

MINISTRY OF SMALL BUSINESS AND REVENUE

REVENUE SERVICES OF BRITISH COLUMBIA REPORT

December 2004 to December 2007

June 16, 2008



Ministry of
Small Business
and Revenue



June 16, 2008

Honourable Rick Thorpe
Minister of Small Business and Revenue
Parliament Buildings
Victoria, British Columbia
V8V 1X4

Dear Honourable Thorpe:

I am pleased to present the third annual report for Revenue Services of British Columbia.

As of December 2007, EDS Advanced Solutions Inc. completed three years of operation under a 12-year Agreement working with the Ministry of Small Business and Revenue to create a Centre of Excellence for Revenue Management. The Agreement provides for development of a leading-edge revenue management system for government and delivery of selected revenue management services under the Province's official brand and mark, Revenue Services of British Columbia.

Positive results continue to be achieved – customer service exceeds performance targets; the protection of privacy and confidentiality is of paramount importance and; new customer service options, such as eServices plan to be launched in 2008.

In November 2007, the Ministry received the Canadian Information Productivity Gold Award for Excellence in Customer Centricity (Not for Profit category). CIPA awards are the premier Canadian showcase for organizational excellence through technology. The awards recognize visionary organizations developing innovative results-based technology solutions. The Ministry was recognized for its work in building a Centre of Excellence for Revenue Management and improvements to customer service.

The third annual report highlights these accomplishments and confirms our commitment to the Centre of Excellence for Revenue Management for the Province of British Columbia.

Yours truly,

Robin Ciceri
Deputy Minister

Table of Contents

Introduction	2
Background	2
Third Year Performance Results	5
Customer Service	5
Customer Complaints	8
Customer Call Wait Time	9
Customer Call Abandon Rate	10
First Call Resolution	11
Protection of Privacy.....	12
Transition of Staff	13
Revenue Management System	13
Financial Benefits.....	14
Audit	15
Contract Monitoring	15
Conclusion	16

Introduction

The Ministry of Small Business and Revenue's mandate is to provide a Centre of Excellence for Revenue Management in the Province of British Columbia. As a public sector leader in revenue management, the Ministry is:

- Responsive to customer needs by continuously improving customer service.
- Streamlining the way government collects revenue by providing cost effective and efficient delivery of service to British Columbians.
- Maximizing revenue recovery to support important public services, such as health care and education, for British Columbians.

As a Centre of Excellence for Revenue Management, the Ministry relies on both Ministry staff and a private sector service provider to deliver revenue management programs and services.

The Province of British Columbia has a 12 year Agreement with EDS Advanced Solutions Inc. (Service Provider), a British Columbia company, to deliver selected revenue management services. Under the terms of the Agreement, these services are provided under the Province's official brand and mark, Revenue Services of British Columbia, on behalf of the Province of British Columbia.

The Agreement will generate projected net benefits of \$517 million to the Province over the 12 year period¹ and leverage private sector expertise, technology and investment capital. In addition, the Agreement transfers the up-front investment and project implementation risk of leading edge technological solutions from the Province to the Service Provider.

This Report provides an overview of the achievements during the first three years of operations under the Agreement.

Background

Historically, revenue management has been dispersed across government, with monies owed collected by ministries through as many as 40 different recovery systems. This has resulted in challenges in revenue recovery and data integrity, antiquated and overloaded technology systems, and the potential for delayed collections and inconsistent application of policies. As a result, government's over 90-day accounts receivable, bad debt provisions and write-offs were increasing, and customers were experiencing multiple contacts with different ministries.

In response to this challenge, the Ministry developed a Centre of Excellence for Revenue Management focused on streamlining and simplifying revenue management across government while ensuring excellence in customer service.

¹ Refer to Financial Benefits on page 14 for detailed information.

Objectives include:

- Maintaining the government's high standard of privacy and security protection.
- Improving customer service.
- Maximizing revenue collection within the principles of fairness and equity.
- Integrating revenue streams from across government.
- Improving the cost effectiveness of government's collection methods.
- Increasing multi-channel service delivery.

EDS Advanced Solutions, Inc. (EAS) was the successful proponent of an extensive procurement process to confirm an alternative service delivery provider. Operating under the Province's official brand and mark, Revenue Services of British Columbia, business responsibilities include:

- Excellence in customer service, focused on citizen-centered service delivery to ensure public services are more accessible, responsive and customer-friendly.
- Compliance with stringent privacy, confidentiality, and contractual security provisions for the protection of British Columbians' personal information.
- The creation and operation of a streamlined and simplified revenue management system, including the implementation of new technology and business transformation to support account management, billing, payment processing, tax return processing and collections activities.
- Implementation of timely and innovative information technology solutions and support for the Ministry of Small Business and Revenue.

Revenue management services provided by Revenue Services of British Columbia vary by revenue portfolio, depending on the program and client ministry needs. Table 1 shows the current portfolios managed by Revenue Services of British Columbia.

Table 1: *Scope of revenue management services*

Ministry Portfolios	Account Management	Billing	Payment Processing	Collection of Overdue Accounts²	Tax Return Processing
Medical Services Plan Premiums(MSP)	✓	✓	✓	✓	
Immigrant Sponsorship Program	✓	✓	✓	✓	
B.C. Ambulance Service			✓	✓	
British Columbia Student Assistance Program			✓	✓	
Employment and Assistance Program			✓	✓	
Court Fines			✓	✓	
Mineral Oil and Gas Revenues			✓		
Subsidized Bus Pass Program			✓		
Commercial Loans			✓		
Social Service Tax, Corporation Capital Tax, Tobacco Tax, Fuel Tax, Rural Property Tax, Property Transfer Tax, Hotel Room Tax, and other small tax statutes			✓		✓

² The point in time accounts are received by Revenue Services of British Columbia for debt collection varies by portfolio.

Third Year Performance Results

The Service Provider has completed the third year of operations under the Agreement with the Province of British Columbia. This three year period has been marked by significant accomplishments and milestones, including customer service improvements, business transformation to simplify, streamline and make business processes more consistent, and the implementation of a leading-edge revenue management system for government.

Performance results are presented for:

- Customer service.
- Protection of privacy.
- Transition of staff.
- Revenue management system.
- Financial benefits.
- Audit.
- Contract monitoring.

Customer Service

In the first three years of operations under the Agreement, the Service Provider focused on implementing significant service, business process and technology improvements, to provide more citizen-centred service delivery.

Overall, the customer experience has been improved by ensuring high quality customer service provided by well trained, professional staff.

To ensure excellence in customer service:

- all employees of Revenue Services of British Columbia receive training based on the Taxpayer Fairness and Service Code, supporting the Ministry's commitment to service excellence through responsive, courteous, fair and respectful treatment, and the protection of privacy and confidentiality;
- calls are routinely monitored for quality assurance and training purposes;
- privacy and security training is refreshed on an annual basis ;
- extensive training and development opportunities related to quality customer service interactions, new technologies and business processes are provided and;
- a Resource (Help) Desk was implemented to provide improved agent call assistance, and promote the consistency and quality of information provided to customers.

Customer service improvements have been realized with the implementation of the revenue management system, including:

- **Faster service** – the telephony system has been integrated with the revenue management system, so customers calling into Revenue Services of British Columbia are getting the information they need faster.
- **Increased fairness** – all accounts are treated consistently through standardized processes for such things as mail outs, timing between collections letters and phone calls, and escalation steps.
- **Streamlined payment processing** – the majority of payments are processed the same day through expanded automated functions connected to the revenue management system.
- **Increased customer service options** – customers now have the option of inquiring about their single accounts or all of their accounts on the revenue management system.

Customer service improvements have been implemented despite customer contacts increasing by almost 134 per cent. Total customer contacts have increased from 97,600 in January 2005 to approximately 228,000 contacts per month at the end of three years of operations.

With a focus on continuous improvement, the second release of the revenue management system will provide customers with access to eServices. This will include online account and statement inquiry, electronic bill notification and presentment, online customer information, and online credit card and preauthorized debt payments.

The Ministry built safeguards and incentives into the Agreement to ensure performance expectations are met or exceeded. Twelve service levels and sixteen performance measures are defined in the Agreement. There may be financial consequences to the Service Provider if service levels are not met, while performance measures are subject to contract management escalation procedures if they fall below defined performance levels.

The Ministry monitors performance of service levels and performance measures on a regular basis. Additionally, the Ministry annually reviews both service levels and performance measures to ensure they remain focused on critical customer service areas and performance targets ensure continuous service improvement.

Performance for five customer-related service levels or performance measures is included in this report. Some of the remaining service levels or performance measures relate to the efficiency and effectiveness of internal administrative processes or to providing Ministry information technology services, others are being baselined and will come into effect in the future. To date, all service levels and performance measures defined in the Agreement and in effect as of December 2007 have been met.

Performance trends over the first three years of the Agreement are provided graphically for four key indicators of customer service quality:

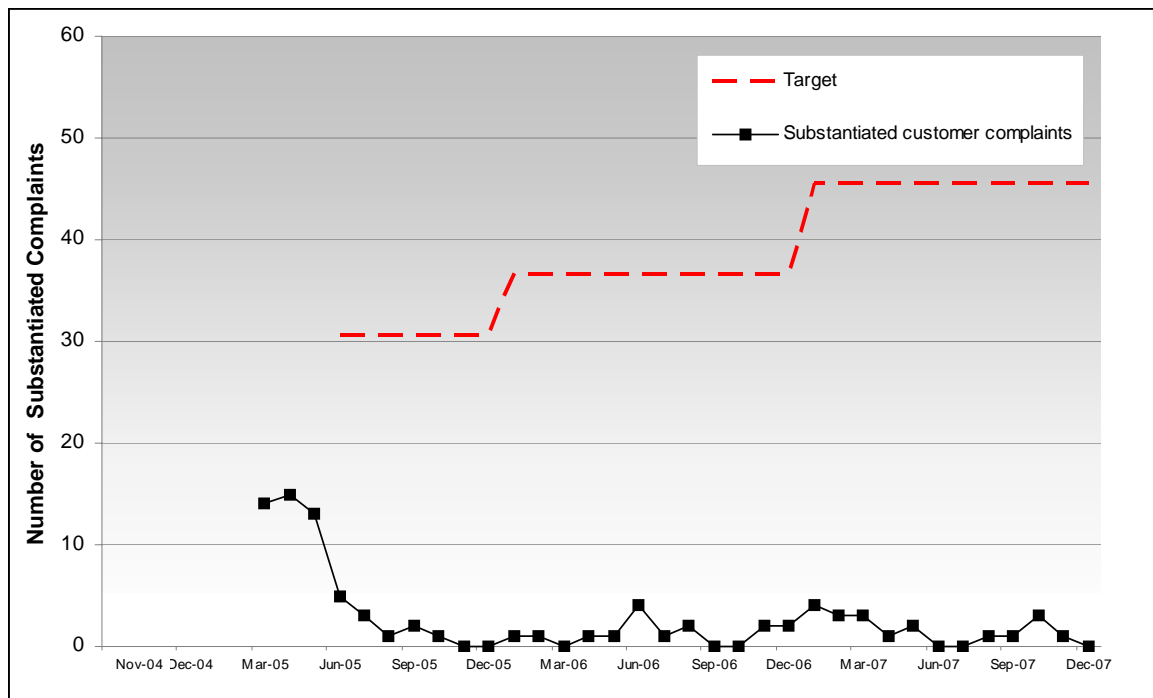
- customer complaints;
- customer call wait time;
- customer call abandon rate; and
- first call resolution rate.

Performance for the fifth customer service metric -- customer busy signal rate -- is not graphically presented this year as the number of customers receiving a busy signal for collections or billing and remittance inquiries has been at zero for the last 32 months. The Ministry will continue to monitor the performance of this service level.

Customer Complaints

- The number of customer complaints received is a key indicator of satisfaction with the quality of service provided.
- Customer complaints include those received by e-mail, phone, and letter through the Minister's Office, offices of Members of the Legislative Assembly and B.C. Ombudsman, as well as any matters escalated to a supervisor or manager at Revenue Services of British Columbia.
- **Performance has consistently exceeded the target since June 2005.**

Figure 1: Customer complaints



Data available beginning in March 2005.

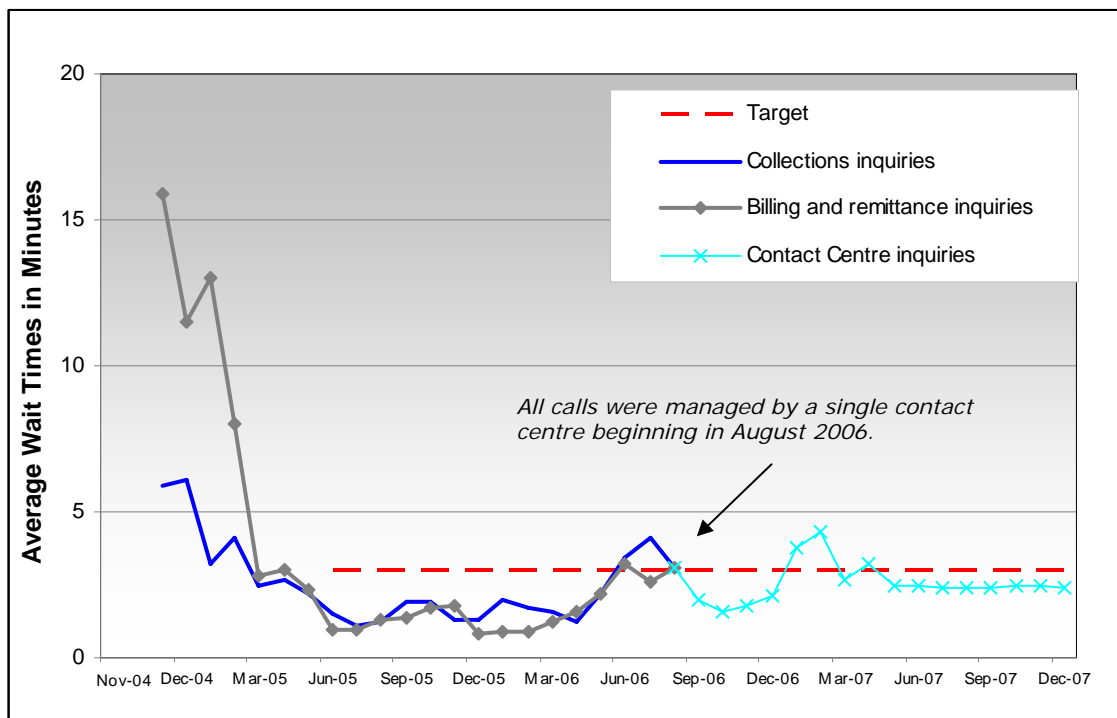
A complaint is "Substantiated" when, during a customer interaction, a Revenue Services of British Columbia customer service agent: (1) materially deviates from established policies or processes; (2) uses threatening, inappropriate or unprofessional language or; (3) presents incorrect facts of the case. This is evaluated jointly with the Service Provider and Ministry staff.

For this measure, performance is considered on target when it is at or below the Target line. The Target -- 0.02% or less of monthly contacts will result in a substantiated complaint -- has been calculated separately for 2005, 2006 and 2007 based on average monthly total contacts for each of these years. The Target line reflects the increase in average annual monthly contacts over the three year period.

Customer Call Wait Time

- A key success factor when providing customer service is to decrease the customer call wait time.
- Prior to signing the Agreement with the Service Provider, the customer call wait time averaged 15.9 minutes for billing and remittance inquiries and 5.9 minutes for collection of overdue accounts.
- Over the first three years of operations under the Agreement, Revenue Services of British Columbia increased its capacity to manage call volumes by adding additional staff and phone lines, extending service to include evenings and Saturdays and implementing an integrated contact centre with employees trained to respond to all incoming calls.
- **Average annual performance has consistently exceeded the target.**

Figure 2: Customer call wait time

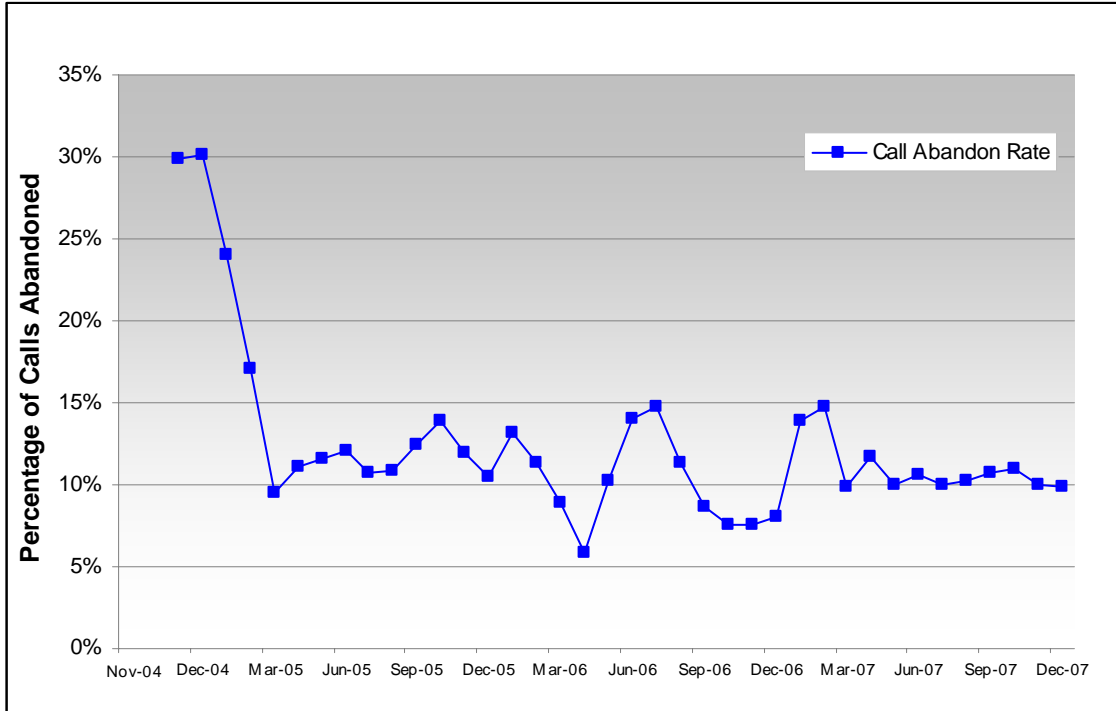


For this measure, performance is considered on target when it is at or below the Target line. The Target -- the average wait time experienced by customers calling the Revenue Services of British Columbia Customer Service Centre will be 3 minutes or less.

Customer Call Abandon Rate

- A key success factor when providing customer service is to decrease the call abandon rate – the percentage of customers who hang up before reaching a service representative.
- Prior to signing the Agreement with the Service Provider, the customer call abandon rate averaged 30 per cent. This means for every 100 customers who got through to the voice response system, an average of 30 hung up before reaching a service representative.
- **Despite a significant increase in monthly call volumes, the annual average monthly customer call abandon rate has been reduced over the past three years and the monthly variance stabilized over the past year.**

Figure 4: Customer call abandon rate



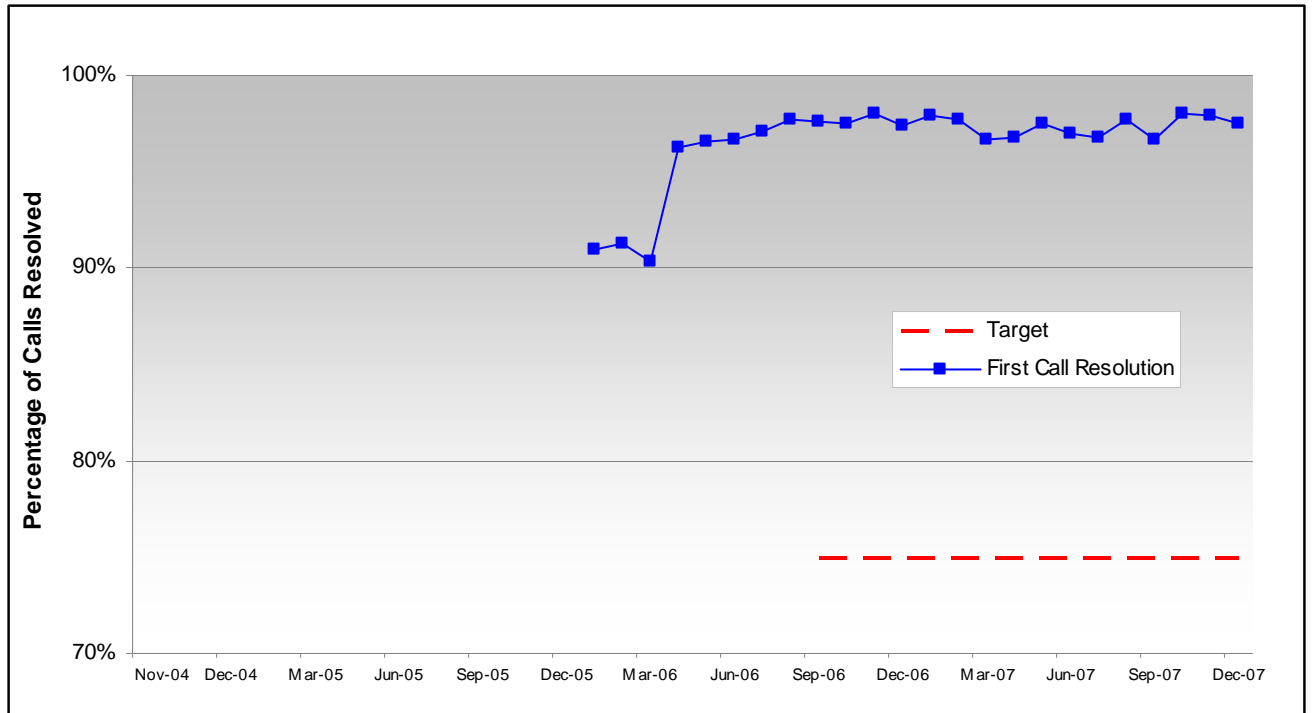
Target under development.

First Call Resolution

A key success factor when providing customer service is to increase the percentage of customer inquiries resolved on the first call.

- First call resolution includes all incoming customer telephone calls in which the inquiry is for a service provided by Revenue Services of British Columbia. An inquiry is considered 'resolved on first call' if the customer does not call back within four days regarding the same inquiry.
- **On average, 97 per cent of customer inquiries have been resolved on first call since the service level was implemented in November 2006. Performance has significantly exceeded the target of 75 per cent.**

Figure 5: First call resolution



Data available beginning in January 2006.

For this measure, performance is considered on target if it is at or above the Target line.

The Target -- 75% or more of monthly customer inquiries, based on a three month rolling average, will be resolved during the first call.

Protection of Privacy

The Province of British Columbia is committed to the protection of personal information without compromise. This commitment is reinforced under the Agreement with the Service Provider. Prior to signing the Agreement with the Service Provider, a rigorous privacy framework was developed by the Province for the protection of personal information. The Agreement with the Service Provider contains stringent privacy, confidentiality and security provisions for the protection of personal information. Together, these strong contractual provisions provide a comprehensive strategy and privacy framework for protection against unauthorized access, use or disclosure of personal information.

Privacy protection within the Agreement includes:

- The Province retains control and ownership of all personal information.
- Privacy provisions either meet or exceed the requirements under:
 - a. the *Freedom of Information and Protection of Privacy Act (FOIPPA)* regarding the unauthorized access, use and disclosure of personal information; and
 - b. The Government's Information Security Policy regarding confidentiality, integrity and availability.
- The Province has step-in rights under a power of attorney, which may be exercised in the event of an anticipated privacy breach.
- All data and information backups must be located in Canada.
- Direct agreements between the Province and the Service Provider's employees, and employees of sub-contractors, which include non-disclosure obligations where the employees have access to personal information.
- Whistleblower protection is provided for employees.

Additionally, the Ministry has extensive rights to perform reviews and audits on any aspect of the Agreement, including the protection of personal information. Annually, the Service Provider must provide the Province with a certificate which confirms their compliance with privacy obligations under the Agreement.

In addition to complying with existing privacy provisions, the Service Provider has undertaken industry leading security measures including:

- Working with the Ministry, continuously improves processes for Privacy Impact Assessment and Threat and Risk Assessments to ensure the protection of privacy is paramount in the development and maintenance of information systems.
- Conducted extensive Threat and Risk Assessments to ensure the protection of information in Ministry information systems maintained by the Service Provider.
- Implemented enhanced protective controls (e.g. for account management and user access) in response to the post implementation review of the Revenue Management System.

Out of approximately 2.7 million customer contacts, three incidents where personal information was misdirected due to human or technology error were fully addressed in 2007. The Ministry notified affected individuals and advised the Office of the Information and Privacy Commissioner. These incidents were brought to the attention of staff involved and processes were reviewed to ensure best practices are followed.

Transition of Staff

After three years in operations under the Agreement, 71 per cent of the employees transferring their employment from the Province to the Service Provider remain with the company. Table 2 provides the status of transitioned employees as of December 2007. As of December 31, 2007, the Service Provider employed 274 staff.

Table 2: *Transitioned employees summary*

Transitioned Employees	Number of Employees
Employees transitioned to Service Provider ³	172
Departures – e.g. retired	26
Departures – returned to government	24
Employees remaining with Service Provider	122 (71%)
Employees promoted since transition	48

Revenue Management System

The development of a revenue management system is a key component of the Agreement with the Service Provider. The vision for revenue management in government is reflective of the broader government commitment to enhance the way services are provided to British Columbians. This broader vision calls for a citizen-centred approach to service delivery, where information is more easily shared, personal information is protected and access is improved by providing services electronically.

The Service Provider is responsible to design, implement and maintain a revenue management system that continually strives to improve customer service and consolidates revenue management business processes and applications for government.

The first release of the revenue management system was implemented in April 2006. With the implementation of the revenue management system, the Province and customers of Revenue Services of British Columbia are realizing the benefits originally envisioned for this project:

- better access to the right information at the right time;

³ The number of staff transitioned to the Service Provider was previously reported as 177 in error. The correct figure is 172.

- improved privacy protection;
- consolidation of revenue management business functions within one system (account, bill, pay and collect);
- improved and streamlined revenue management business functions (consistent application of revenue management policies and procedures);
- creation of a platform for revenue management that can be leveraged by other ministries;
- timely and accurate financial reporting to the Office of the Comptroller General;
- improved reporting and performance management; and
- increased ability to collect outstanding amounts owed to the Province by helping customers understand how much they owe, offering several different payment channels and using innovative collection processes.

The second release of the revenue management system will provide eService functionality for customers. This will include online account and statement inquiry, electronic bill notification and presentment, online customer information, and online credit card and preauthorized debt payments. This new functionality will be designed to ensure the continued protection of personal information. Anticipated completion of these enhancements has been extended to 2008 to facilitate technological upgrades.

As a result of the transformation and improvements to customer service with the implementation of the revenue management system, in November 2007, the Ministry received the Canadian Information Productivity Gold Award for Excellence in Customer Centricity (Not for Profit category). CIPA awards recognize visionary organizations developing innovative results-based technology solutions and are the premier Canadian showcase for organizational excellence through technology.

Financial Benefits

Revenue Services of British Columbia will generate benefits over the term of the Agreement by continually enhancing customer service, improving the collection of accounts receivable and reducing the associated bad-debt expense and borrowing costs. A portion of these benefits will be shared with the Service Provider to offset the capital investment the Service Provider is making in business processes, technology and increased operational capacity.

The gross financial benefits of the Agreement are estimated at \$905 million over 12 years. The Service Provider's share of these estimated benefits is \$288 million. The Province's share is \$617 million. Estimated net benefits for the Province total \$517 million over 12 years. This total is net of ongoing operational and infrastructure costs.

In the first three years of the Agreement, the Province is on track to realize the projected benefits.

Audit

The Ministry of Small Business and Revenue has extensive rights to perform reviews and audits. This includes the use of internal or external auditors or other professional advisors. Audits may cover any aspect of the Agreement, including privacy and security, general controls, practices and procedures, and financial or business matters.

The Service Provider is also subject to investigations and reporting by the Offices of the Information and Privacy Commissioner, the Ombudsman and the Auditor General of British Columbia on any issues within their respective mandates.

The Ministry uses a risk assessment methodology as the basis for audit planning based on the methodology used by the Office of the Comptroller General (OCG). The Ministry is developing an integrated 3-year audit plan based on risk assessment that will direct government auditing activities related to the Agreement. The plan will be finalized in mid-2008 and will ensure the Ministry maximizes audit activities to satisfy ministry, government and other stakeholder requirements.

In December 2005, the Ministry of Small Business and Revenue exercised its right to audit the services of Revenue Services of British Columbia. A comprehensive privacy and security audit, and a risk and controls review of the revenue management system prior to Release 1 implementation were initiated. In 2006, the privacy and security audit was rolled into a privacy and security action plan to augment and operationalize 42 privacy and security provisions contained in the Agreement. All action items have now been completed. In regard to the risk and controls review of the revenue management system, issues were resolved in 2006 with the remainder addressed as part of normal business operations.

A post implementation review of Release 1 of the revenue management system was completed in July 2007. The review identified several areas for improvement. Associated actions were implemented by April 2008.

Contract Monitoring

Both the Ministry and the Service Provider are committed to building and maintaining a positive, professional, effective working relationship founded on stated objectives. Through the Agreement, both parties strive to ensure service levels and performance targets are met, and superior customer service and value for money are provided to British Columbians.

The Ministry and the Service Provider designed a joint contract management structure reflecting best practices in alternative service delivery initiatives. The Ministry's Contract Management Office performs contract monitoring and relationship management in connection with the Agreement. After three years in operations under the Agreement, contract monitoring processes and practices are well established, while opportunities for continuous improvement are sought and implemented in a timely manner.

Conclusion

As of December 2007, the Service Provider has completed three years of operations under the Agreement. Overall, results indicate performance expectations are being met and the objectives set out for the Agreement are being realized.

The customer service experience has been improved by ensuring high quality customer service provided by well trained, professional staff. Performance for five key indicators of customer satisfaction – customer complaints, customer call wait time, first call resolution, customer busy signal rate -- has exceeded established performance targets and customer call abandon rate has shown improved performance.

In recognition of the transformation and improvement in customer service resulting from the implementation of the revenue management system, in November 2007, the Ministry received the Canadian Information Productivity Gold Award for Excellence in Customer Centricity (Not for Profit category). This award recognizes visionary organizations developing innovative results-based technology solutions.

With a focus on continuous improvement, the Ministry plans to introduce new customer service options, including eServices, in 2008.

Revenue Services of British Columbia will generate benefits over the term of the Agreement by continually enhancing customer service, improving the collection of accounts receivable and reducing the associated bad-debt expense and borrowing costs. Estimated net benefits for the Province total \$517 million over 12 years. In the first three years of the Agreement, the Province is on track to realize the projected benefits.

The protection of British Columbians' personal information is of paramount importance to the Province and will not be compromised. The Service Provider is continually implementing industry-leading practices for maintaining privacy and security of personal information.

After three years in operations, the performance results continue to confirm this alternative service delivery initiative is realizing its intended objectives. The Ministry, working with the Service Provider, will continue to build on achievements to date and provide a Centre of Excellence for Revenue Management and recovery for the Province.

