



Human Resources Development Canada

2002-2003
Estimates

Part III – Report on Plans and Priorities

Canada

The Estimates Documents

Each year, the government prepares Estimates in support of its request to Parliament for authority to spend public monies. This request is formalized through the tabling of appropriation bills in Parliament. The Estimates, which are tabled in the House of Commons by the President of the Treasury Board, consist of three parts:

Part I – The Government Expenditure Plan provides an overview of federal spending and summarizes both the relationship of the key elements of the Main Estimates to the Expenditure Plan (as set out in the Budget).

Part II – The Main Estimates directly support the *Appropriation Act*. The Main Estimates identify the spending authorities (votes) and amounts to be included in subsequent appropriation bills. Parliament will be asked to approve these votes to enable the government to proceed with its spending plans. Parts I and II of the Estimates are tabled concurrently on or before 1 March.

Part III – Departmental Expenditure Plans which is divided into two components:

- (1) **Reports on Plans and Priorities (RPPs)** are individual expenditure plans for each department and agency (excluding Crown corporations). These reports provide increased levels of detail on a business line basis and contain information on objectives, initiatives and planned results, including links to related resource requirements over a three-year period. The RPPs also provide details on human resource requirements, major capital projects, grants and contributions, and net program costs. They are tabled in Parliament by the President of the Treasury Board on behalf of the ministers who preside over the departments and agencies identified in Schedules I, I.1 and II of the *Financial Administration Act*. These documents are tabled in the spring and referred to committees, which then report back to the House of Commons pursuant to Standing Order 81(4).
- (2) **Departmental Performance Reports (DPRs)** are individual department and agency accounts of accomplishments achieved against planned performance expectations as set out in respective RPPs. These Performance Reports, which cover the most recently completed fiscal year, are tabled in Parliament in the fall by the President of the Treasury Board on behalf of the ministers who preside over the departments and agencies identified in Schedules I, I.1 and II of the *Financial Administration Act*.

The Estimates, along with the Minister of Finance's Budget, reflect the government's annual budget planning and resource allocation priorities. In combination with the subsequent reporting of financial results in the Public Accounts and of accomplishments achieved in Departmental Performance Reports, this material helps Parliament hold the government to account for the allocation and management of public funds.

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Human Resources Development Canada

**2002-2003
Estimates**

A Report on Plans and Priorities

Approved by:

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

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

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Overview to Report on Plans and Priorities

Environmental Context

HRDC's mandate places the department at the centre of many Government of Canada strategies to address key social and economic priorities. For example, the 2001 Speech from the Throne included commitments such as action on a Skills and Learning Agenda and putting government services on-line. The 2001 budget included additional funding for the HRDC-supported sector councils that bring together employers, workers and other partners to identify and act on the labour force priorities in specific industries and parts of Canada's economy.

HRDC's planning environment is strongly influenced by the state of the Canadian economy. Over the latter half of the 1990s and early into the new millennium, Canada experienced strong economic growth and a steadily improving labour market situation. However, the slowdown in the Canadian economy since the latter half of 2001 led to greater demand for Employment Insurance and other labour market programs that help Canadians cope with the loss of employment.

While a continued focus on addressing the employment impacts of reduced economic growth may be necessary in the short-term, there are also a number of longer term economic and social challenges shaping HRDC's environment. Technological innovations and increased globalization have resulted in intense competition for markets, capital and skilled labour. More than ever, a more globalized and knowledge-based economy and society requires a well-educated, skilled and adaptable workforce. Those who lack the appropriate skills risk being excluded from the benefits of the economy and society.

Additionally, the aging of Canada's workforce and a relatively smaller number of young workers are expected to lead to increasing labour shortages in the next 10-15 years, particularly in highly-skilled occupations. Our future labour supply risks not being adequate to meet the demands of the economy unless Canada's learning system enables Canadians to acquire, maintain and upgrade their skills throughout their lives.

Although overall poverty rates declined slightly in the late 1990s as a result of solid economic growth, poverty in Canada is increasingly long-term, more and more concentrated in specific societal groups and in poor urban neighbourhoods. This situation risks the creation of a permanent underclass who may be excluded from the benefits of economic growth and social well-being.

As a department whose core activities include the delivery of key elements of Canada's social safety net and a broad range of initiatives in the social and labour market sectors, HRDC is continually working in areas of shared federal-provincial/territorial jurisdiction. Ensuring successful federal-provincial/territorial relationships is therefore critical to how HRDC can help address Canada's social and economic priorities and provide effective program management and service delivery. Moreover, the need to foster partnerships with the voluntary sector, Aboriginal peoples, business and local communities are key to the work HRDC does to help Canadians participate more fully in the workplace and community.

HRDC planning for service delivery is shaped by the impact of information and communications technologies. These technologies are changing how Canadians expect to deal with governments. They want faster and more accessible services, as well as more interactive communication on programs and services. Consistent with government-wide commitments, HRDC is expected to demonstrate significant improvements in the satisfaction of Canadians with departmental services and we are expected to deliver many more of our services on-line.

The percentage of HRDC employees reaching retirement age is expected to increase by more than 80% over the next decade. This means a need to bring in a new generation of employees and invest in the skills of a workforce that reflects Canada's diversity and our commitment to serving both of Canada's official language communities.

We also recognize the continuing need to improve program management. This work has been taking place for some time already, including efforts to make modern comptrollership a basic element in day-to-day management. As part of this overall commitment to improvement, we expect to enhance our reporting to Parliament and to Canadians.

Setting Priorities for 2002-2003

Over the past year, HRDC has implemented major planning improvements. This is leading to more comprehensive planning for the entire department and better linkages to government-wide plans. As part of this, we have organized priorities in two categories:

- ◆ Our Ongoing Business Agenda, or priorities for our ongoing functions in the lives of Canadians; and
- ◆ Our Change Agenda, or priorities for action that normally have a longer-term timeframe and may involve HRDC's contribution to a larger, government-wide policy or operational goals.

Each of these agendas has core activities, under which are specific initiatives that HRDC management has identified as priorities for 2002-2003. These are described under the service lines in this report.

The **Ongoing Business Agenda** has four core activities.

Policy Renewal and Leadership

HRDC is the focal point for policy leadership in many of the Government of Canada's major social, workplace, labour market and learning priorities.

- Managing Employment Insurance (page 18)
- Policy and Programs for Persons with Disabilities (page 23)
- Grant and Contribution Programs (page 31)
- Ensuring Successful Federal-Provincial/Territorial Relationships (page 24)
- Repositioning the Youth Employment Strategy (page 25)
- Promoting Human Development through a Strong Voluntary Sector (page 25)
- International Labour Affairs Strategy (page 34)
- Giving Children a Good Start in Life (page 26)

Program Design and Service

HRDC has a commitment to continuous improvement of our programs and services for Canadians but for some in particular for 2002-2003.

- Employment Insurance Claims Workload Impacts (page 17)
- Employment Insurance Service Improvement (page 15)
- Review of the *Government Employees Compensation Act* (page 34)
- Canada Student Loans Program Implementation (page 27)
- Canada Education Savings Grant Program (page 27)
- Implementation of the National Homelessness Initiative (page 28)
- Income Security Client Service Strategies (page 10)
- Social Insurance Number Integrity Initiatives (page 17)
- Aboriginal Human Resources Development Strategy (page 28)
- Labour Market Information (page 29)
- Official Languages Minority Communities (page 29)
- Foreign Worker Program (page 30)
- Employment Benefits and Support Measures (page 30)
- Proactive Interventions within Occupational Health and Safety (page 35)

A Strong, Effective and Accountable Organization

In addition to work on issues related to specific programs, HRDC will be pursuing initiatives that have impacts across our department and all its programs and services.

- Integrated Grant and Contribution Programs Action Plan (page 31)
- Corporate Plan and Accountability (page 36)
- 10% Service Improvement (pages 12, 16, 37)
- Privacy Management Framework (page 38)
- Modern Comptrollership (page 37)
- Government On-Line (pages 32, 38)

Maintaining a Capable and Diverse Workforce

As noted above, HRDC is determined to ensure that we have the people with the skills to deliver results for Canadians (page 39).

- Leadership Development Approach
- Human Resource Planning
- Motivated, Representative and High Performance Workforce

The **Change Agenda** has two core activities for 2002-2003.

Skills and Learning

The intent is to develop approaches to ensure that Canada possesses the skilled and innovative labour force to meet the challenges of the knowledge-based economy and to promote inclusion, so that all Canadians have needed skills and the opportunities to put those skills to work (page 20).

Modernizing Service

Building on the work to date, we are assessing our policies, programs and services to ensure that we manage and deliver them in ways as focused on the needs and interests of citizens as possible. In part, this will mean movement from an organization oriented to narrow business lines to one more focused on citizen needs, regardless of traditional program and service delivery boundaries (page 37).



The Government of Canada is committed to building prosperity and expanding the opportunities available to all Canadians. The Report on Plans and Priorities for Human Resources Development Canada (HRDC) describes the strategies that this department will develop and pursue to help meet those commitments.

A major element of our strategy for the future will be to build a national skills and learning agenda. It will focus on the particular needs of children and youth and on ensuring that our learning system helps Canadians get the skills that our country needs. It will address enabling adult workers to develop skills throughout their careers and making it possible for skilled immigrants to make a full contribution.

Our government will build this national skills and learning agenda with partners across Canada. We intend to work closely with provincial and territorial governments, with business and labour, with educators and people in the learning system, with Aboriginal people, the voluntary sector and with individuals and communities. This collaboration will ensure Canada's competitiveness in the world and a more inclusive society here at home.

Our work on skills and learning will be complemented by action on many other priorities that reflect the needs of Canadians. We will strengthen our policies and programs to better meet the future needs of children, young people, Canadians with disabilities and others in society. We expect to continue to ensure our programs such as Canada Student Loans, Employment Insurance, the Canada Pension Plan and Old Age Security meet the needs of Canadians.

All across Canada, the people of HRDC show how the programs, policies and services of this department have real impact on the lives of Canadians every day. Leadership in implementing the new skills and learning agenda and a commitment to innovation will ensure that HRDC continues to improve service to Canadians.

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

The Government of Canada is committed to building a strong country – one which creates opportunities for the contributions, talents and dreams of all our fellow citizens. I am particularly proud of my responsibility for key activities of the federal government which are inclusive of all Canadians.



This Report on Plans and Priorities shows that the Labour Program continues to evolve in response to changing workplace needs and to the priorities of our economy and society. The Program will continue to meet its commitments under major legislation, such as the *Canada Labour Code* and the *Employment Equity Act*. In doing so, the Program will work closely with employers, employees and unions to achieve safe, fair, equitable and productive workplaces. It will address the increasingly important role which Canada plays as an international leader in labour issues which are earning greater attention among Canadians.

This report also underscores the important work that has been done at the community level to address the needs of homeless people across this country. In my role as the Federal Co-ordinator on Homelessness, I am very pleased to have seen the progress made by communities who have worked in partnership with all levels of government to develop plans and projects designed to increase their capacity to support homeless people at the local level. It is through partnerships such as these that we can help those who face the daily challenge that homelessness creates.

Making Canada more inclusive has many elements. It requires the involvement of many partners. The Government of Canada is committed to building a society and economy which allows for the full participation of all Canadians.

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

I submit, for tabling in Parliament, the *2002-2003 Report on Plans and Priorities* (RPP) for Human Resources Development Canada.

To the best of my knowledge the information in this document:

- ◆ accurately portrays the organization's plans and priorities;
- ◆ is consistent with the reporting principles contained in the *Guide to the preparation of the 2002-2003 Report on Plans and Priorities*;
- ◆ is comprehensive and accurate; and
- ◆ is based on sound underlying departmental information and management systems.

I am satisfied as to the quality assurance processes and procedures used for the RPP production.

The Planning, Reporting and Accountability Structure (PRAS), on which this document is based, has been approved by Treasury Board Ministers and is the basis for accountability for the results achieved with the resources and authorities provided.

Alan Winberg
Assistant Deputy Minister
Financial and Administrative Services

Date

Our Mission

*“To Enable Canadians to Participate Fully
in the Workplace and the Community”*

Our Mandate

The Government of Canada is committed to helping create a more inclusive and innovative environment for all Canadians. The Government and Parliament have given Human Resources Development Canada (HRDC) a mandate to help achieve these goals. Under that mandate, HRDC assists millions of Canadians each year – Canadians of all ages (children, youth, working age adults, seniors) as well as those with distinct needs (Aboriginal people, Canadians with disabilities, homeless Canadians and others).

The *Human Resources Development Act* sets out our mandate to the government and to Canadians. It is the basis under which we administer **programs** and **services**, including other **legislation**, such as the *Employment Insurance Act*, the *Canada Pension Plan Act*, the *Old Age Security Act*, the *Canada Labour Code* and the *Employment Equity Act*.

We increasingly fulfil our mandate through **policies** and **partnerships**. These often involve co-operation with other governments and sectors of society on broad issues such as skills and learning; alleviating homelessness; meeting the needs of children; ensuring more productive, fair, safe and secure workplaces; and the adoption of workplace measures to support working parents.

Information is another way we meet our mandate to Canadians. By providing information on retirement income sources, careers, workplace innovations and other topics, we offer citizens reliable facts that they can use to make effective decisions.

We use **evaluations** and **audits** to assess the impacts and effectiveness of our activities. The lessons learned help us improve what we do and how we do it.

In these and other ways, HRDC represents the social face of the Government of Canada. Our Mission expresses our ultimate goal and our Vision guides us on what we do and how we do it.¹

How We Serve Canadians

The HRDC Service Delivery Policy commits us to ensure that we design and deliver our services in ways that fully take the interests and priorities of Canadians into account. We deliver our services through people, partnerships and technology.

*“Serving the public interest means
addressing the needs of citizens, clients
and taxpayers in a balanced way.”*

[Results for Canadians]

¹ For HRDC’s Vision, see *Handbook on Values and Ethics in HRDC* at <http://www.hrdc-drhc.gc.ca/dept/mission/handbook.shtml>

Our department's delivery network has 100 main Human Resource Centres of Canada (HRCCs) and 220 satellite offices for a total of 320 points of service in communities. The delivery network includes 21 call centres (11 Employment Insurance call centres, and 10 Income Security call centres), four regional Information Technology Centres with two satellite sites and more than 5,000 interactive kiosks. Through our departmental website, we provide extensive information on our programs and services. Our electronic Job Bank is by far the most popular government website.

"Responsive and well-managed federal organizations, oriented to the needs of citizens and working in collaboration with other levels of government and with the private and not-for-profit sectors, are critical to the achievement of national goals."

[Results for Canadians]

We now routinely serve Canadians through collaborative arrangements with partners. Many of these agreements enable provincial and territorial governments and Aboriginal organizations to use HRDC funding to design and deliver programs and services, particularly for shared social and labour market priorities. We also work closely with and through the voluntary sector, the private sector, labour, educators and communities of all kinds to achieve our goals. We expect these partnerships to demonstrate accountability for results and the most effective, appropriate use of public funds.

Our Strategic Outcomes and Service Lines

During 2002-2003 and beyond, HRDC will pursue priorities and results toward the achievement of our strategic outcomes for Canadians. We will work towards making a positive difference in the lives of citizens, to provide clients with the high level of quality service they expect and deserve, and to meet the expectations of all Canadians that we employ our fiscal and human resources effectively, efficiently and towards the most important results.

The table below identifies the four strategic outcomes that HRDC endeavours to provide for Canadians as well as intermediate outcomes that demonstrate progress towards the strategic outcomes. We are working towards a more integrated approach to indicate clearly expected outcomes for all of our service lines: Income Security (IS), Employment Insurance Income Benefits (EIIB), Human Resources Investment (HRI), Labour (LAB), Corporate Services (CS) and Service Delivery Support (SDS).

Strategic and Intermediate Outcomes ^a	IS (Page 9) \$47,822M FTEs: 3,511	EIIB (Page 14) \$14,302M FTEs: 7,630	HRI (Page 19) \$6,475M FTEs: 3,823	LAB (Page 33) \$172M FTEs: 743	CS/SDS ^b (Page 36) \$812M FTEs: 5,782
Income Security for seniors, persons with disabilities and their children, survivors and migrants <ul style="list-style-type: none"> ♦ Incomes of seniors, persons with disabilities and their children, survivors and migrants ♦ Awareness and understanding of the Canadian retirement income system and ways to achieve income security ♦ Strong management and administration of the Canada Pension Plan (CPP) 	✓				
The opportunity to fully participate in the workplace and community <ul style="list-style-type: none"> ♦ Income support for eligible Canadians who are temporarily out of the workplace ♦ Awareness and understanding of the Employment Insurance Program by Canadians ♦ Attachment to and reintegration into the labour market ♦ Inclusion in the workplace and community ♦ Educated, skilled and prepared workforce ♦ Community, private and voluntary sector capacity to promote human development ♦ Work in partnership to identify and address service gaps for homeless Canadians 		✓	✓		
Safe, fair, stable and productive workplaces <ul style="list-style-type: none"> ♦ Constructive and stable labour-management relations in federally-regulated workplaces ♦ Health and safety of federally-regulated workplaces ♦ Awareness of occupational health and safety practices and regulations ♦ Fairness of federally-regulated workplaces 				✓	
Sustainable and effective program management and service delivery <ul style="list-style-type: none"> ♦ Responsible management of public funds including protection against fraud and abuse ♦ Sound and responsive departmental infrastructure to deliver information and results to Canadians ♦ Productive work environment and sustainable workforce ♦ Quality service to Canadians 	✓	✓	✓	✓	✓
Total HRDC Service Lines \$69,583M Other Costs \$143M Consolidated Total \$69,726M FTEs: 21,489					

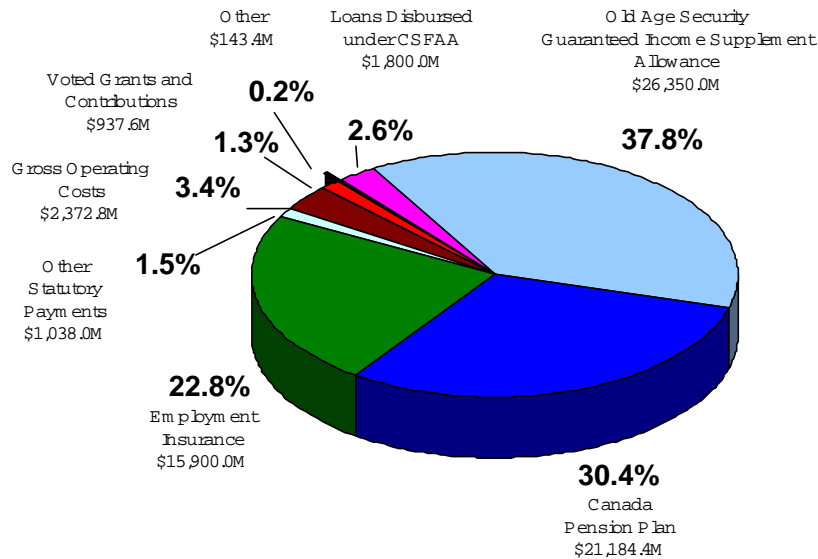
a. Examples of key indicators by strategic outcome are available in the Supplementary Information section of this report, on page 79.

b. Corporate Services and Service Delivery Support are integrated in the Sound Departmental Management section of this report.

2002-2003 Expenditure Profile

Although HRDC has the greatest expenditure on programs and services of any department at nearly \$70 billion, more than \$66 billion, or 95% of this spending, goes directly to individual Canadians through the Employment Insurance (EI), Canada Pension Plan (CPP), Old Age Security (OAS) programs, Canada Student Loans and other statutory transfer payments.

CONSOLIDATED TOTAL: \$69,726.2M



HRDC's Gross Expenditures		
Budgetary		
Net Operating Costs	872.7	
Add Recoveries in relation to:		
Canada Pension Plan	216.7	
Employment Insurance Account	1,236.3	
Workers Compensation	47.1	1,500.1
Gross Operating Costs		2,372.8
Voted Grants and Contributions		937.6
Total Gross Expenditures		3,310.4
Non-Budgetary		
Loans disbursed under <i>Canada Student Financial Assistance Act</i> (CSFAA)		1,800.0^b

Statutory Transfer Payments		
Grants and Contributions:		
Old Age Security programs		26,350.0
Other Statutory Payments:		
Canada Student Loans	553.7	
Canada Education Savings Grant	423.0	
Others	0.4	977.1
Total		27,327.1
Canada Pension Plan benefits		
Employment Insurance benefits		21,184.4
Part I	13,712.8	
Part II	2,187.2	15,900.0
Other Specified Purpose Accounts^a		
		60.9
Total Statutory Transfer Payments		64,472.4^b

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

b. These two amounts go directly to individual Canadians.

Income Security

Our Strategic Outcomes:

To provide Canadians with income security for seniors, persons with disabilities and their children, survivors, and migrants; and

Sustainable and effective program management and service delivery.



Parliament has mandated HRDC to promote and strengthen the income security of targeted groups of Canadians through responsibility for the Canada Pension Plan (CPP) and Old Age Security (OAS) program. These programs provide income support to eligible clients who include seniors, migrants to and from Canada, survivors and working age Canadians who become disabled, and their children.

In 2002, we are celebrating 75 years of public pensions in Canada by increasing public awareness about the important role of both the OAS program and the CPP.

The impact of the public pension system is particularly clear for seniors.² In 1980, almost 21% of all seniors in Canada were living in poverty. This number had been reduced by more than half by 1998 to less than 9%.³ This substantial reduction can be attributed largely to the Canada/Quebec Pension Plans and improvements in the Old Age Security program.

Canada's performance in providing income security for seniors compares very favourably internationally. Using relative international standards, there were more than four times as many low-income seniors in the United States and more than twice as many low-income seniors in the United Kingdom. According to the Organisation for Economic Co-operation and Development's (OECD) 2001 nine-country comparison, the poverty rate among Canada's seniors is the lowest of the nine countries compared. Canada was also identified as being the country with the least problems in ensuring pensioners' economic well being and protecting vulnerable groups.⁴

² For more general information on Financial Assistance and Entitlements, visit <http://canadabenefits.gc.ca>

For more specific information on income security benefits, visit <http://www.hrdc-drhc.gc.ca/isp/>

³ Statistics Canada's 1998 "Low-Income Cut-offs" (LICO) data as reported in *Low Income Among Canada's Seniors*, Seniors & Aging Division, HRDC, 2001.

⁴ OECD, *Ageing and Income – Financial Resources and Retirement in 9 OECD Countries*, 2001: <http://www.oecd.org>

GROSS SPENDING

Funding (millions of dollars)	Forecast 2001-2002	Planned Spending	
		2002-2003	2003-2004
Gross Operating Expenditures	306.3	287.5	282.8
OAS Related Transfer Payments	25,308.0	26,350.0	27,400.0
Total Gross Expenditures	25,614.3	26,637.5	27,682.8
CPP Benefit Payments	20,311.1	21,184.4	22,189.8
Consolidated Total for IS	45,925.4	47,821.9	49,872.6

Full Time Equivalentents	3,512	3,511	3,511
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"The Government of Canada is committed to designing, funding and delivering its programs and services, and assessing their results, from the perspective of the citizen."

[Results for Canadians]

In 2002-2003, we will continue to manage several ongoing improvements as we introduce new client-focused initiatives. Together, these translate into comprehensive client service strategies to fulfil the particular and distinct needs of each of our client groups.

Income Security for Seniors, Persons with Disabilities and their Children, Survivors and Migrants

➤ **Income Security Client Service Strategies**

HRDC serves a broad section of the Canadian public, from the 12 million who contribute to public pension plans in their working years, to the 5 million who receive a range of benefits based on changes in life events. Six main client groups – seniors, migrants to and from Canada, people who contribute to the CPP, working-age adults with disabilities and their children, low-income pensioners and survivors – obtain services and pensions under the Canada Pension Plan and Old Age Security.

"Citizens want the government to respond to their needs and provide choice: one-stop, integrated access via Internet, telephone or mail, or in person."

[Results for Canadians]

To become a high performing and compassionate leader in the client-centered delivery of public pensions, we will develop service delivery improvements for each of our six major client groups. Senior managers will be designated as "client champions" for each group. By placing ourselves in the shoes of our clients, we expect to improve our capacity to serve them while also improving our understanding of client expectations and needs.

◆ Client Service Charter

We will implement a Client Service Charter in 2002-2003. The Charter will outline the level of service clients can expect when interacting with us. Its purpose will be to establish clear service expectations that will help us promote nationally consistent high-level service commitments to our clients. It will also communicate service goals to staff.

Our clients will be better served because they will know, for example, when they can expect to receive payments. We will also follow-up with clients if we do not have all the information they require at their first contact. We will measure and report our performance against the Charter's expectations to ensure that we meet or exceed them.

◆ Client Feedback and Redress

We will develop a client feedback mechanism so clients can more easily provide feedback on their interactions with us. A redress process in response to client feedback will also be set up, as will a tracking and reporting system that will enable analysis and reporting on client complaints and compliments. This information will ensure that we can provide continuous improvements to service delivery.

We will report on success measures with examples of service improvements that we have implemented as a direct result of client feedback.

◆ On-Line Access

Consistent with the Government On-Line initiative, a multifaceted project will provide Canadians with on-line Internet access to information and services essential to income stability and retirement.

The Canadian Retirement Income Calculator will be a web-based pension calculator tool. It will enable clients to calculate their estimated retirement income from public and private sector data.

Subsequent phases of our on-line initiative will allow clients to update elements of their personal information, such as address and direct deposit information.

◆ Client-Friendly Applications

A comprehensive review of current legislation, regulations, policies and procedures will lead to streamlined processes. It is expected to lay the groundwork for an innovative, leading-edge approach to client-centred service delivery. A key thrust will be the simplification of applications for most benefit programs.

◆ Client Engagement

Clients will be actively engaged in the planning, development and implementation of our on-line products and services. A series of client roundtables and on-line consultations are being planned.

◆ **Low-Income Pensioners**

Today, 1.4 million low-income Canadians receive the Old Age Security pension (OAS) and Guaranteed Income Supplement (GIS) benefits. However, there are still many potentially eligible Canadians who have not applied, despite significant communication efforts by HRDC. To address this situation, HRDC will undertake joint efforts with the Canada Customs and Revenue Agency to reach out to these potential applicants. In addition, HRDC will simplify the application process to make it easier for low-income pensioners to access GIS, as well as undertake a national publicity campaign in conjunction with the 75th anniversary of OAS to further raise awareness among all eligible Canadians.

◆ **Persons with Disabilities**

Persons with disabilities applying for CPP Disability benefits continue to find the application and decision-making process difficult to understand. In 2002-2003, HRDC will continue with previous initiatives to improve client communications such as ensuring that applicants who apply for Disability benefits receive a personal follow-up telephone call. Applicants who are not eligible will also receive a telephone call to explain those decisions. Where appropriate, information about other income support programs and services will be provided. Beneficiaries will receive an annual letter with information about CPP Disability and other benefits. Clients who wish to attempt to return to work, including those who need vocational rehabilitation services, will be supported in their efforts.

Sustainable and Effective Program Management and Service Delivery

➤ **10% Service Improvement**

◆ **Measuring Success: The Balanced Scorecard**

We will introduce a Balanced Scorecard as a means to set goals and measure results. It will help us guide current performance and target future performance by measuring results in four categories: financial management, client service, business process and departmental workforce. Together, these four organizational perspectives tell a more complete performance story and greatly improve our ability to report to Parliament in a more transparent way. The Balanced Scorecard will allow us to translate our vision and strategy into measurable components that help us track progress on both our daily business challenges and the long-term strategy.

◆ Modes of Service

Clients get Income Security services through three channels (or modes) of service delivery: in-person, telephone or by mail. On-line access through the Internet will affect all channels of service delivery.

We will use current technology avenues to integrate our call centres and provide a more comprehensive client enquiry service. The objective will be to reduce call-waiting times and to allow clients access to expert advice more quickly (reducing the need for multiple agent transfers).

"Canadians will receive one-stop access to federal government services in three ways: in person, by telephone and via the Internet. [...] The goal is to help citizens get the services they are entitled to, in a way that is fast, convenient, seamless and connected."

[Results for Canadians]

In 2002–2003, HRDC will strive to ensure that clients who require Income Security services at in-person centres will have improved access to face-to-face service.

Mail will remain a key channel for processing client CPP and OAS benefit applications. Transition strategies for improving business links between mail service and other modes of service and clients' experience with mail services will improve, as forms are eliminated or simplified, and other service channel options, like the Internet, are integrated into mail service delivery.

◆ Enhancing the Resource Allocation Model

A leading edge Resource Allocation Model (RAM) has been developed, which links workload forecasts and business processes to resources required to meet client service demands into the future. The RAM assists in ensuring that resources are targeted to Branch priorities and that our clients' needs are met in a cost-efficient and effective manner.

Improvements to strengthen the RAM for 2002-2003 include a detailed and comprehensive examination of each component of the model.

Employment Insurance Income Benefits

Our Strategic Outcomes:

To provide Canadians with the opportunity to fully participate in the workplace and community, and

Sustainable and effective program management and service delivery.



Parliament has mandated HRDC to provide Employment Insurance (EI) Income Benefits to people who lose their jobs through no fault of their own, including sickness and the birth or adoption of a child. As part of this mandate, we also manage related processes such as registrations for Social Insurance Numbers.

GROSS SPENDING

Funding (millions of dollars)	Forecast	Planned Spending	
	2001-2002	2002-2003	2003-2004
Gross Operating Expenditures	579.9	528.5	524.5
Statutory Transfer Payments	0.1	0.1	0.1
Total Gross Expenditures	580.0	528.6	524.6
EI Part I – Income Benefits	12,051.0	13,712.8	13,284.8
Government Annuities and Civil Service Insurance payments	64.9	60.9	60.9
Consolidated Total for EIIB	12,695.9	14,302.3	13,870.3
Full Time Equivalents	7,651	7,630	7,585

During 2002-2003, we will continue to deliver and support the EI program for the benefit of unemployed people across Canada.⁵ For 2002-2003, in addition to our ongoing and regular activities, we have identified five priorities for which this service line has a lead or shared-lead role within HRDC.

⁵ More information on Employment Insurance Income Benefits and related operations is available at http://www.hrdc-drhc.gc.ca/ae-ei/employment_insurance.shtml

The Opportunity to Fully Participate in the Workplace and Community

➤ Employment Insurance Service Improvement

The Employment Insurance program is significant to overall perceptions of government services among Canadians. Therefore, service improvement in EI is an important component of achieving the goals set out in "Results for Canadians: A Management Framework for the Government of Canada". In particular, EI is expected to contribute to reaching the 10% or greater improvement in Canadians' satisfaction with the delivery of key Government services by 2005.

"The Government of Canada aims to achieve a significant, quantifiable improvement in client satisfaction with its services, over the next five years. This will be done by adopting client satisfaction as a new focus and measure of success."

[Results for Canadians]

In 2001-2002 a major study of EI activities was undertaken leading to development of a four year strategic plan. The following elements are part of the first year implementation.

One element of our overall contribution will be to implement "service offerings" that standardize the approach and delivery of products to EI claimants. The service offerings will standardize services for each key contact with citizens. It will specify the processes to be used, the products and also the attitudes expected from staff at each key service contact with our clients.

In 2002-2003, implementation will be done for agents who deal directly with citizens.

Claims taking and processes will be standardized in all offices. A time and motion study of EI activities recently undertaken indicates that the actual processes, which vary from office to office, are not fully effective and efficient. A process model will be developed. A similar project is underway with our National Services operation in Bathurst, New Brunswick to review and simplify their processes.

The EI accuracy rate identifies the percentage of correct benefit payments. In 2001-2002, it varied between 93% and 94%. We will continue for the next three years to improve the accuracy of EI benefit payments through an initiative designed to improve the quality of services in all regions and Human Resources Centres of Canada (HRCCs). Objectives and results of this initiative will be incorporated in a comprehensive performance measurement system for the EI program, featuring a more balanced approach to heighten awareness and visibility of the quality initiative. In addition, regional and national action plans will be developed and implemented to improve client satisfaction. We will set priorities based on feedback obtained through a client survey carried out in 2001.

We have set a result target of 95% error free rate for March 2002, gradually increasing to historical levels of nearly 96% by 2004. Supplementary funding of more than \$5 million per year is being invested to support this initiative. In support of the Service Improvement Initiative, further client surveys will measure client satisfaction improvement.

We also intend to improve EI appeal processes over the next two years. A major focus of this work will be improvements to communications with clients. These improvements will be assessed through consultations with appellants and Board members. Also, we will develop and implement a modernized EI information strategy. This will complement our traditional printed communications to clients with communications specifically designed for use on the Internet. This will also help clients and employees get ready as we introduce on-line services.

Sustainable and Effective Program Management and Service Delivery

Employment Insurance Income Benefits (EIIB) service delivery continues to evolve rapidly. Canadians can interact with the department in person, electronically through kiosks and the Internet, over the telephone, through the mail and via partners. At the same time, we are improving our operations by implementing a review of the program's resourcing, establishing new performance measures and improving management of the Social Insurance Number.

➤ 10% Service Improvement

The 2001 Speech from the Throne reiterated Government On-Line and Service Improvement commitments that will affect Employment Insurance service delivery. In 2002-2003, we will target to accept 15% of all new claims for benefits using the Internet. In parallel, a replacement strategy of the internal kiosks by computers will be implemented in the next two years.

We also expect to increase take-up of direct deposit payments to client bank accounts to 75% and client transactions through the use of telephone technologies (completion of EI claimant's reports) to 90% by simplifying the approach and marketing these services. This will allow us to offer better service to Canadians. A national promotion strategy will be implemented in April 2002.

"Problems with access, telephones and timeliness are the sources of greatest frustration for citizens."

[A Policy Framework for Service Improvement in the
Government of Canada]

We recently analyzed our call centre activities. The in-depth study revealed that if we provided more information at our first point of contact and offered easier access to automated and on-line information services, clients would not have to make as many enquiries. We will implement these and related improvements in pursuit of a 5% decrease in call volumes.

Simplifying the production by employers of records of employment will be an important focus for improved service. Our Payroll Data Collection project will continue to involve employers and partners such as the Canada Customs and Revenue Agency (CCRA) and the Canadian Payments Association. In 2002-2003, we will aim to replace the production of paper records with data transferred directly from employer payroll systems with different sizes and categories of employers. We expect to expand the scope of this initiative in 2003-2004. This will eliminate the need for employers and HRDC to manipulate data for EI purposes. It will allow us to standardize how claims are documented and will reduce the number of documents kept for filing.

In 2002-2003, we plan to improve our comprehensive performance measurement system by developing and implementing new measures relating to quality, innovation and learning. We will also refine it in a way to ensure that it reflects the evolving environment within service delivery. This will ensure that we are able to track performance and ultimately deliver the highest quality service to clients regardless of whether they choose to interact with us via mail, in-person, phone or the Internet.

➤ **Employment Insurance Claims Workload Impacts**

The 15% increase in workload in the EI program in 2001-2002 tested the limits of our capacity to provide timely and accurate service to Canadians. We expect that work taking place between 2001-2002 and 2003-2004, to streamline and modernize processes will begin to improve service results. Further, a fundamental review of the program's financing should ensure that our resource investments are achieving the highest possible return.

Over the past decade there have been numerous legislative changes and the operational environment continues to evolve towards automated and paperless processing of EI claims. To ensure appropriate resourcing of EI activities, we will work with Treasury Board to refine our resource allocation instrument.

➤ **Social Insurance Number Integrity Initiatives**

Consistent with our commitment to the Auditor General and to Parliament, improved management of the Social Insurance Number (SIN) system will continue to be an EI priority. With additional funding of \$5.5 million, we expect to review 150,000 social insurance records that have questionable elements. Our Investigation and Control staff will conduct an additional 2,860 SIN fraud and identity theft investigations in 2002-2003. Through discussion with the Vital Statistics Council of Canada, which brings together the provincial and territorial officials responsible for registrations, we will continue to seek approval to obtain and validate birth, death and name change information from the provinces and territories. It is expected that agreements will be in place with six provinces by March 2003. We intend to correct cases of missing data on deaths and mismatched data on the Social Insurance Registry through new and enhanced data exchanges with the Old Age Security program, the Canada Pension Plan, the Régie des rentes du Québec, CCRA and other parts of the EI program.

HRDC will identify additional communications opportunities to broaden the understanding of the role of the SIN by the public.⁶ This could include initiatives such as increased publicity, and updating and enhancing our website to allow for links between HRDC to other partners' sites (such as Immigration and CCRA).

⁶ The HRDC website on the SIN is http://www.hrdc-drhc.gc.ca/sin-nas/010_e.shtml

➤ **Managing Employment Insurance**

Employment Insurance (EI) Income Benefits are one of the Government of Canada's most important social programs. Therefore, changes to the *Employment Insurance Act* can be significant to the overall government agenda. In partnership with other programs and with other departments, we will support the Government in making any legislative and regulatory changes to EI. For example, as a result of recent decisions set out in Speeches from the Throne and budgets, we will address any specific adjustments to special benefits and the changes in treatment of apprentices attending courses of instruction.

We will continue to work on the "Readability Project". This initiative is designed to make EI legislation easier to understand and interpret. Much consultation has already taken place and more is expected during 2002-2003.

Human Resources Investment

Our Strategic Outcomes:

To provide Canadians with the opportunity to fully participate in the workplace and community; and

Sustainable and effective program management and service delivery.



Through our Human Resources Investment (HRI) programming, we help to develop Canada's human resources and the capacity of Canadians to participate more fully in the workplace and the community. Our HRI activities are oriented to the needs of Canadians at various stages in life and to the needs of communities of many kinds. Much of this work takes place through partnerships with other levels of government, Aboriginal organizations and with the private and voluntary sectors.

GROSS SPENDING

Funding (millions of dollars)	Forecast 2001-2002	Planned Spending	
		2002-2003	2003-2004
Gross Operating Expenditures	599.3	576.1	567.0
Non-Statutory Grants & Contributions	965.2	934.3	887.9
Statutory Transfer Payments	1,003.1	976.9	921.5
Total Gross Expenditures	2,567.6	2,487.3	2,376.4
El Part II – Employment Benefits and Support Measures ^a	2,049.0	2,187.2	2,187.2
Loans disbursed under the <i>Canada Student Financial Assistance Act</i>	1,683.0	1,800.0	2,200.0
Consolidated Total for HRI	6,299.6	6,474.5	6,763.6
Full Time Equivalentents	3,967	3,823	3,505

a. For a breakdown of El Part II by province and territory for 2002-2003, see Supplementary Information section, Employment Insurance Part II – 2002-2003 Expenditure Plan, on page 75.

During 2002-2003, we will continue to deliver and support our ongoing activities such as access to learning and skills development, social development activities, employment opportunities, information, co-ordination and advisory services.⁷ For 2002-2003, this service line has a lead or shared-lead role for sixteen designated priorities.

⁷ More information on Human Resources Investment activities and related operations is available at <http://www.hrdc-drhc.gc.ca/hrib/hri-irh/menu/ourprofile.shtml>

The Opportunity to Fully Participate in the Workplace and Community

The priorities identified under this strategic outcome have been organized under two categories:

- ♦ Change Agenda
- ♦ Ongoing Business Agenda

The Change Agenda

Skills and Learning

➤ Investing in Skills and Learning

The January 2001 Speech from the Throne recognized that no one government or organization can build a skilled work force on its own. It must be a national effort. HRDC will play its part to fulfill the Government of Canada's commitment to work with provinces, territories and other partners to ensure that all Canadians can achieve their skills and learning goals.

We will build on the Government of Canada's ongoing consultations on skills and learning challenges, which have taken the form of national roundtables and extensive discussions with provincial and territorial governments, Aboriginal communities, businesses, labour, academics, volunteer groups, and individual Canadians. This work continues to set a strong foundation of collaborative relationships, built on mutual respect and a mutual interest in building a broad consensus on common Canadian goals, and what we need to do to achieve them.

In 2002-2003, we will continue to focus efforts on meeting current and new national challenges arising from Canada's rapidly changing demography, economy and society. In February, HRDC launched a national dialogue on skills and learning through the release of a federal discussion paper entitled *Knowledge Matters: Skills and Learning for Canadians*. This paper analyses the skills and learning challenges Canada faces, outlines Government of Canada commitments and proposes national goals and milestones.

One proposed goal is that all qualified Canadians have access to high-quality post-secondary education. Milestones for measuring progress should include:

- ♦ one hundred percent of high school graduates have the opportunity to participate in some form of post-secondary education;
- ♦ over the next decade, the percentage of 25-64 years old having a post-secondary credential, including an increased proportion of individuals from at-risk groups, increasing from 39 to 50%;
- ♦ over the next decade, the number of apprentices completing a certification program doubling to 37,000; and
- ♦ admission of Masters and PhD students at Canadian universities increasing by an average of 5% per year through to 2010.

Achieving these national goals will require gaining a better understanding of the links between the learning outcomes of graduates and their transitions into the labour market; and making information about skills, learning and career opportunities more readily available to students. Achieving these goals also requires significant contributions. The December 2001 Budget not only announced measures to improve support for apprenticeship programs, it also announced changes to Canada Study Grants to better support students with disabilities. However, HRDC will consider additional actions in a number of areas to strengthen the post-secondary education system and to encourage the participation of Canadians. Additional actions include:

- ◆ discussing further improvements to student financial assistance to better support students in need and to encourage them to enroll in post-secondary education.
- ◆ encouraging low- to moderate-income Canadians currently in the workforce to participate in post-secondary education to “learn while they earn”. The Government of Canada will discuss improving existing student financial assistance programs to help working Canadians upgrade their education through part-time study.
- ◆ facilitating mobility and access to post-secondary education for adult learners and students by exploring with provinces and territories how best to enhance the mobility of apprentices, students and adult learners by facilitating the transfer of credits among institutions, the recognition of prior learning experience, and the development of core curriculum for skilled trades.
- ◆ encouraging Canadians to look to skilled trades for employment by discussing with partners possible means of encouraging more Canadians to consider working in the skilled trades.
- ◆ and, by building on the expertise of community colleges by exploring how to help support the important role played by them in equipping Canadians with the skills they need to succeed.

Despite large and often effective continuing education programs, our learning infrastructure has gaps and does not always adequately serve the needs of all adults, particularly those in the workforce. The ability of working Canadians to make the right learning decisions is hindered by incomplete labour market and learning information for adults. And, although many Canadians have skills and knowledge that are valuable, their skills are often underused and undervalued because these individuals lack formal recognition by employers or education institutions. The recognition of prior learning would inject an additional \$4.1 to \$5.9 billion in income to Canadians annually.⁸ The recognition of informal and non-credit learning would also motivate more adults to gain additional skills, and would remove a significant barrier to full participation and mobility in the labour market for many Canadians.

Ensuring that Canada’s current and emerging workforce is more highly skilled and adaptable will require a sustained effort. Specific milestones for measuring progress toward this goal should include the following:

- ◆ within five years, the number of adult learners increases by one million men and women throughout all segments of society;
- ◆ within five years businesses increase by one-third their annual investment in training per employee; and
- ◆ the number of adult Canadians with low literacy skills is reduced by 25% over the next decade.

⁸ Conference Board of Canada, *Brain Gain: The Economic Benefits of Recognizing Learning and Learning Credentials*, 2001.

To achieve this national goal and these milestones means strengthening Canada's knowledge and information base by building on our learning and labour market data collection and research. The December 2001 Budget extended the education tax credit to individuals receiving taxable assistance, including Employment Insurance (EI), for their post-secondary education. The Budget also announced that tuition assistance for adult basic education provided under certain government programs, including EI, would now be exempted from income tax. Other Human Resource Investment contributions could include a number of actions in a number of areas that would help Canadians pursue learning opportunities, realize their aspirations, and increase our supply of labour. These actions will be discussed with provincial and territorial governments and stakeholders.

- ◆ First, increasing the reach and scope of sector council activities. Building on the additional funding announced in the Budget 2001, the Government of Canada will increase the number of sector councils, as well as to expand human resources planning and skills development within sectors and small and medium-sized businesses. Human Resources Investment will also play a key role in discussing with sector councils and other partners in the development of a cross-sectoral "Workplace Skills Development Gold Standard".
- ◆ Second, in supporting the development and dissemination of knowledge and information on adult learning, the Government of Canada will examine ways to further research and support the development and dissemination about adult skills and learning. Areas of work could include e-learning; the recognition of prior learning; special needs of groups such as persons with disabilities; learning in the workplace; including essential skills such as literacy; and ways to meet the skills and learning needs of Canadians in their communities. Further, HRDC will accelerate the development of the Extended Occupational Network (EON) to better understand skills and how adult workers acquire them. Human Resources Investment will play a key role in supporting the Government of Canada's work with provinces, territories, employers, unions, post-secondary institutions, sector councils and non-governmental organizations on these questions.
- ◆ Third, in encouraging workplace-based learning and opportunities for workers to "learn while they earn", Human Resources Investment will support the Government of Canada to examine with partners possible financial incentives for employers who support essential skills development for their employees. Additionally, as part of ongoing discussions on student financial assistance, the Government of Canada will discuss possible enhancements to its student assistance programs for part-time study. This could provide low- to moderate-income working adults with a stronger incentive and the means to advance their skill and knowledge levels while working.
- ◆ And, finally Human Resources Investment will ensure the best use of resources for active labour market measures, and encourage the participation of those facing barriers to labour market participation. We will work with provinces and territories to ensure: the most effective use of resources to meet the skills development needs of Canadians in our evolving labour market, and in considering targeted skills development initiatives to help persons with disabilities, Aboriginal Canadians, visible minorities, individuals with low levels of literacy or foundation skills, and other facing barriers to labour market participation.

The Budget 2001 announcement of increased support for sector councils will allow HRDC to increase support for exemplary sector councils and expand the network of councils to other strategic areas of the economy. These industry-wide partnerships bring together employers, unions, workers and educators to assess and act on employment patterns, skill requirements and training practices in their areas of the economy. New sector councils will target areas with high priority skills issues such as specialized skills in high demand and short supply. This funding support is part of a long-term strategy to support industry capacity to address skills challenges, optimize the performance of sector councils and broaden the impact of sectoral skills initiatives in the labour market. The expected results are that more industries and more firms will collaborate to gain sector-wide economies of scale in addressing skills challenges and more Canadians will acquire the skills and knowledge required for changing workplaces.

"[...] These councils are examining what skills are needed today and what skills will be needed for tomorrow, developing training programs and pointing workers toward emerging job opportunities."

[Budget 2001]

Support for literacy activities through the National Literacy Secretariat will continue to be a fundamental part of our approach to skills and learning. We will continue to promote literacy as a key component of a learning society and to make Canada's social, economic and community life more accessible to people with limited literacy skills. We will strengthen our partnerships with the provinces and territories, other government departments, business and labour, the voluntary sector and non-governmental organizations to build capacity for literacy opportunities across Canada. In addition to promoting awareness of literacy issues, we will increasingly focus our efforts on improving knowledge in the field with a view to helping advance key priorities of all partners.

We will also work to help communities to become learning communities by closing the "digital divide", so all Canadians have access to the essential tools and opportunities to develop the technical skills necessary for labour market success. To achieve this goal, we will work with partners to expand innovative learning opportunities through technologies. For instance, through the Office of Learning Technologies, we will continue to develop Community Learning Networks (CLN) with Canadian communities. These local partnerships help communities to build the capacity to encourage skills and learning through the use of communications technology. As of March 2003, we expect 70 CLN to be in place, with half of these in rural areas.

The Ongoing Business Agenda

Policy Renewal and Leadership

➤ Policy and Programs for Persons with Disabilities

HRDC plays a key role in fulfilling the commitment of the Government of Canada to build a stronger and more inclusive society. During 2002-2003, HRDC will continue to develop collaborative approaches with the provinces and territories and other partners to address issues facing the disability community, including the development of a comprehensive labour market strategy for persons with disabilities. The Government of Canada currently provides funding to

the provinces for the Employability Assistance for People with Disabilities (EAPD) initiative which helps persons with disabilities prepare for, find and keep employment. The future of EAPD, which expires in 2003, will be reviewed in the context of a comprehensive labour market strategy. Proposals for enhanced disability supports will also be discussed with provinces and territories.

As lead department, HRDC will continue to support the horizontal management of disability issues with other federal departments and agencies to better align and monitor the progress of the Federal Disability Agenda. Work will continue on identifying and addressing gaps in programs and services for persons with disabilities, including Aboriginal people with disabilities. HRDC will also lead a review of the different definitions of disability that now exist in federal departments and agencies.

As part of our ongoing effort to establish effective accountability mechanisms, HRDC is coordinating the development of a federal disability report. The first report on federal programs and services for persons with disabilities will be released in 2002. We also expect to make substantial progress in the development and implementation of an access and inclusion “lens” a consistent way of taking disability issues and perspectives into account in any consideration of federal policies and programs. The creation of the lens will draw on participation from the disability community and other federal departments.

Consistent with the emphasis within HRDC to improve programs and services, we will review the terms and conditions of the disability component of the Social Development Partnerships Program (SDPP). This helps to support disability organizations and ongoing research that contributes to building a knowledge base on disability issues.

By enhancing the employability and the labour market participation of Canadians with disabilities, the Opportunities Fund ensures that those with disabilities who face barriers to employment have the opportunity to fully participate in the workplace and community. Through partnerships with the disability community and in working directly with individual clients, the program assists over 5,000 clients annually to become more skilled and prepared for employment at a cost of \$30M (including operating funds). A summative evaluation of the Opportunities Fund was recently conducted, and while it found that the program is effectively reaching its objectives, certain areas for improvement were noted. We will work to implement improvements in an effort to further maximize the program’s positive impacts on persons with disabilities.

We expect to see a range of outcomes from these initiatives, including an improved employment situation for people with disabilities and greater access to the supports they need to participate in society. Enhanced reporting on disability issues, programs and services will improve accountability to Canadians and provide more comprehensive information and understanding of disability issues.

➤ **Ensuring Successful Federal-Provincial/Territorial Relationships**

Successful federal-provincial/territorial relationships are critical to fostering opportunities for Canadians to fully participate in the workplace and community and to provide effective and sustainable program management and service delivery. As such, we will continue to work to sustain and improve dialogue, collaboration and relationships between the federal, provincial and territorial governments on social services and labour market matters through forums such

as the Forum of Labour Market Ministers, Ministers Responsible for Social Services, and the Ministerial Council on Social Policy Renewal. A particular focus will be to ensure effective partnerships with provinces and territories through Labour Market Development Agreements in the context of the Government of Canada's broader policy priorities including the development of the Skills and Learning Agenda. Another particular focus will be to support a review of the Social Union Framework Agreement and its implementation.

➤ **Repositioning the Youth Employment Strategy**

In 1997, the Government of Canada launched the Youth Employment Strategy (YES) to improve the employability of young Canadians by helping to ensure broad access to learning, support school-to-work transitions and assist youth facing poor labour market prospects. In support of YES, HRDC's Youth Employment Initiatives has four main activities: Youth Internship Canada, Youth Service Canada, Student Summer Job Action and Youth Information. During 2002-2003, it is anticipated that these activities will assist more than 65,000 youth gain work experience at a program budget of \$257 million. It is estimated that more than 47,000 young people in these activities will return to school, while 11,000 youth will become employed or self-employed.

Looking ahead, we will continue to work with our partners to ensure that the federal Youth Employment Strategy is responsive to changing labour market requirements and effectively assists young Canadians in the transition to the world of work, including those facing unique labour market barriers.

➤ **Promoting Human Development through a Strong Voluntary Sector**

The Government of Canada has recognized the value of a strong voluntary sector. As part of the Government of Canada's agenda to improve and enhance the quality of life for Canadians, the Voluntary Sector Initiative was launched in June 2000. This Initiative aims to strengthen the voluntary sector's capacity to meet the challenges of the future and to enhance its relationship with the Government of Canada.

During 2002-2003, HRDC will work with the Department of Canadian Heritage on the implementation of the Canada Volunteerism Initiative's program elements. This program will aim to strengthen the capacity of voluntary sector organizations to recruit and retain volunteers and provide them with a meaningful experience as well as expand the number of Canadians who contribute to society through volunteering efforts.

HRDC will also continue its leadership role for the Capacity Joint Table, which is a joint federal-voluntary sector process to address the research, skills development and policy capacity priorities of voluntary organizations, so that they can better meet the demands placed upon them by society.

➤ **Giving Children a Good Start in Life**

"[...] as the Speech from the Throne sets out, it is the well-being of Aboriginal children today that will make possible stronger First Nations communities in the future. [...] the Government undertook to improve and expand programs that support early childhood development, [...]"

[Budget 2001]

The Government of Canada recognizes that children are a priority. The well-being of today's children will be a key determinant of the quality of life in Canada and our future productivity. The early years are also important in establishing the foundation for competence and coping skills that will affect learning, behaviour and health in later life. In that regard, HRDC continues to play an important role in the implementation of the commitments made in the federal/provincial/territorial Early Childhood Development (ECD) Agreement announced in September 2000. Under the ECD initiative, the Government of Canada will transfer \$2.2 billion over five years (beginning in 2001-2002) to provinces and territories to improve and expand programs and services in four key areas: promoting healthy pregnancy, birth and infancy; improving parenting and family supports; strengthening early childhood development and care; and strengthening community supports.

Significant work is underway to meet the public reporting commitments outlined in the ECD agreement. These commitments include the release of a first report on current ECD programs and expenditures by all jurisdictions. This will provide a baseline against which new investments can be tracked. By September 2002, governments will begin annual reporting using comparable program indicators to track progress in improving and expanding early childhood development programs and services within the four areas for action listed above. Governments will also begin regular reporting on children's well-being, using a common set of outcome indicators.

The 2001 Speech from the Throne outlined the Government of Canada's commitment to work with Aboriginal communities to help ensure that Aboriginal children receive the best possible start in life. In response to this commitment, new investments of \$100 million over two years were announced in the 2001 budget to enhance early childhood development programs such as child care and head start, as well as \$25 million over two years to intensify efforts to reduce the incidence of fetal alcohol syndrome and fetal alcohol effects. These investments, which will build on the success of existing federal programs, are intended to complement the initiatives of provincial and territorial governments under the federal-provincial/territorial Early Childhood Development Agreement. HRDC will work in close collaboration with Health Canada and Indian and Northern Affairs Canada to implement these new investments.

HRDC continues to work collaboratively with the provincial and territorial governments to implement the National Child Benefit initiative. Through this initiative, the Government of Canada is making progress in fighting child poverty and improving work incentives by providing income support to families with children through the Canada Child Tax Benefit. By 2004, low-income families will receive annual child benefits of more than \$2,500 for a first child, and more than \$2,300 for each subsequent child. The National Child Benefit also includes a First Nations component to help First Nations communities across the country improve services and supports for their children.

Program Design and Service

➤ Canada Student Loans Program Implementation

The Canada Student Loans Program (CSLP) and Canada Study Grants (CSG) assist post-secondary students in financial need through student loans, study grants and interest subsidies.⁹ In the academic year 2002-2003, approximately 500,000 students will be assisted through these means. The total amount of money disbursed in loans, grants and interest subsidies is expected to reach \$2 billion. We estimate that the total cost of these programs will be approximately \$1 billion in 2002-2003, including \$120 million for CSGs. The December 2001 budget enhances Canada Study Grants for students with disabilities by increasing the maximum grant for exceptional costs associated with disabilities from \$5,000 to \$8,000. Apart from these grants to help deal with exceptional costs, some students with disabilities may find that the maximum student loans available are not sufficient to meet assessed needs. In these cases, a supplementary grant of up to \$2,000 a year will be provided.

"This budget will improve support for persons with disabilities who pursue higher education [...]."

[Budget 2001]

In 2000, the Government of Canada instituted a new funding model for the CSLP. Under this model, the government finances these loans directly and assumes ownership of the loan assets and portfolio risk. In 2001, we entered into contracts with service providers to administer and manage the student loans.

During 2002-2003, we expect to improve our accountability to student borrowers and taxpayers through regular measurement of program performance, including the performance of our service providers. We intend to provide better information to student borrowers and prospective borrowers. We will measure results through surveys of borrowers and by tracking performance against our service standards.

In 2001, the Government of Canada signed agreements with Ontario and Saskatchewan to integrate student loans administration and to harmonize federal and provincial student loans programs. Implementation will continue in 2002-2003 and is expected to improve service to students significantly, while reducing duplication and increasing cost-effectiveness for governments. During 2002-2003 we expect to begin agreement negotiations with at least one other province.

➤ Canada Education Savings Grant Program

The Canada Education Savings Grant (CESG) program will continue to encourage Canadians to save for the post-secondary education of children by paying grants up to \$400 each year to beneficiaries of Registered Education Savings Plans (RESPs). The CESG adds 20% to the first \$2,000 in contributions made into an RESP on behalf of an eligible beneficiary each year. The lifetime grant payment limit is \$7,200.

⁹ For the detailed report on Canada Student Loans Program, see Supplementary Information section, Consolidated Report on Canada Student Loans, on [page 80](#).

As of January 2002, a billion dollars has been paid to 1.5 million RESP beneficiaries. During 2002-2003, we expect RESP contributions on behalf of these beneficiaries to reach \$2.1 billion, at a cost of \$423 million in matching grants. Our priorities for this program will be to improve service to Canadians by providing training and support to the financial institutions that are the front-line service providers and administrators for CESP. We will implement surveys and consultation processes for soliciting feedback from Canadians and from our partners. This is a first step in our efforts to improve both the level and type of services offered to Canadians, and to increase citizen and partner satisfaction.

➤ **Implementation of the National Homelessness Initiative**

In December 1999, the Government of Canada launched the National Homelessness Initiative (NHI), a three-year demonstration initiative of \$753 million. The National Secretariat on Homelessness (NSH) was established within HRDC to oversee the NHI and to administer the Supporting Communities Partnership Initiative (SCPI), Youth Homelessness and Urban Aboriginal Strategy (UAS) components of the NHI. Recognizing that homelessness is a multi-faceted problem, linked to a range of social needs and requiring integrated solutions involving partnerships and collaboration at all levels in Canada, the initiative is fostering effective partnerships and investments that contribute to the reduction and prevention of homelessness. The community is the right place to design, coordinate and implement solutions to homelessness, whether for short-term emergencies or longer-term, sustainable responses. As such, the SCPI component of the NHI was introduced to facilitate and support community mobilization and the development of sustainable community capacity to address homelessness. The initiative is making a difference. Sixty-one communities across Canada have developed their own integrated and comprehensive strategies to address and prevent homelessness and substantive results are beginning to be seen.

In 2002-2003, our first major focus will be to complete our investment strategies so that allocated resources are fully committed by March 2003. In keeping with the Government's commitment to work in partnership with communities to address homelessness, communities will continue to take the lead in developing projects and making funding decisions consistent with priorities identified in their community plans. We expect to track and monitor the type, nature and effectiveness of community decision-making bodies.

Our second focus will be to assess the results of the investments to date. This will allow us to communicate to Canadians the effectiveness of the initiative and to act as a basis for further development of the federal government's role in addressing homelessness. We intend to use tools such as an interactive website to provide our community partners and all Canadians with information on homelessness, project outcomes, lessons learned, evaluation results, community efforts and approaches to a diverse array of partnerships. Finally, we will continue to implement the NHS Performance Measurement Strategy, including the NHI Evaluation, Project Results Reporting Framework and Community Evaluations, ensuring consistency in the reports submitted and that they relate to the overall anticipated outcomes for the NHI.

➤ **Aboriginal Human Resources Development Strategy**

The Aboriginal Human Resources Development Strategy (AHRDS) is a five-year, \$1.6 billion strategy designed as a partnership between Aboriginal groups and HRDC. It assists Aboriginal people to prepare for, find and maintain employment and builds Aboriginal capacity for human

resources development. These investments and activities are assisting Aboriginal people to acquire the skills and experiences they need to participate successfully in the Canadian labour market.

In 2002-2003, we estimate that we will assist over 30,000 clients. In total, some 12,000 clients will find employment or become self-employed and 500 youth will decide to return to school. There will be \$7 million in EI benefits that will not need to be paid.

We will continue to make progress in the administration and results generated through the strategy. We will administer and monitor individual agreements consistent with modern comptrollership principles. This will include an emphasis on results, accountability and evaluation, including the development of new client and contract systems that are consistent with our program integrity principles and practices. We will work to broaden and deepen the impacts of the strategy through communicating and sharing best practices. As well, we will strengthen partnerships with other social, educational and economic agencies, provincial governments and the private sector. We will conduct an arms-length review of the strategy during 2002-2003. These efforts will also support the beginning of discussions and exchanges focusing on a successor strategy for 2004.

➤ **Labour Market Information**

Labour Market Information (LMI) is valuable for individuals who want to understand the labour market for their own career, learning and employment purposes, for governments, employers, professional and business associations, educational institutions and other organizations that want to understand changes in labour market trends, occupations and industries, and for larger economic analysis. Currently, there is a wide range of LMI products and services available in Canada. Many are produced and delivered by HRDC.

We launched a Labour Market Information Task Force to develop a comprehensive, holistic and integrated HRDC vision of LMI. This will include developing a clear definition of our roles and responsibilities in the development and delivery of Canadian labour market information for the future. This work will involve extensive consultations with various stakeholders and partners to determine current and future directions. The result is expected to be a more integrated system for LMI in our department with clearer accountability and more targeted use of resources. This should lead to better, more relevant and timely labour market information tailored to the needs of Canadians, with increased awareness of its importance for informed decision-making, easier access and broader use. Phased implementation of the vision is expected to begin in 2003.

➤ **Official Languages Minority Communities**

The Government of Canada's commitment to promoting full inclusion in the life of the country is reflected in its obligations under the *Official Languages Act* to enhance the vitality of the English and French linguistic minority communities in Canada, to support and assist their development and to foster the full recognition and use of both English and French in Canadian society.

Most of our activities in support of this commitment are carried out through HRDC's Secretariat, Official Language Minority Communities (SOLMC).

"Canada's linguistic duality is fundamental to our Canadian identity and is a key element of our vibrant society. The protection and promotion of our two official languages is a priority of the Government – from coast to coast. The Government reaffirms its commitment to support sustainable official language minority communities [...]."

[2001 Speech from the Throne]

The SOLMC continues to enable the two National Committees (Francophone and Anglophone) for Human Resources Development and their delegated agencies to implement their strategic plans in order to promote human resources development, employability, partnership between the private and public sectors and community capacity building for the official language minority communities in Canada.

Over the years, a Support Fund has attained quantifiable and measurable results in the minority communities with the support of the federal partners in this initiative. The program is currently undergoing evaluation to validate HRDC's investment. This evaluation will provide Support Fund administrators with objective information regarding its relevance, design, implementation and success in attaining objectives. The results and conclusions of the evaluation will support the decision either to renew the current program or introduce a new one after March 31, 2004.

➤ **Foreign Worker Program**

An important element of the department's effort to meet Canada's labour force needs is the Foreign Worker Program, which we jointly administer with Citizenship and Immigration Canada. It is designed to assist Canadian employers to meet temporary human resource needs by facilitating the entry of foreign workers into areas of the labour market with demonstrable occupational shortages, while fostering the development of a strong domestic labour market. Over the past few years, we have witnessed a strong growth in demand for this program. In 1996-1997, HRDC processed approximately 27,200 employment validation requests. In 2000-2001, this number increased to 52,775 requests (an increase of 93%). Due to this escalated workload, along with an expansion of the labour intensity of the program's activities, the department will work to address resources pressures over the coming fiscal year. Additionally, we will develop an accountability framework for the program that will contain measurable results and will indicate the program's impact on the labour market. We also intend to integrate the Seasonal Agricultural Workers program into the Foreign Worker program.

➤ **Employment Benefits and Support Measures**

Part II of the *Employment Insurance (EI) Act* authorizes the design and implementation of programs and services to help unemployed participants to prepare for, find and maintain employment. This is based on the understanding that enhancing the skills, knowledge and experience of eligible Canadians facilitates full participation in the workplace and community. In six provinces and territories, HRDC delivers Employment Benefits and Support Measures (EBSM). In five of those jurisdictions EBSMs are delivered under Labour Market Development Agreements that are co-managed with provincial/territorial governments. In seven other jurisdictions, the province/territory has assumed responsibility for the design and delivery of programs and services that are similar to EBSMs. Employment benefits consist of interventions such as self-employment assistance for individuals and wage subsidies for employers, while support measures are mechanisms that provide opportunities to individuals or communities to further their employment and labour market potential.¹⁰

¹⁰ For a complete listing and description of the Employment Benefits and Support Measures, please refer to: <http://www.hrdc.gc.ca/hrib/ebsm-pems/menu/programs.shtml>

Together, EBSM and similar programs or services will account for \$2.2 billion of EI Part II spending in 2002-2003. With this funding, 266,000 active EI claimants and an estimated 90,000 former EI claimants will be assisted. During 2002-2003, 171,000 participants in programming under EI Part II will become employed or self-employed. Since many clients will return to work before the end of the benefit period, there will be \$700 million realized in unpaid Part I EI benefits. To extend our knowledge of the impacts of this and similar programs, we will study the longer term experiences of participants.

Sustainable and Effective Program Management and Service Delivery

The priorities identified under this strategic outcome relate to HRDC's Ongoing Business Agenda activities.

The Ongoing Business Agenda

➤ Strengthening Grants and Contributions

Over the past year, we have covered much ground in our work to strengthen the administration of grant and contribution programs. Our progress has been noted by the Auditor General. We recognize, however, that this work needs to be sustained. The Integrated Grants and Contributions Action Plan incorporates activities stemming from the earlier Six-Point Action Plan and from the Program Management Initiative, which focussed on strengthening the effectiveness and accountability of HRDC's programs. As part of the Integrated Action Plan, our department will seek approval of appropriate grant and contribution programs authorities by December 31, 2002. This represents an opportunity for the Department to enhance program effectiveness and relevance.

As part of our ongoing efforts to sustain improved management, the Department is involved in a number of activities that will allow us to achieve the appropriate level of financial and administrative controls while continuing to provide high quality services to Canadians. These activities include the development of service standards, the application of risk management principles and the examination of greater concentration and specialization in program delivery. The Integrated Grants and Contributions Action Plan also calls for the development of a single, fully integrated system to support the administration of grant and contribution programs. This new Common System for Grants and Contributions will provide the capability to staff to gather and assimilate timely, complete, accurate information to support all aspects of grants and contributions programs delivery and facilitate key activities in the management of HRDC's Grants and Contributions programs. We will also continue to address any issues that are raised through the work of our Performance Tracking Directorate and external experts such as the Auditor General.

➤ Government On-Line

The federal government's commitment to be the government most connected to its citizens, along with rapidly advancing technology, provide a tremendous opportunity for HRDC. We can offer more comprehensive information in areas such as employment, training, workplace standards, and financial assistance. We can reach a broader clientele than ever before. We will actively participate in the five HRDC led Government On-Line clusters that will aim at bringing together related information and services across organizational boundaries into groupings that make sense to clients. These clusters are; the Youth cluster; the Jobs, Workers, Training and Careers cluster; the Services for Persons with Disabilities cluster; the Human Resources Management cluster; and the Financial Assistance and Entitlements cluster. We will also work actively with other GOL clusters that are being led by other federal departments and agencies, such as the Aboriginal Peoples cluster.

We will largely contribute to the development of these clusters by ensuring that all relevant human investment information is integrated within the distinct client groupings. For example, the Youth cluster will contain information on programs and services provided by all levels of government for 6.5 million young Canadians. A unique feature of the site is that it has been developed in line with the principles of citizen engagement. Over 400 young people have actively contributed to all aspects of the development of the site in order to ensure that it meets their needs. The Jobs, Workers, Training and Careers cluster will match job seekers with job vacancies, provide information on occupational qualifications and regulations across the country, present the latest information on human resource management issues, and offer timely local labour market information and analysis. The Services for Persons with Disabilities cluster will enhance the ability of persons with disabilities to access information and services on-line in two complementary streams. First, it will enhance access to information, services and transactions clustered according to client needs; and second, the cluster will strengthen the ability of persons with disabilities to use the Internet through adaptive technologies. We are also leading the development of the Human Resources Management cluster which, is a one-stop source of information designed to help small and medium-sized employers meet their human resources requirements. This developmental work will include ongoing consultations and engagement of partners over 2002-2003 and beyond.

Labour

Our Strategic Outcomes:

To provide Canadians with safe, fair, stable and productive workplaces; and

Sustainable and effective program management and service delivery.



HRDC's Labour Program is responsible for administering legislation, which governs labour standards and labour relations for federally regulated workplaces. In addition, at a national level beyond the federal labour jurisdiction, it is responsible for international labour affairs, federal-provincial/territorial co-ordination in labour matters and the provision of nation-wide labour information.

The federal labour jurisdiction covers sectors of key importance to the Canadian economic infrastructure including banking, communications and transportation. In these industries, under legislation such as the *Canada Labour Code* and the *Employment Equity Act*, our Labour Program promotes stable industrial relations and works to resolve labour disputes and fosters safe, equitable and productive workplaces. International labour affairs has been growing rapidly in response to globalization, such as in Canada's trade-related labour co-operation agreements for which the Labour Program has primary responsibility.

GROSS SPENDING

Funding (millions of dollars)	Forecast 2001-2002	Planned Spending	
		2002-2003	2003-2004
Gross Operating Expenditures	61.2	57.7	56.8
Non-statutory Transfer Payments	2.3	3.3	3.3
Workers' Compensation Payments ^a	110.0	111.0	113.0
Consolidated Total for Labour	173.5	172.0	173.1

Full Time Equivalents	740	743	730
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a. The Labour Program recovers compensation claim costs and associated administrative fees from crown corporations and other government departments and agencies. The recoveries are to be netted against these payments and are expected to be as follows: 2001-2002 – \$47.0 million; 2002-2003 – \$48.0 million and 2003-2004 – \$49.0 million.

During 2002-2003, we will continue to deliver and support our ongoing activities, such as mediation and conciliation of labour disputes and responding to specific workplace concerns under our legislation. For 2002-2003, this service line has a lead role in three designated priorities.

Safe, Fair, Stable and Productive Workplaces

➤ **International Labour Affairs Strategy**

The 2001 Speech from the Throne commits the government to seek ways to ensure that globalization benefits all its participants, strengthens democracy and human rights, reduces international poverty, expands commerce and increases people's access to economic growth to improve their quality of life. As part of this search, HRDC manages an expanding range of international labour activities aimed at improving working conditions and living standards.

These international labour initiatives represent a priority for reasons of values and economics. They promote the establishment and effective enforcement of an international "floor" of labour standards, which are consistent with Canadian values and laws and help to promote international security, stability and equity. Canadians benefit from reduced competitive pressures on Canadian labour standards and from a more stable, fair and prosperous international trading community. Organization for Economic Co-operation and Development studies indicate that the most successful trading economies are those with high labour standards. Thus the promotion of international labour standards strengthens the international economy while, at the same time, supporting improved working conditions and a more equitable distribution of the benefits of globalization.

In this context, we will continue to support Canadian participation in the International Labour Organization (ILO), the premier global organization within the United Nations system dedicated to promoting international labour standards. We will work with the provinces and territories to promote global respect for the ILO Declaration of Fundamental Principles and Rights at Work. Canada will also continue to play a leading role within the ILO in support of innovative initiatives through which the ILO can increase its influence in the international economy, particularly related to the social dimensions of globalization.

We will continue to develop and administer the innovative international labour agreements which accompany Canada's free trade agreements. Canada already has such agreements with the United States, Mexico, Chile and Costa Rica. We will work towards concluding similar agreements in the context of trade negotiations with Guatemala, Honduras, El Salvador and Nicaragua and with Singapore.

The Minister of Labour of Canada will be Chair of the Inter-American Conference of Ministers of Labour until 2003. In October 2001, Canada hosted the 12th meeting of this Conference in Ottawa and became responsible for ensuring the implementation of the Plan of Action which was agreed to at that conference. It is based on the Plan of Action of the Summit of the Americas held in Quebec City in April 2001.

➤ **Review of the *Government Employees Compensation Act***

The *Government Employees Compensation Act* (GECA) fulfills a role similar to that of provincial Workers' Compensation Acts. It provides protection and compensation to employees of the Government of Canada who are injured in the performance of their duties. The actual dispensation of benefits under the Act is carried out by the provincial workers' compensation boards through individual agreements with each board.

The primary goals of the review of the GECA are to improve administration, remove legal difficulties and lower costs to clients and government. This review will address other deficiencies which have been identified by administrators and clients. A further impetus for amending the GECA is a commitment made to the Speaker of the House of Commons to amend the Act to extend coverage to the staff of Members of Parliament on Parliament Hill and in constituency offices.

A general review, which will support legislative review, began in 1997. It identified issues for possible legislative changes which could lead to reduced reporting time for accidents by employers, fewer appeals based on differences between federal and provincial legislation, an increase in the number of employees successfully reintegrated into the workforce following workplace injuries, lower costs related to legal challenges and improved relations with the provincial agencies which administer the Act. We will support any legislative actions the Government decides to pursue.

➤ **Proactive Interventions within Occupational Health and Safety**

Our Labour Program has a mandate to help reduce and eliminate workplace injuries, illnesses and deaths. To do so, we work with employees and employers in the federal jurisdiction and ensure that the necessary training, resources and support systems are in place.

Recent changes to Part II (Occupational Health and Safety) of the *Canada Labour Code* increased the responsibility of employers and employees for health and safety issues. In addition to the ongoing work to increase awareness within workplaces of the responsibilities of all parties to preserve health and prevent workplace injury, we will increase our focus on outcomes through the development of a performance management framework. In keeping with this new approach, as well as in response to a recent audit of activities in the area of Occupational Health and Safety, we will target our activities to areas of highest risk. This will focus our interventions on particular industries and the work sites and tasks which pose the greatest risk to employees. To evaluate our success, we will conduct assessments in 2003 and 2005.

Sound Departmental Management

Our Strategic Outcome:

To provide Canadians with sustainable and effective program management and service delivery.



HRDC depends on a range of corporate services to reach many departmental goals. These services include policy development and co-ordination, communications, computer systems and technology supports. They also include financial, administrative and human resource functions.

Some major priorities in these areas have been designated to ensure that HRDC has the base we need to support our major programs and services to Canadians effectively and efficiently.

Sustainable and Effective Program Management and Service Delivery

➤ **Corporate Plan and Accountability**

As HRDC has evolved in bringing key social and labour market services into a more coherent structure, greater comprehensiveness in key departmental planning and related management functions became necessary. This objective was accomplished when HRDC created the Corporate Affairs and Planning Branch in June 2000.

The Branch led the process to develop HRDC's first Corporate Plan. This is a key element in the new planning process for HRDC priority-setting, recognizing a number of challenges in pursuing these priorities and setting out the work plans to respond to them. The Corporate Plan responds to the demands of an increasingly horizontal planning and delivery environment and the need to establish common directions, planning framework and language.

In 2002-2003 the planning process will continue to evolve. We will focus on developing mechanisms to align resources to priorities. We will continue to enhance departmental accountability reflecting corporate priorities in the annual accord between the Deputy Minister and the Clerk of the Privy Council and cascade these commitments to all executive levels. Building on solid foundations, HRDC will also continue to promote excellence by engaging departmental staff and managers further through the upcoming Leadership Conference scheduled for late spring and by establishing a planning network to build upon and share best practices toward establishing a robust, integrated planning cycle.

➤ **Modernizing Service**

Modernizing Service for Canadians is a five-year plan to ensure that HRDC policies, programs and services are developed and provided to Canadians in a better, more responsive and more efficient manner. Its overall objective is to move from an organization based on business lines to one focused on citizen needs. As part of this, we will achieve the Government's goals for delivering services on-line and achieving demonstrable improvement in service.

Modernizing Service will involve change driven by the needs of clients. It will ensure the adoption of simple, easy to use and accessible programs and services. Many of our plans will take advantage of new technology and other forms of innovation. Throughout, we will promote federal visibility and achieve our financial goals of affordability and sustainability. No less importantly, we will address the needs of our staff so that they can build the competencies necessary to meet client needs in updated ways.

Immediate priorities for 2002-2003 will be balanced investments in service improvement. Many will involve automation initiatives that will generate cost savings that we can apply to additional projects over time.

➤ **Modern Comptrollership**

HRDC has taken a full part in the government-wide Modern Comptrollership initiative because we recognize the importance of continuous improvement in our management and delivery of programs and services. Building on the substantial work to date, we will continue to implement our action plan.¹¹ An overall goal of that action plan will be to achieve improved management practices by all managers. To support this goal, we will deliver workshops that address specific aspects of modern management and that enable managers to learn and use best practices. We will also continue to offer a two-day Modern Comptrollership Awareness session to new managers and senior specialists to continue to build the shared base of understanding that we expect among people at that level.


"[...] other organizations within the Public Service of Canada, including the departments and agencies that deliver programs and services directly to the Canadian public, exercise important responsibilities in the improvement of management practices."

[Results for Canadians]






➤ **10% Service Improvement**

The Service Improvement Initiative targets a minimum 10% improvement in the satisfaction of Canadians with the delivery of key government services by 2005. As one of the most high-profile providers of services to Canadians, HRDC is taking a lead role in this Initiative.

¹¹ For details of activities please refer to the Modern Comptrollership website at <http://www.hrdc-drhc.gc.ca/modernmanagement/>



Our Service Commitment*

-  You are entitled to courteous and considerate treatment and complete and accurate information about your entitlements and obligations.
-  We aim to keep the waiting time to meet a client service officer to a minimum. Waiting times will be posted in our offices.
-  You are entitled, if you qualify, to receive your first payment within:
 - ❖ 28 days for Employment Benefits and Support Measures;
 - ❖ 28 days for Employment Insurance benefits; and
 - ❖ 35 days for Old Age Security or Canada Pension Plan.
-  We will provide a 24-hour emergency response service for fatal accidents and refusals to work in the federal jurisdiction.
-  We will respond to complaints of unjust dismissal under federal jurisdiction within two working days.

* These Service Commitments will be revised during 2002-2003.

During 2002-2003, we will develop service improvement plans and set client satisfaction targets for our Employment Insurance and Income Security programs. We will base these plans on the results of the 2001 client satisfaction survey. It found a very high level of overall satisfaction and yet identified some areas for improvement. The second phase of the surveys will begin in 2002. The results will be used to develop the plans and targets for our Employment programs, Human Investment programs and Labour program. We expect to integrate service improvement and client satisfaction targets into our performance management system.

➤ Privacy Management Framework

Due to a mandate to deliver a wide range of benefits and services to Canadians, HRDC holds a large volume of personal information. To support the proper management of this personal information and to protect it from unwarranted uses, HRDC will proceed with the phased implementation of the Privacy Management Framework throughout 2002-2003 and future years. The Privacy Management Framework is an overarching infrastructure to manage personal information held by HRDC in accordance with privacy principles, current laws and public expectations. The Privacy Management Framework initiative has received the support of the Treasury Board Secretariat and the Office of the Privacy Commissioner of Canada.

➤ Government On-Line

In the 2001 budget, the Government reaffirmed its commitment to work towards providing all services on-line by the year 2005. HRDC will continue to contribute to meeting this commitment. As noted in more detail in the service line sections of this Report, the major focuses for HRDC on-line initiatives during 2002-2003 include Employment Insurance, Canada Pension Plan and Old Age Security services. The work to date has also started to “cluster” services and programs into groupings that reflect the interests and views of clients. During 2002-2003, we expect to implement enriched information and services in the clusters making up the Canada website.¹²

We will continue to approach our commitment to Government On-Line strategically. We see this as an opportunity to transform how we do business with Canadians across all service channels. We expect to implement on-line services in ways that better integrate all channels, including the services that we provide by mail, in-person, over the telephone and through our current network of kiosks.

¹² <http://www.canada.gc.ca>

➤ **Maintaining a Capable and Diverse Workforce**

In supporting HRDC as we modernize and strengthen our programs and services to Canadians, increased emphasis on leadership development and our ability to adapt to change is essential. We acknowledge the critical importance of people in our capacity to deliver quality services to Canadians, and it is through their hard work and dedication that we have the greatest impact.

As we manage the transition of our staff in a rapidly changing environment, we will continue to focus on leadership. We will implement a leadership development approach that is linked to our new Leadership Profile and business needs. We will continue to implement our approach to succession management. Renewed emphasis on human resource planning will secure our future through the proactive management of attrition, recruitment and retention, and ongoing analysis of our workforce.

Striving to maintain a motivated, representative and high performance workforce will be addressed concurrently with our other business challenges. We will support the modernization of HRDC services through an integrated approach to human resource management. We will identify competencies needed for our workforce of the future. Tools such as our competency profiles will be reviewed and updated, in line with evolving business requirements. We will identify learning and development needs in response to these new competencies. We will facilitate the change process by providing employees and managers with the tools they require.

"Employees are critical to improvement. They must be supported by a working culture that values learning, innovation, inclusiveness and diversity, intelligent risk taking and continuous improvement – allowing them to make their best contributions to Canada."

[Results for Canadians]

Increased representation of designated group members and diversity contribute richly to our ability to deliver on our mandate. In this regard, action plans addressing workplace barriers will be implemented, and we will focus on the active pursuit of diverse work teams.

We will develop an evaluation framework designed to ensure that our human resource practices are enabling the organization to manage its employees. We will actively involve ourselves in the Public Service-wide human resources reform initiative and its implementation. Communication is key in the development of relationships. In this regard we will continue to ensure strong communication with, and among, employees and managers. We will continue to enhance our relations with our unions in the development and implementation of the department's Human Resources Strategy.

Introduction to Specified Purpose Accounts

Specified Purpose Accounts (SPA) are special categories of revenues and expenditures. They report transactions of certain accounts where enabling legislation requires that revenues be earmarked and that related payments and expenditures be charged against such revenues. The transactions of these accounts are to be accounted for separately.

HRDC is responsible for the stewardship of four such accounts:

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

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

The CPP is a SPA but is not consolidated as part of the Government of Canada financial statements. It is under joint control of the Government and participating provinces. As administrator, the Government's authority to spend is limited to the balance in the Plan.

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

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

Employment Insurance Account

Description

The Employment Insurance (EI) Account was established in the Accounts of Canada by the *Employment Insurance Act (EI Act)* to record all amounts received or paid out under that Act. The *EI Act* provides short-term financial relief and other assistance to eligible workers. The program covers all workers in an employer-employee relationship. Self-employed fishers are also included under special regulation of the *EI Act*. In 2000, 14.8 million Canadians contributed to the Program and 2.3 million received benefits.

Employment Insurance provides:

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

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

Financial Summary

The main financial changes expected in 2002-2003 over 2001-2002 are:

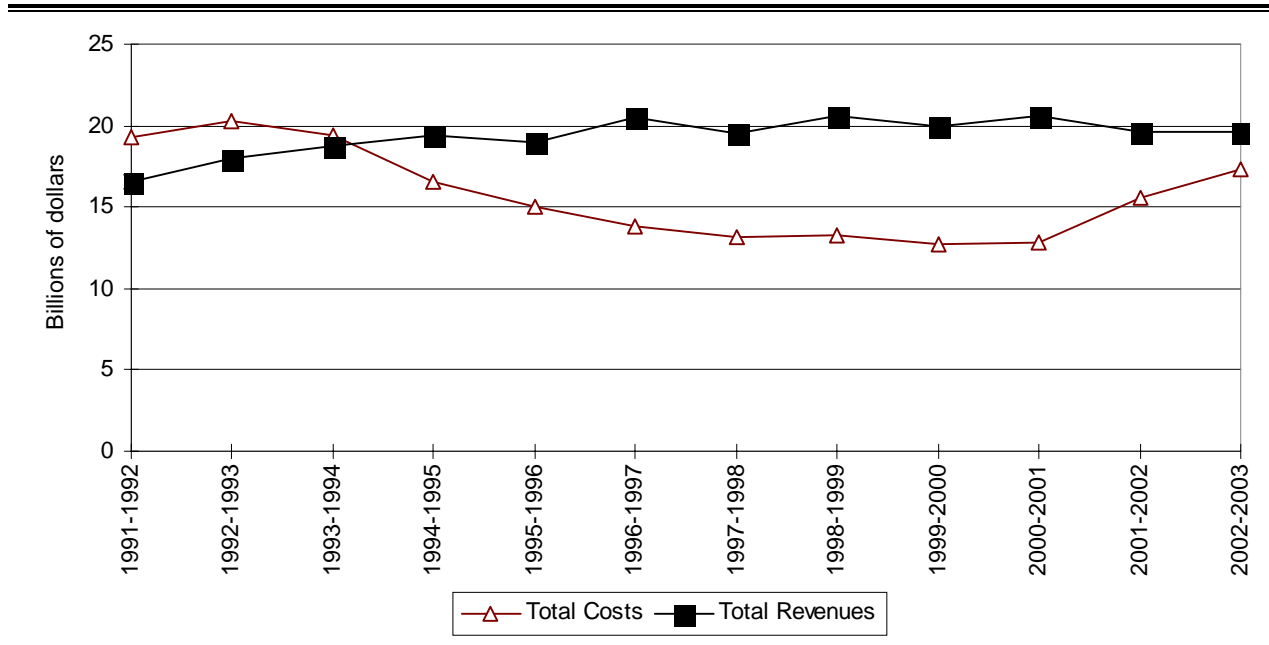
- Benefits are expected to reach \$15.9 billion, an increase of \$1.8 billion. This increase is mainly due to:
 - ◆ an increase of \$1.7 billion in income benefits resulting from:
 - ↪ expected increases in the average weekly benefits (3%) and the number of beneficiaries (11%); and
 - ↪ an increase in expenditure (representing the first full year costs) associated with the enhanced duration of parental benefits from 10 to 35 weeks for biological and adoptive parents.

- ◆ an increase of \$0.1 billion associated with Employment Benefits and Support Measures.
- Premium revenue is expected to remain essentially the same in 2002-2003 as rising employment and earnings compensate for the reduction in premium rates.

In 2002-2003, the EI Account is expected to have a surplus of \$2.3 billion, which would bring the cumulative surplus balance to \$42.3 billion by March 31, 2003.

The following figures summarize trends in total costs and revenues of the EI Account from 1991-1992 to 2002-2003 and the status of the EI Account between 1999-2000 and 2002-2003.

EI ACCOUNT – COSTS AND REVENUES TREND



EI ACCOUNT – SUMMARY

(millions of dollars)	Actual		Forecast 2001-2002	Planned Spending 2002-2003
	1999-2000	2000-2001		
Expenditures				
Benefits	11,280	11,444	14,100	15,900
Administrative Costs	1,406	1,408	1,473	1,401
Doubtful Accounts	56	26	34	38
Total Costs	12,742	12,878	15,607	17,339
Revenues				
Premium Revenue	18,825	18,999	18,316	18,325
Penalties	74	76	81	83
Interest	1,068	1,565	1,189	1,275
Total Revenues	19,967	20,640	19,586	19,683
Surplus				
Current Year	7,225	7,762	3,979	2,344
Cumulative	28,203	35,965	39,944	42,288

Note: The 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. They are recorded on a cash basis. For EI Benefits, they reflect the amount of transfers to persons, which are recorded on an accrual basis.

Benefit Payments

Benefits in 2002-2003 are expected to reach \$15.9 billion, consisting of \$13.7 billion for Income Benefits and \$2.2 billion for Employment Benefits and Support Measures.

Income Benefits

EI Income Benefits include regular, special, work sharing and fishers' benefits.¹³ Major aspects of these benefits are as follows:

Regular Benefits

➤ **Amount of Work Required to Qualify for Benefits**

- ◆ Most claimants require 420 to 700 hours of work during their qualifying period, regardless of whether from full-time or part-time work. The exact number of hours required is called the “variable entrance requirement”. It is determined by the rate of unemployment in a claimant’s region at the time he or she applies for benefits. In general, the higher the rate of unemployment, the fewer hours of work required to qualify.
- ◆ People who have just entered the labour market ("new entrants") and those returning to the labour force after an absence ("re-entrants") require 910 hours of work. However, if they worked at least 490 hours in the preceding 12 months, or received at least one week of maternity or parental benefits in the preceding four years, they will be eligible under normal rules the following year.

¹³ For more details refer to the EI website at http://www.hrdc-drhc.gc.ca/ae-ei/employment_insurance.shtml

- ◆ Claimants who commit EI fraud are subject to higher entrance requirements. The degree of violation – minor, serious, very serious or repeat violation – increases the minimum number of hours required to establish a claim to 1.25, 1.5, 1.75 or 2 times the normal minimum hours of work required.
- **Determining the Benefit Rate and Entitlement**
 - ◆ Claimants for regular benefits may receive benefits for 14 to 45 weeks, depending upon their hours of insurable employment and the regional unemployment rate.
 - ◆ Claimants' weekly benefits are 55% of their average insurable earnings during their last 26 weeks of work. The average insurable earnings are based on the actual weeks of work, subject to a minimum 14 to 22 divisor that is tied to the regional rate of unemployment.
 - ◆ Claimants with a combined family income of less than \$25,921 and who qualify for the Canada Child Tax Benefit (CCTB) receive a Family Supplement based upon:
 - the net family income;
 - the number of dependent children; and
 - the ages of those dependent children.
 - ◆ The benefit rate for claimants who receive a Family Supplement can be increased to a maximum of 80% of the claimant's average weekly insurable earnings. However, the actual weekly amount of benefits cannot exceed the maximum weekly rate noted below.
 - ◆ The maximum weekly benefit rate stays at \$413.00 (55% of the maximum weekly insurable earnings of \$750). The Maximum Yearly Insurable Earnings (MYIE) remain at \$39,000 until they are exceeded by 52 times the projected average weekly industrial wages (currently at \$34,492). The MYIE is also the maximum income level up to which EI premiums are paid.

Special Benefits

Claims for sickness, maternity or parental benefits require 600 hours of work, and are not affected by the new entrant/re-entrant rule. All claimants may receive sickness benefits for up to 15 weeks. Parental benefits of 35 weeks are available for biological and adoptive parents in addition to the 15 weeks of maternity benefits available. However, a maximum of 50 weeks of combined maternity, parental and sickness benefits are available.

Work Sharing

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

Fishers' Benefits

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

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

Benefit Repayments

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

EI INCOME BENEFITS – EXPENDITURES

(millions of dollars)	Actual		Forecast 2001-2002	Planned Spending 2002-2003
	1999-2000	2000-2001		
Income Benefits				
Regular	7,544	7,410	8,942	10,009
Sickness	530	591	672	698
Maternity	723	752	871	889
Parental	470	502	1,279	1,797
Fishing	232	264	300	322
Work Sharing	10	11	49	67
Benefit Repayments	(209)	(25)	(62)	(69)
Total Income Benefits	9,300	9,505	12,051	13,713

FACTORS AFFECTING INCOME BENEFITS

	Actual		Forecast 2001-2002	Planned Spending 2002-2003	% change
	1999-2000	2000-2001			
Income Benefits (\$ million)	9,300	9,505	12,051	13,713	14%
Average Monthly Beneficiaries (000)	684	654	784	874	11%
Benefit Rate (\$/week)	265	271	290	298	3%

Employment Benefits and Support Measures

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

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

Part II of the *EI Act* also authorizes the federal government to make payments to the governments of the provinces and territories for implementing programs similar to Employment Benefits and Support Measures. The planned federal contribution to provinces and territories (i.e., New Brunswick, Quebec, Manitoba, Saskatchewan, Alberta, Northwest Territories and Nunavut) under Labour Market Development Agreements is \$895 million for 2002-2003.

The total planned spending for Employment Benefits and Support Measures in 2002-2003 is set at \$2.2 billion or 0.6% of the total estimated insurable earnings of \$363.985 billion. This is below the 0.8% ceiling set under Section 78 of the *EI Act*.

EMPLOYMENT BENEFITS AND SUPPORT MEASURES

(millions of dollars)	Actual		Forecast	Planned Spending ^a
	1999-2000	2000-2001	2001-2002	2002-2003
Job Creation Partnerships	73	54	58	
Skill Development	381	357	394	
Self-Employment	84	76	80	
Targeted Wage Subsidies	60	39	45	
Employment Assistance	251	260	294	
Labour Market Partnerships	285	250	267	
Research & Innovation	10	13	18	
Total HRDC Programs	1,144	1,049	1,156	1,292
Transfers to Provinces and Territories	836	891	893	895
Total	1,980	1,940	2,049	2,187

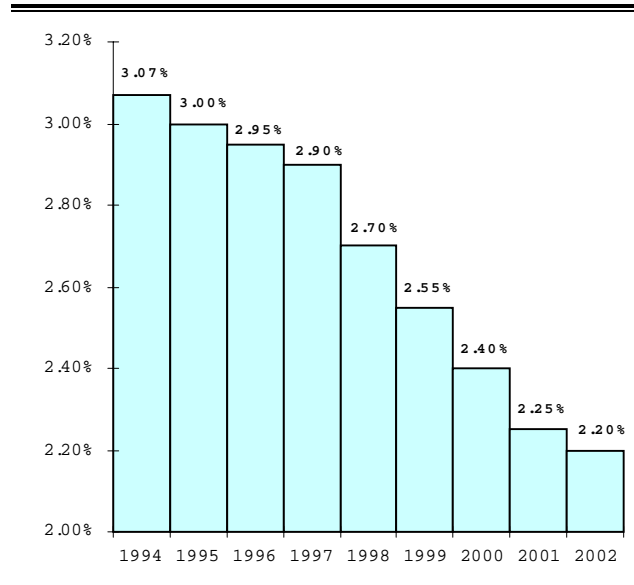
a. Breakdown by component is not available, as spending will be guided by local labour market needs. Breakdown by provinces/territories is provided in the EI Part II – 2002-2003 Expenditure Plan, on [page 75](#).

Premiums

Premium Rate-Setting: Section 66 of the *EI Act* requires that the Canada Employment Insurance Commission shall, with the approval of the Governor-in-Council on the recommendation of the Minister of Human Resources Development (HRD) and the Minister of Finance, set the premium rate each year. In setting the rate, the Commission will consider, to the extent possible, that revenue is enough to cover the amounts authorized to be charged to the EI Account and to maintain rate stability over a business cycle.

Notwithstanding section 66, section 66.1 provides that the premium rate for each of the years 2002 and 2003 is the rate set for the year by the Governor-in-Council on the recommendation of the Minister of HRD and the Minister of Finance.

**EMPLOYEE PREMIUM RATE TREND
(% OF INSURABLE EARNINGS)**



Premium Rate: As indicated in the chart, the premium rate has been gradually reduced from 3.07% of insurable earnings in 1994. For 2002, the premium rate was set at 2.20% of insurable earnings for employees,¹⁴ while the employers' portion is 1.4 times the employee rate (3.08%). For planning purposes, a premium rate at 2.10% is used to forecast premiums for the first three months of 2003.

Maximum Yearly Insurable Earnings (MYIE)

Premiums are paid on all employment earnings of insured employees up to the MYIE. Section 4 of the *EI Act* provides that the MYIE will be \$39,000 until the projected value of the average weekly earnings in Canada times 52 exceeds that threshold. Thereafter, the MYIE will be set equal to such projected value times 52, rounded down to the nearest \$100. For 2002, the projected value (times 52) was calculated to be \$34,942 and, therefore, the MYIE was left at \$39,000.¹⁵

Premium Reduction: Employers with qualified wage-loss insurance plans are entitled to premium reductions. They are required to share this reduction with their employees.¹⁶

¹⁴ For more information, see <http://www.fin.gc.ca/news01/01-111e.html>

¹⁵ For more information, see <http://www.hrdc-drhc.gc.ca/ae-ei/loi-law/max2002.pdf>

¹⁶ For more information, see <http://www.hrdc-drhc.gc.ca/prp-prtc/>

Premium Refund:

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

FACTORS AFFECTING PREMIUM REVENUE

	Actual		Forecast 2001-2002	Planned Revenue 2002-2003	% change	
	1999-2000	2000-2001				
Fiscal Year Factors						
Premium Revenue (\$ million)	18,825	18,999	18,316	18,325	0%	
Total Insurable Earnings (\$ million)	330,163	329,496	355,373	363,985	2%	
	1999	2000	2001	2002		2003
Calendar Year Factors						
Employee Premium Rate ^a (% of insurable earnings)	2.55%	2.40%	2.25%	2.20%	(2%)	2.10%
Maximum Insurable Earnings (\$)	39,000	39,000	39,000	39,000	0%	39,000
Premium Reduction (\$ million)	(507)	(511)	(500)	(500)		(517)
Premium Refunds (\$ million)						
Employee	(166)	(186)	(153)	(154)		(150)
Employer (New Hires/Youth Hires)	(192)	(262)	(45)	-		-

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

Notes:

1. For planning purpose, it is assumed that in 2003 the premium rate will be \$2.10.
2. The premium rate reduction from \$2.25 to \$2.20 for the calendar year 2002 represents a saving of \$400 million for employers and employees. The increase of \$9 million between the 2001-2002 and the planned revenue for 2002-2003 represents the net impact of the reduction in the premium rate and a rise in premium revenue due to rising employment and earnings.

Administrative Costs

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

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

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

ADMINISTRATIVE COSTS

(millions of dollars)	Actual		Forecast 2001-2002	Planned Spending 2002-2003
	1999-2000	2000-2001		
Federal	1,316	1,320	1,387	1,315
Provincial	95	94	91	91
Recovery	(5)	(6)	(5)	(5)
Total	1,406	1,408	1,473	1,401

Canada Pension Plan

Description

The Canada Pension Plan (CPP) is a joint federal/provincial plan that operates throughout Canada, except in Quebec, which has its own comparable plan. The CPP provides for a variety of benefits based on life changes. Best known for its retirement pensions, the CPP also provides disability and death benefits to eligible persons.

As a contributory plan, contributors are employed and self-employed persons between the ages of 18 and 70, who earn at least a minimum amount (\$3,500) during a calendar year. Benefits are calculated based on how much and for how long a contributor has paid into the CPP. Benefits are not paid automatically – everyone must apply and provide proof of eligibility.

Approximately 12 million Canadians over the age of 18 currently contribute annually to the Plan and approximately 4.3 million are expected to receive benefits during 2002-2003.

Benefit Payments

Retirement Pensions: Contributors may begin receiving CPP retirement pensions as early as age 60 or delay receipt until age 70. Applicants who are between 60 and 65 must have stopped working or earn below a specified level when they begin to receive the retirement pension. Contributors over age 65 need not have stopped working to qualify.

The amount of each contributor's pension depends on how much and for how long he/she has contributed and at what age he/she begins to draw the benefits. Pensions are adjusted by 0.5% for each month between the date the pension begins and the month of the contributor's 65th birthday. Contributors who begin receiving a retirement pension at age 60 will receive 70% of the usual amount that would be payable at age 65, while those who delay receiving a pension until age 70 will receive 130% of the amount payable at age 65.

Spouses and common-law partners can share their pensions. This is possible when both are contributors, are at least 60 years of age and have applied for their CPP retirement pensions. The retirement benefits earned only during the period of cohabitation can be divided equally between two spouses/common-law partners and can be paid as long as they remain together.

Disability Pensions: Disability pensions are payable to contributors who meet the minimum contributory requirements and whose disability is "severe and prolonged". Such a disability would prevent them from working regularly at any job in a substantially gainful manner for a prolonged period of time. Given medical advances, periodic reassessments of disabilities can be expected. A monthly, flat-rate benefit may also be paid to, or on behalf of, the child of a recipient of a CPP disability pension, if that child is under the age of 18, or up to age 25 if he or she is attending school full-time. The monthly benefit is not dependent on a parent's past earnings.

Survivor's Benefits: A contributor's surviving spouse/common-law partner may be eligible for a monthly benefit if the contributor has contributed for a minimum period and, if at the time of the contributor's death, the spouse/common-law partner was at least 35 years old or was under age 35 and either had dependent children or was disabled. Payments continue in the event that the surviving spouse/common-law partner remarries. Monthly benefits are also payable on behalf of the children of CPP contributors who die. The amount is a flat rate and is payable until the child reaches age 18, or up to age 25 if he or she attends school or university full-time.

Death Benefits: A lump-sum benefit is payable to the estate of the deceased contributor provided the minimum contributory requirements have been met.

Determining the Benefit Rate

CPP pensions are largely related to earnings. Pensions are adjusted in January of each year to reflect increases in the average cost of living, as measured by the Consumer Price Index.

Benefits such as children's benefits are not based on earnings; they are a fixed amount. Disability and survivor pensions contain a fixed-rate or flat-rate portion in addition to an earnings-related portion. The CPP has a ceiling on earnings that changes every year. This ceiling limits the amount of payments people receive, as well as the amount of contributions that must be paid into the Plan.

CPP BENEFIT PAYMENTS BY CATEGORY AND TYPE

(millions of dollars)	Actual		Forecast	Planned Spending	
	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
Retirement pensions	12,902	13,527	14,223	14,924	15,732
Disability benefits					
Disability pensions	2,559	2,521	2,555	2,576	2,622
Benefits to children of disabled contributors	245	233	234	233	236
Disability benefits total	2,804	2,754	2,789	2,809	2,858
Survivor benefits					
Surviving spouse or common law partner's benefits	2,669	2,802	2,893	3,009	3,148
Orphans' benefits	202	198	203	209	213
Death benefits	222	213	203	233	239
Survivor benefits total	3,093	3,213	3,299	3,451	3,600
TOTAL	18,799	19,494	20,311	21,184	22,190

Revenues

The CPP is financed through mandatory contributions from employees, employers and self-employed persons, as well as from investment income. Contributions are paid on the portion of a person's earnings that falls between a specified minimum (the Year's Basic Exemption) and maximum (the Year's Maximum Pensionable Earnings) amounts. The minimum remains constant at \$3,500, while the maximum amount is linked to the average

Canadian industrial wage and is adjusted annually. No contributions can be made once a contributor begins to receive a CPP retirement pension, while receiving a disability pension, or reaches the age of 70. Disbursements include the payment of CPP benefits and administrative expenditures associated with managing the program.

When it was introduced in 1966, the CPP was designed as a pay-as-you-go plan, with a small reserve. This meant that the benefits for one generation would be paid largely from the contributions of later generations. However, demographic and economic developments and changes to benefits in the 30 years that followed resulted in significantly higher costs. It became clear that to continue to finance the program on a pay-as-you-go basis would have meant imposing a high financial burden on Canadians in the work force during those years. Plan administrators chose instead to change the funding approach of the Plan to a hybrid of pay-as-you-go and full-funding, where each generation pays for its own benefits.

In 1998, the federal and provincial governments introduced "steady-state" financing. Under steady-state financing, the contribution rate will increase incrementally, from 5.6% in 1996, to 9.9% in 2003 and remain at that rate. The 9.9% long-term contribution rate is the lowest that can be expected to sustain the Plan indefinitely without further increases.

This approach will generate a level of contributions between 2001 and 2020 that exceeds the benefits paid out every year during that period. Funds not immediately required to pay benefits will be transferred to the CPP Investment Board for investment in financial markets. Over time, this will create a large enough reserve to help pay the growing costs that are expected, as more and more baby-boomers retire.

Adoption of this diversified funding approach has made the Canadian retirement income system less vulnerable to changes in economic and demographic conditions and a leading edge example of public pension plan management in the world.

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

Administrative Costs

Human Resources Development Canada, the Department of Finance, the Canada Customs and Revenue Agency (formerly Revenue Canada), Public Works and Government Services Canada and the Office of the Superintendent of Financial Institutions supply services that support the management and delivery of the CPP and its funds.

Costs incurred by these departments and agencies in administering the Plan are recoverable from the CPP based on the costing principles approved by Treasury Board. Essentially, those principles are that costs must be incurred because of CPP responsibilities and must be traceable.

Administrative expenses for 2002-2003 are estimated at \$344 million, representing a decrease of 3.0% from the forecast for 2001-2002.

CPP – ADMINISTRATIVE EXPENSES BY DEPARTMENT

(millions of dollars)	Actual		Forecast	Planned Spending	
	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
Human Resources Development Canada Plan administration, operations, records, and accommodation	211.5	211.8	228.8	216.7	207.3
EI Account - Refunding of EI Account in relation to assignment of Social Insurance Numbers and maintenance of the central index	1.6	2.5	2.5	2.5	2.5
Treasury Board Secretariat Insurance premiums and recoverable contributions to the Employee Benefit Plan	28.2	28.8	31.4	30.0	29.6
Public Works and Government Services Cheque issue, EDP services	14.1	12.9	12.5	12.6	12.6
Canada Customs and Revenue Agency Collection of contributions	58.2	77.7	77.6	80.2	83.5
Office of the Superintendent of Financial Institutions Actuarial services	1.2	1.1	1.1	1.2	1.3
Finance Investment services	0.3	0.4	0.4	0.4	0.3
TOTAL	315.1	335.2	354.3	343.7	337.1

Financial Accountability

The CPP and its resources are divided among three components:

- ◆ The **CPP Account** was established to record the contributions, interest, pensions and benefits and administrative expenditures of the Plan. It consists of an operating balance which is maintained at a level designed to cover three months' worth of forecast benefit payments and administrative charges.
- ◆ The **CPP Investment Fund** was established to record investments in the securities of the provinces, territories and Canada.
- ◆ The **Canada Pension Plan Investment Board** is an independent body established by a 1997 act of Parliament and created in 1998 to help the CPP achieve steady-state funding by investing funds not required by the CPP to pay current pensions and earning investment returns on funds transferred from the CPP Account.¹⁷ The Board is accountable to the public and governments through regular reports. It is subject to investment rules similar to other pension funds in Canada.

¹⁷ Information about the Canada Pension Plan Investment Board can be found at: <http://www.cppib.ca>

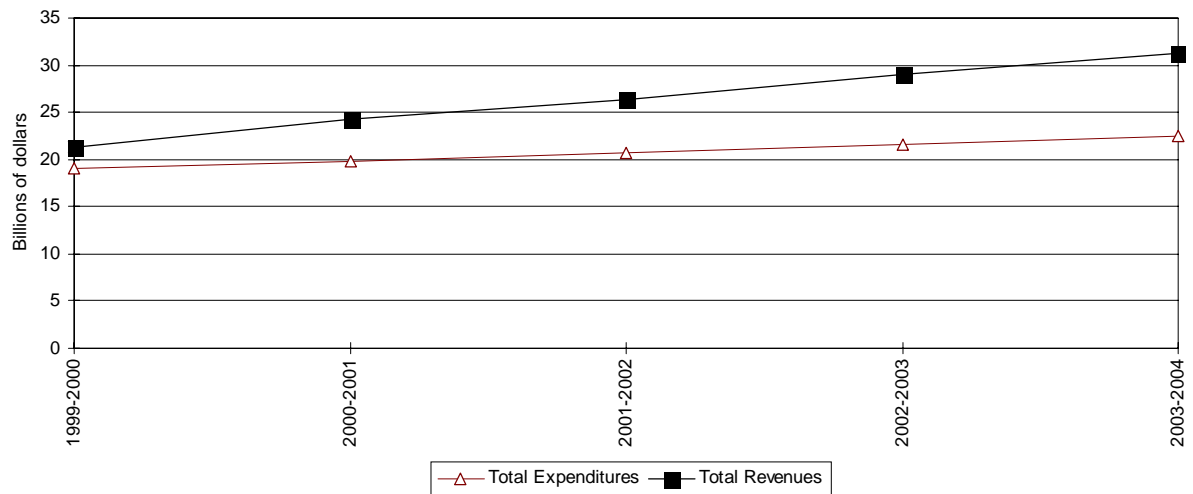
Financial Summary

Benefit payments are expected to reach \$21.0 billion in 2002-2003, an increase of \$872 million or 4.3% over 2001-2002. This increase reflects forecasts of client population and average benefit payments. In 2002-2003, it is expected that there will be a net increase in client population of 3% and a net increase in average benefit payments of 0.56%.

The CPP is expected to have a surplus of over \$7 billion, bringing the cumulative balance to over \$59 billion by March 31, 2003. At present, the CPP has a fund equal to almost three years of benefits and this is expected to grow to about four or five years of benefits over the next two decades.

The following figures summarize trends in total revenues and expenditures of the CPP and its status from 1999-2000 to 2003-2004.

CPP – REVENUES AND EXPENDITURES TREND



CPP – Revenues and expenditures trend is presented for fiscal years 1999-2000 to 2003-2004. Records for prior years were prepared on a modified cash basis of accounting, while records have been prepared on an accrual basis since 1998-1999.

CPP – SUMMARY¹⁸

(millions of dollars)	Actual		Forecast	Planned Spending	
	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
Revenue					
Contributions	17,037	21,407	23,354	26,303	28,767
Investment Income	4,238	2,849	3,079	2,812	2,497
Total Revenue	21,275	24,256	26,433	29,115	31,264
Expenditures					
Benefit payments	18,799	19,494	20,311	21,184	22,190
Administrative expenses	315	335	354	344	337
Total Expenditures	19,114	19,829	20,665	21,528	22,527
Increase	2,161	4,427	5,768	7,587	8,737
Year-end balances	41,261	45,688	51,456	59,043	67,780

Long-term Forecast

The CPP legislation requires a schedule of contribution rates with a review every three years by the federal and provincial finance ministers. The review determines whether any adjustments to the schedule are necessary. If so, the adjustments are implemented through legislation or agreement among finance ministers, or automatically under a formula that ensures that the Plan will have a reserve equal to approximately two years worth of benefits. Amendments to the rate schedule or the automatic regulation require the approval of at least two thirds of the provinces with at least two thirds of the population of all the provinces.

¹⁸ More information relating to 2000-2001 is reported in the CPP financial statements which can be found in the *2000 Public Accounts of Canada*, Volume 1, Section 6, at <http://www.pwgsc.gc.ca/recgen/text/pubacc-e.html>

The following table shows the forecast of revenues and expenditures affecting the CPP for the period between the fiscal year 2004-2005 and 2013-2014 based on the Office of the Superintendent of Financial Institutions' CPP Eighteenth Actuarial Report as at December 31, 2000.¹⁹ The Assets/Expenditures Ratio reflects the size of the year-end assets relative to the expenditures.

FORECAST OF REVENUES AND EXPENDITURES

Fiscal Year	Contribution	Contributions	Investment		Year-end Account	Year-end
	Rate		Income	Expenditures		Assets/Expenditures
	%		\$ millions			ratio
2004-2005	9.90	28,330	4,933	23,941	74,966	2.99
2005-2006	9.90	29,561	5,395	25,038	84,886	3.24
2006-2007	9.90	30,834	5,959	26,236	95,443	3.46
2007-2008	9.90	32,185	6,580	27,579	106,628	3.67
2008-2009	9.90	33,636	7,269	29,064	118,469	3.86
2009-2010	9.90	35,168	8,035	30,672	131,001	4.04
2010-2011	9.90	36,854	8,865	32,404	144,315	4.21
2011-2012	9.90	38,648	9,800	34,280	158,483	4.37
2012-2013	9.90	40,572	10,857	36,322	173,591	4.50
2013-2014	9.90	42,617	12,047	38,554	189,700	4.63

¹⁹ The Eighteenth Actuarial Report can be found at <http://www.osfi-bsif.gc.ca/eng/office/actuarialreports/index.asp>

Government Annuities Account

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

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

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

As of March 31, 2001, there were 6,450 outstanding deferred annuities, the last of which will come into payment around 2030.

GOVERNMENT ANNUITIES ACCOUNT – RECEIPTS AND DISBURSEMENTS

(millions of dollars)	Actual		Forecast	Planned
	1999-2000	2000-2001	2001-2002	Spending 2002-2003
Expenditures				
Actuarial Liabilities –				
Balance at beginning of year	585.8	546.1	507.9	471.2
Income	38.5	35.8	33.1	30.4
Payments and other Charges	72.4	68.4	64.4	60.4
Excess of payments and other charges over income for the year	33.9	32.6	31.3	30.0
Actuarial Surplus	5.8	5.6	5.4	5.2
Actuarial Liabilities –				
Balance at end of the year	546.1	507.9	471.2	436.0

Civil Service Insurance Fund

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

The number of policies in force as of March 31, 2001 was 1,999 and the average age of the policy holders was 83.1 years. Receipts and other credits consist of premiums and an amount (charged to expenditures) which is transferred from the Consolidated Revenue Fund in order to balance the assets and actuarial liabilities of the program. Payments and other charges consist of death benefits, settlement annuities paid to beneficiaries and premiums refund.

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

CIVIL SERVICE INSURANCE FUND – RECEIPTS AND DISBURSEMENTS

(millions of dollars)	Actual		Forecast	Planned
	1999-2000	2000-2001	2001-2002	Spending 2002-2003
Revenue				
Opening Balance	8.7	8.3	8.0	7.7
Receipts and other Credits	0.2	0.2	0.2	0.2
Payments and other charges	0.6	0.5	0.5	0.5
Excess of payments and other charges over income for the year	0.4	0.3	0.3	0.3
Closing Balance	8.3	8.0	7.7	7.4

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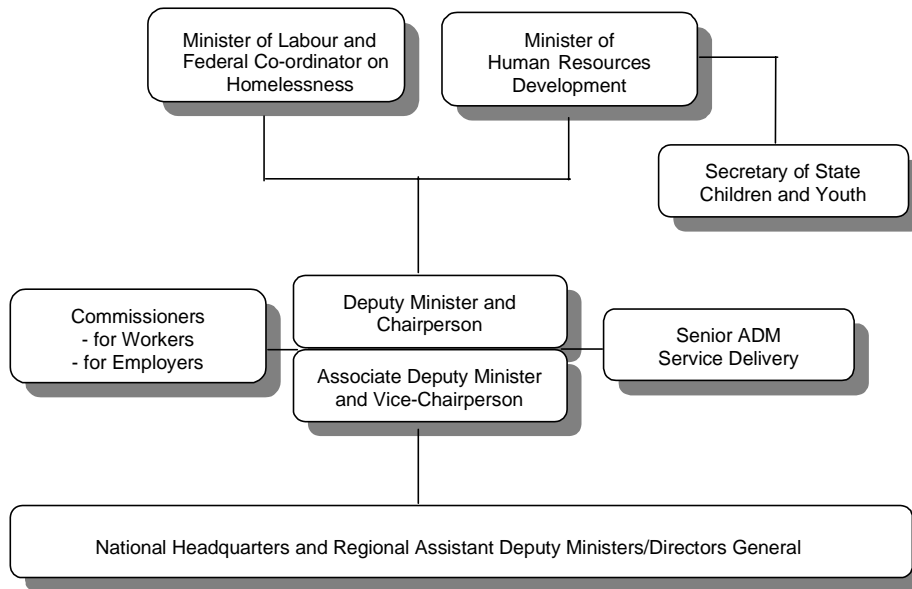
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FIGURE 1: ORGANIZATIONAL STRUCTURE AND DEPARTMENTAL FORECAST AND PLANNED SPENDING FOR THE ESTIMATES YEAR



Service Lines	Forecast 2001-2002		Planned Spending			
	FTEs	millions (\$)	2002-2003		2003-2004	
			FTEs	millions (\$)	FTEs	millions (\$)
Budgetary						
Income Security	3,512	25,614.3	3,511	26,637.5	3,511	27,682.8
EI Income Benefits	7,651	580.0	7,630	528.7	7,585	524.6
Human Resources Investment	3,967	2,567.7	3,823	2,487.3	3,505	2,376.4
Labour	740	173.5	743	172.0	730	173.1
Service Delivery Support	3,017	428.6	2,917	431.0	2,895	423.3
Corporate Services	2,895	425.8	2,865	381.0	2,884	380.1
Gross Budgetary	21,782	29,789.9	21,489	30,637.5	21,110	31,560.3
Respendable revenue		(1,574.9)		(1,500.2)		(1,501.1)
Net Budgetary^a		28,215.0		29,137.3		30,059.2
Non-Budgetary						
Loans disbursed under <i>Canada Student Financial Assistance Act</i>		1,683.0		1,800.0		2,200.0
Specified Purpose Accounts						
Employment Insurance		15,607.3		17,338.9		16,919.0
Canada Pension Plan		20,665.4		21,528.2		22,526.9
Other Specified Purpose Accounts		64.9		60.9		60.9
Departmental Employee Benefit Plan recoverable from EI Account and CPP		(147.6)		(139.1)		(138.6)
Total HRDC	21,782	66,088.0	21,489	69,726.2	21,110	71,627.4

a. The net budgetary increase of \$922.3M between the planning spending 2002-2003 and the forecast 2001-2002 is mainly due to statutory transfer payments. See figure 4 for additional information.

FIGURE 2: NET COST OF PROGRAM FOR THE ESTIMATES YEAR

(millions of dollars)	Forecast	Planned Spending	
	2001-2002	2002-2003	2003-2004
Budgetary Main Estimates	29,531.3	30,553.2	31,348.2
Less: Respendable revenue	(1,375.5)	(1,500.2)	(1,501.1)
Total Main Estimates	28,155.7	29,053.0	29,847.1
Adjustments to Planned Spending	258.6	84.3	212.1
Adjustments to Revenues	(199.4)	0.0	0.0
	28,215.0	29,137.3	30,059.2
Non-Budgetary Main Estimates	1,900.0	1,800.0	2,200.0
Adjustments to Planned Spending	(217.0)	0.0	0.0
	1,683.0	1,800.0	2,200.0
Net Planned Spending	29,898.0	30,937.3	32,259.2
Specified Purpose Accounts			
Employment Insurance	15,607.3	17,338.9	16,919.0
Canada Pension Plan	20,665.4	21,528.2	22,526.9
Other Specified Purpose Accounts	64.9	60.9	60.9
Departmental Employee Benefit Plan recoverable from EI Account and CPP	(147.6)	(139.1)	(138.6)
Total HRDC Consolidated	66,088.0	69,726.2	71,627.4
Less: Non-respendable Revenues^a			
Student Loans recovery	91.5	100.7	115.8
Set-offs of income tax refunds	28.5	31.3	31.3
Others	1.0	1.0	1.0
	121.0	133.0	148.1
Plus: Services Received without Charge			
Contributions covering employer's share of employee's insurance premiums and costs paid by Treasury Board Secretariat	26.3	18.2	16.9
Salary and associated costs of legal services provided by the Department of Justice	3.4	3.5	3.7
	29.7	21.7	20.6
Total Net Departmental Cost	65,996.7	69,614.8	71,499.8
Full Time Equivalents	21,782	21,489	21,110

a. Excludes recoveries associated with the Employee Benefit Plan recoverable from EI Account and CPP.

FIGURE 3: DEPARTMENTAL RESOURCES BY SERVICE LINE – BUDGETARY

	FTEs	Operating	Voted Grants and Contributions ^a	Subtotal: Gross Expenditures	Statutory Grants and Contributions	Total Gross Expenditures	Less: Revenue Credited to the Vote	Net Planned Spending
(millions of dollars)								
Service Lines								
Income Security	3,512	306.3	-	306.3	25,308.0	25,614.3	(181.0)	25,433.3
	3,511	287.5	-	287.5	26,350.0	26,637.5	(174.0)	26,463.5
	3,511	282.8	-	282.8	27,400.0	27,682.8	(168.8)	27,514.1
El Income Benefits	7,651	579.9	-	579.9	0.1	580.0	(508.1)	71.9
	7,630	528.5	-	528.5	0.1	528.7	(459.8)	68.9
	7,585	524.5	-	524.5	0.1	524.7	(458.4)	66.2
Human Resources	3,967	599.3	965.2	1,564.6	1,003.1	2,567.7	(283.5)	2,284.1
Investment	3,823	576.1	934.3	1,510.4	976.9	2,487.3	(262.1)	2,225.2
	3,505	566.9	887.9	1,454.9	921.5	2,376.4	(262.1)	2,114.3
Labour	740	171.2	2.3	173.5	0.0	173.5	(47.0)	126.5
	743	168.8	3.3	172.0	0.0	172.0	(48.0)	124.0
	730	169.8	3.3	173.1	0.0	173.1	(49.0)	124.1
Service Delivery	3,017	428.6	-	428.6	-	428.6	(282.4)	146.2
Support	2,917	431.0	-	431.0	-	431.0	(306.8)	124.2
	2,895	423.3	-	423.3	-	423.3	(315.9)	107.4
Corporate Services	2,895	425.8	-	425.8	-	425.8	(272.8)	153.0
	2,865	381.0	-	381.0	-	381.0	(249.5)	131.5
	2,884	380.1	-	380.1	-	380.1	(246.8)	133.2
Total	21,782	2,511.1	967.5	3,478.7	26,311.3	29,789.9	(1,574.9)	28,215.0
	21,489	2,372.8	937.6	3,310.4	27,327.0	30,637.4	(1,500.2)	29,137.3
	21,110	2,347.5	891.2	3,238.6	28,321.7	31,560.3	(1,501.1)	30,059.2

Legend:
For each Service Line...

First line	Forecast 2001-2002
Second line	Planned Spending 2002-2003
Third line	Planned Spending 2003-2004

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

FIGURE 4: SUMMARY OF TRANSFER PAYMENTS

(millions of dollars)	Forecast	Planned Spending	
	2001-2002	2002-2003	2003-2004
Income Security			
(S) Old Age Security	19,682.0	20,359.0	21,260.0
(S) Guaranteed Income Supplement	5,236.0	5,589.0	5,729.0
(S) Allowance payments	390.0	402.0	411.0
	25,308.0	26,350.0	27,400.0
Employment Insurance Income Benefits			
(S) Civil Service Insurance actuarial liability adjustment	0.1	0.1	0.1
Human Resources Investment			
(S) Canada Education Savings Grant	362.0	423.0	448.0
(S) Canada Study Grants	78.0	130.1	130.1
(S) Labour Adjustment Benefits	0.7	0.2	0.0
(S) Direct financing arrangement under the <i>Canada Student Financial Assistance Act</i>	97.9	115.1	149.3
(S) Interest payments under the <i>Canada Student Loans Act</i>	1.1	0.9	0.7
(S) Liabilities under the <i>Canada Student Loans Act</i>	90.7	65.5	47.1
(S) Interest payments and liabilities under the <i>Canada Student Financial Assistance Act</i>	372.7	242.1	146.4
Grants and Contributions	965.2	934.3	887.9
	1,968.3	1,911.2	1,809.4
Labour			
Grants, Contributions and Statutory Payments	2.3	3.3	3.3
Total Transfer Payments	27,278.8	28,264.6	29,212.8

FIGURE 5: SOURCES OF RESPONDABLE AND NON-RESPONDABLE REVENUES

(millions of dollars)	Forecast	Planned Spending	
	2001-2002	2002-2003	2003-2004
Responsible Revenues			
Income Security	181.0	174.0	168.8
EI Income Benefits	508.1	459.8	458.4
Human Resources Investment	283.5	262.1	262.1
Labour	47.0	48.0	49.0
Services Delivery Support	282.4	306.8	315.9
Corporate Services	272.8	249.5	246.8
Total Responsible Revenues	1,574.9	1,500.2	1,501.1
Non-responsible Revenues			
Income Security - Recovery of Employee Benefit Plan (EBP) costs	19.8	18.8	18.8
EI Income Benefits - Recovery of EBP	62.4	58.9	58.7
Human Resources Investment			
Student loan recoveries	91.5	100.7	115.8
Set-offs of income tax refunds	28.5	31.3	31.3
Recovery of EBP	22.8	21.2	21.2
	142.8	153.2	168.3
Labour - Service Fees	1.0	1.0	1.0
Services Delivery Support - Recovery of EBP	21.4	19.7	19.4
Corporate Services - Recovery of EBP	21.2	20.5	20.4
Total Non-Responsible Revenues	268.6	272.1	286.7

FIGURE 6: LOANS – NON-BUDGETARY

(millions of dollars)	Forecast	Planned Spending	
	2001-2002	2002-2003	2003-2004
Human Resources Investment			
Loans disbursed under the <i>Canada Student Financial Assistance Act</i>	1,683.0	1,800.0	2,200.0
Total	1,683.0	1,800.0	2,200.0

Details on Transfer Payments

Human Resources Development Canada has a substantial number of transfer payment programs. These support individuals, communities, the private and voluntary sectors, labour, other orders of government, and Aboriginal organizations in the achievement of shared human development goals. We are subject to the revised policy on Transfer Payments, which was introduced on June 1, 2000. That policy requires departments to report on those transfer payment programs that are worth at least \$5 million. In so doing, we are helping to demonstrate sound management of, control over, and accountability for our transfer payments.

Consistent with this policy, we have developed descriptive material on each program funded from the Consolidated Revenue Fund, including stated objectives, expected results and outcomes, and milestones for achievement. We have also prepared a table listing the active Terms and Conditions for transfer payments and a fact sheet for each program involving more than \$5 million.

Planned spending figures reflect estimated program costs and exclude operating resources necessary to deliver the program.

NON-STATUTORY TRANSFER PAYMENTS BY SERVICE LINE (2002-2003 PLANNED: \$937.6 MILLION (\$M))

Associated Programs (Terms and Conditions)	For more details, see Fact Sheet #
Human Resources Investment (HRI)	
Grants	
<i>Grants to individuals, organizations and corporations to assist individuals to improve their employability and to promote employment opportunities by assisting local entrepreneurial development</i> (Planned: \$8.2M)	
Youth Employment Initiatives	Fact Sheet 5
<i>Grants to voluntary sectors, professional organizations, universities and post-secondary institutions and to provincial and territorial governments for literacy</i> (Planned: \$28.2M)	
National Literacy Program	Fact Sheet 1
<i>Grants to non-profit organizations for activities eligible for support through the Social Development Partnerships Program</i> (Planned: \$7.0M)	
Social Development Partnerships Program	Fact Sheet 2

Associated Programs (Terms and Conditions)	For more details, see Fact Sheet #
Contributions	
<i>Payments to provinces, territories, municipalities, other public bodies, organizations, groups, communities, employers and individuals for the provision of training and/or work experience, the mobilization of community resources, and human resource planning and adjustment measures necessary for the efficient functioning of the Canadian labour market (Planned: \$550.4M)</i>	
Opportunities Fund for Persons with Disabilities	Fact Sheet 3
Aboriginal Human Resources Development Strategy	Fact Sheet 4
Youth Employment Initiatives	Fact Sheet 5
Social Development Partnerships Program	Fact Sheet 2
Older Workers Pilot Projects	Fact Sheet 8
<i>Employability assistance for people with disabilities – Payments to provincial and territorial governments, in accordance with bilateral agreements, for the provision of a range of measures to enhance the economic participation of working age adults with disabilities in the labour market by helping them to prepare for, attain and retain employment (Planned: \$192.0M)</i>	
Canadian-Provincial/Territorial Employability Assistance for People with Disabilities	Fact Sheet 6
<i>Contributions to organizations, provinces, territories, municipalities, post-secondary institutions and individuals to encourage and support initiatives which will contribute to the development of a more results-oriented, accessible, relevant and accountable learning system (Planned: \$3.4M)</i>	
<i>Contributions to organizations, provinces, territories, municipalities, post-secondary institutions and individuals to encourage and support initiatives with respect to the development, application, use and diffusion of new learning and training technologies (Office of Learning Technology) (Planned: \$2.8M)</i>	
<i>Homelessness – Contributions to provinces, territories, municipalities, other public bodies, organizations, community groups, employers and individuals to support activities to help alleviate and prevent homelessness across Canada (Planned: \$142.4M)</i>	
Homelessness (Supporting Communities Partnership Initiative); Youth (Homelessness); Urban Aboriginal Strategy (Homelessness)	Fact Sheet 7

Associated Programs (Terms and Conditions)

**For more details,
see Fact Sheet #**

Labour

Grants

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

Fire Prevention Canada (Planned: \$0.0M)

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

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

Contributions

Labour-Management Partnerships Program (Planned: \$1.6M)

Labour Commission (Planned: \$1.6M)

**FACT SHEET # 1: NATIONAL LITERACY PROGRAM
(2002-2003 PLANNED SPENDING: \$28.2M)**

Objectives	<p>Provides financial (and technical) assistance for activities designed to achieve one or another of the following overall objectives:</p> <ul style="list-style-type: none"> a) enable increased understanding of literacy issues through promotion and public awareness; b) foster co-ordination and information-sharing among all literacy-related organizations; c) enhance outreach measures and access activities for community and workplace literacy programming; d) support the development and exchange of learning materials, methods and programs; e) stimulate applied research and development initiatives which address the needs of literacy practice and practitioners; f) encourage innovative developments and solutions in literacy programming through community, labour or private sector demonstration projects; g) develop the capacity of major organizations and institutions involved in literacy to represent and advocate for literacy.
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Expected Results and Outcomes	<ul style="list-style-type: none"> ♦ Partner strengthening and support ♦ Production of relevant and effective learning materials ♦ Improved public awareness ♦ Production of relevant, high quality research ♦ Strengthened co-ordination and information sharing ♦ Improved access to literacy services for Canadians in need
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Milestones for Achievement:	
→ Renewal Date	March 31, 2005
→ Evaluation Performed	1995: Formative Evaluation
→ Evaluation Scheduled	2002-2003: Evaluation of National Literacy Secretariat Programs

**FACT SHEET # 2: SOCIAL DEVELOPMENT PARTNERSHIPS PROGRAM^a
(2002-2003 PLANNED SPENDING: \$27.4M)**

Objectives	<p>A research and development program that supports activities of the social non-profit sector in line with HRDC's mandate. These activities identify, develop and promote nationally significant best practices and models of service delivery and build community capacity to meet the social development needs and aspirations of populations who are or may be at risk.</p> <p>These objectives will be achieved through a review and accountability framework, in partnership with the voluntary sector.</p>
Expected Results and Outcomes	<p>Qualitative results in the following areas:</p> <ul style="list-style-type: none"> ♦ increased research from a national perspective on key issues, models and practices in social development; ♦ increased capacity in the voluntary sector; ♦ increased opportunity for Canadians to become involved in their communities through voluntary organizations; and ♦ increased community support and reduced barriers for Canadians with intellectual and/or physical disabilities.
Milestones for Achievement:	
→ Renewal Date	December 2002 ^b
→ Evaluation Performed	None to date
→ Evaluation Scheduled	2001-2002: Evaluation ^c

- a. Includes all programs using Social Development Partnerships Program (SDPP) terms and conditions, these are: Voluntary Sector Initiative, some of Child Care Visions and SDPP.
- b. The Terms and Conditions of the program will be reviewed with Treasury Board Secretariat in 2002-2003.
- c. An evaluation of the Child Care Visions Program is scheduled for completion in 2001-2002.

**FACT SHEET # 3: OPPORTUNITIES FUND FOR PERSONS WITH DISABILITIES
(2002-2003 PLANNED SPENDING: \$23.8M)**

Objectives	<p>To assist persons with disabilities in preparing for, obtaining and keeping employment, or becoming self-employed, thereby increasing their economic participation and independence.</p> <p>The objective will be achieved by working in partnership with non-government organizations representing persons with disabilities, the private sector and provincial governments in using innovative approaches that demonstrate best practices to promoting the economic integration of persons with disabilities.</p>
Expected Result and Outcome	Approximately 5,000 persons with disabilities will be assisted annually, of whom 2,000 will find work.
Milestones for Achievement:	
→ Renewal Date	March 31, 2003
→ Evaluations Performed	1998: Formative Evaluation 2001: Summative Evaluation
→ Evaluation Scheduled	2004: Summative Evaluation

**FACT SHEET # 4: ABORIGINAL HUMAN RESOURCES DEVELOPMENT
STRATEGY (AHRDS)
(2002-2003 PLANNED SPENDING: \$236.3M)**

Objectives	<p>To support Aboriginal organizations to develop and implement labour market, youth and child care programs that are designed to address the local and regional needs of Aboriginal people.</p> <p>This programming will:</p> <ul style="list-style-type: none"> a) assist Aboriginal individuals to prepare for, obtain and maintain employment, thereby resulting in savings to income support programs; b) assist Aboriginal youth (a person normally from 15 to 30 years of age) in preparing for, obtaining and maintaining employment and in making a successful transition into the labour market, thereby resulting in increased employment; and c) increase the supply of quality child care services in First Nations and Inuit communities, thereby raising the availability of distinct and diverse services in these communities to a level comparable to that of the general population.
Expected Result and Outcome ^a	Assist 30,000 Aboriginal clients, of whom 12,000 are expected to find and keep work or become self-employed.
Milestones for Achievement:	
→ Renewal Date	March 31, 2004
→ Evaluation Performed	None to date
→ Evaluations Scheduled	<p>2001-2002 and 2002-2003 (Evaluation report by August 2002):</p> <ul style="list-style-type: none"> ♦ Portrait of administrative data reflecting the Strategy ♦ Community Case Studies assessing the impact of the AHRDS with client follow-up surveys analyzing earnings, duration of employment, use of skills and positioning these results within the community's context ♦ Assessment of the Strategy's partnership, horizontal management and program integration dimensions. <p>Final Evaluation to be completed by March 2004. Evaluation to include primarily summative elements with minor formative explorations.</p>

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

**FACT SHEET # 5: YOUTH EMPLOYMENT INITIATIVES
(2002-2003 PLANNED SPENDING: \$257.0M)**

Objective	To assist youth in preparing for, obtaining and maintaining employment, and in making a successful transition into the labour market, thereby resulting in increased employment.
Expected Results and Outcomes	<p>Assist 65,000 youth to obtain work experience, of whom 11,000 are expected to find work and 47,000 are expected to return to school.</p> <p>Of those returning to school, it is estimated that 45,000 will be students who return to school after summer employment and 2,000 will be participants in Youth Service Canada and Youth Internship Canada.</p> <p>Additional youth-at-risk activities to enhance their future participation in the labour market include measurement of the number of personal action plans initiated and the number completed. 2002-2003 will be a benchmarking year for action plans initiated and completed.</p>
Milestones for Achievement:	
→ Renewal Date	March 31, 2005
→ Evaluations Performed	<p>1997: Summer Career Placements Summative Evaluation</p> <p>1998-1999: Youth Service Canada Summative Evaluation Youth Employment Strategy: A Formative Evaluation of Youth Internship Canada and Other HRDC Youth Initiatives Interdepartmental Evaluation of the Youth Employment Strategy (YES)</p> <p>2000-2001: Youth Service Canada Evaluation (Longitudinal Study) Summative Evaluation of HRDC's Youth Internship Programs under the Youth Employment Strategy YES Interdepartmental Evaluation Phase I</p> <p>2001-2002: Youth Internship Canada Program Evaluation Phases II and III YES Interdepartmental Evaluation Phase II (consolidates YES with other federal youth programs)</p>
→ Evaluation Scheduled	None to date

FACT SHEET # 6: CANADIAN-PROVINCIAL/TERRITORIAL EMPLOYABILITY ASSISTANCE FOR PEOPLE WITH DISABILITIES (EAPD) (2002-2003 PLANNED SPENDING: \$192.0M)

Objective	To provide funding to provinces and territories for a range of measures to enhance the economic participation of working age adults with disabilities in the labour market by helping them prepare for, attain and retain employment.
Expected Result and Outcome	The key outcome commitment is to help people with disabilities prepare for, attain and retain employment. EAPD emphasizes accountability and the federal and provincial governments jointly developed the results indicators. Data on outcomes will be available in the EAPD national annual report to be released in spring 2002.
Milestones for Achievement:	
→ Renewal Date	April 1, 2003
→ Evaluations Performed	1999-2000: Evaluability Assessment 2001-2002: Bilateral evaluations
→ Evaluation Scheduled	2001-2002: Promising Practices

FACT SHEET # 7: HOMELESSNESS (SUPPORTING COMMUNITIES PARTNERSHIP INITIATIVE); YOUTH (HOMELESSNESS); URBAN ABORIGINAL STRATEGY (HOMELESSNESS) (2002-2003 PLANNED SPENDING: \$142.4M)

Objectives	<ol style="list-style-type: none"> (1) to ensure that no individuals are involuntarily on the street by ensuring that sufficient shelters and adequate support systems are available; (2) to reduce significantly the number of individuals requiring emergency shelters and transition and supportive housing (through, for example, health services, low cost housing, discharge planning, early intervention, prevention initiatives); (3) to help individuals move from homelessness through to self-sufficiency, where possible; (4) to help communities strengthen their capacity to address the needs of their homeless population; and (5) to improve the social, health and economic well-being of people who are homeless.
Expected Results and Outcomes	<ul style="list-style-type: none"> ♦ New/strengthened partnerships and networks ♦ Improved sharing of lessons learned and increased awareness of the planning process and projects ♦ New/enhanced skills/knowledge within structures ♦ New/enhanced assessment of local need and gaps ♦ Development of community plan assessing needs, identifying gaps and setting priorities ♦ Projects addressing priorities (including urgent needs projects) ♦ Projects addressing research of local issues
Milestones for Achievement:	
→ Renewal Date	Program to end on March 31, 2003
→ Audit Performed	Fiscal Year 2000-2001: Implementation Review: Supporting Communities Partnership Initiative (SCPI)
→ Audit Scheduled	Fiscal Year 2002-2003: Compliance Audit
→ Evaluations performed	<ul style="list-style-type: none"> ♦ Report on Case Studies for Youth Homelessness (2001-2002) ♦ Evaluation of HRDC components of National Homelessness Initiative (NHI) completed Fiscal Year 2001-2002 ♦ Roll-up of NHI Evaluation Report for Fiscal Year 2001-2002
→ Evaluation scheduled	SCPI Community Self-Evaluations

**FACT SHEET # 8: OLDER WORKERS PILOT PROJECTS
(2002-2003 PLANNED SPENDING: \$9.1M)**

Objectives	<p>To support innovative pilot projects designed to re-integrate displaced older workers into sustainable employment, or maintain in employment older workers threatened with displacement.</p> <p>This objective supports HRDC's human resources investment priorities aimed at helping clientele with particular labour market needs and issues, broadening partnerships to enhance and integrate programming and focusing on prevention.</p>
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Expected Results and Outcomes	<p>These projects will provide both levels of government with a better understanding of what works for this particular client group and how HRDC might wish to proceed co-operatively in advancing eventual policies and programs for older workers.</p>
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Milestones for Achievements:

Renewal Date	Program to end on March 31, 2003.
Evaluation performed	While most Older Workers projects are operating, no evaluations have been carried out yet.
Evaluation scheduled	Evaluations will be carried out at the end of each agreement.

Employment Insurance Part II – 2002-2003 Expenditure Plan

Background

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

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

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

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

Employment Benefits and Support Measures

The five Employment Benefits are:

- **Targeted Wage Subsidies** – to encourage employers to hire individuals whom they would not normally hire in the absence of a subsidy;
- **Self-Employment** – to help individuals to create jobs for themselves by starting a business;
- **Job Creation Partnerships** – to provide individuals with opportunities through which they can gain work experience which leads to ongoing employment;
- **Targeted Earnings Supplements** – to encourage individuals to accept employment by offering them financial incentives; and

- **Skills Development** – to help individuals to obtain skills for employment, ranging from basic to advanced skills through direct assistance to individuals, and, where applicable, contributions to provinces/territories or provincially/territorially funded training institutions to cover costs not included in tuition fees.

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

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

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

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

Financial Data

2002-2003 EMPLOYMENT INSURANCE PLAN

(en millions de dollars)	Base	Réinvestissement	Total du Plan
Terre-Neuve-et-Labrador	56.3	73.1	129.4
Nouvelle-Écosse	50.4	30.3	80.8
Nouveau-Brunswick	49.1	42.1	91.2
Île-du-Prince-Édouard	15.6	10.0	25.6
Québec	349.2	248.1	597.3
Ontario	342.1	184.1	526.2
Manitoba	38.7	10.2	49.0
Saskatchewan	29.1	9.9	38.9
Alberta	76.2	35.9	112.1
Territoires du Nord-Ouest	2.1	1.6	3.7
Nunavut	1.4	1.0	2.3
Colombie-Britannique	137.7	151.7	289.5
Yukon	2.1	2.0	4.1
	1,150.0	800.0	1,950.0
Responsabilités pancanadiennes ^a	237.2	0.0	237.2
Fonds disponibles pour les prestations d'emploi et les mesures de soutien	1,387.2	800.0	2,187.2

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

For 2002-2003, the EI Part II expenditure authority of \$2.2 billion represents 0.6% of total estimated insurable earnings of \$363.985 billion. This represents a lower level of expenditures than the 0.8% ceiling imposed under the Act, which is estimated at \$2.912 billion.

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

Expected Results

It is expected that 266,000 active claimants and an estimated 90,000 former claimants will be assisted in 2002-2003. These targets may change, depending on labour market conditions and agreements achieved with provinces and territories.

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

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

EBSM (EI PART II ACTIVITIES)			
	Clients Employed/ Self-employed	Unpaid Benefits	Active Claimants Assisted
Targeted Results 2000-2001	210,584	\$719.9M	299,200
Actual Results 2000-2001	206,004	\$730.4M	286,184
Targeted Results 2001-2002	214,314	\$733.4M	308,762
Forecasted Results 2001-2002	175,000 ¹	\$725.0M ²	270,000 ³
Targeted Results 2002-2003	171,000	\$700.0M	266,000

Notes:

- Targeted Results for 2000-2001 and 2001-2002 are the total of the targets as submitted by the regions, provinces and territories. These targets may not correspond to those published in the 2001-2002 EI Part II Expenditure Plan due to revised targets being submitted after December 2000. The 2002-2003 Targeted Results are national projections based on historical data, expected policy revisions, forecasted labour market conditions and funding levels. 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. (Prior to 2000-2001, Targeted Results reflected the benchmarks developed from an analysis of the Unemployment Insurance Development Uses programming).
- Forecasted Results for 2001-2002 are based on an analysis of historical and year-to-date data as of September 30, 2001.
- The 2000-2001 Clients Employed and Unpaid Benefits data include Fisheries Restructuring and Adjustment Measures (FRAM) but exclude Aboriginal EBSMs. The 2000-2001 target for Active Claimants Assisted is for regular EBSMs only but the actual results include FRAM and Aboriginal EBSMs. All other data exclude FRAM and Aboriginal programs funded from the EI Part II Account.

Explanation of Variances

- The Forecasted Clients Employed Results reflect a decrease of 13% in the actual number of Clients Employed as of September 30, 2001 compared to the corresponding period in 2000-2001. This decrease is expected to continue for several reasons: lower results because of the decrease in the number of carry-over clients from 2000-2001, a decrease in new program activities related to the reduction in program spending, and the continuing deepening of the economic downturn related to post-September 11 events. The number of former claimants finding employment during the first two quarters of 2001-2002 has decreased significantly.
- The Unpaid Benefits result as of September 30, 2001 is on a par with the same period in 2000-2001, as is the number of Active Claimants returning to employment.
- The forecasted decrease in program spending continuing into 2001-2002 will affect on the number of clients served.

Of the 13 formative evaluations scheduled to take place, 12 are completed. A formative evaluation of the Nunavut LMDA is planned for 2002-2003. Summative evaluations of the LMDAs, which will provide reliable and valid information concerning a program's impacts and effectiveness are underway in three provinces, namely British Columbia, Newfoundland and Labrador and Quebec (in Quebec, the province is leading the evaluation, in consultation with HRDC). In 2002-2003, in-depth comprehensive summative evaluations will commence in six other provinces, with the aim of completing further evaluation reports by the end of the fiscal year or in 2003-2004.

In addition to the work that will be undertaken to evaluate the LMDAs on a broader basis, HRDC will commence joint federal-provincial pilots to test the feasibility of using operational data to monitor and report on EBSM effectiveness on an ongoing basis as well. The Medium-Term Indicator (MTI) pilot will test a methodology for tracking participant outcomes over the medium-term (up to three years). Agreements have been reached with British Columbia and Alberta to pilot MTI this year and it is expected that an agreement will be reached shortly with Nova Scotia. The pilot supports the Department's commitment to monitor and report upon the effectiveness of EBSM programs delivered under LMDAs as fully as possible.

Examples of Key Indicators by Strategic Outcome

<p>Strategic Outcome: Income Security for seniors, persons with disabilities and their children, survivors and migrants</p> <ul style="list-style-type: none"> ➤ Percentage of callers answered by a service delivery agent within three minutes ➤ Average number of working days to process Old Age Security applications ➤ Average number of working days to process Canada Pension Plan (CPP) applications (excluding disability benefits) ➤ Average number of working days to process initial Canada Pension Plan Disability applications ➤ Average number of days to process first level of appeal (CPP-Disability) ➤ Number of disability beneficiaries with whom follow-up contact has been made ➤ Number of disability beneficiaries attempting to return to work
<p>Strategic Outcome: The opportunity to fully participate in the workplace and community</p> <ul style="list-style-type: none"> ➤ Percentage of first benefit cheques paid as early as legally possible (within 28 days of when an individual's benefit period is to begin) ➤ Error rate in payment of Employment Insurance (EI) Benefits ➤ Savings from EI detection activities and from deterrence and prevention activities (dollar value) ➤ Percentage of callers answered by a service delivery agent within three minutes ➤ Percentage of appeals scheduled to be heard within 30 days of the filing of an EI appeal ➤ Number of clients employed or self-employed following program interventions ➤ Unpaid benefits (EI Part I) resulting from EI claimants employed following an EI Part II Employment Benefits and Support Measures ➤ Number of youth and Aboriginal clients who return to school following program interventions ➤ Number of Canadians who access learning opportunities as a result of Canada Student Loans and Canada Education Savings Grant Programs ➤ Percentage of Canadians aged 0 to 17 who are beneficiaries of Registered Education Savings Plans ➤ Percentage of population with post-secondary education who are still repaying a student loan ➤ Percentage of youth aged 18 to 24 who enter post-secondary education ➤ Percentage of Supporting Communities Partnership Initiative (SCPI) communities with an approved plan ➤ Percentage of SCPI communities with representative advisory committees comprising local service providers and other stakeholders ➤ Budget and dollars expended for SCPI, youth and Aboriginal homelessness
<p>Strategic Outcome: Safe, fair, stable and productive workplaces</p> <ul style="list-style-type: none"> ➤ Percentage of unjust dismissal complaints settled by inspectors (Part III of the <i>Canada Labour Code</i>) ➤ Percentage of Part II situations of non-compliance (excluding situations of danger) voluntarily resolved through the acceptance of Assurances of Voluntary Compliance ➤ Percentage of collective bargaining disputes settled under Part I of the <i>Canada Labour Code</i> without work stoppage ➤ Disabling injury incidence rate
<p>Strategic Outcome: Sustainable and effective program management and service delivery</p> <ul style="list-style-type: none"> ➤ Total dollars collected – Employment Insurance and Employment Programs ➤ Total dollars collected – Canada Student Loans Program ➤ Total dollars collected – CPP inactive accounts ➤ Availability of HRDC's Automated Service Channels to Canadians ➤ Timely production of payment files in support of all HRDC payments to Canadians ➤ Turnover of indeterminate employees ➤ Visible minority, Aboriginal and persons with disabilities representation

Consolidated Report on Canada Student Loans

In August 2000, the Canada Student Loans Program (CSLP) was shifted from the risk-shared financing arrangements that had been in place with financial institutions between 1995 and July 2000 to a direct student loan financing plan.²⁰

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

It also meant that we had to use interim arrangements in order to ensure uninterrupted delivery of federal student financial assistance until the Direct Loans program could be fully implemented. To do that, we entered into interim contracts with the former risk-shared loan lenders to disburse full-time Direct Loans on the government's behalf. These contracts ended February 28, 2001.

Reporting Entity

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

Basis of Accounting

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

Specific Accounting Policies

➤ Revenues

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

²⁰ More information on the Canada Student Loans Program is available at http://www.hrdc-drhc.gc.ca/student_loans/

- ◆ **Interest Earned on Direct Loans** – Student borrowers are required to pay simple interest on their student loans once they leave full-time studies. At the time they leave school, students have the option of selecting a variable (prime + 2.5%) or fixed (prime + 5%) interest rate. The amounts in the figures represent the interest accrued on the outstanding balance of the government-owned Direct Loans only; borrowers continue to pay the interest accruing on the guaranteed and risk-shared loans directly to the private lender holding these loans.
- ◆ **Recoveries on Direct Loans** – The amounts in the figures represent the recovery of principal and interest on these direct loans.
- ◆ **Recoveries on Guaranteed Loans** – The Government reimburses the private lenders for any loans issued prior to August 1, 1995 that go into default (i.e., lenders claim any amount of principal and interest not repaid in full, after which HRDC will attempt to recover these amounts). The amounts in the figures represent the recovery of principal and interest on these defaulted guaranteed loans.

➤ **Canada Study Grants**

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

➤ **Interest Borrowing Expense**

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

➤ **Collection Costs**

These amounts represent the cost of using private collection agencies to collect defaulted Canada Student Loans. The loans being collected include: guaranteed loans issued prior to July 31, 1995 that have gone into default and for which the government has reimbursed the private lender; and Direct Loans issued after July 31, 2000, that are returned to HRDC by the third party service provider as having defaulted. In accordance with HRDC accounting practices, collection costs are charged to a central departmental account and do not appear among the other CSLP expenditures.

➤ **Interim Arrangements**

As noted in the introduction to this section, interim contracts were entered into with the former risk-shared loan lenders to disburse full-time Direct Loans on the government's behalf until February 28, 2001. At that time, the government reimbursed the lenders 85% of the loan principal they had advanced during the interim period. The remaining 15% will be reimbursed to the lenders with possible adjustments upon completion of a full audit of the supporting documentation. These contracts also called for remuneration in the form of transaction fees and the interest on funds advanced on behalf of the Government. Another contract was entered into with Canada Post for the delivery of part-time Direct Loans. The Interest Cost to Financial

Institutions (Interim) and Transition fees to Financial Institutions (Interim) items identify the cost of these interim arrangements.

- ◆ Interest Cost to Financial Institutions (Interim) – This expense represents the interest costs, calculated at prime, paid by CSLP on a monthly basis to the lending institutions on the outstanding advances made to full-time students with Direct Loans.
- ◆ Transition Fees to Financial Institutions (Interim) – This expense represents the cost of transaction fees paid by CSLP during the interim period for each fully completed full-time loan made to the student by the participating lending institutions. Transition fees also include payments made to Canada Post for each fully completed part-time loan made during the interim period. The cost is calculated on the basis of certificates of eligibility negotiated by the student.

➤ **Service Bureau Costs**

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

➤ **Risk Premium**

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

➤ **Put-back**

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

➤ **Administrative Fees to Provinces and Territories**

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

➤ **In-Study Interest Subsidy**

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

on the loans while the student remains in studies. Because of this change in practice, no interest subsidy item for Direct Loans appears in the financial figures.

➤ **Interest Relief**

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

➤ **Debt Reduction in Repayment**

Debt Reduction in Repayment (DRR) assists borrowers in severe financial hardship. DRR is a federal repayment assistance program through which the Government of Canada reduces a qualifying student's outstanding Canada Student Loans principal to an affordable amount after all other interest relief measures are exhausted. For loans issued prior to August 1, 2000, CSLP pays the lending institutions the amount of student debt principal reduced by the Government of Canada under DRR. Prior to the 2000-2001 fiscal year, expenditures and forecasts related to debt reduction and repayment have been included with interest relief. For loans issued after August 1, 2000, the Government of Canada forgives a portion of the loan principal. Because a student borrower cannot be eligible for DRR until they have exhausted Interest Relief (5 years), amounts presented in the financial tables are associated with loans negotiated prior to August 1, 2000.

➤ **Claims Paid and Loans Forgiven**

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

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

➤ **Bad Debt Expense**

Under Direct Loans, the government now owns the loans issued to students and must record them as assets. As a result, Generally Accepted Accounting Principles require a provision be made for potential future losses associated with these loans. The provision must be made in the year the loans are issued even though the losses may occur many years later. The expense item is calculated as a percentage of the value of loans issued in a year based on historical information. The provision pertains only to the Direct Loans portfolio. This expense item is incorporated into the Department of Finance's general financing operations. The amount presented here is the cost attributed to the CSLP.

➤ **Alternative Payments to Non-participating Provinces**

Payments to non-participating provinces are transfers to provinces and territories that choose not to participate in the CSLP. In return, these provinces and territories are entitled to alternative payments to assist in paying the cost of operating a similar program.

Commitments

As at March 31, 2002 the department will have the following commitments for Service Provider contracts: \$147 million for the years 2002-2003 and 2003-2004.

FIGURE 1: CONSOLIDATED CANADA STUDENT LOANS PROGRAM – COMBINED PROGRAMS

(millions of dollars)	Actual		Forecast	Planned Spending	
	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
Revenues					
Interest earned on Direct Loans	0.0	0.3	5.7	19.8	25.4
Recoveries on Guaranteed Loans	154.5	125.7	120.0	120.0	116.8
Total Revenues	154.5	126.0	125.7	139.8	142.2
Expenses					
<i>Transfer Payments</i>					
Canada Study Grants ^a	103.0	56.6	78.0	120.1	120.1
Total Transfer Payments	103.0	56.6	78.0	120.1	120.1
<i>Loan Administration</i>					
Interest Borrowing Expenses (Class A & B) ^b	0.0	0.2	149.2	253.1	362.2
Collection Costs	19.3	16.8	14.2	15.9	17.9
<i>Interim Arrangements</i>					
Interest Costs to Financial Institutions	0.0	41.5	13.0	0.0	0.0
Transaction Fees to Financial Institutions	0.0	25.9	0.0	0.0	0.0
Service Bureau Costs	0.0	1.3	36.1	64.0	82.0
Risk Premium	81.8	88.1	57.6	39.0	22.0
Put-Back	1.6	2.1	1.8	1.8	1.8
Administration Fees to Provinces and Territories	9.1	9.6	14.9	16.9	21.7
Total Loan Administration Expenses	111.7	185.3	286.8	390.7	507.6
<i>Cost of Government Support</i>					
<i>Benefits Provided to Students</i>					
In-Study Interest Subsidy	204.0	180.5	94.5	39.9	9.0
Interest Relief	82.6	107.4	104.3	89.1	68.9
Debt Reduction in Repayment	0.6	2.0	34.0	44.0	44.0
Claim Payments	80.0	72.2	64.6	27.5	15.1
Bad Debt Expense ^{b & c}	0.0	206.7	200.6	212.7	259.7
Total Cost of Government Support Expenses	367.2	568.8	498.0	413.1	396.7
Total Expenses	581.9	810.7	862.8	923.9	1,024.3
Net Statutory Operating Results	427.4	684.7	737.1	784.1	882.1
Payment to Non-participating Provinces	126.1	138.9	195.6	191.9	199.1
Final Statutory Operating Results	553.4	823.6	932.7	976.0	1,081.2

a. For 2001-2002, a \$42M unused portion from previous years reduced the forecasted expense from \$120.1M to \$78M.

b. These costs are related to Canada Student Direct Loans, but paid by the Department of Finance.

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

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

(millions of dollars)	Actual		Forecast	Planned Spending	
	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
Revenue					
Recoveries on Guaranteed Loans	154.5	125.7	120.0	120.0	116.8
Total Revenue	154.5	125.7	120.0	120.0	116.8
Expenses					
<i>Transfer Payments</i>					
Canada Study Grants	103.0	0.0	0.0	0.0	0.0
Total Transfer Payments	103.0	0.0	0.0	0.0	0.0
<i>Loan Administration</i>					
Collection Costs	19.3	16.8	14.2	14.7	14.9
Risk Premium	81.8	88.1	57.6	39.0	22.0
Put-Back	1.6	2.1	1.8	1.8	1.8
Administration Fees to Provinces and Territories	9.1	9.6	0.0	0.0	0.0
Total Loan Administration Expenses	111.7	116.6	73.6	55.5	38.7
<i>Cost of Government Support</i>					
<i>Benefits Provided to Students</i>					
In-Study Interest Subsidy	204.0	180.5	94.5	39.9	9.0
Interest Relief	82.6	107.4	101.3	79.5	52.4
Debt Reduction in Repayment	0.6	2.0	34.0	44.0	44.0
Claim Payments	80.0	72.2	64.6	27.5	15.1
Total Cost of Government Support Expenses	367.2	362.1	294.4	190.9	120.5
Total Expenses	581.9	478.7	368.0	246.4	159.2
Net Statutory Operating Results	427.4	353.0	248.0	126.4	42.4
Payment to Non-participating Provinces	126.1	138.9	110.7	76.8	49.8
Final Statutory Operating Results	553.4	491.9	358.7	203.2	92.2

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

(millions of dollars)	Actual		Forecast	Planned Spending	
	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
Revenue					
Interest earned on Direct Loans	0.0	0.3	5.7	19.8	25.4
Total Revenue	0.0	0.3	5.7	19.8	25.4
Expenses					
<i>Transfer Payments</i>					
Canada Study Grants ^a	0.0	56.6	78.0	120.1	120.1
Total Transfer Payments	0.0	56.6	78.0	120.1	120.1
<i>Loan Administration</i>					
Interest Borrowing Expenses (Class A & B) ^b	0.0	0.2	149.2	253.1	362.2
Collection Costs	0.0	0.0	0.0	1.2	3.0
<i>Interim Arrangements</i>					
Interest Costs to Financial Institutions	0.0	41.5	13.0	0.0	0.0
Transaction Fees to Financial Institutions	0.0	25.9	0.0	0.0	0.0
Service Bureau Costs	0.0	1.3	36.1	64.0	82.0
Administration Fees to Provinces and Territories	0.0	0.0	14.9	16.9	21.7
Total Loan Administration Expenses	0.0	68.7	213.2	335.2	468.9
<i>Cost of Government Support</i>					
<i>Benefits Provided to Students</i>					
Interest Relief	0.0	0.0	3.0	9.6	16.5
Bad Debt Expense ^{b & c}	0.0	206.7	200.6	212.7	259.7
Total Cost of Government Support Expenses	0.0	206.7	203.6	222.2	276.2
Total Expenses	0.0	332.0	494.8	677.5	865.1
Net Statutory Operating Results	0.0	331.7	489.1	657.7	839.7
Payment to Non-participating Provinces	0.0	0.0	84.9	115.1	149.3
Final Statutory Operating Results	0.0	331.7	574.0	772.8	989.0

a. For 2001-2002, a \$42M unused portion from previous years reduced the forecasted expense from \$120.1M to \$78M.

b. These costs are related to Canada Student Direct Loans, but paid by the Department of Finance.

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

Regulatory Initiatives

Income Security

Legislation and Regulations	Expected Impact
Amendments to <i>the Canada Pension Plan</i> (CPP) may be required in light of the triennial review.	Since the actual amendments are not yet known, their potential impacts are uncertain at this time.
Additional CPP amendments identified by the department may include, for example, an amendment to permit the removal of an entry to the Record of Earnings with client consent after the existing 4-year time limit.	If approved, this amendment would impact on CPP contributors by allowing for more flexibility to amend an incorrect entry after 4 years.
The legislation currently does not allow the withdrawal of an Old Age Security (OAS) application. In the case of migrants, permitting withdrawal of an OAS application prior to approval would be in their best interest financially and therefore increase their OAS entitlements.	This would benefit migrants by allowing them to continue accumulating years of residence for purposes of pension calculation.
Technical amendments are anticipated to both CPP and OAS regulations in relation to Modernizing Services.	These potential amendments to the regulations will allow for more efficient program administration.

Employment Insurance (EI) Income Benefits

Legislation and Regulations	Expected Impact
Regulations for charging of interest.	<p>In 1997 the Employment Insurance (EI) Commission approved the draft regulations and program design developed to introduce the charging of interest on EI debt.</p> <p>The charging of interest is linked to Departmental Accounts Receivable System (DARS).</p> <p>In order to implement DARS, some amendments to the previously agreed draft Regulations for charging of interest are required.</p>
Minor amendments to the <i>Employment Insurance (EI) Regulations</i> .	<p>HRDC will make minor changes to the <i>EI Regulations</i>.</p> <p>This will involve only non-controversial changes that would clarify current regulations or create a greater consistency between the English and French texts.</p>
Modernization: Amendment to the regulations.	<p>The <i>Employment Insurance (EI) Regulations</i> will be amended in order to provide comparable benefits to same-sex common law partners as are presently available to opposite-sex common law partners.</p> <p>Same-sex couples will be paid EI benefits for adoption and will be allowed to share them as are opposite-sex couples now.</p> <p>Limited benefits outside Canada will be provided to accompany a member of a claimant's immediate family for medical treatment outside Canada.</p>

Human Investment Programs

Legislation and Regulations	Expected Impact
<p>Canada Study Grant for Students with Permanent Disabilities: An amendment to subsection 34(3) of the <i>Canada Student Financial Assistance Regulations</i> is required in light of the 2001 Federal Budget announcement. The maximum amount of the grant has been increased from \$5,000 to \$8,000 per loan year. A further amendment to the <i>Regulations</i> is required to include the Budget's announcement that a new supplementary grant for students with permanent disabilities will be available. The maximum amount of the grant is \$2,000 per loan year.</p>	<p>The Canada Study Grant for Students with Permanent Disabilities is intended to help cover the costs of exceptional education-related services or equipment that are necessary for students with permanent disabilities to pursue a post-secondary education. The supplementary grant for students with permanent disabilities will provide financial assistance to those students who are assessed as having unmet need after receiving the maximum amount allowed in Canada Student Loans.</p>
<p>Restrictions on Financial Assistance: The Canada Student Loans Program is examining subsection 15(1) of the <i>Canada Student Financial Assistance Regulations</i> and exploring the possibility of amendments. While the <i>Canada Student Financial Assistance Regulations</i> do not define default, per se, section 15 provides for situations where a borrower or applicant may be denied further assistance. Once the Minister is informed that a circumstance listed under section 15 has occurred, the Minister is obligated to terminate or deny additional financial assistance. Financial assistance in this context includes new loans and repayment assistance such as Interest Relief or Debt Reduction in Repayment.</p>	<p>The Canada Student Loans Program will be examining the conditions upon which individuals would be able to qualify for debt management measures.</p>
<p>Debt Reduction in Repayment: Amendments to the <i>Canada Student Financial Assistance Regulations</i> and <i>Canada Student Loans Regulations</i> to improve the Debt Reduction in Repayment measure to make it more effective.</p>	<p>Improvement to the Debt Reduction in Repayment measure will increase its availability to student loan borrowers facing financial hardship.</p>
<p>Six- and Four-Month Rule for Full-time Student Loans: It is necessary to amend the <i>Canada Student Financial Assistance Regulations</i> and the <i>Canada Student Loans Regulations</i> to eliminate the four-month grace period allowed as an additional window of time for students to provide their confirmation of enrolment after they have recommenced studies.</p>	<p>The proposed regulatory amendment will provide, as in the pre-1995 <i>Regulations</i>, for a six-month interest-free period upon completion of studies. Students will be required to provide their confirmation of enrolment within the six-month period or their loan will be consolidated. Specifically, paragraphs 6(1)(e) and 7(1)(e) of the <i>Canada Student Financial Assistance Regulations</i> and paragraph 3(1)(e) of the <i>Canada Student Loans Regulations</i> must be revised. This change will bring the Canada Student Loans Program in line with most provincial loan programs in this respect.</p>
<p>Part-time Student Loans: Improvements to the part-time student loans program are being considered. Regulatory changes will be necessary once program design options are finalized.</p>	<p>Part-time loans are not currently being fully utilized. The improvements to the program could make loans available to a wider audience of low- to moderate-income earners and it could enable borrowers to learn while they earn.</p>

Labour

Legislation and Regulations	Expected Impact
<p><i>Coal Mines (Cape Breton Development Corporation (CBDC)) Occupational Safety and Health Regulations.</i></p>	<p>The changes to these regulations are minor in nature. The purpose is to ensure that the regulations apply to all coal mining operations under federal jurisdiction, regardless of who owns them. This will be achieved by eliminating the reference to the Cape Breton Development Corporation (CBDC) wherever it appears.</p> <p>The regulations are currently being prepared for publication in the <i>Canada Gazette</i> Part II.</p>
<p><i>Canada Labour Code, Part II – Canada Occupational Safety and Health Regulations (Part XII), – Safety Material, Devices and Clothing.</i></p>	<p>The proposed amendment will correct the anomaly and ensure that employees working on vehicles have the same protection as all other employees under federal jurisdiction. It will also correct an inconsistency with the English text and update the Canadian Standards Association (CSA) standard referenced in paragraph 12.10(2)(a).</p> <p>Amendments to these regulations were approved in the November 3rd, 2001, edition of the <i>Canada Gazette</i> Part I.</p>
<p><i>Canada Labour Code, Part II – Canada Occupational Safety and Health Regulations.</i> Violence in the Workplace: regulations are being developed as a result of the recent amendments to Part II.</p>	<p>The working group meetings are ongoing towards the development of proposals for regulations.</p>
<p><i>Canada Labour Code, Part II – Canada Occupational Safety and Health Regulations.</i> <i>Prevention Program Regulations</i> are being developed as a result of the recent amendments to Part II.</p>	<p>This will bring the existing regulations up to date and is part of our ongoing commitment to regularly review and update regulations.</p>
<p><i>Canada Labour Code, Part II – Canada Occupational Safety and Health Regulations.</i> Miscellaneous amendments to the regulations pursuant to the changes made to Part II and the <i>Regulations Amending the Ontario Hydro Nuclear Facilities Exclusion</i> from Part II of the <i>Canada Labour Code Regulations (Occupational Health and Safety)</i>.</p>	<p>These amendments would reflect changes in the terminology in the recently amended <i>Canada Labour Code</i>, Part II, so that the terminology is consistent, to correct any inconsistency between the French and English texts and reflect the change in the name of the Act relating to nuclear safety.</p>
<p><i>Canada Labour Code, Part II – Aviation Occupational Safety and Health Regulations.</i> Working in concert with a Transport Canada sponsored working group to amend the existing regulations.</p>	<p>This will bring the existing regulations up to date and is part of our ongoing commitment to regularly review and update regulations.</p>
<p><i>Canada Labour Code, Part II – Onboard Trains Occupational Safety and Health Regulations.</i> Working in concert with a Transport Canada sponsored working group to amend the existing regulations.</p>	<p>This will bring the existing regulations up to date and is part of our ongoing commitment to regularly review and update regulations.</p>

Legislation and Regulations	Expected Impact
<p><i>Canada Labour Code, Part II – Marine Occupational Safety and Health Regulations.</i></p> <p>Working in concert with a Transport Canada sponsored working group to amend the existing regulations.</p>	<p>This will bring the existing regulations up to date and is part of our ongoing commitment to regularly review and update regulations.</p>
<p><i>Canada Labour Code, Part II – Oil and Gas Occupational Safety and Health Regulations.</i></p>	<p>A comprehensive review of the regulations has been undertaken. A draft is being finalized in concert with the National Energy Board.</p>
<p>A statutory review of the <i>Employment Equity Act</i>.</p>	<p>The Standing Committee on Human Resources Development and the Status of Persons with Disabilities will hear submissions and make subsequent recommendations to the Government regarding provisions of the Act.</p>

Sustainable Development Strategy

Human Resources Development Canada's (HRDC) second Sustainable Development Strategy (SDS-II) sets objectives and targets to ensure that the department has the tools it needs to move forward on a path to sustainable development; to green its internal operations; to work in partnership with other departments to build a better understanding of Sustainable Development (SD) for social policy; and to build sustainable development into HRDC's "corporate culture". The following goals, objectives and targets are set for 2002-2003 as part of the SDS-II period (2001-2003).

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

Objective 1.1: To enhance HRDC's Environmental Management System (EMS) and to implement it across HRDC depending on availability of resources	
Target	Description
1.1.1	To complete and operationalize the EMS to the greatest extent possible by September 30, 2003.
1.1.2	To capture the key EMS data required for relevant HRDC sites by March 31, 2003.

Goal 2: Green HRDC's internal operations

Objective 2.1: To increase the amount of green procurement	
Target	Description
2.1.1	Increase the total amount (measured in dollar value) of green products and services purchased by: > 7% by March 31, 2003.
2.1.2	Increase the total amount (measured in dollar value) of products and services purchased from Aboriginal businesses to: > \$3.0M of all purchases by December 31, 2002.
Objective 2.2: To reduce the amount of waste sent for disposal	
Target	Description
2.2.1	Implement programs for source reduction and materials reuse that can be adopted in all regions. Programs are to reach: > 50% of personnel by March 31, 2003.
Objective 2.3: To increase water and energy conservation in HRDC buildings	
Target	Description
2.3.1	Ensure that water and energy conservation awareness is integrated into the general environmental awareness program. The target is to reach: > 35% of personnel by March 31, 2003.

Objective 2.4: To reduce the environmental impact of our fleet	
Target	Description
2.4.1	Evaluate all HRDC vehicles to determine which ones can be feasibly converted to alternative fuels. ➤ 50% of current vehicles to be evaluated by March 31, 2003.
2.4.2	Evaluate new vehicle purchases according to <i>Alternative Fuels Act</i> . ➤ 100% of new vehicle purchases by March 31, 2003.

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

Objective 3.1: Participate with other federal departments in exploring and developing co-ordinated approaches to horizontal SD themes of interest to HRDC identified in the SDS-II process	
Target	Description
3.1.1	Social and Cultural Dimensions of Sustainable Development ➤ Through the Social and Cultural Sustainable Development (SCSD) Working Group, further explore various aspects of the social and cultural dimensions of SD and their policy implications over the SDS-II period (2001-2003). ➤ Sponsor with other SCSD members a workshop with interested participants to discuss the social and cultural dimensions of SD and the potential research and policy implications for federal departments by December 31, 2002. ➤ Participate with SCSD members in specific departmental research projects intended to investigate various aspects of the social and cultural dimensions of SD over the SDS-II period (2001-2003).
3.1.2	Sustainable Communities ➤ Participate with interested departments in collaborative activities to promote and support a more co-ordinated federal approach to fostering Sustainable Communities (SCs) and addressing issues relating to this theme. ➤ Explore the potential for closer linkages between HRDC's Community Capacity Building (CCB) activities and tools and various inter-departmental activities relating to SCs. ➤ Within HRDC's CCB activities, promote closer linkages between the process of community capacity building and an integrated approach to SD at the community level.
3.1.3	SD and Healthy Canadians ➤ Support and contribute to Health Canada's focus on SD and healthy Canadians, and especially with respect to child-related health and well-being. ➤ In collaboration with Health Canada, explore the development of possible activities to promote healthy workplaces in areas of federal jurisdiction.
3.1.4	Knowledge & Information for SD and the Northern SDS ➤ Provide social policy perspectives to inter-departmental working group established to guide development of SD indicators and reporting system. ➤ Support Indian and Northern Affairs Canada (INAC) in the development and delivery of SD-related initiatives affecting Canada's Aboriginal peoples through its departmental and Northern SDS.

Objective 3.2: To begin building a better understanding of SD-related issues of particular interest to HRDC and their implications for social policy and HRDC's policies and programs	
Target	Description
3.2.1	<ul style="list-style-type: none"> ➢ Investigate the concept of "green employment", its broad implications for social policy, and ways in which its growth could be promoted or enhanced over the longer term and produce research study by October 31, 2002. ➢ From a program perspective, review by December 31, 2002 ways in which HRDC's existing programs might foster the development and growth of "green employment" in Canada.
3.2.2	Assess by November 30, 2002 overall SD-related knowledge/skill needs in the economy over the medium term and how these might be better incorporated into HRDC's sectoral human resources programs and strategies.
3.2.3	Explore ways in which HRDC could better promote and foster the shift to SD in Canada over the longer term.
Objective 3.3: To identify potential policy and/or program initiatives HRDC could incorporate as part of our next SDS (i.e., SDS-III)	
Target	Description
3.3.1	By June 1, 2003 assess potential policy and program initiatives HRDC could incorporate as part of our next SDS (2004-2006) based on a better understanding of federal horizontal SD themes and capacity for integrated decision-making within HRDC.

Goal 4: Build sustainable development into HRDC's corporate culture

Objective 4.1: To enhance greater awareness of SD within HRDC	
Target	Description
4.1.1	<p>Provide all employees* with general awareness material that will ensure an understanding of the EMS and the SDS, increase integration of Sustainable Development into decisions and instill a sense of environmental responsibility. The target will be to reach:</p> <ul style="list-style-type: none"> ➢ 35% of personnel by March 31, 2003. <p>* Specific awareness material will be aimed at senior management, administration, policy/program and general staff.</p>
4.1.2	<p>Ensure that there is at least one voluntary green representative at each site.</p> <ul style="list-style-type: none"> ➢ 50% of sites to have a green representative by March 31, 2003.

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

Collective Initiatives

Different governments in Canada are co-operating to achieve results for Canadians. Collective initiatives and related results are undertaken and achieved through public policies that involve more than one jurisdiction, department/agency or partner in working towards shared objectives.

The following lists of HRDC Collective Initiatives include details on partners involved and program resources. Unless otherwise mentioned resources identified are for 2002-2003. Additional details on these initiatives can be found on the following Treasury Board Websites: http://www.tbs-sct.gc.ca/rma/eppi-ibdrp/coll_res/coll_res_e.htm and http://www.tbs-sct.gc.ca/rma/account/sufa-ecus/dept_mini_e.asp

Initiatives	Partners	Program Resources (in millions of dollars [\$M])
Agreements on Employability Assistance for People with Disabilities (EAPD)	<p><u>Leader:</u> HRDC</p> <p><u>Other Partners:</u> British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador</p>	HRDC: \$192M in program resources ^a All Provinces: \$192M
Agreements on Labour Market Development	<p><u>Leader:</u> HRDC</p> <p><u>Other Partners:</u> Strategic Partnership with Nova Scotia Labour Market Development Agreements with : Newfoundland and Labrador, Prince Edward Island, New Brunswick, Quebec, Manitoba, Saskatchewan, Alberta, British Columbia, Northwest Territories, Nunavut and Yukon</p>	HRDC: \$1,424M in program resources ^b
National Child Benefit	<p><u>Leader:</u> HRDC</p> <p><u>Other Partners:</u> Finance Canada, Indian and Northern Affairs Canada, Citizenship and Immigration Canada, and Canada Customs and Revenue Agency</p>	HRDC (estimated): \$3.4M in program resources

a. The Government of Canada contributes 50% of the eligible costs incurred by provinces for programs/services funded under the EAPD up to the amount of the federal allocation identified in the bilateral agreement.

b. Expected achievements by Partner are not available at this time.

Initiatives	Partners	Program Resources (in millions of dollars [\$M])
CanLearn Interactive Website Initiative	<p><u>Leader:</u> HRDC</p> <p><u>Other Partners:</u> Provincial and Territorial governments, and more than 25 learning non-government organizations, and several private sector organizations</p>	HRDC (estimated): \$3M in operating resources Other Partners ^c
Partnership on Youth Employment	<p><u>Leader:</u> HRDC</p> <p><u>Other Partners:</u> Canadian Heritage, Parks Canada, Industry Canada, National Research Council Canada, Agriculture and Agri-Food Canada, Canadian Food Inspection Agency, Fisheries and Oceans Canada, Environment Canada, Natural Resources Canada, Foreign Affairs and International Trade, Canadian International Development Agency, Indian and Northern Affairs Canada, Canada Mortgage and Housing Corporation</p> <p><u>Youth Protocols Partners:</u> Newfoundland and Labrador Nova Scotia, Prince Edward Island, New Brunswick, Manitoba</p>	Total Federal envelope: \$155M in operating and program resources Funded internally
Supporting Communities Partnership Initiative	<p><u>Leader:</u> National Secretariat on Homelessness</p> <p><u>Other Partners:</u> Human Resources Development Canada, Public Works and Government Services Canada, Canada Mortgage and Housing Corporation, Correctional Service of Canada, Health Canada, Justice and Canada Lands. All provincial governments and many municipalities and Non-Governmental Organizations across 61 communities in Canada</p>	HRDC: \$86M in program resources
Understanding the Early Years	<p><u>Leader:</u> HRDC</p> <p><u>Other Partner:</u> Statistics Canada</p>	Funded internally

c. The other partners contributed in kind by undertaking development of information and planning tools in-house.

Websites and References

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

Acts and Regulations

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

Our Mandate

- Handbook on Values and Ethics in HRDC: <http://www.hrdc-drhc.gc.ca/dept/mission/handbook.shtml>

Income Security

- Canada Benefits: <http://canadabenefits.gc.ca>
- Old age security and Canada pension plan: <http://www.hrdc-drhc.gc.ca/isp/>
- *Ageing and Income – Financial Resources & Retirement in 9 OECD Countries, 2001*: <http://www.oecd.org>

Employment Insurance Income Benefits

- Employment Insurance online: http://www.hrdc-drhc.gc.ca/ae-ei/employment_insurance.shtml
- HRDC website on the SIN: http://www.hrdc-drhc.gc.ca/sin-nas/010_e.shtml

Human Resources Investment

- Human Resources Investment activities and related operations: <http://www.hrdc-drhc.gc.ca/hrib/hri-irh/menu/ourprofile.shtml>
- Employment Benefits and Support Measures: <http://www.hrdc.gc.ca/hrib/ebsm-pems/menu/programs.shtml>

Labour

- Labour Program Home Site: <http://labour-travail.hrdc-drhc.gc.ca>

Sound Departmental Management

- Modern Comptrollership website: <http://www.hrdc-drhc.gc.ca/modernmanagement/>
- Canada website: <http://www.canada.gc.ca>

Other websites

- EI Premium Cuts: <http://www.fin.gc.ca/news01/01-111e.html>
- Maximum Yearly Insurable Earnings (MYIE): <http://www.hrdc-drhc.gc.ca/ae-ei/loi-law/max2002.pdf>
- EI Premium Reduction: <http://www.hrdc-drhc.gc.ca/prp-prtc/>
- Canada Pension Plan Investment Board: <http://www.cppib.ca>
- *2000 Public Accounts of Canada*, Volume 1, Section 6:
<http://www.pwgsc.gc.ca/recgen/text/pubacc-e.html>
- *Eighteenth Actuarial Report on the Canada Pension Plan*:
<http://www.osfi-bsif.gc.ca/eng/office/actuarialreports/index.asp>
- Canada Student Loans Program: http://www.hrdc-drhc.gc.ca/student_loans/
- HRDC's Sustainable Development Strategy: <http://www.hrdc-drhc.gc.ca/dept/sds/sds.shtml>
- Treasury Board Websites on Collective Initiatives:
 - ↵ Horizontal Results: http://www.tbs-sct.gc.ca/rma/eppi-ibdrp/coll_res/coll_res_e.htm
 - ↵ Collective Initiatives: http://www.tbs-sct.gc.ca/rma/account/sufa-ecus/dept_mini_e.asp
- *Report on Plans and Priorities 2001-2002*: <http://www.hrdc-drhc.gc.ca/fas-sfa/rpp0102.shtml>
- *Departmental Performance Report for the period ending March 31, 2001*:
<http://www.hrdc-drhc.gc.ca/fas-sfa/dpr0001.shtml>

Questions and Public Enquiries

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

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

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