



**Service Improvement** in the  
Canada Revenue Agency  
for 2004-2005

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



Canada Customs  
and Revenue Agency

Agence des douanes  
et du revenu du Canada

**Canada**<sup>1311</sup>



# Service Improvement in the Canada Revenue Agency (CRA)<sup>1</sup>

## A five-year overview

This service improvement report covers the 2004-2005 fiscal year and complements the CRA Annual Report to Parliament 2004-2005. It is also the CRA's final report on the federal government's Service Improvement Initiative.

As a lead department, the CRA, through its service improvement agenda, has supported the Government of Canada's Service Improvement Initiative over the past five years. The objectives of the initiative were to achieve a minimum 10% increase in client satisfaction with services by 2005, develop annual service improvement plans based on clients' priorities, use the Common Measurements Tool to measure client satisfaction with services to the public, adopt and publish service standards for each service channel linked to clients' expectations, and report through the departmental performance reports on performance against those standards and annual progress toward client-satisfaction targets.

The Service Improvement Initiative has largely coincided with the first five years of the CRA's existence. One of three key objectives for creating the CCRA in 1999 was to provide better service for Canadians. In this sunset year of the Service Improvement Initiative, we are providing a report that looks not only at our accomplishments in the past year, but looks more broadly at our results for the past five years in the areas of service improvements, service standards, and our annual survey results.

The CRA's overall plan for service improvement has been embodied in our Future Directions initiative (also sunsetting this year), while our corporate business plan has set out our corporate strategies and implementation priorities for realizing service improvements. Plans and initiatives for improving service have focused on our tax, benefits, and appeals programs.

Our Future Directions initiative, launched in 2001, was the product of consultations with over 3,000 clients from our four principal client groups—individuals, small and medium enterprises, large business, and charities. Discussions were also held with the provinces, territories, and several foreign revenue administrations. As a result of these consultations, a vision of compliance through client-centred service was established, and it was to be realized through seven strategic directions.

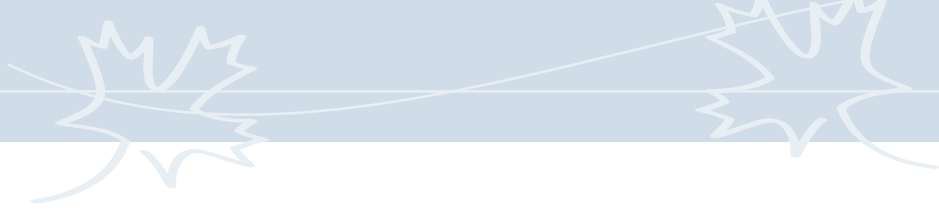
The strategic directions were expanded electronic services; account manager framework; customized approach to compliance; strengthened partnerships and co-operation; timeliness; consultation, transparency, clarity and simplification; and work force development.

Some highlights of our accomplishments in service improvement over the past five years are described below.

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1. On December 12, 2003, the Government transferred the customs function of the Canada Customs and Revenue Agency (CCRA) to the Canada Border Services Agency (CBSA). As a result of this transfer, it is proposed that the CCRA continue operations under the name of the Canada Revenue Agency (CRA). This name change and the renaming of the *Canada Customs and Revenue Act* to the *Canada Revenue Agency Act* are presented in Bill C-26, an Act to establish the Canada Border Services Agency, which has been referred to committee in the Senate at the time of printing of this document.

To reflect these proposed legislative changes, and to ensure the reader understands that the information contained in this document pertains only to the revenue and benefits components, we are using the name Canada Revenue Agency (CRA).



## Service improvements

We have fully supported the Government On-Line (GOL) Strategy and are a leader in the Public Service of Canada in this area. For the fourth year in a row, according to the Accenture e-Government Report<sup>1</sup>, the Government of Canada has ranked first worldwide in maturity of e-Government services. The CRA has been a fundamental contributor to Canada's success in this area. Canada remains number two in the world for take-up of electronic income tax filing. Our efforts have also consistently been recognized in the Government Technology Exhibition Conference (GTEC) arena, where we have received 29 awards over the last five years, including 11 for Government On-Line (GOL) work, for such initiatives as Secure Channel and Authentication Services/epass Canada.

We have developed an electronic business strategy that allows clients to choose from a variety of secure, automated, self-service channels. We have made a major effort to serve clients' needs by simplifying processes and providing faster access to information and service through the Internet. This strategy is working. In 2004-2005, our Web site registered more than 24 million visits, an increase of 27.6% over the previous year. In 1999 the CCRA site was merely a presence; it now offers over 30 Internet-based services including NETFILE, Business Registration Online, and T4 filing by employers. Electronic filing of individual income tax returns has risen from 31% of all returns filed in 2000 to 49.4% of all returns in 2004-2005.

A key building block in the CRA's electronic offerings is My Account, introduced in 2002. Initially, My Account allowed Canadians to view specific information related to their income tax returns, Canada Child Tax Benefit payments, GST/HST credit, and related provincial and territorial benefit programs. As of 2004-2005, Canadians can access their account to make changes using the Change my return and Address Changes Online options. Individuals can also file objections electronically through the new Register My Formal Dispute service; to enable fuller access for Canadians, this is accessible from both the CRA Web site and the Government of Canada Web site.


The above achievements were effected through sound business management, planning, and strategic investment in infrastructure and new application solutions, the outcome of which is an increased reliance on technology with its related cost pressures.

In addition to increased electronic services, the CRA has made major improvements to telephone services by implementing state-of-the-art call centre technology. The national telephone networks route calls across Canada to provide more equitable and efficient service. Comprehensive automated response systems permit service on a 24/7 basis. In 2004-2005, we introduced and met service standards for our general and business telephone enquiries, realizing a long-standing commitment to do so.

To reduce the compliance burden on businesses and make them more competitive, the CRA has introduced over the past five years a number of services, including Business Registration On-line, Corporate Internet Filing, electronic payment of taxes through financial institutions, business call centres, dedicated Web portals for business and tax practitioners, and account managers for large businesses. Compared to the preceding year, we have seen T2 Internet filing for T2 up from 24,598 to 93,416, GST/HST filing up from 124,736 to 250,413, and T4 filing up from 56,393 to 79,282. We have strengthened the administration of the Scientific Research and Experimental Development tax credit program to make it more responsive to the needs of Canadian businesses.

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1. The 2004 Accenture e-Government report can be found at [http://www.accenture.com/xdoc/en/industries/government/gove\\_egov\\_value.pdf](http://www.accenture.com/xdoc/en/industries/government/gove_egov_value.pdf)



Our administration of the charities sector has made great strides over the past five years, particularly with regard to improving service to charities and assisting and strengthening sector compliance. A customized Web site for charities was created to provide one-window access to the CRA's information for and about charities. The Web site also offers online display of the public part of the annual information return filed by registered charities. Substantial improvements were made to the regulatory framework affecting charities, largely as a result of CRA leadership.

In addition to administering our federal tax and benefits legislation, the CRA has been given, through the CCRA Act, authority to implement agreements with, and administer programs for, provinces, territories, other federal agencies and departments, and Aboriginal governments. Since becoming an agency the CRA has undertaken many new arrangements with its partners.

For example, the CRA has agreements with many departments and agencies (63 overall including elements of the Canada Pension Plan and the Employment Insurance Program in conjunction with Human Resources and Skills Development Canada and Social Development Canada). Thirty-one of these agreements have been concluded or significantly updated since 1999, including one with Public Works and Government Services Canada (2002 agreement to use the CRA's Business Number system for registering possible suppliers for federal procurement), and one with Statistics Canada (2003 consolidated agreement that recognizes the breadth of information provided by the CRA for statistical purposes).

We now have partnerships with six provinces to enable joint business registration. The CRA administers 17 provincial and territorial child tax benefit and credit programs. New income verification agreements with four provinces have been implemented to enable electronic data exchange through a secure network, to streamline the delivery of 13 provincial benefit programs, with four programs in the testing phase at the end of 2004-2005. Completed in 2002, the CRA's implementation of Tax On Income (TONI), allows the provinces and territories (except Quebec) to set provincial income tax rates independently, thereby providing them considerable flexibility in setting rates, modifying tax credits, and introducing non-refundable credits. Through such arrangements, the CRA has been able to leverage its expertise and infrastructure to simplify the delivery of tax administration in Canada and avoid duplication in costly infrastructure.

The CRA has introduced several innovative arrangements with Aboriginal governments since becoming an agency. These include agreements that provide for the collection of sales tax on alcohol, tobacco, and fuel products on reserve, imposition of income tax for reserve residents, and the imposition of a GST-like tax on reserves with participating self-governing bands. The CRA set up a Web site in 2003 for First Nations tax issues, along with active outreach activities, to deal with various tax and benefit issues. The First Nations Advisory Committee was established in February 2005 to identify ways for the CRA to better serve and interact with First Nations.

With the provisions of its legislated mandate, the CRA has developed, over the past five years, new and innovative ways of serving its partners, and hence Canadians, better. According to the report by the Public Policy Forum entitled *Review of the Canada Customs and Revenue Agency Governance Regime* (2003), tax specialists see a new attitude at the CRA with the organization "now more focused on provinces and taxpayers needs and more confident." The CRA is perceived as treating the provinces "more respectfully, openly, and professionally." The CRA will continue to work to achieve more improvements, better communications, and better alignment of shared management instruments such as annual reports.



## Our Strategic Directions<sup>1</sup>

### 1. Expanded electronic service

Our goal is to apply technology to the full-range of CRA services to enable our clients to self-serve where appropriate. As leaders in the Government On-Line initiative, we will expand our electronic-delivery options to Canadians. We will work with other federal agencies and departments, and other levels of government to create practical, single-window delivery for Canadians and Canadian businesses. We will also provide a client-centred online view of the CRA to enable clients to get the information they need more easily. We will provide electronic-service options that are accessible to clients to enable them to communicate and conduct transactions with us.

### Key accomplishments in 2004-2005

- The CRA has been recognized as transforming the way services are delivered within the Canadian government. As a result, for the fourth year in a row Canada ranked first in the world in maturity of e-Government services, and remains number two in the world for take-up of electronic income tax filing.<sup>2</sup>
- Received six government technology (GTEC) awards in recognition of the CRA's development of leading-edge, highly available and secure electronic processes, including three gold medals for the Service Availability Improvements (SAI) project, Collaborative Seniors Portal project—a cross jurisdictional project, and Secure Channel Project—a shared award with six government departments.
- Improved the CRA's self-service Web offerings through our Smartlinks initiative, enhancing clients' experience with our Web site. In addition, our use of Web metrics has allowed us to make other improvements to the site.
- Redesigned the home page of the CRA Web site to be more client-centric and user-friendly.
- Maintained high levels of satisfaction with our Web site: CRA Annual Web site user survey indicated a close match between 2004 and 2003 results at 79% and 78% respectively. Of site visitors, 78% agreed the site had all the information they needed; the information was understandable; and they found everything they looked for, or successfully completed every task they tried.
- Added seven provincial programs to the Income Verification data exchange service using File Transfer Protocol with British Columbia Health, British Columbia Employment and Income Assistance, the Alberta Ministry of Human Resources and Employment, the Saskatchewan Ministry of Health, and the Newfoundland and Labrador Ministry of Human Resources and Employment, bringing the total to 13 programs, with 4 programs in the testing phase.
- Further contributed to GOL by expanding the range of electronic services by adding Change my return and Address Changes Online options, and launching the Register My Formal Dispute site (now located on the Government of Canada Web site for fuller access for Canadians).
- Processed continuously increasing T1 electronic filing, from 43% in 2002-2003, to 47.8% in 2003-2004, and 49.4% this year, representing 11,640,736 returns.
- Observed increased electronic filing for other revenue streams: T2 (up from 24,598 to 93,416), GST/HST (up from 124,736 to 250,413), and T4 (up from 56,393 to 79,282).
- Released an online application for use by employers to calculate taxable automobile benefits for personal use of company owned or leased vehicles.

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1. These are the strategic directions from Future Directions released September 2002.

2. Accenture e-Government report

- Piloted an electronic system to allow employers to receive, view, and reply to payroll remittance statements online.
- Increased take-up rate of alternative electronic services with more than 24.3 million visits to the CRA Web site (19.1 million in 2003), 1,845,305 million sign-ons to My Account (945,021 in 2003), and 50.6 million downloads of forms and publications (44.9 million in 2003).
- Saw volume of electronic payments increase from 4.0 million to just over 4.8 million this year.
- Continued to improve our online “Learn About Taxes” course to ensure that it is user-friendly, accurate, and clear.
- Continued the Get It In Writing! Consumer Awareness Campaign to inform clients of the risks and liabilities that can be avoided by dealing with legitimate contractors in the home renovation sector.
- Improved and increased the information available on the Scientific Research and Experimental Development (SR&ED) Tax Incentive Program Web site, resulting in a high level of satisfaction, based on positive feedback from both industry representatives and colleagues.
- Reduced number and duration of network outages through the Service Availability Improvements (SAI) project, achieving 99.4% availability for our critical systems.
- Improved emergency response capability by implementing a more robust infrastructure, establishing data centre recovery program processes, and testing disaster recovery plans for key systems.
- Posted the public part of the charities annual information returns for the years 2003 and 2004 on the CRA Web site.

## 2. Account Manager framework

We have instituted a whole of client view for the service needs of clients with shared characteristics. This has involved tailoring our client approach and relationship to use the right mix of services and programs to meet their business needs in a timely manner. We are moving towards one point of contact for assistance or clarification.

All Future Directions actions and initiatives are being built around the CRA’s existing service framework. However, for more complex initiatives such as the Account Manager, we are taking the time to get the details right and to make sure the initiatives are well-designed and properly implemented. Plans and options for the implementation of this initiative are being developed in consultation with large businesses and employees.

### Key accomplishments in 2004-2005

- Piloted the Account Manager concept for large companies with 28 large businesses.
- Strengthened our internal capacity to provide a preliminary interpretation of contentious or complex issues as they are contemplated by a large business, or before the filing of an annual tax return.
- Continued to promote the Alert System initiative to notify large businesses about questionable tax schemes and other emerging issues of concern to the CRA.
- Continued to improve the timeliness of activities and transactions by providing regular updates to large businesses on the status of processes underway and outstanding decisions.



### 3. Customized approach to compliance

By taking an integrated approach, assessing and improving the effectiveness of our compliance instruments, refining profiles for major client groups, and using risk-management processes to identify compliance issues, we will continue to address the key issues we face in achieving compliance.

#### Key accomplishments in 2004-2005

- Conducted a comprehensive review regarding tax administration in Canada resulting in the identification of four key areas of risk: GST/HST, the underground economy, aggressive tax planning, and non-filer/non-registrant and collections.
- Implemented the CRA's Compliance Measurement Framework.
- As part of our Compliance Strategy, offered new communications products and educational/outreach activities, such as small business seminars, to advise clients of their rights and obligations.
- Addressed areas of non-compliance, resulting in a total fiscal impact of \$10.2 billion.
- Advanced the Responsible Citizenship and Canada's Tax System learning initiative as part of the existing high school curriculum to promote awareness among young people of Canada's tax system.
- Advanced charities regulatory reform by implementing 69 (out of 75) recommendations made by the Joint Regulatory Table, of which 60 were fully supported and 9 partially accepted.
- The GST/HST Enhanced Registration Review (GERR) increased the number of registrations reviewed from 69,000 to 154,000; as well the number of registrations updated for missing or incorrect information rose from 14,000 to 58,000; and registrations referred for further examination increased from 24,000 to 44,000.


### 4. Strengthened partnerships and co-operation

We will accelerate our work with interested provinces, territories, and First Nations to create new opportunities for co-operation and partnerships. We will strengthen partnerships with other federal government agencies and departments, and other governments to provide single-window service. We will collaborate with tax professionals to promote compliance. We will work with the private sector to build links to CRA programs and services where it is in our mutual interest.

#### Key accomplishments in 2004-2005

##### **a) With the provinces and territories**

- Continued to share information and best practices with provinces and territories.
- Renewed tax collection agreements with nine provinces and territories.
- Finalized a new Service Management Framework (SMF) with the Government of Manitoba which will serve as a model for others and improve our accountabilities with the provinces.
- Undertook negotiations with Ontario regarding its Corporate Income Tax project.
- Successfully implemented Registration Data Sharing with the Workers' Compensation Board of Nova Scotia Workplace Health, the Safety and Compensation Commission of Newfoundland and Labrador, as well as the Workplace Safety and Insurance Board of Ontario; carried out initial implementation with the Workers' Compensation Board of British Columbia; and undertaking discussions in New Brunswick.
- Added seven provincial programs to the Income Verification data exchange service using File Transfer Protocol with British Columbia Health, British Columbia Employment and Income Assistance, the Alberta



Ministry of Human Resources and Employment, the Saskatchewan Ministry of Health, and the Newfoundland and Labrador Ministry of Human Resources and Employment, bringing the total to 13 programs, with 4 programs in the testing phase.

- Piloted a learning unit on taxation called Responsible Citizenship and Canada's Tax System in collaboration with the Federal/Provincial/Territorial Working Group on the Underground Economy.
- Administered 17 ongoing child benefit and credit programs for provinces and territories, many of which were launched under the joint federal, provincial, and territorial National Child Benefit (NCB) initiative.
- Improved the quality of provincial income allocation audits, reducing the number of files for which the provinces require clarification.

**b) With First Nations**

- Established the First Nations Advisory Committee to identify ways the CRA can better serve and interact with First Nations.
- Finalized agreements with nine Yukon First Nations for collecting First Nations GST.
- Signed an agreement with the Whitecap Dakota First Nation in Saskatchewan (10th member of the agreement) to collect First Nations tax related to fuel, tobacco, and alcoholic beverages sold on reserves.
- Conducted numerous outreach sessions on Aboriginal affairs activities with Finance Canada and Indian and Northern Affairs Canada.

**c) With other government departments (OGD)**

- In collaboration with Human Resources and Skills Development Canada/Social Development Canada (HRSDC/SDC), developed a business case for e-Payroll. Began consultations with other departments, such as Industry Canada, to work toward making businesses more competitive by reducing the burden of government paperwork.
- In collaboration with HRSDC/SDC, achieved better co-operation and information sharing with respect to the individual Income Tax and Benefit Return, the Canada Pension Plan, and the Old Age Security programs, including the Guaranteed Income Supplement and Employment Insurance Family Supplement programs.
- Worked closely with HRSDC on developing and testing data exchange using File Transfer Protocol (FTP) to support the July 2005 implementation of the Canada Learning Bond and the Additional Canada Education Savings Grant.
- Developed a collections strategy for potential adoption by the Government of Canada whereby the CRA could provide a collection service for the programs administered by HRSDC and SDC which could improve efficiency and fairness in the collection and management of Crown debt.
- Created partnerships with the Canada School of Public Service and Public Works Government Services Canada to develop and implement public-service-wide e-Learning initiatives.
- Maintained ongoing relationship with the Canada Border Services Agency (CBSA): under a memorandum of understanding, CBSA buys from the CRA IT infrastructure and Corporate Administrative System services, including support of 7,500 PCs, 1,500 laptops, and 150 mainframe terminals, which are used by up to 9,100 CBSA employees at 300 sites across Canada.

**d) With other governments and international associations**

- Canada continued to lead the Seven Country Tax Haven Working Group, which also includes Australia, France, Germany, Japan, the United Kingdom, and the United States.
- Canada signed the Convention on Mutual Administrative Assistance in Tax Matters in an effort to combat tax evasion on a global scale by sharing tax information multilaterally.



- Continued work with member countries of the International Debt Management Committee (Australia, Canada, Japan, New Zealand, United Kingdom, and United States) to exchange knowledge, information, and best practices, in many aspects of debt management concepts. Canada hosted the fourth conference in September 2004.
- Worked with foreign administrations and international organizations (e.g., OECD) to reduce the compliance burden and develop model documentation in order to protect businesses from documentation penalties.
- Signed memorandum of understanding with the commissioners and tax commissioners of Australia, the United Kingdom, and the United States, to establish the Joint International Tax Shelter Information Centre to deter promotion of, and investment in, abusive tax schemes.
- Hosted the annual commissioners' meeting of the Pacific Association of Tax Administrators in October 2004, focusing on best compliance practices in member countries.

## 5. Timeliness

We will continue to improve the timeliness of our activities and transactions with clients across the whole range of our services, and manage client expectations by informing clients how long it will take us to provide service or respond to them, or by providing them with an update on the status of their accounts. We will use technology to provide faster and more accurate service, and to allow clients to self-serve, where appropriate.

### Key accomplishments in 2004-2005

- Significantly improved our overall service delivery performance, meeting or mostly meeting our service standard targets 88% of the time compared to 73% last year.
- The CRA annual survey results show that 94% of taxpayers were either somewhat or very satisfied with the time it took to receive their *Notice of Assessment* or refund (T1 service standard) compared to 88% in 2003-2004.
- Continued to exceed our service standards for processing T1 paper and electronic returns.
- Exceeded the service standards for processing T2 corporate returns with 82% for processing 75% of T2 returns in 50 days, and 96% for processing 90% of T2 returns in 90 days.
- Exceeded the service standard for processing GST/HST returns with 96.5% performance compared to a 95% standard for processing within 21 days.
- Significantly improved the reviewing of actuarial valuation reports, thereby meeting our service standard.
- Successfully met the target of 80% for timely reviewing of amendments to registered pension plans.
- Significantly improved performance in processing T3 trust returns, exceeding its service standard target of 95% within four months.
- Exceeded internal performance target of 99% for timely processing of benefit payments.
- Exceeded the 85% service level target to achieve an overall rate of 91% for all types of CPP/EI Rulings requests, including requests from the public, HRSDC, SDC, and other CRA programs.
- Re-evaluated internal performance targets for all our Appeals workloads (income tax, GST/HST, and CPP/EI) and continued to reduce time frames to resolve income tax objections.
- Achieved the 80% target for the new general and business telephone enquiries service standards to respond to calls in queue within two minutes.



## 6. Consultation, transparency, clarity, and simplification

Our communications with clients will be clearer and easier to read; our explanations of decisions will be clearer, making it easier for clients to meet their obligations. We will use multiple channels when communicating with clients and tailor our information products to specific client groups. We will continue to work with our counterparts in other government agencies and departments to simplify and clarify procedures, and strengthen our outreach activities.

### Key accomplishments in 2004-2005

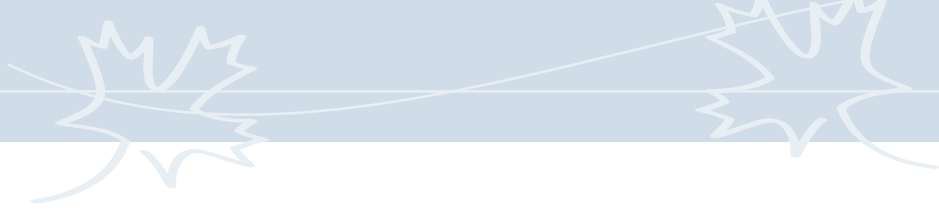
- Enhanced accessibility, transparency, and consistency of appeals process by implementing the Appeals Vision Action Plan and Voluntary Disclosure Action Plan, meeting Government On-Line appeals objective, and promoting fairness provisions.
- Continued to maintain the high levels of transparency, accessibility, and consistency reported since 2000-2001 with regard to creating awareness of clients' right to appeal/redress.
- Continued to improve our written material, as well as our Web site to make sure that our explanations are simple and clear.

## 7. Workforce development

Our support to employees will include addressing current and longer-term needs in hiring, training and learning, and retention. This includes training and learning programs that ensure our employees keep pace with change and can take advantage of new processes and technologies.

### Key accomplishments in 2004-2005

- Established a senior Competency-Based Human Resources Management (CBHRM) advisory committee and a project team to better integrate CBHRM components and align them with CRA business objectives.
- Moved forward on classification reforms through the development of short format work descriptions, and use of generic and national jobs at the CRA.
- Launched the Core Management/Gestion (MG) Learning Program in November 2004, training some 360 managers (out of 2,571) in 2004-2005.
- Encouraged leadership development to resolve MG concerns and issues, such as communication across the CRA, and by providing education through focused management training courses and video conferences.
- Launched a one-day workshop attended by some 580 members of the executive cadre and certain MGs in 2004-2005 on managing budgets, expenditures, and costs to achieve results.
- Continued to meet or surpass labour market availability for national representation of all four employment equity designated groups (Women, Visible Minorities, Persons with Disabilities, and Aboriginal Peoples).
- Overall 92% of CRA Executive Cadre (EC) met the bilingual requirements of their position; this includes 98% of EC2-6 and 61% of EC2/IT executives.
- 77% of employees in positions offering service to the public met the bilingual language requirements of their position.
- Attained a 28% participation rate for visible minorities in the Management Development Programs.
- 80% of graduates of management development programs working at or above their target level.



- Implemented the Coaching and Mentoring framework to help the CRA in transferring knowledge and expertise from retiring employees and managers to new employees.
- Completed the “Taking Stock and Moving Forward” review, which reported in June 2004 that significant progress has been made towards reaching the goal of a further modernized human resources regime.



## Service standards

### Overview—a five-year perspective

The Service Improvement Initiative specified that departments would develop and report on service standards in their departmental performance reports. When we became an agency in 1999, the organization was directed to re-invigorate its service standards agenda. The Canada Revenue Agency has been reporting publicly on its service standards since the year 2000.

As a regulatory and enforcement agency, the CRA undertakes to develop service standards that both improve service to individual and business clients and promote compliance with Canada's tax and benefits legislation, balancing client expectations with the needs of the greater public good. For our clients, service standards represent the CRA's public commitment of the level of service that they can reasonably expect to encounter in areas of importance to them. For managers and employees, service standards help to increase understanding of service interactions from the outside-in or client perspective, and represent a willingness to hold ourselves accountable for the transparent reporting of our performance. Service standards are the cornerstone of the CRA's performance measurement system.

New service standards, as well as adjustments to existing standards or their targets, require approval through the CRA's corporate business plan. Service standards are developed in accordance with the *CCRA Guide to Service Standards*, the CRA's approved tool for the design, development, implementation, and life cycle management of service standards.

Management sets targets that represent the percentage or degree of expected attainment of an established standard. Targets are based on operational realities and infrastructure, historical performance, degree of complexity of the work, and Canadians' expectations. For example, standards for front-end processing generally have shorter time frames and/or higher targets, while those requiring greater review and analysis have lengthier time standards and/or lower targets. Performance that drops significantly below targets signals to managers that remedial action is necessary.

Meeting our service standards targets demonstrates that the organization is efficient and responsive to client needs. This helps establish credibility in our operations and contributes to increasing the level of confidence that Canadians can place in government. Citizens First research has identified a strong link between service quality and the confidence that citizens place in government.






















As well as being responsive to clients, service standards help to establish the necessary conditions for compliance. By striving to meet our service standards commitments in areas such as providing information or rulings, assessing an application or eligibility for a tax credit or refund, determining the validity of an application or processing a registered plan, we help provide clients with the certainty they need to meet their obligations under tax and benefits legislation. The CRA's ability to provide information in a timely, predictable way alleviates client frustration that can lead to client error or delay decisions. It has long been our belief that by facilitating compliance, we enhance it.

Over the past five years, we have refined and added to our service standards, dropping some that no longer met our business needs. More importantly, we have improved our level of performance. In our first annual report, we reported on 27 standards that applied to the tax and benefits programs; in our current report, we are reporting on 41 service standards covering the tax, benefits, and appeals programs. In our first annual report for 2000-2001, we

met or mostly met some 60% of our targets for our service standards. In 2004-2005, we significantly improved our service delivery performance, meeting or mostly meeting our service targets 88% of the time.




Our services are offered through a variety of channels of access and delivery, as indicated in the detailed chart that follows.

## Overall performance against service standards – Recent performance

Service (Client access channel)	Service standard	Results 2002-2003	Results 2003-2004	Results 2004-2005 (Service delivery channel)
<b>Tax Services – Client</b>				
1. Counter-service wait time 	20 minutes (except during peak periods)	82% ✗	81% ✗	90% ✗ (see note)
		Target: 100%		
2. Processing visitor GST/HST rebate applications 	4-6 weeks	95% ✓	98% ✓	99% ✓
		Target: 100%		Target: 95% 
3. Responding to client-requested adjustments (T1)  	8 weeks	9 weeks ✗	5 weeks ✓	6 weeks ✓ (see note)
		Target: 100%		
4. Problem Resolution Program 	Acknowledged within 48 hrs.	83% ✗	94% ✗	98% ✓ (see note)
		Target: 100%		
5. Problem Resolution Program  	Resolution/client contact within 15 days	100% ✓	94% ✗	97% ✓ (see note)
		Target: 100%		 
6. Processing fairness requests related to accounts receivable and trust accounts programs   	4-6 weeks	92% ✓	90% ✓	90% ✓ (see note)
		Target: 90%		
7. Providing statements of arrears for corporations	Mailed by the end of the month	83% ✗	67% ✗	63% ✗ (see note)
		Target: 95%		
8. Providing statements of interim payments to corporations on a monthly basis	Mailed by the 18 <sup>th</sup> of the month	70% ✗	61% ✗	49% ✗ (see note)
		Target: 95%		
9. Charities—response to telephone enquiries 	Within 60 seconds	Not applicable	Not available	90% ✓
		Target: 85%		
<b>Legend</b>	✓ Met or exceeded target	☑ Target mostly met (at least 95%)	✗ Target not met	New or modified service standard

Service (Client access channel)	Service standard	Results 2002-2003	Results 2003-2004	Results 2004-2005 (Service delivery channel)
10. General telephone enquiries—respond to calls in queue 	Within two minutes	Not applicable	Not applicable	81% (see note) ✓
		Target: 80%		
11. Business telephone enquiries—respond to calls in queue 	Within two minutes	Not applicable	Not applicable	81% (see note) ✓
		Target: 80%		
12. Advance income tax rulings to taxpayers  	Within 60 days	60.3 days ✓	57 days ✓	62 days ✓
		Target: 100%		
13. Technical interpretations to taxpayers  	Within 90 days	78 days ✓	82 days ✓	75 days ✓
		Target: 100%		
14. Applications to register pension plans 	Deemed registration within 60 days	77% ✗	78% ✗	88% ✓
		Target: 85%		
15. Applications to register pension plans 	Complete review in 180 days	89% ✓	91% ✓	89% ✓
		Target: 85%		
16. Amendments to registered pension plans 	9 months	79% ✓	78% ✓	84% ✓
		Target: 80%		
17. Termination of registered pension plans 	One year	89% ✓	77% ✗	88% ✓
		Target: 85%		
18. Retirement savings plans (applications to register, amend, or terminate) 	Within 60 days	64% ✗	89% ✓	97% ✓
		Target: 80%		
19. Retirement income funds (applications to register, amend, or terminate) 	Within 60 days	66% ✗	90% ✓	95% ✓
		Target: 80%		
20. Education savings plans (applications to register, amend, or terminate) 	60 days	71% ✗	92% ✓	93% ✓
		Target: 85%		
21. Actuarial valuation reports 	9 months	73% ✗	72% ✗	81% ✓
		Target: 80%		
22. Deferred income plans—response to telephone enquiries 	Within 2 working days	100% ✓	100% ✓	100% (see note) ✓
		Target: 100%		
23. Deferred income plans—response to written enquiries 	Within 60 days	60% ✗	64% ✗	69% ✗
		Target: 80%		
<b>Legend</b>	✓ Met or exceeded target	☑ Target mostly met (at least 95%)	✗ Target not met	New or modified service standard















Service (Client access channel)	Service standard	Results 2002-2003	Results 2003-2004	Results 2004-2005 (Service delivery channel)
24. Deferred profit sharing plans— registration  	180 days	Not applicable	Not applicable	85% (see note) 
		Target: 80%		
25. Deferred profit sharing plans— amendments or termination  	270 days (9 months)	Not applicable	Not applicable	82% (see note) 
		Target: 80%		




### Tax Services – Returns processing




































26. Processing T1 individual income tax returns (paper)  	4-6 weeks	Under 4 weeks 	Under 4 weeks 	Under 4 weeks 
		Target: 4 weeks		
27. Processing T1 individual income tax returns (EFILE, TELEFILE, NETFILE)  	2 weeks	Under 2 weeks 	Under 2 weeks 	Under 2 weeks 
		Target: 2 weeks		
28. Processing T3 trust returns 	Within 4 months	77% 	72% 	97% 
		Target: 95%		
29. Processing GST/HST returns    	21 days	96% 	97% 	98% 
		Target: 100%		Target: 95%
30. Processing T2 corporation income tax returns   	75% in 50 days	75% 	76% 	82% 
	Target: 75% in 50 days			
	90% in 90 days	91% 	93% 	96% 
Target: 90% in 90 days				

### Tax Services – Review

#### Claims – SR&ED tax incentives

31. Refundable claims—combined target (unaudited and audited) 	120 days	93% 	95% 	93% 
		Target: 90%		
32. Non-refundable claims—combined target (unaudited and audited) 	365 days	89% 	92% 	94% 
		Target: 90%		
33. Claimant-requested adjustments to refundable claims 	240 days	93% 	95% 	95% 
		Target: 90%		
34. Claimant-requested adjustments to non- refundable claims 	365 days	88% 	94% 	94% 
		Target: 90%		

<b>Legend</b>	 Met or exceeded target	 Target mostly met (at least 95%)	 Target not met	 New or modified service standard
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Service (Client access channel)	Service standard	Results 2002-2003	Results 2003-2004	Results 2004-2005 (Service delivery channel)
<b>Claims – Video and film tax credits</b>				
35. Refundable claims—unaudited 	60 days	94% 	96% 	94% 
		Target: 100%	Target: 90%	
36. Refundable claims—audited 	120 days	87% 	93% 	95% 
		Target: 100%	Target: 90%	
<b>Benefits</b>				
37. Processing CCTB applications  	End of second month after month in which application is received	98% 	99% 	99% (see note) 
		Target: 98%		
38. Account maintenance/Responding to written enquiries  	End of second month after month in which enquiry is received	Not applicable	98% 	99% (see note) 
		Target: 98%		
39. Validation and control—results of review 	60 days	Not applicable	92% 	98% (see note) 
		Target: 90%		
40. Taxpayer Representative Identification System 	Processing of T1013s within five days of receipt during non-peak periods and 20 days during peak periods	Not applicable	Not applicable	50% (not represent -ative, see note) 
		Target: 90%		
<b>Appeals</b>				
41. 30-day first contact letter for objections, disputes, and appeals 	30 days	87% 	89% 	90% (see note) 
		Target: 85%		
<b>Legend</b>	 Met or exceeded target	 Target mostly met (at least 95%)	 Target not met	New or modified service standard

**Explanatory notes:** With respect to data quality (DQ) or significant variance (V) in performance.

Where service standards are expressed in terms of a number of days, they refer to calendar days.

**Standard 1:** DQ: The standard does not apply during peak periods. Peak periods are from 10:30 am to 1:00 pm daily, and from 8:15 am to 5:00 pm, March 1 to April 30.

**Standard 3:** DQ: The standard applies to straightforward client-requested adjustments, that is, those that relate to workflows that do not involve waiting for substantive information to be resolved.

**Standards 4 and 5:** DQ: The results represent tax services offices only, not tax centres.

**Standard 6:** DQ: The result is based on an estimate.

**Standards 7 and 8:** V: Performance results can be attributed in part to labour disruptions. We are implementing a plan to improve these results.

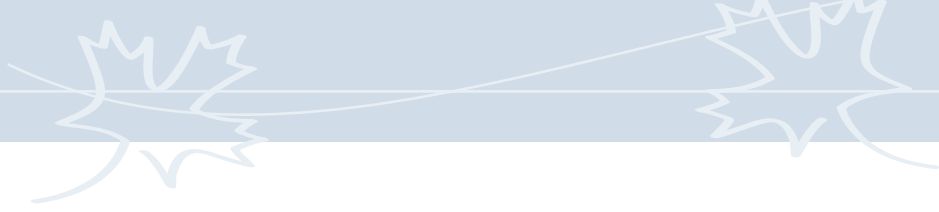
**Standards 10 and 11:** DQ: These are new standards and historical data is not available. During the six weeks of the fall 2004 labour disruptions with fewer phone lines staffed, we believe that we mostly met these standards. We have excluded these results, because they do not fairly represent the reduced level of service available to Canadians during this period.

**Standard 22:** DQ: Information is based on a manual count of employee reports.

**Standards 24 and 25:** DQ: These are new standards and historical data is not available.

**Standards 37, 38, 39 and 40:** DQ: Information is based on a sampling.





**Standard 40: V:** Sampling was conducted immediately following labour disruption. Due to the unusual backlog, the performance is not considered representative.

**Standard 41: DQ:** This standard excludes, for example, those matters resolved within 30 days, invalid objections, and group objections dealing with a common issue such as pay equity disputes.

As indicated in the previous table, in 2004-2005 we successfully implemented and met four new service standards and revised the target downward to 95% for GST/HST visitor rebate applications—expectations set out in the 2004-2005 corporate business plan.

The following tables provide an update on service standards under development from the 2004-2005 to 2006-2007 Corporate Business Plan. During the past year, it was also decided through the 2005-2006 to 2007-2008 Corporate Business Plan to lower the target for counter service in 2005-2006 to 90% to reflect the evolving counter service strategy, and to discontinue development of the service standard for the disability tax credit since this activity is done as part of normal T1 processing.

### New service standards and targets for 2005-2006


		<b>Target</b>
<b>Tax Services</b>	Timeliness of delivery of T1 packages to clients (under review)	tbd
	New statistical services user fee service standard—New legislative reporting requirement	tbd

### Adjustments to existing service standards for 2005-2006

<b>Tax Services</b>	Counter service wait times – target lowered to 90%.
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### Service standards under development in 2005-2006

<b>Tax Services</b>	Responding to correspondence related to general and business enquiries
	Change My Return via My Account
	Responding to enquiries regarding GST/HST rulings
	Charities—processing of applications for charitable registration
	Charities—response to written enquiries
	Technical telephone enquiry service
<b>Benefit Programs and Other Services</b>	Processing excise—other levies returns
	Canada Child Tax Benefit—telephone service



## Service improvement and client satisfaction

The CRA's drive for continuous service improvement has been articulated through Future Directions, business transformation goals, and Government On-Line initiatives. Views of Canadians on the CRA and the services provided have been tracked through the CRA's annual surveys, Citizens First and other surveys. Results from the 2004 CRA<sup>1</sup> annual survey, *Measuring Up*,<sup>2</sup> are reported in this section. This is the fifth in a series which began with the Baseline Study in 2000. It represents the final year of a five-year cycle and captures the changes that have been noted over the five-year period.

One of the goals of the Service Improvement Initiative was to seek a 10% increase in client satisfaction ratings. However, it has been acknowledged by the Treasury Board of Canada Secretariat that above all what has been important is to inculcate in public servants a culture of continuous improvement. Public servants must keep evolving in how they provide services in ways that keep pace with Canadians' expectations, even as those expectations themselves change and increase as technology changes. In short, there may be a baseline number from 2000, but it does not represent a constant of client expectations.

It is likely that the Canada Revenue Agency will never enjoy the high ratings that Citizens First reports for fire departments and libraries. As a regulatory and enforcement agency, our services may not always be welcomed on an individual basis, but are essential to the public good and contribute to the economic and social well-being of Canadians.

The overall rating of the job being done by the CRA has been relatively stable over the five years of tracking. The current rating of 62% (respondents who feel the job being done is good/very good) is comparable to both the 2003 rating (64%) and the 2000 baseline result (61%). It is considered that the 2001 result (68%) reflected short-term increase in support for governments that followed the 9/11 terrorist attacks.

Indeed, it is a tribute to the service orientation and professionalism of our employees that Canadians continue to provide a high rating in a number of key areas. Eighty-five percent of respondents feel that the CRA acts in a professional manner in its dealings with the public as compared with 86% in 2000. The CRA is recognized for providing services through advanced technology (81% in 2004 versus 79% in 2000). As well, 81% of respondents believe that the information they provide to the CRA is treated confidentially as compared with 77% in 2000. Seventy-seven percent say that we treat them with respect compared to 79% in 2000. In 2004, as in 2000, seventy-six percent believe that we act fairly in dealing with the public. These results suggest that a client service and continuous improvement culture has been adopted in the CRA.

The CRA's annual survey has been to date a public opinion survey, not a client satisfaction survey. For that reason, the Common Measurements Tool (CMT)—a tool prepared for the Citizen-Centred Service Network, Canadian Centre for Management Development to provide public organizations with a set of standard questions to measure client satisfaction with aspects of client service—was not used. Now that the first five-year cycle has been

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1. Although we refer to the CRA Annual Survey, before the government reorganization of December 2003, we were the Canada Customs and Revenue Agency and therefore the results for 2003 and prior years pertain to the CCRA. The results for the year 2004 apply to the CRA only.
  2. The survey is administered by telephone to a national random sample of Canadians. In 2004, 3051 completed interviews were randomly conducted across Canada. The response rate, calculated using the Professional Marketing Research Society standard format was 11%. This response rate is similar to those reported for telephone surveys by major private survey research firms in Canada. Recent research done on response rates indicates that the CRA has followed accepted best practices to reduce the potential for "nonresponse bias" and to ensure that the sample was representative of the population surveyed.



completed, the CRA is making changes to its surveying methodology. When measuring elements of client satisfaction through public opinion surveys, the CMT will be used as appropriate. For 2005, the new CRA annual corporate survey has included a short section that uses core CMT questions. However, these questions are at the organizational level and do not identify a particular program or service. Nonetheless, they can form the basis from which individual program and service areas of the CRA can start specific client satisfaction research. As well, the introduction of a selection of core CMT questions will allow for some comparison between the CRA and other government departments and agencies. It should be noted that CRA program and business areas have adopted the CMT in their business-specific client satisfaction surveys.

The following exhibits provide key results from the 2004 CRA annual survey<sup>1</sup> compared to prior years. “Public’s perception of business performance” represents the public’s perceptions regarding our business lines over five years. “Public’s perception of client service<sup>2</sup>” compares the public’s perception of our performance in dealing with them over five years.

### Public’s perception of business performance<sup>2</sup>

Survey element	2004	2003	2002	2001	2000
CCRA is doing a good or very good job overall	62%	64%	64%	68%	61%
CCRA is doing a good or very good job regarding income tax	<b>67%</b>	70%	69%	74%	71%
Tax Services staff are knowledgeable and competent	83%	84%	83%	85%	80%
Information provided is clear and simple to understand	<b>70%</b>	76%	71%	80%	73%
Guides and written materials are clear and simple to understand	68%	67%	65%	69%	67%
CCRA is doing a good or very good job regarding the Canada Child Tax Benefit	75%	75%	70%	78%	75%
CCRA is doing a good or very good job regarding the GST/HST credit	74%	77%	76%	75%	73%
Awareness of right to appeal an assessment made by the CCRA	<b>74%</b>	72%	73%	71%	69%

### Public’s perception of client service<sup>2</sup>

Survey element	2004	2003	2002	2001	2000
CCRA acts in a professional manner in dealings with the public	85%	85%	84%	88%	86%
CCRA treats the public with respect	77%	80%	77%	83%	79%
CCRA is honest in its dealings with the public	77%	77%	76%	82%	77%
Information is treated confidentially	<b>81%</b>	80%	81%	81%	77%
CCRA acts in a fair manner in its dealings with the public	76%	76%	75%	81%	76%
CCRA uses advanced technology to provide services	81%	80%	79%	78%	79%
CCRA is efficient	71%	73%	71%	78%	74%
CCRA is continually improving its service	<b>72%</b>	71%	69%	73%	68%
CCRA cares about the needs of the public	<b>62%</b>	68%	65%	73%	67%

1. The maximum margin of error is 1.8% 19 times out of 20, with the exception of Canada Child Tax Benefit and GST/HST credit where a smaller sample sizes means that the margin of error is 3.3% 19 times out of 20.
2. Bolded 2004 numbers indicate what we consider to be a statistically significant difference (i.e. +/- 4%) from either 2003 or 2000 results or both.



## Other surveys

The Citizens First survey is conducted every other year by the Institute for Citizen-Centred Service to measure Canadians' perceptions and priorities regarding all levels of government; it includes a result for the Canada Revenue Agency. The Institute for Citizen-Centred Service is currently analyzing the results from the 2005 survey with publication planned for late fall 2005.

Results from the previous Citizens First survey were released in 2003. The CRA (Revenue Canada) was rated 59/100 in 2002. This marked an improvement from our 1998 and 2000 scores (57 and 55 respectively). The survey noted that more mandatory services tended to rate lower in public opinion. Other mandatory services included in the Citizens First survey, such as police in all jurisdictions, courts, and municipal and provincial tax administration, had service quality ratings between 44, for federal courts, and 66, for municipal property tax collection.

As noted above in the report, the Accenture e-government Report stated that the Government of Canada has ranked first world-wide in maturity of e-Government services for the fourth year in a row and remains number two in the world for take-up of electronic income tax filing. The CRA has been a large contributor to transforming how government services are delivered in Canada.

A recent syndicated study entitled, "Government Service and Satisfaction", conducted by Ipsos Reid<sup>1</sup>, examined possible relationships between Canadians' satisfaction with government and their satisfaction with government services. It found that the CRA seems to be leading in the transition to having more government service transactions available online. It also found that Canadians who contacted the CRA assigned a higher importance to nearly all the service attributes assessed in the study. Notwithstanding these higher expectations, Canadians who contacted the CRA assigned better performance ratings across all service attributes than did Canadians overall.

Although we are unlikely to ever rate extremely high in public opinion, given the mandatory and regulatory nature of our business, the CRA has made significant improvements over the past five years in the delivery of its programs and services to Canadians. The CRA will continue to monitor and consider the results and insights such as the public's priorities for improvement identified in the Citizens First and other surveys as it develops its future service strategies.

## Conclusions

This concludes our overview of service improvement in the CRA over the past five years, as well as providing results on this year's service accomplishments, performance against service standards, and survey results. The Canada Revenue Agency has played a leading role in the evolution of quality client-focused service in the Government of Canada. It will continue to do so. The commitment to serve Canadians well is soundly inculcated in the culture of the CRA and rooted in our values of integrity, professionalism, respect, and co-operation. Indeed, client orientation is our key required people competency. As the Service Improvement Initiative, as well as Government On-Line, sunsets as a distinct initiative across government, the CRA can take pride in its accomplishments and in the knowledge that it has laid sound foundations for the role it will play in implementing a new service transformation agenda for the next generation of public services. Among other things, next generation public services will mean a multi-channel approach in a way that is even more client-centric requiring a whole-of-government approach and multi-jurisdictional service offerings.

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1. Random telephone survey consisting of 1,201 adult Canadians who did not contact the Government of Canada in the last three months of 2004, and 1,207 adult Canadians who did contact the Government of Canada within those three months. Fieldwork was completed in December 2004. Results were made available in March 2005, are copyright Ipsos Reid, and are used with permission.