



# Tax Court of Canada



For the  
period ending  
March 31, 1997



Improved Reporting to Parliament —  
Pilot Document

Canada

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## Foreword

On April 24, 1997, the House of Commons passed a motion dividing what was known as the *Part III of the Estimates* document for each department or agency into two documents, a *Report on Plans and Priorities* and a *Departmental Performance Report*. It also required 78 departments and agencies to table these reports on a pilot basis.

This decision grew out of work by Treasury Board Secretariat and 16 pilot departments to fulfil the government's commitments to improve the expenditure management information provided to Parliament and to modernize the preparation of this information. These undertakings, aimed at sharpening the focus on results and increasing the transparency of information provided to Parliament, are part of a broader initiative known as "Getting Government Right".

This *Departmental Performance Report* responds to the government's commitments and reflects the goals set by Parliament to improve accountability for results. It covers the period ending March 31, 1997 and reports performance against the plans presented in the department's *Part III of the Main Estimates* for 1996-97.

Accounting and managing for results will involve sustained work across government. Fulfilling the various requirements of results-based management – specifying expected program outcomes, developing meaningful indicators to demonstrate performance, perfecting the capacity to generate information and report on achievements – is a building block process. Government programs operate in continually changing environments. With the increase in partnering, third party delivery of services and other alliances, challenges of attribution in reporting results will have to be addressed. The performance reports and their preparation must be monitored to make sure that they remain credible and useful.

This report represents one more step in this continuing process. The government intends to refine and develop both managing for results and the reporting of the results. The refinement will come from the experience acquired over the next few years and as users make their information needs more precisely known. For example, the capacity to report results against costs is limited at this time; but doing this remains a goal.

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

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# **Tax Court of Canada**

## **Performance Report**

**For the  
period ending  
March 31, 1997**

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The Hon. Anne McLellan  
Minister of Justice and  
Attorney General of Canada

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## **Section I: The Message from the Registrar**

The Tax Court of Canada is currently engaged in a massive re-engineering of its services. At the heart of this exercise lay the foundation for assessing whether we are providing the Canadian public with the most cost effective services.

This performance report has provided us with the unique opportunity to reflect on what we believe should be our contribution to the public and what will be the yardstick to measure our success.

This report describes what we have accomplished in the last years. It also describes an organization in search of excellence, strongly committed to foster a culture based on performance measurement.

We recognize that we are neophyte in the area of performance measurement and that we are only at the beginning of our journey. But we feel that acknowledging it and taking action accordingly is the first step towards planning for our success.

R. P. Guenette

## **Section II: Departmental Overview**

### **Mandate**

The Registry provides administrative services to the Tax Court of Canada which has exclusive original jurisdiction to hear and determine references and appeals on matters arising under the *Income Tax Act*, the Canada Pension Plan, the *Old Age Security Act*, the *Petroleum and Gas Revenue Tax Act*, the *Unemployment Insurance Act*, the *Employment Insurance Act*, Part IX of the *Excise Tax Act* and the *Cultural Property Export and Import Act*. The Court also has exclusive jurisdiction to hear and determine appeals on matters arising under the *War Veterans Allowance Act* and the *Merchant Navy Veteran and Civilian War-related Benefits Act* as referred to in section 33 of the *Veterans Review and Appeal Board Act*.

### **Program Objective**

To provide an easily accessible and independent Court for the expeditious disposition of disputes between any person and the Government of Canada on matters arising under the *Tax Court of Canada Act* or any other legislation under which the Court has original jurisdiction.

### **Mission Statement**

We at the Tax Court of Canada are committed to providing the public with an accessible and efficient appeal process and to working together to maintain a fair and independent Court.

### **Strategic Objectives**

The Tax Court of Canada's Mission Statement is comprised of four commitments to our clients on behalf of all Canadians. It is from these commitments that we derive our strategic objectives:

1. To improve the effectiveness of the Court's Appeal Process;
2. To improve public access to the Court and its services;
3. To improve service delivery;
4. To enhance the judicial independence of the Court.

These objectives are aimed at ensuring the achievement of our 1996-97 ultimate priority of re-engineering our services.

## **Business and Service Line, Organization Composition and Resource Plans**

### **Introduction**

The Business Line structure described below was approved by the Treasury Board under the Planning, Reporting and Accountability Structure (PRAS) document.

The Tax Court of Canada consists of one main business line (the Registry) and two service lines (Appeals Management and Corporate Services).

### **Description**

The Registry of the Tax Court Canada provides a range of services to the Court through the following services lines: **Appeals Management** and **Corporate Services**.

#### **1. Appeals Management**

##### **This Service Line**

- provides litigants with guidance and advice on Court practices and procedures and provides the Judges of the Court with orderly and efficient scheduling of hearings.

#### **2. Corporate Services**

##### **This Service Line**

- provides the Registry with support in the areas of finance, administration, security, library, human resources, information technology as well as editing and revising.

### **Organizational Structure for Program Delivery**

The Court, with its Headquarters in Ottawa, consists of the Chief Judge, the Associate Chief Judge and 20 other Judges plus three Supernumerary Judges. To ensure the expeditious hearing of appeals, the Chief Judge may, with the approval of the Governor in Council, appoint Deputy Judges. There are currently eight Deputy Judges.

The Chief Judge is responsible for the apportionment of the work among the Judges and the assignment of individual Judges to specific sittings of the Court. The Court has its own court accommodations in Vancouver, London, Toronto, Ottawa and Montréal, and shares accommodation with the Federal Court of Canada in Edmonton, Calgary, Winnipeg, Québec City, Halifax and Fredericton. In other locations, the Court uses provincial court accommodations, where available, or leases commercial accommodation. For Income Tax appeals, the Court may now sit in roughly 40 locations across Canada. For Employment Insurance appeals, the Court may sit in over 80 locations across Canada.

The Registrar, as the Deputy to the Commissioner for Federal Judicial Affairs, through complete delegation of authority under subsection 76(2) of the *Judges Act*, is the Deputy Head of the Tax Court of Canada. The Commissioner for Federal Judicial Affairs reports to the Minister of Justice. The Registrar, as the Principal Officer of the Court, is responsible for the administration of the Court.

## Section III: Departmental Performance

### A. Performance Expectations

Actual spending in 1996-97 was \$.5 million higher than Main Estimates due to additional funding received for:

- a) Contract reporters, registrars and translation services (.3M); and
- b) A rollover of funds from 1995-96 (.2M).

### Resource Requirements by Organization and Business Line

Comparison of Total Planned Spending to Actual Expenditures, 1996-97 by Organization and Business Line  
(\$ millions) Tax Court of Canada

Business Line		
Organization	Registry of the Tax Court of Canada	TOTALS
Tax Court of Canada	11.0	11.0
	11.4	11.4
<b>TOTALS</b>	<b>11.0</b>	<b>11.0</b>
	<b>11.4</b>	<b>11.4</b>
<b>% of TOTAL</b>	<b>100%</b>	<b>100%</b>

Note: Shaded numbers denote actual expenditures/revenues in 1996-97.

## Comparison of Total Planned Spending to Actual Expenditures, 1996-97 by Business Line

(\$ millions)

Business Line	FTEs	Operating <sup>1</sup>	Voted Grants and Contributions	Subtotal: Gross Voted Expenditures	Statutory Grants and Contributions	Total Gross Expenditures	Less: Revenue Credited to the Vote	Total Net Expenditures
Registry of the Tax Court of Canada	126	11.0				11.0		11.0
	125	11.4				11.4		11.4
<b>Totals</b>	126	11.0				11.0		11.0
	125	11.4				11.4		11.4
Other Revenues and Expenditures								(.5)
Revenue credited to the Consolidated Revenue Fund								(.5)
								2.5
Cost of services provided by other departments								2.5
								13.0
Net Cost of the Program								13.4

Note: Shaded numbers denote actual expenditures/revenues in 1996-97.

1. Operating includes contributions to employee benefit plans.

## Departmental Planned versus Actual Spending by Business Line

(\$ millions)

Business Line	Actual 1993-94	Actual 1994-95	Actual 1995-96	Total Planned 1996-97	Actual 1996-97
Registry of the Tax Court of Canada	10.4	10.1	11.4	11.0	11.4
<b>Total</b>	<b>10.4</b>	<b>10.1</b>	<b>11.4</b>	<b>11.0</b>	<b>11.4</b>

## Summary of Performance Expectations

Tax Court of Canada has a budget of \$10,992,000 in 1996-97	
To provide Canadians with:	To be demonstrated by:
The right to an accessible and efficient Court of record for hearing cases in areas involving taxation and other federal programs such as Canada Pension Plan, Employment Insurance and Old Age Security	<ul style="list-style-type: none"><li>• Expeditious hearing of appeals</li><li>• Level of client satisfaction regarding expert guidance and advice to litigants, agents and the public with respect to the practice and procedures of the Court</li><li>• Achievement of service standards, including equality of access for all appearing before the Tax Court of Canada</li></ul>

## B. Performance Accomplishments

### Departmental Performance

#### Context

In the past few years, the Tax Court of Canada has been experiencing a wide range of changes and trends which have brought forth unprecedented challenges to the organization.

In 1995, as a result of constant budget reductions and an automated appeals management system both outdated and costly to maintain, the Court conducted a strategic study on the efficiency of its information management. The findings of that study confirmed that operations had to be improved if the Court were to meet its commitment of *providing the public with an accessible and efficient appeal process*. The re-engineering of services then became our ultimate priority for the years 1996-97. As a first step toward achieving this goal, a decision was made in 1996 to proceed with the implementation of the Information Management Plan that grew out of the Strategic Study. During that same period, however, the Office of the Auditor General was mandated to examine the potential benefits of a merger of the Federal Court of Canada - Trial Division, and the Tax Court of Canada. The review conducted by the Auditor General which lasted for a period of over two years greatly disrupted the Court's operations and created a climate of insecurity within the organization. In order to stay the course and provide the organization with a minimum degree of stability during this waiting period and for reasons of financial probity and prudence, it was agreed that as an efficiency measure, it would be appropriate to delay implementation of the Information Management Plan until the Auditor General's Report, originally planned for the spring of 1996, was submitted to the Minister of Justice. Furthermore, the Court could not obtain the necessary funding through a Treasury Board

submission to support this initiative until the result of the Auditor General's Report was known. The Report was finally tabled in April 1997, a year after its due date. Consequently, the Court's mission-critical system is a ten year old automated Appeals Management System which in addition to being very expensive to maintain is not Year 2000 compliant. It is estimated that it would cost approximately \$1 million to repair such a system. The present system is actually hindering our ability to provide comprehensive information on the effectiveness of our operations and renders extremely difficult any improvements to our appeal process. However, since we are still committed to supporting the government objective of *prudently using taxpayers' money to provide high-quality services to all Canadians*, the Court will pursue its continuous efforts to obtain the necessary investment in information technology essential to fully support the appeal process. Over the next few months, the Court will rigorously seek ways of financing and implementing its Information Management Plan. Until the implementation of a new Integrated Appeals Processing System, the Court will be unable to provide data on the achievements of its key results commitments. Thus, for the 1996-97 fiscal year, only limited performance information is presented.

### **Performance Management Framework**

As a response to the need for the Court to provide more extensive performance information in its annual reporting, we are currently undertaking the development of a Performance Management Framework. As a first step to this initiative, six major performance areas related to our strategic priorities were identified as being the type of performance information that would be relevant for Parliamentarians, court clients and members of the public. These six performance areas are based on the fundamental values which are entrenched in our mission statement. The table shown on page 9 represents our first attempt to identify for each performance area the set of standards and measurement system which will provide, in future Performance Reports, indicators to the degree to which the Court is meeting its key results commitments to Canadians. These standards are not exhaustive nor are they cast in stone. However, they are stepping stones in the Court's efforts towards the establishment of a strong performance-based management culture. This Performance Management Framework will be implemented over a period of two to three years. The indicators and related measurement strategy will be refined as we implement our Information Management Plan and gain more experience in monitoring and reporting on our performance.

### **Performance Management Framework (1997-98)**

<b>Strategic Objectives</b>	<b>Performance Area</b>	<b>Standard</b>	<b>Measure</b>	<b>Data Source</b>
<b>To improve the effectiveness of the Court's Appeal Process</b>	<b><u>Accountability</u></b>	Accountability for Public Resources	Evaluation of Personnel Resource Allocation	Statistical Case Type Classification
	<b><u>Expeditionousness and</u></b>	Case Proceeding	Time to Disposition	Case Files
	<b><u>Timeliness</u></b>	Compliance with Schedule	Disposition Rate	Case Management Records
<b>To improve public access to the Court and its services</b>	<b><u>Access to Justice</u></b>	Public Proceedings	Access to Hearings	Schedule/Docket
		Safety, Accessibility and Convenience	Perceptions of Security	Perception of Court Users
		Effective Participation	Participation by Persons	Court Facilities and Services
		Courtesy, Responsiveness and Respect	Treatment of Litigants	Selected Court Proceedings
			Barriers to Court Services	Public Perception
<b>To improve service delivery</b>	<b><u>Client Services</u></b>	Courtesy, Respect and Responsiveness	Perception of Court's Personnel's Courtesy and Responsiveness	Public Perception
		Timeliness of Service	Periodic Review of Compliance with Deadlines	
<b>To enhance the judicial independence of the Court</b>	<b><u>Independence</u></b>	Judicial Independence	Perception of Independence	Perception of Court Users

## **Tax Court of Canada Performance**

### **Introduction**

As stated in its guidelines, the Treasury Board indicated that the Performance Report was an opportunity for the Court to tell their story. Although, as previously mentioned, the Court is unable to provide performance information for the year under review, we strongly believe that since our commitment in 1996 to renewing our services, we have made great strides. We are proud of what we have accomplished so far, given where we started and despite the continuous uncertainty created by a potential merger with the Federal Court of Canada. This portion of the report provides information on initiatives which pertain to the re-engineering of our services. Hopefully, we will be able to report on the results of those initiatives in future performance reports.

### **Strategic Direction**

In 1995, although the Court was fulfilling its mandate adequately, it was without a clearly chartered course, without a true direction. When the re-engineering of our services became our ultimate priority in 1996, it became obvious that such an endeavour would necessitate a major cultural change. It was recognized that a strategic approach to the planning and management of this initiative would result in major outcomes for the organization. This resulted in a vision exercise by which our mission statement (which appears on page 2), and our fundamental values were established. The mission statement has since served as the blueprint for the renewal of our services. On the other hand our values, which guide our daily activities, are a constant reminder of the kind of judicial system we strive for: that is, a system that is accessible to all, efficient, fair and independent. Our key result commitments are intended to create within the Court an environment based on those values.

As a follow-up to the vision exercise, the role of strategic planning and communications was identified by management as essential not only for the success of this endeavour but as a prerequisite for moving the organization toward a performance-based culture. Strategic planning and communications are now integrated functions within the Court.

### **Information Technology**

Underlying the renewal of our services was also the Court's major commitment to the use of technology to support decision-making and accountability reporting requirements of management. One of the solutions was to modernize the Court's infrastructure. In 1995 and 1996, internal resources were re-allocated to implement Local and Wide-Area Network (LAN/WAN) information technologies and up-grade its office automation platform to MicroSoft Office Suite. These technologies provided the most economical platform for moving the Court from a paper driven-organization towards the efficient use of information technology. In 1996, pending the allocation of the necessary funds to implement the Information Management Plan, senior management took action with the purchase and implementation of a management reporting software called PowerPlay. The

use of this software represented the first step to building a Management Information Reporting System capable of extracting and reporting valuable information from the Appeal Management System. Our Information Management Plan will serve as a guide to manage our information and the implementation of improvement initiatives up to Year 2000.

In June 1997, the Court undertook an assessment of its information system to identify potential Year 2000 compliance issues. The summary assessment is that the Court is in fact faced with the Year 2000 problem, on a massive scale, and the problem is not inexpensive to address.

Realising the urgency to address the Year 2000 problem and to implement the re-engineered appeal process with enabling technology, in August 1997, the Court initiated a project to implement a new integrated Appeals Processing System by December 1998.

### **Change Management**

The Court has been proactive in dealing with its changing environment. To alleviate the impact on the organization resulting from the implementation of the Information Management Plan and potential merger of the Court with the Federal Court of Canada, the Court has developed a Human Resource and a Communication Strategy. In order to assist both management and employees to deal effectively with change, training in areas related to Change Management and Team Building was provided.

### **Client Services**

As part of its renewal exercise, the Court undertook many initiatives to improve services to its clients. In early 1995, Client Service Training became the Court's national training priority. As a result, training in service delivery was made mandatory for all employees dealing with the public. In the same year, in order to provide uniformity in the quality of services provided by Court Registrars throughout the country, the Court undertook the development of a National Training Program for Court Registrars. As a result of the success of the program, it is now offered to every new contractual Court Registrar. Senior management recognizes the importance of consulting with both its external and internal clients to assess the quality of its service delivery. In 1995-96, a clients survey was conducted. The results indicated that the appellants were satisfied with the quality of services provided by the Court. However, in the last two years, our clients have increased their demands for access to legal information. As a response to the needs of our clients, the Court recently created a Web site providing users with rapid access to Court-related information. The Web Site should be available on the Internet in the near future. As a consequence of a recent review conducted by the Court, sitting locations have been selected with a view to ensuring that the Court's services are, as far as possible, conveniently located for appellants. We also developed a brochure of the Court's appeal procedures and established a 1-800 telephone line providing remote users with quick, no cost access to our services. We also plan in the near future to post the Court's decisions

on the Internet. As part of our commitment for the 1997-98 fiscal year, service standards will be developed within the Performance Management Framework.

### **Expeditious Processing**

Deadlines are prescribed by the *Tax Court of Canada Act* and Rules, to ensure a minimum of delay for appeals under the informal procedure. These appeals are heard and disposed of in approximately six months from the date of filing the appeal. Under the general procedure, the Court schedules status hearings when an appeal has not proceeded to hearing within six months after the closing of the pleadings. At the status hearing, the Court sets time limits for the remaining steps of the appeal and fixes a hearing date.

Our new Integrated Appeals Processing System will be developed to include performance measurement standards that will track the timing and cost of an appeal.

### **Budget Reductions**

Budget reductions influences were partly offset by the approval of \$320,000 to fund increased litigation costs as well as translation and revision of court decisions for 1996-97. Although the Court continued to invest in technology and aggressively negotiate reporter and registrar contracts to reduce costs, it is likely further additional funding will be required in 1997-98 to hear cases within the timeframes prescribed in the *Tax Court of Canada Act* and Rules.

### **Litigation**

The Court undertook a special project to decrease the inventory of Unemployment Insurance appeals. Increased funding of \$711,000 in 1995-96 and \$820,000 in 1996-97 and again in 1997-98 have been allocated to this project. The higher than expected intake of Unemployment Insurance appeals in the first year has been partially offset by an increase in the number of appeals disposed of for the same period. The number of appeals received seemed to have peaked in 1995-96 but the decrease in intake has been slower than expected. As a result, the inventory level will only be about 500 appeals lower at the end of this fiscal year compared to the inventory level at the beginning of the project. Additional resources will continue to be required in the next fiscal year to ensure the inventory level is brought to a more reasonable level.

A regional pilot project that consisted in combining the functions of court registrar and court reporter was very successful and resulted in the expansion of this initiative to other hearing locations. By the end of this fiscal year, 45 hearing locations out of 80 will be following this new procedure. The Court is continuing its effort to introduce this procedure in other hearing locations by choosing local contractors who can be trained to fulfill the combined functions.

### **C. Key Reviews**

The Auditor General's Report which was released in April 1997 is the major review which could have an impact on the program function of the Court.

Following the release of the report, the Minister of Justice mandated the Commissioner for Federal Judicial Affairs to review the possibility of amalgamating corporate and registry services of both the Tax Court of Canada and the Federal Court of Canada in order to achieve savings and efficiencies. We are still awaiting decisions and future direction on this matter.

## **Section IV: Supplementary Information**

### **A. Contacts for Further Information**

For further information related to the strategic planning portion of this document, you may contact:

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### **B. Financial Summary Tables**

The following summary tables are presented:

#### **Summary of Voted Appropriations**

##### **Authorities for 1996-97 - Part II of the Estimates**

##### **Financial Requirements by Authority (\$ millions)**

<b>Vote</b>		<b>1996-97 Main Estimate</b>	<b>1996-97 Actual</b>
40	<b>Program - Registry of the Tax Court of Canada Operating Expenditures</b>	11.0	11.4
<b>Total Department</b>		<b>11.0</b>	<b>11.4</b>

## Revenues to the Consolidated Revenue Fund (CRF) by Business Line

(\$ millions)

Business Line	Actual 1993-94	Actual 1994-95	Actual 1995-96	Total Planned 1996-97	Actual 1996-97
Registry of the Tax Court of Canada	.5	.5	.5	.5	.5
<b>Total Revenues to the CRF</b>	<b>.5</b>	<b>.5</b>	<b>.5</b>	<b>.5</b>	<b>.5</b>

## Legislation Administered by the Tax Court of Canada

**The Tax Court of Canada has authority to hear cases on matters arising under the following Acts:**

<i>Income Tax Act</i>	R.S.C. 1985, c. 1 (5th Supp.), as amended
<i>Canada Pension Plan</i>	R.S.C. 1985, c. C-8, as amended
<i>Old Age Security Act</i>	R.S.C. 1985, c. O-9, as amended
<i>Petroleum and Gas Revenue Tax Act</i>	R.S.C. 1985, c. P-12, as amended
<i>Unemployment Insurance Act</i> (repealed)	R.S.C. 1985, c. U-1, as amended
<i>Employment Insurance Act</i> (Part III)	S.C. 1996, c. 23, as amended
<i>Excise Tax Act</i> (Part IX)	R.S.C. 1985, c. E-15, as amended
<i>Cultural Property Export and Import Act</i>	R.S.C. 1985, c. C-51, as amended
<i>War Veterans Allowance Act</i>	R.S.C. 1985, c. W-3, as amended
<i>Merchant Navy and Civilian War-related Benefits Act</i>	R.S.C. 1985, c. C-31, as amended
<i>Veterans Review and Appeal Board Act</i>	S.C. 1995, c. 18, as amended