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BUDGET 2004



*Ministry of
Provincial Revenue*

SERVICE PLAN

2004/05 – 2006/07



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Table of Contents

Premier's Letter to the Minister	3
Message from the Minister	5
Message from the Deputy Minister	7
Accountability Statement	8
Ministry Overview	9
Resource Summary	10
Core Business Areas	12
Goals, Objectives, Strategies and Results	13
Appendix 1. Strategic Context	24
Vision, Mission and Values	24
Planning Context	25
Highlights of Strategic Shifts and Changes from Previous Service Plan	26
Consistency with Government Strategic Plan	27
Appendix 2. Supplementary Performance Information	28
Data and Information Sources	28
Revisions to Ministry Performance Measures	29
Deregulation Plan to June 2004	36
Appendix 3. Summary of Related Planning Processes	37
Human Resource Management Plan (2004-2005)	37
Information Resource Management Plan	37



January 26, 2004

Honourable Rick Thorpe
Minister of Provincial Revenue

Dear Colleague:

Since June 2001, our government has been working to implement our *New Era* vision to revitalize the economy, restore sound fiscal management, and put patients and students first.

Our *New Era* platform contained 201 specific commitments that our government would undertake on behalf of British Columbians. These included a commitment to “establish service plans that include measurable performance standards and targets for all programs that are annually audited and published, for all taxpayers to see.”

On June 25, 2001, I sent your predecessor a letter of instruction setting out the key priorities for your Ministry, including a list of the *New Era* commitments assigned to your Ministry. These commitments were also included in the Government Strategic Plan and Ministry Service Plans that were tabled in the Legislature in February 2002, covering fiscal years 2002/03 through 2004/05.

The Service Plan you are tabling today represents the final year of the first three-year plans. And it shows that we have made significant progress toward honouring our commitments. Accomplishments in your Ministry over the past two-and-a-half years include:

- Oversaw the successful transition of a large accounts receivable program to assume responsibility for MSP premium billing and overdue MSP collection accounts.
- The collection of \$815 million in gross incremental revenue and close to \$1 billion in overdue debt owed to government.
- Conclusion of a detailed joint solution process to select a business partner to work with the province to centralize revenue and debt collection which will improve revenue realization and increase government efficiency and accountability.

.../2

In the coming year, the province will continue work on a number of priorities to honour the commitments that we have made. These are detailed in your Ministry Service Plan, and include:

- Maximize revenue and accounts receivable collections within principles of fairness and equity.
- Continue to consolidate government accounts receivable portfolios.
- Develop and implement a Revenue Management System to streamline accounts receivable processes, amalgamate common revenue management business processes, reduce outstanding accounts receivables and improve services to clients.

It is important to note that all of the province's achievements to date, and our priorities for the year ahead, will be accomplished while balancing the budget in 2004/05, and having significantly increased funding for health care and education.

Clearly, we will do more if we can, as new resources are available, to build on the funding priorities detailed in this Service Plan – in a way that is consistent with our balanced budget commitment.

As our measures to revitalize the economy continue to create new jobs, growth and investment, this will allow us to continue strengthening public services for the benefit of British Columbians. Opportunities like the 2010 Olympic and Paralympic Winter Games will showcase British Columbia to the world and generate economic benefits all across our province. Future service plans will further demonstrate those benefits.

I know that you will continue to build on the progress your Ministry has made. Let me conclude by thanking you for your commitment to serving the best interests of all British Columbians.

Yours sincerely,

A handwritten signature in black ink, reading "Gordon Campbell". The signature is written in a cursive, flowing style with a period at the end.

Honourable Gordon Campbell
Premier



Ministry of Provincial Revenue



The Ministry of Provincial Revenue is responsible for collecting the debts, taxes and other revenues which pay for vital government programs such as health care, education, and transportation. Ministry staff conduct themselves with a tradition of fairness, courtesy, professionalism and integrity. During the fiscal year 2002/03 my ministry administered \$15.4 billion in revenues to support important public services, and it is estimated that revenue administered for the year 2003/04 will be approximately \$16.7 billion.

This service plan provides a roadmap for the ministry's activities during the three years ahead. Tabling the plan also provides an opportunity to look back at the significant achievements since the ministry was created in June 2001. The ministry is pioneering a revenue management system that streamlines revenue administration and collection across government. We are leading the way for governments in North America. In 2002/03 we met our targets to reduce our overdue accounts receivable to 42 per cent and to receive on-time payments 85 per cent of the time. We have cut red tape and streamlined processes through partnering with other ministries and agencies to create a Single Change of Address feature on the ministry web site, permitting businesses filing taxes to enter their new address only once and the information is automatically communicated to partner agencies such as the Canada Revenue Agency and municipalities.

Our goals are to continuously improve performance and accountability by providing more services electronically and developing our customer relationship management capability. This will result in increased revenues, more timely payments and improved customer service.

This service plan builds on our achievements to date and sets ambitious goals for even further improvement, particularly in the area of accounts receivable collection, streamlined and centralized revenue management, reduction of outstanding accounts receivable and improved customer service and information.

I am pleased to present the service plan for the Ministry of Provincial Revenue for the period April 1, 2004 to March 31, 2007. The service plan is presented in accordance with Section 13 of the *Budget Transparency and Accountability Act*.

A handwritten signature in black ink, reading "Rick Thorpe". The signature is written in a cursive style with a prominent horizontal line across the middle.

Honourable Rick Thorpe
Minister of Provincial Revenue

February 6, 2004

Message from the Deputy Minister

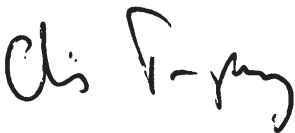
The Ministry of Provincial Revenue aims to be the centre of excellence for revenue and debt administration and collection in government. To achieve this vision we need the continuing commitment of our highly skilled, motivated and innovative employees.

This three-year service plan contains performance measures that promote a learning and growth-oriented work environment that recognizes their individual and team achievements. We will continue to ensure employees have opportunities for skill improvement and career advancement, a common understanding of ministry roles, purpose and vision, and a workplace that supports innovation, creativity, and change.

In addition to the continuing staff commitment to excellence, we are making use of information management technology to improve service to our clients. This technology makes it easier for citizens and businesses to pay their taxes, provides clients with better information, and reduces the ministry's administrative costs.

We will also continue to work with our clients to develop a better understanding of their service needs and monitor their level of satisfaction with ministry activities. This feedback will guide us towards our goal of fair, efficient and equitable administration that meets customers' needs.

Revenue collected by the ministry helps support vital government programs and services such as health care and education. Since the ministry was created in June 2001 as part of government's commitment to sound fiscal management, we have succeeded in achieving our performance targets. This service plan will serve as an important guide for the next three years, and I am confident that the ministry will achieve continued success on behalf of British Columbians.



Chris Trumpy
Deputy Minister

Accountability Statement

The 2004/05 – 2006/07 Ministry of Provincial Revenue Service Plan was prepared under my direction in accordance with the *Budget Transparency and Accountability Act*.

I am accountable for the basis on which the plan has been prepared. All material fiscal assumptions and policy decisions as of January 30, 2004, have been considered in preparing the plan and I am accountable for achieving the specific objectives in the plan.

Additionally, under the *Balanced Budget and Ministerial Accountability Act*, I am accountable for earning \$240 million in gross revenue from audit and revenue compliance related activity in respect of tax, resource and other revenues payable under enactments administered by the Minister of Provincial Revenue.

A handwritten signature in black ink, appearing to read "Rick Thorpe", with a horizontal line drawn through the middle of the signature.

Honourable Rick Thorpe
Minister of Provincial Revenue

February 6, 2004

Ministry Overview

The Ministry of Provincial Revenue provides a central service to the Province of British Columbia for revenue and debt administration and collection — including income, consumption, resource and property taxes — as well as Medical Services Plan premiums, certain fees and outstanding debts and receivables. The Ministry manages billings and receivables, tax appeals, and administers loans on behalf of the Province.

Resource Summary

Core Businesses	2003/04 Restated Estimates ¹	2004/05 Estimates	2005/06 Plan	2006/07 Plan
Operating Expenses (\$000)				
Tax Administration and Collection				
Gross	49,959	53,564	53,550	53,550
Recoveries	(47,212)	(49,589)	(47,589)	(47,589)
Net	2,747	3,975	5,961	5,961
Debt Administration and Collection and Home Owner Grant²				
Gross	14,052	15,277	14,477	14,477
Recoveries	(14,051)	(15,251)	(14,451)	(14,451)
Net	1	26	26	26
Executive and Support Services				
Minister's Office	430	430	430	430
Corporate Services				
Gross	50,316	79,573	76,973	76,973
Recoveries	(2,800)	(31,700)	(31,100)	(31,100)
Net	47,946	48,303	46,303	46,303
Total Gross	114,757	148,844	145,430	145,430
Total Recoveries	(64,063)	(96,540)	(93,140)	(93,140)
Total	50,694	52,304	52,290	52,290
Full-time Equivalents (FTEs)				
Tax Administration and Collection	660	718	744	744
Debt Administration and Collection and Home Owner Grant	111	114	114	114
Executive and Support Services	217	222	225	225
Total	988	1,054	1,083	1,083

¹ Amounts have been restated, for comparative purposes only, to be consistent with Schedule A of the 2004/05 *Estimates*.

² The Provincial Home Acquisition special account was eliminated March 31, 2004. It was replaced with a new special account called Provincial Home Acquisition Wind Up Account established April 1, 2004 for the purposes of making expenditures for the winding up of the loan and financial assistance programs. The old account in the amount of \$25,000 is restated under Other Appropriations at the back of the 2004/05 *Estimates*.

Ministry of Provincial Revenue

Core Businesses	2003/04 Restated Estimates ¹	2004/05 Estimates	2005/06 Plan	2006/07 Plan
Ministry Capital Expenditures (Consolidated Revenue Fund) (\$000)				
Debt Administration and Collection and Home Owner Grant	760	760	760	760
Executive and Support Services	8,974	12,537	12,575	12,575
Total	9,734	13,297	13,335	13,335
CRF Capital Categories				
Building, Tenant Improvement, Land, Land Improvement, Road, Bridges and Ferries	424	500	500	500
Vehicles, Specialized Equipment, Office Furniture and Equipment	175	225	225	225
Information Systems	9,135	12,572	12,610	12,610
Total	9,734	13,297	13,335	13,335

¹ Amounts have been restated, for comparative purposes only, to be consistent with Schedule A of the 2004/05 *Estimates*.

Core Business Areas

Tax Administration and Collection

The Ministry provides fair, efficient, professional and equitable administration of tax, revenue and benefit programs to ensure that government receives the revenue it is due through compliance with taxation, energy and forest revenue statutes. Voluntary compliance is promoted through quality customer service, education and compliance programs.

The Ministry represents British Columbia with the Canada Revenue Agency with respect to the taxation statutes the Agency administers on behalf of the province. The Ministry also collects taxes for other agencies such as the Greater Vancouver Transportation Authority, Build BC and local governments.

Debt Administration and Collection and Home Owner Grant

The Ministry is the central collector for overdue non-tax debts owed to the Province. The Ministry provides collection and loan management services to all government ministries and Crown agencies, assisting them to collect overdue money owed by individuals or businesses. It is also the provincial administrator for the Canada Revenue Agency set-off program.

The Ministry administers the Home Owner Grant Program and ensures that it is administered in a fair and equitable manner, has the authority to consider appeals, audits grant claims and recovers ineligible grants.

Executive and Support Services

The Minister's Office provides support for Ministerial activities and responsibilities. The Strategic Initiatives and Administration Division performs corporate functions, such as financial services and administration, information management and information technology, corporate policy and planning and performance reporting.

The Ministry provides a central government function to receive payments, process transactions and deal with inquiries for billing and payment related issues. This includes payment and data capture; enquiry/call centre operations; financial account maintenance; and program transition and internal customer services.

The Ministry reviews tax and revenue-based appeals separately from the tax revenue and administration function. The appeals branch core functions include receiving appeals to the Minister; analyzing the basis for assessments, disallowance of refunds or decisions; analyzing the grounds for appeal; gathering additional information and/or documentation; contacting taxpayers to ensure full understanding of their position; assessing the merits of appeals; making recommendations to the Minister regarding disposition of appeals and managing litigation arising from appeals.

Goals, Objectives, Strategies and Results

Over the next three years, the Ministry will complete an ambitious program to consolidate and maximize revenue and accounts receivable collection within government in a manner consistent with principles of fairness and equity. The goals and objectives outlined in the following are designed to promote the Ministry's vision to be the centre of excellence for revenue and debt collection in government. The major initiative affecting our ability to achieve our goals and objectives will be the successful development and implementation of the Revenue Management Project (RMP).

The RMP project is a key priority for the Ministry of Provincial Revenue. It will bring new opportunities for innovation and more responsibility for the Ministry through the transfer of revenue management functions from the other Ministries. The Ministry will be responsible for recording the amount owed to government, billing the customer, accepting their payments and actively collecting overdue amounts. The focus of the RMP project is to amalgamate all these primary revenue collection processes (account management, billing, payment processing and collections) into one set of consistent revenue management business and system processes in our Ministry.

Through this multi-year joint project, with the help of a private sector partner, the Ministry will also create consistent support processes (customer self-serve, call centre/ customer relationship management, electronic service delivery, imaging and business intelligence) across the Ministry. In doing so, the Ministry can achieve excellence in service to government customers and improve the total amount of revenue collected for government. Through this project, the Ministry is taking on its expanded role in a coordinated manner to effectively step up to its new challenges.

The extent and rate of our business process transformation will be determined jointly by the Ministry and our private sector partner in the coming year. The change will be a progressive, phased evolution and the relationship with our business partner will be long-term.

Next year's Service Plan (2005/06 to 2007/08) will incorporate RMP deliverables and outcomes in the Ministry's goals, objectives and measures. This year's plan is structured in a way to support RMP and accommodate new objectives and measures as RMP progresses and matures.

Goal 1: Maximize voluntary compliance.

Voluntary compliance means customers take responsibility to pay their obligations without requiring the Ministry to enforce payment. Voluntary compliance is the best means of collecting revenue and debt. There are many initiatives the Ministry can pursue to improve services and maximize voluntary compliance.

Outcome/Key Indicator: *This is an overall measure of the voluntary revenue received by the Ministry without enforcement action. The more revenue received, the greater the government’s capacity is to balance the budget and support public services. This measure can be influenced by the amount and effectiveness of enforcement activities which can increase awareness of tax obligations on the one hand (driving total voluntary revenues up), but also increase incremental revenues (driving down the proportion of voluntary revenues regardless of whether total revenues increase or decrease).*

Performance Measure	2003/04 Target	2004/05 Target	2005/06 Target	2006/07 Target
Percentage of Ministry revenue received without enforcement action.	New measure, base year is 2004/05.	97.8%	97.9%	98.1%

This measure shows the percentage of Ministry revenue that is voluntarily remitted by citizens and businesses, not including personal and corporate income taxes (which are administered by the Canada Revenue Agency on behalf of the Province). Gross revenue sources used in the calculation are listed below. See the first measure under Goal 2 for gross incremental revenue projections.

Taxation		Natural Resources	Other Revenue
<ul style="list-style-type: none"> • Social service • Fuel • Tobacco • Property 	<ul style="list-style-type: none"> • Property transfer • Corporation capital • Insurance premium • Hotel Room 	<ul style="list-style-type: none"> • Natural gas royalties • Forest revenue • Petroleum royalties, permits, fees and mineral 	<ul style="list-style-type: none"> • Medical Service plan premiums

Objective 1: *Maximize use of new electronic technologies to facilitate ease of transactions.*

Core Business Areas: *Tax Administration and Collection
Debt Administration and Collection and Home Owner Grant
Executive and Support Services*

This objective is aimed at supporting voluntary compliance by maximizing the use of electronic processes to facilitate payment of tax and debt obligations. Improvements in voluntary compliance support the government’s strategic goals by increasing revenues.

The Ministry is tracking the replacement of physical payments (cash, cheques, drafts) with e-payment means (electronic funds transfer, electronic data interchange, credit cards for bill and debtor payments but not tax remittances, and payment out of financial institutions payment systems) to identify increases in payment processing efficiency.

Specific payment information from the three core business areas is used to calculate the year-to-date average for the measure.

Performance Measure	2003/04 Target	2004/05 Target	2005/06 Target	2006/07 Target
Percentage of client initiated electronic payments received by Ministry.	New measure, 2004/05 is base year.	63 %	64 %	TBD ¹

¹ To be determined once the full impact of the Revenue Management Project can be assessed.

Strategies: *1. Leverage capacity and economies of scale to increase efficiencies.
2. Improve and increase channels of payment to clients.*

Objective 2: *Quality services that promote and respond to customer’s needs by helping customers understand their obligations and entitlements, and pay the correct amount on time.*

Core Business Area: *Tax Administration and Collection*

This objective is also aimed at supporting voluntary compliance by making it easier for British Columbians to identify and meet their tax and debt obligations to government without enforcement action. The more readily taxpayers understand and accept their tax obligations, the more likely they are to comply voluntarily. On-time payments reflect taxpayers’ understanding and willingness to comply.

The Ministry is tracking the remittance of social service tax, rural property tax and mineral, oil and gas taxes and calculating the percentage that are paid on or before their legislative due date.

Performance Measure	2003/04 Target	2004/05 Target	2005/06 Target	2006/07 Target
Percentage of on-time tax payments.	85 %	85 %	85 %	85 %

Strategies: 1. *Promote taxpayer acceptance of their responsibilities to pay tax obligations.*

Goal 2: *Collection of all outstanding amounts owed to government.*

When a taxpayer fails to remit amounts owed to government, the Ministry undertakes audit and enforcement activities. These activities assist in ensuring amounts owed are collected, deter customers who might otherwise avoid paying, and link directly to Goal 1 as a key factor in increasing voluntary compliance.

Outcome/Key Indicator: *This measure clearly identifies the outcomes of the audit, enforcement and collection work performed by the Ministry, separating revenue and accounts receivable for greater transparency. By maximizing incremental revenue and debt collection recoveries, the Ministry is able to support government's fiscal plan. The greater the monies received from audit and enforcement, the better able government is to support vital public services. Auditing, enforcement and collections achieve two main functions: ensuring identification of monies owed to government, and educating taxpayers and debtors on their obligations. Focusing resources on auditing ensures that revenues owed to government are identified, and improves the government's bottom line. Focusing resources on collection activity ensures that debts owed to government are collected, and improves the government's cash position.*

Expected achievements are based on a combination of formulae and revenue and debt collection trends. Future year achievements decline due to phase-out of the Corporate Capital Tax for general corporations and front-end improvements supporting better billings and collections.

The net incremental revenue measure has been replaced with a gross incremental revenue measure; this measure is more easily understood and consistent with reporting on the ministry progress in achieving its goal of collecting all amounts owed to the government.

Reporting on gross rather than net incremental revenue performance clearly identifies the results of ministry efforts to collect revenues. The use of a net incremental revenue measure required netting of total ministry expenditures which includes revenue and debt collection. As these expenditures reflect different ministry activities the net incremental measure did not clearly reflect ministry performance in collecting revenues. By reporting on the gross amount of revenue collected, the ministry will be able to report performance in this area in a way that is consistent with Ministry goals and objectives.

Performance Measures	2003/04 Restated Target	2004/05 Target	2005/06 Target	2006/07 Target
Incremental revenue.	\$234 M	\$240 M	\$226 M	\$211 M
Debt collections.	\$289 M	\$298 M	\$289 M	\$276 M

Strategies: 1. *Maximize monies received through audit and enforcement activities.*

Objective 1: *Government receives the revenue it is due.*

Core Business Area: *Tax Administration and Collection*

This objective is about identifying all revenues owed to government so that taxpayers can understand and meet their obligations and government is able to balance the budget and support vital public services like health care and education.

Audit selection size and content varies from a review of grant application to complete field audits performed at the client's place of business. Audits are performed by a variety of Ministry staff ranging from clerical to professional designated accountants.

The Ministry uses the gross incremental revenue resulting from tax audit function, divided by the average number of auditors to produce annual assessment per auditor.

Performance Measures ¹	2003/04 Target	2004/05 Target	2005/06 Target	2006/07 Target
Number of audits performed.	148,000	170,000	168,000	168,000
Annual tax assessment per auditor.	\$520,000	\$525,000	\$525,000	\$525,000

¹ These measures are used to assess overall and average Ministry activity for the purposes of setting strategic direction and expenditure/resource allocation, but are not used to monitor individual performance.

Strategies: 1. *Ensure adequate auditing.*
 2. *Focus resources on tax audit functions.*

Objective 2: *Government receives the debt recoveries it is due.*

Core Business Area: *Tax Administration and Collection*
Debt Administration and Collection and Home Owner Grant

This is a companion to the objective above: it concerns the identification and collection of overdue debts owed to government. The more successful the Ministry is at providing incentives and assistance to British Columbians to meet their obligations, the less total overdue government debt exists, and the lower the average recovery per collector.

The Ministry has forecasted debt recoveries over the three years of the service plan and calculated the combined staff for tax and non-tax collections as at March 31, 2004 to produce the average payments recovered per collector.

The Ministry reports out on the ratio of total government overdue (Over 90 days) accounts receivable to total government accounts receivable to reflect its mandate to consolidate and administer all accounts receivable on behalf of government over the period of this service plan.

Data for the measure are obtained from Office of the Comptroller-General.

Performance Measures ¹	2003/04 Target	2004/05 Target	2005/06 Target	2006/07 Target
Average payment recovered per collection position.	New measure, 2004/05 is base year	\$2.2 M	\$2.1 M	\$2.0 M
Total Government Ninety Day Account Receivable Ratio.	42 %	40 %	41 %	41 %

¹ These measures are used to assess overall and average Ministry activity for the purposes of setting strategic direction and expenditure/resource allocation, but are not used to monitor individual performance.

Strategies: *1. Focus resources on collection activity.*

Goal 3: *Fair, efficient and equitable administration that meets customers needs.*

The Ministry is committed to meeting customers' needs by improving the regulatory and administrative frameworks for tax and debt collection. The Ministry will make improvements to ease the administrative burden on customers and to enhance the business climate within British Columbia.

Objective 1: *Improve the tax appeals process for administrative fairness and due process.*

Core Business Area: *Executive and Support Services*

This objective is intended to provide taxpayers with an impartial, fair and speedy resolution to their appeals of tax assessments.

These targets have been adjusted upwards from previous Service Plans as a result of increased audit activities, resulting in significantly more appeals being launched. In addition, the Mineral Tax Review Board was re-structured as an “appeal to Minister” process, adding a new type of appeals requiring attention.

Performance Measure	2003/04 Target	2004/05 Target	2005/06 Target	2006/07 Target
Elapsed time from receipt of appeal to final decision.	11.4 months	11.4 months	11.0 months	10.5 months

Strategies: *1. Improve timeliness of tax appeal process to produce final decision.*

Objective 2: *Reduce legislative and administrative requirements and streamline procedures.*

Core Business Area: *Tax Administration and Collection
Debt Administration and Collection and Home Owner Grant
Executive and Support Services*

This objective is intended to contribute to the *New Era* commitment to reduce unnecessary and non-essential procedures, forms, licenses and regulations that add to reducing the cost of dealing with government. This objective will improve regulatory burden on British Columbians and on businesses operating in the Province. Reduced and consolidated requirements are aimed at improving customer service, enhance Ministry efficiency and reduce costs.

These targets were developed under the Ministry of Provincial Revenue’s reduction plan as established by British Columbia’s Deregulation initiative, led by The Honourable Kevin Falcon, Minister of State for Deregulation, to reduce unnecessary red tape and regulation by one third from June 2001 to June 2004.

However, the target for the fiscal year 2004/05 has been modified to reflect the ministry commitment to implement all achievable regulatory reductions during the fiscal year 2003/04. Further reductions of a regulatory nature are not possible without potentially compromising the integrity of the tax system and jeopardizing revenues to government,

although the Ministry is committed to exploring reduction opportunities through forms consolidation and other initiatives. Overall, at the end of the fiscal year 2003/04, the Ministry will achieve a regulatory reduction target of 21 per cent.

Performance Measure	2003/04 Target	2004/05 Target	2005/06 Target	2006/07 Target
Meet annual regulatory reduction target from a baseline of 13,640 requirements.	13 %	0 %	N/A	N/A

Strategies: 1. *Eliminate unnecessary regulatory burden.*

Goal 4: *Continuous performance improvement and accountability.*

With the Ministry’s focused mandate, an opportunity exists to strengthen the organization’s infrastructure, effectiveness and accountability for its performance.

Objective 1: *Continuously improve and simplify work processes.*

Core Business Area: *Executive and Support Services*

The Ministry has undertaken numerous efficiency measures, and intends to maintain or improve levels of efficiency in the next three years. This means that the Ministry will remain open to creative/innovative solutions that improve operations and enable it to achieve its business objectives. The implementation of RMP will also play a role in creating efficiencies in business operations, and new measures will be developed as part of that process.

This is another area where RMP will promote new and more cost-effective ways of doing business. This objective focuses on providing the maximum benefit to the public for the work that the Ministry does. Further measures may be developed as RMP becomes operational and provides the means for measuring in new ways.

The Ministry tracks the duration between when physical payments are received and are deposited to the government’s account. Shortening the period of time between the receipt and deposit of funds demonstrates an improvement in government cash management. Data for this measure are compiled from various Ministry systems.

The Ministry is committed to reducing transaction costs. To track progress in this area the Ministry collects transaction cost and volume data and reports on the cost per transaction.

The Ministry is also committed to maintaining an efficient system to collect debt. The Ministry will calculate and report on the cost to collect \$1 in debt. Included in debt collection costs are staffing and overhead costs (including the cost of information systems).

Performance Measures	2003/04 Target	2004/05 Target	2005/06 Target	2006/07 Target
Reduce current receipt to deposit turnaround time.	4 days (restated). ¹	2 days	Same day	Same day
Optimize the current cost per transaction.	\$0.83 per transaction (restated). ²	\$0.83 per transaction	\$0.83 per transaction	\$0.83 per transaction
Cost to collect \$1 of debt.	New measure, 2004/05 is base year.	\$0.07	\$0.07	\$0.07

¹ Target restated from 3 days to 4 days as a result of the consolidation underway in Billings and Receivable Branch.

² Target restated from \$0.68 per transaction as a result of capturing all costs associated with transaction processing.

Strategies: 1. *Seek and implement effective business solutions while maintaining efficiency.*

2. *Increase usage of lower cost electronic processes to maintain projected cost per transaction.*

Objective 2: *Develop and implement a risk management plan.*

Core Business Area: *Executive and Support Services*

This objective supports the Ministry design, development and implementation of a risk management plan consistent with government directions in creating an Enterprise Risk Management plan. Risk management planning is integrated and co-ordinated with other planning processes to ensure maximum identification of the potential risks facing the ministry, the significance of their impact and mitigation strategies.

The Ministry will use a “Risk Maturity Model” as the basis for assessing its progress in developing and implementing a risk management plan.

The model evaluates risk management progress across the following criteria: Organizational Philosophy, Risk Management Leadership and Commitment, Integration with other Management Practices and Systems, Risk Management Capabilities and Reporting and

Control. Each of these factors is evaluated by further sub-criteria on a scale of 1 to 5. The model will be used as the basis for a self-assessment questionnaire.

The Ministry is targeting to progress from Level 1 in the Risk Maturity Model in 2004/05 to Level 3 in 2006/07. The definition of these levels is as follows:

Level 1: Organizations are at the Initial stages of risk management planning.

Level 2: Risk management processes are under development and are becoming established and repeatable.

Level 3: Risk management practices, processes and standards are defined and formalized across the ministry.

Performance Measure	2003/04 Target	2004/05 Target	2005/06 Target	2006/07 Target
Risk Maturity Model.	New Measure	Level 1	Level 2	Level 3

Strategies: 1. *Identify risks to revenue and debt administration and collection and develop mitigation plans.*

Goal 5: *Highly skilled, motivated and innovative employees.*

As an organization committed to on-going excellence the Ministry relies on the strength, skills and commitment of its staff. The Ministry will be nurturing a learning environment, through staff development focused on key competencies and succession planning.

Core Business Area: *Tax Administration and Collection
Debt Administration and Collection and Home Owner Grant
Executive and Support Services*

Objective 1: *Foster a work environment that encourages motivated and creative employees.*

The Ministry's success in fostering a work environment that encourages motivated and creative employees is measured each year through a combination of analysis of Employee Development and Learning Plans and the annual Ministry of Provincial Revenue Employee Survey. The Ministry intends to maintain already high levels of skills, knowledge and morale.

The Ministry has consolidated its human resources measures under this objective to improve the measurement balance and to take advantage of data from the Ministry's annual employee survey. The Ministry will improve the overall skill level of staff through

identification of individual training needs to meet work and career needs. The Ministry is tracking employee's success in achieving training through Employee Development and Learning Plans and through an annual employee survey.

Performance Measures	2003/04 Target	2004/05 Target	2005/06 Target	2006/07 Target
Percentage of employee with Employee Development and Learning Plans. ¹	New measure	85 %	90 %	95 %
Maintain the training and development baseline from the 2003/04 Employee Survey.	New measure	73 %	73 %	73 %
Maintain the baseline from the 2003/04 Employee Survey for Employee Morale.	New measure	78 %	78 %	78 %

¹ Targets lower than 100% reflect normal employee turn-over and advancement. It is expected that all employees will have EDLPs in place following completion of their 6 month probationary period.

These measures provide employees with information concerning executive support of their participation in EDLPs. The first measure is derived from the Ministry-specific EDLP system, and remaining measures are derived from the annual Ministry employee survey with results compared to previous surveys.

- Strategies:**
1. *Ensure all employees have an opportunity for skill improvement and career advancement.*
 2. *Build a common understanding of Ministry roles, purpose and vision.*
 3. *Encourage an innovative and creative workplace that supports change.*

Appendix 1. Strategic Context

Vision, Mission and Values

Our Vision

We will be the centre of excellence for revenue and debt collection in government.

Our Mission

We provide fair, efficient and equitable revenue and debt collection which supports public services to meet the needs of British Columbians.

Our Values

Accountability

Quality Service

Innovation

Integrity

Productivity

Professionalism

Our Philosophy

- Provide leadership and set high expectations.
- Measure and report on our performance at all levels of the Ministry.
- Be accessible and responsive to our customers.
- Provide excellent service.
- Build and support partnerships with key customers.
- Seek new ways of doing business and explore new technologies.
- Behave with integrity toward customers and protect their confidential information.
- Respect and trust our colleagues.
- Ensure our activities add value.
- Simplify our processes and activities.
- Commit to excellence and serving the public interest.
- Promote teamwork and communication.
- Recognize and celebrate achievement.
- Pursue learning opportunities and promote personal growth.

Planning Context

The Ministry has developed its service plan within the context of both internal and external factors that ultimately affect the amount of revenue collected by government.

Context¹

The ability of the Ministry to achieve its goals and objectives is to some extent dependent upon the performance of the provincial economy as a whole. Increases in tax revenues and success in the collection of overdue amounts increase with a vibrant and growing provincial economy. The BC economy grew 1.7 per cent in 2003, slower than the 2.7 per cent expected at the time of last year's budget, according to BC's independent economic forecast council. The Council now expects growth in BC's economy to pick up to 2.9 per cent in 2004. Further information on the BC outlook may be found in the *Budget and Three Year Fiscal Plan* released with the budget.

Provincial revenues are also affected by changes to taxation policies (tax rate reductions or exemptions). For example, the implementation of competitive personal and corporate taxes, the elimination of the corporate capital tax and creating exemptions from the provincial sales tax for investments in production machinery have reduced revenues owed to government. These changes to tax policy are not determined by the ministry but are part of a broad government commitment to improve the performance of the provincial economy.

Also, the ability of the ministry to realize its mandate to collect all revenues due to government relies upon the ability of service providing ministries and agencies to collect and provide accurate and reliable accounts receivable information to the ministry.

It is expected that low interest rates will continue to contribute to increased consumer spending in the durable goods sectors such as automobile and housing sales. These sales have increased the amount of monies collected through the provincial sales tax and the property transfer tax.

Oil and gas exploration and development have also provided unanticipated higher royalty revenues. These increased revenues have been offset, to some extent, by lower corporate and personal income tax revenue.

Revenues from the forestry industry have increased in recent years primarily due to higher than expected harvest volumes. Harvest volumes under the Small Business Forest Enterprise Program are expected to continue to increase.

¹ This section uses annotated sections from: *2003 British Columbia Financial and Economic Review*. 63rd Edition, (July 2003).

Challenges

Much of the Ministry's activities are dependent on events, actions and decisions which occur outside the Ministry. The Ministry does not control the tax or receivable policy decisions which impact compliance or take-up. Similarly, the Ministry does not make decisions regarding eligibility or credit-worthiness. The Ministry is not responsible for program design, or collection of identifying information about the customers and clients of other ministries.

However, all of these factors impact on the amount of revenue and receivables and the quality of information provided to the Ministry, and ultimately, the ease with which the Ministry is able to exercise its mandate. For example, while rate changes often impact compliance with payment of debt obligations, the Ministry does not influence those decisions, which are made in accordance with client ministry public policy objectives. The ministry will, however, continue to partner with ministries and agencies to reduce non-compliance of debt obligations.

Recent changes to the provincial taxation regime including the implementation of competitive personal and corporate taxes, the elimination of the corporate capital tax and creating exemptions from the provincial sales tax for investments in production machinery and equipment are targeted to promote the development of a vibrant provincial economy. However, these changes also reduce the revenues owed to government, which challenges the Ministry to better identify and collect revenues and receivables to support Government objectives.

Highlights of Strategic Shifts and Changes from the Previous Service Plan

The Ministry is on track to achieving the key components outlined in the 2002/03 to 2004/05 Service Plan published last year. A major development from last year is significant progress towards implementing the Revenue Management Project. This project will transform the management and collection of government receivables.

Other major changes from previous service plans are the refinement and development of new measures to better report on Ministry achievements in a clear and transparent manner. It is anticipated that as a result of RMP, there will be further changes in next year's plan, as new data sources and calculations become available. The changes and rationales are described in Appendix 2.

Consistency with Government Strategic Plan

Links to the Government Strategic Plan

The Ministry of Provincial Revenue, through revenue and debt administration and collection, works to support and strengthen key Government goals. The Ministry supports the government goals in the following way:

Goal 1: *A strong and vibrant provincial economy.*

A thriving private sector economy that creates high-paying job opportunities.

- Reduced regulatory burden in understanding and meeting tax and debt obligations.

The fastest growing technology industry in Canada.

- Development of the Revenue Management Project, which will transform the management of accounts receivable in government to develop an integrated, streamlined business and systems environment which enables consolidation of revenue management, as well as taking advantage of the extensive knowledge and abilities of our chosen private sector partner.

Greater equity and equality for British Columbia in Canada.

- Fair and equitable tax administration and collection which levels the playing field for all British Columbians and businesses operating in British Columbia.
- Represents British Columbia with the Canada Revenue Agency and holds Canada Revenue Agency accountable for tax administration for the Province.

Responsible, accountable management of public resources and tax dollars.

- This year's Service Plan contains clearer and more transparent performance measures and targets to ensure the Ministry is optimizing its resources and maintaining a high level of accountability for how it manages revenue and debt administration and collection.

Goal 2: *A supportive social fabric.*

- It is the revenue and receivables administered by this Ministry which supports the programs and initiatives that British Columbians value and expect, including a high quality health care system, and a top education system.

Goal 3: *Safe, healthy communities and a sustainable environment.*

- Reducing overdue accounts receivable ratios and receipt of the revenue due to the government will allow the Province to better support communities and the environment.

Appendix 2. Supplementary Performance Information

Data and Information Sources

Information used for the purposes of reporting out on Ministry performance measures come from a number of sources. These include:

- **INSIGHT:** This system is also called the Ministry data warehouse. In this system are data that originate from a number of operational systems. This system is central to supporting decision-making in the Ministry.
- **Taxation Administration and Compliance System (TACS):** This system is the primary source system for data on the operations of the Ministry tax programs.
- **Collection and Loan Administration System (CLAS):** This system is used by the Collection and Loan Management Branch and provides data on non-tax debt collection.

In addition to these data processing systems, information for performance measurement is compiled from internal spreadsheets, surveys and questionnaires. Data from these sources is routinely collected and prepared to support the reporting of ministry achievements against the service plan.

Revisions to Ministry Performance Measures

Goal 1: Maximize voluntary compliance.

Status	Measure	2002/03 Actual	2003/04 Target	2004/05 Target	Rationale
Discontinued	E-services strategic plan and supporting policies developed by June 30, 2003.	N/A	Concluded	N/A	Concluded until outcomes of RMP can be identified.
Discontinued	Deploy e-services strategic plan.	N/A	% of plan deployed	N/A	Overlap with the Ministry's RMP, which will impact direction and nature of electronic service delivery for Ministry. New measures will be developed as part of the Ministry's 2005/06 updates.
Discontinued	Number of visitors to websites.	500,000	340,000	N/A	No real evidence to link measure to goal.
Discontinued	Percentage of receipts for tax, accounts receivable and non-tax overdue accounts receivable made electronically.	28%	31%	N/A	Did not include electronic payments received through financial institutions which do not require the Ministry to process physical payments (cash, cheques or drafts).
New	Percentage of client initiated electronic payments received by Ministry.	N/A	N/A	63%	New measure counts all electronic payments including electronic payments from debtors and bill payments for Medical Service Plan premiums.
New	Percentage of Ministry revenue received without enforcement action.	N/A	N/A	97.8%	An indicator of voluntary compliance by British Columbians and businesses.
Same	Percentage of on-time tax payments.	85%	85%	85%	An indicator of voluntary compliance by British Columbians and businesses.

Goal 2: Collection of all outstanding amounts owed to government.

Status	Measure	2002/03 Actual	2003/04 Target	2004/05 Target	Rationale
Discontinued	Incremental (new) net revenue over the 2001/02 base year of \$7.0 million.	\$150 M	\$34 M	N/A	Net incremental revenue measure combined revenue and some accounts receivable. In addition, the net figure prevents the Ministry from factoring in the costs associated with transferring in new programs that do not increase revenues (i.e., MSP).
Discontinued	Ratio of total government overdue (> 90 days) tax A/R to total tax A/R.	40%	42%	N/A	Duplication as Ministry is already measuring tax accounts receivable as part of government accounts receivable.
Discontinued	Annual overdue account receivable tax revenue per collector.	\$4.9 M	\$2.7 M	N/A	Measured only tax accounts receivable collection; replaced by a Ministry-wide measure.
New	Gross incremental (new) revenue.	N/A	N/A	\$240 M	Counts only revenues that result from audit and compliance activities reported on a "gross" basis.
New	Debt Collections.	N/A	N/A	\$298 M	Reports accounts receivable separately from revenue; measure is an indicator of Ministry effectiveness in recovering tax and non-tax debt.
New	Average payment recovered per collection position.	N/A	N/A	\$2.2 M	Reflection of voluntary compliance with debt obligations.
Same	Number of audits performed.	194,104	148,000	170,000	Measures Ministry audit activity. Audit targets have been adjusted to be more accurate.

Ministry of Provincial Revenue

Status	Measure	2002/03 Actual	2003/04 Target	2004/05 Target	Rationale
Same	Annual tax assessment per auditor.	\$1.1 M	\$520,000	\$525,000	Measures effectiveness of focused audit program.
Same	Total Government Ninety Day Account Receivable Ratio.	45 %	42 %	40 %	Measures the percentage of government debt more than 90 days overdue. An indicator of effectiveness in reducing overdue debt.

Goal 3: Fair, efficient and equitable administration that meets customers needs.

Status	Measure	2002/03 Actual	2003/04 Target	2004/05 Target	Rationale
Discontinued	Number of programs transferred each fiscal year.	Two programs	One program	N/A	Discontinued as the Ministry is now responsible for 80 per cent of all government accounts receivable. New measures will be developed when consolidation of accounts receivable through RMP is completed.
Discontinued	Achieve Revenue Receivable Management Project plan milestones. Percentage of A/R system completed.	10%	35%	N/A	Discontinued pending development and implementation of the RMP, at which time new performance measures will be developed for the Service Plan.
Same	Elapsed time from receipt of appeal to final decision.	11.4 months	Adjusted to 11.4 months from 8.5 months	Adjusted to 11.4 months from 7.0 months	Elapsed time has been adjusted outwards to reflect the addition of a new appeals process for mineral tax appeals and a significant increase in appeals volume as a result of increased audit activity.
Same	Meet annual regulatory reduction target from a baseline of 13,640 requirements.	Reduced base by 1,245 regulatory requirements.	13%	0%	Reduced and consolidated requirements are aimed at improving customer service and ease of access. The ministry target of 12% in 2004/05 was modified as the majority of ministry reductions that can be achieved will be realized during fiscal year 2003/04.

Goal 4: Continuous performance measurement and accountability.

Status	Measure	2002/03 Actual	2003/04 Target	2004/05 Target	Rationale
Discontinued	Percentage of revenue for tax, accounts receivable and non-tax overdue accounts receivable made electronically.	58%	21.2%	N/A	Replaced by new measures in Goal 1 assessing the use of electronic transactions as a function of voluntary compliance.
Discontinued	Compare cost of collection agency to ministry cost to collect overdue accounts receivable.	Accounts valued at \$108,000 outsourced	Complete cost evaluation	N/A	Discontinued until implementation of the Revenue Management Project, at which time new performance measures may be developed for the Service Plan.
Same	Reduce current receipt to deposit turnaround time.	4 days	4 days (restated)	2 days	Measure of efficiency; target restated from 3 days to 4 days resulting from the consolidation underway in Billings and Receivable Branch.
New	Cost to collect \$1 of accounts receivable.	N/A	N/A	7¢	Measure of efficiency.
Same	Optimize the current cost per transaction.	\$0.68 per transaction	\$0.83 per transaction (restated)	\$0.83 per transaction	Measure of efficiency; target restated from \$0.68 per transaction as a result of consolidating all costs associated with transaction processing.
New Measure	Risk Maturity Model.	N/A	N/A	Level 1	New measure to reflect ministry progress on development and implementation of risk management.

Goal 5: Highly skilled, motivated and innovative employees.

Status	Measure	2002/03 Actual	2003/04 Target	2004/05 Target	Rationale
New	Percentage of employees with Employee Development Learning Plans.	N/A	N/A	85 %	New measure results from the development of a Ministry-specific learning and development tool.
New	Employee Survey — Maintain the training and development baseline from the 2003/04 Employee Survey for Employee Morale.	N/A	N/A	73 %	This measure is based on employee self-assessment as measured by 4 questions in the employee survey: <ul style="list-style-type: none"> • My supervisor assists in identifying my training and development needs. • I have opportunities to develop and apply the skills I need to enhance my career. • I get the training I need to do my job. • MPR does a good job of supporting employee career development.
New	Maintain the baseline from the 2003/04 Employee Survey for Employee Morale.	N/A	N/A	78 %	New measure from annual employee survey which assesses overall satisfaction in working for the Ministry in terms of statements about their job satisfaction, leadership, advancement opportunities, recognition, performance expectations, work environment, teamwork, innovation, workload, and training and development.

Ministry of Provincial Revenue

Status	Measure	2002/03 Actual	2003/04 Target	2004/05 Target	Rationale
Discontinued	Percentage of management trained in change management.	40%	70%	N/A	This was not a meaningful measure of employee skills or their work environment.
Discontinued	Percentage of new staff who have attended employee orientation sessions.	75%	100%	N/A	This was not a meaningful measure of employee skills or their work environment.
Discontinued	Percentage of completed leadership learning/training plans.	50%	75%	N/A	Replaced by new measure of the percentage of employees with Employee Development Learning Plans.
Discontinued	Number of career fairs attended.	4	6	N/A	This measure did not provide outcome information on recruitment activities.
Discontinued	Percentage of staff with performance and/or learning plans.	76%	75%	N/A	Replaced with a new measure which reflects the development of a Ministry-specific learning and development tool.

Deregulation Plan to June 2004

The Ministry has an adjusted total of 13,460 regulatory requirements. The Ministry's original goal was to reduce this number by 33 per cent. However, the Ministry is unable to achieve its regulatory reduction commitment of 33 per cent without potentially compromising the integrity of the tax system in the Province and jeopardizing revenues to government. The ministry will achieve reductions of 21 per cent, but further reductions will negatively impact customer service and may result in fewer revenues to government due to insufficient tax return information.

The Ministry has and continues to explore other opportunities to improve customer service and the regulatory environment. In 2003/04, the Ministry initiated a consolidated forms and policy project aimed at improving customer service by streamlining reporting requirements and making the completion of required forms easier. The ministry has already streamlined several forms and reports required of the taxpayer. For example, the Notice of Change of Ownership/Business Name was combined with another form and the fuel tax filing process was streamlined by implementing a generic fuel tax return. These changes resulted in significant reductions in the amount of information required of the taxpayer. Changes have also been made in how the ministry administers the *Mineral Tax Act*, resulting in the elimination four forms required from the operators of mines and quarries. Additional reductions are planned and will be made by June, 2004. The Ministry will continue to seek opportunities for regulatory reductions and customer service improvements by streamlining reporting processes and forms.

Further opportunities are anticipated to arise as a function of web-enabling forms and expansion of Ministry internet services.

Appendix 3. Summary of Related Planning Processes

Human Resource Management Plan (2004-2005)

The Ministry's Human Resource Management Plan (HRMP) includes goals, objectives and strategies to support the achievement of its Service Plan Goal to support highly skilled, motivated and innovative employees. The Ministry's ability to achieve its three year service plan is dependent on individual and team performance.

The three following HRMP strategies have been identified to support fostering a work environment that encourages motivated and creative employees:

1. Offer employees opportunities for skill improvement and career advancement.
2. Build a common understanding of Ministry roles, purpose and vision.
3. Encourage an innovative and creative workplace that supports change.

The Plan builds on past successes and provides future directions for a performance-focused organization that revolves around leadership, communication, integrity, innovation, learning and creativity.

Information Resource Management Plan

Information Resource Management Plan (IRMP) Summary

The Ministry of Provincial Revenue has responsibility to complete a number of linked government-wide centralization strategic shifts, including centralization of billing, receivables and collections and the Revenue Management Project (RMP) business transformation initiative. These major shifts will require large investments in obtaining and implementing sophisticated information technology and information management. There is a requirement for new business processes and associated technology solutions to support revenue management throughout the government. Currently disparate systems in multiple ministries are used to manage government revenue. The intent of the RMP is to develop an integrated solution that will be used to manage billing, accounts receivable and collections for all program areas thereby significantly improving the revenue management process throughout Government. To support and integrate common business functions across the Ministry, the main taxation application system, TACS, and RMP will operate as a single business solution.

The ministry will make new service channels available to customers that improve service and convenience to customers; reduce costs to government; and increase revenue (timeliness, voluntary compliance, amount collected). Enterprise architecture and portfolio management are critical to achieving the goals and objectives in this service plan. The ministry will weigh options against the business value or return on investment, the capability and readiness of the enterprise, and the impact on clients, customers and ASD partner in order to decide the strategic initiatives to pursue and fulfil the MPR mandate.