



House of Commons
CANADA

Standing Committee on Finance

FINA • NUMBER 060 • 3rd SESSION • 40th PARLIAMENT

EVIDENCE

Tuesday, March 1, 2011

—
Chair

Mr. James Rajotte

Standing Committee on Finance

Tuesday, March 1, 2011

•(0845)

[English]

The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)): I call to order this 60th meeting of the Standing Committee on Finance. Our orders today, colleagues, are pursuant to Standing Order 81(5), dealing with supplementary estimates (C) 2010-11, votes 1c and 5c, under Canada Revenue Agency, as referred to our committee on Tuesday, February 8, 2011.

We want to welcome two officials from the Canada Revenue Agency who are with us here this morning: Monsieur Filipe Dinis, chief financial officer and assistant commissioner, finance and administration branch, and Mr. Richard Case, director general, resource management directorate, finance and administration branch.

Thank you, gentlemen, for being us here this morning.

Monsieur Dinis, I understand you have an opening statement to present to the committee. Then we'll proceed to members' questions.

[Translation]

Mr. Filipe Dinis (Chief Financial Officer and Assistant Commissioner, Finance and Administration Branch, Canada Revenue Agency): Thank you, Mr. Chairman.

Good morning and thank you for the opportunity to appear before the committee to present the Canada Revenue Agency's 2010-2011 supplementary estimates (C) and to answer any questions that you may have.

Before I begin I would like to take a moment to introduce my colleague, Mr. Richard Case, the Director General of the Resource Management Directorate within our Finance and Administration Branch.

As you are aware, the CRA is responsible for the administration of federal and certain provincial and territorial tax programs, for delivering various benefit and credit programs, and for supporting numerous other government programs. Each year, the CRA collects hundreds of billions of dollars of tax revenue for the governments of Canada and prides itself on distributing timely and accurate benefit payments to millions of Canadians.

Through these supplementary estimates, the CRA is seeking two adjustments to its appropriations.

[English]

First of all, the agency is requesting \$57.8 million in 2010-11 to cover the incremental cost of implementing and administering the

harmonized sales tax, the HST, for Ontario and British Columbia, as well as the new affordable living tax credit for Nova Scotia.

These initiatives have resulted in a significant increase in the agency's workload across a number of core program areas. Given the increased amount of revenue now being collected by the CRA since the introduction of the HST in Ontario and B.C. on July 1, 2010, and the administrative complexity of certain new HST measures, the CRA has dedicated additional resources to ensuring that businesses understand and comply with the new legislative requirements.

The CRA is also identifying, in 2010-11, a downward adjustment to the estimated disbursements to provinces under the Softwood Lumber Products Export Charge Act, from \$479 million to \$200 million. This adjustment reflects the revised forecast provided by the Department of Finance, which we understand is based on changing prices and volumes in the Canada-United States lumber market. The original estimate was established by the Department of Finance back in 2009, when the 2010-11 main estimates were completed. It is being updated now in the interests of transparency, given the materiality of the change.

Overall, these supplementary estimates (C) are displaying a net reduction of \$221.5 million to the CRA's 2010-11 authorities granted by Parliament to date. The CRA's revised authorities for 2010-11 will therefore total \$4.478 billion.

At this time, Mr. Case and I would be most happy to respond to any questions from the committee.

Thank you.

•(0850)

The Chair: Thank you very much for your opening presentation.

We'll begin members' questions with Mr. Szabo.

Mr. Paul Szabo (Mississauga South, Lib.): Thank you, Mr. Chair.

Thank you, gentlemen, for the brief intro.

Something struck me right off the bat with regard to your comments on softwood, that is, you understand that the numbers—you used the word “understand”—were developed by the department. Do you know whether they were? Have you seen them?

Mr. Filipe Dinis: Yes, Mr. Chair. I can confirm that the forecasts were developed by the Department of Finance. As you may know, at the CRA we're responsible for administrating the softwood lumber act, in conjunction with our partners at the Department of Foreign Affairs, and we work closely with the Department of Finance in arriving at the forecasts of the disbursements.

Mr. Paul Szabo: I'm sorry. I missed the last part. You were involved?

Mr. Filipe Dinis: We were engaged in terms of administrating the softwood lumber act, but the forecasts actually come from the Department of Finance.

Mr. Paul Szabo: What were the assumptions or significant changes that had to be addressed?

Mr. Filipe Dinis: My understanding is that there are various factors that impact the estimation of the forecasts, including lumber prices and the demand for lumber. There are various other elements, such as any international settlements that are arrived at. All of these have an impact on the forecasted amount.

Mr. Paul Szabo: Were there any significant changes?

Mr. Filipe Dinis: In the past couple of years, our annual disbursements to the provinces have been around \$180 million to \$200 million. We recently shared with the committee that we were of the understanding that the Department of Finance was adjusting its forecasts.

Based on current market conditions—and I don't have too many details on these—in terms of the demand for lumber and the pricing, there has been an adjustment downwards to better reflect what the disbursements have been over the last two to three years.

Mr. Paul Szabo: In terms of the process, you mentioned you don't have certain details. You're basically relying more or less on the bottom-line assessment and the numbers as opposed to scrutinizing the details?

Mr. Filipe Dinis: The Department of Finance scrutinizes the details. It has a handle on, as I understand, the market conditions, the demand, etc. From our perspective, we scrutinize, and there's an attestation of the costs before the disbursements are made to the provinces. There are certain costs we review, such as administrative costs and legal costs, which are deducted from the amounts we collect. It's basically a flow-through, an in-and-out to the provinces. There is an actual official CFO attestation on the numbers related to the administration costs.

Mr. Paul Szabo: If you want those details, are you authorized to have them?

Mr. Filipe Dinis: In terms of the details of administrative costs and legal costs, we do have them at the CRA, because we administer the program itself. In terms of the numbers themselves, we have them within the CRA, because we have to attest to those administrative costs.

Mr. Paul Szabo: Okay.

Could we turn to the HST with regard to Ontario and British Columbia? HST exists in other provinces already. Have the introduction of HST and the arrangements with those two provinces required any substantive changes to the way in which the other provinces are already administered?

Mr. Filipe Dinis: I'll ask my colleague Mr. Case to add to this, but my understanding is that we're very much focused on implementing the Ontario HST and the British Columbia HST.

Richard, do you want to add anything?

Mr. Richard Case (Director General, Resource Management Directorate, Finance and Administration Branch, Canada Revenue Agency): I think my colleague is correct. For the most part, this initiative did not represent immediate changes for the other provinces, although you will note here that Nova Scotia has introduced, as part of its HST regime, an affordable living tax credit now, which we began implementing and administering this past year. That is one instance where another province has chosen to make certain adjustments to its HST regime.

For the most part, the work we're doing now is primarily focused on Ontario and B.C. with regard to the supplementary estimate item here. It is related primarily to the additional work that the agency must undertake as a result of the introduction of the HST in Ontario and B.C.

● (0855)

Mr. Paul Szabo: It's a volume issue?

Mr. Richard Case: There are workload volume issues. There are systems changes that need to be made and so on and so forth, and additional compliance efforts obviously are required.

Mr. Paul Szabo: With regard to human resources requirements, how has the addition of these two provinces been handled with regard to transferring the responsibilities from the provincial to the federal jurisdiction?

Mr. Filipe Dinis: Regarding a number of provincial resources, we have entered into agreements with both provinces in terms of transferring expert resources into the CRA. The resources are going to join the agency in waves, if you will. The first wave occurred in November 2010. These are resources that have a certain expertise, so they will join—

Mr. Paul Szabo: I don't think I have the time to get the answer, but I am interested in the settlements that had to be made to provincial employees who were being transferred from one employer to another. There were apparently substantial settlements for losing one's job?

The Chair: You have about 30 seconds.

Mr. Filipe Dinis: In terms of the number of employees coming over, just to share with the committee, from the perspective of the Province of Ontario, we have an 80% take-up rate so far, and it's 99% in B.C. As to the settlements, that isn't something the CRA can speak to. It is a provincial matter. The settlements were entered into by the employees and the province.

The Chair: Thank you, Mr. Szabo.

Monsieur Carrier.

[Translation]

Mr. Robert Carrier (Alfred-Pellan, BQ): Thank you.

Good morning, sir.

Your presentation was quite short. It's quite difficult to get a quick overall idea of the \$57 million you're referring to in vote 1c. You link that mainly to the additional cost of harmonizing the taxes. The document I have states the following with regard to vote 1c: "Operating expenditures, contributions and recoverable expenditures on behalf of the Canada Pension Plan and the Employment Insurance Act."

Are you confirming for us that the \$57 million mainly covers the additional cost of harmonizing the taxes?

Mr. Filipe Dinis: That's absolutely correct. This amount is intended for the implementation of the harmonization program. The amount also includes the portion we've just discussed, that is the salaries of provincial employees who will be coming to the agency. This is really for the implementation of the harmonized tax for the two provinces.

Mr. Robert Carrier: I had the impression it concerned the points mentioned, the Canada Pension Plan and the Employment Insurance Act, but that's perhaps a general title used from year to year. This year, there are no additional votes required for these items: this is simply for harmonizing the taxes. Is that correct?

Mr. Filipe Dinis: Mr. Chairman, the member is clearly right. The title also refers to the operating budget, including pensions, etc. It's a generic title that we often use in supplementary estimates. There's nothing new on the Canada Pension Plan side.

Mr. Robert Carrier: All right. As for the harmonized tax, this is a topic that is dear to us in Quebec. We've been talking about harmonized taxes for at least two years. A subsidy has been granted for that purpose. Your experience in this regard no doubt enables you to assess the discussions currently being held with Quebec, which administers both taxes.

Does your assessment of the Quebec file, which is not yet complete, take into account the additional costs resulting from harmonization?

• (0900)

Mr. Filipe Dinis: Mr. Chairman, the Canada Revenue Agency is not responsible for assessing this arrangement. Discussions are underway, and they're really going on between the Department of Finance and the province of Quebec. As you know, we are responsible for administering the agreements between the governments.

Mr. Robert Carrier: Thank you for that answer, even though it isn't very detailed. The \$50 million amount is impressive, even though it's not enormous relative to the government's overall budget. The fact remains that it's quite an astronomical figure. Perhaps you gave an explanation in English a little earlier and I may have missed it, but I'd like to know how this advance cost assessment can be so wrong.

Mr. Filipe Dinis: To arrive at the \$57 million figure, as you can see, a lot of work was done to validate the figures and to get approval. A large part of the \$57 million will go to human resources, for experts who will come to the Canada Revenue Agency from provinces such as British Columbia and Ontario.

In addition, changes have to be made to the system to move program implementation forward. There's also the communications aspect, for which we have responsibility for the purposes of

administering the program. So a number of factors are included in the \$57 million, such as human resources, systems, communications, etc.

Mr. Robert Carrier: Can you enlighten me on one point? In vote 1c, I suppose these are operating expenditures that include operations as a whole.

The pilot project that was set up, called the Related Parties Initiative, targets the richest business-related families and contributors. I recently read that it was a pilot project, but it was going to become a permanent program because you considered it very profitable.

Would the costs of that pilot project eventually come under vote 1c, or are they already provided for?

Mr. Filipe Dinis: If it's a program—

The Chair: You have one minute left.

Mr. Filipe Dinis: I don't have any details on the program as such, but if it's a program that belongs to standardized tax management, it will be part of it. From the description you've given me, I assume it's not entirely included in this \$57 million amount. However, it would enter into vote 1c as such.

As for vote 5c, to which you refer, these are capital expenditure amounts related to the \$57 million figure. These are investments that have depreciated. As you know, this year is the first time we've had this kind of vote at the Canada Revenue Agency. We used to have only vote 1c.

[English]

The Chair: *Merci.*

We'll go to Mr. Wallace, please.

Mr. Mike Wallace (Burlington, CPC): Thank you, Mr. Chair.

I thank our guests for coming today.

I would like to start with a general question. I've been working under the assumption that as time goes by we're doing a better job in terms of electronics, in terms of service, and in terms of tax collection and so on. Would you be surprised to know that in the last four years, from 2008 to this year, in the main estimates you've had a \$1.1 billion increase? That is a 33.3% increase in four years.

I'm interested in knowing what the department's view is of such a substantial increase and why you've had over a \$1 billion increase, 33.3%, in four years. Are we providing better service to Canadians with that money? What are we doing with that cash?

• (0905)

Mr. Filipe Dinis: Mr. Chair, we believe we are providing excellent service to taxpayers. As you may know, we conduct regular surveys on an annual basis of our services and how they are perceived by the taxpayers. Year over year, we're proud to say that we fare, I would say, very well in terms of the level of satisfaction with our services.

We always strive to deliver those services in the most efficient way possible. We leverage technology significantly in the agency, whether it's online or through our phone services. Our call centre operation is one of the most sophisticated call centre operations we have in Canada.

Mr. Mike Wallace: What percentage of your returns is coming in online these days? I know you do other tax collection, but the personal income tax business online, what percentage is that?

Mr. Filipe Dinis: The most recent number I saw for electronic returns was around 56% to 57%. We're continuing to work on that number.

As it relates to the reference made to our budget having increased over time, there is no doubt that it has. There is also no doubt that the agency has been asked over the years to take on more and more responsibility in terms of delivering some of the key programs. We've obviously had discussions on some of them in this committee. With those additional dollars coming into the agency, there is also additional accountability for delivering some key programs.

Mr. Mike Wallace: On a related question, which Mr. Szabo was alluding to, I have notes here that in 2008-09, based on what you have said, the finance department recommended \$419 million, and the actual was \$180 million. This was on the softwood lumber piece. In 2009-10, \$429 million was recommended and was put in the main estimates, and the actual expenditure was \$206 million. Then, last year, it was \$479 million, and the actual expenditure will be around \$200 million.

Does CRA not have a responsibility to push back and say that these are your budgets and they're putting in estimates that obviously haven't been accurate? Today, with supplementary estimates (C), you can come here and say you're asking for a reduction, but in my view, it's because of poor estimating in the main estimates over not just the last year, but over three years.

What is the department's responsibility to say that "this isn't accurate and we're not putting it in our mains as part of our responsibility"?

Mr. Filipe Dinis: Mr. Chair, the estimate originally arrived at in 2009 was I guess based on the best available information at the time. Since then, we've obviously seen that conditions have changed year over year, but we've also noticed that the payments to the provinces were somewhat lower, as the member outlines. So as a result of that and the current conditions...

I should remind the committee that this money is in a special purpose allotment and there are two things. One is that while it affects the agency's bottom line from a budget perspective, it doesn't decrease the agency's operating budget. Also, it is truly an in-and-out amount in terms of the amounts the government collects, minus the administration, legal fees, etc., and the net goes off to the provinces.

Having said that, we have a close relationship with the Department of Finance and we engage with them concerning what the actual disbursements are. Over time, we have been able to provide that information to the Department of Finance.

Mr. Mike Wallace: I appreciate that there is a special account for that, but the fact is that we probably don't do a good job of

scrutinizing expenditures as it is, and when they're inaccurate, it makes it even more difficult for us to do the job.

On the internal transfer that's in this \$54 million or \$57 million, I didn't see how much of it was for one of the Atlantic provinces doing a GST adjustment, or an internal adjustment, and then you have a horizontal transfer here. How much of that \$54 million is this horizontal transfer and where is it coming from?

It's on page 91 of the book. It's for Nova Scotia. It says, "Affordable Living Tax Credit for Nova Scotia (horizontal item)...". Is that the three-million-dollar item?

• (0910)

Mr. Filipe Dinis: No. The \$3 million reflected on page 91 of the book is indeed the capital portion of the \$57 million.

Mr. Mike Wallace: I didn't see what is in this actual living tax credit, this "horizontal item". I wanted to make sure it's... When I looked at the part of the book for transfers between departments—horizontal transfers—I did not find it there, so I'm assuming it's internal to your grouping. I want to know how much it is and where it's coming from.

Mr. Filipe Dinis: Mr. Chair, on the amount related to the Nova Scotia affordable living tax credit, I think we'll have to come back to the committee to tell you, out of the \$57 million we're requesting approval for, how much relates to that credit.

Mr. Mike Wallace: But when we see "horizontal" listed in here, but not at the front of the book, is it internal to CRA, not trading off with another department?

Mr. Richard Case: Yes. I think the term "horizontal" here is used—and I believe it's defined earlier in the book—when we're talking about initiatives where there is a shared responsibility for the delivery of an initiative among two or three or more departments.

In this case here, I think this HST initiative is identified overall as a horizontal item because it involves the Canada Border Services Agency and Statistics Canada, which are also receiving some funding.

Mr. Mike Wallace: Well, let me just point out, Mr. Chair, that normally on horizontal items, if it goes between departments, we see it in the front of the book, and I couldn't find that in the front of the book.

The Chair: Okay. Thank you, Mr. Wallace.

Monsieur Mulcair, s'il vous plaît.

[Translation]

Mr. Thomas Mulcair (Outremont, NDP): Thank you, Mr. Chairman.

Mr. Dinis and Mr. Case, welcome and thank you for your presentations.

I want to go back to the harmonization of the sales tax. I always try to pay careful attention and to respect the fact that you don't work in our area of government activity. I'm trying not to drag you into our battles. However, certain objective aspects of the harmonization file have to guide us in decision-making, and that's why I have to address them with you.

You refer to material or human resources costs as a result of harmonization. The amounts granted to cover the costs incurred for the provinces, in particular British Columbia and Ontario, are amounts that have been paid to those provinces to cover their harmonization efforts. Subsequently, the additional costs you're referring to here today are fixed costs for the Canada Revenue Agency.

Can you tell us whether there is a formula for considering these costs when payment is made to the provinces? In the event Quebec wants to sign a harmonization agreement and continues to collect the harmonized tax, as it is currently doing, it would be important to know how you calculated the amounts in question as objectively as possible. Can you provide us with a summary on that point, Mr. Dinis?

Mr. Filipe Dinis: Mr. Chairman, I can talk about the fixed costs. They are the \$57 million we're discussing today, for approval. There's no formula as such. It varies from case to case based on the circumstances of a file.

Mr. Thomas Mulcair: When you say "a file", are you talking about the transaction conducted with a province?

Mr. Filipe Dinis: That's correct. In that context, we have some experience with other similar projects. We know, for example, how much it will cost to make certain technical changes to our systems, and so on. We follow a process in order to arrive at those costs. We also know in principle how many additional calls we will manage as a result of the change to a certain program. So certain costs are not entirely fixed, but we have a formula to arrive at that. When we prepare that estimate, we don't follow a fixed formula, but rather principles that we've acquired in the past. That's how we arrive at our estimate. In addition, if there are any special cases in certain files, we also have a process for arriving at those costs.

Mr. Thomas Mulcair: Is there a place where a taxpayer or an tax-paying MP can find out how to arrive at exactly that calculation? You refer to different cases. We agree that, when harmonization occurred in Quebec—because harmonization has occurred, as your own documents indicate—it was a series of rules. The rules for the Maritime provinces were different from those prevailing today for British Columbia and Ontario.

Is that indeed what we are to understand?

• (0915)

Mr. Filipe Dinis: Yes. To arrive at the amount in question, \$57 million, we rely on categories such as the communications system, calls, etc. We use certain principles to arrive at those amounts, but these are only costs for the implementation of a program such as this one.

Mr. Thomas Mulcair: Earlier Mr. Wallace referred to major increases in the amounts granted to the Canada Revenue Agency in recent years. You referred to the fact that systems often have to be put in place, whether it be investigation, evaluation, verification or

audit systems, as well as equipment systems, in order to provide follow-up.

Following the widespread media coverage of the case—and we have to be very careful here; I obviously understand that you aren't going to comment on cases and I won't ask you to do so either—of allegations of serious fraud at the Canada Revenue Agency, particularly in Montreal, were increased resources allocated to internal departmental audit and control? If we consider your budgets at the present time and what you've done with the money that has been given to you, have any new and organized efforts been made to deal with this file and to ensure it will never occur again?

[English]

Mr. Filipe Dinis: Mr. Chair, in response to the member's question, I'd like to assure the committee that on an ongoing basis we do realign resources to the areas that are at the highest priority for risk and of concern to the agency. This is one of the areas, so we are realigning resources to address the concerns the member has raised.

[Translation]

Mr. Thomas Mulcair: Could we have some indication of the nature of the resources? Are they human resources, financial resources, IT resources or a combination of those three types of resources?

[English]

Mr. Filipe Dinis: The resources that are being realigned are additional resources from a human resources perspective in particular, but in addition to that, we are making adjustments from a process perspective and a systems perspective as well. It's a combined effort in terms of realigning resources to deal with the priority that has been shared by the member.

[Translation]

Mr. Thomas Mulcair: Over the years, the federal government has worked on the competition file and has gone as far as the Supreme Court to assert its authority in that field. One Supreme Court decision confirmed that it was a federal jurisdiction. So we have a Competition Bureau that enforces a competition act.

With regard to tax fraud, collusion is one of the most important aspects of that act. This has an enormous influence on public expenditures, when there is collusion in a public market with regard to a call for tenders or a request for estimates by a municipality or a province. There was one very specific case concerning the cost of snow removal from Quebec streets, and a \$1 million fine was assessed to a number of businesses that were caught.

Is the Canada Revenue Agency working in close cooperation with the Competition Bureau to screen these files and verify whether everything is going well? The collusion cases were intimately related in this instance because a situation had to be covered up. Are you working on this file with the Competition Bureau?

The Chair: I would ask you to respond very briefly, please.

[English]

Mr. Filipe Dinis: Mr. Chair, I'm not aware, and at this point I'm not in a position to respond to the question. I know we have partnerships with various provincial and other partners. I don't have an answer to the question that has been asked.

The Chair: *Merci.*

We'll go to Mr. Brison, please.

Oh, sorry, Mr. Pacetti.

Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.): Thank you, Mr. Chair.

I thank the witnesses.

I guess the fact that there is a limited number of requests means you're going to get the same question but in a different manner, so going back to the HST implementation, my understanding is that Finance would determine the amount the provinces would receive in terms of compensation. You would not necessarily have any dealings in the negotiating of the sum.

• (0920)

Mr. Filipe Dinis: That's correct.

Mr. Massimo Pacetti: But then it would be up to you to administer the HST and absorb all the costs of implementing that HST harmonization. Wouldn't Finance ask you what that estimate would be? Why, all of a sudden, an extra \$54 million out of the blue, plus \$3 million?

Mr. Filipe Dinis: Mr. Chair, there's obviously a cost to implementing an arrangement, a harmonization program such as this.

Mr. Massimo Pacetti: These are just the incremental costs. An estimate was already involved.

Mr. Filipe Dinis: Right. There were two components. One process the committee has seen before was with respect to being well positioned to have the harmonization of the two taxes in those two provinces in place by July 1, 2010.

This is the funding that's required to administer the program on an ongoing basis, and the \$57 million is in relation to 2010-11.

Mr. Massimo Pacetti: But the original amount, was that in the \$300 million?

Mr. Filipe Dinis: No. The original amount was \$40 million to be able to put the program in place in 2009-10.

Mr. Massimo Pacetti: Then it would be an extra.... So this \$54 million would be recurring, and the \$3 million would not be recurring.

Mr. Filipe Dinis: The \$40 million is not recurring. This is the one that had been approved in the past. The \$57 million is the amount for 2010-11, and in our main estimates that will be tabled shortly we will have the ongoing portion.

Mr. Massimo Pacetti: So the \$54 million and the \$3 million are a cumulative \$57 million? Because if the \$3 million is a capital expenditure, should that not be a one-time expenditure?

Mr. Filipe Dinis: There is an ongoing capital component as well, so out of the \$57 million, \$54 million is operating and \$3 million is capital. In our main estimates, we'll outline the funding for the other

years, and there will also be a division between operating and capital. That's how we show our budgets.

Mr. Massimo Pacetti: Okay. Here's my question. Finance is going to negotiate or legislate certain policy and it's up to CRA to implement it or administer it. For the last couple of years since the Conservatives have been in power, they've been introducing gimmick after gimmick. I've been asking how much they cost.

The costs are astronomical. They don't make any sense, especially when we come to these little gimmicks like the sports tax credit, the tax-free savings account, and the public transit credit. We're never able to get a proper return analysis. There has to be some type of return analysis that you make and recommend to finance officials.

You said today that you're in close collaboration with finance officials. Before somebody would even come out with a policy—and even on the latest one, the harmonization—there has to be a return analysis. Wouldn't it be better to give the provinces \$54 million instead of giving it to the CRA?

Mr. Filipe Dinis: Mr. Chair, as we indicated, the CRA is responsible for administrating the programs—

Mr. Massimo Pacetti: Yes, I understand that part.

Mr. Filipe Dinis: —so we're not in a position to really provide an assessment or evaluation of the programs.

Mr. Massimo Pacetti: Of course you are. You're the one who is going to tell Finance, "This is how much it's going to cost, so we'd probably recommend...". If it's going to cost—

The Chair: You have one minute.

Mr. Massimo Pacetti: Okay. For the tax-free savings account, I don't know what the cost was in advertising, but I think it was almost \$150 million, and it cost another \$50 million to implement it. Meanwhile, nobody is getting a benefit. Why don't we just give the \$200 million back to the taxpayers directly to put in their pockets?

Mr. Filipe Dinis: Mr. Chair, we're in a position to provide estimates on how much it will take to implement the programs. Unfortunately, we wouldn't be in a position to provide an assessment of the program itself.

Mr. Massimo Pacetti: I agree with that part.

At what point do you provide the estimates to the finance officials? Is it after the policy has already been implemented and legislated? It would be prior to that, wouldn't it?

Mr. Filipe Dinis: The estimates we arrive at are arrived at after, and we submit the details of the estimates after the announcement. There may be some discussion prior to that, but I'm not aware of detailed discussions around how much the program would cost.

The Chair: We'll have to come back to this in another round.

Monsieur Paillé, s'il vous plaît.

[Translation]

Mr. Daniel Paillé (Hochelaga, BQ): Mr. Dinis, your English title is chief financial officer. We understand what that means. However, it's more complicated in French. So you are the chief financial officer and you are a member of the agency's senior management. That's what I understand. Do you work in Montreal or in Ottawa?

• (0925)

Mr. Filipe Dinis: In Ottawa.

Mr. Daniel Paillé: If I understand correctly, the \$54 million is for operating expenditures. So that will be a renewable amount. The agency will receive it every year. If we calculate on the basis of the current value of the dollar, \$54 million multiplied by an interest rate over a very long period of time could eventually reach an amount of \$600 million to \$1 billion.

Would that mean that, since the Government of Canada is taking responsibility for the administration resulting from the harmonization of the taxes—in addition to having given \$4.3 billion to Ontario and \$1.6 billion to British Columbia—that will be in addition to what is given to the provinces that have recently harmonized their taxes? There were payments of \$4.3 million and \$1.6 million, but the higher administration costs for the Government of Canada amount, to all intents and purposes, to an expenditure shortfall for Ontario and British Columbia if you yourselves spend those amounts. Is my reasoning accurate?

Mr. Filipe Dinis: I can't comment on the amount that was given to the provinces. However, I can comment on administration costs. As you mentioned, the \$54 million is the amount for the 2010-2011 fiscal year. An amount will be allocated in subsequent years, but it will not necessarily be \$54 million.

Mr. Daniel Paillé: However, there are new employees. You have 80% at one place and 90% at another. You're not hiring them just for one year.

Mr. Filipe Dinis: That's true.

Mr. Daniel Paillé: So I may consider it's fair to say that will be added to the compensation. In 1997, when you gave \$1 billion to New Brunswick, Nova Scotia and Newfoundland, were there any adjustments that increased the costs to the Canada Revenue Agency?

Mr. Filipe Dinis: There were administrative costs, but once again, I can't really comment on the amounts that were granted at that time.

Mr. Daniel Paillé: However, you can say that your administrative costs have increased. So we can say that the provinces have reduced their operating costs. I know you're not going to comment on that either.

If we take it for granted that the federal government recognizes the harmonization with the Government of Quebec, which has been in effect 20 years, and that Quebec will administer the GST and the QST in the context of a harmonized tax, can we not establish that the federal government will reduce its costs through the Canada Revenue Agency?

Mr. Filipe Dinis: I can't really make any comment on that point.

[English]

In that particular case, Mr. Chair, it would be a case of speculating, and I really don't have those numbers with me at this point. I would not want to speculate on the conclusion of something like that.

[Translation]

Mr. Daniel Paillé: You could have answered me, in particular by saying that Quebec is already administering the federal government's GST and that, consequently, the costs will not decline.

Are you consulting the Department of Finance on the harmonization of the GST and QST with Quebec?

Mr. Filipe Dinis: I'm not discussing those matters with the Department of Finance people. In the case of the discussions with the Government of Quebec, it's—

Mr. Daniel Paillé: —the Department of Finance that's taking charge of that.

Mr. Filipe Dinis: Yes, but we have a very close relationship with Quebec's revenue department on the administrative side.

Mr. Daniel Paillé: Earlier my colleague discussed corruption and collusion allegations that were made last fall. We'll talk about that at greater length in the spring. In view of those allegations and the fact that you are the Canada Revenue Agency's chief financial officer, have you taken any action to change the way you operate, particularly in Montreal?

[English]

Mr. Filipe Dinis: Mr. Chair, as I mentioned before, I can share with the committee that we have indeed taken action to reinforce not only the human resources aspect of dealing with that concern but also to make changes to processes and systems to deal with that particular situation.

The Chair: *Merci.*

We'll go to Ms. McLeod, please.

• (0930)

Mrs. Cathy McLeod (Kamloops—Thompson—Cariboo, CPC): Thank you, Mr. Chair.

I'm certainly in direct contrast to my colleague here. I want to say that we are the group that brings in over \$300 billion in revenue and, really, the administrative cost for a very complex tax regime is probably quite reasonable as a percentage.

Would you have any comments? Probably we're the only department coming here and asking for a reduction in terms of the supplementary estimates.

Voices: Oh, oh!

The Chair: Order.

Mr. Filipe Dinis: Mr. Chair, we're quite proud of our success in implementing government policy and programs on a regular basis; there are some significant ones, such as this one, and there are others. We've done it successfully. It's something that we pride ourselves on, on this ability to turn around a big agency such as ours in a timely fashion and be successful in implementing these policy changes.

Mrs. Cathy McLeod: Thank you. I just had to get that on the record.

Here's what I'm very curious about. As we know, the decision to go to an HST is a provincial choice, and the federal government has always supported provincial choice, whether it be in the maritimes very early on or more recently in B.C. and Ontario.

As you're probably also aware, B.C. is going to be dealing with a referendum in terms of potentially reversing that decision around HST. Now, I think, as I listen to the general conversation—which of course is in my province—there's an awareness of that \$1.6 billion that was provided by the feds to the provinces. But I think for a completely informed decision by the general population...and it's not really speculating, because you manage to move from separate to one. Could you talk a little about what will have to happen for it to go from one back to two if the Province of B.C. so chooses?

Mr. Filipe Dinis: Mr. Chair, obviously at the Canada Revenue Agency we're responsible for administering the HST in British Columbia as it stands today, and obviously that is what we will continue to do until such time that circumstances change.

So yes, the member is indeed correct. We are not able to speculate on the outcome of the referendum, and we won't, but having said that, there are certain agreements that we've entered into with the Province of British Columbia, in particular in areas such as human resources agreements, etc. So those and possibly others would have to be looked at when the time comes, if that's where we arrive at.

Mrs. Cathy McLeod: So in these estimates, if you're looking at \$54 billion to move in one direction, of course only a percentage of that relates to British Columbia, but there would probably be significant costs in terms of reversal to move the other way, both for the federal government and the province. Would that be...?

Mr. Filipe Dinis: Mr. Chair, just as a point for clarity, it is \$54 million.

Mrs. Cathy McLeod: Sorry.

Mr. Filipe Dinis: I just don't want to.... With respect to the costs, there is work being undertaken that we had to undertake, given the work that needed to be done, irrespective.... So there will likely be some detangling costs. I just can't speculate at this point in time on what those will be.

Mrs. Cathy McLeod: Just out of a quick curiosity, within the expenditures there was a small pie, and I think it represented \$3.1 million. Perhaps others here know that was related to disbursing for charities. Can you tell me what that is?

Mr. Filipe Dinis: Mr. Chair, could the member point out where exactly that is, please? I don't see anything in the chart.

Mrs. Cathy McLeod: It's the gross budgetary expenditures.

Mr. Filipe Dinis: Mr. Chair, the \$3 million that's being referenced, while not in our supplementaries (C), is a component

of our budget. We in the agency don't have a large component of charities and grants and contribution programs. We do have one item, which is the one that the member has outlined. It's a \$3 million amount and we partner with charities for in terms of creating awareness in terms of the requirements and creating awareness in terms of what's not acceptable and what is acceptable vis-à-vis the administration of charities.

That money, the \$3 million, is the only contribution program we have.

● (0935)

The Chair: Thank you.

Thank you, Ms. McLeod.

We'll go back to Mr. Szabo, please.

Mr. Paul Szabo: In terms of assumptions in doing your estimates or your forecasting, how do you adjust matters for the economic condition of the country? What are the major influences and break points at which you would say we're having more or less activity here, in either ins or outs of dollars?

Mr. Filipe Dinis: Mr. Chair, the forecasting of revenues again is something that is done by the Department of Finance. What we contribute to that discussion is that obviously we are a major player in terms of the collection of revenues for the Government of Canada.

Mr. Paul Szabo: I'm not interested in the volume of activity, but rather the dollar value. Is there a presumption that if the economic fundamentals are down, we're going to have some difficulty in terms of people not filing, or more investigations, etc.? You get the idea.

Mr. Filipe Dinis: Yes. As it relates to that non-revenue aspect on the fiscal framework, in terms of the administration of the programs that we have in place in the agency, as you mentioned, whether it's the number of audits, or our ability to collect, etc., we do undertake a sort of forecasting and look forward in terms of our own operations. Yes, we do take into account the economic conditions of the day and factor that into our estimates.

Mr. Paul Szabo: So what would happen with something like the voluntary disclosure program when times are good, versus times that are not so good for personal finance?

Mr. Filipe Dinis: Unfortunately, specifically related to how the voluntary disclosure program forecasts or looks at their planning aspect, I don't have that information, but I can provide it to the committee.

Mr. Paul Szabo: Okay. How about in terms of the number of investigations when the economy is robust or when it's not robust? What are your presumptions or historical experience with regard to the number of investigations that would have to be triggered?

Mr. Filipe Dinis: Again, in terms of the program itself, I would not want to share with the committee any information that's not accurate. I would have to get back to you in terms of the investigations, etc., and do the program experts see a shift in terms of the numbers.... I don't have those with me.

Mr. Paul Szabo: Let's say generally. You must have some idea of that when the economy is in good condition versus a down economy. What does that do to the level of activity at CRA?

Mr. Filipe Dinis: Definitely in certain programs, probably there is a slight adjustment that is seen in terms of, for example, our collections activities. We need to continue to put emphasis on those and, in relation to that, the willingness to pay the fair share of one's assessment up front, so there's probably additional effort on the back end if you will on the collection side.

Mr. Paul Szabo: What has been the experience with regard to whistleblowers?

Mr. Filipe Dinis: I don't have that information. I'd have to come back to the committee with that. That's a specific program within the agency and unfortunately I don't have that information.

Mr. Paul Szabo: But it's related to investigations, which is related to your cost of operation and your human resources requirements. You need to have a sense, no?

Mr. Filipe Dinis: I don't have a sense of the volume on the whistleblower program, to be honest with you.

Mr. Paul Szabo: All right. This is my last question, Mr. Chairman.

Last week, I had a gentleman come to me. It was an HST alleged fraud of \$7 million. It involved two national corporations and someone who positioned himself as a broker in between. All of the information, stacks of information, were provided to CRA. There has been no response whatsoever. I can only assume that CRA has a policy with regard to confirming or denying receipt of information and whether anything is going on. Do you know what that is?

Mr. Filipe Dinis: There is likely a policy in terms of the procedures that need to be followed in a situation like that. Again, as the non-legal person within the CRA in my role, I don't have an answer for you with respect to what that policy is.

• (0940)

Mr. Paul Szabo: Okay. You have undertaken, or indicated you could...there are two or three things that I'd ask if you would please respond to, and maybe the clerk can confirm to the witness the questions that he could get.... I would be very interested to know, because we should have an understanding of, generally, when the economy moves through the spectrum of its performance, what the impacts are on CRA's activities and its human resources requirements. It's pretty critical.

The Chair: Thank you, Mr. Szabo.

Mr. Wallace, briefly, and then Ms. Glover.

Mr. Mike Wallace: I need to apologize to my colleagues who are here at the table. I was looking at pages 68 to 81 for transfers. There actually is a page 66 and it does show the transfer, so it is in the book. Thank you very much.

The Chair: Thank you, Mr. Wallace, for that clarification.

Ms. Glover has the floor.

Mrs. Shelly Glover (Saint Boniface, CPC): I think it's my turn.

I want to welcome you here again.

I do want to turn to page 66, if you wouldn't mind. I would like to understand the difference between what's in the estimate on the estimate sheet when we refer to the horizontal item, and what's referred to on page 66, the \$63 million. I want to understand why the estimates indicate \$57 million. I understand part of it is capital and part of it is the \$54 million we've been referring to continually, but that doesn't reflect the \$63 million that's on page 66. I'm just wondering what the difference is.

Mr. Filipe Dinis: Mr. Chair, the clarification on that particular page relates to the total amount. The \$63 million is the total amount that is required for the implementation of the harmonized sales tax in Ontario and B.C. for the three departments/agencies involved. There is the Canada Revenue Agency, which is the \$57 million, which is the one that's in our supplementary estimates (C), and I would suspect that under the Canada Border Services Agency and Statistics Canada, in their supplementary estimates (C), you would see an equivalent, those same amounts reflected in their particular supplementary estimates (C).

Mrs. Shelly Glover: Thank you. I know that you referred to the Canada Border Services Agency earlier.

If we go back to the capital, the \$3 million, I'd like to understand, because you said it was recurring. I'm curious and will follow up on Mr. Pacetti's question: what is that recurring capital expense?

Mr. Richard Case: We have yet to establish the requirement for future years with respect to the capital vote. That's something that will be discussed in the context of our 2011-12 main estimates and in future years. That full amount may in fact not be recurring. There is a significant amount of systems modification that had to take place this year in order to accommodate the new HST in Ontario and B.C. Those are capital types of expenditures because of their magnitude, and therefore—

Mrs. Shelly Glover: I'm sorry, but I want to interrupt because I don't have much time. I'm a really direct woman, and I apologize for being that way, but if you're asking us to pay for something, I want to know what it's for. If we don't have an assessment of what it's needed for, then I frankly don't really want to put money into something when I'm not sure what it is. Can you tell me what it's for?

Mr. Richard Case: Yes. It is for our computer systems. We have a number of computer systems that need to be modified in order to accommodate the changes and the complexities related to the HST. Those are the investments that, under accounting policy, need to be capitalized and therefore reflected in that particular vote.

Mrs. Shelly Glover: But what I'm not understanding is... I'm with Mr. Pacetti on this. Computers are a one-time shot. Are you saying that you need software every year to the tune of \$3 million, that it is a recurring expense?

Mr. Richard Case: We have not established our requirement for future years yet. This \$3 million is just for 2010-11. That's the actual expenditure in 2010-11. That is the genuine capital investment that we have to make in 2010-11. It doesn't represent the ongoing amount.

Mrs. Shelly Glover: I would like to know how many employees work with the CRA.

Mr. Filipe Dinis: We have approximately 43,000 employees across the country.

Mrs. Shelly Glover: I can't possibly imagine how much criticism they get over their time, so please pass on from us that we know they're doing a very good job. For the most part, they take a lot of unnecessary criticism, and I personally want to thank them, because I know they work very hard for us, and Canadians certainly appreciate the work they get from those public servants.

Thank you.

• (0945)

The Chair: Thank you, Ms. Glover.

We'll go to Mr. Pacetti.

Mr. Massimo Pacetti: Thank you, Mr. Chair.

I guess my question goes more towards the allegations of the corruption inside Revenue Canada. I think some of my colleagues referred to it already, and I think your answer was that you have everything under control.

If you have everything under control... For me, the solution would be quite easy. You would either fire everybody, so you would probably ask for less money, or you would hire additional staff and you would ask for more money. I don't happen to see that in the supplementaries, so I'd like your comments on that.

Mr. Filipe Dinis: Mr. Chair, in response to the previous questions, I mentioned that the agency was taking this very seriously. We are taking measures from various perspectives to deal with the issue. It's an ongoing effort.

We have a workforce of 43,000 employees, as I just referenced, and in any large organization such as one with 43,000 employees, unfortunately there are some employees who don't respect the CRA's code of conduct. We have a long history of being able to take these matters seriously, and we take action. We will continue to do so.

Mr. Massimo Pacetti: Fine. So what are some of those actions? What are some of those measures? Wouldn't you have to incur additional costs whatever those measures were to be?

Mr. Filipe Dinis: Mr. Chair, we have a capacity within the agency and we conduct this on a regular basis. It's part of our day-to-day business in terms of looking into those kinds of allegations, and that's exactly what we're doing.

Mr. Massimo Pacetti: So what has happened recently is not something that's unusual? Is that what you're saying?

Mr. Filipe Dinis: Mr. Chair, I don't want to go too far in commenting on—

Mr. Massimo Pacetti: Well, you haven't gone anywhere, so if you could just answer the question directly, we can move on. I mean, the problem is in trying to understand, because again, we're here for estimates, and next year we're going to get a nice big bill, and it will be a shock and a surprise to us.

Mr. Filipe Dinis: As it relates to the estimates and the financial implications, as I referenced, the agency has a capacity and it's part of our doing business to look into those kinds of allegations, which at times results in dismissals. We plan to continue to do that within the capacity that we've had in the agency for a while.

Mr. Massimo Pacetti: You don't seem to be worried that it's systemic and that it's something that runs rampant throughout the CRA. Do you think it's just an isolated case?

Mr. Filipe Dinis: The agency is always concerned with those kinds of allegations. We have a history of taking action on them. Yes, we are concerned, but at the same time, we are putting measures in place to avoid similar situations in the future. In the interim, we are taking action where action is required.

Mr. Massimo Pacetti: Okay. Do those measures require additional funds?

Mr. Filipe Dinis: At this point in time, those measures don't require additional funds because they are part of what the agency does on a regular basis in terms of investigating and moving forward with improving our processes.

Mr. Massimo Pacetti: Thank you.

The Chair: Thank you, Mr. Pacetti.

I just want to follow up on one question.

Why are you being so cautious with us in terms of providing details in response to the questions that Mr. Pacetti is asking? Is there a reason that we should be aware of?

Mr. Filipe Dinis: Mr. Chair, my understanding from the media is that there is a motion under consideration by the committee, and I just wanted to be respectful of that particular discussion.

The Chair: Okay. I may follow up on that.

I'll go to Ms. Block, please.

Mrs. Kelly Block (Saskatoon—Rosetown—Biggar, CPC): Thank you very much, Mr. Chair.

I'd like to join my colleagues in welcoming you here this morning.

I, too, want to follow up on a comment that my colleague Mr. Pacetti made in terms of the gimmicks, in his characterization, that this government has initiated.

In the time since we have formed the government, we've made 120 tax reductions for Canadians. This has reduced the overall burden on Canadians to its lowest in 50 years. We reach tax freedom day 21 days earlier than we did in 2005. The average family has up to an additional \$3,000 in their pockets annually.

An hon. member: Hear, hear!

Mrs. Kelly Block: I think those “gimmicks” have really resulted in some savings for Canadians. I just wanted to make that point and get that on the record.

I am very interested in the discussion that we've had today about the HST. You briefly referenced Nova Scotia's affordable living tax credit, which is supported through these votes that we're discussing.

In your opening comments, you also stated that the HST for Ontario and British Columbia, as well as the new affordable living tax credit for Nova Scotia, have resulted in a significant increase in the agency's workload across a number of core programs. As mentioned by my colleagues, the HST is a choice the provinces can make, but it does have an impact on the CRA.

I'm wondering if you could briefly describe for me Nova Scotia's affordable living tax and approximately what proportion of these funds would be used for the administration of this tax credit.

• (0950)

Mr. Richard Case: At this point in time, we don't have the costs separated out for that particular credit. We assessed our workload requirements on the whole over the three provinces, so at this point in time we don't have a separate cost related to the Nova Scotia affordable living tax credit.

But it is a program that we began delivering in July 2010. It is very much aligned with the GST credit that the federal government was already delivering across Canada. As I understand it, under that particular Nova Scotia program, eligible households receive about \$240 plus \$57 for each dependent child. That goes to households with net incomes of less than \$30,000. It is very similar to the GST credit. It is a supplement that the Province of Nova Scotia is giving to low-income households.

Mrs. Kelly Block: Just to follow up on that, it's my understanding that Nova Scotia has the HST, that this was an additional decision taken by Nova Scotia, which then has an impact on the CRA. In terms of the autonomy that we talk about for provinces when it comes to the HST, there's a similar autonomy to take decisions like this that will result in an impact for the CRA down the road. Is that correct?

Mr. Richard Case: That's correct. Under the HST regime, the provinces have a certain amount of autonomy, a certain amount of ability to design its aspect of that harmonized tax and to decide to issue credits like this, should they so desire. Under our agreement with the provinces, we will administer that credit at the same time in a harmonized way with the federal component.

Mrs. Kelly Block: Thank you.

The Chair: Thank you, Ms. Block.

Monsieur Mulcair, s'il vous plaît.

[Translation]

Mr. Thomas Mulcair: I'm immediately going to return to Mr. Dinis and to a question by Mr. Pacetti which he didn't answer. In his answer, he mentioned something that he had read in the media and that concerned the business of our committee. Although I thank him for caring, I would like to remind him that he is here to give us answers. If he is genuinely concerned about respecting our

parliamentary committee and respecting us as elected representatives of the people, I would like him to start giving us some answers

Earlier he referred to dismissals. He used the English word dismissals. How many people have been dismissed as a result of the incidents we are all discussing here today, that is to say the allegations of serious fraud at the Canada Revenue Agency in Montreal?

[English]

Mr. Filipe Dinis: Mr. Chair, again, I'd like to come back to the committee with that specific number. I want to make sure that I provide the committee with accurate figures. I don't have them with me today.

• (0955)

[Translation]

Mr. Thomas Mulcair: We eagerly await them. You'll submit them to the committee clerk as soon as possible.

Mr. Filipe Dinis: Yes, of course.

Mr. Thomas Mulcair: Starting today, I would like to get rid of a strange feeling that I get while listening to you. We're here today with the most senior officers of the Canada Revenue Agency, for whom I have only the greatest personal respect. Here we're talking about the columns of the temple that have been shaken. This is indeed one of the most important government institutions. You can't operate a modern state if you can't collect taxes, if there is collusion in such a crucially important industry as the construction industry, if people are establishing fake companies, empty shells, and manage to establish—and this is clearly the case here—a collaborative or collusive relationship with people at a revenue agency. This has never happened in the entire history of Canada.

I'm baffled by your attitude, which is to shrug your shoulders and tell us that there's that, that you don't need to ask us for one cent more, that you'll do what you usually do and reallocate... If that's what you do every day, I'm very concerned. When Mr. Paillé raised the possibility of introducing his motion, I was one of the first to agree, for the good and simple reason that the institution you represent is part of the very basis of a government's ability to operate, in this case the Government of Canada.

I'd like you to tell us how concerned you are about what has happened and what concrete measures you've taken to determine how it could have occurred and to ensure it doesn't occur again. There's something corporate in your answer. One might almost say we're dealing with members of a guild who are protecting themselves. I'm not at all satisfied with the seriousness and conviction of your answers. I'd really like to hear you reassure us, tell us that you've grasped the seriousness of the situation and that you are taking measures to address it. If you need us as elected members to provide you with more resources, tell us.

[English]

Mr. Filipe Dinis: Mr. Chair, I want to reinforce and echo the member's assessment that we are extremely focused on the need to maintain our very strong reputation in the agency and what we do. We are very much focused on taking action to maintain our strong reputation, which we believe we have.

We have taken measures in terms of being proactive in looking into the cases and the allegations that have been brought forward. All allegations are looked at seriously. With the resources that we have, we've refocused some of our investigation capacity from lower priorities to higher priorities.

So as a concrete example, just to demonstrate, obviously as an organization of our size we have investigation capacity, both from an employee perspective and from a review of files, etc. We have increased our resources in terms of shifting resources from the lower priorities within the agency to focus on this particular case. We are also looking at what kind of system changes we need to undertake in the agency to be able to detect on a more timely and proactive basis situations like the one that's been referenced.

We are looking at areas such as segregation of duties, for example. What I mean by segregation of duties, Mr. Chair, is basically ensuring that in certain of our functions the same person does not have the ability to make various decisions throughout the process.

All of these measures are being looked at. We're increasing our resources in those areas and what we're doing is basically shifting resources from lower priorities.

The Chair: *Merci.*

We'll go to Mr. Brison, please.

Hon. Scott Brison (Kings—Hants, Lib.): Mr. Dinis, earlier today in your response to a question, you said that you were sensitive to media reports around certain motions of this committee and that prevented you from answering the question. Is that right? Am I representing correctly what you said?

Mr. Filipe Dinis: Mr. Chair, the only clarification I would bring to that is that it's not that it was preventing me from elaborating; it was just that I wanted to be respectful of the fact that I was in front of the committee today to really discuss supps (C), and that was the preparation I had undertaken. With that in mind, I just wanted to be respectful of any pending discussions.

•(1000)

Hon. Scott Brison: I don't understand what you just said, to be honest. Did you or did you not earlier say that you were being sensitive to media reports around certain motions and that affected your ability to answer questions?

Mr. Filipe Dinis: I was indeed sensitive to media reports that there was a possibility of a motion in front of the committee.

Hon. Scott Brison: Respectfully, you have a responsibility as a public servant before a parliamentary committee to answer questions to the best of your ability, as thoroughly as you're able, with all the information you have, and you should not be guided by or impeded by sensitivity to media reports about certain motions.

This committee is able to and will continue to do its business, and there will be motions from this committee, but your responsibility is to provide, in as fulsome a manner as possible, what you know to this committee in response to questions. Would you agree with that?

Mr. Filipe Dinis: Mr. Chair, I do agree with that, and the responses that I've provided on this particular issue here today are very much in line with what I'm aware of. I'm committed to continue doing that here today.

Hon. Scott Brison: So shall we say that you're over your sensitivity to media reports?

Some hon. members: Oh, oh!

Mr. Filipe Dinis: I've provided what I believe to be a more detailed response to Mr. Mulcair's question on this particular issue.

The Chair: Are there any further questions, Mr. Brison?

Hon. Scott Brison: Perhaps one of my colleagues would like to...

The Chair: I can give a minute and a half.

Mr. Paul Szabo: Yes. We had a nice conversation earlier before the meeting started, and part of it was the education process, so maybe you need an opportunity to explain to the committee the kinds of things that you want to be sure you don't opine upon, which are not your responsibility or may be misconstrued if you're pressed on something.

Are you being consistent in your approach to this? Or is this particular incident of a motion and an issue about release and access and information just being in the media somehow influencing your making the decision yourself that you're taking a different approach here on your own volition but not as a policy matter?

Mr. Filipe Dinis: Mr. Chair, I'm bringing clarity to the situation. I was really preparing myself to respond to the issues under the supplementary estimates (C).

Mr. Paul Szabo: Sure. Fine.

Mr. Filipe Dinis: Having said that—

The Chair: I think we should let him—

Mr. Paul Szabo: No, no, but now I understand. He's.... The word "sensitivity" doesn't translate here, okay, that you were sensitive...I need a synonym. Tell us, what is it about this issue about the parliamentary right to have information that—

The Chair: Okay.

Mr. Paul Szabo —has to do with you?

The Chair: There's a very brief time left, Mr. Dinis. We'll give you time to respond.

Mr. Filipe Dinis: Okay. It was really the...it was being sensitive and being respectful of the committee.

The Chair: Okay. Thank you.

Monsieur Carrier.

[*Translation*]

Mr. Robert Carrier: I'm going to share my time with my colleague.

Mr. Dinis, we parliamentarians are facing a virtual absence of answers from the government when we ask questions in the House. I'd like to go back to the harmonization issue. This is another file. We have before us a request for additional funding, which intrigues me. You're our non-political source of information. I understand that you didn't want to talk about the political decision and orientation, but we should at least get some information.

I'd like to know whether the government is interested in harmonization. There was to be additional revenue, not just additional expenditures. We know the additional expenditures; there has been a compensatory subsidy granted to the provinces that have agreed to harmonize. You also have additional operating expenditures.

Are there any revenues for the government when taxes are harmonized? Is that profitable or is it simply an expenditure that is withdrawn from the provinces and transferred to the federal government?

• (1005)

[English]

Mr. Filipe Dinis: I don't have a figure on the additional revenues, but what I'd like to share with the committee and the member is that from a provincial credit return perspective, the amount of processing we're expecting to be undertaken by the agency is expected to grow from \$17.4 billion in 2008-09 to approximately \$65 billion annually. As a result, there will be some additional compliance activities.

So while I don't have the overall number for you, I would like to provide an example on the credit side, the provincial credit returns, where the number is going to go up significantly.

[Translation]

Mr. Robert Carrier: You're concluding that additional revenues are anticipated by the government, aren't you?

[English]

Mr. Filipe Dinis: I will have to get back to you on that.

[Translation]

Mr. Robert Carrier: I'd really like to have some figures because that's the only way we can—

[English]

Mr. Filipe Dinis: I'll commit to getting back to the committee with those figures.

[Translation]

Mr. Robert Carrier: Without addressing the political aspect, let's talk about the case of Quebec, which wants to retain administration of the harmonized tax. If I understand correctly, rather than resulting in additional expenditures, that may mean reduced expenditures for your agency. That would be the case if all this administration were retained by another province. Have you done the same analysis?

Mr. Filipe Dinis: Mr. Chairman, can the member repeat his question, please?

Mr. Robert Carrier: You're showing us that the harmonization of the taxes results in additional expenditures, that you're asking us to approve. If a province with which there is no harmonization agreement wants to retain administration of a harmonized tax, that means that you won't be submitting any additional expenditures to us. The reverse will be the case; you'll be giving us some good news.

Mr. Filipe Dinis: In that situation, Mr. Chairman, I don't really know whether there would be a reduction or additional costs. We'd have to see. That's the case of the province of Quebec. In that case, there may be adjustments, but as you know, Quebec is currently receiving financial compensation for the administration of the QST. This would have to be viewed in that context.

Mr. Robert Carrier: I'm going to give my colleague the rest of my time.

[English]

The Chair: You have 30 seconds.

[Translation]

Mr. Daniel Paillé: Yes, I'll only use 30 seconds in view of the quality of the answers.

You're the chief financial officer of a company, sir. You are concerned about information. You're here before the shareholders, or before the creditors. You're like a corporate audit committee. If you were the chief financial officer of a publicly traded company, you wouldn't pass the transparency and ethics tests. I'd like to be able to reflect on that.

[English]

The Chair: Would you like to respond, Mr. Dinis?

Mr. Filipe Dinis: Mr. Chair, I am committed to providing the responses to the best of my ability. I believe that I've done so today, and I hopefully will continue to do so in future appearances.

The Chair: Thank you.

We'll go to Ms. McLeod, and then to Mr. Hiebert.

Mrs. Cathy McLeod: Thank you. I'll be sharing my time.

First of all, I do want to comment generally. I appreciate that today was focused on the supplementary estimates (C). The other issues are quite complex and I think do require more comprehensive time to prepare.

My quick question goes back to this harmonization issue. So 5% and 7% are now harmonized and it's 13%. We collect it in B.C., in Ontario, and in the case of many provinces, on behalf of the province. If the sales tax in the province is 7%, is it a straight in and out? Or is there any administrative charge taken off the top to do that? In B.C. the sales tax is 7%. Do we collect it for them and they get the full 7% back?

• (1010)

Mr. Richard Case: There is no charge or administrative charge or commission or anything like that taken. There is a formula that has been developed by our colleagues in the Department of Finance to determine the appropriate allocation to the provinces of the revenue that we collect. So there is sort of a complex formula, I would imagine, that has been developed to look at the total pool of revenue that is brought in now by the agency in a harmonized fashion to determine the appropriate allocation of those revenues back to the appropriate province.

Mrs. Cathy McLeod: So would it be fair to say that the entire cost of now administering HST has not shifted? It is perhaps offset somewhat by the sales taxes from the provinces that come in to the government in that complex formula. Is that....?

Mr. Richard Case: In terms of the revenue versus the administration cost—our operating cost—those are two entirely separate calculations. The revenue is one thing, and there is a way the Department of Finance deals with and distributes the revenue. With regard to any incremental costs there might be for the CRA to administer that harmonized tax, that is a separate analysis that is done by the agency, and funding is provided through estimates like this for our operations. The two aren't connected.

The Chair: Mr. Hiebert, you have a little over two minutes.

Mr. Russ Hiebert (South Surrey—White Rock—Cloverdale, CPC): Thank you.

I'm just looking at the notes. There is an item under transfer payments, other transfer payments, statutory payments, and it references the "Children's Special Allowance payments", at \$225 million. Can you just help us understand what that money is for?

Mr. Filipe Dinis: Mr. Chair, the money is for... I'll give you a point of reference. In 2009-10 there were 53,844 children in custody of individuals or institutions. In 2010-11 the number was 54,975, for an increase of 2%. This is an allocation that's being provided to the institutions in order to provide care for those children.

Mr. Russ Hiebert: That's coming from CRA?

Mr. Filipe Dinis: The CRA administers that program.

Mr. Russ Hiebert: So it's money that's coming from human resources and development through CRA to the children or...? I don't understand why this would not be under HRSDC.

Mr. Richard Case: This is an extension of the Canada child tax benefit that's administered by the CRA to individual families. But in the instances where there are children in custody—so that's not a family setting, but children in custody—there is a separate piece of legislation that authorizes the CRA to make similar payments to those individuals and institutions. It's a statutory payment under law.

Mr. Russ Hiebert: That makes sense.

Just briefly, I notice that salaries and wages are up by \$37 million, transportation is up by \$7 million, and and rentals are up by \$13 million. If put in context, those aren't large amounts in reference to the original authorities that were granted, but can you comment on why those increases are there?

Mr. Filipe Dinis: The increase in wages is the 1.5% increase the employees have received. As it relates to the operating expenditures, etc., it probably reflects the renewal of certain large contracts we have that are covered under the operating budget.

Mr. Russ Hiebert: Just going back, a 1.5% increase? I thought the budgets were frozen.

Mr. Filipe Dinis: The budgets of the departments are frozen, but departments are still obligated to respect the 1.5% increase.

The Chair: Thank you.

We'll go to Mr. Szabo again, please.

•(1015)

Mr. Paul Szabo: In your preparation for today's meeting, did you have a group meeting to review the material?

Mr. Filipe Dinis: Mr. Chair, I did not. I reviewed the material that was prepared, in consultation with my colleague, Mr. Case.

Mr. Paul Szabo: Did you meet with anybody to consult about your appearance today?

Mr. Filipe Dinis: I met with our parliamentary affairs folks who basically assemble the information and prepare the binders for me in terms of getting ready for the committee appearance on the supplementary estimates (C).

Mr. Paul Szabo: Whom do you report to?

Mr. Filipe Dinis: I report to the commissioner of the CRA.

Mr. Paul Szabo: Did you meet with the commissioner?

Mr. Filipe Dinis: I meet with the commissioner on a regular basis. I didn't meet with the commissioner specifically on the appearance before the committee.

Mr. Paul Szabo: Did anyone directly or indirectly advise you or suggest to you what you might want to do or not do at this meeting?

Mr. Filipe Dinis: Mr. Chair, the discussions I had in terms of coming to the committee were in the context of the supplementary estimates (C). In addition to that, the only advice I always get is to be truthful and open with the committee to the extent that I can be.

Mr. Paul Szabo: In preparation, did you have a list of anticipated questions and answers?

Mr. Filipe Dinis: In the context of the supplementary estimates (C), I did.

Mr. Paul Szabo: Were any of those matters related to responses to matters outside the specific numeric exercise?

Mr. Filipe Dinis: Mr. Chair, no, what I have is in the context of the supplementary estimates (C).

Mr. Paul Szabo: Mr. Pacetti will use the rest of the time.

The Chair: You have a little over three minutes.

Mr. Massimo Pacetti: I don't see the agency as having cabinet confidence where there are areas you wouldn't be able to discuss. I don't want to put words in your mouth, but I imagine there would be areas or things that the CRA would not want to discuss so that it's not public in terms of its detailed operations, but I don't think there's been anything discussed here that's been a cabinet confidence.

Mr. Filipe Dinis: Mr. Chair, we are very sensitive in the agency to the information that we hold as it relates to specific taxpayer information, obviously. We respect that. In our language, it's our section 241. Obviously, given the information that we hold, we are very, very sensitive to maintaining the trust, as one member indicated earlier, of the institution of the CRA. We adhere to that.

We are also very sensitive in the public domain vis-à-vis the privacy concerns, again, in terms of individuals or any files that we're dealing with on an individual basis. We believe strongly that's a cornerstone of what we do and of our reputation. We adhere to those principles.

Mr. Massimo Pacetti: That's what I would think, but I don't think there's been any questioning from any member of the committee in terms of specific individuals or specific privacy concerns. It's basically operational concerns. We haven't necessarily gotten direct answers. As some of the other members have said, we're here to try to help you, and if you do need more resources, we're willing to look at it.

We've been going around in circles. I think you have had questions from both sides, so I don't think it's a matter of being partisan, but it's a question of trying to get the CRA to work more efficiently.

My question is directed more to what Mr. Wallace was asking initially in terms of the CRA having more debts and more outstanding debts to collect, and meanwhile you're getting more resources year in and year out. Add to that the fact that there are some internal problems at the CRA. Is the CRA able to handle these hiccups? Do you have enough resources to do so? I think we're all having trouble with that. We're not getting our heads around it.

Mr. Filipe Dinis: Mr. Chair, we believe we're well positioned to deal with the concern that has been raised. In terms of the efficiencies, we have a large budget, but we also manage it very effectively, and what we do on an annual and regular basis is to realign our dollars and cents, our priorities, as we need to realign them. Currently in the context of the challenge that has been shared vis-à-vis the situation in Montreal, we have realigned resources from within the agency to address that particular challenge.

• (1020)

Mr. Massimo Pacetti: As an MP and also as an accountant, in terms of the complaints I get, besides those concerning immigration, those about CRA have been going up and up and up, with regard to all facets, whether it's compliance, timeliness, collections, or you name it. That's not something I want to just throw at you, but it's a problem that I have from both sides.

The Chair: Thank you.

Mr. Dinis, do you want to respond briefly?

Mr. Filipe Dinis: I will, very quickly, if I may, Mr. Chair. We obviously take complaints seriously, so that's something we continue to focus on. We are a large organization, and we try to address all of the complaints that are brought to our attention.

The Chair: Thank you.

We'll go to Ms. Glover, please.

Mrs. Shelly Glover: Thank you, Mr. Chair.

I just want to make sure that I am also understanding, because it seems to me what I'm hearing on this side of the room isn't what they're hearing on the other side of the room. I'm not sure why there's a disconnect.

I heard you very clearly state that you prepared for a specific reason to come before committee today and that there is other

information being asked of you today on which you're absolutely willing to get back to the committee, which we appreciate. I believe you've been open. You said you're not sure exactly what it is that the numbers are reflecting with regard to questions that my colleagues are asking, and I appreciate that.

I don't think I've heard you say that you're not willing to come back. I don't think I've heard you say that you're not willing to look into the matter. I think you've been very forthright about that and I appreciate that. I personally cannot expect you to know everything that goes on in CRA, with 43,000 employees, and expect you to answer every single thing that might come up in a committee meeting.

Is that what you've said here today? Am I correct in my reiteration of what I've heard on this side of the room?

Mr. Filipe Dinis: Mr. Chair, I am committed to providing the responses to all of the questions that are asked. In some cases, there were questions to which I did not have the answer, but I'm committed to coming back to the committee, as we have in the past, with timely responses.

For questions that were asked, as well, I've tried to provide as much detail as I can vis-à-vis the particular file, and I'll continue to do so. I've been in front of this committee several times. I remain committed to providing the answers to all of the questions, and if I don't have them, again, I believe we have a strong record of providing responses in a timely fashion to the committee.

Mrs. Shelly Glover: Thank you. I think that's pretty clear for everyone. I appreciate that.

Can I ask you a question about something you said right off the bat? You said that with regard to the employees who were transferred from the provinces to the feds, it was 80% in Ontario. Did I understand correctly what you said? You said that in B.C. it was 99%. So what happened with the other 20% in Ontario? Was that attrition?

Mr. Filipe Dinis: Mr. Chair, there's a combination. There was indeed attrition. Some of the individuals, given where they were in their careers, determined that they did not want to join the agency, because these individuals would indeed have become CRA employees, as some have. Due to a variety of factors, they decided not to accept the job offers that we made to them.

I've also indicated that there are other points in time coming up where a few additional job offers will be made to employees. Our projection is that in British Columbia, for example, without necessarily speculating too much, there's going to be a 98% acceptance of our job offers. In the context of Ontario, we are projecting that there will be an approximately 90% acceptance rate as we move forward with making those additional job offers. Those who don't accept do not for a variety of reasons, one of which is the point they are at in their careers.

Mrs. Shelly Glover: That's very good. I just wanted to clarify that, because we know how important jobs are at this very fragile time in the economy, and it's nice to hear that the families in those two provinces who are directly linked to this decision have not in fact been negatively impacted by it, particularly because of our economic situation. I appreciate that information.

Those are my questions, Mr. Chair.

Would anyone on my side like to take the rest of my time?

• (1025)

The Chair: There's one minute left, if there's a brief question.

No? Okay. Thank you.

We'll go back to Mr. Szabo.

Mr. Paul Szabo: With regard to the operational costs of CRA, what percentage is related to human resources?

Mr. Filipe Dinis: Our salary envelope is approximately 70% of our overall budget of \$4 billion.

Mr. Paul Szabo: What proportion of our human resources costs are related to investigations?

Mr. Filipe Dinis: Mr. Chair, I'd have to come back with that detailed amount. I don't have that here.

I can share with the committee that we have increased our resources by 10% in the investigations area.

Mr. Paul Szabo: Over what period?

Mr. Filipe Dinis: Within the last 12 months.

Mr. Paul Szabo: Really? You had a 10% increase in a year in human resources costs in investigations?

Mr. Filipe Dinis: We've realigned those resources from other priorities, as I indicated before. We just want to make sure that we are taking the necessary steps to deal with—

Mr. Paul Szabo: Okay, but what I'm getting at is that all of a sudden the activities of CRA have had a significant shift in the last 12 months.

Mr. Filipe Dinis: That's with respect to the increased focus on investigations.

Mr. Paul Szabo: On investigations, yes.

Now, I asked you earlier what happens when the economy is robust or when it's not doing so well, and how that affects your activities. You said that you didn't know.

Mr. Filipe Dinis: Well, Mr. Chair, in terms of the investigations—maybe I should bring clarity here—that's in terms of the internal investigations we do as opposed to the investigations from an audit perspective.

Mr. Paul Szabo: What's the difference? An investigation is...the system seems to be frustrated or not working, and we have to fix it. This is non-productive work, really, other than trying to get recovery.

It's very significant.

I would have thought you would have known. That should be part of the education process here.

With regard to the shift into the HST, and relative to what was occurring during the GST, what was the experience with regard to investigations when we shifted into HST in a number of provinces in terms of the number of incremental...? When you change a system, people test the system out. What was the experience in terms of problems to be investigated?

Mr. Filipe Dinis: Mr. Chair, I don't have that response. It really is a program-focused question in terms of the compliance or levels of non-compliance with regard to the HST. I don't have that response.

Mr. Paul Szabo: Finally, in terms of recoveries, when we do investigations, we often find that we can recover taxes owing and/or interest and penalties. What has been the recovery rate compared with the cost of the investigations?

Mr. Filipe Dinis: Again, that's very much, unfortunately, a program-specific question on our compliance programs area. I would have to get that information for you. I don't have the information.

Mr. Paul Szabo: Do you have any idea whether or not we recoup the cost of investigations?

Mr. Filipe Dinis: Again, I'd hesitate to speculate. I'd want to get details—

Mr. Paul Szabo: But you're the CFO. You have to know these things.

Mr. Filipe Dinis: Indeed I am the CFO. We are, however, a very large organization, and we have various programs within the agency. Unfortunately, I don't have the information as it relates to the compliance programs area, etc. I do commit to coming back to the committee with a response.

Mr. Paul Szabo: Who would have that? Who would have that information?

Mr. Filipe Dinis: We have various programs within the agency, and they're headed by assistant commissioners of the various programs. One of the areas is the compliance programs branch. I would have to seek that information from that particular program.

Mr. Paul Szabo: Or person; doesn't it funnel up to a person?

Mr. Filipe Dinis: Ultimately there is a person—that would be the assistant commissioner of compliance programs branch—but it's a large organization. That information has to be compiled and presented to the committee.

Mr. Paul Szabo: Mr. Dinis, I can tell you that I am not frustrated but I am surprised that you do not have personal knowledge, as the CFO, of the fundamental statistical performance measures of the CRA. That, sir, is very important to this committee, and I think we're going to need some explanation as to why. Unfortunately, it leads to a credibility issue. This committee has reflected that in some of its questioning.

I hope you understand that what's happened today is not acceptable.

• (1030)

The Chair: Thank you.

Mr. Dinis, do you want to respond?

Mr. Filipe Dinis: I understand the need to provide the committee with proper responses, Mr. Chair, and we commit to doing that. I simply don't have all of the information on some of the questions that were presented today.

The Chair: Okay.

I have a few questions.

Ms. McLeod, did you have a brief one?

Mrs. Cathy McLeod: I have one quick general question.

Mr. Szabo indicated surprise in terms of the fact that we have increased investigations. We have been studying tax havens right now and the whole issue around tax havens, and how having appropriate manpower and investigation pays off in actual spades in terms of recapturing some of that revenue loss. I was surprised when he expressed surprise about increased manpower in that area, when we clearly heard that we've increased manpower in that area.

Could you quickly respond to that piece? That is my only comment.

Mr. Filipe Dinis: Mr. Chair, as I indicated, there are two aspects to the investigations. One aspect is investigations of our internal employees and their not respecting the code of conduct. There, we have shifted resources to make sure that we are looking at the serious offences as opposed to the less serious ones. There has been a shift there.

In addition to that, there is always an increased focus on the audit activities and investigations on that front as well.

The Chair: Okay. Thank you.

I have about four minutes. I just want to follow up on Mr. Wallace's initial question. I realize that it may be outside the specific angle of the two votes we're doing with respect to the supplementary estimates, but I think we do need to provide an answer as to why there was a fairly substantial increase in the budget for CRA over the last number of years.

Can you answer that? You can certainly follow up with additional information, but I should give you the opportunity to answer that question.

In general, frankly, as a member of Parliament and as a citizen, I'm very impressed with CRA and the work it does. I use Netfile myself and I find it very efficient. We visited CRA's facility last year and were very impressed as a committee generally, but I think there does need to be a fairly substantive answer to Mr. Wallace's question.

Mr. Filipe Dinis: If I may—and I commit to coming back with a more fulsome response—one of the main items that I'd like to share with you is that with 70% of our budget being on the salary side on a \$4-billion budget, salary increases represent a significant portion of that year-over-year increase. In addition to that, we've had the corporate tax for administration for Ontario, which was a significant initiative for the agency over the last couple of years, so that has been a significant increase in our budget. Also, most recently, there was the harmonization of the sales tax as well. While a more detailed accounting of the increases will be provided, those are some significant items that have increased over the years and have resulted in our budget going up.

In addition to that, over the last several years some specific budgetary items were announced by the government that the CRA was asked to implement. Associated with those, obviously, are incremental costs for administrating those programs. Those are some highlights, but I will provide a more fulsome accounting.

The Chair: I have a final question. I realize again that I'm standing beyond the exact purview of what we're talking about, but a question was raised about the tax-free savings account, which I have to say has been very well received by people who I'm talking to. This may be more of a question for Finance officials, but how many tax-free accounts in fact are you aware of that Canadians have opened since the program was made available?

Mr. Filipe Dinis: Mr. Chair, I do have the data for the take-up rate for 2009. Over 4.8 million accounts were opened for the TFSA. As it relates to the take-up rate for 2010, obviously it's too early to provide that figure. That will be available after the tax filing season, which is in the mid-June timeframe. So far in 2009 there were 4.8 million accounts opened.

● (1035)

The Chair: Okay. Thank you for that information.

Mr. Paillé, on a point of order.

[*Translation*]

Mr. Daniel Paillé: I have a point of order.

I'm really surprised to see that you have information on a minor detail that has nothing to do with the votes, whereas, throughout the meeting, you've responded to us by saying that you didn't have the information requested.

[*English*]

The Chair: It's a point of debate.

I, for one, appreciate that information.

I will now go to Mr. Mulcair, please.

[*Translation*]

Mr. Thomas Mulcair: Thank you, Mr. Chairman.

Mr. Dinis, so that there's no further misunderstanding at the end of the meeting, I would like to know how much time you intend to take to provide us with the requested information. In fact, I should say items of information since you've committed to providing us with information on a number of topics. How long will it take for us to receive it?

Mr. Filipe Dinis: As soon as possible, Mr. Chairman. I'm going to go back to the office and note down all the questions. I've promised to provide that information, and I want to assure the committee that

[*English*]

I will definitely put my attention and urgency into getting those responses to the committee.

[*Translation*]

Mr. Thomas Mulcair: Mr. Dinis mentioned dismissals earlier. He's going to provide us with the exact number, but I wanted to confirm that there indeed were a number of dismissals.

[English]

Mr. Filipe Dinis: It is more than one dismissal, Mr. Chair. As you know from the media, going back to 2009, there were four public dismissals. I just want to make sure I provide you with the right numbers. So yes, it is more than one.

[Translation]

Mr. Thomas Mulcair: Mr. Dinis referred on a number of occasions to a code of conduct that I'm going to take the liberty of translating as a "code de déontologie" or a "code de conduite". Another code may apply, in this instance the Criminal Code, in view of the fact that criminal charges have been laid against the persons dismissed.

[English]

Mr. Filipe Dinis: From the code of conduct perspective, it is the CRA code of conduct that we expect all of our employees to adhere to.

Mr. Thomas Mulcair: There's also a Criminal Code that we expect all Canadians to adhere to and it applies also to the members.

Mr. Filipe Dinis: Correct, and in the context of the Criminal Code, that is obviously something that is pursued by the RCMP. Any work along those lines is done by the RCMP. As far as I'm aware at this point in time, there have not been any criminal charges, but it's something that I really can't speak to because it's something that's pursued by the RCMP.

Mr. Thomas Mulcair: That's an important question. I'm going to continue in English with Mr. Dinis to make sure there's no

misunderstanding. The CRA can bring administrative recourses against the taxpayer—fines of all sorts for failure. If someone falls into the area of criminal fraud under the tax statutes, the agency can still bring those criminal charges itself, or do you have to go through the RCMP in every case?

Mr. Filipe Dinis: We go through the RCMP. When the agency encounters situations of criminal activity, they're referred to the RCMP.

Mr. Thomas Mulcair: Okay. So there's no—

The Chair: Sorry, Mr. Mulcair, we have bells. There's a 30-minute bell.

[Translation]

Mr. Thomas Mulcair: No, it was at 10 o'clock.

[English]

Mrs. Shelly Glover: There's a vote, Chair.

The Chair: If there are bells, we cannot continue unless I have unanimous consent of the committee. Okay?

Sorry, Mr. Mulcair.

Mr. Thomas Mulcair: No, no. I actually agree with that.

The Chair: Thank you.

The meeting is adjourned.

MAIL  POSTE

Canada Post Corporation / Société canadienne des postes

Postage paid

Port payé

Lettermail

Poste-lettre

**1782711
Ottawa**

If undelivered, return COVER ONLY to:
Publishing and Depository Services
Public Works and Government Services Canada
Ottawa, Ontario K1A 0S5

*En cas de non-livraison,
retourner cette COUVERTURE SEULEMENT à :*
Les Éditions et Services de dépôt
Travaux publics et Services gouvernementaux Canada
Ottawa (Ontario) K1A 0S5

Published under the authority of the Speaker of
the House of Commons

SPEAKER'S PERMISSION

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Additional copies may be obtained from: Publishing and
Depository Services
Public Works and Government Services Canada
Ottawa, Ontario K1A 0S5
Telephone: 613-941-5995 or 1-800-635-7943
Fax: 613-954-5779 or 1-800-565-7757
publications@tpsgc-pwgsc.gc.ca
http://publications.gc.ca

Also available on the Parliament of Canada Web Site at the
following address: <http://www.parl.gc.ca>

Publié en conformité de l'autorité
du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la *Loi sur le droit d'auteur*. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la *Loi sur le droit d'auteur*.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

On peut obtenir des copies supplémentaires en écrivant à : Les
Éditions et Services de dépôt
Travaux publics et Services gouvernementaux Canada
Ottawa (Ontario) K1A 0S5
Téléphone : 613-941-5995 ou 1-800-635-7943
Télécopieur : 613-954-5779 ou 1-800-565-7757
publications@tpsgc-pwgsc.gc.ca
http://publications.gc.ca

Aussi disponible sur le site Web du Parlement du Canada à
l'adresse suivante : <http://www.parl.gc.ca>