



Human Resources Development Canada

Performance Report

For the period ending
March 31, 1998

Canada

Improved Reporting to Parliament Pilot Document

The Estimates of the Government of Canada are structured in several parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve.

The *Report on Plans and Priorities* provides additional detail on each department and its programs primarily in terms of more strategically oriented planning and results information with a focus on outcomes.

The *Departmental Performance Report* provides a focus on results-based accountability by reporting on accomplishments achieved against the performance expectations and results commitments as set out in the spring *Report on Plans and Priorities*.

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Foreword

On April 24, 1997, the House of Commons passed a motion dividing on a pilot basis what was known as the annual *Part III of the Estimates* document for each department or agency into two documents, a *Report on Plans and Priorities* and a *Departmental Performance Report*.

This initiative is intended to fulfil the government's commitments to improve the expenditure management information provided to Parliament. This involves sharpening the focus on results, increasing the transparency of information and modernizing its preparation.

This year, the Fall Performance Package is comprised of 80 Departmental Performance Reports and the government's "*Managing For Results*" report.

This *Departmental Performance Report*, covering the period ending March 31, 1998, provides a focus on results-based accountability by reporting on accomplishments achieved against the performance expectations and results commitments as set out in the department's *Part III of the Main Estimates* or pilot *Report on Plans and Priorities* for 1997-98. The key result commitments for all departments and agencies are also included in *Managing for Results*.

Results-based management emphasizes specifying expected program results, developing meaningful indicators to demonstrate performance, perfecting the capacity to generate information and reporting on achievements in a balanced manner. Accounting and managing for results involve sustained work across government

The government continues to refine and develop both managing for and reporting of results. The refinement comes from acquired experience as users make their information needs more precisely known. The performance reports and their use will continue to be monitored to make sure that they respond to Parliament's ongoing and evolving needs.

This report is accessible electronically from the Treasury Board Secretariat Internet site:
<http://www.tbs-sct.gc.ca/tb/key.html>

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March 31, 1998



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**For the period ending
March 31, 1998**

Approved by:

The Honourable Pierre S. Pettigrew
Minister of Human Resources Development

The Honourable Lawrence MacAulay
Minister of Labour

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As Canada approaches the dawn of a new millennium, our government is committed to improving the ability of Canadians to participate fully in the workplace and the community. My department has made that its mission.

Our vision centres on increasing opportunities for all Canadians – and the capacity to take full advantage of those opportunities. It is anchored on the understanding that we need a strong society to build a strong economy, and a strong economy allows us to invest in strengthening society. Our vision means finding common goals with other levels of governments and our other partners throughout Canadian life.

In 1997-98, we made important strides towards that vision. The work of Human Resources Development Canada was instrumental as the Government of Canada worked with the provinces and territories to strengthen our social union. I am proud of our achievements in increasing opportunities for children through the National Child Benefit and for people with disabilities. I am determined that our commitments under the Labour Market Development Agreements will mean a stronger labour market and more responsive programs and services. I believe we achieved an important milestone in our reforms to the Canada Pension Plan.

Those critical achievements were matched by our determination to improve services to the millions of Canadians who come to us each year. Our vision recognizes that they deserve the best possible public services. We did a great deal to live up to that expectation, and often by using new technologies. Particularly noteworthy were the many examples of delivering services in cooperation with others – whether provincial governments, municipalities or community agencies. At both a policy and operational level, 1997-98 was a year in which we helped to build a stronger Canada.

*The Honourable Pierre S. Pettigrew, P.C., M.P.
Minister of Human Resources Development*

Federal labour law covers many sectors that are the lifeblood of our economy. Our railways, airlines, ports, banks, broadcasting and more have national significance. They are present in all our communities.

During the 1997-98 fiscal year, workers and employers faced many shared priorities. They addressed the need for workplace productivity gains in an increasingly competitive global marketplace. They dealt with the desire that many workers feel for a new balance between work and family responsibilities. Through it all, our Labour Program was there to facilitate results and keep up to date through necessary changes.

Amendments to Part I of the *Canada Labour Code* modernized industrial relations practices. We also carried out our responsibilities under all parts of the *Code*, the *Employment Equity Act* and other laws that create the framework for safe, fair and productive workplaces. Increasingly, it also meant encouraging employers and workers to take the fullest possible ownership of their relationship.

Through preventative work and information, we promoted the success of workplace parties in addressing their mutual issues. We encouraged cooperative approaches to workplace change. These actions assisted workers and employers to gain a better sense of the questions that they will have to resolve over time. The results should help to build a stronger economy and society for all Canadians.

The Honourable Lawrence MacAulay, P.C., M.P.
Minister of Labour

1. Mandate, Mission and Vision

Under the authority of the *Human Resources Development Act*, Human Resources Development Canada (HRDC) fulfills its mandate by administering the *Employment Insurance Act*, the *Canada Pension Plan*, the *Old Age Security Act*, the *Canada Labour Code*, and numerous other pieces of legislation with the objective of enhancing employment, encouraging equality and promoting social security.

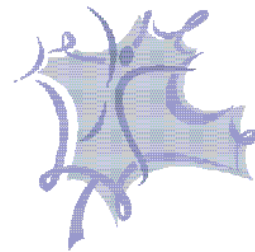


Our Mission is:

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

Our Vision is to:

- ❖ *take an integrated approach to human development* goals as we assist Canadians, often when they are at risk;
- ❖ *enable Canadians to manage transitions in their lives* by encouraging them to become self-reliant, invest in themselves and become more adaptable;
- ❖ *provide the highest quality services* to Canadians;
- ❖ *emphasize preventative measures* such as lifelong learning, social, workplace and labour market information and other preventive measures;
- ❖ *act as a leader in policies and programs* by taking advantage of the leading-edge policy capacity within HRDC and our links to other partners;
- ❖ *forge partnerships* to ensure that Canadians are well served and their local, national and international needs are met;
- ❖ *build the capacity of communities* by transforming our service sites into resource centres that support the full range of our programs and services, and the sharing and outreach needed to facilitate human development;
- ❖ *respect our core values* to guide us in our actions as we serve our Ministers and the public loyally and impartially, treat everyone fairly and with respect, and strive to make a difference in the lives of Canadians;
- ❖ *continue to develop and build on the strengths of our people* who are creative and committed to what HRDC is trying to achieve.



2. Operating Environment

Human Resources Development Canada (HRDC) was created in 1993 to provide an integrated national approach to human resource development. HRDC represents the social face of government. We connect with millions of Canadians at all stages of their lives, often when they face difficult transitions. Each year, our department serves almost 9 million Canadians in every region of the country, receives almost 30 million inquiries about Employment Insurance alone, handles 60-80 million calls on our programs and sends about 100 million items of correspondence to Canadians.

HRDC is one of the largest government departments in terms of its scope and mandate. Our objectives are to:

- ❖ help Canadians prepare for, find, and keep work, thereby promoting economic growth and adjustment;
- ❖ assist Canadians in their efforts to provide security for themselves and their families, thereby preventing or reducing poverty among Canadians; and
- ❖ promote a fair, safe, healthy, stable, cooperative and productive work environment that contributes to the social and economic well-being of all Canadians.

Meeting our objectives involves work by our staff directly with clients. Increasingly, it also involves cooperation with provincial and territorial governments, Aboriginal organizations, community groups, business, labour, and other partners.

We faced many challenges in the last year. HRDC concentrated its efforts on addressing the demands for different skills, the aging population, the evolution of labour market arrangements, emerging issues in the workplace and the diverse needs of certain groups, namely children, youth, persons with disabilities and Aboriginal people. Further, we had to deal with achieving Program Review targets and resolving the Year 2000 crisis.

Over 22,000 HRDC full-time equivalent employees were at work in communities across the country in 1997-98. More than 80% of HRDC's employees are in our local Human Resource Centres of Canada (HRCCs) and our 10 regional offices. Those people are the front line presence that helps us meet our departmental objectives through the Service Delivery Network. The SDN includes 320 Human Resource Centres of Canada, 21 telecentres with expanded 1-800 toll free service, 10 mail service centres, approximately 5,100 self-service electronic kiosks, 6 Information Technology Centres, and an increasing array of services through the Internet.

The people of HRDC were responsible for the wise use of close to \$56 billion in 1997-98.



3. Executive Summary of 1997-98 Key Departmental Priorities

The development of the new Human Resources Development Canada (HRDC) Vision in 1997-98 provides a good framework for understanding our priorities and actions during that year. The process of articulating the Vision was one that reached out to staff throughout our department. It allowed us to reemphasize our unique role in some areas and our commitment to high quality service to Canadians in all that we do. It also enabled us to recognize the areas in which we can do more – such as helping people take self-reliant steps now that will reduce their need to call on social programs in the future or building the capacity of communities to identify and resolve their own needs. It encouraged us to find more ways to contribute to the realization of the Government's agenda as set out in the Speech from the Throne.

The Vision exercise also underlined the extent to which we have become an organization that pursues much of our agenda in partnership with others. We work closely with provincial, territorial and First Nations governments and with related organizations. We work with employers, labour, educators and communities of all kinds. That cooperation will only expand over time. Building a first class base for all Canadians to thrive in a knowledge-based society and economy is a challenge to which all sectors of Canadian life can contribute – and from which all can benefit.

The Vision is present throughout our record for 1997-98.

We continued to contribute to building a stronger Canada. We supported social union initiatives. We were actively involved in federal-provincial-territorial work to address the needs of children and Canadians with disabilities. Our progress on Labour Market Development Agreements resulted in moves to a better coordinated, more responsive system of employment benefits and support measures focused on community needs and opportunities. We finalized work on the Employment Assistance for People with Disabilities program. This will provide federal support for provincial and territorial programs that help people with disabilities prepare for, find and keep jobs.

We took action on key policy commitments. We supported policy, program and legislative efforts linked to reform of the Canada Pension Plan and the *Canada Labour Code*. We launched the initial reporting on our monitoring and analysis of the impacts of Employment Insurance reform. We added to our range of initiatives under the Youth Employment Strategy, which is grounded in partnerships across the Government of Canada, and with business, educators and communities.

We improved the quality of our services to Canadians. We succeeded in speeding processing times for Employment Insurance, Canada Pension Plan and Old Age Security applications. We built on our success in improving the process through which lower income seniors renew their Guaranteed Income Supplement each year. We continued to do well in responding to complaints filed under the *Canada Labour Code*.



The reorganization of local services under the Service Delivery Network was largely completed. In many communities, we even co-located or integrated our services with those of provincial government and municipal departments to offer a single window to our common clients. Across Canada, we continued to add automated services and use the Internet to offer better access to our information, programs and services. We consolidated our Employment Insurance Telecentres from 28 to 11 to ensure a better and more consistent level of service to callers.

Perhaps some of the best examples of this attention to service came in the extraordinary situations that occurred through the year. The Manitoba floods in the spring and the ice storm that hit Ontario, Quebec and New Brunswick in January 1998 posed sudden and important challenges. Our contingency plans ensured continued service to people in need and called on the commitment and creativity of people from across the department. We achieved the same results during the postal strike, when we quickly set up local distribution centres so that Canadians would get their payments.

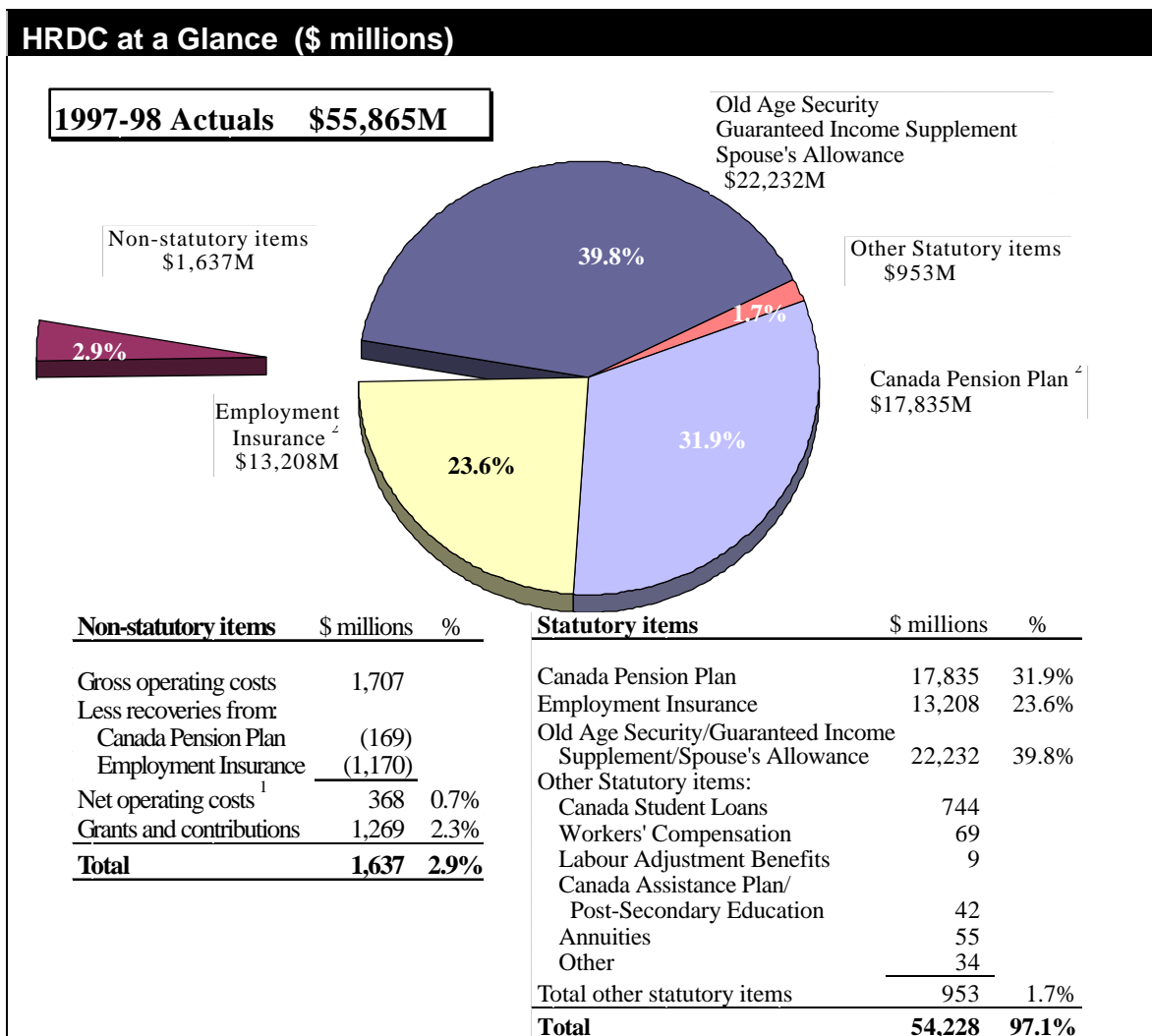
We have become a department that makes learning a priority. We have an important responsibility for encouraging learning in Canada as the department that manages federal student assistance programs, funds many literacy initiatives and is exploring new learning technologies. However, we have become a learning organization in many more ways. The policy and program research that we support on social and labour market programs is well-received by our partners and is seen as a truly beneficial contribution that the Government of Canada can make to its partnerships. We have increased our work to communicate lessons learned and best practices within our own department and to other governments and agencies. We improved our labour and workplace information and the ways that people can gain access to it.

In much the same way, we have learned from our experience as managers of programs and services. During the year, we concluded the Income Security Programs Redesign project. That was a large-scale updating of the computer and support systems for our Canada Pension Plan, Old Age Security and related programs. While the project achieved many of its goals, it was determined that it could not reach all of them without an unacceptable degree of risk. As a result, we wound up that project and have used the lessons learned to develop a new strategy that will take us forward.

We have become a department that values its people more. We have always known that our people are essential to reaching our goals as a department. Our Service Delivery Network is predicated on decentralizing decision-making to the front lines of service. Through our "Supporting People" initiative and our support for La Relève, we addressed employee skill needs, feedback mechanisms to management and began to deal with the need to recruit and retain more good people, particularly young people. We also added to our previous successes in breaking barriers to high quality service.



4. Glance at HRDC Expenditure Profile



1 Excludes \$110.2 million in Employee Benefits Plan contributions partially recoverable from the Employment Insurance (\$99.2 million) and the Canada Pension Plan (\$11.0 million) Accounts.

2. Includes administrative costs charged to these accounts by HRDC and other government departments (see Section III: Specified Purpose Accounts)

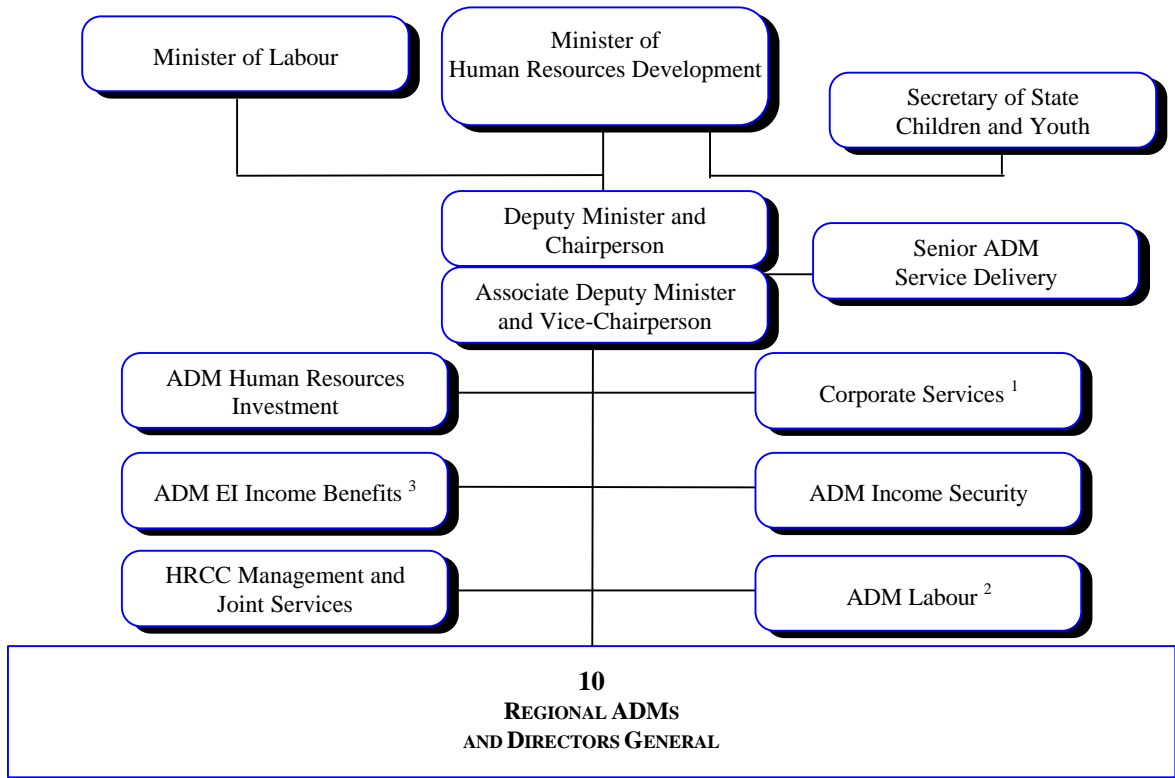
Note: For additional information with regard to the allocation of actual expenditures by vote, please refer to Figure 1 in Section IV - Financial Performance.

5. Organizational Chart

At HRDC, we have grouped our programs and services into six business lines, namely Human Resources Investment, EI Income Benefits, Human Resource Centres of Canada (HRCC) Management and Joint Services, Labour, Income Security and Corporate Services (a description of each can be found in the business line segment of the Performance section) consistent with the government's improvements to the Expenditure Management System. We are also responsible for two major Specified Purpose Accounts: the Employment Insurance Account and the Canada Pension Plan Account.



Organizational Chart



BUSINESS LINES / PROGRAMS	<u>Actual</u>		<u>Planned Spending</u>	
	FTE	millions (\$)	FTE	millions (\$)
Human Resources Investment	4,739	2,418.9	5,143	2,499.6
EI Income Benefits	7,961	601.3	7,716	454.7
HRCC Management and Joint Services.....	2,753	219.8	2,463	167.9
Sub-Total HRI&I Program.....	15,453	3,240.0	15,322	3,122.2
Labour.....	606	143.7	672	143.8
Income Security	3,308	22,509.3	3,043	22,562.3
Corporate Services.....	2,770	401.6	2,887	313.6
Gross Budgetary	22,137	26,294.6	21,924	26,141.9
Revenue credited to the Vote		(1,363.0)		(1,248.1)
Net Budgetary		24,931.6		24,893.7
Specified Purpose Accounts				
Employment Insurance.....		13,208.5		14,659.9
Canada Pension Plan		17,834.7		17,799.9
- Departmental Employee Benefit Plan recoverable from EI and CPP Accounts.....		(110.2)		(115.9)
Total HRDC	22,137	55,864.6	21,924	57,237.6

1. Includes the Commissioners for Workers and Employers, the Director General Ministerial and Corporate Affairs, the ADM Strategic Policy, the Director General Communications, the ADM Financial and Administrative Services, the ADM Systems, the ADM Human Resources, and the Senior General Counsel.
2. Includes the Senior Assistant Deputy Minister Legislative Review Canada Labour Code and the ADM Labour.
3. Includes Executive Director for Special Initiatives.

Note: Financial tables within this report that are expressed in millions of dollars may not add-up due to rounding.



Performance Expectations

Chart of Key Results Commitments

The chart outlines the Department’s current Key Results Commitments. As part of continuing efforts to improve the reporting of performance results, revisions have been made to the Key Results Commitments that were in place in 1997-98, including the addition of three new performance indicators. The following chart is also presented as part of the 1998 Annual Report to Parliament — Managing for Results.

To provide Canadians with:	To be demonstrated by:	Achievements reported in:
<p>Effective and efficient labour market</p>	<ul style="list-style-type: none"> ➤ access to employment by all Canadians <ul style="list-style-type: none"> – number of clients employed or self-employed as a result of a Human Resources Investment intervention (CRF or EI funded) – unpaid benefits (under EI Part I) resulting from EI claimants returning to work before the end of their benefit period as a result of Employment Benefits and Support Measures 	<p>DPR page 3-7</p>
<p>Temporary income support to eligible unemployed workers</p>	<ul style="list-style-type: none"> ➤ effective claims management <ul style="list-style-type: none"> – speed of payment: percentage of first benefit cheques paid as early as legally possible (i.e., within 28 days of registration of Initial and Renewal claims) ➤ effective appeals management <ul style="list-style-type: none"> – speed of appeals: number of appeals decided or adjourned by the Board of Referees, within 30 days of the filing of an appeal compared to the total number of appeals decided or adjourned ➤ maintaining the financial stability and integrity of the Employment Insurance Account <ul style="list-style-type: none"> – dollar value of direct savings from detection activities and indirect savings from deterrence and prevention activities 	<p>DPR page 3-18</p> <p>DPR page 3-18</p> <p>DPR page 3-19</p>



To provide Canadians with:	To be demonstrated by:	Achievements reported in:
<p>Safe, fair, stable and productive workplaces</p>	<p>➤ a safe, healthy and equitable environment and a stable labour-management relations climate</p> <ul style="list-style-type: none"> – percentage of collective bargaining disputes settled under Part I of the <i>Canada Labour Code</i> without work stoppage – percentage of situations under Part II of the <i>Canada Labour Code</i> of non-compliance (excluding situations of danger) resolved through the acceptance of assurances of voluntary compliance (AVCs) – percentage of unjust dismissal complaints under Part III of the <i>Canada Labour Code</i> settled by inspectors (based on closed assignments) 	<p>DPR pages 3-25 to 3-27</p>
<p>Secure Income Security Programs for seniors, persons with disabilities and their children, survivors and migrants</p>	<p>➤ sustainable and efficient Canada Pension Plan and Old Age Security programs</p> <ul style="list-style-type: none"> – telephone client service <ul style="list-style-type: none"> * Access I: percentage of callers not receiving busy signal * Access II: percentage of callers answered by a Service Delivery Agent within three minutes – speed of service: Old Age Security application through-put time – speed of service: Canada Pension Plan application through-put time (excluding all disability benefits) – speed of service: CPP disability initial application through-put time – client satisfaction: percentage of clients satisfied with Income Security Programs services 	<p>DPR pages 3-36 to 3-37</p>
<p>Prompt collection of monies due to the Crown</p>	<p>➤ effective recovery function</p> <ul style="list-style-type: none"> – dollars collected: Canada Pension Plan – dollars collected: Employment Insurance and Employment Program – dollars collected: Canada Student Loans Program 	<p>DPR page 3-44</p>
<p>Year 2000 system compliance</p>	<p>➤ effective systems support for the delivery of programs and services</p> <ul style="list-style-type: none"> – percentage of mission critical applications fully implemented 	<p>DPR page 3-44</p>



Performance Accomplishments

Figure 1: Summary of the 1997-98 Departmental Financial Performance

(in dollars)	Planned Spending	Total Authorities	Actual
Business Lines / Programs			
Human Resources Investment	2,499,576,000	2,576,422,154	2,418,899,200
Employment Insurance Income Benefits	454,696,000	605,517,128	601,273,070
HRCC Management and Joint Services	167,859,000	230,613,173	219,756,582
Human Resources Investment and Insurance	3,122,131,000	3,412,552,455	3,239,928,852
Labour	143,763,000	144,958,542	143,725,483
Income Security	22,562,323,000	22,533,161,394	22,509,266,031
Corporate Services	313,567,290	424,647,973	401,622,539
Gross Budgetary	26,141,784,290	26,515,320,364	26,294,542,905
Revenue credited to the Vote	(1,248,053,000)	(1,425,216,704)	(1,362,998,430)
Net Budgetary	24,893,731,290	25,090,103,660	24,931,544,475

Explanation of 1997-98 authorities: The 1997-98 total department net year-end authorities were \$196.4 million over originally planned spending, or less than one percent. The major items contributing to the change were:

- ❖ a net increase of \$108.3 million associated with statutory transfer payments — the Canada Student Loans Program (\$92.3 million), the Actuarial Deficit — Government Annuities Improvement Act (\$54.6 million), the Canada Assistance Plan (\$37.4 million) and Old Age Security payments (a reduction of \$76.0 million);
- ❖ an increase of \$26.6 million in relation to the ex-gratia payment to British Columbia for the Canada Assistance Plan; and
- ❖ an increase of \$43.5 million in relation to Youth Employment Initiatives.

Explanation of 1997-98 actual: The 1997-98 total department net year-end actual expenditures were \$158.6 million lower than the total authorities, or less than one percent. The major items contributing to the change:

- ❖ a decrease of \$114.8 million in grants and contributions allocations frozen mainly to cover future year funding requirements associated with The Atlantic Groundfish Strategy, the Transitional Jobs Fund and transfers to other departments or other level of governments; and
- ❖ \$31.6 million of unspent Grants and Contribution funding authorities.

1. Human Resources Investment

A. Business Line Profile

The HRI Business Line supports the development of Canada's human resources and their capacity to contribute more fully in the workplace and the community and to reduce the dependence of individuals and communities on Employment Insurance Income Benefits and other government income support payments.

This business line includes a range of information and advisory services, as well as grant, contribution, loan, and statutory programs. These enable individuals, businesses, communities, industrial, and occupational sectors within the Canadian economy to identify and address their labour market, social development and learning needs. The business line is at the centre of many Government of Canada priorities, particularly those in the 1997 Speech from the Throne.

In 1997-98, we aligned our work more closely with the directions and priorities established by the federal government, the First Ministers, the Forum of Labour Market Ministers (FLMM) and the Council on Social Policy Renewal. Those priorities included responding to Royal Commission on Aboriginal Peoples recommendations, addressing the needs of people with disabilities, further developing strategies to deal with children in poverty, youth employment, the elimination of barriers to labour mobility and strengthening joint federal/provincial and territorial work on other labour market and social development issues. All are closely linked to our "human development" agenda. These priorities reflect the commitment of all levels of government to focus service delivery around citizens' needs, to improve citizens' access to government and to build the capacity of communities to address their particular issues.

This fiscal year saw a continued move to program delivery through partnerships, rather than through direct delivery of programs and services by our national, regional and local offices. Now, we routinely work with provincial and territorial governments, Aboriginal peoples, sectoral, and community-based organizations to achieve shared goals. We partner with communities to engage, develop, and implement local strategies to address economic and social needs.

Our activity to support the *learning* and social development needs of Canadians is expanding. We are working with partners to develop greater knowledge of approaches to improve literacy skills, to better enable persons with disabilities to participate more fully in the workplace and society and to bring down barriers to career progression for disadvantaged groups.

The implementation of the new Employment Benefits and Support Measures (EBSM) that were initiated under Part II of the *Employment Insurance Act* beginning in July 1996 was a key focus of this business line during 1997-98. So too, was addressing our growing commitment to expanding access to learning opportunities and to information products and services.

Financial Summary

Figure 2: Spending Trend

(millions of dollars)	Actual 1995-96	Actual 1996-97	1997-98		
			Planned	Total Authorities	Actual
Operating expenditures	433.5	380.9	402.8	369.6	358.0
UI Development Uses (UIDU) / EI Part II ¹	1,862.2	1,519.3	1,780.0	1,753.0	1,608.4
EI Part II - LMDA Provincial Administrative Costs	0.0	0.0	0.0	20.2	20.2
CRF Program funds					
Youth	151.5	210.5	212.6	264.8	254.8
The Atlantic Groundfish Strategy (TAGS)	435.7	346.9	298.7	258.4	258.4
Vocational Rehabilitation of Disabled Persons	188.8	255.0	168.0	236.0	235.6
Aboriginal ²	n/a	n/a	212.2	215.5	215.1
Transitional Jobs Fund (TJF)	0.0	19.8	160.0	129.6	115.2
Strategic Initiatives ³	82.7	70.8	76.7	46.2	46.0
Literacy	22.1	23.2	22.3	27.5	27.5
Other programs ⁴	765.3	392.8	286.2	234.2	113.6
Total Program funds ⁵	1,646.1	1,319.1	1,436.8	1,412.2	1,266.3
Statutory funds					
Canada Student Loans	844.5	743.0	651.1	743.4	743.4
Labour Adjustment Benefit	25.1	15.5	8.9	9.1	9.1
Post-Secondary Education (PSE) ⁶	2,365.3	(40.7)	0.0	4.7	4.7
Canada Assistance Plan (CAP) ⁶	7,184.5	149.0	0.0	37.4	37.4
Total Statutory funds	10,419.4	866.8	660.0	794.6	794.6
Total	14,361.2	4,086.2	4,279.6	4,349.6	4,047.5
Less: UI Development Uses funds / EI Part II	(1,862.2)	(1,519.3)	(1,780.0)	(1,753.0)	(1,608.4)
Less: EI Part II - LMDA Administrative Costs	0.0	0.0	0.0	(20.2)	(20.2)
Total gross expenditures	12,499.0	2,566.9	2,499.6	2,576.4	2,418.9
Less: Recoverable expenditures from the EI Account	(245.1)	(238.8)	(281.2)	(225.6)	(215.8)
Total net expenditures	12,253.9	2,328.1	2,218.3	2,350.8	2,203.1

N/A - not available.

1. The variance in UIDU/EI Part II funds between Total Authorities and Actual for 1997-98 is \$144.6 M. The majority of this variance is comprised of frozen items totalling \$93.9M, leaving a net lapse of \$50.7M or 2.9% of Total Authorities.
2. The definition of Aboriginal programming has been extended to include all funding provided to Aboriginal people/organizations such as Regional Bilateral Agreements, First Nations/Inuit Child Care. Data have been restated accordingly. In 1995-96 and 1996-97, expenditures for Aboriginals were not tracked separately. They are included under Other programs.
3. Data have been restated to exclude Aboriginal data.
4. Data have been restated. The 1997-98 Total Authorities includes frozen items.
5. The variance in CRF Program funds between Total Authorities and Actual for 1997-98 is \$145.9M. The majority of this variance (\$114.8M) is comprised of frozen items for such things as transfers to other government departments or agencies, funds reprofiled to future years, and miscellaneous other frozen items. As such, the net lapse for 1997-98 is \$31.1M or 2.2% of Total Authorities.
6. PSE and CAP payments were transferred in 1996-97 to the Department of Finance as part of the Canada Health and Social Transfers (CHST). However, CAP residual payments and adjustments to PSE payments are required.

Beginning with the 1997-98 fiscal year, EBSM involved both federal programs and services and those that provincial and territorial governments designed and delivered with Employment Insurance funds supplied under Labour Market Development Agreements.

In 1997-1998, we managed the ongoing transition to the Labour Market Development Agreements and the resulting changes to our approaches, programs, and systems. These, combined with ongoing implementation of the Service Delivery Network, had a significant impact on program and service delivery. This involved staff training, the development and sharing of best practice models and the establishment of baseline results measures.

B. Key Results Commitments and Accomplishments

to provide Canadians with:	to be demonstrated by:
<p>Effective and efficient labour market</p>	<ul style="list-style-type: none"> ➤ access to employment by all Canadians <ul style="list-style-type: none"> – number of clients employed or self-employed as a result of a Human Resources Investment intervention (CRF or EI funded) – unpaid benefits (under EI Part I) resulting from EI claimants returning to work before the end of their benefit period as a result of Employment Benefits and Support Measures

During the latter half of 1997-98 a complete review of policies and methodologies was undertaken to define more accurately what constitutes an Employment Benefits and Support Measures result. This decision led to an in-depth review and analysis of results and a considerable amount of discussion, vetting and testing of policy and data.

To ensure the capacity to compare results between fiscal years, it was decided to apply these policy and methodology changes retroactively to the 1997-98 results. The implementation of this decision required significant re-programming and testing of data to verify the accuracy of 1997-98 results. We are now completing this process.

Key results information for EI Part II interventions for the 1997-98 fiscal year will be reported in the Employment Insurance Monitoring and Assessment report which will be tabled in Parliament later this year. This report will also include information concerning the representation of designated groups in our results.

An evaluation of the EBSMs took place to provide feedback on design, delivery and client experience; estimate preliminary impacts on individuals and communities; assess HRDC’s administrative systems to provide evaluative data; and validate the two primary results measures. The report, which is available in draft form, found that:

- ❖ participants generally believed that EBSM interventions improve their employability by providing them with skills and job experience;

- ❖ individualized support appears to maximize impact of interventions and satisfaction;
- ❖ a majority of participants were satisfied with employment services received but reported a lack of knowledge of programs available;
- ❖ local level flexibility is well implemented and has major benefits in spite of some inconsistencies in service delivery in large centres;
- ❖ consistent follow-up and monitoring of information are needed to ensure that the proper information is collected; and
- ❖ it is still early to assess the extent to which EBSM will have an impact on the creation of long-term employment in communities.

C. Other Departmental Priorities

The HRI business line had two other major priorities for 1997-98 within its overall objective of investing in Canadians to enable them to live more contributing and rewarding lives as productive members of our society. These were investing in the social union by Strengthening the Labour Market and Investing in the Future.

1) Strengthening the Labour Market

Reduced Overlap and Duplication of Programs and Services

Demonstrated by

- New Labour Market Development Agreements with provincial and territorial governments.
- Harmonization of federal/provincial policies and programs for persons with disabilities:
 - development of a multilateral framework agreement for a new Employability Assistance for People with Disabilities (EAPD) program; and
 - negotiation of EAPD agreements with the provinces and territories.

First Ministers, Labour Market and Social Service Ministers and officials worked closely together during the year to develop common approaches on important social and labour market priorities consistent with the 1997 Throne Speech commitments on Building a Stronger Canada.

Consistent with these directions, we signed seven Labour Market Development Agreements (LMDAs) in 1997-98, for a total of 11 since negotiations began in 1996. Of the new ones, 3 are co-managed (British Columbia, Prince Edward Island, Yukon), 3 involve the transfer of certain labour market programming, funding and staff (Quebec, Manitoba, Saskatchewan)

and 1 is a strategic partnership (Nova Scotia). These new arrangements are designed to help unemployed Canadians move into the labour market and to do so more efficiently by reducing duplication of programs and services and by better responding to local priorities.

In 1997-98, the Working Group on Benefits and Services for Persons with Disabilities established by the Federal-Provincial Council of Ministers of Social Services, pursued issues related to income support, to developing a common vision and policy framework and to the development of the Employability Assistance for People with Disabilities (EAPD) program.

The multilateral framework for EAPD was approved in October 1997 by Ministers responsible for Social Services and endorsed by First Ministers in December. It guided the negotiation of agreements between the federal government and individual provinces/territories. Nine of these agreements came into effect on April 1, 1998.

EAPD is a financial arrangement between the federal government and provincial governments which enables provinces to put in place a range of programs/services to enhance the economic participation of working age adults with disabilities in the labour market by helping them to prepare for, attain and retain employment. The initiative includes a new focus on measuring quantitative results over the short, medium and long term. Annual reports on programs and initiatives funded under EAPD will be available to the public beginning in 1999-2000. The Government of Canada continues to work with provincial partners and the disability community on specific accountability related issues.

A joint evaluation process was also put in place which involved establishing Federal-Provincial Evaluation Committees and developing evaluation frameworks. The process allows for evaluations of design and delivery (formative) after the first year of implementation and evaluations of results after three years (summative). Formative evaluation activities are currently underway or planned in all jurisdictions and most summative evaluation will be initiated and completed in the fiscal year 2000-2001.

Access of Special Groups to Employment

Demonstrated by

- More equitable access to employment and improved labour market status for disadvantaged persons:
 - partnerships with disability organizations to assist 9,371 persons with disabilities to find and keep employment (Opportunities Fund);
 - 18.6% of CRF program spending was dedicated to persons with disabilities and 17% to Aboriginal Peoples;
 - based on an analysis of 4,923 Aboriginal clients* who had completed their action plan, 2,312, or 47% (target was 50%), had found employment. This resulted in \$6.5 million in unpaid EI benefits and \$3 million in unpaid social assistance. The remaining clients were either continuing to seek work, had started another intervention or had returned to school.

* Aboriginal reporting systems became operational in October 1997. A total of 17,000 client records were input during 1997-98. Because this represents only a portion of the activities we do not have an accurate participant count for the entire year.

HRDC continued to take specific measures to address the human resource development needs of disadvantaged groups, and did so on a partnership basis. An initial evaluation of the Opportunities Fund found that the program was running well with few changes in design and delivery required. The evaluation suggested that stronger communications would address concerns about access to the program by clients and smaller community-based organizations.

Consistent with the Throne Speech commitment to expand opportunities in Aboriginal communities, we began work on a new Urban Aboriginal Initiative with 3 national Aboriginal organizations - Native Women's Association of Canada (NWAC), Council of Aboriginal Peoples (CAP) and National Association of Friendship Centers (NAFC) - which builds on our experience with the 54 (target was 41) Regional Bilateral Agreements (RBAs) with regional or local affiliates of the Assembly of First Nations, the Métis National Council, and the Inuit Tapirisat of Canada. These new arrangements reflect common agreement that clearly defined results and accountabilities are required.

In response to the Aboriginal labour market issues identified by the Royal Commission on Aboriginal Peoples, we undertook the development of a framework for an Aboriginal Human Resource Development Strategy. The Aboriginal Sector Council was established to further refine the strategy and to develop partnerships with the private sector. We also supported efforts to help Aboriginal communities develop their capacity to ensure effective implementation of funding arrangements. We invested \$10.9 million in 20 ongoing and 4 new Aboriginal Strategic Initiatives to develop and test new social program delivery approaches.

In 1997-98, we conducted a mid-term review of the Regional Bilateral Agreement (RBA) Initiative in partnership with RBA-holders. It covered 15 (of 54) agreement holders that had

been in operation for some time delivering programs and services to members of their communities. The review indicates that for the most part RBA-holders have taken control over the design and delivery of the programs and have accepted the basic premise of accountability. Capacity to carry out all RBA responsibilities varies among the RBA-holders. Concerted efforts should be placed toward improving it, particularly in areas of strategic planning and partnerships, administration, and self-assessment. Clients and communities were generally satisfied with RBA programs and services. Operational data systems were still maturing and, in some cases, were still in their infancy. Based on the data that was available, the review indicates that the vast majority of clients were completing their programs and many had found work.

Support to Children

Demonstrated by

- Implementation of Child Care Initiatives:
 - 46 new projects studying child care practices and service delivery models; and
 - First Nations/Inuit Child Care Initiative funding created 4,800 new spaces and enhanced an additional 2,900 spaces, as well as providing other supports over 3 years.

One element in improving access to employment and better beginnings for children is parental access to child care. During 1997-98 our Child Care Visions program continued to support leadership and research on child care practices and delivery. Our First Nations/Inuit Child Care Initiative exceeded its overall 3 year target by close to 30% by March 1998.

Community Adjustment

Demonstrated by

- Number of sustainable jobs created & proportion of funds leveraged from partners :
 - 558 (122 in 1996-97) Transitional Jobs Fund projects are expected to create 18,735 (10,380 in 1996-97) sustainable jobs; and
 - HRDC committed \$140.3 million (\$75.1 million in 1996-97), while partners agreed to contribute \$1.173 billion (\$550.4 million in 1996-97).
- Helping communities respond to crisis:
 - created an Ice Storm Response Team and established a \$50 million Storm Assistance Fund to provide emergency assistance to affected areas in Quebec, Ontario and New Brunswick to clean up after the ice storm; and
 - at the end of March, 1998, 315 projects were launched, another 63 were under development and 4,540 jobs were created.

The Transitional Jobs Fund (TJF) began as a three-year initiative in July 1996 to help communities with high unemployment rates throughout Canada create long-term sustainable jobs. An initial evaluation of TJF showed that it had created an estimated 11,800 jobs and averted 1,200 layoffs. Seventy percent of these jobs were permanent full-time jobs. Two-thirds of all jobs were for semi-skilled labourers and the average wage was \$13 per hour. Of the projects that were no longer receiving TJF funds, sponsors expected 89% of the TJF jobs to be sustained, most without further funding. Sponsor comments led to a calculation that about 63% of projects funded by TJF created jobs that would not have been created otherwise.

While TJF is viewed as complementary to related federal and provincial programs, the evaluation raised a concern that project sponsors prefer non-repayable TJF funds rather than repayable alternatives provided by the Atlantic Canada Opportunities Agency (ACOA), for example.

Labour Market Adjustments

Demonstrated by

- Longer-term structural adjustment, increased involvement and ownership by employers and workers in human resource issues, along with supporting information, structures and support for breaking down barriers to interprovincial labour market mobility:
 - to date 10 Sector Councils have become self-sufficient; and
 - based on the 1996 Census data there are 5.4 million workers in sectors covered by sector councils in a labour market of 13.4 million or 40% labour market coverage.

During 1997-98, we continued to support employers, workers, and other participants in efforts to identify and address their human resource issues through the Sectoral Partnerships Initiative, described below, and other vehicles.

Our sector studies and updates (9 in 1997-98 and 40 to date) helped employers, workers and others in particular industries or occupational areas to look at their human resource issues and possible ways to address them. We continued to support sector councils. 22 were in operation during the year, with 12 of them receiving funding. Our National Sector Adjustment Service (113 agreements in 1997-98 and 326 to date) is another vehicle for action on human resource issues by key industry players. We also continued our support to National Occupational/Skills Standards with 23 agreements (41 to date). These help increase worker mobility, promote generic training and improve career information for Canadians. These Standards agreements complement our work with the Canadian Council of Directors of Apprenticeship under the Red Seal program through which we develop standards for apprenticed trades (8 agreements in 1997-98 and 16 to date).

Examples of Sector Partnership Achievements 1997-98

- ❖ the Child Care sector completed an exhaustive strategic human resource analysis (sector study) which helped it build consensus on key human resources issues. It is now consulting to determine the possibility of creating a sector council.
- ❖ the Software Human Resource Council began a project to establish a national partnership between the industry and the education and training systems to address the current shortage of workers in the sector. The partnership will develop a national information technology training program that will be available across Canada to colleges, universities and private trainers. 1,200 students are expected to participate in the program (Sectoral Youth Internships).
- ❖ the Canadian Council for Human Resources in the Environment industry started a project to collect basic human resource data on environmental employment to provide the industry with information it needs to develop an effective human resources strategy (National Sectoral Adjustment Service).

An evaluation of the Sectoral Partnerships Initiative found that sector council-sponsored programs had an impact for employers on increasing training and interest in training activities. It found a link to developing a training culture. The main benefit of sectoral initiatives was to provide more opportunities for training, and removing some of the supply level barriers. Other advantages of sectoral training were the strong links to the workplace, the standards, and the certification that was frequently available as well as improving labour relations.

Greater Access to Labour Market Information**Demonstrated by**

- Increased client access to labour market information through self-service tools:
 - National Job Bank was accessed 10.5 million times through our network of kiosks and the Internet and had 400,000 jobs listed;
 - Electronic Labour Exchange (ELE) recorded 160,000 employer searches and was able to match one or more worker clients to 90% (80% in 1996-97) of employer requests;
 - continued development, and initiatives to assess and improve the value of information products and services.

Information on the labour market is one of our key services to Canadians. During 1997-98 we continued to improve such tools as the Electronic Labour Exchange, and local Labour Market Information. We began development of a range of Internet based self-service products.

- National Job Bank: <http://jb-ge.hrdc-drhc.gc.ca>
- Work Search: <http://www.worksearch.gc.ca>
- Counsellor Resource Centre: <http://www.worksearch.gc.ca/CRC>
- Human Resource Office for Employers: <http://www.worksearch.gc.ca/hroffice>
- Electronic Labour Exchange: <http://www.ele-spe.org>
- Labour Market Information: <http://lmi.hrdc-drhc.gc.ca>

Canadians continue to use these and other tools to learn more about occupational trends, job opportunities, learning opportunities and financial assistance. To help guide our priorities we surveyed clients on the value of our information products and services to them. Survey results suggest that 90,000 Employment Insurance recipients benefited from our self service products and services in finding work.

The Atlantic Groundfish Strategy (TAGS)

Demonstrated by

- Providing income support, while continuing to stay within program fiscal parameters of the program:
 - 34,300 clients were eligible for benefits at the beginning of the fiscal year;
 - On average, 25,000 received benefits weekly;
 - 26,700 remained eligible for benefits at the end of the fiscal year;
 - 909 clients received training; and
 - 15,000 clients met the “adjusted out”^{*} criteria, although many were still eligible for benefits.

* “Adjustment” is the total number of eligible TAGS clients who are no longer fully dependent on TAGS income support as a result of earnings outside of the Atlantic Groundfish Fishery.

An evaluation of TAGS found that, compared to other HRDC client groups, workers displaced by the groundfish moratorium faced greater challenges to permanent labour market adjustment. Nearly three-quarters had no high school education. Almost one-half were 40 or older. They often had family, household and financial responsibilities and commitments that limited their mobility options. They frequently exhibited a limited range of transferable job skills, and lived in areas of high structural unemployment — small, rural and remote communities. Moreover, TAGS clients typically had strong cultural and community ties that impeded their willingness to adapt to change. As a result of these inherent characteristics, they often encountered re-employment barriers, which could affect their ability to achieve permanent adjustment.

The evaluation estimated that, in 1996, just 10,635 (27%) of all 40,025 TAGS clients had adjusted out of the groundfish industry. Another 1,492 (4%) clients had accepted early retirement or license retirement packages offered through TAGS. Most TAGS clients displayed continued commitment to the fishery, had not participated in active adjustment activities and were pessimistic about future employment prospects.

2) Investing in the Future

Increased Youth Employment Opportunities

Demonstrated by

- Increased access to labour market information to make decisions on education and careers:
 - the Youth Internet site (<http://www.youth.gc.ca>) averaged 2,381 visits per week;
 - the 1-800 line averaged 985 calls per week;
 - organized 99 Youth Info-Fairs visited by 247,622 participants; and
 - developed, through partnerships, a network of 5,000 service points across Canada to enable youth access to our Internet site and to get information tools.
- Increased youth employment opportunities:

<u>Program</u>	<u>Participant Results</u>		
	<u>96-97 Year-End</u>	<u>97-98 Targets</u>	<u>97-98 Year-End</u>
Youth Service Canada	3,882	5,000	5,640
Youth Internship Canada	18,944	16,517	23,725
Student Summer Job Action	<u>61,411</u>	<u>48,650</u>	<u>61,763</u>
Total	84,237*	70,167	91,128

* 1996-97 results, as previously reported, have been restated.

The Government of Canada’s Youth Employment Strategy, led by HRDC, continued to respond to youth employment by providing work experience opportunities and increased access to labour market information. Program expenditures increased by \$44.2 million.

Sectoral Youth Internships was a new initiative that helped to get industries and educational bodies to work together. The result was a more structured approach to helping young people make the transition from school to work. Youth Science and Technology projects gave young post-secondary graduates first job experience in high-tech occupations.

1996-97 evaluations of elements of the Youth Employment Strategy helped our officials assess progress. For example, an evaluation of the Summer Career Placement (SCP) program found that the wage subsidy program had created many summer employment opportunities that would not have been created without the financial assistance provided under the program.

It also identified that 71.3% of participants felt that their summer job would help them get full-time work in their chosen field. Almost all employers (95.2%) felt that the summer employment experience of the student would improve his/her chance of finding a full-time job after completing school. The vast majority (90.7%) of SCP students liked their summer job. Almost all employers (94.5%) were fully satisfied with the overall performance of their SCP student.

Canadians, In Particular Youth, Supported in Furthering Their Education

Demonstrated by

- Increased number of loans Canadians negotiated for post-secondary education, promotion and demonstration of innovative approaches to learning, strengthening literacy research capacity in Canada and advancing the use of new technologies in literacy:
 - for 1997-98, student assistance programs provided 365,383 loans to students for a total loan value of \$1.6 billion;
 - funded 631 literacy projects which developed learning materials, expanded public awareness, supported literacy research, improved co-ordination and information sharing and improved access to literacy programs (Internet address: <http://www.nald.ca>); and
 - promoted innovative use of learning technologies in learning through 108 projects, developed a website on learning using technologies and sponsored publications, guides and videos to assist learners and practitioners to better understand and use learning technologies.

For more information on Canada Student Loans Program activities, see the statutory report in Section V.

2. Employment Insurance Income Benefits

A. Business Line Profile

The objective of the Employment Insurance (EI) Income Benefits business line is to promote individual well-being, economic stability and a flexible labour market by providing temporary income support to unemployed workers who qualify for EI Income Benefits under the *Employment Insurance Act*.

This business line consists of three major functions with specific service objectives and measured outputs. They are:

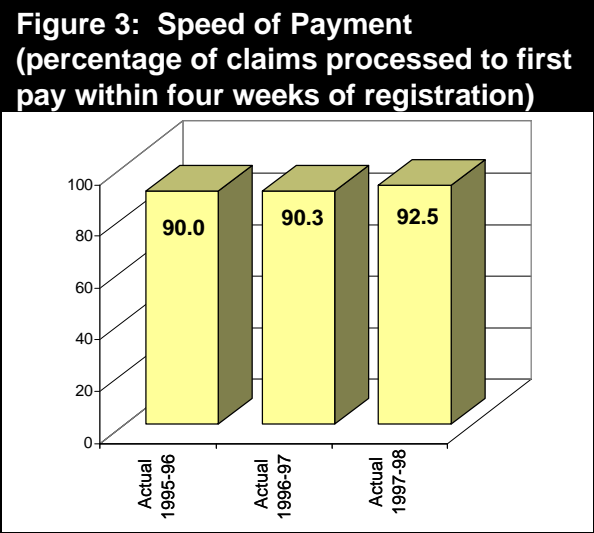
- ❖ Claims processing: receiving applications for benefit, determining entitlement to benefits and processing appeals;
- ❖ Claims pay: issuing benefit warrants; and
- ❖ Insurance Control: preventing, detecting and deterring fraud and abuse.

B. Key Results Commitments and Accomplishments

to provide Canadians with:	to be demonstrated by:
<p>Temporary income support to eligible unemployed workers</p>	<ul style="list-style-type: none"> ➤ effective claims management <ul style="list-style-type: none"> – speed of payment: percentage of first benefit cheques paid as early as legally possible (i.e., within 28 days of registration of Initial and Renewal claims) ➤ effective appeals management <ul style="list-style-type: none"> – speed of appeals: number of appeals decided or adjourned by the Board of Referees, within 30 days of the filing of an appeal compared to the total number of appeals decided or adjourned ➤ maintaining the financial stability and integrity of the Employment Insurance Account <ul style="list-style-type: none"> – dollar value of direct savings from detection activities and indirect savings from deterrence and prevention activities

Effective Claims Management

Our goal is to pay at least 90% of benefit cheques within 28 days of an EI claim being registered. In 1997-98, all regions met or exceeded that standard for a national result of 92.5% of claimants paid on time. Paying 100% of our clients on time is our number one priority. Some claims, however cannot be finalized on time due to missing documents such as the record of employment.

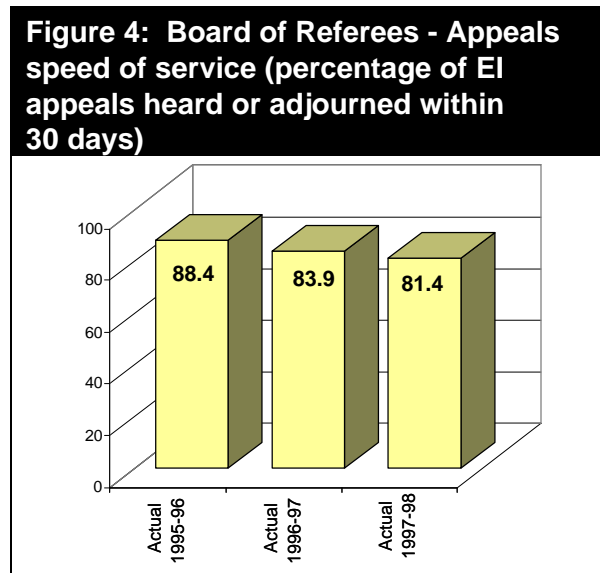


Effective Appeals Management

Our goal is to have 90% of appeals to the Board of Referees decided or adjourned to the Board within 30 days of the date of receipt in the HRCC.

Performance level for appeals heard within 30 days was 81%. One reason for this level of service, was the significant office restructuring that accompanied implementation of the Service Delivery Network. Another was the many Board Chairperson vacancies. Most of these appointments have since been made.

Headquarters has worked with regions that had significant speed of service issues. We have developed action plans to streamline and speed up appeals. We have made this a key performance indicator for 1998-99.



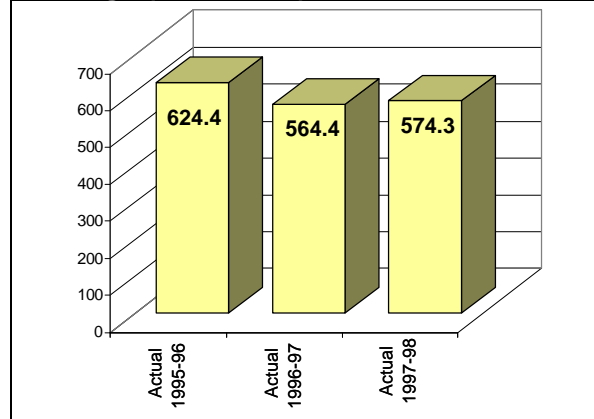
Maintain the Financial Stability and Integrity of the EI Account

Total savings in 1997-98 increased to \$574.3 million, from \$564.4 million in 1996-97. Though this amount was lower than the expected total savings for the year (\$648 million), each dollar spent in Investigation and Control activities returned \$10.68 to the EI Account.

In light of the smaller EI program resulting from recent reforms, Treasury Board has reduced the total savings expectation for 1998-99 to \$612.2 million.

We have undertaken an action plan to meet our savings objectives. This includes monthly conference calls with the regions regarding results, a monthly savings report and quarterly analysis reports.

Figure 5: Investigations & Control Total Savings (in millions)



Delivering Quality Service to Canadians

We took many steps to improve the quality of the services that we provide. For example, we improved our ability to handle telephone enquiries by consolidating 28 Insurance Telecentres down to 11 and upgrading equipment. Although we succeeded in ensuring that almost all callers get through to our automated voice response system, we intend to do more so that those who need to speak to a person, can do so more quickly. The national goal is that 95% of callers who wish to reach a person can do so within 2 ½ minutes. The automated voice response system currently is able to completely meet the information needs of about 70% of callers.

In line with the government's focus on results as well as Canadians' greater demands for quality services, some Human Resource Centres of Canada have received the highest internationally recognized quality system standard certification for services – ISO 9001. The ISO 9000 structure consists of internationally recognized service delivery standards. This should ultimately increase client satisfaction. This process was challenging, but has streamlined tasks, improved employee morale, made more efficient use of staff time and increased public respect.

Some expected quality improvement initiatives for 1997-1998 involved automation and self-service tools based on computerized systems. As the critical importance of the Year 2000 issue became clear, these were postponed. That process also affected measures that require changes to systems such as new agreements with provinces and municipalities to exchange information on social assistance and EI clients.

C. Other Departmental Priorities

In 1997-1998, this business line focused on the smooth implementation of the largest reform it had faced in 25 years. The operational transition to the new EI Act went relatively smoothly. There was a temporary drop in performance levels while staff and clients adjusted to new requirements and processes. However, performance levels returned to normal, as noted throughout the Key Results Commitments.

With the implementation of the *Employment Insurance Act* well in hand, our operational focus was continued improvement in the quality of service and achievement of greater productivity. For example a current priority is ensuring staff re-establish the high level of expertise, knowledge and processing accuracy that they had prior to the legislative and operational/organizational changes.

The following figure details some other significant workload trends.

Figure 6: Workload

	Actual 1995-96	Actual 1996-97	Planned 1997-98	Actual 1997-98
Claims Processing				
Initial and Renewal claims adjudication (in millions)	3.2	2.9	2.7	2.8
Claims processing per productive FTE ¹	1,214	1,131	1,200	1,195
Claims Pay				
Warrants issued (in millions)	28.3	25.8	27.2	23.2
Telephone Service				
Access to Automated Voice Response System - No busy signal	83.1%	97.7%	N/A	98.6%
Access to operator - Within 150 seconds	75.6%	74.7%	95.0%	68.1%
Insurance and Control				
Investigations completed (in millions) ²	1.1	1.0	1.0	1.0
Return for every dollar invested	\$11.1	\$10.3	\$11.0	\$10.7
Centralized Operations				
Premium reduction applications processed (in thousands) ³	40.0	40.0	38.0	37.3
Number of annuity contracts administered (in thousands) ³	142.0	135.0	128.0	122.0
Number of SIN cards issued (in thousands)	1 000.0	943.0	966.0	994.0
Support Services				
Previously undetected overpayments and underpayments as percentage of total benefit payments ³	4.2%	4.0%	4.0%	6.2%

1. Productivity is expressed in terms of productive full-time equivalents. Only productive time is considered, less training and leave time and adding overtime.
2. Reduced in 1996-97 due to overall reduction in resources arising from Feb. 1995 Budget.
3. Presented for the calendar year.

3. HRCC Management and Joint Services

A. Business Line Profile

The objective of the HRCC Management and Joint Services business line is to provide general management and administrative support for the delivery of HRDC programming from all business lines at the local, area and regional levels.

This business line is responsible for the general operations and management at area and regional offices, and local Human Resource Centres of Canada (HRCCs) to support the delivery of other program business lines. This includes the reception and direction of clients, in person or by telephone, administrative support, as well as program advice and guidance through policy and procedure development.

The expected result for this business line is effective and efficient program delivery and client services.

B. Business Line Performance

During 1997-98, we continued to implement the Service Delivery Network (SDN) to improve client access to many of the Department's most-used services, while respecting expenditure reduction targets. Further, in keeping our the Quality Services Initiative, we developed national client service standards.

Service Delivery Network

When HRDC was created in 1993, we inherited more than 800 locations in some 450 communities. The SDN involves the consolidation of offices and related facilities with a final target of 308 HRCCs. By the end of 1997-98, the Department's network of offices offering direct client service from HRDC employees had largely stabilized at approximately 320 locations. There are a number of offices in New Brunswick that were originally slated to close, but are now expected to remain open in partnership with the province. There remain a few offices in Ontario and Quebec that will close, either when leases expire or when we can establish appropriate replacement services through a partnership arrangement.

In addition to these HRCCs, other SDN outlets offering access to services were in place by the end of 1997-98. We achieved our targets with respect to these outlets which included 21 telecentres with expanded 1-800 toll free service, 10 mail service centres, 5,100 kiosks (the majority of which are in our offices, but include approximately 1,000 in partners' or public locations) and 6 Information Technology Centres. There was also considerable enhancement of HRDC information on the Internet, including the addition of new products such as Worksearch. We plan to extend public access to HRDC services by further enhancing departmental information on the Internet and adding other kiosks.

In a number of communities, we have integrated or co-located our services with those of provincial and municipal governments. This has proven to be an excellent way for clients to find all related services in one location, and for staff from all governments to work in a better co-ordinated way. One of the early and successful examples has been the creation of Canada/Alberta Service Centres which has resulted in many more “One-Window” service sites for clients. The three organizations involved are the Alberta Family and Social Services, Alberta Advanced Education and Career Development and HRDC. The alignment of labour market and income support programs and services started in four demonstration sites, but has now expanded throughout the province.

Service Standards

As part of our commitment to quality service, we developed national service standards in 1997-98 in consultation with staff and clients (refer to table below). We began posting these standards in our offices, along with client feedback mechanisms, in 1997-98. We expect to complete a national strategy for measuring and monitoring our performance against these standards and an approach to assessing client satisfaction by the spring of 1999.

National Service Standards	Proposed Performance Measures
<p>You are entitled to courteous and considerate treatment and complete and accurate information about your entitlements and obligations</p>	<p>We will undertake client surveys to measure the level of client satisfaction.</p>
<p>We aim to keep the waiting time to meet a client service officer to a minimum. Waiting times will be posted in our offices.</p>	<p>We are examining tools that will enable HRDC offices to measure the client waiting time and to provide results on the percentage of clients who have met a client service representative within the posted waiting time.</p>
<p>You are entitled, if you qualify, to receive your first payment within:</p> <ul style="list-style-type: none"> • 28 days for Employment Benefits and Support Measures • 28 days for Employment Insurance benefits 	<p>National Headquarters is developing a methodology to report on performance.</p> <p>Speed of payment - percentage of first benefit cheques paid as early as legally possible (i.e., within 28 days of registration of Initial and Renewal Claims).</p>

National Service Standards	Proposed Performance Measures
<ul style="list-style-type: none"> • 35 days for Old Age Security or Canada Pension Plan benefits 	<p>Speed of payment - percentage of first benefit payments received within 35 days of determination of entitlement. Measurement to begin in 1998-99.</p>
<p>We will provide 24-hour emergency response service for fatal accidents and refusals to work in the federal jurisdiction.</p>	<p>We expect 100% performance - any exception is to be reported.</p>
<p>We will respond to complaints of unjust dismissal under federal jurisdiction within two working days</p>	<p>Regions, in conjunction with National Headquarters, are developing measures to account for performance.</p>

4. Labour

A. Business Line Profile

The objectives of the Labour business line are to promote and sustain stable industrial relations and a safe, fair, and productive workplace within the federal labour jurisdiction; and more generally, to collect and disseminate labour and workplace information and to foster constructive labour-management relations. Within the business line are four service lines, each has its own objective.

- ❖ Industrial Relations
- ❖ Labour Operations
- ❖ Federal Workers' Compensation
- ❖ Legislation, Policy, Research and Management

Much of our operational workload in this business line is devoted to achieving the greatest possible degree of client compliance with federal labour legislation. We use the compliance policies for Parts II and III of the *Canada Labour Code*, Employment Equity and Fire Protection Services to reach these objectives.

That work usually involves responding to complaints filed by workers, unions or employers. The demand for these services is particularly susceptible to external economic conditions. Through the use of a range of graduated measures, we took action to monitor and react to client non-compliance while attempting to achieve a balance between preventative and reactive interventions. Within this context, our Labour Program faced three key challenges:

- ❖ achieve compliance through proactive work in an environment of increasing reactive demands and resource reductions;
- ❖ provide consistency for national clients while allowing for flexibility to meet local conditions; and
- ❖ strengthen communications and develop a closer working relationship between Headquarters and regional program delivery groups.

B. Key Results Commitments and Accomplishments

to provide Canadians with:	to be demonstrated by:
<p>Safe, fair, stable and productive workplaces</p>	<p>➤ a safe, healthy and equitable environment and a stable labour-management relations climate</p> <ul style="list-style-type: none"> – percentage of collective bargaining disputes settled under Part I of the <i>Canada Labour Code</i> without work stoppage – percentage of situations under Part II of the <i>Canada Labour Code</i> of non-compliance (excluding situations of danger) resolved through the acceptance of assurances of voluntary compliance (AVCs) – percentage of unjust dismissal complaints under Part III of the <i>Canada Labour Code</i> settled by inspectors (based on closed assignments)

To help us reach the best possible service levels for all our key results indicators, our regions undertook several initiatives to improve client service in 1997-1998. For example, some of our local offices co-located with provincial labour officials to offer a single window client service. We implemented a client self-help kit to provide clients with information to allow them to resolve disputes without the direct intervention of a labour officer. We instituted an early resolution system for non-complex complaints at first point of contact to expedite their resolution.

Percentage of collective bargaining disputes settled under Part I of the *Canada Labour Code* without work stoppage

In 1997-98, in addition to other related services, our Federal Mediation and Conciliation Service (FMCS) handled 313 collective bargaining disputes with a settlement rate of 92.4% – target 90% (see Figure 7). We helped to conclude key settlements in air and road transportation, rail, shipping, broadcasting, longshoring, and communications industries. Legal work stoppages took up only 0.34% of all work time in the federal jurisdiction.

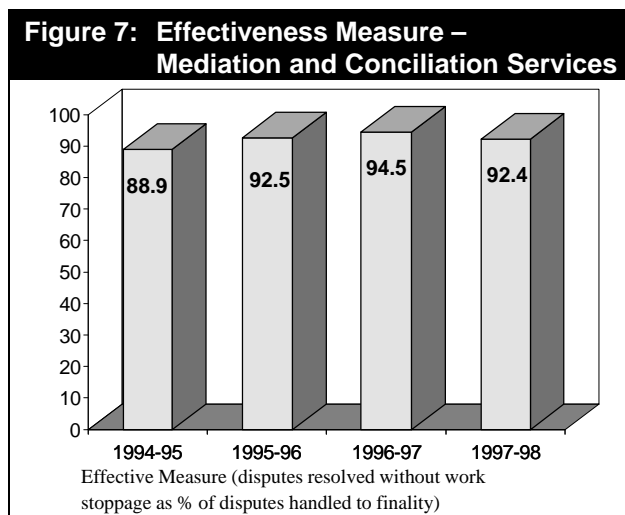


Figure 8 details person-days lost in 1997-98 due to legal strikes/lockouts in federal jurisdiction by industry.

More than 100 collective agreement grievances were mediated in 1997-98, with a settlement rate of over 80% which is comparable to the settlement rate of fiscal year 1996-97.

Figure 8: Person-Days Lost Due to Strikes/Lockouts in Federal Jurisdiction			
(Fiscal year 1997-98)	Number of Disputes	Number of Stoppages¹	Person-Days Lost
Air Transportation	35	-	-
Banking	1	-	-
Broadcasting	38	2	1,250
Communications	8	4	499,140 ²
Grain Handling/Feed and Flour Mills	15	-	-
Mining/Atomic Energy	12	1	1,300
Longshoring/Port Operations	23	1	750
Railway Transportation	9	-	-
Shipping and Navigation	26	-	-
Trucking and Ground Transportation	117	2	3,710
Miscellaneous	29	3	2,740
Total	313	13	508,890

1. Includes ongoing disputes and work stoppages carried over from fiscal year 1996-97.
2. Includes impact of Canada Post strike.

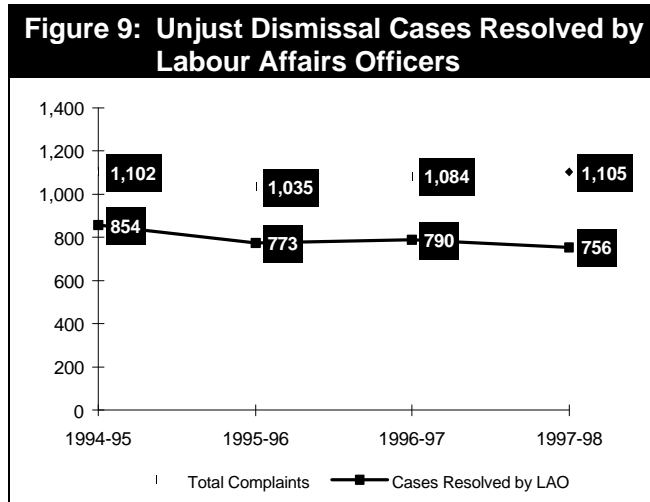
Percentage of non-compliance situation under Part II of the *Canada Labour Code* (excluding situations of danger), voluntarily resolved through the acceptance of assurances of voluntary compliance.

Part II of the *Canada Labour Code* covers occupational safety and health. Labour Affairs Officers (LAOs) respond to complaints and conduct proactive inspections of workplaces. During 1997-98, we obtained voluntary resolution of 97% of non-compliance Part II situations, excluding situations of danger. This exceeds the 90% target.

This compliance indicator is relevant to the output of Part II field activities. We are developing additional outcome-oriented performance indicators in this area. These will help us link our work in relation to Canada Labour Code Part II programs and activities to the levels of injury, severity and incidence rates reported in federal jurisdiction workplaces.

Percentage of Unjust Dismissal Complaints Under Part III of the *Canada Labour Code* Settled by Inspectors.

Part III of the *Canada Labour Code* covers labour standards. It requires that Labour Affairs Officers (LAOs) attempt to settle unjust dismissal complaints. At any time, the complainant or the employer may request the Minister of Labour to appoint an adjudicator, which terminates the LAO's authority. In 1997-98, the LAOs settled 68% of these complaints. Performance fell short of the 75% target mainly because of employers who would not respond to LAO inquiries, leaving complainants no alternative but adjudication. Regional officials are determining ways to respond better to these situations.



Percentage of complaints under Part III of the *Canada Labour Code* (other than unjust dismissals) resolved within 120 days.

This key indicator was introduced in the 1997-1998 Part III Estimates. However, after review during the year, we eliminated it and have ceased reporting.

C. Other Departmental Priorities

Many of our other priorities for this business line were outlined in the 1996 President's Report to Parliament and in the 1997-1998 Part III Estimates:

- ❖ Modernized Labour Code;
- ❖ Stable industrial relations;
- ❖ Safe, fair, and equitable workplaces;
- ❖ Workplace Equity Programs;
- ❖ *Fair Wages and Hours of Labour Act*;
- ❖ Fire protection services;
- ❖ Federal Workers' Compensation;
- ❖ The Changing Workplace; and
- ❖ Inter-American Labour Cooperation.

Modernized Labour Code

Amendments to the *Canada Labour Code* - Part I (Industrial Relations)

Part I of the *Canada Labour Code* establishes the framework for collective bargaining in federally regulated industries. Bill C-66 (amendments to Part I of the *Canada Labour Code*) was awaiting third reading in the Senate when Parliament was dissolved on April 27, 1997. The Bill, with minor modifications, was reintroduced as C-19 on November 6, 1997. The Bill was in Committee Stage at the end of the fiscal year.

Amendments to the *Canada Labour Code* - Part II (Occupational Safety and Health)

Part II of the *Canada Labour Code* establishes the framework for safe and healthy workplaces in the federal jurisdiction, including the federal public service. It focuses on the prevention of work-related accidents and illnesses. The Minister tabled a bill in April of 1997 (Bill C-97) which died on the Order Paper when Parliament was dissolved.

Amendments to the *Canada Labour Code* - Part III (Labour Standards)

Part III of the *Canada Labour Code* establishes working conditions for employees in federally-regulated undertakings, which include most federal Crown corporations, but not the federal public service. During 1997-98, we began to analyze the results of previous client consultations, information and studies on Part III. We focused on modernizing the Code for better client service and examining emerging workplace issues. There is no target date for completion of the review since priority was given to Part II of Code.

Input to the review was provided by an evaluation of federal labour standards, conducted in 1997-98. The evaluation found that about 25 percent of employers were in non-compliance with most provisions of Part III. Generally, lack of employer awareness was identified as one key driving force behind non-compliance. Non-compliance is more likely in firms that are smaller, non-unionized, less profitable, and in the trucking industry. Resource constraints and the high volume of complaints, which must be investigated by law, hindered efforts to prevent non-compliance through education and other means.

About 60 percent of employers reported that current labour standards did not impose any additional administrative cost to their operations. Those employers identifying additional cost caused by Part III reported only modest increases to administrative or payroll costs.

Stable Industrial Relations

Labour Information

We play a key role in collecting, analyzing and disseminating labour-related information. We have made changes to ensure that our information products and services meet client needs well and cost-effectively.

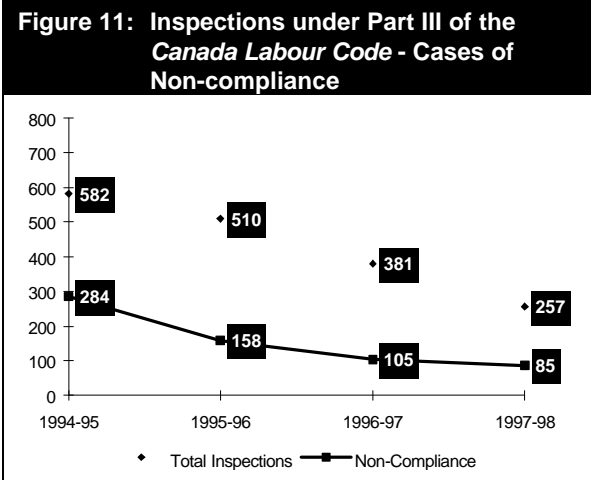
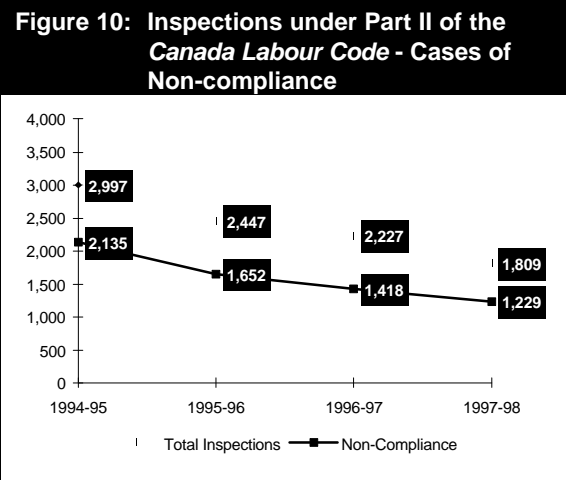
We merged and/or totally redesigned some publications, which led to the launch of the *Workplace Gazette* (issued quarterly), the *Collective Bargaining Bulletin* (issued monthly) and the *Key Developments in Collective Bargaining* (issued monthly). Our Workplace Information Directorate expanded its strategic approach to marketing information products and increased subscription revenues significantly. In addition, we enhanced the Labour Internet site, providing clients a wider range of information and the ability to customize the required information to their needs. As a result, there were an average of 12,500 visitors each month to site in 1997-98, compared to just 28,901 visits from the launch of the site at the end of August 1996 to March 1997.

Safe, Fair and Equitable Workplaces

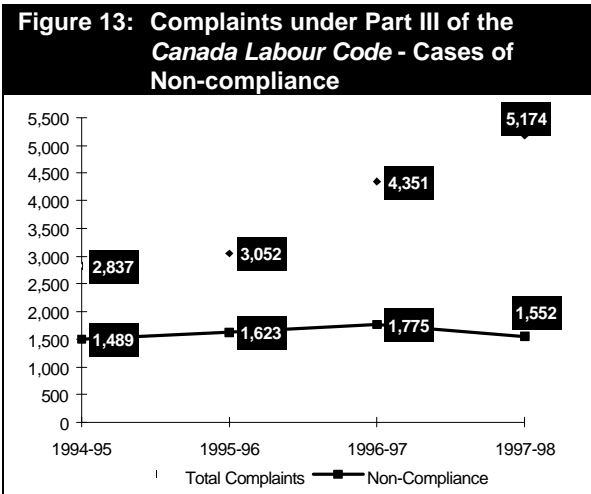
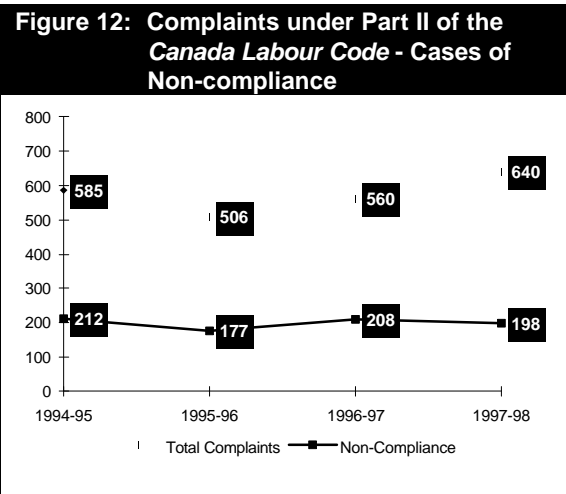
We administer the occupational safety, health, and labour standards of the *Canada Labour Code* (Parts II and III, respectively), the *Employment Equity Act*, the Federal Contractors Program and other related programs and legislation. We also provide fire protection and workers' compensation services for the federal government.

Labour Affairs Officers (LAOs) promote and enforce compliance with Parts II and III and federal fire standards. They conduct proactive activities related to the promotion of programs, counselling, planned inspections, and audits. These generally target high-risk or poor performing settings. LAOs also conduct reactive activities such as responses to complaints, refusals to work and accident investigations. The number of cases of non-compliance found through proactive inspections and reactive complaint responses are measures of the performance of these activities under Parts II and III.

In 1997-98, the number of inspections in both Parts II and III continued to decrease from previous years. The trend is explained by factors such as the continued increase in the number of complaints, which is non-discretionary, the complexity of complaints that require more time to resolve, and a smaller number of inspectors.



Reactive activities under Parts II and III, which are client driven, continue to increase from previous years. During 1997-98, management of the Labour Program studied the findings of program evaluation reports and worked cooperatively to develop possible approaches or solutions. Initiatives such as the adoption of client self-help kits and the early resolution system are examples of ways to better manage the reactive workload. The benefits of these initiatives will be assessed in the 1998-99 fiscal year.



Workplace Equity Programs

Our Workplace Equity Officers (WEOs) continued to promote and monitor the compliance of the 341 federally regulated private sector employers covered by the *Employment Equity Act*, as well as review the 759 non-federal private sector employers covered by the employment equity provisions in the Federal Contractors Program. During 1997-98, they also assumed responsibility for promoting and monitoring the equal pay provisions of Part III of the *Canada Labour Code*. During the fiscal year, we completed 53 equal pay assignments, along with workshops and training sessions, and new employer reporting software.

According to our employment equity annual report statistics, the Female to Male earnings ratio for workers under federal jurisdiction has steadily increased from 70.7% in 1987 to 75.9% in 1996. Comparatively, the male/female ratio for full-time workers as obtained from Statistics Canada is 73.4%. Before 1987 the earnings ratio constantly hovered around 60 to 65%.

Equal pay legislation has been instrumental in improving the benefits being offered to permanent part-time employees. Before the inception of the equal pay program, some employers did not offer benefits to their permanent part-time staff. As a result of visits to employers by departmental officers, most employers are now offering these benefits.

We developed and distributed ten modules of the Employment Equity Guidelines to employers and related stakeholders. Four other modules are in the draft consultation stage. For the convenience of employers and to save publishing and mailing costs, we have posted the Employment Equity Guidelines on the Workplace Equity Internet Website (<http://info.load-otea.hrdc-drhc.gc.ca/~weeweb/homeen.shtml>).

In January 1998, we held a very successful National Symposium on Persons with Disabilities. It broadened awareness of the specific needs of persons with disabilities in the workforce and shared best practices.

Fair Wages and Hours of Labour Act

The *Fair Wages and Hours of Labour Act* requires that every construction contract made with the Government of Canada contain provisions obliging contractors to pay fair wages and to follow specified hours of work standards. The government announced its intention to reinstate fair wage schedules in April 1997. In October of 1997, as a pilot project, we met construction companies and unions in Alberta to get information that could form the basis for new fair wage schedules. We are assessing the information as we decide on our courses of action.

Fire Protection Services

We provide services that are designed to minimize fire losses for federal departments, specific Crown agencies and First Nations organizations. Just 123 fires were reported on federal property in 1997-98, with a direct loss of \$1.7 million and 9 injuries. Major fires included one that caused \$500,000 damage to the Revenue Canada College in Rigaud, Quebec and another that caused \$375,000 damage to the Green Gables House in Cavendish, Prince Edward Island.

The Federal Workers' Compensation Service

We are responsible for all or parts of federal laws, particularly the *Government Employees' Compensation Act* (GECA), that compensate injured workers and survivors of those who die due to workplace incidents. We delegate responsibility for making compensation determinations under GECA to provincial workers' compensation boards (WCBs) and commissions. In 1997-98, we paid them \$93 million to reimburse benefits and expenditures for approximately 28,000 claims as well as their administrative costs. We recovered approximately 40% of these costs from Crown agencies. This spending has declined over time, due to factors such as workforce reductions, reduced WCB payments and better claims management.

We began an initiative to recover provincial workers' compensation and administrative costs from federal departments and agencies. The goals were to promote a better understanding and accountability of the costs associated with work-related injuries and illnesses and to reduce compensation costs, time loss and human suffering. This initiative should also lead to improved safety and health prevention programs, return-to-work programs and claim and case management practices.

The Changing Workplace

The Minister of Labour began the Collective Reflection on the Changing Workplace on August 30, 1996. The Collective Reflection was initiated to provide a co-ordinated and strategic approach to emerging issues in the workplace, particularly relating to new forms of employment, the innovative workplace, flexible working arrangements, and the impact of the information highway on workers and workplaces.

The Minister of Labour released the Report of the Advisory Committee on the Changing Workplace in June 1997. The Report provides information on the characteristics of the new economy, identifies the impact on work and workers as a result of these economic changes and suggests a variety of ways in which governments, business, labour and individuals can respond to these challenges.

The Minister of Labour also released the Final Report of the National Forum on the Information Highway and Workplace Issues in July 1997. The Report provided valuable information regarding the impact of the information highway on the workplace, new approaches to work that utilize information technology and ensuring worker protection.

This business line has addressed and supported work on workplace change issues, particularly through partnerships with unions, employers and other branches within HRDC. For instance, it is working with other HRDC branches to develop *CanLearn*. This Internet-based workplace learning program will include information relating to training, courses, and financial support.

We also funded a study by the Conference Board of Canada. "Contingent and Non-Standard Work: the Impact and Implications for Labour-Management Relations and Public Policy," will be completed by the end of September 1998.

Inter-American Labour Cooperation

The Canada-Chile Agreement on Labour Cooperation came into force on July 5, 1997. It aims to protect and enforce basic workers' rights, as well as, improving working conditions and living standards in both countries.

Canada hosted a major conference on *Protecting Working Children in North America: A Shared Responsibility* in October 1997 under the Cooperative Work Program of the North American Agreement on Labour Cooperation. The conference focused on the role of governments, business and labour groups, non-governmental organizations and other community players in reducing inappropriate child labour and ensuring the rights and responsibilities of young people in the workplace are recognized and respected.

5. Income Security

A. Business Line Profile

The objective of the Income Security business line is to promote and strengthen the income security of targeted groups of Canadians through the administration and delivery of Canada Pension Plan (CPP) and Old Age Security (OAS) programs that provide benefits to seniors, the disabled and their children, survivors, and immigrants. We achieve this objective by delivering timely and accurate benefit payments and by protecting the pension system against errors and abuse. The work of the business line and the benefits it provides to Canadians contribute to the Government's goals as noted in the Speech from the Throne of 1997 such as Investing in Quality Care and Good Health and Investing in Children.

The business line provides benefits to Canadians of all ages directly and in collaboration with other social security program providers - provincial governments, workers' compensation boards, private insurers, and foreign governments.

During 1997-98, we provided approximately \$40 billion in statutory benefits to 4.7 million Canadians and over 120,000 clients abroad, through close to 7 million monthly payments. The clientele consists of 3.6 million seniors (over age 65); 290,000 Canadians with disabilities and 100,000 of their children; over 380,000 early retirees (aged 60 to 64); over 800,000 widows and widowers; and 90,000 orphans.

Our 1997-98 priorities ensured that the public pension system would continue to be operationally sound and that it would be sustainable in the long-term. That involved support for changes in the Canada Pension Plan, and action on operational priorities such as technology choices, program management decisions and improvements to client service.

We continued to strengthen CPP-Disability administration and, in general, responded to the current and expected program priorities linked to an ageing society.

Financial Summary

Figure 14: Spending Trend

(millions of dollars)	Actual 1995-96	Actual 1996-97	1997-98		
			Planned	Total Authorities	Actual
Operating expenditures	231.2	228.5	254.3	301.2	277.3
Statutory transfer payments					
Old Age Security basic (OAS)	15,998.6	16,575.8	17,140.0	17,114.2	17,114.2
Guaranteed Income Supplement (GIS)	4,627.8	4,638.8	4,778.0	4,728.6	4,728.6
Spouse's Allowance (SPA)	407.5	395.5	390.0	389.2	389.2
Subtotal	21,033.8	21,610.0	22,308.0	22,232.0	22,232.0
Total gross expenditures	21,265.0	21,838.5	22,562.3	22,533.2	22,509.3
Recoverable expenditures from the Canada Pension Plan (Operating)	(111.8)	(116.8)	(142.4)	(177.4)	(156.7)
Total net expenditures	21,153.2	21,721.7	22,419.9	22,355.7	22,352.6

B. Key Results Commitments and Accomplishments

to provide Canadians with:	to be demonstrated by:
Secure Income Security Programs for seniors, persons with disabilities and their children, survivors and migrants	<ul style="list-style-type: none"> ➤ sustainable and efficient Canada Pension Plan and Old Age Security programs <ul style="list-style-type: none"> – telephone client service <ul style="list-style-type: none"> * Access I: percentage of callers not receiving busy signal * Access II: percentage of callers answered by a Service Delivery Agent within 3 minutes – speed of service: Old Age Security application through-put time – speed of service: Canada Pension Plan application through-put time (excluding all disability benefits) – speed of service: CPP disability initial application through-put time – client satisfaction: percentage of clients satisfied with Income Security Programs services

Sustainable and Efficient Canada Pension Plan (CPP) and Old Age Security (OAS) Programs

Telephone Client Service - Access I - Percentage of Callers Not Receiving Busy Signal and Telephone Client Service - Access II - Percentage of Callers Answered by a Service Delivery Agent Within 3 Minutes

Activity	Expected Results	Accomplishments (1997-98)
Clients accessing telephone service	<ul style="list-style-type: none"> • 95% of callers will access the system on the first attempt • 95% of clients who accessed the system and requested assisted service will be connected to an agent within 3 minutes 	<ul style="list-style-type: none"> • 77% of callers, who called once, were able to access the system on their first attempt • 98.4% of all callers were served on a daily basis • 94.1% of clients were connected to an agent within 3 minutes

In 1997-98, we responded to 4.7 million telephone calls through our Income Security telecentre services. Although reports showed significant improvement in more callers being successfully connected, we did not meet our 95% system accessibility target.

We currently do not have the ability to measure this target for repeat callers. Telephone call volumes vary substantially from week to week during a month, as well as from month to month. Call volumes peak during our monthly CPP and OAS payment issue period. While we average 350,000 calls per month, the volumes can increase to 700,000 calls per month during the annual GIS renewal period from January to April.

In late 1997-98, we introduced many improvements to help us reach our service commitments. These included: directing overflow call volumes to staff at our mail processing centres; increasing staffing; encouraging clients to call during non-peak periods; and installing additional equipment. We expanded our Interactive Voice Response service in all major telephone centres and added features. A working group began to review the U.S. Social Security telephone system and private sector telephone centres to identify any best practices that we could adopt as we look for ways to further improve client accessibility to telephone services at peak calling periods. We have implemented call centre management training and adopted private sector management techniques and practices including those related to reporting, quality, performance and increased use of part-time staff.

Speed of Service - Processing of OAS and CPP Applications (including CPP Disability Applications) Within Established Through-put Times

Activity	Expected results	Accomplishments (1997-98)
OAS applications	<ul style="list-style-type: none"> Process OAS applications within 16 days 	<ul style="list-style-type: none"> National annual average processing time was 20 days
CPP applications	<ul style="list-style-type: none"> Process CPP applications within 16 days 	<ul style="list-style-type: none"> National annual average processing time was 17 days
CPP disability applications	<ul style="list-style-type: none"> Reduce new CPP disability application processing time 	<ul style="list-style-type: none"> National annual average processing time was reduced to 62 days (down approximately 5 days from the previous year)

Resources have increased 6.7% during the past decade, while the work of keeping client files current, managing reassessments and other maintenance functions has risen 100%. Technological improvements have not compensated fully for that gap. While regionalization of our services, more extensive case development and stricter adjudications have all helped, they led to slower processing than expected. We plan significant additional efforts to respond to the projected workload increases. We will automate results measurements, giving us a more detailed and accurate view of achievements. An accountability framework is also being developed in accordance with Treasury Board's request to account for resources obtained in a recent Treasury Board submission, giving this business line an opportunity to show its ongoing commitment to improve service through the use of results-based accountability.

Client Satisfaction - Percentage of Clients Satisfied with Income Security Programs services

Activity	Expected Results	Accomplishments (1997-98)
Client Satisfaction Survey - Telephone Service	<ul style="list-style-type: none"> Percentage of clients satisfied with service 	<ul style="list-style-type: none"> Results being compiled
Client Satisfaction Survey - In-person Service	<ul style="list-style-type: none"> Percentage of clients satisfied with service 	<ul style="list-style-type: none"> Results being compiled

We conducted a client satisfaction survey in the summer of 1998. Results will be reported in the 1998-99 Departmental Performance Report. The survey results will be used to identify improvement priorities.

C. Other Departmental Priorities

Implementation of Legislative Changes

Activity	Expected Results	Accomplishments (1997-98)
CPP legislative changes	<ul style="list-style-type: none"> Implement changes to ensure sustainability of CPP 	<ul style="list-style-type: none"> Successful implementation of legislative changes
Seniors Benefit	<ul style="list-style-type: none"> Prepare for implementation and communicate changes to clients/public 	<ul style="list-style-type: none"> Preparatory work was conducted, efforts concentrated on changes to 1999 GIS Renewal process

Canada Pension Plan Legislative Changes: Parliament passed Bill C-2 to ensure the sustainability of the Canada Pension Plan. We contributed to the legislative process for that bill and addressed the resulting changes. The changes were implemented with minimal effect on client service. We changed our computer systems and processes as required. We trained staff and provided them with information and tools to process the changes and to counsel clients.

Seniors Benefit: A Seniors Benefit to replace the Old Age Security program was proposed in the 1996 Budget. In 1997-1998, we prepared communications materials to inform Canadians about the proposal. Operationally, we focused on related improvements to the GIS renewal process for 1999 and subsequent years. A separate legislative change included as part of the 1998 Budget Implementation bill will address GIS improvements, such as the change of renewal year from April to July of each year and the use of tax returns to renew benefits.

(Note: The Minister of Finance announced in July 1998 that the implementation of the Seniors Benefit will not proceed; the GIS renewal improvement will still go ahead.)

Improvements to the GIS Renewal Process

Activity	Expected Results	Accomplishments (1997-98)
GIS renewal simplification	<ul style="list-style-type: none"> More benefits renewed in timely fashion Simplified renewal process 	<ul style="list-style-type: none"> 97.5% of clients had benefits renewed without interruption in payment Over 120,000 benefits were renewed automatically, without requiring the recording of income data on the system Over 68,000 of these were based solely on the income data received from Revenue Canada

Activity	Expected Results	Accomplishments (1997-98)
	<ul style="list-style-type: none"> Improved telephone service 	<ul style="list-style-type: none"> 95.3% of clients who called were served on the day they called between January and April 1998, the busiest period during GIS Renewal

The 1998 GIS renewal process continued the previous year's success. There were no outstanding processing backlogs and no known client hardships. Collaboration with Revenue Canada resulted in faster receipt of income information. In addition, we continued telephone service improvements, added resources, and launched a major communications campaign to keep clients informed of their rights and obligations.

CPP Disability Management

Activity	Expected Results	Accomplishments (1997-98)
Disability client reassessment	<ul style="list-style-type: none"> 23,000 reassessments projected 	<ul style="list-style-type: none"> 11,833 cases were reassessed, resulting in 2,985 benefits being discontinued
Vocational Rehabilitation	<ul style="list-style-type: none"> Over 650 clients to be referred for rehabilitation \$4.5 million estimated statutory savings Vocational rehabilitation program incorporated into ongoing operations 	<ul style="list-style-type: none"> 1,140 files screened for assessment of vocational rehabilitation potential; 116 clients were active in the rehabilitation program in March 1998 57 clients successfully completed the program and ceased receiving disability benefits, while 66 clients left the program due to their medical condition \$1.8 million in statutory savings realized (over 3 years) Program was successfully regionalized and integrated into ISP operations; rehabilitation pilots were initiated in several regions
Partnerships and information sharing	<ul style="list-style-type: none"> Negotiate new/revised information sharing with provinces Negotiate new agreements with provincial workers' compensation boards 	<ul style="list-style-type: none"> New agreements with Saskatchewan and Ontario Negotiations continued with British Columbia, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island, Alberta and Newfoundland

Activity	Expected Results	Accomplishments (1997-98)
Medical appeals processing	<ul style="list-style-type: none"> • Eliminate backlog of reconsiderations in headquarters by June 1997 • 7,000 Review Tribunal hearings to be conducted • 600 Pension Appeals Board cases to be heard 	<ul style="list-style-type: none"> • As of June 1997, 3,900 cases were in process and work was to begin on 330 cases • 7,985 hearings completed • 616 PAB decisions (only 221 went to hearings)

We continued our efforts to strengthen the administration of the CPP Disability program in 1997-98, based on an action plan responding to the 1996 Auditor General's report on the program. We established a comprehensive management strategy framework in October 1997. Its objectives are to strengthen management, obtain adequate resources, ensure quality services, increase accountability, control costs, and expand measures, such as vocational rehabilitation, that are designed to assist individuals to return to employment.

Throughout 1997-98, we continued efforts to reduce and eliminate regional backlogs. We invested in further reassessments of clients for continuing eligibility and to assist them to reintegrate into work. We reviewed our current appeals processes to identify ways to streamline and expedite processes for these often-complex cases. We began to develop a formal quality assurance program.

The most significant departure from our target for the year was that we did fewer reassessments than projected. We had to direct some resources to other client service priorities, such as assisting in reducing and eliminating backlogs in other areas. In addition, with the growing complexity of reassessment cases, the processing times were slower.

Vocational rehabilitation became an ongoing component of the CPP Disability program. Program savings largely depend on identification of clients whose medical condition allows them to participate in a rehabilitation program. We are exploring the potential for increased caseloads and larger savings. We also expect our appeal situation to improve as we added significant new resources to deal with workloads at the Review Tribunal and Pension Appeals Board levels and reduced numerous administrative and legal barriers in the appeal process.

Income Security Programs Redesign

Activity	Expected results	Accomplishments (1997-98)
Implement the Client Service Delivery Network	<ul style="list-style-type: none"> Introduce a major new system to support program delivery 	<ul style="list-style-type: none"> Project terminated after independent review New Information Technology/Strategy/Vision launched

In recent years, we have built much of our operational and resourcing strategy for our Income Security Programs around expected achievements through the Income Security Programs Redesign project. The project was to result in the implementation of a new Income Security Service Delivery Network (formerly the Client Service Delivery Network). ISP Redesign produced numerous service delivery improvements and efficiency gains through modernization of systems and older technology. These improvements included the introduction of Interactive Voice Response telephone service, presumptive applications to potential clients in advance of their eligibility date, installation of new equipment, etc. However, as described in full under Major Crown Projects (Section 4), a risk assessment led to a decision to stop further development in late 1997.

To establish a new direction, a Technology Solutions Directorate was formed in the Income Security Programs branch late in 1997-98. This group began to develop a strategy to ensure the continuing effective delivery of benefits and to identify possible new business strategies and technology solutions.

International Agreements

Activity	Expected results	Accomplishments (1997-98)
Negotiate Social Security Agreements	<ul style="list-style-type: none"> 7 new/revised agreements initiated 	<ul style="list-style-type: none"> 3 new agreements signed 3 agreements under revision Negotiations initiated on 3 new agreements

We continued to expand links to social security agencies in other countries. This cooperation arose as a result of contacts related to expanding international trade links, the emergence of free enterprise economies in Central and Eastern Europe and continuing immigration to Canada from developing countries. Negotiations of new/revised agreements ensure continuity of CPP coverage when Canadians are posted abroad for temporary periods, remove restrictions on the payment of foreign pensions to Canadian residents and assist migrants to qualify for benefits based on periods lived and worked in Canada and other countries.

Implementation of Operational Changes

Activity	Expected results	Accomplishments (1997-98)
Integration of Saskatchewan Income Plan benefits with OAS/GIS	<ul style="list-style-type: none"> • Agreement signed/implemented 	<ul style="list-style-type: none"> • Integrated payments to 18,500 clients began in April 1997
Payment Integrity	<ul style="list-style-type: none"> • Methodology revised to improve the accuracy of mispayment estimation 	<ul style="list-style-type: none"> • Three significant improvements were implemented for the CPP Disability Random Review • OAS Random Review method revised • Consultations with staff of the Office of the Auditor General on-going
Implementation of changes to OAS for recent immigrants	<ul style="list-style-type: none"> • Small number of clients affected in first 2 years 	<ul style="list-style-type: none"> • 122 client applications reviewed and denied up to March 1998

Integration of the Payment of Saskatchewan Income Plan (SIP) Benefits with OAS/GIS

Benefits: The first integrated payments of the Saskatchewan Income Plan and OAS/GIS benefits went to 18,500 clients in April 1997. This initiative supported national unity and contributed to building a stronger Canada by providing a simpler, combined payment of benefits to low income seniors in Saskatchewan. It also saved the provincial government considerable costs and has eliminated duplication of efforts. Negotiations led to a similar agreement with the Northwest Territories.

Payment Integrity: Approximately \$22.2 billion in Old Age Security pension and \$17.5 billion in Canada Pension Plan benefits are paid annually. With 98.8% complete, the current OAS Random Review of accounts in pay indicates mispayment estimates of \$45.9 million. Figures based on the 1996 CPP Random Review indicate mispayment estimates of \$40 million for CPP. These payment errors represent an extremely small percentage (0.21% for OAS and 0.27% for CPP) in comparison to the annual payout for both programs. Random Reviews of OAS and CPP accounts allow us to identify error sources and to take remedial action.

Implementation of changes to OAS for recent immigrants: Changes to the OAS program which make sponsored immigrants eligible for GIS benefits after the end of the sponsorship period (usually 10 years) have affected fewer clients than originally anticipated. Approximately 120 applicants have been denied benefits since the provision was enacted in 1996, far less than the approximately 1,000 clients who were expected to be affected.

6. Corporate Services

A. Business Line Profile

The objective of the Corporate Services business line is to provide executive direction, policy development and management support services to the department.

This business line includes three functions:

- ❖ **Corporate Management and Services** provides corporate management, administrative, financial, and human resources services that help departmental clients to achieve their business line objectives, consistent with overall government policies;
- ❖ **Systems** develops and manages automated systems that support service delivery across all business lines; and
- ❖ **Policy and Communications** develops and evaluates policies and programs and provides advice and support that enables the Department to achieve corporate and business line objectives and inform Canadians about them.

Our key results are present in timely and effective support for the achievement of government-wide, corporate, and business line objectives. These results must be consistent with achievement of the standards of equity, efficiency, and accountability required by legislation and policy.

B. Key Results Commitments and Accomplishments

to provide Canadians with:	to be demonstrated by:
Prompt collection of monies due to the Crown	<ul style="list-style-type: none"> ➤ effective recovery function <ul style="list-style-type: none"> – dollars collected: Canada Pension Plan – dollars collected: Employment Insurance and Employment Program – dollars collected: Canada Student Loans Program
Year 2000 system compliance	<ul style="list-style-type: none"> ➤ effective systems support for the delivery of programs and services <ul style="list-style-type: none"> – percentage of mission critical applications fully implemented

Prompt Collection of Monies Due to the Crown

Key Indicator / Activity / Priority	Accomplishments
Effective Recovery Function	<ul style="list-style-type: none"> • Developed individual key performance indicators for Canada Student Loan Program defaulted loans, Canada Pension Plan overpayments and Employment Insurance overpayments • Reporting will begin with the 1998-99 HRDC Key Performance Measurement Report

This performance indicator was launched in 1997-98 for initial use in the 1998-99 fiscal year. It will measure cash recovered against individual targets. It will help increase attention to an activity that has already been successful. For example, in 1997-98, we continued the set-off initiative against income tax refunds. This resulted in direct and indirect recoveries of approximately \$63 million for Canada Student Loan program defaulted loans, Employment Insurance overpayments and employment programs. That was an increase of 5% over 1996-97 recoveries.

Year 2000 System Compliance

Key Indicator / Activity / Priority	Accomplishments
Effective Systems Support for the Delivery of Programs and Services	<ul style="list-style-type: none"> • As of March 31, 1998, three of our mission-critical systems were Year 2000 ready • Aggressive steps should ensure the readiness of the remaining 58 mission-critical systems by December 31, 1998.

In early 1997, we launched the Year 2000 Project by establishing a Project Office and associated advisory and co-ordination committees. The Year 2000 Project Office developed a Year 2000 inventory. This is a corporate repository of data on applications, products, vendors, interfaces and application testing components. The combination of inventory data elements provides the mechanism for monitoring and tracking the compliance process of HRDC and their interdependencies. Our Internal Audit Bureau also did Year 2000 risk assessments of applications and infrastructure.

We began by placing top priority on our benefit systems to ensure clients continue to receive high quality service. These systems include Employment Insurance, Canada Pension Plan and Old Age Security. By March 31, 1998, this process was well underway, as noted above.

We have also undertaken an extensive awareness campaign in order to ensure all employees and clients are aware of the Year 2000 priority, its complexity and the challenge it represents to our department.

C. Other Departmental Priorities

Corporate Management and Services

Financial and Administrative Services

Our Financial and Administrative Services branch provides flexible and accountable financial and administrative advice, guidance, and support to help our managers fulfil their responsibilities in the management of resources.

During 1997-98, we focused our Financial and Administrative Services efforts on supporting department-wide priorities such as negotiation and implementation of the Labour Market Development Agreements and continued management of budget and space reduction commitments. As part of the latter process, we implemented the first agreement that ensures that accountability for accommodation and its costs rests with a department rather than with Public Works and Government Services Canada.

Another priority was a series of initiatives that improved our own operations. For example, we continued to find and eliminate unnecessary rules and streamlined processes to offer more flexibility to employees and better service to clients. We continued to develop the HRDC Corporate Management System (CMS) to create a Year 2000 compliant, integrated corporate database for financial, administrative, and human resource transactions. The importance of the Year 2000 issue meant that some elements were delayed into 1998-99.

We also continued work on our new accounts receivable strategy, including a harmonized approach for HRDC's application of interest on overdue receivables. We implemented a series of changes to make management of that process work more effectively.

Internal Audit Bureau

Our Internal Audit Bureau provides objective information and solution-oriented advice to help managers achieve their business objectives and fulfil their responsibilities. Increased decentralization from National Headquarters to the regions has emphasized the empowerment of employees. Therefore, we increased Internal Audit efforts on partnerships and consultations with regions to create new tools and services to assist them in identifying and managing outcomes and risks at the local level. For example, we developed and administered a self-

assessment questionnaire to inform HRCC directors and managers about aspects of organizational health and to assist them to better achieve their goals and objectives. A global report identified national trends and provided insight into organizational risks. We are using that report now to improve program management.

We also produced the “Briefing Book for Managers on the Status of Risk in HRDC”. This helped managers by summarizing existing HRDC control systems, risk management practices and areas for further management attention, identified during recent audits.

Human Resources Services

In 1997-1998, our human resources management played an essential role in many of our departmental priorities. Some related to downsizing and decentralization, such as managing the transfers of employees under Alternative Service Delivery and a departmental workforce adjustment plan. Others focused on government-wide measures such as preparations for the introduction of Universal Classification Standard and staffing reform. However, a growing priority was our work to build a firm human resources foundation for the HRDC of the future, especially through the action plans linked to the La Relève and the HRDC Supporting People initiatives.

We recognized the importance of support and skill development opportunities for our employees as they adapt to changing circumstances. As part of this, we conducted an "environmental assessment" of employees. We also carried out consultations with employees, managers and unions. These helped us to identify levers to reflect a commitment to staff development, and shared employee-management responsibility for learning. A national network of learning advisors addressed ongoing implementation issues and promoted best practices. A National Assignment Service continued to provide developmental opportunities for staff, while career and learning centres provided venues for self-directed learning and career counselling.

We worked toward a departmental recruitment and retention strategy focused on youth, staff development and employment equity issues. When complete, this will complement individual Regional/Branch recruitment strategies that address anticipated staff or skills requirements. To anchor this we enhanced our human resources planning capacity and participated in an interdepartmental base case demographics project. Our creation of a youth caucus and the appointment of a full-time Student Advisor will help our focus on youth issues.

As part of ongoing work on an integrated approach to HR Management, we implemented a structural model of five job families for Human Resources Centres of Canada (HRCCs). We also developed a level-based staffing framework to facilitate the movement of employees and established competencies linked to business lines.

Systems

In 1997-98, beyond the overwhelming Year 2000 priority noted earlier, our Systems staff focused on systems activities necessitated by legislation, maintenance of essential services and Labour Market Development Agreements. We deferred new systems initiatives, enhancements and discretionary development so that we could apply our resources to the Year 2000 challenge.

In partnership with the Income Security Programs Branch, we implemented the required Canada Pension Plan systems modifications to support the legislative changes associated with Bill C-2. The Employment Insurance (EI) legislation, Bill C-12, meant massive changes to the EI systems. EI cheque production was not adversely affected.

We improved an important aspect of service to Canadians by successfully outsourcing over 2 million T4s to Canada Post, which offered faster production through local printing and distribution. We were also able to obtain improved quality forms and eliminate duplicates.

The Labour Market Development Agreements (LMDA) with New Brunswick, Alberta, Manitoba and Quebec triggered a need for new network connections that we successfully met. These involved particular attention to data security and communications to ensure the protection of client data.

We installed approximately 500 additional multi-media kiosks during the year, bringing the total to 2,934 and bringing the total number of HRDC kiosks to 5,134. These provide a wide range of information on HRDC's employment programs and services. We also upgraded the telephony platform which enabled more efficient handling of the 60-80 million calls received in support of HRDC programs.

Other examples of our commitment to quality service were our responses to the Manitoba flood, the postal strike and the ice storm that hit Ontario, Quebec and New Brunswick. In each case, we had effective contingency plans to ensure continued smooth operation of the systems that provide benefits to many thousands of Canadians. During the postal strike we took concentrated actions that facilitated the sorting and distribution of EI warrants to the network of special distribution centres. In the case of the ice storm, employees worked from home and from other facilities to ensure that we could complete and reconcile T4 production. Our staff at Headquarters and our Montreal Information Technology Centre then worked with Canada Post to provide special delivery service points to people who were affected by the ice storm.

Policy and Communications

Strategic Policy

Strategic Policy develops policy and provides advice and recommendations to senior management and the Minister of Human Resources Development. Work included joint efforts with the provinces on the social union, Labour Market Development Agreements, and meeting the needs of children, youth and persons with disabilities. The branch was also involved in work on public pension reform, Employment Insurance monitoring and analysis and many aspects of labour market and social policy development and review. Many of the evaluation studies that helped us in these processes are listed later under Key Studies and Reviews.

Because partnerships have become so important in Canadian human development policy, we play an increasingly valuable role because we support and conduct research and disseminate its results. We are finding ways to make this information more accessible to wider audiences. The new "Lessons Learned" series began in 1997-98. It is made up of short reports and accompanying videos that summarise and update information from Canadian and international sources on priority issues for HRDC and our partners.

We began with "Lessons Learned" studies on Youth Employment Programming, Disability Policies and Programs, and Self-employment in Canada. Provincial governments and our local partners warmly received them. Many other studies were in development at the end of the fiscal year.

Communications Branch

Communications Branch assists the Department to take into account the views of Canadians when developing its policies and programs by evaluating the effectiveness of communications and by conducting public environmental research and disseminating results. The Branch also provides advice, and develops strategies and products to inform Canadians about the department's legislation, policies, programs, and services.

In 1997-98, the Communications Branch played a significant and valuable role in supporting the Government's social policy agenda. The Branch worked on a number of legislative initiatives, such as the implementation of the new EI Act, and amendments to the *Canada Labour Code*. Other priority areas included supporting changes to the Guaranteed Income Supplement renewal process, increasing awareness about and building public confidence in Canada's retirement income systems, the National Child Benefit, the Youth Employment Strategy, and the Labour Market Development Agreements with the provinces and territories.

Specified Purpose Accounts

1. Employment Insurance Account

A. Description of the Account

The Employment Insurance (EI) Account is established within the Consolidated Revenue Fund by the *Employment Insurance Act* to record transactions related to the EI Program. The EI Program is a social insurance program. All workers, for whom there exists an employer-employee relationship, are covered by the program. The only self-employed workers included are fishers, under special regulations of the EI Act. In 1997-98, 86% of the labour force were either paying premiums or receiving benefits.

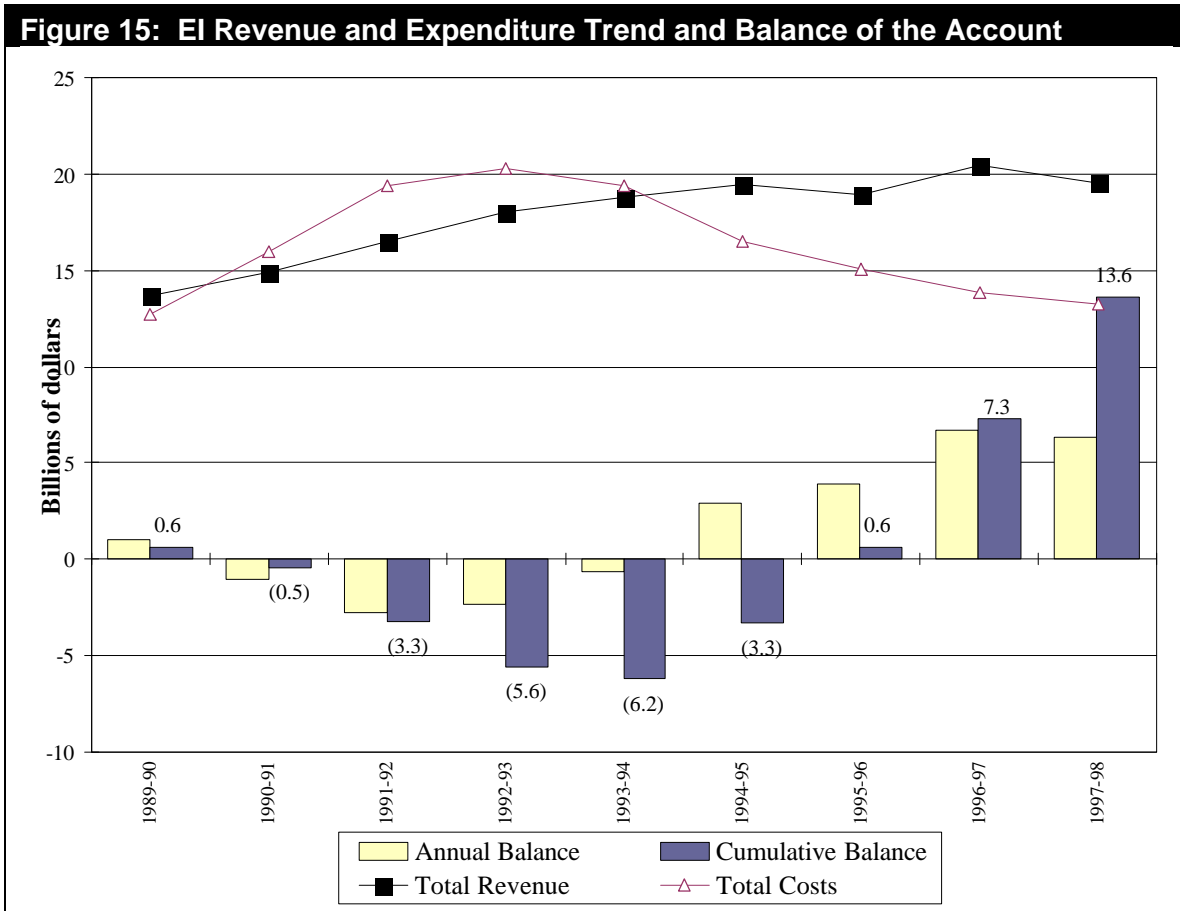
The Employment Insurance system consists of Income Benefits and Employment Benefits. Both have been designed to reflect the contemporary labour market and to reinforce the value of work.

- ❖ **Income Benefits** under Part I of the EI Act provide temporary income replacement for claimants while they look for work and also for sickness, pregnancy or care of newborn or adopted children and self-employed fishers. Income benefits can also be paid to workers participating in Employment Benefit measures under Part II of the EI Act.
- ❖ **Employment Benefits** under Part II of the EI Act consist of a set of Employment Benefits and Support Measures that can be tailored to meet the needs of individuals and local circumstances, to assist eligible workers to get back into the job market. The emphasis is on flexibility, employment results and savings to the EI Account. As of March 31, 1998, New Brunswick, Quebec, Manitoba, Saskatchewan, Alberta, British Columbia and the Northwest Territories have agreed to assume direct responsibility for these benefits. Newfoundland, Prince Edward Island, Nova Scotia and Yukon will manage these benefits jointly with the federal government. Negotiations are underway with the government of Ontario.

The Account is financed by employee and employer premiums. The EI Act requires that premiums be set at a level that will, to the extent possible, ensure enough revenue over a business cycle to pay authorized amounts and maintain relatively stable rate levels throughout that period. This requirement results in a need for a surplus that is large enough to accommodate the increase in costs associated with higher unemployment during a recession.

Benefits and administration costs are paid out of the Consolidated Revenue Fund and charged to the EI Account. A surplus in the Account generates interest at a rate established by the Minister of Finance, which is currently set at 90% of the three-month Treasury Bill rate. Whenever the Account is in a deficit position, the Minister of Finance provides advances to the Account. Those advances are repayable with interest at the comparable Crown corporation lending rates.

Figure 15 shows the EI Revenue and Expenditure Trend and the Balance of the Account from 1989-90 to 1997-98.



B. Financial Summary

In 1997-98, there was an average ten cents reduction in the EI premium rate for employees and a 5% decrease in benefits paid. Over the year, there was a surplus of \$6.3 billion for the Account, and the cumulative surplus in the Account stood at \$13.6 billion as of March 31, 1998. The status of the EI Account for the past three years is summarized in Figure 16.

Figure 16: Summary of the EI Account

(millions of dollars)	Actual 1995-96	Actual 1996-97	Planned Spending 1997-98	Actual 1997-98
Regular	9,756	9,164	10,005	8,399
Sickness	433	423	428	443
Maternity	763	728	748	703
Parental	476	461	467	449
Adoption	6	6	6	5
Fishers	228	199	194	237
Work Sharing	17	13	20	7
	11,679	10,994	11,868	10,243
Benefit Repayments	(48)	(136)	(188)	(52)
Sub-total - Income Benefits	11,631	10,858	11,680	10,192
Developmental Uses / Employment Benefits & Support Measures (EB&SM)				
Job Creation	140	107	n/a	130
Training/Skill Loans and Grants	1,510	1,064	n/a	770
Self-employment	197	178	n/a	133
Wage Subsidies	-	17	n/a	79
Earnings Supplement	-	-	n/a	-
Employment Assistance	-	96	n/a	235
Labour Market Partnership	-	46	n/a	202
Research and Innovations	-	12	n/a	7
Transferred to Provinces	-	-	n/a	50
Sub-Total (EB&SM)	1,847	1,520	1,780	1,606
Total Benefit Payments	13,478	12,378	13,460	11,798
Administration				
HRDC	1,358	1,379	1,207	1,305
Provincial LMDAs	n/a	n/a	n/a	20
Recoveries credited to the Account	(7)	(4)	(7)	(5)
	1,351	1,375	1,200	1,321
Net interest	192	-	-	-
Doubtful debts	-	61	-	89
Total costs	15,021	13,814	14,660	13,208
Revenue				
Premium Revenue	18,892	20,307	19,921	19,122
Interest		108	345	364
Penalties	48	68	50	67
Total revenue	18,940	20,484	20,316	19,553
Surplus (deficit)				
Current Year	3,919	6,670	5,656	6,345
Cumulative	630	7,300	12,174	13,644

n/a - not applicable.

C. Business Line Performance

The key factors affecting the results for 1997-98 are described below.

1. Benefits Payments

Total benefit payments in 1997-98 decreased to \$11.8 billion, which was \$579 million, or 5%, lower than the \$12.4 billion paid in 1996-97. Fewer people received benefits, as the unemployment rate fell from 9.7% to 9.0% between 1996-97 and 1997-98.

Figure 17: Factors affecting Benefits

	1995-96	1996-97	1997-98	% change 1996-97 to 1997-98
Benefits (\$ million)	13,477	12,377	11,798	-5%
Number of Beneficiaries (000)	952	869	766	-12%
Average Weekly Benefits (\$)	258	257	255	-1%

Expenditures on Employment Benefits and Support Measures in 1997-98 increased by \$87 million to \$1,556 million. This amount included \$50 million in payments made to or for the provinces of New Brunswick, Manitoba, and Alberta, under the newly signed Labour Market Development Agreements.

2. Premium Revenue

Premium revenue in 1997-98 decreased by \$1.2 billion to \$19.1 billion. This was due to three main factors. First, the employee premium rate was reduced from \$2.95 in 1996 to \$2.90 in 1997 and \$2.70 in 1998, reducing revenues by about \$700 million. Second, the revenues for the year 1996-97 were temporarily inflated by about \$900 million because they combined 9 months of the old deduction system with 3 months of the new system based on annual earnings. As a partial offset, normal wage growth produced additional revenues of about \$400 million in 1997-98.

Other factors for calendar year 1997 were the premium refunds made to employers under the New Hires Program, estimated at \$200 million, and those made to employees with insured earnings over \$39,000 or below \$2,000, estimated at \$150 million. The annual maximum insured earnings remained at \$39,000 in both years.

Figure 18: Factors Affecting Premium Revenue

Fiscal Year	1995-96	1996-97	1997-98	% change 1996-97 to 1997-98
Premiums (\$ million)	18,892	20,307	19,122	-6%
Total Insurable Earnings (\$ million)	278,757	293,310	298,566	2%
Calendar Year	1996	1997	1998	% change 1997 to to 1998
Employee Premium Rate (% insurable earnings) *	2.95%	2.90%	2.70%	-7%
Maximum Insurable Earnings (\$)	39,000	39,000	39,000	0%

* Employer's rate is 1.4 times the employee's rate

3. Administrative Costs

In 1997-98, the amount charged to the EI Account for administrative costs decreased to \$1,321 million, a reduction of \$54 million over 1996-1997. In addition to the \$20 million paid to provinces for administering Labour Market Development Agreements under the EI Act, these costs also included \$23 million spent on systems modifications to meet the Year 2000 challenge.

Figure 19: EI Administrative Costs

(millions of dollars)

Service provided by	Type of Administrative Service	Actual 1995-96	Actual 1996-97	Planned Spending 1997-98	Actual 1997-98
Human Resources	Regular Operating ¹	1,041.0	1,038.5	852.2	952.3
Development Canada	Property Administration Plan ²	101.3	113.5	119.5	119.0
Revenue Canada	Collection of EI premiums insurability ruling, etc. ³	81.2	94.1	90.5	99.0
		1,223.5	1,246.2	1,062.3	1,170.2
Treasury Board Secretariat	Public Service Insurance premiums and recoverable contributions to the Employee Benefit Plan	134.6	132.2	139.7	135.1
Sub-total Federal Departments ⁴		1,358.1	1,378.4	1,202.0	1,305.2
Provincial costs	Administration costs incurred by Provinces in relation to Labour Market Development Agreement	0.0	0.0	0.0	20.2
EI Account Recovery	Recoverable costs for maintaining Social Insurance Number registry and issuing replacement cards	(7.0)	(4.0)	(7.0)	(4.5)
Total		1,351.1	1,374.4	1,195.0	1,320.9

1. Increase between the 1997-98 Main Estimates and the Actuals is mainly due to the approval of additional resources for implementation of the EI Legislation and for the Year 2000 issue.
2. Accommodation costs for the Property Administration Plan paid to Public Works and Government Services.
3. Charge to the EI Account processed via HRDC.
4. Excludes services provided without charge by Justice Canada - Tax Court.

2. Canada Pension Plan

A. Description of the Plan

1. Introduction

The Canada Pension Plan (CPP) came into force on January 1, 1966. It provides a measure of income protection to contributors and their families. Benefits under the Plan include protection against loss of earnings due to retirement, disability or death.

The CPP is financed through mandatory contributions from employees, employers and self-employed persons, as well as through earnings on the investments of the Canada Pension Plan Account. The Plan operates in every province and territory. Quebec operates a similar pension program, the Quebec Pension Plan.

2. Financial Summary

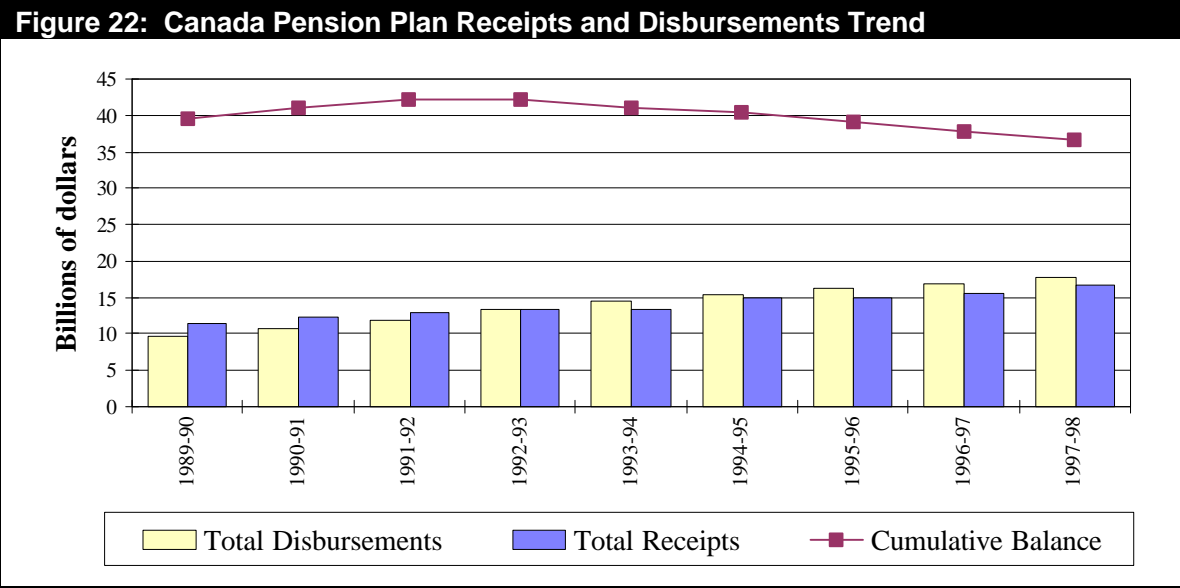
The following figures summarize the financial transactions of the Canada Pension Plan Account and the change in the balance of the Account between 1995-96 and 1997-98.

Figure 20: Canada Pension Plan Account-Receipts and Disbursements

(millions of dollars)				
	Actual 1995-96	Actual 1996-97	Planned Spending 1997-98	Actual 1997-98
Receipts				
Contributions	10,607	11,391	13,010	12,790
Interest	4,376	4,118	3,987	3,950
Total Receipts	14,983	15,509	16,997	16,740
Disbursements				
Benefit payments	15,969	16,676	17,533	17,537
Administrative expenses	219	242	267	298
Total Disbursements	16,188	16,918	17,800	17,835
Increase/(Decrease) in CPP Account	(1,205)	(1,409)	(803)	(1,095)

Figure 21: Canada Pension Plan Accounts-Balance of Funds

(millions of dollars)				
	Actual 1995-96	Actual 1996-97	Planned Spending 1997-98	Actual 1997-98
Year-end Balances				
Investment fund	35,530	34,041	32,459	32,459
Operating balance	3,637	3,718	4,115	4,205
CPP Account total	39,167	37,759	36,574	36,664



B. Canada Pension Plan Receipts

Receipts of the Canada Pension Plan come from contributions and interest income.

1. Contributions

Contributions to the Plan are compulsory and are based on employment earnings between a minimum known as the Year’s Basic Exemption (YBE) up to a ceiling known as the Year’s Maximum Pensionable Earnings (YMPE). The YMPE is linked to the average Canadian wage and is adjusted annually. There was no change to the YBE from 1997 to 1998; it remained at \$3,500. The YMPE increased from \$35,800 to \$36,900 in the same period.

2. Interest

In 1997-98, the Investment Fund earned \$4.0 billion in interest, which was deposited in the CPP Account. Another \$1.6 billion in securities bearing an average interest rate of 8.3% matured and were redeemed. Interest income from the Investment Fund accounted for 23.9% of total receipts by the Plan.

C. Canada Pension Plan Disbursements

1. Benefit Payments

Retirement pensions: Contributors may begin receiving Canada Pension Plan retirement pensions as early as age 60 or delay receipt until age 70 on an actuarially adjusted basis. Applicants who are between 60 and 65 must have entirely or substantially stopped working when they begin to receive the retirement pension. Contributors over age 65 need not have stopped working to qualify.

Disability benefits: Disability benefits are payable to contributors who meet the minimum contributory requirements and whose disability prevents them from working at any job.

Surviving spouse's benefits: A contributor's surviving legal or common-law spouse may be eligible for a monthly pension if the contributor has contributed for a minimum period, and, if at the time of the contributor's death, the spouse was at least 35 years old or was under age 35 and either had dependent children or was disabled.

Death benefits: A lump-sum benefit is payable to the estate of the deceased contributor, provided sufficient contributions have been made.

Dependent children's benefits: Monthly benefits are payable on behalf of the dependent children of contributors who are receiving a Canada Pension Plan disability benefit or who die. The amount is a flat rate and is payable until the child reaches age 18 or up to age 25 if he or she attends school, community college or university full-time.

The following figure shows the actual benefits paid for each of three benefit categories: Retirement Pensions, Disability Benefits and Survivor Benefits.

Figure 23: Benefits Payments by Category and Type

(millions of dollars)				
	Actual 1995-96	Actual 1996-97	Planned Spending 1997-98	Actual 1997-98
Retirement pensions	10,531	11,179	11,841	11,826
Disability benefits				
Disability pensions	2,538	2,512	2,597	2,542
Benefits to children of disabled contributors	256	245	256	250
Disability benefits total	2,794	2,757	2,853	2,792
Survivor benefits				
Surviving spouse's benefits	2,222	2,309	2,396	2,447
Orphans' benefits	192	197	197	202
Death benefits	230	234	246	269
Survivor benefits total	2,644	2,740	2,839	2,918
Total	15,969	16,676	17,533	17,536

2. Administrative Expenses

In 1997-98, the cost of administering the Canada Pension Plan Account totalled \$ 297.7 million, an increase of 22.9% over 1996-97. The increase is mainly due to the completion of the Income Security Programs Redesign project and additional initiatives undertaken by our Income Security Programs Branch.

Figure 24: Administrative Expenses

(millions of dollars)

Service provided by Department	Type of Administrative Service	Actual	Actual	Planned	Actual
		1995-96	1996-97	Spending 1997-98	1997-98
Human Resources Development Canada	Plan administration, operations, records, etc.	121.5	128.3	150.2	169.5
Treasury Board Secretariat	Insurance premiums and recoverable contributions to the Employee Benefit Plan	12.0	14.4	15.7	19.0
Human Resources Development Canada - EI Account	Assignment of Social Insurance Numbers and maintenance of the central index	1.6	1.0	1.4	1.2
Public Works and Government Services	Cheque issue, EDP services and accommodation	22.0	27.2	25.2	31.6
Revenue Canada	Collection of contributions	60.6	69.8	73.1	74.8
Office of the Superintendent of Financial Institutions	Actuarial services	1.3	1.4	1.3	1.1
Finance	Investment services	0.0	0.0	0.0	0.5
Total		219.0	242.2	266.9	297.7

Figure 25: Number of Persons Receiving CPP Benefits, by Province or Territory and by Type

Province or Territory	Retirement	Disability	Children of		Orphan's	Death	Total
			Disabled Contributors	Survivor's Spouses			
March 1998							
Newfoundland	50,067	9,053	4,316	19,096	2,906	188	85,626
Prince Edward Island	15,828	2,180	987	5,507	739	60	25,301
Nova Scotia	102,079	23,104	10,061	39,257	4,674	354	179,529
New Brunswick	81,676	12,470	4,391	29,703	3,373	344	131,957
Quebec	8,118	533	232	3,252	502	31	12,668
Ontario	1,212,345	152,672	52,727	395,476	41,110	5,622	1,859,952
Manitoba	138,334	9,828	2,950	45,664	4,316	470	201,562
Saskatchewan	126,032	7,708	2,845	42,756	4,233	440	184,014
Alberta	258,434	22,894	7,917	79,805	11,562	902	381,514
British Columbia	432,399	37,804	11,160	125,025	13,691	1,680	621,759
Yukon	1,601	155	41	589	159	8	2,553
Northwest Territories	1,748	197	109	793	716	8	3,571
Outside Canada	34,241	1,748	945	8,802	1,342	59	47,137
Subtotal	2,462,902	280,346	98,681	795,725	89,323	10,166	3,737,143
Others*	26,386	8,677	2,659	14,077	2,247	33	54,079
Total March 1998	2,489,288	289,023	101,340	809,802	91,570	10,199	3,791,222
Total March 1997	2,403,519	293,096	101,422	780,924	90,195	8,218	3,677,374

* Benefits paid by the supplementary cheques system and under international agreements on social security that cannot, at this time, be distributed by province, age, sex, etc.

NOTE:

Persons receiving a survivor's pension may also be entitled to a retirement or disability pension based on their own CPP contributions. In these cases, the surviving spouse receives a combined survivor/retirement pension or a survivor/ disability pension.

To obtain the number of beneficiaries, the number of combined pensions must be deducted from the total. In March 1998 there were 415,215 persons receiving more than one benefit (combined benefits), and in March 1997, there were 387,553 persons receiving combined benefits.

Key Reviews

During 1997-98, we finalized a series of evaluations of the impacts of legislated changes to the Unemployment Insurance (UI) Act. These are in addition to the reviews that are noted elsewhere in this report, particularly under the Human Resource Investment business line. Most of these and other evaluation reports are available on the HRDC Website at <http://www.hrdc-drhc.gc.ca/edd>.

Employment Insurance Act (Bill C-12)

The new *Employment Insurance Act* represents a substantial restructuring of the old UI system. The new legislation includes a provision for monitoring and assessing how individuals, communities and the economy are adjusting to the changes brought on by this legislation, culminating in a yearly report to Parliament. The first report was submitted in December 1997. It noted a very rapid adjustment among selected communities in Atlantic Canada to the new requirements of EI that could affect benefits. But these adjustments were not as apparent in communities with more economically diverse regions. Many participants felt that not enough time had elapsed to assess the impacts on their personal circumstances. Although the new EI system appeared fairer, there was a perception that, in general, benefits were reduced.

Work began in 1997-98 to enlarge this analysis of EI program effects for the 1998 and subsequent annual EI Monitoring and Assessment Reports based on new surveys that focus on particular groups of workers and communities.

Group Information Sessions

Another study focused on the Group Information Sessions that are to assist individuals to return to work more quickly, reduce EI dependency and minimize avoidable EI costs. The sessions provide key information about claims, the job search process and federal/provincial employment services. The study examined sessions developed in three Human Resource Centres of Canada (Lethbridge, Alberta, and York and Mississauga, Ontario).

All three centres achieved net EI Account savings. The sessions proved to be good ways to inform clients on relevant issues, and to promote client services and relationships with community partners. They were a means to integrate HRCC services for clients. Other HRCCs could cut their costs of developing these session by drawing on this experience.

1994 *Unemployment Insurance Act* Amendments (Bill C-17)

Bill C-17 raised the minimum entrance requirements in the highest unemployment regions, reduced the number of weeks for EI eligibility and lowered the benefit rate, except for very low-income claimants. We commissioned five studies on:

- ❖ Eligibility for UI Benefits, Take-up of Benefits and the Financial Liability of the UI Account
- ❖ Pre-Separation Job Durations and Unemployment Insurance Eligibility
- ❖ Long-Term Employment Outcomes
- ❖ Unemployment and Benefit Durations
- ❖ Income and Living Standards During an Unemployment Spell

There were no detrimental effects on long-term employment and many workers were able to obtain the extra weeks of work required to qualify for some UI benefits. While the 1994 changes had a significant positive impact on job search of workers who lost their jobs, there was no evidence that it had a major negative impact on the quality of new jobs found. These amendments did not cause a substantial decline in benefit claims, although it reduced the average duration of unemployment spells by three weeks. As well, it reduced the probability that an unemployed worker would abandon a job search and leave the labour force.

Entitlement losses were higher for those with low attachment to the labour force and in high unemployment provinces/industries. There was some evidence that the standard of living declined slightly for single individuals and lone parents who were unemployed for nine months or more.

Strategic Initiatives Evaluation

The Strategic Initiatives Program, announced in the Federal Budget of February 1994, is a five-year, Federal-Provincial, cost-shared program designed to test innovative approaches to social security reform.

In 1997-98 evaluations were completed on six projects in: British Columbia Improved Access to Child Care, Community Skills Centres Initiative, Assessment, Counselling and Referral, and Labour Market Information Initiative Ontario (jobLink Resource Centres) and New Brunswick (Miramichi Learning Technologies Centre).

An impact evaluation was also completed on the Nova Scotia COMPASS Program. This project was intended to increase the employability of social assistance recipients by providing work experience for individuals with very little previous experience, a wage subsidy to employers to hire job-ready recipients, assistance to participants to establish their own small

business, and a special fund that could be used to purchase special items needed to get a job.

The summative evaluation found that COMPASS enhanced participants' employability by giving them an opportunity to gain work skills. The "Job Developer"—a function dedicated to matching job-ready clients with employers—was found to be a key innovative element of the project. Job developers were instrumental in securing placements; this function has now been adopted by the Nova Scotia government.

Public Incentives for Retirement in Canada

This study demonstrated that the system of public social security payments might affect the working behaviour of older persons in Canada and their retirement decisions. It compared retirement benefits to work income at different choices of retirement age to determine if a worker would be better off by continuing to work or by retiring and receiving benefits.

Public retirement income programs are an important income support for retired workers but after some level of contributions, participation potentially taxes continued work among those who work beyond the retirement age of 56. Still there is a clear benefit to additional years of work after age 55 if a worker has not worked enough years to qualify for maximum CPP benefits.

Financial Performance Overview

Figures identified with a ✓ are included in this section.

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Figure 1: Summary of Voted Appropriations

Vote (millions of dollars)	1997-98		
	Planned Spending	Total Authorities	Actual
Human Resources Development			
<i>Corporate Services Program</i>			
1 Program expenditures	42.9	89.8	85.9
(S) Minister of HRD - Salary and motor car allowance	0.0	0.0	0.0
(S) Minister of Labour - Salary and motor car allowance	0.0	0.0	0.0
(S) Contributions to employee benefit plans ¹	21.4	21.4	21.4
(S) Spending of proceeds from the disposal of surplus Crown Assets	-	0.6	0.4
(S) Refunds of amounts credited to revenues in previous years	-	0.0	0.0
Total Program	64.4	111.9	107.9
<i>Human Resources Investment and Insurance Program</i>			
5 Operating expenditures	108.0	143.6	139.4
10 Grants and contributions	1,436.8	1,412.2	1,266.3
(S) Interest payments under the <i>Canada Student Loan Act</i>	47.0	8.9	8.9
(S) Liabilities under the <i>Canada Student Loan Act</i>	222.0	379.2	379.2
(S) Interest and other payments under the <i>Canada Student Financial Assistance Act</i>	347.4	340.5	340.5
(S) <i>Canada Student Financial Assistance Act</i> - Special Opportunity Grants	34.7	14.8	14.8
(S) Supplementary Retirement Benefits - Annuities agents' pensions	0.0	0.0	0.0
(S) Labour Adjustment Benefits payments	8.9	9.1	9.1
(S) Contributions to employee benefit plans ¹	97.5	97.5	97.5
(S) Canada Assistance Plan	-	37.4	37.4
(S) Post-Secondary Education	-	4.7	4.7
(S) Actuarial Deficit - <i>Government Annuities Improvement Act</i>	-	54.6	54.6
(S) Civil Service insurance actuarial liability adjustment	-	0.3	0.3
Total Program	2,302.3	2,502.9	2,352.7
<i>Labour Program</i>			
15 Program expenditures	44.8	45.1	43.9
(S) Payments of compensation respecting government employees and merchant seamen	56.9	69.2	69.2
(S) Contributions to employee benefit plans	5.4	5.4	5.4
Total Program	107.1	119.7	118.4
<i>Income Security Program</i>			
20 Program expenditures	92.2	104.0	100.9
(S) Old Age Security payments	17,140.0	17,114.2	17,114.2
(S) Guaranteed Income Supplement payments	4,778.0	4,728.6	4,728.6
(S) Spouse's Allowance payments	390.0	389.2	389.2
(S) Contributions to employee benefit plans ¹	19.7	19.7	19.7
Total Program	22,419.9	22,355.7	22,352.6
Total Department	24,893.7	25,090.1	24,931.5
<i>Specified Purpose Accounts:</i>			
Employment Insurance costs	14,659.9	13,237.3	13,208.5
Canada Pension Plan costs	17,799.9	17,868.2	17,834.7
- Employee Benefit Plan recoverable from EI and CPP accounts	(115.9)	(110.2)	(110.2)
Total Expenditures	57,237.6	56,085.4	55,864.6

1. Partially recoverable from EI and CPP Accounts.

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

Figure 2: Comparison of Total Planned to Actual Spending

(millions of dollars)

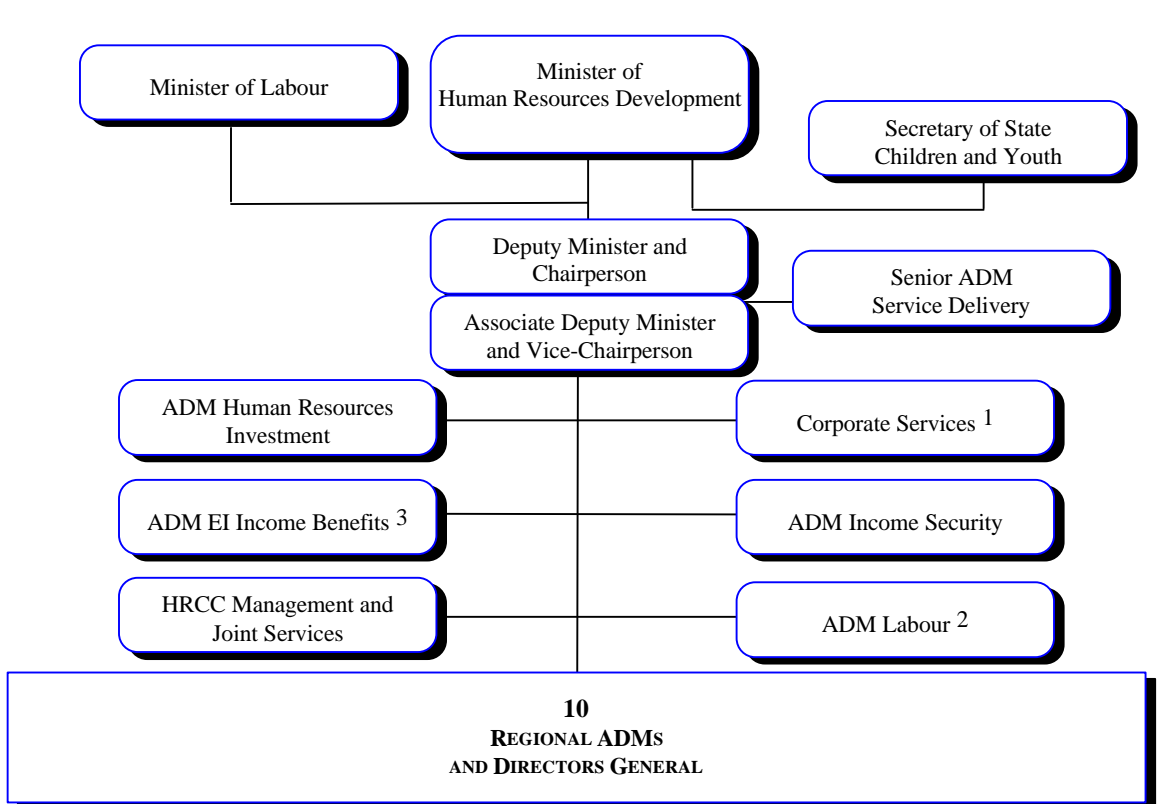
Business Lines / Programs									
Human Resources	5,143	402.8	-	1,436.8	1,839.6	660.0	2,499.6	(281.2)	2,218.3
Investment	4,798	369.6	-	1,412.2	1,781.8	794.6	2,576.4	(225.6)	2,350.8
	4,739	358.0	-	1,266.3	1,624.3	794.6	2,418.9	(215.8)	2,203.1
EI Income Benefits	7,716	454.7	-	-	454.7	-	454.7	(406.6)	48.0
	<i>8,044</i>	<i>550.6</i>	<i>-</i>	<i>-</i>	<i>550.6</i>	<i>54.9</i>	<i>605.5</i>	<i>(501.0)</i>	<i>104.5</i>
	7,961	546.4	-	-	546.4	54.9	601.3	(496.8)	104.4
HRCC Management and Joint Services	2,463	167.9	-	-	167.9	-	167.9	(131.9)	35.9
	<i>2,799</i>	<i>230.6</i>	<i>-</i>	<i>-</i>	<i>230.6</i>	<i>-</i>	<i>230.6</i>	<i>(183.1)</i>	<i>47.5</i>
	2,753	219.8	-	-	219.8	-	219.8	(174.6)	45.1
Sub-total	15,322	1,025.3	-	1,436.8	2,462.1	660.0	3,122.1	(819.8)	2,302.3
	<i>15,641</i>	<i>1,150.8</i>	<i>-</i>	<i>1,412.2</i>	<i>2,563.0</i>	<i>849.5</i>	<i>3,412.6</i>	<i>(909.7)</i>	<i>2,502.9</i>
	15,453	1,124.1	-	1,266.3	2,390.4	849.5	3,239.9	(887.3)	2,352.7
Labour	672	139.1	-	4.7	143.8	0.0	143.8	(36.7)	107.1
	<i>630</i>	<i>142.3</i>	<i>-</i>	<i>2.7</i>	<i>145.0</i>	<i>0.0</i>	<i>145.0</i>	<i>(25.3)</i>	<i>119.7</i>
	606	141.4	-	2.3	143.7	0.0	143.7	(25.3)	118.4
Income Security	3,043	254.3	-	-	254.3	22,308.0	22,562.3	(142.4)	22,419.9
	<i>3,540</i>	<i>301.2</i>	<i>-</i>	<i>-</i>	<i>301.2</i>	<i>22,232.0</i>	<i>22,533.2</i>	<i>(177.4)</i>	<i>22,355.7</i>
	3,308	277.3	-	-	277.3	22,232.0	22,509.3	(156.7)	22,352.6
Corporate Services	2,887	313.6	-	-	313.6	-	313.6	(249.1)	64.4
	<i>2,975</i>	<i>424.6</i>	<i>-</i>	<i>-</i>	<i>424.6</i>	<i>-</i>	<i>424.6</i>	<i>(312.8)</i>	<i>111.9</i>
	2,770	401.6	-	-	401.6	-	401.6	(293.7)	107.9
Total	21,924	1,732.3	-	1,441.5	3,173.8	22,968.0	26,141.8	(1,248.1)	24,893.7
	<i>22,786</i>	<i>2,018.9</i>	<i>-</i>	<i>1,414.9</i>	<i>3,433.8</i>	<i>23,081.5</i>	<i>26,515.3</i>	<i>(1,425.2)</i>	<i>25,090.1</i>
	22,137	1,944.4	-	1,268.6	3,213.0	23,081.5	26,294.5	(1,363.0)	24,931.5
Other Revenues and Expenditures									
Revenue credited to the Consolidated Revenue Fund								(303.9)	(303.9)
								<i>(318.5)</i>	<i>(318.5)</i>
								(318.5)	(318.5)
Estimated Cost of Services by Other Departments						54.3			54.3
						<i>16.0</i>			<i>16.0</i>
						16.0			16.0
Net cost of the Department						26,196.1	(1,551.9)		24,644.2
						<i>26,531.3</i>	<i>(1,743.8)</i>		<i>24,787.6</i>
						26,310.5	(1,681.5)		24,629.0
Specified Purpose Accounts									
Employment Insurance Account									
Expenditures						14,659.9			
						13,208.5			
Revenues							(20,316.0)		
							(19,553.0)		
Current year surplus (deficit)							5,656.1		
							6,344.5		
Canada Pension Plan Account									
Expenditures						17,799.9			
						17,834.7			
Revenues							(16,997.0)		
							(16,740.0)		
Current year surplus (deficit)							(802.9)		
							(1,094.7)		

Legend: Year 1997-98
 White Planned
Italic Total Authorities
 Shade Actual

Figure 3: Historical Comparison of Total Planned to Actual Spending

(millions of dollars)			1997-98		
	1995-96	1996-97	Planned	Total	
	Actual	Actual	Spending	Authorities	Actual
Business Lines / Programs					
Human Resources Investment	12,499.0	2,566.9	2,499.6	2,576.4	2,418.9
Employment Insurance Income Benefits	557.9	577.8	454.7	605.5	601.3
HRCC Management and Joint Services	249.5	239.2	167.9	230.6	219.8
Human Resources Investment and Insurance	13,306.4	3,383.9	3,122.1	3,412.6	3,239.9
Labour	156.7	155.7	143.8	145.0	143.7
Income Security	21,265.0	21,838.5	22,562.3	22,533.2	22,509.3
Corporate Services	367.2	376.1	313.6	424.6	401.6
Total gross expenditures	35,095.4	25,754.2	26,141.8	26,515.3	26,294.5
Revenue credited to the Vote	(1,380.5)	(1,413.9)	(1,248.1)	(1,425.2)	(1,363.0)
Total net expenditures	33,714.9	24,340.3	24,893.7	25,090.1	24,931.5
Specified Purpose Accounts					
Employment Insurance					
Expenditures	15,020.0	13,796.4	14,659.9	13,237.3	13,208.5
Revenues	(18,940.0)	(20,464.0)	(20,316.0)	(19,553.0)	(19,553.0)
Current Year Surplus (Deficit)	3,920.0	6,667.6	5,656.1	6,315.7	6,344.5
Canada Pension Plan					
Expenditures	16,188.0	16,918.2	17,799.9	17,868.2	17,834.7
Revenues	(14,983.0)	(15,509.0)	(16,997.0)	(16,740.0)	(16,740.0)
Current Year Surplus (Deficit)	(1,205.0)	(1,409.2)	(802.9)	(1,128.2)	(1,094.7)

Figure 5: Resource Requirements by Organization and Business Line



(millions of dollars)	1997-98			% of Total
	Planned Spending	Total Authorities	Actual	
Business Lines / Programs				
Human Resources Investment	2,499.6	2,576.4	2,418.9	9%
Employment Insurance Income Benefits	454.7	605.5	601.3	2%
HRCC Management and Joint Services	167.9	230.6	219.8	1%
Human Resources Investment and Insurance	3,122.1	3,412.6	3,239.9	12%
Labour	143.8	145.0	143.7	1%
Income Security	22,562.3	22,533.2	22,509.3	86%
Corporate Services	313.6	424.6	401.6	2%
Gross Budgetary	26,141.8	26,515.3	26,294.5	100%
Revenue credited to the Vote	(1,248.1)	(1,425.2)	(1,363.0)	
Net Budgetary	24,893.7	25,090.1	24,931.5	

1. Includes the Commissioners for Workers and Employers, the Director General Ministerial and Corporate Affairs, the ADM Strategic Policy, the Director General Communications, the ADM Financial and Administrative Services, the ADM Systems, the ADM Human Resources, and the Senior General Counsel.
2. Includes the Senior Assistant Deputy Minister Legislative Review Canada Labour Code and the ADM Labour.
3. Includes Executive Director for Special Initiatives.

Figure 6: Revenues to the Vote by Business Line

(millions of dollars)	1995-96	1996-97	1997-98		
			Planned	Total	Actual
			Revenues	Authorities	
	Actual	Actual	Revenues	Authorities	Actual
Human Resources Investment					
Recoverable expenditures from the EI Account	245.1	238.8	281.2	225.6	215.8
EI Income Benefits					
Recoverable expenditures from the EI Account	510.7	530.4	406.6	501.0	496.8
HRCC Management and Joint Services					
Recoverable expenditures from the EI Account	198.9	190.9	131.9	183.1	174.6
Human Resource Investment and Insurance	954.7	960.1	819.8	909.7	887.3
Labour					
Recoverable expenditures from the EI Account	0.9	1.2	1.2	1.2	1.2
Amounts recoverable from Crown agencies regarding payments of injury compensation benefits	35.9	41.8	35.5	24.1	24.1
	36.9	42.9	36.7	25.3	25.3
Income Security					
Recoverable expenditures from the CPP Account	111.8	116.8	142.4	177.4	156.7
Corporate Services					
Recoverable expenditures from the EI Account	267.9	284.9	241.3	288.0	281.7
Recoverable expenditures from the CPP Account	9.3	9.1	7.8	24.7	12.0
	277.2	294.0	249.1	312.8	293.7
Total Revenues Credited to the Vote	1,380.5	1,413.9	1,248.1	1,425.2	1,363.0

Figure 7: Revenues to the Consolidated Revenue Fund by Business Line

(millions of dollars)	1995-96 Actual	1996-97 Actual	1997-98		Actual
			Planned Revenues	Total Authorities	
Human Resources Investment					
Refunds of previous years' expenditures					
Student loan recovery	111.0	173.9	169.7	150.6	150.6
Student loan set-off	17.1	20.0	17.0	20.9	20.9
Recovery of employee benefit costs	25.3	21.6	30.3	22.5	22.5
Others	10.5	21.5	0.2	18.0	18.0
	<u>163.8</u>	<u>237.1</u>	<u>217.2</u>	<u>211.9</u>	<u>211.9</u>
EI Income Benefits					
Refunds of previous years' expenditures	0.0	0.0	0.0	0.0	0.0
Recovery of employee benefit costs	44.2	44.7	45.4	46.2	46.2
UI/EI fines	1.2	1.0	0.0	0.9	0.9
Actuarial surplus - Annuities	0.3	1.7	0.0	0.0	0.0
	<u>45.7</u>	<u>47.5</u>	<u>45.4</u>	<u>47.1</u>	<u>47.1</u>
HRCC Management and Joint Services					
Refunds of previous years' expenditures	4.8	5.1	0.0	11.1	11.1
Recovery of employee benefit costs	14.5	14.0	13.9	15.4	15.4
	<u>19.3</u>	<u>19.1</u>	<u>13.9</u>	<u>26.5</u>	<u>26.5</u>
Labour					
Service fees	1.1	1.1	1.1	1.3	1.3
Refunds of previous years' expenditures	0.1	0.2	0.0	0.2	0.2
Others	0.2	0.0	0.0	0.0	0.0
	<u>1.4</u>	<u>1.3</u>	<u>1.1</u>	<u>1.5</u>	<u>1.5</u>
Income Security					
Recovery of employee benefit costs	8.7	10.0	11.2	11.0	11.0
Refunds of previous years' expenditures	1.0	1.4	0.0	0.8	0.8
Others	0.0	0.0	0.0	0.2	0.2
	<u>9.7</u>	<u>11.5</u>	<u>11.3</u>	<u>11.9</u>	<u>11.9</u>
Corporate Services					
Recovery of employee benefit costs	12.1	12.0	14.9	15.0	15.0
Refunds of previous years' expenditures	1.3	0.8	0.0	0.3	0.3
Others	0.6	2.5	0.0	4.2	4.2
	<u>14.1</u>	<u>15.3</u>	<u>14.9</u>	<u>19.5</u>	<u>19.5</u>
Total Revenue credited to the CRF	254.0	331.8	303.9	318.5	318.5

Figure 9: Transfer Payments by Business Line

(millions of dollars)	1995-96 Actual	1996-97 Actual	1997-98		
			Planned Spending	Total Authorities	Actual
Grants					
Human Resources Investment					
(S) Labour Adjustment Benefits	25.1	15.5	8.9	9.1	9.1
(S) Special Opportunities Grants	7.8	12.4	34.7	14.8	14.8
Grants to provide income support to fishers affected by the East Coast groundfish crisis	-	249.2	290.6	290.6	250.6
Grants to improve employability and to promote employment opportunities	4.0	5.2	53.5	6.0	5.9
Grants to the Sectoral Training Fund	2.0	-	-	-	-
Grants under The Atlantic Groundfish Strategy	358.0	74.1	-	-	-
National Welfare Grants	1.7	0.5	3.8	0.5	0.5
Literacy	20.1	22.1	24.3	25.8	25.8
Disabled Persons Participation	6.0	0.8	3.2	3.0	3.0
Membership fees to International Organizations	0.2	0.2	-	-	-
	424.8	380.1	419.1	349.9	309.8
Labour					
Fire Prevention Canada	0.0	0.0	0.0	0.0	0.0
Fire safety organizations	0.0	0.0	0.0	0.0	0.0
Occupational Safety and Health program objectives	0.0	0.0	0.0	0.0	0.0
Standards-writing associations	0.0	0.0	0.0	0.0	0.0
(S) Merchant seamen compensation	0.0	0.0	0.0	0.0	0.0
	0.1	0.0	0.1	0.1	0.1
Income Security					
(S) Old Age Security	15,998.6	16,575.8	17,140.0	17,114.2	17,114.2
(S) Guaranteed Income Supplement	4,627.8	4,638.8	4,778.0	4,728.6	4,728.6
(S) Spouse's Allowance	407.5	395.5	390.0	389.2	389.2
	21,033.8	21,610.0	22,308.0	22,232.0	22,232.0
Total Grants	21,458.7	21,990.2	22,727.1	22,581.9	22,541.8

Figure 9: Transfer Payments by Business Line - Continued

(millions of dollars)	1995-96 Actual	1996-97 Actual	1997-98		
			Planned Spending	Total Authorities	Actual
→ Total Grants (from previous page)	21,458.7	21,990.2	22,727.1	22,581.9	22,541.8
Contributions					
Human Resources Investment					
(S) Interest payments under CSL Act	142.8	31.4	47.0	8.9	8.9
(S) Liabilities under CSL Act	625.8	410.1	222.0	379.2	379.2
(S) Interest payments and liabilities under CSFA Act	68.0	289.0	347.4	340.5	340.5
Sub-total CSL	836.7	730.6	616.4	728.5	728.5
(S) Canada Assistance Plan	7,184.5	149.0	-	37.4	37.4
(S) Post-Secondary Education payments	2,365.3	(40.7)	-	4.7	4.7
Payments to facilitate the efficient functioning of the					
Canadian labour market	877.4	532.5	741.9	728.8	631.0
Agricultural Employment Services	7.2	1.6	-	-	-
Program for Older Worker Adjustment	41.1	40.0	-	-	-
Fish Plant Older Worker Adjustment Program	9.3	-	-	-	-
Vocational Rehabilitation of Disabled Persons	188.8	255.0	168.0	236.0	235.6
Alcohol and Drug Treatment and Rehabilitation	15.5	14.4	15.5	-	-
New Brunswick Works	6.0	2.8	1.2	1.2	1.2
Child Care - Visions and First Nations/Inuit	8.1	29.2	45.2	45.8	45.7
Learning Initiatives	1.6	2.1	0.9	7.7	7.3
Contribution to welfare agencies and to projects in					
support of persons with disabilities	10.1	7.3	-	-	-
Literacy	4.0	3.1	-	3.8	3.8
Strategic Initiatives	85.4	78.9	88.6	63.1	55.9
	11,640.7	1,805.8	1,677.7	1,857.0	1,751.1
Employment Insurance Income Benefits					
(S) Actuarial deficit - <i>Government Annuities</i>					
<i>Improvement Act</i>	-	-	-	54.6	54.6
(S) Civil Service insurance actuarial liability adjustment	-	-	-	0.3	0.3
	-	-	-	54.9	54.9
Labour					
Labour Education Program	3.5	-	-	-	-
Labour-Management Partnerships Program	1.0	1.3	2.4	1.6	1.4
Labour Commission	1.0	1.2	2.2	1.0	0.9
	5.5	2.5	4.6	2.6	2.3
Total Contributions	11,646.2	1,808.3	1,682.4	1,914.5	1,808.3
Total Transfer Payments	33,104.9	23,798.5	24,409.5	24,496.4	24,350.1

Figure 11: Capital Projects and Major Crown Projects by Business Line ¹

(millions of dollars)	1995-96		1996-97	1997-98		
	Total Cost	Actual	Actual	Planned Spending	Total Authorities	
		Actual			Actual	
Income Security						
Income Security Programs Redesign Project ²	295.6	66.1	53.0	73.9	80.4	77.9

1. Amounts reflected in this table include all costs relevant to Capital Projects, including project implementation costs (including salaries, benefits, operating and capital requirements).
2. Includes expenditures of 98.7M incurred prior to 1995-96.

Major Crown Project

The Income Security Programs branch (ISP) essentially finalized work on a Major Crown Project – the Income Security Programs Redesign project (ISPR) during 1997-98. The goal of ISPR was to build a Client Service Delivery Network (CSDN) that would re-engineer the delivery and operation of our Canada Pension Plan (CPP) and Old Age Security (OAS) programs. The project aimed to address shortcomings in an aging delivery network with older computer systems, many manual processes and inadequate telephone systems. This was expected to help deal with an increasing client population as our society ages; limited resources (reduction from 3,120 to 2,585 staff since 1985) and issues such as mispayments (Auditor General reported \$175 million per year). ISPR was one of the largest systems under development in Canada and was also considered very complex on an international scale.

Major Milestones: Significant milestones with dates are provided below.

Phase 1:	Planning phase	Summer 1991
Phase 2:	Project definition	Began fall 1991
	Two partnering contracts awarded	Summer 1992
	Implementation proposals received	Summer 1993
	Treasury Board contract approval provided	Summer 1993
Phase 3:	Implementation phase	Began spring 1994
	Contract awarded for the implementation	Winter 1994
	New CSDN Operational	Project terminated

Implementation Phase Progress: New Direction

Much of the business component of the Project was realized. For example, a new telephone system was implemented, new computers and computer networks across the country were installed, staff was trained and the client data records were improved. However, the goal of a core technology system that would have provided an even greater level of automation and integration in delivering benefits was not achieved.

In 1997-98, because of concerns about costs, results and risks, ALLTEL Professional Services Group conducted an independent third party assessment. The goal was to examine the status of the project given its scope and complexity. The assessment concluded that many benefits had emerged from the project. However, recent legislative changes to the Canada Pension Plan and trying to implement a new system in a period of unknown challenges presented by the Year 2000 carried a significant level of risk, effort and cost to pursue the full implementation of the CSDN.

The departments concerned with the Project (Human Resources Development Canada, Public Works and Government Services Canada and the Treasury Board Secretariat) reviewed the findings of the assessment. It was decided to conclude the existing ISPR contract with EDS Canada in a fashion that was acceptable to all parties.

Transition to the Technology Solutions Directorate

Although beyond the scope of the Major Crown Project, it is valid to note subsequent actions. A Technology Solutions Directorate was established within ISP. It will build on the ISPR investment by modifying the proposed CSDN into a working system now called the Income Security Service Delivery Network (ISSDN). The legacy systems will be strengthened as they will be the core systems for the next five to seven years. TSD will elaborate business strategies, foster innovation and manage change in an environment that includes ISP's business delivery systems, management of information and technology structure.

In order to maintain the application software, the complex network of workstations and telephone centres, and to also guarantee no loss of core service, TSD contracted the assistance of EDS Canada until December 1998. This contract covers operations, support and maintenance, telephony and task authorization for the ISSDN.

In the short term, the TSD will:

- ❖ Provide for ongoing operations and maintenance support to the ISSDN following the completion of the current arrangement with EDS Canada in December 1998.
- ❖ Ensure that ISP's business delivery systems and technology infrastructure are Year 2000 ready.
- ❖ Work towards full integration within HRDC systems.

Figure 12: Status of Major Crown Project

(millions of dollars)	Previously Estimated Total Cost	Actual Expenditures to March 31, 1998
Phase 1 - Class A Estimates	7.9	7.9
Phase 2 - Class B Estimates	51.6	51.6
Phase 3 - Class B Estimates	260.1	236.1
- Class C Estimates	-	-
Total Project Costs	319.6	295.6

1. Current estimated costs cover project implementation costs including salaries, benefits, operating and capital requirements.
2. Excludes estimated Goods & Services Tax and Government Payments to Insurance Plans (\$15,543,000), which are not part of departmental appropriations.

Statutory Annual Reports

Canada Student Loans Program

The Canada Student Loans Program (CSLP) assists students in need by providing them with access to capital they may not otherwise have and by fully subsidizing the cost of interest while they are in full-time studies. Student loans are not intended to meet all the costs of education, but are expected to supplement resources available to students from their own earnings, their families, and other student awards. From the inception of the program in 1964 to March 31, 1998, 3.4 million full-time students loans were negotiated worth \$15.1 billion.

The payments made in any fiscal year under the *Canada Student Loans Act* and the *Canada Student Financial Assistance Act* depend on a variety of factors, such as the number of students seeking assistance, their assessed financial needs, interest rates, and the number and dollar value of claims. These in turn are influenced by such factors as post-secondary enrolment, fee levels, the cost of living, and the general economic climate.

Under the *Canada Student Loans Act* and the *Canada Student Financial Assistance Act*, statutory expenditures are incurred for the following activities:

- ❖ **Claims Paid:** For loans made under the Canada Student Loans Act, if an individual defaults on his or her loan repayment, the government honours its guarantee by paying the lending institution the full amount of the unpaid principal, plus accrued interest.
- ❖ **Interest Subsidy:** The government pays all interest on Canada Student Loans while borrowers are enrolled in full-time studies and, in the case of loans negotiated prior to August 1, 1993, for six months after the completion of studies.
- ❖ **Alternative Payment:** A province or territory that chooses not to participate in the CSLP, but rather to operate its own student assistance program, is entitled to an alternative payment to assist in paying the cost of operating a similar program.
- ❖ **Collection Costs:** Once the government has paid a claim, it takes responsibility for collecting from the borrower. This usually involves sending the loan to a collection agency. If a borrower refuses to repay the loan, the Department of Justice becomes involved and legal action may result. In addition, income tax refunds may be set-off as payment toward defaulted loans.
- ❖ **Interest Relief:** Assistance may be provided to cover loan interest for borrowers who have difficulty repaying their loans. This plan has been expanded to include all low-income borrowers. For 1998-99, interest relief was expanded and enhanced as announced in the 1998 federal budget.

- ❖ **Loans Forgiven:** Pursuant to the *Canada Student Loans Act* and the *Canada Student Financial Assistance Act*, the government pays the lending institution the full amount of the unpaid principal plus accrued interest in the event of the death of the borrower or if the borrower becomes permanently disabled and cannot repay the loan without undue hardship. Under the risk shared agreement, if the death or permanent disability occur after the borrower enters in repayment, the lender(s) assumes liability for the cost.
- ❖ **Risk Premium:** Subject to the provisions of the contract with lenders, the government pays to lenders a risk premium based on the value of loans consolidated for repayment in that year.
- ❖ **Special Opportunity Grants (SOGs):** Three grant programs assist: high-need part-time students with educational expenses (\$1,200 annually); women in certain fields of Ph.D. studies (\$3,000 annually for up to three years); and students with permanent disabilities, in order to meet disability-related educational expenses (\$3,000 annually). For 1998-99, the grant for permanent disability will increase to \$5,000 annually. A fourth grant was announced in the 1998 federal budget for students with dependents.
- ❖ **Administrative Fees to Provinces and Territories:** Pursuant to the *Canada Student Financial Assistance Act*, the government has entered into arrangements with participating provinces to facilitate the administration of the CSLP. Fees to provinces are calculated on the basis of a basic operating cost and a per-certificate component. In addition, funds are available to fund joint federal-provincial initiatives.
- ❖ **Put-back:** Subject to the provisions of the contract with lenders, the government will purchase from lenders student loans that are in default of payment for at least twelve months and in aggregate do not exceed 3% of the average monthly balance of the lender(s) outstanding student loans in repayment.
- ❖ **Debt Reduction:** In the 1998 federal budget, debt reduction in repayment was introduced to assist borrowers in severe financial hardship.

STATUTORY AND OTHER REPORTS

Figure 1: Statutory Expenditures for the Canada Student Loans Program for the Following Fiscal Years¹

(millions of dollars)	Actual 1994-95	Actual 1995-96	Actual 1996-97	Estimates 1997-98	Preliminary 1997-98
Claims Paid	201.7	437.2	379.4	188.4	350.9
Interest Subsidy	193.5	193.3	160.8	189.0	163.7
Alternative Payments to Quebec and Northwest Territories	93.8	164.4	95.9	119.0	74.9
Collection Costs	20.8	18.9	28.6	31.1	24.9
Interest Relief	15.1	17.5	24.4	38.0	37.9
Loans Forgiven	4.3	5.1	3.1	4.6	8.1
Risk Premium	N/A	0.2	29.4	36.0	58.5
Special Opportunity Grants	N/A	7.8	12.4	34.7	14.8
Administrative Fees to Provinces	N/A	N/A	9.1	9.3	9.7
Put-back	N/A	N/A	0.0	1.0	0.0
Total Statutory Expenditures	529.2	844.5	743.0	651.1	743.4
Recoveries by collection agencies, legal agents and CSLP	103.5	111.0	173.9	169.7	150.6
Set-offs of income tax refunds	16.9	17.1	20.0	17.0	20.9
Total - Recoveries	120.3	128.0	194.0	186.7	171.4
Guarantee Fees	0.0	0.0	0.0	N/A	N/A
Total Revenues	120.3	128.0	194.0	186.7	171.4
Number of claims paid	34,981	69,541	74,076	33,155	36,969

1. April 1 to March 31.

N/A - not applicable.

Figure 2: Financial Indicators for the Following Fiscal Years *

(millions of dollars)	Actual 1994-95	Actual 1995-96	Actual 1996-97	Estimates 1997-98	Preliminary 1997-98
Loans Guaranteed					
Value of loans guaranteed since inception (principal only)	10,582.2	10,854.8	10,854.8	10,854.8	10,782.0
Outstanding Loan Guarantees					
Loans to students in school (Class A)	2,607.1	1,499.3	1,353.1	504.4	1,040.7
Loans to borrowers in repayment to lenders (Class B)	2,181.8	2,686.9	2,147.2	2,414.8	1,622.6
Total year-end contingent liability (principal and costs)	4,788.8	4,186.2	3,500.3	2,919.2	2,663.3
Claims Paid					
Claims paid since inception	1,789.7	2,225.7	2,640.5	2,613.1	2,955.9
Loans forgiven since inception	29.1	35.5	38.7	49.3	52.8
Total claims paid since inception (principal and costs)	1,818.8	2,261.1	2,679.2	2,662.4	3,008.7
Recoveries on Claims Paid					
Recoveries since inception (principal and costs)	744.0	840.0	985.5	1,140.7	1,205.4
Risk-shared loans					
Value of risk-shared loans since inception (principal only)	N/A	1,223.1	277.5	4,261.1	4,525.0
Outstanding risk-shared loans					
Loans to students in school (Class A)	N/A	1,219.0	2,183.6	3,355.3	2,763.8
Loans to students in school (Class B)	N/A	416.2	562.1	672.1	1,673.1
Total (principal only)	0.0	1,635.2	2,745.7	4,027.4	4,436.9
Risk premium paid since inception	N/A	20.8	29.6	36.0	88.1
Put-back paid since inception	N/A	N/A	0.0	1.0	N/A
Total (principal only)	0.0	20.8	29.6	37.0	88.1

* April 1 to March 31.

N/A - not applicable.

STATUTORY AND OTHER REPORTS

Figure 3 indicates the value of accounts receivable as of March 31 of each of the following fiscal years for claims that are paid to lenders under the guarantee provisions of the Canada Student Loans Act and that are currently being recovered by the government.

Figure 3: Accounts Receivables for the Following Fiscal Years ¹ & Aging of Accounts Receivables as of March 31, 1997										
(millions of dollars)										
	Actual		Actual		Actual		Estimates		Preliminary	
	1994-95		1995-96		1996-97		1997-98		1997-98	
Gross accounts receivable ²	1,273.3		1,411.1		1,657.3		1,456.2		1,876.2	
Allowance for doubtful accounts	615.5		807.6		902.7		833.4		1,123.0	
Net accounts receivable	657.8		603.5		754.6		622.8		753.2	
Aging of Net Accounts Receivables by date of claim paid as of March 31, 1998 for fiscal year 1997-98										
(millions of dollars)										
										8 years
0-1 year	%	1-3 years	%	3-5 years	%	5-8 years	%	& over	%	Total
331.4	44	105.4	14	97.9	13	135.6	18	82.9	11	753.2

1. April 1 to March 31.

2. Change in accounting practices effective 1995-96. Interest on doubtful accounts is no longer included in gross accounts receivable.

Figure 4 shows the various interest rates in effect for each loan year applicable to loans guaranteed under the *Canada Student Loans Act*.

Figure 4: Interest Rates for Canada Student Loans 1994-95 to 1997-98 *				
Percentage	Actual	Actual	Actual	Actual
	1994-95	1995-96	1996-97	1997-98
Minister's rate	8.125%	8.750%	7.625%	6.125%
Mixed rate	9.375%	N/A	N/A	N/A
Student rate	9.000%	9.250%	8.375%	7.125%

* August 1 to July 31.

N/A - not applicable.

New arrangements with lenders will enable borrowers to choose between floating or fixed rates of interest when consolidating their loans. The government will continue to provide a full interest subsidy while students are in full-time studies.

During the 1997-98 loan year, some 115,993 applications for initial benefits or extensions of interest relief benefits were processed. Beginning in 1994-95, interest relief was expanded to include low-income borrowers.

Figure 5: Interest Relief Statistics for the Following Loan Years *

	Actual 1994-95	Actual 1995-96	Actual 1996-97	Preliminary 1997-98
Number of Applications	73,434	70,939	96,795	115,993
Value of interest relief (millions of dollars)	15.0	18.6	26.5	37.9

* August 1 to July 31.

Figure 6 shows the percentage of full-time university students from each participating province who received Canada Student Loans. In addition to university students, persons attending community colleges, technical and professional schools, nursing schools, teachers' colleges and private vocational schools are eligible for the Canada Student Loans Program. It should be noted that 3,391 students from the participating provinces attending university in Quebec also received Canada Student Loans.

Figure 6: Percentage of Full-Time University Students by Province in Receipt of Canada Student Loans for the Following Loan Years ¹

(percentage)	Actual 1994-95	Actual 1995-96	Actual 1996-97	Preliminary 1997-98
Newfoundland	52	55	46	47
Prince Edward Island	38	36	34	34
Nova Scotia	37	39	53	51
New Brunswick	38	36	44	43
Quebec ²	3	3	3	3
Ontario	37	38	41	44
Manitoba	27	26	29	28
Saskatchewan	38	37	31	35
Alberta	30	34	38	37
British Columbia	31	33	33	37
Canada	28	29	31	33

1. August 1 to July 31.

2. Quebec and the Northwest Territories do not participate in the Canada Student Loans Program.

STATUTORY AND OTHER REPORTS

Figure 7 shows the assistance provided by number and value of certificates issued. Figure 8 shows the value of loans negotiated.

Figure 7: Value of Loans Certificates Issued for the Following Years *

	Actual 1994-95		Actual 1995-96		Actual 1996-97		Preliminary 1997-98	
	Value of Certificates (\$ M)	No. of Certificates	Value of Certificates (\$ M)	No. of Certificates	Value of Certificates (\$ M)	No. of Certificates	Value of Certificates (\$ M)	No. of Certificates
Full-time								
Newfoundland	60.1	13,865	82.3	16,929	101.6	20,741	103.9	21,967
Prince Edward Island	8.4	2,295	9.4	2,341	14.9	2,412	14.2	2,344
Nova Scotia	56.9	14,923	56.8	16,231	69.8	17,997	69.2	17,699
New Brunswick	36.7	11,580	32.5	10,505	91.6	14,926	90.3	14,520
Ontario	757.7	188,743	824.0	198,634	977.4	205,661	981.0	213,585
Manitoba	37.4	10,096	39.7	10,221	34.0	10,234	39.9	11,831
Saskatchewan	62.6	15,485	61.0	15,228	52.7	11,994	65.2	16,512
Alberta	128.4	36,292	156.4	41,599	164.0	43,214	164.7	44,307
British Columbia	203.8	43,591	225.4	48,179	241.3	51,134	263.5	59,727
Yukon	1.1	318	1.3	316	1.3	270	1.4	274
Total	1,353.0	337,188	1,488.9	360,183	1,748.6	378,583	1,793.2	402,766
Part-time	8.5	3,065	8.7	3,296	9.7	3,531	11.5	4,926
Grand total	1,361.6	340,253	1,497.5	363,479	1,758.2	382,114	1,804.7	407,692

Figure 8: Value of Loans Negotiated for the Following Years *

	Actual 1994-95		Actual 1995-96		Actual 1996-97		Preliminary 1997-98	
	Value of Loans (\$ M)	No. of Loans	Value of Loans (\$ M)	No. of Loans	Value of Loans (\$ M)	No. of Loans	Value of Loans (\$ M)	No. of Loans
Full-time								
Newfoundland	54.1	12,478	74.1	15,236	91.5	18,667	93.5	19,770
Prince Edward Island	7.5	2,065	8.4	2,107	13.4	2,171	12.8	2,110
Nova Scotia	51.2	13,430	51.1	14,608	62.8	16,197	62.9	15,929
New Brunswick	33.0	10,422	29.3	9,455	82.4	13,433	81.3	13,068
Ontario	681.9	180,644	741.6	178,771	879.7	185,095	882.9	192,227
Manitoba	35.5	9,629	35.7	9,199	30.6	9,211	35.9	10,648
Saskatchewan	56.3	14,663	54.9	13,705	47.4	10,795	58.7	14,861
Alberta	117.2	32,656	140.7	37,439	147.6	38,893	148.2	39,876
British Columbia	176.9	39,397	202.9	43,361	217.2	46,021	237.1	53,754
Yukon	0.9	286	1.2	284	1.2	243	1.2	247
Total	1,214.6	315,670	1,340.0	324,165	1,573.7	340,726	1,614.5	362,490
Part-time	5.9	2,112	5.4	1,887	5.4	1,859	7.1	2,893
Grand total	1,220.5	317,782	1,345.4	326,052	1,579.1	342,585	1,621.6	365,383
Average value of loans negotiated (\$)								
- Full-time	3,848		4,134		4,619		4,454	
- Part-time	2,789		2,846		2,887		2,441	

* August 1 to July 31. Quebec and the Northwest Territories do not participate in the Canada Student Loans Program.

Note: 1997-98 Preliminary numbers as of May 1998.

Figure 9 contains information related to full-time loans negotiated by age group, institution type, indebtedness and gender.

In recent years, the number of women negotiating Canada Student Loans has exceeded the number of men as indicated in Figure 9. In 1997-98, 54% of those negotiating loans were women. This percentage is comparable with 1990-91 when 55% of recipients were women. Currently women represent over half of all students at Canadian post-secondary institutions. However at the doctoral level, only 40% of students are women and they remain under-represented in certain fields such as sciences and engineering. Special Opportunity Grants for women pursuing certain doctoral studies began in 1995-96 to increase the representation of women in some Ph.D. programs.

Figure 9: Distribution of Full-Time Student Loans Negotiated for the Following Loan Years *

	Actual 1994-95		Actual 1995-96		Actual 1996-97		Preliminary 1997-98	
	No.	%	No.	%	No.	%	No.	%
Loans Negotiated by Age Group								
Under 25	217,812	69	222,774	69	228,236	67	247,454	68
25-29 Years	50,507	16	54,056	17	58,915	17	61,623	17
30-34 Years	22,097	7	22,611	7	24,807	7	24,041	7
35 & Over	25,254	8	24,724	8	28,768	8	29,372	8
Total	315,670	100	324,165	100	340,726	100	362,490	100
Loans Negotiated by Institution Type								
Universities	164,355	52	163,160	50	164,851	48	177,530	49
Colleges/Institutes	110,083	35	113,756	35	116,646	34	122,986	34
Private	39,601	13	46,163	14	58,508	17	61,623	17
Other	1,631	1	1,086	0	721	0	351	0
Total	315,670	100	324,165	100	340,726	100	362,490	100
Indebtedness								
Less than \$5,000	137,217	43	78,127	24	146,454	43	144,995	40
\$5,000 - \$10,000	108,245	34	112,900	35	115,489	34	119,622	33
\$10,000 - \$15,000	46,251	15	73,736	23	43,677	13	54,374	15
Over \$15,000	23,957	8	59,402	18	35,106	10	43,499	12
Total	315,670	100	324,165	100	340,726	100	362,490	100
Loans Negotiated by Gender								
Female	170,812	54	178,288	55	180,560	53	195,745	54
Male	144,858	46	145,877	45	160,166	47	166,745	46
Total	315,670	100	324,165	100	340,726	100	362,490	100

* August 1 to July 31.

STATUTORY AND OTHER REPORTS

Almost 98% of Canada Student Loans were made by banks in 1997-98. The balance were made by other lending institutions such as caisse populaires and credit unions.

Figure 10: Distribution of Full-Time Student Loans Negotiated by Lending Institution for the Following Loan Years *

	Actual 1994-95		Actual 1995-96		Actual 1996-97		Preliminary 1997-98	
	(\$ M)	%	(\$ M)	%	(\$ M)	%	(\$ M)	%
Bank of Montreal	164.8	14	26.8	2	0.0	0	0.0	0
Bank of Nova Scotia	176.7	15	241.2	18	299.0	19	306.8	19
Royal Bank of Canada	327.6	27	495.8	37	629.5	40	678.1	42
Toronto Dominion Bank	161.1	13	13.4	1	0.0	0	0.0	0
Canadian Imperial Bank of Commerce	308.3	25	482.4	36	598.0	38	581.2	36
Other banks	11.5	1	13.4	1	15.7	1	16.1	1
Total	1,150.0	95	1,273.0	95	1,542.3	98	1,582.2	98
Other lending institutions	64.6	5	67.0	5	31.5	2	32.3	2
Grand total	1,214.6	100	1,340.0	100	1,573.7	100	1,614.5	100

* August 1 to July 31.

In the 1997-98 loan year, the government reimbursed lenders' claims for 47,111 defaulted loans. As shown in Figure 11, the average value of these defaulted loans was \$7,386 and 43% of all defaults occurred on loans of less than \$5,000.

Figure 11: Distribution of Claims Paid for the Following Loan Years *

	Actual 1994-95		Actual 1995-96		Actual 1996-97		Preliminary 1997-98	
	No.	%	No.	%	No.	%	No.	%
Less than \$2,500	6,792	22	16,066	25	9,377	16	7,227	15
\$2,500 to \$5,000	11,873	38	9,638	15	17,910	29	12,966	28
\$5,000 to \$10,000	7,476	24	22,492	35	19,633	33	15,519	33
More than \$10,000	5,116	16	16,066	25	12,879	22	11,399	24
Total	31,257	100	64,262	100	59,799	100	47,111	100
Average value of claims paid (\$)	6,026		6,416		7,044		7,386	

* August 1 to July 31.

Old Age Security Program

Figure 12: Summary of Maximum Monthly Benefits

(dollars)						
Fiscal Year	Basic Pension	Guaranteed Income Supplement		Spouse's Allowance		Increase
		Single	Married	Regular	Extended	
Monthly benefit by fiscal year						
1997-98 Actuals						
January 1, 1998	407.15	483.86	315.17	722.32	797.45	0.2%
October 1, 1997	406.34	482.89	314.54	720.88	795.86	0.3%
July 1, 1997	405.12	481.45	313.60	718.72	793.47	0.4%
April 1, 1997	403.51	479.53	312.35	715.86	790.31	0.7%
1997-98 Estimates						
January 1, 1998	407.62	484.42	315.53	723.16	798.36	0.5%
October 1, 1997	405.73	482.17	314.07	719.80	794.65	0.5%
July 1, 1997	403.77	479.84	312.55	716.32	790.81	0.5%
April 1, 1997	401.78	477.47	311.01	712.78	786.91	0.2%
1996-97						
January 1, 1997	400.71	476.20	310.18	710.89	784.82	0.2%
October 1, 1996	399.91	475.25	309.56	709.47	783.25	0.5%
July 1, 1996	397.92	472.89	308.02	705.94	779.35	0.6%
April 1, 1996	395.55	470.07	306.18	701.73	774.71	0.2%
Fiscal year averages (annual benefits)						
1997-98 Actuals	4,866.36	5,783.19	3,766.98	8,633.34	9,531.27	
1997-98 Estimates	4,856.70	5,771.70	3,759.48	8,616.18	9,512.19	
1996-97	4,782.27	5,683.23	3,701.82	8,484.09	9,366.39	

Figure 13: Number of Persons Receiving Old Age Security Benefits, by Province or Territory and by Type

Province or territory	March 1997				March 1998			
	Old Age Security Pension (OAS)	Guaranteed Income Supplement (GIS)	Spouse's Allowance	GIS as % of OAS	Old Age Security Pension (OAS)	Guaranteed Income Supplement (GIS)	Spouse's Allowance	GIS as % of OAS
	Newfoundland	60,825	42,857	4,401	70.46	61,381	42,893	4,385
Prince Edward Island	17,374	9,844	770	56.66	17,601	9,865	746	56.05
Nova Scotia	120,149	60,287	5,101	50.18	121,361	59,604	4,952	49.11
New Brunswick	94,889	52,441	4,553	55.27	96,080	52,467	4,422	54.61
Quebec	875,424	442,214	35,364	50.51	893,375	442,187	33,838	49.50
Ontario	1,312,808	379,047	26,290	28.87	1,340,434	380,083	25,604	28.36
Manitoba	152,618	62,525	4,270	40.97	153,559	61,878	4,169	40.30
Saskatchewan	146,029	62,799	4,275	43.00	146,358	61,880	4,117	42.28
Alberta	266,494	100,695	8,020	37.79	274,124	102,368	8,018	37.34
British Columbia	463,638	150,389	9,290	32.44	473,369	150,490	9,062	31.79
Yukon	1,438	568	43	39.50	1,489	595	42	39.96
Northwest Territories	1,949	1,373	145	70.45	2,078	1,448	152	69.68
International*	50,624	10,728	262	21.19	54,228	10,546	237	19.45
TOTAL	3,564,259	1,375,767	102,784	38.60	3,635,437	1,376,304	99,744	37.86

Figure 14: Old Age Security Payments, by Province or Territory and by Type, Fiscal Year 1997-98

(millions of dollars)	Old Age Security Pension	Guaranteed Income Supplement	Spouse's Allowance	TOTAL
Newfoundland	297.6	150.3	20.4	468.2
Prince Edward Island	84.9	34.4	3.4	122.7
Nova Scotia	586.5	196.7	19.6	802.8
New Brunswick	464.3	176.1	19.0	659.4
Quebec	4,286.1	1,481.6	125.6	5,893.3
Ontario	6,357.3	1,309.9	96.5	7,763.7
Manitoba	738.9	206.1	17.1	962.2
Saskatchewan	712.7	203.5	16.6	932.8
Alberta	1,294.2	351.4	32.2	1,677.8
British Columbia	2,214.8	528.5	35.8	2,779.1
Yukon	7.2	2.1	0.3	9.6
Northwest Territories	9.9	5.9	1.0	16.8
International *	59.8	82.0	1.9	143.7
TOTAL	17,114.2	4,728.6	389.2	22,232.0

* Persons receiving Canadian Old Age Security benefits under International Agreements on Social Security.

Sustainable Development Strategy

Our Sustainable Development Strategy (SDS) was tabled in the House of Commons in December 1997. We subsequently gave it wide distribution inside and outside the department, posting it on our departmental website (<http://www.hrdc-drhc.gc.ca/dept/sds/sds.shtml>), and on our Intranet site for employee access.

Our strategy established objectives to integrate sustainable development into our internal operations and service delivery, our policies and programs, and our corporate culture. It placed a priority on actions to green our operations and raise awareness. The latter will be an essential first step toward strengthening our ability to apply a sustainable development lens to our policies and programs.

Because the strategy was tabled late in the fiscal year, we planned to finalize the implementation and communications plans in 1998-99. However, during 1997-98 we began to assess our resource requirements for determining the most cost-effective structures and processes for action. We assigned a person to co-ordinate the implementation of the strategy and to address interdepartmental issues.

The following matrix includes performance highlights extracted from HRDC's sustainable development strategy 1998 performance report. The strategy did not contain targets for this reporting period (December 1997 - March 1998). However, targets and related performance indicators will be established by the spring of 1999 for future performance reports.

STATUTORY AND OTHER REPORTS

HRDC's Sustainable Development Strategy 1998 Performance Highlights		
Key Objectives	Performance Measurement Specified in SDS	Progress to Date and Any Corrective Action
Green HRDC's internal operations and external service delivery	Resource consumption reductions in its operations	<ul style="list-style-type: none"> ❖ Obtained baseline information to establish targets
	Participation rates in "blue box" recycling programs	<ul style="list-style-type: none"> ❖ Completed No-waste Pilot, resulting in an 82% diversion of waste, from 62%
	Participation rates among staff in innovative "future of workplace" approaches	<ul style="list-style-type: none"> ❖ Posted orientation guide, containing information on various work arrangements, on Intranet site ❖ Approximately 30% of all employees working part-time or in an alternative work arrangement
	Increased environmental benefits in its service delivery	<ul style="list-style-type: none"> ❖ Provided all OAS & CPP recipients a direct deposit option ❖ 82.3% OAS, 80.1% CPP payments are direct deposit ❖ Working with PWGSC to set and meet targets ❖ 10% of EI payments are direct deposit ❖ Processed nearly half of EI claims electronically ❖ Displays 400,000 jobs per year on National Job Bank, with almost 2 million searches ❖ ELE used by 160,000 employers to search through 140,000 worker profiles
	Levels of compliance with Part II (Health and Safety) of <i>Canada Labour Code</i>	<ul style="list-style-type: none"> ❖ Resolved 97% of non-compliance situations (excluding situations of danger) voluntarily
Consider sustainable development in policies and programs	Improved analysis of environmental implications	<ul style="list-style-type: none"> ❖ Completed assessment of existing mechanisms, to be incorporated into implementation plan ❖ Informed policy and program groups of need to consider sustainable development implications. ❖ Asked policy and program areas to incorporate environmental objectives in policies, as appropriate.
	Greater sharing of information on social dimensions	<ul style="list-style-type: none"> ❖ Shared information on common issues at all interdepartmental meetings
Build sustainable development into HRDC's corporate culture	Increased levels of awareness of strategy and "success stories" among employees and partners	<ul style="list-style-type: none"> ❖ Established process for reporting performance ❖ Updated national website to include strategy and careers in environmental industries
	Extent that internal working group is used as a source of information and advice	<ul style="list-style-type: none"> ❖ Maintained departmental working group, from all branches and regions, to implement strategy ❖ Created network of 20 Green Representatives to help raise awareness and develop best practices

Listing of Statutes and Regulations

Acts

Appropriations Acts, certain Votes

<i>Canada Assistance Plan Act</i>	(R.S.C 1985, c. C-1)
<i>Canada Labour Code</i>	(R.S.C. 1985, c. L-2)
<i>Canada Pension Plan</i>	(R.S.C. 1985, c. C -8)
<i>Canada Student Financial Assistance Act</i>	(1994, c.28)
<i>Canada Student Loans Act</i>	(R.S.C. 1985, c. S-23)
<i>Canadian Centre for Occupational Health and Safety Act</i>	(R.S.C. 1985, c.C-13)
<i>Corporations and Labour Unions Returns Act, section 16</i>	(R.S.C. 1985 c. C-43)
<i>Department of Human Resources Development Act</i>	(S.C. 1996, c. 11)
<i>Employment Equity Act</i>	(S.C. 1995, c. 44)
<i>Employment Insurance Act</i>	(S.C. 1996, c. 23)
<i>Fair Wages and Hours of Labour Act</i>	(R.S.C. 1985 c. L-4)
<i>Family Orders and Agreements Enforcement Assistance Act,</i> Part 1	(1986, c. 5)
<i>Federal-Provincial Fiscal Arrangements Act</i>	(R.S.C. 1985, s. F-8; 1995, c. 17, s. 44)
<i>Government Annuities Act</i>	(R.S., 1970, c. G-6)
<i>Government Annuities Improvement Act</i>	(1974-75-76, c. 83)
<i>Government Employees Compensation Act</i>	(R.S.C. 1985, c. G-5)
<i>Hudson Bay Mining and Smelting Co. Act</i>	(1947, c. 62)
<i>Labour Adjustment Benefits Act</i>	(R.S.C. 1985, c. L-1)
<i>Merchant Seamen Compensation Act</i>	(R.S.C. 1985, c. M-6)
<i>Non-smokers' Health Act, section 9</i>	(1988, c. 21)
<i>Old Age Security Act</i>	(R.S.C. 1985, c. O-9)
<i>Status of the Artist Act, Part II</i>	(1992, c. 33)
<i>Unemployment Assistance Act</i>	(R.S., 1970, c. U-1)
<i>Vocational Rehabilitation of Disabled Persons Act</i>	(R.S.C. 1985, c. V-3)
<i>Wages Liability Act</i>	(R.S.C. 1985, c. W-1)

Orders

Coal Mining Safety Commission Exemption Orders
Merchant Seamen Compensation Order, 1992
Uranium Mines (Ontario) Employment Exclusion Order
Order Designating the Appropriate Authority for a Province with Respect to the Act (under *Canada Student Financial Assistance Act*)

Regulations

Canada Assistance Plan Regulations
Canada Labour Code Regulations
Canada Pension Plan Regulations
Canada Student Financial Assistance Regulations
Canada Student Loans Regulations
Employment Equity Regulations
Employment Insurance Regulations
Fair Wages and Hours of Labour Regulations
Federal Provincial Fiscal Arrangements Regulations
Government Annuities Regulations
Government Annuities Improvement Regulations
Non-smokers' Health Regulations
Old Age Security Regulations
Regulations pursuant to the *Government Employees Compensation Act*
Status of the Artist Regulations

References

Contacts

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

To obtain HRDC publications, you may contact:

- HRDC Public Enquiries Centre - tel: 1-819-994-6313
- Canada Communications Group Publishing Centre - tel: 1-819-956-4800

Useful Internet websites include:

- HRDC Website: <http://www.hrdc-drhc.gc.ca>
- Youth Resource Network of Canada: <http://www.youth.gc.ca>
- National Job Bank: <http://jb-ge.hrdc-drhc.gc.ca>
- Work Search: <http://www.worksearch.gc.ca>
- Counsellor Resource Centre: <http://www.worksearch.gc.ca/CRC>
- Human Resource Office for Employers: <http://www.worksearch.gc.ca/hroffice>
- Electronic Labour Exchange: <http://www.ele-spe.org>
- Labour Market Information: <http://lmi.hrdc-drhc.gc.ca>
- National Adult Literacy Database: <http://www.nald.ca>
- Workplace Equity: <http://info.load-otea.hrdc-drhc.gc.ca/~weeweb/homeen.shtml>

Other Departmental Reports

1997-98 Part III of the Estimates (<http://www.tbs-sct.gc.ca/tb/estimate/part3e.html>)

1998-99 Part III of the Estimates - Report on Plans and Priorities
(<http://www.hrdc-drhc.gc.ca/dept/fas-sfa/bt31-2.shtml>)

The Public Accounts of Canada (<http://www.pwgsc.gc.ca/text/pubacc-e.html>)

Employment Insurance Account, Report on the Financial Transactions

Annual Report of the Canada Pension Plan
(<http://www.hrdc-drhc.gc.ca/isp/cpp/annual.shtml>)

Employment Equity Act - Annual Report
(http://info.load-otea.hrdc-drhc.gc.ca/~weeweb/LEEP/Annual_Reports/Anrepore.html)

Evaluation Reports (<http://www.hrdc-drhc.gc.ca/edd>)

Sustainable Development Strategy (<http://www.hrdc-drhc.gc.ca/dept/sds/sds.shtml>)

1997 Employment Insurance Monitoring and Assessment Report
(<http://www.hrdc-drhc.gc.ca/ei/employ/sp102198/sp102.shtml>)