



# Human Resources Development Canada

1997-98  
Estimates

Part III

Expenditure Plan

## **The Estimates Documents**

The Estimates of the Government of Canada are structured in three 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 Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

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Expenditure Plan

Approved

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Minister of Human Resources Development

## Preface

This document is a report to Parliament to indicate how the resources voted by Parliament have or will be spent. As such, it is an accountability document that contains several levels of details to respond to the various needs of its audience.

Part III for 1997-98 is based on a revised format intended to make a clear separation between planning and performance information, and to focus on the higher-level, longer-term plans and performance of departments.

The document is divided into four sections:

- The Ministers' Message;
- Departmental Plans;
- Departmental Performance; and
- Supplementary Information.

It should be noted that, in accordance with Operating Budget principles, human resource consumption reported in this document will be measured in terms of employee full-time equivalents (FTEs).

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# Human Resources Development Canada

## Section I - The Ministers' Message

## THE MINISTERS' MESSAGE 1997-98 MAIN ESTIMATES

Canadians expect their federal government to ensure jobs and growth. Meeting that expectation in the changing world of 1997 calls for new thinking, new partnerships and a new determination to create results. The 1997-98 Main Estimates show that Human Resources Development Canada (HRDC) is pursuing an agenda that demonstrates all three.

These Estimates describe what some have rightly called “the Department of People.” HRDC programs and services touch the lives of most Canadians—children, youth, students, working people, persons with disabilities and seniors. It is responsible for measures that open the doors to social and economic opportunity for many Canadians. It helps us build a stronger economy.

The work of the Department is taking place in a climate of change. It faces the challenge of helping Canadians adapt to the new economy. That includes building more innovative workplaces in which employers and workers take ownership of the issues they face together. It extends to ensuring that the continued implementation of the new Employment Insurance system meets the needs of people, communities and Canada’s labour market. The revision to the Canada Labour Code will help employees and employers adjust and thrive in the global economy and will aid cooperative management relationships in the workplace. The Collective Reflection on the Changing Workplace initiative will raise public awareness, initiate a dialogue with Canadians and identify new trends, ideas and innovative practices.

This department is addressing the social priorities that concern Canadians. We are working closely with provincial governments to strengthen the social union. We are taking steps to improve the management of our public pension system and are putting in place initiatives to address the diverse needs of young people.

We believe that the climate of cooperation among governments will extend to other important aspects of our social union. It will allow us to better address complex priorities, such as reducing child poverty and addressing more comprehensively the needs of persons with disabilities.

These activities are taking place in an extremely dynamic operational environment. HRDC is well on track to meeting its Program Review objectives. We are restructuring not simply what we do, but how we do it, while breaking the barriers of unnecessary rules and processes on the way. This means a greater focus on meaningful results. It means an emphasis on new methods of reaching our goals.

Partnerships are a critical aspect of many of our new directions, as these Estimates indicate throughout. Our government believes renewal of the federation can produce better

results with more efficient use of tax dollars. During the 1997-98 fiscal year, we will be demonstrating the practical meaning of that renewal through the negotiation of new Labour Market Agreements with provinces and territories.

HRDC's ambitious policy agenda for 1997-98 will be matched by an equally active operational action plan. The Department will invest in its people and use new automated solutions to deliver and support its services to Canadians. Measures such as the ongoing Income Security Programs Redesign process will continue to produce results in the form of better, more efficient service. Implementation of the Service Delivery Network will allow us to balance the need of a rationalized network of local operations with up-to-date tools that give clients improved access to the information and services they need.

Human Resources Development Canada plays an essential role in the Government's overall agenda and in strengthening the social union. Throughout 1997-98, the Department will work hard to assist all Canadians in their efforts to live contributing and rewarding lives.

Pierre S. Pettigrew  
Minister of Human Resources Development

Alfonso Gagliano  
Minister of Labour



# Human Resources Development Canada

## Section II - Departmental Plan

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## A. Departmental Overview

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### 1. Overview

The Department of Human Resources Development Canada (HRDC) was created in November 1993 as part of an initiative to streamline government, improve service delivery and provide a more integrated approach to Canada's national investment in people. It brings programs that provide income support to Canadians together with programs that help Canadians develop the skills they need to take charge of their future in a rapidly changing world. HRDC's programs and services touch the lives of Canadians across the country—workers and the unemployed, families with children, seniors, youth, Aboriginal Canadians and persons with disabilities.

HRDC is one of the largest government departments in terms of its scope and mandate, with almost 22,000 full-time equivalent employees and projected expenditures of more than \$57 billion. Working directly with clients and through provinces and other partners, HRDC's 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.

The Department has grouped its programs and services into business lines consistent with the Government's approach to improve the Expenditure Management System. The Department's key expected results were initially identified in the Treasury Board's 1996 annual report to Parliament, "Getting Government Right: Improving Results Measurements and Accountability." The definitions of the objectives, key results and performance measurement strategies were updated in the context of HRDC's Planning Reporting and Accountability Structure 1997-98.

HRDC pursues its objectives through the work of six business lines:

- Human Resources Investment
- EI Income Benefits
- Labour
- Income Security
- Human Resource Centres of Canada (HRCC) Management and Joint Services
- Corporate Services

The following outlines the objectives, key results and performance measurement strategies for each HRDC business line.

## Human Resources Investment (HRI)

To support the development of Canada's human resources and the effective functioning of the labour market, and to reduce the dependence of individuals on Employment Insurance (EI) Income Benefits and other government income-support payments.

The HRI business line's contribution to the development of Canada's human resources and to supporting the effective functioning of the labour market will be reflected in the number of clients becoming employed or self-employed. Reduced dependency will be reflected in savings to the EI Account resulting from EI clients returning to work earlier than expected or sustaining employment for longer periods as a result of HRI interventions.

Measurement would consist of two primary measures indicative of short-term results plus a set of secondary measures indicative of longer term impacts. These measures are based on client follow-up, data monitoring and other accountability processes as agreed to with partner governments or organizations.

## EI Income Benefits

To promote 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, and to people eligible for payments under the Government Annuities Act, without placing an unnecessary burden on individuals, groups or regions.

A key result of this business line is increased financial stability for eligible unemployed workers, supported by effective claims management to ensure prompt and accurate payment of benefits and to protect the EI Account against errors and abuse.

Measurement strategies include tracking claims against quality, processing and control standards. Key indicators include speed of payment, quality of decisions, and savings from investigation and control measures.

## Labour

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.

The Labour business line consists of four service lines. Each has its own objective, key results and performance measurement strategies.

Industrial Relations — a stable industrial relations climate as measured by such indicators as the number of work stoppages and days lost as a percentage of total time worked.

Labour Operations — a safe, healthy and equitable work environment as measured by such indicators as work injury and fatality experience, fire losses, resolution of

workplace disputes, and an increase in representation of designated group members under Employment Equity.

Federal Workers Compensation — fair, equitable and uniform processing of claims.

Legislation, Policy, Research and Management — timely and effective legislation, regulations and policies that balance economic and social needs and ensure constructive workplace environments; improved cooperation on labour issues with unions, business and governments in Canada and internationally; and improved quality of, and access to, workplace information.

Key performance measures include percentage of unjust dismissal and complaints settled and resolved under Part III of the Canada Labour Code; and the percentage of Part II non-compliance situations voluntarily resolved through the acceptance of Assurances of Voluntary Compliance.

### Income Security

To promote and strengthen the income security of targeted groups of Canadians through the delivery of Canada Pension Plan (CPP) and Old Age Security (OAS) programs providing benefits to seniors, the disabled, survivors and migrants.

Key results include assuring the delivery of prompt and accurate payments to older persons, disabled Canadians and their children and to surviving members of deceased workers' families; and protecting the pension system against errors and abuse.

Measurement strategies include monitoring quality of service to clients, workload management and standards for speed and accuracy in processing of clients requests.

Key performance measures include percentage of client satisfaction, percentage of Income Security Program (ISP) telephone-client demands answered and the speed of service for processing OAS and CPP benefit applications.

### HRCC Management and Joint Services

To provide general management and administrative support for the delivery of HRDC programming from all business lines at the local, area and regional levels. Local support services are assessed against client service standards and adherence to standards, policies, regulations and laws.

### Corporate Services

To provide executive direction, policy development and management support services to the Department.

Timely and effective support for the achievement of government-wide, corporate and business line objectives, consistent with achievement of standards of equity, efficiency and accountability as required by legislation and policy.

## 2. Summary of Departmental Plans and Priorities

By the nature of the programs and services it provides to Canadians, HRDC is at the intersection of social and economic policy. This places the Department in a central role in implementing the broad, interrelated priorities of the federal government—the economy, the unity of the country, and the social union.

Not only is HRDC at the forefront of the Government's agenda, but it is operating in a complex environment characterized by fiscal restraint, rapid social and economic change, and a changing federal role in the design and delivery of social programs. The challenge is to implement the Government's priorities while restructuring the Department to fit the new environment. Consequently, both the role and the "look" of HRDC in the future will be much different from what it is today.

The Government is working to get the economic fundamentals right. The Canadian economy continues to show improvement, with deficit reduction on target, interest rates at levels that encourage investment, and inflation well under control. But we must also invest in human capital. As the economy relies increasingly on trade, we will require highly skilled and adaptable people who are prepared to face the challenges of the new, global economy. Central to the development of a strong economy and skilled human resources is the modernization and strengthening of the country's elaborate network of social programs. This means clarifying roles and responsibilities of governments, improving services to clients, and reforming programs to meet the needs of today's society. HRDC will play a key role in promoting reform and the social values that emerge from implementation of these reform priorities.

Over the planning period, HRDC will reform and modernize social programs and work with the provinces to build a strong social union through the development and implementation of measures for children and persons with disabilities and by clarifying the values, principles and objectives that should underlie the social union. HRDC will also reform seniors' programs, develop initiatives for youth, and work with the provinces to conclude labour market development agreements.

### Social Union

In working to build a strong social union, the federal government and the provinces have reached a broad consensus that the place to start is with children and persons with disabilities, as their needs are the greatest. For children, the priority arises from the importance of proper childhood development to successful adulthood, and the persistence of about one fifth of Canadian children growing up in low-income families. For persons with disabilities, the priority arises from the disproportionate difficulties they face in participating fully in work and society. This impoverishes individuals and denies society productive capacity.

The federal government will also work with the provinces to develop a framework of values, principles and objectives to underlie the social union. This commitment to collaboration was made in the Speech from the Throne and in past budgets. This initiative

will result in clearer roles and responsibilities for social programs between levels of government and in better coordination of shared efforts.

### Reform of Seniors' Programs

HRDC will work with the Department of Finance to put in place with the agreement of a majority of the provinces measures that ensure the sustainability and equity of the Canada Pension Plan. The 1996 Budget included measures to safeguard the pension system and ensure that the vast majority of future seniors will be as well or better off. Substantial progress has been made by federal and provincial Ministers on changes to the Canada Pension Plan. The Minister of Finance, with the Minister of HRDC, will move forward with legislation on the new Seniors' Benefit that will ensure the sustainability of the program and target those most in need.

### Employment Initiatives for Youth

Young Canadians need skills development, access to their first job and knowledge about labour market trends. As the Government has stated in the Speech from the Throne and the 1996 Budget, investing in the young now is an investment in everyone's future. Facilitating young peoples' economic mobility also strengthens the fabric of the country. In cooperation with other government departments and private-sector partners, HRDC is developing special employment initiatives aimed at young Canadians. These initiatives will be harmonized with provincial programs, will lever contributions from other partners such as the private sector, and will focus on measurable results.

HRDC will continue to work towards developing measures in concert with the provinces to simplify and streamline delivery of the Canada Student Loans Program (CSLP) in an effort to harmonize the CSLP with provincial student loans programs.

### Labour Market Training

In November 1995, the Prime Minister announced that the federal government will withdraw from labour market training and devolve this responsibility for delivery of active employment measures to the provinces. In May 1996, the Minister of HRDC tabled a proposal to each provincial and territorial government for new partnerships in labour market activities.

Our increasingly knowledge-based economy needs a well-trained and adaptable work force. Canada's labour market requires decision making and design that responds to both local priorities and national needs. The Government has signed agreements to shift responsibility for the design and delivery of many labour market programs to Alberta and New Brunswick. It is currently negotiating with other provinces and territories, recognizing that these arrangements will vary considerably between provinces. These agreements cut duplication and provide programs and services more efficiently.

The federal government will continue to play its role as the manager of the national economy through such Pan-Canadian measures as putting in place framework policies;

developing and disseminating labour market information through the development of an Electronic Labour Exchange, a National Labour Market Information System and a National Employment Service; and ensuring that adjustment measures are there to meet national crises. HRDC will continue to support sectors of our economy as they address human resource priorities and will support programs that deal with other Canada-wide labour market needs.

### Improving Workplace Legislation and Policies

Parliament is already considering legislation to amend Part I of the Canada Labour Code, which deals with Industrial Relations. Work that could lead to amendments to Part II (Occupational Safety and Health) and Part III (Labour Standards) of the Code will take place. In addition, the Labour business line intends to develop a Workplace Strategy to address emerging issues such as non-standard work and working time. Work will take place to develop regulations under the Employment Equity Act.

### Monitoring of EI Act Implementation

The Employment Insurance (EI) Act marks an important change in the income benefits system that assists unemployed workers. The 1997-98 fiscal year will see continued efforts to build on the smooth implementation of the new system that has already begun. A major policy priority will be to track the impact of the new legislation. Because the new EI system involved significant change, the government has committed itself to monitor the impact of the Act's measures on individuals, communities and regions; the performance of the economy and job markets; the ways in which workers, employers, industries and communities are affected and how they adjust; and the performance of HRDC and its service delivery system. This information will be provided to parliamentarians and other interested Canadians.

### Operational Strategies

HRDC will match its substantial policy and program agenda with a range of operational initiatives. Many of these will reinforce the Department's ability to provide services effectively by investing in people and computer systems.

HRDC has launched a Quality Service Initiative that drives the development and implementation of strategies and provides guidance to improve service to Canadians. It is meant to integrate quality service principles into the new departmental initiatives and in overall operations. The Department is putting in place a results-based accountability framework for its major programs to ensure that managers focus on the results to be achieved. It intends to publish client service standards in 1997-98.

The people of HRDC will be a central focus of operational innovations. The Department will work with its managers and staff to identify their priorities and the tools and competencies they need to perform in today's workplace. Operational goals include moving to streamline and simplify classification, resourcing and other HR activities. HRDC will also put increased emphasis on learning and development for staff. The goal is to create a learning

organization in which people have the capacities and support to adapt to emerging needs and opportunities.

Over the next few years, HRDC will continue to implement the new Service Delivery Network (SDN) to improve program and service delivery. The SDN is using a combination of offices, kiosks, electronic on-line services, advanced telephone technology and community partnerships to improve access to many of the Department's most-used services, while meeting expenditure reduction targets. Most of the physical infrastructure (i.e. Human Resource Centres of Canada, kiosks, telephone centres, mail service centres) should be in place by the end of 1997-98. HRDC will also focus on implementing single-window delivery and co-location of federal and provincial offices.

Other operational issues underway include the redesign of the Income Security Program (ISP). The aim of the ISP Redesign Project is to significantly improve client service and accuracy and security of client information through the complete reengineering of the delivery and operations of the OAS and CPP programs. Service quality standards will also be developed as part of the project. The ISP Redesign Project should result in substantial savings after it is completed later this year.

Work is also underway throughout government to examine various alternative service delivery models; HRDC is playing a major role. Implementation of a strategic information plan to guide the future systems-development activities of the Department and maximize the use of new technology is being developed and will become a key part of building the Service Delivery Network.

HRDC has an ambitious program for the coming years: the Department will continue to be in the forefront of the Government's agenda to reform key social programs, strengthen the social union and improve service to Canadians.



3. Financial Summaries

The following charts provide financial summaries of planned expenditures for 1997-98.

Departmental Summary (Part II of the Estimates)

Vote (thousands of dollars)	Main Estimates 1996-97	Main Estimates 1997-98
<b>Human Resources Development</b>		
Corporate Services Program		
1 Program expenditures	45,578	42,901
(S) Minister of Human Resources Development - Salary and motor car allowance	49	49
(S) Minister of Labour - Salary and motor car allowance	49	49
(S) Contributions to employee benefit plans <sup>c</sup>	16,565	21,445
<b>Total Program</b>	<b>62,241</b>	<b>64,444</b>
<b>Human Resources Investments and Insurance Program</b>		
5 Operating expenditures	182,516	108,044
10 Grants and contributions	1,211,790	1,436,788
(S) Interest payments under the Canada Student Loan Act	110,500	47,000
(S) Liabilities under the Canada Student Loan Act	256,200	222,000
(S) Interest and other payments under the Canada Student Financial Assistance Act	253,200	347,400
(S) Canada Student Financial Assistance Act - Special Opportunity Grants	23,400	34,700
(S) Supplementary Retirement Benefits - Annuities agents' pensions	35	35
(S) Labour Adjustment Benefits payments	14,000	8,900
(S) Contributions to employee benefit plans <sup>c</sup>	90,688	97,453
<b>Total Program</b>	<b>2,142,329</b>	<b>2,302,320</b>
<b>Labour Program</b>		
15 Program expenditures	44,058	44,760
20 Grants and contributions <sup>1</sup>	5,992	-
(S) Payments of compensation respecting government employees and merchant seamen	58,107	56,907
(S) Contributions to employee benefit plans	4,928	5,396
<b>Total Program</b>	<b>113,085</b>	<b>107,063</b>
<b>Income Security Program</b>		
20 Program expenditures <sup>1</sup>	85,154	92,167
(S) Old Age Security payments	16,743,000	17,140,000
(S) Guaranteed Income Supplement payments	4,745,000	4,778,000
(S) Spouse's Allowance payments	419,000	390,000
(S) Contributions to employee benefit plans <sup>c</sup>	16,547	19,738
<b>Total Program</b>	<b>22,008,701</b>	<b>22,419,905</b>
<b>Total Department</b>	<b>24,326,356</b>	<b>24,893,732</b>
<b>Specified purpose accounts:</b>		
Employment Insurance costs <sup>5</sup>	14,996,000	14,659,876
Canada Pension Plan costs	17,427,132	17,799,886
- Departmental Employee Benefit Plan recoverable from EI and CPP accounts	(96,588)	(115,860)
<b>Total Expenditures</b>	<b>56,652,900</b>	<b>57,237,634</b>

1. In 1997-98, the former Vote 20 of Labour Program has been combined with Vote 15, and the Vote 25 of Income Security has been changed for Vote 20.
2. Partially recoverable from EI and CPP Accounts.
3. Prior to fiscal year 1997-98, this Account was presented on a calendar year basis. Under the 1996-97 Main Estimates column, the amount displayed is the 1996 calendar year financial data. For comparative purposes, the 1996-97 financial data presented in the EI Account segment is a forecast, as the new Act became effective June 30, 1996.

## Votes — Wording and Amounts (Part II of the Estimates)

Vote (dollars)	Main Estimates 1997-98
Human Resources Development	
Corporate Services Program	
1 Corporate Services - Program expenditures and authority to make recoverable expenditures on behalf of the Canada Pension Plan and the Employment Insurance Account	42,901,000
Human Resources Investment and Insurance Program	
5 Human Resources Investment and Insurance - Operating expenditures and authority to make recoverable expenditures on behalf of the Employment Insurance Account	108,044,000
10 Human Resources Investment and Insurance - The grants listed in the Estimates, contributions and payments to provinces, municipalities, other public bodies, community organizations, private groups, corporations, partnerships and individuals or other bodies, in accordance with agreements entered into between the Minister and such bodies in respect of	
(a) projects undertaken by such bodies for the purposes of providing employment or employment assistance to workers and contributing to the betterment of the community; or	
(b) payments made, or costs incurred, by such bodies in respect of such works	1,436,788,000
Labour Program	
15 Labour - Program expenditures, the expenses of delegates engaged in activities related to Canada's role in international labour affairs and the grants listed in the Estimates and contributions	44,760,000
Income Security Program	
20 Income Security - Program expenditures and authority to make recoverable expenditures on behalf of the Canada Pension Plan Account	92,167,000

Figure 1: Department Planned Spending

(thousands of dollars)	Estimates <sup>1</sup> 1996-97	Estimates 1997-98	Planned 1998-99
<b>Business Lines / Programs</b>			
Human Resources Investment	2,330,244	2,499,576	1,900,990
Employment Insurance Income Benefits	459,858	454,696	432,126
HRCC Management and Joint Services	155,433	167,859	167,185
Human Resources Investment and Insurance Program	2,945,535	3,122,131	2,500,301
Labour	150,585	143,763	142,011
Income Security	22,112,794	22,562,323	23,050,175
Corporate Services	287,760	313,568	290,329
<b>Total gross expenditures</b>	<b>25,496,674</b>	<b>26,141,785</b>	<b>25,982,816</b>
Revenue credited to the Vote	(1,170,318)	(1,248,053)	(1,063,485)
<b>Total net expenditures</b>	<b>24,326,356</b>	<b>24,893,732</b>	<b>24,919,331</b>
<b>Other Revenues and Expenditures</b>			
Revenue credited to the Consolidated Revenue Fund	(285,057)	(303,887)	(296,340)
Estimated Cost of Services provided by other department	68,287	54,300	46,865
<b>Net Cost of the Department</b>	<b>24,109,586</b>	<b>24,644,145</b>	<b>24,669,856</b>
<b>Specified Purpose Accounts<sup>2</sup></b>			
<b>Employment Insurance</b>			
Expenditures	14,996,000	14,659,876	
Revenues	(19,801,000)	(20,316,000)	
<b>Current Year Surplus (Deficit)</b>	<b>4,805,000</b>	<b>5,656,124</b>	<b>n/a<sup>3</sup></b>
<b>Canada Pension Plan</b>			
Expenditures	17,427,132	17,799,886	20,048,161
Revenues	(15,861,000)	(16,997,000)	(19,468,000)
<b>Current Year Surplus (Deficit)</b>	<b>(1,566,132)</b>	<b>(802,886)</b>	<b>(580,161)</b>

1. The Estimates 1996-97 reflects only the Main Estimates, Supplementary Estimates are excluded.

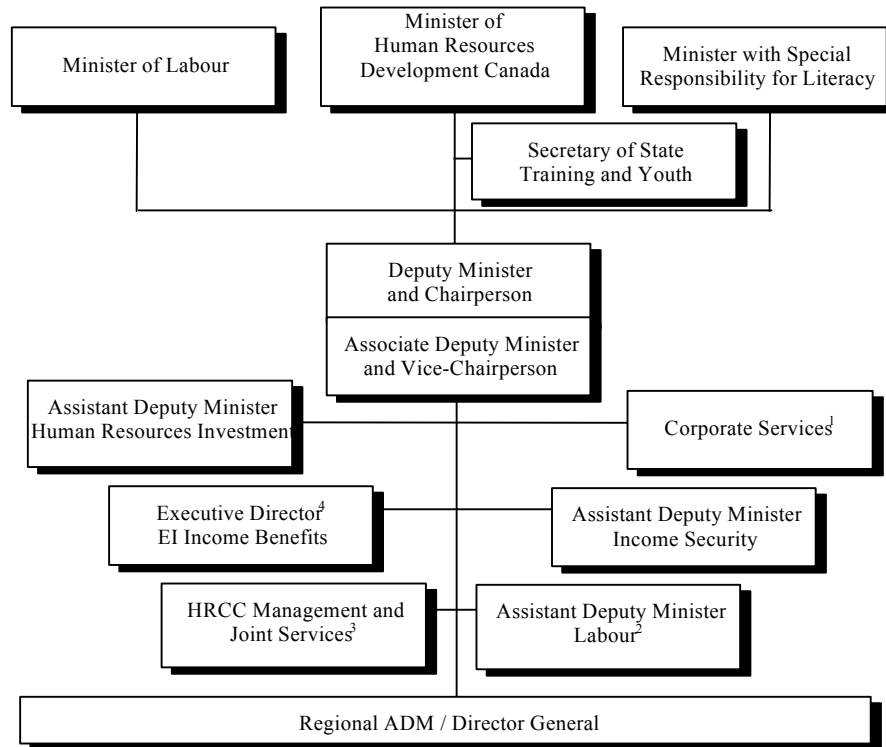
2. See note 3 on page 2-9.

3. Not applicable. Per the EI Act, the EI premium rate is set each year, on a calendar year basis. For further information, see the EI Account.

Figure 2: Net Cost of the Department by Business Line

(thousands of dollars)	1997-98 Main Estimates - Budgetary					Detail of appropriation Voted	
	Operating	Grants and Contributions	Gross Total	Revenue to the Vote	Total Main Estimates	Statutory	Non Statutory
<b>Business Lines / Programs</b>							
Human Resources Investment	402,788	2,096,788	2,499,576	(281,241)	2,218,335	695,690	1,522,645
Employment Insurance Income Benefits	454,696	-	454,696	(406,647)	48,049	45,755	2,294
HRCC Management and Joint Services	167,859	-	167,859	(131,923)	35,936	16,043	19,893
Sub-total	1,025,343	2,096,788	3,122,131	(819,811)	2,302,320	757,488	1,544,832
Labour	139,064	4,699	143,763	(36,700)	107,063	62,303	44,760
Income Security	254,323	22,308,000	22,562,323	(142,418)	22,419,905	22,327,738	92,167
Corporate Services	313,568	-	313,568	(249,124)	64,444	21,543	42,901
<b>Total</b>	<b>1,732,298</b>	<b>24,409,487</b>	<b>26,141,785</b>	<b>(1,248,053)</b>	<b>24,893,732</b>	<b>23,169,072</b>	<b>1,724,660</b>
<b>Other Revenues and Expenditures</b>							
Revenue credited to the Consolidated Fund				(303,887)	(303,887)		(303,887)
Estimated Cost of Services by other Departments			54,300		54,300		54,300
<b>Net cost of the Department</b>			<b>26,196,085</b>	<b>(1,551,940)</b>	<b>24,644,145</b>	<b>23,169,072</b>	<b>1,475,073</b>
<b>Specified purpose accounts</b>							
Employment Insurance Account							
Expenditures			14,659,876				
Revenues			(20,316,000)				
<b>Current year surplus (deficit)</b>			<b>5,656,124</b>				
<b>Canada Pension Plan Account</b>							
Expenditures			17,799,886				
Revenues			(16,997,000)				
<b>Current year surplus (deficit)</b>			<b>(802,886)</b>				

4. Organizational Structure



Business Line (millions of dollars and FTEs)	TOTAL
Human Resources	
Investment.....2,500.....	2,500
EI Income Benefits.....455.....	455
HRCC Management and Joint Services.....168.....	168
Labour.....144.....	144
Income Security.....22,562.....	22,562
Corporate Services.....313.....	313
Gross Budgetary.....2,500.....455.....168.....144.....22,562.....313.....	26,142
Revenue credited to the Vote.....(281).....(407).....(132).....(37).....(142).....(249).....	(1,248)
Net Budgetary.....2,219.....48.....36.....107.....22,420.....64.....	24,894
Specified Purpose Accounts	
Employment Insurance.....	14,660
Canadian Pension Plan.....	17,800
- Departmental Employee Benefit Plan recoverable from EI and CPP Accounts.....	(116)
Total HRDC.....	57,238
HRDC (FTEs).....5,143.....7,716.....2,463.....672.....3,043.....2,887.....	21,924

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

## 5. Acts and Regulations

The main legislative bases for the Department's mandate are the following Acts and Regulations:

- Appropriations Acts, certain Votes;
- Canada Assistance Plan Act and Regulations;
- Canada Labour Code and Regulations;
- Canada Pension Plan;
- Canada Student Financial Assistance Act and Regulations;
- Canada Student Loans Act and Regulations;
- Canadian Centre for Occupational Health and Safety Act;
- Corporations and Labour Unions Returns Act, section 16;
- Department of Human Resources Development Act;
- Employment Equity Act and Regulations;
- Employment Insurance Act;
- Fair Wages and Hours of Labour Act and Regulations;
- Family Orders and Agreements Enforcement Assistance Act;
- Federal-Provincial Fiscal Arrangements Act;
- Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act (Part V), and Regulations;
- Government Annuities Act;
- Government Annuities Improvement Act;
- Government Employees Compensation Act and Regulations;
- Hudson Bay Mining and Smelting Co. Act;
- Labour Adjustment Benefits Act;
- Merchant Seamen Compensation Act;
- Non-smokers' Health Act, section 9;
- Old Age Security Act and Regulations;
- Status of the Artist Act, Part II and Regulations;
- Unemployment Assistance Act;
- Vocational Rehabilitation of Disabled Persons Act; and
- Wage Liability Act.

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B. Details by Business Line

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1. Human Resources Investment

A. Business Line Profile

The objective of the Human Resources Investment (HRI) business line is to support the development of Canada's human resources and the effective functioning of the labour market, and to reduce the dependence of individuals on Employment Insurance (EI) and other government income-support payments.

This business line includes a diverse range of information and advisory services, and grant, contribution, loan and statutory programs. These activities are designed to enable individuals, businesses, communities, and occupational and industrial sectors within the Canadian economy to identify and address their labour market needs. Financial assistance may also be made available to individuals to pursue their labour market goals.

HRI activities, including access to skills development and employment opportunities, job creation and labour market information, are delivered by HRDC national, regional or local offices. As the Government of Canada's role in direct service delivery evolves, an increasing portion of these activities will be delivered through partnerships with the provinces and territories, and Aboriginal, sectoral and community-based organizations. The Employment Insurance Account will become the primary funding source for new activities. Consolidated Revenue Fund resources will be used to fund activities exclusive to the federal sphere or that may be cost-shared with the provinces/territories.

**B. Financial Summary**

Figure 3: Spending Plan

(thousands of dollars)	Estimates 1996-97	Estimates 1997-98	Planned 1998-99	Planned 1999-00
<b>Operating expenditures</b>	<b>461,154</b>	<b>402,788</b>	<b>351,012</b>	<b>337,780</b>
EI Plan Part II / UIDU Funds <sup>1</sup>				
EI Plan Part II <sup>2</sup>				
Part II Base	-	1,150,000	1,150,000	1,150,000
Pan-Canadian Responsibilities	-	250,000	250,000	250,000
Re-Investment	-	380,000	600,000	700,000
UI Development Uses funds <sup>3</sup>	1,900,000	-	-	-
<b>Total EI Plan Part II / UIDU</b>	<b>1,900,000</b>	<b>1,780,000</b>	<b>2,000,000</b>	<b>2,100,000</b>
Program funds (excluding Statutories)				
VRDP / Successor Program	155,000	168,000	168,000	168,000
Child Care - Visions and First Nations/Inuit	31,100	45,224	41,224	41,224
Program for Older Worker Adjustment (POWA)	27,500	-	-	-
Literacy	22,300	22,300	22,300	22,300
Youth <sup>3</sup>	212,600	212,600	212,600	212,600
Strategic Initiatives	103,180	88,592	31,692	-
The Atlantic Groundfish Strategy (TAGS)	256,218	298,741	81,895	5,944
Aboriginal	145,000	145,000	145,000	145,000
National Strategic Partnership	30,985	25,045	11,230	11,230
Transitional Jobs Fund <sup>4</sup>	-	160,000	100,000	-
Other programs <sup>5</sup>	227,907	271,286	51,937	6,454
<b>Total Program funds</b>	<b>1,211,790</b>	<b>1,436,788</b>	<b>865,878</b>	<b>612,752</b>
Statutory funds				
Canada Student Loans	619,900	616,400	633,700	653,100
Special Opportunities Grants	23,400	34,700	44,700	44,700
Labour Adjustment Benefit	14,000	8,900	5,700	3,600
<b>Total</b>	<b>4,230,244</b>	<b>4,279,576</b>	<b>3,900,990</b>	<b>3,751,932</b>
<b>Less: EI Plan Part II/UIDU</b>	<b>1,900,000</b>	<b>1,780,000</b>	<b>2,000,000</b>	<b>2,100,000</b>
<b>Total gross expenditures</b>	<b>2,330,244</b>	<b>2,499,576</b>	<b>1,900,990</b>	<b>1,651,932</b>
Recoverable expenditures from the EI Account	(263,114)	(281,241)	(231,012)	(217,736)
<b>Net expenditures</b>	<b>2,067,130</b>	<b>2,218,335</b>	<b>1,669,978</b>	<b>1,434,196</b>

1. With the introduction of the EI Act, UIDU Funds have been replaced by EI Part II Funds on July 1, 1996. Furthermore, an estimated amount of \$500 million in Part I funding associated with EI Part II funds is excluded from this table and presented in the EI Account section under Income Benefits. These funds are however included in the 1996-97 Estimates for UIDU.
2. The EI Part II Benefits took effect on July 1, 1996 and were not approved in the Main Estimates. In 1996-97, \$1,575 million has been allocated for this purpose.
3. The Youth allocation excludes HRDC's share of the additional funds announced in the March 1996 Budget to help create employment opportunities for young Canadians. HRDC's three-year allocation is \$30 million in 1996-97, and is estimated to be \$45 million in 1997-98 and \$50 million in 1998-99. These funds, some of which are to be directed to operating resources, are to be provided through future Estimates.
4. \$60 million has been approved for Transitional Jobs Fund after the 1996-97 Main Estimates. Of this amount, \$20 million was reprofiled to 1997-98 and will be reinvested to ensure that each province/territory receives, over the three fiscal years of the program, the total amount originally allocated.
5. The majority of these funds are earmarked to address funding pressures for which final decisions are still pending.



## C. Operating Environment

HRDC is entering a period of significant change in the labour market services for which it is responsible and how these services are provided.

- **Labour Market Trends:** During 1995 and 1996, the Canadian economy did not create as many full-time, full-year jobs as it had in the past. Unemployment remained high. Approximately 1.4 million Canadians were unemployed and many more are underemployed. Demand continues to be highest at the ends of the skill and wage spectrums. This will continue to create demands on HRI programs as individuals seek to increase their skills or gain work opportunities, and as communities and economic sectors seek support to address skill needs.
- **A New Employment Insurance Act:** The coming into force of Part II of the Employment Insurance (EI) Act on July 1, 1996, implemented a new system of employment programming, based on client responsibility for labour market adjustment, flexibility in program design and delivery, and results-based accountability. The new Act also provides a legal basis for an increased provincial/territorial role in active labour-market measures. Implementation of the new approach and programming will continue in 1997-98.
- **Labour Market Arrangements:** On May 30, 1996, the Minister of Human Resources Development sent a proposal to the provinces and territories concerning the transfer of responsibility for the design and delivery of active employment measures funded through the EI Account, including Targeted Wage Subsidies, Self-Employment, Job Creation Partnerships and Employment Assistance Services. This offer includes the transfer of program and administrative resources associated with these measures. Two labour market development agreements with provinces have been signed (Alberta and New Brunswick). By the end of 1997-98, many such agreements are expected.
- **Program Review Impacts:** Programs funded through the Consolidated Revenue Fund (CRF) have been cut significantly. More than half of HRDC's Program Review reductions have been allocated to them. These Pan-Canadian programs were not included in the May 30 proposal to the provinces and territories, but may have federal-provincial implications. Pan-Canadian programs currently under review include the Vocational Rehabilitation of Disabled Persons (VRDP) Program and a replacement for the Program for Older Workers Adjustment (POWA).
- **Youth:** Young people are feeling the consequences of current social and economic trends. Today's generation of youth have more difficulty finding stable employment. While better-educated young Canadians often have better employment prospects, the most significant barrier facing youth is acquiring the necessary skills development and work experience that will help them get and keep a job.

## Change Management Issues

- **Systems:** Over the next three years, HRDC will have to align its programs and systems with the constantly evolving federal role in social policy and labour market activities. As more clients are directed towards self-serve electronic information products, and new arrangements are concluded with the provinces and territories, departmental systems will need to be expanded, enhanced and harmonized with provincial and third-party systems.
- **Performance Measurement:** The Minister will continue to be accountable for funds under the EI Account. As Labour Market Arrangements are signed with the provinces and territories, HRDC must retain the capacity to monitor and report on active labour-market measures. New performance measures for the CRF-funded Pan-Canadian programs will need to be established.

**D. Key Initiatives and Expected Results**

The Human Resources Investment business line has two major priorities for 1997-98:

- I. Strengthening the labour market:
  1. Achieving new Labour Market Arrangements with the provinces and territories;
  2. Helping Canadians return to work through Employment Benefits and Support Measures under Part II of the EI Act;
  3. Improving National Labour Market Information; and
  4. Consulting with provinces/territories and other partners for the reform of Pan-Canadian programs.
- II. Investing in the future:
  1. Improving employment opportunities for youth;
  2. Supporting social and economic participation of persons with disabilities; and
  3. Learning and Literacy.

**I. Strengthening the Labour Market****1. Achieving New Labour Market Arrangements with the Provinces and Territories**

—Training: In accordance with Part II of the EI Act, the Department will continue to be involved with labour market training until 1998-99, in line with the Prime Minister's November 27, 1995 commitment. Human Resources Development Canada is negotiating the orderly withdrawal of federal involvement in labour market training, with the goal of no federal spending on training by 1999-00.

—Active Labour Market Measures: The Department will continue to be involved in the negotiation of new arrangements with the provinces and territories on the design and delivery of active labour-market measures funded through the EI Account in 1997-98. Agreements have been signed with Alberta and New Brunswick. Discussions/ negotiations are still proceeding with other provinces and territories on the basis of the May 30 proposal. The new arrangements will be based on a mutually agreeable, results-based accountability framework. These arrangements will be implemented within a national policy and program framework that will allow the Government of Canada to pursue a range of Pan-Canadian activities in the labour-market development sector. Final arrangements are likely to be asymmetrical in nature. The Department may therefore retain an active role in the delivery of benefits and measures in some areas of the country.

Achieving New Labour Market Arrangements with the Provinces and Territories

Activities	Milestones	Expected Results
Withdrawal from Labour Market Training	Negotiated agreements with timetables with all provinces and territories	Respect for provincial jurisdiction over training
Negotiation of new Labour Market Arrangements with the provinces and territories	Completion of agreements	Integrated active employment measures based on provincial and local priorities

2. EI Part II Expenditure Plan  
 Helping Canadians return to work

Implementation of Part II of the Employment Insurance (EI) Act is a priority for HRDC. Pending agreements with the provinces and territories on new Labour Market Arrangements, the federal government will continue to deliver a range of proven Employment Benefits and Support Measures consistent with the Act. The nature of these Labour Market Arrangements will determine the future role the Department will play in the delivery of Employment Benefits and Support Measures to EI clients.

The five Employment Benefits are:

- Targeted Wage Subsidies to assist individuals experiencing difficulties accessing employment due to factors such as a lack of recent work experience, or systemic barriers such as those encountered by members of designated groups, by providing a percentage of participant wages to eligible employers.

- **Self-Employment** to assist individuals to create jobs for themselves by providing them with business start-up support; this intervention may also serve as a developmental tool in diversifying local economies and in creating long-term private sector jobs.
- **Job Creation Partnerships** to create employment opportunities that will provide unemployed Canadians with work experience while supporting a community's economic development goals.
- **Targeted Earnings Supplements** to provide incentives to participants to take available jobs, particularly displaced workers who have lost relatively long-tenured, well-paying jobs and who may have high wage expectations, but in general to make work pay and to assist individuals in securing a labour force attachment.
- **Skills Loans and Grants** to assist clients undertaking skills upgrading by providing grants and/or loans for training and living costs; such assistance will be based on demonstrated client need and consideration of the actual costs.

In addition to the five Employment Benefits, the sunsetting Training Purchases helps individuals to acquire skills, ranging from basic to advanced, through courses purchased on their behalf.

It should be noted that, of the Employment Benefits listed above, Targeted Earnings Supplements has not yet been implemented. Pilot research projects have been established to evaluate the effectiveness of Targeted Earnings Supplements. Skills Loans and Grants will be implemented with provincial/territorial concurrence, but only in a limited way, in order to support insured participants in accessing provincially approved training opportunities. Skills Loans and Grants will not be implemented in a province/territory unless the province requests it.

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

- **Employment Assistance Services** to assist organizations in the provision of employment services to unemployed persons to help them find, obtain and keep jobs.
- **Labour Market Partnerships** to encourage and support employers, employee or employer associations, communities and community organizations to improve their capacity for dealing with human resource requirements and implementing labour force adjustments.

- Research and Innovation to support activities that identify better ways of helping persons prepare for or keep employment and be productive participants in the labour force.

Figure 4: 1997-98 Employment Insurance Plan Part II

(thousands of dollars)	Part II Base Responsibilities <sup>2</sup>	Pan-Canadian	Sub Total	Re-investment	Total Plan
Newfoundland	51,121	16,076	67,197	34,716	101,913
Nova Scotia	48,190	8,617	56,807	14,415	71,222
New Brunswick	46,425	9,410	55,835	20,005	75,840
Prince Edward Island	13,026	949	13,975	4,761	18,736
Quebec	339,464	28,626	368,090	117,834	485,924
Ontario	363,118	22,678	385,796	87,446	473,242
Manitoba	41,454	5,922	47,376	4,861	52,237
Saskatchewan	28,846	6,040	34,886	4,684	39,570
Alberta	80,454	10,997	91,451	17,063	108,514
Northwest Territories	2,357	2,969	5,326	1,190	6,516
British Columbia	133,848	10,754	144,602	72,072	216,674
Yukon	1,697	451	2,148	953	3,101
National <sup>1</sup>	-	126,511	126,511	-	126,511
<b>Total</b>	<b>1,150,000</b>	<b>250,000</b>	<b>1,400,000</b>	<b>380,000</b>	<b>1,780,000</b>

1. Funds earmarked for national priorities, the majority of which have already been committed for specific interventions.
2. The allocation to provinces and territories includes amounts over and above the EI base funding for Pan-Canadian activities such as The Atlantic Groundfish Strategy, Youth programming and Aboriginal programming.

—Financial Data: The total insurable earnings for 1997-98 are currently estimated at \$304.4 billion. The EI Part II expenditure authority of \$1.78 billion is within the 0.8% ceiling imposed under the Act.

Some of the savings generated by the EI reform are included in these funds to provide job opportunities and help Canadians get back to work more quickly. For 1997-98, the reinvested amount will be \$380 million. In a mature year, 2001-02, it is expected that \$800 million will be available for reinvestment.

—Expected Results: It is expected that 315,000 clients will be assisted in 1997-98. The number of EI-funded participants is expected to increase to 400,000 by 2000-01, as reinvestment funds increase. These programming scenarios may change, depending on labour market conditions and agreements achieved with the provinces and territories.

The Department, in cooperation with provinces that have negotiated Labour Market Arrangements, will carefully monitor the impact of Employment Benefits and Support Measures on individuals and communities; the performance of the economy and job markets; and the ways in which workers, employers, industries and

communities are affected and adjust. HRDC will report on the results achieved on an annual basis. The Minister will table these reports in Parliament beginning in January 1998.

An accountability framework has been developed that respects the legal responsibility of the Minister of HRDC for the EI Account. Key indicators will measure both the short- and long-term outcomes of Employment Benefits and Support Measures.

Short-Term Indicators

Results beginning in 1996-97

Number of people employed or self-employed

Gross savings to the EI Account (unpaid benefits) resulting from returns to work

Longer-Term Indicators

Results beginning in 1997-98

Savings for EI Account (post-interventions) 1998-99

Changes in income dependency

Savings to social assistance

Increased tax revenues

Savings to Part I of the EI Account will be measured at completion of intervention, and after 12, 24 and 36 months. These savings will be derived from calculating the incremental impacts, i.e., the savings that may be attributed to the intervention. In addition, evaluation will provide longer-term impacts such as reduced dependency on Employment Insurance and Social Assistance and additional tax revenues generated through increased employment.

Performance targets for 1997-98 will reflect past practices plus reinvestment. They will establish minimum levels of service, in terms of results, and will not include design enhancements or efficiency improvements, which provinces/territories or third-party providers may choose to implement.

In 1997-98, it is expected that, as a result of implementation of Employment Benefits and Support Measures, the following results will be achieved:

- 170,000 EI clients will become employed or self-employed; and
- \$860 million in unpaid benefits (non-incremental savings) will result from EI claimants returning to work before the end of their benefit entitlement.

It should be noted that these targets do not include results that may be achieved through the use of self-serve electronic products by EI clients, nor do they reflect the longer-term savings that will accrue to the EI Account.

Both short-term results (unpaid benefits) and longer-term results (reduced dependency) will be subject to analysis to determine incremental savings to the EI Account.

### 3. Improving National Labour Market Information

In accordance with Section 60 of the EI Act, the Department will deliver and maintain a set of national labour market and self-help electronic products designed to meet the employment-related needs of unemployed workers, youth, people with special needs, employers and service providers. The new self-serve products are designed to significantly increase the number, the range and the quality of vacancies listed. A 50% increase in the number of job offers listed is anticipated for each of the next three years, through marketing activities and new partnerships with private-sector organizations, such as sector councils.

These products and services will include:

- The Electronic Labour Exchange (ELE), a Canada-wide worker-employer matching service.
- The National Labour Market Information Service (NLMIS), basic databases of national, regional and local statistics, occupational profiles and summaries, growth industries and skills requirements for the future.
- The National Employment Service (NES) Self-Serve Products, a series of 12 products to be delivered through multimedia kiosks and the Internet. Examples include:
  - ⇒ Work Search and Mobile Worker, targeted at workers;
  - ⇒ Job Entry and Career/Course Planner, aimed at youth;
  - ⇒ External Hiring, for employers; and
  - ⇒ Case Manager, for service providers.
- CanWorkNet, Canada's electronic directory of Internet sites related to work, career and labour market information, training and literacy, community development, social services and other related topics.

Improving National Labour Market Information

Activities	Milestones	Expected Results
Electronic Labour Exchange	Full implementation in 1999  50% increase in the number of vacancies listed for each of the next three years	\$50 million in savings to EI Account  10% of EI claimants returning to work earlier than expected
National Employment Service (Self-Serve Products)	Twelve products currently under development; implementation in 1997-98, 1998-99	Facilitate job-search, career planning, hiring, and case management by service-providers
CanWorkNet	To be fully developed and implemented in 1999	Efficient, timely and low-cost access for all Canadians to public- and private-sector information on labour markets, training, literacy, community development and social services

Through electronic user-data collection, focus groups and surveys, each product will be continually monitored to determine whether it is reaching its target audience. Products will be refined in accordance with changing user needs.

4. Pan-Canadian Labour Market Activities

In 1997-98, HRDC will continue to deliver a number of distinct Pan-Canadian programs and initiatives financed by the EI Account and the Consolidated Revenue Fund (CRF). A significant reduction in funding, resulting from Program Review and a redefinition of the federal role in labour market and social policy, will lead to a rethinking of priorities and options to ensure that funds are used in the most effective and results-oriented ways.

—Programs for Aboriginal People: Three framework agreements have been signed with national Aboriginal and Inuit associations for the administrative devolution of Aboriginal programming. These serve as a basis for Regional Bilateral Agreements in which Aboriginal programming within HRDC regions is devolved. Results of employment initiatives for Aboriginal people will be closely monitored by HRDC and its Aboriginal partners to ensure that participants improve their labour market status.

—Programs for Persons with Disabilities: The Ministerial Task Force on Disability Issues has recently recommended retention and reform of the Vocational Rehabilitation of Disabled Persons (VRDP) Program that funds individual vocational rehabilitation services, partnerships and innovative projects. In addition to this and other Task Force recommendations, federal, provincial and territorial officials are considering those of the Ministerial Council on Social Policy Renewal to develop options for the future.



—Older Worker Programming: The Program for Older Workers Adjustment (POWA) will end on March 31, 1997. The Minister of HRD has advised the provinces and territories that he is committed to continuing the dialogue for the development of new program directions and that he intends to examine and discuss with the provinces and territories new approaches to help older workers adapt to the changing labour market.

—Sectoral Initiatives: Through Sector Councils, HRDC is directly involved in partnerships with the private sector to address human resource needs within specific industrial or occupational fields. The federal withdrawal from the purchase of training requires a realignment of sectoral program objectives. Over the next three years, HRDC will re-focus its sectoral programs to conform with the spirit of the EI Act by supporting training-enabling activities and strengthening partnerships with the private sector. Sectoral Initiatives will support interprovincial mobility of labour by working with provinces and occupational groups to identify differences and similarities in occupational definitions. They will encourage the development and use of National Occupational/Skills Standards, and Prior Learning Assessment and Recognition in more sectors. The Department will support Sector Councils in promoting private-sector work force investments.

Pan-Canadian Labour Market Activities

Activities	Milestones	Expected Results
Programs for Aboriginal People	Regional Bilateral Agreements (RBA), expected to be in place over the next three years  30,000 clients assisted in 1997-98	41 RBAs in place in 1997-98  15,000 clients to become employed or self-employed in 1997-98
Programs for Persons with Disabilities	Follow-up on recommendations of the Ministerial Task Force and negotiation with the provinces and territories, in progress	Improved labour market status for persons with disabilities
Older Worker Adjustment Programming	Discussions and consultations with the provinces and territories	New approaches to help older workers
Sectoral Initiatives	Strengthen partnerships with private sector; support inter-provincial mobility of labour	For every \$1.00 invested by HRDC, \$1.75 will be generated from industry to develop occupational standards and upgrade worker skills

II. Investing in the Future

### 1. Youth Initiatives

As outlined in the 1996 Speech from the Throne and Budget, Youth continues to be a key priority of the Government in its Jobs and Growth agenda. The Government committed itself to a Team Canada approach in order to create jobs for youth. HRDC will maintain its efforts to provide youth with skills enhancement and work experience that will help to ensure their successful integration into the labour market.

In 1997-98 the following key performance indicators will be utilized to measure results from existing program interventions:

- youth participants who are employed or self-employed; and
- improved labour market status-participants returning to school for further education or skills development.

### 2. Supporting Social and Economic Participation of Persons with Disabilities

The Minister has endorsed the overall approach and goals set by the Ministerial Task Force on Disability Issues in its report tabled last fall. He has expressed his strong commitment to a social union that supports full social and economic participation for all Canadians. HRDC is currently developing several key action areas in follow up to the Task Force report.

### 3. Learning and Literacy

—Canada Student Loans: The Department will continue its work to reform the Canada Student Loans Program (see Section IV – Statutory Report for further details).

—The Office of Learning Technology: This initiative supports projects designed to promote and demonstrate innovative technological approaches to learning.

—Literacy: The business line is responsible for federal support for literacy activities through the National Literacy Secretariat (NLS). In 1997-98 it will continue to build on the information obtained through the International Adult Literacy Survey data.



2. Employment Insurance Income Benefits

A. Business Line Profile

The objective of the Employment Insurance Income Benefits business line is to promote economic stability and a flexible labour market by providing temporary income support to unemployed workers who qualify for benefits.

The Employment Insurance Act and its Regulations specify what constitutes insurable employment and who is responsible for the collection of premiums relative to that employment, eligibility and continuing entitlement criteria, the conditions whereby decisions may be appealed, and the penalties for fraudulent claims. Additionally, this legislation provides for the processing of premium reduction applications, issuance of Social Insurance Numbers to qualified applicants and payment of benefits under the Government Annuities Act and the Labour Adjustment Benefits Act.

Service Lines: The Employment Insurance Income Benefits business line consist of the following service lines:

- Claims Processing, which includes claims taking, entitlement determination and continuing eligibility reviews.
- Enquiries, which includes providing information and answering questions by telephone, letter or in-person regarding EI claims.
- Claims Pay, which includes the processing of report cards and issuance of warrants to EI claimants.
- Control, which includes responsibility for preventing, detecting and deterring fraud and abuse.
- Centralized Operations, which includes administering government annuities contracts and the issuance of Social Insurance Numbers.
- Support Services are management, policy and procedural activities that support the delivery of EI Income Benefits.

B. Financial Summary

Figure 5: Spending Plan

(thousands of dollars)	Estimates 1996-97	Estimates 1997-98	Planned 1998-99	Planned 1999-00
Operating	373,663	364,166	335,903	335,685
Revenue Canada Taxation - EI Act	86,195	90,530	96,223	101,995
<b>Total gross expenditures</b>	<b>459,858</b>	<b>454,696</b>	<b>432,126</b>	<b>437,680</b>
Recoverable expenditures from the EI Account	(418,335)	(406,647)	(386,734)	(392,288)
<b>Total net expenditures</b>	<b>41,523</b>	<b>48,049</b>	<b>45,392</b>	<b>45,392</b>

### C. Operating Environment

- **Labour Market Trends:** Claim loads are projected on the basis of the unemployment rate anticipated by the Department of Finance and by the number of applications expected for training, special benefits and work sharing.
- **The New Employment Insurance Act:** The introduction of new EI legislation will continue to have an impact on operations during 1997-98. The complexity associated with the implementation of the new EI legislation could result in a slight decrease in productivity at the beginning of 1997-98. Familiarity with the new legislation and ongoing streamlining and reengineering and systems technology initiatives should help productivity levels return to 1200 initial and renewal claims processed per productive full-time equivalent by the end of the fiscal year.

The first phase of the new Act was implemented July 1, 1996. The second stage took place in January 1997 and included the following changes:

- entitlement based on hours rather than weeks;
- Simplified Record of Employment reporting system for employers to save over \$100 million a year in administrative costs and a 25-30% reduction of calls to employers;
- Family Income Supplement providing assistance to claimants in families with incomes under \$26,000;
- increased clawback of benefits for high-income earners, and particularly for those claimants who are regular users of the insurance program; and
- coverage from first dollar earned.

#### Change Management Issues

- **Service Delivery Network:** HRDC will continue to implement the Service Delivery Network, which focuses on improved client service and efficiency. The expected impact of new federal-provincial labour agreements, new agreements to single-window delivery and partnerships, reduced resources and the potential for new technologies will play an essential role in the development of a flexible and adaptable model that will accommodate the range of alternative delivery options and meet target savings.
- **Quality Service Initiative:** This corporate initiative will continue to contribute to improvements in the quality of services to our clients. During 1997-98, HRDC will work toward implementing national service standards and operational support mechanisms to assist managers in achieving their goals.

D. Key Initiatives and Expected Results

Service Lines	Expected Results in 1997-98
Claims Processing	Productivity of 1,200 claims processed per productive full-time equivalent
Support Services	<p>Clients who are entitled to benefits are paid as early as possible:                      90% percent of claims processed to first payment within four weeks (28 days) of registration<sup>1</sup></p>
Enquiries	<p>The level of undetected overpayments and underpayments identified through the multi-tiered audit of claims (Comprehensive Tracking System) is expected to remain in the 4% range</p>
Claims Pay	95% of enquiries answered on first attempt for clients who access our automated enquiries services
Control	27,250,000 warrants to be issued due to an expected rise in unemployment
Centralized Operations	<p>Improved targeting of investigations, implementation of new programs; increased penalties in the EI Act:</p> <ul style="list-style-type: none"> <li>• Approximately 1 million investigations expected;</li> <li>• Total savings are expected to be some \$648 million</li> </ul> <ul style="list-style-type: none"> <li>• 966,000 Social Insurance Number cards to be issued</li> <li>• 128,000 Government Annuities contracts to be administered</li> <li>• 38,000 applications for premium reductions related to Employer Wage Loss Insurance Sickness plans</li> </ul>

1. This is the soonest a claimant can normally be paid. It should be noted that some claims cannot be paid within four weeks for reasons such as:

- the claimant did not qualify for benefits;
- moneys paid by an employer that prevents payment;
- the claimant did not return the first claimant report on time;
- an indefinite disentitlement or disqualification that prevents payment;
- a Family Order requires the Department to pay a spouse a portion of benefits; and
- benefits have been assigned to a provincial or municipal welfare authority to repay an advance against future EI benefits.

Other Key Initiatives

- Improved Enquiry Capability — Telephone access for EI claimants will be improved through investment in upgraded telephone switching equipment and expansion of 1-800 service to all clients.
- Record of Employment — Administrative burden on employers will be reduced via automation of records of employment.
- Shaping the Future — EI will undertake administrative measures to help individuals return to work faster, increase work incentives, reduce EI dependency and protect the integrity of the EI Account.
- Increased Automation and Self-Service Tools — Greater emphasis is being placed on access and services through advanced technology. Initiatives in 1997-98 will build on the findings of pilot projects to date.

Activities	Expected Results in 1997-98
<p>Allowing clients to file bi-weekly report cards by telephone</p> <p>Using automated kiosks to:</p> <ul style="list-style-type: none"> <li>• complete EI applications</li> <li>• handle applications for SIN cards</li> <li>• allow clients to obtain or change Personal Identification Numbers</li> </ul> <p>Direct deposit of Income Benefits</p> <p>Pursue agreements with provincial and municipal governments to eliminate double payments of Income Benefits and social assistance</p>	<p>Gradual implementation during 1997-98. This will improve speed of service in benefit payments</p> <p>Pilot projects</p> <p>Streamlined operations and improved service delivery</p> <p>Streamlined operations and improved service delivery</p>

### 3. HRCC Management and Joint Services

#### A. Business Line Profile

The objective of this 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, Regional Computer Centres and local HRCCs (Human Resource Centres of Canada) to support the delivery of a range of other program business lines, including the reception and direction of clients, either in person or by telephone, administrative support, as well as program advice and guidance through policy and procedure development.

#### B. Financial Summary

Figure 6: Spending Plan

(thousands of dollars)	Estimates 1996-97	Estimates 1997-98	Planned 1998-99	Planned 1999-00
Total gross expenditures	155,433	167,859	167,185	167,154
Recoverable expenditures from the EI Account	(121,757)	(131,923)	(134,398)	(134,934)
Total net expenditures	33,676	35,936	32,787	32,220

#### C. Operating Environment

This business line supports the direct delivery of programs and services to Canadians by most other HRDC business lines. As such, it is affected by the same external factors.

##### Change Management Issues

**Service Delivery Network:** The Service Delivery Network (SDN) was announced in 1995 and 1996 and will be largely in place in 1997-98. It improves client access to many HRDC services while reducing costs, including many in this business line. It uses technologies such as interactive kiosks and the Internet for service delivery. SDN relies significantly on partnerships with other levels of government, community organizations and the private sector in order to provide greater access to HRDC and partners' programs and services. It increases authority, empowerment and accountability of delivery staff. Thus, important elements of the



SDN are the maintenance of a learning organization and the establishment of flexible, affordable delivery options.

When HRDC was created in 1993, it inherited over 800 locations and centres in some 450 communities. The SDN, as announced in August 1995 (office locations, service technologies) and February 1996 (telephone service centres) involves consolidation of offices and related facilities. When the full network is operational in 1998, HRDC clients will be served by up to 700 different service sites, of which approximately 300 will be HRCCs. There will be 21 telephone service centres in 15 locations, 10 mail service centres and 6,200 kiosks distributed across the 700 service sites.

Partnerships will influence locations and types of services. Labour Market Arrangements discussed under the Human Resources Investment business line will lead to some co-location of federal and provincial services. During 1997-98, HRDC will continue to implement approaches to single-window delivery, and to explore others, including service points for seniors.

#### **D. Key Initiatives and Expected Results**

Key results for this business line are identified in terms of effective and efficient program delivery and client services. The assessment of this business lines' effectiveness and efficiency will be based on the success of the other business lines (i.e. Human Resources Investment, EI Income Benefits, Labour, and Income Security) in meeting their objectives.

As part of the Department's commitment to client service, it will be publishing service standards in early 1997-98 and will report results against those standards.

4. Labour

A. Business Line Profile

The primary objective of Labour is 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. The business line is divided into four service lines.

B. Financial Summary

Figure 7: Spending Plan

(thousands of dollars)	Estimates 1996-97	Estimates 1997-98	Planned 1998-99	Planned 1999-00
Operating Expenditures	144,586	139,064	137,312	135,500
Grants and Contributions	5,992	4,692	4,692	4,692
Statutory Transfer Payments	7	7	7	7
<b>Gross Total</b>	<b>150,585</b>	<b>143,763</b>	<b>142,011</b>	<b>140,199</b>
Less: Revenue/Cost Recovery	37,500	36,700	36,000	35,300
<b>Total Main Estimates</b>	<b>113,085</b>	<b>107,063</b>	<b>106,011</b>	<b>104,899</b>

Figure 8: Spending Plan by Service Lines

(thousands of dollars)	Estimates 1996-97	Estimates 1997-98	Planned 1998-99	Planned 1999-00
<b>Service Lines</b>				
Industrial Relations	8,396	7,834	7,841	7,848
Labour Operations	32,481	28,132	28,148	28,215
Federal Workers' Compensation	97,404	95,422	93,623	91,723
Legislation, Policy, Research and Management	12,304	12,375	12,399	12,413
	150,585	143,763	142,011	140,199
Less: Revenue credited to the Vote	37,500	36,700	36,000	35,300
<b>Net Expenditures</b>	<b>113,085</b>	<b>107,063</b>	<b>106,011</b>	<b>104,899</b>

### C. Operating Environment

Industrial Relations assists in resolving disputes involving employers, unions and workers under federal jurisdiction; supporting and funding collaborative labour-management initiatives on workplace issues; and researching current and emerging industrial relations priorities.

The collective bargaining environment continues to be dominated by many of the adjustment issues that arise from a competitive economic environment. The Federal Mediation and Conciliation Service (FMCS) provides effective settlement of industrial relations disputes under Part I of the Canada Labour Code and also provides for third-party arbitration, adjudication and referee assistance under Parts I and III of the Code.

Cooperative approaches to the resolution of collective bargaining issues are being adopted, supplementing traditional collective bargaining. This bodes well for a stable industrial relations and economic environment. The formation of joint labour/management committees dealing with special issues, problem-solving with the assistance of facilitators, and mutual-gains bargaining are some of the main examples of the cooperative processes being used. FMCS continues to be actively involved in the promotion of collaborative labour-management relations through its Preventive Mediation Program. Through Labour-Management Partnerships Program (LMPP), it also supports experimentation and innovation by providing advice and financial support on a cost-shared basis for joint labour-management projects in the workplace and, at sectoral and national levels, for research and conferences/seminars on labour relations issues.

Labour Operations encourages client acceptance of, and responds to non-compliance with, federal mandatory and legislated programs designed to bring about fair, safe, healthy and equitable work environments. It ensures the consistent and cost-effective application of Parts II and III of the Canada Labour Code, the Non-Smokers' Health Act, the Fair Wages and Hours of Work Act, the Employment Equity Act, the Federal Contractors Program and Treasury Board policies relating to Fire Prevention by providing direction and support to the HRDC regions.

Federal Workers' Compensation ensures, through administrative arrangements with Provincial Workers' Compensation Authorities, the provision of statutory employment injury and related claim benefits to eligible persons under the Government Employees' Compensation Act (GECA). Federal Workers Compensation Service (FWCS) administers the statutory monthly supplements under the Merchant Seamen Compensation Act to widows of merchant seaman fatally injured before May 1, 1965. It also administers regulatory requirements under the Corrections and Conditional Release Act (federal penitentiary inmates) on behalf of the Solicitor General of Canada and the Public Service Income Benefit Plan on behalf of the Treasury Board Secretariat for survivors of employees slain on duty.

Legislation, Policy, Research and Management provides national leadership through research in collaboration with partners in the labour market, other governments and internationally through legislative, regulatory, policy and program development, and through collection, analysis and dissemination of labour and workplace information.

This includes working closely with provincial and territorial governments on workplace issues of mutual concern under the auspices of the Canadian Association of Administrators of Labour Legislation (CAALL) and federal, provincial and territorial ministers responsible for labour. In addition, it promotes Canada's interests through the management of Canada's participation in the International Labour Organization (ILO), the only tripartite United Nations agency with government, business and labour representatives. The National Administrative Office (NAO) of the North American Agreement on Labour Cooperation (NAALC) manages Canada's participation in the NAALC in the larger context of the North American Free Trade Agreement (NAFTA) including collaborating with the Secretariat of the Commission for Labour Cooperation. The NAO will also be responsible for implementation of the Canada-Chile agreement on Labour Cooperation.

#### D. Key Initiatives and Expected Results

##### Collective Reflection

The Collective Reflection will provide a coordinated and strategic approach to address the emerging issues in the workplace, particularly relating to issues of non-standard work, the innovative workplace, and flexible working arrangements, as well as the impact of the information highway on workers and the workplace. The Collective Reflection, supported by the Minister of Labour's Advisory Committee on the Changing Workplace and an interactive Internet site, provides the mechanism for consultation with stakeholders and Canadians, and the development of suggestions for new approaches to these issues.

The Minister of Labour's Advisory Committee on the Changing Workplace will complete its period of exploration of issues with the publication of their report (spring 1997). Following a period of consultation, and the development of specific proposals and recommendations, there will be the development of a Workplace Strategy to set forward the government approach to be taken and the action plan for implementation. Anticipated results include the cooperation of stakeholders in exploring the current emerging issues in the workplace, an increased commitment to innovative workplace practices, increased cooperation with provincial counterparts in addressing mutual areas of interest, the identification of possible government legislative action as well as non-legislative action in areas such as research, and promotion of best practices. The Workplace Strategy will contribute to the identification of the long-term research, direction and priorities for government with respect to workplace issues.

##### Modernizing the Canada Labour Code

The Canada Labour Code covers a range of workplace issues in federally regulated industries. All three parts of the Code have been subject to recent consultation with unions, employers, labour relations experts and other interested parties with an eye to modernization.

Part I of the Canada Labour Code establishes the collective bargaining framework in federally regulated industries. Modernization of the Code was identified as a priority in the Minister of Industry's report *Jobs and Growth: Building a More Innovative Economy* and in the Speech from the Throne. A Task Force review, which included extensive consultations with representatives of unions and employers in the federally regulated sector, resulted in the introduction of legislation during November 1996.

Part II of the Canada Labour Code deals with health and safety in federally regulated industries and the federal public service. A strong degree of consensus has been achieved on possible amendments to the Code. This legislation is expected in 1997. One major theme of the bill would be to strengthen the responsibility of workplace parties for health and safety in the work site, thus reducing operational demands on HRDC in this area.

Part III of the Canada Labour Code establishes working conditions for some 737,000 employees in the federal jurisdiction. A review of Part III of the Code is taking place between 1996 and 1998. The review will focus on priorities identified by stakeholders and the administration of Part III.

#### Results and Service Indicators

As part of HRDC's Quality Services and Service Delivery initiatives, the Labour Program is working to operationalize key performance indicators for Parts I, II and III of the Canada Labour Code. These key indicators will ensure consistent, high-quality results-based Labour Program services. They are an integral part of HRDC's Accountability Framework for the delivery of departmental services.

These significant areas are receiving priority attention:

- 90% of disputed cases respecting collective bargaining in the federal jurisdiction settled without a work stoppage;
- 75% of unjust dismissal complaints settled by inspectors under Part III of the Code;
- 80% of Part III complaints (other than unjust dismissal cases) resolved within 120 calendar days; and
- 90% acceptance of Assurances of Voluntary Compliance for resolution of Part II non-compliance situations (excluding situations of danger).

In addition, work is continuing on the development and implementation of further program service measurements in these and other areas, such as Workplace Equity Services.

## 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 delivery of Canada Pension Plan (CPP) and Old Age Security (OAS) programs. These programs provide benefits to seniors, the disabled, survivors and migrants.

The business line currently provides \$39.1 billion in CPP and OAS benefits to over 4.5 million Canadians and 120,000 clients abroad, issuing over 6.8 million payments monthly. The clients are served by three modes of service: walk-in, telephone and mail.

The CPP is a compulsory, contributory social insurance program designed to provide some income protection to Canadian workers and their families against the loss of earnings due to death, disability or retirement. The Plan operates in all provinces and territories, including Quebec, which also has its own Quebec Pension Plan. Under the Canada Pension Plan, HRDC administers the benefit provisions, Revenue Canada collects contributions, and the Department of Finance manages the Investment Fund. The specifics as regards the CPP Account are presented in the Specified Purpose Accounts section.

The OAS Program consists of three different benefits. The basic Old Age Security benefit is payable to individuals aged 65 or over who meet the residence requirements. The Guaranteed Income Supplement (GIS) is a family income-tested benefit payable to OAS recipients with low and modest incomes. The Spouse's Allowance (SPA) is an income-tested benefit to assist low-income married pensioner-couples living on one OAS/GIS pension, as well as low-income widows/widowers aged 60-64 who meet OAS residence requirements.

The business line also negotiates and administers international social security agreements to enable migrants to and from Canada to exercise the social security rights they acquired in their countries of origin, to the greatest extent possible.

The Program draws its mandate from the Old Age Security Act and the Canada Pension Plan.

B. Financial Summary

Figure 9: Spending Plan

(thousands of dollars)	Estimates 1996-97	Estimates 1997-98	Planned 1998-99
Operating expenditures	205,794	254,323	110,175
Statutory transfer payments			
• Old Age Security basic (OAS)	16,743,000	17,140,000	17,690,000
• Guaranteed Income Supplement (GIS)	4,745,000	4,778,000	4,864,000
• Spouse's Allowance (SPA)	419,000	390,000	386,000
Sub-total	21,907,000	22,308,000	22,940,000
Total gross expenditures	22,112,794	22,562,323	23,050,175
Recoverable expenditures from the Canada Pension Plan (Operating)	(104,093)	(142,418)	(42,880)
Total net expenditures	22,008,701	22,419,905	23,007,295

C. Operating Environment

Demographic factors: Canada's society is aging—the population of seniors will nearly double over the next four decades, causing steadily increasing pension program spending. CPP costs have grown more rapidly than expected, due to changing demographics, economic conditions and benefit enhancements over the years. Costs will escalate further in the future, as baby boomers start to retire. If no changes are made to current contribution rates, the latest actuarial report indicates that the CPP Account will be exhausted by 2015.

Until recently, the number of disability claims under the CPP Program has been increasing. To deal with the issues related to the increase, the Department has taken a number of corrective measures, such as tightening the adjudication guidelines and increasing the efforts to reassess clients for continuing eligibility to benefits, and has succeeded in curbing the growth of disability claims.

Economic factors: Inflation and wage levels will continue to directly affect benefit expenditures. All benefits are indexed to reflect cost-of-living increases.

Fundamental Legislative Changes: The recent five-year review of the CPP Program and federal budget announcement concerning the Seniors Benefit propose major changes to the programs to ensure their long-term sustainability. Legislation to replace the OAS with a new Seniors Benefit in 2001 was announced in the 1996 Budget, while the federal/provincial ministers of Finance continue to work to develop a sound, long-term package of reforms to the CPP.

Judicial and legal factors: The business line faces approximately 40 challenges under the Canadian Charter of Rights and Freedoms. The majority of these concern CPP Survivor's Benefits (claiming discrimination on the basis of age and sex), pension credit-splitting, eligibility to CPP Disability Benefits and Spouse's Allowance/Widowed Spouse's Allowance Benefits. Court decisions in favour of the plaintiffs in some cases could represent substantial additional expenditures to the government.

International factors: The Government of Canada can expect continued pressure to sign new social security agreements. Key factors behind the conclusion of new agreements will be the expansion of international trade arrangements, such as NAFTA; the growth of market economies in Central and Eastern Europe; and continued immigration to Canada from developing countries.

### Change Management Issues

Income Security Program Redesign: This Major Crown Project is scheduled to be fully implemented in early 1998. A number of service delivery improvements have and will continue to be developed and implemented. Recent regionalization of a number of functions to bring decision-making process closer to clients will improve the speed and quality of service. The new Client Service Delivery Network (CSDN), introduced by ISP Redesign, will also have significant impact on the organization's staff, requiring major staff training efforts and major restructuring of the organization.

## D. Key Initiatives and Expected Results

The business line aims to deliver prompt and accurate payments to its clients and to protect the pension system against errors and abuse. Measurement strategies include monitoring of quality of service to clients, workload management, and standards for speed and accuracy of processing of client requests.

Currently, the business line is accountable for three key measures:

- client satisfaction (client satisfaction surveys are being conducted on a regular basis)
- percentage of telephone client demand answered
- speed of service for processing of the OAS and CPP benefit applications

### Service Standards

Service quality standards are being established within the context of the ISP Redesign Project. Eleven targets have been defined, representing useful and concrete expressions of the business line's service objectives that focus on three major aspects of service important to ISP clients. Client satisfaction will be measured by timely payment of benefits, client satisfaction surveys and serving clients at the point of first encounter. Quality of service to clients will be



measured by accuracy of payments and by employee surveys to ensure that employees are well equipped to perform the best possible service to their clients. Speed of service will be measured by timeliness of responding to client telephone calls and the speed of face-to-face service. Direct measurement of some of these targets will be achieved through the systems in place with the implementation of the ISP Redesign Project in 1998.

Clients will continue to be consulted throughout the implementation phase of the ISP Redesign Project to ensure that the Project directions are acceptable, and to help establish a baseline against which progress can be measured. Client surveys were conducted in the fall of 1994 and 1995 to assess levels of client satisfaction and expectations for the future. The surveys report a generally high level of client satisfaction with ISP services. These surveys will continue throughout the implementation phase and will form a regular part of management activity after implementation.

A number of key initiatives will continue to be the focus of ISP efforts to manage its programs effectively and to continue to provide the best possible service to its clients.

Implementation of legislative changes

Activity	Milestones	Expected Results
Seniors Benefit	Winter 1996-97	<ul style="list-style-type: none"> <li>• prepare for implementation of new benefit legislation</li> <li>• prepare and share communications packages with clients/public</li> </ul>
Changes to OAS for recent immigrants	Winter 1996-97	<ul style="list-style-type: none"> <li>• small number of clients affected in first 2 years</li> <li>• up to 7,500 clients affected annually, after first 2 years with \$100 million savings estimated over 15 years</li> </ul>
Integration of Saskatchewan SIP with OAS/GIS	January 1997 - April 1997	<ul style="list-style-type: none"> <li>• agreement signed</li> <li>• first integrated payments made</li> <li>• improved service to clients (approximately 21,000 clients affected)</li> </ul>
CPP legislative changes	Winter 1996-97	<ul style="list-style-type: none"> <li>• support and prepare for implementation of legislation to ensure sustainability of program</li> </ul>

The Seniors Benefit: In 1997-98, the business line will be addressing issues concerning the introduction of the new benefit, such as initial planning for operational and systems changes and preparing communications packages to inform seniors of the new benefit. Many of these efforts will involve cooperation with other affected departments.

Changes to OAS for recent immigrants: The changes, which will make sponsored immigrants ineligible for GIS until the period of sponsorship ends (usually 10 years), introduced in the 1996 Budget, are underway and will continue to be implemented during 1997. HRDC has set up administrative processes and is working closely with Citizenship and Immigration Canada to handle this new requirement.

Integration of the payment of Saskatchewan Income Plan (SIP) Benefits with OAS/GIS Benefits: Five provinces and the two territories administer programs that provide a monetary “top-up” to OAS/GIS benefits. Payment of SIP benefits is proposed to be integrated with the payment of OAS/GIS benefits and delivered by HRDC. An agreement is being negotiated to govern the payment of these benefits; once concluded, it may serve as the model for agreements with other provinces or territories that may wish to integrate payment of their benefits with OAS/GIS payments.

Canada Pension Plan legislation changes resulting from CPP five-year review: Proposed options to reform the program include a more rapid increase in contribution rates, a new investment policy, and benefit reductions. Federal/provincial ministers of Finance are continuing to work to develop a package of reforms, fair to all generations of Canadians and one that will make the CPP Program sound and sustainable for the long term. Implementation of changes on short notice may impact on other activities, as resources may need to be shifted to accommodate the changes.

Improvements to the GIS Renewal Process

Activity	Milestones	Expected Results
GIS Renewal Simplification	January-June 1997	<ul style="list-style-type: none"> <li>• simplified renewal process</li> <li>• more benefits renewed in a timely fashion</li> <li>• improved telephone service</li> <li>• improved correspondence with clients</li> <li>• improved application processing</li> </ul>

The measures to improve the process may generate as much as \$14 million annually in savings at a cost of just over \$1 million in total. Mispayments were avoided in 1996-97 and will continue to be avoided in subsequent years. Further modifications are planned for 1997 to improve service for GIS clients.

CPP Disability Management

Activity	Milestones	Expected Results
CPP Disability client reassessment	April 1997-March 1998	<ul style="list-style-type: none"> <li>• increased number of reassessments - over 23,000 projected</li> </ul>
Vocational Rehabilitation	April 1997-March 1998	<ul style="list-style-type: none"> <li>• over 650 cases to be referred for rehabilitation</li> <li>• statutory savings estimated at \$4.5 million</li> <li>• activity incorporated in ongoing operations</li> </ul>

Activity	Milestones	Expected Results
Management Information	April 1997- March 1998	<ul style="list-style-type: none"> <li>enhanced trend analysis system</li> <li>information gaps identified/removed</li> </ul>
Partnerships and Information Sharing	April 1997- March 1998	<ul style="list-style-type: none"> <li>new agreements negotiated with Workers' Compensation Boards</li> <li>new/revised information-sharing agreements with provinces</li> <li>liaison with private insurers</li> <li>liaison with foreign governments</li> <li>pilots initiated with co-insurers</li> </ul>
Manage mispayments	April 1997- March 1998	<ul style="list-style-type: none"> <li>improved methodology for estimating mispayment developed</li> <li>random samples to determine mispayment levels</li> <li>continued program integrity activities</li> </ul>
CPP Medical Appeals adjudication	January 1997- Summer 1997	<ul style="list-style-type: none"> <li>backlog of reconsiderations in Headquarters eliminated by June 1997</li> </ul>

As a result of the recent Auditor General's report on CPP Disability, as well as an internal Disability Program Evaluation, the business line will concentrate its efforts on enhancing the activities already underway to address the recommendations from both reviews.

CPP Disability Reassessment: The program to review continuing eligibility to benefits will be enhanced; resources have been secured until March 1998 (further funding will be sought) to increase the reassessment efforts.

National Vocational Rehabilitation Project: The successful pilot project to provide CPP disability beneficiaries with vocational rehabilitation to assist them to return to work will be integrated into the ongoing operations when resources are secured for this undertaking. The projected net savings in statutory payments for the 225 successfully rehabilitated clients between April 1993 and August 1996 are \$2.2 million over three years, \$5.7 million over 5 years and \$14.2 million over 10 years.

Work Incentives: The evaluation and monitoring of the measures to remove barriers to employment for CPP disability beneficiaries have been established and will continue to confirm the effectiveness of these measures.

Regionalization of CPP Disability processing: Moving the adjudication and reconsideration processes closer to the clients as part of the new CSDN under ISP Redesign will result in better service to the clients. Adjudication guidelines were also revised and will continue to be strengthened to ensure consistent, quality and fair decision-making.



## Income Security Programs Redesign

Activity	Milestones	Expected Results
Implementation of the new Client Service Delivery Network	December 1997- January 1998	<ul style="list-style-type: none"> <li>• client data converted to new system</li> <li>• single client file created</li> <li>• streamlined adjudication</li> <li>• improved processes</li> <li>• on-line data access for quicker results</li> <li>• better financial controls to reduce mispayments and assist in recovery of overpayments</li> <li>• better exchange of information with partners provided</li> </ul>

ISP Redesign Project, a complete reengineering of the delivery and operations of the OAS and CPP programs will provide better and faster service to clients, bringing the decision-making process closer to clients by regionalizing many functions. Improvements to processes and the introduction of new technology are designed to improve client services and ensure security and accuracy of client information. When completed, ISP Redesign will result in substantial annual operational and statutory savings. See Section IV- Capital Projects for details on this Major Capital Project.

## International Agreements

Activity	Milestones	Expected Results
Negotiate Social Security Agreements	April 1997- March 1998	<ul style="list-style-type: none"> <li>• 7 new/revised agreements initiated</li> </ul>

The business line will continue to expand its liaison with social security agencies in other countries and with international social security organizations. The continued pressure to sign new social security agreements will result in new agreements being initiated and negotiated.

## 6. Corporate Services

## A. Business Line Profile

To provide executive direction, policy development and management support services to the Department. This business line includes three functions.

Policy and Communications develops and evaluates policies and programs and provides communications services that enable the Department to achieve its corporate and business line objectives.

Corporate Management and Services provides corporate management, administrative, financial and human resources services to support departmental clients in achieving their business line objectives, consistent with overall government policies.

Systems develops and manages automated systems that support service delivery across all business lines.

## B. Financial Summary

Figure 10: Spending Plan

(thousands of dollars)	Estimates 1996-97	Estimates 1997-98	Planned 1998-99	Planned 1999-00
Operating	167,627	188,334	178,609	177,334
Accommodation and other PW&GSC charges	120,133	125,234	111,720	111,720
<b>Total gross expenditures</b>	<b>287,760</b>	<b>313,568</b>	<b>290,329</b>	<b>289,054</b>
Recoverable expenditures from the EI and CPP accounts	(225,519)	(249,124)	(232,461)	(231,451)
<b>Total net expenditures</b>	<b>62,241</b>	<b>64,444</b>	<b>57,868</b>	<b>57,603</b>

## C. Operating Environment

This business line supports the direct delivery of programs and services to Canadians by most other HRDC business lines. As such, it is affected by the same external factors that are discussed under those business lines.

## Change Management Issues

This business line is significantly affected by expenditure reductions resulting from decisions in recent federal budgets and the Program Review process. These are discussed under each function as appropriate. Many functions have implemented strategies to change operating processes that are discussed, where appropriate.

## D. Key Initiatives and Expected Results

The key result for this business line is timely and effective support for the achievement of government-wide, corporate and business line objectives, consistent with achievement of standards of equity, efficiency and accountability as required by legislation and policy.

Effectiveness is measured through existing HRDC review processes and reports, and by HRDC's Management Board, Internal Audit Bureau and the Program Evaluation Branch. Effectiveness is also measured by evaluating the success of the other business lines in meeting their objectives.

## Policy and Communications

### Strategic Policy

In 1997-98, Strategic Policy (SP) will continue to provide policy development and advice and recommendations to senior management and the Minister of HRDC related to priorities outlined in previous budgets and the Throne Speech. These include initiatives such as work with the provinces on the social union generally and on the needs of children and persons with disabilities in particular, and the proposed Seniors' Benefit, CPP reform, and youth employment initiatives. SP will develop an annual evaluation and data-development plan to draw conclusions on the effectiveness of programs and policies and highlight the socio-economic impacts of HRDC programs on its clients.

SP will also be engaged in other policy-related activities such as interprovincial labour mobility, issues facing older workers, workplace issues, implementation of the EI monitoring framework, and continued monitoring and analysis of the impact of the new Employment Insurance Act. Significant efforts will be also made to increase dissemination of information and to improve and expand the knowledge and information focus for federal activities in labour-market and social policy.

### Communications Branch

The Communications Branch will continue to provide information to the public about HRDC policies, programs and services, and ensure that public views and concerns are taken into account in establishing priorities and that HRDC is visible, accessible and answerable to the public it serves.

Of particular interest for 1997-98 is the ongoing development and implementation of communication strategies for major HRDC initiatives such as the EI Act, amendments to Parts II and III of the Canada Labour Code, Canada Pension Plan, Seniors' Benefits, Youth, Labour Market Arrangements with the provinces and the Service Delivery Network.

## Corporate Management and Services

### Financial and Administrative Services

Aside from ongoing activities and support for initiatives such as negotiation and implementation of Labour Market Arrangements with the provinces and territories, Financial and Administrative Services (FAS) will continue to provide leadership and support in the implementation of the Department's Quality Services Initiative during 1997-98. This initiative affects all business lines. It has led to an implementation framework that addresses eleven key elements, such as measuring client satisfaction, client and employee consultation, learning, service standards and managing by results. It has also led to an HRDC Quality Services Strategy and an HRDC Results-Based Accountability Framework.

During 1997-98, HRDC will inform staff about its quality service strategy, develop a manager's kit to assist managers/supervisors in the implementation of the strategy, and motivate those who have undertaken initiatives to continue. The Department will develop detailed program, regional and local action plans with milestone dates for implementing HRDC's requirements. These will include national service standards and related results measures, and will help imbed the initiative in ongoing departmental planning and accountability processes.

The branch will continue work on the Corporate Management System (CMS). The CMS will be a fully integrated, departmental corporate-management processing and reporting system that integrates corporate administrative systems including the Materiel Management and Inventory System, Human Resources System, Financial Information System, and the Departmental Accounts Receivable System. Users will have access through a 'single window' that will allow them to process their Financial, Procurement, Asset Management and Human Resource transactions.

FAS will continue to work towards Treasury Board/PWGSC-directed space reduction targets over a five-year period ending fiscal year 2000/01, as outlined in HRDC's space envelope agreement with PWGSC, and pursue the implementation of User Pay for Accommodation with PWGSC.

FAS will continue to identify barriers to results in order to feed the ongoing "Breaking the Barriers" initiative that focuses on eliminating unnecessary rules and streamlining processes with a view to providing more flexibility to employees to improve service to clients.



### Internal Audit Bureau

The Internal Audit Bureau (IAB) will provide risk assessment tools to managers that will allow them to assess their own operations better and provide “early warning” of emerging issues. IAB will continue to strengthen the accountability process by reviewing and monitoring the Department’s operational effectiveness, including the assessment of informatics applications.

### Human Resources Branch

With the degree of change expected to occur in HRDC in 1997-98, human resource issues will continue to be very significant. In addition to ongoing activities, a project team has been established to focus on the emerging human resource aspects related to various alternative-delivery proposals. The branch will continue to support the negotiation and implementation of Labour Market Arrangements with the provinces and territories, including managing the transfer of employees. It will promote support mechanisms and activities aimed at employees leaving the Department and at those who remain. In addition, Human Resources is working in consultation with the Treasury Board Secretariat in order to share experiences with other departments that are also initiating similar arrangements and to assist Treasury Board in the development of various policies associated with the Alternative Service Delivery additions to the Work Force Adjustment Directive.

In HRDC, La Relève will focus on ensuring the continuity of competent leadership at the Executive level, while strengthening the entire work force through a commitment to development and learning. While La Relève is management-driven, Human Resources will lead the creation of strategies, programs and initiatives to achieve the dual goals of La Relève.

## Systems

HRDC’s automated systems are essential for the effective delivery of more than \$50 billion per year in direct benefits to individuals, plus billions more in payments to third parties. They allow employees to obtain accurate and timely information needed to deliver programs and services to Canadians and increasingly allow clients to access information directly.

During 1997-98, HRDC will formalize its systems service standards and results-based performance measures (e.g. systems response time, hardware and software maintenance, service level agreements, etc.) based on work with central agencies and provincial partners.

As part of HRDC’s long-term systems plan, a major effort will continue in 1997-98 to modernize and upgrade the Department’s existing information technology (IT) infrastructure. This initiative directly supports the Service Delivery Network, Employment Insurance reform, the Human Resources Investment Fund and Labour Market Arrangements, and is meant to provide significant client service improvements. It will be consistent with the

Government's Information Technology and Information Management Strategy and ensure use of the most cost-efficient technological tools.

The HRDC systems action plan for 1997-98 includes complete national implementation of multimedia kiosks. The kiosks will better enable client self-service because they will support a wider array of key EI programs and services. In 1997-98, HRDC will also be exploring alternative delivery mechanisms such as the Internet and cable television. In addition to implementing new Labour Agreements with the provinces and territories, HRDC will also continue existing federal/provincial co-delivery pilots. For example, an initiative is underway with Nova Scotia to enable students to use HRDC kiosks to apply for Canada Student Loans. HRDC is also partnering with New Brunswick to use kiosks to allow clients to notify federal and provincial programs of address changes. Other HRDC-wide systems priorities for 1997-98 include new electronic mail and groupware software to allow full e-mail communications throughout the Department, with other departments and externally through the Internet. Text-retrieval and document management systems will automate HRDC program manuals, workflow management and records management.

HRDC recognizes the inherent risks in systems initiatives. These include security and privacy issues, network stability, increased training needs for employees, effective change-management, difficulty retaining highly trained IT professionals, and timing and pacing concerns. To manage them, HRDC will take steps such as developing comprehensive training plans for its employees, integrated implementation plans for all key systems projects, and scheduled phased-delivery of non-legislative systems, such as the Corporate Management System (CMS).

Some systems issues are particularly challenging. One of the greatest is in the need to stabilize HRDC's existing systems platform at the local level. HRDC will install new hardware and software in local offices early in the 1997-98 fiscal year. It will also improve the training and certification of Local Area Network (LAN) administrators.

New partnerships, such as Labour Market Arrangements with provinces and private-sector third parties, may require HRDC to design and manage systems that are more open and flexible. HRDC is working with provinces to determine the impacts of information sharing and integrating service. A long-term architecture group is working to identify potential opportunities to reduce costs and duplication of effort, as well as facilitate information sharing with external partners.

To address the costs of systems expansion and maintenance in a time of reduced budgets, HRDC may take on private-sector partners. For example, HRDC may outsource micro, printer and server upgrades/replacements to a private-sector supplier.

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## C. Specified Purpose Accounts

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### 1. Employment Insurance Account

#### A. Description of the Account

The 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 compulsory and contributory social insurance program.

The Employment Insurance Act replaces the Unemployment Insurance Act and the National Training Act, and is the result of consultations with more than 100,000 Canadians over two years. Legislation to create a new Employment Insurance system was first introduced into the House of Commons on December 1, 1995. The legislation was adopted in June 1996 and came into force on June 30, 1996.

The Employment Insurance system consists of Income Benefits and Active Employment Benefits.

- Income Benefits provide temporary income replacement for claimants while they look for work and also for sickness, pregnancy or care of newborn or adopted children. Benefits have been restructured to strengthen the value of work. All part-time work will now count towards determining eligibility for benefits.
- Employment Benefits consists of a set of employment benefits and support measures that can be tailored to meet the needs of individuals and local circumstances. The emphasis is on flexibility and employment results.

The system is designed to meet the needs of today's job market by enhancing the design and effectiveness of active employment measures. The goal is to encourage people to return to the job market and workplace.

The legislation also allows for new partnerships to be created with the provinces, aimed at increasing effectiveness and eliminating duplication. It recognizes provincial responsibilities for labour market training. Within the overall employment and support measures framework, payments can be made to provincial and territorial governments based on negotiated labour market arrangements. In support of the national employment service, payments can also be made to establish support measures, such as employment assistant services, labour force adjustment programs and research and innovation projects. In addition, transitional funding can also be made available to insured participants, educational institutions and a province with respect to a training course or program within a three-year period when the National Training Act is completely phased-out.

The financing mechanism under the Act remains unchanged. Benefits and administration costs are paid out of the Consolidated Revenue Fund and charged to the EI Account. Whenever the Account is in a deficit position, the Minister of Finance, when requested by the Canada Employment Insurance Commission, may authorize advances to the Account. As established by the Minister of Finance, advances are repayable with interest at the comparable Crown corporation lending rates. A surplus similarly generates interest at 90% of the three-month Treasury Bill rate.

**B. Comparative Financial Information**

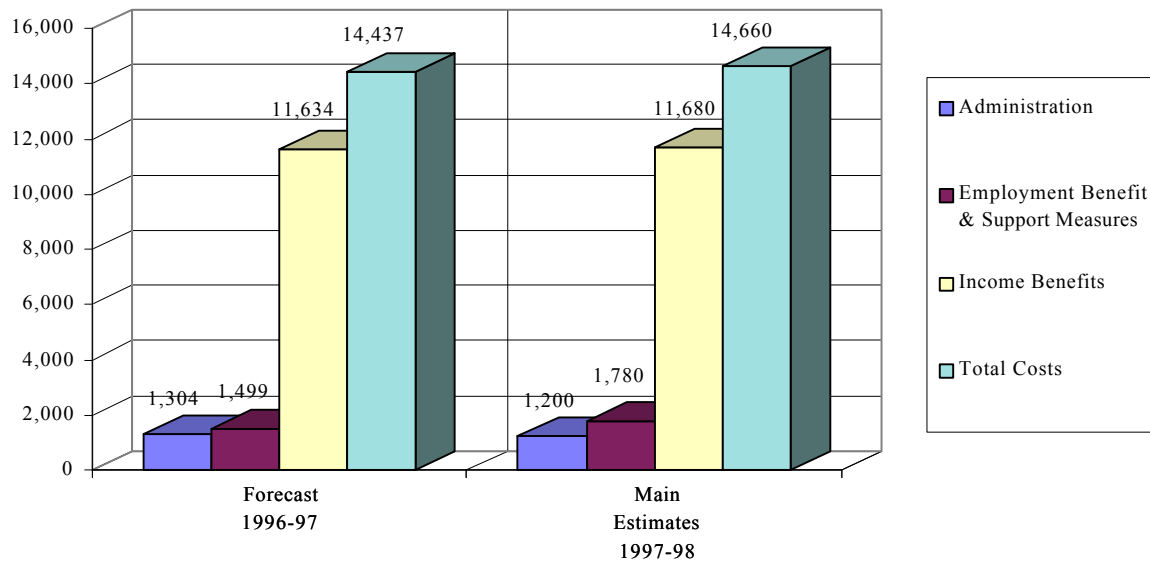
Figure 11 presents a status of the Account over a two-year period, while Figure 12 reflects a projection of the benefit payments from 1996-97 to 1999-00.

Figure 11: Comparative Financial Detail of the EI Account

(millions of dollars)	Forecast 1996-97*	Estimates 1997-98
<b>Income Benefits (Part I of the Act)</b>		
Regular	9,911	10,005
Sickness	426	428
Maternity	739	748
Parental	462	467
Adoption	6	6
Fishers	207	194
Work Sharing	17	20
	11,768	11,868
Benefit Repayments	(134)	(188)
Subtotal - Income Benefits	11,634	11,680
Employment Benefits and Support Measures (EB&SM)	1,499	1,780
<b>Total Benefit Payments</b>	<b>13,133</b>	<b>13,460</b>
<b>Administration</b>		
Departments (as per Main Estimates)	1,148	1,207
Estimated additional in-year charges	163	n/a
Recoveries credited to the Account	(7)	(7)
	1,304	1,200
<b>Total costs</b>	<b>14,437</b>	<b>14,660</b>
<b>Revenues</b>		
Premium	20,305	19,921
Net interest	99	345
Penalties	51	50
<b>Total revenue</b>	<b>20,455</b>	<b>20,316</b>
<b>Surplus (deficit)</b>		
Current year	6,018	5,656
Cumulative	6,518	12,174

\* As the EI Act became effective June 30, 1996, the 1996-97 Main Estimates were based on the former UI Act to allow a more meaningful comparison of financial data, the 1996-97 forecast is being used for the EI Account segment.

Figure 12: Projected Total Benefits Payments (millions of dollars)



### C. Highlights of Financial Changes

The main financial changes expected in 1997-98 are as follows:

- Benefits are expected to increase by \$327 million or 2.5%. This largely reflects a projected increase in the number of beneficiaries due to a growth in the labour force. A greater number of unemployed workers may find just enough work to qualify for benefits. The average weekly benefits are expected to remain about the same as in 1996-97 due to the effect of the new benefit formula (see page 2-55).
- Premiums are expected to be lower by \$384 million or 1.9% as compared with 1996-97. The decrease is due to the fact that 1996-97 year was a transitional year that produced larger than recurring revenues. It combined nine months of the previous weekly maximum insurable earnings system (from April, 1996 to December 31, 1996) with three months of the new annual maximum insurable earnings system. Under the annual maximum insurable earnings system, premiums are collected on all earnings before the annual maximum insurable earnings of \$39,000 is reached. Otherwise, premiums in 1997-98 would be about the same as in 1996-97, as the increase in employment and earnings could have offset the decrease in the premium rate and the premium relief programs.
- The EI Account is expected to have a surplus of \$5.7 billion, which could bring the cumulative surplus balance to \$12.2 billion by March 31, 1998 (see Figure 11). As noted above, the higher annual surplus of \$6.0 billion observed in 1996-97 would be explained by a non-recurring item.

The major factors affecting regular benefits and premium revenue are summarized in the following tables.

Figure 13: Factors affecting Benefits

	1996-97	1997-98	% change
Benefits (\$ million)	13,133	13,460	2%
Number of Beneficiaries (000)	923	935	1%
Average Weekly Benefits (\$)	258	260	1%
Employment Benefits and Support Measures (\$ million)	1,499	1,780	19%

Figure 14: Factors affecting premium revenue

Fiscal Year	1996-97	1997-98	% change
Premiums (\$ million)	20,305	19,921	-2%
Total Insurable Earnings (\$ million)	294,239	304,391	3%

Calendar Year	1996	1997	% change
Employee Premium Rate (% insurable earnings)*	2.95%	2.90%	-2%
Maximum Insurable Earnings (\$)	39,000	39,000	0%

\* Employer rate is 1.4 time the employee rate.

## D. Highlights of the EI System

The following are the major features of the EI Program.

### Amount of Work Required to Qualify for Benefits

- Claimants will require 420 to 700 hours of work during their qualifying period (equivalent to 35 hours times the number of weeks required under the EI Act). The exact number of hours required, called the “variable entrance requirement,” is determined by the rate of unemployment in your area at the time you apply for the benefits. The higher the rate of unemployment, the fewer number of hours of work required.
- For claims starting on or after January 5, 1997, new entrants and re-entrants will now require a minimum of 910 hours of work.
- For claimants who commit EI fraud, higher variable entrance measures will apply, effective January 5, 1997. Depending on the degree of violation—minor, serious, very serious or repeat violation—the minimum number of hours required for establishing a claim will increase to 1.25, 1.5, 1.75 or 2 times that of the normal minimum hours of work required.
- For claimants claiming sickness, maternity or parental benefits, a minimum of 700 hours of work is required.

### Determining the Benefit Rate and Entitlement

Weekly benefits for most claimants are set at 55% of their average insured earnings during the last 26 weeks. The average insurable earnings are based on the actual weeks of work but subject to a minimum divisor of 14 to 22 weeks depending on the regional rate of unemployment. The basic benefit rate of 55% could be adjusted to 50% based on the weeks of benefits drawn in the past five-year period after July 1996.

- Claimants may receive benefits for 14 to 45 weeks, depending upon their hours of insurable employment and the regional unemployment rate.
- Claimants with a low-income family (an income of less than \$25,921) with children who qualify to receive the Child Tax Benefit (CTB) will receive a Family Supplement based on their CTB. The benefit rate can be increased to a maximum of 65% in 1997. By the year 2000, this maximum can reach 80%; however, the amount that can be received cannot exceed the maximum weekly rate noted below.
- The maximum weekly benefit rate is \$413 until the end of the year 2000.

### Work Sharing

Claimants may receive benefits while on work-sharing agreements. Work-sharing agreements between HRDC, employees and employers attempt to avoid temporary layoffs by using EI benefits as partial income replacement.

### Fishers' Benefits

- Fisher claims have an earnings-based eligibility system that is also based on the regional rate of unemployment. All fisher claims have a 31-week maximum qualifying period and a maximum entitlement of 26 weeks of benefits, which can be claimed, from October 1st to June 15th for summer fishers' benefits and April 1st to December 15th for winter fishers' benefits.
- Benefit rate for fisher claims are determined by a 14 to 22 divisor, depending on the regional rate of unemployment.

### Benefit Repayments

- EI claimants, when their net income in a taxation year exceeds 1.25 times the annual maximum insurable earnings (the repayment threshold), are required to pay 30% (the repayment rate) of the benefits received that make up the excess. For Regular and Fishers' benefits, the repayment threshold will decrease to the same amount as the annual maximum insurable earnings, and the repayment can increase up to 100%, depending on the weeks of regular and fishers' benefits drawn in the previous five years after July 1996.

## Premiums

**Premium Rate-Setting:** Section 66 of the EI Act requires that the Commission shall, with the approval of the Governor-in-Council on the recommendation of the Minister and the Minister of Finance, set the premium rate each year. In setting the rate, the Commission will, to the extent possible, ensure that there will be enough revenue over a business cycle to pay the amounts authorized to be charged to the EI Account and maintain relatively stable rate levels throughout the business cycle.

**Premium Rate:** The 1997 premium rate for employees is set at 2.90% of weekly insurable earnings, while the employers' portion is calculated at 1.4 times (or 4.06%) of the employee rate. Premiums are paid on the first dollar earned to a yearly maximum of \$39,000. All earnings are still insured but no further premiums are payable in a year once a worker has reached the yearly maximum of \$39,000.

**Premium Reduction:** Employers with qualified wage-loss insurance plans are entitled to premium reductions and are required to share this reduction with their employees. In addition, there is an extended premium relief in 1997 and 1998, under the New Hires Program, to all firms with employer premiums of less than \$60,000 in 1996. Refunds for workers with annual earnings of \$2,000 or less are also available at tax time for that year, through the tax system.

## Employment Benefits and Support Measures

The objective of the Employment Benefits and Support Measures is to assist individuals to prepare for, obtain and maintain employment, thereby resulting in savings to the Employment Insurance Account. In so doing, a return on investment will be achieved through a reduction in dependency on Employment Insurance and Social Assistance and through additional tax revenues through increased employment.

The active employment benefits include the following: Targeted Wage Subsidies, Targeted Earnings Supplements, Self-Employment, Job Creation Partnership, Skills Loans and Grants and Training Purchases.

The support measures include Employment Assistance Services, Labour Market Partnerships and Research and Innovation.

The objectives will be achieved by working in concert with the government of each province or territory in designing and implementing Employment Benefits and Support Measures and in developing a framework for evaluating their success. Details of the arrangements made with each province and territory will be outlined in federal-provincial/territorial agreements. As of December 31, 1996, Labour Market Development Agreements have been signed with Alberta and New Brunswick.



No financial assistance in support of Employment Benefits and Support Measures, which assist individuals to obtain skills for employment may, be provided without the agreement of the government of the province or territory in which the activity will take place.

**E. Administrative Costs**

Section 77 of the EI Act specifies that the costs of administering the Act, including administration fees or costs paid for services provided to the Department for administering or implementing similar employment benefits or support measures, are to be charged to the EI Account. Since the Department of Human Resources Development administers a number of programs, the costs of administering the EI Act have to be identified separately.

Although the Minister of Human Resources Development is responsible for reporting on the operation and status of the EI Program, the administration of the Program is shared by the Canada Employment Insurance Commission, the Department of Human Resources Development and the Department of National Revenue, which is responsible for collecting premiums and benefit repayments and for decisions concerning insurability under the Act. The costs incurred in administering the Act are charged to the EI Account, and include the costs of Employment Services and payments to provincial governments for administering similar employment benefit and measures.

Figure 15: 1996-97 Administrative Costs of the EI

(thousands of dollars)	Estimates 1996-97	Estimates 1997-98
<b>HRDC</b>		
Human Resources Investment	263,114	281,241
EI Income Benefits	418,335	406,647
HRCC Management and Joint Services	121,757	131,923
Human Resources Investment and Insurance	803,206	819,811
Corporate Services	220,221	241,317
Labour	1,174	1,165
	1,024,601	1,062,293
Department of Justice - Tax Court	-	4,875
<b>Treasury Board Secretariat and Consolidated Revenue Fund</b>		
Costs related to		
Insurance Premium	35,175	35,081
Employee Benefit Plan	87,938	104,627
	123,113	139,708
<b>Total <sup>2</sup></b>	1,147,714	1,206,876

1. Excludes costs associated with severance pay, maternity allowances and Work Force Adjustment policies. These funds are requested annually via Supplementary Estimates based on year-end expenditures.  
 2. Includes the administration costs paid on behalf of Revenue Canada: \$86.2M for 1996-97, \$90.5M for 1997-98, \$96.2M for 1998-99 and \$102.0M for 1999-00.

## 2. Canada Pension Plan

### A. Description of the Plan

#### 1. Introduction

The Canada Pension Plan (CPP), which began in 1966, provides benefits to contributors and their families. It covers employed and self-employed persons between the ages of 18 and 70 with a minimum level of earnings in a calendar year. Approximately 9.6 million Canadians contribute annually to the Plan and approximately 3.1 million people receive benefits. Of these, some 376,000 recipients will qualify for more than one monthly benefit.

The Plan operates in all provinces and territories. Quebec also has the Quebec Pension Plan. The benefits and provisions under the CPP include retirement pensions, disability, survivor and death benefits. Benefits are increased each year in January to reflect increases in the average cost of living, as measured by the Consumer Price Index.

The CPP is self-supporting and is a separate account from general revenue in the Accounts of Canada. It 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 Investment Fund. Changes to the legislation governing the general level of benefits or the rate of contributions require an Act of Parliament and the agreement of at least two thirds of the 10 provinces having not less than two thirds of the population. In addition, changes of this kind require two years notice before coming into force unless notice is waived by the provinces.

#### 2. Financial Summary

The following figures summarize the financial transactions of the Canada Pension Plan Account and the balances of the Account between 1996-97 and 1999-00.

Figure 16: Canada Pension Plan Account Receipts and Disbursements

(millions of dollars)	Estimates <sup>1</sup> 1996-97	Estimates <sup>1</sup> 1997-98	Planned <sup>2</sup> 1998-99	Planned <sup>2</sup> 1999-00
<b>Receipts</b>				
Contributions	11,695	13,010	15,352	16,875
Interest	4,166	3,987	4,116	3,998
<b>Total Receipts</b>	<b>15,861</b>	<b>16,997</b>	<b>19,468</b>	<b>20,873</b>
<b>Disbursements</b>				
Benefit payments	17,218	17,533	19,887	21,203
Administrative expenses	209	267	161	162
<b>Total Disbursements</b>	<b>17,427</b>	<b>17,800</b>	<b>20,048</b>	<b>21,365</b>
<b>Increase/(Decrease) in CPP Account</b>				
	<b>(1,566)</b>	<b>(803)</b>	<b>(580)</b>	<b>(492)</b>

## Source of information

1. Estimate years data is provided by the Department of Finance (receipts), ISP (benefit payments), and participating departments (administrative expenses).
2. Planning years data is based on the CPP Fifteenth Actuarial Report as at December 31, 1993, regarding receipts and benefit payments. Administrative expenses of the participating departments are derived from current spending plans. Based on the estimate for 1997-98 which reflects more recent experience, it is likely that the planning numbers overestimate both contribution receipts and benefits payments disbursements.

Figure 17: Canada Pension Plan Accounts - Balance of Funds

(millions of dollars)	Estimates <sup>1</sup> 1996-97	Estimates <sup>1</sup> 1997-98	Planned <sup>2</sup> 1998-99	Planned <sup>2</sup> 1999-00
<b>Year-End Balances</b>				
Investment fund	34,041	32,459	33,466	32,521
Operating balance	3,336	4,115	5,330	5,783
<b>CPP Account total</b>	<b>37,377</b>	<b>36,574</b>	<b>38,796</b>	<b>38,304</b>

Source of information: See notes on Figure 16.

### 3. Operation of the Account

The Canada Pension Plan Account is a separate account established in the Accounts of Canada to record the receipts and disbursements of the Plan. Its balance represents the excess of contributions and interest over benefits and expenditures accumulated since its inception in 1966. The receipts of the Canada Pension Plan come from the contributions and the interest income. The disbursements include benefit payments and administrative expenditures, and authority to spend is limited to the balance in the Account. The Account is audited annually by the Auditor General of Canada.

The CPP Account consists of the operating balance and the Canada Pension Plan Investment Fund. The operating balance is maintained at a level to meet the anticipated benefit payments and administrative charges from the Account for the next three-month

period. These funds, which may not be invested in provincial securities, earn interest on their average daily balance. Excess funds are invested in securities of the provincial and territorial governments, provincial and Crown agencies, and the Government of Canada. The share of the total CPP contributions credited to a province or territory during the preceding ten years determines the distribution of investments among the provinces and territories. Funds not accepted by the provinces, as well as excess funds received from armed forces personnel and other employees outside of Canada are invested in Government of Canada securities. Interest earned on the investments is credited to the CPP Account. Funds derived from the redemption of securities are reinvested unless required to meet anticipated benefit payments and administrative charges for the next three-month period.

While the accountability for reporting on the operations and status of the CPP is assigned to the Minister of Human Resources Development Canada (HRDC), four other departments participate in its administration: the Department of Finance, Revenue Canada (RC), Public Works and Government Services Canada (PWGSC) and the Office of the Superintendent of Financial Institutions (OSFI). The Department of Finance is responsible for managing the funds of the CPP Account that are available for investment. The major responsibilities of the other participating departments for the Canada Pension Plan are outlined in Figure 19. Costs incurred by HRDC, RC, PWGSC and OSFI in administering the Program are recoverable from the Account. For convenience, presentation of the full report on the Canada Pension Plan is included as part of the Estimates of the Department of Human Resources Development Canada.

## B. Canada Pension Plan Receipts

### 1. Contributions

Contributions to the Plan are compulsory and are made on employee earnings exceeding a minimum level known as the Year's Basic Exemption and a maximum called the Year's Maximum Pensionable Earnings. The contribution rates are set out in the 25-year schedule of contribution rate changes established by legislation beginning in 1987. This schedule is subject to quinquennial review and extension by federal and provincial finance ministers. Following public consultations, federal and provincial finance ministers have been discussing how to make the Canada Pension Plan sustainable, fair and affordable for future generations by strengthening its financing and reducing escalating costs. Discussions are continuing but governments have not yet reached an agreement. In view of these continuing discussions, it was confirmed that effective January 1, 1997, the CPP contribution rate would automatically increase to 5.85% of contributory earnings as set out in the 25-year schedule. This schedule of contribution rates was legislated in 1991 following federal-provincial agreement. An agreement may be reached during the course of 1997 and could result in a further increase in the CPP contribution rate. If agreed to, any further rate increase would be collected when 1997 tax returns are filed (refer to item D. Long-Term Forecast).

## 2. Interest Income

Interest earned on the investments and the operating balance are credited to the Canada Pension Plan Account.

The operating balance earns interest on its average daily balance. The interest paid on these funds is calculated by averaging the unweighted average yields at tender on three-month Treasury Bills during the month the interest is paid, less one eighth of one percent.

The interest rate on the provincial securities is determined by the Minister of Finance based on the average yield to maturity of all outstanding Government of Canada obligations with terms of 20 years or more.

## 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.

Pensions are adjusted by 0.5% for each month between the date the pension begins and the month of the contributor's 65th birthday. Those contributors who begin receiving a retirement pension at age 60 will receive 70% of the usual amount that would be payable at age 65, while those who delay receiving a pension until age 70 will receive 130% of the amount payable at age 65.

Spouses who are at least 60 years of age and who have both applied for any Canada Pension Plan retirement pension to which they may be entitled, can share their pensions. In this event, the retirement benefits earned during the period of cohabitation are divided equally between the two spouses as long as they remain together.

Disability Pensions: Disability pensions are payable to contributors who meet the minimum contributory requirements and whose disability prevents them from working regularly at any job in a substantially gainful manner and will do so for a prolonged period.

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. Payments continue in the event that the surviving spouse remarries.

Dependent Children's Benefits: Monthly benefits are payable on behalf of the dependent children of contributors who are receiving a Canada Pension Plan disability pension 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 or university full-time.

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

**Benefits by Category and by Type**

Figure 18 shows the financial requirements for each of the three benefit categories and where applicable, the individual types of benefits within these categories.

Figure 18: Benefit Payments by Category and Type

(millions of dollars)	Estimates <sup>1</sup> 1996-97	Estimates <sup>1</sup> 1997-98	Planned <sup>2</sup> 1998-99	Planned <sup>2</sup> 1999-00
Retirement pensions	11,216	11,841	12,391	13,162
Disability benefits				
Disability pensions	2,907	2,597	3,983	4,321
Benefits to children of disabled contributors	291	256	399	428
Disability benefits total	3,198	2,853	4,382	4,749
Survivor benefits				
Surviving spouse's benefits	2,326	2,396	2,601	2,748
Orphans' benefits	212	197	230	242
Death benefits	266	246	283	302
Survivor benefits total	2,804	2,839	3,114	3,292
<b>Total</b>	<b>17,218</b>	<b>17,533</b>	<b>19,887</b>	<b>21,203</b>

Source of information

1. Estimate year data is provided by ISP HRDC.
2. Planning years data is based on the CPP Fifteenth Actuarial Report as at December 31, 1993. Based on the estimate for 1997-98 which reflects more recent experience, it is likely that the planning numbers overestimate both contribution receipts and benefits payments disbursements.

Canada Pension Plan benefits are for the most part earnings-related. Benefits are largely based on career-average earnings, which tend to be higher for each group of new beneficiaries and have been changing over the years as the participation of females in the labour force increases. Benefits such as orphans' benefits are not based on earnings. Instead, they are considered a fixed amount that all orphans receive. As well, disability and survivor benefits contain a fixed-rate or flat-rate portion in addition to an earnings-related portion. All benefits-in-pay are increased each January to reflect changes in the cost of living as measured by the Consumer Price Index. Finally, the Plan has a ceiling on earnings that changes every year. This ceiling limits the amount of benefits people receive, as well as the amount of contributions that must be paid into the Plan.

## 2. Administrative Expenses

The cost to administer the CPP is recoverable from the Account by the four departments responsible for delivering CPP services as reflected in Figure 19. Costs are allocated to the CPP based on the costing principles approved by Treasury Board. The underlying characteristics of the costing principles are that the charges have a causal relationship to the CPP for their occurrence and are traceable.

Administrative expenses for 1997-98 are estimated at \$266.9 million. This represents an increase of 27.6% over the 1996-97 Estimates. The increase in Human Resources Development Canada expenses is attributable to an increase in project funding for the implementation of the Redesign Project being undertaken by the Income Security Program. The increase in the Revenue Canada Taxation administration costs is driven by the higher volume reflected in the base year as part of the revised Memorandum of Understanding for services.

The decrease in HRDC future years funding is attributable to the sunsetting of the Redesign Project and the efficiency savings in ongoing resources resulting from the implementation of the Redesign Project. As well, operating resources for ISP initiatives that were approved for 1996-97 and 1997-98 and are not yet reflected in future years.

Figure 19 details the administrative expenses for each department by fiscal year.

Figure 19: Administrative Expenses

(thousands of dollars)		Estimates	Estimates <sup>2</sup>	Planned <sup>2</sup>	Planned <sup>2</sup>
Service provided by Department	Type of Administrative Service	1996-97	1997-98	1998-99	1999-00
Human Resources Development Canada	Plan administration, operations, records, etc.	109,393	150,225	50,208	48,148
	Insurance premiums and contributions recovered by Treasury Board	12,710	15,699	6,538	6,223
	Assignment of Social Insurance Numbers and maintenance of the central index <sup>1</sup>	1,425	1,370	1,370	1,370
		123,528	167,294	58,116	55,741
Public Works and Government Services	Cheque issue, EDP services and accommodation	22,159	25,161	25,161	25,161
Revenue Canada Taxation	Collection of contributions	62,009	73,130	76,494	80,056
Office of the Superintendent of Financial Institutions	Actuarial services	1,436	1,301	1,390	1,425
<b>Total</b>		<b>209,132</b>	<b>266,886</b>	<b>161,161</b>	<b>162,383</b>

1. Net figures after deducting prior year's recoveries from the Quebec Pension Plan.

2. Administrative expenses of the participating departments are derived from current spending plans.

#### D. Long-Term Forecast

The CPP legislation was amended effective January 1987 to incorporate a 25-year schedule of contribution rates and a provision for its review every five years by the federal and provincial finance ministers. The purpose of the review is to determine whether any adjustments to the remaining 20 years of the schedule are necessary and to extend the contribution schedule by five years. At each review, the schedule is extended for an additional five years, if not by legislation or agreement among finance ministers, then automatically under a formula that incorporates the financing principles in the 1986 legislation; that is, the plan is to have a reserve equal to approximately two years' worth of benefits. Amendments to the rate schedule or the automatic regulation require the approval of at least two thirds of the provinces having in the aggregate not less than two thirds of the population of all the provinces.

From 1966 to 1986, the contribution rate was 1.8% for employees and employers, with the self-employed paying 3.6% of their earnings subject to the yearly maximum amounts. The contribution rate began to increase in 1987 with a combined employee-employer increase of 0.2% for 1987 to 1991 and again for 1992 to 1996. The rates in 1996 were 2.8% for employees and 2.8% for employers, with the self-employed paying 5.6%. The rates in 1997 were confirmed as a 0.25 percentage point increase over the 1996 rate of 5.6%. There may be a further increase in the CPP contribution rate during the course of 1997 in order to prevent further deterioration of the CPP fund if an agreement is reached between federal and provincial finance ministers.

Figure 20 shows the forecast of receipts and disbursements affecting the Canada Pension Plan Account for the period between the fiscal year 1998-99 and 2010-11 based on the Office of the Superintendent of Financial Institutions' CPP Fifteenth Actuarial Report as at December 31, 1993. The Account/Expenditures Ratio reflects the size of the account relative to the expenditures.



Figure 20: Forecast of Receipts and Disbursements

Fiscal Year	Contribution Rate	Contributions	Investment Income	Expenditures	Year-end Account	Year-end Account/ Expenditures
	%	\$ millions				ratio
1999-00	6.35/6.60	16,875	3,998	21,464	38,116	1.66
2000-01	6.60/6.85	18,546	3,861	22,930	37,593	1.53
2001-02	6.85/7.10	20,323	3,697	24,563	37,051	1.41
2002-03	7.10/7.35	22,198	3,457	26,324	36,382	1.29
2003-04	7.35/7.60	24,245	3,163	28,214	35,577	1.18
2004-05	7.60/7.85	26,442	2,982	30,249	34,751	1.07
2005-06	7.85/8.10	28,744	2,743	32,434	33,804	0.97
2006-07	8.10/8.30	31,120	2,558	34,789	32,693	0.88
2007-08	8.30/8.50	33,611	2,383	37,361	31,326	0.78
2008-09	8.50/8.70	36,233	2,233	40,160	29,631	0.69
2009-10	8.70/8.90	38,981	2,072	43,169	27,515	0.59
2010-11	8.90/9.10	41,942	1,893	46,382	24,969	0.50

Source: Based on the Canada Pension Plan Fifteenth Actuarial Report as at December 31, 1993, issued by the Office of the Superintendent of Financial Institutions.

# Human Resources Development Canada

## Section III - Departmental Performance

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A. Departmental Overview

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1. Overview

In response to the Government's announcement in early 1994 to reform the social security system, Human Resources Development Canada (HRDC) has been working to improve federal social programs and services and to restructure the Department to better meet the needs of Canadians. The reform effort has been, and continues to be, deeply affected by the external environment, which is characterized by rapid economic, social and technological change and by sharply declining resources.

1995-96 was a key year for the Department as it began to move away from existing programs and structures that no longer meet the needs of today's society, towards a more future-oriented department that is focused on broad priorities of service to individuals; strengthening labour market attachment; clarifying roles and responsibilities between levels of government; providing income security for Canadians; and promoting a fair, safe, healthy and stable work environment.

HRDC also moved to strengthen its results measurement and accountability in line with the Government's ongoing initiative "Getting Government Right." The 1996 report entitled "Getting Government Right: Improving Results Measurement and Accountability" contains a section that lists key results that HRDC and other departments and agencies expect to achieve in the business lines of major programs. The intent is to provide results and performance indicators to senators, members of Parliament and the public to improve accountability for how tax dollars are spent.

## 2. Summary of Performance

In 1995-96, the Department focused on the following key policy and program reforms: UI reform; federal withdrawal from labour market training programs; review of programs funded through the Consolidated Revenue Fund (CRF); reforms to programs for seniors; and the creation of the Canada Health and Social Transfer (CHST).

### Unemployment Insurance Reform

Policy development for Unemployment Insurance reform was the major focus of the Department in 1995-96. The culmination of this work was the introduction and passage through Parliament of the new Employment Insurance legislation. The new EI legislation strengthens labour market attachment through structural changes and increased investment in proven active-employment measures. An important component of the legislation is a monitoring and feedback system to assess the impact of the new measures on individuals, communities and regions; the performance of the economy and job markets; the ways in which workers, employers, industries and communities are affected and adjust; and the performance of HRDC and its service delivery system. Research and evaluation studies have contributed significantly to policy development for UI reform and will continue to have a major influence in this and other policy areas.

### Programs Funded from the Consolidated Revenue Fund (CRF)

HRDC is responsible for employment related programs and services that are funded through general revenues (i.e. Consolidated Revenue Fund). These programs are targeted at special groups such as youth, older workers, Aboriginal Canadians and persons with disabilities whose members are often not eligible for Employment Insurance benefits. Given large budget reductions, a new emphasis on active employment measures and the changing roles of federal and provincial governments in social policy, the Department has been reviewing these programs. Consequently, many programs have been reconfigured, consolidated or eliminated to reflect government priorities. HRDC is also working with its provincial partners to develop new approaches and measures.

Some framework agreements have been signed with national Aboriginal and Inuit associations for the administrative devolution of Aboriginal programming.

### Seniors' Programs

The Government also announced in the 1996 Budget a reform of programs for seniors to ensure their financial sustainability and to target those most in need. The Old Age Security (OAS) and Guaranteed Income Supplement (GIS), as well as the existing age and pension income tax credits, will be replaced with a new income-tested Seniors' benefit by 2001. The Government also released a joint federal/provincial/territorial discussion paper on potential Canada Pension Plan changes to restore confidence in the Plan and to ensure its sustainability for future generations. HRDC was involved in the public consultations that were held on the discussion paper.

## Canada Health and Social Transfer

HRDC also spent much of 1995-96 developing options for reforming the Canada Assistance Plan (CAP) and other major transfer programs, such as Established Program Financing for Post-Secondary Education. The Canada Health and Social Transfer was announced in the 1995 Budget. The Transfer, which took effect April 1, 1996, combines into a single consolidated block transfer, three previously separate fiscal transfers—CAP, the Established Programs Financing for Post-Secondary Education, and the transfer for Health. The new Transfer has fewer restrictions in recognition of provincial responsibility in these areas. Therefore, provinces and territories have greater flexibility to innovate and allocate resources according to their particular needs and circumstances. Changes were also made in the level of funding to render the system financially sustainable. Responsibility for the administration of the CHST was transferred to the Department of Finance. The Minister of HRDC will work with provinces to develop a shared set of values, principles and objectives to underlie the transfer and the social union more generally.

## Canada Labour Code

In 1995, HRDC also began some initiatives to reform the Canada Labour Code. In 1995, the Minister of Labour appointed a task force to carry out an independent review of Part I of the Canada Labour Code, which regulates the conduct of labour-management relations in all enterprises within the federal and private sectors, as well as Crown corporations. The Task Force submitted its report on January 31, 1996. There is general support from both labour and business for the overall package of the Task Force recommendations.

## Operations

On the operational side, HRDC continued its streamlining and restructuring to meet budget reductions and to focus more on key priorities. As a result of Program Review, HRDC's budget was reduced by \$600 million in 1995-96, and \$1.1 billion for subsequent years. As well, the Department faced a reduction of 5,000 FTEs over the three years to 1997-98.

In August 1995, the Minister announced a new Service Delivery Network (SDN) that will lead to improved access to HRDC services for Canadians while substantially reducing the cost of the system. The SDN was driven by the need to reduce resources, the new labour market arrangements and new approaches to single-window delivery and partnerships, as well as new technologies. The new system will allow greater flexibility for managers and partners and accommodate asymmetrical arrangements across Canada. Much of 1995-96 was devoted to office consolidations and closures, as well as the establishment of new service sites, which include telephone service centres, mail service centres and self-serve kiosks.

Several advances were also made on the Income Security Program (ISP) Redesign Project. For example, new computer equipment has been installed, and interactive voice-response telephone service is operating, which makes for faster, more-efficient service. Changes were also made to the GIS Renewal Program to enhance the accuracy and efficiency of the application procedure for the GIS and Spouse's Allowance. ISP has put in place

service standards that are continually being improved through the use of new technology. Client surveys reveal a high degree of service satisfaction.

Systems Branch prepared an important Strategic Information Plan for the Department that links Systems' activities to corporate priorities, and it put forward initiatives in support of departmental business lines. The Systems Branch completed a number of projects over 1995-96 to increase access to information and to modernize equipment. This will lead to better information sharing and results, as well as increased productivity.

Many business priorities such as the systems development, new labour market arrangements, and required work force reductions are having significant impacts on HRDC staff.

HRDC is on track in achieving its personnel reduction target. By the end of 1995-96, the Department had achieved its first phase of reductions, representing about 3,000 FTEs, a 60% completion rate. Another 2,000 FTEs reduction is expected by the end of 1997-98. Every effort was made to assist employees, to minimize involuntary departures and maximize redeployment opportunities. The Department is also investing in the training and development of employees to broaden their expertise and skills and assist them in adapting to new delivery approaches such as one-stop service. For example, the Department has been working on an Integrated HR Model that supports a flatter HRCC (Human Resource Centres of Canada) structure, generic skill-based work descriptions and the multi-skilling of employees. Initiatives were also undertaken to enhance managers' leadership skills. These included a 360 feedback exercise, workshops on "Leading in HRDC" and HRCC Design and Development sessions.

3. Financial Summary

Department Planned Spending

(thousands of dollars)	Actual 1993-94	Actual 1994-95	Estimates 1995-96	Actual 1995-96
<b>Business Lines</b>				
Human Resources Investment	12,169,952	12,624,741	12,218,223	12,499,015
Employment Insurance Income Benefits	509,492	492,234	501,612	557,879
HRCC Management and Joint Services	240,195	249,810	165,076	249,486
Human Resources Investment and Insurance	12,919,639	13,366,785	12,884,911	13,306,380
Labour	158,961	157,736	157,188	156,716
Income Security	20,127,674	20,752,921	21,443,576	21,265,046
Corporate Services	403,080	409,774	303,558	367,246
<b>Total (Gross)</b>	<b>33,609,354</b>	<b>34,687,216</b>	<b>34,789,233</b>	<b>35,095,388</b>
Revenue credited to the Vote	(1,465,430)	(1,439,689)	(1,240,906)	(1,380,527)
<b>Total (Net)</b>	<b>32,143,924</b>	<b>33,247,527</b>	<b>33,548,327</b>	<b>33,714,861</b>
<b>Other Revenues and Expenditures</b>				
Revenue credited to the Consolidate Revenue Fund	(150,952)	(146,187)	(244,449)	(254,019)
Estimated Cost of Services provided by departments	64,475	76,230	82,733	82,733
<b>Net cost of the Department</b>	<b>32,057,447</b>	<b>33,177,570</b>	<b>33,386,611</b>	<b>33,543,575</b>
<b>Specified purpose accounts</b>				
<b>Employment Insurance</b>				
Expenditures	19,380,000	16,507,000	15,822,000	15,020,000
Revenues	(18,750,000)	(19,430,000)	(20,553,000)	(18,940,000)
<b>Current year surplus (deficit)</b>	<b>(630,000)</b>	<b>2,923,000</b>	<b>4,731,000</b>	<b>3,920,000</b>
<b>Canada Pension Plan</b>				
Expenditures	14,589,000	15,457,000	16,934,000	16,188,000
Revenues	(13,368,000)	(14,879,000)	(15,885,000)	(14,983,000)
<b>Current year surplus (deficit)</b>	<b>(1,221,000)</b>	<b>(578,000)</b>	<b>(1,049,000)</b>	<b>(1,205,000)</b>

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B. Details by Business Line

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1. Human Resources Investment

A. Business Line Profile

Human Resources Investment (HRI) activities support the development of Canada's human resources and the effective functioning of the labour market, and reduce the dependence of individuals on Employment Insurance (EI) Income Benefits and other government income support payments.

The programs and initiatives under this business line have undergone considerable restructuring over the past two years to respond to government priorities and better meet the needs of Canadians. Several significant events had an impact on HRI activities in 1995-96:

- The announcement in the 1995 Budget of the Human Resources Investment Fund (HRIF), which was designed to help people find and keep jobs, combat child poverty, and provide assistance to those who need help most. HRIF brought together under one umbrella federal programs administered by HRDC dealing directly with employment, education and welfare;
- Unemployment Insurance reform led to the introduction in December 1995 of the Employment Insurance legislation;
- The announcement in November 1995 by the Prime Minister of the Government's commitment to withdraw from the direct purchase of labour-market training;
- A review of programs funded through the Consolidated Revenue Fund was undertaken in 1995-96. Many of these programs have been reconfigured, consolidated or eliminated to reflect government priorities; and
- The reform of the Canada Assistance Plan and other major transfer programs, including Established Program Financing for Post-Secondary Education, led to the introduction of the Canada Health and Social Transfer (CHST). The Transfer took effect on April 1, 1996.



**B. Financial Summary**

Figure 1: Spending Trend <sup>1</sup>

(thousands of dollars)	Actual 1993-94	Actual 1994-95	Estimates 1995-96	Actual 1995-96
Operating expenditures	426,915	429,192	507,303	433,496
UI Development Uses (UIDU) funds	1,853,322	1,854,894	1,900,000	1,862,199
<b>Program funds</b>				
Vocational Rehabilitation of Disabled Persons (VRDP)	186,576	200,900	188,800	188,800
Child Care Visions and First Nations	0	0	0	8,051
Program for Older Worker Adjustment (POWA)	51,588	59,153	46,452	41,080
Literacy	19,116	21,799	22,300	22,102
Youth	177,532	186,089	189,605	151,479
Strategic Initiatives	0	30,387	115,500	85,416
The Atlantic Groundfish Strategy (TAGS)	0	359,341	339,000	435,741
Purchase of Training and other programs	1,140,765	1,006,346	803,163	713,477
<b>Total Program funds (excluding statutory)</b>	<b>1,575,577</b>	<b>1,864,015</b>	<b>1,704,820</b>	<b>1,646,146</b>
<b>Statutory funds</b>				
Canada Student Loans	520,753	529,200	521,200	836,673
Special Opportunities Grants	0	0	0	7,781
Labour Adjustment Benefit	49,338	37,205	24,900	25,110
Post-Secondary Education <sup>2</sup>	2,378,173	2,485,711	2,185,000	2,365,270
Canada Assistance Plan <sup>2</sup>	7,219,196	7,279,418	7,275,000	7,184,539
<b>Total</b>	<b>14,023,274</b>	<b>14,479,635</b>	<b>14,118,223</b>	<b>14,361,214</b>
<b>Less: UI Development Uses funds</b>	<b>1,853,322</b>	<b>1,854,894</b>	<b>1,900,000</b>	<b>1,862,199</b>
<b>Total gross expenditures</b>	<b>12,169,952</b>	<b>12,624,741</b>	<b>12,218,223</b>	<b>12,499,015</b>
<b>Recoverable expenditures from the EI Account</b>	<b>(285,163)</b>	<b>(270,170)</b>	<b>(264,272)</b>	<b>(245,085)</b>
<b>Total net expenditures</b>	<b>11,884,789</b>	<b>12,354,571</b>	<b>11,953,951</b>	<b>12,253,930</b>

1. Data have been restated to incorporate Social Development and Education and Employment.

2. The Post-Secondary Education and the Canada Assistance Plan programs have been transferred in 1996-97 to the Department of Finance to form the Canada Health and Social Transfer (CHST).

C. Business Line Performance

The section below describes key HRI initiatives in 1995-96 and presents some of the results that have been achieved. It is divided into the three major functions of this business line: Employment, Learning and Literacy, and Strategic Partnerships.

I. Key Initiatives

1. Employment

In 1995-96, employment initiatives included a broad range of programs and services regrouped under three major components; active labour-market measures, labour-market information and youth initiatives. The objective of this sub-activity is to contribute to the development of Canada’s human resources through the support of skills acquisition toward employment, job creation, and the efficient functioning of the labour market. Its key results are expressed in terms of clients becoming employed or self-employed.

Activities	Achievements in 1995-96
Active Labour Market Measures	<p>562,286 participants were assisted in 1995-96 for a total expenditure of \$3.057 billion</p> <p>Based on historical information on the impact of employment programs derived from national follow-up surveys, the number of clients who became employed or self-employed is estimated at approximately 240,000</p>
Employment Insurance Legislation (Part II)	Policy work supporting the EI legislation in Parliament in December 1995
HRIF Design	<p>Policy development and design of Employment Benefits and Support Measures with partners</p> <p>Development of an accountability framework for Employment Benefits and Support Measures, which provides means for setting targets and reporting results</p>

It should be noted that clients may have participated in more than one measure (e.g. training and self-employment assistance). Therefore, the percentage of clients who became employed should be viewed in that context. Figure 2 presents the number of participants and related program costs for each component.

Figure 2: Human Resources Investment Active Labour Market Measures, Participants and Related Program Costs

Program/Options	Actual 1993-94	Actual 1994-95	Estimates 1995-96	Actual 1995-96
<b>Consolidated Revenue Funds</b>				
<b>Employability Improvement</b>				
Participants	284,986	236,789	187,800	171,858
Program cost (\$000)	894,030	1,154,866	1,006,912	1,027,868
<b>Labour Market Adjustment</b>				
Participants	29,624	13,121	6,300	7,284
Program cost (\$000)	111,106	97,364	70,704	66,004
<b>Community Development</b>				
Participants	17,353	11,330	7,300	7,649
Program cost (\$000)	271,370	194,894	91,461	101,449
<b>Total</b>				
Participants	331,963	261,240	201,400	186,791
Program cost (\$000)	1,276,506	1,447,124	1,169,077	1,195,321
<b>Unemployment Insurance</b>				
<b>Work Sharing Section 24</b>				
Participants	57,290	25,153	23,500	25,992
Program cost (\$000)	41,030	14,918	21,700	16,541
<b>Job Creation Section 25</b>				
Participants	25,783	29,949	31,700	33,204
Program cost (\$000)	117,877	135,363	143,800	139,522
<b>Income Support Section 26</b>				
Participants	302,192	310,204	316,200	297,103
Program cost (\$000)	969,369	921,026	970,400	902,855
<b>Developmental Assistance Section 26.1</b>				
Participants	10,466	15,231	17,200	19,196
Program cost (\$000)	725,046	783,587	764,100	803,281
<b>Total</b>				
Participants	395,731	380,537	388,600	375,495
Program cost (\$000)	1,853,322	1,854,894	1,900,000	1,862,199

—The Atlantic Groundfish Strategy (TAGS): During 1995-96, HRDC focused on achieving the 50% adjustment target for The Atlantic Groundfish Strategy (TAGS) participants by providing a consolidated and comprehensive labour-market adjustment and income support program to affected fisheries and plant workers. The following results were achieved from a total program funds expenditure of \$455.92 million:

- 40,053 people were approved as eligible for the TAGS program;
- 8,905 clients received training in 1995-96; and
- 14,458 clients had found employment by the end of the fiscal year. This included clients who were not reliant on the program for the majority of their income.

—Labour Market Information: The Department offers individuals, employers and human resources providers local, regional and national information related to labour-market supply and demand conditions, occupations and skills standards, career development, social services and community development.

Figure 3 describes the Labour Market Information (LMI) activity, which provides employers and job seekers with a vehicle to address their labour market needs. 1995-96 marked the introduction of electronic self-serve products such as the Electronic Labour Exchange, which matches employers with potential candidates.

Figure 3: Human Resources Investment Employment Labour Market Information

	Actual 1993-94	Actual 1994-95	Estimates 1995-96	Actual 1995-96
<b>Labour Market Information</b>				
Vacancies Notified	491,708	581,884	598,000	499,067
Vacancies Filled	406,102	484,465	493,000	418,087
<b>HRCC for Students</b>				
Vacancies Notified	209,180	218,311	200,000	203,952
Vacancies Filled	188,819	192,871	150,000	182,374

New job creation slowed down considerably in 1995, with only 99,000 jobs created compared with 382,000 the previous year. Most jobs created in 1995 were part-time. Approximately 22,000 full-time jobs were lost during that same year. Unemployment remained high, at around 9.6%. This is reflected in the decrease in the number of vacancies both notified and filled in 1995-96.

Activities	Achievements in 1995-96
Labour Market Information  • Occupational Skills Standards        • Career Information	Standards were developed in 70 non-regulated occupations, which provide detailed descriptions of work in these particular occupations and facilitate labour mobility and improvement in training curriculum, in cooperation with private-sector and labour organizations        Detailed career information was prepared and distributed to assist Canadians in planning careers. Materials were specifically designed to facilitate school-to-work transition for youth

Activities	Achievements in 1995-96
<p>Electronic Labour Exchange (ELE)</p> <ul style="list-style-type: none"> <li>The ELE is a computer-based system designed to match job opportunities with job seekers, cheaply and quickly in a self-service mode</li> </ul>	<p>ELE testing began in September 1995 as a pilot in the National Capital area. ELE has generated a great deal of interest from employers and job-seekers. The matching rates are a good indication of its success. Even at the pilot stage, 65-75% of employers obtained an exact match and 15% a near match</p>

—Youth Initiatives: These initiatives contribute to the development of a skilled Canadian work force through the support of activities intended to increase the work and learning opportunities of young people. In 1995-96, HRDC maintained its efforts to facilitate school-to-work transition through the Student Summer Job Action Program, Youth Service Canada and Youth Internship Canada.

—Student Summer Job Action: This program included five components to provide young Canadians with work experience and labour-market information and assistance during the summer months. Activities such as Summer Career Placements, Canada Employment Centres for Students, Student Business Loans, Partnership in Promoting Summer Employment and the Native/Black Internship Program were conducted in 1995-96.

—Youth Service Canada: This program focused on the acquisition of work-related and personal skills through team participation in community service. Projects emphasized both the needs of groups of young people facing greater employment challenges and community priorities such as community safety.

—Youth Internship Canada: This program contributed to the development of a skilled Canadian work force through the support of initiatives intended to provide skills development and work experience for young people.

Figure 4: Youth Participants

	Actual 1993-94	Actual 1994-95	Estimates 1995-96	Actual 1995-96
Student Summer Job Action	64,654	73,871	34,798	44,367
Youth Service Canada	N.A.	1,542	2,500	2,813
Youth Internship Canada*	N.A.	5,002	24,000	24,715
Summer Youth Service Canada	N.A.	N.A.	10,000	8,586
<b>Total Number of Participants</b>	<b>64,654</b>	<b>80,415</b>	<b>71,298</b>	<b>80,481</b>

\* Includes school-based, community-based, sectoral, youth experience and youth entrepreneurship.  
N.A. — Not Applicable

## 2. Learning and Literacy

—Learning: This component supports the development and improvement of the quality of Canada's human resources through the promotion of lifelong learning. This is accomplished by enhancing access to, and opportunities for, education and by increasing the awareness and participation of Canadians in the area of literacy, including the development, implementation and review of a broad range of federal policies and programs, delivered in partnership with provinces and territories, training institutions and community organizations. Key results for Learning are assessed in terms of increased access to education, measured by the number of certificates issued and loans negotiated as a result of a means test (see figures in Supplementary Information section), and increased access to international education through student mobility (mobility grants awarded through international educational consortia).

—Canada Student Loans Program (CSLP): The CSLP provides assistance to students 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. (See Section IV Supplementary Information for CSLP Statutory Report.)

—Learning Technologies: The Learning Initiatives Fund was established to encourage and support initiatives that contribute to the development of a more results-oriented, accessible, relevant and accountable learning system. As of October 1996, approximately 18 projects were funded for a total of \$1.6 million.

—Literacy

- In 1995-96, the National Literacy Secretariat (NLS) funded over 500 projects for a total of over \$24 million. Approximately 400 projects were joint federal-provincial/territorial initiatives. They were national in scope, sponsored by the voluntary sector, business, labour, professional associations, and other community agencies involved in literacy.
- An independent program evaluation (August 1995) contained high praise for the NLS, its mission and achievements. The most significant finding is that "there continues to be a need for federal intervention in literacy."
- Canada was the lead country of the International Adult Literacy Survey (IALS), which measured literacy across international boundaries. The international comparative report, *Literacy, Economy and Society*, was jointly published by the Organization for Economic Co-operation and Development (OECD) and Statistics Canada in December 1995. The follow-up report of Canadian results, *Reading the Future: A Portrait of Literacy in Canada*, was released by Statistics Canada, the NLS and HRDC in September 1996. Both releases were well received.

### 3. Strategic Partnerships

In 1995-96, the Strategic Partnerships component of the HRI business line was consisted of a variety of labour-market and social-development initiatives delivered through partnerships with provincial and territorial governments, and private-sector and community-based organizations. These partnerships were designed to meet the socio-economic needs of Canadians and to contribute to their self-reliance in the labour market. Key results are measured in terms of private-sector investment in training.

—National Sectoral Partnerships: The National Sectoral Partnerships component increased and improved private-sector investment in the development of their human resources, improved the labour market relevance of the Canadian learning system, and insured the adoption of best practices and delivery models to help Canadians at higher risk of unemployment obtain and keep jobs. In 1995-96, this was accomplished through:

- Sector Councils , joint employer-employee organizations that provide a neutral decision-making forum to determine human resources issues within the sector and to develop and implement a sectoral human resources strategy;
- Skills Upgrading Funding , under which short-term (up to three years) government funding is given to the private sector to initiate national training or training-related activities (costs are shared between the Government and the private sector);
- The National Tourism Job Creation and Training Initiative , which began in 1994-95, provided funding for job creation, training and skills upgrading in the tourism industry as part of the Government's Jobs and Growth Strategy. It was designed to increase the level of activity in the industry by creating short- to medium-term jobs. Partners include the Western Economic Diversification, the Federal Office for Regional Development, Quebec, and the Atlantic Canada Opportunities Agency and Industry Canada;
- Occupational Standards , which are industry-accepted descriptions of what people must know and be able to do to perform their job; and
- Industrial Adjustment Service (National) Agreements , to encourage labour and management groups to work together on human resources challenges involving broad structural changes within industrial or occupational sectors.

For each dollar invested by the federal government, \$1.75 was invested by the private sector in the development of human resources strategies and the improvement of skills.

National Sectoral Partnerships

Activities	Achievements
Skills Upgrading Supplements	8 multi-year agreements were in place, for a total expenditure of \$9.387 million in 1995-96
Sector Councils	20 councils received either operational or developmental funding in 1995-96, for expenditures of \$6.899 million; two councils were self-sufficient
National Tourism Job Creation and Training Initiative	The federal government contributed \$54,837,486 to this initiative in 1995-96. 11,998 young people participated in the program across Canada. Of these 6,679 received training and 5,319 obtained jobs or became self-employed. Total expenditures were slightly below the \$60 million amount originally allocated for the program in 1995-96
National Sectoral Adjustment Service	71 agreements were in place at the national level between labour and management groups in specific industrial or occupational sectors, with a federal contribution of \$5.291 million
National Occupational Standards	21 multi-year agreements were in place in 1995-96. These agreements relate to the adoption and use of occupational standards by training providers. Expenditures totalled \$5.598 million

—Aboriginal Partnerships: Fiscal year 1995-96 was the last year of the five-year Pathways to Success strategy. During 1995-96, HRDC and the Aboriginal Boards made joint decisions affecting \$200 million and 27,000 participants. Starting April 1, 1996, local Aboriginal Management Boards continue to operate in select areas of the country where Regional Bilateral Agreements are not yet fully operational. However, the goal of the new relationship is to replace the current Pathways structures, including Local Boards, with Regional Bilateral Agreements between HRDC and Aboriginal groups for the delivery of labour market programs and services to Aboriginal people.

—Program for Older Workers Adjustment (POWA): During 1995-96, 191 major layoffs were designated and POWA annuities were purchased for 1,933 eligible workers at a cost of \$41 million to the federal government and \$16 million to provincial governments.



—Labour Adjustment Benefits Program: Payments of \$25 million were made to eligible older workers. The number of beneficiaries decreases each month because beneficiaries leave the program when they reach 65 years of age. At the end of March 1996, 1,236 beneficiaries remained.

—Strategic Initiatives: The Strategic Initiatives Program was created in 1994. Strategic Initiatives provides a mechanism to demonstrate innovative approaches in the areas of employment, learning and education, and income security and services. Strategic Initiatives involves partnerships between federal, provincial and territorial governments (cost shared 50/50) and Aboriginal groups (funding provided by the federal government).

—Canada Assistance Plan: 1995-96 was the final year for cost-sharing of social assistance expenditures with provinces and territories under the Canada Assistance Plan (CAP). Effective April 1, 1996, CAP was replaced by the Canada Health and Social Transfer (CHST), which combines, in a single transfer program, federal support to the provinces and territories for health, post-secondary education, and social assistance and services.

—Vocational Rehabilitation of Disabled Persons: Under the provisions of the Vocational Rehabilitation of Disabled Persons Act, HRDC shares approved provincial costs to enhance the employability of persons with disabilities through provincial programs and community agencies, with services such as vocational training, job placements, technical aids and personal supports.

Activity	Achievements in 1995-96
Strategic Initiatives	A total of 24 initiatives had been approved at the end of 1995-96. Provinces and territories had committed about \$275 million to support Strategic Initiatives pilot projects. Nine of these initiatives began in 1995-96 in British Columbia, Nova Scotia, Quebec, Yukon and Saskatchewan. Many of these projects are two- and three-year initiatives. At the end of 1995-96, program funds expenditures totalled \$85.42 million
Canada Assistance Plan	Wind down of activities under the Canada Assistance Plan and consultations for the implementation of the Canada Health and Social Transfer
Vocational Rehabilitation of Disabled Persons	200,000 persons with disabilities were assisted for a total program expenditure of \$168 million

II. Key Results Measurement Strategies

National follow-up surveys of Employment clients, which were conducted by mail three months after participation in an Employment program, have been suspended since January 1995, pending redesign of programs and review of follow-up mechanisms.

It should be noted that the number of clients returned to work reported for 1995-96 has been estimated by effecting a historical analysis of the impact rates of Employment programs (number of clients returned to work or in further training) over the past 3 to 4 years. It is not possible at this time to provide a further breakdown of these figures by designated groups.

## 2. Employment Insurance Income Benefits

### A. Business Line Profile

The objective of the Employment Insurance Income Benefits activity is to promote economic stability and a flexible labour market by providing temporary income support to unemployed workers who qualify for benefits.

### B. Financial Summary

Figure 5: Spending Trend

(thousands of dollars)	Actual 1993-94	Actual 1994-95	Estimates 1995-96	Actual 1995-96
Operating expenditures	461,447	445,768	422,100	476,692
Revenue Canada Taxation - EI Act	48,045	46,466	79,512	81,187
<b>Total gross expenditures</b>	<b>509,492</b>	<b>492,234</b>	<b>501,612</b>	<b>557,879</b>
Recoverable expenditures from the EI Account	(501,439)	(487,490)	(456,327)	(510,711)
<b>Total net expenditures*</b>	<b>8,053</b>	<b>4,744</b>	<b>45,285</b>	<b>47,168</b>

\* Beginning April 1, 1995, the accounting treatment of costs associated with employee benefit plans was changed. The procedure now entails the direct recovery of costs from the EI Account.

### C. Business Line Performance

What follows is a list of result commitments and the corresponding achievements for the 1995-96 period.

#### Employment Insurance Income Benefits

The EI Income Benefits activity comprises three major functions with specific service objectives and measured output. These are:

- Claims Processing: receiving claims for benefit and determining initial and ongoing entitlement to benefits;
- Claims Pay: issuing benefit warrants by the Information Technology Centres; and
- Insurance Control: preventing, detecting and deterring fraud and abuse.

Performance of the Claims Processing function is measured on the basis of efficiency (output per productive full-time equivalent) and operational effectiveness (timeliness and accuracy of service). Productivity is expressed in terms of the amount of productive time staff (clerical support and EI Agents) are directly engaged in processing EI claims. In the case of Insurance Control, performance is measured by overpayment detection and prevention. Resource justification is based on maximizing service and control. Information on previous performance is used as a starting point, and the impact of new or changed legislation, policies and procedures is estimated through pilot projects or by applying time standards.

The following figure provides details on the changes in workload from year to year.

Figure 6: Workload

	Actual 1993-94	Actual 1994-95	Estimates 1995-96	Actual 1995-96
<b>Claims Processing</b>				
Initial and renewal claims adjudication (000s)	3,301	2,990	3,086	3,155
Speed of Payment - Claims processed to first pay within 28 days <sup>1</sup>	N.A.	80%	90%	92%
Claims processing per productive FTE <sup>2</sup>	1,083	1,074	1,053	1,214
Appeals considered within 30 days of receipt	85%	88%	90%	92%
<b>Claims Pay</b>				
Warrants issued <sup>3</sup> (000s)	36,969	31,599	27,507	28,275
<b>Insurance Control</b>				
Investigations completed <sup>4</sup> (000s)	1,086	1,008	1,200	1,066
Total Savings - Insurance Control <sup>4</sup> (000s)	449,600	480,600	660,000	624,400
<b>Centralized Operations</b>				
Premium reduction applications processed <sup>5</sup> (000s)	40	40	40	40
Number of annuity contracts administered (000s) <sup>6</sup>	156	149	142	142
Number of SIN cards issued (000s)	951	926	974	1,000
<b>Support Services</b>				
Previously undetected overpayments and underpayments as percentage of total benefit payments <sup>6</sup>	3%	4%	4%	4%

1. Data not available prior to 1994-95.
2. Productivity is expressed in terms of productive full-time equivalents. Only productive time is considered, removing training and leave time and adding overtime.
3. Starting in 1993-94, legislation reduced the maximum number of weeks of entitlement (i.e. Bill C-17).
4. Lower in 1996-97 than in 1995-96 due to overall reduction in resources arising from February 1995 Budget.
5. Presented for the calendar year.
6. Financial Statements of the Government Annuities can be found in the Specified Purpose Accounts section, Volume 1 of the Public Accounts of Canada.

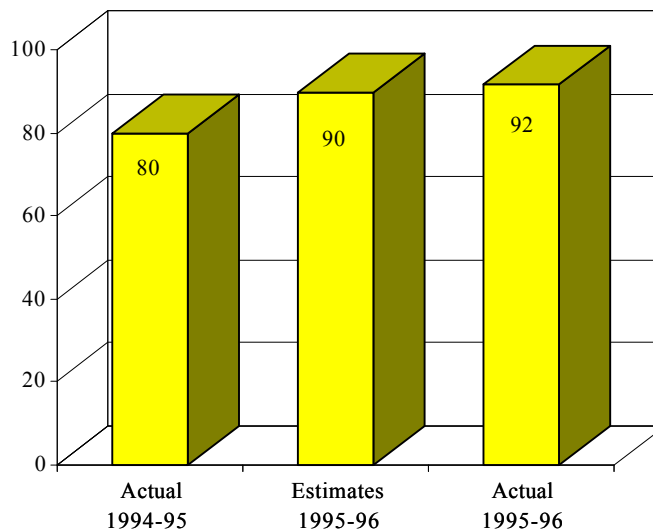
The main priorities for 1995-96 were to improve service, cost-effectiveness, efficiency and quality of claims processing as well as program controls. In line with new initiatives already introduced, a number of pilot projects were planned to further streamline the delivery of the EI Program. The most significant of these pilot projects included the provision for claimants to file applications and bi-weekly report cards by phone and the removal of the requirement for sickness, maternity, parental and apprentice trainees to file bi-weekly report cards.

Claims Processing

In 1995-96, the number of claims processed per productive full-time equivalent was 1,214, an increase over the Main Estimates level of 1,053.

This significant increase in productivity is directly attributable to the accelerated pace in administrative improvement through reengineering the delivery process, streamlining procedures and improving technological support.

Figure 7 : Speed-of-Payment (percentage of claims processed to first pay within four weeks of registration)



During 1995-96, an 92% speed-of-payment was achieved against the estimated 90% target.

- Speed-of-payment is measured as the percentage of claims processed to first payment within four weeks (28 days) of registration. This is the soonest a claimant can normally be paid.

Insurance Control

For the year 1995-96, the investigation of probable and potential abusers, and verification that employers and claimants issue correct and accurate information, resulted in some 1,066,264 investigations and total savings of \$624.4 million versus an estimated \$660 million.

There was a slight decrease in total savings and investigations completed compared with the figures estimated for 1995-96. The result is attributable to lower rates and shorter durations of claims and the fact that many new resources were added and that the period to reach full operational capacity was longer than anticipated. Also, projected increases in total savings stemmed from new initiatives, which included agreements with other federal and provincial departments. Some of these agreements are still under negotiation.

Support Services

The Comprehensive Tracking System measures the accuracy of benefit payments by identifying the incidence of undetected overpayments and underpayments in categories of errors internal and external to HRDC.

In calendar year 1995-96, the level of undetected overpayments and underpayments was 4.24%. Although there was a slight increase, the results are well in line with the previous year.

### 3. HRCC Management & Joint Services

#### A. Business Line Profile

##### Key Initiatives

The business line provides for a number of joint program delivery and management activities that support activities across a number of business lines and that cannot be directly allocated to any one of them. Most full-time equivalent resources for this business line are in the field, which includes Regional Directors, Area Managers, HRCC (Human Resource Centres of Canada) Managers and their administrative support staff.

During 1995-96, the major initiatives affecting this business line were planning for Service Delivery Network implementation and accommodation of continued restraint from the 1995 and previous federal budgets.

#### B. Financial Summary

Figure 8: Spending Trend

(thousands of dollars)	Actual 1993-94	Actual 1994-95	Estimates 1995-96	Actual 1995-96
Total gross expenditures	240,195	249,810	165,076	249,486
Recoverable expenditures from the EI Account	(207,106)	(209,766)	(123,990)	(198,862)
Total net expenditures*	33,089	40,044	41,086	50,624

\* Main Estimates data does not include additional funding received during the year, such as Severance Pay, Maternity Allowances, the Departure Incentives and the internal re-allocation of operating resources among Votes and business lines.

#### C. Business Line Performance

##### Key Results and Measurement Strategies

Key results are identified in terms of effective and efficient program delivery and client services. The assessment of its effectiveness and efficiency is based on the success of other business lines (i.e. Human Resources Investment, EI Income Benefits, Labour, and Income Security) in meeting their objectives.

4. Labour

A. Business Line Profile

The primary objective of the Labour business line is 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.

B. Financial Summary

Figure 9: Spending Trend

(thousands of dollars)	Actual 1993-94	Actual 1994-95	Estimates 1995-96	Actual 1995-96
Operating Expenditures	152,120	149,987	149,749	151,142
Grants and Contributions	6,834	7,742	7,429	5,567
Statutory Transfer Payments	7	7	10	7
<b>Gross Total</b>	<b>158,961</b>	<b>157,736</b>	<b>157,188</b>	<b>156,716</b>
Less: Revenue/Cost Recovery	53,925	38,884	53,500	36,850
<b>Total Main Estimates</b>	<b>105,036</b>	<b>118,852</b>	<b>103,688</b>	<b>119,866</b>

Figure 10: Spending Trend by Service Lines

(thousands of dollars)	Actual 1993-94	Actual 1994-95	Estimates 1995-96	Actual 1995-96
<b>Service Lines</b>				
Industrial Relations	15,592	13,339	11,379	10,489
Labour Operations	35,890	32,093	31,128	33,177
Federal Workers' Compensation	103,521	100,849	102,837	99,988
Legislation, Policy, Research and Management	3,958	11,455	11,844	13,062
	158,961	157,736	157,188	156,716
Less: Revenue credited to the Vote	53,925	38,884	53,500	36,850
<b>Net Expenditures</b>	<b>105,036</b>	<b>118,852</b>	<b>103,688</b>	<b>119,866</b>

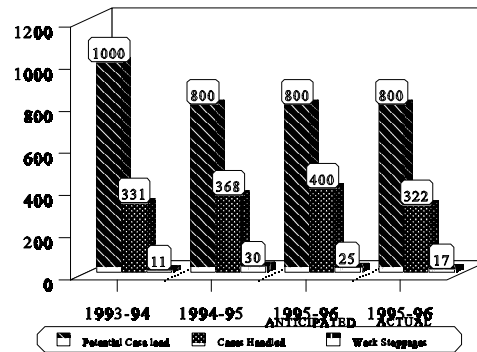


C. Business Line Performance

Industrial Relations - a stable industrial relations climate as measured by indicators such as the number of work stoppages and days lost as a percentage of total time worked.

Figure 11 illustrates the potential and actual demand for mediation and conciliation assistance. The potential mediation and conciliation case load consists of bargaining situations involving the renewal of expiring collective agreements and the reopening of current agreements, plus bargaining for first collective agreements as a result of new certification issued by the Canada Labour Relations Board (CLRB).

Figure 11: Collective Bargaining under the Canada Labour Code and the Federal Mediation and Conciliation Service Case load



The Canada Labour Code, Part I, requires that all differences over the interpretation or administration of a collective agreement “rights disputes” be resolved without stoppage of work. Requests to the Minister for the appointment of arbitrators to resolve these differences emanate directly from the parties, who also assume the costs of the grievance arbitrations.

Under Part III of the Code, requests for referral of alleged dismissal complaints to adjudication, lodged by employees not subject to a collective agreement, are made to regional offices and are referred for appointment only after efforts to bring about a settlement have failed. Thus, only cases referred for ministerial appointments are considered in the calculation of workload. Wage recovery referees under Part III of the Canada Labour Code are also appointed (see Figure 12).

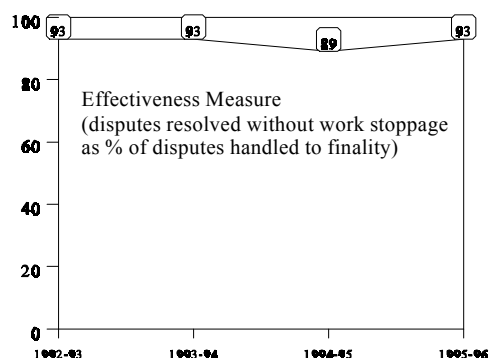
Figure 12: Arbitration Case load

	Part I			Part III	
	Requests	Cases Settled <sup>1 &amp; 2</sup>	Arbitrators Appointed <sup>2</sup>	Adjudicators Appointed	Referees Appointed
1993-94	74	59	57	334	22
1994-95	76	84	40	239	124
1995-96 Planned	80	30	50	350	140
1995-96 Actual	44	22	43	274	134

1. Differences resolved before appointment of arbitrator.
2. "Cases settled" and "arbitrators appointed" relate to requests either received in the current fiscal year or carried over from previous years.

The primary measure of effectiveness of Federal Mediation and Conciliation Service (FMCS) is the percentage of cases settled without a work stoppage, as indicated in Figure 13. Despite a variety of outside influences affecting the collective bargaining in the federal jurisdiction, FMCS has consistently achieved a settlement rate, without work stoppage, of about 90%. During 1995-96, the settlement rate was 93%.

Figure 13: Effectiveness Measure - Mediation and Conciliation Services



Legal work stoppages occurred in 15 disputes, while two continuing work stoppages were carried over from the previous year. These stoppages accounted for a loss of 48,725 working days. These days lost represent only 0.03% of all work time in the federal jurisdiction. Figure 14 details person-days lost in 1995-96 due to legal strikes/lockouts in federal jurisdiction by industry.

Figure 14: Person-Days Lost Due to Strikes/Lockouts in Federal Jurisdiction (Fiscal year 1995-96)

	Number of Disputes	Number of Stoppages*	Person-Days Lost
Air Transportation	35	2	3,480
Banking	9	-	-
Broadcasting	40	2	1,420
Communications	11	2	750
Grain Handling/Feed and Flour Mills	17	1	21,340
Mining/Atomic Energy	8	-	-
Longshoring/Port Operations	18	-	-
Railway Transportation	11	-	-
Shipping and Navigation	24	1	1,520
Trucking and Ground Transportation	129	6	18,735
Miscellaneous	20	3	1,480
<b>Total</b>	<b>322</b>	<b>17</b>	<b>48,725</b>

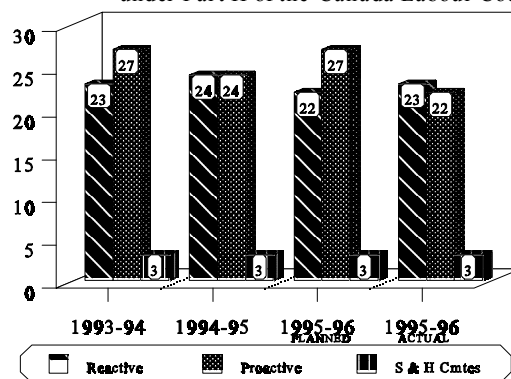
\* Includes ongoing disputes and work stoppages carried over from fiscal year 1994-95.

Modernization of the Canada Labour Code, Part I - In June of 1995, a task force was established to conduct an independent review of all aspects of Part I of the Code, to identify options and make recommendations for legislative changes. The Minister of Labour publicly released the Task Force's report titled, "Seeking a Balance", in February 1996 and indicated that further consultation would follow.

Labour Operations - a safe, healthy and equitable work environment as measured by indicators such as work injury and fatality experience, fire losses, resolution of workplace disputes, and increase in representation of designated group members under Employment Equity.

Reactive activities of Labour Affairs Officers (LAOs) include response to complaints under Part II, refusals to work and accident investigations. Proactive activities are those related to the promotion of programs, counselling, planned inspections and safety audits under Part II. Safety and health committee activities relate to assistance and counselling provided in the establishment and maintenance of safety and health committees and/or representatives as required by the Code (see Figure 15).

Figure 15: Percentage of Time Spent by Type of Activity under Part II of the Canada Labour Code



The number of non-compliance cases (see Figure 16) found during inspections has remained high. Inspection guidelines are used to ensure greater uniformity in the application and reporting. The total number of complaints has remained high because of the high levels of concern employees have for safety and health in the workplace. The number of cases found in non-compliance has been relatively consistent (see Figure 17).

Figure 16: Inspections under Part II of the Canada Labour Code - Cases of Non-Compliance

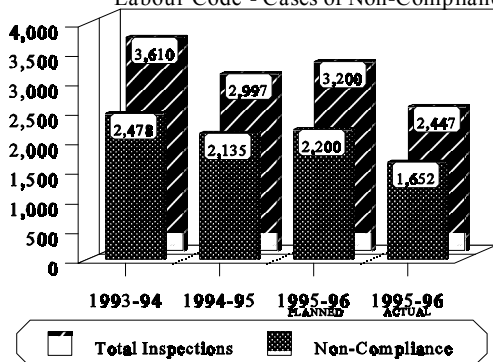


Figure 17: Complaints under Part II of the Canada Labour Code - Cases of Non-Compliance

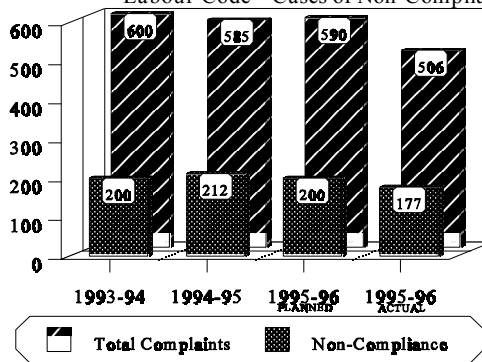


Figure 18: Percentage of Time Spent by Type of Activity under Part III of the Canada Labour Code and the Fair Wages and Hours of Labour Act

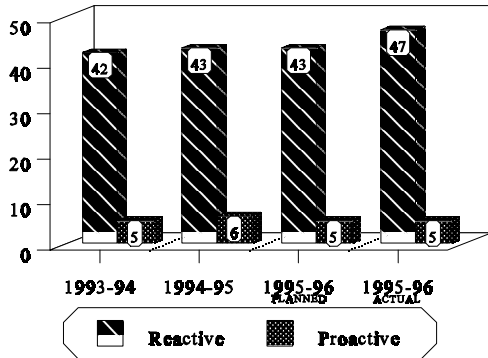
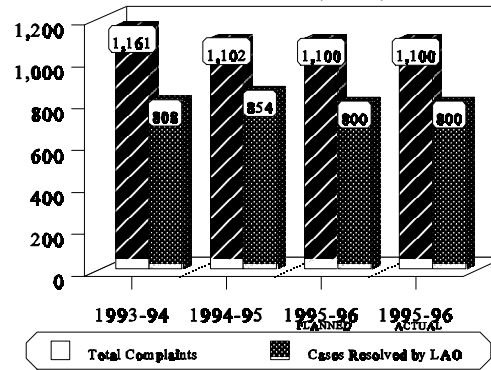


Figure 19: Unjust Dismissal Cases Resolved Without Adjudication by Labour Affairs Officers (LAOs)



LAOs also devote time to reactive and proactive activities under Part III (see Figure 18) and to fire prevention services. Reactive activities include responses to complaints under Part III and unjust dismissal complaints. Proactive activities are those related to the promotion of programs, counselling, planned inspections, wage surveys and equal pay activities. As presented in Figure 18, these two workload indicators have remained stable, and no change is anticipated.

Figure 20: Inspections under Part III of the Canada Labour Code - Cases of Non-Compliance

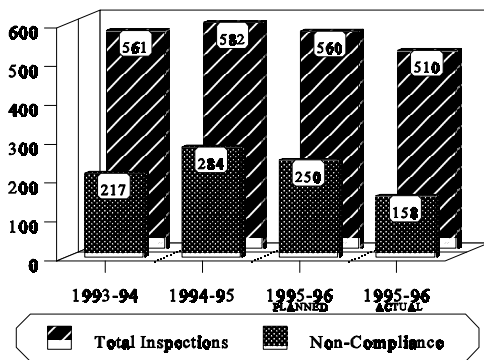
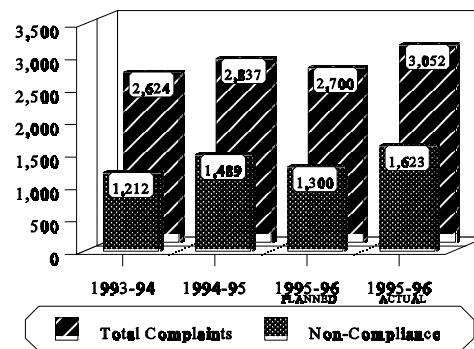


Figure 21: Complaints under Part III of the Canada Labour Code - Cases of Non-Compliance



Performance indicators are in the areas of inspection activities and complaint activities. A comparison is established between the total number of activities and the number of cases of non-compliance where violations of the provisions of Part III of the Code were found (see Figures 20 and 21) and the number of cases settled by LAOs, the balance of which are referred for adjudication (see Figure 19). The proportion of unjust dismissals settled by LAOs provides an indicator of their effectiveness in dealing with employer and employee alike. This past year the success rate was 73% (75% is the performance target).

Fire investigations or reporting were carried out on 48 fires involving government property in 1995-96. The Federal Contractors Program (Employment Equity Act) has successfully completed 98 reviews, which consist of first, second and third phase compliance reviews.

Federal Workers Compensation - fair, equitable and uniform processing of claims.

Approximately 340,000 employees of federal departments and Crown agencies are eligible for benefits under the Government Employees' Compensation Act (GECA). Compensation determinations are made by provincial Workers Compensation Boards and Commissions which provide the service pursuant to administrative agreements with the Minister of Labour. Federal Workers Compensation Service (FWCS) also provides supplementary compensation payments to certain widows of merchant seamen under the Merchant Seamen Compensation Act; adjudicates injury compensation claims made by federal penitentiary inmates under the Corrections and Conditional Release Act on behalf of the Solicitor General of Canada, and administers the Public Service Income Plan on behalf of the Treasury Board Secretariat for survivors of employees slain on duty.

FWCS recovers compensation and administration costs under the GECA from federal Crown agencies. Approximately 40% of total costs are recovered. Costs incurred on behalf of federal government departments are paid out to the Consolidated Revenue Fund. Figure 22 indicates the number of GECA transactions processed by provincial Workers Compensation Boards and Commissions from 1992 to 1995.

Figure 22: Number of Government Employees' Compensation Act Transactions Processed by Provincial Workers Compensation Boards, 1992 to 1995

	1995	1994	1993	1992
New transactions	18,044	19,721	20,902	21,346
Continuing transactions	18,780	18,802	18,641	21,080
Total transactions	36,824	38,523	39,543	42,426

Legislation, Policy, Research and Management - timely and effective legislation, regulations and policies that balance economic and social needs and ensure constructive workplace environments; improved cooperation on labour issues with unions, business and governments, in Canada and internationally; and improved quality of, and access to, workplace information.

Modernization of Part II of the Canada Labour Code (Occupational Safety and Health) - Government officials and clients have suggested various changes to Part II to align it with occupational safety and health legislation in other jurisdictions and to provide flexibility for new approaches to regulations and program delivery consistent with current government policies. A tripartite legislative Committee and Subcommittee consisting of representatives from labour, management and government was established. Agreement has been reached on 95% of the changes. The proposed changes include the establishment of a workplace prevention program; a

stronger role for workplace health and safety committees and representatives to resolve occupational health and safety issues; a broader definition of danger and streamlined work-refusal resolution process; a more effective appeal process; an increase in fines and penalties; and a more flexible and effective delivery of the program by the Department.

The North American Agreement on Labour Cooperation (NAALC) - In March 1996, Canada hosted a trilateral and tripartite conference on Industrial Relations for the 21st Century in Montreal, with over 150 participants from Canada, the United States and Mexico. On July 11-12, 1996, a symposium on child labour in North America was held to begin preparations for a February 1997 conference on reducing the participation of children in the North American labour force and protecting young workers. Preparations are also underway for the first North American Occupational Safety and Health Week in June 1997.

Canada-Chile negotiations toward a bilateral labour cooperation agreement have concluded and the agreement will come into effect in June 1997. Canada and Chile have agreed on a Cooperative Work Program for 1997 that would include both government-to-government and tripartite sessions on major labour law issues in both countries.

At the International Labour Conference of the International Labour Organization (ILO) that took place in June 1996, the Canadian delegation was headed by a Labour Program representative. New standards for home-workers were adopted. Child labour was also discussed at the informal tripartite meeting at the ministerial level. The ILO has decided to put child labour on the agenda of the 1998 annual conference. Also, the 267th session of the ILO governing body, together with meetings of its various committees took place in November 1996 in Geneva. It focused on ILO reform and modernization, particularly with respect to budgetary planning and standards-setting activities and strategic directions and priorities for the organization. It will continue its discussions and work on the social dimensions of the liberalization of international trade and globalization. Canada plays a lead role in all these areas.

Bill C-64, An Act Respecting Employment Equity, received Royal Assent on December 15, 1995. The new Employment Equity Act and its Regulations came into force on October 24, 1996. Labour officials are developing ministerial guidelines, in close collaboration with the Canadian Human Rights Commission (CHRC), that will provide a framework intended to assist employers in meeting their obligations under the new Act. Criteria for the implementation of employment equity by employers who fall under the Federal Contractors Program (FCP) are also under review. A joint client consultation group is being formed to review and provide comments during the developmental stages of the guidelines and FCP criteria. In addition, Labour officials are working with the Treasury Board Secretariat in the development of Employment Equity Regulations that will apply to the Canadian Forces and the Royal Canadian Mounted Police. Consultations are also taking place with the Canadian Labour Congress and other client groups on the collaboration and consultation provisions in the new Act.

Bill C-35, an Act to amend the Minimum Wage provisions of Part III of the Canada Labour Code, received Royal Assent and came into force on December 18, 1996. This amendment automatically incorporates the provincial and territorial general adult minimum wage rates, as they are established from time to time, as the federal minimum wage rates. The Minister emphasized that this approach in setting the minimum wage rates is in keeping with efforts by the Government to work in cooperation with the provinces to reduce duplication and overlap.

The Part III Review Task Force has commenced a two-year review of Part III of the Canada Labour Code, initially focusing on stakeholder priorities and more effective means of applying the legislation. As well, the Task Force is reviewing the issues surrounding the Fair Wages and Hours of Labour Act. The purpose of the Act is to make provisions that contractors involved in federal construction contracts pay employees fair wages. The wage portion of the Act is administered by the Labour Program. Labour officials are reviewing the concerns of various stakeholders and will prepare options for ministerial consideration in early 1997.

With respect to the dissemination of information, a Labour Program Web site is now in place on the Internet. There is an ongoing review of information products, such as publications, aimed at streamlining, merging, cost-saving and modernizing. It is anticipated that the results of this study will be marketed in 1997-98.

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 delivery of Canada Pension Plan (CPP) and Old Age Security (OAS) programs. These programs provide benefits to seniors, the disabled, survivors and migrants. The management and delivery of these programs are completely integrated.

The business line operated in a context of significant and continuing change during 1995-1996. In addition to ongoing operations, the business line needed to accommodate a number of legislative changes into operations that were being reengineered through the Income Security Program Redesign Project, which is described in detail on page 3-35 and in Section IV - Capital Projects. The business line was also faced with the need to increase efforts to control program costs in order to keep programs sustainable and ensure that benefits were reaching only those people who were eligible.

B. Financial Summary

Figure 23: Spending Trend

(thousands of dollars)	Actual 1993-94	Actual 1994-95	Estimates 1995-96	Actual 1995-96
Operating expenditures	181,770	202,947	246,576	231,199
Statutory transfer payments				
Old Age Security basic (OAS)	15,027,136	15,478,361	16,024,000	15,998,567
Guaranteed Income Supplement (GIS)	4,446,274	4,604,118	4,694,000	4,627,765
Spouse's Allowance (SPA)	429,328	428,926	436,000	407,515
Children's Special Allowances (CSA) <sup>1</sup>	36,217	38,569	43,000	0
Family Allowances (FA) <sup>2</sup>	6,949	0	0	0
Subtotal	19,945,904	20,549,974	21,197,000	21,033,847
Total gross expenditures	20,127,674	20,752,921	21,443,576	21,265,046
Recoverable expenditures from the Canada Pension Plan (Operating)	(93,500)	(104,350)	(120,098)	(111,832)
Total net expenditures	20,034,174	20,648,571	21,323,478	21,153,214

1. The administration of the Child Tax Benefit eligibility function and the Children's Special Allowances Program has been transferred to Revenue Canada effective August 28, 1995. The Actual 1995-96 comparative information for the Children's Special Allowances statutory payments is reported under Revenue Canada.
2. Family Allowance payments in 1993-94 represent only the retroactive payments under Family Allowances Program. The Family Allowances Program was replaced by the Child Tax Benefit effective January 1993. The Child Tax Benefit payments were funded under Revenue Canada.



C. Business Line Performance

I. Key Initiatives

Implementation of legislative changes

Activity	Accomplishments (1995-96)
Repayment of OAS Benefit	<ul style="list-style-type: none"> <li>• legislation implemented (systems support, training, communications)</li> <li>• 70,000 recipients abroad affected</li> </ul>
Non-resident Tax Withhold	<ul style="list-style-type: none"> <li>• legislation implemented (systems support, training, communications)</li> <li>• 98,000 OAS and CPP recipients abroad affected</li> </ul>
CPP legislative changes	<ul style="list-style-type: none"> <li>• participated in consultations</li> <li>• researched proposed legislation</li> <li>• analyzed impacts on business line</li> </ul>

Changes to Repayment of OAS Benefit: Starting in July 1996, the OAS repayment is being deducted from the monthly OAS payments of higher-income seniors. Formerly, this repayment was done at tax time the following year. The new measure streamlines administration of the program. Most of the preparation and legislative activity to support this change took place in 1995-96.

Non-resident Taxes: Two measures were implemented, affecting non-resident recipients of OAS and CPP benefits for tax purposes, designed to ensure greater equity of treatment between residents and non-residents of Canada. The first measure, the OAS Recovery Tax, is equivalent to the domestic repayment of benefit. OAS recipients abroad are required to submit an Old Age Security Return of Income (OASRI) form. Monthly deductions to cover the Recovery Tax began in August 1996 based on Revenue Canada's assessment of the OASRI. Those who did not submit the OASRI on time, were subject to suspension of their OAS benefits, effective in July 1996. For the first year only of this provision being in place, the suspension was delayed until February 1997 to give pensioners extra time to submit the required forms. Most of the preparation and legislative activity to support this change took place in 1995-96.

The second measure is the Non-resident Withholding Tax. Effective January 1996, up to a maximum of 25% is being deducted from monthly OAS and CPP payments made to recipients who are non-residents of Canada, for tax purposes. Non-residents may apply to be taxed, as if they were Canadians, by filing a special form with Revenue Canada. If Revenue Canada approves their application, tax withheld can be reduced or eliminated.

Improvements to the GIS Renewal Process

Activity	Accomplishments (1995-96)
GIS Renewal Simplification	<ul style="list-style-type: none"> <li>• Revenue Canada income information available earlier</li> <li>• estimated \$4.8 million reduction in overpayments</li> </ul>

Up to 250,000 seniors annually had their GIS benefits suspended because they failed to submit their annual application on time. In 1995, information from Revenue Canada, when available, was compared with information received directly from clients who had applied prior to initial payments being made. This improved the accuracy of payments and reduced overpayments.

CPP Disability Management

Activity	Accomplishments
Disability client reassessment	<ul style="list-style-type: none"> <li>• 21,500 cases reassessed between April 1993 and October 1996</li> <li>• 34% of reassessed benefits ceased</li> <li>• \$66 million in savings to CPP Account</li> <li>• \$23.9 million in overpayments identified</li> </ul>
Vocational Rehabilitation	<ul style="list-style-type: none"> <li>• over 21,000 files reviewed between 1993 and 1996</li> <li>• 187 of the 700 cases referred to private companies were successfully rehabilitated between April 1993 and March 1996</li> <li>• 227 rehabilitations of clients in progress at the end of March 1996</li> </ul>
Regionalization of adjudication/ appeals processing	<ul style="list-style-type: none"> <li>• Regional pilots completed in June 1996.</li> </ul>
Partnerships and Information Sharing	<ul style="list-style-type: none"> <li>• new information sharing agreements signed with Provinces of Newfoundland, Manitoba, Saskatchewan and British Columbia</li> <li>• partnership expanded with Régie des rentes du Québec</li> </ul>
Manage mispayments	<ul style="list-style-type: none"> <li>• Random samples completed to determine</li> </ul>

Activity	Accomplishments
Medical Appeals Processing	<p style="text-align: center;">mispayment levels</p> <ul style="list-style-type: none"> <li>• Program integrity activities:                             <ul style="list-style-type: none"> <li>- management of 22 suspected fraud cases</li> <li>- investigation of 811 third-party complaints</li> </ul> </li> <li>• waiting time for initial review of the first level appeals reduced from 12 to 3 months</li> <li>• some 3,000 Review Tribunal cases heard</li> <li>• 368 appeals heard by Pension Appeals Board</li> </ul>

A number of initiatives to enhance the management of the CPP Disability program continued during 1995-96.

- **CPP Disability Reassessment:** Efforts continue to reassess clients to establish continuing eligibility to benefits. From May 1993 to October 1996, over 21,000 of higher-risk reassessments were completed; 34% of reassessed clients had their benefits ceased, which produced savings in excess of \$66 million to the CPP Account. Resources have been secured until March 1998 to enhance these efforts.
- **National Vocational Rehabilitation Project :** A national pilot project to provide vocational rehabilitation to CPP disability beneficiaries was initiated. By March 31, 1996, 187 clients were successfully rehabilitated and rehabilitation efforts for 227 clients were in progress.
- **Regionalization of CPP Disability processing:** A number of successful pilots were completed in 1995-96, followed by the national roll-out of the adjudication and reconsideration processes closer to the clients as part of the new Client Service Delivery System under ISP Redesign. Adjudication guidelines were also revised and will continue to be enhanced to ensure consistent, high-quality and fair decision-making.
- **Partnerships/Harmonization:** Information sharing agreements continue to be negotiated with provincial governments, Workers' Compensation Boards and private insurers, to provide better service to mutual clients and to reduce duplication of efforts and overpayments of benefits.
- **Mispayment Management:** During 1995-96, a random sample was taken that is representative of the CPP Disability beneficiary population during the 1994 calendar year. While the sample revealed mispayments could be as high as 1.8% of total CPP Disability payout in 1994, the most likely estimate of mispayments is \$21 million, or 0.89% of the total CPP Disability payout of \$2.4 billion in 1994.
- **Adjudication of CPP Medical Appeals:** As of March 1996, the inventory of appeals totaled approximately 17,000 files. Of these, some 10,000 were first-level medical appeals, awaiting decision. Improved processes and staff training have

## *Details by Business Line*

## *Departmental Performance*

contributed to the efforts of eliminating the backlogs. The volume of second- and third-level appeals (Review Tribunals, Pension Appeals Board - PAB) is also increasing rapidly.

### Income Security Program Redesign

Activity	Accomplishments
Presumptive Applications pilot	<ul style="list-style-type: none"> <li>• pilot in Manitoba/Alberta completed</li> <li>• over 135,000 letters were sent to potential clients</li> </ul>
Interactive Voice Response (IVR) Service	<ul style="list-style-type: none"> <li>• IVR basic service installed nationally</li> <li>• survey indicates 75% of clients who used IVR satisfied with service</li> <li>• features: basic program information, change of address</li> </ul>
Installation of new computers/software	<ul style="list-style-type: none"> <li>• over 1,800 workstations equipped with PCs, furniture, telephones and telecommunications connections</li> </ul>
Staffing/Training	<ul style="list-style-type: none"> <li>• over 1,300 jobs described and classified</li> <li>• 930 training sessions completed on standard software packages</li> <li>• competency-based pilot project in Edmonton</li> </ul>

A number of service delivery improvements are completed: a pilot project to send presumptive applications to potential clients in advance of their eligibility for benefits; introduction of basic Interactive Voice Response (IVR) telephone service; installation of new computer equipment with a fully functional network support; and extensive employee training on computer software. Regionalization of CPP Disability and appeals processing was completed in June 1996. Reengineered management processes are being piloted. See Section IV on Major Capital Projects for further details.

### International Agreements

Activity	Milestones	Accomplishments(1995-96)
Negotiate Social Security Agreements	April 95- March 96	<ul style="list-style-type: none"> <li>• 5 new agreements initiated</li> <li>• 1 new agreement signed</li> <li>• 4 existing agreements amended</li> <li>• amendments to 2 existing agreements initiated</li> </ul>

A number of negotiations with other countries are in process to conclude new and/or amended existing agreements.

## II. Key Results Measurement Strategy

## Client satisfaction

Activity	Accomplishments
<ul style="list-style-type: none"> <li>Client satisfaction surveys</li> </ul>	<ul style="list-style-type: none"> <li>majority of clients satisfied with promptness, courtesy and staff knowledge</li> <li>over 90% received payments on time</li> <li>over 96% received payment at the right place</li> </ul>

The last client survey was conducted in September and October 1995 in all three modes of service: telephone, walk-in and mail. Most of the surveyed clients were satisfied with the service in all modes of service. Surveys will continue throughout the implementation phase of ISP Redesign and will form a regular part of management activity after implementation.

## Percentage of Telephone Client Demand Answered

As part of ISP Redesign, new telephone switches were installed in Vancouver, Victoria, Edmonton, Regina, Bathurst, Montreal, Ottawa, Hamilton and Scarborough. All switches are equipped with IVR systems. Clients will always have the option of talking to a Service Delivery Agent if so desired. A study of the IVR has been initiated to determine how it could be enhanced to further improve service to ISP clients. As of September 1996, clients in North America can access Income Security offices by calling one of two toll-free numbers. The 1-800 toll-free service allows clients to get basic information and advise the programs of a change of address 24 hours a day, 7 days a week. The 1-800 service gives the business line the ability to measure call demand and to use this information to improve service to clients. A national 1-800 service for the hearing-impaired (TDD) is now also available.

## Speed of service for OAS and CPP benefit application processing

Activity	Accomplishments
<ul style="list-style-type: none"> <li>OAS Applications</li> <li>CPP Applications</li> </ul>	<ul style="list-style-type: none"> <li>national average processing time in 1995-96 was 13 to 26 days</li> <li>national average processing time in 1995-96 was 15 to 26 days</li> <li>CPP Disability applications processing time varies from 45 to 55 days</li> <li>CPP Retirement pension applications are processed on average in 1 to 2 days</li> </ul>

“Speed of service” is defined as the average total number of days required to process an Old Age Security or a Canada Pension Plan benefit application. The average is calculated in elapsed time in working days from the receipt of the application to approval for pay or equivalent. The “through-put times” are determined by monthly random sampling at all mail processing centres across Canada. Throughout 1995-96, the national average “through-put times” for OAS applications ranged from 13 to 26 days. Similarly, CPP applications were processed within 15 to 26 days. The peaks in processing time occurred during the months of July and August, when productivity is reduced. It should be noted that these averages represent the aggregate times of applications for all benefit types. Processing times for distinct benefit types vary. Disability applications can be very complex and may take 45 to 55 days to process, while CPP Retirement pension and renewal applications for Guaranteed Income Supplement average 1 to 2 days. Ongoing improvements in computer technology, client accessibility (telephones), form simplification and other initiatives will contribute to improving the speed of processing of client applications.

## 6. Corporate Services

## A. Business Line Profile

The business line provides executive direction, policy development and management support services to the Department. This business line includes three functions.

Policy and Communications develops and evaluates policies and programs and provides communications services that enable the Department to achieve its corporate and business line objectives.

Corporate Management and Services provides corporate management, administrative, financial and human resources services to support departmental clients in achieving their business line objectives, consistent with overall government policies.

Systems develops and manages automated systems that support service delivery across all business lines.

## B. Financial Summary

Figure 24: Spending Trend

(thousands of dollars)	Actual 1993-94	Actual 1994-95	Estimates 1995-96	Actual 1995-96
Operating expenditures	279,332	283,061	186,771	258,619
Accommodation and other PWGSC	123,748	126,713	116,787	108,627
Total gross expenditures	403,080	409,774	303,558	367,246
Recoverable expenditures from the EI and CPP accounts	(324,297)	(329,029)	(222,719)	(277,187)
Total net expenditures*	78,783	80,745	80,839	90,059

\* Main Estimates data do not include additional funding received in year, such as Severance Pay and Maternity Allowances, the Departure Incentives and the internal re-allocation of operating resources among Votes and business lines.

## C. Business Line Performance

### Policy and Communications

#### Strategic Policy

Strategic Policy is responsible for policy development and the provision of strategic policy advice and recommendations to senior management and the Minister of HRDC to enable them to carry out the Department's mandate.

Particularly significant activities during 1995-96 included support for Employment Insurance legislation; development of youth employment initiatives; development of options to reform the public pension system; development of an annual evaluation plan to focus on departmental priorities and provide timely, concise information to senior management on lessons learned; supporting new labour market arrangements with provinces; and discussions with provinces on the Canada Health and Social Transfer and the social union more generally.

#### Communications Branch

Major achievements for Communications in 1995-96 included the development and implementation of communication strategies in support of the Social Security Reform and Program Review. Communications also provided communications advice, guidance and support to HRDC personnel on these matters.

### Corporate Management and Services

#### Financial and Administrative Services

During 1995-96, Financial and Administrative Services (FAS) had the following achievements, in addition to ongoing activities:

The set-off of income tax refunds has become one of the most effective recovery tools available to HRDC. This resulted in direct and indirect recoveries of approximately \$63 million for Unemployment Insurance, Human Resource Investment, Income Security Program and Canada Student Loan overpayments in 1995-96, and \$191 million in total since its inception in 1992-93.

In 1995-96, FAS continued the planning phase of the National Accommodation Strategy, to bring all the organizational components of HRDC together to increase operational efficiency and reduce accommodation costs.

FAS initiated the Corporate Management System (CMS) initiative. The goal of CMS is to integrate HRDC corporate administrative systems, including the Materiel Management and Inventory System, Human Resources System, Financial Information System, and the Departmental Accounts Receivable System. Users will have access through a 'single



window' that will allow them to process their Financial, Procurement, Asset Management and Human Resource transactions. FAS developed and implemented a Departmental Accounts Receivable System (DARS), which is an integral component of CMS, to house all HRDC's accounts receivable. Audits and reviews concentrated on the operational issues related to the implementation of large expenditure programs.

#### Internal Audit Bureau

The Internal Audit Bureau (IAB) completed important projects including a review of The Atlantic Groundfish Strategy (TAGS), where it assisted in resolving issues such as the establishment of a clear and concise mission and a single success indicator for the program. This enabled management to report the key objective of TAGS, the adjustment of clients out of the fishery. IAB conducted a preliminary assessment of the Income Security Program Redesign Project that helped management focus on realigning operational priorities. Finally, in reviewing the management of the Work force Reductions, HRDC was able to assess the barriers, successes and best practices regarding the successful implementation of this policy. Using the results of the first phase of this project, a review guide for managers who are asked to carry out work force reduction directives was produced.

#### Human Resources Branch

The Human Resources Branch (HRB) carried out its regular functions, while helping the organization manage the transition to a smaller and more flexible form. By the end of 1995-96, HRDC had achieved the first phase of reductions resulting from the 1995 Budget, or approximately 3000 Full-time Equivalents (FTEs). Most of this was accomplished through voluntary departure packages. Support for this process included assistance through a wide range of self-help seminars and other services.

To support new approaches to human resources management, HRB spearheaded a wide range of management development initiatives. The branch also made progress on several elements of a new approach, called the Integrated HR Model. This is designed to create a more flexible structure for organizing work and skill need. When complete, this will enable people to shift to meet emerging needs more easily and improve skill development processes.

#### Systems

In 1995-96, HRDC Systems produced a Strategic Information Plan (SIP) document that was circulated to all executives at NHQ and in the regions and to Treasury Board officials. The document provided a forecast of Systems major activities within the context of the Treasury Board Blueprint for Renewing Government Services using Information Technology. The document linked Systems activities to corporate priorities and departmental business lines. A major objective of the plan was to link the business, technologies, systems, information holdings and needs of the Department. It provided a framework for information sharing, consolidation of systems, improved productivity and an overall reduction of operating costs.

The Data Warehouse proof of concept was completed in 1995-96. The Data Warehouse provides the technology HRDC needs to make direct access to data on a cross-program basis from, and to, the places in the organization where it is needed. It provides a cheap, quick, proven alternative to modernize older systems. Three separate initiatives were planned to make use of this technology: the National Employer Database System (NEDS), the Services Outcome Measurement System (SOMS) and the Corporate Management System (CMS).

The final phase of the Equipment Replacement Strategy was completed in 1995-96, replacing all obsolete dumb terminals in local offices with micro-computers. In addition, Local Area Networks (LANs) have been installed in all 100 Human Resource Centres of Canada (HRCCs). These equipment upgrades are essential to the delivery of Employment Insurance (EI) benefits.

An example of providing automated support to employees who work out of offices is when HRDC's Labour Affairs Officers (LAOs) were provided with laptop computers, automated forms, cellular telephones, e-mail and fax capabilities. This provided LAOs with access to base office resources when in the field. This initiative was expected to reduce LAO time spent on an assignment by approximately 20%, thus increasing productivity. HRDC is currently investigating an expansion of this initiative to Insurance Investigation and Control (I&C) Officers.

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## C. Specified Purpose Accounts

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### 1. Employment Insurance Account

#### A. Business Line Profile

The Employment Insurance (EI) Account is a continuation of the Unemployment Insurance (UI) Account. It was established within the Consolidated Revenue Fund by the Employment Insurance Act to record transactions related to the EI Program. The EI Program is a compulsory and contributory social insurance program that provides income benefits to unemployed workers who are seeking work, who are participating in the employment benefit programs, or who are unable to work because of sickness, disability, pregnancy or care of newborn or newly adopted children. Financial assistance may also be provided to insured participants or organizations, including the provincial and territorial governments, under the employment benefits and support measures provisions, to assist eligible workers to get back into the job market. The employment benefit programs are similar to the previous developmental uses programs for work sharing, job creation, training and self-employment under the UI Act.

#### B. Financial Summary

The financial statements of the previous UI Account were prepared on a calendar year basis. Starting fiscal year 1997-98, the EI Account will be presented on a fiscal year basis rather than on a calendar year basis. The actual data presented in Figure 25 were restated on a fiscal year basis.

Figure 25: Spending Trend

(millions of dollars)	Actual 1993-94	Actual 1994-95	Estimates 1995-96	Actual 1995-96
Regular	13,847	11,072	10,580	9,756
Sickness	422	424	445	433
Maternity	793	770	778	763
Parental	485	477	488	476
Adoption	5	5	5	6
Fishers	256	240	269	228
Work Sharing	41	15	22	17
	15,849	13,002	12,587	11,678
Job creation	118	135	144	140
Training	1,580	1,545	1,556	1,510
Self-employment	114	159	178	197
Benefit Repayments	(36)	(27)	(36)	(48)
<b>Total Benefit Payments</b>	<b>17,625</b>	<b>14,814</b>	<b>14,429</b>	<b>13,477</b>
Administration				
Departments	1,317	1,292	1,211	1,358
Recoveries credited to the Account	(7)	(6)	(7)	(7)
	1,310	1,286	1,204	1,351
Net interest	445	407	189	192
<b>Total costs</b>	<b>19,380</b>	<b>16,507</b>	<b>15,822</b>	<b>15,020</b>
Revenue				
Premium Revenue <sup>1 &amp; 2</sup>	18,704	19,385	20,504	18,892
Penalties	46	45	49	48
<b>Total revenue</b>	<b>18,750</b>	<b>19,430</b>	<b>20,553</b>	<b>18,940</b>
Surplus (deficit)				
Current Year	(630)	2,923	4,731	3,920
Cumulative	(6,343)	(3,420)	797	500

1. Employers with qualified wage-loss insurance plans are entitled to premium reductions and are required to share this reduction with their employees.
2. The UI/EI premiums reported in the summary financial statements of the Government of Canada include the penalties collected but exclude the premium contributions made by the Government of Canada as an employer. In addition, they are recorded on a cash basis.

## C. Business Line Performance

The moderate reductions in premium rate combined with the decrease in benefits paid have produced surpluses in the Account. The deficit accumulated from the 1990 recession was eliminated in the fiscal year 1995-96. The highlights of the changes are as follows:

## 1. Benefits Payments

The decrease of \$1.3 billion, or 9%, in benefits mainly resulted from a 10% decrease in the number of persons receiving benefits offset by a 1% increase in average weekly benefits. The major factors affecting benefit payments are summarized in the following table.

Figure 26: Factors affecting Benefits

	1994-95	1995-96	% change
Benefits (\$ million)*	14,815	13,476	-9%
Number of Beneficiaries (000)	1,062	952	-10%
Average Weekly Benefits (\$)	258	261	1%

\* The decrease primarily occurred in regular and fishing benefits.

## 2. Administrative Costs

The amount charged to the EI Account for administrative costs increased to \$1,351 million, which is an increase of \$65 million from the \$1,286 million costs in 1994-95. This increase resulted mainly from the work force adjustment payments made in the year. Otherwise the administrative costs would be the same as last year.

## 3. Premium Revenue

The decrease of \$493 million or 3% in premium revenue came from the refund of prior year estimated premiums, as the increase in total insurable earnings should have been offset by the decrease in premium rate.

Figure 27: Factors affecting premium revenue

Fiscal Year	1994-95	1995-96	% change
Premiums (\$ million)	19,385	18,892	-3%
Total Insurable Earnings (\$ million)	274,648	279,087	2%
Calendar Year	1994	1995	% change
Premium Rate (% insurable earnings)*	3.07%	3.00%	-2%
Maximum Insurable Earnings	40,560	42,380	4%

\* Employer's rate equates to 1.4 times the employee's rate.

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 1993-94 and 1995-96.

Figure 28: Canada Pension Plan Account — Receipts and Disbursements

(millions of dollars)	Actual 1993-94	Actual 1994-95	Estimates 1995-96	Actual 1995-96
<b>Receipts</b>				
Contributions	8,922	10,464	11,575	10,607
Interest	4,446	4,415	4,310	4,376
<b>Total Receipts</b>	<b>13,368</b>	<b>14,879</b>	<b>15,885</b>	<b>14,983</b>
<b>Disbursements</b>				
Benefit payments	14,402	15,257	16,714	15,969
Administrative expenses	187	200	220	219
<b>Total Disbursements</b>	<b>14,589</b>	<b>15,457</b>	<b>16,934</b>	<b>16,188</b>
<b>Increase/(Decrease) in CPP Account</b>	<b>(1,221)</b>	<b>(578)</b>	<b>(1,049)</b>	<b>(1,205)</b>

Figure 29: Canada Pension Plan Account - Balance of Funds

(millions of dollars)	Actual 1993-94	Actual 1994-95	Estimates 1995-96	Actual 1995-96
<b>Year-end Balances</b>				
Investment fund	38,223	36,967	35,530	35,530
Operating balance	2,728	3,406	3,266	3,637
<b>CPP Account total</b>	<b>40,951</b>	<b>40,373</b>	<b>38,796</b>	<b>39,167</b>

**B. Canada Pension Plan Receipts**

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

1. Contributions

Contributions to the Plan are compulsory and are based on employee 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. Both the YBE and the YMPE are adjusted annually. The YBE increased from \$3,400 in 1995 to \$3,500 in 1996, the YMPE from \$34,900 to \$35,400 in the same period.

2. Interest

In 1995-96, the Investment Fund earned \$4,082 million in interest, which was deposited in the CPP Account. Also, \$1,436 million in securities bearing an average interest rate of 8.98% matured and were redeemed. Interest income from the Investment Fund accounted for 93% of total receipts of \$4,376 million.

**C. Canada Pension Plan Disbursements**

1. Benefit Payments

The following figure shows the actual benefits paid for each of three benefit categories: Retirement Pensions, Disability Benefits and Survivor Benefits. The Canada Pension Plan - Departmental Plan (Section II) contains an explanation of the benefits.

Figure 30: Benefit Payments by Category and Type

(millions of dollars)	Actual 1993-94	Actual 1994-95	Estimates 1995-96	Actual 1995-96
Retirement pensions	9,322	9,912	10,579	10,531
Disability benefits				
Disability pensions	2,443	2,593	3,112	2,538
Benefits to children of disabled contributors	240	262	310	256
Disability benefits total	2,683	2,855	3,422	2,794
Survivor benefits				
Surviving spouse's benefits	1,989	2,066	2,277	2,222
Orphans' benefits	192	200	202	192
Death benefits	216	224	234	230
Survivor benefits total	2,397	2,490	2,713	2,644
Total	14,402	15,257	16,714	15,969

2. Administrative Expenses

Administrative expenses increased from \$186.8 million in 1993-94 to \$219.0 million in 1995-96, which represents an increase of 17.3%. The increase in Human Resources Development Canada expenses is attributable to project funding for the implementation of the Redesign Project and additional initiatives being undertaken to improve service to clients and to control mispayments.

Figure 31: Administrative Expenses

(thousands of dollars)		Actual	Actual	Estimates	Actual
Service provided by Department	Type of Administrative Service	1993-94	1994-95	1995-96	1995-96
Human Resources Development Canada	Plan administration, operations, records, etc.	100,463	108,960	123,934	121,476
	Insurance premiums and contributions recovered by Treasury Board <sup>1</sup>	-	2,897	8,226	12,040
	Assignment of Social Insurance Numbers and maintenance of the central index <sup>2</sup>	1,225	1,276	1,333	1,613
		101,688	113,133	133,493	135,129
Public Works and Government Services	Cheque issue, EDP services and accommodation	27,264	25,034	25,120	21,992
Revenue Canada Taxation	Collection of contributions	57,281	61,147	59,382	60,585
Office of the Superintendent of Financial Institutions	Actuarial services	533	900	1,766	1,311
<b>Total</b>		<b>186,766</b>	<b>200,214</b>	<b>219,761</b>	<b>219,017</b>

1. The accounting treatment of costs associated with employee benefit plans and the TB insurance premiums changed during 1994-95. The new procedure entails the direct recovery of costs from the CPP Account. The former procedure involved charging HRDC and subsequently billing, in the form of an administrative cost, the CPP Account.
2. Net Figures after deducting prior year's recoveries from the Quebec Pension Plan of \$421 in 1993-94, \$385 in 1994-95, \$448 in 1995-96 Estimates and \$415 in 1995-96 Actual.



Figure 32: 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			
<b>March 1996</b>							
Newfoundland	45,743	8,604	4,280	17,594	3,112	182	79,515
Prince Edward Island	14,624	2,080	856	5,106	762	73	23,501
Nova Scotia	94,726	22,995	10,311	36,863	4,727	473	170,095
New Brunswick	76,148	11,993	4,146	27,705	3,515	317	123,824
Quebec	7,927	649	337	3,369	696	32	13,010
Ontario	1,124,358	163,218	57,670	369,260	40,678	4,368	1,759,552
Manitoba	131,259	10,407	3,182	43,184	4,422	476	192,930
Saskatchewan	119,919	8,452	2,970	40,240	4,289	361	176,231
Alberta	235,693	23,412	7,766	73,262	11,380	952	352,465
British Columbia	396,492	37,765	10,580	114,718	12,825	1,795	574,175
Yukon	1,358	160	58	505	134	5	2,220
Northwest Territories	1,403	193	133	690	646	9	3,074
Outside Canada	29,941	1,908	984	8,067	1,399	50	42,349
<b>Subtotal</b>	<b>2,279,591</b>	<b>291,836</b>	<b>103,273</b>	<b>740,563</b>	<b>88,585</b>	<b>9,093</b>	<b>3,512,941</b>
<b>Others*</b>	<b>41,551</b>	<b>9,008</b>	<b>3,238</b>	<b>15,736</b>	<b>3,110</b>	<b>19</b>	<b>72,662</b>
<b>Total March 1996</b>	<b>2,321,142</b>	<b>300,844</b>	<b>106,511</b>	<b>756,299</b>	<b>91,695</b>	<b>9,112</b>	<b>3,585,603</b>
<b>Total March 1995</b>	<b>2,230,722</b>	<b>296,623</b>	<b>105,575</b>	<b>728,462</b>	<b>93,507</b>	<b>8,643</b>	<b>3,463,532</b>

\* 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:

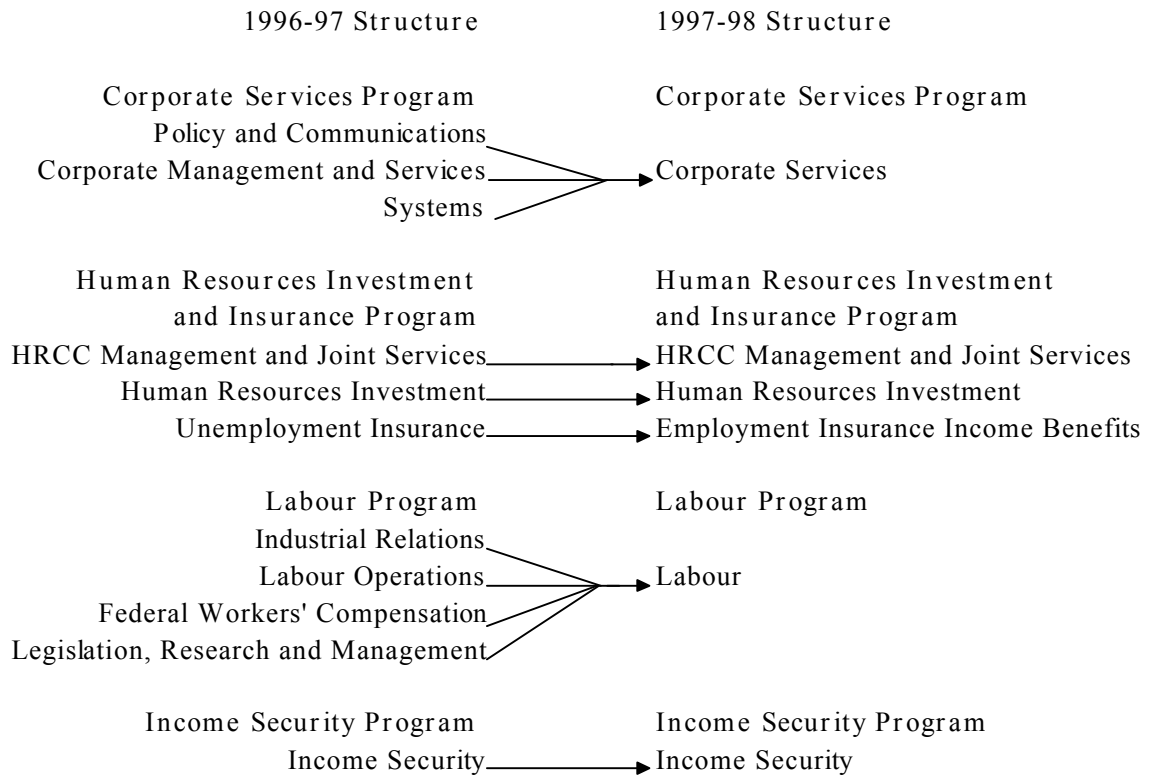
Persons receiving a survivor's pension may also be entitled to a retirement or disability pension based on their own CPP contributions. In these cases, the surviving spouse receives a combined survivor/retirement pension or a survivor/disability pension. To obtain the number of beneficiaries, the number of combined pensions must be deducted from the total. In March 1996, there were 363,644 persons receiving more than one benefit (combined benefits), and in March 1995, there were 338,436 persons receiving combined benefits.

# Human Resources Development Canada

## Section IV - Supplementary Information

1. Organization

Figure 1: Operational Structure Crosswalk



## 2. Personnel Requirement

Figure 2: Details of Personnel Requirements by Business Line

Full-Time Equivalent (FTEs)	Actual 1994-95	Actual 1995-96	Estimates 1996-97	Estimates 1997-98	Planned 1998-99	Planned 1999-00
<b>Business Lines</b>						
Human Resources Investment	7,139	6,263	6,816	5,143	5,024	4,922
EI Income Benefits	8,953	8,463	7,668	7,716	7,269	7,267
HRCC Management & Joint Services	3,271	3,002	2,177	2,463	2,461	2,457
HRI&I Program	19,363	17,728	16,661	15,322	14,754	14,646
Labour	725	692	725	672	672	672
Income Security	2,978	3,075	2,971	3,043	1,828	1,761
Corporate Services	3,313	3,080	2,607	2,887	2,884	2,877
<b>Total</b>	<b>26,379</b>	<b>24,575</b>	<b>22,964</b>	<b>21,924</b>	<b>20,138</b>	<b>19,956</b>

Figure 3: Summary by Professional Category

Full-Time Equivalent (FTEs)	Actual 1994-95	Actual 1995-96	Estimates 1996-97	Estimates 1997-98	Planned 1998-99	Planned 1999-00
Order-in-Council Appointments	6	6	6	6		
Executive Group	229	222	199	227		
Scientific and Professional	422	405	386	390		
Administrative and Foreign Services	13,297	12,493	11,543	11,193		
Technical	122	115	111	109		
Administrative Support	11,741	10,762	10,246	9,541		
Operational	38	34	33	28		
Other	524	538	440	430		
<b>Total</b>	<b>26,379</b>	<b>24,575</b>	<b>22,964</b>	<b>21,924</b>	<b>20,138</b>	<b>19,956</b>

### 3. Capital Projects

Figure 4: Capital Expenditure\* by Business Line

(thousands of dollars)	Actual 1994-95	Actual 1995-96	Estimates 1996-97	Estimates 1997-98	Planned 1998-99	Planned 1999-00
<b>Business Lines</b>						
Human Resources Investment	10,756	5,302	2,637	4,851		
EI Income Benefits	25,828	30,272	15,056	27,700		
HRCC Management & Joint Service	16,434	17,709	8,807	16,204		
HRI&I Program	53,018	53,283	26,500	48,755		
Labour	1,276	734	268	617		
Income Security	6,389	2,499	2,265	2,415		
Corporate Services	12,514	14,868	6,200	6,779		
	73,197	71,384	35,233	58,566	n/a	n/a

\*Amounts reflected in this table correspond to acquisition of capital goods.

Figure 5: List of Capital Projects and Major Crown Projects by Business Line <sup>1</sup>

(thousand of dollars)	Forecast			
	Currently Estimated Total Cost	Expenditures to March 31, 1996	Planned Expenditures 1997-98	Future Years Requirements
<b>Human Resources Investment</b>				
The Atlantic Groundfish Strategy (S-EPA)	1,479	1,479	-	-
Human Resources Investment Fund (HRIF)(S-EPA)	18,807	113	8,537	10,158
<b>Employment Insurance Income Benefits</b>				
Equipment Replacement Strategy phase III (S-EPA)	15,587	15,587	-	-
<b>HRCC Management &amp; Joint Services</b>				
Service Delivery Network (S-EPA)	45,050	9,466	21,982	13,592
<b>Income Security</b>				
Income Security Programs Redesign Project <sup>2</sup>	319,627	231,851	73,912	13,864
<b>Total Capital Expenditures</b>	<b>400,550</b>	<b>258,496</b>	<b>104,431</b>	<b>37,614</b>

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. Refer to Figure 6 for additional information relevant to Class Estimate status.

## *Supplementary Information*

### Definitions Applicable to Major Capital and Major Crown Projects

**Government Projects** — A departmental undertaking that is not a regular program activity but involves the design and development of new programs, equipment, structures or systems, and has above normal risk, is deemed to be a government project when:

- a. the estimated expenditure exceeds the project approval authority granted to the department by the Treasury Board\*; or
- b. it is particularly high-risk, regardless of estimated expenditure.

\* When a high-risk government project exceeds \$100 million in estimated expenditure, it is deemed to be a Major Crown Project.

**Substantive Estimate (S)** — This estimate is one of sufficiently high quality and reliability to warrant Treasury Board approval as a Cost Objective for the project phase under consideration. It is based on detailed system and component design, and takes into account all project objectives and deliverables.

**Indicative Estimate (I)** — This is a low-quality, order-of-magnitude estimate that is not sufficiently accurate to warrant Treasury Board approval as a Cost Objective. It replaces the classes of estimates formerly referred to as Class C or D.

**Preliminary Project Approval (PPA)** — This is Treasury Board's authority to initiate a project in terms of its intended operational requirement, including approval of the objectives of the project definition phase and any associated expenditures. Sponsoring departments submit for PPA when the project's complete scope has been examined and costed, normally to the indicative level, and when the cost of the project definition phase has been estimated to the substantive level.

**Effective Project Approval (EPA)** — This is Treasury Board's approval of the objective (project baseline), including the Cost Objective, of the project implementation phase and provides the necessary authority to proceed with implementation. Sponsoring departments submit for EPA when the scope of the overall project has been defined and when the estimates have been refined to the substantive level.

**Departmental Approval (DA)** — Treasury Board approval is not required.

## *Supplementary Information*

### Major Crown Project

Overview: The Income Security Programs Redesign Project is an undertaking to plan, define, develop and implement a new integrated client service delivery network for the Old Age Security (OAS) and Canada Pension Plan (CPP) programs. The key objectives are improvement of client (recipient) services, enhanced security and accuracy of information, greater flexibility and responsiveness of delivery processes, and increased operational efficiency.

The decision to undertake the Redesign Project was made in response to the increase in demand for services by OAS and CPP recipients expected by the ISP (Income Security Program) Branch (a 41% increase from 7.7 million to 10.9 million clients between 1993 and 2007) in the face of ongoing resource constraints. The Redesign Project will reduce costs and will ensure that statutory benefits are provided to the right recipients, on time, in the right amount.

The Redesign Project has three phases, two of which have been completed. Overall, the Planning and Project Definition phases were completed ahead of schedule and below estimated costs. The Project Definition phase resulted in the selection of EDS of Canada Ltd. as the prime contractor to help carry out the Implementation phase, to further develop and implement fully the new Client Service Delivery Network (CSDN), including the required organizational structure, human resource requirements and the information technology needed to support the new network.

Lead and Participating Departments: HRDC has the lead role in this project. The Assistant Deputy Minister, ISP, HRDC, is the designated project leader. PWGSC is providing support in managing the required procurement activities. Revenue Canada, Veterans Affairs Canada, the Department of Finance and the Régie des Rentes du Québec are actively associated with the delivery of the ISP and will be involved in the transition to the new service delivery network.

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	early 1998
	Testing and Acceptance	mid 1998
	Warranty period	1999
	Project completed and evaluated	2000

## *Supplementary Information*

Implementation Phase Progress: To support the commitment to maintaining client service, basic services have already been improved through training and new work processes in all modes of service (telephone, mail and walk-in centres). As well, using the current system as a base, presumptive applications (pre-completed with available client information) have been introduced to facilitate new clients being put into pay in a more timely fashion. The processing of disability and appeals has been regionalized, moving the service closer to the point of contact with clients.

The organization has been restructured into a team environment for more efficient operations. Refinements continue to be made to reflect the need to integrate the new ISP CSDN into the HRDC structure. The new Service Delivery Agent and Service Delivery Specialist jobs have been described, classified and staffed. Significant training has been delivered, ranging from Office Automation to Team Work Skills to Process Improvement Techniques. At ISP Headquarters, classification and staffing are underway.

Information technology development has completed 62% of planned work, relative to an estimated completion by this time of 77%. Although work is behind its original schedule, new equipment and soft skills training, together with preliminary releases for the new system, have provided for small early efficiencies in how client service is provided. Interactive Voice Response has been provided for Change of Address, and has already proven useful in dealing with inquiries following announcement of the new Seniors Benefit. Appointment Scheduling is in place in all modes of service, including International Affairs at Headquarters.

All infrastructure required in the original Project plan has been put in place. This includes WANs, LANs, PCs, telephones, furniture and wiring for over 1,800 work stations. Data clean-up is continuing for both OAS and CPP and has generated annual cost avoidance of \$3.7 million and net receivables of \$3.4 million. Basic client information (tombstone data) has been pre-converted for ease of transfer to the new CSDN.

The following external events, which could not have been foreseen in the planning stages, have had an impact on the project: new legislation and the government reorganization, which saw the branch move from Health and Welfare Canada (HWC) to Human Resources Development Canada; the movement of Child Tax Benefit to Revenue Canada; the non-resident withholding tax; and the 1995 budget announcement introducing the Old Age Security recovery tax. The move to HRDC generated additional impacts on the project. The necessity to integrate into the new delivery network of the Department, the change in configuration of offices, and the location, are all impacts that require modifications to the project. As well, additional costs will be incurred to provide the linkages now required to HRDC Corporate Systems; these are in addition to those originally planned for the HWC Corporate Systems.

Adjustments to project plans and schedule dictated by external changes have resulted in increased costs and an extension of the time frames for the project.

Because of these changes and the need to ensure the integrity of the project, an independent assessment of the project was carried out by KPMG Management Consulting, who are experienced in large systems development and Major Crown projects. As a result of their recommendations, the project team was reorganized, additional steps were taken to mitigate projects risk and issues, and some of the project deliverables have been removed. The revised scope and costs of the project have recently been approved by Treasury Board.

Issues and Risk Mitigation Strategies: Continued legislative changes to the Canada Pension Plan and the Seniors' Benefit could have an impact on this project cost and schedule. Risk Management has been implemented to contain any fallout. Increased systems testing



## Supplementary Information

and monitoring procedures have been implemented, and an exit strategy is being developed as well as a Business Continuity Plan.

Figure 6: Summary of Costs <sup>1</sup>

(thousands of dollars)	Forecast			
	Currently Estimated Total Cost	Expenditures to March 31, 1996	Planned Expenditures 1997-98	Future Years Requirements
Phase 1 - Class A Estimates	7,900	7,900	-	-
Phase 2 - Class B Estimates	51,617	51,617	-	-
Phase 3 - Class B Estimates	260,110	172,334	73,912	13,864
Class C Estimates	-	-	-	-
Total Phase 3 <sup>2</sup>	260,110	172,334	73,912	13,864
Total Project Costs	319,627	231,851	73,912	13,864

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 (\$15,385,000), which are not part of departmental appropriations.

## 4. Additional Financial Information

Figure 7: Gross and Net Departmental Expenditures by Business Line

(thousands of dollars)	Actual 1994-95	Actual 1995-96	Estimates 1996-97	Estimates 1997-98	Planned 1998-99
<b>Human Resources Investment*</b>					
Gross Expenditures	12,624,741	12,499,015	2,330,244	2,499,576	1,900,990
Revenue credited to the Vote	(270,170)	(245,085)	(263,114)	(281,241)	(231,012)
Net Expenditures	12,354,571	12,253,930	2,067,130	2,218,335	1,669,978
Revenue credited to the Consolidated Revenue Fund	(130,390)	(163,763)	(214,931)	(217,184)	(216,145)
Estimated Cost of Services provided by departments	26,854	36,556	28,490	16,845	17,354
<b>Net Cost</b>	<b>12,251,035</b>	<b>12,126,723</b>	<b>1,880,689</b>	<b>2,017,996</b>	<b>1,471,187</b>
<b>Employment Insurance Income Benefits</b>					
Gross Expenditures	492,234	557,879	459,858	454,696	432,126
Revenue credited to the Vote	(487,490)	(510,711)	(418,335)	(406,647)	(386,734)
Net Expenditures	4,744	47,168	41,523	48,049	45,392
Revenue credited to the Consolidated Revenue Fund	(3,113)	(45,669)	(38,959)	(45,446)	(42,805)
Estimated Cost of Services provided by departments	497	546	549	467	476
<b>Net Cost</b>	<b>2,128</b>	<b>2,045</b>	<b>3,113</b>	<b>3,070</b>	<b>3,063</b>
<b>HRCC Management and Joint Services</b>					
Gross Expenditures	249,810	249,486	155,433	167,859	167,185
Revenue credited to the Vote	(209,766)	(198,862)	(121,757)	(131,923)	(134,398)
Net Expenditures	40,044	50,624	33,676	35,936	32,787
Revenue credited to the Consolidated Revenue Fund	(4,662)	(19,309)	(10,032)	(13,941)	(14,303)
Estimated Cost of Services provided by departments	7,143	5,390	5,286	3,911	3,388
<b>Net Cost</b>	<b>42,525</b>	<b>36,705</b>	<b>28,930</b>	<b>25,906</b>	<b>21,872</b>
<b>Labour</b>					
Gross Expenditures	157,736	156,716	150,585	143,763	142,011
Revenue credited to the Vote	(38,884)	(36,850)	(37,500)	(36,700)	(36,000)
Net Expenditures	118,852	119,866	113,085	107,063	106,011
Revenue credited to the Consolidated Revenue Fund	(1,837)	(1,447)	(1,211)	(1,141)	(1,141)
Estimated Cost of Services provided by departments	6,971	7,912	8,447	7,657	7,694
<b>Net Cost</b>	<b>123,986</b>	<b>126,331</b>	<b>120,321</b>	<b>113,579</b>	<b>112,564</b>
<b>Income Security</b>					
Gross Expenditures	20,752,921	21,265,046	22,112,794	22,562,323	23,050,175
Revenue credited to the Vote	(104,350)	(111,832)	(104,093)	(142,418)	(42,880)
Net Expenditures	20,648,571	21,153,214	22,008,701	22,419,905	23,007,295
Revenue credited to the Consolidated Revenue Fund	(3,723)	(9,718)	(8,650)	(11,258)	(6,418)
Estimated Cost of Services provided by departments	21,538	20,082	15,708	16,302	9,874
<b>Net Cost</b>	<b>20,666,386</b>	<b>21,163,578</b>	<b>22,015,759</b>	<b>22,424,949</b>	<b>23,010,751</b>
<b>Corporate Services</b>					
Gross Expenditures	409,774	367,246	287,760	313,568	290,329
Revenue credited to the Vote	(329,029)	(277,187)	(225,519)	(249,124)	(232,461)
Net Expenditures	80,745	90,059	62,241	64,444	57,868
Revenue credited to the Consolidated Revenue Fund	(2,462)	(14,113)	(11,274)	(14,917)	(15,528)
Estimated Cost of Services provided by departments	13,227	12,247	9,807	9,118	8,079
<b>Net Cost</b>	<b>91,510</b>	<b>88,193</b>	<b>60,774</b>	<b>58,645</b>	<b>50,419</b>
<b>Total HRDC</b>					
Gross Expenditures	34,687,216	35,095,388	25,496,674	26,141,785	25,982,816
Revenue credited to the Vote	(1,439,689)	(1,380,527)	(1,170,318)	(1,248,053)	(1,063,485)
Net Expenditures	33,247,527	33,714,861	24,326,356	24,893,732	24,919,331
Revenue credited to the Consolidated Revenue Fund	(146,187)	(254,019)	(285,057)	(303,887)	(296,340)
Estimated Cost of Services provided by departments	76,230	82,733	68,287	54,300	46,865
<b>Net Cost of the Department</b>	<b>33,177,570</b>	<b>33,543,575</b>	<b>24,109,586</b>	<b>24,644,145</b>	<b>24,669,856</b>

\* The Canada Assistance Plan and the Post-Secondary Education Payments were transferred to the Department of Finance in 1996-97 (see figure 10).

## *Supplementary Information*

Figure 8: Details of Revenues by Business Line

(thousands of dollars)	Actual 1994-95	Actual 1995-96	Estimates 1996-97	Estimates 1997-98	Planned 1998-99	Planned 1999-00
<b>Revenue credited to the Vote</b>						
Human Resources Investment	270,170	245,085	263,114	281,241	231,012	217,736
EI Income Benefits	487,490	510,711	418,335	406,647	386,734	392,288
HRCC Management and Joint Services	209,766	198,862	121,757	131,923	134,398	134,934
HRI&I Program	967,426	954,658	803,206	819,811	752,144	744,958
Labour	38,884	36,850	37,500	36,700	36,000	35,300
Income Security	104,350	111,832	104,093	142,418	42,880	40,878
Corporate Services	329,029	277,187	225,519	249,124	232,461	231,451
<b>Total Revenue credited to the Vote</b>	<b>1,439,689</b>	<b>1,380,527</b>	<b>1,170,318</b>	<b>1,248,053</b>	<b>1,063,485</b>	<b>1,052,587</b>
<b>Revenue credited to the CRF</b>						
<b>Human Resources Investment</b>						
Refunds of previous years' expenditures						
Student loan recovery	103,473	110,962	171,500	169,700	173,400	171,900
Student loan-set-off	16,867	17,050	15,400	17,000	17,000	17,000
Recovery of employee benefit costs	-	25,250	28,031	30,324	25,569	24,856
Others	10,050	10,501	-	160	176	193
<b>Subtotal - CRF</b>	<b>130,390</b>	<b>163,763</b>	<b>214,931</b>	<b>217,184</b>	<b>216,145</b>	<b>213,949</b>
<b>EI Income Benefits</b>						
Refunds of previous years' expenditures	-	-	-	-	-	-
Recovery of employee benefit costs	-	44,168	38,959	45,446	42,805	42,805
UI/EI fines	1,220	1,167	-	-	-	-
Actuarial surplus - Annuities	1,893	334	-	-	-	-
<b>Subtotal - CRF</b>	<b>3,113</b>	<b>45,669</b>	<b>38,959</b>	<b>45,446</b>	<b>42,805</b>	<b>42,805</b>
<b>HRCC Management and Joint Services</b>						
Refunds of previous years' expenditures	4,662	4,832	-	-	-	-
Recovery of employee benefit costs	-	14,477	10,032	13,941	14,303	14,365
<b>Subtotal - CRF</b>	<b>4,662</b>	<b>19,309</b>	<b>10,032</b>	<b>13,941</b>	<b>14,303</b>	<b>14,365</b>
<b>Labour</b>						
Service fees	1,222	1,103	1,211	1,141	1,141	1,141
Refunds of previous years' expenditures	381	140	-	-	-	-
Others	234	204	-	-	-	-
<b>Subtotal - CRF</b>	<b>1,837</b>	<b>1,447</b>	<b>1,211</b>	<b>1,141</b>	<b>1,141</b>	<b>1,141</b>
<b>Income Security</b>						
Recovery of employee benefit costs	-	8,683	8,650	11,233	6,393	6,319
Refunds of previous years' expenditures	809	1,030	-	-	-	-
Others	2,914	5	-	25	25	25
<b>Subtotal - CRF</b>	<b>3,723</b>	<b>9,718</b>	<b>8,650</b>	<b>11,258</b>	<b>6,418</b>	<b>6,344</b>
<b>Corporate Services</b>						
Recovery of employee benefit costs	-	12,145	11,274	14,917	15,528	15,567
Refunds of previous years' expenditures	1,799	1,347	-	-	-	-
Others	663	621	-	-	-	-
<b>Subtotal - CRF</b>	<b>2,462</b>	<b>14,113</b>	<b>11,274</b>	<b>14,917</b>	<b>15,528</b>	<b>15,567</b>
<b>Total Revenue credited to the CRF</b>	<b>146,187</b>	<b>254,019</b>	<b>285,057</b>	<b>303,887</b>	<b>296,340</b>	<b>294,171</b>

## Supplementary Information

Figure 9: Transfer Payments by Business Line

(thousands of dollars)	Actual 1994-95	Actual 1995-96	Estimates 1996-97	Estimates 1997-98	Planned 1998-99
<b>Grants</b>					
Human Resources Investment	421,450	424,786	320,269	419,067	233,502
Labour	99	58	60	60	60
Income Security	20,549,974	21,033,847	21,907,000	22,308,000	22,940,000
<b>Total Grants</b>	<b>20,971,523</b>	<b>21,458,691</b>	<b>22,227,329</b>	<b>22,727,127</b>	<b>23,173,562</b>
<b>Contributions</b>					
Human Resources Investment*	11,774,099	11,640,733	1,548,821	1,677,721	1,316,476
Labour	7,650	5,516	5,939	4,639	4,639
<b>Total Contributions</b>	<b>11,781,749</b>	<b>11,646,249</b>	<b>1,554,760</b>	<b>1,682,360</b>	<b>1,321,115</b>
<b>Total Grants and Contributions</b>	<b>32,753,272</b>	<b>33,104,940</b>	<b>23,782,089</b>	<b>24,409,487</b>	<b>24,494,677</b>

\* The Canada Assistance Plan and the Post-Secondary Education Payments were transferred to the Department of Finance in 1996-97 (see figure 10).

Figure 10: Details of Transfer Payments by Business Line

(thousands of dollars)	Actual 1994-95	Actual 1995-96	Estimates 1996-97	Estimates 1997-98	Planned 1998-99
<b>Grants – Business Lines</b>					
<b>Human Resources Investment</b>					
(S) Labour Adjustment Benefits	37,205	25,110	14,000	8,900	5,700
(S) Special Opportunities Grants	-	7,781	23,400	34,700	44,700
Grant to provide income support to fishers affected by the East Coast groundfish crisis	-	-	-	290,587	73,922
Grants to improve employability and to promote employment opportunities	22,878	3,999	55,368	53,535	81,650
Grants to the Sectoral Training Fund	2,864	2,000	-	-	-
Grants under The Atlantic Groundfish Strategy	264,219	357,978	197,872	-	-
Grant to the National Ballet School of Canada	1,000	-	-	-	-
Grant to the National Theatre School of Canada	1,500	-	-	-	-
Grants to provide transitional income assistance under The Atlantic Groundfish Strategy	51,931	-	-	-	-
Students with Permanent Disabilities	1,200	-	-	-	-
National Welfare Grants	2,174	1,679	1,982	3,815	-
Literacy	19,773	20,050	24,300	24,300	24,300
Disabled Persons Participation	6,805	6,012	3,170	3,230	3,230
Womens' Program	9,724	-	-	-	-
Membership fees to International Organizations	177	177	177	-	-
	<b>421,450</b>	<b>424,786</b>	<b>320,269</b>	<b>419,067</b>	<b>233,502</b>
<b>Labour</b>					
Fire Prevention Canada	9	8	7	7	7
Fire safety organizations	23	20	19	19	19
Occupational Safety and Health program objectives	30	16	15	15	15
Standards-writing associations	7	7	12	12	12
Marion V. Royce Memorial	23	0	-	-	-
(S) Merchant seamen compensation	7	7	7	7	7
	<b>99</b>	<b>58</b>	<b>60</b>	<b>60</b>	<b>60</b>
<b>Income Security</b>					
(S) Old Age Security	15,478,361	15,998,567	16,743,000	17,140,000	17,690,000
(S) Guaranteed Income Supplement	4,604,118	4,627,765	4,745,000	4,778,000	4,864,000
(S) Spouse's Allowance	428,926	407,515	419,000	390,000	386,000
(S) Children's Special Allowances	38,569	-	-	-	-
	<b>20,549,974</b>	<b>21,033,847</b>	<b>21,907,000</b>	<b>22,308,000</b>	<b>22,940,000</b>
<b>Total Grants</b>	<b>20,971,523</b>	<b>21,458,691</b>	<b>22,227,329</b>	<b>22,727,127</b>	<b>23,173,562</b>

## *Supplementary Information*

Figure 10: Details of Transfer Payments by Business Line - Cont'd

(thousands of dollars)	Actual 1994-95	Actual 1995-96	Estimates 1996-97	Estimates 1997-98	Planned 1998-99
<b>Contributions - Business Lines</b>					
<b>Human Resources Investment</b>					
(S) Interest payments under CSL Act	208,686	142,834	110,500	47,000	24,000
(S) Liabilities under CSL Act	320,514	625,839	256,200	222,000	159,000
(S) Interest payments and liabilities under CSFA Act	-	68,000	253,200	347,400	450,700
Sub-total CSL	529,200	836,673	619,900	616,400	633,700
(S) Canada Assistance Plan	7,279,418	7,184,539	-	-	-
(S) Post-Secondary Education Payments	2,485,711	2,365,270	-	-	-
<b>Payments to facilitate the efficient functioning of the</b>					
Canada labour market	1,115,344	877,355	586,208	741,906	426,360
Agricultural Employment Services	11,648	7,155	1,400	-	-
Older Workers Adjustment Program	59,153	41,080	27,500	-	-
Income Supplement Program for Older Workers	1,222	-	-	-	-
Fish Plant Older Worker Adjustment Program	-	9,273	-	-	-
Vocational Rehabilitation of Disabled Persons	200,900	188,800	155,000	168,000	168,000
Alcohol and Drug Treatment and Rehabilitation	30,374	15,500	15,500	15,500	15,500
New Brunswick Works	7,274	6,000	4,675	1,174	-
Child Care - Visions and First Nations/Inuit	4,982	8,052	31,100	45,224	41,224
Learning Initiatives	1,215	1,556	1,025	925	-
Students with Permanent Disabilities	2,256	-	-	-	-
<b>Contribution to welfare agencies and to projects in</b>					
support of persons with disabilities	17,805	10,075	3,333	-	-
Literacy	3,736	3,989	-	-	-
Strategic Initiatives	23,861	85,416	103,180	88,592	31,692
	11,774,099	11,640,733	1,548,821	1,677,721	1,316,476
<b>Labour</b>					
Labour Education Program	4,746	3,484	-	-	-
Labour-Management Partnerships Program	2,287	1,043	2,939	2,439	2,439
Workplace Equality Fund	67	-	-	-	-
Labour Commission	550	989	3,000	2,200	2,200
	7,650	5,516	5,939	4,639	4,639
<b>Total Contributions</b>	11,781,749	11,646,249	1,554,760	1,682,360	1,321,115
<b>Grand Total Grants and Contributions</b>	32,753,272	33,104,940	23,782,089	24,409,487	24,494,677

## *Supplementary Information*

Figure 11: Presentation by Standard Object

(thousands of dollars)	Actual 1994-95	Actual 1995-96	Estimates 1996-97	Estimates 1997-98	Planned 1998-99
<b>Personnel</b>					
Salaries and wages	1,026,859	1,064,385	887,815	847,285	779,307
Contributions to employee benefit plans	132,033	139,316	128,728	144,032	132,269
Compensation respecting government employees and merchant seamen	82,688	83,794	79,400	77,700	76,200
TB Insurance premium and Labour program	42,678	-	-	-	-
Ministers' salary and motor car allowance	53	97	98	98	98
	1,284,311	1,287,592	1,096,041	1,069,115	987,874
<b>Goods and Services</b>					
Transportation and Communications	124,712	120,535	128,191	104,944	
Information	26,530	23,503	28,642	20,392	
Provincial administration of government employees and merchant seamen compensation legislation	15,609	14,349	15,200	14,900	
Professional and special services	227,246	296,066	233,936	280,328	
Rental of buildings	111,349	101,296	113,016	119,522	
Other rentals	21,219	22,111	17,637	20,521	
Purchased repair and upkeep	18,095	17,793	15,570	10,774	
Utilities, materials and supplies	27,870	31,157	25,798	26,027	
Capital Expenditures	73,197	71,384	35,233	58,566	
Other government departments' salary expenses/general damages to claimants - third-party compensation claims	622	705	1,000	1,000	
Other subsidies and payments	3,184	3,957	4,321	6,209	
	649,633	702,856	618,544	663,183	500,265
<b>Total operating</b>	<b>1,933,944</b>	<b>1,990,448</b>	<b>1,714,585</b>	<b>1,732,298</b>	<b>1,488,139</b>
<b>Grants and Contributions</b>					
Voted	1,871,757	1,651,713	1,217,782	1,441,480	870,570
Statutory	30,881,515	31,453,227	22,564,307	22,968,007	23,624,107
	32,753,272	33,104,940	23,782,089	24,409,487	24,494,677
<b>Gross Expenditures</b>	<b>34,687,216</b>	<b>35,095,388</b>	<b>25,496,674</b>	<b>26,141,785</b>	<b>25,982,816</b>
<b>Revenue credited to the Vote</b>					
EI Account	(1,293,229)	(1,223,528)	(1,024,601)	(1,062,293)	(978,510)
CPP Account	(108,562)	(121,098)	(109,391)	(150,225)	(50,208)
Agencies	(37,898)	(35,901)	(36,326)	(35,535)	(34,767)
	(1,439,689)	(1,380,527)	(1,170,318)	(1,248,053)	(1,063,485)
<b>Net Budgetary Expenditures</b>	<b>33,247,527</b>	<b>33,714,861</b>	<b>24,326,356</b>	<b>24,893,732</b>	<b>24,919,331</b>

## 5. Statutory Reports

### 5.1 Canada Student Loans Program

The Canada Student Loans Program (CSLP) assists students by providing them 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, 1996, \$12.1 billion in loans were negotiated by 2.7 million full-time students.

The payments made in any fiscal year under the Canada Student Loans Act and the new 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 university, college and private training institution enrollment, fee levels, cost of living, and the general economic climate, including the level of unemployment.

Under the Canada Student Loans Act and the Canada Student Financial Assistance Act, statutory expenditures will be 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 of Canada honours its guarantee by paying the lending institution the full amount of the unpaid principal, plus accrued interest.
- **Interest Subsidy:** The Government of Canada 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 a claim has been paid by the Government, the CSLP takes responsibility for collecting from the borrower. This usually involves sending the loan to a collection agency under contract with the Government. 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.

- **Loans Forgiven:** Pursuant to the Canada Student Loans Act and the Canada Student Financial Assistance Act, the Government pays the lending institution, under the terms of the repayment guarantee, 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.
- **Risk Premium:** Subject to the provisions of the contract with lender(s), the CSLP will pay to the lender(s) a risk premium based on the value of loans consolidated for repayment in that year.
- **Special Opportunity Grants (SOGs):** Three new grants programs exist to 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).
- **Administrative Fees to Provinces and territories:** Pursuant to the Canada Student Financial Assistance Act, the Government of Canada 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 lender(s), the CSLP will purchase from the lender(s) 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.



Figure 12: Statutory Expenditures and Revenues from Recoveries and Guarantee Fees for the CSLP for the following Fiscal Years <sup>1</sup>

(thousands of dollars)	Actual 1994-95	Actual 1995-96	Estimates 1996-97	Estimates 1997-98	Planned 1998-99	Planned 1999-00
Claims paid	201,696	435,947	219,600	188,400	127,900	65,400
Interest subsidy	193,547	193,293	192,000	189,000	201,000	216,000
Alternative payments to Quebec and Northwest Territories	93,791	164,437	109,200	119,000	102,600	113,100
Collection costs	20,761	18,875	31,200	31,100	31,800	31,500
Interest relief	15,139	17,541	46,500	38,000	51,000	54,000
Loans forgiven	4,266	6,371	5,400	4,600	3,100	1,600
Risk premium	N.A.	208	16,000	36,000	56,000	73,000
Special Opportunity Grants	N.A.	7,782	23,400	34,700	44,700	44,700
Administrative Fees to Provinces Put Back	N.A.	N.A.	N.A.	9,300	9,400	9,400
	N.A.	N.A.	N.A.	1,000	3,000	4,000
<b>Total statutory expenditures</b>	<b>529,200</b>	<b>844,454</b>	<b>643,300</b>	<b>651,100</b>	<b>630,500</b>	<b>612,700</b>
Recoveries by collection agencies, legal agents and CSLP	103,473	110,962	171,500	169,700	173,400	171,900
Set-offs of income tax refunds	16,867	17,050	15,400	17,000	17,000	17,000
<b>Total - Recoveries</b>	<b>120,340</b>	<b>128,012</b>	<b>186,900</b>	<b>186,700</b>	<b>190,400</b>	<b>188,900</b>
Guarantee fees	3	1	N.A.	N.A.	N.A.	N.A.
<b>Total Revenues</b>	<b>120,343</b>	<b>128,013</b>	<b>186,900</b>	<b>186,700</b>	<b>190,400</b>	<b>188,900</b>
Number of full-time and part-time students assisted <sup>2</sup>	340,805	365,721	360,000	385,000	397,000	409,000
Number of claims paid	34,981	69,541	39,152	33,155	23,281	12,733

1. April 1 to March 31

2. These figures correspond to loan years that begin August 1 and end July 31.

N.A. - not applicable

Figure 13 indicates that as of March 31, 1996, \$12.1 billion in loans were negotiated by 2.7 million full-time students since 1964.

Figure 13: Financial Indicators for the Following Fiscal Years\*

(thousands of dollars)	Actual 1994-95	Actual 1995-96	Estimates 1996-97	Estimates 1997-98
<b>Loans Guaranteed</b>				
Value of loans guaranteed since inception (principal only)	10,582,188	10,854,764	10,619,742	10,854,764
<b>Outstanding Loan Guarantees</b>				
Loans to students in school (Class A)	2,607,067	1,499,292	1,505,842	504,362
Loans to borrowers in repayment to lenders (Class B)	2,181,781	2,686,931	2,177,208	2,414,827
Total year-end contingent liability (principal and costs)	4,788,848	4,186,223	3,683,050	2,919,189
<b>Claims Paid</b>				
Claims paid since inception	1,789,715	2,225,662	2,424,715	2,613,115
Loans forgiven since inception	29,101	35,472	44,701	49,301
Total claims paid since inception (principal and costs)	1,818,816	2,261,134	2,469,416	2,662,416
<b>Recoveries on Claims Paid</b>				
Recoveries since inception (principal and costs)	743,985	839,995	1,000,635	1,140,660
<b>Risk-shared loans</b>				
Value of risk-shared loans since inception (principal only)	N.A.	1,223,141	2,691,141	4,261,141
<b>Outstanding risk-shared loans</b>				
Loans to students in school (Class A)	N.A.	1,218,979	2,362,800	3,355,322
Loans to students in school (Class B)	N.A.	4,162	262,673	672,121
Total (principal only)	N.A.	1,223,141	2,625,473	4,027,443
Risk premium paid since inception	N.A.	208	16,000	36,000
Put-back paid since inception	N.A.	N.A.	N.A.	1,000
Total (principal only)	N.A.	208	16,000	37,000

\* April 1 to March 31

N.A. - not applicable

Figure 14 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 of Canada.

Figure 14: Accounts Receivable for the Following Fiscal years <sup>1</sup> and Aging of Accounts Receivable as of March 31, 1996, for the Fiscal Year 1995-96

(thousands of dollars)	Actual 1994-95	Actual 1995-96	Estimates 1996-97	Estimates 1997-98
Gross accounts receivable <sup>2</sup>	1,273,286	1,411,075	1,456,238	1,582,342
Allowance for doubtful accounts	615,456	807,557	833,404	905,573
Net accounts receivable	657,830	603,518	622,834	676,769

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.

Aging of Net Accounts Receivables by date of claim paid as of March 31, 1996, for Fiscal Year 1995-96

0-1 year	%	1-3 years	%	3-5 years	%	5-8 years	%	8 years & over	%	Total
265,589	44	84,440	14	78,424	13	107,870	18	67,195	11	603,518

Figure 15 shows the various interest rates in effect for each loan year applicable to loans guaranteed under the Canada Student Loans Act.

Figure 15: Interest Rates for Canada Student Loans 1993-94 to 1996-97\*

Percentage	Actual 1993-94	Actual 1994-95	Actual 1995-96	Actual 1996-97
Minister's rate	7.500	8.125	8.750	7.625
Mixed rate	9.750	9.375	N.A.	N.A.
Student rate	8.625	9.000	9.250	8.375

\*August 1 to July 31

N.A. - not applicable

New arrangements with the lender(s) 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 1995-96 loan year, some 82,803 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 16: Interest Relief Statistics for the Following Loan Years\*

	Actual 1992-93	Actual 1993-94	Actual 1994-95	Preliminary Estimates 1995-96
Number of Applications				
Processed	81,195	91,435	82,030	82,803
Accepted	71,976	81,921	73,434	70,939
Number of Borrowers				
Processed	46,682	51,962	51,735	56,772
Accepted	39,474	44,175	45,368	47,724
Value of accepted interest relief (thousands of dollars)	14,578	15,922	14,953	18,624

\*August 1 to July 31

Figure 17 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 3,757 students from the participating provinces attending university in Quebec also received Canada student loans.

Figure 17: Percentage of Full-Time University Students by Province in Receipt

(percentage)	Actual 1992-93	Actual 1993-94	Actual 1994-95	Preliminary Estimates 1995-96
Newfoundland	54	54	52	55
Prince Edward Island	46	44	38	21
Nova Scotia	40	38	37	39
New Brunswick	47	44	38	36
Quebec <sup>1</sup>	2	3	3	3
Ontario	30	35	37	39
Manitoba	38	37	27	26
Saskatchewan	42	40	38	37
Alberta	32	32	30	34
British Columbia	32	31	31	33
Canada	26	26	28	29

1. August 1 to July 31

2. The percentage for 1995-96 requires further clarification and correction, if any, will be provided in next year's report

3. The Province of Quebec and the Northwest Territories do not participate in the Canada Student Loans Program.

of a Canada Student Loan for the Following Loan Years <sup>1</sup>

Figure 18 shows the assistance provided by the number of students and value of certificates issued. Figure 19 shows the value of loans negotiated by the number of students.

Figure 18: Value of Loan Certificates Issued by Number of Students Awarded CSL for the Following Years\*

	Actual 1992-93		Actual 1993-94		Actual 1994-95		Preliminary Estimates 1995-96	
	Value of Loan (\$000)	No. of Students	Value of Loan (\$000)	No. of Students	Value of Loan (\$000)	No. of Students	Value of Loan (\$000)	No. of Students
	Full-time							
Newfoundland	36,613	11,886	42,277	12,855	61,107	13,955	82,234	16,965
Prince Edward Island	6,628	2,296	6,820	2,288	8,388	2,308	3,563	1,094
Nova Scotia	44,664	14,518	47,417	14,959	56,882	14,928	56,948	16,286
New Brunswick	49,534	14,604	49,066	14,201	37,975	11,908	33,789	10,894
Ontario	413,300	145,374	568,688	165,895	757,977	188,825	833,053	200,728
Manitoba	42,181	12,324	39,448	11,449	37,430	10,098	39,780	10,247
Saskatchewan	59,369	17,084	56,317	16,130	62,587	15,492	62,484	15,562
Alberta	132,813	39,887	141,277	41,543	128,423	36,310	156,474	41,626
British Columbia	133,403	37,658	144,031	40,011	203,819	43,597	227,824	48,704
Yukon	1,297	400	1,252	379	1,119	319	1,334	319
Total	919,802	296,031	1,096,593	319,710	1,355,707	337,740	1,497,483	362,425
Part-time	4,563	2,268	4,891	2,392	8,538	3,065	8,663	3,296
Grand total	924,365	298,299	1,101,484	322,102	1,364,245	340,805	1,506,146	365,721

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

Figure 19: Value of Loans Negotiated and the Number of Students Who Negotiated a Loan for the Following Years\*

	Actual 1992-93		Actual 1993-94		Actual 1994-95		Preliminary Estimates 1995-96	
	Value of Loan (\$000)	No. of Students	Value of Loan (\$000)	No. of Students	Value of Loan (\$000)	No. of Students	Value of Loan (\$000)	No. of Students
	Full-time							
Newfoundland	35,851	11,740	37,048	11,936	52,879	12,882	74,833	15,862
Prince Edward Island	6,394	2,211	6,364	2,132	5,858	1,904	3,242	1,023
Nova Scotia	42,926	13,905	44,982	14,165	51,843	13,755	51,823	15,227
New Brunswick	42,433	13,427	42,352	12,561	33,113	10,734	30,748	10,186
Ontario	395,655	139,299	553,626	162,794	721,996	180,944	758,078	187,681
Manitoba	35,323	12,066	38,380	11,177	35,423	9,629	36,200	9,581
Saskatchewan	56,343	16,280	53,583	15,479	58,458	14,663	56,860	14,550
Alberta	117,876	36,649	125,124	38,305	117,206	34,656	142,391	38,920
British Columbia	113,056	35,350	117,622	36,685	176,873	39,397	207,320	45,538
Yukon	784	385	734	366	642	299	1,214	298
Total	846,641	281,312	1,019,815	305,600	1,254,291	318,863	1,362,710	338,867
Part-time	2,548	1,280	3,004	1,414	5,891	2,112	5,371	1,887
Grand total	849,189	282,592	1,022,819	307,014	1,260,182	320,975	1,368,081	340,754
Average value of loans negotiated (\$)								
- Full-time	3,010		3,337		3,934		4,021	
- Part-time	1,991		2,124		2,789		2,846	

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

As of August 1, 1994, the loan limit for a student in full-time studies was increased from \$105 to \$165 per week. The ceiling on part-time loans was increased from \$2,500 to \$4,000 per year.

Figure 20 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 20. In 1995-96, 55% of those negotiating loans were women. This percentage is comparable with 1990-91 when 55% of recipients were women. Currently women represent over one half of all students at Canadian post-secondary institutions. However at the doctoral level, only one third of the students are women and women remain under-represented in certain fields such as sciences and engineering. Special Opportunity Grants for women pursuing certain doctoral studies was established in 1995-96 to increase the representation of women in PhD. programs.

Figure 20: Distribution of Full-Time Student Loans Negotiated by Age Group, Institution Type, Indebtness and Gender for the Following Loan Years\*

	Actual		Actual		Actual		Preliminary	
	1992-93		1993-94		1994-95		Estimates	
	No.	%	No.	%	No.	%	No.	%
<b>Loans Negotiated by Age Group</b>								
Under 25	198,676	71	213,803	70	221,640	70	232,296	69
25-29 Years	46,301	16	50,082	16	52,436	16	56,682	17
30-34 Years	18,432	7	20,855	7	22,070	7	23,813	7
35 & Over	17,903	6	20,860	7	22,717	7	26,077	8
<b>Total</b>	<b>281,312</b>	<b>100</b>	<b>305,600</b>	<b>100</b>	<b>318,863</b>	<b>100</b>	<b>338,867</b>	<b>100</b>
<b>Loans Negotiated by Institution Type</b>								
Universities	154,771	55	165,082	54	167,548	53	170,269	50
Colleges/Institutes	93,899	33	104,706	34	110,083	35	118,302	35
Private	29,697	11	33,556	11	39,601	12	49,163	15
Other	2,945	1	2,256	1	1,631	1	1,133	0
<b>Total</b>	<b>281,312</b>	<b>100</b>	<b>305,600</b>	<b>100</b>	<b>318,863</b>	<b>100</b>	<b>338,867</b>	<b>100</b>
<b>Indebtedness</b>								
Less than \$5,000	159,987	57	158,446	52	137,217	43	149,183	44
\$5,000 - \$10,000	78,439	28	94,348	31	111,438	35	107,300	32
\$10,000 - \$15,000	30,084	11	37,694	12	46,251	15	49,969	15
Over \$15,000	12,802	5	15,112	5	23,957	8	32,416	10
<b>Total</b>	<b>281,312</b>	<b>100</b>	<b>305,600</b>	<b>100</b>	<b>318,863</b>	<b>100</b>	<b>338,867</b>	<b>100</b>
<b>Loans Negotiated by Gender</b>								
Female	151,853	54	166,287	54	174,005	55	185,694	55
Male	129,459	46	139,313	46	144,858	45	153,174	45
<b>Total</b>	<b>281,312</b>	<b>100</b>	<b>305,600</b>	<b>100</b>	<b>318,863</b>	<b>100</b>	<b>338,867</b>	<b>100</b>

\* August 1 to July 31

Almost 95% of Canada student loans were made by banks in 1995-96, with the balance being made by other lending institutions such as Caisse Populaires and Credit Unions.

Figure 21: Distribution of Full-Time Student Loans Negotiated by Lending Institution for the Following Loan Years\*

	Actual 1992-93		Actual 1993-94		Actual 1994-95		Preliminary Estimates 1995-96	
	(\$000s)	%	(\$000s)	%	(\$000s)	%	(\$000s)	%
Bank of Montreal <sup>1</sup>	119,201	14	147,968	15	174,504	14	23,324	2
Bank of Nova Scotia	111,909	13	138,664	14	176,680	14	241,473	18
Royal Bank of Canada	255,559	30	302,953	30	357,595	29	504,158	37
Toronto Dominion Bank <sup>1</sup>	96,746	11	128,668	13	161,106	13	20,341	1
Canadian Imperial Bank of Commerce	187,390	22	234,283	23	308,316	25	496,075	36
Other banks	10,667	1	11,529	1	11,481	1	11,771	1
<b>Total</b>	<b>781,472</b>	<b>92</b>	<b>964,065</b>	<b>95</b>	<b>1,189,682</b>	<b>95</b>	<b>1,297,142</b>	<b>95</b>
Other lending institutions	65,169	8	55,749	5	64,609	5	65,567	5
<b>Grand total</b>	<b>846,641</b>	<b>100</b>	<b>1,019,814</b>	<b>100</b>	<b>1,254,291</b>	<b>100</b>	<b>1,362,710</b>	<b>100</b>

\* August 1 to July 31

1. Preliminary Estimates for the Bank of Montreal and the Toronto Dominion Bank represent certificates issued in 1994-95 with a period of study end date in 1995-96.

In the 1995-96 loan year, CSLP reimbursed lenders' claims for 64,262 defaulted loans. As shown in Figure 22, the average value of these defaulted loans was \$6,416, and 40% of all defaults occurred on loans of less than \$5,000.

Figure 22: Distribution of Claims Paid for the following Loan Years\*

	Actual 1992-93		Actual 1993-94		Actual 1994-95		Preliminary Estimates 1995-96	
	No.	%	No.	%	No.	%	No.	%
Less than \$2,500	8,180	28	7,635	25	6,792	22	16,066	25
\$2,500 to \$5,000	10,642	37	12,025	39	11,873	38	9,638	15
\$5,000 to \$10,000	6,250	21	6,710	22	7,476	24	22,492	35
More than \$10,000	4,007	14	4,525	15	5,116	16	16,066	25
<b>Total</b>	<b>29,079</b>	<b>100</b>	<b>30,895</b>	<b>100</b>	<b>31,257</b>	<b>100</b>	<b>64,262</b>	<b>100</b>
Average value of claims paid (\$)	5,402		5,655		6,026		6,416	

\* August 1 to July 31



5.2 Statutory Report — Income Security Program, Old Age Security

Figure 23: Summary of Maximum Monthly Benefits

(dollars)	Basic Pension	Guaranteed Income Supplement		Spouse's Allowance		Increase
		Single	Married	Regular	Extended	
Fiscal Year						
Monthly benefit by fiscal year						
Estimates 1997-98						
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 (est)	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%
1995-96						
January 1, 1996	394.76	469.13	305.57	700.33	773.16	0.0%
October 1, 1995	394.76	469.13	305.57	700.33	773.16	0.6%
July 1, 1995	392.41	466.33	303.75	696.16	768.55	1.0%
April 1, 1995	388.52	461.71	300.74	689.26	760.94	0.2%
Fiscal year averages (annual benefits)						
1997-98	4,856.70	5,771.70	3,759.48	8,616.18	9,512.19	
1996-97 (est)	4,782.27	5,683.23	3,701.82	8,484.09	9,366.39	
1995-96	4,711.35	5,598.90	3,646.89	8,358.24	9,227.43	

Figure 24: Forecast of Disbursements (millions of dollars)

FISCAL YEAR	Old Age Security	Guaranteed Income Supplement	Spouse's Allowance	TOTAL
1999-00	18,879	4,674	376	23,929
2000-01	19,821	4,821	382	25,024
2001-02	20,824	4,987	391	26,202
2002-03	21,853	5,161	406	27,420
2003-04	22,950	5,353	424	28,727
2004-05	24,125	5,568	443	30,136
2005-06	25,380	5,813	464	31,657
2006-07	26,758	6,088	488	33,334
2007-08	28,252	6,388	519	35,159
2008-09	29,906	6,723	550	37,179
2009-10	31,668	7,089	584	39,341

Source: Based on the third Actuarial Report, from the Office of the Superintendent of Financial Institutions, as at Decemb

Figure 25: Number of Persons Receiving Old Age Security Benefits, by Province or Territory and by Type

Province or territory	March 1995				March 1996			
	Old Age Security Pension (OAS)	Guaranteed Income Supplement (GIS)	Spouse's Allowance	GIS as % of OAS Pension	Old Age Security Pension (OAS)	Guaranteed Income Supplement (GIS)	Spouse's Allowance	GIS as % of OAS
Newfoundland	59,039	42,576	4,580	72.12	60,011	42,731	4,476	71.21
Prince Edward Island	17,239	10,206	842	59.20	17,310	9,935	781	57.39
Nova Scotia	117,666	61,585	5,476	52.34	118,823	60,411	5,274	50.84
New Brunswick	92,439	52,583	4,823	56.88	93,530	52,183	4,672	55.79
Quebec	834,500	432,240	38,031	51.80	855,948	431,345	35,580	50.39
Ontario	1,259,160	386,897	29,742	30.73	1,289,416	382,956	27,899	29.70
Manitoba	151,064	64,313	4,557	42.57	151,866	63,348	4,412	41.71
Saskatchewan	144,200	64,712	4,928	44.88	145,458	64,084	4,590	44.06
Alberta	251,641	98,764	8,263	39.25	259,428	98,580	8,017	38.00
British Columbia	444,164	150,198	9,942	33.82	454,725	149,723	9,339	32.93
Yukon	1,289	543	44	42.13	1,359	537	46	39.51
Northwest Territories	1,783	1,300	156	72.91	1,876	1,339	145	71.38
International*	45,834	10,743	355	23.44	50,432	10,913	327	21.64
<b>TOTAL</b>	<b>3,420,018</b>	<b>1,376,660</b>	<b>111,739</b>	<b>40.25</b>	<b>3,500,182</b>	<b>1,368,085</b>	<b>105,558</b>	<b>39.09</b>

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

Figure 26: Old Age Security Payments, by Province or Territory and by Type, Fiscal Year 1995-96

(thousands of dollars)	Old Age Security Pension	Guaranteed Income Supplement	Spouse's Allowance	TOTAL
Newfoundland	282,063	147,664	21,227	450,954
Prince Edward Island	81,546	34,711	3,429	119,686
Nova Scotia	557,724	197,220	20,837	775,781
New Brunswick	438,826	172,304	20,024	631,154
Quebec	3,979,383	1,446,463	133,941	5,559,787
Ontario	5,926,235	1,272,477	100,490	7,299,202
Manitoba	711,367	208,572	17,561	937,500
Saskatchewan	686,304	208,677	18,309	913,290
Alberta	1,189,729	334,266	32,054	1,556,049
British Columbia	2,076,546	512,219	35,783	2,624,548
Yukon	6,462	2,035	197	8,694
Northwest Territories	8,788	5,596	1,062	15,446
International*	53,594	85,561	2,601	141,756
<b>TOTAL</b>	<b>15,998,567</b>	<b>4,627,765</b>	<b>407,515</b>	<b>21,033,847</b>

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

## 6. Program Evaluation

### Evaluations

As part of its annual plan, the Evaluation and Data Development focused this year on informing senior management as to the performance of its human resources development policies and its key departmental programs and priorities. Highlights of evaluations covering key programs and initiatives are provided in this chapter. Further information on all evaluation activities can be found in the 1996-97 HRDC Audit and Evaluation Plan.

### CPP Disability Component

In 1996-97, an evaluation of the disability benefit component of the CPP (Canada Pension Plan) was completed. The evaluation looked at the importance of CPP disability benefits to the incomes of persons with disabilities; the continuing need for a CPP disability pension; reasons for the recent case load increase; consistency in the application of eligibility criteria and adjudication processes; and the potential role for rehabilitation and reassessment. Results of this evaluation include:

- The increase in the number of beneficiaries (from about 90,000 in 1981 to almost 300,000 in 1995—with the largest rise taking place between 1991 and 1994) was due to economic fluctuations, expanded eligibility due to legislative changes, and referrals from provincial social assistance and private disability insurance plans. This increase in CPP disability case load experienced in the early 1990s ended in 1993-94, and case loads growth is now neutral.
- Persons with disabilities may receive benefits from more than one provider of earnings replacement, including CPP, Workers' Compensation Board, Provincial or Territorial social assistance, private long-term disability insurance (LTDI) and auto accident insurance benefits. Some stakeholders perceive a lack of interprovincial equity in the overall income replacement system.
- There is no evidence that more generous CPP disability adjudication resulted in inappropriate increases in grants. Quality assurance, however, in adjudication could be improved by the introduction of new guidelines or tools to improve efficiency in administration.
- CPP disability dedicates few resources to rehabilitation efforts despite the decreasing average age of the CPP disability beneficiary population. There is potential for significantly expanded rehabilitation and reassessment efforts within the CPP.
- International competitiveness goals are served by the fact that the CPP disability component was found to be similar to programs operated by Canada's other

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trading partners. Furthermore, the problems faced by the CPP disability program (e.g., increases in case loads and costs) were similar to those facing comparable programs operated by Canada's major trading partners.

### Strategic Initiatives

Formative evaluations have been completed on six of HRDC's Strategic Initiatives. These evaluations examine implementation and provide early information so that changes can be made to improve program delivery. Detailed information on these evaluations are available at Evaluation and Data Development. The Initiatives are:

- NB Job Corps, an \$80-million partnership between HRDC and the New Brunswick Department of Advanced Education and Labour and Human Resources Development New Brunswick, provides older workers aged 50 to 65 years with the opportunity to free themselves from passive support and to contribute to the development of their community. The process evaluation found that NB Job Corps is meeting the needs of both participants and employers.
- Investing In People, an \$8-million partnership between HRDC and the Northwest Territories Department of Employment, Culture and Employment. The Program is targeted to individuals in receipt of, or eligible to receive, social assistance and in need of further training or work experience. The process evaluation found that survey respondents were generally satisfied with the design, supports and different components of the projects.
- Nova Scotia Compass, a \$15-million partnership between HRDC and the Nova Scotia Department of Community Services, provides employment opportunities and/or work experience to job-ready social assistance recipients. The process evaluation found that the Compass Program provided a valuable job-placement tool for the job-ready Social Assistance Recipients client.
- Success Nova Scotia 2000, a five-year, \$13.94-million partnership jointly funded by HRDC and the Nova Scotia Department of Education and Culture, covers the period Oct. '94 to March '99. The NS Links component of this initiative is designed to assist post-secondary students in bridging the gap between education and work. NS Links is doing a good job in helping Nova Scotia students to obtain career-related work experience. As well, employers are generally pleased with the program and support its goals of student development.
- Integrated Training Centres for Youth, a \$3.74-million partnership between HRDC and the Alberta Departments of Advanced Education and Career Development and Family and Social Services, is targeted to youths who have not completed high school and who may be at risk of long-term dependency on social assistance. The process evaluation found that the three integrated training centres,

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operated by non-governmental organizations, each offer a range of programs and services designed to integrate practical job skill training with life management.

- Choice and Opportunity , a \$5-million partnership between PEI Health and Social Services, the Canadian and PEI Associations of Community Living and HRDC, will assist in the redesign of existing programs, delivery mechanisms and supports for individuals with intellectual disabilities. The formative evaluation found that the development of a resourcing model was more complex than anticipated. Demonstration of the model could be initiated during the first two years. Database analysis found significant gaps in the information needed to support the costing of services. Areas identified for improvement included internal and external communications, matrix management, strategic planning and team building.

### National Longitudinal Survey of Children and Youth

The National Longitudinal Survey of Children and Youth (NLSCY) was established in 1992 for five years with \$11 million, as part of an interdepartmental Child Development Initiative to address the conditions of risk that threaten children's health and well being. Treasury Board required that departments participating in this strategy report by March 1997 on their projects. The survey was designed, in conjunction with Statistics Canada, to produce a national database of characteristics and prevalence of risk factors for children and youth, and to monitor the impacts over time. The primary conclusion from the evaluation is that the NLSCY fills an important gap in current Canadian research on children at risk. The NLSCY design is unique in that it provides a combination of a national sample, broad topic coverage, and longitudinal methodology. It is widely expected, among potential users and key informants, that the NLSCY will generate solid new knowledge about the interrelation of various risk factors to children's wellbeing.

### UI Evaluation Series

In the spring of 1993, the Department began a comprehensive evaluation of the UI Regular Benefits. The evaluation comprised a series of 25 studies done by HRDC evaluators, academic researchers and outside agencies such as Statistics Canada. These evaluation studies cover a wide variety of issues concerning UI Regular Benefits: the impact of UI on employers' and workers' behaviour; the impact of UI on the labour market; the effectiveness of UI as a macroeconomic stabilizer; the interaction of UI and Social Assistance; and the effect of UI on income distribution and living standards. Nine evaluation studies were released in 1995 and thirteen additional studies have been released in 1996. This evaluation series introduced new evidence on the impacts of unemployment insurance that informed the public discussion on social security reform and helped to shape the new Employment Insurance reforms embodied in the C-12 legislation.

## 7. References

Further information on some subjects discussed in HRDC's Part III of the Estimates is available in separate reports. The following is a list of these reports. These and other departmental information and publications can be obtained from HRDC's Public Enquiries Centre (1-819-994-6313) or from the Canada Communications Group Publishing Centre (1-819-956-4800).

- The Public Accounts;
- Annual Report;
- Employment Insurance Act;
- Employment Insurance Account, Report on the financial transactions;
- Annual Report of the Canada Pension Plan;
- Annuities Annual Report;
- Employment Equity Act – Annual Report;
- Canada Assistance Plan – Annual Report;
- Federal-Provincial Support to Post-Secondary Education in Canada – A Report to Parliament;
- Guide to Human Resources Development Canada (Services for Canadians);
- Sectoral Activities, Update Report, Spring 1995;
- Canadian Position with Respect to (ILO) Conventions and Recommendations.

Other Main Estimates – Part III documents under HRD's umbrella.

- Canada Labour Relations Board;
- Canadian Artists and Producers Professional Relations Tribunal;
- Canadian Centre for Occupational Health and Safety.