



Tax Court of Canada

1997-98
Estimates

Part III

Expenditure Plan

The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

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Approved

Minister of Justice

Preface

This document is a report to Parliament to indicate how the resources voted by Parliament have or will be spent. As such, it is an accountability document that contains several levels of details to respond to the various needs of its audience. The information contained herein is presented in accordance with the new philosophy resulting from the current Reform of Estimates. Part III for 1997-98 is therefore based on a revised format intended to make a clear separation between planning and performance information.

This document is designed for ease of reading. Part III is divided in three sections:

- **Section I - Departmental Plan** provides a program overview and a summary of initiatives for the coming fiscal year as well as expected results. This section also contains information on spending authorities as described in Part II of the Estimates.
- **Section II - Departmental Performance** contains information on Program performance and financial performance for the 1995-96 fiscal year.
- **Section III - Supplementary Information** offers more detailed information, mainly on the financial plans and performance.

It should be noted that, in accordance with Operating Budget principles, human resource consumption reported in this document will be measured in terms of employee full-time equivalents (FTEs).

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A MESSAGE FROM THE REGISTRAR OF THE TAX COURT OF CANADA

The Tax Court of Canada has always been a participant in improvements to the judicial system. As such, we have made considerable efforts in recent years to provide all Canadians with a forum for the resolution of their tax disputes before an independent and impartial decision-making body. Access to justice, efficiency, fairness and judicial independence are fundamental values in the tradition of the Tax Court of Canada; they are entrenched in our mission statement and guide our actions on a daily basis.

A number of our past initiatives reflect our commitment to these values. In the 1996-97 fiscal year, we have consulted with our clients and partners for the purpose of meeting their needs more effectively and have simplified our filing procedures and taken a number of steps to expedite cases and reduce litigation costs.

In 1995, as a result of constant budget reductions and an appeals management system both outdated and costly to maintain, we conducted a strategic study on the efficiency of our information management. The findings of that study confirmed that our operations had to be improved through a re-engineering of our services. In response to this ultimate priority, the decision was made in 1996 to proceed with implementation of the Information Management Plan that grew out of the Strategic Study. During that same period, however, the Office of the Auditor General was instructed to examine the potential benefits of a merger of the Federal Court of Canada, Trial Division, and the Tax Court of Canada. Consequently, we thought it appropriate to delay implementation of the Information Management Plan until the Auditor General's Report, originally planned for the spring of 1996, was submitted to the Minister of Justice.

While publication of the Auditor General's Report was postponed indefinitely, there is every reason to believe that its findings will be disclosed much later in the next fiscal year. However, since we have committed ourselves to supporting the government objective of *properly using taxpayers' money to provide high-quality services to all Canadians*, we will therefore take part in this collective effort during this waiting period. As a result, over the next few months, we will work to achieve our ultimate priority of *re-engineering our services*, and implementation of our Information Management Plan will set this large-scale initiative in motion. We will also be reviewing our performance along the way to ensure that, in pursuing our objectives, we never lose sight of our major guiding principles: *Justice for All, Efficiency, Fairness and Judicial Independence*.

R. P. Guenette
Registrar of the Tax Court of Canada

Section I: Departmental Plan

A. Summary of Departmental Plans and Priorities

Over the coming year, the Tax Court of Canada may undergo a thorough reorganization of its mandate and activities as a result of the Auditor General's Report.

The Court's plans and priorities have therefore been adopted on the basis of these potential changes. It is for this reason that all of the Court's priorities essentially concern the 1997-98 fiscal year.

Over the coming year, the Tax Court of Canada is committed to pursuing its ultimate priority of re-engineering its services. We strongly believe that restructuring our appeals management process and improving our information management will enable us to become more efficient, more accessible and able to achieve better results at all times and in a cost-effective manner.

The purpose of modernizing our appeals management system and process is also to provide a better response to Canadians' present and future needs. The Information Management Plan will serve as a road map for achieving our major objective and will also help guide the Court in managing its information and implementing re-engineering initiatives. Our priorities flow from this Plan.

Priorities

Information Management

- Ensure better information planning and greater use of technology in order to provide our clients with services which are more accessible and more responsive to their needs.
- Implement an accurate information system to assist senior management in making informed decisions respecting the Court's operations and administration.

Organizational Change

- Implement strategies to ensure effective management of the human aspect as it relates to the re-engineering of our services.

Client Service

- Provide client service in accordance with the Court's fundamental principles: access to justice for all Canadians, efficiency of our services, fairness and judicial independence.

Access to Information

- Put in place effective mechanisms for providing all our employees, internal and external clients and partners with access to the legal information provided by the Tax Court of Canada.

Expected Results

Information Management

- Increase the efficiency of the appeals management process in order to make it more affordable and more responsive to client needs.
- Improve the quality of information generated within the Court so that managers can base their decisions on more complete and reliable information.

Organizational Change

- Ensure that re-engineering initiatives are successfully implemented through the participation and commitment of all the Court's managers and employees.

Client Service

- Increase public participation in improvements to the administrative aspect of our appeals management process.

Access to Information

- Improve access to legal information and enhance understanding of the Tax Court of Canada's rules and procedures.

It is important to stress that without the re-engineering of our management information system, it will be difficult to measure adequately the achievement of the expected results.

B. Departmental Overview

Mandate

The Program provides administrative services to the Tax Court of Canada which has exclusive original jurisdiction to hear and determine references and appeals on matters arising under the *Income Tax Act*, the Canada Pension Plan, the *Old Age Security Act*, the *Petroleum and Gas Revenue Tax Act*, the *Unemployment Insurance Act*, the *Employment Insurance Act*, Part IX of the *Excise Tax Act* and the *Cultural Property Export and Import Act*. The Court also has exclusive original jurisdiction to hear and determine appeals on matters arising under the *War Veterans Allowance Act* and the *Merchant Navy Veteran and Civilian War-related Benefits Act* as referred to in section 33 of the *Veterans Review and Appeal Board Act*.

Program Objective

To provide an easily accessible and independent Court for the expeditious disposition of disputes between any person and the Government of Canada on matters arising under the *Tax Court of Canada Act* or any other legislation under which the Court has original jurisdiction.

Program Description

The Registry of the Tax Court of Canada provides services to the Judges of the Court which includes appeals processing and the timely, orderly and efficient scheduling of hearings throughout Canada, as well as expert guidance and advice to litigants, agents and the public regarding the practice and procedures of the Court. Corporate services are also provided at the Court in areas such as finance, human resources, administration, informatics, security, library, as well as editing and revising. Services are provided through the organizational structure outlined in Appendix 1: Organization (page 19).

Mission Statement

We at the Tax Court of Canada are committed to provide the public with an accessible and efficient appeal process and to work together to maintain a fair and independent Court.

Organizational Structure for Program Delivery

The Court, with its Headquarters in Ottawa, consists of the Chief Judge, the Associate Chief Judge and 20 other Judges plus four Supernumerary Judges. To ensure the expeditious hearing of appeals, the Chief Judge may, with the approval of the Governor in Council, appoint Deputy Judges. There are currently 10 Deputy Judges.

The Chief Judge is responsible for the apportionment of the work among the Judges and the assignment of individual Judges to specific sittings of the Court. The Court has its own court accommodations in Vancouver, London, Toronto, Ottawa and Montréal, and shares accommodation with the Federal Court of Canada in Edmonton, Calgary, Winnipeg, Québec City, Halifax and Fredericton. In other locations, the Court uses provincial court facilities, where available, or leases commercial accommodation. For Income Tax appeals, the Court may now sit in roughly 40 locations across Canada. For Unemployment Insurance appeals, the Court may sit in over 80 locations across Canada.

The Registrar, as the Deputy to the Commissioner for Federal Judicial Affairs, through complete delegation of authority under subsection 76(2) of the *Judges Act*, is the Deputy Head of the Tax Court of Canada. The Commissioner for Federal Judicial Affairs reports to the Minister of Justice. The Registrar, as the Principal Officer of the Court, is responsible for the administration of the Court.

Resource Plans and Financial Tables

Spending Authorities

A. Authorities for 1997-98 -- Part II of the Estimates

Financial Requirements by Authority

Vote	(thousands of dollars)	1997-98 Main Estimates	1996-97 Main Estimates
	Tax Court of Canada		
45	Program expenditures	10,031	10,245
(S)	Contributions to employee benefit plans	885	747
	Total Program	10,916	10,992

Votes -- Wording and Amounts

Vote	(dollars)	1997-98 Main Estimates
	Tax Court of Canada	
45	Tax Court of Canada - Program expenditures	10,031,000

Program by Activities

(thousands of dollars)	<u>1997-98 Main Estimates</u>		1996-97 Main Estimates
	<u>Budgetary Operating</u>	Total	
Registry of the Tax Court of Canada	10,916	10,916	10,992

B. Net Cost of the Program

(thousands of dollars)		Main Estimates 1996-97	Main Estimates 1997-98	Planned 1998-99	Planned 1999-00
TOTAL ESTIMATES	MAIN	10,992	10,916	10,118	10,142
Revenue credited to the Consolidated Revenue Fund		(385)	(385)	(385)	(385)
Estimated cost of services by other Departments*		2,463	4,321	4,390	4,427
Net cost of the Department		13,070	14,852	14,123	14,184

* Leases in Montréal and Toronto expire in 1997-98. 1997-98 and future years include grants in lieu of taxes paid to municipalities. Employee benefits are also included at \$340,000 for 1997-98 and \$328,000 in future years (5.7% of personnel costs).

C. Details by Business Line

Business Line Objectives

The Tax Court of Canada has three main business lines.

Office of the Registrar

The Office of the Registrar provides judicial services to the Court such as the scheduling of hearings. Strategic planning and communications are also part of the portfolio of the Office of the Registrar. Under these functions, the Office of the Registrar is responsible for establishing and implementing the framework for the Court's strategic planning and internal and external communications.

Registry Operations

Registry operations essentially consist in providing records management services to the Court and in providing litigants with guidance and advice on Court practice and procedure.

Corporate Services

Corporate Services provides the Registry with support in the areas of finance, administration, security, library services, informatics, human resources, editing and revising.

Operating Context

Significant factors could greatly affect the extent to which the Tax Court of Canada's mandate and priorities are achieved during the planning period concerned. The main factor influencing the Court's business lines is the Auditor General's Report and its outcome could have both long-term and short-term repercussions on the Court's activities.

Long-term Repercussions

The findings of the Auditor General's Report could have a major impact on the Tax Court of Canada's mandate and structure. If necessary, the plans and priorities described in Section I would be reviewed in light of proposed changes.

Short-term Repercussions

Publication of the Auditor General's Report and resulting decisions could delay implementation of the first phase of the Information Management Plan for a second consecutive year. The Tax Court of Canada's present appeals management system has become outdated. However, the Court urgently needs reliable and accurate information in order to make its operations more efficient, provide decision-making support to judges and assess the impact of any proposed change to the legislation or the Court's rules. Without a new system in the near future, it will be difficult for us to achieve our ultimate objective of re-engineering our services in order to provide better services to our clients.

Other External Factors Influencing the Program

Income Tax Appeals

The number of appeals filed under the *Income Tax Act* will increase significantly from 3,435 in 1995-96 to a forecasted level of 4,100 for 1996-97. In 1995-96, 67% were informal procedure appeals versus 33% general procedure appeals. This mix of appeals for 1996-97 is expected to be approximately 71% informal and 29% general procedure.

Unemployment Insurance Appeals

The difficult economic times are reflected in the number of Unemployment Insurance appeals filed at the Tax Court of Canada. The number will decrease only slightly from 2,775 in the 1995-96 fiscal year to an expected 2,500 in 1996-97. The inventory of Unemployment Insurance appeals was at 2,452 at the end of November 1996.

Excise Tax Act Appeals (GST)

The number of GST related appeals will increase from 450 appeals in 1995-96 to a projected 575 appeals for 1996-97. Approximately 25% of these appeals have been filed under the informal procedure.

Appeals Filed Prior to January 1991

There is currently an inventory of Income Tax appeals filed under the former jurisdiction of the Tax Court of Canada. At the end of November 1996, only 130 of those appeals were still active. It is important to note that 124 of those appeals are cases awaiting decisions from other Courts. The six remaining cases are scheduled for hearing.

Key Initiatives

All the initiatives listed below are in support of our ultimate priority to re-engineer our services in order to provide our clients with better service at lower cost.

Information Management

Senior management has recognized that it is important to have reliable statistical information available in order to make informed management decisions. On the basis of this observation, it supports the creation of an efficient management reporting system responsive to the Court's needs.

Organizational Change

Implementation of the Information Management Plan will result in major changes within the organization. To manage the impact that the transformation of the work place will have on employees, the Court's Management Committee has

given its approval for the development and implementation of a change management program. Under the program, detailed human resources and communications plans will be prepared and implemented during the next fiscal year. In the event of any major changes as a result of the Auditor General's Report, the framework of this change management program could be altered accordingly.

Client Services

Two activities must be carried out in 1997-98 as part of the re-engineering of the Court's appeals process and support services:

- Standards respecting the services to be provided to the public doing business with the Tax Court of Canada must be defined and implemented.
- Performance indicators must be established for the management and follow-up of hearing schedules so that appeals may be disposed of as quickly as possible at a lower cost to the Crown.

Access to Information

Canadians are increasingly demanding access to legal information in order to better understand their rights and the remedies that the system makes available to them. In response to this need of our internal and external clientele, we will be taking the following three initiatives:

- Create a Web site for the Court on the Internet providing users with rapid access to Court-related information. In addition, we are currently studying the possibility of posting the Court's decisions on the Internet.
- Establish a 1-800 telephone line providing remote users with quick, no-cost access to our services.
- Publish a brochure designed to explain in lay terms the appeal procedure before the Court.

Expected Results

The following are essentially results expected from the implementation of the first stage of our Information Management Plan.

Information Management

- Development and implementation of a management reporting system in consultation with all managers concerned. As a result of this system, managers will be able to count on more thorough and reliable information for measuring the efficiency and performance of their operations.

Organizational Changes

- Development and implementation of a human resources and communications plan.

Client Services

- Implementation and dissemination of service standards governing the Court to all our employees, clients and partners.
- Establishment and implementation of performance indicators for the management and follow-up of hearing schedules.
- Greater consultation of our clients in our efforts to optimize our rules and procedures.

Access to Information

- Easier access to legal information.
- Increased taxpayer understanding of the services of the Tax Court of Canada and the appeal procedures governing it.

Section II: Departmental Performance

A. Summary of Departmental Performance

The review conducted by the Auditor General during the last two years greatly disrupted the Court's operations and created a climate of insecurity within the organization. In order to stay the course and provide the organization with a minimum degree of stability during this waiting period, it was agreed that, as an efficiency measure, any initiative that might cause additional changes to the organization, in this instance implementation of the Information Management Plan, would be suspended. It is therefore impossible for us to report on the Plan's initiatives. As the Plan's implementation has been postponed until the 1997-98 fiscal year, we will include those activities in the Departmental Performance Report, which is expected to be presented in the fall of 1997.

B. Departmental Overview

The Court's existing Automated Appeals Management System essential to support the Court's only program - the appeal process - is 10 years old, expensive and labour intensive to maintain. The lack of a modern Appeals Management Computer System has not only hampered our ability to provide the Chief Judge and managers with comprehensive information on the effectiveness and efficiency of their operations, but it also threatens our daily information. In addition, the existing system hinders our ability to improve the appeal process. Presently, there is a need to alter the current system to incorporate the changes related to Unemployment Insurance. However, in doing so, there is a risk of a major system breakdown which could paralyze our appeals tracking process. Consequently, it is of utmost importance for the Court to proceed with its effort to obtain the necessary investment in information technology to fully support the appeal process and meet its 1997-98 Service Renewal Priorities.

C. Details by Business Line

Operational Review

Presentation of the Auditor General's Report to the Minister of Justice, which was expected in the spring of 1996, has been postponed indefinitely.

Implementation of a Re-engineered Appeals Process

Since the Auditor General's Report has been postponed, this priority has been deferred until the 1997-98 fiscal year. Details of the Information Management Plan's implementation are set out in Section I - Departmental Plan - Details by Business Line, page 10.

Federal Judicial Complex

In the absence of the final Auditor General's Report on the structure of the Courts, the Deputy Minister of Public Works and Government Services Canada has written to the Registrar of the Tax Court of Canada recommending that no long-term accommodation strategies be undertaken for the Courts in advance of a review and agreement between PWGSC, the Courts and the Office of the Commissioner for Federal Judicial Affairs on the National Court Standards. The Registrar of the Tax Court of Canada has therefore decided that, as an interim measure to these issues being resolved, he will continue to consider short-term accommodation strategies representing the least-cost solution to the Crown.

Long-term strategies can be planned and discussed but not actioned at this time.

Publishing Tax Court of Canada Decisions

Consideration to publish the Tax Court of Canada's official Reports in both official languages in electronic format has been put on hold pending the results of the Auditor General's Report. However, the Tax Court of Canada will attempt to work in partnership with the other courts and the private sector in order to determine the most economical and efficient way to publish Court reports.

Communications

A communications survey of all Court employees was conducted during the year in order to clearly identify the organization's information needs. A work group consisting of the Registrar and managers was set up to identify strategies and initiatives for improving communications within the Court.

Budget Reductions

Severe funding cuts were somewhat offset by the approval of \$320,000 to fund litigation costs as well as translation and revision of Court decisions. Without this funding, we would have been obliged to cancel sittings, at the expense of the taxpayers. This approval was for the 1996-97 fiscal year only. Depending on the outcome of the Auditor General's Report, we will be in the same dilemma in 1997-98 and will most likely require financial assistance.

Unemployment Insurance Appeals

Approval was granted by Treasury Board in the amount of \$711,000 in 1995-96 to finance the disposal of a growing backlog within the inventory of Unemployment Insurance appeals; \$820,000 was also approved for 1996-97 and 1997-98 fiscal years. The level of appeals disposed of was originally established at 2,730 based on the 1994-95 actuals. In 1995-96, the Court disposed of 2,916 appeals and expects to dispose of 2,900 in 1996-97. The Court exceeded its target by disposing of more appeals than forecasted but our inventory decreased only slightly. The inventory was at 2,452 at the end of November 1996 compared to 2,865 at the end of March 1995.

There was no funding provided for an increase in appeals received. At the time of our submission, it was anticipated that the 1994-95 Unemployment Insurance appeals received would remain constant at approximately 2,400 and that future year volume would remain constant. However, in 1995-96 we received 2,775 appeals and we now anticipate to receive 2,500 in 1996-97.

Litigation Costs

The Court has started a pilot project in order to decrease its litigation costs. The project consists of combining the functions of court reporter and court registrar. Currently, these services are mainly offered by contract employees paid on a per diem basis. The feasibility of this initiative will be assessed by the end of this fiscal year.

DEPARTMENTAL APPROPRIATED PLANNED AND ACTUAL SPENDING

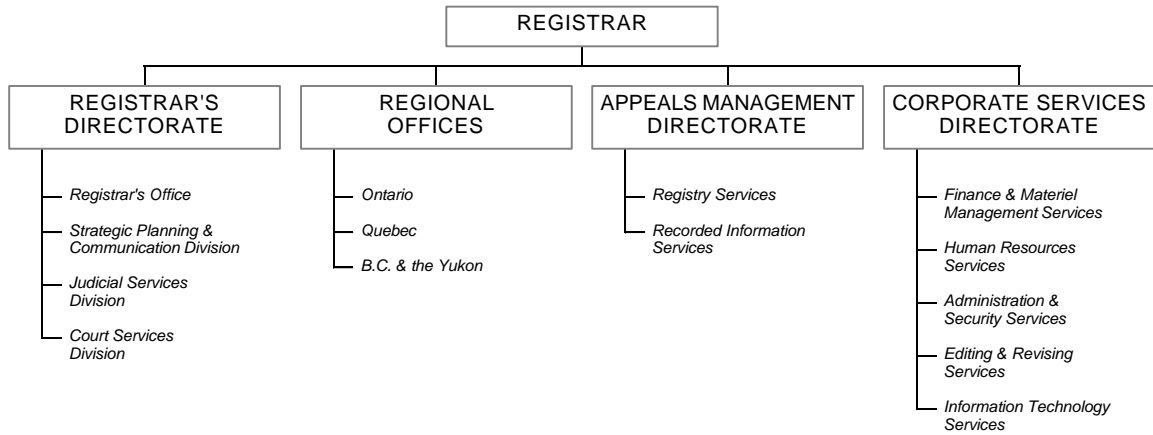
(thousands of dollars)	Actuals 1993-94	Actuals 1994-95	Main Estimates 1995-96	Actuals 1995-96
Tax Court of Canada	10,388	10,135	10,276	11,434

Section III: Supplementary Information

Appendix 1 - Organization

Organization Chart

TAX COURT OF CANADA



Appendix 2 - Personnel Requirements

Summary by Professional Category (FTEs)

	1994-95 Actuals	1995-96 Actuals	1996-97 Estimates	1997-98 Estimates	1998-99 Planned	1999-00 Planned
Executive	3	2	2	2	2	2
Administrative Services	14	13	9	12	12	12
Computer Systems						
Administration	4	5	6	5	5	5
Financial Administration	3	3	3	3	3	3
Information Services	2	3	3	3	3	3
Personnel Administration	4	3	3	3	3	3
Programme Administration	34	33	31	29	29	29
Purchasing and Supply	3	3	2	2	2	2
Social Science Support	11	11	12	12	11	11
Clerical and Regulatory	35	33	34	33	29	29
Secretarial, Stenographic & Typing	18	19	19	20	19	19
General Services	2	2	2	2	2	2
Total	133	130	126	126	120	120

1997-98 is the last year of the Unemployment Insurance project (see page 17). Six FTE's are funded under this initiative.

Appendix 3 - Details of Financial Requirements by Object

The Registry of the Tax Court of Canada's financial requirements by object are presented below:

Details of Financial Requirements by Object

(thousands of dollars)	Estimates 1997-98	Forecast 1996-97	Actual 1995-96
Personnel			
Salaries and wages	5,207	5,154	5,746*
Contributions to employee benefit plans	885	747	756
	6,092	5,901	6,502
Goods and services, transportation and communications	490	525	489
Information	50	59	48
Professional and special services	3,447	3,620	3,387
Rentals	125	115	121
Purchased repair and upkeep	160	220	159
Utilities, materials and supplies	375	375	367
Other subsidies and payments	-	-	-
Minor capital	177	177	361
	4,824	5,091	4,932
Total Program	10,916	10,992	11,434

* Includes \$399,000 for Deputy Judges fees. Beginning in 1996-97 these expenditures appear under Professional and Special Services.

Appendix 4 - Appeal and Application Data

Figure 1: Total Number of Appeals and Applications (All Sources)

- 1996-97 appeals are forecasted.
- Appeals disposed of in a given year were not necessarily filed during that year.

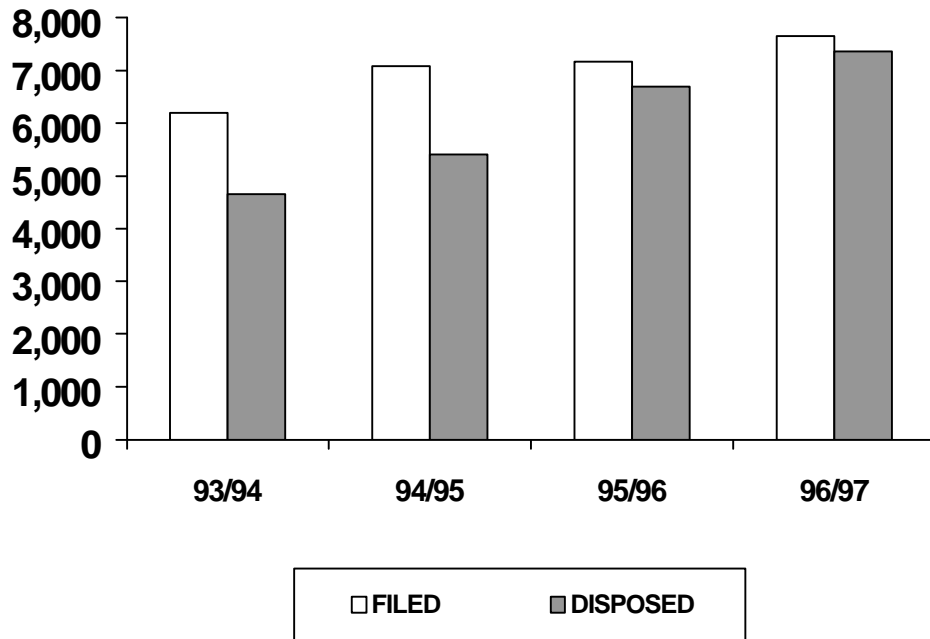


Figure 2: Total Number of Income Tax Appeals and Applications Filed and Disposed of

- 1996-97 appeals are forecasted.
- Appeals disposed of in a given year were not necessarily filed during that year.

Total Number of IT Appeals and Applications

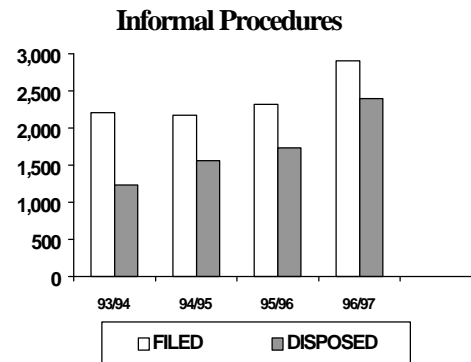
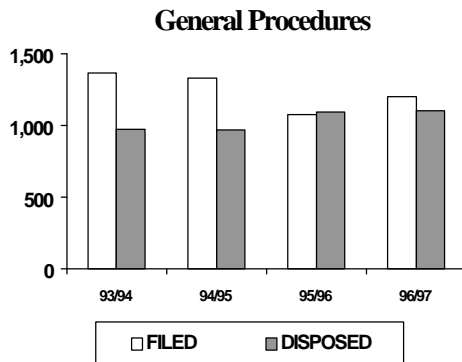
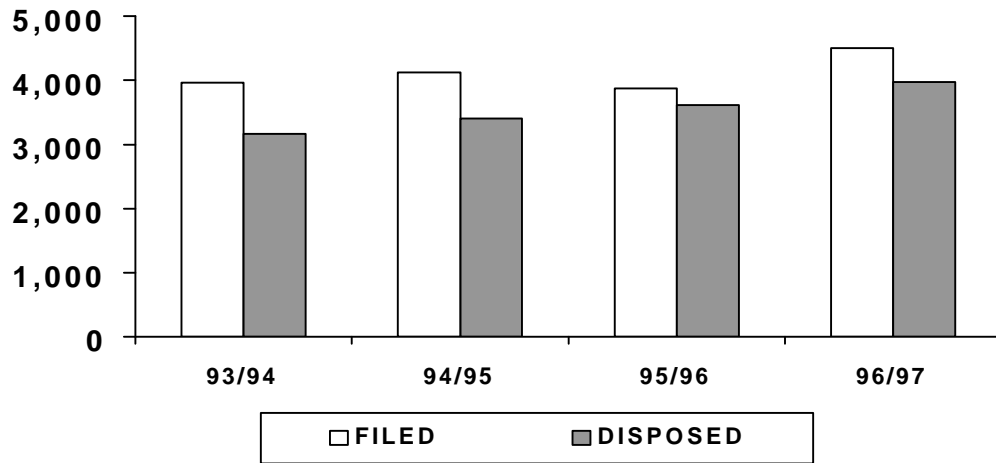


Figure 3: Total Number of GST Appeals and Applications Filed and Disposed of

- 1996-97 appeals are forecasted.
- Appeals disposed of in a given year were not necessarily filed during that year.

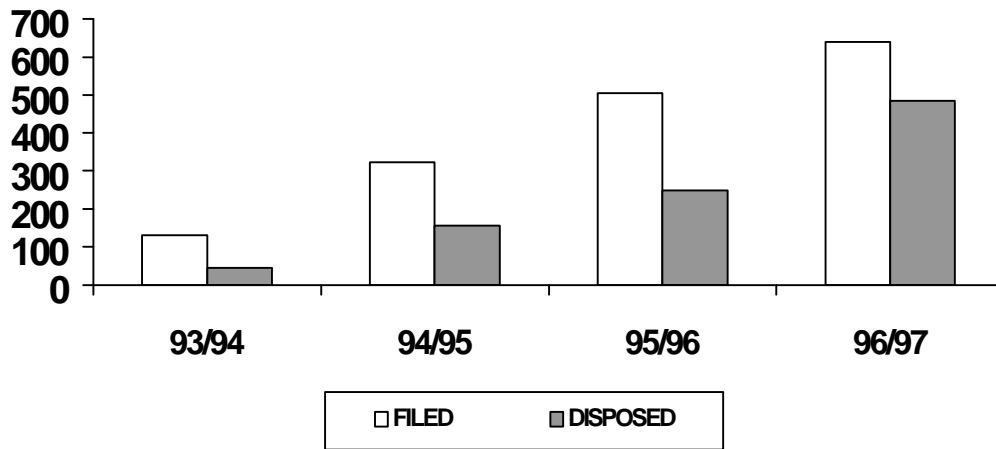


Figure 4: Total Number of Unemployment Insurance Appeals Filed and Disposed of

