

Human Resources Development Canada

**2003-2004
Estimates**

A Report on Plans and Priorities

Approved by:

The Honourable Jane Stewart, P.C., M.P.
Minister of Human Resources Development Canada

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The Government of Canada believes in investing in individuals, their families and their communities to enable all Canadians to reach their full potential and benefit from our high quality of life. Human Resources Development Canada forms the cornerstone of the Government of Canada's social development agenda by offering programs and services that affect over 9 million Canadians.

At the National Summit on Innovation and Learning, held in Toronto in November 2002, the Government of Canada committed to advance the innovation and learning strategy developed by partners from the private sector, non-government organizations, academia and government. A skilled, inclusive workforce is imperative to our success as a nation.

The 2003 federal budget demonstrated the Government of Canada's commitment to investing in children and families through HRDC programs such as the National Child Benefit Supplement and the Early Childhood Development Agreement. A national compassionate care leave benefit under the Employment Insurance program, which will allow individuals to care for a gravely ill family member, was announced. This budget also introduced a new Child Disability Benefit for low- and modest-income families caring for severely disabled children of \$50 million annually, up to \$1600 per year for a child with a disability.

The 2003-2004 Report on Plans and Priorities demonstrates that Human Resources Development Canada will continue to strengthen the programs Canadians expect – such as providing benefits through our Employment Insurance, Canada Pension Plan and Old Age Security programs. This Report also shows the many innovative ways HRDC is addressing the issues that matter to Canadians, including how the department is modernizing services for Canadians with initiatives that will meet their changing expectations in the future.

We are committed to working with Canadians to create a country of prosperity and inclusion for all.

The Honourable Jane Stewart, P.C., M.P.
Minister of Human Resources Development Canada

The Government of Canada remains committed to the social and economic well-being of Canadian workers. As Minister of Labour I have seen first-hand the positive results of employers and labour working together. I also firmly believe the real progress that has been made on innovative workplace strategies and continuous learning practices is based on this collaboration.

I am proud that the Labour Program has taken its place as a respected national leader in analyzing the workplace. We continue to work with our partners in labour, industry, as well as with the provinces, territories and other nations to focus on common points of interest.

As this *Report on Plans and Priorities* shows, we work from an important base of legislation such as the *Canada Labour Code* and the *Employment Equity Act*. I am encouraged that employers and workers are increasingly turning their attention to both day-to-day and emerging workplace issues such as work-life balance, removing barriers to employment and lifelong learning. The cooperation we achieve with our partners at home mirrors the commitment the Labour Program brings to international efforts to shape an approach to globalization that is beneficial to everyone.

That same sense of shared commitment is also clear in our work to address homelessness in Canada. The Government of Canada's homelessness initiatives continue to support community partnerships that combat homelessness where it's needed most. We are making clear progress in making available and improving services for people who are homeless or who are at risk of homelessness.

This report illustrates our full and challenging agenda for 2003-2004. We look forward to facing the year ahead and building on our progress to date.



The Honourable Claudette Bradshaw, P.C., M.P.
Minister of Labour and Federal Co-ordinator on Homelessness

Management Representation Statement

I submit, for tabling in Parliament, the 2003-2004 Report on Plans and Priorities (RPP) for Human Resources Development Canada.

This document has been prepared based on the reporting principles and disclosure requirements contained in the *Guide to the preparation of the 2003-2004 Report on Plans and Priorities*:

- ◆ It accurately portrays the organization'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.
- ◆ Is comprehensive and accurate.
- ◆ 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.

Janet Milne
Assistant Deputy Minister
Financial and Administrative Services

Date

Our Raison d'Être

Our Mission:

To enable Canadians to participate fully in the workplace and the community.

Our Contribution:

- To respond to the Government of Canada's commitments through the development of responsive policies, programs and services
- To deliver results by building a strong, effective and accountable organization

What we do:

Administer the *Employment Insurance Act Part I and II, Canada Pension Plan, Old Age Security Act, Canada Student Loans Act, Canada Student Financial Assistance Act, Employment Equity Act, Canada Labour Code* and the *Acts and Regulations* governing Human Resources Development Canada with the objective of enhancing employment, encouraging equality and promoting social security.

Through our Strategic Outcomes we provide Canadians with:

- Income security for seniors, persons with disabilities and their children, survivors and migrants
- Opportunity to fully participate in the workplace and community
- Safe, fair, stable and productive workplaces
- Sustainable and effective program management and service delivery

Who we help:

- Canadians of all ages:**
- Children, youth, working age adults and seniors
- Labour, Employers, and entrepreneurs**
- Canadians with distinct needs:**
- Aboriginal people
 - Persons with disabilities
 - Homeless persons
 - Low income families with children
 - Visible minorities

How we deliver our programs and services:

Through people, partnerships and technology, via Human Resource Centres of Canada, telephone, internet and mail.

Working with:

- Other governments (provincial, territorial, municipal, aboriginal)
- Voluntary and private sectors
- Communities and educators
- Employers, unions and their organizations
- International organizations
- Other partners

Planning Overview

In the 2002 Speech from the Throne, the federal government committed to ensure, “that the benefits of the new economy touch every community and lift every family and every Canadian.”¹ This message was extended further by the Minister of Finance in the budget presented to Parliament on February 18 – “We are a nation defined not by to commonality of race or religion, but a nation whose purpose lies in shared values and beliefs...”² HRDC is at the centre of the Government’s social and labour market policy, program and service delivery agenda and will be a key department responsible for achieving this priority. It will be an ongoing challenge for the department to continue to demonstrate to Canadians how these shared values and beliefs are realized through our policies, programs and service delivery channels.

In order to build the HRDC of the future, the department must respond in a timely, relevant and effective manner to the key issues and forces in its operating environment. The 21st century brings an ever-changing set of challenges and opportunities for Canadians, the federal government and the department.

HRDC operates within an environment of constant change as economic and social trends and conditions evolve at the global, domestic and local levels. Our mandate involves assisting Canadians of all ages as well as those with distinct needs, including Aboriginal people, Canadians with disabilities, homeless Canadians and others. The policies, programs and services we deliver must continue to provide leadership and respond to the ongoing and evolving needs of Canadians.

Our mandate also involves assisting employers to plan and manage their human resources; to have the diverse, skilled labour force they need; and operate their business in a fair and safe way that is productive within the competitive global marketplace. HRDC also plays an important international role, contributing to the development of positive labour market and social policy approaches to common problems facing both developed and developing countries.

Strategic Challenges

A 21st Century Policy Framework

Canadians have signaled a desire to move from an entitlement framework to an empowerment framework – one where departments like HRDC shift from being a provider to an enabler, promoting citizens’ opportunities rather than providing stop-gap measures. The federal government invests, either directly or through transfers, in individuals at key points in their development including: childhood, education, work, skills upgrading and retirement. Through these investments, individuals, governments and other partners take on a shared responsibility for their own well-being and that of Canadians, generally.

HRDC must continue to focus on employment, but we must also consider the social dimension and the role communities, governments and employers play in improving opportunities for Canadians. This is one of the key messages of the 2003 Budget Speech.

¹ Speech from the Throne, September 30, 2002. See http://www.pco-bcp.gc.ca/sft-ddt/hnav/hnav07_e.htm

² The Budget Speech 2003, <http://www.fin.gc.ca/budget03/pdf/speeche.pdf> .

Citizen-Centred Service Delivery

Citizens, businesses and communities are changing. Both in Canada and in other developed countries, we are in the midst of a profound paradigm shift in the way government interacts with its citizens. Where the traditional government relationship with citizens was rules-based, transactional in nature and driven by program parameters and internal priorities, the new paradigm of interaction is citizen-centred and focused on accountability for results.

In the same way as we must meet citizens' needs by renewing our social and labour market policy architecture in response to social and economic changes, we must also respond to dramatic shifts in both technological capacity and to the expectations of citizens, businesses and communities for faster and better access to a variety of service channels.

Canadians want multiple service channels with no wrong door; services relevant to their personal needs; and increased electronic and efficient interactions with the government. In the last year, 56% of Canadian internet users have visited the Government of Canada website. Overall, 77% of Canadians believe that the internet will improve the way they receive services from the Government of Canada.³

In the summers of 2001 and 2002, HRDC completed surveys for the Income Security (ISP), Employment Insurance (EI) and Canada Student Loans (CSL) programs, all of which demonstrated positive results with respect to service delivery. Seventy-nine percent (79%) of ISP, 77% of EI and 71% of CSL surveyed clients were satisfied or very satisfied with their overall quality of service. Overall satisfaction with in-person services in ISP and EI was 93% and 86% respectively; and, satisfaction with telephone services was 80% and 82%. To sustain these gains, continuous improvement at the transactional level is required. A related challenge in the era of increasingly automated communications is to protect integrity, confidentiality and security of client and other personal information.

Changing Demographics

Canada has an ageing population. Between 1991 and 2001, the population aged 45-64 increased 36%. It will jump a further 30%, to almost one-third of the nation's total population, during the next 10 years. The working-age cohort is becoming older as well, with a median currently at 41.3 years.⁴ This trend is especially critical since it involves the prime-age labour pool upon which we draw to run the economy. Our workforce will grow at a much slower rate than in the past, and our future labour supply will be inadequate to meet the needs of the economy. Within 10 to 15 years, immigration will account for all net labour force growth and, within 30 years, all net population growth. Seniors aged 65 or over accounted for 13% of the nation's population in 2001, and will constitute 15% of the total population by 2011, which will place increased pressure on our Income Security programs.⁵

Participation and Inclusion

As the 2003 Budget Speech acknowledges, while Canada is a very prosperous country, not all Canadians share in that prosperity.⁶ Many Canadians have not benefited from the kind of

³ Government of Canada, *Government on-Line and Canadians*, January 2002, page 4, at http://www.gol-ged.gc.ca/rpt/rpt_e.asp

⁴ Statistics Canada, *Infomat: A Weekly Review*, July 19, 2002, pages 1-2.

⁵ Ibid.

⁶ The Budget Speech 2003, <http://www.fin.gc.ca/budget03/pdf/speeche.pdf>

economic growth associated with the emerging knowledge economy. The lack of access to affordable, quality childcare services increases this vulnerability. Some Canadians, particularly families with children, are falling further behind in terms of income. In 2000, an estimated 868,000 children under age 18, or 12.5% of all children, lived in low-income families.⁷ While the proportion of children living in low-income families has been declining since 1996, and the current rate is among the lowest estimates recorded over the past twenty years, pockets of poverty in Canada persist. Those most vulnerable to persistent poverty are lone parents, unattached persons 45-64, recent immigrants, persons with work-limiting disabilities, and Aboriginal Canadians. Homeless individuals still face significant barriers to participation and inclusion.

Gaps in our Learning Systems

Although our existing learning systems provide us with a strong basis upon which we can build, only 19% of children under age six in Canada have access to quality early learning child care services.⁸ One in eight young Canadians does not complete high school. One in four high school graduates lacks the literacy skills necessary to participate in the knowledge-based economy.⁹ Moreover, although Canada has the highest proportion of people with post-secondary education in the world, rates are declining after several decades of growth.¹⁰ Especially notable is the growing gap in the rate of participation in post-secondary education between the lowest and middle socio-economic groups.

Further, by the standards of leading industrialized countries, Canadian employers invest less in skills training than some of our major competitors.¹¹ In addition, the participation rate of adult Canadians in training has been declining slightly over the last decade. A recent survey placed Canada seventh in terms of the participation of adults aged 25 to 64 in continuing education and training.¹²

A New Labour Market

The Canadian labour market has changed dramatically over the last two decades. The knowledge-based economy means an ever-increasing demand for a well-educated and skilled workforce in all parts of the economy and all parts of the country. We are in the midst of a profound transformation as a result of the revolution in information and communications technologies and the rise of the global knowledge-based economy.

Overall labour market participation was at 67.5% in February 2003 - its highest level since January 1990 (67.5%).¹³ However, for low-skilled Canadians the rate is 56%, compared to 79% for high-skilled Canadians. By 2007, about 70% of all new jobs in Canada will require some form of post-secondary education – less than 7% will be suitable for people with less than high school completion.¹⁴ At the same time, skill requirements in the labour market are not static. Most jobs in the knowledge economy, and a steadily increasing proportion of jobs in traditional

⁷ Statistics Canada, *The Daily*, October 30, 2002, see <http://www.statcan.ca/Daily/English/021030/d021030a.htm>

⁸ Early Childhood Care and Education in Canada, Provinces and Territories, 2001. Research and Resource Unit, University of Toronto.

⁹ *International Adult Literacy Survey*, 1994-95, Statistics Canada and OECD.

¹⁰ Organisation for Economic Co-operation and Development, *Education at a Glance*, 2001.

¹¹ Canadian Manufacturers and Exporters, *Excellence Gap Review*, August 2001. For more information, go to http://www.cme-mec.ca/national/documents/Excellence_Gap.pdf

¹² Organisation for Economic Co-operation and Development, *Education at a Glance*, 2001.

¹³ Statistics Canada. Labour Force Survey, February 2003.

¹⁴ Statistics Canada. *Labour Force Survey*; Human Resources Development Canada, Applied Research Branch, *Job Futures (2002) World of Work*.

sectors, require ever increasing skill levels as new technologies make their way into all workplaces. The ageing of the workforce may exacerbate the skills shortage. The Conference Board of Canada forecasts a shortfall of nearly one million workers within 20 years.¹⁵ For example, according to the Canadian Institute for Health Information, about two thirds of nurses across Canada are 40 years of age or older, and in 10 years, more than half of nurses will be in the 55-to-59 age group and close to retirement.¹⁶ The Canadian Nursing Association predicts a shortage of 78,000 nurses in Canada by 2011, increasing to 113,000 by 2016.¹⁷

In response to global competitive pressures, employers want more flexibility with regard to the movement between jobs, the allocation of tasks within jobs and the work schedule; 75% of Canadian businesses reported human resource management as an important aspect of their overall business strategy. Many leading companies have adopted innovative workplace practices to increase labour productivity such as employee involvement, flexible job design and workplace training. Evidence from the Workplace and Employee Survey shows that 46% of establishments that sponsored training reported increases in productivity in 1999.¹⁸

Employees want better working conditions, more control over their working time and access to leave to care for their families and improve the quality of their lives. While the situation of many workers is improving, many others complain of declining working conditions and employment benefits, greater workplace stress, decreased job security and an imbalanced workload. In fact, there continues to be a significant segment of the working population (around 30%) in non-standard types of employment wherein workers lack access to the benefits provided by employers and governments.¹⁹

This means that both individuals and employers must adapt to the new realities and must also have the ability, the willingness and the opportunities to constantly upgrade and renew their skills in learning institutions and the workplace.

Global and Economic Issues

Our policy and program development is affected by the state of the Canadian economy. Economic forecasts for 2003-2004, while generally positive, are not uncontroversial. On the one hand, with economic growth expected to average 3.2% in 2003, Canada is forecast to lead it's G-7 counterparts.²⁰ On the other hand, the uncertain state of the global economy cannot but affect Canada. Global economic prospects are further challenged by the continuing threat of international terrorism and the possibility of armed conflicts that could require Canadian involvement.

The unemployment rate in Canada in February 2003 stood at 7.4% on a seasonally adjusted basis. The spending plan forecasts that Employment Insurance benefits in 2003-2004 will be marginally higher than in 2002-2003. In the 2003 Budget, the Government announced a lower EI premium rate in 2004 of \$1.98 – 12 cents lower than the \$2.10 rate in 2003.²¹

¹⁵ The Conference Board of Canada, *Performance and Potential*, 2000-2001.

¹⁶ Canadian Institute for Health Information, *Supply and Distribution of Registered Nurses in Canada*, 2001.

¹⁷ The Canadian Nurses Association, *Planning for the Future: Nursing Human Resource Projections*, June 2002.

¹⁸ Statistics Canada and HRDC, *Employer and Employee Perspectives on Resources Practices*, Catalogue no 71-584-MPE, September 2001 and Workplace component of the Workplace and Employee Survey (WES), 1999.

¹⁹ Statistics Canada, *Labour Force Survey*, 2001.

²⁰ Department of Finance Canada, *The Budget Plan 2003*, pp. 36, 60.

²¹ Ibid, p. 44; The Budget Speech 2003, <http://www.fin.gc.ca/budget03/pdf/speeche.pdf>.

HRDC manages an expanding range of international labour activities aimed at improving working conditions and labour standards. As Canada continues to develop trade agreements with a growing number of countries, HRDC will continue its work with international organizations, to develop innovative international labour agreements and provide information and support to developing countries.

Partner and Key Stakeholder Collaboration

Responding to the priorities of the Government of Canada will increasingly involve collaboration with partners and stakeholders. Achieving the goals set out in *Knowledge Matters*, Modernizing Service for Canadians, advancing the Federal Disability Agenda and implementing the Joint Accord with the Voluntary Sector, for example, will require extensive collaboration with partners, including provincial and territorial governments, business, labour, Aboriginal groups, the voluntary sector and individual Canadians. In dealing with our partners, our challenge will be to improve service delivery and management accountability while ensuring that our relationships are not overly constrained by complex procedural issues and paper burden.

Internal Management Challenges

Responding to changing client needs and expectations in the context of service delivery is not limited to technological and transactional change alone. The department will also need to begin addressing a broader range of needs and issues at the regional and community level by working more collaboratively with a growing range of local partners.

Demographic change is equally challenging for HRDC. Our workforce is older and ageing with over 66% of our executives aged 45-55. During 2003, 16% will be eligible to retire. The average age of departmental indeterminate employees is 45 years. As the baby-boomers, the largest age cohort in the population, begin to retire from the workforce, our organization will have to find skilled employees to replace them. The recruitment of younger qualified people and the retention of more experienced and knowledgeable workers will become increasingly prominent in a knowledge-based and highly competitive environment. This challenge will be an ongoing priority of the department's human resource strategy over the next several years.

HRDC will also need to continue its efforts toward ensuring that the workforce is diversified and representative of the Canadian population, with an emphasis on employment equity and visible minority groups and in the area of official languages.

Ensuring that staff is equipped with the multiple skills necessary to consistently deliver the highest quality programs and services remains a priority for the department. The ongoing recruitment challenges will be exacerbated by the demographic crunch that affects the country.

In his Budget Speech, the Minister of Finance committed the Government to reallocating spending and improving efficiency which will influence significantly the department's resource management and allocation process for 2003-2004 and subsequent years.

An effective organization understands the risks associated with maintaining ongoing service levels while at the same time continuing to meet the challenges of anticipating and responding to emerging trends and continuing to improve organizational effectiveness. Risk analysis and management is at the heart of an organization's management strategy. Identified risks are mitigated through the detailed elements of the department's annual corporate initiatives.

As we transform the way we do business, the internal arrangements through which we provide policies, programs and services to Canadians will be transformed, too.

Strategic Response

The combined pressure of these imperatives for change creates a situation whereby the department must continually address the way it frames its policies and the way it conducts its business.

HRDC will develop a modern policy framework that will focus on participation, investment and inclusion. Through leadership of a renewed labour market strategy, HRDC will ensure that its policies, programs and services promote an educated, skilled and adaptable workforce of lifelong learners ready and able to respond to the challenges of the 21st century knowledge economy.

The department will support employers and labour organizations to identify which adjustments are required to accommodate the needs of workers for improved working conditions, and the needs of businesses to be more competitive in an expanding global economy.

Through investment in the National Child Benefit, HRDC will continue to work with other federal departments, provincial and territorial governments and First Nations to help prevent and reduce the depth of child poverty and to promote attachment to the labour market by ensuring that parents are always better off as a result of working.

Continued focus on early learning and quality child care will ensure that all children have a good start in life and that children and families have the tools they need to provide care and nurturing.

The department will continue to work with disadvantaged and vulnerable individuals and groups to enhance their participation and inclusion in Canadian society.

HRDC will also focus on contributing to building strong cities and healthy communities and will promote economic and social inclusion through community-owned, integrated solutions.

Modern service delivery will move from a program-centric approach focused on transactions to a citizen-centric one that is relationship-based and occurs across an individual's life cycle. Modern service delivery will be based on:

- Trust-based relationships
- Outreach relationships with citizens and communities
- Knowledge products and services
- People with multiple knowledge-based roles
- Continuous learning

The department will continue to support the development and implementation of international labour cooperation agreements and core labour standards.

Our organization must become capable of delivering citizen-centric service by consolidating its corporate services or enabling functions. We must focus on core activities and become

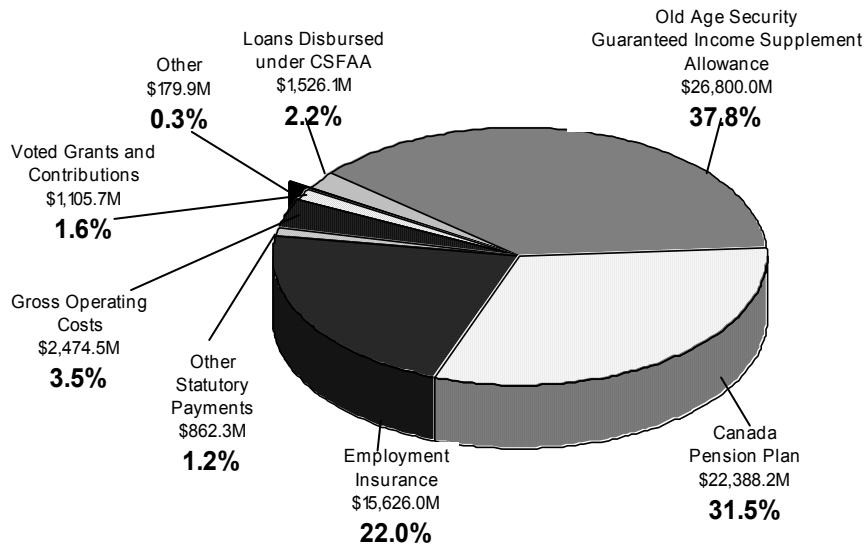
financially sustainable. The organization must also make investments in information technology renewal in order to ensure technology capacity is sufficient to deliver results to Canadians. To meet the challenges presented by the myriad drivers of change, HRDC will develop and implement a change leadership approach. HRDC will undertake the necessary review in accordance with Treasury Board direction to examine departmental programs and support the Government's resource reallocation exercise.

In conclusion, HRDC will continue to operate in an environment that will demand efficient and effective delivery of a broad range of services to the public, while at the same time investing in policy and program development, evaluation, technological solutions and our employees.

2003-2004 Planned Expenditure Profile

HRDC has the greatest expenditure on programs and services of any department, more than \$67 billion, or 95% of this spending benefits Canadians through the Employment Insurance (EI), Canada Pension Plan (CPP) and Old Age Security (OAS) programs and other statutory transfer payments.

CONSOLIDATED TOTAL: \$70,962.7M



HRDC'S GROSS EXPENDITURES

Budgetary	
Net Operating Costs	907.1
Add Recoveries in relation to:	
Canada Pension Plan	215.5
Employment Insurance Account	1,288.8
Workers Compensation	63.1
	<u>1,567.4</u>
Gross Operating Costs	2,474.5
Voted Grants and Contributions	1,105.7
Total Gross Expenditures	3,580.2
Other – Workers Compensation and EI/CPP Charges and Recoveries	
	179.9
Non-Budgetary	
Loans disbursed under <i>Canada Student Financial Assistance Act</i> (CSFAA)	1,526.1^b

STATUTORY TRANSFER PAYMENTS

Grants and Contributions:	
Old Age Security programs	26,800.0
Other Statutory Payments:	
Canada Student Loans	406.6
Canada Education Savings Grant	395.0
Others	0.2
	<u>801.8</u>
Total	27,601.8
Canada Pension Plan benefits	22,388.2
Employment Insurance benefits	
Part I	13,438.8
Part II	2,187.2
	<u>15,626.0</u>
Other Specified Purpose Accounts ^a	60.5
Total Statutory Transfer Payments	65,676.5^b

a. Includes payments related to Government Annuities Account and Civil Service Insurance Fund.

b. These two amounts directly benefit Canadians

Our Strategic Outcomes, Initiatives and Service Lines

During 2003-2004 and beyond, HRDC will focus on realizing our strategic outcomes by pursuing the most relevant and important initiatives, with a demonstrated focus on results. Our efforts will make a difference in the lives of Canadians who can expect the high quality service that they deserve. Those efforts will be guided by our commitment to the effective and efficient use of our fiscal and human resources.

The table below identifies the four strategic outcomes that HRDC endeavours to provide for Canadians, the links between our service lines (i.e., Income Security (IS), Employment Insurance Income Benefits (EIIB), Human Resources Investment (HRI), Labour (LAB), Corporate Services (CS) and Service Delivery Support (SDS)) and those strategic outcomes.

Strategic Outcomes and Corporate Initiatives	Our Service Lines				
	IS \$49,486M FTEs: 3,511	EIIB \$14,054M FTEs: 7,597	HRI \$6,206M FTEs: 3,669	LAB \$187M FTEs: 730	CS/SDS \$850M FTEs: 6,680
Income security for seniors, persons with disabilities and their children, survivors and migrants <ul style="list-style-type: none"> ♦ Seniors ♦ Low-income Pensioners ♦ Migrants ♦ Survivors ♦ Persons with Disabilities ♦ Dialogue with Canadians 	✓				
Opportunity to fully participate in the workplace and community <ul style="list-style-type: none"> ♦ Transforming Federal Labour Market Programs ♦ Program Directions ♦ Skills and Learning Architecture ♦ Children and Families ♦ Working with Disadvantaged Groups ♦ Working with Communities ♦ Official Language Minority Communities 		✓	✓		
Safe, fair, stable and productive workplaces <ul style="list-style-type: none"> ♦ Workplace Strategy ♦ Labour Cooperation Agreements ♦ Review of Part III (Labour Standards) of the <i>Canada Labour Code</i> ♦ Employment Equity 				✓	

Strategic Outcomes and Corporate Initiatives	Our Service Lines				
	IS	EIIB	HRI	LAB	CS/SDS
Sustainable and effective program management and service delivery <ul style="list-style-type: none"> ♦ Modernizing Service for Canadians ♦ Human Resources Management ♦ Service Improvement ♦ Protecting the Privacy of Canadians ♦ Resource Management and Allocation Practices ♦ Integrated Strategic and Business Planning and Performance Management ♦ Information Management and Information Technology ♦ Modernization of Comptrollership ♦ Sustainable Development Strategy 	✓	✓	✓	✓	✓
Total HRDC Service Lines \$70,783M Other Costs \$180M Consolidated Total \$70,963M FTEs: 22,187					

Income security for seniors, persons with disabilities and their children, survivors and migrants

Parliament has given HRDC the mandate to promote and strengthen the income security of Canadians. The Canada Pension Plan (CPP) and the Old Age Security (OAS) program²² provide income support to eligible clients including seniors, migrants to and from Canada, survivors and CPP contributors who become disabled, and their children.

The impact of the public pension system is particularly clear for seniors. In 1980, almost 21% of all seniors in Canada reported low income. In 2000, this number had been reduced to 7.3%²³ – a reduction that can be attributed largely to the Canada/Quebec Pension Plans and improvements in the Old Age Security program.

Canada's performance in providing income security for seniors compares very favorably internationally. According to the Organization for Economic Co-operation and Development's (OECD) 2001 comparison, the poverty rate among Canada's seniors is the lowest of the nine countries compared. Canada was also identified as being the country with the greatest success in assuring pensioners' economic well-being and protecting disadvantaged groups.²⁴

STATUTORY AND NON-STATUTORY TRANSFER PAYMENTS^a

Funding (millions of dollars)	Forecast	Planned Spending	
	2002-2003	2003-2004	2004-2005
Old Age Security Related Transfer Payments	25,800.0	26,800.0	27,783.0
CPP Benefit Payments ^b	21,484.5	22,388.2	23,381.9
Total	47,284.5	49,188.2	51,164.9

a. For additional financial information, see Figures 1 to 6 on pages 50 to 54.

b. For detailed CPP information, see page 64.

We will continue to deliver services that support the strategic outcome and the current priorities

HRDC serves a broad section of the Canadian public through a number of social programs. Income security programs, such as the Canada Pension Plan and the Old Age Security program, have a positive effect on the lives of virtually all Canadians, in particular the approximately five million people who currently receive a range of benefits based on significant events that have occurred in their lives: retirement, disability or death.

²² For more general information on financial assistance and entitlements, visit <http://www.canadabenefits.gc.ca> for more specific information on income security benefits, visit <http://www.hrdc-drhc.gc.ca/isp/>

²³ Statistics Canada, Income in Canada (Cat. # 75-202-XIE), November 2002: see <http://www.statcan.ca/english/IPS/Data/75-202-XIE.htm>

²⁴ OECD, *Ageing and Income - Financial Resources & Retirement in 9 OECD Countries*, 2001.

These programs provide our citizens with a vital measure of financial security when they retire or suffer a severe disability or critical loss of income because of death in the family.

"The Government of Canada is committed to designing, funding and delivering its programs and services, and assessing their results, from the perspective of the citizen."

[Results for Canadians]

As society and the economy are in a constant state of change, all public programs must be continuously reviewed and assessed to make sure that they are doing what they should be doing and doing it well. To measure our success, we have developed a number of performance indicators, which are summarized on page 19. We carefully assess our success in reaching these objectives as we continue to improve our delivery of service to each of our clients.

During the upcoming planning period, we will focus on the following key initiatives:

Seniors

It is estimated that current growth in Canada's seniors' population will result in an increase in pension applications processed of approximately 6% for CPP and 2.5% for OAS in 2003-2004. To better serve this significant client group, we are simplifying the application processes for the CPP and OAS pensions and reducing our reliance on paper proofs for documentation (such as birth certificates) that are available from sources such as the Canada Customs and Revenue Agency (CCRA) or the Social Insurance Registry. CPP and OAS are integral parts of the department's efforts to support modernizing service for Canadians and in particular, initiatives to provide on-line access to programs and services. These initiatives are outlined in more detail on pages 38, 39, and 42.

Low-income Pensioners

Approximately 1.4 million Canadians receiving the OAS pension also receive Guaranteed Income Supplement (GIS) benefits. Many of their spouses/common-law partners also receive Allowance benefits. Allowance for the survivor benefits are available to low-income seniors between 60 and 64 whose spouses/common-law partners have died. These benefits, which provide additional income for Canadians with low income, must be applied for each year. Beginning in February 2002, HRDC undertook a nationwide initiative in collaboration with CCRA to reach seniors who might be eligible for GIS and to encourage them to apply. We have simplified the annual application process — most beneficiaries can renew their application simply by filing their personal income tax return by April 30. In 2003-2004, we will continue our efforts to help our clients receive the benefits for which they are eligible by further streamlining and automating the application process for these supplementary benefits. Targeted mailings will continue to be used to reach low-income seniors who have not applied for GIS. It is expected that 60,000 people will be contacted. A simplified GIS application form will be used in the 2003-2004 GIS renewal process for seniors who do not file tax returns and HRDC and CCRA will continue to find the best ways to communicate with them to explain the advantages of filing returns.

Migrants

To protect the pension income of people who have lived and worked in both Canada and abroad, we have social security agreements with 47 countries. These agreements help people

qualify for pensions from Canada and other countries. In 2003-2004, we will assess the possibility of signing agreements with more countries, including Bosnia-Herzegovina, the Former Yugoslav Republic of Macedonia, India and Yugoslavia. We will also negotiate new agreements with Estonia, Latvia and Lithuania to further enhance access to Canadian and foreign benefits.

Survivors

Monthly benefits are available under the CPP to the spouse/common-law partner and the dependent children of a deceased CPP contributor. A one-time lump-sum death benefit is also available to help with funeral costs. The OAS Allowance for the survivor also pays monthly benefits to eligible seniors whose spouse or common-law partner has died. In 2003-2004, we will enhance our partnerships with community-based organizations, including funeral services providers, to help us make survivors aware of our programs and of the benefits to which they may be entitled.

Persons with Disabilities

Approximately 280,000 CPP contributors currently receive a CPP Disability (CPPD) benefit. Although all CPP Disability beneficiaries are, by definition, persons with severe and prolonged disabilities, a small proportion of them may find their condition improves to the point where they are able to work again, particularly if they are provided with support and assistance in their effort to do so. In 2003-2004, a new service delivery model will be introduced, which will identify, among other things, how each client's level of need for support will be determined, how cases will be managed, what expanded services or referrals will be offered, how clients will be assessed for progress and how clients will move out of or graduate from the program.

HRDC will also conduct an evaluation of the existing vocational rehabilitation program and develop tools to better assess client progress. This work will benefit CPPD clients by providing a broader range of return-to-work supports to a larger group of individuals. The return-to-work continuum of services would allow CPPD to provide some level of support to more individual clients, which should increase the chances of their successful return to work. This could be as simple as job readiness counselling to ensure that individuals do not attempt to return to work prematurely, or as intensive as full vocational rehabilitation services. As part of developing the new model, performance indicators will be developed to determine the degree of our success.

Dialogue with Canadians

We will continue to enhance dialogue with our clients and potential clients through partnerships with other government departments and resources, such as CCRA's Tax Volunteer Program or Canadian Heritage. We will also work with community-based organizations such as shelters and food programs, financial planners, schools, social service organizations and funeral services providers.

We will continue to develop our client feedback mechanism so that clients can easily provide feedback on their interactions with us. We will also create a redress process to track, report on and respond to all complaints and feedback consistently and quickly.

Giving citizens the tools with which to comment on our service and their experience with us will greatly enhance our ability to continuously improve our service to all our client groups.

Summary of Performance Indicators

Performance Indicators	2003-2004 Objective
Percentage of callers answered by an Income Security Program Service Delivery Agent within three minutes.	95%
Average number of working days to process Old Age Security applications.	28 days
Average number of working days to process Canada Pension Plan Retirement applications.	28 days
Percentage of all CPP Disability initial application decisions made within 120 calendar days of receipt of completed application.	70%
Percentage of all CPP Disability reconsideration decisions made within 120 calendar days of receipt.	65%

Opportunity to fully participate in the workplace and community

"In the new, global economy of the 21st century prosperity depends on innovation, which, in turn, depends on the investments that we make in the creativity and talents of our people. We must invest not only in technology and innovation but also, in the Canadian way, to create an environment of inclusion, in which all Canadians can take advantage of their talents, their skills and their ideas."

[The Right Honourable Jean Chrétien
Prime Minister of Canada]

The Government of Canada recognizes that Canada's quality of life is improved when all Canadians have the opportunities and skills to be self-reliant and to actively contribute to the economic and social development of their own lives and their communities. This, in turn, improves productivity, reduces the need for government intervention and income support, and improves the quality of life of all Canadians.

HRDC contributes to this through a range of programs and services that reach Canadians of all ages and at all stages in life, that we deliver directly or in partnership

with communities, other levels of government, educational institutions, youth and Aboriginal organizations, and the private and voluntary sectors.

HRDC, through the extension of the National Homelessness Initiative for an additional three years, will continue to partner with communities and other levels of government to help homeless Canadians move out of the cycle of homelessness and prevent those at risk from falling into homelessness.

For more than 60 years, Employment Insurance (EI) has ensured individual well-being, economic stability and a flexible labour market by providing temporary income support to Canadians who lose their job or must leave work due to sickness or the birth or adoption of a child.

STATUTORY AND NON-STATUTORY TRANSFER PAYMENTS^a

Funding (millions of dollars)	Forecast	Planned Spending	
	2002-2003	2003-2004	2004-2005
Non-Statutory Grants & Contributions	1,074.6	1,102.4	997.1
Statutory Transfer Payments	721.3	801.8	783.0
Sub-Total	1,795.9	1,904.2	1,780.1
EI Part I - Benefit Payments ^b	12,894.7	13,438.8	13,707.8
EI Part II – Employment Benefits and Support Measures	2,141.3	2,187.2	2,187.2
Sub-total Employment Insurance Benefits	15,036.0	15,626.0	15,895.0
Other- Government Annuities and Civil Service Insurance Payments	63.0	60.5	58.0
Non-Budgetary - Loans disbursed under the <i>Canada Student Financial Assistance Act</i>	1,504.0	1,526.1	1,533.7
Total	18,398.9	19,116.8	19,266.8

a. For additional financial information, see Figures 1 to 6 on pages 50 to 54.

b. Planned Spending for benefits does not include the 2003 Budget measures.

We will continue to deliver services that support the strategic outcome and the current initiatives

We allocate most of our operating resources under this strategic outcome to the delivery of our day-to-day operations and activities that help people to fully participate in the workplace and community. To help achieve this strategic outcome, we will provide: the EI program to benefit temporarily unemployed people across Canada; enhanced growth and retention of skilled Canadians in the labour market; access to learning and skills development; social development activities; employment opportunities; information, coordination and advisory services; and the National Homelessness Initiative. A table summarizing all performance indicators related to this strategic outcome is on page 33.

The government is committed to making Canada a land of ever-widening opportunity. In support of this priority, HRDC will promote an educated, skilled and adaptable workforce, and the greater inclusion of all Canadians in the workplace and the community.

The department will implement flexible and effective policy and program development approaches that invest in the skills and learning, employability and community participation of individuals at all stages of their lives.

Further, HRDC will invest in a balanced labour market and social infrastructure to support the participation of all individuals in the workplace and community.

Such investments will provide Canadians with the tools they need in a knowledge-based economy and society, enhance Canada's economic competitiveness and help to ensure that fewer Canadians are left behind.

Transforming Federal Labour Market Programs

The economy of the 21st century will require workers who are lifelong learners, and who can respond and adapt to change. It will also require employers to adapt their human resources management practices to suit the new challenges of global competitiveness, current and impending skill shortages, and an ageing workforce. However, many of HRDC's current programs were developed some years ago and may not provide an optimal response to the challenges related to emerging demographic pressures and rising and changing skills requirements. To ensure our continued prosperity, Canada needs policies and programs that enable individuals to access learning opportunities that assist adults to become lifelong learners by combining working and learning, by fostering skills development in the workplace, and by helping remove barriers to the participation and inclusion of disadvantaged groups. We also need a framework of labour legislation that supports healthy and productive workplaces, with working conditions that support individuals in their work and family needs.

The 2002 Speech from the Throne committed the Government of Canada to transform its labour market policies and programs to address these challenges. HRDC will be working to this end over the coming year and will focus its efforts on implementing recent improvements to its policies and programs, including for example, the realigned Youth Employment Strategy, employability programming for persons with disabilities, planned improvements to the Canada Student Loans Program and to the Employment Benefits and Support Measures offered under Part II of the *Employment Insurance Act*.

HRDC will develop a comprehensive policy framework that integrates HRDC's social and labour market policies and programs to equip Canadians to meet the challenges of, and help to ensure that all Canadians can participate in and benefit from, the knowledge economy. In particular, HRDC will be examining workplace practices that enhance productivity, worker protection in light of new employment relationships, working time and flexible working conditions, pressures to balance work and family life, and modern compliance methods.

Supporting Workplace Skills and Learning

The consensus emerging from consultations confirms the Government of Canada's priority of promoting lifelong learning, in particular, skills development in Canadian workplaces. Canada is considered average in its workplace training investments compared with its competitors. Yet we know that skills and knowledge acquired on the job are more effective than training occurring outside the workplace.

Over the coming months, HRDC will realign over \$25 million of existing resources to intensify support for workplace skills development. The objective is to test innovative approaches to workplace learning and foster strategic partnerships to lever action from business, labour, educators and communities, and other key stakeholders. For example, HRDC will provide financial support to the Canadian Apprenticeship Forum and Skills Canada to spearhead a national campaign to promote the skilled trades as careers of choice for young Canadians. As well, HRDC in consultation with provinces and territories and its partners will expand the number of skilled trades eligible for Red Seal designation, thereby promoting increased mobility of certified journeypersons.

HRDC will also build on investments to increase the network of exemplary sector councils, which identify and address sector-wide human resource issues, including skills issues, and support transitions in their sector of the Canadian labour market. Currently, the network of national Sector Councils covers about 25% of the labour market. Our goal is to expand this to up to 50% of the labour market within five years through investments in strategic sectors.

Sector Councils also support the development and dissemination of effective and innovative skills development practices and foster increased commitment towards lifelong workplace learning by industry. Funding will enable a range of projects that, for example, strengthen industries' capacity to implement on-line recruitment and retention services for small firms to address their human resources needs; and e-learning and distance learning applications that will increase access to workplace learning opportunities for workers.

Too many working age Canadians lack the literacy and other basic skills demanded by the knowledge-based economy. HRDC's essential skills and literacy initiatives aim to increase access and opportunity for Canadian workers to acquire the essential skills, including literacy, necessary to optimize their participation in the Canadian workforce.

To improve literacy and other essential skills in the workforce, HRDC will work to develop essential skills profiles for all occupations to help employers train their employees to meet the skills standards of their occupations. This body of research will inform the development of applications to help ensure that Canadians have the skills they need to thrive in the labour market. HRDC will also realign its resources to provide workplace literacy initiatives that test innovative approaches to workplace learning and to foster strategic partnerships and lever action and investment from businesses and communities. Part of our strategy includes extensive use of our Essential Skills website.²⁵

²⁵ For further information, see <http://www15.hrdc-drhc.gc.ca/English/general/es.asp>

Participants at the National Summit on Innovation and Learning expressed support for actions that strengthen participation in the labour force using innovative approaches such as prior learning assessment and recognition. HRDC will support proposals for prior learning assessment to deal with the pressing shortage of health care workers in general, and nurses in particular. These initiatives will also support community colleges in the important role they play in equipping Canadians with the skills they need for the future and in promoting workplace learning. In addition, working with its partners, HRDC will support innovative learning tools and workplace applications to increase opportunities for Canadians to develop their skills and leverage investments by employers in the skills and talents of their workers.

Program Directions

In collaboration with other federal departments, provincial and territorial governments and Aboriginal organizations, HRDC will develop program policy and implementation plans associated with Youth Employment Strategy (YES), Future Directions on Employment Benefits and Support Measures (EBSMs) and initiatives in support of labour market integration of immigrant workers and hiring of foreign workers, labour mobility, older workers and labour market information.

YES Realignment

The 2002 Speech from the Throne included a commitment to ensure government strategies keep pace with the changing employment needs of our youth. The Youth Employment Strategy has been realigned to respond to the commitments outlined in the Speech from the Throne, the results of operational experience with the design and delivery model, consultation with stakeholders and evaluation findings. The objective of the realigned Strategy is to assist youth in enhancing their employability skills, while increasing the number of skilled young Canadians in the workforce.

The Strategy will continue to be delivered in partnership with the private sector and non-governmental organizations (NGOs) through the collective efforts of 14 Government of Canada departments, agencies and corporations, with HRDC in the lead role. The Youth Employment Strategy will continue to create employment and service initiatives for youth through partnerships with business, labour, industry, not-for-profit and voluntary organizations, Aboriginal and rural and remote communities, and other levels of government.

Key results commitments for all initiatives receiving funding under the Youth Employment Strategy over the period 2003-2008 include:

- participants will gain enhanced employability skills from work experience or tailored interventions; and,
- a portion of youth participants will return to school to further their education/skills development and/or become employed.

Future Use of EBSM

Part II of the *Employment Insurance (EI) Act* authorizes the design and implementation of programs and services to help unemployed participants to prepare for, find and maintain employment. HRDC delivers Employment Benefits and Support Measures (EBSM) in five jurisdictions. In seven other jurisdictions, the province/territory has assumed responsibility for the design and delivery of programs and services that are similar to EBSM. Employment benefits consist of interventions such as self-employment and skills development assistance for individuals and wage

subsidies for employers, while support measures are mechanisms that provide opportunities to individuals or communities to further their employment and labour market potential.

Together, EBSM and similar programs and services (transfer Labour Market Development Agreements) will account for \$2.2 billion (including Pan-Canadian funds) of EI Part II spending in 2003-2004. It is expected that these investments will assist 356,000 active EI claimants. It is anticipated that 214,000 EI clients (active and former) will become employed or self-employed. The return to work of the active claimants before the end of their benefit period will result in \$815 million in unpaid EI (Part I) benefits.

During 2003-2004, a number of initiatives will be undertaken to strengthen EBSM support of the priorities of the skills and learning agenda. A variety of research and innovations projects will be funded which will test the impact of prior learning assessment on the subsequent labour market participation of unemployed people in Canada. Prior learning assessment is a process for formally recognizing informal and non-credit learning for unemployed individuals. As well, the use of Prior learning assessment and essential skills testing for clients will be piloted by some Employment Assistance Services (EAS) projects in Ontario and co-managed regions. Essential skills assessment will inform individuals of their relative skill levels in reading, writing, oral communication, working with others, thinking and learning, as well as document use, numeracy and computer use. The addition of assessment services related to prior learning and essential skills will be piloted with a view to determining the impact of these approaches on subsequent skills development and employment of participants. Furthermore, it will give the department a clear sense of the relative cost-effectiveness of these measures.

Recognizing the importance of skills in improving labour market resiliency of workers, workers in the softwood lumber and other industries will be assisted through two new initiatives:

- Work Sharing While Learning (WSWL) will allow workers of firms that are restructuring to work part-time and receive EI Part I benefits while participating in employer-sponsored training.
- Increased Referrals to Training (IRTT) will allow workers who are facing job loss to leave their employment and participate in EI approved Part II training. IRTT will assist Canadians in developing marketable skills that will allow them to find employment.

These initiatives will only be available in EI Economic Regions that have an unemployment rate of 10% or higher. The measures are available to workers and/or industries in all sectors. Provisions for these two measures are in place for two years from the December 16, 2002 date of implementation. Other partners involved in these initiatives are the provinces, territories, business and industry associations.

Labour Market Integration of Immigrant Workers

Immigrants are playing an increasingly important role in sustaining Canada's economic growth and success in a globalized economy. Immigrants bring with them a diverse set of talents, abilities and skills that Canada will rely on more in the next decade as skill requirements of new jobs rise and our population ages.

In February 2002, HRDC launched a national dialogue on skills and learning through the release of a federal discussion paper entitled *Knowledge Matters: Skills and Learning for Canadians*. This federal document reflects the Government's commitment to ensuring that Canada continues to attract the highly skilled immigrants it needs and helps them achieve their

full potential. In December 2002, HRDC announced that it will begin to work in partnership with the Canadian Council of Professional Engineers and its member associations towards improving foreign credential recognition processes in the engineering profession.

Budget 2003 announced funding to promote more efficient and transparent foreign credential recognition processes. HRDC will use these funds to promote partnerships with provincial and territorial governments, regulatory authorities and employers.

Foreign Worker Program

The 2002 Speech from the Throne included a government commitment to fast-track skilled workers entering Canada with jobs already waiting for them. Budget 2003 announced funding over the next two years in support of this commitment. HRDC will implement regulatory, administrative and systems changes that will provide new or improved services for employers related to the hiring of foreign workers to meet labour requirements. During 2003-2004, HRDC and Citizenship and Immigration Canada will work closely with partners, including Industry Canada, the Department of Foreign Affairs and International Trade and provincial ministries responsible for employment and immigration to achieve a more responsive approach for employers to fill labour shortages through foreign recruitment (both permanent and temporary).

Labour Mobility and the Skilled Trades

The implementation of the Labour Mobility Chapter (7) of the Agreement on Internal Trade (AIT) has resulted in significant reforms. The AIT tasked the Federal-Provincial-Territorial Forum of Labour Market Ministers (FLMM), which HRDC co-chairs, with the responsibility for implementing Chapter 7. The Social Union Framework Agreement established July 1, 2001 as the deadline for meeting the obligations of Chapter 7.

A key obligation of Chapter 7 is the requirement to recognize the qualifications of workers from other jurisdictions. Most provincial/territorial governing bodies for each regulated occupation compared their standards and requirements in order to be able to recognize each others' qualified workers through the development of Mutual Recognition Agreements (MRA) or similar protocols. For some occupations, this was the first time the provincial/territorial regulatory bodies had come together to achieve a common objective, namely, to satisfy their obligations under Chapter 7.

To date, most self-regulated occupations and provincial/territorial trades regulators have developed recognition agreements to facilitate the mobility of Canadian workers. During 2003-2004, HRDC will continue to work closely with the provinces, territories and self-regulated occupations to remove the outstanding labour mobility barriers.

Despite an expanding labour force, apprentice completion rates have remained constant over the past decade. This has contributed to skills shortages in trades such as construction, metal trades, electrical and electronics. In partnership with the Canadian Council of Directors of Apprenticeship we will also continue to improve workplace and inter-provincial mobility in the skilled trades through the Red Seal Program and inter-provincial exams. Increasing the completion rate of apprentices is an important milestone identified in *Knowledge Matters* and will require the combined effort of a number of key players. During 2003-2004 we will continue to work with partners and stakeholders to meet the Government of Canada's goal of doubling the number of apprenticeship completions over the next decade and address the issue of skilled trades shortages.

Older Workers

The Government of Canada will continue to work with partners on how to best address the special needs of displaced older workers (persons aged 55-64). In 1999, the Government of Canada announced \$30 million for an Older Workers Pilot Projects Initiative to help laid-off older workers and those at risk of losing their jobs to find work or remain employed. To date, eight provinces and the three territories have signed agreements, and 66 projects have been approved across Canada. All projects are cost-shared with the provinces and territories. In the fall of 2002, the Government of Canada announced an additional investment of \$15 million for the initiative, thereby extending the program to March, 2004.

Implement Recommendations of the Labour Market Information (LMI) Task Force

The LMI Task Force has been set up to develop an integrated vision of HRDC's labour market information activities for the future. To achieve this, HRDC will work with partners and stakeholders to align LMI research, data development and analysis, policy development, programs and products and services with client/user requirements. In 2003-2004, HRDC will complete the development and initial implementation of a sequenced restructuring plan. The restructuring process could take up to two years, given the potential effect of changes on HRDC's operations, partnerships and resource requirements.

Skills and Learning Architecture

The September 2002 Speech from the Throne sets out the Government of Canada's vision for Canada as a magnet for talent and investment. In keeping with this commitment, HRDC will build on and strengthen investments in skills and learning.

The current system of supports for skills and learning is a collection of individual programs that have emerged over the years to suit varying purposes, rather than being founded on a common and consistent set of goals and objectives. As a result, these programs may not always work effectively and efficiently with one another in meeting the needs of Canadians. For example, there is a tendency for opportunities for skills upgrading to go to those who already have education, good jobs and valued skills. Many people with disabilities do not have access to the supports they need to find and keep a job. At the same time, Canada is facing skills shortages in some areas, yet many qualified immigrants cannot find employment in their field.

Following the release of *Knowledge Matters* and in support of the engagement process on the Skills and Learning Agenda, during 2002-2003, HRDC hosted best practices workshops and expert and thematic roundtables on skills and learning. These consultations, which culminated with discussions at the National Summit on Innovation and Learning held in November 2002, confirm support by a wide range of stakeholders for early actions that will make Canada an innovative and skilled nation.

The Government also committed to work with Canadians, provinces and territories, sector councils, labour organizations and learning institutions to create the skills and learning architecture that Canada needs, to promote workplace learning, and to build our knowledge and reporting to Canadians about what is working and what is not. To move forward on this commitment, HRDC will work with its partners to implement a number of initiatives that will support and recognize workplace skills and learning and to strengthen the knowledge base to ensure that all Canadians have the information they require to make well informed choices about their skills and learning needs.

HRDC will work with its provincial and territorial partners through groups such as the Forum of Labour Market Ministers and Ministers Responsible for Social Services to ensure that our skills and learning supports work effectively together as an interconnected system for all Canadians.

Canadian Learning Institute

As announced in Budget 2003, the Government of Canada is committing \$100 million towards the creation of the Canadian Learning Institute. Envisaged as an independent, pan-Canadian organization that promotes and supports evidence-based information on all areas of lifelong learning, the Institute will require a collaborative partnership with governments, business and labour and national learning organizations. The Institute's mandate will encompass learning at all stages of life, from Early Childhood Development to post-secondary learning, and to workplace learning and adult training, both formal and informal. The institute will provide Canadians with the data and information they need to make informed decisions about their investments in learning; for example, so parents and individuals can make decisions about education, training and skills upgrading; and employers can determine the value of investments in training.

Modernizing our Supports to Access Post Secondary Education (PSE) and the Responsiveness of PSE Institutions

The 2002 Speech from the Throne reiterated the message that the fuel of the new economy is knowledge. HRDC, along with provinces and territories and our other partners, in terms of on-going policy work will explore the evolution of federal supports in post-secondary education in order to guide reforms which to sustain a high level of participation, expand accessibility, support the capacity to educate and perform research, and enhance innovation and responsiveness. These consultations and policy developments are aimed at identifying ways in which HRDC could support improved responsiveness of post-secondary education institutions.

During 2003-2004, we will work with the provinces and territories on policy research and the development of policy directions to address challenges encountered by under-represented groups, affordability and access, student loan repayment and debt management and examine links to broader social and economic policies.

The Government of Canada wants to ensure all Canadians and Protected Persons residing in Canada can access the learning opportunities they need in order to succeed in the knowledge-based economy. Strengthening the Canada Student Loans Program will ensure more Canadians receive the support they need to access post-secondary education. Enhancements to the program announced in the 2003 Federal Budget are expected to cost about \$27 million in 2003-2004 and \$32 million in 2004-2005 and include:

- Improving access by allowing Protected Persons, including Convention Refugees, to qualify for student loans;
- Improving affordability by increasing the in-study income exemption to help students keep more of what they earn while in school; and,
- Enhancing debt management measures by improving Debt Reduction in Repayment and Interest Relief to minimize default.

Children and Families

The Government of Canada continues to make supporting children and their families a priority. The well-being of today's children is a determinant of the quality of life in Canada and our future productivity. There is a strong consensus that, together, income support for low-income families and service supports for all parents are important to ensuring the healthy development of Canada's children. Because the early years establish the foundation for competence and coping skills that will affect learning, behaviour and health in later life, support for Early Childhood Development has also been recognized as a priority for governments.

In addition, in keeping with the policy of the government, the Employment Insurance Regulations will be amended to provide the same benefits to all adopting common law partners, including same-sex partners.

Early Childhood Development

HRDC continues to play an important role in the implementation of the Federal-Provincial-Territorial Early Childhood Development (ECD) Agreement concluded in September 2000. Under the Agreement, the Government of Canada is transferring \$2.2 billion over five years (beginning in 2001-2002) 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.

HRDC also plays a key role in public reporting on Early Childhood Development, with the next set of reports to be released in Fall 2003. The reports will continue to use the comparable program indicators identified by Federal-Provincial-Territorial governments to track progress in improving and expanding Early Childhood Development programs and services, and the common set of outcome indicators identified by governments to monitor the well-being of Canada's young children.

In the February 2003 Budget, the Government of Canada announced that, pending the outcome of Federal-Provincial-Territorial discussions, it will provide \$900 million, over the next five years, to provincial and territorial governments for quality, regulated early learning and child care programs to ensure that children get the best possible start in life and to make it easier for parents to pursue work or training. Together with provincial and territorial governments, the Government of Canada is developing a framework to improve access to affordable, quality, regulated early learning and child care programs. To complement this support to provincial and territorial governments, the Budget also provides an additional \$35 million over five years, to build on federal early learning and child care programs for First Nations children, primarily on reserves.

National Child Benefit

Introduced in 1998, the National Child Benefit (NCB) initiative is a unique partnership among federal, provincial and territorial governments and First Nations. Its main goals are to prevent and reduce child poverty and to help ensure families will be better off by enabling parents to continue working. As of 2001-2002, the Government of Canada is investing \$2.5 billion annually in the NCB initiative. The NCB also includes a First Nations component to help First Nations communities across the country improve services and support for their children.

In the 2002 Speech from the Throne, the Government of Canada committed to implement a long-term investment plan to allow poor families to break out of the welfare trap, so that children born in poverty do not carry the consequences throughout their lives. It also committed the Government of Canada to again significantly increase the NCB for poor families. Budget 2003 builds on this successful Federal-Provincial-Territorial collaboration with a \$965 million-per-year increase in the NCB by 2007, reaching \$3,243 per child for the first child. For low and modest income families raising a disabled child, these benefits will be supplemented by a further \$1,600 per year.

HRDC will continue to play a key role in future public reporting on the NCB with the release of the fourth NCB Progress Report expected in May 2003. We will continue to report on federal, provincial, territorial and First Nations NCB expenditures and on the impact of the NCB. For the first time, the report will contain preliminary results from a comprehensive evaluation of the first two years of the NCB.

Compassionate Care

The 2003 federal budget announced that a six-week EI Compassionate Care benefit will be available to Canadians beginning in January 2004. The new benefit will ensure eligible workers can take a temporary absence from work to provide care or support to a gravely ill or dying family member without fear of sudden income or job loss.

The introduction of this new Compassionate Care benefit meets commitments made in the 2003 Health Accord and the 2002 Speech from the Throne.

In support of this commitment, Part III of the *Canada Labour Code* will be amended to provide for compassionate care leave with job protection in order for employees to safely be absent from work for the purposes of providing compassionate care to a gravely ill or dying child, parent or spouse. Minister Bradshaw will play a lead role vis-à-vis the Provinces in this matter to encourage provinces and territories to consider incorporating similar leave provisions with job protection in their respective legislation.

Working with Disadvantaged Groups

HRDC will transform its policies and programs to remove barriers to the participation and inclusion of disadvantaged groups in employment and learning, including persons with disabilities, low-income families, homeless people and Aboriginal people.

Persons with Disabilities

The 2002 Speech from the Throne committed the Government of Canada to work with the provinces to fast-track a comprehensive agreement to remove barriers to participation in work and learning for persons with disabilities. During 2003-2004, HRDC in collaboration with federal, provincial and territorial partners, will review progress with the implementation of the framework for a comprehensive Labour Market Strategy approved by the provincial Ministers of Social Services in December 2002. In order to support the Strategy, work will be undertaken in 2003-2004 to renew the terms and conditions of the Opportunities Fund. The Opportunities Fund assists persons with disabilities in preparing for, obtaining and keeping employment or becoming self-employed.

Current agreements under the Employability Assistance for People with Disabilities (EAPD) expire as of March 2003. Budget 2003 included the announcement to renew the funding commitment of \$193 million per year for this program. EAPD is a joint Federal-Provincial initiative under which the Government of Canada cost-shares funding with provinces to help persons with disabilities prepare for, attain and retain employment. HRDC is working with its Federal-Provincial-Territorial partners to develop and implement successor agreements in the context of the Framework for a Comprehensive Labour Market Strategy for people with disabilities. This work will improve Federal-Provincial-Territorial coherence in employability programs for persons with disabilities and further help reduce barriers to their participation in the workplace.

We will also work with other government departments and the voluntary sector to develop and implement federal instruments to assess federal policies and programs to ensure they consistently take the needs and realities of people with disabilities into account and that they are accessible to all Canadians.

During 2003-2004 HRDC will also develop: in collaboration with the Department of Finance, a targeted measure to assist low-income families raising children with severe disabilities; a disability action plan for our own department as well as the Government of Canada that will set out more specific objectives and timelines for the federal government's priorities for integrating persons with disabilities into the community, school and the work force; and work with Federal-Provincial-Territorial partners to conduct a disability supports gap analysis and report to the provincial Ministers of Social Services by the Fall of 2003, in order to gain a better understanding of the strengths and limitations of the Canadian disability supports system.

Through the Labour Program, HRDC will work to increase labour market representation of designated groups governed by the *Employment Equity Act* and the Federal Contractors Program.

Homeless People

Homeless people face a multitude of barriers to participation and inclusion in society. Consistent with the 2002 Speech from the Throne commitment, federal leadership on homelessness will continue for an additional three years through the extension of the National Homelessness Initiative (NHI). The extended NHI will help support communities to develop a broader range of interventions to stabilize the living arrangements of homeless individuals and families, encouraging self-sufficiency where possible and prevent those at risk from falling into homelessness.

Aboriginal People

In the 2002 Speech from the Throne, the Government of Canada committed to investing in the social, cultural and economic development of First Nations people. In this regard HRDC will work with Aboriginal communities to build their capacity for economic and social development through the Aboriginal Skills and Employment Partnership (ASEP). This partnership will support collaboration between Aboriginal groups and the private sector and governments to ensure that Aboriginal populations can participate in select major economic opportunities. In the February 2003 Budget, the Government of Canada announced that it will provide \$25 million, over the next two years to help meet this commitment.

HRDC's Aboriginal Human Resources Development Strategy (AHRDS) is a five-year, \$1.6 billion strategic partnership between HRDC and Aboriginal organizations to assist Aboriginal people to

prepare for, obtain and maintain employment and to build Aboriginal capacity for human resources development. In 2003-2004, approximately 50,000 Aboriginal clients will be served, some 18,000 clients will find employment or become self-employed and about 6,000 clients will return to school. The return to work of the active claimants before the end of their benefit period will result in about \$14 million in unpaid EI (Part I) benefits. In addition, HRDC will fund approximately 7,500 childcare spaces through the First Nations and Inuit child care initiative.

A major focus in 2003-2004 will be to continue with the renewal of the current strategy through consultations with national, regional and sub-regional Aboriginal organizations for implementation by 2004. This renewed strategy is expected to feature increased integration and coordination.

A House of Commons Standing Committee report on the Review of the *Employment Equity Act* called for concerted action to address the chronic under-employment of Aboriginal people. The Labour Program will develop and implement a strategy bringing together employers, unions and Aboriginal organizations to address this problem. This initiative will reinforce partnership between employers and existing Aboriginal Human Resource Development Agreement holders. In addition, working with its partners, HRDC will support innovative learning tools and workplace applications to increase opportunities for skills development for Canadians and leverage investments by employers in the skills and talents of their workers.

HRDC will continue to work in close collaboration with Health Canada and Indian and Northern Affairs Canada to implement new investments in Aboriginal Early Childhood Development announced in October 2002. These investments build on the success of existing federal programs, and complement the initiatives of provincial/territorial governments under the ECD Agreement, by providing an additional \$320 million over the next five years to enhance programs such as Health Canada's Aboriginal Head Start and HRDC's First Nations and Inuit Child Care Initiative, and to intensify efforts to reduce the incidence of fetal alcohol syndrome and fetal alcohol effects for First Nations children living on-reserve. In addition, HRDC will play a role in undertaking significant new research to fill gaps in the understanding of how Aboriginal children are doing, and what factors make a difference in their healthy development.

Working with Communities

HRDC will continue to develop policies and approaches that can contribute to building strong cities and healthy communities and promote economic and social inclusion through community-owned, integrated solutions. HRDC's effort to strengthen Canadian communities is a central theme of the Government of Canada, which recognizes that strong communities are essential to the quality of life and the fabric of Canadian society.

The development of community-owned solutions to homelessness is at the heart of the National Homelessness Initiative (NHI) and is the underpinning of the Supporting Communities Partnership Initiative's community-based approach. HRDC will track and monitor the development of communities' own integrated and comprehensive strategies to address and prevent homelessness through updated Community Homelessness Plans for the extension of the NHI.

It is in communities where elements of Canada's Innovation Strategy²⁶ come together, as many smaller communities have significant knowledge and entrepreneurial resources. However, strengthened networks, infrastructure, investment capital and a shared vision are needed to

²⁶ For further information, see <http://www.innovationstrategy.gc.ca>

help them live up to their innovative potential. A coordinated effort among the private, academic and voluntary sectors with the support of federal, provincial, territorial and municipal governments is required to build local capacity and unleash the full potential of communities across the country.²⁷

In December 2001, the Government of Canada signed an accord with Canada's voluntary sector. During 2003-2004, HRDC will continue to work with our voluntary sector partners to improve government services, increase the effectiveness of government programs, strengthen communities, increase the capacity of the voluntary sector to meet the demands which Canadian society places on it, and strengthen our relationship with the voluntary sector. Our first step in fulfilling the commitments under the Accord will be to implement the Codes of Good Practice on Funding and Policy Dialogue.

HRDC will also continue developing Community Learning Networks (CLNs), which support pilot projects, in partnership with community organizations that can offer multi-point access to a variety of learning resources within and across communities. CLNs support local capacity building by using online technology for individual learning, community networking and the creation of employment opportunities.

Official Language Minority Communities

The Secretariat, Official Language Minority Communities (SOLMC) in collaboration with different HRDC programs and services, carries out most if not all of the activities in support of our commitment to *Part VII of the Official Language Act, Section 41*. The SOLMC continues to enable the two National Committees (Francophone and Anglophone) for Human Resources Development and their delegated agencies to implement their strategic plans in order to promote human resources development, employability, partnership between the private and public sectors and community capacity building for the official language minority communities in Canada.

The Support Fund has attained significant quantifiable and measurable results in the minority communities with the support of the federal partners in this initiative.

The Minister of HRD is participating in a joint initiative led by the Minister for Intergovernmental Affairs to expand the access of official languages minority communities to key Government of Canada services. Through this initiative, HRDC has developed a number of initiatives for implementation over the next five years. The focus of this action plan includes the following:

- In its upcoming discussions with provincial and territorial governments on the financing announced in the 2003 federal budget for early learning and childcare, the Government of Canada will encourage provinces and territories to take into account the needs of official language minority communities;
- Invest \$22 million over five years to expand the access of official languages minority communities to measures related to early childhood development in the following specific ways;
 - \$3.8 million over five years to expand the capacity of NGOs to represent francophone minority communities on early childhood development issues;

²⁷ National Analysis on Canada's Innovation Strategy: Achieving Excellence.

- \$7.4 million over five years to expand the access to family literacy materials and services by official language minority communities, particularly francophone minority communities; and
- \$10.8 million over five years to conduct research on linguistic and culturally sensitive child care for official language minority communities. HRDC would provide funding to open or support francophone child care centres at 5 sites in official language minority communities across the country.

Summary of Performance Indicators

Performance Indicators	2003-2004 Objective
• Number of Canadians who access learning opportunities as a result of Canada Student Loans Program (CSLP).	470,000
• Percentage of Canadians aged 0 to 17 who are beneficiaries of a Registered Education Savings Plan (RESP) and who received a Canada Education Savings Grant (CESG).	30%
• Number of Canadians who access learning opportunities as a result of CESG.	45,000
• Number of tradespeople with Red Seal.	13,000 per year
• Number of new National Sector Councils launched.	3 by March 2004
• Percentage of labour market covered by National Sector Councils.	30%
• Percentage of dollars expended by region for Supporting Communities Partnership Initiative (SCPI), SCPI-Youth and; SCPI-Urban Aboriginal Strategy against total budget for Phase I.	100%
• The number of SCPI communities that have an approved updated Community Homelessness Plan for the extended Initiative by region.	100%
• Percentage of communities with a) youth participation and b) Aboriginal participation in community planning for the extended Initiative by region.	100%
• Ratio of projects targeted at emergency services and facilities versus transitional/supportive services and facilities for homeless people.	New indicator. Target to be established after 1 st year of data.
• Percentage of initial and renewal EI claims for which a payment is made or a decision given to the claimant within 28 days from the start of that claim	75%
• Percentage of appeals scheduled to be heard within 30 days of the filing of an EI appeal.	90%
• Call Centre Insurance Service Delivery Representative access within three minutes.	95%
• Percentage of EI payments issued via direct deposit.	80%
• Savings from EI detection activities and from deterrence and prevention activities.	\$539M
• Number of clients employed or self-employed following an employment program intervention (CRF and EI funded).	234,000 ^{28,29}
• Unpaid benefits (EI Part I) resulting from EI claimants employed following an EI Part II intervention.	\$829M ²⁸
• Number of youth and Aboriginal clients who return to school following an employment program intervention.	6,000 ^{28,29}
• Number of employment programs clients served.	410,000 ^{28,29,30}

²⁸ These objectives are projections that will be finalized through a target setting exercise that will be undertaken with provinces/territories and regions once final data is available for 2002-2003.

²⁹ These projections do not include estimates for the Youth Employment Strategy (YES), because the YES realignment process has not been finalized.

³⁰ This projection of clients served does not include former EI claimants served through the Employment Benefits and Support Measures (estimated at 90,000 clients). This is because the Labour Market Development Agreements do not require provinces/territories and regions to establish targets for this client type.

Safe, fair, stable and productive workplaces

With respect to this strategic outcome, the Minister of Labour is responsible for administering labour legislation, which governs occupational health and safety, labour standards and industrial relations for federally-regulated workplaces. In addition, at a national level beyond the federal jurisdiction, we are responsible for Canada's participation in international labour affairs, Federal-Provincial-Territorial coordination in labour matters, and the provision of nation-wide labour information. We continue to introduce preventative services, that help to strengthen workplace relationships, minimize the number of situations that could lead to formal complaints under federal labour legislation, and increase voluntary compliance with legislation through increased awareness of rights and obligations.

STATUTORY AND NON-STATUTORY TRANSFER PAYMENTS^a

Funding (millions of dollars)	Forecast	Planned Spending	
	2002-2003	2003-2004	2004-2005
Non-statutory Transfer Payments	2.8	3.3	3.9
Workers' Compensation Payments	122.0	124.0	126.0
Total	124.8	127.3	129.9

a. For additional financial information, see Figures 1 to 6 on pages 50 to 54.

We will continue to deliver services that support the strategic outcome and the current initiatives

Day-to-day operations and activities account for the majority of the department's resources used to support the management, administration and delivery of safe, fair, stable and productive workplaces. To support this strategic outcome, we will deliver and support:

- the prevention and resolution of labour and employment disputes in the federal private sector and the provision of comprehensive preventive mediation services to improve workplace relationships and resolve issues that create workplace conflict;
- the provision of alternate dispute resolution related to unjust dismissal and wage recovery;
- the management of international labour activities aimed at improving working conditions, living standards and respect for fundamental worker rights, in an integrating international economy;
- the development and administration of innovative international labour agreements, which accompany Canada's free trade agreements;
- Canadian participation in the International Labour Organization, the premier global organization within the United Nations system dedicated to promoting international labour standards;
- participation in the Canadian Association of Administrators of Labour Legislation and its five standing committees, one of which will focus its attention in 2003-2004 on the changing employment relationships in the workplace;

- promotion of awareness of the amendments to Part II (Occupational Health and Safety) of the *Canada Labour Code*, and compliance, by federally-regulated employers, with occupational health and safety requirements through enforcement and voluntary compliance;
- provision of a fire prevention program and a program of voluntary compliance with fire protection codes and standards by federal departments and agencies governed by the Treasury Board Policy on Fire Protection; and
- provision of analysis of major Canadian collective agreements, comparative analysis of Canadian and international labour laws, innovative workplace practices and work-life balance measures.

A table summarizing all performance indicators related to this strategic outcome is on page 36.

In addition to this considerable work in support of the ongoing delivery of these labour programs and services, during the upcoming planning period, the Labour Program will also focus on the following initiatives:

Workplace Strategy

The Labour Program has budgeted \$100,000 for a research and development program that will contribute to developing a workplace strategy aimed at the promotion of workplace practices that support workers and improve productivity in the new economy. This work will be undertaken over the next 12-18 months and will include research on issues, consultations, recommendations and development of a strategy.

Labour Cooperation Agreements

The Minister of Labour will negotiate with four Central American countries (El Salvador, Guatemala, Honduras and Nicaragua) and Singapore to conclude and ratify innovative Labour Cooperation Agreements in tandem with Free Trade Agreements to protect basic worker rights and strengthen the capacity of our trading partners to do so. The Labour Program will devote \$400,000 in operating funds and \$400,000 in contribution funds to achieve successful implementation of the existing agreement and cooperative plan of action with Costa Rica.

Review of Part III (Labour Standards) of the *Canada Labour Code*

Part III of the Canada Labour Code will be amended to provide for compassionate care leave with job protection in order for employees to safely be absent from work for the purposes of providing compassionate care to a gravely ill or dying child, parent or spouse. Minister Bradshaw will play a lead role vis-à-vis the Provinces in this matter to encourage provinces and territories to consider incorporating similar leave provisions with job protection in their respective legislation.

In support of further developing programs and policies to enhance labour standards and ensure a fair and equitable workplace, the Labour Program will examine current working conditions, workplace practices and the needs of both employers and workers in a workplace that is changing rapidly in response to global pressures and competitiveness. Certain emerging issues will receive particular attention, namely worker protection for those in new employment relationships, working time and flexible working conditions,

work-life balance, healthy workplace practices, and modern methods to encourage compliance to the Code. This work will result in identification of new directions for federal labour standards.

Employment Equity

Under the auspices of the *Employment Equity Act* and the Federal Contractors Program, the Minister of Labour plans to invest \$5 million to develop workplace strategies for persons with disabilities and Aboriginal people, with the desired outcome of this activity being the increased representation of the designated groups.

Summary of Performance Indicators

Performance Indicators	2003-2004 Objective
<ul style="list-style-type: none">• Percentage of collective bargaining disputes settled under Part I of the <i>Canada Labour Code</i> without work stoppage.	90%
<ul style="list-style-type: none">• Percentage of unjust dismissal complaints settled by inspectors (Part III of the <i>Canada Labour Code</i>).	75%
<ul style="list-style-type: none">• Percentage of Part II of the <i>Canada Labour Code</i> situations of non-compliance (excluding situations of danger) voluntarily resolved through the acceptance of Assurances of Voluntary Compliance.	90%

Sustainable and effective program management and service delivery

HRDC's corporate services support achievement of all departmental strategic outcomes. Some services, such as overall service delivery and management, communications and policy development and coordination, have priorities that reflect the department's policy, program and service directions. Others, such as financial, administrative, human resource and information technology activities, provide critical operational functions.

"Canadians know the value and importance of the role of Government and the need for excellence in the public services".

[2002 Speech from the Throne]

A number of factors affect the planning environment for this strategic outcome. In general, we are identifying ways to improve the management of our operating costs so that the greatest possible share of resources goes directly to support the programs and services that Canadians expect. As part of this, and to meet overall government on-line goals, we are modernizing our services for Canadians by exploring expanded use of automated tools to deliver services. Given our mandate on human resource-related issues, we are expected to show leadership in human resource management that will ensure our people have and are able to renew their knowledge and skills to provide effective, responsive services to Canadians.

We will continue to deliver services that support the strategic outcome and the current initiatives

Service excellence and organizational effectiveness define HRDC's strategic objectives in support of this outcome. While maintaining uninterrupted levels of service to Canadians, HRDC will focus on developing and implementing a citizen-centred service delivery strategy that will promote continuity and harmonization across channels, programs, other federal departments and levels of government. HRDC will also focus on transforming and aligning its human, financial and technology resources to enable and sustain an integrated and citizen-centred approach to policy, program and services.

The department will also focus considerable effort to enhance ongoing operations through the following initiatives:

Modernizing Service for Canadians

The Modernizing Service for Canadians (MSC) initiative is designed over the long-term to renew HRDC service delivery by focusing on what citizens need in a way that supports their participation in the workplace and community. MSC is a transformation from transactional to relationship-based service. Moreover, the initiative will position the Government of Canada as a leader in providing benefits and services in an affordable and sustainable way.

As a department that touches the lives of millions of Canadians, HRDC will tailor its service response to the specialized needs of individual citizens. It must deliver policies that help Canadians gain the skills and knowledge they need to successfully participate in the increasingly complex global economy. It must ensure that its services are accessible, delivered by competent and sensitive employees, and structured in such a way as to enrich the citizen experience and provide the best value for taxpayer dollars.

HRDC will continue to play a lead role in integrating the information and services provided by the government through the internet. It has overall responsibility for the development and coordination of the “Canadians Gateway”, a key component of the main Government of Canada internet site. HRDC also has responsibility for leading the continued development of five service “clusters” designed to make it easier for Canadians to access information and services on-line, by subject matter.

As a major departmental initiative, with broad implications for the design of service delivery across government, Modernizing Service for Canadians is evolutionary in nature. Its scope, timing, and direction are subject largely to the changing needs of Canadians and to the opportunities afforded through innovative partnerships and emerging technologies.

In line with the overarching goal of a coherent and integrated service delivery network, we will identify common criteria across program areas and work toward the development of holistic service measures and results that can serve as a baseline for modernization.

Government On-Line Initiatives

As part of the MSC agenda, Government On-Line (GOL) projects are directed toward the simplification and automation of major benefit delivery programs and associated data collection—the Canada Pension Plan, Old Age Security Pensions, Employment Insurance, and Earnings and Payroll Data for Employers. The work completed to date provides immediate short-term benefits to Canadians and prepares the department for further consolidation of benefits delivery over the medium to long term. These GOL projects will be aligned as key enablers for service integration and transformation, not only within the department but across government. In addition, the “Canadians Gateway” and five Government of Canada on-line clusters being led by HRDC will serve as platforms for the further integration and transformation of HRDC services, as well as for the development of a whole-of-government, multi-channel service vision for individual Canadians.

Specific GOL activities for HRDC led projects are detailed below:

The Canada Pension Plan (CPP) Statement of Contributions On-Line

The Statement of Contributions On-Line (SOC On-Line) service will allow CPP contributors to perform the following actions on the internet:

- View and print their CPP record of earnings data, associated CPP benefit estimates and specific biographical data;

- Request that a Statement of Contributions (SOC) be mailed to them, if, for example, they have no ability to print locally or need a legally acceptable document; and
- Modify the frequency at which they are receiving mailed-out SOCs.

The SOC On-Line service will provide greater convenience to contributors to the Canada Pension Plan as they will be able to view their CPP contributions and estimated benefit amounts whenever and as often as they wish, as well as request specific actions with respect to their mailed-out SOCs. As CPP information will be more readily and easily available to clients, this service will also facilitate their retirement planning.

The Canadian Retirement Income Calculator

Canadians will be able to estimate their retirement income from public and private sources, specifically OAS, CPP retirement benefit, employer pension, Registered Retirement Savings Plans and other sources through an enhanced on-line retirement calculator that will be able, when required, to automatically incorporate CPP contributory information on record. The calculator will also be able to complete complex calculations and will allow the clients to calculate benefits based on alternative retirement, family or life-event scenarios.

This service will promote awareness of Canada's retirement income system and provide Canadians with an easy to understand and use planning tool for retirement and other family and life events.

Self-Service Options via the Internet

Clients in receipt of Canada Pension Plan and Old Age Security benefits will be able to quickly and accurately view and change their correspondence address and payment destination (mailing address for cheque or direct deposit), view and change their telephone number as well as view specific details relating to their monthly benefit payment, at the time of their choice and in the comfort of their home.

A number of client groups will benefit from this service, including seniors, survivors, persons with disabilities and migrants.

Tax Information Slips On-line

Clients in receipt of CPP and OAS benefits will be able to view their CPP and OAS tax information slips (T4As) and print a facsimile copy. They will also be able to request that a duplicate slip be sent to them via the mail or elect not to receive future slips through the mail.

This service will be of benefit to seniors, survivors, persons with disabilities and migrants. Clients will be able to access their T4A information on-line as soon as it is available each year at the end of January, instead of waiting for their paper copy to arrive by mail. They will be able to print a duplicate copy immediately instead of placing a request via the telephone and waiting for it to arrive by mail. All of these options will allow clients to file their tax returns more quickly and easily.

The success of these aforementioned projects will be measured by collecting statistics on the number of users and measuring against other modes of service, as well as by assessing comments received from clients.

Employment Services to Employers

The Record of Employment (ROE) is a fundamental piece of information for determining eligibility for EI benefits. The ROE-Web project's goal is to provide a fully automated and electronic process to gather ROE information from employers and reduce the paper burden for employers and the EI Program.

In 2002, the ROE-Web was piloted with 10 medium to large employers and produced high levels of employer satisfaction. The application is currently being enhanced with an interim solution using the Government of Canada Secure Channel. In 2003-2004, employers will be able to transmit ROE data securely using the internet. A "business to business" solution is being developed for large payroll service providers which will enable automatic transmission of ROE data.

For the longer term, CCRA and HRDC are exploring the potential for employers to send electronically earnings and payroll information to a single point of contact for the federal government. In this regard, associations, payroll service providers and large companies are being consulted.

Employment Insurance Services to Individuals

The objective is to provide on-line services for all EI services to Canadians, supported by automated systems for EI claims, calculation, processing and administration. Increased electronic service delivery and the streamlining of processing will enable more efficient service to Canadians, including faster payments.

EI Appli-Web, allowing claimants to apply for benefits via the internet, was launched in April 2002. The expected take-up for Appli-Web by 2005 is 80%. In 2003-2004 we will continue to convert the existing kiosks in local offices into Citizen Access Web Station (CAWS).

Enhancements to the Interactive Fact Finding System (IFFS) will improve claims adjudication by allowing claimants to provide additional information to support their claim. Making the IFFS available to clients via the internet eliminates the need to complete annexes and questionnaires and reduces the need for agents to contact claimants for additional information.

In 2003, we will also provide clients with an estimate of their benefit rate, the claim duration, the effective date of the claim and the expected date of the first payment. A module will also be developed that will enable clients to be referred for EBSM under Part II of the EI Act as well as other services that will assist them with the skills, learning and opportunities to return to work. By 2004, it will be possible for claimants to complete and send their bi-weekly claimant's report on-line.

Proofs of Concept

“Proofs of concept” are designed to scope, test and validate projects that have tremendous potential to modernize the delivery of programs, policies and services. HRDC must ensure that these projects address the needs of Canadians, that they are sustainable over the long term, and that they produce ongoing benefits to Canadians. The department will complete several key “proof of concept” projects in the areas of service delivery, technology, appeals harmonization, integrated investigation and control, policy harmonization, data authentication and citizen-first information. Complemented by a global research initiative undertaken by the department in collaboration with private-sector partners, these “proofs of concept” will provide management with important information on best practices and leading-edge solutions employed by governments and industry, and will help guide the implementation of MSC in 2003–2004 and beyond. For example, in 2003, HRDC will continue to move towards the application of risk management, stewardship, prevention, control and investigation policies and procedures to deliver integrity principles from an organization-wide perspective in support of the EI program and Social Insurance Number integrity.

Human Resources Management

A fundamental element to support HRDC’s transformation is the implementation of an effective human resources management strategy to address renewal, recruitment and retention needs. In support of this corporate initiative, over the next three years, HRDC will:

- Develop and implement an employability strategy to build a strong and capable workforce to meet its business challenges of MSC;
- Develop and implement a new structural model and generic jobs that will streamline and standardize the department organizational structure; and
- Develop and implement a change leadership approach to support the department’s leaders and employees through the various transformation stages that the organization will undergo.

HRDC will continue to support and implement human resources management reform initiatives and legislation driven by the Government, as announced by the President of the Treasury Board. In support of this governmental initiative, HRDC will develop and implement an action plan and the associated policies and guidelines for the communication, implementation and operationalization of the Human Resource Management Reform. The department will also continue to strengthen its labour-management relationship.

HRDC is committed to ensuring that its workforce is diversified and representative of the Canadian population, with an emphasis on employment equity for visible minority groups and in the area of official languages. The department will continue its efforts to meet the requirements of the *Embracing Change* report. HRDC will also ensure that managers and employees are aware and exercise their responsibilities with respect to “Duty to Accommodate” and that Canadians can interact with the department in either official language including demonstrating increased commitment to creating a work environment conducive to the use of both official languages.

Service Improvement

Service Improvement Initiative

HRDC is committed to continuously improve the quality of service to clients. The Service Improvement Initiative (SII) provides a framework for identifying citizen expectations and priorities for service improvement, and instituting a program of continuous improvement in service delivery. As an ongoing commitment, HRDC will continue to support the notion of the SII target of 10% improvement in the satisfaction of Canadians with the delivery of government services by 2005.

Client Satisfaction Surveys were conducted during 2001-2002 to establish a baseline of client satisfaction levels with HRDC key services. Although results indicate a very high level of satisfaction, some areas for improvement were identified. As part of the department's overall operational plan for 2003-2004, service improvement planning and standards are to be established and will form part of the corporate performance management system.

In our efforts to continuously improve service to Canadians, we will develop a client feedback mechanism so Canadians can easily provide feedback on their interactions with the department. A redress process in response to feedback will also be created to ensure that all complaints and feedback are tracked, reported and responded to in a consistent and timely manner. Allowing citizens the chance to comment on the level of service and their experience with us will ensure continuous improvements to service delivery to all our client groups.

Clients will continue to be actively engaged in the development of program policy and services. National and community organizations with expertise in the area of low income seniors, migrants and employee contributors will be invited to Client Advisory Roundtables in 2003-2004. Client Advisory Roundtables for survivors and persons with disabilities will meet regularly at the national level. We will also join with CCRA and Veterans Affairs Canada (VAC) when meeting with seniors.

Client Service Charter

HRDC will implement the Client Service Charter with staff and clients in 2003-2004 in support of the Modernizing Service for Canadians strategy. Client comments obtained from the Charter's feedback mechanism will enable us to address individual concerns directly, measure and report on our performance against the Charter's commitments and develop and amend program policies in line with client expectations.

Employment Insurance Accuracy Rate

The EI accuracy rate identifies the percentage of correct benefit payments. In 2002-2003, it varied between 94% and 95%. We will continue for the next two years to improve the accuracy of EI benefits payments by improving the quality of services in all regions and Human Resource Centres of Canada (HRCCs). Objectives and results of this initiative will be incorporated in a comprehensive performance measurement system for the quality initiative. In addition, regional and national action plans will be developed and implemented to improve client satisfaction. We have set a 95% error free rate for March 2003, gradually increasing to historical levels of nearly 96% by 2004.

Protecting the Privacy of Canadians

In support of the proper management of personal information and to protect it from unwarranted uses, HRDC will continue the phased implementation of the Privacy Management Framework. The Privacy Management Framework is an overarching infrastructure to manage personal information held by HRDC in accordance with privacy principles, current laws and public expectations. The Privacy Management Framework initiative has received the support of the Treasury Board Secretariat and the Office of the Privacy Commissioner of Canada. A fundamental element of this framework is our work to develop the departmental privacy statement and educational package for staff.

A further example of the department's efforts to enhance the integrity of client information will be to continue to focus on improving the management of the Social Insurance Number (SIN) system. In particular, in 2003-04, HRDC will:

- complete a baseline study for the completeness and accuracy of the Social Insurance Register (SIR), set goals, and then establish a comprehensive and integrated plan of action to achieve those goals.
- improve the means to check the validity of identity and citizenship documents with the issuing authority. This will include initiating a pilot project with the British Columbia Vital Statistics Agency to verify SIN application information with birth records for persons born in BC. We will also engage in discussions with Quebec and Ontario to commence similar projects.
- improve the management and control of the 900-series SIN program (SINs that are issued to temporary residents in Canada and begin with the number "9"). Under a proposed regulatory change, all new 900-series cards will be issued with an expiry date that is linked to the length of time that a person is authorized by Citizenship and Immigration Canada to stay in the country. All current holders of 900-series SINs will be given a one year period to provide acceptable proof of identification (and need) in order to obtain a new card with an expiry date. At the start of 2004-05, all existing 900-series cards that have not been renewed will be deactivated.
- update the SIR's list of SINs that have not been used in 5 years. These SINs will be deactivated and an intervention will occur if they are used to access HRDC's SIN-based programs or with the Canada Customs and Revenue Agency.
- continue to review proof of identity requirements for SIN applicants as well as examine the SIN application taking process itself through an interdepartmental working group that will provide a report and recommendations by the end of September 2003.
- conduct an awareness campaign targeted at specific groups in the general public (e.g. employers, banks, credit companies, young adults) with targeted messages and delivery for each audience. The strategy for the campaign will be based on the results of focus group studies to obtain feedback on various SIN publications and a survey to assess the public's understanding and awareness of the SIN, both conducted in the last quarter of 2002-2003.

The department will also respond to recommendations made by the Standing Committee on Human Resources Development and the Status of Persons with Disabilities and will provide regular progress reports regarding actions taken to implement HRDC's SIN Action Plan.

Resource Management and Allocation Practices

Over the last six months, HRDC undertook a comprehensive analysis to identify potential improvements to internal resource management and allocation practices to support the sustainability of program and cost structures across the department. Work will continue on how to best implement these opportunities. This work will include a realignment of corporate services functions to improve efficiency and effectiveness as well as planning for corporate investment and infrastructure priorities over a multi-year timeframe.

HRDC will also focus on strengthening its materiel management accountability, compliance and transparency by implementing a Procurement Review Board and improving materiel management direction, policies, procedures and monitoring in the department.

Integrated Strategic and Business Planning and Performance Management

In 2002, HRDC developed its Strategic Planning Framework. Following considerable consultation at all levels of the department, the department will publish a five-year Strategic Plan in 2003. It will articulate long-term strategic objectives to structure and further align all departmental planning and performance measurement and management activities.

Efforts in 2003-2004 will focus on aligning branch, regional and local level plans to the Strategic Plan, and ensuring that these plans are appropriately linked to executive performance agreements. Additional work will be undertaken to ensure that overall performance measurement in the department is better integrated and aligned to departmental strategic and business plans.

HRDC's work on implementing a comprehensive approach to risk management and mitigation will also continue in 2003, with a primary focus on better integrating risk management processes and planning processes as well as on ensuring that various initiatives and activities identified in strategic and business plans address identified risks.

Information Management and Information Technology

Work will continue with HRDC program and service areas to enable the greater use of information for improved decision-making and to encourage greater use of departmental management and reporting information systems.

HRDC will continue to focus on the enhancement of infrastructure and business applications through the renewal and reengineering of technology and the effective life cycle management of our IT assets. This work will enable the transformation of service delivery channels, while maintaining the highest level of client service delivery to Canadians.

HRDC will adopt new and innovative horizontal approaches to maximize organizational efficiencies and improve service delivery channels. In support of efforts to protect the integrity, confidentiality, management and security of client and other personal information, we will

provide modern technology with optimal privacy and security features. The successful establishment of an integrated, flexible and secure IT enterprise architecture for HRDC in full collaboration with program and service delivery areas will be a key factor in realizing this goal.

Modernization of Comptrollership

The Modernization of Comptrollership Initiative is an integral tool to enhance the delivery of programs and services that we offer to Canadians. In 2003-2004, we will continue to implement the activities identified in our modern comptrollership action plan and to monitor the progress achieved. We will also build on the success of our two-day modern comptrollership workshop for managers and functional specialists by continuing to deliver sessions at a regional and national level. Our on-going partnership with the University of Ottawa, to enhance the part-time certificate program on modern comptrollership and governance, will ensure an effective learning opportunity for all federal public servants. A similar program, from the University of New Brunswick, is expected to be available starting in spring 2003.

Sustainable Development Strategy

HRDC continues to work towards the goals of our second Sustainable Development Strategy (SDS-II) which was tabled in Parliament in February 2001. However, HRDC will also be turning its efforts toward the preparation, development and implementation of the department's third Sustainable Development Strategy (SDS-III). The next Strategy, including development and implementation of its goals, objectives and targets, will be based on achievements and lessons learned from previous rounds of Strategies (SDS-I and SDS II). SDS III will be tabled in Parliament in December of 2003. Specific goals, objectives and targets below are set for the SDS-II period (calendar year 2001 to end of 2003). Those targets that have been reached are not included (please see our Departmental Performance Report).

HRDC's SDS-II sustainable development commitments focused on four key goals:

- Strengthen HRDC's capacity to move forward on a path to sustainable development;
- Green HRDC's internal operations;
- Participate with other departments to gain a better understanding of the social policy dimensions of sustainable development and their policy implications, and to build a knowledge base in various sustainable development-related issues of interest to HRDC; and
- Build sustainable development into HRDC's corporate culture.

The following goals, objectives and targets fall within this RPP reporting period as part of the SDS-II period (2001-2003). Some of the targets below have been revised.

Goal 1 – Strengthen HRDC’s capacity to move forward on a path to Sustainable Development (SD)

Environmental Management System (EMS)

- To complete and operationalize the EMS to the greatest extent possible by March 31, 2004.
- To capture the key EMS data required for relevant HRDC sites by September 30, 2003.
 - *Due to the large scope of work, the target dates have been extended.*

Goal 2 – Green HRDC’s internal operations

Green Procurement

- Increase the total amount (measured in dollar value) of products and services purchased from Aboriginal businesses to \$3.5 M of all purchases by December 31, 2003
 - *The target date has been modified to reflect requirements necessary with respect to the reporting schedules.*

Goal 3 – Participate with other departments to gain a better understanding of the social policy dimensions of sustainable development and their policy implications, and to build a knowledge base in various sustainable development-related issues of interest to HRDC

Social and Cultural Dimensions of Sustainable Development

- Through the Social and Cultural Sustainable Development Working Group (SCSD), continue to explore various aspects of the social and cultural dimensions of sustainable development (SD) and their policy implications over the SDS-II period.
- Sponsor with other SCSD members a workshop with interested participants to discuss the social and cultural dimensions of SD and the potential research and policy implications for federal departments by December 31, 2002.
 - *While planning has commenced, due to high levels of other SD-related activities undertaken by HRDC and other federal government departments during the fall of 2002 and early winter of 2003, the target date has been extended to June 2003.*

Sustainable Communities

- Participate with interested departments in collaborative activities to promote and support a more coordinated federal approach to fostering sustainable communities (SCs) and addressing issues relating to this theme.

SD and Healthy Canadians

- Support and contribute to Health Canada’s focus on SD and Healthy Canadians, and especially with respect to child-related health and well-being.
- In collaboration with Health Canada, explore the development of possible activities to promote healthy workplaces in areas of federal jurisdiction.

Northern Sustainable Development Strategy

- Support Indian and Northern Affairs in the development and delivery of SD-related initiatives affecting Canada’s Aboriginal people through its departmental and Northern SDS.

Building a better understanding of SD-related issues of particular interest to HRDC and their implications for social policy

- Explore ways in which HRDC could better promote and foster the shift to SD in Canada over the longer term.

Identify potential policy/program initiatives for SDS-III

- By June 1, 2003 assess potential policy and program initiatives HRDC could incorporate as part of our next SDS (2004-2006) based on a better understanding of federal horizontal SD themes and capacity for integrated decision-making within HRDC.

Green Employment

- Investigate the concept of “green employment”, its broad implications for social policy, and ways in which its growth could be promoted or enhanced over the longer term and produce research study by October 31, 2002. Also, from a program perspective, review by December 31, 2002, ways in which HRDC’s existing programs might foster the development and growth of “green employment” in Canada.
 - *The study that was undertaken to conduct 3.2.1 target³¹ activities identified the sectors and occupations associated with “green employment.” Target 3.2.2 will now further develop our knowledge of green employment by building on existing knowledge as well as other new activities by end of November 2003.*

Knowledge and Skills Needs

- Assess by November 30, 2002 overall SD-related knowledge/skill needs in the economy over the medium term and how these might be better incorporated into HRDC’s sectoral human resources programs and strategies.
 - *The deadline for this target has been extended to November 30, 2003.*

³¹ More detailed information on HRDC’s Sustainable Development Strategy is available on <http://www.hrdc-drhc.gc.ca/dept/sds/sds.shtml>

Summary of Performance Indicators

Performance Indicators	2003-2004 Objective
<ul style="list-style-type: none"> Accuracy rate in payment of EI Benefits 	95%
<ul style="list-style-type: none"> Availability of HRDC's automated service channels to Canadians. 	94%
<ul style="list-style-type: none"> Timely production of payment files in support of all HRDC payments to Canadians. 	95%
<p>Diversity</p> <ul style="list-style-type: none"> Visible Minority Representation % 	National Labour Force Availability target for 2002-2003 is 7.9%. ³²
<ul style="list-style-type: none"> Aboriginal Representation % 	National Labour Force Availability target for 2002-2003 is 1.5%. ³²
<ul style="list-style-type: none"> Persons with Disabilities Representation % 	National Labour Force Availability target for 2002-2003 is 4%. ³²
<ul style="list-style-type: none"> Women representation % 	National Labour Force Availability target for 2002-2003 is 55.8%. ³²
<p>Official Languages</p> <ul style="list-style-type: none"> Complaints – service to the public Complaints – language of work 	Actual results will be reported and compared to 2002-2003 results.

National Service Standards:

- First Employment Insurance benefits payment within 28 days.
- First OAS or CPP retirement benefits payment within 35 days.
- 24-hour emergency response for fatal accidents and refusals to work.
- Response to complaints of unjust dismissal within two working days.
- First Employment Benefits and Support Measures payment within 28 days from the start of the intervention.

³² These targets could be revised based on demographic analysis of target groups within HRDC and the new census data on labour force availability.

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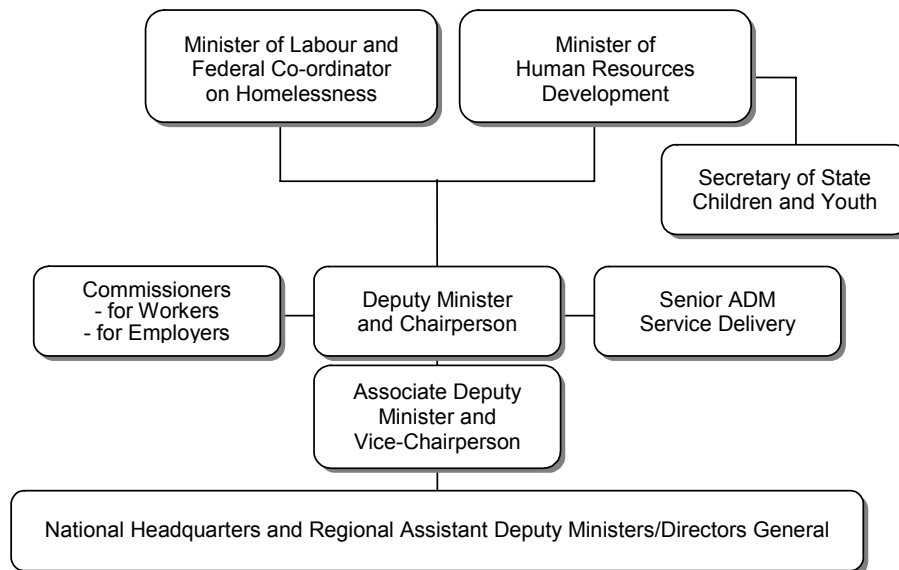
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FIGURE 1: ORGANIZATIONAL STRUCTURE AND DEPARTMENTAL FORECAST AND PLANNED SPENDING FOR THE ESTIMATES YEAR



Service Lines (millions of dollars)	Forecast		Planned Spending	
	2002-2003	2003-2004	2003-2004	2004-2005
Budgetary				
Income Security	26,127.3	27,097.7		28,083.6
EI Income Benefits	575.5	555.0		554.9
Human Resources Investment	2,377.8	2,492.3		2,375.7
Labour	185.2	186.6		188.6
Service Delivery Support	488.2	439.2		434.8
Corporate Services	431.6	411.1		402.7
Gross Budgetary	30,185.5	31,181.9		32,040.3
Respendable revenue	(1,689.4)	(1,567.4)		(1,568.5)
Net Budgetary^a	28,496.1	29,614.5		30,471.8
Non-Budgetary				
Loans disbursed under <i>Canada Student Financial Assistance Act</i>	1,504.0	1,526.1		1,533.7
Specified Purpose Accounts				
Employment Insurance	16,655.3	17,181.1		17,452.0
Canada Pension Plan	21,885.9	22,739.0		23,735.5
Other Specified Purpose Accounts	63.0	60.5		58.0
Departmental Employee Benefit Plan recoverable from EI Account and CPP	(159.0)	(158.5)		(158.3)
Total HRDC	68,445.3	70,962.7		73,092.7

Full Time Equivalents	22,616	22,187	22,121
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a. The net budgetary increase of \$1,118.4M between the planning spending 2003-2004 and the forecast 2002-2003 is mainly due to statutory transfer payments. See figure 4 for additional information.

Note: All financial tables within this report are expressed in millions of dollars and may not add due to rounding.

FIGURE 2: NET COST OF PROGRAM FOR THE ESTIMATES YEAR

(millions of dollars)	Forecast	Planned Spending	
	2002-2003	2003-2004	2004-2005
Budgetary Main Estimates	30,553.2	30,763.9	31,591.7
Less: Respendable revenues ^a	(1,500.2)	(1,563.5)	(1,565.2)
Total Main Estimates	29,053.0	29,200.4	30,026.5
Adjustments to Planned Spending ^b	(367.7)	418.1	448.6
Adjustments to Respendable Revenues ^b	(189.2)	(3.9)	(3.3)
	28,496.1	29,614.5	30,471.8
Non-Budgetary Main Estimates	1,800.0	1,526.1	1,533.7
Adjustments to Planned Spending ^b	(296.0)	0.0	0.0
	1,504.0	1,526.1	1,533.7
Net Planned Spending	30,000.1	31,140.6	32,005.5
Specified Purpose Accounts			
Employment Insurance ^c	16,655.3	17,181.1	17,452.0
Canada Pension Plan	21,885.9	22,739.0	23,735.5
Other Specified Purpose Accounts	63.0	60.5	58.0
Departmental Employee Benefit Plan recoverable from EI Account and CPP	(159.0)	(158.5)	(158.3)
Total HRDC Consolidated	68,445.3	70,962.7	73,092.7
Less: Non-respendable Revenues^d			
Student Loans recovery	88.2	108.5	113.0
Set-offs of income tax refunds	44.2	35.7	35.9
Others	1.7	1.7	1.7
	134.1	145.9	150.6
Plus: Services Received without Charge			
Contributions covering employer's share of employee's insurance premiums and costs paid by Treasury Board Secretariat	22.1	21.1	20.7
Salary and associated costs of legal services provided by the Department of Justice	3.5	4.4	4.6
	25.6	25.4	25.3
Total Net Departmental Cost	68,336.8	70,842.2	72,967.4
Full Time Equivalents	22,616	22,187	22,121

a. Respendable Revenues: Revenues netted against Budgetary expenditures.

b. The adjustments for 2002-2003 represent the items approved through the Supplementary Estimates. The adjustments to the planned spending for 2003-2004 and 2004-2005 reflect the impact of the Budget 2003 as well as approvals to date which are not included in the Main Estimates. See figure 4 on page 53 for additional information.

c. Planned Spending for benefits does not include the 2003 Budget measures.

d. Non-Respendable Revenues: Revenues against Non-Budgetary or loans. These revenues excludes recoveries associated with the Employee Benefit Plan recoverable from EI Account and CPP.

FIGURE 3: DEPARTMENTAL RESOURCES BY SERVICE LINE – BUDGETARY

(millions of dollars)	FTEs	Operating	Voted Grants and Contributions ^a	Subtotal: Gross Expenditures	Statutory Grants and Contributions	Total Gross Expenditures	Less: Respendable Revenues	Total Net Expenditures
Service Lines								
Income Security	3,833	327.3	0.0	327.3	25,800.0	26,127.3	(201.7)	25,925.6
	3,511	297.7	0.0	297.7	26,800.0	27,097.7	(176.2)	26,921.5
	3,511	300.6	0.0	300.6	27,783.0	28,083.6	(178.1)	27,905.4
El Income Benefits	7,772	575.3	0.0	575.3	0.1	575.5	(498.6)	76.9
	7,597	554.9	0.0	554.9	0.1	555.0	(483.4)	71.6
	7,597	554.8	0.0	554.8	0.1	554.9	(483.3)	71.6
Human Resources Investment	4,093	582.0	1,074.6	1,656.6	721.2	2,377.8	(289.1)	2,088.7
	3,669	588.3	1,102.4	1,690.7	801.6	2,492.3	(274.1)	2,218.2
	3,665	595.8	997.1	1,592.9	782.8	2,375.7	(273.5)	2,102.2
Labour	743	182.4	2.8	185.2	0.0	185.2	(63.0)	122.2
	730	183.3	3.3	186.6	0.0	186.6	(64.0)	122.6
	726	184.8	3.9	188.6	0.0	188.6	(66.0)	122.6
Service Delivery Support	3,162	488.2	0.0	488.2	0.0	488.2	(359.8)	128.4
	3,645	439.2	0.0	439.2	0.0	439.2	(315.9)	123.2
	3,638	434.8	0.0	434.8	0.0	434.8	(314.4)	120.5
Corporate Services	3,013	431.6	0.0	431.6	0.0	431.6	(277.2)	154.4
	3,035	411.1	0.0	411.1	0.0	411.1	(253.8)	157.3
	2,984	402.7	0.0	402.7	0.0	402.7	(253.2)	149.4
Total	22,616	2,586.8	1,077.3	3,664.1	26,521.3	30,185.5	(1,689.4)	28,496.1
	22,187	2,474.5	1,105.7	3,580.2	27,601.8	31,181.9	(1,567.4)	29,614.5
	22,121	2,473.4	1,001.0	3,474.3	28,566.0	32,040.3	(1,568.5)	30,471.8

Legend:
For each Service Lines...

First line	Forecast 2002-2003
Second line	Planned Spending 2003-2004
Third line	Planned Spending 2004-2005

a. Excludes Employment Benefits and Support Measures authorized under Part II of the *Employment Insurance Act*.

FIGURE 4: SUMMARY OF TRANSFER PAYMENTS

(millions of dollars)	Forecast	Planned Spending	
	2002-2003	2003-2004	2004-2005
Income Security			
(S) Old Age Security	19,869.0	20,600.0	21,367.0
(S) Guaranteed Income Supplement	5,539.0	5,805.0	6,008.0
(S) Allowance payments	392.0	395.0	408.0
	25,800.0	26,800.0	27,783.0
Employment Insurance Income Benefits			
(S) Civil Service Insurance actuarial liability adjustment	0.1	0.1	0.1
Human Resources Investment			
(S) Canada Education Savings Grant	380.0	395.0	401.0
(S) Canada Study Grants	83.9	93.7	95.4
(S) Labour Adjustment Benefits	0.2	0.0	0.0
(S) Direct financing arrangement under the <i>Canada Student Financial Assistance Act</i> ¹	75.7	175.3	199.0
(S) Interest payments under the <i>Canada Student Loans Act</i>	0.5	2.0	0.9
(S) Liabilities under the <i>Canada Student Loans Act</i>	39.1	31.3	16.0
(S) Interest payments and liabilities under the <i>Canada Student Financial Assistance Act</i>	141.8	104.3	70.5
Grants and Contributions ¹	1,074.6	1,102.4	997.1
	1,795.8	1,904.0	1,779.9
Labour			
Grants, Contributions and Statutory Payments	2.8	3.3	3.9
Total Transfer Payments	27,598.7	28,707.4	29,566.9
Items from the Budget 2003 included above: ¹			
Canadian Learning Institute		100.0	0.0
Canada Student Loans		27.0	32.0
Aboriginal Skills and Employment		10.0	15.0
Early Learning and child care		25.0	75.0
Supporting Communities Partnership Initiative		135.0	135.0
		297.0	257.0

1. The operating resources related to these items have yet to be identified, but will be funded from the announced levels.

FIGURE 5: SOURCES OF RESPONDABLE AND NON-RESPONDABLE REVENUES

(millions of dollars)	Forecast	Planned Spending	
	2002-2003	2003-2004	2004-2005
Respondable Revenues			
Income Security	201.7	176.2	178.1
EI Income Benefits	498.6	483.4	483.3
Human Resources Investment	289.1	274.1	273.5
Labour	63.0	64.0	66.0
Services Delivery Support	359.8	315.9	314.4
Corporate Services	277.2	253.8	253.2
Total Respondable Revenues	1,689.4	1,567.4	1,568.5
Non-respondable Revenues			
Income Security - Recovery of Employee Benefit Plan (EBP) costs	23.1	20.3	20.3
EI Income Benefits - Recovery of EBP	65.2	63.6	63.6
Human Resources Investment			
Student loan recoveries	88.2	108.5	113.0
Set-offs of income tax refunds	44.2	35.7	35.9
Recovery of EBP	25.4	23.3	23.3
	157.8	167.5	172.2
Labour - Service Fees	1.7	1.7	1.7
Services Delivery Support - Recovery of EBP	23.5	29.4	29.4
Corporate Services - Recovery of EBP	21.9	21.7	21.7
Total Non-Respondable Revenues	293.1	304.4	308.9

FIGURE 6: LOANS – NON-BUDGETARY

(millions of dollars)	Forecast	Planned Spending	
	2002-2003	2003-2004	2004-2005
Human Resources Investment			
Loans disbursed under the <i>Canada Student Financial Assistance Act</i>			
	1,504.0	1,526.1	1,533.7
Total	1,504.0	1,526.1	1,533.7

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.

HRDC is responsible for the stewardship of four such accounts:

- the Employment Insurance (EI) Account;
- the Canada Pension Plan (CPP);
- the Government Annuities Account; and
- the Civil Service Insurance Fund.

The EI Account is a consolidated SPA and is included in the financial reporting of the Government of Canada. Consolidated SPAs are used principally where the activities are similar in nature to departmental activities and the transactions do not represent liabilities to third parties but, in essence, constitute Government revenues and expenditures.

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.

The Government Annuities Account is a consolidated SPA and is included in the financial reporting of the Government of Canada. It was established by the *Government Annuities Act*, and modified by the *Government Annuities Improvement Act*, which discontinued sales of annuities in 1975. The account is valued on an actuarial basis each year, with the deficit or surplus charged or credited to the Consolidated Revenue Fund.

The Civil Service Insurance Fund is a consolidated SPA and is included in the financial reporting of the Government of Canada. It was established by the *Civil Service Insurance Act*. Pursuant to subsection 16(3) of the *Civil Service Insurance Regulations*, the amount of actuarial deficits are transferred from the Consolidated Revenue Fund to the Civil Service Insurance Account in order to balance the assets and liabilities of the program.

Employment Insurance Account

Description

The Employment Insurance (EI) Account was established in the Accounts of Canada by the *Employment Insurance Act (EI Act)* to record all amounts received or paid out under that Act. The *EI Act* provides short-term financial relief and other assistance to eligible workers. The program covers all workers in an employer-employee relationship. Self-employed fishers are also included under special regulation of the *EI Act*. In 2001, 15.1 million Canadians contributed to the Program and 2.4 million received benefits.

Employment Insurance provides:

- **Income Benefits** under Part I of the *EI Act* as a temporary income replacement to claimants, including self-employed fishers, while they look for work. This includes work-sharing agreements for temporary work shortages to allow employees to receive pro-rated EI benefits while working for part of a week, thus avoiding layoffs. EI also provides three types of special benefits: maternity benefits, payable to biological mothers for work missed as a result of pregnancy and childbirth; parental benefits, payable to both biological and adoptive parents for the purpose of caring for a new born or adopted child; and sickness benefits, payable to claimants who are too ill to work.
- **Employment Benefits** under Part II of the *EI Act* through a set of Employment Benefits and Support Measures that can be tailored to meet the needs of individuals and local circumstances. The Government of Canada has Labour Market Development Agreements with the governments of most provinces and territories. These enable provincial and territorial governments to assume direct responsibility for the design and delivery of these benefits or to take part in co-management arrangements with the federal government.

Employers and workers pay all costs associated with EI through premiums. Benefits and administrative costs are paid out of the Consolidated Revenue Fund and charged to the EI Account. A surplus in the Account generates interest at a rate established by the Minister of Finance, which is currently set at 90% of the three-month Treasury bill rate.

Financial Summary

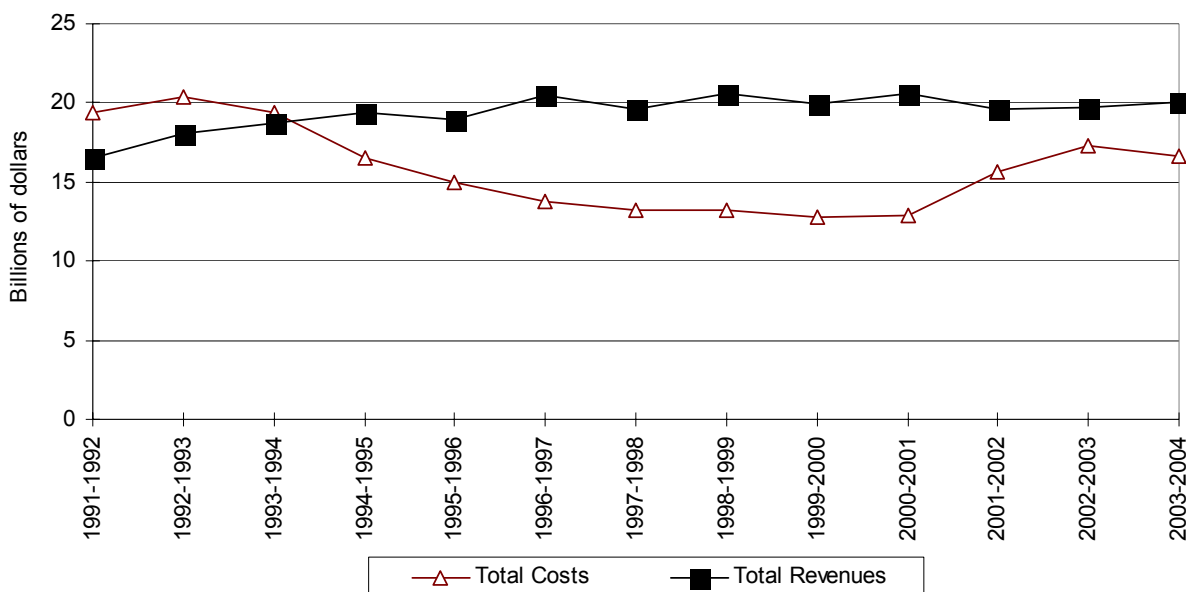
The main financial changes expected in 2003-2004 over 2002-2003 are:

- Benefits are expected to reach \$15.6 billion, an increase of \$0.6 billion. This increase is mainly due to an increase of \$0.5 billion in income benefits resulting from an expected increase in the average weekly benefits (2%) accompanied by an increase in the number of beneficiaries (2%), and a relatively unchanged level of Employment Benefits and Support Measures.
- Premium revenue is expected to decline to \$18.1 billion, a decrease of \$0.4 billion, as the reduction in premium rates to 2.10% in 2003 as set by the Governor in Council and 1.98% in 2004 as announced in the 2003 Budget is partially offset by rising employment and earnings.

In 2003-2004, the EI Account is expected to have a surplus of \$2.4 billion, which would bring the cumulative surplus balance to \$45.6 billion by March 31, 2004.

The following figures summarize trends in total costs and revenues of the EI Account from 1991-1992 to 2003-2004 and the status of the EI Account between 2000-2001 and 2003-2004.

EI ACCOUNT – COST AND REVENUES TREND



EI ACCOUNT – SUMMARY

(millions of dollars)	Actual		Forecast	Planned Spending
	2000-2001	2001-2002	2002-2003	2003-2004
Expenditures				
Benefits	11,444	13,686	15,036	15,626
Administrative Costs	1,408	1,476	1,540	1,473
Doubtful Accounts	26	73	79	82
Total Costs	12,878	15,235	16,655	17,181
Revenues				
Premium Revenue	18,999	18,295	18,564	18,140
Penalties	76	65	66	68
Interest	1,565	1,087	1,040	1,408
Total Revenues	20,640	19,447	19,670	19,616
Surplus				
Current Year	7,762	4,213	3,015	2,435
Cumulative	35,965	40,178	43,193	45,628

Notes:

1. The EI premiums reported in the summary financial statements of the Government of Canada exclude the premium contributions made by the Government of Canada as an employer.
2. Planned Spending for benefits does not include the 2003 Budget measures.

Benefit Payments

Benefits in 2003-2004 are expected to reach \$15.6 billion, consisting of \$13.4 billion for Income Benefits and \$2.2 billion for Employment Benefits and Support Measures.

Income Benefits

EI Income Benefits include regular, special, work sharing and fishers' benefits.³³ Major aspects of these benefits are as follows:

Regular Benefits

➤ Amount of Work Required to Qualify for Benefits

- ◆ Most claimants require 420 to 700 hours of work during their qualifying period, regardless of whether from full-time or part-time work, or whether the work is with one employer or several. The exact number of hours required is called the "variable entrance requirement". It is determined by the rate of unemployment in a claimant's region at the time he or she applies for benefits. In general, the higher the rate of unemployment, the fewer hours of work required to qualify.
- ◆ People who have just entered the labour market ("new entrants") and those returning to the labour force after an absence ("re-entrants") require 910 hours of work. However, if they worked at least 490 hours in the preceding 12 months, or received at least one week of maternity or parental benefits in the four years before that, they will be eligible under normal rules the following year.
- ◆ Claimants who commit EI fraud are subject to higher entrance requirements. The degree of violation – minor, serious, very serious or repeat violation – increases the minimum number of hours required to establish a claim to 1.25, 1.5, 1.75 or 2 times the normal minimum hours of work required.
- ◆ The 2001 Monitoring and Assessment Report found that 88% of paid employees would be eligible to collect EI if they lost their jobs or quit with just cause.³⁴

➤ Determining the Benefit Rate and Entitlement

- ◆ Claimants for regular benefits may receive benefits for 14 to 45 weeks, depending upon their hours of insurable employment and the regional unemployment rate.
- ◆ Claimants' weekly benefits are 55% of their average insurable earnings during the last 26 weeks. The average insurable earnings are based on the actual weeks of work, subject to a minimum 14 to 22 divisor that is tied to the regional rate of unemployment.
- ◆ Claimants with a combined family income of less than \$25,921 and who qualify for the Canada Child Tax Benefit (CCTB) receive a Family Supplement based upon:
 - the net family income;
 - the number of dependent children; and
 - the ages of those dependent children.

³³ For more details refer to the EI website at http://www.hrdc-drhc.gc.ca/ae-ei/employment_insurance.shtml

³⁴ For further information, see <http://www.hrdc-drhc.gc.ca/ae-ei/loi-law/eimar.shtml>

- ♦ The benefit rate for claimants who receive a Family Supplement can be increased to a maximum of 80% of the claimant's average weekly insurable earnings. However, the actual weekly amount of benefits cannot exceed the maximum weekly rate noted below.
- ♦ The maximum weekly benefit rate stays at \$413.00 (55% of the maximum weekly insurable earnings of \$750). The Maximum Yearly Insurable Earnings (MYIE) remain at \$39,000 until they are exceeded by 52 times the projected average weekly industrial wages.

Special Benefits

Claims for sickness, maternity or parental benefits require 600 hours of work, and are not affected by the new entrant/re-entrant rule. All claimants may receive sickness benefits for up to 15 weeks. Parental benefits of 35 weeks are available for biological and adoptive parents in addition to the 15 weeks of maternity benefits available to biological mothers.

Work Sharing

Claimants may receive benefits while on work-sharing agreements. These agreements between HRDC, employees and employers attempt to avoid temporary layoffs by combining partial EI benefits with reduced workweeks. They normally last from 6 to 26 weeks.

Fishers' Benefits

Fisher claims have a duration and benefit rate that depend on the earnings from fishing and the regional rate of unemployment. All fisher claims have a 31-week maximum qualifying period and a maximum entitlement of 26 weeks of benefits. These can be claimed from October 1st to June 15th for summer fishers' benefits and April 1st to December 15th for winter fishers' benefits.

Benefit rates for fisher claims are determined by a minimum of 14 to 22 divisor that depends on the regional rate of unemployment, not actual weeks worked.

Benefit Repayments

When the net annual income of EI claimants exceeds 1.25 times the maximum yearly insurable earnings ("the repayment threshold"), they have to repay the lesser of 30% ("the repayment rate") of the benefits received that make up the excess or 30% of the amount of regular or fishers benefits paid. This does not apply to claimants who did not receive EI regular or fishers benefits in the last 10 years, to recipients of special EI benefits nor to recipients of Employment benefits.

EI INCOME BENEFITS – EXPENDITURES

(millions of dollars)	Actual		Forecast	Planned Spending
	2000-2001	2001-2002	2002-2003	2003-2004
Income Benefits				
Regular	7,410	8,555	9,178	9,652
Sickness	591	648	684	717
Maternity	752	848	859	873
Parental	502	1,311	1,930	1,961
Fishing	264	290	317	325
Work Sharing	11	48	22	19
Benefit Repayments	(25)	(99)	(96)	(108)
Total Income Benefits	9,505	11,601	12,894	13,439

FACTORS AFFECTING INCOME BENEFIT

	Actual		Forecast	Planned Spending	% change
	2000-2001	2001-2002	2002-2003	2003-2004	
Income Benefits (\$ million)	9,505	11,601	12,894	13,439	4%
Average Monthly Beneficiaries (000)	654	783	850	868	2%
Benefit Rate (\$/week)	271	284	294	300	2%

Employment Benefits and Support Measures

The **Employment Benefits** include Skills Development, Job Creation Partnerships, Self-Employment and Targeted Wage Subsidies.

The **Support Measures** include Employment Assistance Services, Labour Market Partnerships and Research and Innovation.

Part II of the *EI Act* also authorizes the federal government to make payments to the governments of the provinces and territories for implementing programs similar to Employment Benefits and Support Measures. The planned federal contribution to provinces and territories (i.e., New Brunswick, Quebec, Manitoba, Saskatchewan, Alberta, Northwest Territories and Nunavut) under Labour Market Development Agreements is \$894 million for 2003-2004.

The total planned spending for Employment Benefits and Support Measures in 2003-2004 is set at approximately \$2.2 billion or 0.6% of the total estimated insurable earnings of \$382.391 billion. This is below the 0.8% ceiling set under Section 78 of the *EI Act*.

EMPLOYMENT BENEFITS AND SUPPORT MEASURES

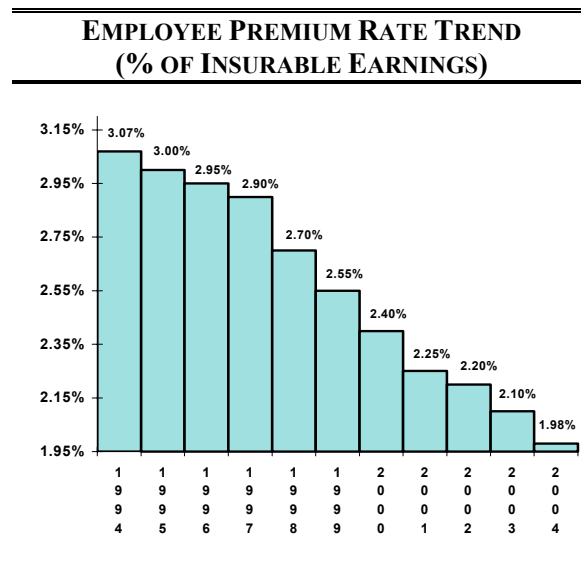
(millions of dollars)	Actual		Forecast	Planned
	2000-2001	2001-2002	2002-2003	Spending ^a 2003-2004
Job Creation Partnerships	54	57	62	
Skills Development	357	424	447	
Self-Employment	76	82	88	
Targeted Wage Subsidies	38	43	48	
Employment Assistance	260	305	327	
Labour Market Partnerships	250	251	245	
Research & Innovation	13	28	30	
Total HRDC Programs	1,048	1,191	1,247	1,293
Transfers to Provinces and Territories	891	893	895	894
Total	1,939	2,084	2,142	2,187

a. Breakdown by component is not available, as spending will be guided by local labour market needs. Breakdown by provinces/territories is provided in the EI Part II – 2003-2004 Expenditure Plan, on page 73.

Premiums

Premiums are collected from insured employees and their employers to cover the program costs over a business cycle, based on a yearly premium rate and employees' insurable earnings. The factors affect the premiums are further explained below:

Premium Rate: As indicated in the chart, the premium rate has been gradually reduced from its peak level of 3.07% of insurable earnings in 1994 to 2.20% in 2002 and 2.10% in 2003, for employees. The corresponding employer rates at 1.4 times the employee rate are 3.08% for 2002 and 2.94% for 2003. In the 2003 Budget, the Government has proposed that the premium rate for 2004 be further reduced to 1.98% of insurable earnings for employees and 2.77% for employers. In addition, the Government will undertake a review of how premium rates should be set starting in 2005. The Government's objective is to develop a more transparent and sustainable process for setting EI premium rates. The review process will provide Canadians with the opportunity to express their views by June 30, 2003.



Maximum Yearly Insurable Earnings (MYIE): Premiums are paid on all employment earnings of insured employees up to the MYIE. Section 4 of the *EI Act* provides that the MYIE will be \$39,000 until the projected value of the average weekly earnings in Canada times 52 exceeds that threshold. Thereafter, the MYIE will be set equal to such projected value times 52, rounded down to the nearest \$100. For 2003, the projected value (times 52) was calculated to be \$35,586 and, therefore, the MYIE was left at \$39,000.³⁵

Premium Reduction: Employers with qualified wage-loss insurance plans are entitled to premium reductions. They are required to share this reduction with their employees.³⁶

Premium Refund:

- Workers with annual earnings of \$2,000 or less can receive a refund of their EI premiums through the income tax system.
- EI premiums are refunded to employees for the amount of premium deducted from their insurable earnings in excess of the maximum yearly insurable earnings. This situation often arises when a person works for several employers, and the aggregate insurable earnings exceed \$39,000.

FACTORS AFFECTING PREMIUM REVENUE

	Actual		Forecast 2002-2003	Planned Revenue		% Change
	2000-2001	2001-2002		2003-2004	2003-2004	
Fiscal Year Factors						
Premium Revenue (\$ million)	18,999	18,295	18,564	18,140	(2%)	
Total Insurable Earnings (\$ million)	347,592	353,310	368,398	382,391	4%	
	2000	2001	2002	2003		2004
Calendar Year Factors						
Employee Premium Rate ^a (% of insurable earnings)	2.40%	2.25%	2.20%	2.10%	(5%)	1.98%
Maximum Insurable Earnings (\$)	39,000	39,000	39,000	39,000	0%	39,000
Premium Reduction (\$ million)	(512)	(515)	(532)	(550)		(567)
Premium Refunds (\$ million)						
Employee	(193)	(182)	(173)	(174)		(164)
Employer (New Hires/Youth Hires)	(287)	(16)	-	-		-

a. The employers' portion is 1.4 times the employee rate.

Note:

1. The premium rate reduction from \$2.20 to \$2.10 for the calendar year 2003 represents a saving of \$890 million for employers and employees. The 2% decrease between 2002-2003 and the planned revenue for 2003-2004 represents the net impact of the reduction in the premium rate not fully offset by the rise in employment and earnings.

³⁵ For further information, see <http://www.hrdc-drhc.gc.ca/ae-ei/loi-law/max2002.pdf>

³⁶ For further information, see <http://www.hrdc-drhc.gc.ca/prp-prtc/>

Administrative Costs

Section 77 of the *EI Act* specifies that the costs of administering the Act are to be charged to the EI Account.

The Minister of Human Resources Development is responsible for reporting on the EI Program to Parliament. However, the Canada Customs and Revenue Agency (CCRA), which collects premiums and benefit repayments and provides decisions on insurability under the Act, shares the administration of the Program. HRDC, CCRA, Treasury Board Secretariat and the Department of Justice all supply services that support management and delivery of programs under the *EI Act*.

The administrative costs that provincial and territorial governments incur to administer Employment Benefits and Support Measures under the Labour Market Development Agreements are also charged to the EI Account.

ADMINISTRATIVE COSTS

(millions of dollars)	Actual		Forecast	Planned Spending
	2000-2001	2001-2002	2002-2003	2003-2004
Federal	1,320	1,395	1,459	1,392
Provincial	94	91	91	91
Recovery	(6)	(10)	(10)	(10)
Total	1,408	1,476	1,540	1,473

The \$1,473 million in EI administrative costs represents the initial requirements for 2003-2004, which are \$67 million less than the forecast for 2002-2003. This variance is mainly due to resources received for Modernizing Services for Canadians for 2002-2003 (\$48 million). This initiative is not yet reflected in 2003-2004 Planned Spending.

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 disability and death benefits to eligible persons.

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 3.6 million Canadians will receive benefits during 2003-2004.

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, reassessments of a sample of cases are scheduled regularly. A monthly, flat-rate benefit may also be paid to, or on behalf of, the child of a recipient of a CPP disability benefit, if that child is under the age of 18, or up to age 25 if he or she is attending school full-time. The monthly children's benefit amount is not dependent on a parent's past earnings.

Survivor's Benefits: 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.

Death Benefits: A lump-sum benefit is payable 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.

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. The CPP has a ceiling on earnings that changes every year. This ceiling limits the amount of payments people receive, as well as the amount of contributions that must be paid into the Plan.

CPP – BENEFIT PAYMENTS BY CATEGORY AND TYPE

(millions of dollars)	Actual		Forecast	Planned Spending
	2000-2001	2001-2002	2002-2003	2003-2004
Retirement Pensions	13,527	14,251	15,067	15,779
Disability Benefits				
Disability pensions	2,521	2,637	2,646	2,682
Benefits to children of disabled contributors	233	242	248	254
Disability Benefits Total	2,754	2,879	2,894	2,936
Survivor Benefits				
Surviving spouse or common law partner's benefits	2,802	2,929	3,067	3,186
Orphan's benefits	198	204	219	233
Death benefits	213	227	237	254
Survivor Benefits Total	3,213	3,360	3,523	3,673
Total	19,494	20,490	21,484	22,388

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

Administrative Costs

Human Resources Development Canada, the Department of Finance, the Canada Customs and 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 2003-2004 are estimated at \$350.7 million, representing a decrease of 12.6% from the forecast for 2002-2003.

CPP – ADMINISTRATIVE EXPENSES BY DEPARTMENT

(millions of dollars)	Actual		Forecast	Planned Spending
	2000-2001	2001-2002	2002-2003	2003-2004
Human Resources Development Canada				
Plan administration, operations, records, and accommodation	211.8	245.0	267.4	215.5
EI Account - Refunding of EI Account in relation to assignment of Social Insurance Numbers and maintenance of the central index	2.5	2.5	3.6	3.6
Treasury Board Secretariat				
Insurance premiums and recoverable contributions to the Employee Benefit Plan	28.8	31.5	36.4	32.0
Public Works and Government Services				
Cheque issue, EDP services	12.9	12.4	12.1	12.2
Canada Customs and Revenue Agency				
Collection of contributions	77.7	77.6	80.4	85.9
Office of the Superintendent of Financial Institutions				
Actuarial services	1.1	1.4	1.1	1.2
Finance				
Investment services	0.4	0.6	0.5	0.3
Total	335.2	371.1	401.5	350.7

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 and a number of short-term investments. The operating balance is maintained at a level designed to cover three months' worth of forecast benefit payments and administrative charges.
- ♦ 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.³⁷ 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.

³⁷ Information about the Canada Pension Plan Investment Board can be found at: <http://www.cppib.ca>

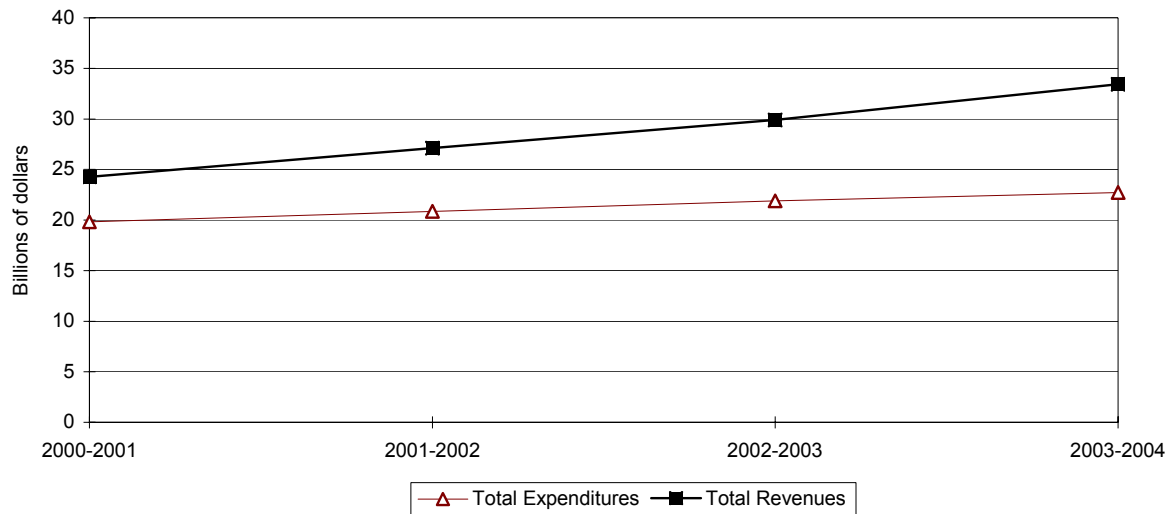
Financial Summary

Benefit payments are expected to reach \$22.4 billion in 2003-2004, an increase of \$904 million or 4.2% over 2002-2003. This increase reflects forecasts of client population and average benefit payments. In 2003-2004, it is expected that there will be a net increase in client population of 2.5% and a net increase in average benefit payments of 1.6%.

The CPP is expected to have an increase of \$8 billion, bringing the cumulative balance to more than \$63 billion by March 31, 2004. At present, the CPP has a fund equal to almost 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 2000-2001 to 2003-2004.

CPP – REVENUES AND EXPENDITURES TREND



Note: CPP – Revenues and expenditures trend is presented for fiscal years 2000-2001 to 2003-2004. 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 – SUMMARY³⁸

(millions of dollars)	Actual		Forecast	Spending
	2000-2001	2001-2002	2002-2003	2003-2004
Revenue				
Contributions	21,407	23,533	24,942	28,373
Investment Income				
Canada Pension Plan	3,700	3,260	2,722	2,693
CPP Investment Board	(851)	305	(3,093)	0
Total Investment Income	<u>2,849</u>	<u>3,565</u>	<u>(371)</u>	<u>2,693</u>
Total Revenue	<u>24,256</u>	<u>27,098</u>	<u>24,571</u>	<u>31,066</u>
Expenditures				
Benefit payments	19,494	20,490	21,484	22,388
Administrative expenses	335	371	402	351
Total Expenditures	<u>19,829</u>	<u>20,861</u>	<u>21,886</u>	<u>22,739</u>
Increase	4,427	6,237	2,686	8,327
Year-end Balance	45,688	51,925	54,611	62,938

Note: 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 December 31, 2002 investment income has been used.

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.

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, 2000.³⁹ The Assets/Expenditures Ratio reflects the size of the year-end assets relative to the expenditures.

FORECAST OF REVENUES AND EXPENDITURES

Year	Contribution	Investment			Assets at Dec. 31	Assets/Expenditure Ratio
	Rate %	Contributions	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

³⁸ More information relating to 2001-2002 is reported in the CPP financial statements which can be found in the 2001 Public Accounts of Canada, Volume 1, Section 6, at <http://www.pwgsc.gc.ca/recgen/text/pub-acc-e.html>

³⁹ The Nineteenth Actuarial Report can be found at <http://www.osfi-bsif.gc.ca/eng/office/actuarialreports/index.asp>

Government Annuities Account

This account was established by the *Government Annuities Act*, and modified by the *Government Annuities Improvement Act*, which discontinued sales of annuities in 1975. The account is valued on an actuarial basis each year, with the deficit charged or surplus credited to the Consolidated Revenue Fund.

The purpose of the *Government Annuities Act* was to assist Canadians to provide for their later years, by the purchase of Government annuities. The *Government Annuities Improvement Act* increased the rate of return and flexibility of Government annuity contracts.

Income consists of premiums received, funds reclaimed from the Consolidated Revenue Fund for previously untraceable annuitants, earned interest and any transfer needed to cover the actuarial deficit. Payments and other charges represent matured annuities, the commuted value of death benefits, premium refunds and withdrawals, and actuarial surpluses and unclaimed items transferred to non-tax revenues. The amounts of unclaimed annuities, related to untraceable annuitants, are transferred to non-tax revenues.

As of March 31, 2002, there were 5,324 outstanding deferred annuities, the last of which will come into payment around 2030.

GOVERNMENT ANNUITIES ACCOUNT - RECEIPTS AND DISBURSEMENTS

(millions of dollars)	Actual		Forecast	Planned
	2000-2001	2001-2002	2002-2003	Spending 2003-2004
Expenditures				
Actuarial Liabilities –				
Balance at beginning of year	546.1	507.9	471.5	436.4
Income	35.8	33.3	31.0	28.8
Payments and other charges	68.4	65.2	62.6	60.1
Excess of Payments and other charges over income for the year	32.6	31.9	31.6	31.3
Actuarial Surplus	5.6	4.5	3.5	2.7
Actuarial Liabilities –				
Balance at end of the year	507.9	471.5	436.4	402.4

Civil Service Insurance Fund

This account was established by the *Civil Service Insurance Act*, under which the Minister of Finance could contract with permanent employees in the public service for the payment of certain death benefits. No new contracts have been entered into since 1954 when the Supplementary Death Benefit Plan for the Public Service and Canadian Forces was introduced as part of the *Public Service Superannuation Act* and the *Canadian Forces Superannuation Act*, respectively. As of April 1997, the Department of Human Resources Development assumed the responsibility for the administration and the actuarial valuation of the *Civil Service Insurance Act*.

The number of policies in force as of March 31, 2002 was 1,884 and the average age of the policy holders was 83.9 years. Receipts and other credits consist of premiums and an amount (charged to expenditures) which is transferred from the Consolidated Revenue Fund in order to balance the assets and actuarial liabilities of the program. Payments and other charges consist of death benefits, settlement annuities paid to beneficiaries and premium refunds.

Pursuant to subsection 16(3) of the *Civil Service Insurance Regulations*, any deficit will be credited to the Account from the Consolidated Revenue Fund.

CIVIL SERVICE INSURANCE FUND - RECEIPTS AND DISBURSEMENTS

(millions of dollars)	Actual		Forecast	Planned
	2000-2001	2001-2002	2002-2003	Spending 2003-2004
Revenues				
Opening Balance	8.3	8.0	7.7	7.4
Receipts and other credits	0.2	0.1	0.1	0.1
Payments and other charges	0.5	0.4	0.4	0.4
Excess of payments and other charges over income for the year	0.3	0.3	0.3	0.3
Closing Balance	8.0	7.7	7.4	7.1

Employment Insurance Part II – 2003-2004 Expenditure Plan

Background

Part II of the *Employment Insurance (EI) Act* commits the federal government to work in concert with provinces and territories in designing and implementing active employment programs that would be more effective in helping unemployed Canadians integrate into the labour market. These programs are called Employment Benefits and Support Measures (EBSMs).

In accordance with the Government of Canada's 1996 offer to provinces and territories to enter into bilateral partnerships on labour market activities, Labour Market Development Agreements (LMDAs) have been concluded with nine provinces and the three territories. The LMDAs involve two types of arrangements:

- Co-management agreements where Human Resources Development Canada (HRDC) and the provinces and one territory jointly assume responsibility for the planning and design of EBSMs, while HRDC continues to deliver programs and services through its service delivery network. Such agreements have been concluded with Newfoundland and Labrador, Prince Edward Island, British Columbia and Yukon. There is also a strategic partnership agreement that is a variation of co-management in Nova Scotia. Furthermore, HRDC delivers EBSMs in Ontario where there is no LMDA.
- Transfer agreements where the provinces and territories assume responsibility for the design and delivery of active employment programs similar to EBSMs. Such agreements have been concluded with New Brunswick, Quebec, Manitoba, Saskatchewan, Alberta, the Northwest Territories and Nunavut.

In addition to locally and regionally delivered EBSMs and similar programs, pan-Canadian activities that are national or multi-regional in scope or purpose are delivered by HRDC in any of the provinces through EBSMs.

Employment Benefits and Support Measures

The five Employment Benefits are:

- **Targeted Wage Subsidies** – to encourage employers to hire individuals whom they would not normally hire in the absence of a subsidy;
- **Self-Employment** – to help individuals to create jobs for themselves by starting a business;
- **Job Creation Partnerships** – to provide individuals with opportunities through which they can gain work experience which leads to on-going employment;
- **Targeted Earnings Supplements** – to encourage individuals to accept employment by offering them financial incentives; and
- **Skills Development** – to help individuals to obtain skills for employment, ranging from basic to advanced skills through direct assistance to individuals, and, where applicable, contributions to provinces/territories or provincially/territorially funded training institutions to cover costs not included in tuition fees.

It should be noted that of the Employment Benefits listed above, Targeted Earnings Supplements has not yet been implemented. Pilot research projects were conducted to evaluate the effectiveness of Targeted Earnings Supplements but HRDC has not yet arrived at a feasible design.

Eligibility to receive assistance under the Employment Benefits extends to persons who are insured participants as defined in Section 58 of the *EI Act*, i.e., active claimants and former claimants (individuals who have received regular benefits in the past three years or maternity or parental benefits in the past five years).

Part II of the legislation also authorizes the establishment of Support Measures in support of the National Employment Service. The three measures are:

- **Employment Assistance Services** – to assist organizations in the provision of employment services to unemployed persons;
- **Labour Market Partnerships** – to encourage and support employers, employee and/or employer associations and communities to improve their capacity for dealing with human resource requirements and implementing labour force adjustments; and
- **Research and Innovation** – to support activities which identify better ways of helping persons prepare for or keep employment and be productive participants in the labour force.

Financial Data

2003-2004 EMPLOYMENT INSURANCE PLAN

(millions of dollars)	Base	Re-Investment	Total Plan
Newfoundland and Labrador	57.1	73.1	130.2
Nova Scotia	50.9	30.3	81.2
New Brunswick	50.0	42.1	92.1
Prince Edward Island	15.9	10.0	26.0
Quebec	350.0	248.1	598.1
Ontario	340.1	184.1	524.2
Manitoba	38.1	10.2	48.3
Saskatchewan	29.1	9.9	39.0
Alberta	74.7	35.9	110.7
Northwest Territories	2.1	1.6	3.6
Nunavut	1.6	1.0	2.5
British Columbia	138.2	151.7	290.0
Yukon	2.1	2.0	4.1
	1,150.0	800.0	1,950.0
Pan-Canadian Responsibilities ^a	237.2	0.0	237.2
Funds available for Employment Benefits and Support Measures	1,387.2	800.0	2,187.2

a. Funds earmarked for Pan-Canadian priorities, such as Aboriginal programming, youth programming, sectoral and innovations projects. The amount is net of \$12.8M funds converted into HRDC operating costs.

For 2003-2004, the EI Part II expenditure authority of \$2.2 billion represents 0.6% of total estimated insurable earnings of \$382.391 billion. This represents a lower level of expenditures than the 0.8% ceiling imposed under the Act, which is estimated at \$3.059 billion.

Some of the savings from Part I income benefits generated by the EI reform are included in these funds to provide job opportunities and help Canadians get back to work more quickly. The amount of re-investment reached maturity at \$800 million in 2000-2001.

Expected Results

It is expected that 356,000 active claimants will be assisted in 2003-2004. This target may change, depending on labour market conditions and agreements achieved with provinces and territories.

HRDC will carefully monitor the impact of EBSMs on individuals and communities; the performance of the economy and job markets; and the ways in which workers, employers, industries and communities are affected and adjust.

An accountability framework has been developed that respects the legal responsibility of the Minister of Human Resources Development for the EI Account. Key indicators will measure both the short and long term outcomes of EBSMs.

EBSM (EI PART II ACTIVITIES)			
	Clients Employed/ Self-employed	Unpaid Benefits (\$M)	Active Claimants Assisted
Targeted Results 2001-2002	214,314	\$733.4M	308,762
Actual Results 2001-2002	187,938 ¹	\$650.7M ¹	352,733 ²
Targeted Results 2002-2003	200,828	\$658.0M	299,000
Forecasted Results 2002-2003	209,000 ³	\$797.0M ⁴	360,000 ⁵
Forecasted Results 2003-2004	214,000	\$815.0M	356,000

Notes:

- Exclusive of Employment Information Services (self-serve) and pan-Canadian results.
- The targeted results for Clients Employed and Unpaid Benefits for 2001-2002 and 2002-2003 are the totals as submitted by HRDC regions, provinces and territories. However, the targets for Active Claimants Assisted are the result of a combination of targets received from the regions plus 80% of Quebec's target of 130,628 Clients Assisted and 80% of an estimate of Clients Assisted by New Brunswick derived from historical data. The historical data for both of these two regions indicate that slightly more than 80% of the clients assisted are active claimants. The LMDAs of these two provinces do not require an annual target for Active Claimants Assisted.
- Forecasted results for 2002-2003 are based on an analysis of historical data and the most current 2002-2003 reported data.
- The 2003-2004 forecasted results are national projections developed by HRDC at NHQ (based on historical client and program data, expenditure patterns, forecasted labour market conditions and expected funding levels). A further target exercise will be undertaken with provinces/territories and regions once final data is available for 2002-03. The need to develop future year targets in this manner explains the difference between the 2002-2003 targets published in the 2002-2003 EI Expenditure Plan and those now stated above.

Explanation of Variances:

- Actual results for "Employed" and "Unpaid Benefits" are lower than targeted. This variance relates to a slowdown in the economy during the first three quarters of 2001-02.
- Active Claimants Assisted exceeded the established target as a result of an increase in the number of regular claims when compared to the previous year. This increase relates to the slowdown in the economy during the first three quarters of 2001-02.
- The forecasted Client Employed Results reflect an increase of 6.6% in the actual number of Clients Employed as of October 31, 2002 compared to the corresponding period in 2001-02. Clients employed results are higher than were anticipated based on the data available at the time of target establishment. Labour market conditions were strong in 2002 as Canada wound up the year with a record 560,000 jobs created.
- Unpaid Benefits at October 31, 2002 were \$111 million (27%) higher than at the same time in 2001. Unpaid Benefits are higher than were anticipated at the time of target establishment. Approximately 35% of the increase relates to higher than expected active claimants counts (the source for unpaid benefits). The remaining 65% increase stems from factors such as average benefits rate and the length of claims established in 2002-03 when compared to 2001-02.
- The number of Active Claimants Assisted is 73% higher than at the same period last year. This relates to higher than expected use of interventions that are service in nature. These interventions are generally delivered to clients who are job ready. This increase is also reflective of better client documentation.

Of the thirteen formative evaluations scheduled to take place, twelve are completed. A formative evaluation of the Nunavut LMDA is planned for completion in the Spring of 2004. Summative evaluations of the LMDAs, which will provide reliable and valid information concerning a program's impacts and effectiveness are underway in three provinces, namely British Columbia, Newfoundland and Labrador and Quebec (in Quebec, the province is leading the evaluation, in consultation with HRDC). Throughout 2002-2003, summative evaluations are being started in other provinces and territories. Completion of these studies is expected in 2004.

Over the past year, work has been underway in British Columbia and Alberta on the Medium-Term Indicator (MTI) pilot projects. The MTI is designed to test the feasibility of using operational data to monitor and report on EBSM effectiveness on an ongoing basis. The pilot is examining methodologies and indicators that will best measure the impact of EI Part II activities. This project continues to support the department's commitment to monitor and report upon the effectiveness of EBSM programs delivered under the LMDAs.

Details on Transfer Payments

Human Resources Development Canada has a substantial number of transfer payment programs. These support individuals, communities, the private and voluntary sectors, labour, other orders of government and Aboriginal organizations in the achievement of shared human 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 funded from the Consolidated Revenue Fund, 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 SERVICE LINE (2003-2004 PLANNED SPENDING: \$1,105.7 MILLION (\$M))

Associated Programs (Terms and Conditions)	For more details, see
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Human Resources Investment (HRI)

Grants

Grants to individuals, organizations and corporations to assist individuals to improve their employability and to promote employment opportunities by assisting local entrepreneurial development
(Planned: \$8.2M)

Youth Employment Strategy

Fact Sheet 1

Grants to voluntary sectors, professional organizations, universities and post-secondary institutions and to provincial and territorial governments for literacy (Planned: \$28.2M)

National Literacy Program

Fact Sheet 2

Grants to non-profit organizations for activities eligible for support through the Social Development Partnerships Program (Planned: \$7.0M)

Social Development Partnerships Program

Fact Sheet 3

Associated Programs (Terms and Conditions)

**For more details,
see**

Human Resources Investment (HRI)

Contributions

Payments to provinces, territories, municipalities, other public bodies, organizations, groups, communities, employers and individuals for the provision of training and/or work experience, the mobilization of community resources, and human resource planning and adjustment measures necessary for the efficient functioning of the Canadian labour market (Planned: \$575.5M)

Opportunities Fund for Persons with Disabilities	Fact Sheet 4
Aboriginal Human Resources Development Strategy*	Fact Sheet 5
Youth Employment Strategy	Fact Sheet 1
Social Development Partnerships Program	Fact Sheet 3
Sector Council Program	Fact Sheet 7
Older Workers Pilot Projects	Fact Sheet 9

Employability assistance for people with disabilities – Payments to provincial and territorial governments, in accordance with bilateral agreements, for the provision of a range of measures to enhance the economic participation of working age adults with disabilities in the labour market by helping them to prepare for, attain and retain employment (Planned: \$192.0M)

Canadian-Provincial-Territorial Employability Assistance for People with Disabilities	Fact Sheet 6
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Contributions to organizations, provinces, territories, municipalities, post-secondary institutions and individuals to encourage and support initiatives which will contribute to the development of a more results-oriented, accessible, relevant and accountable learning system (Planned: \$3.4M)

Contributions to organizations, provinces, territories, municipalities, post-secondary institutions and individuals to encourage and support initiatives with respect to the development, application, use and diffusion of new learning and training technologies (Office of Learning Technology) (Planned: \$2.8M)

*Homelessness – Contributions to provinces, territories, municipalities, other public bodies, organizations, community groups, employers and individuals to support activities to help alleviate and prevent homelessness across Canada (Planned: \$160.4M)***

Homelessness (Supporting Communities Partnership Initiative); Youth (Homelessness); Urban Aboriginal Strategy (Homelessness)	Fact Sheet 8
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New Initiatives

<i>Canadian Learning Institute Announced in Budget 2003 (Planned: \$100M)</i>	Budget 2003
<i>Early Learning and Child Care Announced in Budget 2003 (Planned: \$25M)</i>	Budget 2003

Associated Programs (Terms and Conditions)

Labour

Grants

Canadian Joint Fire Prevention Publicity Committee (Planned: \$0.0M)

Fire Prevention Canada (Planned: \$0.0M)

To support activities which contribute to occupational safety and health program objectives (Planned: \$0.0M)

To support Standards-writing associations (Planned: \$0.0M)

Contributions

Labour-management Partnerships Program (Planned: \$1.6M)
Contribution program designed to encourage labour-management cooperation and innovation and to promote productive, fair and open workplaces

Labour Commission (Planned: \$1.6M)

* Resources announced in Budget 2003 for “Aboriginal Skills and Employment Partnership” are excluded from Fact Sheet 5 (\$10M).

**Resources announced in Budget 2003 for “Supporting Community Partnership Initiative” are included in Fact Sheet 8 (\$135M).

FACT SHEET # 1: YOUTH EMPLOYMENT STRATEGY
(2003-2004 PLANNED SPENDING: \$252.3M)

Objectives	The objective of the realigned Strategy will be to assist youth in enhancing their employability skills, while increasing the number of skilled young Canadians in the workforce.
Expected Results and Outcomes	<p>The common key results commitments for all initiatives receiving funding under the realigned Youth Employment Strategy over the period 2003-2008 and onward are:</p> <ul style="list-style-type: none"> ♦ Participants will gain enhanced employability skills from work experience or tailored interventions; and, ♦ A portion of youth participants will return to school to further their education/skills development and/or become employed.

Milestones for Achievement:

→ Renewal Date	March 2008
→ Evaluation Performed (on previous programs)	<p>1997: Summer Career Placements Summative Evaluation.</p> <p>1998-1999: Youth Service Canada Summative Evaluation. <i>Youth Employment Strategy: A Formative Evaluation of Youth Internship Canada and Other HRDC Youth Initiatives.</i></p> <p>Interdepartmental Evaluation of the Youth Employment Strategy (YES).</p> <p>2000-2001: Youth Service Canada Evaluation (Longitudinal Study). Summative Evaluation of HRDC's Youth Internship Programs under the Youth Employment Strategy. YES Interdepartmental Evaluation Phase I.</p> <p>2001-2002: Youth Internship Canada Program Evaluation Phases II and III. YES Interdepartmental Evaluation Phase II (consolidates YES with other federal youth programs).</p>
→ Evaluation Scheduled	<p>2004: Formative Evaluation</p> <p>2006: Summative Evaluation</p>

**FACT SHEET # 2: NATIONAL LITERACY PROGRAM
(2003-2004 PLANNED SPENDING: \$28.2M)**

Objectives	<p>Provides financial (and technical) assistance for activities designed to achieve one or another of the following overall objectives:</p> <ul style="list-style-type: none"> a) enable increased understanding of literacy issues through promotion and public awareness; b) foster coordination and information-sharing among all literacy-related organizations; c) enhance outreach measures and access activities for community and workplace literacy programming; d) support the development and exchange of learning materials, methods and programs; e) stimulate applied research and development initiatives which address the needs of literacy practice and practitioners; f) encourage innovative developments and solutions in literacy programming through community, labour or private sector demonstration projects; g) develop the capacity of major organizations and institutions involved in literacy to represent and advocate for literacy.
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Expected Results and Outcomes	<ul style="list-style-type: none"> ♦ Partner strengthening and support. ♦ Production of relevant and effective learning materials. ♦ Improved public awareness. ♦ Production of relevant, high quality research. ♦ Strengthened coordination and information sharing. ♦ Improved access to literacy services for Canadians in need.
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Milestones for Achievement:

→ Renewal Date	March 31, 2003
→ Evaluation Performed	January 2003 Evaluation Report Completed.
→ Evaluation Scheduled	2007: Evaluation of National Literacy Secretariat Programs.

**FACT SHEET # 3: SOCIAL DEVELOPMENT PARTNERSHIPS PROGRAM^a
(2003-2004 PLANNED SPENDING: \$24.2M)**

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 in line with Human Resources Development Canada's (HRDC) mandate. 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.^b

Expected Results and Outcomes Qualitative results in the following areas:

- ♦ 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 New proposed Terms and Conditions come into effect April 2003.
- Evaluation Performed Draft evaluations for SDPP and CCV programs received by HRDC 2002-2003. Scheduled for submission to HRDC Audit and Evaluation Committee for decision 2003-2004.
- Evaluation Scheduled Evaluation of renewed program scheduled for 2007-2008.

- a. Includes all initiatives using Social Development Partnerships Program (SDPP) terms and conditions, these are: Voluntary Sector Initiative, some of Child Care Visions and SDPP.
- b. The SDPP incorporates the former Child Care Visions (CCV) program under a distinct Early Childhood Learning and Care stream.

**FACT SHEET # 4: OPPORTUNITIES FUND FOR PERSONS WITH DISABILITIES
(2003-2004 PLANNED SPENDING: \$23.8M)**

Objectives

- a) To assist persons with disabilities in preparing for, obtaining and keeping employment, or becoming self-employed, thereby increasing their economic participation and independence.
- b) 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 # 5: ABORIGINAL HUMAN RESOURCES DEVELOPMENT
STRATEGY (AHRDS)
(2003-2004 PLANNED SPENDING: \$252.4M)***

Objectives To support Aboriginal organizations to develop and implement labour market, youth and child care programs that are designed to address the local and regional needs of Aboriginal people.

This programming will:

- a) assist Aboriginal individuals to prepare for, obtain and maintain employment, thereby resulting in savings to income support programs;
- b) assist Aboriginal youth (a person normally from 15 to 30 years of age) in preparing for, obtaining and maintaining employment and in making a successful transition into the labour market, thereby resulting in increased employment; and
- c) increase the supply of quality child care services in First Nations and Inuit communities, thereby raising the availability of distinct and diverse services in these communities to a level comparable to that of the general population.

Expected Results and Outcomes^a

- ♦ Assist 50,000 Aboriginal clients, of whom 18,000 are expected to find and keep work or become self-employed, and approximately 6,000 will return to school.

Milestones for Achievement:

- Renewal Date April 1, 2004
- Evaluation Performed None to date
- Evaluation Scheduled 2001-2002 and 2002-2003 (Evaluation report by February 2003):
 - ♦ Portrait of administrative data reflecting the Strategy.
 - ♦ Community Case Studies assessing the impact of the AHRDS with client follow-up surveys analyzing earnings, duration of employment, use of skills and positioning these results within the community's context.
 - ♦ Assessment of the Strategy's partnership, horizontal management and program integration dimensions.

Final Evaluation to be completed by March 2004. Evaluation to include primarily summative elements with minor formative explorations.

a. These results and outcomes are based on total program funding through the Consolidated Revenue Fund (CRF) and EI Part II. Specific results derived from the CRF funding only are unavailable.

* Excludes resources announced in Budget 2003 for "Aboriginal Skills and Employment Partnerships" (\$10M).

**FACT SHEET # 6: CANADIAN-PROVINCIAL/TERRITORIAL
EMPLOYABILITY ASSISTANCE FOR PEOPLE WITH
DISABILITIES (EAPD)
(2003-2004 PLANNED SPENDING: \$192.0M)**

Objectives To provide funding to provinces and territories for a range of measures to enhance the economic participation of working age adults with disabilities in the labour market by helping them prepare for, attain and retain employment.

Expected Results and Outcomes

- ♦ The key outcome commitment is to help people with disabilities prepare for, attain and retain employment. EAPD emphasizes accountability and the federal and provincial governments jointly developed the results indicators.
- ♦ Data on outcomes will be available in the EAPD national annual report to be released in spring 2003.

Milestones for Achievement:

→ Renewal Date April 1, 2003

→ Evaluation Performed 1999-2000: Evaluation Assessment.
2001-2002: Bilateral evaluations.

→ Evaluation Scheduled 2001-2002: Promising Practices.
2003-2004: Bilateral evaluations.

**FACT SHEET # 7: SECTOR COUNCIL PROGRAM
(2003-2004 PLANNED SPENDING: \$13.0M)**

Objectives

- a) Increase number of councils and/or coverage and penetration of the labour market;
- b) Focus on results – i.e., having positive impact on Human Resource (HR) and skills development issues in sectors;
- c) Increasing Department's engagement and profile with industry players and post-secondary educational system;
- d) Stabilizing sector councils with performance-based support; and
- e) A better connected sectoral delivery mechanism.

Expected Results and Outcomes

Short Term

- ♦ Increased consensus and understanding of skills, occupational needs and labour market issues (micro and macro);
- ♦ Enhanced collaboration, action and investment by industry;
- ♦ Increase the availability and use of products and services to help industry address their HR issues.

Longer Term

- ♦ Increased industry learning and skills development;
- ♦ More informed and responsive learning system with respect to industry needs;
- ♦ Enhance ability of industry to recruit, retain and address HR issues.

Milestones for Achievement:

→ Renewal Date March 2007

→ Evaluation Performed No formal evaluation as of this date.

→ Evaluation Scheduled Interim Evaluation planned for 2004-2005.
Formative Evaluation planned for 2006-2007.

**FACT SHEET # 8: HOMELESSNESS (SUPPORTING COMMUNITIES PARTNERSHIP INITIATIVE)
(2003-2004 PLANNED SPENDING: \$160.4M)***

Objectives

- a) To develop a comprehensive continuum of supports to help homeless Canadians move out of the cycle of homelessness and prevent those at-risk from falling into homelessness by providing communities with the tools to develop a range of interventions to stabilize the living arrangements of homeless individuals and families—encouraging self-sufficiency where possible—and prevent those at-risk from falling into homelessness.
- b) To ensure sustainable capacity of communities to address homelessness by enhancing community leadership and broadening ownership by the public, non-profit and private sector on the issue of homelessness in Canada.

Expected Results and Outcomes

- ♦ Enhanced supports and services available to meet the needs of homeless individuals and families and those at-risk of homelessness by facilitating integrated community responses to help improve their living conditions and to help them access and maintain secure accommodation.
- ♦ Increased knowledge and understanding of homelessness at the local, regional and national levels through data collection, research, the review and assessment of the effectiveness of interventions and by supporting the dissemination and sharing of this information.
- ♦ Broader engagement of partners to address homelessness by strengthening partnerships and collaboration with other federal departments, all orders of government, and the private and not-for-profit sectors.

Milestones for Achievement:

→ Renewal Date	March 31, 2006.**
→ Audit Performed	Fiscal Year 2000-2001: Implementation Review: Supporting Communities Partnership Initiative (SCPI).
→ Audit Scheduled	Fiscal Year 2002-2003: Compliance Audit.
→ Evaluation Performed	→ Report on Case Studies for Youth Homelessness (2001-2002). → Evaluation of HRDC components of National Homelessness Initiative (NHI) completed Fiscal Year 2001-2002.
→ Evaluation Scheduled	SCPI Community Plan Assessments (To be completed by September 30, 2003).

* Includes planned spending announced in Budget 2003 for “Supporting Communities Partnership Initiative” (\$135M).

** Pending approval of extended terms and conditions.

FACT SHEET # 9: OLDER WORKERS PILOT PROJECTS
(2003-2004 PLANNED SPENDING: \$15.0M)*

Objectives

- a) To support innovative pilot projects designed to re-integrate displaced older workers into sustainable employment, or maintain in employment older workers threatened with displacement.
- b) This objective supports HRDC's human resources investment priorities aimed at helping clients with particular labour market needs and issues, broadening partnerships to enhance and integrate programming and focusing on prevention.

Expected Results and Outcomes

- ♦ These projects will provide both levels of government with a better understanding of what works for this particular client group and how HRDC might wish to proceed co-operatively in advancing eventual policies and programs for older workers.

Milestones for Achievement:

- Renewal Date Program to end on March 31, 2004.
 - Evaluation Performed Evaluations of pilot projects are ongoing, with some evaluations nearing completion.
 - Evaluation Scheduled Preliminary evaluations from all the participating provinces and territories will be completed by March 31, 2004 with final evaluations to be received by HRDC by March 2005.
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* Pending approval of funding.

Consolidated Report on Canada Student Loans Program

In August 2000, the Canada Student Loans Program (CSLP) was shifted from the risk-shared financing arrangements that had been in place with financial institutions between 1995 and July 2000 to a direct student loan financing plan.⁴⁰

This meant that the Program had to redesign the delivery mechanism in order to directly finance student loans. In the new arrangement, the Government of Canada provides the necessary funding to students and two service providers have contracts to administer the loans.

It also meant that the Program had to use interim arrangements in order to ensure uninterrupted delivery of federal student financial assistance until the Direct Loans program could be fully implemented.

Reporting Entity

The entity detailed in this report is the Canada Student Loans Program only and does not include departmental operations related to the delivery of the CSLP. Expenditures in the figures are primarily statutory in nature, made under the authority of the *Canada Student Loans Act* and the *Canada Student Financial Assistance Act*.

Basis of Accounting

The financial figures are prepared in accordance with accounting policies and concepts generally accepted in Canada and as reflected in the *Public Sector Accounting Handbook* of the Canadian Institute of Chartered Accountants.

Specific Accounting Policies

Revenues

Two sources of revenue are reported: interest revenue on Direct Loans and recoveries on Direct, Guaranteed and Put Back Loans. Government accounting practices require that recoveries from both sources be credited to the Government's Consolidated Revenue Fund. They do not appear along with the expenditures in the CSLP accounts, but are reported separately in the financial statements of Human Resources Development Canada and the Government.

- Interest Revenue on Direct Loans – Student borrowers are required to pay simple interest on their student loans once they leave full-time studies. At the time they leave school, students have the option of selecting a variable (prime + 2.5%) or fixed (prime + 5%) interest rate. The amounts in the figures represent the interest accrued on the outstanding balance of the Government-owned Direct Loans. Borrowers continue to pay the interest accruing on the guaranteed and risk-shared loans directly to the private lender holding these loans.

⁴⁰ For further information on the Canada Student Loans Program, see http://www.hrdc-drhc.gc.ca/student_loans/

- Recovery of Interest on Direct Loans – The amounts in the figures represent the recovery of interest on defaulted direct loans.
- Recoveries on Guaranteed Loans – The Government reimburses the private lenders for any loans issued prior to August 1, 1995 that go into default (i.e., lenders claim any amount of principal and interest not repaid in full). The amounts in the figures represent the recovery of principal and interest on these defaulted loans.
- Recoveries on Put-back Loans – Under the risk-shared agreements, the Government will purchase from the Participating Financial Institutions any loans issued between August 1, 1995 to July 31, 2000 that are in default of payments for at least twelve months after the Period of Study, that in aggregate, do not exceed 3% of the average monthly balance of the lender's outstanding student loans in repayments. The amount paid is set at 5% of the value of the loans in question. The recoveries amounts in the figures represent the recovery of principal and interest, less any refund made to participating financial institutions.

Canada Study Grants

Canada Study Grants improve access to post-secondary education. Five grant programs assist: (1) students with permanent disabilities in order to meet disability-related educational expenses (up to \$8,000 annually); (2) students with dependents (up to \$3,120 annually); (3) high-need part-time students with educational expenses (up to \$1,200 annually); (4) women in certain fields of Ph.D. studies (up to \$3,000 annually for up to three years); and (5) high-need students with permanent disabilities (up to \$2,000 annually).

Collection Costs

These amounts represent the cost of using private collection agencies to collect defaulted Canada Student Loans. The loans being collected include: risk-shared and guaranteed loans that have gone into default and for which the Government has reimbursed the private lender; and Direct Loans issued after July 31, 2000, that are returned to HRDC by the third party service provider as having defaulted.

Interim Arrangements

As noted in the introduction to this section, interim contracts were entered into with the former risk-shared loan lenders to disburse full-time Direct Loans on the Government's behalf until February 28, 2001. At that time, the Government reimbursed the lenders 85% of the loan principal they had advanced during the interim period. The remaining 15% was reimbursed to the lenders later. These contracts also called for remuneration in the form of transaction fees and the interest on funds advanced on behalf of the Government. Another contract was entered into with Canada Post for the delivery of Direct Loans to part-time students. The Interest Cost to Financial Institutions (Interim) and Transition fees to Financial Institutions (Interim) items identify the cost of these interim arrangements.

- Interest Cost to Financial Institutions (Interim) – This expense represents the interest costs, calculated at prime, paid by CSLP on a monthly basis to the lending institutions on the outstanding advances made to full-time students with Direct Loans.

- Transition Fees to Financial Institutions (Interim) – This expense represents the cost of transaction fees paid by CSLP during the interim period for each fully completed full-time loan made to the student by the participating lending institutions. Transition fees also include payments made to Canada Post for each fully completed part-time loan made during the interim period. The cost is calculated on the basis of certificates of eligibility negotiated by the student.

Service Bureau Costs

As of March 1, 2001, CSLP uses third party service providers to administer Direct Loans disbursement, in-study loan management and post-studies repayment activities. This item represents the cost associated with these contracted services.

Risk Premium

Risk premium represents part of the remuneration offered to lending institutions participating in the risk-shared program from August 1, 1995 to July 31, 2000. The risk premium was 5% of the value of loans being consolidated (normally the value of loans issued to students), being calculated and paid at the time students leave studies and go into repayment. In return, the lenders assumed risk associated with non-repayment of these loans.

Put-Back

Subject to the provisions of the contracts with lending institutions, the Government will purchase from a lender the student loans that are in default of payment for at least twelve months and that, in aggregate, do not exceed 3% of the average monthly balance of the lender's outstanding student loans in repayments. The amount paid is set at 5% of the value of the loans in question.

Administrative Fees to Provinces and Territories

Pursuant to the *Canada Student Financial Assistance Act (CSFA Act)*, the Government has entered into arrangements with participating provinces and Yukon to facilitate the administration of the CSLP. They administer the application and needs assessment activities associated with federal student assistance and in return they are paid an administrative fee.

In-Study Interest Borrowing Expense

The capital needed to issue the Direct Loans is raised through the Department of Finance's general financing activities. The cost of borrowing this capital is recorded in the Department of Finance's overall financing operations. The amounts in the figures represent the cost attributed to CSLP in support of Direct Loans while students are considered in study status.

In Repayment Interest Borrowing Expense

The capital needed to issue the Direct Loans is raised through the Department of Finance's general financing activities. The cost of borrowing this capital is recorded in the Department of Finance's overall financing operations. The amounts in the figures represent the cost of interest while students are in repayment of their Canada Student Loan.

In-Study Interest Subsidy

A central feature of federal student assistance is that student borrowers are not required to pay the interest on their student loans as long as they are in study and, in the case of loans negotiated prior to August 1, 1993, for six months after the completion of studies. Under the guaranteed and risk-shared programs, the Government paid the interest to the lending institutions on behalf of the student.

Interest Relief

Assistance may be provided to cover loan interest for borrowers who have difficulty repaying their loans. The shift from Guaranteed and Risk-Shared Loans to Direct Loans did not alter interest relief for loans in distress from the borrower's perspective; however, the method of recording associated costs changed. For loans issued prior to August 1, 2000, CSLP compensates lending institutions for lost interest equal to the accrued interest amount on loans under interest relief. For loans issued after August 1, 2000, the loans of borrowers will not accrue interest, but is recognized in the Bad Debt Expense.

Debt Reduction in Repayment

Debt Reduction in Repayment (DRR) assists borrowers in severe financial hardship. DRR is a federal repayment assistance program through which the Government of Canada reduces a qualifying student's outstanding Canada Student Loans principal to an affordable amount after all other interest relief measures are exhausted. For loans issued prior to August 1, 2000, CSLP pays the lending institutions the amount of student debt principal reduced by the Government of Canada under DRR. For loans issued after August 1, 2000, the Government of Canada forgives a portion of the loan principal.

Claims Paid and Loans Forgiven

From the beginning of the program in 1964 until July 31, 1995, the Government fully guaranteed all loans issued to students by private lenders. The Government reimburses private lenders for any of these loans that go into default (i.e., lenders claim any amount of principal and interest not repaid in full, after which HRDC will attempt to recover these amounts). The risk-shared arrangements also permitted loans issued from August 1, 1995 to July 31, 2000 to be guaranteed under specific circumstances. This item represents the costs associated with loan guarantees.

Pursuant to the *Canada Student Loans Act* and the *Canada Student Financial Assistance Act*, the Government incurs the full amount of the unpaid principal plus accrued interest in the event of the death of the borrower or if the borrower becomes permanently disabled and cannot repay the loan without undue hardship.

Bad Debt Expense

Under Direct Loans, the Government owns the loans issued to students and must record them as assets. As a result, Generally Accepted Accounting Principles require a provision be made for potential future losses associated with these loans. The provision must be made in the year the loans are issued even though the losses may occur many years later. The amounts in the figures represent the annual expense against the provisions for Bad Debt, Debt Reduction in Repayment and Interest Relief on Direct Loans.

Alternative Payments to Non-participating Provinces

Provinces and territories may choose not to participate in the CSLP. These provinces and territories receive an alternative payment to assist in the cost of delivering a similar student financial assistance program.

Budget Measures 2003

As a result of measures announced in the February 2003 Budget, the Canada Student Loans Program is being strengthened with approximately \$60 million over two years in direct support to students, through enhancements to Interest Relief, Debt Reduction in Repayment as well as income and scholarship exemptions. These measures will help ensure more Canadians receive the support they need to access post-secondary education and help them acquire the learning and skills they need to succeed, and provide enhancements to assist borrowers who experience difficulty in repayment.

Commitments

As at March 31, 2003 the department will have the following commitments for Service Provider contracts: \$82.7 million. The current end date for the Service Provider contracts is February 28, 2004.

FIGURE 1 : CONSOLIDATED CANADA STUDENT LOANS PROGRAM – COMBINED PROGRAMS

(millions of dollars)	Actual		Forecast	Planned Spending	
	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
Revenues					
Interest Revenue on Direct Loans	0.3	44.2	50.1	89.0	135.5
Recovery of Interest on Direct Loans	0.0	0.0	0.3	3.3	5.6
Recoveries on Guaranteed Loans	123.4	123.7	122.0	125.1	120.4
Recoveries on Put-Back Loans	2.3	4.2	5.1	5.2	5.0
Total Revenues	126.0	172.1	177.5	222.6	266.5
Expenses					
<i>Transfer Payments</i>					
Canada Study Grants	56.6	69.7	83.9	93.7	95.4
Total Transfer Payments	56.6	69.7	83.9	93.7	95.4
<i>Loan Administration</i>					
Collection Costs	16.8	14.3	12.9	14.7	14.2
Interim Arrangements					
- Interest Costs to Financial Institutions	41.5	13.7	0.0	0.0	0.0
- Transition Fees to Financial Institutions	25.9	0.3	0.0	0.0	0.0
Service Bureau Costs	1.3	27.9	33.8	82.7	95.7
Risk Premium	88.1	51.0	22.0	20.3	11.3
Put-Back	2.1	2.7	4.4	4.0	3.6
Administrative Fees to Provinces and Territories	9.6	9.0	10.0	10.0	10.0
Total Loan Administration Expenses	185.3	118.9	83.1	131.7	134.8
<i>Cost of Government Support</i>					
<i>Benefits Provided to Students</i>					
In-Study Interest Borrowing Expense (Class A) ^a	0.2	118.4	121.2	142.2	163.0
In Repayment Interest Borrowing Expense (Class B) ^a	0.0	0.0	52.2	93.5	140.9
In-Study Interest Subsidy	180.5	77.8	39.2	20.2	8.4
Interest Relief	107.4	85.6	66.9	56.0	41.0
Debt Reduction in Repayment	2.0	4.2	7.8	7.1	8.0
Claims Paid & Loans Forgiven	72.2	76.0	41.1	30.0	15.1
<i>Bad Debt Expense^{a&b}</i>					
Interest Relief Expense	36.8	109.8	76.9	83.2	88.2
Debt Reduction in Repayment Expense	10.0	10.6	10.8	11.7	12.3
Bad Debt Expense	159.9	171.4	173.7	188.1	199.3
Total Cost of Government Support Expenses	569.0	653.8	589.8	632.0	676.2
Total Expenses	810.9	842.4	756.8	857.4	906.4
Net Operating Results	684.9	670.3	579.3	634.8	639.9
Alternative Payments to Non-Participating Provinces	138.9	144.9	75.7	56.7	35.3
Final Operating Results	823.8	815.2	655.0	691.5	675.2

a. These costs are related to Canada Student Direct Loans, but accounted for by the Department of Finance.

b. This represents Provisions for Bad Debt, Debt Reduction in Repayment and Interest Relief as required under Accrual Accounting.

Note: Excludes resources announced in Budget 2003.

FIGURE 2 : CONSOLIDATED CANADA STUDENT LOANS PROGRAM – RISK-SHARED AND GUARANTEED LOANS ONLY

(millions of dollars)	Actual		Forecast	Planned Spending	
	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
Revenues					
Recoveries on Guaranteed Loans	123.4	123.7	122.0	125.1	120.4
Recoveries on Put-Back Loans	2.3	4.2	5.1	5.2	5.0
Total Revenues	125.7	127.9	127.1	130.3	125.4
Expenses					
<i>Transfer Payments</i>					
Canada Study Grants	0.0	0.0	0.0	0.0	0.0
Total Transfer Payments	0.0	0.0	0.0	0.0	0.0
<i>Loan Administration</i>					
Collection Costs	16.8	14.3	12.6	13.8	12.7
Risk Premium	88.1	51.0	22.0	20.3	11.3
Put-Back	2.1	2.7	4.4	4.0	3.6
Administrative Fees to Provinces and Territories	9.6	0.0	0.0	0.0	0.0
Total Loan Administration Expenses	116.6	68.0	39.0	38.1	27.6
<i>Cost of Government Support</i>					
<i>Benefits Provided to Students</i>					
In-Study Interest Subsidy	180.5	77.8	39.2	20.2	8.4
Interest Relief	107.4	85.6	66.9	56.0	41.0
Debt Reduction in Repayment	2.0	4.2	7.8	7.1	8.0
Claims Paid & Loans Forgiven	72.2	76.0	41.1	30.0	15.1
Total Cost of Government Support Expenses	362.1	243.6	155.0	113.3	72.5
Total Expenses	478.7	311.6	194.0	151.4	100.1
Net Statutory Operating Results	353.0	183.7	66.9	21.1	(25.3)
Alternative Payments to Non-Participating Provinces	138.9	110.0	0.0	0.0	0.0
Final Statutory Operating Results	491.9	293.7	66.9	21.1	(25.3)

Note: Excludes resources announced in Budget 2003.

FIGURE 3 : CONSOLIDATED CANADA STUDENT LOANS PROGRAM – DIRECT LOANS ONLY

(millions of dollars)	Actual		Forecast	Planned Spending	
	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
Revenues					
Interest Revenue on Direct Loans	0.3	44.2	50.1	89.0	135.5
Recovery of Interest on Direct Loans	0.0	0.0	0.3	3.3	5.6
Total Revenue	0.3	44.2	50.4	92.3	141.1
Expenses					
<i>Transfer Payments</i>					
Canada Study Grants	56.6	69.7	83.9	93.7	95.4
Total Transfer Payments	56.6	69.7	83.9	93.7	95.4
<i>Loan Administration</i>					
Collection Costs	0.0	0.0	0.3	0.9	1.5
<i>Interim Arrangements</i>					
- Interest Costs to Financial Institutions	41.5	13.7	0.0	0.0	0.0
- Transition Fees to Financial Institutions	25.9	0.3	0.0	0.0	0.0
Service Bureau Costs	1.3	27.9	33.8	82.7	95.7
Administrative Fees to Provinces and Territories	0.0	9.0	10.0	10.0	10.0
Total Loan Administration Expenses	68.7	50.9	44.1	93.6	107.2
<i>Cost of Government Support</i>					
<i>Benefits Provided to Students</i>					
In-Study Interest Borrowing Expense (Class A) ^a	0.2	118.4	121.2	142.2	163.0
In Repayment Interest Borrowing Expense (Class B) ^a	0.0	0.0	52.2	93.5	140.9
<i>Bad Debt Expense^{a&b}</i>					
Interest Relief Expense	36.8	109.8	76.9	83.2	88.2
Debt Reduction in Repayment Expense	10.0	10.6	10.8	11.7	12.3
Bad Debt Expense	159.9	171.4	173.7	188.1	199.3
Total Cost of Government Support Expenses	206.9	410.2	434.8	518.7	603.7
Total Expenses	332.2	530.8	562.8	706.0	806.3
Net Operating Results	331.9	486.6	512.4	613.7	665.2
Alternative Payments to Non-Participating Provinces	0.0	34.9	75.7	56.7	35.3
Final Operating Results	331.9	521.5	588.1	670.4	700.5

a. These costs are related to Canada Student Direct Loans, but accounted for by the Department of Finance.

b. This represents Provisions for Bad Debt, Debt Reduction in Repayment and Interest Relief as required under Accrual Accounting.

Note: Excludes resources announced in Budget 2003.

Regulatory Initiatives

Income Security for seniors, persons with disabilities and their children, survivors and migrants

REGULATIONS	PLANNED RESULTS
<p><i>Old Age Security (OAS) Regulations and Canada Pension Plan (CPP) Regulations.</i></p> <p>Technical amendments are anticipated to both the OAS Regulations and the CPP Regulations, in light of government initiatives such as Government On-Line and Modernizing Service for Canadians. Amendments identified may enable, for example, a request for a CPP Statement of Contributions or a change of address under the OAS program to be done electronically.</p>	<p>The proposed amendments will allow for more efficient program administration.</p>

Opportunity to fully participate in the workplace and community

REGULATIONS	PLANNED RESULTS
<p>Debt Reduction in Repayment: Amendments to the <i>Canada Student Financial Assistance Regulations</i> and <i>Canada Student Loans Regulations</i> to improve the Debt Reduction in Repayment measure providing additional assistance to more borrowers.</p>	<p>Improvement to the Debt Reduction in Repayment measure will increase its availability to student loan borrowers facing financial hardship. It would result in reduced loan defaults and collection costs to the Government of Canada.</p>
<p>Access to Debt Management Measures: Currently, borrowers with loans in default and borrowers who have declared bankruptcy are restricted from receiving Interest Relief. Amendments to the <i>Canada Student Financial Assistance Regulations</i> and <i>Canada Student Loans Regulations</i> would allow access to Interest Relief for borrowers whose payments are in arrears up to 270 days or who are bankrupt.</p>	<p>Enhancing access to debt management measures is intended to maximize repayment and minimize default. This would reduce the costs of collection activities on defaulted student loans.</p>
<p>Part-time Student Financial Assistance: Regulatory changes are necessary to improve financial assistance for part-time students. These include allowing interest-free periods while in school, adjusting the maximum loan limits and amount of grant assistance as well as increasing the income thresholds that determine eligibility for a high-need grant.</p>	<p>Improvements to student financial assistance for part-time learners will increase adult participation in post-secondary education by allowing more low- and moderate-income adults to improve their skills while they work.</p>

Safe, fair, stable and productive workplaces

REGULATIONS	PLANNED RESULTS
<p><i>Canada Labour Code, Part II - Canada Occupational Safety and Health Regulations.</i></p> <p>Violence in the Workplace: Regulations are being developed as a result of the recent amendments to Part II.</p>	<p>The draft wording is to be prepared by HRDC-Labour Legal Services in preparation for blue stamping by the Regulations Section of the Department of Justice, and for prepublication in Part I of the <i>Canada Gazette</i>.</p>
<p><i>Canada Labour Code, Part II - Canada Occupational Safety and Health Regulations.</i></p> <p>Prevention Program Regulations are being developed as a result of the recent amendments to Part II.</p>	<p>The proposed regulations are with the Regulations Section of the Department of Justice for blue stamping in preparation for prepublication in Part I of the <i>Canada Gazette</i>.</p>
<p><i>Canada Labour Code, Part II - Aviation Occupational Safety and Health Regulations.</i></p> <p>Working in concert with a Transport Canada-sponsored working group to amend the existing regulations.</p>	<p>This will bring the existing regulation up to date, which is part of our ongoing commitment to regularly review and update regulations.</p> <p>The draft wording is with the Regulations Section of the Department of Justice for blue stamping in preparation for prepublication in Part I of the <i>Canada Gazette</i>.</p>
<p><i>Canada Labour Code, Part II - Onboard Trains Occupational Safety and Health Regulations.</i></p> <p>Working in concert with a Transport Canada sponsored working group to amend the existing regulations.</p>	<p>This will bring the existing regulation up to date, which is part of our ongoing commitment to regularly review and update regulations.</p> <p>The review of the proposed amendments by Labour Legal Services is almost completed.</p>
<p><i>Canada Labour Code Part II - Marine Occupational Safety and Health Regulations.</i></p> <p>Working in concert with a Transport Canada-sponsored working group to amend the existing regulations.</p>	<p>This will bring the existing regulation up to date, which is part of our ongoing commitment to regularly review and update regulations.</p> <p>The draft wording is to be prepared by HRDC-Labour Legal Services in preparation for blue stamping by Justice, and for prepublication in Part I of the <i>Canada Gazette</i>.</p>
<p><i>Canada Labour Code, Part II - Oil and Gas Occupational Safety and Health Regulations.</i></p>	<p>A comprehensive review of this regulation has been undertaken. A draft is being finalized in concert with the National Energy Board.</p>
<p>A statutory review of the <i>Employment Equity Act</i> was undertaken by the Standing Committee on Human Resources Development and the Status of Persons with Disabilities, and its report and recommendations were released on June 14, 2002.</p>	<p>The Government's response to the Standing Committee recommendations is expected to lead to amendments to the <i>Employment Equity Act</i>.</p>

Website References

HRDC website

- <http://www.hrdc-drhc.gc.ca>

Acts and Regulations

- Acts and Regulations governing HRDC: <http://www.hrdc-drhc.gc.ca/common/acts.shtml> .

HRDC Overview

- Speech from the Throne, September 30, 2002. See http://www.pco-bcp.gc.ca/sft-ddt/hnav/hnav07_e.htm .
- Government of Canada, *Government on-Line and Canadians*, January 2002, page 4, at http://www.gol-ged.gc.ca/rpt/rpt_e.asp .
- The Budget Speech 2003, <http://www.fin.gc.ca/budget03/pdf/speeche.pdf> .
- Statistics Canada, *The Daily*, October 30, 2002, see <http://www.statcan.ca/Daily/English/021030/d021030a.htm> .
- Canadian Manufacturers and Exporters, *Excellence Gap Review*, August 2001. For more information, go to http://www.cme-mec.ca/national/documents/Excellence_Gap.pdf .

Income security for seniors, persons with disabilities and their children, survivors and migrants

- For more general information on financial assistance and entitlements, visit <http://www.canadabenefits.gc.ca> .
- For more specific information on income security benefits, visit <http://www.hrdc-drhc.gc.ca/isp/> .
- Statistics Canada, *Income in Canada* (Cat. # 75-202-XIE), November 2002: see <http://www.statcan.ca/english/IPS/Data/75-202-XIE.htm> .

Opportunity to fully participate in the workplace and the community

- For further information, see <http://www15.hrdc-drhc.gc.ca/english/es.asp> .
- For further information, see <http://www.innovationstrategy.gc.ca>

Safe, fair, stable and productive workplaces

- <http://labour-travail.hrdc-drhc.gc.ca> .

Sustainable and effective program management and service delivery

- More detailed information on HRDC's Sustainable Development Strategy is available on <http://www.hrdc-drhc.gc.ca/dept/sds/sds.shtml> .

Other websites

- For more details refer to the EI website at http://www.hrdc-drhc.gc.ca/ae-ei/employment_insurance.shtml .
- For further information, see <http://www.hrdc-drhc.gc.ca/ae-ei/loi-law/eimar.shtml> .
- For further information, see <http://www.hrdc-drhc.gc.ca/ae-ei/loi-law/max2002.pdf> .
- For further information, see <http://www.hrdc-drhc.gc.ca/prp-prtc/> .
- Information about the Canada Pension Plan Investment Board can be found at: <http://www.cppib.ca> .
- More information relating to 2001-2002 is reported in the CPP financial statements which can be found in the *2001 Public Accounts of Canada*, Volume 1, Section 6, at <http://www.pwgsc.gc.ca/recgen/text/pub-acc-e.html> .
- The Nineteenth Actuarial Report can be found at <http://www.osfi-bsif.gc.ca/eng/office/actuarialreports/index.asp> .
- For further information on the Canada Student Loans Program, see http://www.hrdc-drhc.gc.ca/student_loans/ .

Questions and Public Enquiries

If you have questions about departmental programs and services, you may contact your nearest Human Resources Development Canada office listed in the Government of Canada pages of the telephone book or the HRDC Public Enquiries Centre.

To obtain HRDC publications, you may contact the Public Enquiries Centre (tel: 1-819-994-6313).

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