ageing and seniors. For citizens, the result of these activities will be up-to-date policies and responsive programs that meet the needs of seniors today and tomorrow.

Strategic Outcome 1:

A Canada where the quality of life and inclusion for seniors is enhanced and poverty alleviated through sustainable public pensions, benefits, and supports¹

Funding (millions of dollars)	Authority (Restated) ²	Planned Spending		
	2003-2004	2004-2005	2005-2006	2006-2007
Gross Operating Expenditures	224.9	232.1	232.0	228.9
Statutory Transfer Payments:				
Old Age Security ³	26,902.4	27,940.0	28,975.0	
CPP Benefits Payments ³	19,505.4	20,401.4	21,312.6	
Total	46,632.7	48,573.5	50,519.6	
Full Time Equivalents	2,868	3,055	3,055	2,999

1 The above figures include 450 FTEs and \$25 million related to ISP telephone services which also serve to support Strategic Outcomes 2 and 5. For further information on how these resources will benefit Canadians, please refer to the section entitled Strategic Outcome 5: A Canada where service delivery is focused on citizen needs.

2 Restated authority as a result of the December 12, 2003 restructure of Human Resources Development Canada (HRDC) into Social Development Canada (SDC) and Human Resources and Skills Development (HRSDC).

3 Forecasted expenditures for the Canada Pension Plan (CPP) and Old Age Security (OAS) are available only for the planning years 2004-05 and 2005-06.

**Ensure consistent, ongoing service delivery to Canadians
(ongoing priority)**

In addition to the service improvements and innovations that are discussed under Strategic Outcome 5: *A Canada where service delivery is focused on citizen needs*, SDC has a fundamental program administration role related to the overall management and

delivery of the Canada Pension Plan (CPP) and Old Age Security (OAS). For example, we will be prepared to deal with a projected:

- ❖ 807,747 applications for OAS/GIS benefits;
- ❖ 226,935 applications for CPP retirement benefits;
- ❖ 4,011,815 transactions related to maintaining OAS and CPP accounts (excluding Canada Pension Plan Disability transactions); and
- ❖ 4,100,268 calls from Canadians related to CPP and OAS issues.³

We will continue these and other services to Canadians through the ongoing delivery of information, benefits and services with respect to public pensions. We will uphold our service commitments to clients across Canada — both through our regional operations and at national headquarters.

One focus of this work will be the development of social security agreements with other countries.⁴ The agreements ensure that people who have lived and worked in other countries can receive any pensions that they may have earned. As such, they provide enhanced social security protection to migrants. In 2004-2005, we expect to sign agreements with Estonia, Latvia and Lithuania; conduct implementation discussions with Turkey; renegotiate the existing agreement with France; and initiate negotiations with Japan.

Inform the international and domestic policy agenda relating to income security, ageing and seniors across jurisdictions and governments (ongoing priority)

A study by the Organisation for Economic Co-operation and Development of nine developed countries notes, “Canada is the country with the least problems in ensuring pensioners’ economic well-being and protecting vulnerable groups”.⁵ That achievement is demonstrated by the 22% rise in the average income of Canadian seniors between 1981 and 1998, compared to only 2% for people aged 16-64⁶. It reflects the success of Canada’s diversified retirement income system, which includes:

- ❖ Old Age Security (OAS), the Guaranteed Income Supplement (GIS), and the Allowance which provide a basic income to seniors (and near seniors) and are funded directly by the federal government;
- ❖ the Canada and Quebec Pension Plans which are funded by employers, employees, self-employed persons and by investment earnings managed by the CPP Investment Board (CPP is governed jointly by the federal government and the provinces);
- ❖ private pension plans and Registered Retirement Savings Plans;

3 ISP funds for call centres are contracted to MSC for service delivery through the enterprise-wide internet and telephone client service model. Additional information on this approach can be found under Strategic Outcome #5: *A Canada where service delivery is focused on citizen needs.*

4 <<http://www.sdc.gc.ca/en/gateways/topics/sya-gxr.shtml>>

5 “Ageing and Income: Financial Resources and Retirement in 9 OECD Countries” Organization for Economic Co-operation and Development, Paris, 2001, p. 9.

6 <http://www.hc-sc.gc.ca/seniors-aines/pubs/factoids/2001/no12_e.htm>

- ❖ tax measures designed to reduce the tax burden for older Canadians (age credit and pension income credit); and
- ❖ provincial low-income supplements (in 8 of 10 provinces).

Even with this progress, there are gaps to be addressed. In 2002, 6.9% of seniors had incomes that were below Statistics Canada's after-tax low-income cut-offs.

Many of today's seniors and the people of working age who will make use of public pensions in the future are different from the generation for which the CPP and OAS were designed initially. New family structures, the ongoing impacts of social changes such as emerging demands for equality and inclusiveness, and the impact of the *Canadian Charter of Rights and Freedoms* are factors affecting policies relating to seniors and ageing, and to Canada's retirement income system.

Other issues include the changes in Canadian retirement patterns due to early retirement, changing patterns of workforce participation and increases in life expectancy. In 1995, men spent 17.3% of their lifetime in retirement, 13 more years than 1960, while women spent 27.6% of their lifetime in retirement, 22.5 more years than in 1960. Some seniors participate in the paid workforce and many others say that they would work past 65 if they could. In 2001, 6% of the population 65 and over had jobs, of which 42% worked part-time.

Incremental adjustments in public pension programs have provided some responses to these demographic and social factors, as well as to the fiscal implications of an ageing, changing, and growing senior segment in Canadian society. Changes to CPP financing have put the Plan on a sustainable fiscal foundation; however, pressures will continue to emerge and potentially accentuate what are now relatively small gaps in the effectiveness of these programs and seniors policies in general.

SDC will respond to these changes by initiating research and analysis to identify issues, challenges and opportunities related to an ageing society, seniors and other client segments. This work will include an examination of potential options for OAS and CPP that could address the needs of low-income seniors, changing work-to-retirement transitions and changing social relationships. This process will be linked to the regular three-year review of the Canada Pension Plan by federal and provincial Ministers of Finance and proposed amendments to the CPP's sister plan — the Quebec Pension Plan.

As a federal focal point for seniors, we will build on the support the Department provided in the preparation of the *Report of the Prime Minister's Task Force on Active Living and Dignity for Seniors*, with a particular emphasis on establishing and strengthening collaborative relationships. This will help develop a sound foundation for policies that are coherent among all departments and agencies within the Government of Canada and with provincial and territorial partners.

Consistent with this objective, we will begin to engage federal departments, provinces and territories in a process to map and align policies, programs and services for seniors across jurisdictions. Action on the needs of low-income seniors will be the initial focus of our efforts to engage potential partners.

Canada provides leadership on public pension issues through the International Social Security Association (ISSA). At a time when many developing countries and those that are building market economies are exploring how best to meet the pension needs of citizens in effective, sustainable ways, there is substantial interest in the Canadian experience. Canada also draws on ISSA contacts to identify best practices and lessons learned in other countries that may be relevant to Canadian needs. In 2004, we will take part in the ISSA General Assembly, which will discuss the Canadian-chaired ISSA Initiative. The Initiative has focused on two primary areas: social security protection for individuals and communities around the world and the protection of rights to social security under private and public pension schemes. It has involved studies of key issues affecting pension policies and programs and we expect to work with the ISSA Secretariat to ensure that the Initiative's results help to inform policy choices internationally.

Strategic Outcome 2:

A Canada where the social and economic participation of persons with disabilities is enhanced.

Disability affects millions of Canadians and their families. In 2001, one in eight (3.6 million) Canadians reported that they had participation or activity limitations. Of them, 180,000 were children (3.3% of all children), nearly 2 million were between the ages of 15 and 64 (14.6% of that group) and nearly 1.5 million were 65 or older (40.5% of that entire group and a majority of seniors 75 and older). There are approximately 2 million persons with disabilities who receive help from family members with everyday activities because of disability.

The Government of Canada is committed to enabling Canadians with disabilities to be included as full citizens throughout our society and economy. While many Government of Canada departments and agencies provide services and supports that benefit persons with disabilities, Social Development Canada makes a particularly significant contribution. The Government has given us the lead role in disability issues at the federal level, based on our department's responsibility for, and investments in, policy and program activities that encourage the social and economic participation of people with disabilities, as well as our ongoing partnerships with other levels of government and the disability community. The Government demonstrated this commitment when it funded an integrated package of measures in the 2004 budget for persons with disabilities including an amendment to the CPP legislation that would allow for automatic reinstatement of disability benefits for eligible recipients. With the new measures announced in the 2004 budget, \$222 million will be directed to help people with disabilities through the Multilateral Framework for Labour Market Agreements for Persons with Disabilities, and \$26.7 million will be directed to help people with disabilities through the Opportunities Fund.

SDC's initiatives with specific impacts on Canadians with disabilities include: Canada Pension Plan disability benefits; federal contributions to the provinces and territories for employment-oriented programs and services funded through Labour Market Agreements for Persons with Disabilities; and funding for other employment programs for persons with disabilities through the Opportunities Fund. Other SDC programs, such as the Social Development Partnerships Program – Disability Component, aim to increase the

capacity of the disability community to promote the social well-being of persons with disabilities. More information on the Social Development Partnerships Program can be found in the next section.

This strategic outcome focuses on how SDC policies and programs benefit Canadians with disabilities. Our commitment to innovative and improved service delivery to Canadians, including those with disabilities, is reported under Strategic Outcome 5: *A Canada where service delivery is focused on citizen needs.*

The basis for SDC planning under this strategic outcome is the vision set out in *In Unison: A Canadian Approach to Disability Issues*.⁷ Endorsed by the federal, provincial and territorial Ministers Responsible for Social Services in 1998, *In Unison* articulates a shared national vision for the full participation of people with disabilities, based on the values of equality, inclusion and independence. The *In Unison* vision continues to guide the Government of Canada's own priorities and its collaboration with the provinces and territories on disability policies and programs.

That vision and SDC planning related to this strategic outcome recognize that even with the progress made to date, many Canadians with disabilities continue to experience exclusion and isolation from work, from school and from communities. For example, 51.2% of working age persons with disabilities are employed, compared to 82.3% of persons who do not have disabilities. Persons with disabilities who are working have median earnings that are 17% lower than median earnings of workers without disabilities. Persons with disabilities are almost twice as likely to live in a low-income household (27% vs. 14%). Many do not have the supports they need to maximize their capacity to take a fuller part in society and the economy, and to accomplish basic tasks.

Many family caregivers of persons with disabilities also face barriers to full economic and social inclusion. For example, over half of families of children with disabilities experience impacts on employment. Families of children with disabilities also have incomes that are 12-17% lower than those of families with non-disabled children, and are twice as likely to depend on government assistance, not employment, for their main source of income (17% vs. 8% of families). A majority of families of children with disabilities report that they need help in balancing family activities with the additional work involved with caring for a family member with a disability. We also know that a large majority of adults with disabilities receive help from family. The severity of the disability increases the importance of the family's role in caregiving. For more information on how the Government of Canada supports children with disabilities, please see the section entitled Strategic Outcome 4: *A Canada where the capacities of individuals, children, families, and communities are strengthened in order to promote social inclusion, participation and well-being.*

SDC planning for this strategic outcome also addresses the importance of Canada Pension Plan disability (CPP-D) benefits to many working-age Canadians with disabilities. This year, we expect as many as 295,000 people will benefit from CPP-D benefits. We have made a range of improvements designed to make the

7 <http://socialunion.gc.ca/pwd/unison/unison_e.html>

CPP administration more sensitive to the needs of people with disabilities, while also meeting expectations that benefits are being targeted to those who are eligible for them.

In 2004-2005, our efforts under this strategic outcome will focus on the following priorities: acting on our responsibility for federal leadership for persons with disabilities; building strategic partnerships with other jurisdictions, within the Government of Canada, with partners in Canadian society and others; building community capacity for persons with disabilities; and fulfilling the CPP-D commitments made to the Standing Committee on Human Resources Development and the Status of Persons with Disabilities.

Strategic Outcome 2:

A Canada where the social and economic participation of Persons with Disabilities is enhanced

Funding (millions of dollars)	Authority (Restated) ¹		Planned Spending	
	2003-2004	2004-2005	2005-2006	2006-2007
Gross Operating Expenditures	61.1	64.6	64.6	64.6
Non-Statutory Grants & Contributions	221.7	248.7	248.8	248.8
CPP Disability Benefits ²	3,100.6	3,168.1	3,293.6	
Total	3,383.4	3,481.4	3,607.0	
Full Time Equivalent	662	870	870	870

1 Restated authority as a result of the December 12, 2003 restructure of HRDC into SDC and HRSDC.

2 Forecasted expenditures for the CPP and OAS are available only for the planning years 2004-05 and 2005-06.

Provide federal leadership on issues affecting persons with disabilities (ongoing priority)

Social Development Canada’s responsibility for leadership on the issues of importance to Canadians with disabilities is consistent with its broader departmental goal of providing a focal point for social policy development, program design and delivery related to income security for Canadians and the social development of specific groups within Canadian society.

As part of this, SDC will lead the preparation and release of the Government of Canada’s second federal report on disability, the purpose of which is to assess progress towards the inclusion of Canadians with disabilities and the contribution of the Government of Canada’s disability-related programs and services.

We will continue to develop and provide sound knowledge on disability issues, which will enable us to inform policy and program development and build awareness across all federal departments and agencies. As part of this, and based on available resources, we expect to implement an action plan in preparation for the 2006 Participation and Activity Limitation (PALS) data release. This survey will provide information on Canadians with disabilities that will guide future decisions. We also will prepare and release the Access and Inclusion Lens Toolkit, a framework for departments and agencies to use to ensure

that government policy and program initiatives take into account the needs of people with disabilities.

At a more general level, we will be the catalyst and focal point for ongoing and emerging government-wide disability initiatives. As part of this work and to achieve this strategic outcome more generally, we will work closely with the Assistant Deputy Ministers' Steering Committee representing the departments most involved with disability issues and with voluntary sector representatives, as we work toward improved coherence and integration of all federal policies and programs for persons with disabilities.

The same commitment to federal leadership will take place at an international level. We will continue to participate in the development of *the United Nations Convention on the Protection and Promotion of the Rights and Dignity of Persons with Disabilities*, in consultation with other federal departments, provinces and territories, and the disability community. Our involvement in the International Social Security Association and in Rehabilitation International will position us to make contributions to issues relating to disability income support, return to work, and service delivery.

Build strategic partnerships (ongoing priority)

In Unison reflected a broad understanding that the responsibility to create a more inclusive climate for people with disabilities is shared by all levels of government, the private and voluntary sectors as well as Canadians. SDC has an essential role, as the federal focal point for disability leadership, in engaging partners to identify strategies and actions, particularly those that will implement commitments made in the 2004 Speech from the Throne, which states, "*The Government will start by working with the provinces and territories to fill the gaps in education and skills development and in workplace supports and workplace accommodation for people with disabilities.*"

An important way for the Government of Canada to fulfill this commitment in 2004-2005 will be to work with provinces to implement the new Multilateral Framework for Labour Market Agreements for Persons with Disabilities⁸. As of April 1, 2004, the Multilateral Framework provides a new opportunity for governments to work together to improve the employment situation of people with disabilities. Under the Multilateral Framework's accountability provisions, all governments have made a strong commitment to public reporting, with baseline reports scheduled to be released on December 3, 2004. Annual reporting on program and societal indicators will begin on December 3, 2005. SDC will work with provinces to ensure that these reports are released in a timely manner and that they provide a full public account of the progress made toward fulfilling the goals of the Multilateral Framework. SDC and the provinces will also participate in joint evaluations to determine the impacts of outcomes of programs and services funded under the Multilateral Framework.

⁸ Although the Multilateral Framework reflects federal-provincial-territorial consensus, it was not formally endorsed by Québec and the territories. The territories have confirmed their support for the principles and direction of the Multilateral Framework. They will continue to provide labour market programs for people with disabilities, and will participate in the Multilateral Framework in the future if outstanding fiscal arrangement issues are resolved. This situation does not represent a change for the territories, which did not participate in the Employability Assistance for People with Disabilities initiative. For more information, please visit http://www.sdc.gc.ca/asp/gateway.asp?hr=en/hip/odi/08_multilateralFramework.shtml&hs=pyp.

As part of building strategic partnerships within the federal government, SDC will undertake a review of federal employment programs for persons with disabilities to bring greater coordination and coherence to these programs. This will include an examination of the Opportunities Fund for Persons with Disabilities and Labour Market Agreements for Persons with Disabilities.

Canada Pension Plan Disability (CPP-D) benefits were originally designed to provide basic earnings replacement, with additional benefits coming from other programs. The integration of CPP-D benefits with those of other programs continues to be an issue for clients, the disability community and parliamentarians. As part of our partnership activities this year, we will pursue client coordination mechanisms with provinces and private insurers related to individuals who deal with more than one of CPP-D, provincial social assistance programs and private long-term disability insurance.

Enhance community capacity building for persons with disabilities (ongoing priority)

In Unison committed governments to engage Canadians with disabilities as full partners in accomplishing shared objectives. This was consistent with the broader recognition that by providing opportunities and support, communities and community-based organizations can test innovative approaches that address social well-being issues.

As an SDC priority across the departmental agenda, we have a base to build on in 2004-2005 through our ongoing administration of the disability component of the Social Development Partnerships Program and through the Opportunities Fund. We expect to make strategic investments and work in partnership with organizations in the non-profit sector that address the needs of persons with disabilities.

Fulfill commitments to Parliament regarding the Disability component of the Canada Pension Plan (new priority)

In June 2003, the Standing Committee on Human Resources Development and the Status of Persons with Disabilities tabled its fifth report in the House of Commons, *Listening to Canadians: A First View of the Future of the Canada Pension Plan Disability Program*.⁹ The Committee made 71 specific recommendations aimed at improving the Canada Pension Plan Disability (CPP-D) application and appeals processes, broadening coverage, updating adjudication tools, providing more support for clients to return to work, and working toward a more coordinated disability income system.

The Government Response included some specific commitments that SDC will work to finalize and implement, subject to any necessary consultation with the provinces. For example, the Government passed legislation to allow the automatic reinstatement of disability benefits. This financial safety net will ensure that clients can have their CPP-D benefits automatically restarted if their attempt to return to work is not successful within two years because of a recurrence of their disability. In addition, the Government agreed to work collaboratively with the provinces to identify reasonable options for changes to CPP-D that affect vulnerable clients, including long-term CPP contributors and terminally ill applicants.

⁹ <<http://www.parl.gc.ca/InfoComDoc/37/2/HUMA/Studies/Reports/humarp05-e.htm>>

The Standing Committee also recommended that evaluations be performed on various aspects of CPP Disability. SDC has responded to this by advancing the start of the scheduled evaluations of CPP-D to 2004-2005. This will be the first comprehensive evaluation of CPP-D since 1996 and will focus on all aspects of CPP Disability benefits and their administration, including program objectives and outcomes.

Strategic Outcome 3:**A Canada where vibrant and inclusive communities meet the social development needs of Canadians.**

Social Development Canada recognizes that vibrant and inclusive communities are a pillar of social development and that strong communities foster the social well-being of their members. Our work also recognizes the contributions that local, regional and national voluntary sector organizations make to communities and to identifying innovative, effective responses to social issues — generating insights from which other communities can learn.

While many Government of Canada departments and agencies work in and with communities, SDC has a clear community focus in our planning, policies and programs. For example, programs such as the Social Development Partnerships Program (SDPP) and our responsibility for the Voluntary Sector Initiative (VSI) are strengthening the capacity of social non-profit and voluntary sector organizations to identify and act on social issues of importance to communities.

This strategic outcome is focused on our responsibility for overall policy and program activities to strengthen the voluntary sector and support the social development work of non-profit organizations, as well as community based initiatives that promote partnerships and collaborations to address the needs and promote the full inclusion of persons with disabilities, children and families, and seniors. Elsewhere in this Report on Plans and Priorities we address our commitment to innovative and improved services to Canadians and their community organizations under Strategic Outcome 5: *A Canada where service delivery is focused on citizen needs.*

SDC planning under this strategic outcome reflects the fundamental role that voluntary sector organizations and communities play in the lives of families, individuals and Canadian society. Voluntary sector organizations promote the well-being of Canadians by delivering services, enriching public dialogue, providing feedback on program effectiveness, promoting citizen participation and building vibrant communities. They provide economic, social, cultural and spiritual well-being as well as essential services such as health care, social services, education and recreation.

Our planning is based on pursuing this strategic outcome through partnerships. We know that addressing social challenges requires creative interaction between governments, communities, voluntary sector organizations and individuals. Our partnerships are instrumental in enhancing the capacity for social development and achieving an improved quality of life for Canadians. As part of our planning, we will be developing an engagement strategy for consulting and working with Canadians on social issues,

building on best practices through literature reviews and learning from experts, other departments, governments and countries.

In 2004-2005, our efforts under this strategic outcome will focus on continuing leadership, coordination and partnerships to further strengthen Canada's voluntary sector and community-based organizations, so that they can continue to contribute to inclusive, vibrant communities.

Strategic Outcome 3:

A Canada where vibrant and inclusive communities meet the social development needs of Canadians

Funding (millions of dollars)	Authority (Restated) ¹		Planned Spending	
	2003-2004	2004-2005	2005-2006	2006-2007
Gross Operating Expenditures	6.4	9.3	7.9	7.9
Non-Statutory Grants & Contributions	25.5	37.2	41.1	45.1
Total	31.9	46.5	49.0	53.0
Full Time Equivalents	61	54	51	51

¹ Restated authority as a result of the December 12, 2003 restructure of HRDC into SDC and HRSDC.

Provide federal leadership, oversight and coordination in strengthening the capacity of social non-profit and voluntary sector (new priority)

Since 2000, the Government of Canada has been working with the voluntary sector through the Voluntary Sector Initiative to strengthen its capacity to support the participation and inclusion of Canadians and to strengthen the relationship between the voluntary sector and the Government. The 2004 Speech from the Throne reaffirms the Government of Canada's commitment to partnerships with the voluntary sector and the 2004 budget allocated \$6 million over the next two years to advance joint work with the sector.

In the year ahead, we will contribute to enhancing the voluntary sector's capacity to collaborate and innovate, and support a stronger voice for philanthropic and charitable organizations in public policy dialogue. We will also provide horizontal federal leadership to improve funding practices with respect to the voluntary sector, to ensure a balance between accountability for public funds and the flexibility to support collaborative, community-based investments. Work will be undertaken to strengthen and develop new forms of collaboration between the voluntary, private and public sector to support social and economic development, and community-based social innovation. We will also provide leadership by working with the voluntary sector to identify its future priorities for joint work with the Government of Canada.

Develop, design and implement the New Horizons for Seniors Program (new priority)

In the 2004 budget, the Government announced that it would provide \$8 million in 2004-2005 and \$10 million annually for future years to fund the New Horizons for Seniors Program. The intent of New Horizons is to support a wide range of community-based projects that enable seniors to participate in social activities, pursue an active life and contribute to their communities. The expected outcomes of the New Horizons for Seniors Program are:

- ❖ increased social participation of seniors;
- ❖ reduced isolation of vulnerable seniors;
- ❖ enhanced opportunities for networking and association between seniors; and
- ❖ enhanced opportunities to build community capacity and partnerships.

The New Horizons budget commitment reflected substantial input from seniors' organizations and community groups that recognized such a program as an effective way to encourage continued involvement of seniors in their communities. The new program will draw on experience with the former New Horizons/New Horizons: Partners in Ageing program.

During this fiscal year, we will carry out the full range of actions necessary to meet the budget commitment and implement the program as fully and as promptly as possible. This will include working with other levels of government as well as seniors' organizations, the voluntary sector and stakeholders; seeking Treasury Board approval of the terms and conditions under which New Horizons projects will be funded; engaging communities to address the needs of seniors living in Canada; setting priorities; and implementing the first round of project funding.

Expand the Understanding the Early Years initiative (new priority)

Parents, families, communities and governments need the best possible knowledge to make effective choices in our strategies to improve child development outcomes. The Understanding the Early Years (UEY) initiative equips communities with locally-specific information and knowledge on the development of children in their community, on family and community characteristics, and on the quality and quantity of programs and services supporting children under the age of six and their families. The UEY initiative helps communities assess their children's needs and equips them with the information they need to make informed decisions about the best policies and most appropriate programs for young children and their parents living in the community.

At present, 12 pilot communities in eight provinces participate in the initiative. In the 2004 budget, the Government announced that it would provide \$68 million over seven years to expand the UEY initiative to 100 communities. We will approach year one (2004-2005) as a planning year, followed by implementation of the UEY activities in an average of 25 additional communities per year for the subsequent four years, with a wind-down period in 2009-2010 and 2010-2011.

Continue to make strategic investments and work in partnership with organizations in the non-profit sector that address the social development needs of persons with disabilities, children and families, and other vulnerable populations (ongoing priority)

The Social Development Partnerships Program (SDPP) provides support for initiatives that seek to improve the quality of life and promote the full participation of persons with disabilities, children and families and other vulnerable and excluded populations. In managing the SDPP, we work in partnership with social non-profit voluntary sector organizations, social development experts and academics, our government partners and other stakeholders to ensure that our investments will have the best possible impacts.

The SDPP makes strategic investments to help address key government social priorities. Investments under the persons with disabilities priority seek to advance the Government of Canada's Disability Agenda by promoting the full participation of Canadians with disabilities in learning, work and community life. Investments under the early learning and child care priority contribute to major federal/provincial/territorial policy initiatives such as the September 2000 Early Childhood Development Agreement and the March 2003 Multilateral Framework on Early Learning and Child Care. Others strengthen the capacity of official language minority communities to promote the development of linguistically and culturally relevant early learning and childcare for families in official language minority communities. Investments under the social inclusion priority support activities that contribute to the inclusion and full participation of children and families.

The SDPP contribution funds support the generation and dissemination of knowledge and information on emerging social issues; increase public awareness; and establish and maintain sustainable partnerships, alliances, networks and collaborations and public dialogue/consultations in support of persons with disabilities and children and families.

Under the SDPP, we also provide grants to strengthen and sustain the capacity of national organizations to enable them to continue to respond to, and represent, the needs of persons with disabilities, and children and families. In 2004-2005, we will award new grants to support social development work related to children and families.

In 2004-2005 we will develop indicators and measures to support the SDPP's results-management framework. This will enable us to enhance our accountability and the effectiveness of the SDPP activities. The development process will include consultation with stakeholders and will guide planned evaluations of the SDPP.

Strategic Outcome 4:**A Canada where the capacities of individuals, children, families, and communities are strengthened in order to promote social inclusion, participation and well-being.**

The well-being of children is a determinant of the present quality of life in Canada and our future productivity. There is a strong consensus that income support for low-income families, combined with service supports for all parents, are important to achieving social well-being for all children.

Because the early years establish the foundation for competence and coping skills that will affect learning, behaviour and health in later life, the federal, provincial and territorial governments have recognized support for early childhood development, with a particular focus on early learning and child care, as a key priority. The Government of Canada continues to make supporting children and their families a priority and works with the governments of the provinces and territories on three major initiatives:

- ❖ National Child Benefit;
- ❖ Early Childhood Development Agreement; and
- ❖ Multilateral Framework on Early Learning and Child Care.

Participating governments have agreed to common policy objectives and to the kinds of contributions that those governments would make to realize the objectives of each initiative. Social Development Canada is responsible for federal leadership on all three initiatives and is actively involved in facilitating learning and reporting on results under each initiative.

The Government of Canada recognizes the special needs of low- and modest-income families with a severely disabled child. This is why the government provides a Child Disability Benefit to low- and modest-income families. SDC participated in the development of the Child Disability Benefit and is involved in the ongoing implementation of the initiative.

SDC has other program responsibilities that have an impact on Canadian families and children. For example, this year we expect to provide Canada Pension Plan (CPP) benefits to 86,000 children of deceased contributors to the CPP Account. In addition to CPP benefits for persons with disabilities (described in Strategic Outcome 2), payments will be made to 91,000 children of these beneficiaries. Our commitment to innovative and improved services to these children and families is also addressed under Strategic Outcome 5: *A Canada where service delivery is focused on citizen needs.*

These efforts are being supported by our strategies to enhance the capacity of communities to identify and act on the social priorities that they see, which is addressed in Strategic Outcome 3: *A Canada where vibrant and inclusive communities meet the social development needs of Canadians.* For example, that strategic outcome includes the priority of implementing the commitment set out in the 2004 budget to expand the Understanding the Early Years initiative, which supports research at the community level

on the extent to which programs and services exist to support young children and their families and on how well they are prepared for school.

Strategic Outcome 4:

A Canada where the capacities of individuals, children, families, and communities are strengthened in order to promote social inclusion, participation and well-being²

Funding (millions of dollars)	Authority (Restated) ¹	Planned Spending		
	2003-2004	2004-2005	2005-2006	2006-2007
Gross Operating Expenditures	2.5	2.4	2.4	2.4
Total	2.5	2.4	2.4	2.4
Full Time Equivalentents	10.0	10.0	10.0	10.0

1 Restated authority as a result of the December 12, 2003 restructure of HRDC into SDC and HRSDC.

2 SDC's operating costs for this outcome are minimal. The National Child Benefit initiative is delivered by the Canada Revenue Agency and the Government of Canada mainly supports the Early Childhood Development Agreement and the Multilateral Framework on Early Learning and Child Care objectives via the Canada Social Transfer to provinces and territories. These resources have been specifically allocated for the purposes of the National Child Benefit initiative. Over time, workload on these resources has grown to include activities associated with the Multilateral Framework on Early Learning and Child Care and the Early Childhood Development Agreements. Additional workload pressures have often necessitated a temporary reallocation from corporate policy resources on a priority, not ongoing, basis.

During 2004-2005, Social Development Canada expects to continue work under all three initiatives, with the following priorities.

Ensure effective implementation of the National Child Benefit initiative (ongoing priority)

Decades of research have shown that low family income can have a negative impact on child development and child outcomes. However, experience in Canada demonstrated the existence of a “welfare wall” for many families receiving social assistance payments. Those families found that moving from social assistance into a low-paying job often meant only a minimal increase in family income. It could also mean a loss of other valuable benefits, including supplementary health, dental and prescription drug benefits. As a result, families could find themselves financially worse off as a result of moving into employment.

Under the National Children’s Agenda, the National Child Benefit (NCB) initiative was introduced in 1998.¹⁰ The NCB is based on a partnership among federal, provincial and territorial governments, and includes a First Nations component.¹¹ It has the following three goals:

- ❖ help prevent and reduce the depth of child poverty;

¹⁰ More details are at <http://www.nationalchildbenefit.ca/home_e.html>.

¹¹ The Government of Québec has stated that it agrees with the basic principles of the NCB. Québec chose not to participate in the NCB because it wanted to assume control over income support for children in Québec. As such, references to joint federal/provincial/territorial positions do not include Québec.

- ❖ promote attachment to the labour market by ensuring that families will always be better off as a result of working; and
- ❖ reduce overlap and duplication by harmonizing program objectives and benefits and simplifying administration.

The NCB provides income support for low-income families with children through a national platform of income-tested child benefits delivered as part of the federal Canada Child Tax Benefit (CCTB). It has replaced the child benefits historically delivered through provincial and territorial welfare systems. The NCB initiative ensures that enhanced benefits and services continue when parents move from social assistance to paid employment.

Under the NCB, the Government of Canada provides additional income support to low-income families and their children through the NCB Supplement component of the CCTB. The CCTB has two main elements:

- ❖ The base benefit of the CCTB provides child benefits to all low- and middle-income families. This benefit is provided to approximately 82% of Canadian families with children.
- ❖ The NCB Supplement provides low-income families with additional child benefits on top of the base benefit. The NCB Supplement is provided to approximately 40% of all Canadian families with children.

In 2002-2003, the federal government provided \$2.5 billion through the NCB Supplement, which is delivered by the Canada Revenue Agency. Since 2000, the CCTB has been fully indexed so that benefits increase with inflation. The Government of Canada announced increased benefits in the 2003 budget, with a first increase in July 2003. Further increases of \$185 per child are scheduled for July 2005 and July 2006. By 2007, the maximum annual benefit for a two-child family will reach \$6,259. This will bring annual federal support delivered through the CCTB to more than \$10 billion in 2007.

This action will help build on the success to date, most recently set out in the *NCB Progress Report: 2002*, which confirms that the NCB is making progress on all three of its goals:¹²

- ❖ Reduction of child poverty: As a result of the NCB in 2000, 55,000 children in 22,900 families were not living in low income, a 5.1 percent reduction in the number of low-income families or 1 in 20.
- ❖ Increased attachment to the labour market: The NCB is making work financially more attractive than social assistance. This improvement was associated with a reduced dependency on social assistance among families with children.
- ❖ Reduction of overlap and duplication: The flexibility of the NCB allowed many jurisdictions to combine the NCB Supplement with provincial and territorial child benefits into a single integrated payment.

¹² <<http://www.nationalchildbenefit.ca/ncb/library1.shtml#2002>>.

Social Development Canada's planning for this priority in 2004-2005 is focused on our department's roles in the overall development of strategies and in reporting on results to Canadians. We will continue to oversee federal reporting on contributions and results. We will continue to work with the provinces, territories and other partners to address issues that may arise, so that the NCB continues to evolve and generate results.

Under the NCB Governance and Accountability Framework, federal, provincial and territorial governments have committed to report annually to the public with a primary focus on performance of the NCB.¹³ SDC will support this process with the release of the fifth *NCB Progress Report* expected in 2004. In addition, the first comprehensive evaluation of the NCB will be completed by the end of 2004. This federal-provincial-territorial evaluation will assess the NCB against the initiative's three goals.

Ensure effective implementation of the Early Childhood Development Agreement (ongoing priority)

Social Development Canada, in partnership with Health Canada, continues to play an important role in the implementation of the Federal/Provincial/Territorial Early Childhood Development (ECD) Agreement concluded in September 2000. The overall goal of the initiative is to improve and expand early childhood development supports for young children (prenatal to age 6) and their parents.

The specific objectives of the ECD Agreement are:

- ❖ to promote early childhood development so that, to their fullest potential, children will be physically and emotionally healthy, safe and secure, ready to learn, socially engaged and responsible; and
- ❖ to help children reach their potential and to help families support their children within strong communities.

In support of these objectives, the Government of Canada is transferring \$500 million per year, through the Canada Social Transfer, to provincial and territorial governments to improve and expand programs and services in four key areas: promoting healthy pregnancy, birth and infancy; improving parenting and family supports; strengthening early childhood development, learning and care; and strengthening community supports.¹⁴

Recognizing the importance of being accountable to Canadians, all participating federal, provincial and territorial governments have committed to the following three reporting requirements:

- ❖ Each government released a first report on ECD programs and expenditures for 2000/2001 fiscal year, providing a baseline against which new investments can be tracked.

¹³ <http://www.nationalchildbenefit.ca/ncb/geston3_e.shtml>.

¹⁴ While the Government of Québec supports the general principles of the ECD Agreement, it did not participate in developing this initiative because it intends to preserve its sole responsibility on social matters. However, Québec receives its share of federal funding and the Government of Québec is making major investments toward programs and services for families and children.

- ❖ In fall 2002, governments began annual reporting using a shared framework with comparable program indicators to track progress in improving and expanding early childhood development programs and services within the four areas for action.
- ❖ In fall 2002, governments began regular reporting on children's well-being, using a common set of outcome indicators. A subsequent report was released in the fall 2003 with biennial reporting thereafter.

Social Development Canada will continue to play a key role in future public reporting, with the next report on ECD activities and expenditures to be released in the fall 2004. This report will continue to use the comparable program indicators identified by the federal, provincial and territorial governments to track progress in improving and expanding early childhood development programs and services.

As co-chair of the Federal-Provincial-Territorial ECD Working Group, which has responsibility for implementing the ECD Agreement and the Multilateral Framework on Early Learning and Child Care, Social Development Canada will continue to play the lead role on behalf of the Government of Canada in working with provinces and territories to implement the ECD Agreement. We will also continue to monitor provincial and territorial expenditures and reporting under the Agreement. As co-chair of the Federal-Provincial-Territorial Committee on ECD Knowledge, Information and Effective Practices, which reports to the Federal-Provincial-Territorial ECD Working Group, Social Development Canada will work with provincial and territorial governments to improve reporting under the Agreement by addressing data gaps on young children and share information on best practices, research, knowledge development and evaluation related to early childhood development.

Ensure effective implementation of the Multilateral Framework on Early Learning and Child Care (ongoing priority)

In March 2003, the federal, provincial and territorial Ministers Responsible for Social Services agreed to a framework for improving access to affordable, quality, provincially and territorially regulated early learning and child care programs and services.¹⁵

The specific objectives of the Multilateral Framework on Early Learning and Child Care are to further promote early childhood development and support the participation of parents in employment or training by improving access to affordable, quality early learning and child care programs and services.

In support of these objectives, the Government of Canada is providing \$1.05 billion over five years, which includes the additional \$150 million committed in the 2004 budget, through the Canada Social Transfer to support provincial and territorial government investments in early learning and child care. The programs and services funded through

¹⁵ While the Government of Québec supports the general principles of the Early Learning and Child Care initiative, it did not participate in developing these initiatives because it intends to preserve its sole responsibility on social matters. However, Québec receives its share of federal funding and the Government of Québec is making major investments toward programs and services for families and children.

this initiative will primarily provide direct care and early learning for children in settings such as child care centres, family child care homes, preschools and nursery schools. Investments can include capital and operating funding, fee subsidies, wage enhancements, training, professional development and support, quality assurance, and parent information and referral.

Governments committed to public reporting that will give Canadians a clear idea of the progress being made in improving access to affordable, quality early learning and child care programs and services. Baseline reporting in 2003 began this process.¹⁶

In 2004-2005 and beyond, Social Development Canada will continue to play the lead Government of Canada role in future public reporting under this framework, with the next report on early learning and child care activities and expenditures to be released in fall 2004. This report will continue to use the comparable program indicators outlined in the Multilateral Framework on Early Learning and Child Care to track progress in improving and expanding early learning and child care programs and services.

Working with provinces and territories, Social Development Canada will also play a lead role in implementing the other elements of the Multilateral Framework on Early Learning and Child Care. This will include monitoring provincial and territorial expenditures and reporting under the Framework, working with provinces and territories to address issues related to data quality and co-chairing a subcommittee of the Federal-Provincial-Territorial ECD Working Group charged with joint development of a shared evaluation framework for early learning and child care programs and services.

In the fall of 2004, the Government of Canada, in conjunction with the Organisation for Economic Co-operation and Development (OECD), and the governments of Prince Edward Island, British Columbia, Manitoba and Saskatchewan will release the OECD Thematic Review of Early Childhood Education and Care Policy in Canada. This report, prepared by an international team of experts led by the OECD, will review current early childhood education and care provisions in Canada, identify key issues and outline a series of conclusions and policy recommendations. The conclusions and recommendations will provide important input to federal-provincial-territorial discussions regarding early learning and child care.

Ensure effective implementation of the Child Disability Benefit (new priority)

In recognition of the special needs of low- and modest-income families with a severely disabled child, the 2003 federal budget introduced a \$1,600 Child Disability Benefit (CDB). The CDB is a supplement of the Canada Child Tax Benefit (CCTB) and is paid for children who meet the eligibility for the disability tax credit. The full \$1,600 CDB is provided to families with qualified disabled children who currently receive the National Child Benefit Supplement. Families with qualified disabled children who do not receive the National Child Benefit Supplement may be entitled to a reduced amount of the CDB based on their family net income.

¹⁶ The Government of Canada report is available at <http://socialunion.gc.ca/eecd_e.html>. Other jurisdictions' reports are available on their respective websites.

The CDB is estimated to benefit 40,000 families, providing \$50 million annually in financial support for children with disabilities. The CDB is delivered by the Canada Revenue Agency. SDC participated in the development of the CDB and worked with provinces and territories to ensure that families receiving income support from the province or territory realized the full benefit of the CDB.

Strategic Outcome 5:

A Canada where service delivery is focused on citizen needs.

More than 4.6 million Canadians deal with Social Development Canada (SDC) each year for direct programs and services. Canadians, businesses and voluntary sector organizations want consistent, high-quality service from governments. They want governments to make it easier and more convenient to obtain services, and they want those services to be operated in ways that control costs and ensure the right client receives the right service or benefit at the right time and for the intended purpose.

SDC is now deeply engaged in a fundamental transformation of its operations. Modernizing Service for Canadians (MSC) is a multi-year initiative aimed at transforming how SDC and Human Resources and Skills Development Canada (HRSDC), and potentially other partners, connect with Canadians in the delivery of services.

The MSC initiative builds on the Government of Canada service vision for Canadians of seamless and integrated multi-channel service delivery. The goal of that vision is “To transform service to Canadians by focusing on what citizens need in a way that supports their full participation in the workplace and community.” It has two important objectives:

- ❖ to create an integrated citizen-centred service focus that effectively meets the comprehensive social and labour market needs of Canadians; and
- ❖ to improve efficiency, while minimizing the cost and administrative overhead associated with serving Canadians.

The “one-stop shop” concept creates a new face of government and a transformation in how government provides services and benefits to Canadians.

As a contribution to achieving this end, SDC has taken a lead role in coordinating communications initiatives of the social cluster of departments—the collective of federal departments within which there are elements of social programs or services. The “cluster” concept was conceived to enhance horizontality across government, thereby helping to reduce citizen confusion as to which department delivers which program or service. This horizontal, whole-of-government communications approach will also contribute a greater citizen understanding of the range of social programs and services available to them and to easier access to these programs and services.

That same concept is moving SDC and HRSDC to more integrated and increasingly coordinated approaches on delivering services to specific groups of clients such as seniors, persons with disabilities and families and their children. This level of coordination includes efforts to engage other federal government departments as well as other jurisdictions that provide programs to similar groups of clients.

Our vision is to use automation and to share and use information and data more effectively across government, thereby reducing the work involved with processing and delivering benefits. We are supporting this vision with innovations in information technology and information management that are enabling us to change how we conduct many of our day-to-day functions.

Within that work during 2004-2005, we expect to address a series of specific priorities that will enable us to put the foundations for service transformation in place and take action to modernize specific areas of our relationship with Canadians, businesses and the voluntary sector.

Strategic Outcome 5:

A Canada where service delivery is focused on citizen needs¹

Funding	Authority (Restated)²		Planned Spending	
(millions of dollars)	2003-2004	2004-2005	2005-2006	2006-2007
Gross Operating Expenditures	84.9	37.3	34.3	34.1
Full Time Equivalents	1,133	654	645	644

1 The above figures exclude 450 FTEs and \$25 million related to ISP telephone services which serve to support this strategic outcome, in addition to Strategic Outcomes 1 and 2. These resources are linked to statutory benefits (CPP and OAS) and are included under Strategic Outcome 1.

2 Restated authority as a result of the December 12, 2003 restructure of HRDC into SDC and HRSDC

Provide improvements to the national infrastructure for identity and integrity (previous priority)

The Social Insurance Number (SIN) is the foundation for the delivery of government services. On an annual basis, the SIN supports 140 million EI transactions, 110 million Income Security Programs transactions, 37.5 million Canada Child Tax Benefit transactions, and 25 million income tax filers. The integrity of more than \$70 billion in annual HRSDC and SDC program expenditures to individuals and businesses and the annual collection of more than \$160 billion in tax, EI, and CPP contributions are dependent on the accurate identification of individuals and businesses.

Service delivery will be transformed through better linkages between the Social Insurance Registry (SIR) and vital event data from associated federal government departments and the provinces/territories. Over the next year, the Department will initiate more effective linkages, starting with three provinces, to:

- ❖ enable the development of a simplified and automated approach to reporting the death of a citizen that would eliminate the need for separate requests for things

such as a death certificate, deactivation of a SIN, cessation of CPP and OAS payments to the deceased, etc.;

- ❖ facilitate the issuance of a SIN at birth that will reduce the requirements and wait times for multiple foundation documents before a SIN is issued, and facilitate the simplification and streamlining of the work now associated with filling out different and separate forms for government and private-sector services related to birth; and
- ❖ pursue real-time verification of information for individuals applying for a SIN.

Further, the Department will support the service transformation by implementing a common, department-wide approach to identification and authentication that will assure clients accessing integrated services that their identity information is accurate, protected, private, and used appropriately, and help standardize guidelines around access to SIR data by authorized users.

Develop a streamlined and integrated approach across government for the collection, use, and maintenance of payroll, earnings, and income information (previous priority)

At present, businesses provide a variety of payroll, earnings and income information to the Government of Canada and to other governments. “E-Payroll” will be a streamlined and integrated approach across government for all this information. It will involve a single point of contact for the collection of information from employers for federal use, with possible future extension to provincial and territorial government partners that use the same data.

SDC and HRSDC will provide input into a comprehensive E-Payroll business plan with the Canada Revenue Agency as the lead partner. We will provide a review of the current environment, national and international best practices, a vision and conceptual design, transition and implementation strategies, detailed assessment of business and technology requirements, a business case, and potential early projects in support of the overall E-Payroll vision.

Once implemented, a successful E-Payroll initiative would significantly reduce the costs that businesses now incur each year to comply with government requirements and the related amount that federal departments and agencies spend to process benefits and taxes. It will lead to less complex benefit applications, fewer errors and more timely benefit payments.

Continue the development of a service strategy and service offerings (previous priority)

Traditionally, government departments have offered services to Canadians in the form of specific programs designed to meet very specific needs. Under the Modernizing Service for Canadians initiative, SDC is moving ahead with the concept of “service offerings.” These represent the creation of more integrated responses to citizen needs by bringing together various services. They move our operational focus on meeting a client’s needs to a holistic basis, which should generate more significant outcomes for those clients.

The creation of service offerings represents a basic part of our overall commitment to improving service for Canadians. By analyzing the needs of specific client segments (e.g. seniors, persons with disabilities) we expect to redefine how we deliver services to citizens who use our in-person services in communities. These client-based service strategies will help us to ensure that our services are consistent for Canadians by harmonizing them across all our service delivery channels (in-person, Internet, telephone, mail). These strategies will help us identify new services that should be introduced, old services that need improvement and services and benefits that we can bring together across service delivery channels to improve service to Canadians.

Our goal is to work with other governments and partners to develop integrated service offerings that will encompass services from all jurisdictions. As examples of this, we will test ways to simplify the application process for CPP Disability benefits and investigate providing these clients with streamlined access to other disability supports and services. We will also build on work to date by providing leadership for the Canadian Seniors Partnership and Seniors Network that bring together different providers of services to seniors.¹⁷ We will examine how service offerings for seniors can be improved or renewed in line with the Government of Canada Service Vision for Canadians. We intend to develop a Canada benefits and services guide as well as joint benefit and service information with the Canada Revenue Agency for our Web sites. Work to develop service offerings for low-income seniors will be a particular priority.

Provide enterprise- wide Internet and telephone client service for Social Development Canada and Human Resources and Skills Development Canada (previous priority)

SDC is responsible for providing service to Canadians for SDC and HRSDC programs through our electronic service delivery channels: our network of telephone call centres and Internet-based services. We have already implemented new electronic service delivery options on behalf of both departments, including on-line application processes for HRSDC's Employment Insurance program.

Next steps in providing enterprise-wide electronic services that bring consistency across electronic service delivery across many programs and services are beginning with the integration of the many individual services that previously existed for individual programs. Just as we consolidated more than 170 separate departmental Internet sites, we are launching enterprise-wide management of our 23 call centres, which are forecasted to handle 10.9 million calls in 2004–2005. This is now an integrated network to deliver telephone service for our Canada Pension Plan (CPP) and Old Age Security (OAS) programs as well as HRSDC's Employment Insurance and Canada Student Loans Program. We are complementing this change with initiatives to address recommendations by the Auditor General in her recent review of telephone services.

Simplify and streamline benefits and service delivery (ongoing priority)

The Government of Canada has committed to increasing the efficiency and effectiveness of all its programs. This is one way to maintain control of expenditures and ensure that resources are being used in line with the evolving priorities of Canadians.

¹⁷ <<http://www.canadabenefits.gc.ca>>.

Because of the scale and importance of OAS and CPP, we believe that we can not only automate processes, but also make fundamental business transformations to bring about efficiencies, savings and service improvements. As part of this, we will examine improvements to data management that could improve the operational efficiency of activities supporting our CPP retirement benefits and OAS basic benefits. We will continue our work to simplify processing for the Guaranteed Income Supplement as well as activities designed to ensure that we reach seniors who are eligible for GIS. Some of our initiatives to improve the effectiveness and efficiency of benefits delivery will involve collaboration with other government departments, and all these actions will seek to generate improved service to Canadians at lower operating costs.

Develop a strategy and action plan for regional service delivery (new priority)

HRSDC is responsible for the in-person delivery of SDC and HRSDC services to Canadians through its network of more than 300 Human Resources Centres of Canada across the country. We will work with HRSDC to ensure the effective delivery of SDC programs both regionally and locally. Our actions will include attention to the regional components of social development policy design and implementation, program and service delivery, and information and outreach activities.

Our support for HRSDC's in-person service delivery at the community level will ensure that we can draw on that community presence to advance our objectives.

Strategic Outcome 6: Effective corporate services.

Social Development Canada's corporate services support the achievement of all of SDC's strategic outcomes and serve to meet the expectations of Canadians and Parliament. Some services, including policy, communications, ministerial services, governance and management activities, have priorities that reflect the Department's policy, program and service directions.

Social Development Canada is also responsible for the provision of shared corporate services in the area of human resources, financial and administrative services and corporate systems, to both SDC and Human Resources and Skills Development Canada. During 2004-2005 and beyond, the shared corporate services will pursue priorities that reflect the commitment to high quality services to both departments and the need to support both departments in the achievement of their strategic outcomes.

In addition to this work, we have several cross-cutting initiatives, such as the development of a new Sustainable Development Strategy for SDC by March 31, 2006. For more information on SDC's Sustainable Development Strategy, please see Annex 9. Another example of these initiatives is implementation of an action plan to strengthen privacy protection and the management of information belonging to Canadians; information that is held by the department, and that we need to operate our programs.

**Strategic Outcome 6:
Effective corporate services**

Funding (millions of dollars)	Authority (Restated) ¹		Planned Spending	
	2003-2004	2004-2005	2005-2006	2006-2007
Gross Operating Expenditures ²	817.3	776.2	774.2	804.3
Full Time Equivalents	5,396	5,614	5,607	5,513

1 Restated authority as a result of the December 12, 2003 restructure of HRDC into SDC and HRSDC.

2 SDC also provides human resources, financial and administrative services and corporate services for HRSDC.

Provide effective shared corporate services in the areas of human resources, financial and administrative services and corporate systems to SDC and HRSDC (new priority)

The decision that SDC would provide shared corporate services to HRSDC provides an opportunity to ensure consistent service to people in both departments and to take advantage of efficiencies. SDC expects to demonstrate those results in all shared corporate service areas. For example, human resources branches will provide high quality services to SDC and HRSDC staff across the country.

As another example, SDC computer systems services will enable SDC and HRSDC to process more than 400 million transactions in 2004-2005, including benefit program payments to Canadians and responding to requests for services or information. The shared services concept will be central to improved planning and better-targeted investments in information technology. We will move to more “enterprise-wide” approaches and applications that will serve the needs of multiple programs across both departments over time, not just individual programs. We will also work with other government departments and participate in government-wide initiatives to develop technological solutions that will serve many departments.

We will bring the same kind of coordinated approach to strengthening the management of physical and information assets in both departments. For example, we are exploring the possibility of establishing a Canadian Social Sciences Library to bring together the information on social and labour market trends and best practices worldwide that federal departments and the public need. We are also developing a long-term strategic accommodation plan to provide efficiencies and cost-effectiveness across both departments.

More generally, SDC is providing consolidated financial and administrative services to SDC and HRSDC, which SDC will manage to ensure consistency of services and products and achieve efficiencies, including in its regional operations. This also will allow the easier implementation of innovations and more efficient processes to generate savings.

Another shared service is our responsibility for the collection of money owed to the Crown. During 2004-2005, SDC will manage a \$2.6 billion portfolio of program accounts receivable, mostly from HRSDC’s Canada Student Loans Program (64% of the

portfolio) and Employment Insurance Program (29%). SDC's Income Security Programs (e.g., Canada Pension Plan and Old Age Security) will represent 3% of the portfolio. During the fiscal year, SDC expects to recover \$449.5 million while maintaining quality of service to all clients.

Support a dynamic workforce (ongoing priority)

Both SDC and HRSDC need employees who can meet the challenges of a changing public policy, program and service delivery environment. During 2004-2005, we will take action in many areas that are designed to help achieve that goal.

One of the most fundamental areas for action will be implementation of the new *Public Service Modernization Act* (PSMA), which will bring significant changes to many human resource practices.¹⁸ We will develop tools and learning materials so managers and staff are aware of how the PSMA provisions are to work. We will also develop and lead the implementation of our own policy framework, processes and procedures to implement these changes across SDC and HRSDC.

The government is committed to ensuring that employees at the executive level and in executive feeder groups will be able to work in both official languages. To support this goal, we will increase language training for executives and EX feeder groups and we will regularly monitor executives' language abilities. We will also promote the use of both official languages in SDC and HRSDC workplaces.¹⁹

To ensure that departmental staff representative of the diversity of the Canadian population, we will work to meet the recruitment targets established in "Embracing Change" (particularly that one in five of our new staff are members of visible minority groups).²⁰

Given the importance of anchoring values and ethics into decision making at all levels, we will implement an SDC-HRSDC framework to integrate the Values and Ethics Code for the Public Service into the operations of both departments at all levels. This will include new tools and learning initiatives for use with all employees.²¹

SDC and HRSDC anticipate a rapidly changing environment for employees due to shifting business demands and workforce demographics. This will mean support to both departments to attract, retain and develop qualified staff. There will be a strong emphasis on development and learning, including attention to an E-learning strategy; a strategy to enhance corporate leadership for management; and mandatory learning initiatives for employees in financial skills, human resources management skills, and values and ethics.

Achieve Effective Stewardship and Accountability (ongoing priority)

Social Development Canada's priorities in the area of human resource management, systems and information technology management, and financial management all underscore our desire to provide more effective stewardship of public resources.

18 Information on the Public Service Modernization Act is at <http://www.tbs-sct.gc.ca/psma-lmfp/index_e.asp>.

19 Information on Government of Canada official languages policies is at <http://www.tbs-sct.gc.ca/ollo/common/policies-politiques_e.asp>.

20 Information on "Embracing Change" is at <http://www.tbs-sct.gc.ca/pubs_pol/hrpubs/tb_852/ecfps_e.asp>.

21 Information on Government of Canada values and ethics policies and initiatives is at <http://www.tbs-sct.gc.ca/veo-bve/index_e.asp>.

In addition to these priorities, Social Development Canada will also work at accelerating implementation of the Management Accountability Framework, a comprehensive management and accountability framework that establishes a vision for public sector management. In 2004-2005, we will continue to implement our key management priorities and begin developing a new set of management priorities, working in collaboration with Treasury Board Secretariat.

We will also continue our work in applying the principles of modern comptrollership throughout SDC and supporting HRSDC as it does the same, through such activities as: appointing professionally-accredited departmental comptrollers to sign off on all new spending initiatives; implementing a system to disclose all contracts valued at more than \$10,000; and supporting the Government of Canada Expenditure Review exercise, which will help ensure that all departmental expenditures provide value for money.

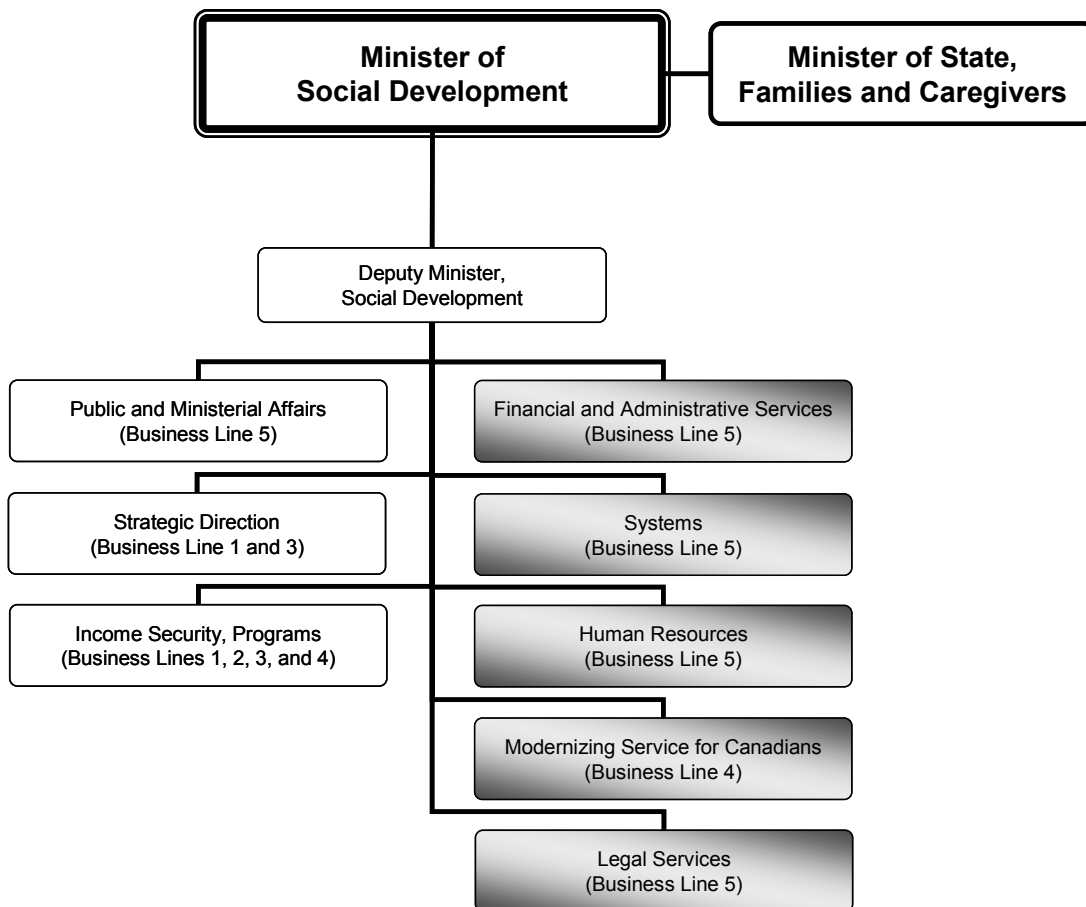
These efforts will be further supported by our internal review of grants and contributions programs to ensure their continued relevance and effectiveness and to improve employee understanding of financial management and comptrollership practices and principles.


These efforts, combined with our new policy, program and service delivery improvement initiatives are all fundamental touchstones in ensuring the effective and efficient stewardship of public resources. As a new department, Social Development Canada will need to ensure that we have the governance structures and business processes in place to ensure effective oversight and efficient and appropriate decision making. In 2004-2005, we will continue to implement integrated corporate business planning, risk management and performance measurement processes that serve the needs of this new Department and support the achievements of its objectives. We will also develop audit and evaluation plans that will ensure a culture of continuous improvement and compliance with respect to programs and their administration.

Organization and Accountability

The organizational model for Social Development Canada, which is expected to be finalized in 2004-2005, sets out a branch structure in which individual branches are focused on the achievement of one or more strategic outcomes and work with resources and responsibilities allocated under one or more departmental business lines. This model encourages collaboration among branches and a strong focus on results for Canadians.

A key element in SDC organization and accountability is its responsibility to provide corporate services and service delivery functions to Human Resources and Skills Development Canada (HRSDC) as well as to its own department.



 Indicate branches that also provide services to Human Resources and Skills Development Canada.

For a detailed description of SDC business lines, please visit http://www.tbs-sct.gc.ca/est-pre/20042005/page.asp?page=002_e_210.htm.

Resources by Business Line and Strategic Outcome

SDC has five business lines (i.e. Social Development Policy, Income Security Programs, Social Partnerships, Benefits and Service Delivery, and Corporate Services), some of which are specifically linked to particular strategic outcomes, while others support the achievement of multiple strategic outcomes. The table below identifies the six strategic outcomes that SDC endeavours to provide for Canadians, the links between its business lines and those strategic outcomes.

Business Lines	Strategic Outcomes						Total
	A Canada where the quality of life and inclusion for seniors is enhanced and poverty alleviated through sustainable public pensions, benefits, and supports ¹	A Canada where the social and economic participation of Persons with Disabilities is enhanced	A Canada where vibrant and inclusive communities meet the social development needs of Canadians	A Canada where the capacities of individuals, children, families, and communities are strengthened in order to promote social inclusion, participation and well-being ²	A Canada where service delivery is focused on citizen needs	Effective Corporate Services	
1. Social Development Policy	FTE			10		127	137
	\$M			2.4		30.5	32.9
2. Income Security Programs	FTE	2,328	786			78	3,192
	\$M	48,516.5	3,223.6	8.0		6.4	51,754.5
3. Social Partnerships	FTE		84	54			138
	\$M		257.8	38.5			296.3
4. Benefits and Service Delivery	FTE	727				2,370	3,751
	\$M	57.0				323.5	417.8
5. Corporate Services	FTE					3,039	3,039
	\$M					415.8	415.8
Total	FTE	3,055	870	54	10	5,614	10,257
	\$M	48,573.5	3,481.4	46.5	2.4	776.2	52,917.3
Other Costs CPP Costs (Other Government Department (OGD) Administrative Costs)							138.3
Total SDC							53,055.6

1 The above figures include 450 FTEs and \$25 million related to ISP telephone services which also serve to support Strategic Outcomes 2 and 5. For further information on how these resources will benefit Canadians, please refer to the section entitled Strategic Outcome #5: A Canada where service delivery is focused on citizen need.

2 SDC's operating costs for this outcome are minimal. The National Child Benefit initiative is delivered by the Canada Revenue Agency and the Government of Canada mainly supports the Early Childhood Development Agreement and the Multilateral Framework on Early Learning and Child Care objectives via the Canada Social Transfer to provinces and territories. These resources have been specifically allocated for the purposes of the National Child Benefit initiative. Over time, workload on these resources has grown to include activities associated with the Multilateral Framework on Early Learning and Child Care and the Early Childhood Development Agreements. Additional workload pressures have often necessitated a temporary reallocation from corporate policy resources on a priority, not ongoing, basis.

Departmental Resources by Business Line

(millions of dollars)	Operating	Voted Grants and Contributions	Sub-Total: Gross Expenditures	Statutory Grants and Contributions ¹	Total Gross Expenditures	Less: Respendable Revenues	Total Net Expenditures
Business Lines							
1. Social Development Policy	31.4	-	31.4	-	31.4	(23.3)	8.1
	32.9	-	32.9	-	32.9	(18.4)	14.5
	34.8	-	34.8	-	34.8	(18.4)	16.4
	39.6	-	39.6	-	39.6	(18.4)	21.2
2. Income Security Programs ²	231.0	-	231.0	26,902.4	27,133.4	(165.5)	26,967.9
	240.0	5.0	245.0	27,940.0	28,185.0	(144.3)	28,040.7
	239.0	8.0	247.0	28,975.0	29,222.0	(144.2)	29,077.8
	235.9	8.0	243.9	n/a		(141.7)	
3. Social Partnerships	15.4	247.2	262.6	-	262.6	(0.3)	262.3
	15.4	280.9	296.3	-	296.3	(0.3)	296.0
	14.9	281.9	296.8	-	296.8	(0.3)	296.5
	14.9	285.9	300.8	-	300.8	(0.3)	300.5
4. Benefits and Service Delivery	508.0	-	508.0	-	508.0	(357.1)	150.9
	417.8	-	417.8	-	417.8	(282.6)	135.2
	414.8	-	414.8	-	414.8	(282.4)	132.4
	423.5	-	423.5	-	423.5	(288.5)	135.0
5. Corporate Services	411.3	-	411.3	-	411.3	(292.7)	118.6
	415.8	-	415.8	-	415.8	(294.1)	121.7
	411.9	-	411.9	-	411.9	(293.8)	118.1
	428.3	-	428.3	-	428.3	(298.1)	130.2
Total	1,197.1	247.2	1,444.3	26,902.4	28,346.7	(838.9)	27,507.8
	1,121.9	285.9	1,407.8	27,940.0	29,347.8	(739.7)	28,608.1
	1,115.4	289.9	1,405.3	28,975.0	30,380.3	(739.1)	29,641.2
	1,142.2	293.9	1,436.1	n/a		(747.0)	

Legend:

For each Service Line

First line Authority (Restated) 2003-2004³

Second line **Planned Spending 2004-2005**

Third line *Planned Spending 2005-2006*

Fourth line **Planned Spending 2006-2007**

1 Excludes Specified Purpose Accounts.

2 Forecasted expenditures for the CPP and OAS are available only for the planning years 2004-05 and 2005-06.

3 Restated authority as a result of the December 12, 2003 restructure of HRDC into SDC and HRSDC.

Departmental Planned Spending

Business Lines (millions of dollars)	Authority (Restated) ¹	Planned Spending		
	2003-2004	2004-2005	2005-2006	2006-2007
Social Development Policy	31.4	32.9	34.8	39.6
Income Security Programs (exclude OAS Benefits)	231.0	245.0	247.0	243.9
Social Partnerships	262.6	296.3	296.8	300.8
Benefits and Service Delivery	508.0	417.8	414.8	423.5
Corporate Services	411.3	415.8	411.9	428.3
Gross Expenditures (exclude OAS Benefits)	1,444.3	1,407.8	1,405.3	1,436.1
Respendable revenue	(838.9)	(739.7)	(739.1)	(747.0)
Net Expenditures (exclude OAS Benefits)	605.4	668.1	666.2	689.1
Income Security Programs - Statutory ²	26,902.4	27,940.0	28,975.0	
Total Net Budgetary	27,507.8	28,608.1	29,641.2	
Specified Purpose Accounts				
Canada Pension Plan ²	23,023.5	23,962.6	25,003.5	
Departmental Recoveries charged to EI	574.3	511.6	511.1	
Departmental Employee Benefit Plan recoverable from CPP	(26.1)	(26.7)	(26.7)	
Total SDC	51,079.5	53,055.6	55,129.1	
Full Time Equivalents	10,130	10,257	10,238	10,087

1 Restated authority as a result of the December 12, 2003 restructure of HRDC into SDC and HRSDC.

2 Forecasted expenditures for the CPP and OAS are available only for the planning years 2004-05 and 2005-06.

Financial Highlights

The Department expects to spend \$53.1 billion in 2004-2005. This represents an increase of \$2.0 billion over the 2003-2004 restated authorities of \$51.1 billion. The variance is mainly due to the following:

- ❖ an increase of \$1,038 million in Old Age Security payments due to an expected increase in the forecasted monthly rates and in the estimated number of beneficiaries; and
- ❖ an increase of \$964 million in Canada Pension Plan (CPP) benefits due to expected increases in the forecasted monthly rates and in the estimated number of beneficiaries.

For 2005-2006, the consolidated departmental planned spending is anticipated to be \$55.1 billion, which corresponds to an increase of \$2.1 billion from the 2004-2005 planned spending. The major changes are as follows:

- ❖ an increase of \$1,035 million in Old Age Security payments due to expected increases in the forecasted monthly rates and the estimated number of beneficiaries; and
- ❖ an increase of \$1,037 million in CPP benefit due to expected increases in the forecasted monthly rates and the estimated number of beneficiaries.

Summary of Performance Indicators

As a new department, Social Development Canada is in the process of developing a performance measurement framework that will enable SDC to demonstrate accountability for resources and results to Parliamentarians and all Canadians. Our goal is to develop a framework that will ensure that our policies, programs and service delivery reflect Canada's social development priorities and those areas in which we can make the most beneficial contributions. What follows are our existing performance indicators:

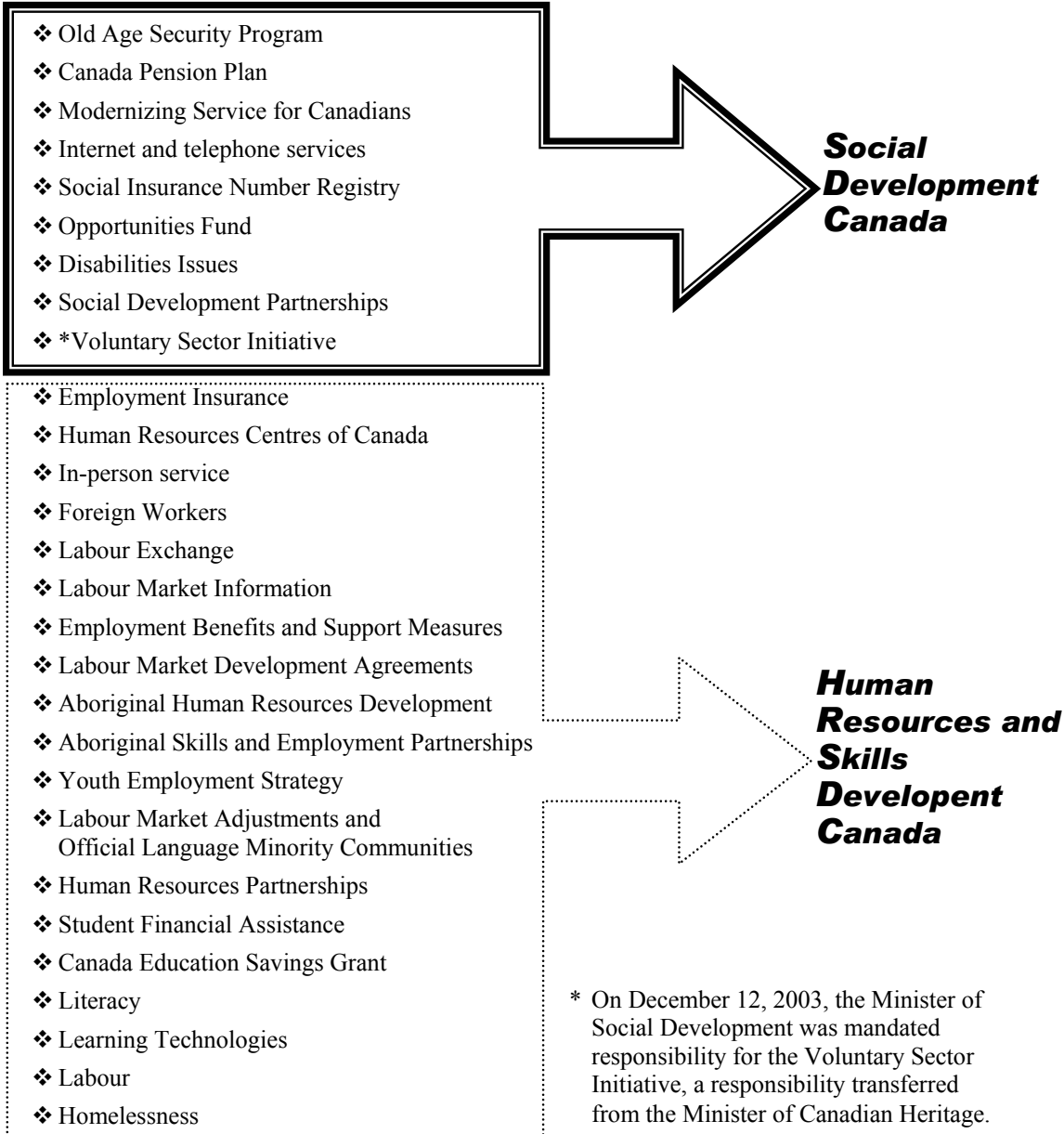
INDICATOR	TARGET	
Speed of Service		
Percentage of all CPP Disability initial application decisions made within 120 calendar days of receipt of completed application	75%	
Percentage of all CPP Disability reconsideration decisions made within 120 calendar days of receipt	70%	
Percentage of OAS benefits paid within the first month of entitlement	90%	
Percentage of CPP retirement benefits paid within the first month of entitlement	85%	
Percentage of callers answered by a service delivery agent within three minutes	95%	
Service Quality		
Official Language Complaints – Service to the public	Only actual results reported	
Official Language Complaints – Language of work	Only actual results reported	
Timely production of payment files in support of all payments to Canadians	95%	
Availability of automated service channels to Canadians	94%	
Representative Workforce Indicators		
<i>(Targets were established as per National Workforce Availability Estimates for HRDC in 2003-2004. These targets may be revised to reflect the new Census data on workforce availability for SDC.)</i>		
Visible Minority Representation %	7.1%	
Aboriginal Representation %	1.6%	
Persons with Disabilities Representation %	4.0%	
Women Representation %	57.5%	
Collections		
SDC is responsible for ensuring that Accounts Receivable are recovered in the most effective manner possible, while maintaining quality of service to all clients.	<i>Employment Insurance</i>	\$271,900
	<i>Employment Programs</i>	4,445
	<i>CPP/OAS</i>	10,100
	<i>Canada Student Loans</i>	\$163,000
	Total:	\$449.5 million

Annex 1:

Division of Responsibilities of the Former HRDC

The following chart depicts the division of responsibilities of the former Human Resources Development Canada between the two new departments, Social Development Canada, and Human Resources and Skills Development Canada.

Human Resources Development Canada



In addition to the responsibilities listed above, Social Development Canada has been assigned responsibility for the provision of shared corporate services to both departments, including human resources, financial and administrative services and systems support; while HRSDC’s in-person service delivery network provides services to both departments.

Annex 2:**Summary of Transfer Payments**

(millions of dollars)	Authority (Restated) ¹	Planned Spending		
	2003-2004	2004-2005	2005-2006	2006-2007
Income Security Programs				
(S) Old Age Security ²	20,696.8	21,553.0	22,362.0	
(S) Guaranteed Income Supplement ²	5,792.0	5,949.0	6,142.0	
(S) Allowance payments ²	413.6	438.0	471.0	
Grants and Contributions ³	-	5.0	8.0	8.0
	26,902.4	27,945.0	28,983.0	
Social Partnerships				
Grants and Contributions	247.2	280.9	281.9	285.9
Total Transfer Payments	27,149.6	28,225.9	29,264.9	

1 Restated authority as a result of the December 12, 2003 restructure of HRDC into SDC and HRSDC.

2 Forecasted expenditures for the CPP and OAS are available only for the planning years 2004-05 and 2005-06.

3 These amounts have been announced in the Budget 2004 for the New Horizons for Seniors initiative.

Annex 3:**Details on Non-Statutory Transfer Payments**

Social Development Canada has a number of transfer payment programs. These support individuals, communities, the private and voluntary sectors, and other orders of government in the achievement of shared social development goals. We are subject to the revised policy on Transfer Payments, which was introduced on June 1, 2000. That policy requires departments to report on those transfer payment programs that are worth at least \$5 million. In so doing, we are helping to demonstrate sound management of, control over, and accountability for our transfer payments.

Consistent with this policy, we have developed descriptive material on each program including stated objectives, expected results and outcomes, and milestones for achievement. The following table provides a list of the active transfer payments programs. A fact sheet for each program over \$5 million is also provided.

Planned spending figures reflect estimated program costs and exclude operating resources necessary to deliver the program.

**Non-Statutory Transfer Payments by Business Line
(2004-2005 Planned Spending: \$285.9 million (\$M))**

Associated Programs (Terms and Conditions)

Social Partnerships

GRANTS	Planned Spending	For more details, see
<i>Grants to non-profit organizations for activities eligible for support through the Social Development Partnerships Program</i>	\$14.1M	
<i>Social Development Partnerships Program</i>		Fact Sheet #1
CONTRIBUTIONS		
<i>Payments to provinces, territories, municipalities, other public bodies, organizations, groups, communities, employers and individuals for the provision of training and/or work or business experience, the mobilization of community resources, and human resource planning and adjustment measures necessary for the social development of Canadians and other participants in Canadian life.</i>	\$44.8M	
<i>Social Development Partnerships Program</i>		Fact Sheet #1
<i>Opportunities Fund for Persons with Disabilities</i>		Fact Sheet #2

Non-Statutory Transfer Payments by Business Line (2004-2005 Planned Spending: \$285.9 million (\$M))

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OTHER TRANSFER PAYMENTS		
<i>Payments to the provinces and territories under Multilateral Framework for Labour Market Agreements for Persons with Disabilities.</i>	\$222M	Fact Sheet #3
<i>Multilateral Framework for Labour Market Agreements for Persons with Disabilities</i>		
Income Security Programs		
<i>New initiative announced in Budget 2004</i>	\$5M	
<i>New Horizons for Seniors Program</i>		

Fact Sheet #1

SOCIAL DEVELOPMENT PARTNERSHIPS PROGRAM (2004-2005 PLANNED SPENDING: \$32.2M)*

Objectives	The SDPP is a nationally delivered program that was created in 1998 as a multi-year research and development program. The program supports activities of the social non-profit sector. These activities are designed to promote the generation and sharing of knowledge and strengthen the capacity of the social non-profit sector to meet the social development needs of vulnerable populations.
Expected Results and Outcomes	<p>Qualitative results in the following areas:</p> <ul style="list-style-type: none"> ❖ Increased generation of knowledge on emerging social issues, innovative solutions, best practices, tools and methodologies; ❖ Increased dissemination of information and knowledge; ❖ Strengthened and expanded partnerships, alliances and networks; ❖ More effective public dialogue and consultations on Canada's social policies and programs; and ❖ Strengthened capacity of funded organizations in the social non-profit sector with respect to governance, policy and program development, community outreach, organizational administration and management.
Milestones for Achievement:	
Renewal Date	Terms and conditions came into effect in April 2003
Evaluation Performed	Evaluation for SDPP was publicly released in 2003-2004. The Child Care Visions program (subsumed under the SDPP in program renewal) evaluation was completed in 2002-2003 and is scheduled for submission to the Audit and Evaluation Committee for decision in 2004-2005.
Evaluation Scheduled	Evaluation of the renewed program scheduled for 2008-2009.

* Includes \$9M announced in 2004 budget for the following initiatives: Understanding the Early Years (\$6M) and Voluntary Sector Initiative (\$3M).

Fact Sheet #2**OPPORTUNITIES FUND FOR PERSONS WITH DISABILITIES
(2004-2005 PLANNED SPENDING: \$26.7M)**

Objectives	To assist persons with disabilities in preparing for, obtaining and keeping employment, or becoming self-employed, thereby increasing their economic participation and independence. The objective will be achieved by working in partnership with non-government organizations representing persons with disabilities, the private sector and provincial governments in using innovative approaches that demonstrate best practices to promoting the economic integration of persons with disabilities.
Expected Results and Outcomes	Approximately 3,700 persons with disabilities will be assisted annually, of whom 1,900 will find work.
Milestones for Achievement:	
Renewal Date	March 31, 2004
Evaluation Performed	1998:Formative evaluation. 2001:Summative evaluation.
Evaluation Scheduled	2004:Summative evaluation.

Fact Sheet #3**MULTILATERAL FRAMEWORK FOR LABOUR MARKET AGREEMENTS
FOR PERSONS WITH DISABILITIES
(2004-2005 PLANNED SPENDING: \$222M)***

Objectives	To improve the employment situation of Canadians with disabilities, by enhancing their employability, increasing their employment opportunities, and building on the existing knowledge base.
Expected Results and Outcomes	The key outcome commitment is to improve the employment situation of persons with disabilities. The common principles, objectives and priority areas for action outlined in the Multilateral Framework reaffirm the commitment of federal and provincial governments to work towards ensuring that people with disabilities can participate successfully in the labour market. The Multilateral Framework also emphasizes accountability, with all governments making a strong commitment to public reporting. Baseline reports are scheduled to be released on December 3, 2004. Annual reporting on program and societal indicators will begin on December 3, 2005. SDC and the provinces will also participate in joint evaluations to determine the impacts of outcomes of programs and services funded under the Multilateral Framework.
Milestones for Achievement:	
Renewal Date	Multilateral Framework expires March 31, 2006.
Evaluation Performed	
Evaluation Scheduled	2003-2006: Demonstration and bilateral evaluations.

* Includes funding of \$30M announced in budget 2004.

Annex 4:**Major Initiatives and/or Programs**

The following annex provides a brief overview of the Department's major programs and initiatives as well as an Internet address to which the reader may refer in order to obtain more information.

Programs and Initiatives**Strategic Outcome 1:**

A Canada where the quality of life and inclusion for seniors is enhanced and poverty alleviated through sustainable public pensions, benefits, and supports.

CANADA PENSION PLAN- The Canada Pension Plan (CPP) is a federal-provincial social insurance program, providing contributors and their families with a basic level of protection against loss of earnings due to retirement, disability or death. Funded through compulsory contributions from employers and employees, the Plan coverage extends to workers—including self-employed workers—throughout Canada, with the exception of Quebec where benefits are provided under the Quebec Pension Plan (Régie des Rentes du Québec). Further information on the Canada Pension Plan can be found at
<<http://www.sdc.gc.ca/asp/gateway.asp?hr=en/isp/pub/factsheets/retire.shtml&hs=cpr>>.

OLD AGE SECURITY- Old Age Security (OAS) benefits provide basic income to Canadian citizens and residents who meet age and residency requirements. It is financed from Government of Canada general tax revenues and indexed to inflation. Recognizing the difficult financial circumstances faced by many seniors, the Old Age Security program provides additional income-tested benefits for low-income individuals, namely; the Guaranteed Income Supplement (GIS), the Allowance and/or the Allowance for the Survivor. The GIS is a monthly benefit available to OAS pensioners with little to no other income. The amount of the benefit is dependent upon your marital status, residency, and income. The Allowance is available to spouses of OAS/GIS pensioners between the ages of 60 and 64 years who meet the eligibility requirements. The Allowance for the Survivor is available to low-income individuals aged 60 to 64, and whose spouse or common-law partner is deceased. More information on these programs can be found at
<<http://www.sdc.gc.ca/asp/gateway.asp?hr=en/isp/oas/oastoc.shtml&hs=ozs>>.

Strategic Outcome 2:

A Canada where the social and economic participation of persons with disabilities is enhanced.

CANADA PENSION PLAN – DISABILITY- CPP Disability provides a monthly benefit payable to contributors who meet the minimum contributory requirements and whose disability is “severe and prolonged”, as defined in the legislation. Children of disabled contributors are eligible for a flat-rate monthly benefit, up to age 18, or 25 if in full-time attendance at school. More information on CPP Disability benefits can be found at:
<<http://www.sdc.gc.ca/asp/gateway.asp?hr=en/isp/cpp/disaben.shtml&hs=cprb>>.

LABOUR MARKET AGREEMENTS FOR PERSONS WITH DISABILITIES (LMAPD)-

As of December 2003, the Multilateral Framework for Labour Market Agreements for Persons with Disabilities replaced the joint federal-provincial Employability Assistance for People with Disabilities initiative. The LMAPD initiative is a cost-shared program. Through direct transfers of federal funding to provinces, the goal of the initiative is to improve the employment situation of Canadians with disabilities, by enhancing their employability, increasing the employment opportunities available to them, and building on the existing knowledge base. More information on the LMAPDs can be found at

<http://www.sdc.gc.ca/asp/gateway.asp?hr=en/hip/odi/08_multilateralFramework.shtml&hs=pyp>.

Programs and Initiatives

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OPPORTUNITIES FUND- The Opportunities Fund (OF) is a contributions program designed to assist persons with disabilities to prepare for and obtain employment or self-employment as well as to develop the skills necessary to maintain that new employment. In addition, the OF administers contributions to national and regional projects to support partnerships and innovative approaches to integrate individuals with disabilities into employment or self-employment and address barriers to an individual's labour market participation. Further information can be found at http://www.sdc.gc.ca/en/epb/sid/cia/grants/of/desc_of.shtml.

Strategic Outcome 3:

A Canada where vibrant and inclusive communities meet the social development needs of Canadians.

NEW HORIZONS FOR SENIORS PROGRAM- The Government of Canada announced in the 2004 federal budget that it is committing to funding the New Horizons for Seniors Program. This program will support a wide range of community-based projects that will enable seniors to participate in social activities, pursue an active life and contribute to their communities. Further information can be found on pages 26-27.

SOCIAL DEVELOPMENT PARTNERSHIPS PROGRAM- SOCIAL DEVELOPMENT COMPONENT (SDPP-SD)- The social development component of the SDPP provides grant and contribution funding to non-profit organizations working to improve the quality of life and meet the social development needs of persons with disabilities, children and their families, and other vulnerable or excluded populations in Canada. Further information can be found at http://www.sdc.gc.ca/asp/gateway.asp?hr=en/hip/sd/05_SDPP.shtml&hs=vxi.

DISABILITY COMPONENT (SDPP-D)- Grants and contributions to build capacity and support the work of the communities of persons with disabilities is provided through the disability component of the Social Development Partnership Program (SDPP-D). Grants administered under the SDPP-D support the capacity building efforts of national non-profit organizations and contributions are awarded for projects aimed at increasing knowledge of disability issues and/or supporting the inclusion of persons with disabilities in the community. More information on the SDPP-D can be found at http://www.sdc.gc.ca/asp/gateway.asp?hr=en/hip/odi/02_funding.shtml&hs=pyp.

VOLUNTARY SECTOR INITIATIVE (VSI)- The Voluntary Sector Initiative (VSI) is a unique undertaking between the Government of Canada and the voluntary sector to enhance their relationship and strengthen the sector's capacity. Over the course of the initiative they will work together to address issues including improvements that would make it easier for voluntary sector organizations to use federal programs, technology, volunteerism and research about the sector. Further information can be found at <http://www.vsi-isbc.ca/eng/index.cfm>.

UNDERSTANDING THE EARLY YEARS (UEY)- The Understanding the Early Years (UEY) initiative helps communities assess the readiness of young children for school by examining the quality and extent of programs and services required to address those needs. At present, 12 pilot communities in eight provinces participate in the initiative. Electronic UEY community reports can be found at <http://www11.sdc.gc.ca/en/cs/sp/index.shtml>. Building on the success of the UEY initiative and its positive impact on the capacity of communities to support early childhood development, the Government of Canada reaffirmed its commitment to this initiative through the 2004 Speech from the Throne and the 2004 Budget, where \$68 million will be allocated over seven years for the expansion of UEY to 100 communities. The UEY initiative also complements Strategic Outcome 4: *A Canada where the capacities of individuals, children, families, and communities are strengthened in order to promote social inclusion, participation, and well-being*. For more information on the UEY initiative, please visit http://www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/h023_e.asp.

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Strategic Outcome 4:

A Canada where the capacities of individuals, children, families, and communities are strengthened in order to promote social inclusion, participation, and well-being.

NATIONAL CHILD BENEFIT- The National Child Benefit initiative is a partnership among federal, provincial and territorial governments, and includes a First Nations component.²² Through the NCB, the federal government is working with provincial and territorial governments to provide income support, as well as benefits and services for low-income families and their children. Social Development Canada expects to make continued progress on the three goals of the NCB: 1) prevent and reduce the depth of child poverty in Canada; 2) promote labour market attachment by ensuring that families will always be better off as a result of working; and 3) reduce overlap and duplication by harmonizing program objectives and benefits across jurisdictions. Policy responsibility for the National Child Benefit is shared between Social Development Canada and Finance Canada. Further information can be found at <<http://www.nationalchildbenefit.ca>>.

CHILD DISABILITY BENEFIT - The Child Disability Benefit (CDB) is a supplement to the Canada Child Tax Benefit (CCTB) for low- and modest-income families to help them with the costs of raising children under 18 who have a severe and prolonged disability. The CDB is delivered by the Canada Revenue Agency. Policy responsibility for the CDB is shared between Finance Canada and Social Development Canada. Further information can be found at <<http://www.cra-arc.gc.ca/benefits/disability-e.html>>.

EARLY CHILDHOOD DEVELOPMENT AGREEMENT- In September 2000, Canada's First Ministers²³ reached agreement on early childhood development. The overall goal of the Early Childhood Development Agreement is to improve and expand early childhood development supports for young children (prenatal to age 6) and their parents. The specific objectives of the ECD Agreement are to promote early childhood development so that, to their fullest potential, children will be physically and emotionally healthy, safe and secure, ready to learn and socially engaged and responsible; and to help children reach their potential and to help families support their children within strong communities. In support of these objectives, the Government of Canada is transferring \$500 million per year, through the Canada Social Transfer, to provincial and territorial governments to improve and expand programs and services in four key areas: promoting healthy pregnancy, birth and infancy; improving parenting and family supports; strengthening early childhood development, learning and care; and strengthening community supports. Further information can be found at <http://socialunion.gc.ca/e.cd_e.html>.

22 The Government of Québec has stated that it agrees with the basic principles of the NCB. Québec chose not to participate in the NCB because it wanted to assume control over income support for children in Québec. As such, references to joint federal/provincial/territorial positions do not include Québec. This figure also includes \$1M in operating funds.

23 While the Government of Québec supports the general principles of the ECD Agreement, it did not participate in developing this initiative because it intends to preserve its sole responsibility on social matters. However, Québec receives its share of federal funding and the Government of Québec is making major investments toward programs and services for families and children.

Programs and Initiatives**Con't**

MULTILATERAL FRAMEWORK ON EARLY LEARNING AND CHILD CARE- In March 2003, the federal, provincial and territorial Ministers Responsible for Social Services agreed to a framework for improving access to affordable, quality, provincially and territorially regulated early learning and child care programs and services.²⁴ The specific objectives are to further promote early childhood development and support the participation of parents in employment or training by improving access to affordable, quality early learning and child care programs and services. In support of these objectives, the Government of Canada is providing \$1.05 billion over five years, between 2003-04 and 2007-08, through the Canada Social Transfer to support provincial and territorial government investments in early learning and child care. The programs and services funded through this initiative will primarily provide direct care and early learning for children in settings such as child care centres, family child care homes, preschools and nursery schools. Investments can include capital and operating funding, fee subsidies, wage enhancements, training, professional development and support, quality assurance, and parent information and referral. Further information can be found at: <http://socialunion.gc.ca/elcc_e.htm>.

24 While the Government of Québec supports the general principles of the Early Learning and Child Care initiative, it did not participate in developing these initiatives because it intends to preserve its sole responsibility on social matters. However, Québec receives its share of federal funding and the Government of Québec is making major investments toward programs and services for families and children.

Annex 5:**Sources of Respendable and Non-Respendable Revenue**

(millions of dollars)	Authority (Restated) ¹	Planned Spending		
	2003-2004	2004-2005	2005-2006	2006-2007
Respendable Revenues				
Social Development Policy	23.3	18.4	18.4	18.4
Income Security Programs	165.5	144.3	144.2	141.7
Social Partnerships	0.3	0.3	0.3	0.3
Benefits and Service Delivery	357.1	282.6	282.4	288.5
Corporate Services	292.7	294.1	293.8	298.1
Total Respendable Revenues	838.9	739.7	739.1	747.0
Non-respendable Revenues				
Social Development Policy - Recovery of Employee Benefit Plan (EBP)	0.9	0.9	0.9	0.9
Income Security Program - Recovery of EBP	18.2	20.0	20.0	19.4
Social Partnerships - Recovery of EBP	-	-	-	-
Benefits and Service Delivery Support - Recovery of EBP	31.9	31.6	31.6	31.1
Corporate Services - Recovery of EBP	21.6	23.1	23.0	22.6
Total Non-Respendable Revenues	72.6	75.6	75.5	74.0

1 Restated authority as a result of the December 12, 2003 restructure of HRDC into SDC and HRSDC.

Annex 6:**Net Cost of Program(s) for the Estimates Year**

(millions of dollars)	Authority (Restated) ¹	Planned Spending		
	2003-2004	2004-2005	2005-2006	2006-2007
Budgetary Main Estimates^{1,2}	28,346.7	29,272.7	30,299.8	1,347.3
Less: Respendable revenues ^{1,3}	(838.9)	(718.7)	(718.6)	(726.9)
Total Main Estimates¹	27,507.8	28,554.0	29,581.2	620.4
Adjustments to Planned Spending⁴				
Budget 2003				
Foreign Credential Recognition	-	0.2	0.1	0.1
Official Languages Plan	-	2.8	2.6	3.6
Sub-total Budget 2003	-	3.0	2.7	3.7
Budget 2004				
Participation and Activity Limitations				
Surveys	-	0.5	2.9	6.6
Multilateral Framework for Labour Market Agreement	-	30.0	30.0	30.0
Understanding the Early Years	-	6.0	8.0	12.0
Voluntary Sector Initiative	-	3.0	3.0	3.0
New Horizons for Seniors	-	8.0	10.0	10.0
Sub-total Budget 2004	-	47.5	53.9	61.6
Corporate services provided to HRSDC in support of various initiatives ⁵	-	1.2	0.5	0.1
Other additional resources for Income Security Programs increased workload	-	23.4	23.4	23.4
Total Adjustments to Planned Spending		75.1	80.5	88.8
Adjustments to Respendable Revenues	-	(21.0)	(20.5)	(20.1)
Net Planned Spending	27,507.8	28,608.1	29,641.2	689.1
Specified Purpose Accounts				
Canada Pension Plan ²	23,023.5	23,962.6	25,003.5	
Departmental Recoveries charged to EI	574.3	511.6	511.1	
Departmental Employee Benefit Plan recoverable from CPP	(26.1)	(26.7)	(26.7)	
Total SDC Consolidated	51,079.5	53,055.6	55,129.1	
Plus: Services Received without Charge				
Contributions covering employer's share of employee's insurance premiums and costs paid by Treasury Board Secretariat	11.0	12.9	12.8	12.8
Total Net Departmental Cost	51,090.5	53,068.5	55,141.9	
Full Time Equivalents	10,130	10,257	10,238	10,087

1 The 2003-04 figures reflect the restated authority as a result of the December 12, 2003 restructure of HRDC into SDC and HRSDC.

2 2006-07 planned spending is lower than that of previous years because the forecasted expenditures for the CPP and OAS are available only for the planning years 2004-05 and 2005-06.

3 Respendable Revenues: Revenues netted against Budgetary expenditures.

4 The adjustments to the planned spending reflect the impact of the Budget 2003 and Budget 2004.

5 The initiatives supported by SDC for HRSDC are: Foreign Credential Recognition, Official Language Minority Communities, Older Workers Pilot projects initiative and Seasonal Workers.

Annex 7:**Major Regulatory Initiatives**

Strategic Outcome 1: A Canada where the quality of life and inclusion for seniors is enhanced and poverty alleviated through sustainable public pensions, benefits, and supports.

Regulations	Planned Results
<p>1. Old Age Security (OAS) and Canada Pension Plan (CPP) Regulations: The amendments are administrative in nature and required to implement certain aspects of the Modernizing Service for Canadians (MSC) Initiative. They will provide for more efficient program administration and electronic service. Once implemented, clients will be able to request a Statement of Contributions on-line, or file a CPP retirement application electronically. The changes will also simplify age (i.e. CPP and OAS) and marital (i.e. OAS) evidentiary requirements under the regulations.</p> <p>2. Canada Pension Plan Regulations- Automatic reinstatement of CPP Disability: Amendments to CPP Regulations are required to enable the Department to proceed with the new CPP legislative initiative contained in Bill C-30, the <i>Budget Implementation Act, 2004</i>. This initiative allows persons whose disability benefit was ceased because they returned to work to have their benefit (as well as those of their eligible children) reinstated if they are unable to continue working due to a recurrence of the same or related disability within a maximum period of two years. The proposed regulations will set out the time limitation and the information and evidence to be furnished to the Minister in relation to the request for reinstatement of the CPP disability benefit.</p>	<p>The amendments enable Income Security Programs (ISP) to proceed with initial stages of the MSC initiative. They allow for more efficient program administration.</p> <p>The proposed regulatory amendments were approved on May 3, 2004 by the Treasury Board Committee responsible for approving such regulations. The Department is proceeding toward final approval and the regulatory changes will be published in the Canada Gazette, Part II, in late summer 2004.</p> <p>The purpose of this initiative is to encourage more disability clients to attempt to return to work, without putting their benefits at risk. The regulatory amendments seek to limit the documentation required for individuals who were not successful in their attempt to return to work when requesting the reinstatement of the disability benefit.</p>

Annex 8:

Horizontal Initiatives

National Child Benefit

Federal-Provincial-Territorial Early Childhood Development Agreement

Federal-Provincial-Territorial Multilateral Framework on Early Learning and Child Care

Understanding Early Years

Social Development Partnerships Program

Voluntary Sector Initiative

Labour Market Agreements for Persons with Disabilities

Information on Social Development Canada's Horizontal Initiatives can be found at
<http://www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/profil_e.asp>.

Annex 9:**Sustainable Development Strategy**

Recognizing the long-term, horizontal and evolutionary nature of sustainable development, the Department's *Sustainable Development Strategy 2004-2006* (tabled in Parliament under Human Resources Development Canada) will build upon the successes and lessons learned from previous strategies. Emphasis has been placed upon improving the balance between the social, economic and environmental dimensions of sustainable development.

The Minister of Social Development Canada (SDC) and the Minister of Human Resources and Skills Development Canada (HRSDC) jointly tabled the *Sustainable Development Strategy 2004-2006* under the Human Resources Development Canada banner in Parliament on February 16, 2004, with a commitment to table individual departmental strategies by March 31, 2006.

The Strategy focuses on four key goals:

- ❖ Strengthen the Department's capacity to move forward on a path to sustainable development;
- ❖ Sustaining our internal operations;
- ❖ Develop the social and labour market dimensions of sustainable development within the Department; and
- ❖ Build sustainable development into the Department's corporate culture.

Social Development Canada will achieve the following goals, objectives and targets during the 2004-2005 fiscal year. Furthermore, as Social Development Canada is the provider of common shared corporate services for both departments, SDC will be a key contributor in supporting Human Resources and Skills Development Canada's development and implementation of sustainable development initiatives.

Goal 1: Strengthen SDC's capacity to move forward on a path to sustainable development

- ❖ Ensure a horizontal commitment to sustainable development and develop a SDC vision for sustainable development (SD) by March 31, 2005

Goal 2: Sustaining our internal operations

- ❖ Promote environmentally responsible transportation principles within SDC;
- ❖ Reduce the amount of waste sent for disposal;
- ❖ Increase Aboriginal procurement by SDC in support of sustainable communities; and
- ❖ Reduce the environmental impact of SDC's procurement.

Goal 3: Develop the social dimensions of sustainable development in SDC

- ❖ Continue building a better understanding of the implications of sustainable development for SDC's social policies and programs; and
- ❖ Support a sustainable society by increasing awareness of the importance of ensuring effective supports and services for children and families.

Goal 4: Build sustainable development into SDC's corporate culture

- ❖ Increase awareness of sustainable development.

For more detailed information on the Sustainable Development Strategy, see <<http://www.sdc.gc.ca/en/cs/fas/as/sds/sdd.shtml>>.

Annex 10:**Specified Purposed Accounts – Canada Pension Plan****Introduction to Specified Purpose Accounts**

Specified Purpose Accounts (SPA) are special categories of revenues and expenditures. They report transactions of certain accounts where enabling legislation requires that revenues be earmarked and that related payments and expenditures be charged against such revenues. The transactions of these accounts are to be accounted for separately. Social Development Canada is responsible for the stewardship of one such account, the Canada Pension Plan (CPP).

The CPP is a SPA but is not consolidated as part of the Government of Canada financial statements. It is under joint control of the Government and participating provinces. As administrator, the Government's authority to spend is limited to the balance in the Plan.

Canada Pension Plan**Description**

The Canada Pension Plan (CPP) is a joint federal-provincial plan that operates throughout Canada, except in Quebec, which has its own comparable plan. The CPP provides for a variety of benefits based on life changes. Best known for its retirement pensions, the CPP also provides benefits for surviving partners of CPP contributors, persons with disabilities and their children, and a one-time maximum benefit of \$2,500 in the event of death.

As a contributory plan, contributors are employed and self-employed persons between the ages of 18 and 70, who earn at least a minimum amount (\$3,500) during a calendar year. Benefits are calculated based on how much and for how long a contributor has paid into the CPP. Benefits are not paid automatically—everyone must apply and provide proof of eligibility.

Approximately 12 million Canadians over the age of 18 currently contribute annually to the Plan and approximately 4 million Canadians will receive benefits during 2004-2005.

Benefit Payments

Retirement Pensions: Contributors may begin receiving CPP retirement pensions as early as age 60 or delay receipt until age 70. Applicants who are between 60 and 65 must have stopped working or earn below a specified level when they begin to receive the retirement pension. Contributors over age 65 need not have stopped working to qualify.

The amount of each contributor's pension depends on how much and for how long he/she has contributed and at what age he/she begins to draw the benefits. Pensions are adjusted by 0.5% for each month between the date the pension begins and the month of the contributor's 65th birthday. Contributors who begin receiving a retirement pension at age

60 will receive 70% of the usual amount that would be payable at age 65, while those who delay receiving a pension until age 70 will receive 130% of the amount payable at age 65.

Spouses and common-law partners who are at least 60 years of age can share their retirement benefits earned during the period of cohabitation as long as they remain together.

Disability Benefits: Disability benefits are payable to contributors who meet the minimum contributory requirements and whose disability is “severe and prolonged”, as defined in the legislation. Such a disability would prevent them from working regularly at any job in a substantially gainful manner for a prolonged period of time. In order to ensure that benefits are only paid to eligible beneficiaries, periodic reassessments are carried out. Support is also provided to clients who try to return to regular gainful employment. Children of CPP disability beneficiaries are also eligible for a flat rate monthly benefit up to the age of 18, or up to age 25 if attending school full-time. As of April 2004, there were just over 290,000 beneficiaries and 92,057 children receiving monthly benefits.

Survivor’s Benefit’s: A contributor’s surviving spouse/common-law partner may be eligible for a monthly benefit if the contributor has contributed for a minimum period and, if at the time of the contributor’s death, the spouse/common-law partner was at least 35 years old or was under age 35 and either had dependent children or was disabled. Payments continue in the event that the surviving spouse/common-law partner remarries. Monthly benefits are also payable on behalf of the children of CPP contributors who die. The amount is a flat rate and is payable until the child reaches age 18, or up to age 25 if he or she attends school or university full time. A lump-sum benefit is also available to the estate of the deceased contributor provided the minimum contributory requirements have been met.

Determining the Benefit Rate

CPP benefits are largely related to earnings. Benefits are adjusted in January of each year to reflect increases in the average cost of living, as measured by the Consumer Price Index. The CPP has a ceiling on earnings that changes every year which limits the amount of payments people receive, as well as the amount of contributions that must be paid into the Plan.

Benefits such as children’s benefits are not based on earnings; they are a fixed amount. Disability and survivor benefits contain a fixed-rate or flat rate portion in addition to an earnings-related portion.

CPP Benefit Payments by Category and Type

(millions of dollars)	Actual		Forecast	Planned Spending
	2001-2002	2002-2003	2003-2004	2004-2005
Retirement pensions	14,251	15,042	15,851	16,592
Disability benefits				
Disability pensions	2,637	2,774	2,844	2,903
Benefits to children of disabled contributors	242	250	257	265
Disability benefits total	2,879	3,024	3,101	3,168
Survivor benefits				
Surviving spouse or common law partner's benefits	2,929	3,065	3,187	3,322
Orphans' benefits	204	210	213	231
Death benefits	227	234	254	257
Survivor benefits total	3,360	3,509	3,654	3,810
TOTAL	20,490	21,575	22,606	23,570

Administrative Costs

Social Development Canada, Human Resources and Skills Development Canada, Finance Canada, the Canada Revenue Agency, Public Works and Government Services Canada and the Office of the Superintendent of Financial Institutions supply services that support the management and delivery of the CPP and its funds.

Costs incurred by these departments and agencies in administering the Plan are recoverable from the Account based on the costing principles approved by Treasury Board. Essentially, those principles are that costs must be incurred because of CPP responsibilities and must be traceable. Administrative expenses for 2004-2005 are estimated at \$393.0 million, representing a decrease of 5.9% from the forecast for 2003-2004.

Benefits delivery staff and processes are extremely efficient in getting benefits into the hands of CPP contributors. In 2004-2005, the total cost for administering and delivering CPP benefits is approximately 1.6% of the total forecasted benefit payments.

CPP Administrative Expenses by Department

(millions of dollars)	Actual		Forecast	Planned Spending
	2001-2002	2002-2003	2003-2004 ¹	2004-2005
Human Resources Development Canada				
Plan administration, operations, records, and accommodation	245.0	295.1		
Social Development Canada				
Plan administration, operations, records, and accommodation			264.6	228.1
Human Resources and Skills Development Canada				
In-person services for applicants and beneficiaries			10.1	9.3
EI Account - Refunding of EI Account in relation to assignment of Social Insurance numbers and maintenance of the central index				
	2.5	0.4	2.1	2.1
Treasury Board Secretariat				
Insurance premiums and recoverable contributions to the Employee Benefit Plan	31.5	32.4	38.6	39.1
Public Works and Government Services				
Cheque issue, EDP services	12.4	12.8	15.2	15.7
Canada Revenue Agency				
Collection of contributions	77.6	80.2	85.3	97.0
Office of the Superintendent of Financial Institutions				
Actuarial services	1.4	0.7	1.2	1.3
Finance				
Investment services	0.6	0.5	0.4	0.4
TOTAL	371.0	422.1	417.5	393.0

¹ Forecast for 2003-04 represents the restated authority.

Revenues

The CPP is financed through mandatory contributions from employees, employers and self-employed persons, as well as from investment income. Contributions are paid on the portion of a person's earnings that falls between a specified minimum (the Year's Basic Exemption) and maximum (the Year's Maximum Pensionable Earnings) amounts. The minimum remains constant at \$3,500, while the maximum amount is linked to the average Canadian industrial wage and is adjusted annually. No contributions can be made once a contributor begins to receive a CPP retirement pension, while receiving a disability pension or reaches the age of 70. Disbursements include the payment of CPP benefits and administrative expenditures associated with managing the program.

When it was introduced in 1966, the CPP was designed as a pay-as-you-go plan, with a small reserve. This meant that the benefits for one generation would be paid largely from the contributions of later generations. However, demographic and economic developments and changes to benefits in the 30 years that followed resulted in significantly higher costs. It became clear that to continue to finance the program on a pay-as-you-go basis would have meant imposing a high financial burden on Canadians in the work force during those years. Plan administrators chose instead to change the funding approach of the Plan to a hybrid of pay-as-you-go and full-funding, where each generation pays for its own benefits.

In 1998, the federal and provincial governments introduced "steady-state" financing. Under steady-state financing, the contribution rate increased incrementally, from 5.6% in 1996, to 9.9% in 2003 and will remain at that rate. The 9.9% long-term contribution rate is the lowest that can be expected to sustain the Plan indefinitely without further increases.

This approach will generate a level of contributions between 2001 and 2020 that exceeds the benefits paid out every year during that period. Funds not immediately required to pay benefits will be transferred to the CPP Investment Board for investment in financial markets. Over time, this will create a large enough reserve to help pay the growing costs that are expected as more and more baby-boomers retire.

Adoption of this diversified funding approach has made the Canadian retirement income system less vulnerable to changes in economic and demographic conditions and a leading edge example of public pension plan management in the world.

Investment Income: Income is earned on the investments and the CPP Account. The Minister of Finance sets the interest rate for the CPP Account.

Financial Accountability

The CPP and its resources are divided among three components:

- ❖ The **CPP Account** was established to record the contributions, interest, pensions and benefits and administrative expenditures of the Plan. It consists of an operating balance. The operating balance is maintained at a level designed to cover three months' worth of forecast benefit payments and administrative charges. Commencing September 2004, the balance of the CPP Account will be transferred to the CPP Investment Board over a period of 12 months. Once the transfer has taken place, a maximum of \$25 million operating balance will remain in the CPP Account.
- ❖ The **CPP Investment Fund** was established to record investments in the securities of the provinces, territories and Canada.
- ❖ The **Canada Pension Plan Investment Board** is an independent body established by a 1997 act of Parliament and created in 1998 to help the CPP achieve steady-state funding by investing funds not required by the CPP to pay current pensions and earning investment returns on funds transferred from the CPP Account.²⁵ The Board is accountable to the public and governments through regular reports. It is subject to investment rules similar to other pension funds in Canada.

Financial Summary

Benefit payments are expected to reach \$23.6 billion in 2004-2005, an increase of \$1 billion or 4.4% over 2003-2004. This increase reflects forecasts of client population and average benefit payments. In 2004-2005, it is expected that there will be a net increase in client population of 2.8% and a net increase in average benefit payments of 1.9%.

The table below summarizes the financial results for the CPP from 2001-2002 to 2004-2005. In 2002-2003, the Government of Canada changed its basis of accounting from the modified accrual accounting to the full accrual basis of accounting. This change in accounting policy has been applied retroactively and the financial statements have been restated accordingly.

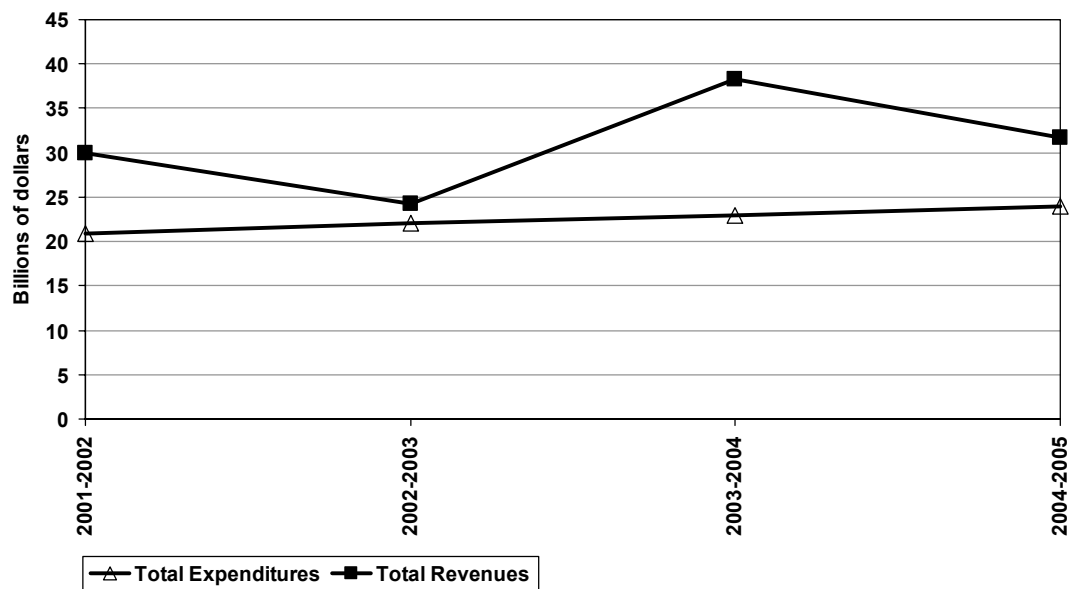
As well, following the adoption of Bill C-3 during 2003-2004, the evaluation of the provincial, territorial and federal bonds was changed from cost to fair value. The change in accounting policy has been applied retroactively and the financial statements have been restated to reflect this.

The CPP is expected to have an increase of almost \$8 billion, bringing the cumulative balance to more than \$80 billion by March 31, 2005. At present, the CPP has a fund equal to over three years of benefits and this is expected to grow to about four or five years of benefits over the next two decades.

The following figures summarize trends in total revenues and expenditures of the Account and its status from 2001-2002 to 2004-2005.

²⁵ Information about the Canada Pension Plan Investment Board can be found at <<http://www.cppib.ca>>.

CPP – Revenues and Expenditures Trend



Note: CPP – Revenues and expenditures trend is presented for fiscal years 2001-2002 to 2004-2005. Records for prior years were prepared on a modified cash basis of accounting, while records have been prepared on an accrual basis since 1998-1999.

CPP – Summary ²⁶

(millions of dollars)	Actual – Restated ³		Forecast	Planned Spending
	2001-2002	2002-2003	2003-2004	2004-2005
Revenue				
Contributions	22,991	25,203	28,028	29,341
Investment Income				
Canada Pension Plan	3,260	2,910	2,857	2,386
CPP Investment Board ¹	305	(4,152)	7,209	-
CPP Investment Fund ²	3,385	193	182	-
Total Investment Income	6,950	(1,049)	10,248	2,386
Total Revenue	29,941	24,154	38,276	31,727
Expenditures				
Benefit payments	20,490	21,575	22,606	23,570
Administrative expenses	371	422	418	393
Total Expenditures	20,861	21,997	23,024	23,963
Increase	9,080	2,157	15,252	7,764
Year-end balances	55,094	57,251	72,503	80,267

1 Canada Pension Plan Investment Board actual amounts are based on their audited financial statements. The CPP Investment Board invests mainly in equities. The investment income is determined by the change in fair values of these investments. It is difficult to forecast the fair value and as a result, the investment income for the year ending March 31, 2004 has been used.

2 The Canada Pension Plan Investment Fund is made up of provincial, territorial and government bonds. As at March 31, 2004, these are valued at fair value. The revenue of the Fund is made up of the interest paid by the bonds as well as the change in fair values of these investments. The interest income from the Investment Fund is presented under "Canada Pension Plan" of this section. Since it is difficult to forecast a future fair value, only the change in fair value for the year ending March 31, 2004 has been used.

3 2001-2002 figures have been restated to reflect changes to accrual accounting in 2002-2003. As well, the 2001-2002 and 2002-2003 figures have been restated to reflect the changes brought upon by the evaluation of the provincial, territorial and federal bonds from cost to fair value in 2003-2004.

Long-term Forecast

The CPP legislation requires a schedule of contribution rates with a review every three years by the federal and provincial finance ministers. The review determines whether any adjustments to the schedule are necessary. If so, the adjustments are implemented through legislation or agreement among finance ministers, or automatically under a formula that ensures that the Plan will have a reserve equal to approximately two years worth of benefits. Amendments to the rate schedule or the automatic regulation require the approval of at least two thirds of the provinces with at least two thirds of the population of all the provinces.

²⁶ More information relating to 2002-2003 is reported in the CPP financial statements which can be found in the 2003 *Public Accounts of Canada*, Volume 1, Section 6, at <<http://www.pwgsc.gc.ca/recgen/text/pub-acc-e.html>>.

The following table shows the forecast of revenues and expenditures affecting the CPP for the period between December 31, 2005 and December 31, 2025, based on the Office of the Superintendent of Financial Institutions' CPP Nineteenth Actuarial Report as at December 31, 2000.²⁷ The Assets/Expenditures Ratio reflects the size of the year-end assets relative to the expenditures.

Forecast of Revenues and Expenditures

Year	Contribution	Contributions	Investment		Assets at Dec. 31	Assets/ Expenditure ratio
	Rate		Earnings	Expenditures		
	%		\$ millions			
2005	9.90	29,247	5,434	24,747	82,745	3.19
2010	9.90	36,414	8,853	31,945	142,253	4.21
2015	9.90	46,463	14,698	42,856	223,170	4.90
2020	9.90	59,016	21,813	58,350	327,682	5.28
2025	9.90	74,064	30,206	78,865	449,134	5.38

²⁷ The Nineteenth Actuarial Report can be found at <<http://www.osfi-bsif.gc.ca/eng/office/actuarialreports/index.asp>>.