

# COMPENSATION ANNUAL REPORT 2009-2010



Public Works and  
Government Services  
Canada

Travaux publics et  
Services gouvernementaux  
Canada

Canada

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## Table of Contents

<b>Highlights .....</b>	<b>3</b>
<b>A Few Words About PWGSC Compensation.....</b>	<b>5</b>
<b>PWGSC Compensation Activities .....</b>	<b>7</b>
<b>Initiatives Common to Pension, Pay and Insurance .....</b>	<b>8</b>
Transformation of Compensation.....	8
Online Services .....	8
Greening of Government Operations Through Compensation Web Applications .....	10
Recruitment and Development Programs .....	11
Internal Controls Assessment.....	11
<b>Pension Initiatives .....</b>	<b>12</b>
Transformation of Pension Administration.....	12
Government of Canada Pension Modernization Project .....	12
Centralization of Pension Services Delivery Project .....	13
Data Quality Improvement.....	13
Automated Data Exchange for Death Notification Information .....	14
<b>Pension Activities.....</b>	<b>15</b>
<b>Pension: Looking Ahead to 2010-2011.....</b>	<b>16</b>
<b>Pay and Insurance Initiatives .....</b>	<b>18</b>
Transformation of Pay Administration Initiative .....	18
Compensation Training Redesign .....	18
Transformation of Insurance Administration Initiative .....	19
Regional Pay System Interface with the Government of Canada PeopleSoft Human Resource Management System .....	20
Regional Pay System Improvements.....	20
Other Improvements.....	21
<b>Pay and Insurance Activities.....</b>	<b>22</b>
<b>Pay and Insurance: Looking Ahead to 2010-2011.....</b>	<b>24</b>

In 2009-2010, Public Works and Government Services Canada (PWGSC) continued its effective management of payroll, insurance and pension business processes and systems by providing administrative functions to 109 departments, agencies and organizations representing over 342,700 employees and 344,600 pensioners. More than 14.5 million payments were made to employees and pensioners. Significant effort was made in support of the government's agenda to modernize the compensation administration by continuing with key initiatives such as the transformation of pay and pension administration. Work efforts continued to support client departments and agencies in the achievement of their objectives in spite of ageing technology and its inherent limitations. Efforts to build and maintain a skilled and knowledgeable workforce continued through the implementation of a comprehensive Human Resources plan, which is fully integrated with operational business plans.

### **PWGSC Compensation:**

- completed the second release of the Pension Modernization Project, adding case management and document imaging capabilities to the new pension solution's client relationship management component. The project team also completed the design and development of the new core pension system for contributor accounts;
- signed a memorandum of understanding with the RCMP to migrate their pension plan administration to PWGSC;
- successfully centralized two more services in the Public Service Pension Centre (referred to as Pension Centre), as part of the Centralization of Pension Services Delivery Project;
- implemented a total of 131 collective agreements and updated the pay system as a result of 21 policy changes within the required timelines;
- continued the deployment of the Compensation Web Applications to departments and agencies across the public service, making the service available to approximately 282,160 employees;
- enhanced the Regional Pay System to improve the accuracy of pay data, including changes related to the integrity of the data in the new pension system, and improved tombstone data;
- made administrative changes to the Electronic Systems Network Architecture Printing (e-SNAP) allowing new improved functionality to reduce the workloads of PWGSC pay and pension agents;
- completed the development of three new courses for the compensation community;
- delivered a feasibility study and fit/gap analysis between the new pension solution and the administrative requirements of the Canadian Forces Pension Plan;
- corrected a total of 5,460 pension data accounts;
- developed a new Public Service Health Care Plan Web self-service application within the Compensation Web Applications; and

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- launched the Transformation of Pay Administration Initiative in October 2009. The goal is to transform the government's pay administration by replacing the 40+ year-old pay system, by increasing automation and self-service while reducing the need for assistance from departmental compensation advisors, and by consolidating services to a centre of expertise.

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## *A Few Words About PWGSC Compensation*

PWGSC Compensation administers Government of Canada payroll, pension and insurance processes, including the development and maintenance of computer systems and a national business administration infrastructure. This allows departments to administer pay and benefits in accordance with collective agreements and compensation policies established by the Treasury Board Secretariat and certain separate employers, as well as to fulfil the requirements of the *Public Service Superannuation Act* (PSSA).

PWGSC Compensation also provides specialized pension services for the administration of superannuation plans to the Department of National Defence, Members of Parliament, diplomatic services, lieutenant governors and judges.

Administration is provided for insurance plans, including the Public Service Health Care Plan (PSHCP), the Disability Insurance Plan (DIP), the Public Service Management Insurance Plan (PSMIP) – Life Insurance and Long-term Disability, the Dental Care Plan (DCP) and the Pensioners' Dental Services Plan (PDSP).

The Compensation Sector, which is a part of the Accounting, Banking and Compensation Branch of PWGSC, directs these activities in partnership with PWGSC Compensation regional pay offices, the Pension Centre, located in Shediac, New Brunswick, and the Information Technology Services Branch.

The informatics aspect of compensation administration is managed by the Information Technology Services Branch, and the Pension Centre is responsible for the administration of benefits provided under the PSSA. Regional pay offices provide pay, advisory and training services to compensation advisors across the country. Insurance administration activities and functions are divided between the Compensation Sector, the regional pay offices, and the Pension Centre.

The number of pay accounts paid through the Regional Pay System increased by 3.1% in 2009-2010. On March 31, 2010, there were 319,878 pay accounts, an increase of 9,617 accounts from the previous year.

PAY ACCOUNTS BY REGIONAL OFFICE	
LOCATION	NUMBER OF ACCOUNTS
Atlantic – Halifax	31,163
Quebec – Montreal	34,530
National Capital Area – Ottawa	142,129
Ontario – Toronto	47,047
Western – Edmonton	39,218
Pacific – Vancouver	<u>25,791</u>
<b>TOTAL PAY ACCOUNTS</b>	<b>319,878</b>
PENSION ACCOUNTS	
Contributors	339,094
Annuitants	<u>344,671</u>
<b>TOTAL PENSION ACCOUNTS</b>	<b>683,765</b>

Pay Facts			
Payroll Clients		Annual Number of Payments	
PSSRA I.I	74	Public Service	9.91 million
PSSRA I.II	23	RCMP	<u>.60 million</u>
Others	<u>12</u>	<b>Total</b>	<b><u>10.51 million</u></b>
<b>Total</b>	<b><u>109</u></b>		
Accounts		Direct Deposit Participation Rates	
<b><u>Regional Pay System</u></b>		(eligible employees only)	
PSSRA I.I	238,195		
PSSRA I.II	74,954	Public Service Pay	97.6 %
Crown corporations and agencies	<u>6,729</u>	RCMP Pay	95.9 %
<b>Total</b>	<b><u>319,878</u></b>		
<b>RCMP – Pay System</b>	<b><u>22,878</u></b>		
<ul style="list-style-type: none"> <li>• 4 different pay cycles</li> <li>• 443 types of entitlements</li> <li>• 354 types of deductions</li> </ul>		<ul style="list-style-type: none"> <li>• 54 collective agreements under Treasury Board</li> <li>• 77 collective agreements under separate employers</li> <li>• 209 remittance agencies</li> </ul>	

Pension Facts			
Annuitant Accounts		Benefits Paid	
PSSA – Shediac	231,889	PSSA	\$5.0 billion
CFSA	111,404	CFSA	\$2.5 billion
MPs and Judges	<u>1,378</u>	MPs and Judges	<u>\$0.2 billion</u>
<b>Total</b>	<b><u>344,671</u></b>	<b>Total</b>	<b><u>\$7.7 billion</u></b>
Annual Number of Payments		Direct Deposit Participation Rates	
PSSA	2.81 million	PSSA	93.7%
CFSA	1.34 million	CFSA	95.0%
MPs and Judges	<u>0.02 million</u>	MPs	96.0%
<b>Total</b>	<b><u>4.17 million</u></b>	Judges	99.2%

Insurance Facts			
Insurance Accounts		Dental Care Plan Inquiries	
PSHCP	548,834	<b>Total Inquiries</b>	4,861
DI	244,679		
PSMIP – Life Insurance	31,206		
PSMIP – Long -Term Disability	44,912		
DCP & PDSP	<u>445,689</u>		
<b>Total</b>	<b><u>1,315,320</u></b>		

## *PWGSC Compensation Activities*

The following is a summary statement of the objectives, commitments, strategies and key activities of PWGSC Compensation.

### **Objectives**

The objective of PWGSC Compensation is to provide payroll, insurance and pension plan administrative functions for the Government of Canada. This includes: the administration of payroll, pension and insurance processes for public service employees and pensioners; for the RCMP – payroll services; for the federal judiciary – pension services; and for active and retired Members of Parliament – pay and pension services.

Key commitments are to:

- meet the stewardship obligation to ensure the integrity and sustainability of the pay and pension operations for which it is responsible on behalf of the Government of Canada;
- support the government's commitment to modernize management practices ensuring sound management, delivering services smarter, faster and at a reduced cost with improved accountability and increased transparency, supported by adequate risk management – demonstrating that the Government of Canada and its employees and pensioners are getting good value for taxpayer dollars;
- focus on the changing requirements of departments, agencies and Crown corporations, as well as those resulting from new legislation, policies and collective bargaining agreements; and
- promote a work environment through an expert, diverse and motivated workforce which supports, understands and practices the concepts of integrity, values and ethics.



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## *Initiatives Common to Pension, Pay and Insurance*

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### **Transformation of Compensation**

The compensation modernization initiatives are PWGSC Compensation's renewal of its pay and pension business processes and systems, and a consolidation of government compensation services. The aim is to ensure the ongoing capability to provide compensation functions for federal public servants, pensioners, dependants and/or survivors, as well as to provide greater flexibility and functionality, and improved overall Government of Canada efficiency in service delivery. PWGSC Compensation's 40+ year-old pension and pay systems are in need of replacement: they use outdated technology and rely on the expertise of staff, many of whom are due to retire in the next few years. Additionally, it has become increasingly difficult to sustain quality service in the current context of fragmented service delivery.

The current decentralized pension delivery model relies heavily on the knowledge and experience of compensation advisors across 109 client departments, separate employers, agencies and Crown corporations. This fragmented and dispersed delivery model limits the plan administrator's ability to address significant duplication of effort and inefficiencies that currently exist, and allows for limited flexibility to augment existing service channels. In addition, the pressures will escalate in the coming years as the number of retiring public servants increases.

The payroll service delivery model is also decentralized. Part of the payroll administration process is conducted across government departments by compensation advisors. There are also many manual processes completed by pay and pension agents within PWGSC Compensation regional pay offices across the country. This cross-delineation of work processes makes the Government of Canada payroll administration the least efficient in terms of cost, quality and effectiveness, among its peers in the industry.

PWGSC Compensation has the opportunity to address these challenges and deficiencies with the delivery of new capabilities through the modernization of its technologies and business processes, and the consolidation of services to centres of expertise. Modernization will allow PWGSC Compensation to support industry standard practices in pension and pay services with a new and greater focus on self-service and contact centres providing expert advice and services.

### **Online Services**

The Compensation Sector is responsible for the management of the online transactional service entitled Compensation Web Applications, which provides pay and pension information and tools to public service employees, pensioners, their dependants and/or survivors and the compensation community, as well as the management of three Web sites.

#### **Compensation Web Applications**

[www.tpsgc-pwgsc.gc.ca/remuneration-compensation/txt/index-eng.html](http://www.tpsgc-pwgsc.gc.ca/remuneration-compensation/txt/index-eng.html) are a suite of self-service pay and pension applications enabling employees to monitor and manage their personal compensation information, as well as calculate pay and pension "what if" scenarios to assist with financial planning. The Compensation Web Applications' services, such as pay and pension calculators, reduce the number of estimate requests received by compensation advisors, allowing them to concentrate on other value-added activities.

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As of March 31, 2010, Compensation Web Applications were deployed to 92 departments and agencies, making the service available to approximately 282,160 employees. Departments with the highest take-up rates include:

- Health Canada - 89%
- PWGSC - 69%
- Canada Border Services Agency - 64%
- Service Canada - 64%
- Industry Canada - 59%

The implementation of the Compensation Web Applications to the remaining departments continued in 2009-2010. Ongoing outreach activities also continued including articles in relevant publications, attendance at government tradeshow such as the Government Technology Exhibition and Conference and professional development conferences such as the National Managers' Conference and the National Public Service Week activities.

The Compensation Web Applications allow employees to view their Pension and Insurance Benefits Statements, their Statements of Earnings (pay stub), request changes to their voluntary deductions and calculate how a change in employment status, such as a promotion or a change from part-time to full-time hours, will affect their pay. Employees can also use the Pension Calculator, the Service Buyback Estimator and various information packages, (e.g. Retirement, Service Buyback and the Pension Portability) to help them make important pension-related decisions. Each month in 2009-2010, an average of:

- 45,200 pension calculations were performed;
- 20,000 employees viewed their Pension and Insurance Benefits Statement online;
- 10,000 employees accessed the Gross-to-Net Regular Pay Estimate Calculator Web site;
- and
- 2,300 service buyback estimates were calculated.

In 2009-2010, a new feature was added to the Compensation Web Applications: an identity-based credential, known as myKEY, was introduced as the new tool to access the Compensation Web Applications. PWGSC Compensation also launched the "Online Registration and Credential Administration" self-service feature which allows employees to easily obtain a myKEY and manage their passwords. In addition, the enrolment to the Compensation Web Applications was streamlined making it easier and faster for users to obtain access to their compensation information. The analysis, development, and testing activities were completed in 2009, and the implementation phases for all departments will begin in early 2010.

### **Your Public Service Pension and Benefits Web Portal**

[www.pensionandbenefits.gc.ca](http://www.pensionandbenefits.gc.ca) is managed in partnership with the Treasury Board Secretariat. This Web Portal allows compensation specialists to reduce the time spent on pension/benefit queries, while providing rapid access to information for active and retired plan members, as well as their dependants and/or survivors. From the site, active members can choose the paperless option for their annual Pension and Insurance Benefits Statement, and view it online.

In order to support the centralization of pension services, new features including a survivor stream (information and services), a plan enrolment and orientation package for employees new to the public service, and a Web-based information package for employers, were added to the Public Service Pension and Benefits Web Portal. Other completed features include the addition of two new life events for active members, which provide information on how to increase pensionable service and on working past age 65, as well as the completion of a bilingual glossary, updated to include new, standardized pension-related terminology.

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The most visited life events on the Public Service Pension and Benefits Web Portal are:

- Preparing for Retirement
- Getting Married or Reaching Common-Law Status
- Increasing Your Pension
- Taking a Leave of Absence
- New to the Public Service
- Newly Retired

### **The Public Service Pension Plan Repository site**

[www.tpsgc-pwgsc.gc.ca/pension/](http://www.tpsgc-pwgsc.gc.ca/pension/) contains all communications directed to pension plan members. This common repository stores all PWGSC Compensation-authored plan member communication products, ensuring that pension members have easier access to the information they require.

### **Compensation Sector Website**

<http://www.tpsgc-pwgsc.gc.ca/remuneration-compensation/txt/index-eng.html> provides information on pay, pension and insurance services for public service employees and pensioners. This Web site contains information on compensation products including: publications, directives, bulletins and communiqués, as well as access to the Compensation Web Applications. The popularity and success of the Compensation Sector Web site is demonstrated by the average number of visits which was approximately 1.4 million per month in 2009-2010.

## **Greening of Government Operations Through Compensation Web Applications**

By the end of the 2009-2010 fiscal year, the Paperless Record Keeping feature of the Compensation Web Applications allowed 48,147 employees to stop printing their regular pay stubs, resulting in savings of 11.83 metric tonnes of paper for the fiscal year, and 20.81 metric tonnes of paper since the implementation of this feature. Of the 48,147 employees, 45,304 also stopped the printing of their supplementary pay stubs. The Paperless Record Keeping feature also enabled 12,218 employees to suppress the printing of their annual Pension and Insurance Benefits Statements, resulting in savings of 0.77 metric tonnes of paper for the fiscal year and one metric tonne of paper since implementation.

Savings were also realized as a result of the automated record of employment, which is filed electronically with Human Resources and Skills Development Canada. In 2009-2010, approximately 75,575 records of employment were submitted electronically resulting in savings of 0.98 metric tonnes of paper for the fiscal year. Since implementation, 175,123 records of employment have been submitted electronically, resulting in savings of 2.28 metric tonnes of paper.

The Web-based pay register allows departments and agencies that implemented the Compensation Web Applications to improve their compensation administration processes. In 2009-2010, the paper version of the pay register was not printed for 75 departments and agencies, resulting in savings of 31.28 metric tonnes of paper for the fiscal year, and 73.45 metric tonnes of paper since implementation.

Overall, due to the use of Web applications and electronic formats, the Government of Canada has saved a total of 97.54 metric tonnes of paper to date. In addition to saving paper, the use of Compensation Web Applications contributes to the government's efforts to stay green by

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reducing overall carbon emissions, as paper no longer needs to be produced, printed, or physically transported to data centres or to employees.

## **Recruitment and Development Programs**

To continue supporting the pension and pay administration of departments and agencies, PWGSC Compensation Sector created the Compensation Officer Apprenticeship Program in 2004-2005, renamed the Compensation Analyst Development Program for both internal and external recruitment. In 2009-2010, seven new participants were hired and began their knowledge transfer sessions, while 18 participants continue their progress through various rotational assignments.

The Pension Centre has developed a Pension Benefit Advisor Apprenticeship Program to address the need to replace pension experts who are retiring and/or leaving the organization. The four-year learning program develops employee competencies gained through various rotational assignments, mentoring, self-learning and classroom training. No new recruits were hired in 2009-2010, and four participants will graduate from the program in 2010-2011.

## **Internal Controls Assessment**

PWGSC Compensation has undertaken an initiative to document and assess internal controls with the objective of correcting and strengthening them and attesting to their adequacy. Given that PWGSC Compensation pay and pension processing is the completion of transactions initiated by departments, the results of the internal controls assessment could be used to substantiate departmental attestation.

In the first years of the assessment, we documented key controls, implemented an action plan to address gaps and investigate risks, and developed frameworks to assess program controls.

In 2009-2010, we tested pension key controls and reviewed additional processes to ensure that internal controls were in place and working effectively. Work sessions were held to ensure that key controls were established in the new pension system during development. Further work was done by testing the automated controls in the Regional Pay System, as well as the controls in the Payroll System General Ledger.

Moving forward, we will ensure that internal controls are in place and tested on an ongoing basis.

## **Transformation of Pension Administration**

PWGSC Compensation has undertaken several initiatives aimed at improving pension administration. These initiatives, collectively referred to as the Transformation of Pension Administration, are designed to ensure the sustainability of pension administration including system sustainability, strengthened accountability, increased capacity, as well as improved overall quality and efficiency of work. The initiatives include the Government of Canada Pension Modernization Project, the Centralization of Pension Services Delivery Project and Data Quality Improvement. Although these are separate and distinct initiatives, they are being developed concurrently and share the same objective of implementing renewed services, processes and systems to enable a modern pension administration.

In June 2007, PWGSC Compensation received approval to proceed with the implementation phases of both the Government of Canada Pension Modernization Project and the Centralization of Pension Services Delivery Project.

## **Government of Canada Pension Modernization Project**

The Government of Canada Pension Modernization Project consists of replacing the outdated system and modernizing services and business processes with the objective of producing a multi-plan solution. In July 2007, the Pension Modernization Project team began start-up activities for the implementation phase of the project. Implementation of the system occurs in a series of five releases, and each release builds upon the successful implementation of the previous phases.

In the past few years, the project team implemented a client relationship management application (Siebel) to track all activities related to telephone requests from active members, retired members and employers, as well as a new telephony system.

The Government of Canada Pension Modernization Project reached its next major milestone with the completion of the second of its five releases. The use of Siebel was expanded from 150 to more than 600 users and new functionality was added, comprised of enhanced client relationship management tools that include workflow management capabilities, and a new imaging component integrated with the case management tools. Correspondence, forms and files are now imaged and filed electronically in Matane, Quebec, making them available to staff at the Pension Centre in Shediac, New Brunswick. On average, 150,000 pages of pension-related forms and documents are being imaged per month. This shift moves the Pension Centre towards a paperless workplace, while improving services for clients and employers by allowing the Pension Centre's experienced and dedicated staff to respond to inquiries more quickly by telephone, mail, fax or email.

The project team continued to work on the development of a new pension core application entitled Penfax and its integration with the client relationship management tools, workflow and imaging functions implemented in the previous releases. It is to be completed in fall 2010.

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The Modernization and Centralization Project teams have continued to set a high bar and reach it. Delays have been well within industry standards for projects of this size and breadth. The Project expects to complete its implementation phase in late 2011-2012, as planned.

The Pension Modernization Project team, in collaboration with the Department of National Defence, completed a feasibility study to assess if the PWGSC new pension solution could be used for the management of the Canadian Forces Pension Plan.

In June 2009, the RCMP received Treasury Board approval for the migration of its pension administration to PWGSC Compensation's new pension solution. The Pension Modernization team is planning to begin work on the RCMP pension project in June 2010 and to complete the implementation in March 2013.

## **Centralization of Pension Services Delivery Project**

The centralization of pension services from departments to PWGSC Compensation will provide best practice pension administration services to all employees subject to the *Public Service Superannuation Act*. This is being accomplished by progressively implementing new and redeveloped pension services delivered centrally from the Pension Centre in Shediac, New Brunswick, in alignment with the implementation of the pension modernization releases.

As of March 31, 2009, six out of twelve services were centralized to the Pension Centre. In 2009-2010, two more services have been successfully centralized in the Pension Centre: Plan Enrolment and Orientation.

Pension experts in the Pension Centre can now directly contact new members of the public service pension plan and provide them with timely pension information at the beginning of their plan membership.

The centralization of Pension Benefits Entitlements, Survivor Pension Benefit Entitlements and Employer Support Services have been re-scheduled for Fall 2010 to align with the next release (2.0) of the Pension Modernization Project. The centralization of Leave Without Pay service has been rescheduled to align with Pension Modernization's Release 2.5 in 2011-2012.

## **Data Quality Improvement**

The objective of the Pension Data Correction Project is to correct pension accounts failing the Integrated Pension Data Repository integrity test. The data integrity process facilitates compliance with the requirements of Bills C-71 (Public Service Pension Reform) and C-78 (*Public Service Pension Investment Board Act*) by ensuring the accuracy of pension contributions deducted from and credited to the Public Service Pension Fund, and the accuracy of the salary and service upon which the contributions were based. The work of the Pension Data Correction Project is also considered to be a critical element for the success of the Pension Modernization Project and the Centralization of Pension Service Delivery Project.

The Integrated Pension Data Repository is the primary tool used to ensure the integrity of pension data. Tests within the Integrated Pension Data Repository calculate the required pension contributions based on a member's salary/service data reported in the Contributor System.

Since 2005, a team has been identifying the errors on accounts and sending requests to PWGSC Compensation regional pay offices. The project officially ended on March 31, 2009, however, data correction has continued as part of regular operations.

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In 2009-2010, a total of 5,460 accounts were reviewed and corrected through the efforts of the Pension Centre, the regional pay offices and departments.

In addition, 311,078 accounts were corrected through an automated process to ensure that PWGSC Compensation's legacy systems contain accurate data prior to conversion to the new pension solution.

### **Automated Data Exchange for Death Notification Information**

PWGSC has been participating in an interdepartmental working group on an initiative entitled "National Routing System". The initiative has been put on hold due to privacy-related legal implications.

PWGSC Compensation is now pursuing a more cost-effective automated solution through Service Canada which has agreed to exchange death notification data through the use of social insurance numbers.

Approval to use the social insurance number prior to implementation is required and a Privacy Impact Assessment is underway. We anticipate approval in the 2010-2011 fiscal year.

In 2009-2010, PWGSC Compensation successfully performed the following key pension activities:

- Pension payment services were provided to 231,889 retired members under the public service pension plan; 111,404 retired members of the Canadian Forces; 554 retired Members of Parliament; and 824 retired judges, or their respective survivors.
- Approximately 251,500 Notice to Pensioners newsletters (formerly known as client service bulletin) were successfully delivered to retired plan members in January 2010.
- A total of 12,017 public service employees attended 508 Retirement Planning Information Sessions.
- A total of 1,497 participants attended 198 various other pension training courses across the country.
- In partnership with the Treasury Board Secretariat, a third issue of the Liaison, the retired pension plan members' newsletter, was published in July 2009. Liaison has been designed to offer retired members timely information about their pension and benefits plans. The articles chosen are based on frequently asked questions and recurring inquiries received from retired members. The electronic version of the newsletter is also included on the Your Pension and Benefits Web Portal.

Marketing activities consisted of:

- Compensation Web Applications and Web Portal articles published in the Compensation Focus, and a Web Portal article in the PWGSC Compensation Western Region newsletter;
- presentations to 84 departments and agencies on the new simplified Compensation Web Applications enrolment process, as well as at the National Association of Compensation Managers;
- a pop-up message to promote the new Pension and Insurance Benefits Statement suppress-print feature and the Electronic Services Portal on the Intranet site;
- an electronic guided tour of the Web Portal for distribution at events and exhibits;
- exhibits held at the following events:
  - Deputy Minister Learning Fair and Public Servants Learning Fair in Ottawa in April 2009;
  - Heads of Human Resources Conference in Ottawa in May 2009;
  - Public Sector Management Workshop – Financial Management Institution (FMI) in Regina, Saskatchewan in June 2009;
  - The National Public Service Week in the National Capital Region in June 2009;
  - The Government Technology Exhibition and Conference in Ottawa in October 2009; and
  - The National Managers Community Professional Development Forum in Montreal in March 2010.



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## *Pension: Looking Ahead to 2010-2011*

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The upcoming fiscal year will bring new challenges and allow for the completion of many important initiatives. Below are some of the key activities:

- As part of the Pension Modernization Project, we will:
  - complete the construction and implementation of the core pension administration functionality related to active-member accounts (Release 2.0);
  - continue working on Release 2.5 (Service Buyback and Leave Without Pay) and Release 3.0 (Accounting and Annuitant Functions);
  - begin activities related to the migration of the RCMP pension plan administration to PWGSC; and
  - continue to work with the Department of National Defence to consider potential migration of Canadian Regular Forces and Reservist Pension Plans.
- As part of the Centralization of Pension Services Delivery Project, we will:
  - complete the post-implementation activities related to the centralization of Plan Enrolment and Orientation;
  - complete the development of business processes for the implementation of Pension Benefits and Survivor Pension Entitlements as well as Employer Support Services;
  - continue the development of business processes for the implementation of Leave Without Pay services;
  - continue the development of Pension Centre training strategies, plans and supporting materials as a result of centralization; and
  - continue implementing the Pension Centre's new structure to accommodate the expanded services that will be developed and delivered.
- In partnership with the Treasury Board Secretariat, Compensation will continue its ongoing work on the Your Pension and Benefits Web Portal. Some planned features include the addition of life events for active and retired members, such as "travelling outside of Canada", and "working outside Canada" and life events for survivors/dependants, including "death of a survivor" and "living or moving outside of Canada".
- In 2010-2011, data correction activities for accounts failing data integrity testing will continue. In the fall of 2010, with Release 2.0 of the Pension Modernization Project, these activities will be accomplished using the new pension solution.
- PWGSC Compensation will continue its efforts to obtain death notification from Service Canada through the Social Insurance Registry.
- Proposed amendments to the Public Service Superannuation Regulations will be implemented to address the situation of individuals who were 70 and 71 years old at the time of the recent regulation change, which allows employees aged 69 to 71 to buy back previous service.

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- Should the related regulations be approved, the implementation of two initiatives will proceed in 2010-2011, related to interest payments for active plan members who have overpaid pension contributions, and to a broadening of the criteria for eligibility to Optional Survivor Benefits to include common-law and same-sex partners.

### **Transformation of Pay Administration Initiative**

To sustain the Government of Canada's long-term requirements for pay administration, PWGSC Compensation launched the Transformation of Pay Administration Initiative in October 2009. The goal is to transform the government's pay administration by increasing automation and self-service while reducing the need for assistance from departmental compensation advisors. The 40-year old Regional Pay System will be replaced with a commercial off-the-shelf system which will offer extensive Web-based self-service capabilities for managers and employees to process routine pay activities. The objectives of the project include seamless integration with the Government of Canada Human Resources System, operational savings, a responsive and flexible business model and technical solution, increased business intelligence and reporting, and consolidation of services to a centre of expertise.

A number of key activities were undertaken in 2009-2010, including the following:

- completed the business case to replace the 40-year-old pay system and transform the government's pay administration in July 2009, and received approval for the project;
- completed the first components of the procurement process for a commercial off-the-shelf pay solution and system integrator, including a request-for-information process to obtain comments from potential suppliers, and the request for proposal document;
- procured the professional services of a consulting firm to provide project management office support in order to ensure that the project meets cost, schedule, and quality objectives;
- initiated the analysis of a new service delivery model for pay consolidation; and
- initiated the establishment of governance committees.

### **Compensation Training Redesign**

PWGSC Compensation continued restructuring and redesigning paper-based self-instruction courses and classroom courses to capitalize on the potential of technology to empower learners with true self-directed learning. Both the Public Service Dental Care Plan and the Pensioners' Dental Services Plan courses were launched online in September 2009.

We are also in the process of redesigning online and in-classroom pay training courses for recently hired compensation advisors to include new content that focuses on the duties of a compensation advisor and the basics of pay.

The Beginner's On-line Pay Course has been completely revamped and is now an "A to Z" information session for new compensation advisors that includes interactive exercises, in-depth background information and hands-on practice, all delivered with easy-to-understand visuals. The new course manual can also be used as an office reference document.

In addition, a new Compensation Advisor Fundamentals course was created. This course provides an overview of the basic concepts of the compensation discipline, addresses tools such as Virtual Pay and Compensation Web Applications, and teaches new advisors about roles and responsibilities, how to access information and navigate the Compensation Web site.

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In order to be responsive to the challenges faced by departments in the administration of new complex transactions, in June 2009, a new course was introduced on Leave with Income Averaging and Pre-Retirement Transition Leave.

Work has begun on customizing the Beginner's On-line Pay and the Compensation Advisor Fundamentals courses for the Canada Revenue Agency compensation community, explaining the full life cycle of a pay transaction and the correction of transactions in the PWGSC Compensation pay system.

The Advanced Pay course is being updated with the new Policy on Terms and Conditions of Employment. The course is also being redesigned to give it a new look and better flow.

Finally, a number of courses are being updated as a result of the planned launch of the new Public Service Health Care Plan Web Application.

The following chart summarizes the number of pay and insurance training courses provided to clients across the country in 2009-2010:

Region	Courses	Participants
Atlantic	12	86
Quebec	25	142
National Capital Area	82	595
Ontario	25	129
Western	13	110
Pacific	13	69
<b>Totals</b>	<b>170</b>	<b>1,131</b>

## Transformation of Insurance Administration Initiative

PWGSC Compensation, in collaboration with the Treasury Board Secretariat, continues to focus on completing its work on the new Public Service Health Care Plan (PSHCP) Web service tools, integrated data files and insurance data exchanges between the legacy Contributor System and the new pension solution.

In 2009-2010, key activities included:

- developing a new PSHCP Web self-service application for both employees and pensioners as part of the suite of Compensation Web Application tools, with the objective of including other insurance plans;
- providing insurance companies with information on remittance and coverage electronically;
- completing an analysis of PWGSC Compensation insurance roles and responsibilities, and reinforcing the responsibilities of departmental compensation advisors through the issuance of a compensation directive; and
- changing the process for employee benefit forms and adding edits to the Regional Pay System to ensure consistency with departmental mandates, and improve efficiency and timeliness in the delivery of insurance benefits.

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## **Regional Pay System Interface with the Government of Canada PeopleSoft Human Resource Management System**

A few years ago, PWGSC Compensation and the Government of Canada PeopleSoft Human Resources Management System cluster developed an interface with the Regional Pay System. This interface allows for significant efficiencies by eliminating duplicate data entry, increasing data reliability and quality, streamlining workflow and saving time for human resources and compensation advisors. It also enables compensation advisors to focus on value-added services rather than data management and correction.

PWGSC Compensation worked closely with two departments, the Department of Foreign Affairs and International Trade Canada and the Department of Indian and Northern Affairs Canada to implement the interface in both departments in 2010-2011.

### **Regional Pay System Improvements**

During 2009-2010, significant work was conducted to improve business processes, the accuracy of pay data, quality controls and audits/verifications. Due to the current context of high turnover and numerous retirements in the compensation community, and the resulting influx of new and less experienced employees, the emphasis on the importance of data integrity has increased, given its critical impact on the pension transformation initiative.

Highlights of systems enhancements and other initiatives implemented in the Regional Pay System in 2009-2010 include:

- The integrity of the data in the new pension solution was improved through the implementation of 28 new edits.
- The coordination of changes to the Social Insurance Number (SIN) or Personal Record Identifier (PRI) between the Regional Pay System and the Central Index System was automated to ensure improved tombstone data.
- Modifications were made to report the non-taxable earnings on T4 statements for Status Indian employees working on a reserve outside the province of Quebec. This change ensures consistency on how these earnings are reported across Canada.
- In conjunction with the Canada Revenue Agency, modifications were made to the calculation of income tax deducted at source for those employees who work in Quebec and reside in Ontario, Nova Scotia or New Brunswick. Effective July 1, 2009, multiple tax rates and brackets were applied for each province whereas, in the past, only one tax rate was used regardless of income range. This change resulted in a more accurate amount of provincial tax deducted at source, consequently reducing the possibility of employees owing income tax at the end of the year.
- A change was made to modify the order of priority in which statutory deductions (Canada Pension Plan/Quebec Pension Plan, Employment Insurance, Superannuation, and Supplementary Death Benefit Insurance) are taken from supplementary payments in cases where there is insufficient pay to recover overpayments. This change results in the reduction or elimination of statutory deduction deficiencies.
- Once an employee's salary reaches the maximum level of the *Public Service Superannuation Act* pension contribution basic rate, the employee contributes to a higher rate. In June 2009, a system change was implemented to automate the process of transferring the required information for those employees who change to a different

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employer that is subject to the *Public Service Superannuation Act*. This automation reduces the work for the pay offices and allows the appropriate rates to be applied in a timely manner, which results in the correct amount of pension contributions being deducted and improves on pension data integrity.

- PWGSC Compensation implemented further modifications to allow for the recovery of emergency salary advances from supplementary payments. This system enhancement is aimed at improving the financial controls within the departments and to ensure compliance with the Treasury Board Secretariat policy.
- As a result of changes to the *Public Service Labour Relations Act* that came into effect on April 1, 2005, it was necessary to modify the Regional Pay System to implement changes to the collective bargaining status codes. With the changes to the Act, several codes became obsolete. To assist client departments, PWGSC Compensation implemented system edits to ensure that departments use valid codes only. The obsolete codes were also removed from the Regional Pay System.

### **Other Improvements**

- Electronic Systems Network Architecture Printing, or e-SNAP, is a tool that provides an electronic version of large reports and offers a workflow management process for some of the converted reports. New and improved functionality and associated administrative changes implemented in 2009-2010 will reduce the workloads of pay and pension agents and will significantly reduce the amount of paper produced. In addition, a new report was created that allows all transactions entered into the Regional Pay System to be identified by user for each department; this Segregation of Duties report had been requested for audit and conformity purposes.
- PWGSC Compensation developed a document to help departments understand the scope of their roles and responsibilities, and which reinforces the responsibilities of departmental Security Access Control Officers in managing and maintaining pay system user lists.
- PWGSC Compensation automatically processed the Program and Administrative Services (PA) and the Education and Library Science (EB) groups' lump sum payments (\$4,000) in April 2009, thereby saving the compensation community a substantial increase in workload.

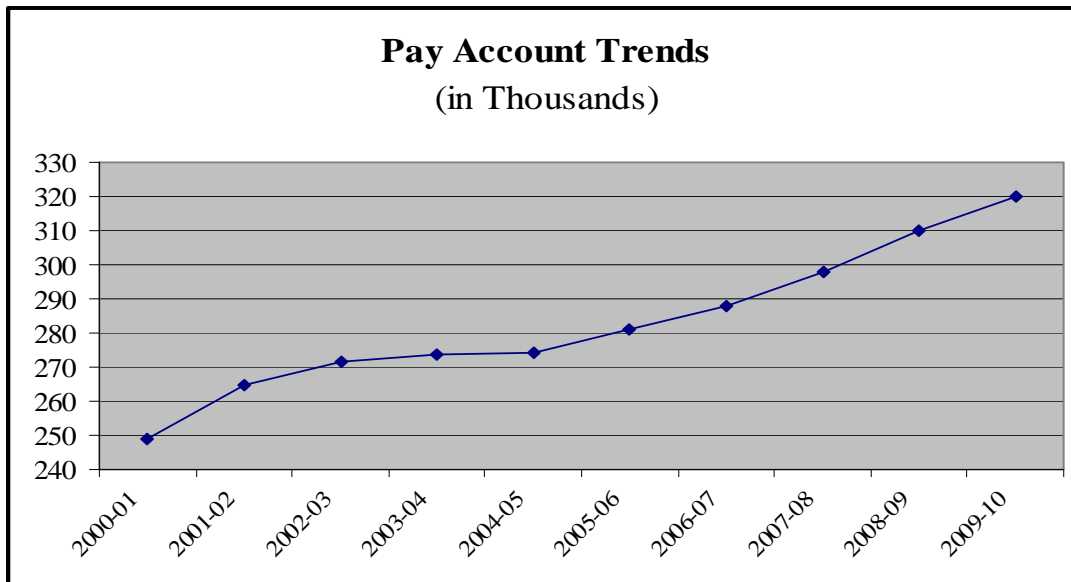
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## *Pay and Insurance Activities*

In 2009-2010, PWGSC Compensation completed the following key pay activities:

- Payments were processed on behalf of 109 client departments and agencies, separate employers, Crown corporations and the RCMP. The number of payments increased by 796,309, or 8.2%, from fiscal year 2008-2009, and a total of 18.6 million pay transactions were processed.
- Biweekly, monthly or supplementary payments were processed related to 443 types of entitlements (e.g. signing bonus, isolated post allowance, bilingual bonus), from which over 354 types of deductions (e.g. union, insurance, additional taxes) were made and remitted to 209 organizations (e.g. unions, agencies, provincial governments, credit unions).
- In addition, 167 technical system updates, a very high volume for such a large and complex system, were released for production to:
  - meet legislative requirements (e.g. new pay allowances, changes to pension plan regulations);
  - implement regular system maintenance (e.g. tax year end, new year updates); and
  - add system enhancements.
- PWGSC Compensation implemented 131 collective agreements and updated the pay system as a result of 21 policy changes. In addition, 522 changes to Bargaining Unit Designators for Treasury Board and Separate Employers were made in the pay system.
- PWGSC Compensation continued to provide expertise and training in pay, statutory deductions and insurance. There were approximately 47,000 requests for pay and pension-related information and guidance from clients.
- A continued emphasis was placed on communicating with compensation clients and providing them with the necessary tools for accuracy and consistency in the application of compensation policies and procedures. Most publications issued are available at the following Compensation Sector Website address:  
<http://www.tpsgc-pwgsc.gc.ca/remuneration-compensation/txt/publications-eng.html>

The following chart depicts the historical trend of pay accounts administered under the Regional Pay System since 2000-2001 (does not include the RCMP).



The following table indicates the average number of accounts handled by departmental compensation advisors and PWGSC Compensation pay and pension agents.

Accounts Per Departmental Compensation Advisor/PWGSC Pay and Pension					
Year	Accounts	Departmental Compensation Advisors	Accounts per Advisor	PWGSC Pay and Pension Agents	Accounts per Pay and Pension Agent
2001	248,699	1,489	167	92	2,703
2002	264,500	1,689	157	101	2,619
2003	271,431	1,707	159	102	2,661
2004	273,463	1,621	169	101	2,708
2005	274,305	1,736	158	98	2,799
2006	281,214	1,761	160	90	3,125
2007	287,747	1,859	155	87	3,307
2008	297,942	2,000	149	88	3,386
2009	310,261	1,956	159	103	3,017
2010	319,878	1,897	169	122	2,622



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## *Pay and Insurance: Looking Ahead to 2010-2011*

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The upcoming fiscal year will bring new challenges and allow for the completion of many important initiatives. Below are some of the key activities:

- On August 19, 2010, Prime Minister Stephen Harper announced that the Government of Canada is modernizing its 40-year-old pay system for public servants and consolidating pay services in a new Centre of Expertise in Miramichi, New Brunswick. In 2010-2011, the Transformation of Pay Administration Initiative will:
  - complete the evaluation, selection and contract award for a system integrator and a commercial off-the-shelf pay solution; and
  - define and prepare the project implementation plan to consolidate pay services to the PWGSC Centre of Expertise.
- The Transformation of Insurance Administration Initiative, in collaboration with the Treasury Board Secretariat, will continue to focus on completing its work on the new Public Service Health Care Plan (PSHCP) Web service tools, integrated data files and insurance data exchanges between the legacy Contributor System and the new pension solution. Activities planned for 2010-2011 include:
  - the completion of systems work on the new weekly consolidated PSHCP coverage files for the insurance plan administrator. These will include additional coverage information which will allow member health claims to be processed in a more timely manner. The Treasury Board Secretariat delayed the implementation of the new coverage files from April 1, 2010 to April 1, 2011.
  - the completion of work on the data interfaces between the legacy Contributor System and the new pension solution.
  - a review of the Public Service Dental Care Plan will be conducted to determine whether the system requirements previously in the Contributor System should be incorporated into the Compensation Web Applications, the Regional Pay System or an insurance database.
  - a streamlining analysis of the Public Service Management Insurance and Public Service Dental Care Plans will be conducted.
- Work will begin in 2010-2011 to develop an extra-duty pay self-service Web application which will be added to the Compensation Web Applications. This new tool will automate and streamline the:
  - creation of an extra-duty pay request by an employee;
  - validation by the compensation advisor;
  - approval of the request by the manager;
  - verification by the compensation advisor; and
  - authorization of the request by the financial authority.

It will be made available to all compensation advisors, employees and managers, and reduce departmental compensation advisors' workload.

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- The Compensation Web Applications will continue to be deployed to departments and agencies across the government. Compensation will work closely with departments and agencies to ensure the deployment process is understood, to address their business, technical and/or security issues, and to assist them with their communications to increase the take-up rate. Departments and agencies paid by the PWGSC pay system will be required to use the Compensation Web Applications by the end of fiscal year 2010-2011.
  - Additional interfaces between the Regional Pay System and the new pension solution will be implemented in 2010-2011 allowing required data to be extracted and eliminating obsolete functionalities from the Regional Pay System.
  - Currently, employees who have worked with various government employers (e.g. a department within the core public administration and a separate agency) are issued a different PRI when they move to the new employer. Once clarification on the new Treasury Board Secretariat directive is obtained, a system change may be made to issue one PRI only, and employees who previously had two PRIs will use the last one issued.