Canada Revenue Agency

2006-2007
Estimates

Report on Plans and Priorities

Carol Skelton

The Honourable Carol Skelton, P.C., M.P
Minister of National Revenue

In December 2003, the Government announced the transfer of a large portion of the customs function of the Canada Customs and Revenue Agency (CCRA) to the newly established Canada Border Services Agency. This transfer was completed on December 12, 2005, when Royal Assent was granted to Bill C-26, *An Act to establish the Canada Border Services Agency*. As a result of this legislation, the CCRA has legally become the Canada Revenue Agency (CRA) and will continue its mandate under that name.

Mission

To administer tax, benefits, and related programs and ensure compliance on behalf of governments across Canada, thereby contributing to the ongoing economic and social well-being of Canadians

Vision

The Canada Revenue Agency will be the preferred provider to deliver tax, benefits and related programs for governments across Canada

Values

Integrity
Professionalism
Respect
Co-operation

Message from the Minister

The confidence of Canadians in the Canada Revenue Agency's fairness and integrity is fundamental to our success in administering tax and benefit programs on behalf of governments throughout Canada. We earn that confidence through our emphasis on excellence in service, protection of information, transparency in the way we account for our performance, and fairness in our dealings with taxpayers and benefit recipients.

As Minister of National Revenue, I recognize that high levels of voluntary compliance within Canada's tax system are rooted in the confidence of Canadians in our fairness, accountability and integrity. My priorities for the Agency will be to maintain and improve upon the current avenues of rights and appeals that provide taxpayers with a sense of confidence and certainty in dealing with the Canada Revenue Agency. As well, the CRA will make additional advances in its collections activities to reassure Canadians that Canada's tax laws are applied fairly and consistently. This benefits all Canadians and leads to our mutual social and economic well-being.

The CRA is a powerful driver for improving business productivity, lowering the cost of government, simplifying citizens' interaction with their governments, and ensuring responsible stewardship of taxpayers' dollars. This is the essence of Agency 2010, an ambitious and innovative change agenda for the CRA, which is described in this report.

The 2006-2007 *Report on Plans and Priorities* details our objectives and strategies to continue to meet and exceed our performance record. It also includes key tax and benefit initiatives introduced in the May 2006 Federal Budget. The initiatives included in this report will help ensure simpler, more secure, and less costly options for Canadians to meet their tax obligations and receive benefits.

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Foreword by the Chair

Each year, the Canada Revenue Agency produces a Report on Plans and Priorities outlining its objectives, strategies, performance expectations, and financial projections for the ensuing three fiscal years. It is with pleasure that I present this first report during my tenure as Chair of the Board.

Since the Agency was established in 1999, the Board has overseen the implementation of administrative policies and a unique governance regime tailored to the CRA's mandate to administer tax and benefit programs. Having laid the groundwork, the Agency is now looking to the future. The *2006-2007 Report on Plans and Priorities* is based upon our vision of the Agency in 2010, and proposes concrete initiatives that build toward this vision over the next three years.

Essential to the realization of Agency 2010 will be a stronger role for the Board of Management in ensuring transparency and accountability to Parliament, to our clients, and ultimately to Canadians. As part of its responsibility for CRA administrative policies, the Board will continue to enhance its oversight presence to make certain that the Agency exercises competent stewardship of resources, manages risks, and reports clearly on its plans and results.

CRA's legislated mandate envisioned an Agency that would provide services to other federal departments as well as provincial, territorial, and First Nations government organizations. Building on the strength of its core business expertise, the Agency will expand the services it performs and more firmly establish the Agency as a service provider of tax and benefit services, while reinforcing accountability to our clients and to Canadians.

In order to achieve its mandate, the Agency works toward two strategic outcomes:

- Taxpayers meet their obligations and Canada's revenue base is protected.
- Eligible families and individuals receive timely and correct benefit payments, contributing to the integrity of Canada's income security system.

These desired outcomes, in concert with the vision for Agency 2010, provide the foundation for this report. This year, as part of our desire to improve transparency and accountability, the report includes concrete deliverables for priority initiatives within each of our seven program activities.

I am pleased to recommend this *2006-2007 Report on Plans and Priorities* to the Honourable Carol Skelton, Minister of National Revenue.

Connie I. Roveto, ICD.D
Chair, Board of Management

Management Representation

The *2006-2007 Report on Plans and Priorities* for the Canada Revenue Agency (CRA) has been prepared based on the reporting principles contained in the *Guide for the Preparation of Part III of the 2006-2007 Estimates: Report on Plans and Priorities and Departmental Performance Reports*:

- It adheres to the specific reporting requirements outlined in the Treasury Board of Canada Secretariat (TBS) guidance;
- It is based on the Agency's approved Program Activity Architecture (PAA) as reflected in its MRRS;
- It presents consistent, comprehensive, balanced, and reliable information;
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it; and
- It reports finances based on approved, planned spending numbers from the Treasury Board of Canada Secretariat in the RPP.

Michel Dorais, ICD.D
Commissioner and Chief Executive Officer
Canada Revenue Agency

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Executive Summary

The Canada Revenue Agency (CRA) has established a solid foundation of performance in tax services and benefit programs, serving 126 clients – federal, provincial, territorial, and First Nations government organizations. Our *2006-2007 Report on Plans and Priorities* outlines the strategies and resources we will apply to build on this performance—while leveraging the CRA's capacity—to implement Agency 2010, a blueprint for the next several years.

The report identifies six strategic challenges to be managed:

- the imperatives of trust, transparency, and accountability;
- demographic trends;
- technological change;
- the evolution of our administrative flexibility as prescribed in the *Canada Revenue Agency Act*;
- economic conditions; and
- specific compliance challenges.

Our plans to address these challenges are built on a solid and secure foundation: an organization that is efficient, accountable, well-managed, and committed to continually improving how it conducts its business. Our accomplishments as an agency create opportunities for building stronger relationships with our clients: federal, provincial, territorial, First Nations, and other government bodies.

This report identifies how we will strengthen the CRA as a nationwide agency, focusing on three themes:

- a well-defined, modern, and high-performing core business capacity;
- a governance model that reflects the best possible blend of autonomy and accountability; and
- the pursuit of business opportunities which we could deliver on behalf of our clients.

Strong and Modern Core Business

The core business of the CRA will continue to be revenue collection and benefits administration. The initiatives in this report seek to build on our existing capacity in a number of ways:

- Improve **service** through additional electronic service options on the Internet, more efficient and responsive telephone and in-person services, greater use of high-volume processing technologies, and enhanced outreach, education, and consultation efforts with a focus on small- and medium-sized businesses, charities, disability programs, and targeted taxpayer groups.
- Intensify our risk-based compliance approach, with particular attention to aggressive tax planning, the underground economy, the Goods and Services Tax/Harmonized Sales Tax (GST/HST) non-compliance and fraud, non-filers/non-registrants and collections, matching of information slips, registration of deferred income plans, appeals, and benefit programs.
- Strengthen our **infrastructure** by reviewing the "geographic footprint" of our field offices, the delivery of the Appeals program, and developing strategies for workforce change impacts from such initiatives as the assumption of collections work from the federal department of Human Resources and Social Development (HRSD), modernizing our publishing function, investing to support the integrity of our information technology (IT) systems, and integrating data management systems in program areas such as collections and charities.
- Maintain the foundation of **trust** in our tax and benefits system and the integrity of our internal management by strengthening our risk management process, conducting security compliance and monitoring reviews, continuing to emphasize the imperative of information confidentiality and privacy, and improving expenditure monitoring.

- Manage **human resources and labour relations** by implementing our Union-Management Initiative (UMI) nationally, streamlining job classification, and starting to implement our new Agency Classification Standard (ACS).

Mature the Governance Model

This plan calls on the CRA to fully use the powers and authorities given to the CRA by Parliament. Work will include the following:

- Define and strengthen **accountabilities and relationships** to Parliament, clients, and central agencies.
- Strengthen **Agency management** practices, for example, by improving our expenditure monitoring capacity, advancing our approach to integrated risk management, implementing a more strategic corporate committee structure, and refining the IT costing/decision model to treat IT as corporate infrastructure supporting the entire CRA and our clients.

Expand Business Opportunities

We believe we can build on our strengths and competitive advantages to increase the effectiveness and efficiency of revenue collection and benefits administration for all levels of government in Canada. To continue progress in providing services to clients and develop into a truly nationwide agency, the plan calls for a range of activities:

- Enhance and expand **existing services** and data exchange arrangements, including those with HRSD (e.g., Old Age Security, Guaranteed Income Supplement, Canada Pension Plan), the Income Verification project, and the Business Number (BN). To an increasing extent, incorporate provincial perspectives and interests into our way of doing business.
- Develop **new services for clients**, such as the integration of collections operations from other government departments, and pilot projects with Service Canada.
- Articulate our **Agency 2010 business model** by defining our core business, clients, and program/service approach, and performing market analysis.
- Develop **growth strategies and plans,** including the first phase of the CRA communication strategy.
- Develop a **client relationship management** capacity.

Implementation of the Agency 2010 blueprint will proceed within the context of a CRA resource management strategy developed to address three key needs:

- sustaining our core business operations;
- investing strategically to maintain and enhance the integrity of our infrastructure, particularly our IT systems; and
- providing for opportunities to expand services to clients in accordance with our mandate.

While this sets out an ambitious agenda for the future, it also recognizes that most of the $9.6 billion in planned spending over the three planning years will go to daily operations, principally in the areas of taxpayer services, tax and benefit processing, audits and investigations, and revenue collection. We will strengthen performance monitoring in all areas by improving measures related to timeliness, accuracy and accessibility of tax and benefits service, collection of tax debt, levels of compliance, and quality of appeal resolutions. Finally, we will accomplish this while focusing on the priority of implementing new fiscal measures that deliver $20 billion in tax relief over two years. These measures will form the basis for our Annual Report to Parliament.

Chapter 1 – Our Operating Environment

The Canada Revenue Agency (CRA) operates within a dynamic environment, where societal and technological trends, economic conditions, government policy, and public attitudes can significantly influence the achievement of program objectives. As part of our strategic planning process, we conduct regular environmental scans and maintain a corporate risk inventory to identify and manage key challenges and opportunities at an enterprise level. The results of these assessments are discussed periodically with our Board of Management, which brings a broader public- and private-sector perspective to the management of the CRA.

For this report, six broad strategic challenges were identified:

- the imperative values of trust, transparency, and accountability demanded by Canadians, and by their governments, in dealings with the CRA;
- demographic trends;
- the demands and impacts of technological change;
- advancing the CRA's legislative flexibilities;
- opportunities and demands coming from the changing economic environment; and
- compliance challenges from aggressive tax planning, tax havens, the underground economy, non-filers/non-registrants and collections as well as the ongoing challenge of maintaining compliance in a self-assessment system.

Imperatives of Trust, Transparency, and Accountability

Trust, transparency, and accountability have always been imperative values at the CRA. This is because of the extent of our public dealings; our collection, accounting, and disbursement of public funds; and the critical role that the values play in supporting the integrity of the tax and benefit systems. Those systems must not only be administered in a fair and effective way, they must be perceived as fair and effective. Any risk to our reputation as an honest and competent manager of money and information imperils the achievement of our operational mandate.

The 2004 CRA Annual Survey found that 81 percent of respondents agreed with the statement "The information that Canadians provide to the CRA is treated confidentially," while 77 percent supported the statement "The CRA treats taxpayers honestly." Although results have been relatively strong and consistent over the past several years, they still demand constant effort and attention.

Two challenges stand out. First, the protection of taxpayer and benefit recipient information will continue to be critical to public trust. Tax and benefit administrations—federal, provincial/territorial, First Nations, and in fact, those of other countries—must balance a desire for better access to information with strong and legitimate concerns about privacy and confidentiality. The security of information technology systems and CRA facilities are essential elements in our approach to meeting this challenge.

Second, we are entering a new era in our relationship with provincial, territorial, First Nations and other clients. Understandably, they have come to expect a high level of service and accountability. Providing this requires special attention not only to client-specific program delivery but also to associated monitoring, measurement, reporting, and remediation. All this is needed for us to be truly accountable for the tax and benefit services we carry out on behalf of our clients.

Demographic Trends

It is projected that by 2015 the size of the Canadian workforce will begin to decline, with any net growth due to the participation of new Canadians. Annual immigration is likely to increase from current levels of approximately 225,000. Equally important is to communicate effectively with culturally diverse communities; some of them may lack familiarity with Canada's tax system and its reliance on self-assessment, or with benefit programs that could assist them in making Canada their home. Since much of Canada's immigration continues to go to our largest urban centres, these service and outreach challenges will be felt especially by our Pacific, Québec, and Ontario regions.

One of the challenges for the CRA will be to protect corporate memory, maintain technical expertise, and ensure that required professional skills are in place in critical areas such as audit. Supported by focused investments in training and development, the CRA will be able to offer new and existing staff more challenging and rewarding work as the balance of jobs continues to shift from traditional processing activities to work that requires more technical, analytical, and client-relationship competencies. This approach will ensure that the CRA has the required staff in place as experienced managers and staff retire in the coming years.

Technological Change

The CRA is a leader in using information technology to improve service and increase productivity. Effectively managing the impact of the rapid pace of technological change by maximizing its benefits and minimizing its negative effects is a key challenge for the CRA.

Clients and Canadians are demanding electronic service options that are fast and efficient, and that guarantee the privacy and appropriate use of confidential information. The CRA is dependent on technology-based information management to respond to growth in e-commerce and the Internet. CRA employees use data from multiple systems to support decisions; they need a greater capacity to integrate data and assemble it into immediately usable information.

Our key challenge in terms of IT is to maintain the right balance of effort and investment between existing program commitments and creating new or additional capacity to respond to the changing business context of Agency 2010 (discussed in the next chapter). This balance must be achieved while addressing pressures such as the "enterprising" of government and the ever-evolving technological environment. Strategies are required to enhance the continuity of IT services, to modernize security, and to facilitate information and knowledge management.

Another challenge is to improve the corporate focus of our technology investments. There is a need to refine and communicate the IT costing model. The aim is for the funding of IT to be treated more as corporate infrastructure—which ultimately supports the whole of CRA and our clients—rather than being treated as individual projects.

IT solutions will demand new skill sets in the CRA workplace, while eliminating certain manual and data entry processing requirements. The resulting impact on training and staffing must be managed carefully to make technology a net benefit to the organization.

The CRA's Legislative Flexibility

The CCRA was created in 1999 (on December 12, 2003, the Government transferred the customs function of the Canada Customs and Revenue Agency to the Canada Border Services Agency, the Agency continues its operations under the name Canada Revenue Agency/CRA) to improve service, increase administrative efficiency, and establish a closer, more accountable relationship with provinces, territories, First Nations, and other clients. The *Canada Revenue Agency Act (CRA Act)* was passed to provide the flexibility and authority to explore innovative methods of service and management. The CRA was effectively given full authority for human resources and general administration.

More recently, the Government of Canada has launched initiatives to integrate internal services such as administrative systems and IT infrastructure across federal departments and agencies, while increasing central agency involvement in financial audit. As well, the Service Canada initiative has been launched to provide a single window for most services to the public.

As we move forward, the CRA will maintain its strong and dynamic service delivery capacity. We will continue to be the primary direct service provider for all tax and benefit programs across Canada.

As the next chapter explains, our plans for the CRA rely to a large degree on taking further advantage of the management flexibilities provided for in our founding legislation. These management, governance, and accountability enhancements will make the CRA more efficient and accountable. At the same time, they will contribute to the CRA's ability to provide innovative products and services to federal, provincial/territorial, First Nations and other clients. Support from our clients for this evolution will help determine the CRA's direction and pace of change over the planning period and beyond.

Economic Environment

Several aspects of the Canadian and global economies will influence the CRA over the coming years.

Currently, the Canadian economy is strong. The federal government is expected to continue emphasizing productivity as the means to further improve Canada's economic performance; the CRA-administered Scientific Research and Experimental Development (SR&ED) credit is one of the tools to encourage a more modern, productive economy.

Internationally, the CRA will increasingly be involved in tax treaty work and other forms of co-operation to support service and compliance. Globalization requires intensified international co-operation, including transparent systems and information-sharing across borders, despite often divergent privacy laws. Canada currently has tax treaties with 83 countries to avoid double taxation, and the CRA often relies on information from national governments to enforce compliance, especially in cases involving tax havens.

Compliance Challenges

Tax compliance is the core of our mandate. It has long been recognized that voluntary compliance and self-assessment are the best, most efficient ways to administer Canada's tax system. When tax payers do not comply, our strategy is to identify and detect the most serious non-compliance issues and cases, take appropriate action, and encourage future compliance.

The CRA promotes voluntary compliance, which is an effective approach for the majority of Canadians. The CRA also delivers a wide range of programs to protect Canada's tax base and ensure that Canadians pay their taxes. The CRA has a robust set of checks and balances, including both preventive and detective controls; examples are source deductions, third-party information slip and document matching, risk profiling and scoring, compliance research, examinations, audits, investigations, and prosecutions.

Individual Canadians and businesses want to know that others are paying the taxes they should. Maintaining high levels of taxpayer compliance is a constant challenge since many factors influence compliance. There are also many reasons for non-compliance that, in turn, require tailored programs. The CRA works to identify areas where the risk of non-compliance and the potential loss of revenue are highest, and to understand the contributing factors. We examine socio-economic trends as well as emerging business practices to identify indicators of possible non-compliance. We have also developed sophisticated risk-assessment systems that examine the tax characteristics of Canadian taxpayers to identify and estimate possible non-compliance.

The CRA's risk-assessment systems and procedures enable us to target compliance activities toward areas of highest risk and to shift resources to these areas. By doing this, we also reduce the cost to compliant taxpayers.

The CRA has identified the following key risk areas: aggressive tax planning (including the abusive use of tax havens); GST/HST compliance (in particular, fraudulent GST refund claims); the underground economy; and non-filers / non-registrants and collections.

The CRA also faces unique challenges in the administration of charities. We have a critical and demanding role under the *Charities Registration (Security Information) Act* to ensure that charitable dollars are not used for illegal purposes.

While the bulk of our compliance challenges relate to the tax system, we increasingly must manage risks in benefit programs. By informing and educating existing and potential new recipients about their obligations under benefits legislation, and by having a credible enforcement presence based on enhanced risk-based account selection criteria, we aim to ensure that only those entitled get benefit payments.

Conclusion

By continually gathering and assessing intelligence regarding our operating environment and by applying this knowledge through our robust risk management processes, the CRA maintains a high level of integrity and can continue to improve our overall efficiency and effectiveness. The next chapter outlines the directions that the CRA will pursue to address our strategic challenges and opportunities. Chapter 3 describes more specific plans for managing our program activities over the next three years.

Chapter 2 – Agency 2010: A Blueprint for the Future

The Evolution of the CRA

Parliament created the Canada Customs and Revenue Agency (CCRA) in 1999 (on December 12, 2003, the Government transferred the customs function of the CCRA to the Canada Border Services Agency/CBSA) to meet three objectives:

- provide better service to Canadians;
- offer more efficient and effective delivery of government programs; and
- foster closer working relationships with, and better accountability to, provinces and other levels of government for which the CRA delivers programs.

Consolidating service delivery in the CRA reduces government duplication and makes it simpler and easier for individuals and businesses to meet their tax obligations and receive benefits.

The Agency's unique governance model and powers were designed to help accomplish these objectives. It has a Minister, Board of Management, and Commissioner/Chief Executive Officer, each with distinct responsibilities and accountabilities, and it has been vested with full responsibility for human resources (HR) management, administrative matters, real property, procurement, and contracting.

During its first five years, the Agency focused on implementing the governance model and overhauling HR and administrative policies and systems. The result is that the CRA is now a strong, flexible, efficient, and accountable organization that is well managed. As a consequence, the Agency now has a solid and secure base from which to continue developing into an agency that operates nationwide and serves an increasing number of clients.

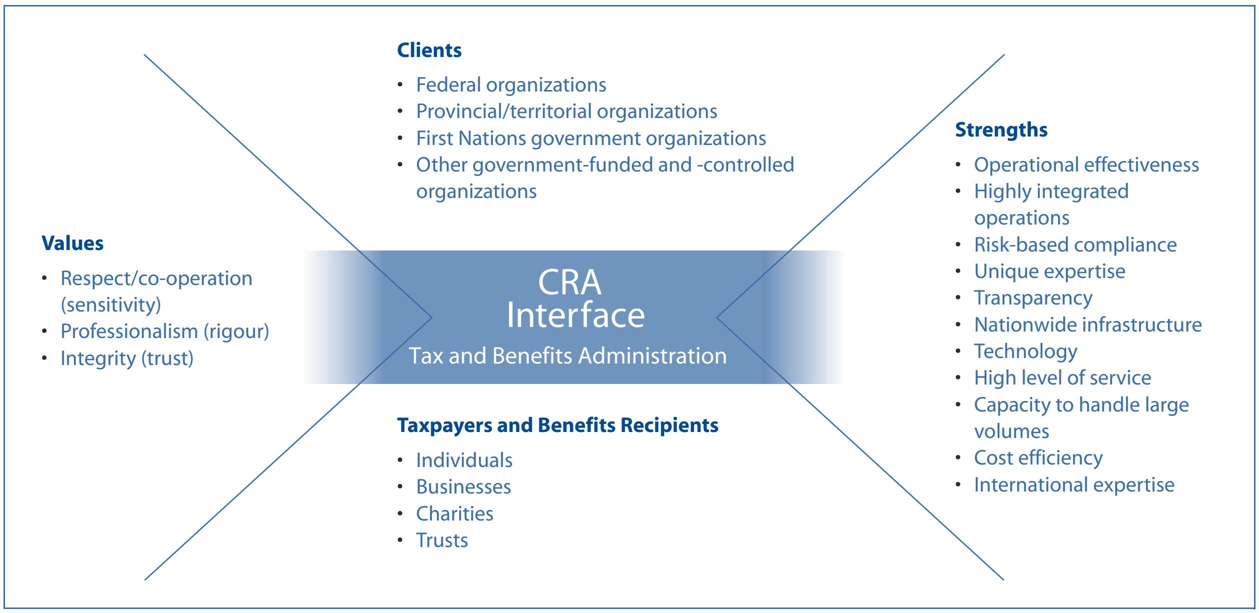
This section of the Report on Plans and Priorities sets out "Agency 2010"—a vision for the Agency which will guide our progress and focus our efforts over the next several years.

Agency 2010 – Realizing the Full Potential of Agency

Tax and benefits systems that function well are fundamental to the economic, fiscal, and social health of a nation. Ensuring that these systems are administered as efficiently and effectively as possible is an objective that is shared by all levels of government.

Empowered by unique governance features and authorities, the CRA has become a highly efficient and accountable multi-jurisdictional administrator of tax, revenue, and benefit programs. By operating as the interface between governments and taxpayers and benefit recipients, the CRA has been able to integrate information, improve services to Canadians and lower the cost of administration for governments.

The demand for CRA services has been growing steadily, primarily because the CRA's competitive advantages makes economic sense for our clients. Taxpayers, especially businesses, find it much more effective to deal with a single payment process or single auditor for all their taxes, benefits and related issues.



In providing the interface between its clients and taxpayers/benefit recipients, the CRA may also work with **partners**. Partners are defined as: *"authorities with whom the Agency collaborates on various issues for mutual benefit or to attain a common objective, but for whom the Agency does not provide a service as defined in its core business activities".* Partners include international associations, treaty partners, foreign countries, and provincial and territorial governments.

The Three Strategic Themes of Agency 2010

In many respects, the CRA is already an organization with a coast-to-coast-to-coast presence and approach to its operations. Relying on a Canada-wide service delivery network and distributed processing operations, the Agency handles revenue collection and benefit administration at the federal level, and within provincial, territorial and First Nations jurisdictions to varying degrees. The Agency intends to further increase its national presence, and enhance its accountability to clients through better reporting performance and increased responsiveness.

This approach will allow the CRA to realize fully the objectives established for the Agency in 1999, and Canadians will benefit from improved and integrated services and more efficient, effective program delivery. As an organization that operates nationwide, the CRA will become the key interface between citizens and their governments and tax and benefits administration will be simplified.

Over the coming years, the CRA will pursue a strategy based on three themes:

1. a core business capacity that is well-defined, modern, and high-performing;
2. a governance model that reflects the best possible blend of autonomy and accountability, rigour and sensitivity; and
3. the pursuit of business opportunities which the Agency could deliver on behalf of its clients.

1. Strong and Modern Core Business

Strong and Modern Core Business CRA's Core Business: Tax and Benefits Administration, Revenue Collections			
Core Business & Clients	**Infrastructure**	**Trust**	**Human Resources & Labour Relations**
Defining core business will establish the scope of opportunity that exists for the Agency and ensure that growth is aligned with core strengths. Understanding the needs of clients and the CRA's obligations to them, serves as the basis for establishing expectations and accountabilities.	Infrastructure is the foundation of the Agency and includes our workforce, technology, and physical assets. Various actions will be taken to strengthen the CRA's infrastructure over the coming years.	Trust is integral to client and public confidence in the Agency. It is a fundamental pillar upon which strong relationships are built and maintained. The CRA will continue to give paramount attention and importance to maintaining the integrity and fairness of the tax system.	Human resources and labour relations are two of the Agency's positive attributes. They represent the first step toward the future of the CRA's workforce. The CRA will develop and implement a comprehensive Workforce Strategy in support of Agency 2010.

It is imperative that we concentrate on the core business of the Agency, maintain, and where necessary strengthen, the critical elements that support it. The evolution of the Agency can succeed only if its principal focus remains on what it is mandated to do by law, and what it does best.

a) Focusing on Core Business

The core business of the CRA is **tax administration, revenue collection, and benefits administration**. This is where our expertise lies and where we will concentrate our efforts as we identify opportunities to grow the programs and services that we deliver. Effective compliance and service delivery are key elements to the core business. The Agency will continue to strive for excellence in service delivery and compliance, as we did in the first five years of the Agency's existence.

To support its core business, the Agency has, over the years, developed particular capacities in:

- efficient and effective high-volume processing;
- state-of-the-art electronic service options;

- strong data management;
- excellence in risk-based compliance; and
- fairness and integrity in administration.

b) Strengthening Infrastructure

The Agency has a large, well-trained, and experienced workforce, extensive regional operations (with 78 percent of its workforce distributed across Canada), one of the largest information technology bases in the country, and a strong management cadre. The CRA infrastructure is the foundation on which our core business is built and operates. Over the next several years, we will further strengthen this infrastructure by:

- investing strategically in technology;
- investing in the skills and development of our workforce, and in a strong management cadre; and
- ensuring that our physical and management infrastructures evolve in line with our business model and service channel strategy for 2010.

These measures will ensure that the Agency has the capacity to deliver high quality and cost effective programs and services. They will also ensure that the CRA can attract, maintain, and retain a highly skilled and motivated workforce.

c) Maintaining Trust

Taxpayers' trust in the integrity and fairness of tax administration is critical to our self-assessment system, because without it, non-compliance would certainly increase. Over the next several years, we will continue to give paramount attention and importance to maintaining the integrity and fairness of the tax system. Specifically:

- As part of any new program delivery arrangements with various clients, we will ensure that we fully protect and guard the confidentiality and privacy of information in accordance with Canadian law.
- We will invest in the security of our operational and IT systems.
- We will continue to improve our knowledge of non-compliance and our ability to target areas of highest risk, thereby contributing to the fairness and integrity of the tax system.
- We will reinforce trust in the organization by proceeding with enhancements to the collections program, including proceeding with the Integrated Revenue Collections project, to better manage the level of tax debt.

d) Managing Human Resources and Labour Relations

During its first five years, the Agency completely revamped policies, procedures, systems, and structures in such areas as staffing, classification, compensation, and labour relations. Most of the new systems have been put in place. Over the next several years, a comprehensive Workplace Strategy will be developed and implemented in support of Agency 2010.

The overhaul was undertaken in consultation with the unions. The Agency is working hard at a constructive and respectful relationship with the unions, the Public Service Alliance of Canada (PSAC) and the Professional Institute of the Public Service of Canada (PIPSC) and intends to further strengthen the existing spirit of co-operation across the country through a variety of union-management initiatives.

2. Mature the Governance Model

Mature the Governance Model		
Governance in the CRA comprises the exercise of legislated authority through the structure and processes established among the Minister, Board of Management, and Commissioner as well as other government entities.		
Roles & Responsibilities	**Accountability**	**Agency Management**
The Minister, Board of Management, and Commissioner play pivotal roles in the Agency's governance model. More clearly defined roles and responsibilities would advance their relationship, and strengthen accountability in the future.	The Agency is accountable to Parliament and central agencies, but also must report on performance and be responsive to the needs of its clients in other government administrations. There is a need to better define respective roles to improve the accountability of the Agency to its clients.	The Agency's broader governance model includes management practices, decision-making processes, committee structure(s), and its organizational culture. These are important management attributes that must keep in step with the maturation of the CRA's governance model.

The CRA has a unique governance model that differs markedly from that of its predecessor, Revenue Canada, as well as the regimes of other federal/provincial departments and agencies. A tax administration such as the CRA needs to demonstrate **impartiality** in applying legislation, as well as **sensitivity** to ensure that taxpayers receive the full benefit of the law. It needs to ensure **rigour and probity** in the handling of public monies and information, and **professionalism and accountability**.

The governance model assigns roles, responsibilities, and accountabilities to the Minister, Board of Management, and Commissioner/CEO.

- The Minister provides the ultimate challenge function to the Agency (other than through the courts), ensuring that legislation has been applied fairly but with sensitivity, and that taxpayers have received the full benefit of the law. The Minister is also accountable to Parliament for the administration of program legislation.
- The Board of Management is responsible for ensuring the rigour and probity of the CRA's human resources and administrative systems. It is accountable to Parliament (through the Minister) for the administration of the human resources, administrative, real property, procurement, and contracting authorities that are vested in the Agency.
- As the CRA's Chief Executive Officer, the Commissioner is accountable to the Minister of National Revenue for the day-to-day administration and enforcement of program legislation that falls under the Minister's delegated authority. In this regard, the Commissioner is also accountable to the various levels of clients—including provinces and territories—for the programs and legislation administered on their behalf. In addition, the Commissioner is accountable to the Board of Management for the daily management of the CRA, supervision of employees, and implementation of policies and budgets.

The adoption of the CRA's Governance Model has produced significant results, as documented in our annual reports, and the comprehensive five-year report tabled in Parliament in May 2005. The Auditor General has commented positively on the nature of these reports to Parliament. Accountability to Parliament and the provinces/territories has been greatly enhanced. We have adopted a code of values and ethics that stresses sensitivity in dealings with taxpayers and benefit recipients, and ensures probity and rigour in our internal systems. The Agency is subjected annually to over 135,000 hours of audits from various sources and all the final audit reports are posted on the Agency's Web Site.

During the next several years, we will:

- further enhance the accountability of the Agency to all its clients through better performance reporting and increased responsiveness to their specific needs.

3. Expand Business Opportunities

Expand Business Opportunities By seeking new business opportunities that are aligned with its core business capacity, the CRA will strengthen the coherence and efficiency of tax, revenue, and benefits administration in Canada to the benefit of its clients, taxpayers and benefit recipients.			
Business Development Capacity	**Agency Business Model**	**Growth Strategy and Plan**	**Client Relationship Management**
A focal point for business development within the Agency is essential for the establishment and execution of a co-ordinated, whole-of-Agency approach to the identification and pursuit of business opportunities.	Articulation of our 2010 business model will provide the CRA, as well as its current and future clients, with a clear understanding of our approach to program and service delivery.	Sound business strategies and plans will allow the CRA to systematically pursue and attain new business.	Meeting clients' needs is critical to business growth. To truly excel at managing clients' needs and expectations, the CRA will redefine and renew its client relationships.

The CRA believes that it offers competitive advantages. If seized upon, these will provide citizens with better service, lower cost administration, and more effective compliance.

- As an organization operating in all regions of the country, the Agency has **nationally standardized administration and service delivery**, which ensures equitable treatment. Throughout Canada, our approach is consistent on matters such as compliance activities, service standards, workflows, information management, IT solutions, and program administration. This approach is beneficial to potential clients: they can be confident that their programs will be administered efficiently and according to the norms and standards they have established.
- The **sheer scale and volume of the Agency's processing and transactions** allow us to benefit from significant economies of scale, which we share with our clients. In addition, because of its size, the Agency has the investment capacity to maintain a suite of modern tools, systems, and IT solutions.
- The Agency has a well-deserved reputation for **depth and range of expertise**, both technical and managerial. In a knowledge-based economy, this is a significant advantage and a strength that we can provide to our clients.

A business development strategy based on the CRA's advantages also enables the Agency to attract and retain an experienced, knowledgeable workforce across Canada.

The Way Forward

While the work of implementing Agency 2010 will extend over the next several years, we intend to aggressively pursue several activities in the short term. Their success is fundamental to the longer-term evolution into an agency that extends coast-to-coast-to-coast. Over the next three years, we will undertake the following activities:

1. Clearly articulate the "value proposition" advanced by the Agency: effectiveness and responsiveness for clients (with clear

accountabilities) and a simpler, less burdensome interface for Canadians, through the integration of programs and services.

2. Clearly define our core business, along with the competencies that enable us to perform at an optimal level.

3. Analyze the potential market for CRA (referring to our core competencies and core business expertise). This will include various governments and, where appropriate, government-funded or managed entities (e.g., Workers' Compensation Boards).

4. Identify how we will build and put into operation a business development capacity to manage the strategic interface and overall relationship with clients.

5. Develop a communication strategy that repositions the Agency as a valued nationwide institution and advances our reputation as an effective, responsive and trustworthy organization.

6. Refine the governance model to reflect the maturing and strengthened capability of the Board of Management. The updated model will include a reinvigorated integrated risk management function.

7. Strengthen accountability frameworks for existing and new clients through customized accountabilities and enhanced information/reporting systems.

8. Provide increased service standards and improve upon the current avenues of rights and appeals for clients and taxpayers.

9. Develop a plan to ensure our infrastructure is aligned with Agency 2010, including:
   - geographic footprint
   - a balanced distribution of the workforce in headquarters and regions.

10. Establish an investment plan for increased flexibility and mobility regarding our:
    - workforce
    - technology
    - physical assets.

The table on this page highlights the key activities we will pursue over the next several years as we move to become a nationwide agency.

Agency 2010 – Implementation at a Glance		
Short Term (12-18 months)	Medium Term (18-60 months)	
1. Strong and Modern Core Business		
Define Core	Integrated Investment Strategy	Expand Union-Management Initiative
Define Clients	Geographic Footprint Study	
Develop Workforce Strategy	Examine and Strengthen Security/Confidentiality/Privacy	
Mature Human Resources Regime		
2. Mature the Governance Model		
Explore and Redefine Roles of Minister/Com/BoM	Integrate New BoM Mandate and Competencies	
Engage Central Agencies		
Implement Corporate Committee Structure	Review Agency Decision-Making	Streamline Corporate Planning and Reporting
Strengthen/Customize Accountability Frameworks		
3. Expand Business Opportunities		
Build Business Development Capacity	Develop Agency Business Model	Implement Business Development Strategy and Plan
	Market Analysis	
Establish Governance and Roles/ Responsibilities for Agency-Client Interaction	Communication Strategy	

For the tax, revenue collection, and benefit programs that we deliver now or in the future, we will serve as the key interface between governments and the individuals, businesses, benefit recipients, charities, and trusts served by those programs. This interface will broaden, deepen, and become more important as we take responsibility for new programs. The efforts to solidify our position as an agency that operates nationwide will benefit both our clients and the citizens they serve; governments will enjoy lower administration costs and more effective compliance; citizens will receive more comprehensive, better-integrated services that are simpler for them to use and lighten their compliance burden. In short, both governments and Canadians will be winners.

Chapter 3 – Program Activities

Overview

This chapter is based on the Program Activity Architecture (PAA) developed by the CRA with the Treasury Board of Canada Secretariat. While the details are still evolving, the PAA provides a structure for organizing, integrating, and presenting plans, budgets, and performance measures.

The Strategic Framework ("Strategic Planning and Performance Reporting Framework" on page 26) links program activities and expected results, according to the PAA.

The CRA continues to have two strategic outcomes:

- Taxpayers meet their obligations and Canada's revenue base is protected.
- Eligible families and individuals receive timely and correct benefit payments, contributing to the integrity of Canada's income security system.

The chapter is organized according to these strategic outcomes and the seven program activities (PAs) that support them:

- Tax Services
  - Client Assistance[1] (PA1)
  - Assessment of Returns and Payment Processing (PA2)
  - Filing and Remittance Compliance[2] (PA3)
  - Reporting Compliance (PA4)
  - Appeals (PA5)
- Benefit Programs (PA6)
- Corporate Services (PA7)

[1] to be named Taxpayer and Business Assistance

[2] to be named Accounts Receivable and Returns Compliance

For each program activity, we present planned spending, an overview of the program, the approaches planned to advance the program, and the priority initiatives for the planning period. We group together initiatives supporting core business and other initiatives reflecting new business opportunities.

Each section concludes with a table of deliverables for the planning period as well as performance indicators and targets measuring the program activity's expected results. These targets identify the percentage or degree of expected attainment of a performance level. Targets are established by program managers through analysis of operational realities and infrastructure, historical performance, the complexity of the work involved, and the expectations of Canadians.

The Corporate Services section covers infrastructure activities (e.g., information technology, financial management, and human resource administration) where enhancements support both a strong core business and capacity changes implicit in Agency 2010. Initiatives to mature the governance regime are also outlined in this section. As with last year's report, corporate services expenses have been proportionately allocated among the six core tax and benefit program activities.

In addition, given that five years have now passed since the Agency was created, and since the departure of the customs function represents a significant change, we have updated our mission, vision, and values to better reflect our mandate, culture, and the operating environment.

Strategic Planning and Performance Reporting Framework

The CRA contributes to the following Government of Canada outcomes	
• Federal organizations that support all Government of Canada outcomes	• Income security and employment for Canadians

In support of these outcomes, the CRA has two strategic outcomes	
Strategic Outcomes	
Tax Services	**Benefit Programs**
Taxpayers meet their obligations and Canada's revenue base is protected.	Eligible families and individuals receive timely and correct benefit payments, contributing to the integrity of Canada's income security system.

Expected Results
(supporting Strategic Outcomes)

Taxpayers, businesses and registrants receive timely, accurate, and accessible information	Benefit recipients receive timely, accurate, and accessible information
Assessment and payment processing are timely and accurate	Eligibility determination and payment processing are timely and accurate
Tax and non-tax debt is resolved on a timely basis and is within targeted levels	
Reporting non-compliance is detected and addressed	
Taxpayers receive a timely and impartial review of contested decisions	

Program Activities	
Client Assistance	Benefit Programs
Assessment of Returns and Payment Processing	
Filing and Remittance Compliance	
Reporting Compliance	
Appeals	

Corporate Services
Human Resources
Finance and Administration
Information Technology
Public Affairs
Agency Management
Policy and Intergovernmental Affairs
Corporate Audit and Program Evaluation

Tax Services

Each year, Tax Services interacts with 30 million individuals, businesses, trusts, and other organizations as it administers, assesses, and collects over $330 billion in taxes and excise duties, including more than $40 billion in taxes on behalf of Canada's provinces (excluding Québec), territorial governments, and First Nations. The amounts collected help fund a wide range of programs and services that contribute to the social and economic well-being of all Canadians.

The five Tax Services program activities help to ensure that taxpayers and businesses receive accurate information and assistance so that they can understand their rights and obligations. Tax Services activities include registering businesses, charities, and deferred income plans; obtaining and processing returns and payments; issuing rulings on and interpretations of tax law; collecting arrears; performing reviews and audits; and identifying and prosecuting cases of wilful non-compliance. We also administer tax incentives, such as the Scientific Research and Experimental Development tax credit, film tax credits, and other targeted credits, as well as deductions that generate refunds or otherwise reduce the amount of tax that would be owed.

The Strategic Outcome for the combined Tax Services program activities is — Taxpayers meet their obligations and Canada's revenue base is protected.

The table on the next page (Strategic Outcome Measures – Tax Services) identifies the high-level measures we use to ensure that we meet this Strategic Outcome.

Strategic Outcome Measures – Tax Services

Performance Expectations	Indicators	Target
Returns are filed on time without direct intervention by the CRA	Population filing returns by specified due dates: • Individuals • Corporations – especially taxable corporations • Registrants (GST/HST, charities) • Employers	• 90%
High degree of registration compliance	Registration compliance rates for: • GST/HST • Charities	 • 90% • Upward trend
Reported taxes (including installments) and source deductions are paid on time	Remittance compliance rates by: • Individuals • Corporations – especially taxable corporations • Businesses that collect GST/HST • Employers for source deductions Ratio of outstanding tax debt to gross cash receipts is within targeted levels	• 90% • Stable trends
High degree of reporting compliance is achieved	Macro indicators: • Comparison of net GST revenues relative to total sales and personal expenditures on goods and services • Comparison of personal income reported to the CRA relative to personal income estimated by Statistics Canada Compliance rate estimates: • Key tax credits and deductions not subject to third-party reporting – individuals • Random audits – self-employed individuals • Random audits – small- and medium-sized corporations	• Not applicable • Not applicable • Upward trend
Individuals and businesses receive fair treatment	• Consistent application of Fairness provisions • Number of cases and amounts forgiven • Satisfaction ratings (measured by CRA Annual Survey and other surveys)	• Targets to be established per Quality Assurance Program • Not applicable • Upward trend in positive survey results

Client Assistance (PA1)[1]

(thousands of dollars)	Planned 2006-2007	Planned 2007-2008	Planned 2008-2009
Budgetary Main Estimates – gross (see Financial Table 1)	324,494	319,935	320,783

Program Priorities

- Improve taxpayer service on the Internet
- Implement channel convergence to allow taxpayers to move more easily across channels
- Enhance targeting and customization of outreach programs, and expand taxpayer and business consultation efforts
- Reconfigure CRA in-person services to include self-service kiosks, access to 1-800 network, and agents available by appointment
- Innovate in delivering services to Canadians through business transformation and the ongoing evolution of agreements with Service Canada and provincial service organizations
- Ensure consistency, timeliness, and accuracy of information by implementing a content management system for the CRA site
- Improve the regulatory environment in which charities operate
- Implement a risk-based approach to registering deferred income plans

The Client Assistance program activity has two sub-activities:

- Client Services[2]
- Tax and Regulatory Affairs

Program Overview – Client Services

Through self-service and agent assistance, the Client Services sub-activity provides access to tools, assistance, and information that facilitate voluntary compliance with tax obligations.

Program Approach – Client Services

To maintain our strong core business performance and our position as an innovative service leader, the CRA is continually enhancing and modernizing its services. We will focus on improving the quality of our services so that they are simpler and easier to use and facilitate compliance.

Our strategies build on the CRA's track record, including performance measurement against published external service standards. They are also in line with the Government of Canada's vision for the Next Generation Public Service.

We regularly analyze the demographics of taxpayers and businesses requesting in-person assistance, as well as the nature of their enquiries. The aim is to better tailor service options and redirect enquiries to more cost-effective channels, such as our Web site and the telephone.

Priority Initiatives – Client Services

Strong and Modern Core Business

Traditionally, information was provided to taxpayers on a per-program basis, and those with questions about several programs had to make multiple enquiries. We will continue to realign our service options and information material toward an approach centred on taxpayers or businesses, offering tools and information tailored to their needs.

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1 to be named Taxpayer and Business Assistance

2 to be named Enquiries and Information Services

To reduce costs, we will encourage increased use of self-service options. At the same time, we recognize that some of the public prefer in-person service. Accordingly, we will continue to offer such service by appointment, but we will organize targeted outreach and educational programs to promote and encourage the use of assisted self-service.

We will strengthen and enhance our technology/infrastructure on all channels. This will support an integrated, taxpayer- or business-centred service approach. It will also give us more flexibility to link to other organizations, programs, and levels of government, and to provide services on their behalf.

We will actively pursue partnerships with other service organizations at the federal, provincial, territorial and First Nations levels. This will allow us to provide more integrated services to Canadians and businesses where it makes sense to do so.

New strategies will foster a dynamic and flexible workforce that can respond in a taxpayer- or business-centric manner to changing and increasingly complex enquiries and concerns. With increased use of self-service options and program integration, CRA agents are expected to respond to more complex issues. To assist them, we will provide interactive e-learning and online integrated reference tools.

To support decisions on the design of our Web site, Web analysis will include feedback from taxpayers, businesses, and their agents, as well as research results. This will facilitate ongoing improvement of our online information services.

Outreach programs will address changing demographics, economic trends, and national and local compliance issues. The programs will be fine-tuned to meet the particular needs of specific taxpayer or business groups, such as small- and medium-sized enterprises, seniors, new Canadians, and students. We will also expand consultation and feedback so that we can continually evaluate taxpayer, business, and stakeholder needs and expectations.

Expand Business Opportunities

We will continue to consolidate services and take on new business. In delivering services to Canadians, we will strive to innovate through business transformation and the ongoing evolution of agreements with Service Canada and provincial service organizations.

Deliverables – Client Services

Program Priorities	Deliverables	Dates
• Improve taxpayer service on the Internet	Implement Web site enhancements: • Implement small business "corner" • Improve linkages to/from CRA, Service Canada and Business sites • Enhance site information for employers	• Ongoing • 2006-2007 • 2006-2007 • In 2006
• Implement channel convergence	• Implement Smartlinks in three additional call centres	• 2006

Program Priorities	Deliverables	Dates
• Enhance targeting and customization of outreach programs, and expand taxpayer consultation efforts	Target changing demographics, economic trends, and address national and local compliance issues: • Implement a targeted in-reach program at walk-in counters to inform taxpayers of electronic self-serve options and information and forms available on the CRA Web site	• Ongoing • 2006-2007
• Reconfigure CRA in-person services	Reconfigure CRA in-person services by: • Self-serve kiosks • CRA office access to 1-800 network • Agents available by appointment	• March 31, 2007
• Increase partnerships and innovate in delivering services	• Sign a Memorandum of Understanding with a provincial service organization • Pilot CRA assisted self-service in 10 Service Canada sites	• By end of 2006-2007 • 2006-2007
• Ensure consistency, timeliness, and accuracy of information	• Implement a content management system	• Ongoing

Measures – Client Services

Performance Expectations	Indicators	Target
Taxpayers and businesses have access to timely and accurate responses to their tax enquiries		
Maintain accurate and effective communications	• Range and accuracy of communication products (publications, outreach, community voluntary programs) • Partner with industry representatives to ensure information is targeted to taxpayers needs	• N/A • Enhance Small Business Guide in 2006-2007 in conjunction with CFIB, CPA, etc.
Meet our service standards and internal performance targets	Service Standards Internal performance targets: • Legislative changes reflected in information to the public • General and business enquiries telephone caller accessibility	• See "Appendix D – Service Standards" • N/A • 80%

Program Overview – Tax and Regulatory Affairs

For taxpayers, our Tax and Regulatory Affairs sub-activity publishes advance income tax rulings relating to the tax consequences of proposed transactions, as well as technical interpretations of income tax law. Our GST/HST Rulings area provides taxpayers with an official interpretation or ruling of Part IX of the *Excise Tax Act*, in writing, by telephone, or in person and through various technical publications.

Our Registered Plans area registers and monitors pension and other deferred income plans, while our Charities function administers the national registration program for charities. A key activity has also been continuing implementation of the *Charities Registration (Security Information) Act*, which supports Canada's national security agenda and international obligations to counter terrorism.

Our excise duties and taxes area is responsible for administering the non-GST portions of the *Excise Tax Act*, as well as the *Excise Act* and the *Excise Act, 2001*. This area is responsible for initiatives such as the Tobacco Compliance Strategy which will bring in a new stamping and marking regime to improve compliance with the tobacco tax legislation. The Excise area is also responsible for issues dealing with breweries, distilleries, and wineries.

On behalf of Human Resources and Social Development (HRSD), we administer the determination of employment status, pensionable earnings, and the insurability of earnings provisions under the Canada Pension Plan and the *Employment Insurance Act*.

Program Approach – Tax and Regulatory Affairs

Charities: An ongoing priority is to enhance our services so that we can improve compliance. Our efforts will focus on implementing the charities regulatory reform agenda. This is designed to give charities better access to policy information, increase the transparency of their decision-making, offer them a fair and accessible process of redress, and impose sanctions for non-compliance where appropriate. Our Charities area is also working with the provinces and territories to streamline and co-ordinate the overall regulatory framework.

Registered Plans: This sector has matured significantly since the implementation of pension reform regulations over a decade ago. We are committed to increasing compliance while providing strong assistance to clients across the sector. An enhanced audit and review function will allow us to monitor the plans we register. While compliance is a key component of our new approach, we are also upgrading services through our toll-free enquiries line, electronic publications, and outreach activities.

GST/HST/Excise: A specialized tobacco project team has been created at CRA headquarters to facilitate the implementation of our enhanced audit of small manufacturers initiative for the under-reporting of tobacco production. This team will develop specialized audit and compliance programs, procedures, policies, and guidelines, and identify program timelines and milestones. The team will provide technical assistance to field staff. It will hold numerous consultations and share information with the tobacco industry, provincial, territorial and First Nations authorities, and enforcement agencies such as the Royal Canadian Mounted Police. The results will be better knowledge of non-compliance and a better ability to target potential non-compliance.

Priority Initiatives – Tax and Regulatory Affairs

Strong and Modern Core Business

We remain committed to increasing compliance in all areas of tax regulation, while continuing to provide strong taxpayer assistance.

Charities: Fiscal year 2006-2007 will be the third year of a five-year reform initiative designed to improve the regulatory environment in which charities operate. We will work with the sector to promote the accurate and timely filing of the charity information return; ensuring broad access to the new redress process; and facilitating greater access to charities information.

In addition, an integrated Charities system will be implemented by March 31, 2008, facilitating the organization, accessing, and sharing of charities information across the function.

Registered Plans: We will implement new procedures to register deferred income plans, using a risk-based approach. To ensure that they are in compliance with the *Income Tax Act* and Regulations, we will focus on how these plans are administered. We will continue to enhance services to plan administrators by upgrading our toll-free enquiries line, making more information available electronically on our Web site, and improving our outreach activities.

GST/HST/Excise: Over the next several years, we will substantially increase the frequency of audit and compliance visits to tobacco manufacturers. At the same time, we will make greater use of administrative monetary penalties for unreported production resulting in avoidance of excise duty and other related taxes.

Expand Business Opportunities

We will continue to establish and expand business relationships with other federal government departments, provinces and territories, and First Nations, to improve service and reduce overall administrative costs.

Deliverables – Tax and Regulatory Affairs

Program Priorities	Deliverables	Dates
• Improve the regulatory environment in which charities operate	Improved service and transparency: • Enhance access to program information via the Internet • Implement Phase I of an integrated charities system to facilitate organization and access to client information Enhanced compliance: • Implement first full year of office audit program • Implement first full year of intermediate sanctions regime Increased collaboration with charitable sector organizations and with other charities regulators: • Implement compliance-related educational programs through the Charities Partnership and Outreach Program • Expand cooperation with provincial governments on public awareness and information-sharing initiatives • Organize an inaugural international conference of charities regulators	• March 31, 2007 • In 2006 • March 31, 2007 • March 31, 2007 • Ongoing • March 31, 2007 and ongoing • March 31, 2007
• Implement a risk-based approach to registering deferred income plans	• Implement a streamlined, risk-based approach to registering deferred income plans • Implement an enhanced audit and review program	• March 31, 2007 • March 31, 2008

Measures – Tax and Regulatory Affairs

Performance Expectations	Indicators	Target
Taxpayers, businesses, and registrants receive timely, accurate, and accessible information		
Meet our service standards and internal performance targets	• Service Standards	• See "Appendix D – Service Standards"
Registrants (registered plans, registered charities) meet their filing and reporting obligations		
Registrants comply with requirements of the *Income Tax Act*	• Registered plans that file on time • Revocations of registered charity status for failure to file the annual information return • Revocations of registered charity status for cause	• 90% • Not applicable • Not applicable
Enhance ability to target tobacco production under-reporting	• Number of audit and compliance visits to tobacco manufacturers	• 300 additional compliance visits by March 31, 2007
Canadians receive timely rulings with respect to their entitlement under the CPP and/or EI		
Rulings with respect to Canadians' entitlement under the CPP and/or EI are timely	• Percentage of CPP/EI rulings completed within target timeframes	• 85%

Assessment of Returns and Payment Processing (PA2)

(thousands of dollars)	Planned 2006-2007	Planned 2007-2008	Planned 2008-2009
Budgetary Main Estimates – gross (see Financial Table 1)	786,751	768,968	766,389

Program Priorities
• Provide enhanced online Internet services
• Improve services and compliance through greater use of technology
• Implement the 1% reduction in GST/HST as announced in the May Federal Budget
• Focus on business opportunities
• Redevelop the GST/HST system

Program Overview

Through the Assessment of Returns and Payment Processing program activity, we assess and process individual and business tax returns and payments using risk assessment, third-party data matching, and dependable information validation processes. As well, every known business in Canada is registered through this activity area (except those for which registration is not required by law).

Program Approach

We believe that high-quality service increases voluntary compliance by encouraging taxpayers and businesses to participate in an accessible and responsive tax system.

Over the planning period, we will:

- maintain our strong performance by encouraging wider use of electronic filing and by expanding our electronic service offerings;
- enhance compliance through the strategic use of data in support of risk assessment; and
- identify and adopt the best administrative practices by being an active member of various international forums.

Priority Initiatives

Strong and Modern Core Business

Electronic filing and service offerings: We will rebuild and modernize our core information processing systems to make them more flexible and better able to respond to the business needs of existing and new clients.

In the short term, we plan the following actions:

- Enhance online Internet services through our My Account portal by offering View My Return and other new options.
- Establish My Business Account.
- Develop an Internet portal allowing authorized tax professionals to manage their taxpayers' accounts online.
- Start developing a Web site offering customized, multi-jurisdictional and secure online services to Canadian businesses. Users will eventually be able to view information and conduct transactions with the CRA, provinces/territories, and other government organizations.
- Improve service and procedures through greater use of technology, such as two-dimensional bar coding. Leverage Matching Redesign to match additional slips and to complete more beneficial taxpayer adjustments.

- Improve and market taxpayer- or business-centred electronic services. These will allow integrated access to tax information; provide standardized accounting outputs; and enable transactions across our revenue lines.
- Continue redevelopment of the GST/HST system to modernize delivery of the program.

New Budget 2006 Priority – 1% GST/HST reduction: The CRA is implementing the reduction in GST from 7% to 6% and in the HST from 15% to 14%, announced in the May 2006 Federal Budget. The change is effective July 2006.

Expand Business Opportunities

We will continue to establish and expand business relationships with other federal, provincial and territorial and First Nation organizations to improve service to taxpayers/businesses and reduce overall administrative burden and costs. To this end, we will take the following actions:

- Encourage federal and provincial organizations to adopt the Business Number (BN) as a program identifier for a number of their business programs and services.
- Develop a comprehensive Small- and Medium-Sized Enterprises (SMEs) Strategy, and work more closely with key associations and representatives of SMEs.
- Develop new Tax Centre and Tax Services Office strategies. These will capitalize on our competitive advantage to leverage new business. They will also optimize our infrastructure to improve program efficiency and effectiveness.
- Continue to work with the Organization for the Advancement of Structured Information Standards (OASIS) Committee to facilitate the electronic exchange of tax information via a non-proprietary standard (Tax-XML).

Deliverables – Assessment of Returns and Payment Processing

Program Priorities	Deliverables	Dates
• Provide enhanced online Internet services	Electronic filing/services • Enhance My Account • Establish My Business Account • Develop an Internet portal that provides tax professionals with tools to manage their authorized taxpayers' accounts online • Third-party privilege management	• Ongoing • Ongoing • In 2006 • Ongoing • October 2007 (Phase II – Businesses)
• Improve services and compliance through greater use of technology	• Two-dimensional bar coding • Match additional slips and complete more beneficial taxpayer adjustments	• By March 31, 2007 • By March 2007
• Redevelop the GST/HST system	• Deliver redesigned processing system • Move to common platforms for financial accounting and output • Move to My Business Account • Move stand-alone systems to mainframe	• April 2007 • April 2007 • October 2007/April 2008 • Ongoing

Program Priorities	Deliverables	Dates
• Focus on business opportunities	• Continue to develop agreements with other partners to adopt the services offered by Business Number (BN)	• Ongoing
	• Develop strategies for the optimal organization of existing and potential new business in Tax Centres and Tax Services Offices	• By March 31, 2007
	• Continue work to facilitate the standardized electronic exchange of tax information	• Ongoing
	• Work with OASIS to facilitate electronic exchange of tax information	• Ongoing
	• Develop a comprehensive strategy for Small- and Medium-Sized Enterprises (SMEs)	• By March 31, 2007

Measures – Assessment of Returns and Payment Processing

Performance Expectations	Indicators	Target
Assessment and payment processing are timely and accurate		
Meet our service standards and internal performance targets	Service Standards Internal performance targets: • Payments deposited within 24 hours of receipt • Business Number registrations within five working days • T1 returns received on time processed by June 15 • T4 information returns are processed by April 30 • T5 information returns are processed by May 31	• See "Appendix D – Service Standards" • 100% (95% during peak season) • 90% • 95% • 90% • 90%
Processing and assessing of returns are accurate	• T1 Individual returns are assessed accurately • Taxpayer-requested adjustments are reassessed accurately	• 98% • 96%
Expand range of alternate electronic services and improved take-up rates	• Electronic filing of returns and reassessments • Take-up rates increased	• As identified on the Deliverables table on page 37 • 70% of T1 returns electronically filed by 2010 tax year • Year-over-year improvement in take-up rates of others
Reporting non-compliance is detected and addressed		
Effective assessment of risk	• Ratio of dollar value of targeted versus random reviews	• Upward trend in ratio of targeted reviews compared to random reviews
Effective detection of non-compliance	• Dollars assessed through pre-assessment reviews • Dollars assessed through post-assessment reviews	• Not applicable • Not applicable
Growth in the programs and services administered for the provinces, territories, and other federal departments to reduce duplication across all levels of government and to lower the overall cost of program delivery	• Number of programs and services administered for other jurisdictions	• Increased numbers

Filing and Remittance Compliance (PA3)[1]

(thousands of dollars)	Planned 2006-2007	Planned 2007-2008	Planned 2008-2009
Budgetary Main Estimates – gross (see Financial Table 1)	704,117	703,439	707,201

Program Priorities

- Maintain strong core business programs
- Implement business transformation
- Pursue opportunities for business development

Program Overview

Our Filing and Remittance Compliance program activities ensure compliance with tax laws for filing, withholding, and payment requirements, including amounts collected or withheld in trust on behalf of the Government of Canada and the provinces, territories, and First Nations.

Our non-filer/non-registrant function pursues unfiled personal and corporate income tax returns, as well as the registration of businesses that have not registered for the GST/HST as required. We also carry out compliance and enforcement activities related to filing returns and remitting payroll source deductions (encompassing taxes, Canada Pension Plan (CPP)/Employment Insurance (EI) premiums) and GST/HST amounts.

Our accounts receivable function is responsible for the timely collection of overdue accounts for all taxes, levies, duties, and other amounts, and assures effective tax debt management. This function now also deals with collection of non-tax debts for other departments regarding overpaid CPP and EI benefits, as well as the collection of defaulted student loans. The collection activities on these programs were transferred to the CRA on August 1, 2005.

Program Approach

The integrity of the tax system depends on taxpayers honouring their obligations by filing and properly reporting on their tax returns, and paying any amounts owing. Our program compliance approaches encourage taxpayers to voluntarily comply with their obligations. We are committed to using the full array of tools at our disposal to resolve cases that require more formal measures.

Since our collection and non-filer program activities are subject to important compliance risks, we plan to reinforce our processes and enforcement approaches aimed at curbing non-compliance.

For the planning period, we have an aggressive business transformation agenda built on:

- the adoption of an integrated, taxpayer/debtor centred approach aimed at modernizing our procedures and facilitating the integration of tax and non-tax workloads;
- the adoption of new technologies to enhance strong core performance, and to allow for improved analytical capacity and associated risk-based approaches for all our tax and non-tax activities; and
- the development and support of our employees as we modify our approaches, and the need to prepare them to work with new technology and face more complex and diverse workloads.

Our business transformation agenda will strengthen the position of the CRA as an attractive and effective service provider. It will also create opportunities to market CRA services in the areas of tax and non-tax accounts receivable and returns compliance.

[1] to be named Accounts Receivable and Returns Compliance

Priority Initiatives

Strong and Modern Core Business

To manage growing workloads, we will modernize and improve core operations by adopting new business approaches and progressively implementing new technology for risk assessment, work distribution, and decision support.

Achieve our core tax program commitments and enhance their delivery: We will continue to meet our tax program commitments by maintaining the level of outstanding debts within targeted levels and by detecting and addressing non-compliance with the registration, filing, and remitting obligations of taxpayers.

2010 National Program Delivery Model: We will review existing workloads and associated business processes and identify opportunities for improvement through business re-engineering, application of technology, and workload management.

Non-tax collection program modernization and integration: This initiative relates to the modernization launched by Social Development Canada (now HRSD) before August 1, 2005, when it transferred collection activities to the CRA. The CRA's new responsibilities mainly concern the recovery of CPP/EI social benefit overpayments and defaulted student loans. The business and modernization activities are currently being examined to adapt them to the CRA's approaches as well as assuring the associated Expenditure Review Committee commitment of increased recoveries of $123 million over the next several years are met. Over the next three years, we will continue with the modernization initiative and progressively integrate the program and resources within the CRA.

Implement business transformation: The Agency must maximize the use of modern technology to support the strategic use of taxpayer information, and to improve the way we identify, manage, and distribute our workloads and measure our results.

We will implement a new technology platform within two years. This will allow us to integrate individual-based taxpayer workloads, and adopt a more taxpayer- or debtor-centric view. It will also aid in the resolution of our tax collections and compliance issues. Other lines of business are planned to migrate on this platform including non-tax collection workloads in the third year. Subsequent progress is expected for business clients (GST, T2, and Payroll) beyond the three-year timeframe.

We will support employees through the business transformation process by providing training, and revising job descriptions and competency requirements as enhancements and changes are made to our business processes.

Expand Business Opportunities

Client base: We will create an expanded client base and strengthen existing relationships by pursuing new agreements on the collection of non-tax debts with other government departments (e.g., Justice, Citizenship and Immigration). We will also seek agreements with provincial Workers' Compensation Boards in the area of joint compliance initiatives targeting registrants.

Deliverables – Filing and Remittance Compliance

Program Priorities	Deliverables	Dates
• Maintain strong core business • Strong and Modern Core Business	• Stem the growth in the accounts receivable inventory • Reduce the level of aged inventory • Implement the insolvency strategy and the instalment campaign • Continue the creation of a national inventory for new accounts and workloads • Improve compliance and enforcement activities relating to withholding, remitting, and reporting obligations as well as registration for GST/HST • Target high-risk workloads based on the risk assessment model to action on a priority basis • Modernize non-tax collection program: Integrate Human Resources and Social Development (HRSD) and CRA revenue collection resources, technology and business processes	• Ongoing 2006-2009 • Ongoing 2006-2009 • 2006-2007 • Ongoing 2006-2009 • Ongoing 2006-2009 • Ongoing 2006-2009 • March 31, 2009
• Implement business transformation • Expand Business Opportunities	Progressively implement a new technological platform: • Roll out Integrated Revenue Collections for our individual-based programs, including both tax and non-tax collections programs. • Progressively roll-out integrated Revenue Collections for business-based tax programs • Develop an integrated taxpayer-centred approach aimed at modernizing processes and facilitating the integration of tax and non-tax debt workloads • Implement the National Revenue Collections Program Delivery Model including non-tax lines of business • Support our employees as we progress with our business transformation agenda	• March 31, 2009 • 2009-2011 • 2006-2009 • By 2010 • Ongoing 2006-2010

Program Priorities	Deliverables	Dates
• Expand Business Opportunities • Pursue opportunities for business development	• Integrate collection and compliance operations from other levels of government and develop the Collections Canada concept	• Ongoing 2006-2009
	• Review the legislative provisions aimed at facilitating marketing of our debt management services	• Ongoing 2006-2009
	• Pursue partnership potential with Department of Justice (DOJ) for individuals-based fines and Citizen and Immigration for sponsorship	• 2006-2007

Measures – Filing and Remittance Compliance

Performance Expectations	Indicators	Target
Tax and non-tax debt is resolved on a timely basis and is within targeted levels		
Tax debt is resolved on a timely basis	• Dollar value of Tax Services Office (TSO) production compared to dollar value of TSO intake of new accounts receivable	• Close intake • Resolve more than 90% of accounts
	• Percentage of intake resolved in the year of intake	• 60% to 65% of accounts resolved
	• Percentage of accounts receivable over five years old	• Maintain under 16% of the value of the portfolio of accounts
Tax debt is within targeted levels	• Dollar amount of cash collected	• $8.6 billion for 2006-2007
Non-tax debt is recovered within the established objectives	• Dollars collected – EI and Employment overpayments	• $274.3 million
	• Dollars collected – Defaulted Canada Student Loans	• $179.6 million
	• Dollars collected – Inactive Canada Pension Plan overpayments	• $8.4 million
Reporting non-compliance is detected and addressed		
Non-compliance is identified and addressed through tax review programs	• Dollar value of non-compliance identified through tax review programs	• Employer/Payroll/GST compliance audits – $1.8 billion • T1/T2 Non-filers/GST non-registrants – $2.2 billion

Reporting Compliance (PA4)

(thousands of dollars)	Planned 2006-2007	Planned 2007-2008	Planned 2008-2009
Budgetary Main Estimates – gross (see Financial Table 1)	1,106,654	1,099,472	1,098,854

Program Priorities

- Address aggressive tax planning through more research and analysis, increased business intelligence tools for auditors, and taxpayer education on aggressive tax planning schemes
- Pursue underground economy compliance by implementing recommendations from integrated enforcement team pilots and developing communication products to educate businesses about their responsibilities
- Update national strategic approaches to combat GST/HST non-compliance and fraud
- Continue research, infrastructure, and human resource initiatives to strengthen core activities
- Improve overall program management of the Voluntary Disclosures Program

Program Overview

The Reporting Compliance program activity addresses the accuracy and completeness with which taxpayers report their tax liability. It covers a range of audit and enforcement sub-activities. Major functions include examinations, reviews, audits and investigations to ensure compliance with federal, provincial and territorial income tax and GST laws.

Our audit sub-activity deals with individual audits, business audits, international tax, and tax avoidance.

Our investigations sub-activity investigates suspected cases of tax evasion and fraud, pursues criminal prosecutions, and publicizes successful prosecutions of tax law offenders to deter others. In addition, our Special Enforcement Program helps combat organized crime by enforcing the legislation that the Agency administers.

The Reporting Compliance program activity is also responsible for administering the Voluntary Disclosures Program (VDP). The VDP encourages taxpayers to come forward and correct past omissions thus rendering themselves compliant with their legal obligations relating to taxation. Taxpayers who take advantage of the VDP, however, have to pay the taxes owing, plus interest. In certain situations, the amount of interest to be paid may be reduced.

Our Scientific Research and Experimental Development (SR&ED) sub-activity is a federal tax incentive encouraging Canadian businesses to conduct research and development in Canada.

Other functions include research and analysis of compliance behaviour and trends, identification and assessment of tax compliance risk, and development of tools for use in audits and investigations.

The Reporting Compliance program activity is delivered by over 9,500 employees across Canada. We conduct more than 318,000 compliance actions every year and refer over 200 investigations to the Department of Justice for prosecution. In 2004-2005, our actions had an identified fiscal impact of $5.78 billion, exceeding our commitment to the Government of Canada. We also process about 11,000 SR&ED claims each year.

Program Approach

The basis of the Canadian tax system is that taxpayers determine their own liability under the law and then pay the correct amount of tax. The vast majority of Canadians (individuals and businesses) comply with tax laws when provided with the proper information, tools, and assistance. When they do not, our strategy is to identify and detect the most serious non-compliance issues and cases, take appropriate action, and deter future non-compliance.

Our administration of the tax system relies on effective risk management to identify emerging compliance risks and assess them for their potential effect on the tax base. We then develop strategies for mitigating the greatest risks to compliance with federal and provincial/territorial laws. The strategies may involve adjustments to address specific taxpayer segments or particular areas of non-compliance, using a mix of instruments and activities. We continually review program results to confirm that they are achieving program expectations and to optimize resource utilization.

Part of our risk management approach is to maintain an audit presence across all industry sectors and types of taxpayers. This deters non-compliance by increasing the credibility and visibility of our compliance programs.

Our initiatives for the coming period show that we continue work we started in 2004-2005 with the Compliance Review, which confirmed that the greatest risks of reporting non-compliance are in aggressive tax planning, the underground economy and GST/HST fraud. These risks are not new. Giving them new emphasis, however, includes refining our understanding of non-compliant taxpayer behaviour, improving risk management and targeting techniques, and sharpening the focus of our audit and investigation resources to further improve the detection and deterrence of these types of non-compliance.

Priority Initiatives

Strong and Modern Core Business

Aggressive tax planning and tax evasion: Aggressive tax planning involves schemes and arrangements that go beyond the intent of the legislation. To combat aggressive tax planning, we will continue to focus on early identification and analysis of schemes, timely audits, measures to increase public awareness, enforcement visibility, recommendation of legislative amendments, and collaboration with tax treaty partners. We will be addressing the issue of aggressive international tax planning, particularly the abusive use of tax havens, through a number of initiatives:

- Through our Centres of Expertise, we have begun and will continue to increase audit activity on international aggressive tax planning, including tax haven and transfer pricing issues. By March 31, 2008, we expect to complete 800 additional audits, with an estimated fiscal impact of over $200 million.
- We will complete studies in 10 research areas on aggressive tax planning schemes. Based on these findings, we will introduce improvements to our compliance risk assessment tools by March 31, 2007. We will also undertake additional studies throughout the planning period.
- We will expand the CRA Internet site to alert taxpayers to aggressive tax planning schemes. The Internet page will provide a forum for the Agency to state its position to the public on potentially abusive arrangements. This is a key element of the CRA's aggressive tax planning strategy.

Underground economy: The underground economy is commercial activity that is unreported or under-reported for tax purposes. To combat the underground economy, we will:

- Increase our investment in research and analysis on the underground economy, and use the results to guide and refine our compliance strategy. We are increasing research on the underground economy, factors contributing to its growth in Canada, and the effectiveness of compliance strategies in reducing non-compliance. Under a pilot project, a satellite analysis unit will be established in one region. The results of this pilot will be evaluated for possible creation of such units in all regions in 2007-2008.
- Continue to benchmark our approach to addressing the underground economy with other tax administrations to refine our compliance strategies. Plans have been developed for an independent review of the approaches and best practices adopted by foreign tax administrations in addressing the

underground economy. The review findings are expected to be available in 2006-2007. They will assist in validating components of the CRA's compliance strategy, identifying new or novel approaches that have been tried and tested with some success, and identifying research methods that have been developed and used to assess the effectiveness of compliance measures.

- Expand the use of third-party information to detect underground economy activity. We will explore new partnerships with provincial Workers' Compensation Boards and other federal, provincial, territorial and First Nations agencies to gain access to information that will help us detect cases of non-compliance.
- Publicize the consequences of participating in the underground economy. We will expand our communications products (brochures, pamphlets, home shows, Web site) to inform Canadians of the risks of participating in the underground economy. We will develop new communications products to inform businesses about their responsibility for maintaining adequate books and records.
- Analyze the results of the integrated enforcement teams' pilots on chronic non-compliers.

GST/HST compliance: Our ongoing program activities seek to prevent improper GST/HST refunds, and to create a legislative and administrative environment that reduces systematic opportunities for fraud. Activities include the following:

- Improve risk assessment for registration and pre-payment to identify high-risk taxpayers before, and at the time of, refund claims. The High Risk Analysis Teams program is being redesigned to equip it with modern technical tools for improving efficiency and effectiveness.
- Identify high-risk taxpayers at the time of registration and before refund claims are paid, by implementing the findings of a series of pilot projects to be completed in 2006-2007. The pilot studies will allow us to improve our risk assessment procedures.
- Use informant leads and partnerships with law enforcement agencies.

Voluntary Disclosures Program: To improve overall program management of the VDP, we will redefine program objectives and performance measurement criteria, review VDP policies and guidelines to improve program consistency in the field, and ensure that the program is fully integrated with CRA compliance activities.

Strengthening capacity: As new responsibilities and increasing business complexity cause the work of the CRA to expand, we must be able to handle a higher work volume and deal with more challenging files. Many improvements to our core capacity will support these goals. We will increase our capacity for policy development and research; both are critical elements of our compliance strategy. We will replace legacy systems with applications and hardware that enable us to better ensure compliance with tax legislation. We will strengthen our relations with other governments to deliver the compliance programs that our clients require.

Specific plans include the following:

- Develop a Cross Program Taxpayer Compliance Profile system to provide a complete and common view of a taxpayer, with information from the CRA's assessment, compliance, and collections program activities.
- Subject to final project approval, implement new program delivery and management information systems stemming from our Business Integration Systems Support Infrastructure (BISSI). This initiative will run from winter 2005 to 2011. It will offer program officers, auditors and investigators secure, single-window access to a suite of systems to support risk assessment, program delivery and integrated information management. During this planning period we will conduct pilots and implement initiatives. Under these, we will develop tools for users through prototyping and testing, and initiate pilots that include workload selection, workload management, and the conduct of compliance activities.
- Establish a workforce strategy to recruit and develop new CRA staff and retain our qualified workforce.

Deliverables – Reporting Compliance

Program Priorities	Deliverables	Dates
• Address aggressive tax planning through more research and analysis, increased business intelligence tools for auditors, and taxpayer education on aggressive tax planning schemes	• Increase audit and enforcement against the abusive use of international tax havens • Complete studies in 10 research areas, analyze, and report on results concerning aggressive international tax planning • Expand the CRA Internet site to alert taxpayers about aggressive tax planning schemes	• March 31, 2008 • In 2006 • In 2006
• Pursue compliance from the underground economy by implementing recommendations from integrated enforcement team pilots and developing communication products to educate businesses about their responsibilities	• Partnerships to generate more third-party information to detect underground economy activity • Expand our communication products (brochures, pamphlets, home shows, Web site) to remind Canadians of the risks of participating in the underground economy and to inform businesses about their responsibility for maintaining adequate books and records	• June 2007 • March 31, 2007 and ongoing
• Update national strategic approaches to combat GST/HST non-compliance and fraud	• Redesign of the GST/HST High Risk Analysis Teams program • Improve methods for combating GST/HST non-compliance and fraud through implementation of pilot project results	• March 2007 • March 31, 2007 (results of pilot projects to be completed in 2006)
• Improve overall program management of the Voluntary Disclosures Program	• Redefine program objectives and performance measurement criteria for the Voluntary Disclosures Program • Review VDP policies and guidelines • Fully integrate the Voluntary Disclosures Program with the CRA compliance activities	• March 2008 • March 2008 • March 2008
• Continue research, infrastructure, and human resource initiatives to strengthen core activities	• Implement BISSI pilot projects (business transformation plan, human resources strategy, detailed business requirements, and IT infrastructure) • Establish a workforce strategy to recruit and develop new members and to retain our qualified workforce • Increase incorporation of provincial risk factors into risk assessment systems	• Starting in 2006-2007 • Ongoing • Ongoing

Measures – Reporting Compliance

Performance Expectations	Indicators	Target
Detect and address reporting non-compliance		
Meet our Service Standards and internal performance targets	Service Standards for SR&ED and Film/ Video tax credits Internal performance targets: • Number of taxpayers audited • Outreach activities completed	• See "Appendix D – Service Standards" • 100% compared to plan • 100% compared to plan
Effective assessment of risk and detection of non-compliance	• Results of random versus targeted reviews (Core Audit program) • Percentage of risk-based reviews resulting in detection of non-compliance • Prosecution results • Fiscal impact of compliance activities	• Results of targeted reviews exceed those of random reviews • Upward trend
The Voluntary Disclosures Program is administered in a consistent manner	• VDP cases validated as a result of Quality Assurance (monitoring) review	• 90%

Appeals (PA5)

(thousands of dollars)	Planned 2006-2007	Planned 2007-2008	Planned 2008-2009
Budgetary Main Estimates – gross (see Financial Table 1)	137,121	136,158	136,047

Program Priorities

- Review the Appeals program in field offices
- Expand online access to redress process for corporate taxpayers
- Integrate Appeals risk management into the overall framework of both the CRA and other clients
- Facilitate improved data capture and program reporting of amounts forgiven under the Fairness Provisions

Program Overview

The Appeals program activity resolves disputes between the CRA and taxpayers by conducting fair and impartial reviews of our decisions, and by assisting the Department of Justice during any subsequent appeal to the courts. This program activity is responsible for reviewing taxpayers' contested decisions in the areas of:

- income tax,
- GST/HST,
- excise tax,
- Canada Pension Plan pensionability of an employment, and
- Employment Insurance insurability of an employment.

In addition, Appeals leads the CRA's Fairness Initiative, which allows for application of legislative provisions to cancel or waive interest and penalties when taxpayers cannot comply with tax laws because of circumstances beyond their control.

Program Approach

Our objective is for Canadians to continue receiving an impartial and responsive review of contested decisions. As outlined in Agency 2010, we believe that an impartial and responsive dispute resolution process fosters trust in the integrity of Canada's tax system, and that this in turn helps promote compliance.

Over the planning period, we will improve the CRA's business intelligence related to our dispute resolution procedures and our response to court challenges. To do this, we will work closely with our partners in the field (e.g., via our regional risk committees) and other government departments (e.g., Justice Canada's Tax Law Services, and Finance Canada). The aim is to achieve a more co-ordinated appeals posture.

We will also ensure a positive, professional, respectful, and co-operative workplace that stresses the provision of services with integrity, as well as a workplace in which conflicts are managed in a positive and productive manner. We will promote this environment through leadership, appropriate staffing, and conflict management. We will emphasize multi-year human resources planning as we prepare for the move to multi-year planning and resource allocation in 2006-2007.

Our program approach includes a number of actions:

- Review our core business operations, and strengthen them by enhancing the accessibility, transparency, consistency, and timeliness of dispute resolution.
- Improve risk management for dispute and litigation issues.
- Continue to be the CRA's centre of expertise in all matters pertaining to Fairness Provisions.

Priority Initiatives

Strong and Modern Core Business

Appeals Vision: We believe that the creation of centres of expertise will ensure that we have the right people in the right place at the right time. Continuous review of our infrastructure will help us improve the quality and timeliness of our program delivery, especially the Appeals Large Files Program.

We will complete the pilot project launched in the Sudbury Tax Centre that is improving workload management, risk identification, and our ability to quickly deal with less complex files while improving our overall timeliness.

Canada Pension Plan and Employment Insurance Program: We will address inefficiencies in the CPP/EI redress process noted in the 2004 report of the Auditor General, and will determine areas of improvement. For this purpose, we will continue with our review of the program together with our partners, including the Agency's Filing and Remittance Compliance program activity, Human Resources and Social Development (HRSD), and the Department of Justice.

In the short term, we will improve our accountability with HRSD and clarify the roles of our CPP/EI appeals officers and those of ruling officers, to eliminate any duplication of effort. In addition, we will conduct an analysis to determine the actual resource requirements for this program.

Government On-Line: We will move forward with our Government On-Line (GOL) initiatives to support the Agency's overall approach within the broader government agenda. We will continue to make our Appeals programs more accessible through the 'My Account' portal. This will facilitate the redress process when corporations dispute an assessment or determination.

With the overall increase in electronic filing, efficiencies will be gained in the administration of our dispute resolution procedures. These increased efficiencies will also enable us to accept new workloads for various appeals processes as the Agency gains an increased client base.

Integration of Risk Management: We will move beyond the risk management of individual files to integrate Appeals risk management into the overall framework of the CRA and that of our clients in other government departments. Risk will be managed using a "whole of government" approach, ensuring horizontal accountability.

Building on our current risk management foundation, we will renew and re-emphasize risk management at the grassroots level to ensure that all risks are identified as early as possible.

Fairness Provisions Reporting: Across the CRA, we will continue to use monitoring and quality assurance at the program level to ensure consistent delivery of the Fairness Provisions. Public confidence in the Agency will be strengthened as fairness is managed consistently across all CRA programs.

Specifically, we will enhance system capability to facilitate improved data capture and program reporting of amounts forgiven under the Fairness Provisions.

Expand Business Opportunities

The initiatives associated with maintaining a strong core business show how we plan to improve program delivery for taxpayers. In turn, these enhancements to our Appeals infrastructure will make the use of our platform more attractive to provinces, territories and other clients. We will continue to review best practices of tax administrations in other jurisdictions.

Deliverables – Appeals

Program Priorities	Deliverables	Dates
• Review the delivery of the Appeals program in field offices	• Complete the pilot project in Sudbury to improve workload management • Create centres of expertise for our Appeals Large File Program • Finalize our review of infrastructure	• December 2006, at which time decision will be made regarding further implementation • March 2008 • March 2008
• Improve program management of the CPP/EI Program	• Clarify roles of our CPP/EI appeals officer vis-à-vis ruling officers to eliminate areas where there may be a duplication of effort • Conduct an analysis that will determine the actual resource requirements for the CPP/EI workload	• March 2008 • March 2008
• Expand online access to redress process for corporate taxpayers	• Expand accessibility to our redress process to corporate clients through improvements to My Account	• September 2008
• Integrate Appeals risk management into the overall framework of both the CRA and in partnership with other clients	• Risk management at the grassroots level will be renewed and re-emphasized to ensure all risks are identified as early as possible in the process	• March 2007
• Facilitate improved data capture and program reporting of amounts forgiven under the Fairness Provisions	• Enhance system capability to facilitate improved data capture and program reporting of amounts forgiven under the Fairness Provisions	• March 2008

Measures – Appeals

Performance Expectations	Indicators	Target
Taxpayers receive a timely and impartial review of contested decisions		
Meet our established Service Standard	• Service Standard	• See "Appendix D – Service Standards"
Maintain high levels of transparency, consistency, and accuracy	• Levels of transparency, consistency, and accuracy	• Targets of 90% and 100% as applicable per Quality Assurance Program
Contested decisions are resolved within appropriate timeframes	• Number of workable days to complete a case • Average age of workable inventory	• Targets under development • Neutral or downward trend

Benefit Programs (PA6)

(thousands of dollars)	Planned 2006-2007	Planned 2007-2008	Planned 2008-2009
Budgetary Main Estimates – gross (see Financial Table 1)	321,446	326,179	332,747

Program Priorities

- Develop a telephone service standard for the Canada Child Tax Benefit (CCTB)
- Determine feasibility of online benefit applications through My Account
- Develop a modernization strategy for IDENT system
- Begin multi-year implementation of Disability Tax Measures Initiative recommendations
- Implement a benefit programs communication strategy
- Continue to refine newly-developed benefit programs compliance strategy based on education, facilitated compliance, and a credible enforcement presence
- Expand business with clients

Program Overview

The Benefit Programs activity supports the efforts of federal, provincial, and territorial governments to assist persons with disabilities, families and children, and low- and moderate-income households, and to reduce child poverty. We provide Canadians with income-based benefits, credits and other services that contribute directly to their economic and social well-being. We administer four ongoing federal programs:

- the Canada Child Tax Benefit (CCTB)
- the Goods and Services Tax/Harmonized Sales Tax (GST/HST) credit
- Children's Special Allowances
- the Disability Tax Credit (DTC)

In addition, we administer 17 ongoing benefit programs on behalf of the provinces and territories. As well, we deliver one-time payment programs for provinces and the Government of Canada—most recently, the Alberta 2005 Resource Rebate and the federal Energy Cost Benefit payment. We also supply information as authorized by law to federal, provincial, and territorial clients, supporting the administration of their benefit and other income-based programs.

Ongoing Benefit Programs Administered by the CRA on behalf of the Provinces and Territories

- BC Family Bonus
- BC Earned Income Benefit
- Alberta Family Employment Tax Credit
- Saskatchewan Child Benefit
- Saskatchewan Sales Tax Credit
- Yukon Child Benefit
- Northwest Territories Child Benefit
- Northwest Territories – Territorial Worker's Supplement
- Nunavut Child Benefit
- Nunavut Territorial Worker's Supplement
- New Brunswick Child Tax Benefit
- New Brunswick Working Income Supplement
- Nova Scotia Child Benefit
- Newfoundland and Labrador Child Benefit
- Newfoundland Harmonized Sales Tax Credit
- Newfoundland and Labrador Seniors' Benefit
- Mother Baby Nutrition Supplement (Newfoundland and Labrador)

Program Approach

Benefit Programs plays a significant role in the government's Service to Canadians initiative. Our strategic outcome is that eligible families and individuals receive timely and correct benefit payments.

Administration of Benefit Programs is divided into two sub-activities:

- Client services – Benefit programs[1]
  - Provides benefit recipients with the tools, assistance and information they need by maintaining high-quality services on the telephone, and through self-service and in-person channels.
- Benefit Programs Administration
  - Maintains strong performance in the timely and accurate issuance of 70 million benefit payments, including payments under provincial and territorial programs.
  - Maintains high program enrolment rates and increase awareness of eligibility.
  - Ensures that only those who are entitled receive benefits.
  - Uses our unique technology and national benefit delivery infrastructure to deliver new programs and services on behalf of a broad range of clients.

Priority Initiatives

Strong and Modern Core Business – Client services – Benefit programs

Establish Telephone Service Standards/ Internal Performance Targets: Person-to-person telephone service is essential to many benefit recipients, especially those with low incomes who may lack access to the Internet. We will implement a telephone service-level standard for the CCTB. We will establish a new internal performance target for the GST/HST credit after compiling and analyzing sufficient data from the toll-free network implemented in June 2004.

1 to be named Benefit Enquiries

Strong and Modern Core Business – Benefit Programs Administration

Expand My Account services: While the telephone is the preferred method of contact for many benefit recipients, our accessibility strategy also includes reducing recipients' need to call by promoting the use of technology; this builds their skills and helps contain our costs. We will make sure that recipients have ready-telephone access to key information during peak call-volume periods close to monthly CCTB and quarterly GST/HST credit payment dates. Our Child and Family Benefits Web site provides answers to common benefit enquiries. Benefit Payments Online, part of My Account, gives recipients a convenient single point of access for information about their benefit accounts. We are exploring the possibility of offering new self-service options. For example, we will assess the feasibility of permitting parents to apply for the CCTB and register their children for the GST/HST credit online.

System modernization: We process millions of payments each year for CCTB and GST/HST credit recipients, including payments under related provincial and territorial benefit and credit programs. Virtually all are issued in a timely and accurate manner. Rebuilding strong core systems that maintain these high-quality services is a multi-year effort. We are developing a modernization strategy for our Individual information returns (T1 returns) identification (IDENT) system to provide for future capacity needs. Other core systems will be assessed subsequently.

Disability Tax Measures Initiative: Under the Disability Tax Measures Initiative, we are beginning to implement the administrative recommendations made in the December 2004 Disability Tax Fairness report. Along with potential legislative changes, implementation of the recommendations (where feasible) will further our ongoing efforts to ensure that persons with disabilities are treated fairly and equitably.

Targeted outreach: We will develop and implement a communication strategy covering all of our benefit programs. This will assist us in maintaining high program enrolment, promoting take-up rates among potential recipients, and increasing awareness of entitlements and obligations among existing recipients.

We will maintain current relationships with Citizenship and Immigration Canada. We will also seek new opportunities to communicate benefit program information to existing and potential recipients (e.g., bookmarks in kits by the Growing Family Corporation for new parents). Inserts in benefit payment mail-outs for existing recipients will highlight program obligations, and materials will be developed to promote benefit take-up among potential recipients.

Compliance Strategy: We will continue to refine our newly-developed compliance strategy for Benefit Programs, with three goals:

- to inform and educate existing and potential new recipients;
- to facilitate compliance with program legislation so that only those who are entitled receive benefits; and
- to have a credible enforcement presence.

We will further develop our validation/controls techniques and monitoring tools to better select accounts for review and maintain overall compliance.

We will fine-tune our case management system to provide the dollar value of the adjustments we generate. This will allow us to measure the impact of our validation programs.

Improve data integrity: Through pilot projects, we will evaluate and implement practices for improving the integrity of data used to assess and measure non-compliance.

Expand Business Opportunities

The initiatives associated with maintaining a strong core business show how we plan to improve program delivery, while ensuring that the right benefits are delivered only to the right individuals. In turn, by enhancing the CRA's delivery infrastructure for benefits, we make the use of our platform more attractive to provinces, territories, and other government departments.

The CRA strives to fully engage our client organizations and integrate our efforts with theirs. We regularly consult with our numerous clients, stakeholders, and external agencies. We will create a capacity to promote our services to the provinces, territories, and municipalities. We will pursue opportunities for expanding our operations and offering more programs and services to clients. Our aim is to reduce the overall administrative cost of government to taxpayers by simplifying administration and eliminating duplication, limiting compliance burdens, and delivering higher-quality service.

New Budget 2006 Priority – Delivery of new programs: The CRA will be working in partnership with Human Resources and Social Development (HRSD) to deliver the Universal Child Care Benefit (UCCB). The UCCB is a new benefit of $100 per month to be paid for children under the age of six. It is one of two components of the HRSD Universal Child Care Plan.

Expanding Income Verification services: Under the co-operative Income Verification Program, the federal and provincial/territorial governments exchange data using File Transfer Protocol (FTP) methodology. FTP allows the CRA to release limited taxpayer information, with taxpayer consent, using a secure, two-way, online electronic data exchange. This simplifies the administration of income-tested benefit programs for recipients. Data exchanges for fifteen provincial programs are in production and seven more are in the testing phase. Negotiations are underway to enrol 10 more programs.

Income Verification Program Partnerships – in production using FTP methodology

- Alberta Ministry of Learning (Student Financial Assistance Programs)
- Alberta Ministry of Seniors (Seniors Benefit Program)
- Alberta Ministry of Health and Wellness (Premium Subsidy Program)
- Alberta Ministry of Human Resources and Employment (Child Health Program, Adult Health Program)
- British Columbia Ministry of Health Services (Medical Premium Program, Home and Community Care Program, Pharmacare Program)
- British Columbia Ministry of Human Resources (Employment and Assistance Programs)
- Newfoundland and Labrador Professional Fish Harvesters Certification Board (Professional Fish Harvesters Certification Program)
- Newfoundland and Labrador Ministry of Human Resources and Employment (Income Security Program)
- Ontario Ministry of Training, Colleges, and Universities (Ontario Student Assistance Program)
- Saskatchewan Learning (Saskatchewan-Canada Integrated Student Loans Program)
- Saskatchewan Ministry of Health (Special Support Program, Income-Tested Resident Charge Program)

New channels for exchanging vital statistics information: We will work with other governments to negotiate sharing of vital statistics information; the aim is to ease reporting obligations for benefit recipients and reduce overall costs. Pilot projects will be conducted with two jurisdictions to determine the feasibility of expanding to additional clients.

One-stop information access at Service Canada: We will work with Service Canada, including pilot projects, to determine how common information needs can best be bundled and routed. However, at no time will Service Canada agents deal with account-specific benefit information, respond on behalf of the CRA to specific benefit-related enquiries, or accept payments on behalf of the CRA.

Automate and streamline OAS/GIS: We will work with Human Resources and Social Development to examine extending the exchange of authorized recipient information with File Transfer Protocol methodology to include Old Age Security (OAS) recovery tax and non-resident OAS recovery tax.

Strategic Outcome Measures – Benefit Programs

Performance Expectations	Indicators	Target
Benefit payments are issued on time	• Timeliness of processing benefit payments	• 99%
Benefit payments are correct	• Accuracy of processing benefit payments • % of CCTB clients that receive the proper entitlement	• 98% • 95% or more
Provinces/territories, and other federal departments rely on CRA as a key service provider	• Number of programs and services administered	• Growth, where feasible

Deliverables – Benefit Programs

Program Priorities	Deliverables	Dates
• Develop telephone service standard for Canada Child Tax Benefit (CCTB)	• Implement a service level standard for CCTB service	• 2006-2007
• Determine feasibility of online benefit applications through My Account	• Establish feasibility of online benefit applications	• 2006-2007
• Develop a modernization strategy for IDENT system	• Evaluate the current state of IDENT technology and make recommendations for its future capacity	• March 2007
• Begin multi-year implementation of Disability Tax Measures Initiative (DTMI) recommendations	• Implement the DTMI recommendations	• Multi-year period
• Implement a benefit programs communication strategy	• Implement the communication strategy • Place inserts in benefit payment mail-outs for existing recipients to reinforce program obligations • Develop materials to promote benefit take-up among potential recipients	• March 2007 • Each July • Ongoing
• Continue to refine newly-developed benefit programs compliance strategy based on education, facilitated compliance and a credible enforcement presence	• Implement the recommendations (where feasible) of the Compliance Strategy • Provide dollar value of validation adjustments • Implement data integrity pilot projects and analyze the results	• Ongoing • Beginning for the Annual Report 2005-2006 • 2006-2007
• Expand business with clients		
• Expand Income Verification Project to exchange data for additional federal, provincial, and territorial programs	• Finalize marketing strategy • Enrol additional Income Verification programs (where feasible)	• 2006-2007 • Ongoing
• Work with other governments to negotiate sharing vital statistics information	• Engage in pilot projects with two jurisdictions to expand exchanging of vital statistics information and report on feasibility of expanding project to additional clients	• 2006-2007
• Engage in pilot projects with Service Canada to determine how common information needs can best be bundled and routed	• Report on results	• 2006-2007
• Automate and streamline data exchange with Human Resources and Social Development (HRSD) for Old Age Security and Guaranteed Income Supplement	• Extend the exchange of authorized benefit recipient information with File Transfer Protocol (FTP) methodology to include OAS recovery tax and non-resident OAS recovery tax	• Ongoing

Measures – Benefit Programs

Performance Expectations	Indicators	Target
Benefit recipients receive timely, accurate, and accessible information		
Maintain high program awareness and take-up through effective communications tools	• CCTB take-up rate can be measured only every five years • Range of communication products (publications, outreach, community voluntary programs)	• 95% • Implement new communication strategy by March 2007
Maintain or increase satisfaction levels of benefit recipients	Evaluation of products by benefit recipients: • Application instructions easy to understand • Information received in the application process • Service received in the application process	• Maintain level from CCTB first time applicants survey • 90% • 90% • 90%
Meet service standards and internal performance targets	Service Standards Internal performance targets: • Telephone caller accessibility • Telephone service level	• See "Appendix D – Service Standards" • 75% for CCTB[1] • GSTC/HSTC currently under review
Increase use of self-service options	Range of self-serve options Take-up rates: • Address change online • Child and family benefits Web page visits • Children's Special Allowances on the Web	• Enhancements to My Account • Upward trend
Eligibility determination and payment processing are timely and accurate		
Meet or exceed service standards and internal performance targets for timely and accurate processing of benefit payments, applications, and account maintenance adjustments	Service Standards Internal performance targets Timeliness of processing: • Benefit payments Accuracy of processing: • Benefit payments, applications, account maintenance adjustments • CCTB overpayment debt as % of payments issued	• See "Appendix D – Service Standards" • 99% • 98% • 0.4% or lower
Maintain or increase satisfaction levels of benefit recipients	Satisfaction with service by benefit recipients: • Application processing time	• Maintain level from CCTB first time applicants survey • 75%

Performance Expectations	Indicators	Target
Maintain high overall compliance	• % of CCTB recipients that receive the proper entitlement under random sample (Benefit Measurement Sample) • % of CCTB accounts reviewed • % of CCTB targeted reviews resulting in an adjustment • Dollar value of net adjustments recouping benefits or in favour of the recipient	• 95% or more • 5% • 50% • To be determined
Growth in the programs and services administered for the provinces, territories, and other federal departments to reduce duplication across all levels of government and to lower the overall cost of program delivery	• Number of programs and services administered for the provinces/ territories and other government departments	• Maintain our partnerships, and expand them where it is feasible to do so

[1] The change to 75% from our previous target of 80% is consistent with our strategy to offer increased on-line services and reflects resources available for this workload.

Corporate Services (PA7)

Priorities
• Strengthen the CRA infrastructure through efficient and strategic human resource management; rigorous financial, administrative, and risk procedures; and strategic investments in technology systems
• Evolve the CRA governance and accountability regime by strengthening the Board of Management, implementing a new corporate committee structure, and developing the communication strategy that positions the organization nationwide

Program Overview

The CRA's Corporate Services provide and maintain the infrastructure for Agency operations, as well as their strategic direction. Both are essential to the delivery of tax and benefit programs.

The Corporate Services program activity includes seven sub-activities:

- Human Resources
- Finance and Administration
- Information Technology
- Public Affairs
- Agency Management
- Policy and Intergovernmental Affairs
- Corporate Audit and Program Evaluation

While each sub-activity plays a distinct role in the CRA, all are interrelated. Together they form the framework that supports and connects the CRA's program delivery activities. For example, our Compliance Program is delivered by well-trained people (Human Resources) using automated systems (Information Technology) as efficiently as possible (Finance and Administration).

Program Approach

The seven sub-activities take a common approach to provide maximum advantage to the Agency at minimum cost. Together, CRA Corporate Services enable the Tax and Benefit Programs to be effective and efficient.

For the period covered by this report, the Corporate Services program activity will focus on improving the Agency's infrastructure and building on our governance and accountability regime.

The Agency's infrastructure—the people who are our major strength, the buildings that house them, as well as the tools and systems that facilitate their work—is the framework for our success in providing service to Canadians. Infrastructure improvements help maintain the Agency's core business and advance business opportunities.

As we move to implement Agency 2010, we will build on our legislated authorities to provide tax and benefit services to Canadians on behalf of all levels of government. The result will be not only greater efficiency in government operations but greater accountability to Canadians through an open and transparent governance regime.

Human Resources

Priorities
• HR support to core business and future business development
• HR infrastructure

As an agency, the CRA is responsible for its own HR regime. In the five years since becoming an agency, we have overhauled our HR infrastructure and implemented policies, procedures, systems, and structures that directly support the achievement of the CRA's business results.

Over the planning period, we will put these changes to use, providing a knowledgeable and skilled workforce that enables our program branches to maintain the strength of their core business and to pursue new business opportunities. We see excellence in human resources management as the foundation for a high-performing organization.

CRA Staffing Principles	
Non-partisanship	The workforce must conduct itself in a manner that is free from political and bureaucratic influence. Staffing decisions must be free from political and bureaucratic influence.
Representativeness	The composition of our workforce reflects the available labour market.
Competency	The workforce possesses the attributes required for effective job performance.
Fairness	Staffing decisions are equitable, just, and objective.
Transparency	Communications about staffing are open, honest, respectful, timely, and clearly understood.
Efficiency	Staffing processes are planned and conducted with regard for time and cost and linked to business requirements.
Adaptability	Staffing processes are flexible and responsive to the changing circumstances and to the unique or special needs of the organization.
Productiveness	Results in appointment of the necessary number of competent people for the proper conduct of business.

Priority Initiatives

Strong and Modern Core Business and Expand Business Opportunities

To work effectively in our changing business environment, we will develop and implement a comprehensive Workforce Strategy in support of Agency 2010. We will focus on activities that support recruitment and development, knowledge transfer, and retention for core business and business development workers. We will maintain a strong executive cadre through succession management and continued investment in management development programs. As well, the strategy will address the impact of the acquisition of new business, such as the integration of Human Resources and Social Development (HRSD) collections employees into the CRA.

Our commitment to fairness in the workplace will continue to guide our activities and our strategies during this planning period. In addition, we will implement a new three-year action plan for official languages to ensure that we meet our legal obligations and respect the spirit behind those requirements.

HR Infrastructure

Our Competency-Based HR Management (CBHRM) Framework is the cornerstone of the Agency's HR regime. We will continue to focus on integrating the CBHRM approach to workforce planning, resourcing and recruitment, training and learning, performance management, and career management. In the short term, we will support managers with the education and tools to complete the introduction of Phase 1 of the Observe and Attest initiative, a competency assessment method that allows managers to assess competencies based on observation of their employees' on-the-job behaviour. We will also accelerate the use of Pre-Qualification Processes (PQPs) through the implementation of other streamlining initiatives.

These initiatives will help increase the percentage of employees with valid competency results, directly reducing the time required to staff positions.

During this planning period, we will move forward with streamlining and modernizing our job classification system. This includes starting to implement the new Agency Classification Standard (ACS) for Services and Programs (SP) group, which will collapse sixteen classification standards into one to classify SP jobs.

Applying technology to modernize how we do business is key for Human Resources. With eResourcing, applicants will be able to manage their applications online, managers will be able to access applications online, and our Human Resources function will be able to automate the pre-screening of education, area of selection, time of submission, and language prerequisites.

During this planning period, we will continue to invest in the transformation of HR processes and systems, including the completion of the

Compensation Service Delivery Renewal Project (CSDRP) and the Employee and Manager Self-Service System (ESS/MSS). This will modernize the key processes that affect compensation.

The significant changes in our HR programs over the past five years were achieved in consultation with our unions. The CRA seeks to further optimize union-management relations and workplace well-being. Through the Union-Management Initiative, we will work to strengthen the relationship between management and unions—based on respect, understanding, and co-operation, with conflicts managed through the use of informal and alternative dispute resolution.

The next three years will see the realization of many of the benefits envisaged for the new Human Resources regime as the CRA continues to be a leader in human resources management in government. We have set clear landmarks to guide us on the next phase of our journey.

Finance and Administration

Priorities
• Stewardship of resources
• Finance and administration infrastructure

To sustain our clients' trust in our ability to collect revenue and deliver entitlements, the CRA must demonstrate competent stewardship; sound comptrollership; and effective, efficient financial and administrative services.

The *CRA Act* grants the Agency authority over its general administrative policy, such as for contracting and procurement, and its real property. The delivery of CRA programs is supported by policies and procedures in these areas, and by monitoring of their practice and results. All these are essential to support a well-defined, modern, and high-performing core business capacity.

Priority Initiatives

Stewardship of Resources

We will strengthen the Financial Control and Reporting Framework to improve our capacity to monitor expenditures. We will provide our clients with objective assurance that CRA controls supporting collection of tax revenue are appropriate and operate effectively. This increased clarity will demonstrate accountability to our clients and allow us to pursue new business opportunities.

Building on our legislated authority to manage real property, we will leverage the CRA partnership with Public Works and Government Services Canada to fully implement a market-based reimbursing regime business model aimed at meeting CRA's real property needs.

Finance and Administration Infrastructure

To advance our commitment to effective and efficient administration, we will achieve improvements in our financial management by implementing a standardized nationwide administration. We will also improve performance by expanding our internal service standards, which will ensure greater consistency, transparency, and accountability.

Through consolidated service delivery, additional strategic sourcing, and improved electronic ordering technology, we will sustain and enhance the Agency procurement function, building on our progress since becoming an Agency in 1999 and using to full advantage the administrative authorities in the *CRA Act*.

We will develop a CRA Project Management Framework that sets a disciplined, common approach to project management across the Agency. We will also pursue the formulation and adoption of a CRA Risk Management Policy. These two initiatives will reinforce decision-making in a governance regime built on accurate and reliable information, and will maintain trust in our operations.

In line with our commitment to protect our people, assets, and client and personal information, we will continue to conduct Compliance and Monitoring Reviews of facilities and systems to ensure that an adequate policy framework is maintained and communicated. In an effort to ensure our continued ability to deliver critical business functions during times of crisis, we will maintain and enhance our Emergency Management Program, including improvements to our business continuity infrastructure.

Building on our successes of the past five years, we will complete implementation of our Sustainable Development Strategy for 2004-2007. The Strategy we are developing for 2007-2010 will push forward with the integration of sustainable development into key program activities, service relationships, and business development opportunities. Additional details can be found in “Appendix E – Sustainable Development Strategy”.

Information Technology

Priorities
• Strengthen technical infrastructure
• Enhance service / product delivery
• IT Security modernization

A key challenge for the IT program is to maintain the right balance of effort and investment between existing commitments and creating new or additional capacity to respond to the changing business context of Agency 2010, while also addressing pressures such as the ‘enterprising’ of government and the ever-evolving technological environment, and the need to sustain a skilled and engaged workforce. We will continue to identify opportunities for increased efficiencies, while demonstrating agility in support of new Agency challenges.

Priority Initiatives

Strong and Modern Core Business and Expand Business Opportunities

We are committed to strengthening our technical infrastructure and to enhancing our service/ product delivery through the following initiatives:

- Our IT Security Modernization program will enhance our ability to maintain the integrity and security of electronic data holdings.
- We will invest in environmental upgrades to our Data Centre Heron facility, so that it continues to meet Agency business requirements.
- The Data Centre Recoverability project will ensure the ability of critical business functions to carry on in the event of a catastrophic loss of a data centre.
- The Network Services Enhancement project will improve network performance, resiliency, and agility by upgrading core infrastructure to meet client requirements.
- The Data Stewardship and Business Intelligence/Decision Support programs will enable the Agency to create a holistic client view that supports the Agency’s knowledge workers and also provides citizens, businesses, and clients with access to their own information.
- The Managed Distributed Environment program, in concert with a National IT Support Program, will leverage evolving technology by increasing automation and consolidating services and products.
- The Service Availability Improvement Project will build a more robust IT infrastructure supporting the high-availability systems required by the Agency’s Government On-Line agenda.
- A Quality Program, using industry best practices, will provide the structure and tools to improve the control of key development and operations processes.
- The Asset Management Plan will support the life-cycle management of our IT assets.
- We will continue to identify the core building blocks for supporting self-service and enhanced compliance, through an enterprise view of program plans established in partnership with program branches.

Over the last decade, the CRA has emphasized IT standardization, common infrastructure, and reuse of system components. We will share these strengths and help build the Government of Canada service platform. The Agency will make use of shared government services when there is a clear business case to do so.

CRA is currently providing Corporate Administrative Systems (CAS) and shared IT Infrastructure Services to support Canada Border Services Agency's (CBSA). As the Agency’s long-term business plan does not call for it to continue as a shared service provider to the CBSA, we will continue these services until the transition to a new service provider is complete.

Public Affairs

Priorities
• Implement first phase of CRA communication strategy • Continue Intranet Renewal Project to improve internal Agency information sharing • Modernize publishing function

Supporting the CRA as it evolves toward Agency 2010 will be the chief focus of public affairs activity over the next three years. The CRA needs strategic advice, executive services and products in a wide range of areas, including communications, parliamentary affairs, issues management, electronic and print media, and requests under the *Access to Information Act* and the *Privacy Act*. Through vigorous issues management, the Agency will be able to identify and address emerging issues that could compromise Canadians' trust in its integrity.

Priority Initiatives

Communication Strategy

As the CRA continues to evolve as an agency, it will develop and implement a communication strategy in alignment with the future direction of the Agency. We will emphasize the position of the Agency as a service provider in all regions of Canada, and will promote the CRA as a trustworthy, innovative, effective and responsive organization.

The CRA maintains a portfolio of over 5,000 forms and publications, and publishes over 100,000 Web pages annually. We will modernize our publishing function to achieve greater value for money, improve publications planning, and provide sustainable strategic direction.

To improve the Agency's capacity for sharing information internally and increase the integrity of this information, we will continue our multi-year Intranet Renewal Project. A single, integrated information source will improve the Agency's capacity to share information internally. In turn, this will support employee needs and Agency goals.

Agency Management

Priorities
• Implement new corporate committee structure • Pursue greater use of *CRA Act* mandated authorities • Further refine strategy and framework for dealing with provincial, territorial and First Nations governments • Consolidate recent advances with First Nations

The Canada Revenue Agency's five-year report, tabled in Parliament in May 2005, notes that the CRA has successfully laid the foundation of an innovative and flexible governance regime. The CRA must continue to evolve in its governance regime and legislative framework to fully exploit its agency status.

Priority Initiatives

Agency 2010

We will explore the full realization of the legislated authorities of the Agency and its Board of Management. This review is required to fully exploit the unique flexibilities inherent in the CRA, and to secure support and flexibility in the areas of planning and financial management accountability, including the Management Accountability Framework (MAF). The review will also prepare the Agency for serving new clients and pursuing new business directions.

We will enhance Agency strategic decision-making through a new corporate committee structure.

We will implement higher standards for planning and performance reporting to meet demands for greater accountability and increased transparency on the part of both clients and central agencies. Information and reporting to provinces will be improved, including customized reporting to meet specific needs. Linkages will be strengthened between the Corporate Business Plan, the Annual Report, the CRA's HR, IT and investment plans, and our performance management system.

More detail on Agency 2010 and our short-term work in this area is provided in Chapter 2.

Strategic Policy and Analysis Capacity

The Agency will continue to build its strategic policy and analysis capacity during the planning period. Key internal and external horizontal initiatives will be advanced, with a focus on Agency 2010. Agency-wide strategic analysis, research, and co-ordination will guide the evolution of governance and support integrated business planning and decision-making.

Legal Services

The Agency Management program sub-activity also includes the provision of legal services within the CRA.

The legal aspects of the CRA's operations and policies are under a long-standing joint appointment arrangement with Justice Canada. Legal Services provides legal advice and counsel to the Minister, the Commissioner, and the Board of Management for all Agency program activities. It oversees the Agency's interface with the larger justice service to ensure that the service meets the Agency's needs.

The aim over the planning period is to develop stronger accountabilities for planning and resourcing in place across the larger justice service. This will ensure a strong and focused national legal infrastructure for the Agency. Discussions are underway on a plan to achieve this result.

Policy and Intergovernmental Affairs

Priorities
• Further refine strategy and framework for dealing with provincial, territorial, and First Nations governments • Consolidate recent advances with First Nations

The Agency continues to manage relationships with all of the Agency's clients—provinces, territories, and First Nations. This responsibility includes co-ordinating regional efforts and addressing multilateral issues that affect more than one jurisdiction.

Priority Initiatives

The CRA will concentrate on further developing and implementing its strategy to become the service provider of choice for tax and benefit administration for governments across Canada. This work will be undertaken in conjunction with all areas of the Agency, and will lead to a robust approach to managing and growing the CRA's client relationships.

In addition, this activity will consolidate recent advances with First Nations by ensuring that substantive discussions occur in areas of concern related to the administration of taxes.

Corporate Audit and Program Evaluation

Our corporate audit and evaluation activities support the achievement of the Agency's strategic goals. They provide the Commissioner, the Board of Management, and senior management of the Agency with independent and objective information, advice, and assurance on the soundness of the Agency's management framework, and on the effectiveness, efficiency, and value for money of its strategies, programs, and practices.

Deliverables – Corporate Services

Priorities	Deliverables	Dates
Human Resources		
Strengthen the CRA infrastructure (through efficient and strategic human resource management)	• Develop the Workforce Strategy in support of Agency 2010	• In 2006
	• Increase integration of Competency-Based Human Resources Management (CBHRM)	• 2006-2007
	• Complete phase 1 of Observe and Attest initiative	• 2006-2007
	• MGs assessed	• In 2006
	• Phase II begins for employee assessment	• In 2006
	• Implement Pre-qualification Process (PQP) "quick hits"	• In 2006
	• Agency Classification Standard for Services and Programs (ACS-SP) job descriptions	• In 2006
	• Complete the Compensation Service Delivery Renewal Project	• 2006-2007
	• Implement the Union-Management Initiative nationally	• 2006-2007
	• Regional /Branch management teams trained	• In 2006
	• Roll-out to offices complete	• June 30, 2007
	• Develop and implement a new 3-year Action Plan for Official Languages	• 2006-2009
Finance and Administration		
Strengthen the CRA infrastructure (through rigorous financial, administrative and risk procedures)	• Implement a market-based reimbursing regime for CRA's real property needs	• March 31, 2007
	• Develop a Project Management Framework that outlines a disciplined, common approach to project management across the Agency	• In 2006
	• Review and update the CRA Integrated Risk Management Policy	• In 2006
	• Implement an Agency Continuous Monitoring Control Tool	• March 31, 2007
	• Establish new strategic sourcing initiatives, implement an Agency contracting tool, and improve our current electronic ordering tool	• March 31, 2007
	• Implement an emergency management and business continuity strategy and infrastructure	• In 2006

Priorities	Deliverables	Dates
Information Technology		
Strengthen the CRA infrastructure (through strategic investments in technology systems)	• Increased encryption and intrusion defence capabilities to enhance our ability to maintain the integrity and security of electronic data holdings • Upgrade of data centre environment and improvements to environmental monitoring • Recovery capability extended to email, remote access and other critical IT services, as well as continued testing of existing recovery operations • Improvements to network backbone design and increased bandwidth capability • Implementation of phase 1 of a data stewardship program and release commitments met for the Agency data warehouse growth • Increased automation of changes, and phase 1 of server consolidation completed in the distributed computing environment • Improvements in enterprise storage and IT service management tools • Development of a framework, metrics and service level agreements through the Quality program • Strategy and plan for alternate provision of Corporate Administrative System (CAS) and IT Services for CBSA	• 2006-2007 • 2006-2007 • 2006-2007 • 2006-2007 • 2006-2007 • 2006-2007 • 2006-2007 • 2006-2007 • 2006-2007
Public Affairs		
Strengthen the CRA infrastructure	• Completion of phases 1 and 2 of Intranet Renewal Project • Business Transformation of Agency publishing function	• 2006-2007 • 2006-2007
Agency Management		
Evolve CRA governance and accountability regime by strengthening the Board of Management, implementing a new corporate committee structure, and developing a communication strategy that positions the Agency nationwide	• Implementation of phase 1 of communication strategy and plan • Implement the new CRA communication strategy • Greater use of *CRA Act* mandated authorities	• March 2007 • March 2008 • March 2009

Key Internal Management Expectations

• Sound strategic direction
• The CRA has a knowledgeable, skilled, and representative workforce in a workplace oriented to well-being and sustainability with employees committed to successful program delivery
• Sound financial and treasury management
• Excellence in the provision of internal financial and administrative services

Note: These expectations will evolve as the CRA confirms detailed measurement criteria for its Corporate Services programs.

Conclusion by the Commissioner

The Canada Revenue Agency's *2006-2007 Report on Plans and Priorities* presents our strategic vision of the Agency in 2010. In this report we link our program activities for the next three years to that vision, and establish short- and medium-term deliverables that will bring us to 2010. Our deliverables will also respond to key tax and benefit initiatives introduced in the May 2006 federal budget.

This report marks a turning point for the Agency. In the late 1990s, Parliament was seeking innovative ways to improve government service to Canadians. The Canada Revenue Agency was created as a prototype Alternative Service Delivery organization. The Agency has embraced this change and built an infrastructure that will support the next phase in our evolution. It is now time to fully implement the legislated authorities granted by Parliament and take full advantage of Agency status as a service provider for Canadians.

Our plans for the future must start with strong core business performance—administering taxes, collecting revenues and delivering benefits. We must maintain and strengthen our expertise by continually ensuring that our services are efficient and effective, and by maintaining Canadians' trust in the integrity and fairness of our program administration.

This report also calls for the maturing of our governance regime. This unique governance regime, which brings together political direction and corporate rigour, offers invaluable opportunities to clients and taxpayers for an effective and modern organization to administer tax, benefit, and related programs. We have yet to explore all the possibilities offered by this unique governance model.

The strength of our core business and our governance regime allows us to pursue new opportunities. We are able to offer to clients our modern, high-capacity processing operations, our national infrastructure, and our network of taxpayer and benefit recipient services. Linking current program activities to Agency 2010 ensures that new opportunities will be consistent with our business model and with our mandate to provide tax and benefits services.

As always, we rely on the experience and professionalism of our employees to meet our present and future goals. Together we are creating a nationwide institution of which Canada can be proud.

Michel Dorais, ICD.D
Commissioner and Chief Executive Officer
Canada Revenue Agency

Appendices

Appendix A – Board of Management

Mandate

The Board of Management (BoM) of the Canada Revenue Agency is responsible for overseeing the organization and administration of the Agency and the management of its resources, services, property, personnel and contracts.

Members

Connie I. Roveto, ICD.D
Chair, Board of Management
President
Cirenity Management
Toronto, Ontario

Camille Belliveau, FCGA, CFP
Senior Financial Consultant (self-employed)
Shediac, New Brunswick

Myles Bourke, B.Comm., FCA
Chartered Accountant
Lethbridge, Alberta

L. Bernice Buckle
Corporate Director
Corner Brook, Newfoundland and Labrador

Raymond Desrochers, CA, CFE
Partner
BDO Dunwoody LLP Chartered Accountants
Winnipeg, Manitoba

André Gingras
Founder and Director
André Gingras et Associés inc.
Montréal, Québec

James J. Hewitt, FCMA
Corporate Director
Penticton, British Columbia

Linda Ivany, FCGA
Corporate Director
Halifax, Nova Scotia

Howard A. Leeson, Ph.D.
Professor of Political Science
University of Regina
Regina, Saskatchewan

James L. MacPhee, CA
Partner
Grant Thornton LLP Chartered Accountants
Montague, Prince Edward Island

Rod Malcolm, CA
Corporate Director
Iqaluit, Nunavut

James R. Nininger, Ph.D.
Corporate Director
Ottawa, Ontario

Stephen E. Rudin
Executive Director
Alzheimer's Society of Canada
Toronto, Ontario

Brock A. Smith
Corporate Director
Toronto, Ontario

Michel Dorais, ICD.D
Commissioner and Chief Executive Officer
Canada Revenue Agency
Ottawa, Ontario

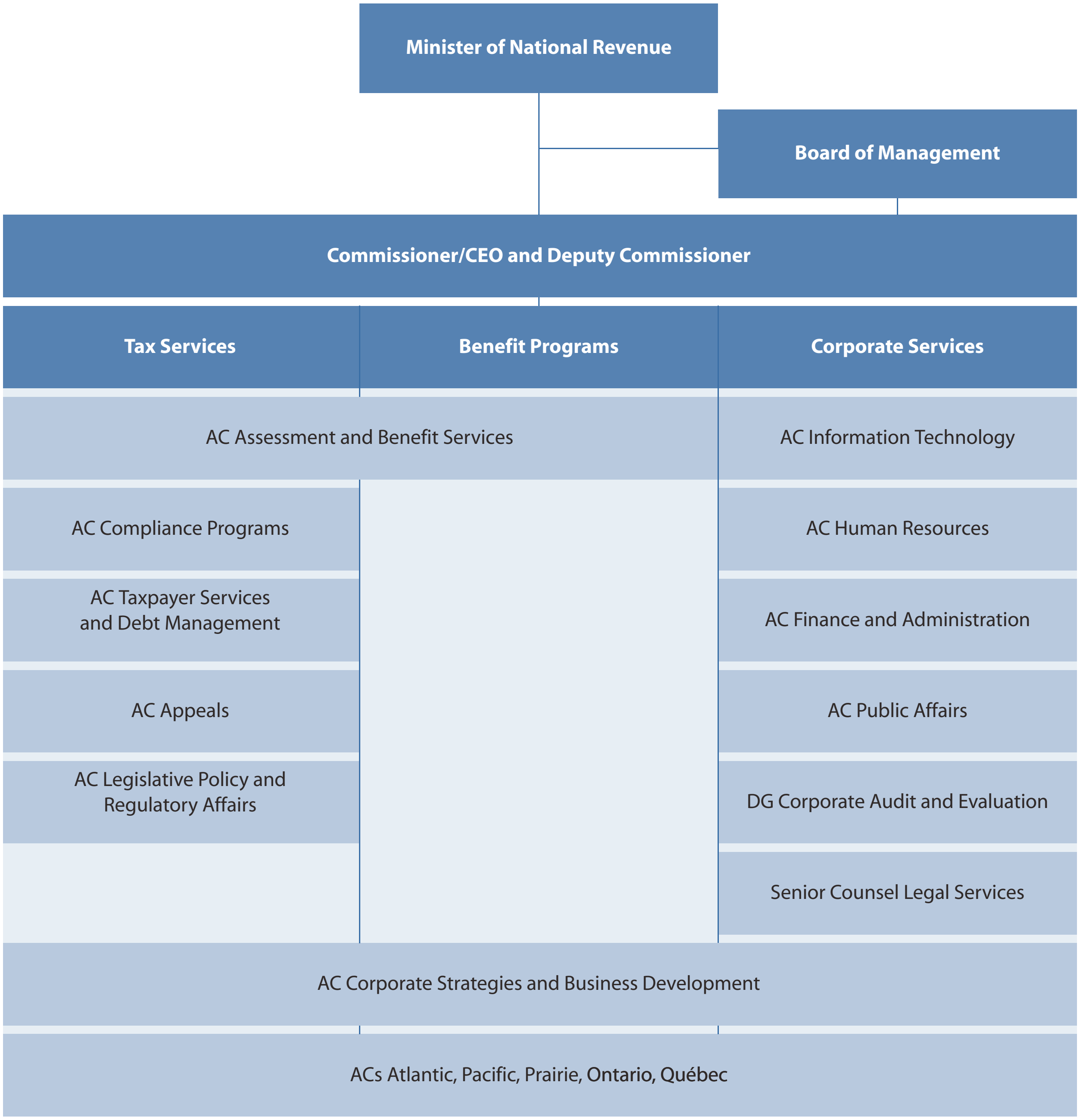
As of June, 2006

The Board of Management is supported by four committees with mandates to assist the Board in fulfilling its oversight responsibilities. The role and membership of these committees is outlined below.

Governance Committee		
Mandate	The Governance Committee supports the Board of Management's responsibilities for the stewardship of the Agency's resources, services, property, personnel, and contracts by providing leadership in the governance framework and policies and practices of the Agency for the Board.	
Membership	Chair:	C. Roveto
	Vice-Chair:	H. Leeson
	Members:	M. Dorais, L. Ivany, J. Nininger
Audit Committee		
Mandate	The Audit Committee reviews the Agency's accounting framework, financial and performance information, internal controls and risk tolerance, and compliance with financial and environmental legislation.[1]	
Membership	Chair:	J. Hewitt
	Vice-Chair:	R. Desrochers
	Members:	J. MacPhee, C. Roveto
Resources Committee		
Mandate	The Resources Committee reviews the Agency's operating and capital budgets and the development of its administrative management strategies and policies for the management of funds, real property, contracts, information, information technology, and environmental obligations.	
Membership	Co-Chair:	C. Belliveau
	Co-Chair:	R. Malcolm
	Members:	M. Dorais, A. Gingras, L. Ivany, C. Roveto
Human Resources Committee		
Mandate	The Human Resources Committee is responsible for reviewing the management of human resources within the Agency and providing recommendations and advice on the Agency's human resources management strategies, initiatives, and policies.	
Membership	Chair:	J. Nininger
	Vice-Chair:	B. Smith
	Members:	B. Buckle, M. Dorais, H. Leeson, C. Roveto, S. Rudin

[1] The Audit Committee Charter has been significantly strengthened to bring it in line with best practices and the general direction of the Government of Canada with regard to internal audit.

Appendix B – Organizational Structure



AC = Assistant Commissioner
DG = Director General

Appendix C – Financial Tables

Table 1: Agency Planned Spending and Full-time Equivalents

(thousands of dollars)	Forecast Spending 2005-2006	Planned Spending 2006-2007	Planned Spending 2007-2008	Planned Spending 2008-2009
Program Activity				
Client Assistance[1]	329,501	324,494	319,935	320,783
Assessment of Returns and Payment Processing	763,229	786,751	768,968	766,389
Filing and Remittance Compliance[2]	653,936	704,117	703,439	707,201
Reporting Compliance	1,033,296	1,106,654	1,099,472	1,098,854
Appeals	116,529	137,121	136,158	136,047
Benefit Programs	280,532	321,446	326,179	332,747
Budgetary Main Estimates (gross)	3,177,023	3,380,583	3,354,151	3,362,021
Less: Revenues Credited to the Vote	148,127	152,330	153,184	154,085
Total Main Estimates	**3,028,896**	**3,228,253**	**3,200,967**	**3,207,936**
Adjustments				
Carry Forward from 2004-2005	165,375			
Governor General Special Warrants				
Budget Measures arising from the 2004 and 2005 Federal Budgets	26,980	1,186	478	359
Collective agreements/awards	145,395			
Maternity and Severance Payments	45,664			
Expenditure Review Announcements – Agency Initiatives	(35,100)			
Expenditure Review Announcements – E-Procurement	(1,680)	(7,070)		
Technical Adjustments[3]	(31,820)	87		
Governor General Special Warrants	149,439	(5,797)	478	359
Technical Adjustments:				
2005-2006 Adjustment to Respendable Revenue Statutory Vote[4]	95,781			
2005-2006 Adjustment to CPP/EI work	5,923			
2005-2006 Adjustment to Revenues Credited to the Vote 1	(5,247)			
2005-2006 Adjustment for the Children's Special Allowance Statutory Authority	10,000			
Technical Adjustments	106,457	–	–	–
Total Adjustments	**421,271**	**(5,797)**	**478**	**359**
Total Planned Spending	**3,450,167**	**3,222,456**	**3,201,445**	**3,208,295**
Less: Respendable Revenue pursuant to *CRA Act*[5]	116,316	96,089	96,342	96,535
Plus: Cost of services received without charge[6]	474,444	467,158	467,158	467,158
Total Agency Spending	**3,808,295**	**3,593,525**	**3,572,261**	**3,578,918**
Full-Time Equivalents	**37,498**	**38,303**	**38,293**	**38,291**

1 To be named Taxpayer and Business Assistance.

2 To be named Accounts Receivable and Returns Compliance.

3 Includes reduced requirements due to delays in passage of legislation for Offshore Trusts ($24.7 million) and Transfers to Department of Justice ($7 million).

4 Information technology services to the Canada Border Services Agency (CBSA).

5 Excludes Non-Respendable Non-Tax Revenue of $2.6 million (refer to Table 5.2 for details), for purposes of comparability with other government departments and agencies.

6 Refer to Table 4 for details.

Table 2: Resources by Program Activity for 2006-2007

(thousands of dollars)	Budgetary					Adjustments (Planned Spending not in Main Estimates)	Total Planned Spending
	Operating	Grants and Contribution	GROSS	Revenues Credited to the Vote 1	Total Main Estimates NET		
Program Activity							
Client Assistance	323,494	1,000	324,494	(13,920)	310,574	(738)	309,836
Assessment of Returns & Payment Processing[1]	786,751		786,751	(28,930)	757,821	(1,728)	756,093
Filing and Remittance Compliance	704,117		704,117	(88,764)	615,353	(1,676)	613,677
Reporting Compliance	1,106,654		1,106,654	(10,076)	1,096,578	(2,013)	1,094,565
Appeals	137,121		137,121	(8,580)	128,541	(161)	128,380
Benefit Programs	134,446	187,000	321,446	(2,060)	319,386	519	319,905
Total	**3,192,583**	**188,000**	**3,380,583**	**(152,330)**	**3,228,253**	**(5,797)**	**3,222,456**

1 For 2006-2007, the payment to the Ministère du Revenu du Québec in respect of the joint administration cost of federal and provincial sales taxes totalling $156.2 million, is included in Operating.

Table 3: Voted and Statutory Items listed in Main Estimates

Vote or Statutory Item	(thousands of dollars)	Main Estimates 2006-2007	Main Estimates 2005-2006
	Truncated Vote or Statutory Wording		
1	Program expenditures[1]	2,551,607	2,317,891
5	Contributions		115,000
(S)	Minister of National Revenue and Minister of Western Economic Diversification – Salary and motor car allowance	73	70
(S)	Spending of revenues received through the conduct of its operations pursuant to Section 60 of the *Canada Revenue Agency Act*	96,089	20,535
(S)	Contributions to Employee Benefit Plans (EBP)	393,484	408,400
(S)	Children's Special Allowance payments	187,000	167,000
	Total Agency[2]	**3,228,253**	**3,028,896**

1 For 2006-2007, the payment to the Ministère du Revenu du Québec in respect of the joint administration cost of federal and provincial sales taxes totalling $156.2 million, is included in Program expenditures.

2 The 2006-2007 Main Estimates for the Canada Revenue Agency (CRA) increased by $199.4 million from 2005-2006. The major differences include:

- a net increase of $113.5 million related to the increase for collective agreements/awards offset by a reduction in the government-wide rate for Employee Benefit Plans (EBP) rate from 20% to 19%;
- an increase of $13.2 million of the payment to the Ministère du Revenu du Québec for the joint administration of the federal/provincial sales taxes;
- an increase of $75.4 million in Respendable Revenue related to the services provided by the CRA to the Canada Border Services Agency (CBSA);
- an increase of $55.3 million to address legislative, policy and operational initiatives arising from the 2004 and 2005 Federal Budgets and other minor adjustments;
- an increase of $20.0 million for the Children's Special Allowance related to allowances for eligible children in the care of specialized institutions;
- offset by:
- an increase of $4.2 million in revenues credited to the vote for work related to the Canada Pension Plan (CPP); and
- a decrease of $73.8 million related to Expenditure Review Committee Savings for Departmental Initiatives and Procurement reductions.

Table 4: Services Received Without Charge

(thousands of dollars)	2006-2007
Accommodation provided by Public Works and Government Services Canada (PWGSC)	233,500
Payroll Services provided by PWGSC	1,434
Contributions covering employer's share of employees' insurance premiums and expenditures (excluding revolving funds) and employer's contribution to employees' insured benefits plans and expenditures, both paid by Treasury Board	165,678
Salary and associated expenditures of legal services provided by Justice Canada	62,894
Audit Services by the Office of the Auditor General	2,170
Workers' Compensation coverage provided by Human Resources and Social Development (HRSD)	1,482
Total 2006-2007 Services received without charge[1]	**467,158**

[1] Services received without charge are reported on a gross basis.

Table 5: Sources of Respendable Revenue and Non-Respendable Non-Tax Revenue

Table 5.1: Respendable Revenue

(thousands of dollars)	Forecast Revenue 2005-2006	Planned Revenue 2006-2007	Planned Revenue 2007-2008	Planned Revenue 2008-2009
Program Activity				
Client Assistance	13,412	10,829	10,843	10,836
Assessment of Returns and Payment Processing	35,953	30,879	31,041	31,186
Filing and Remittance Compliance	25,006	20,417	20,420	20,432
Reporting Compliance	32,331	26,812	26,865	26,889
Appeals	3,087	2,539	2,542	2,545
Benefit Programs	6,527	4,613	4,631	4,647
Total Respendable Revenue	**116,316**	**96,089**	**96,342**	**96,535**
Details				
Refund of Previous Years' Expenditures	953	953	953	953
Ruling Fees[1]	1,755	1,357	1,357	1,357
Advance Pricing Agreement	687	600	600	600
Other Services of a Regulatory Nature	64	20	20	16
Administration of Provincial Programs[2]	15,604	14,105	14,269	14,410
Other Services of a Non-Regulatory Nature	823	1,063	1,100	1,120
Sales of Goods and Information Products	160	72	73	73
Other Fees & Charges	39	39	40	40
Services to Other Government Departments[3]	96,231	77,880	77,930	77,966
Total Respendable Revenue	**116,316**	**96,089**	**96,342**	**96,535**

[1] The CRA charges taxpayers (based on a regulated user fee) for providing tax rulings in advance of a transaction taking place (to provide tax certainty).

[2] Comprised mostly of a basic fee charged to the provinces for recoveries provided under tax collection (TCA) and other agreements.

[3] Comprising mainly of information technology services provided to Canada Border Services Agency (CBSA).

Table 5.2: Non Respendable Non-Tax Revenue

(thousands of dollars)	Forecast Revenue 2005-2006	Planned Revenue 2006-2007	Planned Revenue 2007-2008	Planned Revenue 2008-2009
Program Activity				
Client Assistance	3,450	3,450	3,450	3,450
Assessment of Returns and Payment Processing	8,155	8,155	8,155	8,155
Filing and Returns Compliance	2,551,119	2,551,119	2,551,119	2,551,119
Reporting Compliance	9,410	9,410	9,410	9,410
Appeals	10,311	10,311	10,311	10,311
Benefit Programs	2,533	2,533	2,533	2,533
Total	**2,584,978**	**2,584,978**	**2,584,978**	**2,584,978**
Detail of Non-Respendable Non-Tax Revenue				
Refunds of previous years' expenditures				
Adjustments to prior year's payables	450	450	450	450
Sales of goods and services				
Public building and property rental				
Lease and use of public property	185	185	185	185
Service of a non-regulatory nature				
Administration of provincial programs	80	80	80	80
Other fees and charges				
Recovery of employee benefits	30,939	30,939	30,939	30,939
Other	1,007	1,007	1,007	1,007
Miscellaneous				
Interest and penalties earned on revenues				
Personal Income Tax	1,789,686	1,789,686	1,789,686	1,789,686
Corporations	976,933	976,933	976,933	976,933
GST/HST, Excise and Air Travellers Security Charge	375,038	375,038	375,038	375,038
Interest paid on Refunds				
Personal Income Tax	(67,832)	(67,832)	(67,832)	(67,832)
Corporations	(495,792)	(495,792)	(495,792)	(495,792)
GST/HST, Excise and Air Travellers Security Charge	(37,656)	(37,656)	(37,656)	(37,656)
Other				
Court Fines	9,040	9,040	9,040	9,040
Administration Charge for dishonoured payment instruments	2,900	2,900	2,900	2,900
Total Non-Respendable Non-Tax Revenue	**2,584,978**	**2,584,978**	**2,584,978**	**2,584,978**

Table 6: Resource Requirements by Branch or Program Activity by Functional Organization for 2006-2007

(thousands of dollars)	Program Activity						
	Client Assistance	Assessment of Returns and Payment Processing	Filing and Remittance Compliance	Reporting Compliance	Appeals	Benefit Programs	Total Planned Spending[1]
Functional Organization							
Assessment and Benefit Services Branch	(44)	358,717	–	9,909	–	257,843 [2]	626,425
Taxpayer Services and Debt Management Branch	124,737	–	390,743	4,308	–	19,796	539,584
Compliance Programs Branch	173	410	394	854,757	5,908	79	861,720
Appeals Branch	–	–	–	–	100,262	–	100,262
Legislative Policy and Regulatory Affairs Branch	70,568	3,754	11,477	4,331	433	722	91,285
Corporate Strategies and Business Development Branch	2,532	162,135 [3]	5,755	6,906	691	1,151	179,170
Executive Office	804	1,901	1,828	2,194	219	366	7,312
Assistant Commissioners, Regional Operations	3,293	7,783	7,484	8,981	898	1,497	29,936
Information Technology Branch	61,277	111,502	90,327	76,375	7,288	17,316	364,085
Public Affairs Branch	4,777	11,292	10,857	13,029	1,303	2,171	43,429
Corporate Audit and Evaluation Branch	1,159	2,739	2,634	3,161	316	527	10,535
Finance and Administration Branch	26,022	61,501	59,141	70,971	7,098	11,830	236,562
Human Resources Branch	14,567	34,431	33,107	39,728	3,973	6,621	132,426
Total Planned Spending[1]	**309,836**	**756,093**	**613,677**	**1,094,565**	**128,380**	**319,905**	**3,222,456**

1 Any discrepancies in the sum of Total Planned Spending amounts can be attributed to rounding.

2 Includes Children's Special Allowance payment of $187.0 million.

3 Includes payments to the Ministère du Revenu du Québec in respect of the joint administration of the federal and provincial sales taxes of $156.2 million.

Table 7: Details on Transfer Payment Programs (TPPs)

(thousands of dollars)	Forecast Spending 2005-2006	Planned Spending 2006-2007	Planned Spending 2007-2008	Planned Spending 2008-2009
Grants				
Benefit Programs				
Children's Special Allowance payments	177,000	187,000	187,000	187,000
Contributions				
Client Assistance				
Contribution in support of the Charities Regulatory Reform	1,000	1,000	1,000	1,000
Assessment of Returns and Payment Processing				
Contributions to the Ministère du revenu du Québec in respect of the joint administration costs of federal and provincial sales taxes	148,726 [1]			
Total Transfer Payments	**326,726**	**188,000**	**188,000**	**188,000**

1 Starting in 2006-2007, the payment to the Ministère du Revenu du Québec in respect of the joint administration cost of federal and provincial sales taxes totalling $156.2 million, is included in Operating.

Table 8: CRA Major Investment Initiatives 2006-2007 to 2008-2009

Project (thousands of dollars)	Expenditures to March 31, 2006	2006-2007	2007-2008	2008-2009	Total Estimated Cost	Project Description
NEW PROJECTS SINCE LAST PLAN						
Non-Tax Collections Systems Integration	2,122	6,000	4,000		12,122	This project is the integration of the collections activities of the CRA and HRSD and constitutes the first phase towards the consideration of a pan-government collections organization.
Enterprise Work Management (EWM)	0	570			570	This project proposes to deploy a modern, flexible, seamless and fully integrated work management system for use across the Agency
CAS (SAP.ERP)	0	500			500	Upgrading the Corporate Administrative System (CAS) requires funding for license upgrade fees, conducting the technical upgrade itself, license maintenance fees and increased system maintenance.
Security Modernization	4,429	5,888	4,446	3,000	17,763	Composed of five projects with an objective to consolidate user and security administration management for accessing CRA/ CBSA applications and aligning with security best practices to reduce risk of accidental or deliberate unauthorized access to, or misuse of, CRA/CBSA IT assets.
Data Centre Facilities – Heron Road/St-Laurent	1,933	3,500			5,433	Required upgrades and improvements to the physical facility infrastructure to ensure that it is sufficiently robust and reliable to continue to provide existing CRA and CBSA services, and act as a disaster recovery site reciprocally to Data Centre St. Laurent. (DCSL)
Network Services	0	3,949	1,881		5,830	Provision of network bandwidth and infrastructure to deploy technologies which will enhance network performance and security.
Data Stewardship	0	314	350	350	1,014	A business driven approach to managing data as a corporate asset with the supplementary objectives of assuring data quality, confidentiality, accuracy and integrity, and fostering data integration and sharing, ultimately realized through common information systems and data warehouses.
Managed Distributed Environment	0	3,173	3,213	2,514	8,900	A collection of numerous projects involved in implementing changes to the distributed computing environment with a goal to reduce complexities and improve efficiencies.

Project (thousands of dollars)	Expenditures to March 31, 2006	2006-2007	2007-2008	2008-2009	Total Estimated Cost	Project Description
Publishing Content Management Solution	0	2,920	1,760	1,405	6,085	In order to achieve efficiencies in the publishing process, the CRA requires content management to allow for, better management of the content from creation to archiving, sharing of content across numerous products (publications, web, manuals), and for re-working for different audiences.
Total New Projects	**8,484**	**26,814**	**15,650**	**7,269**	**58,217**	
EXISTING PROJECTS						
GST/HST Redesign	108,020	43,895	34,658	12,280	198,853	GST/HST Redesign will increase efficiency and reduce compliance costs. It seeks to improve client service and program delivery, position the CRA to develop new partnerships with the provinces and territories, and address interface with the Ministère du Revenu du Québec and the provinces that use the harmonized system.
Business Integration and System Support	17,955	4,372			22,327	To provide integrated system tools for verification and enforcement, to better manage the compliance programs workload, and improve performance reporting.
Government On-Line Round 4	6,398	4,000	4,000		14,398	Initiatives include My Business Account, My Account, 3rd Party Privilege and Authentication Exchange Pilot.
Integrated Revenue Collections	28,346	9,400			37,746	Automated revenue collections workloads resulting in greater operating efficiencies through improved workload allocation and case management.
Fairness Management Information System (FMIS)	0	1,000	1,000		2,000	Enhancements to the system to improve tracking of the fairness requests, implement tool for consistent decision-making, develop better tools to collect data and manage the fairness workload.
Service Availability	35,018	2,000			37,018	The Service Availability Improvement (SAI) program is a multi-year initiative to ensure that CRA can deliver high availability service to the other Agency branches, and meet Government-On-Line objectives.
Data Centre Recoverability	40,940	6,062	5,300		52,302	To develop and implement recovery capabilities of essential CRA systems in the event of catastrophic loss of either Data Centre Heron (DCH) or Data Centre St. Laurent (DCSL).

Project (thousands of dollars)	Expenditures to March 31, 2006	2006-2007	2007-2008	2008-2009	Total Estimated Cost	Project Description
Business Intelligence/ Decision Support (BI/DS)	7,835	3,000	3,000	3000	16,835	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.
Compensation Services Delivery Renewal Project	42,777	10,400			53,177	A new, modernized compensation service system will reduce paper and the manual processing of large volumes of data by maximizing the use of available technology. It will also allow managers and employees to access compensation information directly.
Agency Classification System	3,078	2,142	4,700		9,920	Prepare to implement the Agency Classification System through job classification conversion / alignment of on-line pay changes.
FIS Development Phase 2	21,087	961			22,048	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.
Intranet Renewal Project	741	700	700		2,141	CRA's intranet has evolved into an important work tool and key internal program and service delivery instrument for the whole of the agency. This project is a coherent approach to using CRA's Internet standards to increase productivity and security, and reduce costs and risks associated with the management of the Intranet.
Individual Indentification Systems Modification	811	389			1,200	CRA's Individual Identification (Ident) is a business program, whose purpose is to be a service provider – the Agency's manager for individual identification information.
PAYDAC	1,614	1,140			2,754	The purpose of the PAYDAC initiative is to migrate the largest revenue accounting system off an aged system to new modularized systems that will facilitate the incorporation of payroll account functionality into My Business Account.
Total Existing Projects	**314,620**	**89,461**	**53,358**	**15,280**	**472,719**	
Total Funding Committed	**323,104**	**116,275**	**69,008**	**22,549**	**530,936**	
Unallocated Funding			**13,192**	**48,751**	**61,943**	
Total Investment Fund	**323,104**	**116,275**	**82,200**	**71,300**	**592,879**	

Table 9: Asset Management Plan 2006-2007 to 2008-2009

Asset Management (thousands of dollars)	Forecast 2005-2006	Planned 2006-2007	Planned 2007-2008	Planned 2008-2009
Vehicles and Equipment				
Vehicles	199	382	382	382
Servers, Mainframe, and Annual Software Renewal and Maintenance	72,677	79,183	86,649	86,649
Desktops, and Laptops	20,448	33,146	35,772	34,144
Training Devices	339	378	378	378
LAN Printers	1,250	1,250	1,250	1,250
Total for Vehicles and Equipment	**94,913**	**114,339**	**124,431**	**122,803**
Real Property	15,604	12,118	11,175	11,080
Total Asset Replacement Funding	**110,517**	**126,457**	**135,606**	**133,883**

Appendix D – Service Standards

External service standards publicly state the level of performance that citizens can reasonably expect to encounter from the Canada Revenue Agency under normal circumstances. The CRA is committed to developing, monitoring, and reporting on a full suite of service standards in areas of importance to taxpayers and benefit recipients. Service standards also support our commitment to Canadians for transparency, management accountability, and citizen-centred service.

By promoting predictable, timely and responsive service, service standards help facilitate Canadians' compliance with tax and benefits legislation and support CRA's program administration. Service standards are also the cornerstone of the CRA's performance measurement system. As noted in the Auditor General's assessment in our 2004-2005 Annual Report, the CRA's service standards are clear, concrete, and measurable; and the reader can easily determine whether they have been met. Our service standards are now aligned to the new Program Activity Architecture. Reporting on our performance against our service standards constitutes one indicator of the results achieved with the resources allocated to a given program activity or sub-activity.

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 may be necessary.

Meeting our targets for service standards demonstrates that the organization is responsive to taxpayer and business needs. This helps establish credibility in our operations and contributes, as Citizens First research has determined, to increasing the level of confidence that Canadians place in government.

The CRA continues to examine opportunities for introducing new service standards to keep pace with changes in technology and business processes, as well as with our evolving service strategy. We draw on our experience in working with our service standards to revise, adjust or even delete existing standards, as appropriate.

As specified in the *Canada Revenue Agency's Guide to Service Standards*, new standards, as well as revisions to existing ones or their targets, must receive final approval through the Corporate Business Plan.

Introduction of new service standards

In 2006-2007, we will introduce three new standards. These relate to client and taxpayer requests for statistical data as required under the revised *User Fee Act*, assessing Excise Tax, Excise Duty and Air Travellers Security Charge returns, and providing GST/HST rulings and interpretations.

Exhibit 1: New Service Standards for implementation in 2006-2007

Program Activity	Service Standard	Target
For implementation		
Client Assistance (Tax and Regulatory Affairs)	• Respond to written enquiries for GST/HST rulings and interpretations within 45 working days of receipt of request	75%
Assessment of Returns and Payment Processing	• Assess Excise Tax, Excise Duty and Air Travellers Security Charge returns within 90 days of receipt of a complete return	95%
Corporate Services	• Respond to client or taxpayer requests for statistical tax data within an average of 30 calendar days from receipt of all essential information	100%

Deletions and adjustments

Also in 2006-2007, we will delete two existing service standards and re-evaluate the need for another, while developing revised standards for still others.

Specifically, to reflect the evolution of our service delivery strategy, we will delete the current service standard for counter service wait time, as of April 1, 2006. We are refining our current walk-in service to provide taxpayers and benefit recipients with a more timely, accessible, reliable and fair service at an affordable cost. Our strategy over the next few years will be to migrate taxpayers and benefit recipients to self-serve options, and to offer in-person service by appointment, as required; as a result, the counter service wait time service standard is no longer appropriate. Once the transition has taken place, we will consider establishing service standards appropriate to adjusted service offerings.

We are also deleting our existing service standard for Statement of Arrears (SOA) as of April 1, 2006. The CRA is undertaking a re-engineering of the SOA process to reduce the duplication of documentation sent to taxpayers; options under consideration would result in reduced paper burden, consistent with sustainable development objectives. Further consultation will take place with taxpayers and internal stakeholders. The Agency will continue to monitor and report on its goal of mailing out remaining SOAs on time (target 95 percent) as an operational standard.

Last year, approval was given to introduce a service standard for T1 publications, requiring them to be 100 percent ready for delivery by a specified date. We are currently reviewing the need for an official service standard for this workload. Nonetheless, the CRA will continue to manage the workloads in accordance with internal target dates for issuing publications.

Finally, as a result of the re-engineering of the compliance processes for Registered Pension Plans (RPPs), the CRA is looking at changes to existing service standards in this area and consulting with its Pension Advisory Committee. The RPP service standards will be restated to better reflect the way our programs will be delivered. The goal is to implement new standards by April 1, 2006.

Exhibit 2: Changes proposed for 2006-2007

Program Activity	Service Standard	Target
Deletions and Adjustments		
Client Assistance (Client Services)	• Counter service wait time – delete in view of changes to the provision of in-person service	90%
	• T1 Publications – need for a service standard being re-evaluated	
Client Assistance (Tax and Regulatory Affairs)	• Registered plans (applications, amendments and terminations) and Actuarial Reports – Business re-engineering will lead to revised service standards	
Assessment of Returns and Payment Processing	• Statement of Arrears – delete	95%

Service standards under development

The CRA also remains committed to improving service and developing new service standards, as shown by our ongoing work listed below.

Exhibit 3: Developments planned for 2006-2007 to 2008-2009

Program Activity	Service Standard
Under Development	
Client Assistance (Client Services)	Responding to correspondence related to General and Business Enquiries • Proposed standard – tbd • Target – tbd
Client Assistance (Tax and Regulatory Affairs)	Review and respond to applications for charitable registration within four months of receipt of a complete application • Target – 80%
	Respond to telephone enquiries related to GST/HST rulings and interpretations • Standard and Target – tbd
Assessment of Returns and Payment Processing	Change my return – via “My Account” • Proposed standard – tbd
Reporting Compliance	Part XIII Withholding telephone enquiries • Proposed standard and target – tbd
Benefit Programs	Action taken in response to either CCTB or GST/HST credit enquiries (Account Maintenance) • Proposed standard – We will process recipient enquiries relating to accounts accurately • Target – 98%
	Processing CCTB applications • Proposed standard – applications will be processed accurately • Target – 98%
	Respond to Canada Child Tax Benefit (CCTB) telephone calls in queue • Standard and target – tbd

Reporting

We report externally on our overall performance against our service standards in the CRA's Annual Report, found at: www.cra-arc.gc.ca/agency/annual/menu-e.html. More information on our 2004-2005 performance can be found at: www.cra.gc.ca/servicestandards.

Exhibit 4: Service Standards in effect in 2006-2007 (according to Program Activity Architecture)

Service	Service Standard	Target
Client Assistance (PA1) (Client Services)		
1. Problem resolution program	Acknowledged within 48 hrs	100%
2. Problem resolution program	Resolution/taxpayer contact within 15 working days	100%
3. General Enquiries – Telephone	Respond to calls in queue within two minutes	80%
4. Business Enquiries – Telephone	Respond to calls in queue within two minutes	80%
Client Assistance (PA1) (Tax and Regulatory Affairs)		
5. Charities – response to telephone enquiries	Within 60 seconds	85%
6. Advance income tax rulings to taxpayers	Within average of 60 days	100%
7. Technical interpretations to taxpayers	Within average of 90 days	100%
8. GST/HST rulings and interpretations – written enquiries	Within 45 working days	75%
9. Applications to register pension plans	Deemed registration within 60 days	85%
10. Applications to register pension plans	Complete review in 180 days	85%
11. Amendments to registered pension plans	9 months	80%
12. Termination of registered pension plans	One year	85%
13. Retirement savings plans (applications to register, amend, or terminate)	Within 60 days	80%
14. Retirement income funds (applications to register, amend, or terminate)	Within 60 days	80%
15. Education savings plans (applications to register, amend, or terminate)	60 days	85%
16. Actuarial valuation reports	9 months	80%
17. Deferred income plans – Response to telephone enquiries	Within 2 working days	100%
18. Deferred income plans – Response to written enquiries	Within 60 days	80%
19. Deferred Profit Sharing Plans	Registration in 180 days	80%
20. Deferred Profit Sharing Plans	Amendments and Terminations in 270 days (nine months)	80%
Assessment of Returns and Payment Processing (PA2)		
21. Processing visitor (GST/HST) rebate applications	4-6 weeks	95%
22. Responding to taxpayer requested adjustments (T1)	8 weeks	100%
23. Providing Statements of Interim Payments (SIP) to corporations and other levies clients on a monthly basis	Mailed by the 18th of the month	95%
24. Processing T1 individual income tax returns (paper)	4-6 weeks	4 weeks
25. Processing T1 individual income tax returns (EFILE, TELEFILE, NETFILE)	2 weeks	2 weeks
26. Processing T3 trust returns	Within 4 months	95%
27. Processing Excise Tax, Excise Duty and Air Travellers Security Charge returns	Within 90 days	95%
28. Processing GST/HST returns	21 days	95%

Legend: Existing service standard · New or modified service standard

Service	Service Standard	Target
29. Processing T2 corporation income tax returns	75% in 50 days	75% in 50 days
	90% in 90 days	90% in 90 days
Filing and Remittance Compliance (PA3)		
30. Processing fairness requests related to accounts receivable and trust accounts programs	4-6 weeks	90%
Reporting Compliance (PA4)		
Claims – SR&ED tax incentives		
31. Refundable claims – combined target (unaudited and audited)	120 days	90%
32. Non-refundable claims – combined target (unaudited and audited)	365 days	90%
33. Claimant-requested adjustments to refundable claims	240 days	90%
34. Claimant-requested adjustments to non-refundable claims	365 days	90%
Claims – Video and film tax credits		
35. Refundable claims – unaudited	60 days	90%
36. Refundable claims – audited	120 days	90%
Appeals (PA5)		
37. First contact letter for disputes	30 days	85%
Benefit Programs (PA6)		
38. Processing CCTB applications	End of second month after month in which application is received	98%
39. Account maintenance/Responding to written enquiries	End of second month after month in which enquiry is received	98%
40. Validation and control. Results of review	60 days	90%
41. Taxpayer Representative Identification System (TRIS)	Processing of T1013s within 20 days of receipt during peak periods	90%
42. Taxpayer Representative Identification System (TRIS)	Processing of T1013s within five days of receipt during non-peak periods	90%
Corporate Services (PA7)		
43. Client or taxpayer requests for statistical tax data	Within an average of 30 calendar days	100%

Legend: Existing service standard   New or modified service standard

Appendix E – Sustainable Development Strategy

The Canada Revenue Agency's sustainable development vision is *"to be a globally recognized organization for best practices for sustainable development"*.

The Sustainable Development Strategy will enhance the delivery of the Agency's mandate by integrating sustainability (reduced financial, social, and environmental costs) in the way we conduct our internal operations, and deliver our services.

CRA Mandate
(Tax and Benefits Administration)

The Sustainable Development Strategy focuses on the following four goals:

1. environmental excellence in operations;
2. sustainable service delivery;
3. employee engagement; and
4. modern sustainable development management.

The Agency is committed to establishing baselines and measures for paper consumption, green procurement, solid waste diversion from landfill, fleet efficiency, outside emissions (pollution) generated by employee and business travel, and employee sustainable development awareness. In addition, a new performance measurement system to enhance monitoring and reporting of the strategy is under development and will be presented to BoM for consideration.

The Agency outlined mini-strategies to facilitate the achievement of the Sustainable Development Strategy as well as expected results.

Mini-strategies	Results expected by March 31, 2007
• Engage management leadership • Ensure effective and creative communication • Provide simple and effective tools and support • Support and enhance the national sustainable development network • Target systems and templates as a means of integrating sustainable development into the Agency's planning activities • Assign appropriate resources	• Systematic management of environmental issues • Program delivery through systematic environmental performance measurement, business travel reflecting economic, social, and environmental considerations, and increased influence in negotiations with partners in the area of sustainability • Stronger leadership for sustainable development and increased employee buy-in • Framework completed for sustainable development management, and decision-making that includes sustainable development considerations

The *National Action Plan*[1] drives the Sustainable Development Strategy, which:

- details the goals, objectives, targets, activities, timelines, offices of responsibility, performance measures, and data collection methods
- consists of four goals, nine objectives, twenty-two targets, and eighty-two activities to be completed over the three-year period—work that includes reducing air pollution, and increasing purchase of environmentally preferred goods
- is supported by individual branch and regional action plans, developed through a consultative process and approved by respective Assistant Commissioners

Environmental Management Programs (EMPs) form an important part of the *National Action Plan*. EMPs are individual work plans used to systematically manage the Agency's environmental responsibilities through the identification of opportunities, as well as the establishment, implementation, monitoring and reporting on targets. The Agency currently has EMPs that address its significant environmental aspects of fleet, green procurement, solid and hazardous wastes, internal paper, and outside emissions.

[1] The *National Action Plan* for Sustainable Development is updated annually.

In compliance with the *Auditor General Act* (1995), the Agency will conduct extensive consultations to prepare the Sustainable Development Strategy 2007-2010 for tabling in Parliament by December 2006. The goals and targets of the new strategy are anticipated to remain consistent with the current strategy with increased emphasis on the social aspects of sustainability.

CRA's Sustainable Development Strategy and additional information on the Sustainable Development program are available on the CRA Web site at http://www.cra-arc.gc.ca/agency/sustainable/.

Appendix F – Glossary

Accountability The CRA's commitment to be clear and transparent in reporting to Canadians about the results we have achieved.

Accountability framework The structure setting out the assignment of responsibilities and expectations and the mechanism to assess performance.

Accrual accounting The method by which revenues and expense transactions are recorded for the period in which they are considered to have been earned and incurred.

Activity An operation or work process internal to an organization, which uses inputs to produce outputs, e.g., training, research, construction, negotiation, investigation, etc.

Annual report An overview of the CRA's program delivery results, which details the performance of its programs against its goals and objectives and expected outcomes. It includes supporting financial exhibits.

Asset Management Plan The CRA's plan to ensure efficient and effective management of new and existing capital assets.

Caller accessibility A measure of the percentage of callers who succeed in reaching our telephone service.

Channel convergence Channel convergence is the integrated management of our key delivery channels, i.e., print, Web, phone, and in-person to reduce our operating costs and ensure consistent information for the taxpayer regardless of their channel of choice. Our current initiative, Smartlinks, integrates the Web and telephone channels to facilitate co-operative navigation of program content between taxpayers and our telephone agents. This dramatically improves the client experience and reduces the time needed for agents to review program needs with clients.

Clients Federal, provincial, territorial governments, First Nations government organizations, and other government-funded and-controlled organizations that deliver government mandated programs.

Commitments Areas of focus in the performance cycle linked to business plans or corporate/ government priorities. **Ongoing commitments** reflect a balanced representation of core accountabilities such as financial management, business planning, human resources management, etc., while **special commitments** are intended to be challenging but achievable with effort.

Compliance Adherence to the law. Compliance with tax laws includes filing, registration, remittance and reporting for taxes, and applications for benefits in a voluntary, accurate and timely manner.

Corporate Business Plan Outlines the CRA's major challenges, directions, and objectives for a three-year period; the strategies to achieve those objectives; and the performance measures for measuring progress.

Data warehouse	A specialized database that draws data from applicable systems (normally operational systems) and presents it to users in a manner that facilitates search, review, and analysis.
Dispute	General term to designate a dispute, an objection, or an appeal to the Minister made by or on behalf of a taxpayer, related to a CRA decision.
Effectiveness	The extent to which an organization or program's actual results align with the anticipated results.
Efficiency	The extent to which an organization or program achieves its desired or anticipated results with the least possible investment of time, effort, and money.
Eligible	Meets the requirements of the legislation to receive a benefit.
Enforcement	Actions taken by the CRA to address and correct cases of non-compliance.
Entitled	Qualifies to receive a specific payment or credit.
Entitlement	The amount due to an entitled person for a specific period.
Expected result	An intermediate level of outcome that the CRA is aiming to achieve through its program activities.
Fairness provisions	Legislation introduced in the early 1990s that provides relief (e.g., forgiveness of interest and penalties) to taxpayers in certain circumstances beyond their control (such as hardship).
Financial Information Strategy	A government-wide initiative designed to enhance decision-making and accountability across government, and to improve organizational performance through the strategic use of financial and non-financial performance information.
Full-time equivalent	One "full-time equivalent" equals one person employed full-time per year.
Governance	Governance in the CRA comprises the exercise of legislated authority through the structure and processes established between the Minister, the Board of Management, and the Agency as well as other government entities, to determine the CRA's strategic direction and to fulfil its mission and mandate.
Guaranteed Income Supplement	A federal government supplement for low-income seniors.
Infrastructure	Publicly or privately owned fixed capital assets for public use or benefit.
Investment Plan	The CRA's strategic investments for the next three years.
Management Accountability Framework	A document that outlines the rationale, theory, resources, and governance and accountability structures of a program policy or initiative and sets out a plan to measure, monitor, and report on results throughout the lifecycle of the policy, program, or initiative. Management Accountability Frameworks (MAFs) are intended to assist departments in achieving the expected results of their policy, program, or initiative.

Management framework	The framework of inter-related systems, processes, and practices adopted by management to achieve established objectives. The CRA's management framework involves planning, implementing, and reporting.
Management, Resources and Results Structure	The Management, Resources and Results Structure (MRRS) is a comprehensive framework that consists of an organization's inventory of activities, resources, results, performance measurement, and governance information. Activities and results are depicted in their logical relationship to each other and to the strategic outcome(s) to which they contribute. The MRRS is developed from a Program Activity Architecture (PAA).
Mission	A statement providing the social, political, and economic justification for our existence. The CRA's mission statement reflects its identity, purpose, and desired response to key stakeholders, its philosophy and core values, and its ethical standards.
Operating environment	Refers, generally, to the conditions, trends, and developments that exist in the external environment and that are significant to the operations or directions of an organization.
Partners	Authorities with whom the Agency collaborates on various issues for mutual benefit or to attain a common objective, but for whom the Agency does not provide a service as defined in its core business activities.
Performance	How well an organization, program, etc. is achieving its planned results measured against anticipated results. In results-based management, performance is measured and assessed, reported, and used as a basis for management decision-making.
Performance reporting	The process of communicating evidence-based performance information. Performance reporting supports decision-making, serves to meet accountability requirements, and provides a basis for citizen engagement and a performance dialogue with Parliamentarians.
Program	A group of related activities that are designed and managed to meet a specific public need and often treated as a budgetary unit.
Program Activity Architecture	The Program Activity Architecture (PAA) is an inventory of all the activities undertaken by a department or agency. The activities are depicted in their logical relationship to each other and to the strategic outcome(s) to which they contribute. The PAA is the initial document for the establishment of a Management Resources and Results Structure (MRRS).
Risk	The potential that an event, action or inaction will have a positive or negative impact on the achievement of specific organizational objectives. Risk is described in terms of likelihood, frequency and magnitude.
Risk management	A systematic approach to setting the best course of action under uncertainty by identifying, assessing, understanding, acting on, and communicating risk issues.
Service standard	A public statement about the level of performance the CRA is committed to, and that Canadians can reasonably expect to encounter.

Smartlinks	A CRA Web initiative used to track user issues on different parts of the CRA Web site that have generated high volumes of calls to a CRA call centre. Special telephone numbers are embedded in various pages on the Web site. These are then connected to a specific call centre operator to help the user with tax-related questions. A survey that probes the user's immediate past experience with the Web site may also be administered by the operator.
Spending	Planned spending – An amount that reflects total planned budgetary spending, whether funded through budgetary appropriations or revenue credited to the vote, and that can also include adjustments anticipated as a result of budget measures. Authorized spending – Initial planned spending (Main Estimates allocation) plus in-year funding through the Supplementary Estimates and other authorities. Allocated spending – Allocations to individual branches of the CRA (does not include authorized employee benefit program amounts).
Stakeholder	Any person, group, or organization that can place a claim on an organization's attention, resources, or output, or that is affected by that output.
Strategic direction	Our plan to carry out our mandate and achieve our vision, mission, and goals.
Strategic outcome	This outcome describes the difference an organization is mandated to make within its sphere of influence, to provide long-term and enduring benefits to Canadians.
Strategies	The CRA's strategies are the broad, long-term statements detailing what the Agency needs to do to achieve its mission.
Sustainable development	A development that meets the needs of the present without compromising the ability of future generations to meet their own needs.
Target	Specific quantitative and qualitative descriptors that define what an organization is trying to achieve over a specific period of time.
Tax base (protecting the)	The tax base is a government's greatest revenue-generating asset. It represents the broad range of goods, services, income, etc. that is subject to a tax. Protecting the tax base means the mix of activities undertaken by a tax administration to minimize real or potential leakage. It includes reviews, audits, and investigations, among other activities.
Underground economy	Economic activity that is neither reported or recorded. Thus payment of due taxes is avoided.
Values	The guiding principles that define an organization's corporate culture and reflect its managerial philosophy. The CRA is guided by the following values: integrity, professionalism, respect, and co-operation.
Vision	The vision is usually a future-oriented goal for the organization. It reflects the organization's high ideals and challenging ambitions, and captures its uniqueness and distinctive competence.
Voluntary Disclosures Program	Provides taxpayers with the opportunity to correct any past errors or omissions, and to report, without penalty, their tax obligations to the CRA.