



Canada Customs and Revenue Agency

2004-2005
Estimates

Part III – Report on Plans and Priorities

The Estimates Documents

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

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

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

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

- 1) **Reports on Plans and Priorities (RPPs)** are individual expenditure plans for each department and agency (excluding Crown corporations). These reports provide increased levels of detail on a business line basis and contain information on objectives, initiatives and planned results, including links to related resource requirements over a three-year period. The RPPs also provide details on human resource requirements, major capital projects, grants and contributions, and net program costs. They are tabled in Parliament by the President of the Treasury Board on behalf of the ministers who preside over the departments and agencies identified in Schedules I, I.1 and II of the *Financial Administration Act*. These documents are to be tabled on or before March 31 and referred to committees, which then report back to the House of Commons pursuant to Standing Order 81(4).
- 2) **Departmental Performance Reports (DPRs)** are individual department and agency accounts of accomplishments achieved against planned performance expectations as set out in respective RPPs. These Performance Reports, which cover the most recently completed fiscal year, are tabled in Parliament in the fall by the President of the Treasury Board on behalf of the ministers who preside over the departments and agencies identified in Schedules I, I.1 and II of the *Financial Administration Act*.

Supplementary Estimates directly support an *Appropriation Act*. The Supplementary Estimates identify the spending authorities (votes) and amounts to be included in the subsequent appropriation bill. Parliamentary approval is required to enable the government to proceed with its spending plans. Supplementary Estimates are normally tabled twice a year, the first document in early November and a final document in early March. Each Supplementary Estimates document is identified alphabetically A, B, C, etc. Under special circumstances, more than two Supplementary Estimates documents can be published in any given year.

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

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Public Works and Government Services Canada
Ottawa (Ontario)
K1A 0S5

Telephone: (613) 941-5995
Orders only: 1-800-635-7943 (Canada and U.S.A.)
Fax: (613) 954-5779 or 1-800-565-7757 (Canada and U.S.A.)
Internet: <http://publications.gc.ca>

Catalogue No.: BT31-2/2005-III-36
ISBN 0-660-62484-2

Canada Customs and Revenue Agency

2004-2005
Estimates

Report on Plans and Priorities

Approved

A handwritten signature in dark ink, appearing to read "John McCallum". The signature is fluid and cursive, with the first name "John" and last name "McCallum" clearly distinguishable.

The Honourable John McCallum, P.C., M.P.
Minister of National Revenue

The Report on Plans and Priorities is identical in content to the Canada Customs and Revenue Agency's *Summary of the Corporate Business Plan: 2004-2005 to 2006-2007*. The Minister of National Revenue tables the CCRA's *Summary of the Corporate Business Plan* in Parliament pursuant to the requirements of the *Canada Customs and Revenue Agency Act*. For more information on the CCRA's *Summary of the Corporate Business Plan*, visit the CCRA's Website at www.ccr.gc.ca or write to the CCRA, Policy and Planning Branch, Planning and Operations Division, 555 Mackenzie Avenue, Ottawa, Ontario K1A 0L5.

Message from the Minister

On December 12, 2003, the Government announced that the Canada Customs and Revenue Agency (CCRA) would become the Canada Revenue Agency (CRA), recognizing the departure of the Customs function to become part of the new Canada Border Services Agency (CBSA). The CBSA will build on the success of the Canada-United States Smart Border Declaration to ensure the twin goals of public safety and economic security. I wish all the best to our former Customs colleagues who continue to take on this important challenge.

The Canada Revenue Agency, which I am proud to lead in my new Cabinet assignment, has become a more focused organization dedicated to delivering client-centred service to Canadians, following a balanced approach to achieving compliance with tax law, and efficiently delivering benefits and credits on behalf of the federal and provincial governments.

Canadians have made it clear that they want higher standards in government. The CRA and its predecessor have earned a reputation among the public for trust, integrity, and fairness in the delivery of service to Canadians. We will continue to focus on these values, giving special attention to issues such as security, privacy of information, respect for citizens, and ethics.

We have continued in the last year to secure our leadership role in the federal government's service transformation agenda, including our prominence in the development of new Internet-based service under Government On-Line.

Indeed, we are at the forefront of providing service on multiple platforms and will continue to be innovative in our approach. This Plan will further our leadership and open up new opportunities for greater collaboration with other federal departments and agencies, provinces, and territories. Our unique governance structure, including Board of Management direction and oversight, provides abundant flexibility to pursue such opportunities.

Our revenue generation infrastructure serves as a foundation for Canada's fiscal health, which in turn determines the quality of Canadians' social security and economic opportunity. Such an important role implies two fundamental responsibilities for our Agency. First, it requires that we maintain and promote public confidence in the fairness and integrity of the tax system, through excellence in service and diligence in enforcement. And second, it demands effective management of our own budget, one of the largest in government, to ensure low-cost, productive administration and a clear focus on program priorities. Prudent cost management and ongoing resource re-allocation will be required in order to achieve these priorities.

As our Agency prepares to mark its fifth anniversary, we stand at a unique juncture between reviewing our past and planning for our future—a future integral to the federal agenda. I look forward to engaging Parliamentarians and Canadians on the future direction of the Canada Revenue Agency.



The Honourable John McCallum P.C., M.P.
Minister of National Revenue



Foreword by the Chair

This *Summary of the Corporate Business Plan 2004-2005 to 2006-2007* marks a watershed for the CCRA, as we prepare to undergo our five-year review and move forward without the Customs function. As I look back, I know I speak for all Board members in recognizing the accomplishments of this committed, dynamic Agency, and in thanking our Customs colleagues for their contribution to our national security and prosperity.

We have made significant progress on the change agenda that we established upon becoming an agency. Initiatives recommended under Administrative Reform and Renewal have been implemented with significant savings and service improvements. We have continued to transform how we do business, keeping pace with changes in technology and management practices. Our Human Resources regime has been reformed and renewed, although much work remains to address the Agency's evolving personnel and demographic challenges.

Finally, I take pride in the contributions our Board of Management has made to the Agency's governance. In an era when the oversight role of public boards has been scrutinized, I believe we have helped make the CCRA a more strategic, prudent, and results-oriented organization.

Of course, we cannot rest on these accomplishments as the re-mandated Canada Revenue Agency (CRA). We must lever our internal changes to increase productivity and deliver better service at a lower cost for Canadians, while building on the integrity of the tax system to ensure public trust in the fairness of our voluntary compliance system. Fortunately, as I have learned over the past four years, we are blessed with employees of dedication and integrity. I am therefore confident in recommending this *Summary of the Corporate Business Plan 2004-2005 to 2006-2007* to the Honourable John McCallum, Minister of National Revenue.



A handwritten signature in dark ink, appearing to read 'Michael L. Turcotte'.

Michael L. Turcotte
Chair, Board of Management

Management Representation

I submit for tabling in Parliament the *Summary of the Corporate Business Plan 2004-2005 to 2006-2007* 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 production of the *Summary of the Corporate Business Plan 2004-2005 to 2006-2007*.



Alan Nymark
Commissioner
Canada Customs and Revenue Agency

Date: August 23, 2004

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Introduction

This *Summary of the Corporate Business Plan 2004-2005 to 2006-2007* has been written during a period of fundamental change for the Agency and the Government of Canada. In December 2003, the Customs business line of the Canada Customs and Revenue Agency (CCRA) was transferred to the new Canada Border Services Agency (CBSA), while it was announced that the CCRA would be re-mandated as the Canada Revenue Agency (CRA) to reflect our focus on tax and benefit administration. Negotiations on the division of corporate resources have been completed and are reflected in this Summary. The Summary continues to refer to the Agency as the “CCRA,” pending formal legislative change.

As a nation, Canada faces a number of challenges with implications for the CCRA: remaining competitive while globalization increases; sustaining social programs challenged by external forces, demographic changes, and cost pressures; and the evolving federal-provincial dynamic. Each of these challenges will require more agile and effective instruments of governance.

The CCRA has a key role to play in the Government of Canada’s response to these challenges. The CCRA collects over \$310 billion in revenue every year, funds necessary to sustain Canada’s economic and social programs. The CCRA also redistributes over \$11 billion in federal and provincial credits and benefits. Finally, the CCRA makes up about one-fifth of the federal public service.

This year also marks our fifth year as an agency, and we will reflect on our progress through the Parliamentary five-year review. The provision of more integrated client services and promotion of partnerships with the provinces, territories and other organizations have been key achievements of the first five years of the Agency’s existence. Also notable has been the administrative and management autonomy achieved through separate employer and agency status. This has been strengthened by the uniqueness of our Board of Management which provides administrative oversight and strategic guidance. Agency status has allowed not only internal human resource, administrative and governance improvements, but has also provided a means for improving the quality of client services.



Our Strategic Outcome statement for this planning period is “Compliance with Canada’s tax laws and the effective delivery of benefits and other programs and services.” While the CCRA continues to focus on quality service as the prime means to ensure high rates of voluntary compliance, we also strive to refine our compliance programs and strategies to ensure income is reported, taxes are assessed, taxes owed are collected, and Canadians receive their rightful share of entitlements. Having the right mix of programs to address areas of high risk and non-compliance is fundamental to achieving our strategic outcome.

Our Strategic Framework, which orients our planning and reporting activities, is described in Exhibit 1. Note that this Strategic Framework will change for our next planning period (2005-2006 to 2007-2008) due to work being driven by Treasury Board Secretariat to ensure a proper alignment of government priorities and resources.

For this planning period, and with the transfer of Customs, we have four business lines: Tax Services, Benefit Programs and Other Services, Appeals, and Corporate Management and Direction.

This *Summary of the Corporate Business Plan 2004-2005 to 2006-2007* outlines, for each business line, our priorities, strategies, and initiatives and the results we expect to achieve over the next three years. It also identifies the resources needed to fulfil our mandate and achieve our strategic outcome.

We have identified four Agency-wide priorities for the planning period:

- **trust and integrity** – to increase attention to security, privacy of information, and ethics, and to support public expectations for enhanced accountability in the management of public monies
- **tax integrity** – to enhance the overall fairness and integrity of Canada’s tax regime while addressing key areas of risk with an appropriate mix of service and enforcement actions
- **service to Canadians** – to continue modernizing tax and benefit services, while working across departments and with other levels of government to improve service and reduce the overall cost of program administration
- **business sustainability** – to reallocate resources and realize further savings and productivity in order to support strong core tax and benefits programs, while continuing to invest in service innovations and pursuing new partnership opportunities

Exhibit 1: Strategic Framework

Strategic Outcome				
Compliance with Canada’s tax laws and the effective delivery of benefits and other programs and services				
Business Lines				
	Tax Services	Benefit Programs and Other Services	Appeals	Corporate Management and Direction
Expected Outcomes	Canadians pay their fair share of taxes and the tax base is protected	Canadians receive their rightful share of entitlements	Canadians receive an impartial and timely review of contested decisions	Internal services maximize performance of our business lines and operations
	Provinces/territories and other government departments rely on the CCRA as a key service provider			
Anticipated Results	Clients receive timely, accessible, reliable, and fair service that is responsive to their needs			Sound strategic direction, financial and treasury management
	Non-compliance is identified and addressed			Enhanced human resources management with knowledgeable and skilled workforce
				Excellence in the provision of internal services
	Level of tax debt is within targeted level			
Performance Expectations/Indicators				

Financial Spending Profile / Budget Management Strategies

The CCRA has a projected \$3.2 billion budget for the 2004-2005 fiscal year. The division of this budget by business line is displayed in Exhibit 2 below.

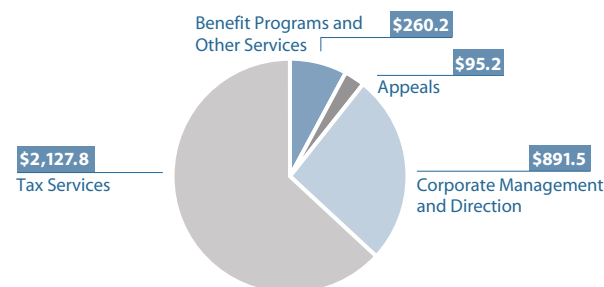
Over the planning period, the Agency expects to continue with the successful efforts made in recent years to pursue an active re-allocation agenda. This will contribute to the government-wide effort to align federal spending with the highest public policy priorities and help finance the Agency's business transformation objectives.

Our budget management strategy for the planning period is comprised of the following key components:

- We will remain committed to strategically managing costs and will continue to pursue further **efficiency and productivity** gains beyond those already identified under the Horizontal Review umbrella.
- Through the management of our strategic Investment Plan, we will continue to fund **investment opportunities** in support of business transformation initiatives and systems integrity requirements.
- We will conduct a comprehensive review to validate whether the current A-base program **budgets** are aligned with Agency **priorities**, in addition to our participation in the Government's expenditure review process.
- We will discuss with central agencies of the Government of Canada, opportunities to invest further in **revenue-generating audit and collection activities**.
- We will explore additional **service improvement** opportunities.

We will also continue to vigorously pursue re-allocation and productivity opportunities. However, it is evident that we are facing a number of significant program integrity issues that cannot be resolved solely through internal re-allocation efforts. These include funding for the security and sustainability of information technology systems, and for processing the growth of tax transactions. We will need to discuss these concerns with Treasury Board Secretariat and Department of Finance officials.

Exhibit 2: Spending Profile by Business Line (\$million)





Risks, Challenges, and Opportunities

Setting the context

Our assessment of the conditions prevailing in our operating environment provides us with an understanding of the relative risks, challenges, and opportunities facing the Agency. This also helps us identify and assess emerging trends, shifts in attitudes, and changing behaviours that may affect the Agency.

The key risks, challenges, and opportunities that influence this Plan are:

- Managing financial pressures
- Addressing threats to compliance
- Protecting confidential information
- Fulfilling our fiduciary responsibilities
- Sustaining human resources
- Socio-economic and political trends

Managing Financial Pressures

Implementing effective strategic cost management

In an environment of limited resources, the Agency must continue to manage the challenge of allocating its resources in an effective and timely manner. Managing and prioritizing the many initiatives in our change agenda while maintaining our core business capacity is key to continuing to improve our already high standards of service delivery. This challenge is steepened by the Government's recent need to transfer savings across government departments in order to support national priorities such as health care.

Our key spending pressures, with respect to maintaining the integrity of existing core programs, are the result of increasing complexity in tax administration, steadily increasing volumes of tax transactions, and the need to increase capacity in our IT processing and storage systems.

Our strategies for effective budget management are outlined on the last page of the previous chapter.



Addressing Threats to Compliance

Designing strategies to deal with specific risks

To ensure resources are applied where they will be of most value, we employ a world-class risk assessment system which allows us to design specialized strategies that target areas of highest risk, while ensuring a proper mix of service and enforcement activities. In the coming years, particular attention will be focused on:

- aggressive tax planning
- GST/HST program
- the underground economy
- collections and non-filers

Protecting Confidential Information

Maintaining the public's trust by safeguarding confidential personal information

The sheer volume of client data we maintain, whether collected by us or provided by our partners, and our drive to facilitate electronic interaction with clients, increase the importance of protecting confidential client information. Media reaction to the recent theft of taxpayer information and other losses and errors may have led to an increased public perception that the CCRA has to improve the way it handles confidential information.

The Agency must meet this challenge through mitigation strategies, based on a national review of security policies and practices, that focus on protecting taxpayer information and securing our facilities and systems.

Fulfilling Our Fiduciary Responsibilities

Fulfilling the trust placed in the Agency to collect revenue and to distribute tax credits and benefit payments

In light of several high-profile incidents, Canadians have demanded increased accountability and a new focus on values and ethics by those in a position of public trust. Canadians' perceptions of the fairness and integrity of the tax system are influenced by these events, as are their attitudes toward compliance. To guarantee fairness and a level playing field, we are committed to ensuring that all Canadians pay their fair share of taxes and receive their rightful entitlements.

We are addressing the challenge of collecting accounts receivable and limiting any future growth of the accounts receivable balance. These strategies help us meet our fiduciary responsibilities and preserve fairness.

Sustaining Human Resources

Meeting the challenges of sustaining the capacity of our human resources

The CCRA must balance shorter-term workforce adjustments that may result from efficiency gains and program changes against longer-term workforce considerations such as succession planning, corporate memory, and official language and employment equity goals. According to a recent study, of the 42,791 permanent CCRA employees as of April 1, 2003, 17.7% (7,566) will be eligible to retire by 2007-2008 and 36.6% (15,672) by 2012-2013¹. In particular, as managers move through their career cycle, the Agency's ability to meet the demand for knowledgeable and experienced leaders may be challenged.

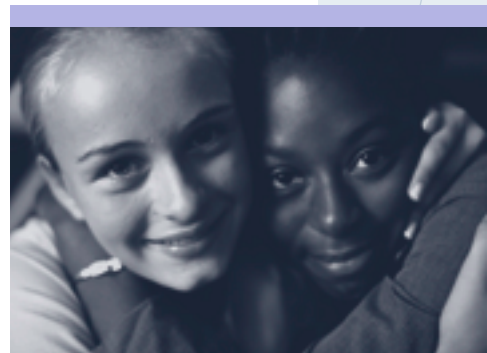
These statistics are exacerbated by other factors, for example, the language abilities of potential recruits to the public service. As well, meeting employment equity targets is likely to become more challenging depending on the settlement patterns of visible minorities and Aboriginals, who together continue to represent a greater percentage of Canada's labour force. The risks to the successful management of our human resources are considered to be medium-to longer-term in nature. The Agency must mitigate these risks through improved human resources planning that integrates the requirements of all its human resources policies.

Trends and risks in the operating environment are described in the remainder of this chapter. These factors impact on our priorities in terms of strengthening our core business and building partnerships across governments and other organizations.

Socio-economic and Political Trends


Responding to the social and political climate, and to changes in the labour market and demographic shifts

The changing demographics of Canada's population affect the CCRA's ability to deliver programs and services. As Canada's population ages, patterns of consumption and income generation change. Close to a quarter of a million people immigrate to Canada every year. Many have limited language abilities in English or French, and approximately 75% settle in our three largest urban centers. These demographic factors influence the mix of services and compliance activities we use.



The changing demographics of Canada's population is a key consideration as the CCRA adjusts its programs and services

¹ Demographic data for 2003 CCRA employees includes Customs.



Shifts in the make-up of the labour market must also be accounted for if we are to continue to provide effective service to Canadians and protect the tax base. In the first 11 months of 2003, 218,000 new jobs were created in Canada, in addition to the 560,000 jobs created the year before. From January 2002 to November 2003, the number of self-employed Canadians increased by 160,000, and the number of those in the construction labour category grew by 80,000. Both of these labour categories are considered areas of compliance risk.

The CCRA serves 22.9 million individual income tax filers annually. In 2003, we averaged 21.5 million hits on our Web site each month during peak tax season. We issue 68 million benefit payments and process 1.4 million corporate tax returns each year. Consequently, we rely on the capacity of our information technology systems to process and track information and on the integrity of our procedures and processes to manage our resources and deliver a large volume of services in a timely, accurate, and confidential fashion. As the volume of our business grows, the Agency must expand capacity. Our challenge is to maintain the integrity of our core operations, while taking a rational approach to capacity enhancements.

Conclusion

Our knowledgeable, experienced staff continue to use sophisticated risk management methodologies to address ongoing operational and strategic risks. The knowledge of risks from both inside and outside the Agency is integrated into our planning, decision-making, and reporting, which leads to better results for Canadians.

The following sections of this Summary describe how the Agency will proactively manage the risks, challenges, and opportunities within its operating environment.



Business Lines

Tax Services

This business line touches the lives of over 29 million individuals, businesses, trusts, and organizations. Taxes collected on behalf of the federal, provincial, and territorial governments and First Nations pay for programs that contribute to the social and economic well-being of Canadians. Each year, Tax Services collects over \$310 billion in revenue on behalf of the federal and provincial governments. In 2002-2003, we processed 22.9 million individual, 1.4 million corporate, 6.8 million GST/HST, 164,300 trust, and 123,547 charity returns, and we completed 301,714 audits and 3,990 enforcement activities.

Strategies and Key Initiatives


We will implement the following initiatives and strategies over the planning period:

Enhance our risk assessment practices and adjust our compliance strategies to address an increasingly complex environment

Our risk assessment systems are updated as new risks are identified. Work will continue on the Compliance Measurement Framework (CMF) by adding indicators in 2004-2005. This will allow us to better understand compliance behaviour. We will also deliver the fifth and sixth versions of the Compliance Measurement, Profiling, and Assessment System (COMPASS), a decision support tool designed to ensure compliance risks are managed through effective targeting.

Over the planning period, we will pursue a number of compliance and enforcement activities, focused on the areas of greatest risk:

- aggressive tax planning
- GST/HST program
- underground economy
- collections and non-filers



Limiting the growth in accounts receivable and collecting revenues is essential to meeting our commitment to collect taxes on behalf of the federal, provincial, and territorial governments. In 2002-2003 we came close to matching our intake in new debt. This year, we will ensure that the dollar value of the accounts resolved meets or exceeds the intake of new debt by:

- establishing national pools of accounts for new intake;
- enhancing the systems we use to manage our workloads; and
- directing more work to our Collections Call Centre.

Finally, we will fully implement Part 6 of C-36 [*Charities Registration (Security Information) Act*] in co-operation with Public Safety and Emergency Preparedness Canada (which includes the core activities of the Solicitor General of Canada). This statute enforces Canada's commitment to international co-operation to deny support to those who engage in terrorist activities. It also protects the integrity of the registration system for charities under the *Income Tax Act*.

Continue to improve the quality of tax services through Future Directions

Future Directions for the Canada Customs and Revenue Agency was released by the Minister of National Revenue on September 26, 2002. This initiative focuses on service to Canadians and facilitates voluntary compliance by tailoring information and services to the needs and requirements of clients or groups of clients. The continued growth in electronic filing is particularly encouraging. We will continue to improve our traditional service channels and expand electronic interaction through effective market targeting in the following areas:

- target 50% for electronic filing of T1 returns for 2004-2005;
- build the capacity to process additional returns electronically in the next few years; and
- explore opportunities to implement a joint T2 filing process with Alberta and Ontario.

Work will continue on the "My Account" Web pages to allow individuals and businesses to make their own adjustments on-line and apply for benefits over the Internet. We will improve our Web site to help clients get answers to their questions. We will also implement Collections Call Centre enhancements to allow clients to pay debts by telephone or make payment arrangements on the Internet. As well, linking our electronic services to those of other federal departments and levels of government continues to be a priority. By contributing to a more integrated service delivery, we can reduce duplication and overlap.

We will expand the use of the Business Number (BN) across the country. The BN facilitates processing, assessing, and validating information filed on T2, T4, T5, and GST/HST returns. We will continue to implement Standardized Accounting, which

provides business clients with more flexibility in dealing with the CCRA. Standardized Accounting will align payment due dates and reporting periods, standardizes penalty and interest calculations, and provides the options to combine payments, net refunds owing with payments due, and receive consolidated statements, thus creating internal efficiencies and simplifying procedures for Canadian business.

The GST/HST programs, operations and services will be modernized by standardizing systems and business platforms across the Agency, correcting deficiencies, and working with the Department of Finance to draft harmonized legislation.

Continuing work on the Remittance Image Archiving initiative will make our processes more effective. We will replace the aging microfilm equipment and bring our equipment and processes up to payment industry standards. We plan to have this technology in place by March 2006.

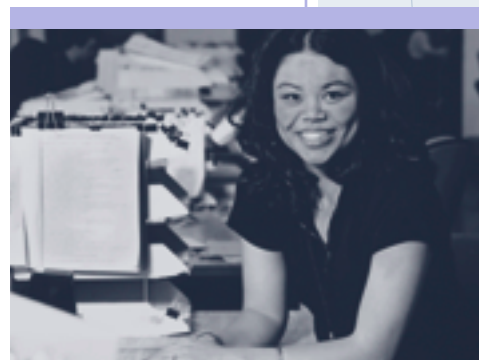
We will also continue to improve programs such as the Scientific Research and Experimental Development (SR&ED) Program, which encourages Canadian businesses to conduct research and development in Canada. We have increased program awareness and established a Partnership Committee comprising industry and CCRA representatives. Through consultation with this committee, we plan to implement the SR&ED Strategic Business Plan to better serve businesses conducting research in Canada.

Work closely with the provinces, territories, and First Nations to provide better services to taxpayers at a reduced cost

We strive to reduce cost to taxpayers by leveraging our systems to do more. Over the planning period, we will continue to demonstrate our ability to administer additional provincial, territorial, and federal programs where we have the capacity to maintain high service standards. For example, we will work to sign more memoranda of understanding (MOU) with provinces and territories, and we will continue to negotiate written agreements related to:

- personal and corporate income tax programs;
- the Business Number;
- workers' compensation;
- employment status rulings; and
- revenue collections.

T1: Individual
Income Tax Return
T2: Corporate
Income Tax Return
T3: Trust Income
Tax Return
T4: Employment
Income Information
Return



The CCRA commitments reported in Service Management Framework (SMF) agreements and in our Annual Reports to the Governments of the Provinces and Territories are important to us. These reports demonstrate that we need to improve performance to maintain current agreements and negotiate new ones. Therefore, we are improving the quality of data in our performance reports and the timeliness of performance evaluations. As well, a revised strategy involving an accountability framework with the provinces and territories is under development. We will build on the success of our Annual Reports to the Governments of the Provinces and Territories by providing better accounting to partners on our effectiveness in service delivery.

We will continue our work with the Federal/Provincial/Territorial Working Group to promote better communication and understanding between the CCRA and the provinces and territories under the Provincial Income Allocation Program. This program safeguards their interests by ensuring that the income of taxpayers operating in multiple jurisdictions is properly allocated among the provinces and territories in which they operate. In 2004-2005, we will begin a pilot project with British Columbia to examine provincial tax revenue risks and include them in our national risk assessment system. We expect that this initiative will expand to other provinces and territories.

Exhibit 3: Anticipated Results and Performance Expectations for Tax Services

Expected Outcomes – Canadians pay their fair share of taxes and the tax base is protected Provinces/territories and other government departments rely on the CCRA as a key service provider	
Anticipated Results	Performance Expectations/Indicators
Clients receive timely, accessible, reliable, and fair service that is responsive to their needs	<ul style="list-style-type: none"> • Maintain effective communication and implement legislated changes accurately and within required time frames • Meet published service standards and internal performance targets, e.g. telephone accessibility (80-85%) • Maintain or increase client satisfaction levels • Expand the range of alternative electronic services • Improve take-up rate of alternative electronic information services, such as <ul style="list-style-type: none"> • 50% of T1 returns filed electronically by end of 2004-2005 and striving to build the capacity to process additional returns electronically in the next few years • Percentage of refunds through direct deposits • Percentage of payments received through payment options enabled by alternative electronic services • Accurate assessment of returns <ul style="list-style-type: none"> • Ensure that matching programs identify and correct errors, including beneficial adjustments in favour of taxpayers • Demonstrated efficiency in trends on cost of operations (e.g. T1 Individual Returns processing) • Growth in the number of programs administered on behalf of the provinces, territories, and other federal departments and agencies to reduce duplication across all levels of government and lower the overall cost of program delivery

Expected Outcomes – Canadians pay their fair share of taxes and the tax base is protected

Provinces/territories and other government departments rely on the CCRA as a key service provider

Anticipated Results	Performance Expectations/Indicators
Non-compliance is identified and addressed	<ul style="list-style-type: none"> • Achieve overall high levels (over 90%) of voluntary compliance, including filing, registration and remittance compliance by individuals, corporations, businesses and employers • Risk assessment systems to identify non-compliance are effective <ul style="list-style-type: none"> • Measure and report on key compliance indicators from the Compliance Measurement Framework in 2004-2005 • Measure the effectiveness of national risk assessment systems in identifying areas of higher risks • Improved fiscal impact from new investments in technology or alternative service options • Meet anticipated audit coverage levels in 2004-2005 • Meet or exceed anticipated fiscal impact levels set for 2004-2005 <ul style="list-style-type: none"> • Trusts Accounts – \$1.6 billion • Compliance Programs – \$5.3 billion • Identify issues and make recommendations to the Department of Finance for legislative changes • Meaningful participation in discussions with domestic and international associations and committees to address the risk of non-compliance in such areas as e-commerce and tax havens
Level of tax debt is within targeted level	<ul style="list-style-type: none"> • Dollar value of accounts resolved to meet or exceed intake of new debt (assuming stable levels of intake) • Meet commitments to Government of Canada <ul style="list-style-type: none"> • Cash collections of \$8.5 billion in 2004-2005 • Reduce the share of accounts over five years old • Enhance processes for managing accounts receivable <ul style="list-style-type: none"> • Enhance Collections Call Centre processes to receive payments over the telephone or by Internet • Implement the Integrated Revenue Collections Project

As a result of responsive, timely, and effective program administration, we are able to engage in new collaborative opportunities

Benefit Programs and Other Services

Through this business line, we issue income-based benefits on behalf of federal, provincial, and territorial governments. We support 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, the Disability Tax Credit, the Children's Special Allowances, as well as 17 provincial and territorial benefit programs.

Our program administration has proven to be responsive, timely, and effective. As a result, our federal, provincial, and territorial partners continue to rely on us to support them in delivering key programs. We provide our partners with data transfers, which assist them in calculating social assistance, and our services are used to issue rulings for the Canada Pension Plan (CPP) and Employment Insurance (EI) programs. We are proud of our accomplishments. However, we know we can do more to create new opportunities for collaboration that would reduce overlap and duplication of program delivery. To do so, we will invest in technology and seek efficiency and productivity opportunities in line with the priorities and objectives of the Agency.



Strategies and Key Initiatives

The following are the Agency's strategies in benefits programs:

Maintain strong performance in the timely and accurate delivery of benefit payments

Our performance indicates we are meeting our expected outcomes. We issue over 99% of all payments in a timely manner to CCTB and GST/HST credit recipients, including payments under related provincial and territorial benefit and credit programs. In addition, we are developing new case management tools and service standards, such as processing Disability Tax Credit (DTC) claims filed outside the normal T1 assessing process, to complement those already introduced. We will develop new monitoring tools and processes, including validation techniques, to ensure that the right benefits are delivered promptly to the right individuals.

Maintain quality services on telephone and self-service channels, reduce the need to call, and increase client awareness

We will maintain telephone accessibility levels and increase client awareness of entitlements and obligations through the expanded use of technology. Key information will be available during peak call-volume periods. Our Web site, which

provides answers to common benefit enquiries, now includes the “My Account” page. This gives clients a convenient, single point of access for information about their benefit accounts. The Child and Family Benefits Online package, to be implemented shortly, will give clients more self-service options.

Improve program responsiveness and increase capacity to deliver new programs so partners will choose to have the CCRA administer programs on their behalf

We understand that building and maintaining good relationships fosters trust, accountability, fairness, and integrity. This is critical if we are to capitalize on emerging opportunities. With this in mind, we have redesigned systems to increase capacity, expanded electronic services, and developed service standards. We also have increased collaboration with departments such as Social Development Canada to provide better service at reduced cost and to increase efficiencies in program administration.

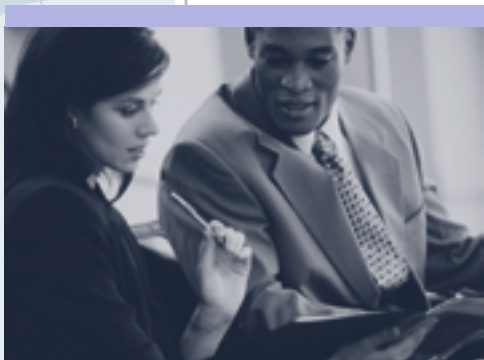
Exhibit 4: Anticipated Results and Performance Expectations for Benefit Programs and Other Services

Expected Outcomes – Canadians receive their rightful share of entitlements Provinces/territories and other government departments rely on the CCRA as a key service provider	
Anticipated Results	Performance Expectations/Indicators
Clients receive timely, accessible, reliable and fair service that is responsive to their needs	<ul style="list-style-type: none"> • Maintain high program awareness and take-up through effective communications tools • Meet or exceed established service standards for timely processing of applications and account maintenance adjustments • Meet or exceed internal performance targets for caller accessibility (80%-85%) and for timely processing of benefit payments • Increase the use of alternative electronic services and information channels • Maintain or increase client satisfaction levels • Growth in the number of programs administered on behalf of the provinces, territories, and other federal departments and agencies to reduce duplication across all levels of government and lower the overall cost of program delivery
Non-compliance is identified and addressed	<ul style="list-style-type: none"> • Meet or exceed internal performance targets for accurate processing of benefit payments, applications and account maintenance adjustments • Maintain high overall compliance in relation to our 95% benchmark

We provide clients with a fair dispute resolution process that respects fundamental rights

Appeals

Through this business line, we provide clients with a fair dispute resolution process that respects their fundamental right to redress in their dealings with CCRA-administered programs. We review contested decisions relating to income tax, GST/HST, excise tax, the Canada Pension Plan, and Employment Insurance. Appeals also co-ordinates the Agency's Fairness Initiative and administers the Voluntary Disclosures Program that allows clients to correct past errors or omissions in their tax obligations without penalty.



Strategies and Key Initiatives

The strategies and key initiatives for providing an impartial and timely review of contested decisions are:

Reduce turnaround times

Turnaround times are an important indicator of whether our redress process is responsive and serves the needs of our clients. We will continue implementing our Timeliness Improvement Initiative. This includes updating the Appeals Information and Reporting System (AIRS) to the Globus-Case

system to allow more efficient tracking and reporting of dispute and litigation workloads.

Ensure that the Voluntary Disclosures Program (VDP) is fully integrated with CCRA compliance activities

We will implement an action plan that leads to full integration of the VDP with overall CCRA compliance efforts.

Ensure that fairness provisions are applied consistently across the Agency

We will move forward with proposals to coordinate the Fairness Initiative across the Agency, to ensure consistency in the way we apply the fairness provisions.

Enhance risk management for dispute and litigation issues

To integrate Appeal's strategic and operational risk management processes, and to better focus the CCRA's and Government's overall policy approach, a number of committees have been created or revamped to provide a forum to:

- ensure the effective horizontal management of risks arising from files in the appeals process; and
- review and discuss significant adverse court decisions in order to identify the impact on the Agency of appealing or not appealing such decisions.

Have in place a sufficient number of skilled and knowledgeable staff to handle Appeals business

Appeals is pursuing a job classification review to increase recognition of the complex issues in staffing. A learning agent has been engaged to assess training needs.

Enhance accessibility, transparency, and consistency

Work will include providing clients with more efficient and effective service in a fiscally responsible manner. This includes:

- rationalizing the number and location of offices
- creating centres of appeals-related expertise
- streamlining front-end processes to reduce turnaround times
- enhancing our overall analytical capability with systems changes to facilitate more efficient tracking and reporting of dispute and litigation workloads

Exhibit 5: Anticipated Results and Performance Expectations for Appeals

Expected Outcome – Canadians receive an impartial and timely review of contested decisions	
Anticipated Results	Performance Expectations/Indicators
Clients receive timely, accessible, reliable, and fair service that is responsive to their needs	<ul style="list-style-type: none">• Maintain or exceed the high levels of transparency, accessibility, and consistency reported since 2000-2001• Meet service standard for meaningful contact across all program areas• Review findings of the Appeals Branch 2003 client survey, and action as required• Meet targets for turnaround times in each year of the timeliness improvement initiative• Increase productivity relative to intakes, as measured by the number of cases completed and complexity• Reduce the average age of workable inventory, assuming stable intakes• Reduce the inventory of Voluntary Disclosures cases• Confirm through CCRA monitoring programs that the fairness provisions are being applied consistently across programs and regions• Assure through risk management approach that all cases are resolved consistently, and complex cases are handled where expertise exists• Demonstrate fairness, responsiveness and cost-effectiveness in resolution of appeals cases<ul style="list-style-type: none">• Majority of appeals cases are resolved administratively or CCRA's original determinations are upheld by the courts

Resource review and re-allocation is a permanent feature of our financial management strategy

Corporate Management and Direction

The Corporate Management and Direction (CMD) business line provides strategic direction and executive oversight for Agency programs and services for establishing and maintaining systems and practices that support effective governance and sound management. We also support the Agency's core programs and services with an infrastructure of strategic planning; performance reporting; human resources; financial and real property management; audit and evaluation; Information Management/Information Technology (IM/IT); telephony systems and networks; legal services; Communications; and Access to Information and Privacy.

Strategies and Key Initiatives

Corporate Management and Direction will address its priorities through five key strategies and their related initiatives.

Enhancing financial management throughout the Agency

Our efforts will be focused on our financial management strategy. We have made resource review and re-allocation a permanent and important feature of the Agency's resource management process. In addition, we will complete investments in our financial systems infrastructure, prioritizing initiatives in the face of funding challenges by focusing on accrual accounting, financial controls, reconciliation, and internal and external reporting requirements.



Our Modern Comptrollership initiative, designed to increase managers' capacity for sound resource management and decision-making, will continue to mature. Our work so far in this area (i.e. developing capacity for resource review and re-allocation) aligns well with the current Treasury Board Management Accountability Framework (MAF).

Emphasizing values, ethics, and security

We are enhancing the integrity of our business results and operations, particularly privacy and information security. CMD is finalizing a national review and analysis of security policies at all major Agency facilities. We are also implementing an Information Security Strategy to strengthen mechanisms for protecting the Agency's sensitive client information. The recently established Policy on the Management of Protected Client Information will also be implemented. Communications and training initiatives will enhance security awareness and knowledge.

As we strive to earn the public's trust in the security of our facilities, systems, and policies, the Agency sets high standards for employee behaviour, the use of our resources, and the preparation of our financial statements. We will address any

deficiencies identified through a review of our management and governance frameworks, audits, and evaluations of issues related to ethics and integrity. Finally, personal accountability for these values is reflected in senior management performance agreements.

We will also support client trust through continued compliance with our obligations under both the *Access to Information Act* and *Privacy Act*. As well, we aim to sustain our role as a leader in transparency, accountability, and reporting by publishing detailed and timely information about our commitments, service standards, and performance in our *Summary of the Corporate Business Plan 2004-2005 to 2006-2007* and Annual Report, the latter of which is reviewed annually by the Auditor General of Canada.

Leveraging Agency knowledge

Information is critical to our business. We are increasingly compelled to organize, integrate, and manage information to realize benefits and new opportunities.

Our Information Management Policy and Strategy support knowledge management in the Agency. Together, they will ensure that the right information is made available to the right person, at the right time, for the right reason.

Our multi-year Business Intelligence and Decision Support initiatives will standardize and integrate analytical tools and data structures. This will help identify trends, evaluate risks, and analyze policy effectiveness, which will improve program delivery. Moreover, improved results management and reporting using our Performance Measurement Program System (PMPS), using as its foundation the Agency's Balanced Scorecard System, and further integration of risk information into our planning, decision-making, and reporting mechanisms will support more effective decision-making.

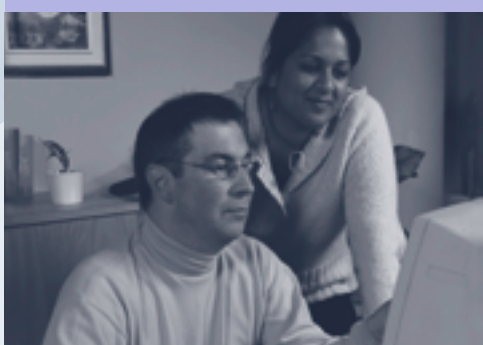
The Agency will also continue to play a lead role in the government-wide Service Improvement Initiative to increase client satisfaction and improve service based on clients' priorities.

Ensuring a strategic approach to people management

The Agency continues to support employees and to improve the working environment through various programs such as the Employee Assistance Program, Employment Equity Program, Dispute Management Program, and Recognition Program. Many of the Agency's human resources change initiatives, to improve services and tools to support managers, and develop a skilled workforce, are now fully operational. We will continue to prioritize and evaluate remaining initiatives to ensure that our human resources services are fully and affordably aligned with business needs.

By the end of 2005-2006, the Compensation Service Delivery Renewal Initiatives, which include collaboration with Public Works and Government Services Canada, will have updated our pay processes with self-serve technology.

As we advance our internal resourcing pre-qualification strategy, we will manage our workforce using these streamlined processes based on job and employee competencies. The Agency will continue development of the learning services



framework to improve planning, delivery, and evaluation of learning and ensure that competency development needs in employee learning plans can be addressed. We will assess and adjust our plans for the Agency Classification System, based on the Government's new fiscal restraint policy as well as the transfer of the Customs program to the newly-created Canada Border Services Agency.

We will continue to implement key components of the Corporate Action Plan for the Renewal of the Official Languages Program. Our National Committee of Champions of

Official Languages identified four priority issues for 2004-2005: Agency-specific policies and directives, monitoring, bilingual capacity, and awareness programs. In 2004-2005, the language teachers from the Official Languages Division will participate in a review of the quality of service of private schools. The Division will also follow closely the work of a committee of the Canada School of Public Service, which will be conducting a complete review of language training, including levels of language proficiency, practices of other organizations, funding models, testing, receptive bilingualism, learning disabilities, and the issue of official languages and equity.

Our commitment to the spirit and principles of employment equity and diversity will also guide our strategies, including a new workforce analysis and a national strategy to advance the situation of persons with disabilities.

Continuing to demonstrate leadership in IT solutions

With programs and branches, we implement key initiatives in support of Business Transformation. Our practices and methods will ensure a sound architecture for reuse, technology security, and enterprise continuity. We will prioritize continued development of a secure, reliable, and recoverable Information Technology Infrastructure with our multi-year Information Technology Continuity Initiatives. Finally, our IT renewal program will continue to be a top priority, as it is our employees who make change and innovation happen.

Exhibit 6: Anticipated Results and Performance Expectations for Corporate Management and Direction

Expected Outcome – Internal services maximize performance of our business lines and operations	
Anticipated Results	Performance Expectations/Indicators
Sound strategic direction, financial and treasury management	<ul style="list-style-type: none"> • Demonstrate excellence in oversight and decision-making in financial stewardship and management leadership • Ensure sound cash management, and improvement of financial and non-financial information for enhanced risk management through Modern Comptrollership Principles • Improve financial management controls and systems to be responsive to the needs of internal and external stakeholders
Enhanced human resources management with knowledgeable and skilled workforce	<ul style="list-style-type: none"> • Continue to implement the Human Resources (HR) Strategy which includes HR Reform and Renewal initiatives and the “Taking Stock and Moving Forward” review • Exceed the targets for the Official Languages and Employment Equity and Diversity programs, and the emphasis on learning • Continue to deliver enhanced ongoing HR activities, and complete the implementation of competency-based Staffing, Competencies, and Compensation initiatives
Excellence in the provision of internal services	<ul style="list-style-type: none"> • Increase administrative capacity and savings to meet target levels • Continue to meet current and future business needs using appropriate business and electronic commerce solutions • Provide service and support to the Canada Border Services Agency (CBSA) and work effectively with outside partners/clients • Continue to deliver high standards of IT systems availability, reliability and response times • Manage a Data Centre recoverability program • Protect confidentiality of client information and strengthen key security policies and practices • Respond to requests for information within legislated time requirements • Enhance service standards for client-focused service



Conclusion by the Commissioner

As Commissioner of the Canada Customs and Revenue Agency (CCRA), I have been impressed by the way this organization has created and taken advantage of opportunities made possible by agency status, thus creating a more efficient, client-centred tax and benefits administration.

This *Summary of the Corporate Business Plan 2004-2005 to 2006-2007* represents another turning point in our Agency's history. The CCRA, to be re-mandated as the Canada Revenue Agency (CRA), has a clear and renewed focus on the administration of taxes and benefits on behalf of the federal government, provinces, and territories.

We have four priorities for this planning period. Canadians are clear in their demand for high standards of **trust and integrity** in government, and the CCRA has an especially important role to ensure the privacy of information and to respect citizens in our dealings with taxpayers and benefit recipients. **Tax integrity** remains at the core of our mandate, and will be advanced by enhancing the fairness of Canada's tax regime, while addressing key areas of risk with an appropriate mix of service and enforcement actions. We will remain at the forefront of **service to Canadians** by continuing to modernize our suite of service offerings, and working across the federal government and with other levels of government to improve service and reduce the cost of program administration. Finally, **business sustainability** is the enabling priority of this Plan. We will re-allocate resources and realize further savings and gains in productivity in order to support strong core tax and benefits programs, while continuing to invest in service innovation and new opportunities with federal, provincial and territorial partners.



I want to take this opportunity to thank our former colleagues from the Customs and corporate branches who are now part of the new Canada Border Services Agency (CBSA). The professionalism they have displayed over the past years has been appreciated.

I have full confidence in the abilities of our employees to meet the challenges of change, under the direction of our new Minister and the oversight of our Board of Management. I look forward to seeing our plans realized, to the benefit of Canada and Canadians.

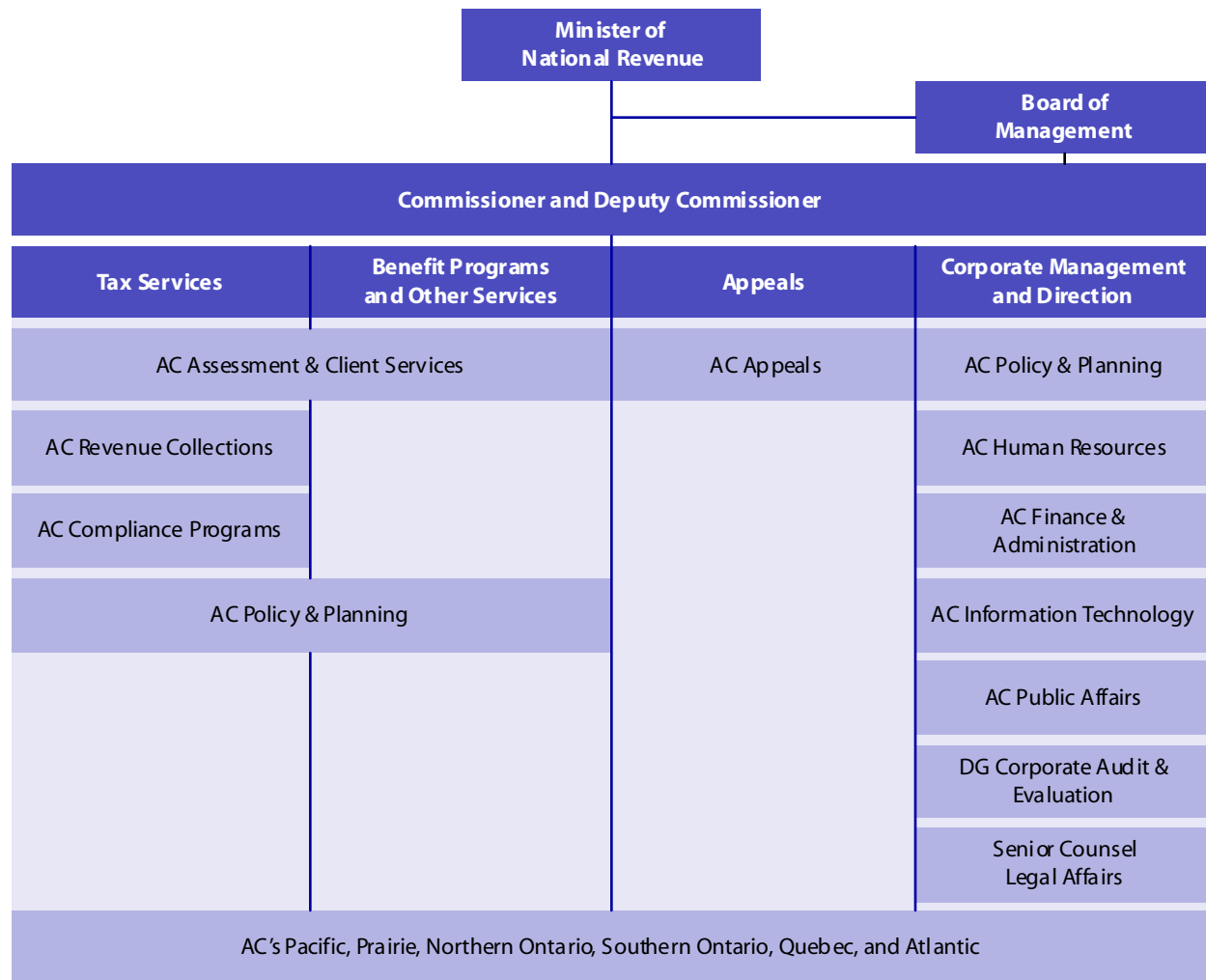
A handwritten signature in dark ink, reading "Alan Nymark".

Alan Nymark
Commissioner
Canada Customs and Revenue Agency

Appendices



Appendix A | Organizational Structure



Appendix B | Board of Management

Michael L. Turcotte

Chair, Board of Management
Corporate Director
La Malbaie, Québec

Camille Belliveau

Senior Consultant (self-employed)
Shediac, New Brunswick

Esmail Bharwani

Senior Business and Tax Consultant and
Student-at Law with Fraser Milner Casgrain LLP
Calgary, Alberta

L. Bernice Buckle

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

Raymond Desrochers

Partner
BDO Dunwoody LLP Chartered Accountants
Winnipeg, Manitoba

André Gingras

André Gingras et Associés inc.
Montréal, Québec

James J. Hewitt

Fellow, Certified Management Accountant
Penticton, British Columbia

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

Howard A. Leeson

Department Head and Professor of Political Science
University of Regina
Regina, Saskatchewan

James L. MacPhee

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

Stephen E. Rudin

Executive Director
Alzheimer's Society of Canada
Toronto, Ontario

Brock A. Smith

Public Affairs Consultant
Toronto, Ontario

Alan Nymark

Commissioner
Canada Customs and Revenue Agency
Ottawa, Ontario

Appendix C | Detailed Financial Information

Table 1: Agency Planned Spending

(thousands of dollars)	Forecast Authorities 2003-2004	Planned Spending 2004-2005	Planned Spending 2005-2006	Planned Spending 2006-2007
Business Lines				
Customs Services (see footnotes)	5 76,948		607,955	606,369
Tax Services	2,058,821	2,127,841	2,117,655	2,116,129
Benefit Programs and Other Services	224,478	260,264	265,703	263,876
Appeals	1 00,674	95,205	104,039	103,833
Corporate Management and Direction	842,247	891,573	916,622	917,389
Budgetary Main Estimates (gross)	3,803,168	3,374,883	4,011,974	4,007,596
Less: Revenues Credited to the Vote	140,889	142,732	142,732	142,732
Total Main Estimates¹	3,662,279	3,232,151	3,869,242	3,864,864
Adjustments 2003-2004 only²				
Transfers to/from other departments	2,387			
Collective Agreements	39,382			
Reduction for \$1B Reallocation	(22,000)			
Adjustment for Origin Verification/Customs Investigations	3,068			
Tax on Income (incl. Nunavut & NWT)	26,650			
Marine Security	5,300			
Integrated Proceeds of Crime	352			
PSAT Smart Border Initiatives	64,318			
Carry Forward from 2002-2003	141,066			
2003 Federal Budget Adjustments	23,952			
Other Adjustments	273			
Total 2004-2005 ARLU	3,947,027	3,232,151	3,869,242	3,864,864
Official Languages Innovation Program	122			
Modern Comptrollership	530			
Classification Reform Project	43,17			
Pearson International Airport	11,698			
Adjustments – CSA	(2,576)			
Adjustments – Respendable Revenue	73			
Crown Asset Disposal	482			
Court Awards	1,459			
Employee Benefit Plans/Maternity/Severance	3,281			
Transfer to CBSA ³	(911,300)	(169,046)	(783,152)	(811,012)
Revised Reference Levels (PAA)	3,055,113	3,063,105	3,086,090	3,053,852

(thousands of dollars)	Forecast Authorities 2003-2004	Planned Spending 2004-2005	Planned Spending 2005-2006	Planned Spending 2006-2007
Further Adjustments				
Collective Agreements	8,420	8,528	8,528	8,528
Crossing Boundaries National Council	(25)	(25)		
CPP Adjustment (Workload)	4,083	4,365	4,365	4,365
CPP Adjustment (Revenue credited to the Vote)	(3,740)	(3,740)	(3,740)	(3,740)
Additional Reduction for \$1 B Reallocation		(9,000)	(9,000)	(9,000)
Money Laundering ⁴		2,034	2,034	2,034
Transfer of Crown Corporation Secretariat		838	838	838
Proceeds of Real Property Sales		5		
Tax Rules for Registered Charities ⁵		11,341	11,324	11,322
Carry Forward from 2003-2004		217,625		
Carry Forward from 2003-2004 – CBSA portion		(106,373)		
Planned Spending (see Table 2)	3,063,851	3,188,703	3,100,439	3,068,199
Less: Non-Respendable Revenue ⁶	1,796,646	1,796,539	1,796,539	1,796,539
Respendable Revenue pursuant to CCRA Act	22,897	19,089	19,260	19,345
Plus: Cost of services received without charge	454,052	475,554	475,554	475,554
Net cost of Program	1,698,360	1,848,629	1,760,194	1,727,869
Full Time Equivalents (Revised Ref. Levels – PAA)⁷	39,388	37,761	38,338	38,198
Full Time Equivalents (Planned Spending)⁷	39,388	38,312	38,451	38,317

¹ For 2003-2004, as they appear in the 2003-2004 Main Estimates. Fiscal Year 2004-2005 excludes Vote 1 Operating Expenditures and Employee Benefit Plans for Customs Branch, Special Investigations and Appeals for Customs and the Laboratory; and Major Capital for Real Property Projects (Vote 5). 2005-2006 and 2006-2007 include all of the Customs Program.

² The ongoing impact (if applicable) of these initiatives is already included in the 2004-2005 Total Main Estimates.

³ 2003-2004 represents an estimate of the CBSA authorities as it had existed on April 1, 2003. 2004-2005 includes the CBSA share of Corporate services, a share of the reserves including the Investment Plan and Asset Management Plan as well as an adjustment to Customs Investigations and Customs Appeals, and a decrease in respendable revenues of \$12,110K. 2005-2006 and 2006-2007 include all of the dollars transferred to CBSA for those years as well as the ongoing decrease in respendable revenue.

⁴ This amount was split with CBSA.

⁵ This item was part of the March 2003 Federal Budget (total of \$12M including OGD ongoing); it has not yet been approved and the related detailed information is still under review.

⁶ Non-respendable Revenue (based on 2002-2003 actuals) include Interest and Penalties as well as Interest paid on Refunds for Personal and Corporate Income Taxes which are now reported as non-tax revenues.

⁷ The FTE's have been adjusted to reflect the transfer to CBSA.

Table 2: Agency Planned Spending by Business Line

Business Line	2003-2004		2004-2005		2005-2006		2006-2007	
	FTE's	(000's)	FTE's	(000's)	FTE's	(000's)	FTE's	(000's)
Tax Services	28,287	2,004,748	28,008	2,073,911	27,662	2,001,977	27,631	2,000,236
Benefit Programs and Other Services	1,046	245,497	1,543	259,884	1,524	265,323	1,496	263,496
Appeals	1,188	86,747	1,235	91,796	1,256	90,342	1,255	90,284
Corporate Management and Direction	8,867	726,859	7,526	763,112	8,009	742,797	7,935	714,183
Total	39,388	3,063,851	38,312	3,188,703	38,451	3,100,439	38,317	3,068,199

Table 3: Part II of the Main Estimates

Vote (thousands of dollars)		2003-2004 Main Estimates	2004-2005 Main Estimates
Canada Customs and Revenue Agency			
1	Operating expenditures	2,843,083	2,449,124
5	Contributions	137,208	143,726
(S)	Minister of National Revenue – Salary and motor car allowance	67	70
(S)	Spending of revenues received through the conduct of its operations pursuant to Section 60 of the <i>CCRA Act</i>	34,076	31,199
(S)	Contributions to employee benefit plans	477,496	449,032
(S)	Children's Special Allowance payments	147,000	159,000
	– Capital expenditures	23,349	
Total Agency		3,662,279	3,232,151

Table 4: Standard Object of Expenditure

(thousands of dollars)	Forecast Authorities 2003-2004 ¹	Planned 2004-2005	Planned 2005-2006	Planned 2006-2007
Personnel				
Salaries and Wages	2,128,360	2,143,375	2,044,571	2,041,982
Contributions to Employee Benefit Plans	357,814	436,937	439,601	439,018
Sub Total	2,486,174	2,580,312	2,484,172	2,481,000
Goods and Services				
Transportation and Communications	127,544	131,143	131,107	122,675
Information	4,025	4,138	4,137	3,871
Professional and Special Services	122,148	125,595	125,561	117,486
Rentals	7,241	7,445	7,443	6,965
Purchased Repair and Maintenance	70,271	72,253	72,233	67,588
Utilities, Materials and Supplies	31,767	32,663	32,654	30,554
Other Subsidies and Payments	5,905	6,072	6,070	5,680
Acquisition of Machinery and Equipment	70,829	72,828	72,808	68,126
Sub Total	439,730	452,137	452,013	422,945
Transfer Payments				
Grants (Statutory Payments)	147,424	159,000	167,000	167,000
Contributions	137,270	143,726	143,726	143,726
Sub Total	284,694	302,726	310,726	310,726
Gross Budgetary Expenditures	3,210,598	3,335,175	3,246,911	3,214,671
Less: Revenues Credited to the Vote	146,747	146,472	146,472	146,472
Net Budgetary Expenditures	3,063,851	3,188,703	3,100,439	3,068,199

¹ The breakdown by object for CCRA in 2003-2004 is estimated based on the actual expenditures less the planned expenditures by object in the CBSA 2004-2005 Main Estimates.

Table 5: Summary of Transfer Payments

(thousands of dollars)	Forecast Authorities 2003-2004	Planned Spending 2004-2005	Planned Spending 2005-2006	Planned Spending 2006-2007
Grants				
Benefit Programs and Other Services				
Children's Special Allowance (CSA) payments	147,424	159,000	167,000	167,000
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 <i>Children's Special Allowances Act</i> which provides that this allowance be paid out of the Consolidated Revenue Fund				
Contributions				
Tax Services				
Contributions to the Province of Quebec in respect of the joint administration costs of federal and provincial sales taxes	137,029	143,726	143,726	143,726
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				
Contributions to the Canadian Home Builders' Association to support the "Get It in Writing!" consumer information campaign	241			
Total Contributions	137,270	143,726	143,726	143,726
Total Transfer Payments	284,694	302,726	310,726	310,726

Table 6: Sources of Respendable Revenue and Non-Respendable Non-Tax Revenue

(thousands of dollars)	Forecast Revenue 2003-2004 ¹	Planned Revenue 2004-2005	Planned Revenue 2005-2006	Planned Revenue 2006-2007
Pursuant to the CCRA Act				
Refunds of previous years' expenditures	1,433	852	852	852
Services of a regulatory nature	2,198	2,535	2,535	2,535
Services of non-regulatory nature	21,197	16,448	16,657	16,760
Sales of goods and information products	80	80	80	80
Other fees and charges	43	40	40	40
Sub Total	24,951	19,955	20,164	20,267
Less: Amounts recovered on behalf of OGDs	2,054	866	904	922
Total – Pursuant to the CCRA Act	22,897	19,089	19,260	19,345
Revenues Credited to the Vote				
Canada Pension Plan	68,814	68,539	68,539	68,539
Employment Insurance	77,933	77,933	77,933	77,933
Total – Revenues Credited to the Vote	146,747	146,472	146,472	146,472
Total Respendable Revenue	169,644	165,561	165,732	165,817

¹ Respendable Revenue pursuant to the CCRA Act for 2003-2004 reflects the numbers reported in the Public Accounts (\$30,950K) less the portion attributed to CBSA which represents: a) the revenues collected by Customs Branch until December 12, 2003 (\$7,117K + \$1,064K for OGD); from then on, Customs revenues were reported as non-respendable and b) \$936K in royalties related to IONSCAN technology collected by Laboratory and Scientific Services.

Table 7: Non-Respendable Non-Tax Revenue

(thousands of dollars)	Forecast Revenue 2003-2004 ¹	Planned Revenue 2004-2005	Planned Revenue 2005-2006	Planned Revenue 2006-2007
Refunds of previous years' expenditures				
Adjustments to prior year's payables	1,775	1,775	1,775	1,775
Sales of goods and services				
Lease and use of public property	497	497	497	497
Services of a regulatory nature				
Sundries	14	14	14	14
Services of a non-regulatory nature ²				
Administration of provincial programs	70			
Special Services	37			
Other fees and charges				
Recovery of employee benefits	25,921	25,921	25,921	25,921
Deferred revenues	(81)	(81)	(81)	(81)
Sundries	3,564	3,564	3,564	3,564
	30,022	29,915	29,915	29,915

(thousands of dollars)	Forecast Revenue 2003-2004 ¹	Planned Revenue 2004-2005	Planned Revenue 2005-2006	Planned Revenue 2006-2007
Miscellaneous				
Interest and Penalties ³				
Personal Income tax	1,594,806	1,594,806	1,594,806	1,594,806
Corporations	734,632	734,632	734,632	734,632
GST/HST, Customs Import duties, Excise and Air Travellers Security Charge	409,790	409,790	409,790	409,790
Sub Total	2,739,228	2,739,228	2,739,228	2,739,228
Interest paid on Refunds ³				
Personal Income tax	(111,652)	(111,652)	(111,652)	(111,652)
Corporations	(846,019)	(846,019)	(846,019)	(846,019)
GST/HST, Customs Import Duties, Excise and Air Travellers Security Charge	(28,179)	(28,179)	(28,179)	(28,179)
Sub Total	(985,850)	(985,850)	(985,850)	(985,850)
Sundries				
Court Fines	8,593	8,593	8,593	8,593
Administration charge dishonored payment instrument	2,721	2,721	2,721	2,721
Interest earned on non-tax revenues	17	17	17	17
Miscellaneous	(192)	(192)	(192)	(192)
Donations to the Crown	3	3	3	3
Other	329	329	329	329
Sub Total	11,471	11,471	11,471	11,471
	1,764,849	1,764,849	1,764,849	1,764,849
Total Non-Respendable Non-Tax Revenue	1,796,646	1,796,539	1,796,539	1,796,539

¹ 2003-2004 Forecast reflects the actuals where they are available and the 2002-2003 actuals for the rest.

² These items are normally reported as spendable revenue; they are shown in non-spendable as a result of the Dec. 12, 2003 decision which moved the Customs Branch portion of spendable revenue to non-spendable. The amounts shown here represent the CCRA portion of these revenues.

³ Interest and penalties and Interest paid on Refunds for Personal and Corporation Income Tax were not shown in the 2003-2004 RPP, as these were previously labelled Tax Revenue.

Table 8: Net Cost of Program for the Estimates Year

(thousands of dollars)	Total
Planned Spending	3,188,703
Plus: Services Received Without Charge	
Accommodation provided by Public Works and Government Services Canada (PWGSC)	230,264
Payroll Services provided by Public Works and Government Services Canada (PWGSC)	1,518
Employer's share of employee benefit costs and insurance premiums provided by Treasury Board Secretariat	171,470
Legal Services provided by Justice Canada	66,678
Audit Services by the Office of the Auditor General	3,762
Workers' Compensation Benefits coverage provided by Human Resources and Skills Development Canada	1,863
Total Services Received Without Charge	475,554
Less: Respendable Revenue ¹	19,089
Less: Non-respendable Revenue	1,796,539
2004-2005 Net Program Cost	1,848,629

¹ Includes only Respendable Revenue – Pursuant to the CCRA Act.

Table 9: CCRA Investment Plan 2004-2005 to 2006-2007

Project (thousands of dollars)	Forecasted Expenditures to Date	2004- 2005	2005- 2006	2006- 2007	Future Spending	Total Estimated Cost	Project Description
NEW PROJECTS SINCE LAST PLAN							
Remittance Image Archiving & Retrieval Service	2,500	4,400				6,900	For microfilming part of the approximately 42 million cheques and vouchers the CCRA records at numerous sites.
Compensation Service Delivery (Including Employee Self-Serve and Manager Self-Serve)	5,900	7,600				13,500	Employee Self-Serve will allow employees to view, access, and maintain their own data in CAS. Manager Self-Serve will allow supervisors to access financial, administrative, and HR information and initiate processes. This will lower administration service time for these functions.
Total New Projects	8,400	12,000				20,400	
EXISTING PROJECTS							
A&C Business Services Investment Envelope		31,500	38,521			70,021	Redesign and enhancement of Other Levies Project, GST/HST Redesign, Business Number, T2 Development, Information Returns Redesign, Debit Cards, and E-File Modernization.

Project (thousands of dollars)	Forecasted Expenditures to Date	2004- 2005	2005- 2006	2006- 2007	Future Spending	Total Estimated Cost	Project Description
Business Number Registry (A&C Business Services Investment Envelope)	2,987					2,987	Integrated Business Number registration is the next phase of integrated business program registration, which the CCRA is implementing with some provinces and other departments. The next phase is expanding the Business Number (BN) to more integrated registration partners.
GST/HST Redesign (A&C Business Services Investment Envelope)	35,090		45			35,135	GST/HST Redesign will increase efficiency and reduce compliance costs. It seeks to improve client service and program delivery, position the CCRA to develop new partnerships with the provinces and territories, and address interface with the Ministère du Revenu du Québec and the harmonized provinces.
T2 Development – T2 Internet Filing (A&C Business Services Investment Envelope)	2,157					2,157	This project expands paper filing and EFILE options. Clients will benefit from a convenient and secure filing method, while the CCRA will benefit from reduced processing costs.
Information Returns Redesign (part of A&C Business Services Investment Envelope)	2,217					2,217	Redesign of the system that processes returns filed on magnetic media. The new system will be the platform for the Info Returns Electronic Service Delivery. It will use supported hardware and software in line with current technology.
Other Levies Project (OLP) (part of A&C Business Services Investment Envelope)	43,478		70			43,548	Enhancements to the current excise tax systems to improve client service and improve program delivery.

Project (thousands of dollars)	Forecasted Expenditures to Date	2004- 2005	2005- 2006	2006- 2007	Future Spending	Total Estimated Cost	Project Description
Business Integration and System Support (Compliance Programs Branch)	8,059	5,400	6,600	3,079		23,138	To provide integrated system tools for verification and enforcement, to better manage Compliance Programs workload, and improve performance reporting.
Government On-Line Round 3	30,156		81			30,237	Initiatives include Common BN, Corporate Internet Filing, Interactive Information Service, Income Verification Program, Individual's Welcome Page, OAS/GIS/CPP, Payroll Feasibility, Shared RAP, T4 Internet Filing Service.
Call Centre Enhancements	2,375	349	204			2,928	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	6,890	8,000	24,100			38,990	Automated revenue collections workloads resulting in greater operating efficiencies through improved workload allocation and case management.
T1 Income Tax Returns Matching Redesign	2,846					2,846	Enhancements to the T1 Matching System will allow for T3 matching, possible expansion of identification and error correction favouring the client, and expanded functions for provincial claim/credit validation.
Fairness System Review	1,540	1,200	200			2,940	Enhancements to the system to register, manage, and report on requests from Canadians for discretionary cancellations or waivers of interest.
IT Infrastructure Envelope		13,500	16,500			30,000	Infrastructure requirements for Service Availability, Data Centre Recoverability, E-commerce, and others.
E-Comm Infrastructure	15,437					15,437	To acquire a new e-Business Computing Infrastructure to enhance current e-commerce services and enable future growth of e-Business initiatives.

Project (thousands of dollars)	Forecasted Expenditures to Date	2004- 2005	2005- 2006	2006- 2007	Future Spending	Total Estimated Cost	Project Description
Service Availability	23,283					23,283	To provide round-the-clock service for the mainframe computing infrastructure.
Data Centre Recoverability	23,141	3,324	362			26,827	To develop and implement recovery capabilities of essential CCRA systems in the event of catastrophic loss of either Data Centre Heron (DCH) or Data Centre St. Laurent (DCSL).
Business Intelligence/ Decision Support (BI/ DS)	5,240					5,240	To allow for replacement of existing "stove-pipe" information systems with an integrated Agency-wide "data warehouse"; to improve program delivery by identifying trends, evaluating risks, and analyzing policy effectiveness.
Pay Compensation Services	7,234	10,797	1,255			19,286	A new, modernized compensation services system will reduce paper and the manual processing of large volumes of data by maximizing the use of available technology.
Human Resources Management Tracking	2,501		42			2,543	This initiative will review the data integrity of the organizational management data in the HR Module of CAS and enable enhancement of both the HR and Finance modules in CAS.
Agency Classification System – Organization Management Redesign¹	2,957	1,620	3,466			8,043	Continue the work required to improve the functionality and data integrity of the Classification Organization Management module in CAS which is also a dependency for downstream projects, e.g. Human Resources Management Tracking (HRMT), Compensation Service Delivery Renewal Project (CSDRP), Employee Self-Service (ESS), Manager Self-Service (MSS), Personal Cost Planning (PCP), Resourcing, etc.

Project (thousands of dollars)	Forecasted Expenditures to Date	2004- 2005	2005- 2006	2006- 2007	Future Spending	Total Estimated Cost	Project Description
HR Resourcing	5,914		160			6,074	The implementation of state-of-the-art technology to support employee self-service and Human Resources Management.
Administrative Reform and Renewal	16,168	360	1,672			18,200	This initiative will enhance administrative service delivery by strengthening our Management Framework and introducing administrative integration, flexibility and efficiencies.
FIS Development Phase 2	18,748		541			19,289	Phase 2 will enhance the Revenue Ledger System and processes to support accrual accounting, control, reconciliation and internal and external reporting requirements of the Government Financial Information Strategy.
Activity-Based Costing	930		40			970	This initiative will improve the Agency's strategic cost management by expanding the implementation of activity-based costing to improve the accuracy of cost information and support the integration of financial and non-financial information.
Performance Measurement (formerly Balance Scorecard)	15,777	2,070	710			18,557	Implement a corporate performance measurement framework to satisfy reporting requirements and move the Agency toward a strategically operating entity able to quickly adjust to changing needs and environmental impacts.
Total Existing Projects	275,125	78,120	94,569	3,079	0	450,893	
COMPLETED PROJECTS SINCE LAST PLAN							
Debit Cards [Tax Services Office (TSO)] (part of A&C Business Services Investment Envelope)	1,310					1,310	To develop a debit card application for the payment of taxes at cash counters in the tax services offices and tax centres.

Project (thousands of dollars)	Forecasted Expenditures to Date	2004- 2005	2005- 2006	2006- 2007	Future Spending	Total Estimated Cost	Project Description
EFILE Modernization (part of A&C Business Services Investment Envelope)	5,002					5,002	EFILE Modernization (a.k.a. EFILE On-Line) will allow agents to file T1 returns, retrieve acknowledgments, and view the results of the System for Electronic Notification of Debts (SEND) results on-line using the Internet.
T3 Tax Returns Automation	2,095					2,095	To develop an automated system to accept the electronic filing of T3 returns to reduce processing costs and increase efficiency.
Government On-Line Phase 1	18,382					18,382	Government On-Line initiatives including T4 Netfile, Payroll Telefile, Registrations-Partners, GST/HST NETFILE, Self-Serve Options, Access to Accounts and Change of Address, and other Identification changes on the Net.
Corporate Administration System Stabilization	20,800					20,800	CAS improvements include eliminating non-essential use of on-line pay, reducing batch processing errors, implementing current Legal Change Patches, resolving data integrity issues, and updating system/training documentation.
Corporate Administration System Upgrade	5,150					5,150	To upgrade the SAP product to 4.6 to enable processes identified as key Administrative Reform and Renewal objectives.
Total Completed Projects	52,739	0	0	0	0	52,739	
Total Funding Committed	336,264	90,120	94,569	3,079	0	524,032	
Unallocated Funding	16,400	1,500	8,700	73,200	0	99,800	
Total Investment Fund	352,664	91,620	103,269	76,279	0	623,832	

¹ Originally approved amounts. To be reviewed.

Table 10: Asset Management Plan Multi-Year Summary

(thousands of dollars)	Forecasted Expenditures 2003-2004	Planned 2004-2005	Planned 2005-2006	Planned 2006-2007
CCRA				
Vehicles	180	382	382	382
Laboratory	675	197	197	197
RPRC Reserve	677	950	950	950
Total for Vehidies, Laboratory and Other Replacement Funding	1,532	1,528	1,528	1,528
Core/Host	81,288	72,677	79,183	86,649
End User	19,090	35,231	34,774	37,400
Total for Vehidies and Equipment	101,910	109,436	115,486	125,578
Real Property: O&M ¹	27,483	17,760	15,325	14,775
Total	129,393	127,196	130,811	140,353
CBSA				
Real Property: Capital	21,821	23,349	23,349	23,349
Vehicles	720	1,526	1,526	1,526
Contraband	1,720	1,710	1,710	1,710
Laboratory		459	459	459
PASS	1,081	1,581	1,573	1,573
Core/Host	16,649	14,886	16,218	17,747
End User	3,910	7,216	7,122	7,660
RPRC Reserve		250	250	250
Total for Vehidies and Equipment	45,901	50,977	52,207	54,274
Real Property: O&M		9,800	9,800	9,800
Total	45,901	60,777	62,007	64,074
Combined CCRA and CBSA				
Real Property: O&M	27,483	25,927	25,927	25,927
Real Property: Capital	21,821	23,349	23,349	23,349
Vehicles	900	1,908	1,908	1,908
Contraband	1,720	1,710	1,710	1,710
Laboratory	675	655	655	655
PASS	1,081	1,581	1,573	1,573
Core/Host	97,937	87,563	95,401	104,396
End User	23,000	42,447	41,896	45,060
RPRC Reserve	677	1,200	1,200	1,200
Total	175,294	186,340	193,619	205,778

¹ This budget will be impacted by the transfer of Customs Branch to the CBSA.

The total amount of this impact is not known at this time.

Note that funding to be provided via vote transfer from Infrastructure Canada (St-Stephen, NB). Building a bridge is not included in Major Capital \$2.5M in 04-05 \$8M in 05-06 and \$4.5M in 06-07.

Table 11: Real Property Portfolio Management Budget

Real Property Portfolio Management Budget – Planned Allocations (thousands of dollars)					
Operation and Maintenance Budget	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Real Property National Initiatives	3,640	3,749	3,287	3,380	3,477
Minor Tenant Service Projects	5,500	5,500	5,500	5,500	5,500
Major Tenant Service Projects	7,160	6,076	5,988	5,895	5,798
Real Property Program Initiatives	1,460	TBD	TBD	TBD	TBD
Total	17,760	15,325	14,775	14,775	14,775

Appendix D | Horizontal Initiatives

The number of initiatives that require co-ordination and co-operation among a number of federal government partner organizations is steadily increasing. Many departments and agencies work together to deliver policies, programs, and services to Canadians. These initiatives are key to the success of our public service in the new knowledge-based economy. The Treasury Board Secretariat lists the main initiatives on its Web site at: www.tbs-sct.gc.ca/rma/eppi-ibdrp/hr-rh_e.asp

