



Public Works and  
Government Services  
Canada

Travaux publics et  
Services gouvernementaux  
Canada



# ***Compensation Annual Report 2002-2003***



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Canada

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## *Highlights*

In 2002-2003, Public Works and Government Services Canada (PWGSC) Compensation continued the effective management of payroll benefits and pension systems providing cost effective, accurate and timely services to client departments, employees, and pensioners. We supported client departments and agencies in the achievement of their objectives through the strengthening of collaborative relationships that focus on customizing and integrating compensation services and processes, and the modernization of values-based human resources management. Significant progress was made in the extensive development of Web-based self service to employees. Two important client surveys were successfully completed and a major electronic interface between the central pay system and selected departmental human resource systems was developed. Efforts to build and maintain a skilled and knowledgeable workforce targeted to visible minorities continued to evolve.

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

- continued the Pay and Pension Modernization initiative by analyzing compensation services in other large public and private organizations to identify best practices and future trends in service delivery methods and technologies. The adoption of Commercial-Off-The-Shelf (COTS) applications in similar organizations was also investigated in order to identify implementation strategies, costs, impacts, risks, and lessons learned. The data gathered was then incorporated into the pay and pension business case analyses. Further modernization activities included the development of draft business models for the future services, the definition of both business and technical requirements to be met by the new systems, and the preparation of draft Treasury Board submissions for preliminary project approval;
- enhanced the “MS Excel” workbook for Crown corporation clients to further automate the submission of pension data to the Superannuation Directorate;
- faced the issue of significant impending retirements by the continued development of recruits hired in 2001-2002, through the Post-secondary Recruitment Program and the hiring of another six new recruits in 2002-2003;
- continued to provide information to departmental compensation advisors by responding to 571 inquiries regarding pay, pension, insurance and the Compensation Sector Web site in general and by publishing 26 new compensation directives and 135 new pay rate implementation bulletins;
- continued the development of the Web-based Pension Benefits Calculator by adding a Service Buyback Estimator and Pay Gross to Net Calculator in July and August 2002;



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- continued the development of the “Your Statement of Pension and Group Benefit Plans” data base that will provide electronic salary, service and insurance data to members. Access to the data base will be given once the security infrastructure to protect private information is in place;
  - issued paper versions of “Your Statement of Pension and Group Benefit Plans” to 249,000 pension plan participants in 85 departments and 47 Crown corporations;
  - developed a Web-enabled pay stub that will provide employees with a two year display of their personal pay stub once the security infrastructure to protect private information is in place;
  - initiated the development of an employee Pay Self-service Voluntary Deduction Web application;
  - 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;
  - automated the retroactivity process to calculate percentage-based salary increases; and
  - redesigned the compensation insurance training program in line with the compensation on-line and classroom learning strategy. The Disability Insurance Plan modules were piloted with 15 departments in the NCA.

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

Tom Meyers  
Director, Pay Operations and Service Management Directorate  
Compensation Sector  
Public Works and Government Services Canada  
1451 Coldrey Avenue  
Ottawa, Ontario K1A 0S5



## *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 the Treasury Board (TB) and certain separate employers as well as to fulfill the requirements of the *Public Service Superannuation Act* (PSSA).

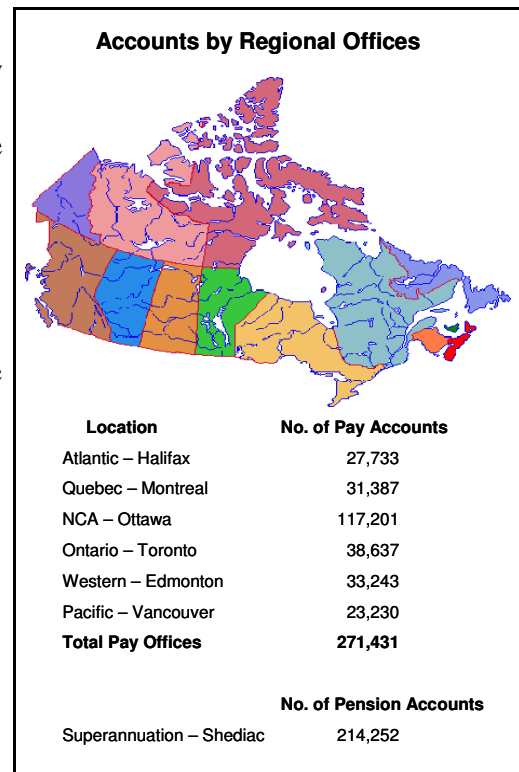
PWGSC Compensation also provides specialized pension services for the administration of superannuation plans to the Department of National Defense (DND), the Royal Canadian Mounted Police (RCMP), Members of Parliament, diplomatic services, lieutenant governors and judges.

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

The Compensation Sector, which is a part of the Accounting, Banking and Compensation (ABC) Branch of PWGSC, directs these activities in partnership with PWGSC regional offices, the Superannuation Directorate (located in Shediac, New Brunswick), Information Technology Services (ITS) and Application Management Services (AMS) of the Operations Branch.

While ITS and AMS manage the informatics aspect of compensation services, the Superannuation Directorate 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 Directorate.

Due to the current government-wide growth in public service employment, the number of pay accounts paid by means of the Regional Pay System has continued to increase. On March 31, 2003, there were 271,431 pay accounts in the Regional Pay System, an increase of 6,931 (2.6 %) from March 31, 2002.





## Pay Facts

Payroll Clients		Annual Payments	
PSSRA I.I	66	Public Service	8.3 million
PSSRA I.II	21	RCMP	<u>0.5 million</u>
Other	<u>13</u>	<b>Total</b>	<b><u>8.8 million</u></b>
<b>Total</b>	<b><u>100</u></b>		
Accounts		Direct Deposit Participation Rates (eligible employees only)	
<b><u>Regional Pay System</u></b>			
PSSRA I.I	190,419	Public Service Pay	92.5%
PSSRA I.II	75,039	RCMP Pay	94.0%
Crown corporations and agencies	<u>5,973</u>		
<b>Total</b>	<b><u>271,431</u></b>		
<b>RCMP - Pay System</b>	<b><u>17,941</u></b>		
<ul style="list-style-type: none"> <li>• 4 different pay cycles</li> <li>• 399 types of entitlements</li> <li>• 336 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			
100 Pay and Pension Clients 43 Pension-only Clients			
Annuitant Accounts		Benefits Paid	
PSSA - Shediac	214,252	PSSA	\$3.5 billion
RCMPSA	12,343	RCMPSA	\$0.3 billion
CFSA	105,291	CFSA	\$1.9 billion
MPs and Judges	<u>1,108</u>	MPs and Judges	<u>\$0.1 billion</u>
<b>Total</b>	<b><u>332,994</u></b>	<b>Total</b>	<b><u>\$5.8 billion</u></b>
Annual Payments		Direct Deposit Participation Rates	
PSSA	2.60 million	PSSA	88.7%
RCMPSA	0.16 million	RCMPSA	90.5%
CFSA	1.30 million	CFSA	92.4%
MPs and Judges	<u>0.01 million</u>	MPRAA	90.5%
<b>Total</b>	<b><u>4.07 million</u></b>	Judges	96.3%

## Insurance Facts

Insurance Accounts		Dental Care Plan Inquiries	
PSHCP	408,852	Telephone calls	2,616
DI	203,206	Facsimiles and letters	<u>8,031</u>
PSMIP - Life Insurance	21,461	<b>Total</b>	<b><u>10,647</u></b>
PSMIP - Long-term Disability	33,848		
DCP	<u>323,431</u>		
<b>Total</b>	<b><u>990,798</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. These are detailed in PWGSC's Report on Plans and Priorities, the PWGSC Business Plan and the ABC 2002-2003 operational plans.

### **Objective**

The objective of PWGSC Compensation is to provide payroll, benefits and pension plan administrative services for departments and agencies by administering payroll, pension and health/disability insurance processes for public service employees and pensioners and to provide pension services to the Canadian Forces and RCMP pension plan members. Commitments are to:

- enhance the delivery of integrated quality services and solutions, to meet clients' evolving needs in a more strategic manner;
- promote and modernize a work environment that supports an expert, diverse and motivated workforce; and
- 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.





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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 preliminary analysis phase of the Pay Modernization Project was conducted from September 2000 to March 2003. Key 2002-2003 activities included:

- development of a Future Client Service Delivery Model;
- validation of the model through consultations with various stakeholders;
- development of the draft TB Submission, a business case, and several supporting documents to obtain TB's preliminary project approval and funding; and
- extensive research on interfaces between the future pay system and departmental human resources systems.

A draft of the Future Client Service Delivery Model was developed and cross-country visits were initiated to validate the model and foster the support of regional pay office managers and chiefs, Association of Compensation Managers, and heads of human resources of client departments in the regions. As well, focus group consultations were scheduled with managers, employees and separate employers.

The business process review, a major component of the project, yielded approximately 135 business scope statements. These scope statements will serve as the basis for the development of detailed business requirements, which will include both present and future needs.

### **Pension Modernization Project**

The Pension Modernization business case and submission for preliminary project approval and funding were completed and sent to Treasury Board Secretariat (TBS) for review in October 2002. The project has been delayed because of the requirement to co-ordinate project activities with the Department of National Defense (DND) pension modernization initiative.



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After receiving preliminary project approval, the projects will move to the definition phase that will include procurement and planning for system development, implementation and business transformation.

The Pension Modernization initiative continues to research and evaluate pension services in large public and private organizations in order to determine “best practices” and future trends in service delivery methods and technologies that may be adopted by PWGSC Compensation.

Finally, the Information Technology Institute of the National Research Council has been engaged to advise, assist and review Pay and Pension Modernization Project deliverables. Research encompasses COTS-based systems, software quality and empirical approaches to the study of software engineering. These efforts support project processes from initiation to first delivery, product evolution and maintenance.

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

Compensation Web applications will provide employee access to their personal data 24/7, as well as enable employees to conduct certain transactions on their own behalf.

In 2002-2003, construction of the Pay Stub on the Web was completed. Pay Stub on the Web is an electronic record of all current and previous year regular and supplementary statements of earnings (pay stubs) for an individual employee. This new application will also give employees the option to access their financial institutions through Pay Stub on the Web. However, accessing personal information or retrieving data from the pay and pension systems for use in the Web applications require a security infrastructure incorporating Public Key Infrastructure (PKI) prior to production. Therefore, only when security implementation is completed, will employees be given access to their pay stub.

The design and construction of additional functionality to the Pay Stub on the Web, Pay Calculators and Voluntary Deductions, enrollment and amendment, were initiated and are scheduled for production in 2003-2004.

The Pay Calculators will provide an estimate of net regular pay if certain changes were to occur as per input by the employee such as, a change in salary or entitlements, leave without pay, leave with income averaging, pre-retirement leave or the recovery of a gross overpayment.

The Voluntary Deductions functionality will allow employees to start or change certain deductions such as voluntary increases to their income tax deductions, and Canada Savings Bond deductions. The input entered on the pay stub will feed directly to the Regional Pay System without intervention by a compensation specialist.

For Pension Web applications, in addition to the Web-based Pension Benefits Calculator implemented in 2001-2002, a Service Buyback Estimator and a Net Pension Calculator were implemented in July and August 2002, respectively. The Service Buyback Estimator gives



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individuals the opportunity to estimate the costs to purchase prior pensionable service, while the Net Pension Calculator allows users to estimate their net pension amount based on geographic location (to calculate income tax deductions) and voluntary deductions selected.

A comprehensive survey was conducted from December 2002 to March 2003 regarding the Pension Benefits Web site. The purpose of the survey was to ensure that the site meets the needs and expectations of the pension plan participants. Aside from the feedback option available on the Web site, it was the first opportunity to communicate directly with users by asking them specific questions about the tools and information provided. Many respondents provided valuable information regarding the Pension Benefits Web site.

The Superannuation Directorate in Shediac, New Brunswick continues to improve its Web site and improve links. The site receives over 100,000 hits per month. At present, the Superannuation Web site does not have security to allow for the exchange of personal information to and from the client. Future development will be limited until a security infrastructure is in place. However, there are two new applications under construction pending the implementation of security. These include secure access for pensioners to view their monthly statement and an application that will allow a pensioner to activate, change or stop some voluntary deductions.

PWGSC Compensation continued to work collaboratively with TBS in bringing more services to employees through the Web. As well as chairing the Benefits, Pay and Pension Domain Committee for the e-HR Web site, and ensuring effective Web linkages to compensation material, 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.

## **Compensation Sector Web Site**

The PWGSC Compensation Web site contains information concerning Compensation's products, including publications, directives, bulletins and communiqués. In 2002-2003, approximately 299 new pages of information for Compensation clients were published. This included 135 new pay rate information bulletins and 26 new compensation directives. Amendments were made to 454 pages of the Insurance Administration Manual.

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 2002-2003 included:

- creation of Pay, Pension and Insurance topic pages;
- additional navigation tools for sorting pay rate information bulletins by department and bargaining unit;
- access to regional broadcast messages;
- links to specific information and services such as frequently requested forms and sections of manuals; and



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- an additional link page for employment opportunities and new Compensation employees.

The popularity and success of this Web site are demonstrated by the average number of hits, which exceeded 660,000 per month in 2002-2003. Additional links may be quickly added as more information and services are included.

## **Recruitment Program and Development**

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 2002-2003, six new recruits were hired (for a total of fourteen) and were given assignments in pay and pension services while receiving training, coaching and mentoring.

In addition to the Post-secondary Recruitment Program, the development of a formal Apprenticeship Program commenced in 2002-2003. The Apprenticeship Program will be a major component of the Compensation Sector succession planning. Its primary objective will be to retain newly trained employees through a progressive career path and provide an opportunity for existing staff members.



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## *Pension and Insurance Initiatives*

### **Pension Services Delivery**

PWGSC Compensation's commitment to deliver pension services more efficiently to Canadians is evident in the ongoing activities that continue as part of the Pension Modernization initiative. In line with this commitment, and as mandated by TBS with the endorsement of the Human Resources Council, PWGSC Compensation initiated the Pension Services Delivery Project and the following activities were completed:

- The current pension services delivery model was defined with a cross-section of compensation experts in order to determine the time spent on the delivery of the pension services.
- A prototype for a new pension services delivery model for the members of the PSSA was developed following industry best practices.
- The project team validated the prototype through focus group sessions with over 1,400 plan members, compensation specialists and PWGSC Compensation experts across Canada.
- The findings, including stakeholder concerns, were presented to TBS and the Human Resources Council in March 2003, where PWGSC was mandated to proceed with the progressive implementation of the new pension services delivery model.

### **Communications**

A complete revision and update of the Superannuation Administration Manual (SAM) has been successfully completed and the manual is now available on the Compensation Web site. A total of 12 amendments were made to the SAM to support, clarify or correct various policy statements and to add new sections to describe and explain new legislation. In addition, 25 notifications were issued in the form of advices to Crown corporations, SAM special bulletins, broadcast messages and compensation communiqués.

### **Your Statement of Pension and Group Benefit Plans**

As a precursor to "Your Statement of Pension and Group Benefit Plans" becoming available on the Web, PWGSC Compensation issued over 249,000 statements in 85 departments and 47 Crown corporations. These statements provided pension plan members with detailed information related to pension benefit entitlements based on complete service history and the salary data for the best consecutive five years. Once the PKI security infrastructure is implemented, pension plan participants will be provided access to their pension information that includes an electronic printable version of the "Your Statement of Pension and Group Benefit Plans" booklet.



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## **Data Integrity - Preliminary Analysis**

In order to ensure the accuracy of pensionable salary, service and contributions data, an electronic data integrity process was developed and implemented in April 2001, of which an improved version was put into production in January 2002. Based on the results of a pilot conducted to determine the integrity of historical contributor data (pre-April 2000), a historical integrity test process was also developed and implemented in October 2002.

Both data integrity tests (pre and post-April 2000) were incorporated into one process in order to streamline the pension data correction activities and to provide a report with the plan members' entire employment history. Functional specifications were also developed to flag the inaccurate data on the Contributor System. The process of correcting data identified as having errors (salary, service and contributions) is planned to begin in late 2003-2004.

## **Interface with Crown Corporations Systems**

In order to improve the pension data capture from Crown corporations, a new process supported by improved electronic interfaces was developed during the past year. The training for Crown corporation clients on the "MS Excel" workbook was completed this year and clients were supported until they completed their backlogged pension data. The process was also enhanced to include other components such as taken-on-strength, tombstone data and remittance process simplification. A second version of the workbook was completed and related training provided. Crown corporation clients will be converted to the new version in 2003-2004, once clients are satisfied with the new interface.

## **Financial Controls**

A new Election Payment Tracking Module (EPTM) was developed to monitor the recovery of election payments electronically. Prior to this development, the recovery of election payments could only be confirmed through a series of business processes requested when an employee retires from the public service (return of contributions, retirement). Following the implementation of the EPTM, the reconciliation of election payments is now automated.

The EPTM can reconcile election payments on an account basis. The module can identify and report debts as well as reconcile accounts whose debt has been cleared. Since the implementation of this new module, we can report on the election payment recovery status. Following an analysis of the accounts reported as having discrepancies, the module's capabilities were assessed and a variety of new business processes were developed to either update inaccurate election tracking data or facilitate the recovery of debts and refunds of overpayments.



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## *Pension and Insurance Activities*

In 2002-2003, PWGSC Compensation successfully performed the following key pension and insurance activities:

- Pension payment services were provided to 214,252 retired members under the PSSA; 105,291 retired members of the Canadian Armed Forces; 12,343 retired members of the RCMP; 437 retired Members of Parliament; and 671 retired judges, or their respective survivors.
- Over 2000 participants attended 302 pension training courses across the country in 2002-2003. In addition, a total of 354 trainees also took advantage of self-taught courses.
- The majority of the PWGSC forms have been converted to the format required to make them available on the Electronic Forms Application, which eliminated the need to print and store hard copy forms.
- Expert advice was provided to compensation advisors in all matters affecting PSSA pension payments. The NCA Applications Program Support unit answered over 7,000 pension related inquiries from compensation advisors across Canada.
- Working closely with DND, PWGSC established a *Canadian Forces Superannuation Act* (CFSA) annuitant Web site for service rendered by this department, which was completed in March 2003. The site provides Canadian Forces pensioners with pension related information. The “About Us”, “What’s New”, “Calendar of Events” and “Frequently Asked Questions” are some of the different pages available through the site.
- The organization providing service to CFSA annuitants and RCMPSPA pension plan members upgraded to a more modern telephone system. The menu-based system featuring pre-recorded voice prompts, provides immediate information, and redirects callers to appropriate organizations leaving more time for agents to answer pension related inquiries.
- PWGSC Compensation processed over 6,000 unplanned CFSA pension adjustments in a timely manner as a result of general pay increases for the military. Some of these adjustments were retroactive to April 1999.
- PWGSC Compensation participated actively in the RCMP’s outsourcing of the pension activities to a private company, participating in Joint Application Development sessions, developing transition, contingency and residual activity plans. PWGSC contributed to a smooth transfer of the new toll-free telephone number and the hard cover files to the outsourcer.
- Efforts continued to finalize the withdrawal of the Canada Post Corporation (CPC) and the Export Development Corporation (EDC) from the PSSA plan. A PWGSC-sponsored independent audit of the valuation of assets due was completed in July 2002. The asset



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transfer to the CPC pension plan was completed on schedule. EDC withdrew from the PSSA plan effective April 24, 2000: the final transfer of assets to the EDC pension plan will occur once Treasury Board regulations related to the transfer of funds under the *Retirement Compensation Act* are issued.

- In 2002-2003, the rates of 15 insurance plans have 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. In 2002-2003, there were 229 amendments processed for a total of 454 new pages published on the Web.

The Superannuation Directorate commenced a redesign of their organizational structure that is expected to result in more responsive support to policy development and implementation, better access to pension experts, improved client service standards and performance, improved efficiencies, and reduced operational training needs. Plan sponsors, plan members and plan administration will benefit from this investment in a more skillful workforce deployed in a more effective organization.

Other major activities of 2002-2003 were:

- The payment of more than 25,000 retroactive pension revisions arising from the pay equity initiative.
- The transfer of more than \$7 billion from the PSSA account to the Canada Post pension plan on behalf of 55,000 members.
- The Superannuation Directorate's role in providing professional advice on the administration of the PSSA and participation in pre-retirement seminars for public servants resulted in 66 sessions being delivered nationally.
- Toll-free client access to recipients of employee benefit statements. This has resulted in the correction of data in a member's account and increased election activity to purchase past pensionable service.
- Incoming workload of elections for past service increased from an historical average of approximately 4,000 to over 10,500 in 2002-2003. The Superannuation Directorate was able to complete over 6,700 elections.

## **Contributor System Enhancements**

To facilitate the correction process for contributor accounts in the Pension Contributor System, a transaction input process was developed and implemented. The new feature streamlines the process to maintain contributor accounts. As well, new processes were developed and implemented to manage rejected accounts. The changes benefit all clients, both departments and contributors, by improving the efficiency of the account management process, resulting in more accurate and timely information.





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## ***Pension and Insurance: Looking Ahead to 2003-2004***

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

- Continue the modernization of pension service and systems including:
  - the analysis and costing of various options of integrating PWGSC and DND projects,
  - the completion of detailed definition of business requirements and rules, and
  - the release of a draft and final “Request For Proposal” for the procurement of a COTS-based solution, and the evaluation of bids and the selection of a solution.
- Provide “Your Statement of Pension and Group Benefit Plans” electronically (salary, service and insurance data) to pension plan members.
- Collect the remaining Crown corporations data through the improved process and electronic interface.
- Pursue approval and funding for the Pension Data Correction Project to correct pension account with salary, service and/or contribution data errors.
- Establish a contact with the Quebec Pension Plan (QPP) administration to discuss the possibility of implementing a data exchange process between the PSSA and the QPP systems to identify early recipients of QPP disability benefits.
- Support the RCMP Pension Outsourcing Project until arrangements are made for the new service provider to issue pension payments via the Standard Payment System. Post accounting support will also be provided once full outsourcing is accomplished.
- Support the Pension Modernization activities for the Canadian Forces Pension Product through the development of an electronic interface between the DND and Canadian Forces Annuitant systems.



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## **Pension Services Delivery**

The project to introduce a new model for the delivery of pension services to members of the PSSA will continue throughout 2003-2004. The key goal of the project is to provide plan members with access to a variety of self-serve pension services in a centralized centre of expertise approach.

During the year, the centralization of the process to administer the *Pension Benefits Division Act* will occur first, followed by pre-retirement seminars and the piloting of pension transfer agreement services.

Other services to be examined in the short-term include pre-employment services and plan inquiry services. For each of these services, business process reviews will be conducted to improve the delivery of these services.

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.



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## *Pay Initiatives*

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

The Regional Pay System Master File Expansion (MFE) initiative is directed at meeting user requirements of the compensation community that can no longer be effectively supported by the existing Regional Pay System. Collective bargaining and legislative requirements have become more complex. Meeting client needs, including those of separate employers, becomes increasingly more difficult as compensation delivery becomes more complex. This initiative provides for increased capacity and flexibility in the Regional Pay System through the addition, expansion and streamlining of the data elements used by the Regional Pay System for pay and pension administration. The MFE project will benefit all departments and agencies by providing the necessary capacity to meet an ever growing set of requirements for compensation service delivery. It will extend the life of the Regional Pay System by an additional number of years while the new Compensation Modernization initiative evolves. The project is being implemented in two phases: the first phase was implemented in June 2003, and the final phase will be implemented in April 2004.

### **Compensation Training Redesign**

PWGSC Compensation continues to be recognized as a leader in using innovative Web-based training programs. The complexity of the current compensation work environment, high employee turnover and current recruitment strategies confirmed the need to modernize the training program for departmental compensation advisors, allowing trainees to learn more effectively and reducing the cost of training.

PWGSC Compensation commenced 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. Classroom modules will include a self-directed on-line component that will allow 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 2002-2003, the Disability Insurance Plan on-line and classroom modules were piloted with 15 client departments in the NCA. The development of the on-line death-in-service, seasonal employment, dual remuneration/employment and specified period of employment pay modules were completed. The Disability Insurance Plan modules, as well as the four pay modules, are scheduled to be released to production in 2003-2004.



In response to requirements identified by the Canada Customs and Revenue Agency (CCRA), the Beginner's On-line Pay Course was adapted to reflect the particularities of their departmental system. It will be delivered early in the next fiscal year and adapted to meet the needs of other non on-line clients as required.

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

### **Training Courses Provided to Clients in 2002-2003**

<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>

## **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 2002-2003.

### ***Canada Savings Bond Campaign Pilot***

The Bank of Canada (BoC) continued to expand the Canada Savings Bonds (CSB) on-line electronic campaign. For the 2002-2003 campaign, the BoC provided the input from their electronic application to the PWGSC Regional Pay System for 79 client departments and organizations that represent the majority (80%) of the PWGSC payroll clients who are eligible to participate in the CSB Payroll Savings Program campaign via the BoC's Web site.

For the remaining departments and organizations, employees continued to use paper forms and the departmental compensation advisors provided the CSB deduction information using the regular input procedures. It is expected that many more, if not all, of the remaining departments will join the electronic campaign next year. The high rate of participation in the electronic campaign is a testimony to the wide acceptance amongst our clients of Web based services. It also demonstrates the continued collaboration between PWGSC and the BoC in responding to the needs of the federal public service.



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Another new aspect of the CSB investment program that was implemented in the Regional Pay System this year, was the offer from the BoC to federal Public Service employees to choose the Registered Retirement Savings Plan (RRSP) option for their CSB investment. When this option is chosen by the employee, PWGSC remits the deduction amounts and the relevant funds are then transferred by the BoC to the employee's RRSP account.

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

A new interface between the Regional Pay System and the Peoplesoft Government of Canada, Human Resource Management System (GC HRMS), used by many federal government departments was developed. The interface introduces significant efficiencies for departments by eliminating duplicate data entry, increasing data reliability and quality, streamlining workflow and saving time for Human Resources (HR), pay specialists and advisors, allowing them to focus on value added services rather than data management and correction. The need to develop an interface has been under discussion by the GC HRMS Cluster Group for a number of years.

Following the establishment of a partnership between PWGSC and the cluster group, the project progressed quickly through conception and development of the interface to the initial pilot phase with Industry Canada. The final pilot phase with Industry Canada will take place in September 2003, followed by the implementation phase.

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

The Regional Pay System retroactivity process was enhanced to automatically calculate salary revisions for the Communication Security Establishment (CSE). The CSE funded PWGSC to develop this process in order to simplify its collective agreement revisions for accounts that are percentage-based (e.g. employees on performance pay). With this enhancement, the retroactive payments for employees whose salaries are percentage-based can be processed automatically, without the need for transactions to be input by departmental compensation advisors. The functionality can be useful for other organizations, once employers provide PWGSC with their specific rules.

### ***Transit Pass Pilot***

PWGSC is currently supporting a pilot project co-led by four departments: TBS, Transport Canada, Environment Canada, and Natural Resources Canada. A transit pass is offered to employees at a reduced rate if purchased through payroll deductions. PWGSC implemented the payroll deduction for this pilot project, and will proceed with the next steps if the pilot project is conclusive and the government decides to expand this offer to all public servants in most Canadian cities.



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### ***Statistics Canada***

Working in partnership with Statistics Canada (STC), PWGSC commenced a project to implement an automated interface for the input of compensation data, from the STC human resources system, into the Regional Pay System. PWGSC worked with STC to plan the project phases through development, testing and implementation. The implementation of this interface will eliminate the current requirement for duplicate data entry and will result in improved data quality and timeliness. Testing activities for the first phase of the project will commence in August 2003 and the second phase of the project is targeted for completion in March 2004.

### ***Canada Customs and Revenue Agency***

CCRA and PWGSC have been working in partnership to address a number of challenges facing the compensation community within CCRA. The focus of the partnership has been on identifying the issues and respective causes of the challenges facing payroll processing within CCRA, and on providing a recommended clear direction for improved payroll processing in near and longer terms. Options were analyzed in terms of impacts, preliminary costs, relative benefits, and how they addressed the current challenges, as well as how they aligned to CCRA's related HR initiatives and CCRA's HR vision and strategic directions. A CCRA/PWGSC dedicated team was established in June 2003, to develop a new payroll service delivery model for CCRA, that makes use of PWGSC expertise and CCRA delivery tools.

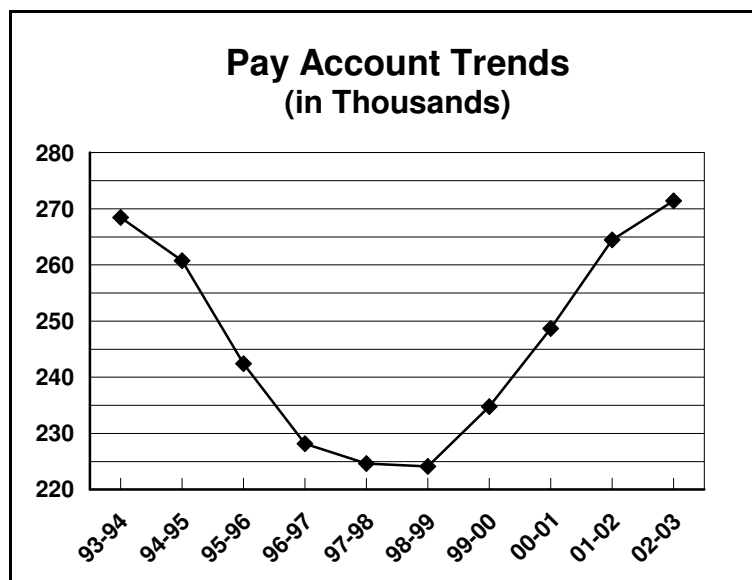


## Pay Activities

In 2002-2003, PWGSC Compensation delivered the following key pay activities:

- Payments were issued on behalf of 100 clients (departments whose employer is the Treasury Board), separate employers (also considered Public Service), Crown corporations and the RCMP. The number of payments has decreased by 900,000 as a result of a reduction in the volume of supplementary pay equity payments, since most of these payments were issued in the previous year.
- Bi-weekly, monthly or supplementary payments were issued in respect to 399 types of entitlements (signing bonus, isolated post allowance, bilingual bonus, etc.), on which 336 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 1993-94 (does not include RCMP).



- PWGSC Compensation processed 1,955 pay runs to issue these payments triggered by a total of 12.8 million pay transactions.
- There were approximately 25,000 requests for pay-related information and guidance from clients.



<b>Account Per Departmental Compensation Advisor/PWGSC Pay and Pension Agent</b>					
<b>Year</b>	<b>Accounts</b>	<b>Compensation Advisors</b>	<b>PWGSC Pay and Pension Agents</b>	<b>Accounts/ Advisor</b>	<b>PWGSC Accounts/ Pay and Pension Agent</b>
1999	224,110	1,689	92	133	2,436
2000	234,811	1,499	92	157	2,552
2001	248,699	1,489	92	167	2,703
2002	264,500	1,689	101	157	2,619
2003	271,431	1,707	102	159	2,661

- In addition, 225 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.), and
  - make system enhancements (Contributor System improvements, reduction of pay stubs).
- 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 Networks, which are 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 (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.pwgsc.gc.ca/compensation/text/publications-e.html>





## ***Pay: Looking Ahead to 2003-2004***

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, the following will be undertaken:
  - development of additional options, i.e. shared services,
  - continued consultation with TB on the submission and related documents, and
  - development of the exact definition of business requirements and rules.
- We will continue to develop Web services for employees that will allow them to have access to their personal information and complete certain transactions directly through Web applications once the security infrastructure is in place. The Web-enabled pay stub will be further developed to contain Pay Gross to Net Calculator and Voluntary Deduction applications. The Pay Gross to Net Calculator will allow Public Service employees the ability to estimate their net pay based on “*What if ?*” scenarios and the Voluntary Deductions application will give them the ability to input transactions to start certain payroll deductions.
- Web services will also be developed for the compensation community to provide departmental compensation specialists with Web access to the pay registers.
- An expansion of the master file in the Regional Pay System will be released in two phases: June 2003 and April 2004, to accommodate increasingly complex compensation requirements such as additional deduction codes and new tax and pension data fields. This expansion will provide increased capacity and flexibility in the Regional Pay System and extend its life while the new Compensation Modernization initiative evolves.
- Working in partnership with CCRA, PWGSC will develop a new pay delivery model to address a number of challenges facing the compensation community within CCRA. Planning and scoping will commence in August 2003. Detailed design will follow.
- The new interface that has been developed between the Regional Pay System and the Peoplesoft GC HRMS, used by 22 government departments, will be piloted with Industry Canada, in two phases: May and September 2003. Implementation for Industry Canada is targeted for completion by April 2004.
- The project to implement an automated interface between the Statistics Canada human resource system and the Regional Pay System will continue in 2003/04. Testing for Phase I will commence in August 2003 and Phase II is targeted for completion in March 2004.