



**Tax Court
of Canada**

**Cour canadienne
de l'impôt**

Tax Court of Canada

**2003-2004
Estimates**

Report on Plans and Priorities

Approved

The Hon. Martin Cauchon
Minister of Justice and Attorney General of Canada

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Registrar's Message

I am pleased to present the Report on Plans and Priorities for fiscal year 2003-04 for the Tax Court of Canada. This report reflects our Planning, Reporting and Accountability Structure (PRAS), which has been approved by the Treasury Board Secretariat.

This report will enable you to ascertain the progress we have made, assess whether the steps taken thus far are consistent with our mandate, vision, mission and strategic priorities, and determine what remains to be done to meet our goal of providing the citizens of Canada with an accessible, effective, fair and independent Court.

As 2003 marks the 20th anniversary of the Tax Court of Canada, we are preparing for one of the most important moments in our history. The *Courts Administration Service Act*, which was introduced in Parliament on September 28, 2001, as Bill C-30, was passed by the House of Commons on February 22, 2002, and received Royal Assent on March 27, 2002. It is expected to come into force in early 2003. This Act grants the Tax Court of Canada the status of a superior court of record.

One objective of the Act is to establish a body that will provide common administrative services to the Federal Court of Appeal, the Court Martial Appeal Court, the Federal Court and the Tax Court of Canada by amalgamating the existing administrative and registry services of these Courts. This new entity will be known as the Courts Administration Service. The intent of the Act is to improve the efficiency of the Courts in question while enhancing their effectiveness and fully respecting their judicial independence.

Obviously, these organizational changes will have a major impact on the Court's organizational structure as well as on its employees' day-to-day work. The coming amalgamation is already having a significant impact on the ability of the organization to provide well-defined performance indicators, time frames and resource requirements for the coming year against which performance can be reported.

Since its creation in 1983, the Tax Court of Canada has been able to make a prominent place for itself in the Canadian judicial system because of its great capacity for adapting to change and the excellence of its staff, which is highly committed to client service. These same qualities will enable us to meet the major challenges awaiting us in the coming months while honouring our commitments to all Canadians.

R. P. Guenette

Management Representation Statement
Report on Plans and Priorities 2003-2004

I submit, for tabling in Parliament, the 2003-2004 Report on Plans and Priorities (RPP) for the Tax Court of Canada.

This document has been prepared based on the reporting principles and disclosure requirements contained in the *Guide to the preparation of the 2003-2004 Report on Plans and Priorities*:

- It accurately portrays the organisation's plans and priorities.
- The planned spending information in this document is consistent with the directions provided in the Minister of Finance's Budget and by TBS.
- It is comprehensive and accurate.
- It is based on sound underlying departmental information and management systems.

The reporting structure 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 authorities provided.

Name: _____

R. P. Guenette
Registrar

Date: _____

Raison d'être of the Tax Court of Canada

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

As its name suggests, the Tax Court of Canada is a court of law. The Court was created in 1983 pursuant to section 3 of the *Tax Court of Canada Act* (http://www.tcc-cci.gc.ca/rules/tcc-cci_1_e.htm#3) with a view to dispensing justice in tax matters. It is the successor to the Tax Review Board.

Possessing all the powers of a superior court, the Tax Court of Canada gives individuals and companies an opportunity to settle disagreements with the federal government on matters arising under legislation over which the Court has exclusive original jurisdiction (see page 13). The role of the Court's judges is to decide, for example, whether an appellant must pay a disputed amount of income tax or G.S.T. or whether an appellant qualifies for employment insurance or Canada Pension Plan benefits.

The administrative arm of the Court, known as the Registry, is an integral part of the federal government but has no ties to the Canada Customs and Revenue Agency. It serves both to support the judges' work and to manage the various aspects of the relationship between the public and the Court (filing documents, dispensing information, etc.).

Planning Overview

The Registry of the Tax Court of Canada is entirely funded through appropriations from Parliament. These appropriations are voted on each and every year by parliamentarians on reviewing the Main Estimates and the Report on Plans and Priorities, which are tabled in the House of Commons in March.

The Tax Court of Canada also generates a small amount of revenue through filing fees and sales of copies of judgments. These revenues are returned to the Government of Canada and are not respendable by the Tax Court of Canada.

The organization has no control over its workload. Its planning context is to a large extent dependent on external factors, such as the number of appeals filed in a given year and the time and resources required by the Court to deal with specific appeals.

Most of the organization's spending relates to its everyday operations, although there are a number of specific priorities relating to its strategic outcomes that will be discussed in the next section of this report.

Finally, as mentioned in the Registrar's message (see page 1), the administrative and registry services of the Tax Court of Canada and those of the Federal Court of Canada are being consolidated in a new organization known as the Courts Administration Service. This amalgamation is expected to take place in 2003 and is already having a significant impact on the organization's ability to provide indicators against which its performance can be reported. As well, there may be a necessity for additional funds in the short-term to consolidate various computer systems, effect change management, institute new training required for employees, etc.

Plans and Priorities by Strategic Outcomes

The Tax Court of Canada's program objective revolves around the following four strategic outcomes:

1. to improve the effectiveness of the Court's appeal process;
2. to improve public access to the Court and its services;
3. to improve service delivery; and
4. to ensure the judicial independence of the Court.

These four strategic outcomes, which are closely linked to the federal government's horizontal priorities with respect to Government On-Line and the Service Improvement Initiative, enable us to provide services geared to the public, to measure the concrete results of our services to Canadians and to live up to the values of our fellow citizens with regard to ease of access to relevant information and access to fair, equitable and prompt justice.

All this is underpinned by efficient and responsible use of public funds through gradual and effective implementation of the federal Modern Comptrollership Initiative whose purpose is to integrate both financial and non-financial performance information for managers and to provide managers with a more advanced approach to risk management, appropriate monitoring systems and a common set of ethical values and principles.

Summary

The Court has identified a number of priorities that it will be addressing in this report. They are associated with its strategic outcomes as follows:

Strategic Outcomes	Priorities
To improve the effectiveness of the Court's appeal process.	- Electronic filing - Court proceedings - Court recordings
To improve public access to the Court and its services.	- Government On-Line/Internet Site - Federal Judicial Building Project - Translation of judgments
To improve service delivery.	- Modern Comptrollership
To ensure the judicial independence of the Court.	- Provision of information on the judicial independence of the Court

Details

To improve the effectiveness of the Court's appeal process

Electronic Filing

The electronic transmission of documents via our Web site has been in effect since September 1, 2001, and it has offered Canadians an additional means of communicating with the Court. The response has been favourable and we are continuing to improve this service on the basis of comments and feedback from litigants or their representatives. Our goal is to enhance the efficiency of the appeal process by providing the public with various means of communicating with the Court and offering the best possible service.

Court Proceedings

The Court undertook to review and update the court registrar training program in 2002, and we expect that the training provided to court registrars across the country will be completed by May 2003. The overall objective of the Court is to achieve uniformity in the way court registrars perform their duties and more specifically in the way minutes of hearings are recorded and completed. Our goal is to improve the effectiveness of Court proceedings and the service provided to litigants appearing before the Court.

Court Recordings

We are in the process of testing digital recording for hearings of the Tax Court of Canada in Ottawa, Montreal, Toronto and Vancouver. Training will be provided to court registrars who will use this device, and we expect the digital recording to be implemented in the courtrooms of the aforementioned cities throughout 2003. It will enhance the effectiveness of recording the Court proceedings.

To improve public access to the Court and its services

Government On-Line / Internet Site

Several modifications have been made to the Court's Internet site to conform with the Common Look and Feel standards and guidelines. Our site was also tested by the Web Site Accessibility Testing Service (WATS). This service is a program provided by the Chief Information Officer Branch of the Treasury Board Secretariat. The objective of this session was to provide us with an insight into how our site would ultimately be perceived by people with disabilities and how our site designs are rendered by various adaptive technologies. A client report has been received and we will continue to make the necessary modifications to ensure that all Canadians have easy access to our electronic services.

Federal Judicial Building Project

At a press conference held on May 8, 2002, in the Grand Hall of the Supreme Court of Canada building, the Honourable Don Boudria, then Minister of Public Works and Government Services Canada, and the Honourable Martin Cauchon, Minister of Justice and Attorney General of Canada, announced the construction of the Federal Judicial Building to be located southwest of the Supreme Court of Canada Building on St-Laurent Square. This \$140 million project is scheduled for completion in the fall of 2007. The new facility will house the Federal Court of Appeal, the Court Martial Appeal Court, the Federal Court and the Tax Court of Canada under the same roof.

Since the announcement, the Tax Court of Canada has been actively involved as an equal partner in the planning, development and management of this major crown project. An internal team was established to work with the Federal Court of Canada, Public Works and Government Services Canada, the Department of Justice and the Office of the Commissioner for Federal Judicial Affairs in the delivery of this project.

A Judges' Accommodation Committee chaired by the Chief Judge was formed in the fall of 2002 to assist the project team in the development of their requirements and to ensure the needs and expectations of the judiciary are met in the new facility.

Translation of Judgments

As mentioned in our Performance Report for the period ending March 31, 2002, section 20 of the *Official Languages Act* requires that all the Tax Court of Canada's decisions be translated "at the earliest possible time" after being issued. In the past, due to a shortage of funds, a priority system was used to determine which decisions should be translated first, with the result that less significant decisions were to be translated only "as resources permit". As a result of a November 1999 Federal Court of Appeal decision, which was subsequently confirmed by the Supreme Court of Canada on October 12, 2000, the Tax Court of Canada considered it necessary to request sufficient funds to translate all of its decisions.

The Tax Court of Canada received funding over and above its regular translation budget in 2001-02 and 2002-03 to ensure that it could translate all decisions issued in the course of those years, all decisions issued between November 1999 and March 2001 that had not been previously translated and certain decisions issued before November 1999 that are to be published on the Court's Web site. In 2003-04 and future years, the Court will continue to receive \$350,000 in funding over and above its regular translation budget to ensure that it can translate all judgments issued in the course of the year.

To improve service delivery

Modern Comptrollership

The Tax Court of Canada has made substantial progress in the area of Modern Comptrollership. The Project Management Office within the Court completed the Modern Comptrollership Capacity Assessment in early 2002 and the Court was one of the first 10 small agencies to submit a report to the Treasury Board Secretariat.

The impending creation of the new Courts Administration Service presents unique challenges and opportunities with respect to the implementation of Modern Comptrollership within the organization. In discussions with senior officials at the Treasury Board Secretariat, it was agreed that the elaboration and implementation of a Modern Comptrollership Action Plan would be integrated into the formal change management plan for the upcoming consolidation exercise of the Courts Administration Service. The intent is that the new organization be one whose management practices are truly founded on the principles of Modern Comptrollership.

To ensure the judicial independence of the Court

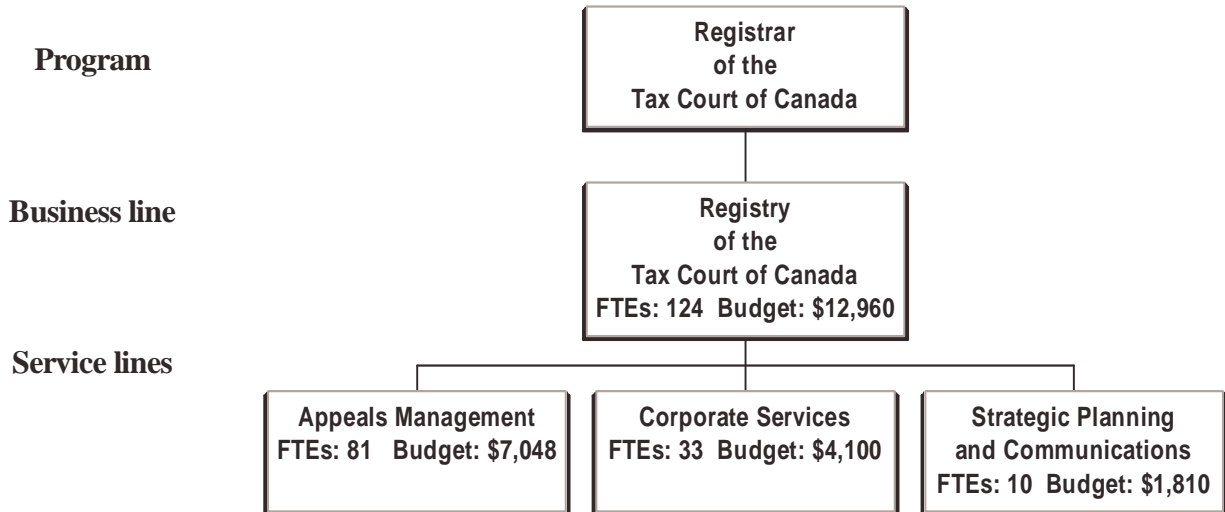
Results from recent surveys conducted by the Court and general comments from litigants indicate that there is still a misperception regarding the judicial independence of the Court. In most instances, this perception is dependent on whether an appellant wins or loses in the Tax Court of Canada. We endeavour to change this perception by providing litigants with as much information as possible on this subject in our communication material.

Judges often contribute to change this perception by explaining to litigants, at hearings, that the Court is an independent organization and that its decisions are reached by applying the facts of the case to the law and are made without bias.

Organization

Accountability

Business Line of the Tax Court of Canada



Registry of the Tax Court of Canada

The Court has only one business line. Its role is to provide Canadians with an accessible court of record for appeals in areas involving taxation and other federal programs such as employment insurance and the Canada Pension Plan.

The Registrar, who is a deputy of the Commissioner for Federal Judicial Affairs as the result of a delegation of authority under subsection 76(2) of the *Judges Act*, is the deputy head of the Tax Court of Canada.

The Registry of the Tax Court of Canada provides a range of services to the Court. It provides internal services to the Chief Judge and the other judges of the Court in, for example, establishing the hearings schedule. The Registry also provides the public and litigants with information and advice relating to the Court's rules of procedure.

The following service lines support the Registry in the provision of services to Canadians.

- **Appeals Management** – This service line administers the operational procedures necessary to resolve disputes between any person and the Government of Canada on questions arising over the interpretation of the *Tax Court of Canada Act* or any other legislation under which the Court has exclusive original jurisdiction. Appeals Management provides the public with guidance and advice on the Court’s practices and procedures. It also provides the judges of the Court with the orderly and efficient scheduling of hearings.
- **Corporate Services** – This service line provides the Registry with support relating to finance, administration, security, the library, human resources, facilities management, information management and information technology. Corporate Services provides its clients with effective, low-cost management and administrative services capable of supporting the Court’s strategic policies.
- **Strategic Planning and Communications** – This service line coordinates the preparation of accountability reports for Parliament and the Canadian public concerning the Court’s administrative performance. It also prepares communication material necessary to understanding the Court’s mandate and activities and is, in particular, responsible for the content of the Court’s Web site. In addition, this service line coordinates the translation of the Court’s judgments and is responsible for revising the translations.

Offices of the Court

The Court has its own court accommodations in Vancouver, London, Toronto, Ottawa and Montreal, and shares accommodations with the Federal Court of Canada in Edmonton, Calgary, Winnipeg, Quebec City, Halifax and Fredericton. In other locations, the Court uses provincial court accommodations, where available, or leases commercial accommodation or partners with other levels of government.

The Judges

The Court, with its Headquarters in Ottawa, ordinarily consists of the Chief Judge, the Associate Chief Judge and 20 other judges. At present, there are 3 vacancies at the Court. In addition, there are currently 5 supernumerary judges. To ensure the expeditious hearing of appeals, the Chief Judge may, with the approval of the Governor in Council, appoint up to 12 deputy judges. There are currently 7 deputy judges.

Planned Spending

(\$ thousands)	Forecast Spending 2002-2003*	Planned Spending 2003-2004	Planned Spending 2004-2005	Planned Spending 2005-2006
Budgetary Main Estimates	11,338	12,960	12,960	12,945
Non-Budgetary Main Estimates	-	-	-	-
Less: Respendable revenue	-	-	-	-
Total Main Estimates	11,338	12,960	12,960	12,945
Adjustments to Planned Spending**	2,742	-	-	-
 Net Planned Spending	 14,080	 12,960	 12,960	 12,945
Less: Non-respendable revenue	580	625	625	625
Plus: Cost of services received without charge	3,962	3,933	3,565	3,213
Net Cost of Program	17,462	16,268	15,900	15,533
 Full-Time Equivalents	 124	 124	 124	 124

* Reflects the best forecast of total planned spending to the end of the fiscal year.

** Adjustments are to accommodate approvals obtained since the Annual Reference Level Update (ARLU) exercise and include Budget initiatives.

Net planned spending is to remain relatively stable over the next few years at the Tax Court of Canada. Due to the fact that court caseload is not projected to vary significantly, costs should remain stable. The drop in planned spending in 2003-04 compared to 2002-03 is due to the following:

- \$400,000 decrease in translation funding.
- \$200,000 decrease due to a reduction in the number of new judges to be appointed.
- \$450,000 decrease due to a significant carryforward from the 2001-02 fiscal year to the 2002-03 fiscal year.

Annexes

Table 1: Source of Non-Respendable Revenue

(\$ thousands) Registry of the Tax Court of Canada	Forecast Revenue 2002-2003*	Planned Revenue 2003-2004	Planned Revenue 2004-2005	Planned Revenue 2005-2006
Appeal fees	548	586	586	586
Sale of judgments	32	39	39	39
Total Non-Respendable Revenue	580	625	625	625

* Best estimate of total planned revenue to the end of the fiscal year.

Table 2: Net Cost of Program for 2003-2004

Registry of the Tax Court of Canada	
(\$ thousands)	
Net Planned Spending	12,960
Plus: Services Received without Charge	
Accommodation provided by Public Works and Government Services Canada (PWGSC)	3,394
Contributions covering employer's share of employees' insurance premiums and expenditures paid by TBS	469
Salary and associated expenditures of legal services provided by Justice Canada	70
Less: Non-respendable Revenue	625
2003-2004 Net Cost of Program	16,268

Other Information

Jurisdiction of the Tax Court of Canada

The Tax Court of Canada has authority to hear cases on matters arising under the following Acts:	
<i>Income Tax Act</i>	R.S.C. 1985, c. 1 (5th Supp.), as amended
<i>Canada Pension Plan</i>	R.S.C. 1985, c. C-8, as amended
<i>Old Age Security Act</i>	R.S.C. 1985, c. O-9, as amended
<i>Petroleum and Gas Revenue Tax Act</i>	R.S.C. 1985, c. P-12, as amended
<i>Unemployment Insurance Act</i> (repealed)	R.S.C. 1985, c. U-1, as amended
<i>Employment Insurance Act</i> (Part IV and VII)	S.C. 1996, c. 23, as amended
<i>Excise Tax Act</i> (Part IX)	R.S.C. 1985, c. E-15, as amended
<i>Cultural Property Export and Import Act</i>	R.S.C. 1985, c. C-51, as amended
<i>War Veterans Allowance Act</i>	R.S.C. 1985, c. W-3, as amended
<i>Civilian War-related Benefits Act</i>	R.S.C. 1985, c. C-31, as amended
<i>Veterans Review and Appeal Board Act</i>	S.C. 1995, c. 18, as amended
<i>Customs Act</i> (Part V.1)	R.S.C. 1985, c. 1 (2 nd Supp), as amended
<i>Air Travellers Security Charge Act</i>	S.C. 2002, c. 9, Part 2

Contacts for Further Information

Further information on the strategic planning portion of this document can be obtained by contacting:
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