



**Simplification of IM for the
Employer Payroll Environment
E-Payroll: A Compelling Case for Change
Presentation to the Government of Canada
IM Day, September 23, 2004**



Outline

- Brief Historical Perspective of E-Payroll
- Today's Situation
- The E-Payroll Concept
- Next Steps



Work to Date

- Initial work began in 2002 when CRA, HRSDC and SDC commissioned CAC to conduct a study, branded “e-Payroll”, that examined the feasibility of employers providing electronic submission of current earnings and payroll-related information to a single-window repository, including:
 - Phased implementation
 - Self-service through secure Internet connection to conduct business with GoC
 - Service backed by one common repository for earnings and payroll data
- Study also indicated a number of potential issues and challenges including:
 - governance; service delivery structure; privacy; legislative / regulatory change; business readiness; cultural acceptance; and, pace / cost of change.



Work to Date continued

- The study was followed by further work, both separately and jointly, to review the findings and recommendations of the study.
 - HRSDC and SDC under Modernizing Services for Canadians Initiative
 - CRA under the Future Directions Initiative.
 - A joint departmental working group (Spring 2003) concluded, that “e-Payroll”, as it has traditionally been defined, is somewhat of a misnomer because the current challenges and requirements extend beyond the simplistic concept of a single-window repository.
- Data Sharing and Information Management Task Force established March 2004 developed both an E-Payroll vision and blueprint
- Preliminary Business Case completed June 2004
- Full Business Case in progress and to be completed by early Fall 2004



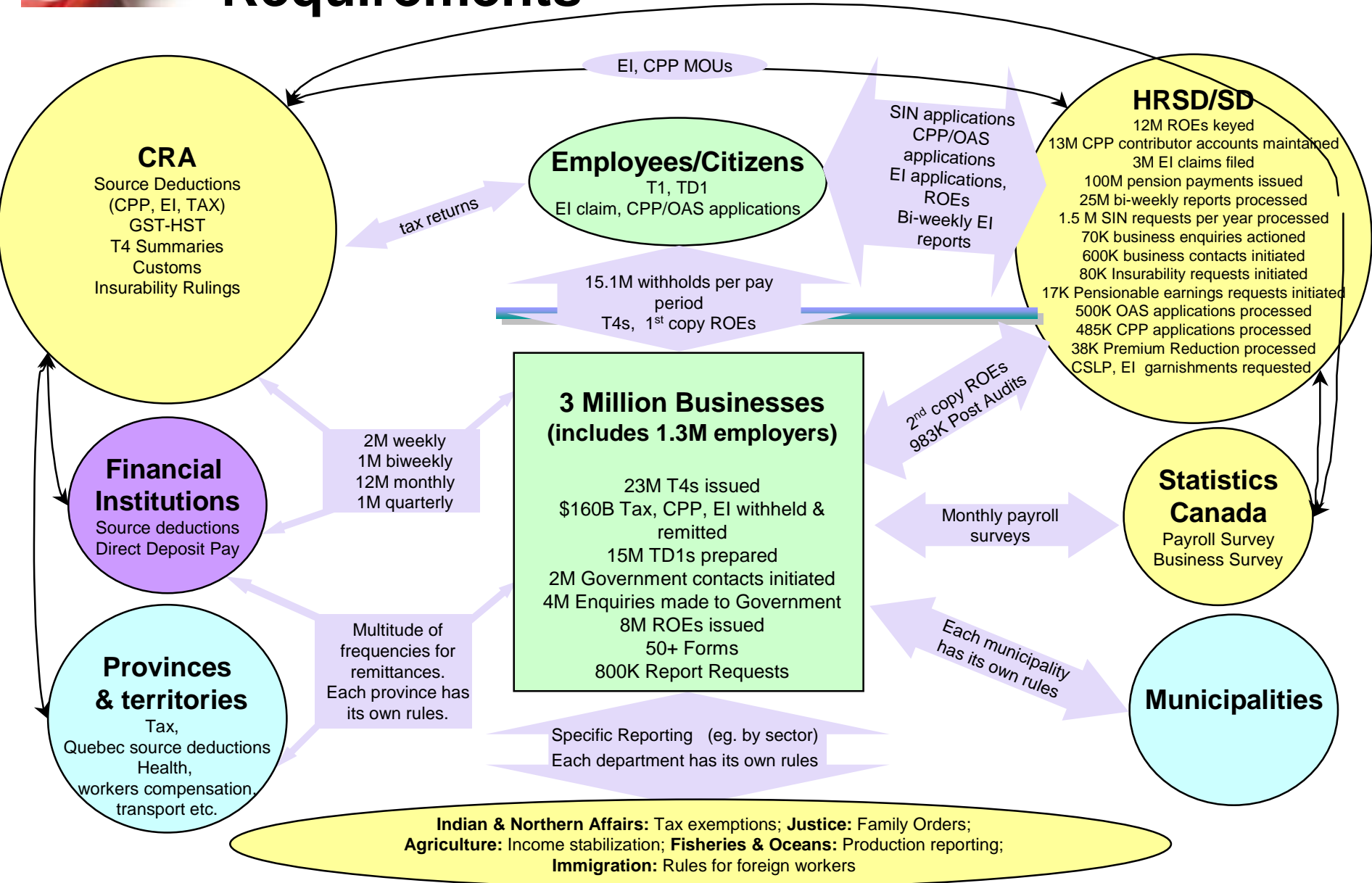
Today's Situation: Payroll, Earnings and Income Info.

Employee payroll, earnings and income information constitutes the **single most important set of data** required to administer significant government programs in Canada.

- This data is used as the foundation for 3 major programs: Tax, Employment Insurance (EI), and Income Security Program (ISP)
 - More than **\$160B** in source deductions annually on behalf of Canadians,
 - More than **\$70B** annually in benefit payments (EI, CPP, OAS).
- Other important government programs also use this information:
 - delivery of other income related benefits (e.g. to Canadian veterans),
 - provision of loans to students in every jurisdiction in Canada.
 - provision of social assistance to millions of Canadians in every province in Canada.



Today's Burdensome Government Requirements





E-Payroll Concept

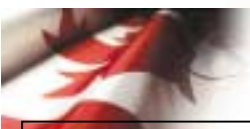
- Concept requires employers to provide payroll related information requirements once to a single point on a regular pay run frequency.
- Each pay run transmission from employers will provide individual employee information, which will be identified by the social insurance number (SIN) and business number (BN).
 - Individual information has previously been provided at year end through the T4 process or when earnings have been interrupted (through the Record of Employment – ROE).
- Information will be collected through a single-window interface with integrated channels, using an efficient and automated approach.
- Information will be used by departments/agencies in accordance with the Acts and Regulations which govern their programs, as the basis or foundation for the delivery of key government services, benefits, etc.



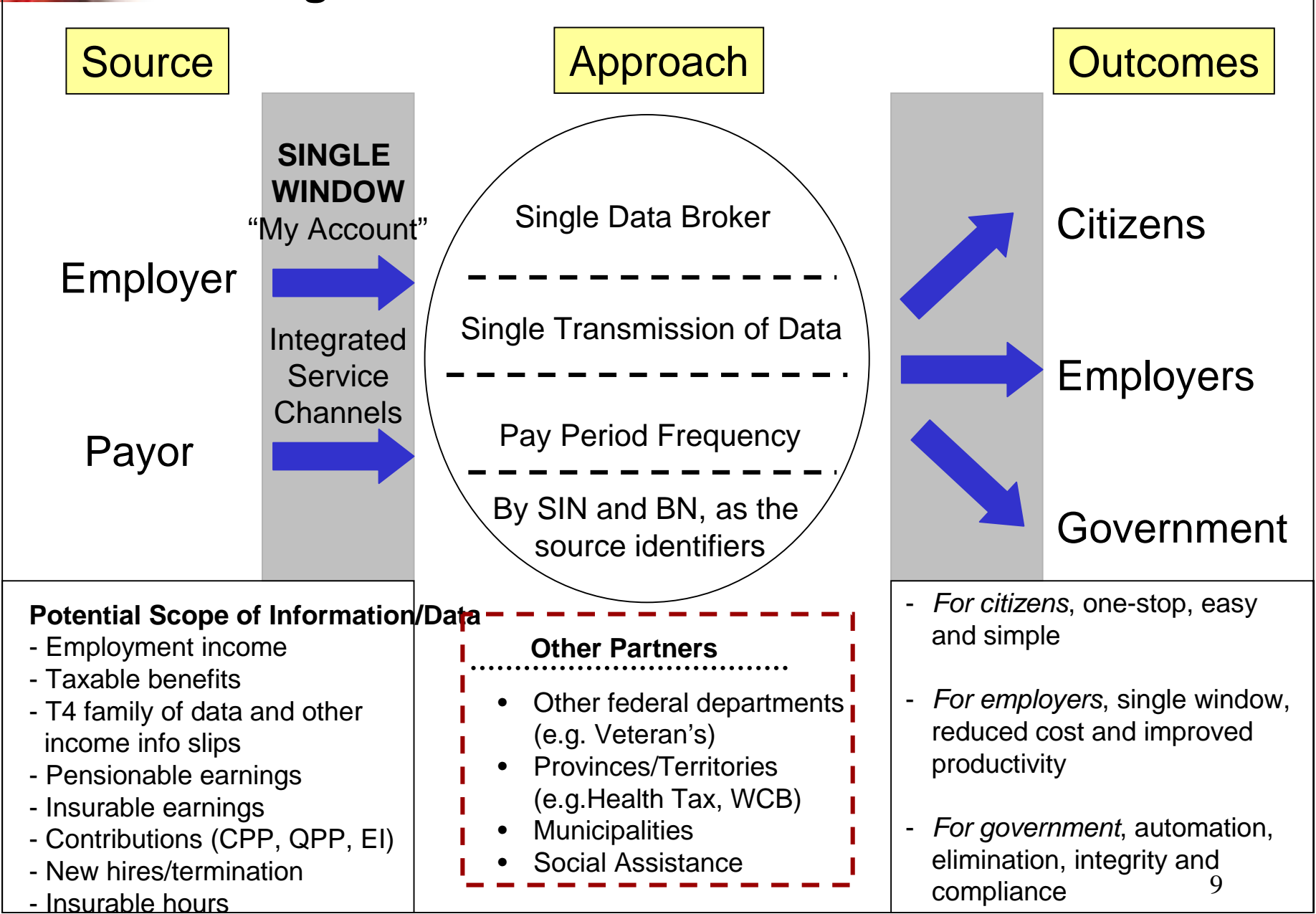
The E-Payroll Objective

The objective of the E-Payroll initiative is to transform the administration and delivery of key social benefit and revenue programs (e.g., CPP, EI, Tax) through the development of a streamlined and integrated approach to the collection, management and use of payroll, earnings and income information.

- The transformation will create a foundation for a **single window** for business transactions with the Government of Canada and will help to enable **one stop, easy access to service** for citizens.
- Key outcomes include:
 - **Productivity improvements for business,**
 - **Streamlined access to benefits** for those who are entitled,
 - **Less work and cost** for tax filers,
 - **Cost and/or fiscal savings** to government,
 - **Enhanced integrity** of benefit payments and **improved compliance** with government requirements,
 - **Fairness and equity** for citizens and businesses.
- Strategic partnerships and ongoing consultation – with employers and within government – are **keys for success**.



E-Payroll Concept: Information and Data Management





Guiding Principles for the E-Payroll Vision

- Tailored solutions to employer segments (size, scope, and nature of business) to ensure all stakeholders benefit from this opportunity
- Recognition that the stewardship of the data and processes using the data may be different and that data should be independent of applications
- Jointly developed and integrated management approach will be used to implement a “collect once and use often” principle
- Collect only that information which is needed, when it is needed
- Support program delivery
- Significantly reduce the administrative burden
- Decrease the costs associated with multiple demands
- Eliminate or reduce the many paper based systems
- Provide a simplified and better service for all Canadians (employees, citizens and businesses)
- Privacy and security considerations are fundamental

Stakeholder Requirements for Payroll Environment

Requirements	Business	Government	Citizen
Simplify	<ul style="list-style-type: none"> • Streamline and automate data reporting requirements • Leverage technology • Tailored, proactive solutions for small, medium, and large businesses 	<ul style="list-style-type: none"> •Simplify and automate processes •Leverage technology •Improve data integrity •Proactive, government initiated service to citizens 	<ul style="list-style-type: none"> • Simplify the evidentiary burden • Eliminate paper and the requirement to apply for some benefits and improve the timeliness of benefit payments
Harmonize	<ul style="list-style-type: none"> • Register and authenticate businesses with one business identifier, assigned through a one-time registration process • Eliminate duplication (i.e. data re-collection) • Harmonize requirements, rules, definitions, and processes 	<ul style="list-style-type: none"> •Eliminate duplicate data collection; reduce errors and costs •Harmonize rules, requirements and definitions •Harmonize and improve compliance activities 	<ul style="list-style-type: none"> • Harmonize eligibility rules and definitions across programs from an administrative perspective • Enable automated EI, CPP, OAS application and calculation of EI claim
Integrate	<ul style="list-style-type: none"> • Provide convenient, flexible single window access to services through integrated channels • Verify up to date information as required, reducing the reliance on post-audit programs 	<ul style="list-style-type: none"> •Enable electronic access to payroll information •Verify up to date information as required, reducing the reliance on post-audit programs •Secure on-line transactions with businesses 	<ul style="list-style-type: none"> • Reduce the need to report information to the government multiple times • Simplify the need for personal tax returns • Significantly reduce biweekly EI reports



Challenges

1. Legal/Policy Considerations:
 - Collection of information - security
 - Access to information and privacy
 - Regulatory changes to simplify and harmonize rules
2. Technology – Architecture
 - Operational Management of Data
 - Modernization
 - External Stakeholders
3. Governance Structure
4. Consultation and Co-development with External Stakeholders
5. Project Management

Next Steps: A Phased-in Approach and a Continuum of Transformation

