



innovation

Summary of the Corporate Business Plan
2003-2004 to 2005-2006

More Ways to Serve You!
Pour vous servir encore mieux !



Canada Customs
and Revenue Agency

Agence des douanes
et du revenu du Canada

Canada

innovation, our *Summary of the Corporate Business Plan 2003-2004 to 2005-2006*, provides an overview of the CCRA's strategic and operational directions, objectives and strategies, and supporting financial information.

For more information about the Canada Customs and Revenue Agency, consult our website:
www.cca-adrc.gc.ca

Message from the Minister



As world events unfold and international tension mounts, many Canadians share an increasing concern about public security and safety. The Canada Customs and Revenue Agency (CCRA) makes an important contribution to the Government of Canada's efforts to keep Canadians safe and secure in these uncertain times. Much of this work takes place through our Customs Services, where we work to secure our borders against threats to public safety, including terrorism, while facilitating the flow of legitimate trade and travel that is so vital to our economic livelihood, and respecting individuals' rights to privacy.

To meet the challenge of September 11, we accelerated a number of initiatives under our *Customs Action Plan* to strengthen border security. With the implementation of the subsequent Manley-Ridge Smart Border Declaration and its aggressive 30-Point Action Plan, we are working to build a “smarter” border using state-of-the-art technology, new risk identification methods, and improved training and equipment for our customs staff. Later this year, for example, we plan to pilot NEXUS-Air at two international airports. Using biometric technology, this system will allow pre-approved travellers to clear customs by simply looking into a camera that recognizes the iris of their eyes as proof of identify. This is just one example of our efforts to innovate to improve our capacity to meet our mandate.

I hold a strong personal belief in continuous improvement and am proud to be Minister of a government organization that places innovation at the heart of its agenda. Through the CCRA's *Future Directions* initiative launched last year and its extensive consultation process, we listened to our Tax Services and Benefit Programs clients—individuals, small enterprises, and large businesses alike—and have developed a coherent service vision for the future and a suite of innovations to better meet their needs, which we will implement as resources permit and at a pace and rate that ensures the right mix of core and innovation activities.

As we proceed with “smart border” management and an enhanced tax service vision, we must also ensure that our core operations run well and efficiently. Here, fairness in the tax system is particularly important. The CCRA must be able to show Canadians that most people are playing by the rules. We are doing a good job in promoting compliance with tax, trade, and border laws—overall levels of compliance in Canada are high. But there is always room for improvement. We will therefore continue to improve the ways in which we promote voluntary

compliance, while strengthening our enforcement activities to identify and deter wilful non-compliance. We are committed to maintaining a level playing field, catching cheaters, and minimizing intrusion in the lives of the millions of Canadians who willingly comply with the laws we administer.

The commitments we have made in this business plan are ambitious. The resource investments needed to support them are significant, but so are the results we plan to deliver for Canadians. The CCRA will continue to adopt measures aimed at rigorous financial stewardship of the public funds placed in our hands.

Following the February 2003 Federal Budget, we recognize that our funding for the planning period may be subject to downward pressures, which would require us to adjust the scope and timing of some commitments laid out in this plan. We will work closely with our partners across government to manage the challenges associated with competing resource pressures and continue to contribute to overall government priorities. I am confident that this approach, combined with the commitment shown by the people at the CCRA, will ensure the Agency continues to evolve as a responsive, dedicated service organization, on the leading edge of innovation and operating at affordable cost to Canadians.



Elinor Caplan
Minister of National Revenue



Foreword by the Chair



Since becoming an agency, the CCRA has made steady progress in the management of its operations by strengthening and improving the quality of the services it delivers to Canadians. Board members are proud to have participated in this undertaking and to be part of such a dynamic and committed organization. Despite the many challenges that lie ahead, we look to the future with optimism, confident that we will deliver on the CCRA promise of better service to Canadians.

For the period covered by the *Summary of the Corporate Business Plan 2003-2004 to 2005-2006*, we will continue to transform how we do business, keeping pace with changes in technology and management practices. To bring about change, we will need to be clear and transparent in our communications both within the organization and also with the different client groups that interact with us.

If the Agency is to meet its commitments to Canadians, it will need to be able to draw on a workforce that has the right skills at the right time. The CCRA will therefore continue to pay a great deal of attention to the quality of its human resources, their training, and their working conditions.

Given our changing environment, we, like any other major organization, must deal with increasingly complex risks and situations that require the highest degree of management attention.

In this context, we indeed have an ambitious agenda. As Board members, we recognize this fact, but at the same time we are confident that implementing this plan will ensure that we are able to deliver all our programs.

I am therefore pleased to submit this *Summary of the Corporate Business Plan 2003-2004 to 2005-2006* to the Honourable Elinor Caplan, Minister of National Revenue.

A handwritten signature in black ink, consisting of a large, stylized initial 'M' followed by a long horizontal line that ends in a small flourish.

Michael L. Turcotte
Chair, Board of Management

Management Representation

I submit for tabling in Parliament the *Summary of the Corporate Business Plan 2003-2004 to 2005-2006* for the Canada Customs and Revenue Agency (CCRA).

To the best of my knowledge, the information:

- accurately portrays the organization's mandate, priorities, strategies, and planned results;
- is consistent with the principles of the *CCRA Act* and is in accordance with the disclosure principles contained in the *Guide to the Preparation of the Report on Plans and Priorities*;
- is comprehensive and accurate; and
- is based on sound underlying agency-wide information and management systems.

I am satisfied as to the quality assurance processes and procedures used for the *Summary of the Corporate Business Plan 2003-2004 to 2005-2006* 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.



Stephen Rigby
Chief Financial Officer and
Assistant Commissioner
Finance and Administration

Date: March 20, 2003

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We are using our agency flexibilities to implement a range of reforms that support our mission of compliance and offer better service for Canadians.

Introduction

The Canada Customs and Revenue Agency (CCRA) was created in November 1999 with a promise of improved service to Canadians. To deliver on this commitment, we launched a far-reaching change agenda. It aims to take advantage of our flexibilities as an agency and implement a range of reforms to meet our mandate with better service. We believe better service strengthens our capacity to deliver on our mission: to promote compliance with Canada's tax, trade, and border legislation and regulations through communication, quality service, and responsible enforcement, and thereby contribute to the economic and social well-being of Canadians.

"Fairness" continues to drive our core operations across all our business lines. It is a key factor in promoting compliance and maintaining the willingness of people to voluntarily comply. Thanks to the successful implementation of the CCRA's 7-Point Plan for Fairness, this principle has steadily become entrenched in the way we deliver day-to-day service. Our commitment to fairness means we work hard to provide Canadians with the information and assistance they need to better understand and more easily meet their obligations and receive their entitlements, while taking appropriate action through responsible enforcement when people do not play by the rules, which helps ensure the system is fair for everyone. Applying the right mix of facilitation and enforcement strategies, depending on the associated level of risk, will continue to be pivotal to our approach in promoting high levels of compliance.

In terms of innovation, over the past three years we have made solid progress. Our *Customs Action Plan*, for example, provided the building blocks for the creation of a "smarter" border with the United States. It enabled our organization to respond swiftly to the events of September 11, 2001, in addressing new national security and anti-terrorism priorities.

We innovate for the future to address the many challenges in our operating environment and stay in step with the needs of our clients, which promotes client satisfaction. This in turn helps to sustain confidence in our operations and in the public's willingness to voluntarily comply. Innovation also helps us establish more productive ways of doing business

to reduce our internal and administrative costs, and it is critical to fully leveraging the capacity of our systems and enabling the CCRA to deliver a greater range of services on behalf of the provinces and territories to help reduce overall government cost to taxpayers.

As we enter our fourth full year of agency operations, innovation continues to underpin our change agenda. We are pursuing new ways of doing business to improve the delivery of our programs, reduce costs, minimize the compliance burden, build public confidence and respect, and deliver on our agency promise of better service. We will continue to put commitments into action with a clear and steady focus on delivering results for Canadians and value for taxpayer dollars. In so doing, we are guided by our four change objectives:

- transformation of our core business;
- human resource reform and renewal;
- administrative reform and renewal; and
- transparent management for results.

Meanwhile, we confront an expanding economy and the need to manage resultant increases in workload volumes, as well as the requirement to respond to evolving government priorities, including budget reductions and new national security requirements.

Over the past year, the CCRA has implemented a range of measures to strengthen our capacity to manage our resources and reallocate to areas of highest priority. As a result, we plan to manage the impact of an expanding economy and consequent growth in workload volumes, particularly in Tax Services, within the CCRA's existing budget framework. We also plan to deliver on our innovation commitments, both in terms of business transformation and management reforms, within that same framework.

To do both, we will continue to exercise sound stewardship while exploring additional opportunities for resource reallocation. We have embarked on a series of horizontal reviews to reassess and reallocate resources appropriately, using an approach consistent with the government-wide review and reallocation process announced in the most recent Budget. Our aim is to use the results from these reviews to continue to make the necessary investments in our core operations, as well as in our innovation agenda.

We will continue to put commitments into action with a clear and steady focus on delivering results for Canadians and value for taxpayer dollars.

Our aim is to use the results from our horizontal reviews to continue to make the necessary investments in our core operations, as well as in our innovation agenda.

This *Summary of the Corporate Business Plan* is our main management tool, used to inform decision-making on key management issues such as resource reallocation. It provides our roadmap for the next three years and details what our planned commitments are and how we will meet them to provide better service to Canadians.

The change agenda and program commitments it sets out for the planning period 2003-2004 to 2005-2006 are ambitious, especially in light of an expanding economy and the resulting growth in workload volumes. The government-wide reallocation exercise could impact the commitments we have made in Customs Services relating to national security, such as implementation of the Smart Border Declaration and the 30-Point Action Plan, the government's Public Security and Anti-Terrorism initiative as well as elements of the *Customs Action Plan*. We will continue to work both internally and with the Treasury Board Secretariat to reach a funding solution on these issues.

Our goal remains moving forward with our planned commitments, but at a pace and rate that is affordable, making the right investment choices to support core operations and advance our innovation agenda across all business lines.

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What We Do

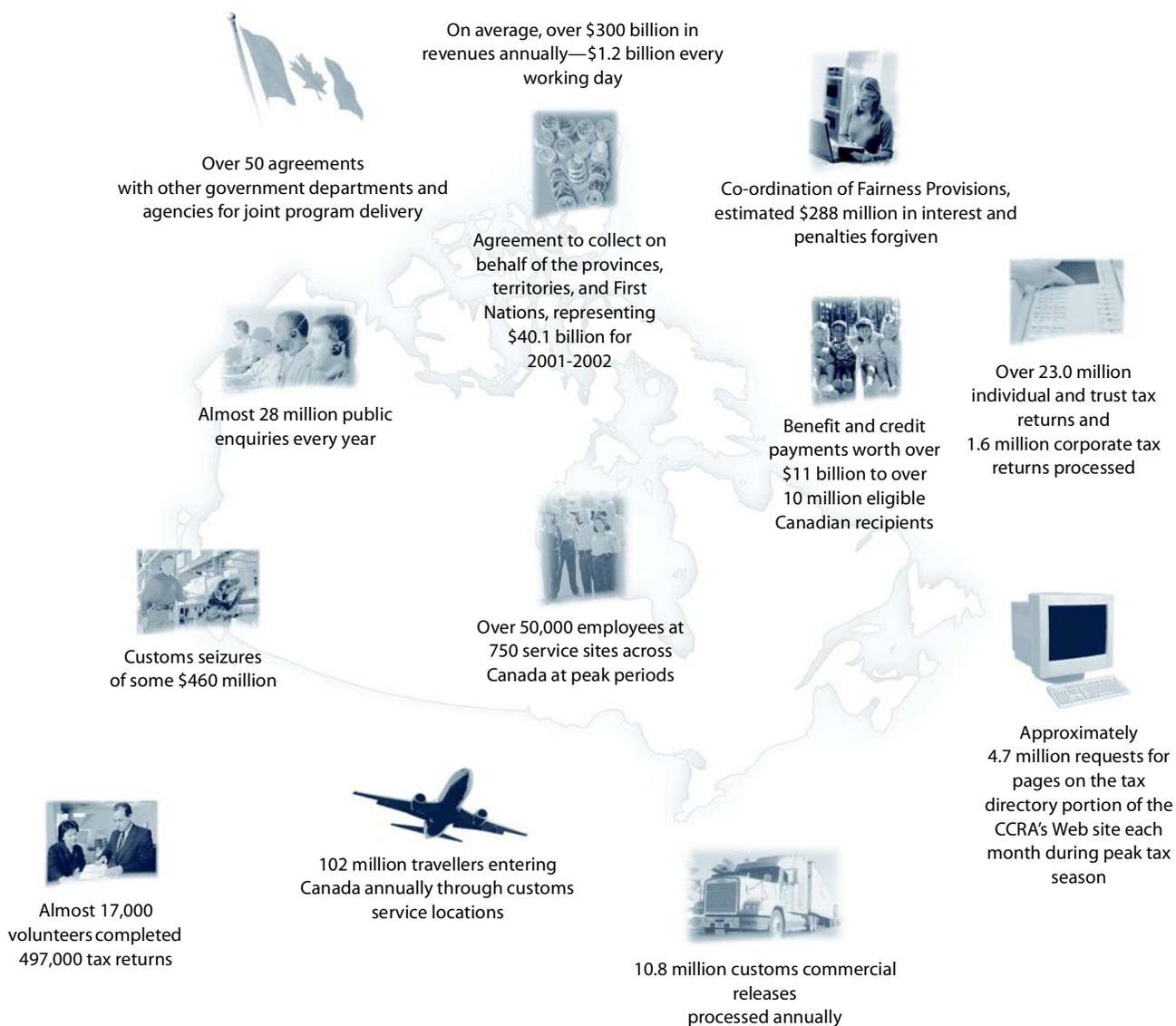
The CCRA is a diverse, complex, \$3 billion-plus operation that employs almost a quarter of Canada's public service. Our mandate is to:

- collect revenues and administer tax laws for the federal government and for most provinces and territories;
- provide border services and administer international trade and travel legislation; and
- deliver various social and economic benefit programs to Canadians.

In delivering service, we touch the lives of more Canadians on a daily basis than any other organization and we are, by any stretch, this country's largest public-sector service provider.

The following map presents a snapshot of our operations and provides some insight into the many ways we interact with Canadians, domestic and international businesses, and travellers to our country.

The CCRA at a Glance



Apart from national security requirements, we plan to manage pressures on our core operations by reassessing and reallocating resources based on highest priority.

Financial Spending Profile

While our overall planned budget for the next three years is estimated at some \$3.7 billion per year, the funds available for core operations are actually decreasing when considering the unfunded pressures that we are facing, as well as the requirement to invest in our innovation initiatives. Apart from national security requirements directly attributable to the Smart Border Declaration and the 30-Point Action Plan, the Government's Public Security and Anti-Terrorism initiative, and accelerated elements of the *Customs Action Plan*, we plan to manage pressures on our core operations from increasing workload volumes and fund our innovation initiatives from within our current operating budget by reassessing and reallocating resources based on highest priority.

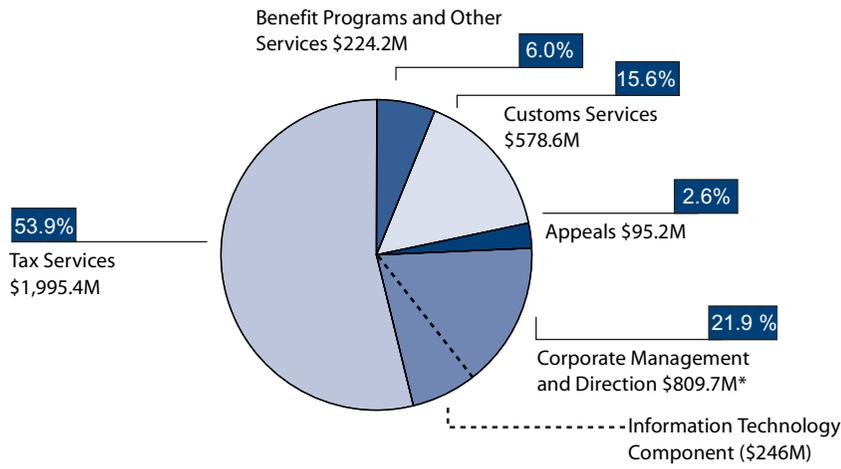
As noted, the recent Federal Budget announced a \$1 billion budget reallocation across government departments and agencies. Although the precise financial impact of this decision on the CCRA is unknown at this time, there is potential for further reductions to our already stretched resource base. Again, we will be looking internally at our operations to identify opportunities for cost efficiency and reallocate resources where appropriate.

There may also be a need to re-examine our commitments as set out in this plan and adjust our course as required. To deal with our many funding pressures, we will work closely with the Treasury Board Secretariat to develop a longer-term funding solution—ensuring that we have the capacity to maintain the integrity of our core operations while meeting new government priorities in the area of public security.

The chart on the following page shows how our resources for 2003-2004 are allocated across our five business lines: Customs Services, Tax Services, Benefit Programs and Other Services, Appeals, and Corporate Management and Direction. More information is provided in Appendix C.



Exhibit 1: Spending Profile by Business Line



*The amount shown for Corporate Management and Direction includes \$246.0 million for information technology. Without this amount, the resources for Corporate Management and Direction would account for 15.2% of the total planned spending for the CCRA. (A total of \$76.2 million is included in the first four business lines for information technology.)



Strategic Framework

Compliance and innovation are the two strategic outcomes we seek as an organization.

Fairness is a key factor in promoting compliance and represents the most crucial connective link that permeates our entire strategic framework.

The strategic framework we use to plan and report is shown in the following exhibit. Simply put, the framework provides a strategic perspective on what we do, why we do it, and how we do it. It builds on long-standing elements of our strategic foundation, including our mission, vision, and strategic goals, and aligns them with the high-level **strategic outcomes** we seek: **compliance, that Canadians comply with tax, trade, and border legislation;** and **innovation, that CCRA is a leading-edge service organization.**

The framework also defines our intermediate-level expected outcomes by business line, as well as our core objectives (for compliance) and our change objectives (for innovation). Our strategic framework has remained relatively unchanged since last year with one slight modification. Previously, we had identified two intermediate-level outcome statements for Tax Services: 1) Canadians pay their fair share of taxes; and 2) the tax base is protected. However, these two outcomes are highly interdependent, and our experience reporting on them suggests that by combining them, we can provide a clearer and more transparent account of our performance in Tax Services.

In terms of compliance, the strategic outcome we expect to achieve is **high levels of compliance with Canada's tax, trade, and border legislation.** Exhibit 3 describes the specific expected results that will be used to assess our performance in achieving compliance. These focus on client behaviour in the areas of filing, registration, border and trade, remittance, and reporting compliance. Reflecting fairness and fair treatment in all our dealings with Canadians in all these areas underpins our efforts to meet targets and expected results. Fairness is a key factor in promoting compliance and represents the most crucial connective link that permeates our entire strategic framework.

Our second strategic outcome, innovation, is at the forefront of our change agenda and centres on using our flexibility as an agency to provide the kinds of innovative services that encourage compliance. By offering new, affordable, and more accessible tools and information and by introducing better ways to deliver our programs and manage our operations, we build public confidence in our organization and encourage voluntary compliance. We also innovate to be able to leverage our capacity to deliver a greater range of services on behalf of the provinces and territories, to help reduce overall government cost to taxpayers. The main result we seek is to become a leading-edge service provider. Exhibit 4 outlines the factors that will be used to assess whether our strategic outcome of innovation is being achieved. These factors fall within the areas of client satisfaction, productivity, efficiency, and transparency.

As part of our commitment to openness and transparency to Parliament and Canadians, we report regularly through our *Annual Report* and other accountability instruments on how we are doing in achieving these two strategic outcomes.

Strategic Framework - Planning and Reporting

TO REALIZE OUR:

MISSION: To promote compliance with Canada's tax, trade, and border legislation and regulations through communication, quality service, and responsible enforcement, thereby contributing to the economic and social well-being of Canadians

VISION: To be recognized and respected by clients for our integrity, fairness, and innovation in administering high-quality, yet affordable, programs. To encourage new inter-governmental and international partnerships fostering greater government efficiency and a stronger economic union

WE ARE GUIDED BY:

Six Strategic Goals

Quality Services and Client Communications	Fair Administration	Knowledgeable and Skilled People
Responsible Enforcement and Border Protection	Simple and Efficient Processes	Effective Management and Corporate Services

IN ORDER TO ACHIEVE:

Two Strategic Outcomes

<p>Compliance</p> <p>Canadians comply with tax, trade, and border legislation</p>	<p>Innovation</p> <p>The CCRA is a leading-edge service organization</p>
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WE WILL BE SUCCESSFUL IF:

Expected Outcomes

Business Lines	Tax Services	Canadians pay their fair share of taxes and the tax base is protected	Customs Services	<ul style="list-style-type: none"> Canadians' health, safety, security and business interests are protected, and Canada's economic growth is supported, through responsible border and trade management 	Benefit Programs & Other Services	<ul style="list-style-type: none"> Provinces/territories and other government departments rely on the CCRA as a key service provider
	Benefit Programs & Other Services	Canadians receive their rightful share of entitlements		Appeals		<ul style="list-style-type: none"> Canadians receive an impartial and timely review of contested decisions through our redress system

WORK WILL BE FOCUSED AROUND:

Core Objectives

<ul style="list-style-type: none"> Accessible, responsive and reliable services and clear informative communications Fair, responsible and effective enforcement programs Diligent and consistent application of the principle of fairness Minimized administrative costs and compliance burden to our clients Employees with the knowledge, skills, and organizational support to work effectively Responsive, integrated, and affordable corporate policies, systems, and processes

Change Objectives

<ol style="list-style-type: none"> Business Transformation Human Resources Reform and Renewal Administrative Reform and Renewal Transparent Management for Results
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WE WILL ENSURE SUCCESS BY CONSIDERING MAJOR THREATS, MEASURING OUR PERFORMANCE, AND USING THE BALANCED SCORECARD AND OTHER REPORTING MECHANISMS

Exhibit 3: Strategic Outcome Statement – Compliance

Mission:	To promote compliance with tax, trade, and border legislation and regulations, thereby contributing to the economic and social well-being of Canadians
Strategic Outcome:	Canadians comply with tax, trade, and border legislation
To be demonstrated by:	<p>Filing Compliance</p> <ul style="list-style-type: none"> • Sustained high compliance levels whereby over 90% of all Canadians 18 years and older file their individual income tax returns on time, without any direct intervention • Sustained high compliance levels whereby over 90% of all taxable corporations file their income returns on time, without any direct intervention • Sustained high compliance levels whereby over 90% of registered Canadian businesses file their GST/HST returns on time, without any direct intervention <p>Registration Compliance</p> <ul style="list-style-type: none"> • Sustained high compliance levels whereby the vast majority of all known businesses that are required to register for GST/HST are registered <p>Border and Trade Compliance</p> <ul style="list-style-type: none"> • Sustained high levels of compliance whereby over 90% of all travellers and traders entering Canada are in compliance with border requirements. • Achievement of high levels of compliance with trade requirements among commercial businesses importing goods into Canada. • Continued improvements to measurement tools and methodologies for assessing border and trade compliance levels <p>Remittance Compliance</p> <ul style="list-style-type: none"> • Sustained levels of compliance whereby over 90% of all taxable individual filers pay their reported income taxes on time • Sustained high levels of compliance whereby over 90% of taxable corporate filers pay their reported income taxes on time • Mechanisms developed to assess the degree of remittance compliance for the GST/HST and excise revenue streams • Sustained high levels of compliance whereby the vast majority of importers pay their monthly duties and taxes within established time frames <p>Reporting Compliance</p> <ul style="list-style-type: none"> • Relatively low levels of non-compliance with requirements to accurately report income, deductions, credits, values, and other relevant information on tax and border documentation • Continued refinement of measurement tools and methodologies for assessing reporting compliance levels

Fair Administration

Reflecting fairness and fair treatment by ensuring that the principles in our 7-Point Plan for Fairness are at the core of all our dealings with Canadians



Exhibit 4: Strategic Outcome Statement – Innovation

Mission:	To promote compliance with tax, trade, and border legislation and regulations, thereby contributing to the economic and social well-being of Canadians
Strategic Outcome:	The CCRA is a leading-edge service organization
To be demonstrated by:	<p>Client Satisfaction</p> <ul style="list-style-type: none"> • Steadily increasing approval rates of Canadians in areas requiring improvement as measured through the CCRA's baseline survey and other Government of Canada studies for key client groups • Improvement of the CCRA's overall performance against existing service standards and development of new standards, including ones that go beyond timeliness • Expanding the services performed for other jurisdictions <p>Productivity</p> <ul style="list-style-type: none"> • Achieving productivity savings of \$41M in 2003-2004 increasing to \$44M in 2004-2005 and ongoing for our core programs as realized by: <ul style="list-style-type: none"> • Building the capacity to process 75% of all T1 returns electronically in the next few years • Continued reduction in caller volumes and increase in take-up rates for alternative services • Expanded use of electronic service delivery options that are integrated with other government departments and linked with the provinces to create practical, single-window service delivery in line with Government On-Line commitments • Major reform of and improvements to the human resources management system through implementation of key components of the new HR regime by 2005 • Implementation of a series of innovative and flexible financial and administrative approaches and practices that will yield productivity improvements, support improved services and decision-making, and meet the requirements of modern comptrollership <p>Efficiency</p> <ul style="list-style-type: none"> • Minimizing duplication with provincial governments in the administration of tax expenditures, collection of debts owing to the Crown, and administration of social benefits • By 2005, establish an Account Manager for all large businesses that wish to enter into a service agreement • Savings of approximately \$50 million over a 4-year period (\$8.3M in 2002-2003; \$11.8M in 2003-2004; \$14.8M in 2004-2005; \$14.8M in 2005-2006; and at least \$15.0M annually in subsequent years) to be realized by: <ul style="list-style-type: none"> • Migrating many processes to an electronic environment in an effort to significantly reduce paper through electronic publishing of publications and forms and the implementation of e-procurement • Re-engineering of core business processes and ongoing improvements by developing approaches to deliver some of our transactional services in a shared environment and through consolidation of distribution centres and streamlining of call centres

continued

Exhibit 4: Strategic Outcome Statement – Innovation (continued)

To be demonstrated by:

Transparency

- Development and implementation of a monitoring framework for tax revenue reporting by 2004-2005
- Sustaining or increasing the Investment Plan and Asset Management Plan funding over the planning period to ensure that investments are sustainable and targeted to priority areas
- An increasingly evident orientation towards results-based management as reflected in our governance regime, management approaches, and performance measurement frameworks, and in overall generally positive assessments of our *Annual Reports* by the Office of the Auditor General

CCRA Risks and Challenges

The CCRA delivers its programs and services in a complex environment that is in a continual state of evolution. To keep pace and maintain and build client confidence, we must clearly identify the risks and challenges we face and address them by organizing our business priorities, commitments, and investments accordingly. This section summarizes eight key risks and challenges in our operating environment that have a direct bearing on our business priorities as set out in this plan.

1. National Security

National safety and security have taken on a new level of urgency and importance in the wake of 9/11. The CCRA's challenge has been to tighten border security to contribute to the fight against terrorism, while ensuring that the flow of legitimate trade and travel, which is critical to Canada's economic stability and growth, is as unimpeded as possible.

Over the planning period, the CCRA will be required to continue to implement measures called for in the 30-Point Smart Border Action Plan with our U.S. border partners, which involves using leading-edge technologies to build a stronger, safer, and smarter border. However, across all these efforts, increased border protection must be balanced with Canada's need to preserve and ultimately expand our trade and commerce with the U.S. and other trading partners.

In addition, in the coming months we must continue supporting other elements of the government's Public Security and Anti-Terrorism Agenda, including preventing and suppressing fundraising and other forms of material support to terrorism as per new provisions relating to charities in legislation passed in December 2001 [i.e., the *Charities Registration (Security Information) Act*].

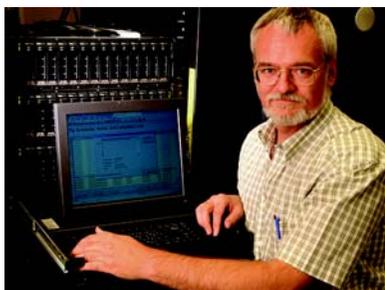


The following areas represent the key challenges in our operating environment:

- National Security
- Financial Resources
- Managing the Compliance Continuum
- Workforce
- Business Operations
- Partners
- Balancing Priorities
- Demographic Trends

2. Financial Resources

In the face of increasing tax and trade volumes, combined with our commitments on border security, the CCRA faces major financial pressures. Workload increases challenge our ability to maintain program integrity. We have reallocated funds from lower-priority activities to the *Future Directions* initiative, a key component of our innovation agenda, which we expect will deliver efficiency gains to help offset pressures from increases in workload volumes. However, these efficiencies are not expected to begin accruing before the end of 2004-2005. In the meantime, we will pursue discussions with the Treasury Board Secretariat on securing the resources needed to support the new and/or fast-tracked contributions expected of the CCRA in the area of public security. In addition, while we contribute to the Government's review and reallocation process by re-allocating resources in our base budget toward higher priorities, any sizable reduction to our base budget would pose a risk to our ability to deliver on our commitments in this plan.



A key feature of our approach is to ensure that planned investments for technology replacement and improvement are protected.

3. Managing the Compliance Continuum

Ensuring that we maintain the right mix of compliance activities in light of our resource pressures and a rapidly changing socio-economic environment continues to challenge the agency. To promote compliance, it is essential that we manage risks associated with the changing nature of Canada's socio-economic environment, globalization, and the growth of e-commerce. For example, the exponential growth of electronic transactions and e-commerce has made it far easier to move funds offshore "electronically", which is a potential risk to Canada's tax base. A key feature of our approach is to ensure that our plans for technology replacement and improvement are protected, and that adequate resources are allocated to areas of highest risk by maintaining an appropriate level of investment in direct program delivery and the core information technology infrastructure that supports it. We must also ensure that we adequately communicate our compliance approach, particularly in Tax Services, to build greater public confidence in our activities and encourage voluntary compliance.

4. Workforce

The CCRA is faced with the challenge of maintaining a knowledgeable and skilled staff while it pursues the workplace cultural shift necessary to ensure a cohesive and adaptable workforce. The ageing of the public service and the changing make-up of Canadian society pose significant challenges to the agency. More than 43% of federal executives plan to retire within the decade, and at the CCRA, approximately 16% of our employees are eligible to retire before the end of 2006-2007. We must gear up to replace our retiring employees at double the current annual rate (from 1.5% to 3% of our permanent workforce), while making progress toward fully representing within our workforce the increasing ethno-cultural diversity of the Canadian population we serve.

Meanwhile, we are adopting a more client-focussed approach to our business that will change the skills and competencies required of our workforce. Because we have a highly unionized workforce and 80% of our budget is allocated to employee salaries and benefits, transforming our workplace and culture in areas from training to labour relations is a significant challenge and major priority. For example, a recently completed independent Job Hazard Analysis in Customs recommended many improvements to policies, training, and equipment for Customs staff. In the first year of our planning period, we will be engaged in negotiations with the two unions that cover all of our unionized employees. The challenge will be to maintain effective dialogue in our union-management discussions to resolve this and many other issues.

We are adopting a more client-focussed approach to our business that will change the skills and competencies required of our workforce.



5. Business Operations

The CCRA faces the challenge of developing modern business operations, innovative management practices, robust information technology, and accurate and transparent reporting mechanisms.

The volume and complexity of information that the agency handles, and the speed at which it travels, continue to accelerate. In one area alone—individual taxes—for the 2001 tax year, nine million returns were filed electronically (an increase of over 1.1 million from the previous year). The capacity of our IT systems to process and track information, the clarity of our internal communications, and the integrity of our procedures and processes are all pivotal to our ability to manage our resources and deliver service in a timely, accurate, and confidential

By more fully engaging our partners and our clients, we expect to reduce overall costs to taxpayers and deliver higher levels of service to Canadians.

fashion. However, the systems that support our service levels are ageing, and emergency short-term fixes have limited our ability to fund more robust and sustainable IT solutions. The main operational challenge for the agency is to maintain current levels of service while expanding capacity through innovation to keep up with change on the client side. Over the first year of the planning period, the agency will be under particular pressure to demonstrate value for money in its business operations and devote sufficient funding to advance and modernize IT systems.

6. Partners

Managing relations with our partners is a challenge as we strive to keep pace with our international partners on border management and improve our federal-provincial and client relations.

Fully engaging our partners and integrating our efforts with theirs is a major priority for the CCRA. We aim to deliver cost efficiencies and reduce overlap by pursuing opportunities to expand our operations and offer more services on behalf of partners, particularly provinces and territories, to reduce the overall administrative cost of government to taxpayers, limit compliance burdens, and deliver higher levels of service. However, the current federal/provincial/territorial climate is affected by many contentious issues outside our control. In addition, in the critical area of border security, we co-ordinate counter-terrorism efforts with departments and agencies in Canada and abroad, which requires unprecedented levels of communication and co-operation with these partners. Our challenge is to be prepared for new partnership opportunities as they arise, while ensuring we are as responsive as possible to the needs, expectations, and priorities of our current partners.

7. Balancing Priorities

Our challenge is to balance priorities to deliver on the objectives of our change agenda in an integrated, cost-effective way while preserving the integrity of our core operations.

Our ability to advance our innovation agenda and continue to achieve high overall levels of compliance, while responding quickly and effectively to new government priorities (e.g., our expanded border commitments), requires that we balance initiatives aimed at transforming the agency with those that support our ongoing compliance activities. The challenge is to maintain the integrity of our core operations, while taking a rational

approach to innovation that will produce returns in the form of better service and enhanced compliance. The horizontal reviews we have initiated will help identify opportunities to streamline and improve efficiency, and to reallocate resources to areas of highest priority. However, we must also continue to be a leader and champion in supporting the broader government agenda, including initiatives like Government On-Line, Modern Comptrollership, human resources reform, and modernizing service.

8. Demographic Trends

Demographic trends pose a significant challenge given the changing makeup and size of the Canadian population, driven by ageing, labour market shifts, migration patterns, and immigration.

The changing demographics of Canada's population have a profound impact on consumption and income patterns, which in turn pose new challenges and risks in terms of compliance and influence the mix of services and enforcement activities the CCRA must employ. For example, shifts in the make-up of the labour market, such as the increase in the number of self-employed Canadians and those in the construction labour category, are both considered areas of higher compliance risk. To protect the tax base, we must ensure we adjust our assisted compliance and enforcement efforts accordingly. At the same time, demographic changes pose a challenge to our capacity to continue to provide responsive services that encourage voluntary compliance. For example, the vast majority of the approximately 223,000 immigrants admitted to Canada each year take up residence in metropolitan areas like Montréal, Toronto, and Vancouver. A large portion (44% over the last several years) lack fluency in either English or French, which suggests that we need to find new ways to meet the needs and expectations of these clients to meet our compliance mandate.

The changing demographics of Canada's population will influence the mix of services and enforcement activities the CCRA employs.

Conclusion

The environment in which the CCRA operates is highly dynamic. Successfully addressing the risks we face in a transparent manner is made all the more challenging by the legitimate expectation that we continue to deliver our core programs in a timely, accurate, and confidential way, while providing the best possible services at the lowest possible cost. The following sections of this *Summary of the Corporate Business Plan* set out how the agency will continue to address the many challenges in its operational environment.

Innovating for the Future

Our ambitious innovation agenda continues to be about meeting four change objectives:

1. Core business transformation
2. Human resources reform and renewal
3. Administrative reform and renewal
4. Transparent management for results

Our ambitious innovation agenda continues to be about meeting four change objectives:

- To transform our core business in a manner that keeps pace with changes in technology, business, and management practices, and the expectations of Canada;
- To foster human resources reform and renewal by making the agency's new human resources regime fully operational;
- To achieve administrative reform and renewal by having in place policies and practices tailored to meet the needs of the CCRA; and
- To integrate transparent management for results into the agency's planning, decision-making, and accountability processes.

Innovation is the key to achieving our strategic outcome of being a leading-edge service organization. In the first year of the planning period, we will allocate \$410.2 million (11.1% of our total budget) to our change agenda. A significant portion of this investment will be in technology that will enable us to provide better service to Canadians. Our success in innovation will be measured against performance measures and targets that correspond to client satisfaction. We will also demonstrate our success through specific improvements in the areas of productivity, efficiency, and transparency. The following sections itemize the main activities and initiatives that we expect to deliver during the planning period, given a stable resource base.

Further details on the anticipated results and success criteria for each change objective are contained in Appendix D of this document.

Core Business Transformation

Change Objective 1

To transform our core business in a manner that keeps pace with changes in technology, business and management practices, and the expectations of Canadians

Over the past three years, we have made solid progress in enhancing service to the millions of Canadians and businesses that interact with our organization. Our plans to further transform our core business fall into three key areas: Smart Border Management, *Future Directions*, and Federal and Provincial/Territorial Relationships.

Smart Border Management

We will continue to implement commitments in the Smart Border Declaration signed with the U.S. on December 12, 2001. The Smart Border Declaration has four goals: the secure flow of goods; the secure flow of people; a secure infrastructure; and co-ordination and information-sharing between Canada and the U.S. in the enforcement of these objectives.

Many of the initiatives we are pursuing were first identified in our *Customs Action Plan*, which we launched in April 2000. We will achieve the Smart Border commitments by leveraging our expertise in risk management—principally based on self-assessment, advance information, and pre-approval—and by accelerating the following initiatives:

- **Advance Passenger Information/Passenger Name Record:** permitting the transmission of information about airline passengers and crew prior to the arrival of flights in Canada, permitting the exchange of information on high-risk passengers with our U.S. counterparts.
- **Alternative Inspection Services for Travellers, through CANPASS-Highway, CANPASS-Air, NEXUS-Highway, and NEXUS-Air:** simplifying and speeding entry at the border for pre-approved, low-risk travellers. CANPASS focusses on entry to Canada and uses state-of-the-art iris recognition biometric technology to confirm a

The Smart Border Declaration has four goals:

1. The secure flow of goods
2. The secure flow of people
3. A secure infrastructure
4. Co-ordination and information-sharing between Canada and the U.S. in the enforcement of these objectives

traveller's identity. NEXUS programs are a harmonized approach for controlling entry into either Canada or the U.S; these programs use combinations of dedicated turnstiles and biometric identification at airports, and dedicated lanes at border crossings.

- **Harmonized Commercial Processing:** speeding clearance and reducing border delays for pre-approved, low-risk truck drivers, carriers, and importers, using modern transponder technology and other innovations to provide advance identification of carriers.

We will pursue other innovations over the planning period, including ways to increase security and efficiency by redesigning ferry terminals and pre-clearing ferry passengers and goods. We will also target higher-risk marine shipments and develop computer models for designing more secure and efficient border crossings in collaboration with Transport Canada. Finally, we will strengthen our efforts to transform our Customs business by upgrading our main operational data system to strengthen our performance measurement capability.



Through our Customs vision, we are working to install and maintain a modern, effective infrastructure that puts our employees at the core.

A Vision for the Future of Customs Services

As we work to respond to immediate challenges in our operating environment and to fulfill Canada's commitments to strengthen border security, we are simultaneously building a cohesive, integrated vision of Customs border management and protection for the 21st century—a vision that focusses on our role within Canada's law enforcement continuum that will guide our efforts to merge enhanced security and safety measures with state-of-the-art commercial processes. We are working to install and maintain a modern, effective infrastructure that puts our employees at the core.

To that end, we have completed a Job Hazard Analysis and identified a number of initiatives to improve the health and safety of our customs officers. These include ensuring that customs officers receive appropriate tools and equipment—such as batons, pepper spray and protective vests—and that they are fully trained in use-of-force procedures and have quick access to radio communications in the event of an emergency. Implementation of these initiatives in 2003-2004 alone, will involve a \$40 million investment. We will also aggressively pursue efforts to apply the Agency Classification System (ACS) to ensure

that the work of customs officers is appropriately recognized. We will achieve all of these aims, in large part, by building new, robust partnerships with our unions.

Escalating international tensions continue to influence the Government’s safety and security agenda. They are also likely to have profound and non-discretionary implications over the longer term for Customs’ border protection and security roles. One of our key priorities will be to work with the Government to secure a stable and predictable funding base for these pressures, in-line with Government priorities. We will also work with the Treasury Board Secretariat (TBS) to address regular program pressures that are beyond our control, such as increasing the Customs presence at Pearson International Airport to keep pace with the airport’s expansion.

Escalating international tensions are also likely to have profound and non-discretionary implications for Customs’ border protection and security roles

Exhibit 13 in Appendix D sets out the success criteria we will use to measure the performance of the transformative initiatives we will be pursuing over the planning period in border security and efficiency.

As for financial context, Table 11 in Appendix C details the investments by project that we have made and will make during the planning period for the *Customs Action Plan* and Canada-U.S. Smart Border initiatives.

Future Directions

Business transformation initiatives under *Future Directions* focus on facilitating voluntary compliance by tailoring information and services to the needs and requirements of clients or groups of clients. Seven strategic directions emerged during consultations over the past 18 months to develop the *Future Directions* agenda. These are:

1. **Expanded Electronic Services:** aggressively applying technology to the full range of CCRA services, enabling our clients to self-serve where appropriate, and making compliance easier and more convenient. Over the planning period, we will launch a “My Account” Web page that will eventually allow individuals to make their own adjustments on-line. We will also create an on-line portal for tax professionals, enabling them to manage their clients’ accounts on-line, and we will implement a suite of electronic services for large businesses that will support real-time interactions such as status inquiries, transfer of credits, and on-line appeals.



Our working relationship with clients will be influenced by their compliance record and business needs.

Finally, we will link our electronic services to those of other federal departments and levels of government, to contribute to single-window government service delivery for Canadians and Canadian businesses.

2. **Account Management Framework:** establishing a new capacity to tailor our relationship with a particular client or client group, offering the right mix of services and programs to meet their business needs. For example, we will assign account managers to large businesses to manage their relationship with the CCRA across all agency functions.
3. **Customized Approach to Compliance:** adopting a client-based approach supported by a fully informed and sophisticated risk management framework that will allow us to: target information and services to meet the particular needs of groups of clients; more effectively apply resources and promote compliance overall; and further improve our verification and collection processes. Our working relationship with clients will be influenced by their compliance record and business needs.
4. **Strengthened Partnerships and Co-operation:** accelerating our efforts to create new opportunities for partnerships with interested provinces, territories, First Nations, and other government departments that will reduce duplication and enable single-window delivery of services, thereby reducing costs for both clients and governments. We will also work to forge stronger relationships with our clients, for example by creating a Tax Professionals Advisory Committee to develop more effective ways to work together.
5. **Timeliness:** enhancing the timeliness of our activities and transactions across the full range of services we provide, from interpretations and rulings to audits and appeals.
6. **Transparency, Clarity, and Simplification:** clarifying and simplifying our requirements to increase transparency and public trust, and in so doing, to foster compliance. Efforts will include continuing to improve our ability to communicate using plain language and maintaining multiple channels (i.e.,

telephone, Internet, and in-person) for client contact. We will also provide clients with clearer explanations about how and why we make a decision, and we will strengthen our ability to be proactive through outreach activities, among others. For example, we will inform businesses about questionable tax schemes we intend to scrutinize and develop processes that will allow businesses to tell us about novel tax plans or arrangements so we can clarify our position early.

7. **Workforce Development:** supporting our employees by addressing their needs in areas such as hiring, training/learning, and retention; helping them develop a fuller understanding of our client groups and their business needs; and providing more advanced tools and information systems that will help them do their work.

Under *Future Directions*, we will expand our services to improve client satisfaction, particularly by offering a wider range of electronic self-service options tailored to client needs. In 2003-2004 alone, over 20 individual projects are being undertaken with funding commitments of \$40 million. These projects will begin delivering efficiencies, but likely not before 2004-2005.

Exhibit 14 in Appendix D sets out the success criteria we will use to measure our performance in the area of *Future Directions*. As for financial context, Table 12 and Table 13 in Appendix C detail the investments by project that we estimate we will make during the planning period for *Future Directions* under our current funding base. Reductions to our funding base that may ensue following the February 2003 Federal Budget may require that adjustments be made to the scope and timing of these commitments.

Federal and Provincial/Territorial Relationships

Strengthening and enhancing our relationships with provinces and territories through an accountable, client-focussed approach has been at the forefront of our priorities. While we have made strides over the past three years, realizing continued progress will pose a significant challenge. Today's federal-provincial agenda includes many issues of debate—building new partnerships in this climate is a challenge.

We will provide clients with clearer explanations about how and why we make a decision, and strengthen our support for outreach activities.

Reductions to our funding base that may ensue following the February 2003 Federal Budget may require that adjustments be made to the scope and timing of *Future Directions* commitments.

Expanding and developing new co-operative relationships with our partners has significant potential to provide Canadians with better service, reduced costs, and increased efficiencies in program administration.

Recently, two specific issues affected the CCRA's relations with provinces and territories. The first, the T3 Trust Accounts issue, caused by an error in our tax accounting system, resulted in significant overpayments to four provinces and initially had a significant impact on their confidence in the CCRA's accuracy. In response, the CCRA launched a comprehensive financial management improvement initiative to address the root cause. A second issue of concern to our partners involves corporate income tax administration, specifically the allocation of income from large multi-jurisdictional firms between provinces and territories. Discussions are well underway to resolve outstanding issues.

Building and sustaining effective partnerships with the provinces and territories remains a high priority for the CCRA. We will continue to work to demonstrate our readiness to take on the administration of additional provincial and territorial programs, as well as those of other federal departments and agencies, where we have the capacity to maintain high service standards and address partners' concerns. Expanding and developing new co-operative relationships with our partners has significant potential to provide Canadians with better service, reduced costs, and increased efficiencies in program administration.

Over the planning period, we will pursue strategies to develop and expand relationships with our provincial partners. We are expanding our electronic services through the Income Verification Project, which will provide more than 25 provincial and territorial partners with client information via the Internet using file transfer protocol methodology. We are developing business processes to exchange data with Human Resources Development Canada to streamline their administration of federal income security programs for seniors. We will build on the success of our annual reports to the governments of the provinces and territories, with a better accounting to partners on our effectiveness in line with service management framework agreements. We will continue the work on the development of performance evaluation studies in conjunction with our provincial and territorial partners to better measure stakeholder satisfaction for the programs we administer on their behalf.

Exhibit 15 in Appendix D sets out the success criteria we will use to measure the performance of the Federal and Provincial/Territorial Relationships area of this change objective.

Human Resources Reform and Renewal

Change Objective 2

To foster human resources reform and renewal by making the agency's new HR regime fully operational

Our efforts in this area, many of which were initiated when we became an agency and are now well underway, focus on preparing for the retirement of a significant proportion of our workforce in the coming decade, and the need to support significant improvements to our organizational performance. Our priorities are aimed at addressing many of the same challenges currently facing our partner organizations in the Public Service. However, our program of change has foreshadowed and exceeded the Public Service HR modernization initiative in many places.

By 2006, our goal is to have in place an HR system that ensures we have the right people in place at the right time and that our employees are well supported in their professional development and in their workplace. When fully completed, our new HR regime will help increase levels of productivity and generate cost efficiencies, while fostering a forward-looking, adaptable, and client-oriented organizational culture that respects the staffing principles the CCRA adopted when it became an agency.

Over the planning period, we will fully operationalize our new competency-based HR Management System. We will proceed with classification reform by developing a tailored version of the agency Classification Standard for the Programme Administration and Administrative Services groups, converting these two groups into a single Services and Programs group. We will develop a CCRA Organization and Classification Accreditation Program to support our classification program. We will develop a Learning Services Framework and Learning Management System to ensure that 100% of eligible employees have learning plans that are linked to the competencies they are developing. In addition, the system will ensure consistency and relevancy in the planning and evaluation of employee training; contribute to our return on investments in terms of improved performance and cost effectiveness; and, through trend analysis, identify potential solutions to closing organizational competency gaps.

Our program of change in this area has foreshadowed and in some places exceeded the HR change agenda upon which the Public Service is now embarking.

In becoming an agency, we adopted eight staffing principles:

1. Non-partisanship
2. Representativeness
3. Competency
4. Fairness
5. Transparency
6. Efficiency
7. Adaptability
8. Productiveness

Although the planning period will see the completion of the HR reforms we initiated when we became an agency, HR innovations will continue as a normal way of doing business in the years to come.

Providing effective and efficient compensation services to our employees is a priority for the CCRA. We will implement simpler, standardized processes to enable timely and accurate delivery of pay by putting in place a technology-based compensation service that is integrated across all human resource functions.

We will also continue work on resolving Corporate Administrative System HR data integrity issues to ensure the availability of accurate and reliable HR information that will facilitate measurement and demonstrate results. Although the planning period will see the completion of the HR reforms we initiated when we became an agency, HR innovations will continue as a normal way of doing business in the years to come. We expect that some of the results of this innovation will be positively reflected in Public Service Employee Surveys for the Agency.

See [Exhibit 16 in Appendix D](#) for the success criteria we will use to measure the performance of this change objective. As for financial context, [Table 14 in Appendix C](#) details the investments we have made and will make during the planning period in our Human Resources Reform and Renewal initiatives.

Administrative Reform and Renewal

Change Objective 3

To achieve administrative reform and renewal by having in place policies and practices tailored to meet the needs of the CCRA

We will save at least \$50 million initially by increasing our productivity levels and lowering costs. We also anticipate continued savings in the order of \$15 million annually thereafter.

Sound financial management and efficient administration are critical to achieving our innovation strategic outcome and being seen as a leading-edge service provider. Business process improvements, revamped transaction tracking systems, tools, and techniques, and updated internal controls all contribute to reducing our administrative overhead and ensuring our resources are allocated to areas of highest priority. By the end of the current planning period, we anticipate that these efforts will have produced at least \$50 million in savings from increased productivity and reduced administrative costs. We also anticipate continued savings in the order of \$15 million annually thereafter.

Over 50 initiatives are underway to improve service, streamline administration, reduce costs, and modernize our policies and infrastructure. By the 2003-2004 fiscal year-end, we anticipate that most of our Administrative Reform and Renewal initiatives will be fully implemented. In addition, over the planning period we will establish the most appropriate and cost-efficient approach to deliver transactional services such as those dealing with travel, contracting, and accounts payable—this could include moving to a “shared services” delivery model. We will continue to promote e-procurement and the shift from paper-based to electronic channels for internal and public forms and publications. Finally, we will realign our financial and administrative service delivery structure to put more emphasis on continuous improvement, and we will establish service standards that support results-based management.

See Exhibit 17 in Appendix D for the success criteria we will use to measure the performance of this change objective. As for financial context, Table 15 in Appendix C details the investments we have made and will make during the planning period in Administrative Reform and Renewal.

Transparent Management for Results

Change Objective 4

To integrate transparent management for results into the Agency’s planning, decision-making, and accountability processes

Our efforts to transform our core business depend heavily on having in place management approaches and systems that support openness in the way we manage our day-to-day operations and allow us to demonstrate results in terms of service quality and organizational efficiency and effectiveness. Already we have significantly advanced our capacity to achieve management change and measure and report on performance by better aligning our key planning, accountability, and performance reporting instruments, namely the *Corporate Business Plan*, *Balanced Scorecard*, and *Annual Report*. We plan to improve our capacity to: link financial planning and budgeting information with information on program and service delivery; understand costs and cost drivers; identify opportunities for



We have significantly advanced our capacity to achieve management change and measure and report on performance.

productivity improvements, such as with Activity-Based Costing; and link business results more directly to client satisfaction by introducing, for example, new client-focussed service standards.

Over the planning period we will continue our efforts to support this change objective in the following four areas:

1. **Building a Modern Comptrollership capacity:** achieving the culture change necessary to ensure that all CCRA managers, not just financial specialists, integrate comptrollership with daily management practices. We will develop communication products and learning tools to increase managers' awareness and understanding of Modern Comptrollership, and we will use the results of a comptrollership capacity check to develop an action plan that will enable us to achieve the level of comptrollership capacity we are aiming for at the CCRA.

We will continue our efforts to support this change objective by focussing in the following four areas:

1. Building a Modern Comptrollership Capacity
2. Financial accounting and reporting
3. Resource and cost management
4. Results management and reporting

CCRA'S VISION FOR MODERN COMPTROLLERSHIP	
Issues	Risks and opportunities in the CCRA environment are identified and addressed
Decisions	CCRA decision-making is based on timely and integrated financial and non-financial performance data
Staff Co-ordination, Delegation, and Commitment	CCRA staff understand and are committed to fulfilling their role in advancing organizational objectives and priorities
Resources	Optimal resource levels, distribution, and utilization are achieved and maintained
Results	The CCRA achieves its targeted outputs and outcomes
Costs	The CCRA follows the most cost-effective approach to delivering its services and products
Stewardship	Revenues, databases and other assets are safeguarded and protected against loss, misuse, and waste
Stakeholder Confidence and Acceptance	The CCRA explains its plans, activities, and achievements to the satisfaction of key stakeholders

2. **Financial accounting and reporting:** fully adopting accrual accounting and developing a Financial Management Monitoring Framework, building on the findings of a review initiated by the agency following the discovery of the T3 error

that resulted in overpayments to certain provinces. This Framework will provide the agency and its stakeholders with assurance on the integrity and reliability of revenue and expenditure reporting.

3. **Resource and cost management:** enhancing managers' ability to analyze the relationships between program spending and results, potentially including the wider application of Activity-Based Costing and by conducting a cost centre review to refine financial coding structures. Data generated by the Activity-Based Costing and Quarterly Budgeting and Reporting exercises in 2002-2003 will be used to produce the financial measures to be included in the Agency's Balanced Scorecard.
4. **Results management and reporting:** continuing to shift the organization's culture toward risk management by integrating it into management processes, and by developing a corporate risk profile and a common risk and control assessment reporting system. In addition, continued efforts to improve our service standards and embed them in performance agreement contracts and the CCRA's planning, performance, and accountability framework will enhance our performance reporting and enable us to contribute to the government-wide Service Improvement Initiative.

See [Exhibit 18 in Appendix D](#) for the success criteria we will use to measure the performance of this change objective. As for financial context, [Table 16 in Appendix C](#) details the investments we have made and will make during the planning period in our Transparent Management for Results initiative.

Compliance – Our Core Operations

The change initiatives of our innovation agenda, such as smart border management and expansion of electronic services, are aimed at transforming the way we do business to provide the best possible service to Canadians and businesses. At the same time, day in and day out, we work to continuously improve our core operations—the policies, processes, tools, and systems we already have in place—to meet our second strategic outcome: that Canadians comply with Canada’s tax, border, and trade legislation. Here, we continuously seek to increase levels of voluntary compliance while identifying and addressing non-compliance as swiftly as possible where it occurs. Promoting a high degree of voluntary compliance reduces the burden of administering and collecting taxes and duties. Addressing non-compliance helps ensure everyone pays their fair share. It also protects the tax base upon which a wide range of social and economic programs that enrich the quality of life of all Canadians depends.



We take pride in the high overall level of voluntary compliance in Canada—about 95% of all the revenues that are remitted to us are paid and collected without any verification and enforcement activities.

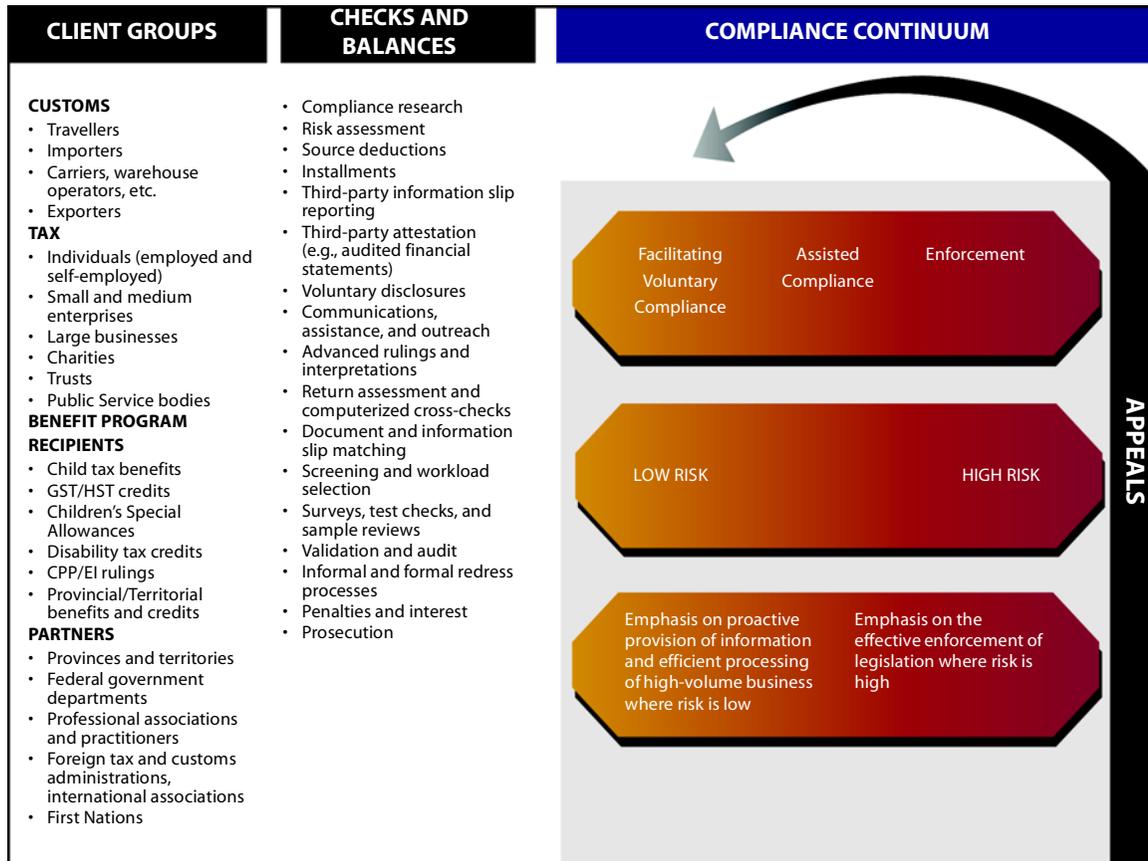
Our compliance work is delivered through five business lines: Customs Services, Tax Services, Appeals, Benefit Programs and Other Services, and Corporate Management and Direction. Activities within each span a continuum from facilitated voluntary compliance at one end to enforcement at the other. Our approach to compliance is based on the belief that most people will voluntarily comply with the law if they are given the right opportunities, information, and tools. We take pride in the high overall level of voluntary compliance in Canada—about 95% of all the revenues that are remitted to us are paid and collected without any verification and enforcement activities. While non-compliance may have many root causes—it may be unintentional, the result of wilful avoidance, intentional misrepresentation, or fraud—we employ a variety of strategies to address it.

The exhibit on the following page provides a schematic of our compliance continuum. It illustrates how we apply our compliance activities according to the risks associated with client behaviour across a wide client base. At one end, we seek to facilitate voluntary compliance

by providing the right information and service at the right time. At the other, we work to address serious compliance risks, such as tax evasion and smuggling, through responsible enforcement backed up by a fair and timely dispute resolution system (i.e., Appeals).

This exhibit also indicates the wide client base we accommodate and the checks and balances we have in place to allow us to plan and deliver our programs in the most effective way possible. The diagram on the following page illustrates the approximate percentage of our resources we plan to dedicate to each type of compliance activity.

Exhibit 5: The Compliance Continuum

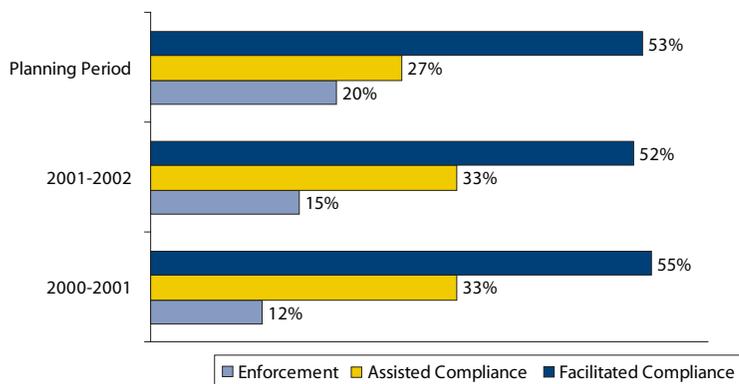


Our judgement, based on our experience and the evidence we have, suggests that while it is material, non-compliance in Canada is contained at relatively low levels, in line with prior years and other countries.

Achieving the right mix of activities along the compliance continuum is not a static exercise, but a dynamic, complex process that requires balancing the rights of clients with protecting the public interest. This process involves applying sophisticated risk management tools so we can identify the greatest risks and shift resources to address them. It also involves an active communications strategy, of which this *Summary of the Corporate Business Plan* is an important part, to ensure that the public understands the elements of our compliance strategy.

Our judgement, based on our experience and the evidence we have, suggests that while it is material, non-compliance in Canada is contained at relatively low levels, in line with prior years and other countries. While it is unreasonable to assume that all wilful non-compliance can be entirely eliminated, when instances are identified, we will continue to work with our partners to ensure that those responsible are brought to task. The following sections identify our planned activities to proactively facilitate and promote voluntary compliance, while identifying and taking action to address compliance risks, thereby preserving the integrity and fairness of the system.

Exhibit 6: CCRA Resources Allocated to the Compliance Continuum



The diagram above shows how the CCRA's resources would be allocated along the compliance continuum if the agency received the full package of its resource requests detailed in this document. These percentages are based on management's best estimates of business line spending on compliance continuum activities.

Tax Services

Our expected outcome in Tax Services is that **Canadians pay their fair share of taxes and the tax base is protected.**

Tax Services, the CCRA's largest business line, represents approximately 54% of the agency's proposed \$3.7 billion budget for 2003-2004. It assists over 25 million individuals, businesses, trusts, and organizations to meet their obligations under the tax system. Each year, we collect some \$300 billion in gross taxes and excise duties on behalf of the federal and provincial governments—the equivalent of about \$1.2 billion every working day. We also administer billions of dollars in tax expenditures, such as scientific research and experimental development tax credits, that generate refunds or reduce the amount of tax that would otherwise be owed.

Tax Services compliance operations will be under significant fiscal pressure in the first year of the planning period, due in part to non-recurring significant carryforwards from prior years, internal reallocations from low to higher priority areas, the sunseting of special funding related to prior-year budget items, and the requirement to absorb the cost of the enhanced technology infrastructure required to accommodate escalating electronic filing targets for T1 individual returns. In addition, the Tax Services business line will manage the impact of an expanding economy and the consequent growth on workload volumes within the existing budget. In this context we face four specific challenges.

1. Maintaining high-quality client services that encourage and facilitate participation in the tax system

The telephone remains the most frequently used means of contact. We answer nearly 25 million telephone calls a year—17 million by staff and some 8 million through our automated touchtone telephone systems. Over the planning period, we will continue to achieve our caller accessibility target of 90%-95% and focus our efforts on meeting our internal performance standard of answering 80% of calls within 2 minutes of entering the queue. We will establish new service standards for telephone services, expanding beyond accounting for timeliness to accuracy and reliability as well.

Ultimately, our goal is to reduce the need for clients to call. More of our clients are choosing the Internet to obtain information from us—our number of Web hits almost doubled to 32 million in 2001-2002. We are introducing a



Key Volumetrics, 2001-2002

- 22.8 million individual, 0.4 million trust, and 1.6 million corporate tax returns assessed; 78,629 charity returns processed
- \$297 billion in gross taxes and excise duties collected, including \$37.9 billion on behalf of provinces and territories
- 16.4 million client enquiries handled
- 1.4 million employers, approximately 2 million business remitters for GST/HST (excluding Quebec), and several thousand remitters for excise duties and taxes
- 282,974 audits and 3,093 investigations actions completed

wider range of self-serve offerings such as the “My Account” page that will provide information on individual tax and benefit accounts. We will also redesign our Web site to make it more intuitive and easier to use.

Finally, providing impartial and consistent treatment in all our dealings with clients—from assessing penalties to cancellation of interest—demonstrates our commitment to fairness, which encourages participation and promotes confidence. We plan to fully implement a nation-wide fairness monitoring program by 2005-2006.

2. Processing returns in a manner that promotes the timely, accurate, and efficient assessment of taxes owing, the distribution of refunds as appropriate, and the proper updating of account information

Over the planning period, the volume of T1 individual returns we process is expected to continue to grow. However, we will continue to meet our 98% T1 processing standard. To do so, we will need to build the capacity to process 75% of all T1 returns electronically using NETFILE, TELEFILE, and EFILE over the next few years (we processed 39% electronically in 2002). However, clients must have confidence in the quality and security of our Internet services before they opt to use them. Meeting the 75% target will require a dramatic change to our program delivery structure to handle the increase and maintain service levels, as well as significant investments in our information technology resources.

With the recent introduction of T2 Internet filing (i.e., corporate returns), we will focus our efforts on meeting our revised service standard for processing these returns—an area we identified was in need of improvement in our *2001-2002 CCRA Performance Report*. Enhancements to our T3 trust returns processing system are also expected to result in improved processing times.

3. Employing an appropriate mix of compliance and enforcement activities to effectively target and address compliance issues

Our audit and review activities are aimed at verifying compliance and addressing cases of non-compliance. Maintaining an adequate level of coverage is vital to encourage voluntary compliance and maintain the confidence of Canadians that non-compliance is being addressed. In our judgement, levels of audit coverage are still below what is required due to delays in “ramping up” to fully productive levels the new resources we received for this purpose in 2000 (e.g., for hiring and training new auditors). One of our key commitments is to increase audit coverage rates for all our

Maintaining an adequate level of coverage is vital to encourage voluntary compliance and maintain the confidence of Canadians that non-compliance is being addressed.

client groups by 2005-2006. In our judgement, material non-compliance is contained at low levels in line with prior years and compared to other countries. We will also continue to advance our understanding of non-compliance, including in specific areas of high risk such as the underground economy, international transactions, and fundraising and other forms of material support for terrorism through the *Charities Registration (Security Information) Act*. To improve our capacity to identify and measure non-compliance, we will fully implement our new compliance measurement framework, including developing a comprehensive set of compliance indicators.

Media attention concerning potential cases of GST fraud has further highlighted the importance of providing information to Canadians to address non-compliance, which in turn helps promote confidence and participation in the system. Over the planning period we will implement enhancements to our business registration process and continue using state-of-the-art compliance tools. In addition, we will issue a report called “Achieving Tax Compliance in Canada” that will provide information on our approach, the results we are achieving, and our plans to improve compliance in the future.

4. Ensuring that the majority of Canadian individuals and businesses continue to participate in the tax system and meet their obligations

The timely collection of overdue accounts is one way we ensure that clients meet their obligations. However, over the past few years outstanding gross receivables have continued to grow in relation to gross revenues. Our immediate challenge is reducing the gap between annual production (i.e., resolving accounts through cash collections and where required, write-offs of accounts) and intake of new debt. Over the planning period, we will take action to limit the rate of growth of accounts receivable, reduce the existing inventory of accounts older than five years, and convert outstanding amounts to cash to avoid jeopardizing timely collection. We will also identify program and technology efficiencies to enable us to improve the timeliness of our collection activities.

Another way to support fair and equitable treatment of clients is to ensure that those who are eligible participate in specific programs that the tax system provides. The Scientific Research and Experimental Development tax credit, for example, is intended to encourage research and

development in Canada, which is critical to our future prosperity as an innovative, knowledge-based economy. Over the planning period, in collaboration with private-sector partners, we will take steps to make this program more accessible to small businesses in Canada.

The following table describes the anticipated results and success criteria we will be using for the planning period that are critical to achieving our expected outcome for Tax Services.

Exhibit 7: Anticipated Results and Success Criteria for Tax Services

Expected Outcome – Canadians pay their fair share of taxes and the tax base is protected		
Anticipated Results Success Criteria		
MANAGING THE COMPLIANCE CONTINUUM	<p>Majority of Canadians and businesses participate in the tax system</p>	<ul style="list-style-type: none"> • Strong levels of filing, remittance, reporting, and registration compliance, generally consistent with the performance of past years
	<p>Taxpayers receive timely, accessible, reliable, and fair service that is responsive to their needs</p>	<ul style="list-style-type: none"> • Meet or exceed our service standards and internal performance targets. For example: <ul style="list-style-type: none"> • Process 90% of fairness requests related to accounts receivable and trust account programs within 4-6 weeks • Provide technical interpretations to taxpayers within 90 days • Process 80% of applications to registered pension plans within the published timeframes of 60 days for deemed registrations and 180 days for complete review • Process paper T1 returns within 4-6 weeks of receipt and electronic returns (EFILE, NETFILE, TELEFILE) within 2 weeks of receipt • Process GST/HST returns within 21 days of receipt • Process 75% of T2 corporation returns within 50 calendar days and 90% within 90 calendar days • Develop service standards for telephone enquiries, adapted from existing internal performance targets, by 2003-2004 • Overall client satisfaction rating from our annual survey continues to meet or exceed our 71% benchmark result for 2000-2001 • Continued effectiveness in communicating and implementing legislative changes within required timeframes • Increased take-up of alternative electronic information services and reduced caller volumes • Implementation of a systematic nationwide fairness monitoring program by 2005-2006 • Successful implementation of the Scientific Research and Experimental Development (SR&ED) Strategic Business Plan
	<p>Processing of returns is accurate, timely, and efficient</p>	<ul style="list-style-type: none"> • Meet or exceed service standards and internal performance targets, for example: <ul style="list-style-type: none"> • Process 98% of on-time T1 returns by mid-June • Process paper T1 returns within 4-6 weeks of receipt and electronic returns (EFILE, NETFILE, TELEFILE) within 2 weeks of receipt • Process 75% of current-year T2 corporation income tax returns within 50 days and a further 15% within 90 days • Process 100% of all GST/HST returns within 21 days of receipt • Process 95% of T3 trust returns within 4 months • Process T4 returns filed via the Internet within one business day • Process SR&ED tax credit claims within established service standard timeframes 90% of the time

continued

Exhibit 7: Anticipated Results and Success Criteria for Tax Services (continued)

Expected Outcome – Canadians pay their fair share of taxes and the tax base is protected	
Anticipated Results	Success Criteria
MANAGING THE COMPLIANCE CONTINUUM	<p>Tax debt is within targeted levels</p> <ul style="list-style-type: none"> • Reduce the inventory of older accounts (greater than 5 years) relative to prior years • Meet or exceed cash collections commitments to the Government of Canada of \$8.4 billion for 2003-2004, increasing to \$8.6 billion by 2005-2006 • Close the gap between the dollar value of production (cash collections, write-offs, and other adjustments) and the intake of new debt • Stabilize or prevent further deterioration in the ratio of outstanding receivables to gross revenues • As part of a multi-faceted framework for managing accounts receivable: <ul style="list-style-type: none"> • by 2003-2004, implement a National T1 Pool pilot project • by 2004-2005, evaluate year 1 of the pilot project
	<p>Compliance behaviour is understood with a view to minimizing areas of non-compliance</p> <ul style="list-style-type: none"> • Implementation of the Compliance Measurement Framework by 2004-2005 • Development and implementation of an e-commerce compliance strategy by 2004-2005
	<p>Allocation of resources is guided by risk</p> <ul style="list-style-type: none"> • Continued effective use of information matching programs to identify discrepancies between amounts reported on tax returns and third-party information reports • Results from validation programs continue to show much higher adjustment rates and average dollar amounts compared to random selections • Results from audit and enforcement programs demonstrate effectiveness in flagging risky returns • Investigations continue to detect proceeds of crime and make referrals, as required, for criminal prosecution • Meet or exceed 2000-2001 benchmark for number of returns and registrations secured through the non-filer program • Meet or exceed anticipated fiscal impact levels
	<p>Actively seek legislative changes as required to enhance simplification and minimize non-compliance</p> <ul style="list-style-type: none"> • By 2005-2006, implement a formal mechanism for tracking and reporting on legislative issues

continued

Exhibit 7: Anticipated Results and Success Criteria for Tax Services (continued)

Expected Outcome – Canadians pay their fair share of taxes and the tax base is protected	
Anticipated Results Success Criteria	
MANAGING THE COMPLIANCE CONTINUUM	<p>The right compliance programs are used, are sufficiently resourced, and are effectively delivered</p> <ul style="list-style-type: none"> • Meet or exceed anticipated fiscal impact levels, for example: <ul style="list-style-type: none"> • Provide for increased revenue of: \$143 million in 2003-2004, \$188.7 million in 2004-2005 and 2005-2006 through the GST/HST delinquent filer program • Increase revenue by \$33.7 million in 2003-2004, \$45.8 million in 2004-2005 and 2005-2006 through Employer Compliance Audit Program • Increase review and examination of Employer Withholding accounts to 5% of total Employer Registrants Base • Continued participation in audit protocol agreements • By 2005-2006, meet anticipated audit coverage levels (to be revised as necessary to account for increased population growth and adjustments in funding): <ul style="list-style-type: none"> • Large corporations – 60% for large files and 20% for basic files • Small and Medium business – 1.16% for unincorporated businesses and 1.26% for corporate files • GST/HST files – 1.38%
	<p>Knowledgeable and skilled workforce is in the right place at the right time</p> <ul style="list-style-type: none"> • Meet resource utilization targets in line with approved funding • Training programs are in place by 2005 to meet the changing skills and knowledge required to deliver on <i>Future Directions</i> initiatives

Benefit Programs and Other Services

Our expected outcome in Benefit Programs and Other Services is that **Canadians receive their rightful share of entitlements.**

The income-based benefits that we issue on behalf of federal, provincial, and territorial governments provide vital support to low- and moderate-income families and individuals. Through programs that include the Canada Child Tax Benefit (CCTB), the goods and services tax/harmonized sales tax (GST/HST) credit, as well as 17 provincial and territorial benefit programs, we issue over \$11 billion annually in tax-free benefit payments to over 10 million Canadians. In addition, provincial and territorial partners also rely on us to transfer data that helps them properly calculate social assistance, and Human Resources Development Canada engages us to issue rulings for the Canada Pension Plan and Employment Insurance programs.

Planned spending in this business line accounts for approximately 6.0% of the CCRA's \$3.7 billion budget. For 2003-2004, planned spending is lower than in 2002-2003, primarily due to a one-time sizeable carryforward from 2001-2002. In the context of reduced funding levels and increasing program pressures, we face five specific challenges.

1. Maintaining strong performance in the timely delivery of benefit payments

Ensuring timely payment of three million CCTB payments each month and nine million GST/HST credit payments each quarter is not automatic. It takes ongoing planning and effort. Over the planning period we will work to sustain our long-standing record of issuing well over 99% of some 67 million benefit payments annually on time. To do so, we will rebuild our core processes over a multi-year period through the redesign of our Individual Credit Determination system, which will include introducing new capabilities such as real-time updating and calculations, and case management tools.

2. Improving our telephone accessibility for enquiries from benefit clients

While we have reached our caller accessibility performance standard of 80% to 85% for CCTB, we have yet to reach this for GST/HST credit telephone enquiries. Over the planning period we will work to improve



Key Volumetrics, 2001-2002

- \$7.5 billion to approximately 2.9 million CCTB recipients
- \$3 billion to almost 9 million GST/HST credit recipients
- \$125 million in Children's Special Allowances
- \$386 million in ongoing payments and \$389 million in one-time payments under provincial and territorial programs
- 10.3 million telephone enquires handled
- approximately \$365 million with respect to over 430,000 severely disabled individuals under the Disability Tax Credit program
- over 73,000 CPP and the EI rulings issued
- maintained over 36 million client records in the Individual Identification database

caller accessibility and call wait times for both these national benefit programs so that 80% of callers who reach our queue can speak to an agent within two minutes. In addition, our strategy is to reduce the need to call in the first place by ensuring clients have access to key information through other avenues during peak call-volume periods. This will include a new Interactive Information Service on our Web site which will provide answers to common benefit enquiries. We will also introduce the “My Account” page to our Web site, which will give recipients a convenient, single point of access for information about their benefit accounts.

3. Maintaining the integrity of the benefit rolls by concentrating our payment validation efforts to ensure program take-up and to mitigate the risk of non-compliance

Ensuring that payments are not only timely, but also accurate, fosters trust in our administration of benefit programs. Over the planning period, we will work to ensure that potential benefit recipients know how to access benefits, and we will continue to protect benefit programs from abuse by concentrating our validation efforts in areas of highest risk so that entitled clients get the right amount—no more and no less. We will employ more sophisticated risk management approaches to better target high-risk clients for additional review, using our data warehouses and related computer-based profiling tools. We will also implement service standards for payment validation.

4. Ensuring that skilled and knowledgeable staff is in place to handle benefits business

Over the planning period, we will develop additional staffing flexibilities to ensure that the right mix of staff, with the right tools and training, are in place to reach our standards for timeliness, accuracy, and client accessibility.

We will work to ensure that potential benefit recipients know how to access benefits, and we will continue to protect benefit programs from abuse by concentrating our validation efforts in areas of highest risk so that entitled clients get the right amount—no more and no less

5. Developing better mechanisms for demonstrating the cost-savings that we can achieve for partners that choose to have CCRA administer programs on their behalf

To win more business from federal, provincial, and territorial partners, we must generate more detailed information on the cost-savings that can accrue to them from using our systems. Progress on the Activity-Based Costing initiative will help us to better estimate the incremental costs of new activities for partners.

The following exhibit describes the anticipated results and success criteria we will be using for the planning period that are critical to achieving our expected outcome for Benefit Programs and Other Services.

Exhibit 8: Anticipated Results and Success Criteria for Benefit Programs and Other Services

Expected Outcome – Canadians receive their rightful share of entitlements									
MANAGING THE COMPLIANCE CONTINUUM	Anticipated Results Success Criteria								
MANAGING THE COMPLIANCE CONTINUUM	<table border="1"> <tr> <td style="background-color: #000080; color: white; text-align: center; vertical-align: middle;">MANAGING THE COMPLIANCE CONTINUUM</td> <td> <p>Program communication and delivery is fair and responsive to recipients' needs</p> <ul style="list-style-type: none"> • Review each year the effectiveness of communication tools to promote take-up among potential recipients and inform existing clients about their entitlements • Improve caller accessibility for GST/HST credit calls to meet the 80%-85% internal performance standard • Improve call wait times for both CCTB and GST/HST credit programs • Implement telephone service standards by 2003-2004 </td> </tr> <tr> <td style="background-color: #000080; color: white; text-align: center; vertical-align: middle;">MANAGING THE COMPLIANCE CONTINUUM</td> <td> <p>Entitled recipients receive timely payments and credits</p> <ul style="list-style-type: none"> • Process 99% of all CCTB, GST/HST credit, and associated provincial and territorial payments on time • Meet the 98% service standard for processing CCTB applications on time (achieved 97% in 2001-2002) • Meet the 98% service standard for processing client account adjustments on time (achieved 80% in 2001-2002) • Process 85% of CPP/EI rulings on time (achieved 81% in 2001-2002) </td> </tr> <tr> <td style="background-color: #000080; color: white; text-align: center; vertical-align: middle;">MANAGING THE COMPLIANCE CONTINUUM</td> <td> <p>Entitled recipients receive accurate payments and credits</p> <ul style="list-style-type: none"> • Meet the 98% internal performance standard for accurate processing of client adjustments • Meet the 98% internal performance standard for accurate processing of CCTB applications </td> </tr> <tr> <td style="background-color: #000080; color: white; text-align: center; vertical-align: middle;">MANAGING THE COMPLIANCE CONTINUUM</td> <td> <p>Knowledgeable and skilled workforce is in the right place at the right time</p> <ul style="list-style-type: none"> • Develop staffing flexibilities, involving the 839 full-time equivalent employees, to ensure that the right mix of staff, assisted by the right tools and the right training, are in place </td> </tr> </table>	MANAGING THE COMPLIANCE CONTINUUM	<p>Program communication and delivery is fair and responsive to recipients' needs</p> <ul style="list-style-type: none"> • Review each year the effectiveness of communication tools to promote take-up among potential recipients and inform existing clients about their entitlements • Improve caller accessibility for GST/HST credit calls to meet the 80%-85% internal performance standard • Improve call wait times for both CCTB and GST/HST credit programs • Implement telephone service standards by 2003-2004 	MANAGING THE COMPLIANCE CONTINUUM	<p>Entitled recipients receive timely payments and credits</p> <ul style="list-style-type: none"> • Process 99% of all CCTB, GST/HST credit, and associated provincial and territorial payments on time • Meet the 98% service standard for processing CCTB applications on time (achieved 97% in 2001-2002) • Meet the 98% service standard for processing client account adjustments on time (achieved 80% in 2001-2002) • Process 85% of CPP/EI rulings on time (achieved 81% in 2001-2002) 	MANAGING THE COMPLIANCE CONTINUUM	<p>Entitled recipients receive accurate payments and credits</p> <ul style="list-style-type: none"> • Meet the 98% internal performance standard for accurate processing of client adjustments • Meet the 98% internal performance standard for accurate processing of CCTB applications 	MANAGING THE COMPLIANCE CONTINUUM	<p>Knowledgeable and skilled workforce is in the right place at the right time</p> <ul style="list-style-type: none"> • Develop staffing flexibilities, involving the 839 full-time equivalent employees, to ensure that the right mix of staff, assisted by the right tools and the right training, are in place
MANAGING THE COMPLIANCE CONTINUUM	<p>Program communication and delivery is fair and responsive to recipients' needs</p> <ul style="list-style-type: none"> • Review each year the effectiveness of communication tools to promote take-up among potential recipients and inform existing clients about their entitlements • Improve caller accessibility for GST/HST credit calls to meet the 80%-85% internal performance standard • Improve call wait times for both CCTB and GST/HST credit programs • Implement telephone service standards by 2003-2004 								
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MANAGING THE COMPLIANCE CONTINUUM	<p>Entitled recipients receive accurate payments and credits</p> <ul style="list-style-type: none"> • Meet the 98% internal performance standard for accurate processing of client adjustments • Meet the 98% internal performance standard for accurate processing of CCTB applications 								
MANAGING THE COMPLIANCE CONTINUUM	<p>Knowledgeable and skilled workforce is in the right place at the right time</p> <ul style="list-style-type: none"> • Develop staffing flexibilities, involving the 839 full-time equivalent employees, to ensure that the right mix of staff, assisted by the right tools and the right training, are in place 								



Key Volumetrics, 2001-2002

- 102 million travellers (down 8% due to the decrease in travel after September 11, 2001)
- 4.6 million customs examinations (up 31% due to increased vigilance after September 11, 2001)
- 165,441 commercial importers served
- 10.8 million commercial releases processed
 - \$343 billion in imports processed
 - \$3.3 billion gross import duties collected
 - \$21 billion in GST/HST collected
- \$460 million in seized goods and contraband
- enforcement of 47 *Special Import Measures Act* (SIMA) findings, which provided protection to \$13.9 billion of Canadian production

Customs Services

Our expected outcome in Customs Services is that **Canadians' health, safety, security, and business interests are protected, and Canada's economic growth is supported, through responsible border and trade management.**

We are responsible for administering a range of laws and regulations governing everything from the correct labelling of goods to preventing the abduction of children and combating terrorism. We process millions of travellers and traders entering Canada each year, offering the right information and services to individuals and businesses to assist them in complying with their obligations. As well, we manage risks and provide effective enforcement in a manner that seeks to reduce impediments to the travel and trade that is essential to the health of the Canadian economy.

Over the planning period, the budget for Customs core operations is expected to remain virtually unchanged, averaging some 15.6% of the CCRA's proposed \$3.7 billion budget for 2003-2004. As discussed earlier in this Summary, we will be pursuing discussions with the Treasury Board Secretariat to secure separate funding of about \$275 million over five years to meet the commitments under the Smart Border Declaration. Notwithstanding, the CCRA faces six specific challenges in delivering Customs core services.

1. Delivering core programs to ensure safe homes and streets for Canadians against a backdrop of escalating threats to the North American community

Over the planning period, we will continue to place a high priority on working in collaboration with other law enforcement agencies in Canada and abroad to share intelligence and best practices to prevent the entry into Canada of drugs and other contraband. We will also develop memoranda of understanding with other federal departments to better identify and respond to environmental threats that include disease, endangered species and hazardous materials. Our participation in international trade negotiations promote a fair, consistent, and stable trade environment. On the front line, we continue to emphasize the Officer Powers Program that has empowered customs officers to arrest and detain persons suspected of a number of *Criminal Code* offences.

2. Maintaining current levels of service without compromising security in spite of increased volumes of trade transactions

Over the planning period, the *Customs Action Plan*, and its risk management principles of self-assessment, advance information, and pre-approval, will continue to guide our efforts to manage increasing volumes of trade transactions without compromising security.

3. Fulfilling commitments laid out in the Smart Border Declaration and 30-Point Action Plan, in spite of long-term funding pressures not included in the funding envelope

In addition to the work we are doing on the development of a cohesive, integrated vision of Customs border management and protection, we will be accelerating efforts to increase security through secure infrastructure, co-ordination, and information sharing. In the first year of the planning period, we will be working with the Treasury Board Secretariat to find ways to manage the resource pressures stemming from the requirement to fulfill Canada's commitments under the Declaration.

4. Developing reliable compliance measures for border and trade issues through the Compliance Improvement Plan process

Over the planning period, we will put in place comprehensive, balanced, and dynamic strategies to ensure responsible enforcement and border protection to increase our efficiency, consistency, and accessibility, while reducing the reporting burden and compliance costs for our clients. The Compliance Improvement Plan divides this work into three sub-areas where we will focus our efforts: border management, including front line issues such as immigration, contraband, and health and safety; Post-Release Verification, which focusses on trade administration priorities such as NAFTA origin requirements, dumping, and countervailing measures; and client service, which is where we foster voluntary compliance through fairness, high-quality information, and efficient and responsive service.



We will put in place comprehensive, balanced, and dynamic strategies to ensure responsible enforcement and border protection to increase our efficiency, consistency, and accessibility, while reducing the reporting burden and compliance costs for our clients

5. Enhancing border compliance through robust risk management and performance measurement

Current methodology for measuring compliance in Customs services is insufficient. Over the planning period, we will undertake further analysis and develop clearer measures to more effectively identify and target areas of non-compliance and measure the success of new initiatives. This will allow us to draw firmer conclusions regarding compliance levels. We will also encourage compliance through client service and education, technology, and a fair and flexible sanctions regime.

6. Ensuring that we have a knowledgeable and skilled workforce in the right place, at the right time

Over the planning period, we will work with customs staff and union representatives to resolve issues identified in the recently completed Job Hazard Analysis such as health and safety concerns, as well as other matters such as job classification.

The following exhibit describes the anticipated results and success criteria we will be using for the planning period that are critical to achieving our expected outcome for Customs Services.

Exhibit 9: Anticipated Results and Success Criteria for Customs Action Plan and Canada – U.S. Smart Border

Expected Outcome – Canadians’ health, safety, security and business interests are protected, and Canada’s economic growth is supported, through responsible border and trade management		
Anticipated Results	Success Criteria	
MANAGING THE COMPLIANCE CONTINUUM	<p>Enhanced enforcement that expeditiously identifies and responds to threats to the security, health and safety of society, and to Canada’s economy</p>	<ul style="list-style-type: none"> • Continue to seize a significant portion (40% to 50%) of all contraband drugs seized in Canada • Prompt and appropriate response to all known cases of significant threats to the health, safety and security of Canadians <ul style="list-style-type: none"> • prevention of the entry of inadmissible persons and prohibited goods • investigations of dumped or subsidized imports • enforcement actions from international threat identification • Implementation of Officer Powers at eight ports by March 31, 2004 • Modernization of memoranda of understanding with key government departments and agencies to allow, among other things, information sharing and intelligence gathering, joint priority setting for compliance improvement and performance reporting, by March 31, 2005 • Increased examinations and detection of contraband across all major categories
	<p>Effective compliance management that enhances personal and economic security, and encourages partnerships and sustained compliance</p>	<ul style="list-style-type: none"> • Compliance across border programs is above 90% • Develop improved trade compliance data collection mechanisms by March 31, 2004
	<p>Responsible services that encourage voluntary compliance and minimize the compliance burden without compromising security</p>	<ul style="list-style-type: none"> • Overall client satisfaction with Customs services is above 77% benchmark • 95% of service standards are met (e.g., border wait times, release on minimum documentation, Pre-Arrival Review System release)
	<p>Certainty and consistency for international trade and travel</p>	<ul style="list-style-type: none"> • A secure border with the United States that facilitates the movement of low-risk people and goods • Negotiation and implementation of customs procedures and trade policy instruments related to new free trade agreements with Singapore, Central America Four, Free Trade Area of the Americas, CARICOM and the new WTO Round by March 31, 2005 • Through participation in international organizations such as the World Trade Organization, World Customs Organization and Asia Pacific Economic Cooperation, influence international standards for rules on customs tariffs, dumping and subsidy determinations, valuation and origin of goods, admissibility, trade incentives and compliance management
	<p>Knowledgeable and skilled workforce is in the right place at the right time</p>	<ul style="list-style-type: none"> • Recruit 340 Customs officers by March 31, 2004 • Phase II Officer Powers training to 456 customs inspectors by March 31, 2004 • 60% of staff receiving Customs Inspector Recruit Training Program will become inspectors in their first year on staff • Specialized interdiction and enforcement training for 1,200 to 1,500 Customs officers by March 31, 2004



Key Volumetrics, 2001-2002

- 72,826 disputes resolved compared to 85,618 received
- 75,960 of 108,158 requests granted under the fairness provisions
- 4,732 voluntary disclosures received, with related assessments estimated at \$230 million
- 75% of redress clients are individual income tax filers, while 6% are commercial importers
- 60% of our clients agreed with our resolution of their disputes

Appeals

Our expected outcome in Appeals is that **Canadians receive an impartial and timely review of contested decisions through our redress system.**

Under this business line, the CCRA provides clients with a fair dispute resolution process respecting Canadians' fundamental right to redress in their dealings with the federal government. We review contested decisions in the program areas of income tax, GST/HST/excise tax, trade administration, Customs enforcement sanctions, the Canada Pension Plan, and Employment Insurance. As of March 31, 2002, over \$8 billion in taxes and duties was in dispute, by far the major source of redress claims, involving some 78,000 individuals (up substantially from 57,000 in 2001, largely due to challenges to the taxability of interest paid as a result of pay equity settlements). We are responsible for coordinating the agency's Fairness initiative and we also administer the Voluntary Disclosures Program, which allows clients to correct past errors or omissions in their tax, duty, and tariff obligations without penalty.

We consider that we have met our expected outcome if reviews of disputes and contested decisions are, and are perceived to be, fair and impartial; clients find our services accessible and are kept informed of the progress of their disputes and requests; disputes are resolved in a timely and consistent manner; and our collective efforts promote trust in our fairness and impartiality, encouraging voluntary compliance.

Appeals is the smallest of the agency's business lines, accounting for approximately 2.6% of the CCRA's \$3.7 billion budget. Over the planning period, we face five specific challenges in meeting our expected outcome.

1. Reducing turnaround times

This is the most significant challenge for Appeals. Turnaround times are important because they indicate whether our redress process is responsive and serves the needs of our clients. We have already identified some 130 improvements to decrease long processing times, some of which have been implemented and are having a positive impact. Over the planning period, we will implement the remaining improvements. This will include modifying the Appeals Information and

Reporting Systems (AIRS), our computer-based inventory management system. The new Globus-Case system to be brought on-line in 2003-2004 for tax programs, will facilitate more efficient tracking and reporting of dispute and litigation workloads.

2. Ensuring that the fairness provisions are applied consistently across the agency

We will continue implementing the three-year, agency-wide, fairness provisions monitoring program, which we began in 2002-2003. This will ensure that the fairness provisions resulting from our 7-Point Plan for Fairness, launched in 1999 and now implemented, are being consistently applied and are entrenched in our day-to-day business. We will also take steps over the planning period to reduce the backlog of unprocessed inventory under the popular Voluntary Disclosures Program, in part by securing stable funding and additional staff. Finally, by 2004-2005 we will complete an evaluation of the Fairness Registry, with a view to improving our capacity to capture information on amounts of cancelled and waived penalties and interest.

3. Practicing effective risk management for dispute and litigation issues

By December 2003, we aim to fully implement a Risk Management Framework, which will improve our capacity to promote the consistent and fair resolution of disputes and litigation within a reasonable time. This will include the development of “complexity factors” to enable us to determine the human and financial resources required for the effective management of files. Our aim is to resolve more cases administratively and for those that do proceed to court, to increase the number resolved in favour of the CCRA.

4. Having in place a sufficient number of skilled and knowledgeable staff to handle Appeals business

Over the planning period, Appeals aims to reduce the staffing shortfall to a level of no more than 5% of authorized funding. This will involve a job classification review to increase recognition of the unique complexities driving our staffing issues.

Implementing the three-year, agency-wide Fairness provisions monitoring plan will ensure that our 7-Point Plan for Fairness is applied and is entrenched in our day-to-day business

5. Enhancing accessibility, transparency, and consistency

Improving these aspects of the appeals process promotes confidence in the impartiality and fairness of the CCRA. Over the planning period, we will look at ways to improve our measurement of these aspects of performance, including by conducting a national client satisfaction survey in 2003-2004. This survey will assess client satisfaction in such areas as timeliness, transparency and cost, and will help us identify further opportunities for client-focused program improvements. We will also begin to accept some disputes filed electronically to enhance the accessibility of the appeals process. We expect to make electronic filing of disputes available in 2003-2004 for the income tax and GST/HST/excise tax programs.

The following exhibit describes the anticipated results and success criteria we will be using for the planning period that are critical to achieving our expected outcome for Appeals.

Exhibit 10: Anticipated Results and Success Criteria for Appeals

Expected Outcome – Canadians receive an impartial and timely review of contested decisions through our redress system	
MANAGING THE COMPLIANCE CONTINUUM	
Anticipated Results	Success Criteria
The redress process is transparent, accessible, and fair	<ul style="list-style-type: none"> • Meet the enhanced 85% service standard for contacting clients who file disputes with a meaningful status update within 30 days of filing • Achieve an overall client satisfaction rating of at least 10% higher than the 1998 survey result
The redress process is timely	<ul style="list-style-type: none"> • Meet case completion targets established as part of the three-year timeliness initiative
Fairness provisions are applied consistently across the agency	<ul style="list-style-type: none"> • CCRA monitoring programs confirm that the fairness provisions are being applied consistently agency-wide
Risk management is effective for dispute and litigation issues	<ul style="list-style-type: none"> • Full implementation of an appeals risk management framework by December 2003 • On average, 90% of all disputes continue to be resolved before reaching the courts (not counting CPP/EI disputes) • The majority of decisions appealed to the courts continue to be resolved in favour of the CCRA • Implementation of new programs for quality assurance and monitoring the consistency in the application of policies and legislation in the decisions on cases, beginning in 2002-2003
Knowledgeable and skilled workforce in the right place at the right time	<ul style="list-style-type: none"> • Reducing our staffing shortage to a level of no more than 5% of allowed funding

Corporate Management and Direction

Our expected outcome in Corporate Management and Direction is that **performance of our business services and operations is maximized through modern and innovative management approaches.**

In this business line we provide strategic direction and executive oversight for all CCRA programs and services. We provide a range of internal services to employees and managers, from strategic planning, performance reporting, human resources management, public relations, internal audit and evaluation activities, financial and Information Management/Information Technology (IM/IT), to security and procurement, real property management, and telephony systems and networks. In addition, Legal Services provides corporate legal counsel and advisory services. We also deal with access to information requests, and we monitor adherence to privacy legislation to ensure the CCRA is safeguarding sensitive information.

Planned spending in this business line accounts for approximately 21.9% of the agency's \$3.7 billion budget for 2003-2004. The largest share of these resources is dedicated to IT (approximately 43% in 2001-2002) followed by corporate and executive services (36% in 2001-2002). In future, we plan to reallocate IT operations and investments to other business lines where appropriate, and through efforts to achieve greater operational efficiency, achieve a better balance of spending between our program and corporate support areas. Over the planning period, Corporate Management and Direction faces six specific challenges.

1. Addressing increasing funding pressures while at the same time ensuring the delivery of programs, services, and innovation commitments

This area will be a major priority for the CCRA in 2003-2004. While we are putting in place measures to address the current funding pressures, and continue to work on horizontal reviews to identify savings for re-investment in our core compliance operations and our innovation agenda, we will explore with the Treasury Board Secretariat the potential for developing a funding framework that will enable greater resource stability in the face of mounting fiscal pressures and workload volumes.



Key Volumetrics, 2001-2002

- Over 200 information technology applications for mission critical systems supported
- Over 50,000 staffing actions processed (acting appointments, lateral transfers, temporary staffing, internal and external staffing), including 4,500 full-time hires
- 30,000 contracts for goods and services issued
- Over 3,100 privacy and access to information requests handled
- Facilities management for more than 750 facilities across Canada provided

2. Strengthening financial and asset management by modernizing our systems and approaches

Over the planning period, we will implement a series of initiatives to address this challenge, including Phase II of the Financial Information Strategy and Activity-Based Costing. We will also implement a system to provide information on the timeliness of the deposit of customs, GST/HST, and excise duties and tax receipts, to allow us to demonstrate how well we are meeting the 24-hour deposit standard.

3. Making optimal use of our new flexibilities and authorities in the areas of real property and administration to achieve the potential created with agency status

Guided by the Real Property Business Model, the CCRA will propose a new partnership with Public Works and Government Services Canada (PWGSC) in the first quarter of 2003-2004, to put in place a market-based reimbursement regime for managing the agency's real property portfolio. This would involve a Memorandum of Understanding and a Real Property Service Agreement with PWGSC, with proposed funding to be transferred to the CCRA from PWGSC in April, 2003.

4. Adopting the latest developments in information technology to provide leading-edge electronic service delivery to our clients

The agency's IT Strategic Framework for 2003-2006 shown in the following exhibit, will ensure that the IT initiatives identified throughout this *Summary of the Corporate Business Plan* supports the agency's strategic goals as effectively and efficiently as possible. The Framework has four components that together support our objective to improve service to Canadians and businesses. The four quadrants—Business Transformation Agenda, Practices and Methods, Program Branches and Regions, and External Partners and Relationships, represent the major elements that support the enabling technology the agency needs to deliver the integrated and trusted services required by clients.

Exhibit 11: IT Strategic Framework



5. Responding effectively to human resources challenges, particularly in the area of workforce demographics and the exercise of our authority in labour negotiations

The performance of our business services and operations depends heavily on our having in place a strong human resources infrastructure. Over the planning period, we will ensure the appropriate recruitment and retention strategies are in place to meet current and future workforce requirements. This will include taking action to achieve representation in our workforce commensurate with the labour market availability of women in professional groups, and reaching a 2.5% national hiring goal for Aboriginal peoples. We will also focus on

establishing a work environment that is more conducive to the use of both English and French, and ensuring that managers and employees are fully aware of their linguistic rights and responsibilities in the workplace. Another priority will be ensuring that the impact of our collective bargaining strategies on salaries and benefits is identified and well understood. Unions will continue to be consulted and informed on all key issues affecting their membership on a regular basis at all levels.

6. Meeting Canadians' expectations for transparency by providing quality, accurate, and timely information while protecting our clients' information by treating it with the confidentiality it requires under legislation

Progress in this area builds public confidence in our organization and promotes voluntary compliance. Over the planning period, we will further strengthen our performance reporting to Canadians achieved in our last *Annual Report*, with higher-quality performance information resulting from the implementation of our Balanced Scorecard. We will also implement a modern IT infrastructure solution to handle the increasing volume of access to information and privacy requests. We will work to maintain a "B" grade from the Information Commissioner, which represents over 90% of requests processed within legislated timeframes.

The following exhibit describes the anticipated results and success criteria we will be using for the planning period that are critical to achieving our expected outcome for Corporate Management and Direction.

Exhibit 12: Anticipated Results and Success Criteria for Corporate Management and Direction

Expected Outcome – Performance of our business services and operation is maximized through modern and innovative management approaches	
Anticipated Results	Success Criteria
MANAGING THE COMPLIANCE CONTINUUM	<p>Canadians' desire for transparency in public administration is addressed while protecting the confidentiality of client information</p> <ul style="list-style-type: none"> Continued public recognition as a trusted organization for electronic information channels We will meet our internal standard of maintaining a ratio of 10% or less of well founded complaints (as assessed by the Information and Privacy Commissioners) against <i>Access to Information Act</i> and <i>Privacy Act</i> requests received for the fiscal year Sustained performance of at least 90% compliance with the statutory time requirements of the <i>Access to Information Act</i> and <i>Privacy Act</i> Continued positive assessment from the Auditor General on reporting our performance in the <i>Annual Report</i> The agency's <i>Summary of the Corporate Business Plan</i> and <i>Annual Report</i> are made available electronically to Canadians within 30 days following their tabling in Parliament
	<p>Sound financial and treasury management</p> <ul style="list-style-type: none"> The Board of Management is satisfied with the accuracy and relevance of the CCRA's quarterly budgets Deposit 98% of all revenues received within 24 hours of receipt A monitoring and control framework to enhance management assurance on the integrity of revenue reporting will be developed by August 31, 2003, and prompt action will be taken to correct issues affecting revenue reporting as they arise Continued funding of the Asset Management Plan and Investment Plan at no less than 7% of CCRA's gross budget Service standards relating to financial management are established by 2004 and performance is monitored against these standards thereafter
	<p>Operational excellence in the provision of internal services and support</p> <p>Finance and Administration</p> <ul style="list-style-type: none"> Meet at least 80% of the targets approved in the CCRA Sustainable Development Strategy By April 1, 2003, a Real Property Services Agreement (RPSA) will be proposed to support the principles of the MOU for the CCRA/PWGSC partnership, followed by continual refinement and broadening over fiscal year 2003-2004 An approved Emergency Management Strategy (EMS), including an Emergency Management Policy is in place by April 2003 <p>Public Affairs</p> <ul style="list-style-type: none"> Internal service standards for both ministerial correspondence and provision of Question Period responses (requested by the Minister's Office) are met agency business lines are well supported in the delivery of information to Canadians as measured by the annual client survey <p>Information Technology</p> <ul style="list-style-type: none"> Availability and reliability of existing IT systems achieved as per service level agreements Development of new IT systems meeting client requirements

continued

Exhibit 12: Anticipated Results and Success Criteria for Corporate Management and Direction (cont'd)

Expected Outcome – Performance of our business services and operation is maximized through modern and innovative management approaches	
Anticipated Results	Success Criteria
MANAGING THE COMPLIANCE CONTINUUM	<p>Operational excellence in the provision of internal services and support (continued)</p> <p>Human Resources</p> <ul style="list-style-type: none"> • Service delivery model for resourcing, including service standards, is implemented by March 31, 2004 • Classification service standards are in place by April 1, 2004, and ready for implementation in 2004-2005 • CCRA representation rates for Employment Equity groups meeting or exceeding the targets identified in the 3-Year Strategic Direction that will reflect the new labour market availability rates from the 2001 Census • Increased bilingual capacity of the executive cadre and managers, and employees providing external services • 80% of executive vacancies filled in less than three months • Future competency-based processes will reduce management effort, i.e. assessment time by 50% • 60% of Management Development Programs graduates working at or above their targeted level • The needs identified in the EX Succession Plan are met • Target investment in employee learning set at 6% of salary expenditure <p>Legal Services</p> <ul style="list-style-type: none"> • Business Lines are well supported by corporate legal counsel and advisory services
	<p>Knowledgeable and skilled workforce is in the right place at the right time</p> <ul style="list-style-type: none"> • Medium and long-range internal workforce demographic analysis result in appropriate recruitment targets and strategies being set by April 2004 and reflected in annual HR plans • 100% of eligible employees have individual learning plans • 90% of employees with performance expectations are assessed as meeting or exceeding their expectations • FTE utilization reflects CCRA plan

Conclusion

The Canada Customs and Revenue Agency (CCRA) wants to provide better service to Canadians. In fact, that is the reason for our move from department to agency three years ago. Being an agency places us in a better position to design a way of doing business that will significantly improve the services we provide. Our mission, however, remains to promote compliance with Canada's tax, trade, and border legislation.

As described in this *Summary*, compliance and innovation will continue to drive our agenda. Over the planning period, we will apply a mix of enforcement and facilitation activities depending on the level of risk involved and, in the process, continue to achieve high overall levels of compliance.

We will also continue to take advantage of our agency flexibilities and move forward with our sweeping program of change—focussing on: human resources reform and renewal, administrative reform and renewal, and transparent management for results. Business transformation will remain our number one objective, as we find and introduce new technologies and approaches to provide Canadians with processes that are fair, accessible, and affordable.

Besides delivering on our mission and moving ahead with innovation, we must also respond to many different pressures and challenges as outlined in this *Summary of the Corporate Business Plan*. This will involve working closely with the Treasury Board Secretariat to explore longer-term funding solutions that will allow us to deliver on our mission while meeting new requirements.

We are also committed to strong and responsible management of our own resources—reassessing and reprioritizing our commitments as set forth in this *Summary of the Corporate Business Plan*, reallocating resources as required and in consultation with the Treasury Board Secretariat, and implementing our innovation initiatives at a pace and rate that reflects government wide priorities and overall affordability.

Concluding Remarks by the Commissioner



The CCRA's transition from government department to agency in November 1999 was all about injecting fresh thought and innovation into the way we operate and provide service to Canadians. Looking back, I am overwhelmed by how far we have come and how much we have accomplished in three short years. We embarked on a sweeping program of change to transform our business, keeping step with changes in technology, business and management practices, government priorities, and Canadians' expectations. And along the way, we have been recognized for our innovations and our commitment

to service excellence.

With this year's *Summary of the Corporate Business Plan 2003-2004 to 2005-2006*, the Honourable Elinor Caplan, sets out our direction for the next three years. With the Minister's continued leadership and vision for the future, we will remain true to our course and achieve concrete results for Canadians. The Board of Management is also making a vital contribution - overseeing the organization and management of the CCRA, and bringing the client perspective into the way we plan and deliver our programs and services.

Our success in transforming our organization and responding effectively to the many challenges we face, depends in large part on our people—from my colleagues on the Agency Management Committee who set our plans in motion, to front line staff who serve Canadians daily. Indeed, we have a dynamic team who has consistently demonstrated their commitment to the highest standards of service delivery and management excellence.

I have every confidence that in working together we will meet the challenges of the future and build an organization that is recognized and respected for its integrity, fairness and innovation in administering and delivering high-quality services to Canadians.

A handwritten signature in black ink, appearing to read 'Rob Wright'.

Rob Wright
Commissioner, Canada Customs and Revenue Agency

Appendices

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Appendix C: Detailed Financial Information C-1

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- 2. Agency Planned Spending
- 3. Sources and Planned Application of Funds
- 4. Innovating for the Future
- 5. Asset Management Plan

**Appendix D: Anticipated Results and Success Criteria—
Innovating for the Future** D-1



Appendix A: Board of Management

Michael L. Turcotte

Chair, Board of Management
Corporate Director
Montréal, Quebec

Camille Belliveau

Senior Consultant (self-employed)
Shediac, New Brunswick

Esmail Bharwani

Senior Business and Tax Consultant
Calgary, Alberta

L. Bernice Buckle

Small Business Owner/Operator (retired)
Corner Brook, Newfoundland

Calvin H. Buss

Office Managing Partner
Deloitte & Touche LLP
Winnipeg, Manitoba

W. Grant Hinchey

Chairman and CFO
Nor-Dat Computer Services Ltd.
Yellowknife, Northwest Territories

Linda Yvonne Ivany

Director of Finance
Atlantic Region (retired) KPMG LLP
Halifax, Nova Scotia

Frédéric Kieffer

Chartered Administrator & Consultant
Montréal, Quebec

James L. MacPhee

Managing Partner
MacPhee & MacAulay Chartered Accountants
Montague, Prince Edward Island

Susan I. Paish

Managing Partner
Fasken Martineau
Vancouver, British Columbia

Stephen E. Rudin

Executive Director
Alzheimer's Society of Canada
Toronto, Ontario

Brock Smith

Public Affairs Consultant
Toronto, Ontario

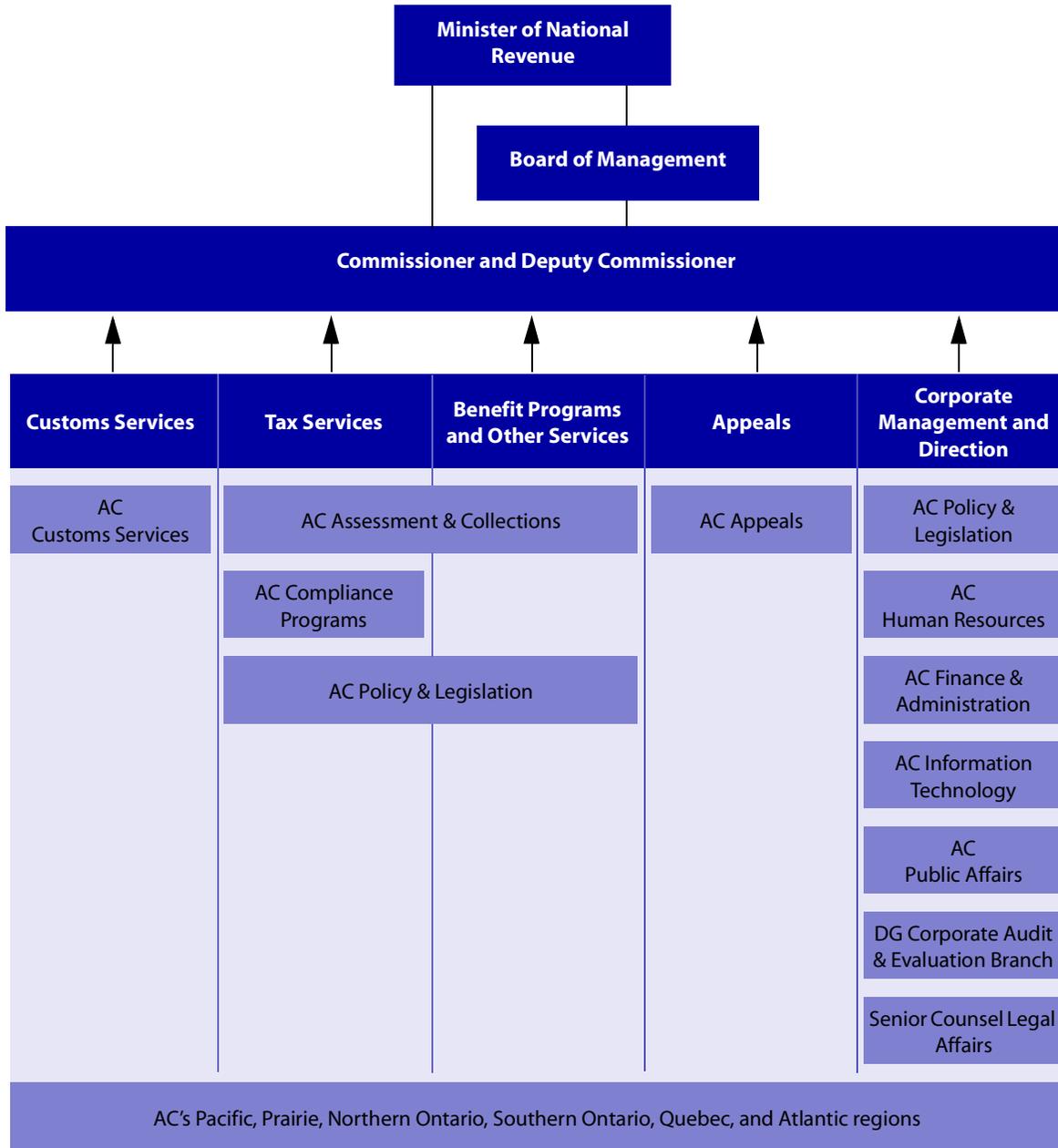
Rob Wright

Commissioner
Canada Customs and Revenue Agency
Ottawa, Ontario

Note: At the time of completion of this document, there were two vacancies on the Board of Management.



Appendix B: CCRA's Organizational Structure



Note: Assistant Commissioners (AC), Director General (DG) and Senior Counsel report to the Commissioner



Appendix C: Detailed Financial Information

1. CCRA Financial Perspective

The Canada Customs and Revenue Agency (CCRA) is a diverse and complex organization that employs almost a quarter of Canada's public service. Our mission is to promote compliance with Canada's tax, trade, and border legislation. We are this country's largest public service provider and, in fulfilling our mission, we touch the lives of more Canadians on a daily basis than any other public organization.

Last year alone, we collected close to \$300 billion in revenues. We assessed and processed 23 million individual and trust tax returns and 1.6 million corporate tax returns. We delivered some \$10 billion in benefit and credit payments to over 10 million Canadian households. We cleared approximately 102 million travellers entering Canada and 10.8 million commercial transactions through our customs processes. Indeed, we play an important role in promoting the social and economic well-being of Canadians.

Innovating for the future enables the CCRA's business operations to remain in step with the needs of our clients, which in turn promotes client satisfaction. Innovation also supports our capacity to establish more productive ways of doing business and to reduce our internal and administrative costs. It is key to fully leveraging the capacity of our systems and enabling the CCRA to deliver a greater range of services on behalf of the provinces and territories to help reduce overall government cost to taxpayers. The *Future Directions* initiative also represents a significant investment, one that will be closely managed to ensure its success at a pace that is consistent with government-wide priorities.

Indeed, managing a comprehensive set of programs while advancing our impressive change agenda is a huge undertaking that requires strategic investment planning and sound and prudent fiscal management. Over the planning period, the challenge will be even greater—in light of projected increases in workload volumes and new border security commitments such as the Smart Border Declaration. In addition, we plan to manage the impact of an expanding economy and consequent growth in workload volumes, particularly in Tax Services, within the CCRA's existing budget framework. We also plan to deliver on our innovation commitments, both in terms of business transformation and management reforms, within that same framework. To do both, we will continue to exercise sound stewardship while exploring additional opportunities for resource reallocation.

The Treasury Board Secretariat (TBS) has embarked on an exercise, the main objective of which is to review government programs and identify areas for financial streamlining and efficiency gains. Although the precise impact of this exercise on the CCRA's funding base is unknown at this time, any further reductions will result in additional pressure on our resource base.

In line with the above TB process, the agency has initiated a series of 17 horizontal reviews to identify streamlining and efficiency opportunities. Savings realized from these reviews will assist in dealing with government-wide priorities such as the TB reallocation exercise, and the management of internal pressures such as *Future Directions*.

The agency continues to make strides in advancing an enhanced resource management framework. We have embarked on enhancements to our budgeting processes, including initiatives such as Quarterly Budgeting and Activity-Based Costing.

Over the past year, we have introduced Quarterly Budgeting and Reporting to strengthen our financial monitoring and reporting processes. This provides our managers with better financial information to improve their management of programs, and it strengthens our ability to review and analyze relationships between performance and resources.

Our Activity-Based Costing initiative will improve the accuracy of costing information we generate relating to activities, processes, outputs, and client groups. It will also promote better understanding of what drives the agency's costs, enabling better decision-making. The Activity-Based Costing initiative will also integrate financial and non-financial information to provide the cost dimension for initiatives such as the Balanced Scorecard and external service standards.

This appendix provides a picture of our \$3.7 billion resource base, including the size and nature of our multi-year planned spending. It also presents a profile of our innovation investments that are funded from the CCRA's Investment Plan and core operations and an overview of our Asset Management Plan.

Through strong and responsible fiscal management and stewardship, we are confident that we can deliver on our commitments. However, we also recognize the need for additional resources to support the expanding role of our Customs Services, and we have already initiated discussions with TBS to find a funding solution.

2. Agency Planned Spending

The following Agency spending profile details our planned spending for the 2003-2004 to 2005-2006 planning period. While our overall budget is relatively constant, the funds available for core operations are actually decreasing, if we consider unfunded pressures and our innovation initiatives.

Table 1: CCRA's Financial Spending Profile

(thousands of \$)	Forecast 2002-2003	Planned 2003-2004	Planned 2004-2005	Planned 2005-2006
Operating Budget	2,688,527	2,719,486	2,781,804	2,807,259
Carry Forward from 2001-2002 to 2002-2003	178,096			
Investment Plan	194,600	141,700	111,800	111,800
Asset Management Plan:				
Other Operating	179,661	156,929	150,946	143,001
Major Capital Budget	23,840	23,349	23,349	23,349
Grants and Contribution	253,769	284,208	297,726	305,726
Employee Benefit Plans	513,941	484,248	492,731	494,360
Respendable Revenue	36,809	34,076	34,450	34,636
Revenues Credited to the Vote	(140,889)	(140,889)	(140,889)	(140,889)
Total Planned Spending	3,928,354	3,703,107	3,751,917	3,779,242
Total FTEs per Main Estimates	48,197	48,353	48,568	48,536

3. Sources and Planned Application of Funds

Table 2: Agency Planned Spending

(thousands of \$)	Forecast 2002-2003 ¹	Planned 2003-2004	Planned 2004-2005	Planned 2005-2006
Business Lines				
Customs Services	668,585	576,948	574,631	573,327
Tax Services	2,153,679	2,058,821	2,082,608	2,085,733
Benefit Programs and Other Services	231,805	224,478	229,622	238,018
Appeals	99,822	100,674	102,252	102,926
Corporate Management and Direction	867,722	842,247	868,649	880,799
Budgetary Main Estimates (gross)	4,021,613	3,803,168	3,857,762	3,880,803
Less: Revenues Credited to the Vote	140,889	140,889	140,889	140,889
Total Main Estimates	3,880,724	3,662,279	3,716,873	3,739,914
Adjustments				
Collective Agreements	48,516	38,167	32,554	32,554
Market Access for Least Developed Countries	916	3,068	2,877	2,987
Funding to implement the revised <i>Canadian Environmental Assessment Act</i>	0	51	34	31
Modernizing Customs and Trade Administration	0	0	0	4,172
Public Security and Anti-Terrorism				
Justice	(469)	(458)	(421)	(416)
PWGSC	(1,333)	0	0	0
Planned Spending	3,928,354	3,703,107	3,751,917	3,779,242
Less: Non-Respendable Revenue	172,732	174,992	177,281	179,608
Respendable Revenue pursuant to <i>CCRA Act</i>	36,809	34,076	34,450	34,636
Plus: Cost of services received without charge	446,000	510,318	517,142	518,100
Net cost of Program	4,164,813	4,004,357	4,057,328	4,083,098
Full Time Equivalents (Main Estimates)	48,197	48,353	48,568	48,536

1. 2002-2003 Forecast includes Supplementary Estimates A and B and a carry forward from 2001-2002.

Table 3: Agency Summary – Part II of the Main Estimates

Vote	(thousands of \$)	Main Estimates 2003-2004	Main Estimates 2002-2003
Canada Customs and Revenue Agency			
1	Operating Expenditures	2,843,083	2,635,462
5	Capital Expenditures	23,349	23,349
10	Contributions	137,208	110,326
(S)	Minister of National Revenue – Salary and Motor Car Allowance	67	65
(S)	Spending of Revenues Received Through the Conduct of its Operations Pursuant to section 60 of the <i>Canada Customs and Revenue Agency Act</i>	34,076	24,888
(S)	Contributions to Employee Benefit Plans	477,496	431,668
(S)	Children's Special Allowance Payments	147,000	138,000
Total Agency		3,662,279	3,363,758

Table 4: Agency Summary - Standard Object of Expenditure

(thousands of \$)	Forecast 2002-2003	Planned 2003-2004	Planned 2004-2005	Planned 2005-2006
Personnel				
Salaries and Wages	2,569,774	2,421,292	2,463,710	2,471,647
Contributions to Employee Benefit Plans	513,941	484,248	492,731	494,360
Sub Totals	3,083,715	2,905,540	2,956,441	2,966,007
Goods and Services				
Transportation and Communications	200,674	184,131	179,576	182,422
Information	7,156	6,566	6,403	6,505
Professional and Special Services	191,529	175,741	171,393	174,112
Rentals	13,079	12,001	11,704	11,890
Purchased Repair and Maintenance	85,923	78,840	76,889	78,109
Utilities, Materials, and Supplies	68,059	62,449	60,904	61,870
Other Subsidies and Payments	21,115	710	693	704
Acquisition of Machinery and Equipment	120,384	110,461	107,728	109,437
Sub Totals	707,919	630,899	615,290	625,049
Capital				
Acquisition of Land, Buildings, and Works	23,840	23,349	23,349	23,349
Transfer Payments				
Grants (Statutory Payments)	138,000	147,000	154,000	162,000
Contributions	115,769	137,208	143,726	143,726
Sub Totals	253,769	284,208	297,726	305,726
Gross Planned Spending				
	4,069,243	3,843,996	3,892,806	3,920,131
Less: Revenues Credited to the Vote	140,889	140,889	140,889	140,889
Net Planned Spending	3,928,354	3,703,107	3,751,917	3,779,242

Table 5: Agency Summary – by Business Line

(\$M)		Forecast 2002-2003	Planned 2003-2004	Planned 2004-2005	Planned 2005-2006
Budget	Business Line				
	Customs Services	669.7	578.6	576.3	579.2
	Tax Services	2,087.6	1,995.4	2,019.6	2,022.7
	Benefit Programs and Other Services	231.5	224.2	229.3	237.7
	Appeals	94.3	95.2	96.7	97.4
	Corporate Management and Direction	845.3	809.7	830.0	842.2
Net Planned Spending		3,928.4	3,703.1	3,751.9	3,779.2

Table 6: Details of Major Capital Project Spending by Business Line

(thousands of \$)	Current Estimated Total Cost	Forecast to March 31, 2003 ¹	Planned 2003-2004	Planned 2004-2005	Planned 2005-2006	Future Years' Requirements
Customs Services Business Line						
Construction Projects²						
Aldergrove, B.C.	9,935			1,233	5,399	3,303
Andover, N.B.	5,761	1,033	1,500	3,228		
Armstrong, Quebec	7,076	758	3,766	2,552		
Clarenceville, Quebec	750	113	637			
Clarenceville, Quebec	27,762	25,677	2,085			
Coutts, Alberta ³	3,000	2,403				597
Coutts – Land, Alberta	1,650	1,650				
Coutts – Animal Inspection, Alberta	25,015	2,688	4,500	6,732	6,128	4,967
Douglas, B.C. ³	500	5				495
Douglas, B.C. ³	7,433			1,000	4,433	2,000
Emerson East–Lynn, Manitoba	17,030	16,748	282			
Kingsgate, B.C.	12,500	742	5,165	3,904	2,689	
Osoyoos, B.C.	1,584	1,584				
Standstead Route 55 (Rock Island), Quebec ³	300	28				272
Feasibility Studies	413	413				
Design Templates	714		714			
Miscellaneous Projects/Post Occupancies						
New Initiatives/Replacements						
Sub Totals:	121,423	53,842	18,649	18,649	18,649	11,634
Health and Safety Projects	20,656	12,420	1,645	1,645	1,645	3,301
Other Projects	38,358	9,902	3,055	3,055	3,055	19,291
Total Spending Planned for Major Capital Projects	180,437	76,164	23,349	23,349	23,349	34,226

1. Total Spending (all years) to March 31, 2003.
2. The following projects have been completed as of March 31, 2002: Emerson West Lynn, Man.; Little Gold Creek, YT; Nelway, BC; and Rigaud, Quebec.
3. Indicates that the Current Estimated Total of the project has been revised in the current fiscal year.

Table 7: Summary of Transfer Payments

(thousands of \$)	Forecast 2002-2003	Planned 2003-2004	Planned 2004-2005	Planned 2005-2006
Grants				
Benefit Programs and Other Services				
Children's Special Allowance Payments	138,000	147,000	154,000	162,000
<p>Tax-free monthly payments made to agencies and foster parents who are licensed by provincial or federal governments to provide for the care and education of children under the age of 18 who physically reside in Canada and who are not in the care of their parents. CSA payments are equivalent to Canada Child Tax Benefit payments. CSA payments are governed by the Children's Special Allowances Act which provides that this allowance be paid out of the Consolidated Revenue Fund.</p>				
Contributions				
Tax Services	115,229	137,026	143,726	143,726
<p>Contributions to the Province of Quebec in Respect of the joint administration costs of federal and provincial sales taxes.</p> <p>Under the GST Agreement, Quebec administers the GST within its territory in compliance with national standards, with specific terms and conditions signed by both the CCRA and the ministère du Revenu du Québec (MRQ). The MRQ receives a compensation not exceeding what Canada would incur if the GST were administered by the CCRA. Compensation is calculated annually according to a formula agreed upon in the GST agreement.</p>				
Contributions to the Canadian Home Builders' Association to support the "Get It in Writing!" consumer information campaign	540	182	0	0
Total Contributions	115,769	137,208	143,726	143,726
Total Transfer Payments	253,769	284,208	297,726	305,726

Table 8: Responsible Revenue

(thousands of \$)	Forecast 2002-2003	Planned 2003-2004	Planned 2004-2005	Planned 2005-2006
Pursuant to the CCRA Act				
Refunds of previous years' expenditures	992	922	852	852
Refunds of previous years' contributions	2,254	0	0	0
Sales of goods and services	1,997	1,797	1,797	1,797
Services of a regulatory nature	6,776	6,876	6,976	6,976
Services of a non-regulatory nature	26,536	26,167	26,567	26,793
Sales of goods and information products	66	66	66	66
Other fees and charges	40	40	40	40
Sub Totals	38,661	35,868	36,298	36,524
Less: Amounts recovered on behalf of Other Government Departments	1,852	1,792	1,848	1,888
Total – Pursuant to the CCRA Act	36,809	34,076	34,450	34,636
Revenues Credited to the Vote				
Canada Pension Plan	63,676	63,676	63,676	63,676
Employment Insurance	77,213	77,213	77,213	77,213
Total – Revenues Credited to the Vote	140,889	140,889	140,889	140,889
Total Responsible Revenue	177,698	174,965	175,339	175,525

Table 9: Non-responsible Revenue

(thousands of \$)	Forecast 2002-2003	Planned 2003-2004	Planned 2004-2005	Planned 2005-2006
Refunds of previous years' expenditures				
Adjustments to prior year's payables	100	102	103	105
Sales of goods and services	1,124	1,153	1,181	1,211
Other fees and charges	287	292	297	302
Proceeds from the disposal of surplus Crown assets	332	337	342	347
Interest and penalties earned on revenues	127,454	129,366	131,307	133,276
Other non-tax revenues	17,318	17,578	17,841	18,109
Miscellaneous	26,117	26,164	26,210	26,258
Total Non-Responsible Revenue	172,732	174,992	177,281	179,608

Table 10: Net Cost of Program for the Estimates Year

(millions of \$)	Total
Planned Spending	3,703.1
Plus: Services Received Without Charge	
• Accommodation provided by Public Works and Government Services Canada (PWGSC) ¹	257.1
• Employer's Share of Employee Benefit Costs and Insurance Premiums Provided by Treasury Board Secretariat	181.4
• Legal Services provided by Justice Canada	65.1
• Audit Services by the Office of the Auditor General	4.0
• Workers' Compensation Benefits coverage provided by Human Resources Development Canada	2.7
Total Services Received Without Charge	510.3
Less: Respendable Revenue ²	34.1
Less: Non-respendable Revenue	175.0
2003-2004 Net Program Cost	4,004.4

1. The responsibility for accommodation will be transferred to the CCRA from PWGSC in 2003-2004. The resources associated with the transfer are currently under negotiation.
2. Includes Respendable Revenue Pursuant to the *CCRA Act*

4. Innovating for the Future

To overcome the complex challenges we face in our operating environment, we must innovate for the future. Only through innovation can we achieve success as a leading-edge service provider. Our innovation agenda comprises the following four change objectives:

To transform our core business in a manner that keeps pace with changes in technology, business and management practices, and the expectations of Canadians – Our approach to increasing border security is based on implementing “smart border” management through various initiatives. A suite of border security initiatives will allow us to address Canadians’ concerns about safety and security while continuing to facilitate legitimate trade and travel. The *Future Directions* initiative will transform our core tax operations and provide client-centred service. As well, we will strive to further develop our relationships with the provinces, territories, and other government departments.

To foster human resources (HR) reform and renewal by making the agency’s new human resources regime fully operational – We will continue to transform staffing and recourse, learning, labour relations, and job classification mechanisms, and we will strengthen other elements such as official languages and employment equity.

To achieve administrative reform and renewal by having in place policies and practices tailored to meet the needs of the CCRA – We will continue to review existing operations across the agency and implement financial management and administration practices that will enhance our efficiency and effectiveness, and improve our service to clients.

To integrate transparent management for results into the agency’s planning, decision-making, and accountability processes – Our work will focus on building management capacities that are in tune with the principles and practices of Modern Comptrollership.

The following tables provide a description of our major initiatives and anticipated spending in support of our innovation agenda. These initiatives are funded from the CCRA’s Investment Plan and through core operations.

Table 11: Investments in Customs Action Plan and Canada-U.S. Smart Border Initiatives

Customs Services (\$M)	Forecasted expenditures to date	2003-2004	2004-2005	2005-2006	Future Spending	Total Estimated Cost	Project Description
INVESTMENT PLAN							
Customs Action Plan (Customs)	109.2	14.8	14.8			138.8	Increase flow of low-risk trade and travel and help Canadian businesses be competitive through expedited processing of approved travellers and traders at large border crossings and airports
G11 Replacement (Customs)	1.2	1.6	0.9	0.7		4.4	Improving data integrity and resource management by upgrading core activity data collection system.
Public Security Envelope – NEXUS, Expedited Passenger Processing System (Customs)	12.0	12.0	8.0	5.0		37.0	Faster processing of approved travellers and goods through both Canada and U.S. customs and immigration through joint Canada-U.S. programs
Sub-total	122.4	28.4	23.7	5.7	0.0	180.2	
OTHER INNOVATION INITIATIVES							
Integrated Border Enforcement Teams – IBETs (Customs)	1.3	1.8	1.7	1.7	1.7	8.2	Enhanced integrity and security along the border through teams of federal, state/provincial, and municipal enforcement personnel
Customs Controlled Areas (Customs)	8.5	4.8	4.6	4.6	4.6	27.1	Improving security by implementing customs controls on persons, such as baggage handlers, who have access to goods or travellers that have not cleared customs
Contraband Detection Technology (Customs)	12.3	6.5	5.0	4.3	0	28.1	New X-Ray and VACSIS gamma ray detection equipment trials scan equipment
Strengthening Technology at Airports and Seaports (Customs)	53.7	17.5	16.4	13.8	0	101.4	Includes the Integrated Primary Inspection Line, an automated tool used to process passage of travellers into Canada, and the Customs Intelligence Management System, an on-line case management and occurrence reporting system and national repository for intelligence information
Sub-total	75.8	30.6	27.7	24.4	6.3	164.8	
SUMMARY							
Investment Plan	122.4	28.4	23.7	5.7	0.0	180.2	
Innovation Initiatives	75.8	30.6	27.7	24.4	6.3	164.8	
Total	198.2	59.0	51.4	30.1	6.3	345.0	

Table 12: Investments in Future Directions

Client Groups	Actions/Initiatives		
	2003-2004	2004-2005 to 2005-2006	
Individuals	<p>Implement the first wave of Web site upgrades in January 2003 and issue the next release in summer 2003</p> <p>Launch the "My Account" Web page</p> <p>Conduct a 2002 filing year marketing campaign to promote electronic filing with a goal of increasing electronic filing to 50% by 2003-2004</p> <p>Pursue opportunities with private-sector software vendors to promote e-commerce</p> <p>Finalize a strategy for Outreach and Education by mid-2003-2004</p>	<p>Expand the functionality of the "My Account" page</p> <p>Aggressively promote electronic filing</p> <p>Develop a more collaborative and co-ordinated approach to outreach programs and work with other departments and levels of government</p>	
Small and Medium Enterprises	<p>Publish a checklist of requirements of other departments and governments early in 2003</p> <p>Develop a consolidated plan for business outreach by fall 2003</p> <p>Launch of "My Account" Web page in 2003</p> <p>Develop a roll-out schedule in early 2003 to have all everyday transactions available on the Web by 2005</p>	<p>Increase the number of transactions that will be available on-line</p> <p>Establish units to handle the more complex cases of non-compliance</p> <p>Implement results of 2003-2004 consultations with the Department of Finance on our penalty structure</p>	
Charities	<p>Develop and launch a designated charities portal and make information such as public information returns filed by charities available on the Web</p> <p>Make policy guidelines available on the Web by summer 2003</p> <p>Hold the first meeting of the Charities Advisory Committee in spring 2003</p> <p>Commence a charities audit pilot in 2003 using a risk management framework to target charities that break the rules</p> <p>Implement new management information systems in 2003 to improve the capacity to identify non-compliance and expedite cases</p>	<p>Increase electronic access for charities in their dealings with the CCRA</p> <p>Collaborate with other federal departments and levels of government to make their information available through the charities portal</p> <p>Maintain active support for the Voluntary Sector Initiative and Joint Regulatory Table work</p>	
Large Businesses	<p>Conduct pilot projects in Halifax, Toronto, and Calgary establishing Account Managers for 6 to 12 large corporations in spring 2003</p> <p>Designate large business hubs in Halifax, Montréal, Ottawa, Toronto, Calgary, and Vancouver</p> <p>Implement new processes for issuing preliminary interpretations, an alert system to notify clients about questionable schemes, and a mechanism for declaring novel tax plans by end of 2003</p> <p>Launch a large business portal by summer 2003</p> <p>Commence the mandatory review of major actions that exceed a published performance standard or are noted in a service agreement</p> <p>Undertake a nationwide joint study with respect to the administration of capital taxes</p>	<p>Build on the experience of the Account Manager pilots to make account managers available to all large businesses that want to enter into a service agreement</p> <p>Increase electronic services to provide the capacity for real-time interaction with large businesses</p> <p>Refine and expand the role of large business hubs to create areas of greater expertise</p> <p>Work with interested provinces to co-ordinate service delivery</p>	
Tax Professionals	<p>Conduct the first full meeting of the Tax Professionals Advisory Committee in 2003</p> <p>Launch an interim version of a tax professionals portal in spring 2003</p> <p>Develop a Relationship Framework to establish and strengthen the CCRA's relationship with tax professionals</p>	<p>Upgrade the tax professionals portal</p> <p>Build on the Relationship Framework established in 2003-2004 to develop more effective means to serve our common clients</p>	
Total Funding	\$40M	\$100M	\$125M

Table 13: Investments in the *Future Directions* Foundation Initiatives

<i>Future Directions</i> Foundation (\$M)	Forecasted expenditures to date	2003-2004	2004-2005	2005-2006	Future Spending	Total Estimated Cost	Project Description
INVESTMENT PLAN							
A&C Business Services Investment Envelope (A&C)	57.4	35.0	35.0	35.0		162.4	Redesign and enhancement of Other Levies Project, GST/HST Redesign, Business Number, T2 Development, Information Returns Redesign, Debit Cards, and E-File Modernization
Business Integration and System Support (Compliance)	5.2	6.0	6.0	6.0		23.2	The Business Integration and System Support Initiative (BISSI) will provide integrated system tools for more effective management of compliance programs and for improved results and performance reporting
Government On-line Phase 2 – 2002-2004 (A&C)	15.1	15.0				30.1	Increased accessibility to government services, lower compliance costs and better capacity for the CCRA to develop partnerships. It includes Business Number Registration, Corporate Internet Filing, Interactive Information Service, Income Verification Project, OAS/GIS/ CPP Automated and Streamlined, and T4 Internet Filing.
IT Infrastructure Envelope (ITB)	40.0	24.3	18.7	15.0		98.0	Infrastructure requirements for Service Availability, Data Centre Recoverability and Electronic Commerce, and others
Business Intelligence Decision Support – BI/DS (ITB)	3.2	0.5				3.7	To allow for replacement of existing “stove-pipe” information systems with an integrated agency-wide “data warehouse”. This will help improve program delivery by identifying trends, evaluating risks, and analyzing policy effectiveness.
Call Centre Enhancements (A&C)	1.0	1.5	0.4			2.9	Improvements to the CCRA Collections Call Centre to automate routine processes and result in more efficient use of resources and allow clients to self-serve
Integrated Revenue Collections (A&C)	2.9	1.0				3.9	Automated revenue collections workloads resulting in greater operating efficiencies through improved workload allocation and case management
T1 Income Tax Returns Matching Redesign (A&C)	1.9	0.3				2.2	Enhancements to the T1 Matching System will allow for T3 matching, possible expansion of identification and error correction favouring the client, as well as expanded functions associated with provincial claim/credit validation
Fairness Registry Business Requirements (Appeals)	0.4	1.2	1.0			2.6	Enhancements to the system to register, manage, and report on requests from Canadians for discretionary cancellations or waivers of late filing, penalties, and interest. The enhancements will also allow the CCRA to report annually to Parliament on cancellations.
Sub-total	127.1	84.8	61.1	56.0	0.0	329.0	
OTHER INNOVATION INITIATIVES							
Charities Operations Redesign (Policy & Legislation)	0.4	0.4	0.4	0.4		1.6	Redesign of Charities Operations will result in more timely and consistent responses to enquiries

Continued

Table 13: Investments in the *Future Directions* Foundation Initiatives (continued)

<i>Future Directions</i> Foundation (\$M)	Forecasted expenditures to date	2003-2004	2004-2005	2005-2006	Future Spending	Total Estimated Cost	Project Description
Charity Audits (Compliance)	0.0	1.3				1.3	To consolidate charity income tax compliance audits with GST/HST audits under the Compliance Programs Branch allowing for more in-depth comprehensive analyses
Policy Consolidation (Policy & Legislation)	0.1	0.2				0.3	To allow all Canadians to access policy relating to charities through the Internet, including: applicants, officers within registered charities, and the general public
T3010 Download and Netfile Project (Policy & Legislation)	2.0	0.6	0.5	0.2	0.2	3.5	To allow the Charities Directorate to provide an electronic filing service similar to ones that exist for T1 and T2. It is part of the Government On-Line initiative
T3010 Enhanced Search, Download and Display (Policy & Legislation)	1.3	0.8	0.2	0.2	0.2	2.7	To design, develop, and implement the technology to provide the user with an easier, more refined access to charity information via the Internet in the form of an enhanced search capability, display of public data from the T3010 return (Registered Charity Information Return), and display of newly registered and recently revoked charities.
Imaging Technology for Investigations (Compliance)	0.9	1.7	1.8	1.8	1.8	8.0	To provide for an image-scanning capability for documents obtained in investigations. The availability of electronic files will result in more effective and complete investigations, improved workload management, and reduced paper burden.
Case Management for Appeals (Appeals)	2.5	1.0	0.5	0.5	0.5	5.0	To deliver a modern inventory management system for Appeals
Complexity Factors Project (Appeals)	0.1	0.1				0.2	To determine the most efficient allocation of human and financial resources to handle given types of workloads
Internet Filing of Objections (Appeals)	0.0	0.9				0.9	To provide access to clients who wish to file objections using the Internet in accordance with government commitment to provide on-line services
Electronic Commerce (Policy & Legislation)	0.1	0.2	0.2	0.2	0.1	0.8	To address e-commerce legal, technical, compliance, and jurisdictional challenges to tax administrators and to improve client services and provide those services more economically through e-commerce
ITB Managed Environment – Including Distributed Computing Environment Evolution (ITB)		TBD	TBD	TBD			A program to improve delivery of IT Services, reduce total cost of ownership, address security issues, and position the agency for the future
Sub-total	7.4	7.2	3.6	3.3	2.8	24.3	
SUMMARY							
<i>Future Directions</i>	0.0	40.0	100.0	125.0	0.0	265.0	
Investment Plan	127.1	84.8	61.1	56.0	0.0	329.0	
Innovation Initiatives	7.4	7.2	3.6	3.3	2.8	24.3	
Total	134.5	132.0	164.7	184.3	2.8	618.3	

Table 14: Investments in Human Resources Reform and Renewal Initiatives

Human Resources Reform & Renewal (\$M)	Forecasted expenditures to date	2003-2004	2004-2005	2005-2006	Future Spending	Total Estimated Cost	Project Description
INVESTMENT PLAN							
Pay Compensation Services (HR)	1.4	5.9	12.0			19.3	A new, modernized compensation service system to enable the CCRA to meet efficiency and effectiveness objectives. The new model will reduce paper and the manual processing of large volumes of data by maximizing the use of available technology.
Agency Classification System (HR)	1.6	1.3	1.8	3.2		7.9	Preparedness to implement the Agency Classification System through significant classification conversion effort to evaluate employees' work in consideration of current labour market criteria
HR Management Tracking Project (HR)	0.8	1.8				2.6	To review the data integrity of organizational management data in the Human Resources Module of the Corporate Administrative System and to develop a foundation that will enable future enhancement of both the human resources and finance modules in the Corporate Administrative System
HR Resourcing (HR)	5.0	1.1				6.1	The implementation of state-of-the-art technology to position the agency to compete in the global workforce market through employee self-service and human resources management
Sub-Total	8.8	10.1	13.8	3.2	0.0	35.9	
OTHER INNOVATION INITIATIVES							
Conflict Resolution (HR)	2.2	1.3	1.3	1.3		6.1	Continued development of the Alternative Dispute Resolution (ADR) network, sustainability related initiatives, and neutral intervention services to eventually reduce the use of rights-based recourse mechanisms
Competency-Based Resourcing (HR)	7.6	5.7	4.1	4.1		21.5	Further implementation of a centre of expertise for resourcing to provide expert support for local challenges related to competency-based human resources management, psychometric testing, and other resourcing issues
Career Management (HR)	0.0	0.4	0.4	0.4		1.2	Implementation of a career management framework by acquiring and sharing knowledge as well as developing and implementing strategies, tools, and technology to support employees in managing their careers in line with organizational goals
Performance Management (HR)	0.1	0.2	0.2	0.2		0.7	Implementation of automation tools for tracking performance results and enabling performance pay

Continued

Table 14: Investments in Human Resources Reform and Renewal Initiatives (continued)

Human Resources Reform & Renewal (\$M)	Forecasted expenditures to date	2003-2004	2004-2005	2005-2006	Future Spending	Total Estimated Cost	Project Description
External Recruitment (HR)	0.7	0.7	0.7	0.7		2.8	Analysis of workforce market data and emerging trends in the context of the CCRA's business needs Implementation of appropriate recruitment strategies and improvements to the CCRA career Web site to meet emerging needs
Sub-Total	10.6	8.3	6.7	6.7	0.0	32.3	
SUMMARY							
Investment Plan	8.8	10.1	13.8	3.2	0.0	35.9	
Innovation Initiatives	10.6	8.3	6.7	6.7	0.0	32.3	
Total	19.4	18.4	20.5	9.9	0.0	68.2	

Table 15: Investments in Administrative Reform and Renewal Initiatives

Administrative Reform & Renewal (\$M)	Forecasted expenditures to date	2003-2004	2004-2005	2005-2006	Future Spending	Total Estimated Cost	Project Description
INVESTMENT PLAN							
Administrative Reform and Renewal (F&A)	17.4	2.4	0.4			20.2	Effective administrative and financial systems and processes tailored to meet the needs of the agency. The focus of this initiative is to enhance service delivery through the strengthening of our Management Framework, while introducing administrative integration, flexibility, and efficiencies.
Total Investment Plan	17.4	2.4	0.4	0.0	0.0	20.2	

Table 16: Investments in Transparent Management for Results Initiatives

Transparent Management for Results (\$M)	Forecasted expenditures to date	2003-2004	2004-2005	2005-2006	Future Spending	Total Estimated Cost	Project Description
INVESTMENT PLAN							
FIS Development Phase 2 (F&A)	19.3	TBD				19.3	To enhance the Revenue Ledger processes to support accrual accounting, control, reconciliation and internal and external reporting requirements related to the Treasury Board's Financial Information Strategy
Balanced Scorecard (F&A)	12.4	5.1	2.3			19.8	A new corporate performance measurement framework that will satisfy reporting requirements and enable the agency to become a more strategically operating entity, able to quickly adjust to changing partner needs and environmental impacts
Activity-Based Costing (F&A)	1.3	0.2				1.5	A feasibility study to assess the viability of adopting Activity-Based Costing/management methodology to address strategic management and cost information needs
Sub-Total	33.0	5.3	2.3	0.0	0.0	40.6	
OTHER INNOVATION INITIATIVES							
Building the CCRA's Modern Management Capacity (F&A)	0.4	0.3				0.7	To increase Modern Management awareness across the CCRA, consistent with government-wide direction
Integrated Risk Management – IRM (F&A)	0.3	0.2	0.2			0.7	To develop a corporate risk profile; evolve the CCRA's culture towards risk management; and ensure that employees involved with planning are more risk attentive
Enhanced Budgeting and Expenditure Management System – EBEMS (F&A)	0.9	1.0	1.0	0.9	0.9	4.7	To streamline and standardize existing cost centre and functional reporting frameworks and to raise awareness and better define rules and procedures so that both frameworks are used effectively and efficiently for program and resource management
Financial Management Monitoring Framework (F&A)	0.6	0.6				1.2	To strengthen the monitoring and control framework used to assure the integrity of financial reporting of tax and non-tax revenue and expenditure information to all stakeholders, including the Government of Canada, provinces and territories; thereby increasing their confidence in the integrity and completeness of the agency's reporting
Sub-Total	2.2	2.1	1.2	0.9	0.9	7.3	
SUMMARY							
Investment Plan	33.0	5.3	2.3	0.0	0.0	40.6	
Innovation Initiatives	2.2	2.1	1.2	0.9	0.9	7.3	
Total	35.2	7.4	3.5	0.9	0.9	47.9	

Table 17: CCRA Innovation Spending Summary

Agency Summary (\$M)	Forecasted expenditures to date	2003-2004	2004-2005	2005-2006	Future Spending	Total Estimated Cost
INVESTMENT PLAN						
Business Transformation	249.5	113.2	84.8	61.7	0.0	509.2
Human Resources Reform & Renewal	8.8	10.1	13.8	3.2	0.0	35.9
Administrative Reform & Renewal	17.4	2.4	0.4	0.0	0.0	20.2
Transparent Management for Results	33.0	5.3	2.3	0.0	0.0	40.6
Sub-Total	308.7	131.0	101.3	64.9	0.0	605.9
Unallocated Investment Plan	3.0	10.7	10.5	46.9	0.0	71.1
Initiatives Completed in FY 2002-2003	46.5	0.0	0.0	0.0	0.0	46.5
Total Investment Plan	358.2	141.7	111.8	111.8	0.0	723.5
Less Other Funding Sources	-0.5	0.0	0.0	0.0	0.0	-0.5
Net Investment Plan	357.7	141.7	111.8	111.8	0.0	723.0
OTHER INNOVATION INITIATIVES						
Business Transformation (including <i>Future Directions</i>)	83.2	77.8	131.3	152.7	9.1	454.1
Human Resources Reform & Renewal	10.6	8.3	6.7	6.7	0.0	32.3
Administrative Reform & Renewal	0.0	0.0	0.0	0.0	0.0	0.0
Transparent Management for Results	2.2	2.1	1.2	0.9	0.9	7.3
Total Other Innovation Initiatives	96.0	88.2	139.2	160.3	10.0	493.7
Total Innovation/Investment Program	454.2	229.9	251.0	272.1	10.0	1,217.2

Table 18: CCRA Innovation Spending by Change Initiative

Agency Summary (\$M)	Forecasted expenditures to date	2003-2004	2004-2005	2005-2006	Future Spending	Total Estimated Cost
INNOVATION/INVESTMENT PROGRAMS						
Business Transformation	332.7	191.0	216.1	214.4	9.1	963.3
Human Resources Reform & Renewal	19.4	18.4	20.5	9.9	0.0	68.2
Administrative Reform & Renewal	17.4	2.4	0.4	0.0	0.0	20.2
Transparent Management for Results	35.2	7.4	3.5	0.9	0.9	47.9
Sub-Total	404.7	219.2	240.5	225.2	10.0	1,099.6
Unallocated Investment Plan	3.0	10.7	10.5	46.9	0.0	71.1
Initiatives Completed in FY 2002-2003	46.5	0.0	0.0	0.0	0.0	46.5
Total Innovation/Investment Program	454.2	229.9	251.0	272.1	10.0	1,217.2

Table 19: Investment Plan initiatives completed in 2002-2003

Completed Initiative (\$M)	Expenditures to date	Project Description
Corporate Administration System Stabilization (F&A)	20.8	Stabilize CAS by eliminating non-essential use of on-line pay, reducing batch processing errors, implementing Legal Change Patches, resolving data integrity issues, and updating system/training documentation
Corporate Administration System Upgrade (F&A)	5.2	To upgrade CAS to enable key Administration Reform and Renewal objectives
T3 Tax Returns Automation (A&C)*	2.1	To develop a fully automated system that will accept electronic T3 returns, which will reduce processing costs, reduce the number of redundant tasks currently performed in the manual processing of T3s, and improve compliance
Government On-Line Phase 1 (A&C)	18.4	The CCRA completed a number of initiatives that accelerated the current processes in its Government On-Line agenda

* Funding for remaining phases will be sought through Resource and Project Review Committee

5. Asset Management Plan

The business processes associated with the CCRA depend in large part on a vast set of physical assets, such as laboratory and detection equipment, computer systems, real property holdings, and communication systems and equipment. The integrity and sustainability of these assets is very much linked to our success in delivering effective services, now and into the future. As a result, the CCRA has established an Asset Management Plan that outlines our asset renewal and replacement requirements for the planning period.

The Asset Management Plan has four objectives:

- Eliminate rust-out
- Estimate the total cost of ownership
- Manage assets with maximum effectiveness and efficiency
- Sustain infrastructure that attracts new partnerships

Table 20: Summary of Asset Management Plan

Asset Management (\$M)	Actual 2001-2002	Forecast 2002-2003	Planned 2003-2004	Planned 2004-2005	Planned 2005-2006
Vehicles and Equipment					
Vehicles	4,031	2,158	1,908	1,908	1,908
Contraband Detection	345	3,060	1,720	1,710	1,710
Laboratory	292	845	675	655	655
Servers, Mainframe, and Annual Software Renewal and Maintenance	62,987	106,047	82,747	77,345	66,237
Desktops and Laptops	10,350	38,151	41,154	40,603	43,766
Other Replacement Funding	2,375	3,198	2,798	2,798	2,798
Total for Vehicles and Equipment	80,380	153,459	131,002	125,019	117,074
Real Property					
Major Capital	26,745	23,840	23,349	23,349	23,349
Other Operating	24,045	26,202	25,927	25,927	25,927
Total for Real Property	50,790	50,042	49,276	49,276	49,276
Total Asset Replacement Funding	131,170	203,501	180,278	174,295	166,350

Appendix D: Anticipated Results and Success Criteria— Innovating for the future

The following exhibits show the success criteria that we will use to measure our performance against our innovation agenda.

Change Objective 1: Core Business Transformation

Exhibit 13: *Customs Action Plan and Canada – U.S. Smart Border Declaration*

INNOVATING FOR THE FUTURE	Anticipated Results	Success Criteria
	<p>Transformation of our core business to better meet our mission</p>	<p>Contraband Detection Technology</p> <ul style="list-style-type: none"> Increased examinations and detection of contraband <p>Advance Passenger Information/Passenger Name Record</p> <ul style="list-style-type: none"> Implement with 20 carriers by March 31, 2004 Expansion to 14 more carriers by March 31, 2005 <p>CANPASS—Air</p> <ul style="list-style-type: none"> Implement pilot project at Vancouver and Toronto airports by March 31, 2004 <p>NEXUS—Air</p> <ul style="list-style-type: none"> Implement at Ottawa and Dorval by March 31, 2004 Implement at six other international airports by March 31, 2005 200,000 NEXUS-Air or CANPASS-Air users within five years of operation <p>NEXUS—Highway</p> <ul style="list-style-type: none"> Implement proximity card technology by March 31, 2004 <p>Free and Secure Trade</p> <ul style="list-style-type: none"> Implement FAST proximity card technology by March 31, 2004 <p>Ferry Terminal/Marine Benchmarking Project</p> <ul style="list-style-type: none"> Fully implement by March 31, 2004 <p>G7</p> <ul style="list-style-type: none"> Implement electronic service options by March 31, 2004 <p>Customs Self Assessment</p> <ul style="list-style-type: none"> 50% of imports accounted for under Customs Self Assessment by March 31, 2005 <p>Integrated Customs System</p> <ul style="list-style-type: none"> Development of on-line facility for core infrastructure maintenance by March 31, 2004 <p>G11</p> <ul style="list-style-type: none"> Extension to new Customs initiatives by March 31, 2004 Complete implementation by March 31, 2005

Exhibit 14: Future Directions

INNOVATING FOR THE FUTURE	Anticipated Results	Success Criteria
	<p>Core business is under transformation to better meet our mission</p>	<ul style="list-style-type: none"> • Timely implementation of <i>Future Directions</i> action plan for each client group • Implementation of a common e-commerce infrastructure to deliver all critical e-commerce services by 2006 • Increase participation in electronic filing to 50% of T1 returns by 2003-2004 and build the capacity to process 75% electronically in the next few years • 10% of corporations invited to participate will file their T2 returns over the Internet in 2003

Exhibit 15: Federal and Provincial/Territorial Relationships

INNOVATING FOR THE FUTURE	Anticipated Results	Success Criteria
	<p>Successful leveraging of CCRA systems expands service, eliminates duplication across all levels of government, and reduces overall cost to taxpayers</p>	<ul style="list-style-type: none"> • Implementation of initiatives that support the Government's goal of providing Canadians with access to all information and key services at the time and place of their choosing by 2005 • Effective exchanges of data and continued growth in the number of programs administered on behalf of provinces, territories, and other federal departments in a manner that reduces duplication of effort, thereby contributing to a lower overall cost of program delivery • Development of a model for demonstrating cost savings for select programs by 2004 • Strengthened relationships with provinces, territories, and other government departments through new Service Management Framework agreements, and an accountability framework for the programs we administer on their behalf

Change Objective 2: Human Resources Reform and Renewal

Exhibit 16: Human Resources Reform and Renewal

INNOVATING FOR THE FUTURE	Anticipated Results	Success Criteria
	<p>Leadership in human resources reform that is in tune with business objectives</p>	<ul style="list-style-type: none"> • The Citizens' First Survey results demonstrate a positive trend in clients' perception of the level of client service provided and of the overall competence of our employees • Improved service and cost efficiency resulting from implementation of a new compensation service delivery model • Improved cost efficiency of the staffing process where standardized competency assessments are used (e.g., reduction in management time) • The independent assessment of the recourse that the agency provides or administers recognizes the value and potential long-term benefits of the new approach

Change Objective 3: Administrative Reform and Renewal

Exhibit 17: Administrative Reform and Renewal

		Anticipated Results	Success Criteria
INNOVATING FOR THE FUTURE	Modern Comptrollership regime that fosters management and service excellence		<ul style="list-style-type: none"> • Significant cumulative savings in the order of \$49.7 million (2002-2006) • Operations of 11 warehouse/distribution centres are consolidated into three by the third quarter of 2003-2004 • A Finance and Administration function that has migrated many processes to an electronic environment which significantly reduces paper consumption and administrative handling • A Finance and Administration function that is proportionally smaller, relative to other functions • Practical and accessible policies customized to CCRA needs such as Travel and Relocation, Environment, and Sustainable Development • Clearly defined service expectations and performance standards in place in all business areas ensuring affordable, competitive, and sustainable costs

Change Objective 4: Transparent Management for Results

Exhibit 18: Transparent Management for Results

		Anticipated Results	Success Criteria
INNOVATING FOR THE FUTURE		Effective governance regime that provides management and oversight in leadership	<ul style="list-style-type: none"> • Five-year Parliamentary Review and independent studies stating that flexibilities and authorities are used effectively to achieve the objectives of agency status • Assessment criteria (BSC indicators and measures) are in place to assess the progress of the agency and its governance regime in achieving the objectives of agency status • Strong internal audit and evaluation functions providing the right level of independent advice, impartiality, and assurance
		A cultural shift under way and growing that puts decision-making in the hands of managers	<p>The following are interlinked with some of the HR success criteria found in Compliance, our Core Operations.</p> <ul style="list-style-type: none"> • Results-based management included in <i>Corporate Business Plan</i> and <i>Annual Report</i> • Use of CCRA Comptrollership Business Model raises managers' awareness and understanding of inputs, activities, and outcomes of first-rate comptrollership • Further delegation of authorities in real property, finance, administration, and human resources across the management group • Goals and priorities set out in the <i>Corporate Business Plan</i> and the <i>Annual Report</i> are reflected in performance agreements for executives and managers • Employee survey results demonstrate that employees increasingly understand what the organization expects of them • Timely, accurate, and meaningful information on expenditures against budget provided on a quarterly basis and used by managers in decision-making
		Modern Comptrollership regime that fosters management and service excellence	<ul style="list-style-type: none"> • Satisfactory action plans are established and carried out in response to findings from internal and external reviews of CCRA assessing and accounting systems controls • Clean opinion on financial statements prepared on an accrual basis • Evaluation of Activity-Based Costing pilot projects and establishment of suitable plans for wider application of an Activity-Based Costing within the Agency • Production of Balanced Scorecard based on key <i>Annual Report</i> performance measures and launch of in-year reporting • Completion of Modern Comptrollership Capacity Check and formulation of appropriate action plan based on observations and recommendations

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