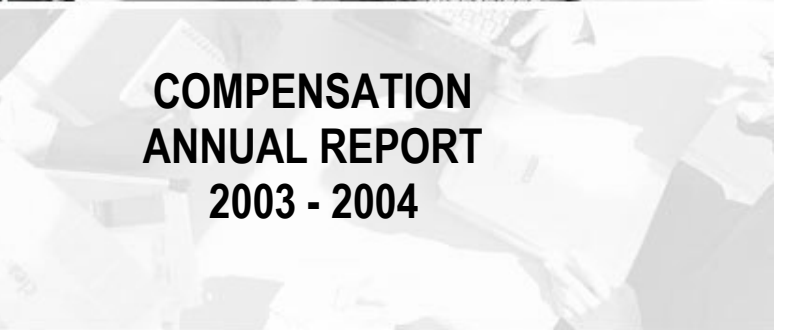




**COMPENSATION  
ANNUAL REPORT  
2003 - 2004**



Public Works and  
Government Services  
Canada

Travaux publics et  
Services gouvernementaux  
Canada

Canada

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Canada

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## *Highlights*

In 2003-2004, Public Works and Government Services Canada (PWGSC) Compensation persevered in its effective management of payroll benefits and pension systems providing cost effective, accurate and timely services to 102 departments, agencies and organizations representing over 291,000 employees, and 334,000 pensioners. More than 12.5 million payments were made to employees and pensioners. We continue to support client departments and agencies in the achievement of their objectives, as well as strive to remain leaders in the development and distribution of compensation products nationwide. Continued progress was made in the extensive development of Web-based self-service to employees and a series of Web pay and pension applications have been developed. These will be launched across the government once the implementation of a secure infrastructure is completed. Efforts to build and maintain a skilled and knowledgeable workforce continued to evolve with the approval of the Apprenticeship Program.

### **PWGSC Compensation has also:**

- continued preliminary analysis preceding the approval of the Pension Modernization Project, including the assessment of additional options and examination of feasibility to include the full delivery of Canadian Forces members pension administration. Preliminary project approval was received on May 3, 2004. The project is presently beginning with the Project Definition Phase;
- obtained Treasury Board (TB) approval to clean up data on the pension system. It is a three year project that has already resulted in the correction of data on over 11,000 accounts using an electronic process;
- aligned the pay modernization initiative with Treasury Board Secretariat's (TBS) Expenditure Review of the Corporate Administrative Shared Services;
- developed pay Web applications that will allow employees to view their pay stubs online, perform gross to net calculations under different career-related scenarios and start/amend/stop voluntary deductions;
- added a new feature to the existing Pension Benefits Calculator giving pension plan participants the ability to estimate their transfer value amount;
- increased the functionality of the Regional Pay System through implementation of the Master File Expansion initiative. This will provide the necessary capacity to meet the expanding requirements for compensation service delivery which will benefit all departments and agencies;
- established, in collaboration with the Canada Revenue Agency (CRA), a joint team of experts to commence the work required to move to a new service delivery model, whereby the pay of CRA employees will be administered using the CRA SAP system;

- 
- implemented a new deduction/remittance process within pay, as part of a transit pass pilot project in the National Capital Area (NCA), to allow pilot department employees to purchase municipal transit passes;
  - continued with the redesign of the organizational structure in the Superannuation, Pension Transition and Client Services Sector to improve efficiencies and client services;
  - reduced the backlog of elections in the Superannuation, Pension Transition and Client Services Sector by approximately 73.3%;
  - created 22 mailing lists that allow clients to keep themselves automatically and effortlessly informed of new and modified sector publications on a self-serve subscription basis; and
  - continued to prepare for the significant impending retirements by developing a formal recruitment and training program both in the Compensation Sector and the Superannuation, Pension Transition and Client Services Sector. The Compensation Sector's Apprenticeship Program obtained the PWGSC Deputy Minister's approval and will include internal and external recruits in fiscal year 2004-2005.

If you have any comments about this report or would like further information, please contact:

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## *A Few Words About PWGSC Compensation*

PWGSC Compensation administers government payroll, pension and insurance processes, including the development and maintenance of computer systems and a national service office infrastructure. This allows departments to administer pay and benefits in accordance with collective agreements and compensation policies established by TB and certain separate employers, as well as to fulfill the requirements of the *Public Service Superannuation Act* (PSSA).

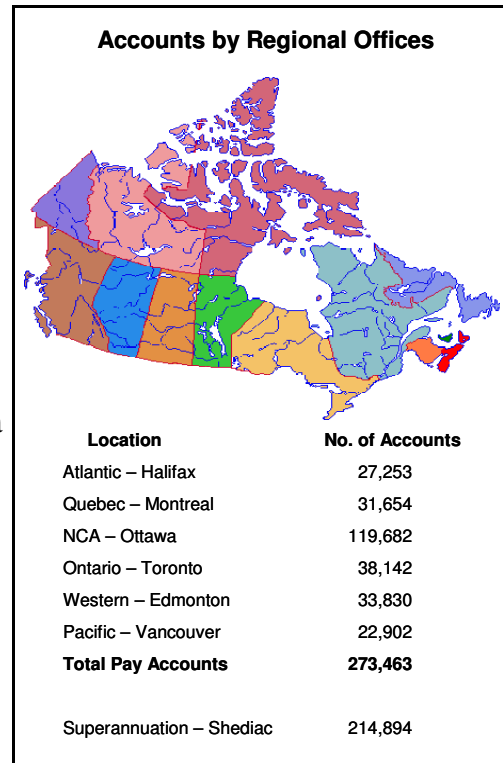
PWGSC Compensation also provides specialized pension services for the administration of superannuation plans to the Department of National Defense (DND), Members of Parliament, diplomatic services, lieutenant governors and judges. In October 2003, pension services for retired members of the Royal Canadian Mounted Police (RCMP) were outsourced to a private company.

Administration is provided for insurances, including the Public Service Health Care Plan (PSHCP), the Disability Insurance (DI) Plan, the Public Service Management Insurance Plan (PSMIP) - Life Insurance, the PSMIP - Long-term Disability (LTD), and the Dental Care Plan (DCP).

The Compensation Sector, which is a part of the Finance, Accounting, Banking, and Compensation Branch of PWGSC, directs these activities in partnership with PWGSC regional offices, the Superannuation, Pension Transition and Client Services Sector (located in Shediac, New Brunswick), and the Information Technology Services Branch (ITSB).

While ITSB manages the informatics aspect of compensation services, the Superannuation, Pension Transition and Client Services Sector is responsible for the delivery of the benefits provided under the PSSA. Regional pay offices provide pay, advisory and training services to compensation advisors across the country. Insurance administration activities and functions are divided between the Compensation Sector, the regional pay offices and the Superannuation, Pension Transition and Client Services Sector.

The number of pay accounts paid by means of the Regional Pay System increased by 0.7% in 2003-2004. On March 31, 2004, there were 273,463 pay accounts, an increase of 2,032 from March 31, 2003.



## Pay Facts

Payroll Clients		Annual Payments	
PSSRA I.I	69	Public Service	8.1 million
PSSRA I.II	21	RCMP	<u>0.5 million</u>
Others	<u>12</u>	<b>Total</b>	<b><u>8.6 million</u></b>
<b>Total</b>	<b><u>102</u></b>		
Accounts		Direct Deposit Participation Rates (eligible employees only)	
<b>Regional Pay System</b>			
PSSRA I.I	193,223	Public Service Pay	95.0%
PSSRA I.II	74,214	RCMP Pay	94.5%
Crown corporations and agencies	<u>6,026</u>		
<b>Total</b>	<b><u>273,463</u></b>		
<b>RCMP - Pay System</b>	<b><u>18,293</u></b>		
<ul style="list-style-type: none"> <li>• 4 different pay cycles</li> <li>• 403 types of entitlements</li> <li>• 313 types of deductions</li> </ul>		<ul style="list-style-type: none"> <li>• 25 collective agreements under TB</li> <li>• 120 collective agreements under separate employers</li> <li>• 150 remittance agencies</li> </ul>	

## Pension Facts

PSSA Clients			
102 Pay and Pension Clients 38 Pension-only Clients			
Annuitant Accounts		Benefits Paid	
PSSA - Shediac	214,894	PSSA	\$3.6 billion
RCMPSA (as of Sept. 2003)	12,641	RCMPSA (Apr. to Sept. 2003)	\$0.2 billion
CFSA	106,083	CFSA	\$2.0 billion
MPs and Judges	<u>1,112</u>	MPs and Judges	<u>\$0.1 billion</u>
<b>Total</b>	<b><u>334,730</u></b>	<b>Total</b>	<b><u>\$5.9 billion</u></b>
Annual Payments		Direct Deposit Participation Rates	
PSSA	2.60 million	PSSA	89.1%
RCMPSA (Apr. to Sept. 2003)	0.08 million	RCMPSA	94.0%
CFSA	1.30 million	CFSA	94.0%
MPs and Judges	<u>0.01 million</u>	MPRAA	91.0%
<b>Total</b>	<b><u>3.99 million</u></b>	Judges	98.4%

## Insurance Facts

Insurance Accounts		Dental Care Plan Inquiries	
PSHCP	412,385	Telephone calls	2,216
DI	205,660	Facsimiles and letters	<u>6,979</u>
PSMIP - Life Insurance	21,707	<b>Total</b>	<b><u>9,195</u></b>
PSMIP - LTD	34,507		
DCP	<u>330,526</u>		
<b>Total</b>	<b><u>1,004,785</u></b>		

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## ***PWGSC Compensation Activities***

The following is a summary statement of the objective, commitments, strategies and key activities of PWGSC Compensation.

### **Objective**

The objective of PWGSC Compensation is to provide payroll, benefits and pension plan administrative services. This includes: for departments and agencies - the administration of payroll, pension and health/disability insurance processes for public service employees and pensioners; for the RCMP - payroll services; for Canadian Forces retirees and the federal judiciary - pension services; and for current and former Members of Parliament - pay and pension services. Key commitments are to:

- promote and modernize a work environment that supports an expert, diverse and motivated workforce which supports and understands the concepts of integrity, values and ethics;
- enhance the delivery of integrated quality services and solutions, to meet departments' evolving needs in a more strategic manner;
- demonstrate excellence in the provision of services in support of the Government of Canada for the delivery of programs that enhance the quality of life for Canadians; and
- assure and enhance a sound financial framework based on modern comptrollership to ensure that our programs and services are planned, resourced, managed and delivered at a reasonable cost.



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## *Initiatives Common to Pay, Pension and Insurance*

### **Modernization of Pay and Pension Services and Systems**

The Compensation Modernization initiative is PWGSC's renewal of its pay and pension systems and business processes to ensure ongoing capability to provide compensation services for federal public servants and pensioners, and to provide greater flexibility and functionality in service delivery.

A study conducted in 2001-2002 identified that pay and pension services and systems should be evaluated separately: the Pay Modernization Project and Pension Modernization Project were defined to continue the work.

### **Pay Modernization Project**

The ongoing evaluation of potential options for pay modernization in the context of shared services/shared systems continued in 2003-2004. The project completed the planning and preparation for studies to provide additional information for the Pay Modernization business case options analysis, as requested by TBS. In addition, the Common Architecture Life Expectancy Assessment was completed in May 2004. The study examined the sustainability of the current pay system, particularly with regard to the application architecture.

The project is also collaborating with the Human Resources Council (HRC) in a study to explore options for a future compensation service delivery model based on a shared services delivery approach. In order to ensure that the PWGSC and HRC studies do not duplicate effort, the two organizations have elected to collaborate with each other's initiatives.

### **Pension Modernization Project**

The draft Pension Modernization business case and submission for preliminary project approval and funding were completed and sent to TBS for review in October 2002. Treasury Board requested that the Project explore the possibility of co-ordinating the PWGSC pension modernization initiative with the one that the DND was undertaking and to have PWGSC assume full delivery of the Canadian Armed Forces pension administration. Several options were developed and the associated cost estimates, impacts, risks and schedules were identified.

However, DND faced an immediate need to prepare for an additional pension plan for reserve forces in early 2005. In March 2004, TB decided that PWGSC would take on the full administration of all Canadian Forces pension plans once the new PWGSC core processes

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were implemented and functioning as expected. As well, DND would proceed with interim measures to accommodate the new plan on its current systems.

The Project completed the management plans required by the TB's Enhanced Management Framework, the business cases options analysis and TB submission seeking preliminary project approval. The TB submission was approved on May 3, 2004. The project can proceed with the Project Definition Phase.

## **Web Access to Information and Services**

The major focus of the Web Development Team during 2003-2004 was working on resolving the on-line security issues pertaining to the secure infrastructure. Development of proper security is required to allow the implementation of Compensation Web applications.

In March 2004, a pilot project allowed approximately 600 internal PWGSC users to access the Compensation Web applications secure site. These users were capable of performing a variety of functions such as viewing their Pension and Benefits Statement or viewing their pay stub and pension information.

For pension Web applications, a new feature was added to the existing Pension Benefits Calculator giving pension plan participants the ability to estimate their transfer value amount. In addition to this, enhancements to the Service Buyback Estimator took place, enabling plan participants to perform calculations for multiple periods of prior service. Plan participants can now calculate their benefits resulting from a division of pension benefits as a result of a relationship breakdown.

The Superannuation, Pension Transition and Client Services Sector continues to improve its Web site. The site receives over 100,000 hits per month. At present, this Web site does not allow for the exchange of personal information to and from the client. Two new applications are under construction. They are: access for pensioners to view their monthly statement and an application that will allow a pensioner to activate, change or stop certain voluntary deductions. The release of these two features is dependent on the establishment of a secure infrastructure.

PWGSC Compensation continued to work collaboratively with TBS in bringing more services to employees through the Web. Three applications were developed: the Pay Stub on the Web, which allows employees to view their pay statements online; the Pay Gross to Net Calculator, which allows them to estimate changes to their net pay resulting from promotions, changing jobs or participating in programs such as Leave With Income Averaging; Web Voluntary Deductions, under which employees can start/amend/stop deductions such as Co-op deductions and Canada Savings Bonds from their pay. PWGSC Compensation was also involved in the evaluation and testing of tools developed by the Compensation Renewal Team at TBS to be made available to the compensation community.

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## Compensation Sector Web Site

The PWGSC Compensation Sector Web site contains information concerning compensation products, including publications, directives, bulletins and communiqués. In 2003-2004, approximately 944 pages of information for compensation clients were published. This included 86 new pay rate information bulletins and 25 new compensation directives. Amendments were made to 98 pages of the Insurance Administration Manual, 194 pages of the Personal-Pay Input Manual, 172 pages of the Superannuation Administration Manual, 44 pages directly relating to the Master File Expansion - Regional Pay System Project, 50 forms, 21 broadcast messages, as well as essential Web publications that supported the sector's efforts relating to the Ontario blackout and the Atlantic hurricane.

Beyond these day-to-day activities, we continued the planning and implementation of the future of the Compensation Sector Web site. In all of our activities we continue to strive to make the Web site easier to use, search and maintain. Examples in 2003-2004 included:

- creation of an electronic mailing list for 22 publications that allows clients to keep themselves automatically and effortlessly informed of new and modified publications;
- creation of Web-based "Frequently Asked Questions" to help reduce client inquiries;
- addition of "Quick Search" to permit access more quickly to terms most frequently used on the Web site; and
- creation of a payment statement message information feature that will appear on employees' electronic pay stubs with a direct link to all relevant Information Notices to Employees on the Web site.

The popularity and success of this Web site is demonstrated by the average number of hits, which exceeded 861,000 per month in 2003-2004.

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## **Recruitment and Development Programs**

In order to maintain a group of competent experts in PWGSC Compensation, an external Post-secondary Recruitment Program was developed and implemented in 2001-2002, with a focus on employment equity groups. In 2003-2004, eight participants graduated from this program and were placed in permanent positions within the Compensation Sector. Having proved through this informal program that training and development can work well and benefit the organization, the Apprenticeship Program was developed. The program received the Deputy Minister's approval in March 2004, and replaces the informal Post-secondary Recruitment Program. The program includes an external, as well as an internal recruitment component, that provides current employees with an opportunity for development and advancement within the sector. Participants benefit from a three level advancement from AS-02 to AS-05 levels over a 48-month period.

The Superannuation, Pension Transition and Client Services Sector is proceeding with the development of a formal apprenticeship program for pension benefit advisors. Establishment of this apprenticeship program will situate the sector as an employer of choice, affording career growth opportunities for its employees within a structured framework based on defined competencies, various training and learning strategies coupled with assessment methods and tools.

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## *Pension and Insurance Initiatives*

### **Pension Services Delivery**

Contributing to the shared services initiative and PWGSC Compensation's commitment to provide best practice pension administration services to all plan members, pensioners, employers and sponsors is the Pension Service Delivery Project. The objective of this project is to improve the suite of pension services and to pursue a centralized delivery of pension services directly to employees of federal government departments, Crown corporations, agencies and separate employers who are subject to the PSSA. This initiative is not only about the efficiencies to be gained from centralizing in PWGSC pension services currently delivered by departments, but also about delivering those services in a new way: a business orientation that focuses on providing contributors with consistent, quality pension services from pension experts, maximizing the potential of self-service and automation, and implementing industry best practices.

During fiscal year 2003-2004, the project office was established. The new pension services delivery model that was developed and validated the previous year was used to analyze the implications of centralizing and improving the administration of the *Pension Benefits Division Act* and pension transfer agreements.

### **Pension Data Correction**

In preparation for the Pension Data Correction Project, an electronic process was developed to correct key data information on the Contributor System. The program ran for the first time in December 2003, correcting pension data for over 11,000 accounts without manual intervention from the compensation community. A TB submission requesting funding for Phase 1 of the project was approved on March 29, 2004. This phase consists of reviewing, analyzing and correcting key pension data on approximately 25,000 accounts that are failing the Public Service Pension Fund integrity test.

The Integrated Pension Data Repository is the primary tool to be used by the Pension Data Correction Project team to identify erroneous data. Further Integrated Pension Data Repository development and documentation was completed in 2003-2004, integrating pre and post pension reform data integrity tests into one process.

A new functionality was developed and implemented that will allow PWGSC to track and report on the quality status of the pension data via the pension system. This Pension Data Quality Status Indicator currently informs PWGSC when a data extract has taken place, if the data has changed since the last pension data integrity test and if an electronic data fix has taken place on the account. The plan is to populate this indicator to inform PWGSC if the pension data has passed, conditionally passed, or failed the integrity test.

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## **Crown Process Improvement**

A new Crown Data Collector process was developed and delivered in 2002-2003 to self-paid Crown corporations that manually report pension data to the Contributor System. During the past year, this process was enhanced to automate the taken on strength transaction process to update employee tombstone data on the system, and to automate the contribution remittance process. At the end of fiscal year 2003-2004, 28 Crown corporations had successfully submitted their pension data from January 2000 onward to the Contributor System. Further client follow-ups were conducted with the remaining Crown corporations and their pension data is expected by the end of 2004.

## **Election Payment Discrepancy Review**

The Election Payment Tracking Module (EPTM) was developed in 2002 to automate the monitoring and reconciliation of election payments on individual contributor accounts having prior service elections. Prior to this development, the recovery of election payments could only be confirmed through a series of manual business processes.

Following the implementation of the EPTM, an analysis of accounts with reported election payment defaults or overpayments occurred. The analysis uncovered not only election payment discrepancies, but also weaknesses in the EPTM itself. As a result of this analysis, an enhanced version of the EPTM has been constructed to correct the weaknesses. Implementation is due by the end of August 2004.

Two positive outcomes of the Election Payment Discrepancy Review in 2003-2004 were:

- the review and correction of over 1,575 accounts which the EPTM found to have discrepancies; and
- the introduction of new deduction codes that are used to track election payments more efficiently by distinguishing the pre pension reform April 2000 monies from the post pension reform monies.

## **Activity Based Management**

The Activity Based Management (ABM) Project was undertaken in fiscal year 2003-2004 to implement an integrated ABM approach in order to plan PSSA's resource requirements, establish budgets, monitor the actual use of resources, and align workload requirements with available resources.

In 2003-2004, an Activity Based Planning and Budgeting System was implemented in the Superannuation, Pension Transition and Client Services Sector and 90% of the implementation of an Activity Based Costing System to capture actual costs was completed.

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## *Pension and Insurance Activities*

In 2003-2004, PWGSC Compensation successfully performed the following key pension and insurance activities:

- Pension payment services were provided to 214,894 retired members under the PSSA; 106,083 retired members of the Canadian Armed Forces; 12,641 retired members of the RCMP until September 2003; 430 retired Members of Parliament; and 682 retired judges or their respective survivors.
- PWGSC Compensation Sector actively participated in the RCMP's outsourcing of pension activities to a private company, providing the outsourcer with the PWGSC Standard Payment System (SPS) interface facilities in October 2003. PWGSC continued to provide interim support to the RCMP during the period April to October 2003 by maintaining payment issue and accounting activities, while the interface to SPS was successfully implemented.
- Over 1,700 participants attended 281 pension training courses across the country. In addition, a total of 283 trainees also took advantage of self-taught courses.
- Expert advice was provided to compensation advisors in all matters affecting PSSA pension payments. The NCA Applications and Program Support unit answered over 6,500 pension related inquiries from compensation advisors across Canada.
- Efforts continued to finalize the withdrawal of the Canada Post Corporation and the Export Development Corporation from the PSSA plan.
- The rates for five insurance plans changed and all pay accounts were modified electronically for members of each plan.
- The Insurance Administration Manual was reviewed to bring it up to date and to reflect the changes made to the Insurance Training Program. There were 122 amendments processed for a total of 360 new pages published on the Web.
- A review of the Public Service Dental Care Plan and the Pensioner's Dental Services Plan process was completed and recommendations were made to TB, to enhance the compensation systems to facilitate its administration.
- The Superannuation, Pension Transition and Client Services Sector continued with the redesign of their organizational structure. This reorganization is expected to result in:
  - more response support to policy development and implementation,
  - better access to pension experts,
  - improved client service standards and performance,
  - improved efficiencies, and
  - reduced operational training needs.

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Plan sponsors, plan members and plan administrators will benefit from this investment in a more skillful workforce deployed in a more effective organization. Activities centered on HR and physical implementation reorganization initiatives. It is expected that reorganization will be fully implemented in 2004-2005.

Other major activities of 2003-2004 were:

- The Superannuation, Pension Transition and Client Services Sector's role in providing professional advice on the administration of the PSSA and participation in pre-retirement seminars for public servants resulted in 128 sessions being delivered nationally. This number should increase over the coming years as they expand services in the delivery of those seminars, while officially implementing a client liaison function.
- The implementation of toll-free client access to recipients of a Pension and Benefits Statement has resulted in the correction of data in members' accounts and in the increase of election activity to purchase past pensionable service. During fiscal year 2003-2004, executive level members have been provided with a unique toll-free number to support their inquiries.
- The incoming workload of elections for past service continued to grow at a rate of approximately two and one-half times traditional manner. The Superannuation, Pension Transition and Client Services Sector completed approximately 11,400 elections during the 2003-2004 fiscal year resulting in an approximate reduction of 73.3% of the election backlog as of the end of March 2004.



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## *Pension and Insurance: Looking Ahead to 2004-2005*

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The following summarizes the major initiatives scheduled for the next fiscal year:

- continue the modernization of pension services and systems by proceeding with the Project Definition Phase. This includes:
  - the procurement of a firm, or a consortium of firms, which will propose a technical solution and a business transformation plan;
  - a Mapping and Gap Analysis between requirements and the proposed solution; and
  - the architecture and design of the technical solution and business processes.

Once the solution is selected, completion of the development of transition and implementation plans and the preparation of the TB submission for Effective Project Approval will take place.

- continue with the Pension Services Delivery Project along two tracks:
  - The project team will work on the centralization and improvement of services provided for administering the *Pension Benefits Division Act* and pension transfer agreements. The team will also look at increasing the number of pre-retirement seminars delivered by PWGSC experts. The implementation of these improved pension services will include validation and testing by compensation experts as well as the development of service standards and client satisfaction mechanisms.
  - Work effort will concentrate on a submission to seek the funding necessary to proceed with the centralization of the remaining pension services over the next five years.
- expand the pilot for the Web-based Pension and Benefits Statement to include all PWGSC, Transport Canada and Statistics Canada employees;
- develop a self-service application to enable annuitants and their survivors to access their pension stub information on the Web and add/change/delete selected voluntary deductions;
- collect the remaining Crown corporations' pension data;
- commence the Pension Data Correction Project activities to correct 25,000 pension accounts with salary, service and/or contribution data errors;
- solidify the Integrated Pension Data Repository application and ensure its current functionality is synchronized with legacy system functionality in preparation for certification and roll-out to the Pension Data Correction Project team;
- institute a data exchange between the PSSA and the Quebec Pension Plan (QPP) systems to prevent overpayments to plan members receiving QPP disability benefits;

- 
- comply with the *Privacy Act* by developing a new Superannuation Master Index Retrieval System (SMIRS) common identifier to replace the social insurance number; and
  - pursue discussions with TB to address the recommendations for systems changes for the administration of the Public Service Dental Care Plan, as well as the Pensioners' Dental Services Plan.

### **Master File Expansion - Regional Pay System**

The Master File Expansion initiative objective was primarily to increase the system capacity in the handling of key components required for pay administration by expanding fields, redefining elements and streamlining internal processes used to process pay and contribution data. The project targeted elements such as those used in the reporting of deduction and entitlement data by removing the limitations through the redefinition of fields to alphanumeric values that will allow for over 1,000 deductions and/or entitlements to be defined in the system. These changes removed constraints experienced in the past by PWGSC Compensation when responding to collective agreements. This expansion provides PWGSC Compensation with the ability to respond to future pay administrative requirements in a less expensive and cumbersome manner.

The expansion benefits all departments and agencies by providing the necessary capacity to meet an ever growing set of requirements for compensation service delivery. It extends the life of the Regional Pay System by an additional number of years while the new Compensation Modernization initiative evolves. The project was fully implemented in March 2004.

### **Compensation Training Redesign**

PWGSC Compensation continued restructuring and redesigning paper-based self-instruction courses in order to capitalize on the potential of technology in order to empower learners with true self-directed learning. The classroom module of the Disability Insurance course includes a self-directed on-line component that allows a more effective information transfer and on-the-job performance support. In both on-line and classroom components of training, PWGSC Compensation is advocating a paradigm shift to a more performance-centred approach.

During fiscal year 2003-2004, work commenced on the following pay modules in order to convert them to Web-based courses: the on-line death-in-service, seasonal employment, dual remuneration/employment and specified period of employment pay modules.

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The following chart summarizes the number of training courses provided across the country.

**Pay and Insurance Training Courses Provided to Clients in 2003-2004**

<b>Region</b>	<b>Courses</b>	<b>Participants</b>
Atlantic	45	130
Quebec	22	91
NCA	178	723
Ontario	90	408
Western	59	452
Pacific	53	318
<b>Totals</b>	<b>447</b>	<b>2,122</b>

In addition, a total of 346 trainees took advantage of self-taught pay and insurance courses across the country.

## **Classification Reform**

As a first phase of Classification Reform, work commenced on the development of Web based data bases accessible to the compensation community that will assist them in the classification conversion process.

## **Partnerships**

Partnerships are used to support service delivery by leveraging the capabilities of external stakeholders, partners and other government organizations. The following describes some of the partnerships that evolved in 2003-2004.

### ***Client Interface Project***

The new interface between the Regional Pay System and the Peoplesoft Government of Canada, Human Resource Management System, used by many federal government departments was successfully developed. This interface allows for significant efficiencies for departments by eliminating duplicate data entry, increasing data reliability and quality, streamlining workflow and saving time for HR pay specialists and advisors, allowing them to focus on value added services rather than data management and correction.

Following the development of the interface, a pilot was conducted with Industry Canada that involved all stakeholders (PWGSC, Consulting and Audit Canada, Peoplesoft and the Cluster organization). The pilot phase with Industry Canada took place in October 2003 with an additional phase in February 2004 to incorporate changes requested by the users. The Client Interface Pilot was very successful and the user community provided excellent feedback. Minor changes were required and a final test run was completed with no outstanding issues. The next phase being developed addresses the individual departmental implementation plans.

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## ***Automation of Retroactive Revisions for Salary Ranges***

Further automation was made to the Regional Pay System to process retroactive payments based on different percentage scenarios to accommodate almost all collective agreements. More and more organizations are taking advantage of this process. In 2003-2004, the automatic process was utilized by eight organizations having different percentage scenarios.

## ***Transit Pass Program***

A transit pass pilot program for the NCA public servants of Transport Canada, Environment Canada, TBS, and Natural Resources Canada was successfully completed. Under the program, a transit pass is offered to employees at a reduced rate if purchased through payroll deductions. Preparations are currently underway to expand the transit pass deduction offer to all departments in the NCA in the fall of 2004.

## ***Statistics Canada***

In March 2004, working in partnership with Statistics Canada (STC), PWGSC implemented a project that automated the interface for the input of compensation data, from the STC human resources system, into the Regional Pay System. This eliminates the need to enter the same data twice.

## ***Canada Revenue Agency***

The Canada Revenue Agency (CRA) is in the midst of a significant administrative services transformation.

It is CRA's objective to eliminate the current payroll interface between the PWGSC and CRA systems, to move to a less customized version of SAP, their corporate administrative system, and to expand their payroll capacity to a full end-to-end service within their own technical environment. To that end, a joint project between CRA and PWGSC was established to develop a net payroll solution on the CRA infrastructure. PWGSC will continue as the payroll provider and will administer pay for CRA using the CRA infrastructure. This will include establishing and maintaining payroll related processes and procedures for pension, insurance, Government of Canada accounting and remittance, and other cross-employer programs, including year-end processing (fiscal and calendar). It is also CRA's intent to maintain PWGSC's services for payment issue using the Standard Payment System.

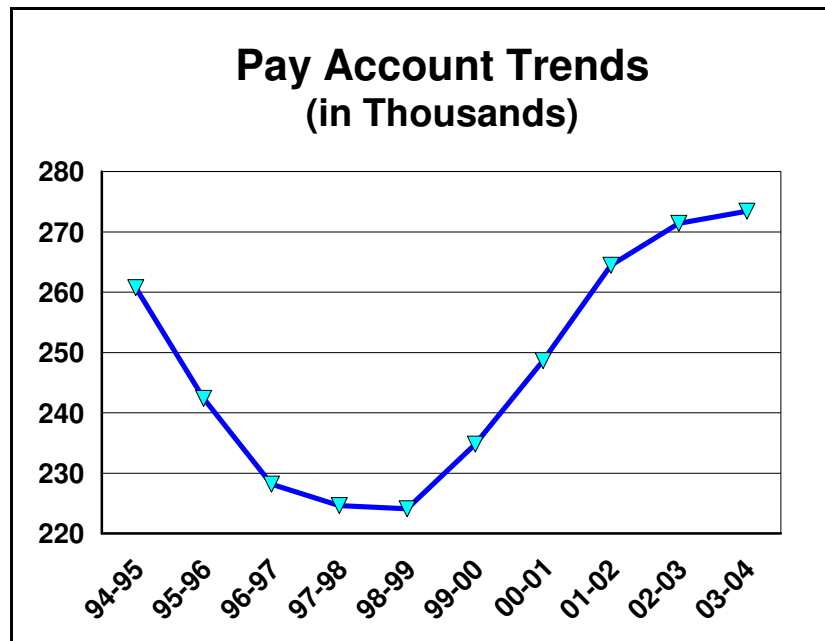
The project is currently in the business requirements definition phase. The current project delivery schedule for implementation is late 2005.

## Pay Activities

In 2003-2004, PWGSC Compensation delivered the following key pay activities:

- Payments were issued on behalf of 102 clients (departments whose employer is Treasury Board), separate employers (also considered public service), Crown corporations and the RCMP. The number of payments has decreased by 200,000, or 2% from fiscal year 2002-2003.
- Biweekly, monthly or supplementary payments were issued in respect to 403 types of entitlements (signing bonus, isolated post allowance, bilingual bonus, etc.), on which 313 types of deductions (union, insurance, additional tax, etc.) were made and remitted to 150 organizations (unions, agencies, provincial governments, credit unions, etc.).

The following chart depicts the historical trend of pay accounts administered under the Regional Pay System since 1994-95 (does not include RCMP).



- PWGSC Compensation processed 2,051 pay runs to issue these payments triggered by a total of 9.4 million pay transactions.
- There were approximately 63,000 requests for pay-related information and guidance from clients.

The following table indicates the average number of accounts handled by departmental compensation advisors and PWGSC pay and pension agents.

<b>Account Per Departmental Compensation Advisor/PWGSC Pay and Pension Agent</b>					
<b>Year</b>	<b>Accounts</b>	<b>Compensation Advisors</b>	<b>Accounts per Advisor</b>	<b>PWGSC Pay and Pension Agents</b>	<b>Accounts per Pay and Pension Agent</b>
2000	234,811	1,499	157	92	2,552
2001	248,699	1,489	167	92	2,703
2002	264,500	1,689	157	101	2,619
2003	271,431	1,707	159	102	2,661
2004	273,463	1,621	169	101	2,708

- In addition, 124 technical system updates were released for production to:
  - meet legislative requirements (new pay allowances, changes to pension plan regulations, etc.);
  - improve regular system maintenance (tax year end, new year updates, etc.);
  - make system enhancements (Master File Expansion, pension transfer agreement, retirement compensation arrangements); and
  - introduce Web functionality (for regional pay - Pay Stub on the Web, Voluntary Deductions, Gross to Net, for pensions - Pension Stub on the Web).
- PWGSC Compensation continued to provide expertise and training in pay and statutory deductions to ensure the implementation of compensation-related legislation and policies. The Regional Advisory and Training Network, comprised of analysts from headquarters and the regional offices, harmonize the dissemination of compensation policy, procedures, and ensure uniformity of compensation practices throughout the country. Regional communication with clients is accomplished through client inquiries, notifications (directives, bulletins and communiqués), and on-line broadcast messages.
- A continued emphasis was placed on communications with compensation clients and providing them with the necessary tools to be accurate and consistent in the application of compensation policies and procedures. Most publications issued are available at the following Compensation Sector Web site address:  
<http://www.compensation.gc.ca>
- Following the publication of the Client Service Survey in September 2003, PWGSC Compensation held client consultations. Regional pay office (RPO) managers have held meetings with select clients and provided presentations on the established service levels to clients in an effort to increase awareness. Some RPO managers have addressed

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communication problems and concerns at staff meetings where employees were provided with instructions on the effective use of voice mail and e-mail. Other RPO managers have conducted client visits and have forwarded recommendations resulting from meetings to headquarters.



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## *Pay: Looking Ahead to 2004-2005*

The upcoming fiscal year will bring new challenges to PWGSC Compensation and allow for the completion of many important initiatives. Below are some of the key activities that will define PWGSC Compensation for the next fiscal year:

- As part of the modernization of pay services and systems, and in conjunction with the government's Corporate Administration Shared Services initiative, the following will be undertaken:
  - the Government of Canada HR/Pay Investment Analysis Study will focus on evaluating current government investments in HR and pay applications and their impacts on both the pay environment and potential solutions for Pay Modernization. The study is expected to be completed in the fall of 2004;
  - the Pay Shared Services Study will focus on evaluating potential solutions for consolidating government pay functions within a shared services delivery model. The study completion is scheduled for September 2004;
  - the Pay Shared Systems Study will also focus on the analysis of the feasibility and impacts of having pay functionality integrated with a commercial off-the-shelf software (COTS) HR product or whether the pay functionality is better suited to integration with a financial COTS product. The study is expected to be completed in July 2004;
  - completion of the TB submission for preliminary project approval; and
  - development of the definition of business requirements and rules.
- A Web application is currently being developed that will allow the compensation advisors to have access to the following self-serve Web applications that have been developed for their employees: Statement of Earnings (Pay Stub), Gross to Net Regular Pay Estimate Calculator and Pension and Benefits Statement. It will also include online access to payroll registers for compensation advisors and pay office staff early in the 2005-2006 fiscal year, which will reduce paper and physical deliveries of registers and improve accessibility for users. Implementation of the Compensation Web application is conditional pending development and installation of the ITSB Public Key Infrastructure-Truepass secured mainframe infrastructure in May 2005.
- Several data bases are also being developed as the first phase of the classification reform. These will be made accessible via a Web application to members of the compensation community and will facilitate their day to day activities. The Web application will allow a search of the information found on the data bases and will decrease the time required to change Regional Pay System control data such as classification/level, bargaining unit designator codes and rates of pay. Compensation advisors will have access to old and new rates of pay, entitlement codes, salary bands, etc. to aid them in the classification conversion

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process. Classification reform will make it possible to implement collective agreements faster and at less cost.

- It is anticipated that the first conversion related to classification reform will be implemented in 2004-2005 as part of the renewal of the Foreign Service collective agreement. System changes will be introduced to address the conversion process and a bridge will be built between the legacy system control files and the data bases developed as part of the first phase to map the conversion from the old classifications and rates of pay to the new ones.
- Working in partnership with CRA, PWGSC will continue to work on the new pay delivery model.
- A major initiative will be undertaken to address the issues resulting from two court decisions to ensure that union affiliations are adequately reported in the pay system so that remittances are made to the right organizations.
- As a result of new legislation, major changes to the Regional Pay System will be required to address the new dispositions related to the accounting and remittance of union dues for the proposed exclusions cases.