



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

## Standing Committee on Finance

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FINA • NUMBER 023 • 1st SESSION • 42nd PARLIAMENT

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EVIDENCE

**Thursday, May 19, 2016**

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**Chair**

**The Honourable Wayne Easter**



## Standing Committee on Finance

Thursday, May 19, 2016

•(1100)

[English]

**The Chair (Hon. Wayne Easter (Malpeque, Lib.)):** The committee this morning will be meeting in the first hour pursuant to Standing Order 108(2), which is the study of Canada Revenue Agency's efforts to combat tax avoidance and evasion.

We have appearing before the committee, the Minister of National Revenue as a witness, as well as Mr. Gallivan who is assistant commissioner, international, large business, and investigations branch, Canada Revenue Agency.

Mr. McColeman, you have a point of order?

**Mr. Phil McColeman (Brantford—Brant, CPC):** Yes, thank you, Chair.

Before we begin I'd like to put before the committee an issue that has come to light, and I know we were not able to address this effectively in our last meeting or put it on the table, but we've become aware that there are two pages of incorrect translation from English to French in Bill C-15. I'd like to present these to you, Chair, with the corrections to the bill we feel are required because of the improper translation, and we've itemized it by line item. I'm happy to share this list with other committee members. I don't have copies with me in both official languages, but I'd like to be able to submit this so that we can get the bill translated correctly.

**The Chair:** Yes. If I can get a copy, I can get that checked out.

**Mr. Phil McColeman:** I'll pass it to you.

**The Chair:** That's not a problem. You can give that to the clerk, and we'll get back to you on that, Mr. McColeman. Thank you for that information.

All members will have received a number of documents from KPMG and CRA related to the tax issue.

Committee members have this one from KPMG. This one just came in last night from CRA, and it's not in both official languages. CRA's was not distributed to the members. KPMG's was. We need to make a decision as a committee whether that information is public or confidential.

Are there any discussions on that point?

Mr. McColeman.

•(1105)

**Mr. Phil McColeman:** I believe we're called here as a committee to be open and transparent, and I would propose that the documents

be made public much the same as the testimony of any minister or any other witnesses who comes forward.

**The Chair:** Is there any problem with that?

Mr. MacKinnon.

[Translation]

**Mr. Steven MacKinnon (Gatineau, Lib.):** Thank you, Mr. Chair.

Although I'm unhappy about the fact that these documents are not available in both official languages, I think that the committee needs to be transparent. I therefore fully agree with releasing these documents and the letter that was sent to us by the law firm. If a motion is moved in that regard, I will be pleased to support it.

[English]

**The Chair:** I don't think we need a motion. If I see no opposition, that is what we'll do.

The Revenue Canada information is the public court file and the proceedings are in English, and that should be translated. Departments are supposed to submit in both languages. This is a court document. The committee can accept it in the language it's in, if we want to accept it that way.

Mr. Caron.

[Translation]

**Mr. Guy Caron (Rimouski-Neigette—Témiscouata—Les Basques, NDP):** Mr. Chair, I also don't usually accept documents that aren't available in both official languages. However, I realize that we need to consider the fact that the CRA was not given much time. We gave the CRA a very tight deadline within which to provide the documents.

I suggest a compromise. Let's make these documents accessible to the committee and let's get them translated so that they are available in both official languages as soon as possible.

[English]

**The Chair:** Are we agreed on that?

[Translation]

**Mr. Steven MacKinnon:** I agree with my colleague.

[English]

**The Chair:** Thank you, then.

There's a last point I would make on documents. I got through about half of them myself. There's a lot of material. The committee might want to take under advisement the need to call certain witnesses at a later date after members have had the opportunity to thoroughly go through this information. We'll keep that option open.

Sorry, Madam Minister, for taking time away from your time. Welcome. The floor is yours. I understand you have opening remarks.

[Translation]

**Hon. Diane Lebouthillier (Minister of National Revenue):** Thank you, Mr. Chair.

I am pleased to accept the committee's invitation to discuss the Canada Revenue Agency's actions to address aggressive tax avoidance and offshore tax evasion, and to provide the current status of the Isle of Man file.

I am joined today by Mr. Ted Gallivan, the assistant commissioner of the International, Large Business and Investigations Branch at the CRA.

Let me begin by asserting that the Government of Canada's position on tax evasion and tax avoidance schemes is unequivocal: all participants must be identified and brought into full compliance with all their tax obligations.

The CRA systematically pursues cases of non-compliance. CRA auditors conduct over 120,000 audits every year that result in more than \$11 billion in additional taxes assessed as well as penalties and interest. At least two-thirds of that amount involves international and large business aggressive tax planning, including high-net-worth individuals and multinationals.

The CRA also takes action against tax professionals who offer, assist, or create opportunities for clients to participate in offshore tax evasion and tax avoidance schemes. The CRA is very active in combatting this problem and is already achieving significant results, but we know that we need to do more. Wealthy taxpayers must pay the taxes that they owe. It's a question of fairness.

As you know, for budget 2016, the Minister of Finance announced a historic investment of \$444 million to improve the agency's ability to detect, audit, and prosecute tax evaders in Canada and abroad.

The CRA will use some of those new funds to hire additional auditors and specialists to conduct investigations. For example, we will increase the number of auditors who focus on those who create tax schemes. We will also hire another 100 senior auditors to pursue investigations on high-risk multinationals. This federal investment will increase the number of examinations focused on high-risk taxpayers from 600 per year to 3,000 per year. That will allow the agency to better target promoters of illegal schemes, increase its audit activities, and improve the quality of investigative work focusing on criminal tax avoiders.

The CRA is also developing business intelligence infrastructure for gathering and analyzing information that will help detect tax evasion and avoidance activities. For example, on May 13, I announced that Canada and 30 of its international treaty partners signed the Multilateral Competent Authority Agreement.

Large multinational enterprises will be required to make their global operations more transparent by providing "country-by-country reports" that contain their income, taxes paid, and economic activities. This will help ensure they pay appropriate taxes in the countries where they do business and where their profits are generated.

It also takes effective international cooperation to address offshore tax evasion. To that end, Canada has one of the world's largest treaty networks, having entered into 92 tax treaties and 22 tax information exchange agreements. Moreover, we recently ratified the multilateral Convention on Mutual Administrative Assistance in Tax Matters, which further expands this international tax information-sharing network.

Canada is also a member of the Organisation for Economic Co-operation and Development—the OECD—and its Joint International Tax Shelter Information Centre network. The CRA recently participated in a JITSIC network meeting to coordinate measures concerning information related to the Panama affair. The CRA is also accelerating its offshore compliance measures related to the activities of some Canadians.

● (1110)

We are talking about measures taken based on information gathered concerning electronic funds transfers of more than \$10,000. We have also received over 17 million records of such transfers into and out of Canada. Using that information, the CRA will target up to four jurisdictions a year, without any warning.

The net is tightening. Those who hide income and assets offshore, or who evade or avoid the taxes they owe, will be identified and will face the consequences.

The first targeted jurisdiction is the Isle of Man. The CRA is in the process of contacting 350 individuals and 400 businesses that have conducted transactions there. Over 60 audits are underway, with more to come.

Mr. Chair, there has been some recent speculation in the media about the CRA's handling of this investigation, particularly regarding its relationship with KPMG and its treatment of some of its clients.

I cannot speak about a particular taxpayer or case, beyond what is on the public record. I can say that the KPMG offshore tax avoidance scheme was discovered through the efforts of the CRA, and that legal action is underway to obtain the identities of participating KPMG clients who have not yet been exposed or come forward voluntarily.

I can also point out that very specific legislation governs what the CRA may or may not do. Its decisions within that legislation are guided by the facts available to them.

In terms of overall stakeholder relations, the CRA has a responsibility to listen to those affected by its policies and programs. That includes individual taxpayers, businesses, and those who represent them, including KPMG and similar organizations.

In meeting with these stakeholders, CRA employees help them to better understand the requirements of Canada's tax system and improve compliance. They do not discuss specific taxpayer files.

The agency avoids circumstances that could lead to real or perceived conflict of interest or preferential treatment. At the same time, it works hard to ensure that its operations are open and transparent to the public it serves.

In a show of commitment to openness and transparency, and in following the rules that govern its actions, the CRA commissioned an independent review of its investigation of the KPMG-Isle of Man case. The review concluded that the CRA's compliance actions were in accordance with its established policies and procedures and that no inappropriate interaction took place between KPMG and agency officials involved in the case.

I remain confident that taxpayer fairness is paramount at the CRA, as it is for all Canadian taxpayers and the public in general. The substantial investment of close to half a million dollars, announced in the last budget, will help the CRA ensure that the Canadian tax system works to its full potential, and contributes to an economy that is fair and that benefits all of us.

Thank you for your attention.

•(1115)

[English]

**The Chair:** Thank you very much, Madam Minister.

Thank you as well for the written text. I will admit that it doesn't always happen with all ministers.

Turning to questions, we'll go to five-minute rounds, due to the time.

Mr. Sorbara.

**Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.):** Good morning, Minister, and good morning, Mr. Gallivan.

My question is for the minister.

I've repeated several times on the committee that we need to ensure that Canadians have faith and trust in the tax system, that everyone is paying their fair share, and that no one Canadian is subsidizing another Canadian when it comes to programs by someone possibly undertaking a tax avoidance scheme, tax evasion, or whatever you want to call it.

Can you, again, detail the measures that we have put in place since the beginning of the year to boost or strengthen CRA and the individuals who work there?

[Translation]

**Hon. Diane Lebouthillier:** I would like to thank my colleague for his question.

Mr. Chair, I would like to reassure all of the members here today that the CRA's main objective is to make sure that it recovers the amounts owed to the government. The government has made that a priority. It was also part of the Liberal Party's election platform. My mandate letter clearly states that we need to work toward a tax system that is open, transparent, and fair for all Canadians.

The massive investment of \$444 million will improve our ability to detect, audit, and investigate, as well as impose penalties and prosecute. Since we took office, we have improved the transmission of information to taxpayers. A total of 75% of the documentation that taxpayers receive is more accessible and easier to understand.

•(1120)

[English]

**Mr. Francesco Sorbara:** Minister, thank you.

My understanding is that last Friday we entered into an agreement to examine the unfair practice of aggressive tax planning by large corporations. I was wondering if you can comment on that. It's the world's largest treaty network, with 92 tax treaties and 22 tax information exchange agreements in place. How is this another step forward for CRA to ensure that all individuals, as well as corporations, are reporting their income properly and paying their fair share of taxes?

[Translation]

**Hon. Diane Lebouthillier:** You are absolutely right. This is an international problem. We are working with our international partners. Given the meeting and the agreement signed in Beijing, I would ask Mr. Gallivan, who was there, to provide more information in that regard.

[English]

**Mr. Ted Gallivan (Assistant Commissioner, International, Large Business and Investigating Branch, Canada Revenue Agency):** Thank you, Minister.

I think this represents a paradigm shift in tax administration by receiving the information proactively. In other words, the tax authorities worldwide are receiving country-by-country reporting from multinationals as a matter of course.

Under the common reporting system, which will come into place in 2018, banking information from Canadians worldwide will be received by the tax agency. This comes to complement the international transfers over \$10,000 that the minister mentioned. We now have 17 million of those on file and it also complements the enhanced T1135 reporting by taxpayers regarding their offshore assets above \$100,000.

I think the country-by-country reporting is part of a new approach where individuals and multinationals have their offshore affairs disclosed automatically and globally to tax authorities, allowing us to risk assess and also having a huge deterrent impact.

**Mr. Francesco Sorbara:** Thank you.

My last question relates to CRA's investigation of the Isle of Man structure and with that the resources that are available to CRA. My understanding is, Minister, that we will be beefing up the resources available to CRA to undertake other investigations, if needed.

[Translation]

**Hon. Diane Lebouthillier:** With regard to audits and investigations, the historic investment announced by the Government of Canada will be used to establish programs to stop organizations that promote tax schemes. Our goal is to examine 12 times more tax schemes. We are going to focus on high-risk taxpayers. We are going to increase the number of examinations from 600 to 3,000 per year. We are going to hire another 100 senior auditors through an independent process.

As a result of the unprecedented announcement that we made, we expect to recover \$2.6 billion over the next five years.

[English]

**Mr. Francesco Sorbara:** Thank you, Mr. Chair.

Thank you, Minister.

**The Chair:** Thank you very much, Madam Minister.

Mr. Aboultaif, you have five minutes.

**Mr. Ziad Aboultaif (Edmonton Manning, CPC):** Thank you very much.

Thanks to the minister for being here today.

An April 11, 2016, article on iPolitics says:

The controversial amnesty deal that the Canada Revenue Agency signed with wealthy clients of KPMG who stashed money in the offshore tax haven of the Isle of Man is still available if others want to come forward, says Revenue Minister Diane Lebouthillier.

Can you respond to that, please?

[Translation]

**Hon. Diane Lebouthillier:** I would like to thank my colleague for his question.

I want to say that, under my direction, Kimberley Brooks conducted an independent review of the CRA last spring. This independent review, which was conducted by an external tax expert, concluded that the CRA acted in accordance with its established policies and procedures and that officials acted in accordance with the agency's code of integrity and professional conduct.

Mr. Gallivan can give you more information in that regard.

[English]

**Mr. Ted Gallivan:** Just quickly on that point, first, I think both the minister and the agency wouldn't characterize this as an amnesty. I think we've already pointed out that we can't confirm any specific agreement, but the document posted to the CBC website contains no immunity from criminal prosecution. It indicates that the agency would have gone back 16 tax years. Financial analysis would show you that the compound interest would add 25% to the bill. Any taxpayer signing such an agreement would have to waive their right to appeal or object. Commonly in these situations, the agency insists on payment within 60 days.

Secondly, in terms of the go-forward and the remarks the minister had, the agency, when it is litigating, remains open to settlement, based on the facts of the case. In future, if the agency is litigating with a taxpayer, based on the facts of the case, based on the criteria

we've established, we may consider resolving the matter without waiting for the judgment from the judge.

• (1125)

**Mr. Ziad Aboultaif:** The question, then, is this. If any other cases similar to KPMG come forward in the future, will you consider them?

[Translation]

**Hon. Diane Lebouthillier:** I would like to make it clear to everyone around this table that the word "amnesty" is not part of the Canada Revenue Agency's practices or vocabulary. No one was given amnesty in the case in question and no one will ever be given amnesty in the future. Every taxpayer and every situation is assessed on a case-by-case basis. As we said at the beginning, the CRA's main objective is to make sure that it recovers the amounts owed to the government.

[English]

**Mr. Ziad Aboultaif:** I have a question, too, on something you mentioned, that there's \$11 billion and two-thirds of this is from international cases. Also, you've hired, or you have been hiring, extra auditors and extra staff to do the investigations and to do the follow-ups. I'm not asking you to release any information, but is there a preferred list of tax professionals who CRA trusts to deal with, after what happened with the KPMG case?

[Translation]

**Hon. Diane Lebouthillier:** The CRA was able to recover \$11.5 billion last year. Two-thirds of that amount, or \$7 billion, involved aggressive tax planning.

Maintaining the confidentiality of information is also an important rule at the agency. It is one of the CRA's fundamental principles.

Mr. Gallivan can answer your question in more detail.

[English]

**Mr. Ted Gallivan:** Just to complement the minister's response quickly, we have a two-tiered risk assessment system, broadly speaking. The first is automated, numbers, stats, comparisons, algorithms, what doesn't make sense. The second is human. At that human level, absolutely, the reputation of the tax practitioner and their current behaviour will definitely influence our decision on whether to audit or not.

**Mr. Ziad Aboultaif:** Quickly, the \$440 million to be spent is quite a bit of money. Are you restructuring the CRA? Where is the money going to go? Are you hiring a few extra people? This is too much money for the number of people you'll be hiring. Is there any restructuring of the CRA?

[Translation]

**Hon. Diane Lebouthillier:** As I mentioned earlier, the investment of \$444 million over five years will be used to detect tax evaders and improve our technology and tools so that we can deal with international cases. With regard to audits and investigations, we will be hiring another 100 auditors to work on international cases. With regard to penalties and prosecution, legal advisors will be added to the CRA's investigative teams.

[English]

**The Chair:** Thank you both very much.

Mr. Caron.

[Translation]

**Mr. Guy Caron:** Thank you very much, Mr. Chair.

Thank you for being here with us, Madam Minister.

I would like to come back to the letter and to the statement that you made in the House three times.

On March 10, you said that there is no amnesty. We have the letter signed by Stephanie Henderson from the Canada Revenue Agency, which not only proposes to “reach a final and complete settlement with regard to the consequences...under the Income Tax Act”, but also indicates that, “The Minister shall waive interest and penalties as indicated in Appendix A...”. Appendix A shows all of the taxation years for which there will be no penalty regarding the returns, contrary to the CRA's usual practices.

How can you say that there will be no amnesty when penalties are being waived for the people who choose to voluntarily admit that they used this mechanism but not for all taxpayers?

• (1130)

**Hon. Diane Lebouthillier:** I should repeat that the term “amnesty” is not in use at the Canada Revenue Agency. There has been no amnesty, and there will be no amnesty.

**Mr. Guy Caron:** Madam Minister, at an earlier meeting, my colleague gave the following definition of the word “amnesty”:

An act by the legislature to retroactively erase the punishable nature of the offence to which it applies. Depending on the case, amnesty may prevent or quash public prosecution, set aside a conviction, or terminate a sentence being served....

Whether the agency acknowledges the term or not, French-speaking Canadians recognize the concept in this case, as do I. Once again, we are dealing with a letter that specifies that the people who say they used this scheme will face no penalty, when, in fact, they should face one. At least in French, that is what we call an amnesty.

**Hon. Diane Lebouthillier:** Mr. Caron, I'm a French Canadian as well, and I am telling you that the term “amnesty” is not in use, and will not be used—

**Mr. Guy Caron:** If it's not an amnesty, what is it?

**Hon. Diane Lebouthillier:** I invite Mr. Gallivan to answer your question.

**Mr. Guy Caron:** I am not seeking an answer from Mr. Gallivan. I am seeking your answer.

[English]

**The Chair:** We'll have Mr. Caron, and then the minister.

[Translation]

**Mr. Guy Caron:** I'm sorry, but we heard Mr. Gallivan at a previous meeting. If it's not an amnesty, I'd like to know what it is.

Is the letter genuine? And what is involved in the letter, if not an amnesty?

**Hon. Diane Lebouthillier:** First of all, I am unable to confirm the authenticity of the document. I will say it again: there is no amnesty, there was no amnesty, and there will never be amnesty at the Canada Revenue Agency. Each file is dealt with on a case-by-case basis. The objective of the CRA is to—

**Mr. Guy Caron:** I feel I must interrupt. The time I have is limited.

**Hon. Diane Lebouthillier:** —to recover money owed to the government, Mr. Caron.

[English]

**The Chair:** Mr. Caron, the minister has the floor.

**Mr. Guy Caron:** She's repeating what she said before. My time is limited; you know that.

[Translation]

**Mr. Steven MacKinnon:** Mr. Chair, on a point of order.

Especially today, I must say that I've never seen a witness badgered like my colleague across the way is doing with this witness. The minister is answering his questions forthrightly.

[English]

**The Chair:** It's not a point of order, but could we stay on topic? I don't think we need any more bullying discussions around this place.

Mr. Caron, you have the floor. You're still quite okay for time.

[Translation]

**Mr. Guy Caron:** I give the floor to Mr. Dusseault.

**Mr. Pierre-Luc Dusseault (Sherbrooke, NDP):** Thank you, Mr. Chair.

Madam Minister, thank you for being with us today.

The court documents show that the CRA clearly determined the scheme was illegal. Russell Lyon, an auditor from Victoria, British Columbia, clearly stated, in his affidavit, that the Isle of Man scheme was illegal.

Is it your view, as well, that KPMG was breaking the law from 1999 to 2003?

**Hon. Diane Lebouthillier:** I would ask Mr. Gallivan to answer this question. And I must point out that I was not in the House as a minister in 1999.

**Mr. Pierre-Luc Dusseault:** But you are the current minister, so you have the knowledge.

**Hon. Diane Lebouthillier:** This government has made historic investments. Our election platform made reference to such investments.

**Mr. Pierre-Luc Dusseault:** My question was simple, Madam Minister. I was asking you whether—

**Hon. Diane Lebouthillier:** We have stated that the fight against tax evasion and aggressive tax avoidance are priorities of this government.

**Mr. Pierre-Luc Dusseault:** Madam Minister, my question was very straightforward.

[English]

**The Chair:** Mr. Dusseault.

[Translation]

**Mr. Pierre-Luc Dusseault:** I was asking you whether your opinion, and that of the agency, is that the scheme was illegal.

[English]

**The Chair:** Mr. Dusseault, we'll get the answers a lot faster if there are not interruptions.

The minister has the floor.

**Mr. Pierre-Luc Dusseault:** But she's not responding.

**The Chair:** We'll give you time for your next question.

**Mr. Pierre-Luc Dusseault:** She's not responding to my direct question.

**The Chair:** Mr. Caron has a point of order.

[Translation]

**Mr. Guy Caron:** Mr. Chair, you are well aware that we have only five minutes to ask questions. The time belongs to the member. That is the acknowledged rule. We are trying to conduct this cordially, but we are also trying to avoid repetitive responses in the short time made available to us. We listen to the answers, but if we find they're a repetition of what was already said, we would like to go further in the questions asked.

[English]

**The Chair:** As I understand it, Mr. Caron, the witness has the equivalent amount of time that the individual used for the questions. I haven't been timing it that closely, but that's my understanding, and that's what I'm going to stick with.

Mr. Dusseault, do you want to go to your question?

[Translation]

**Mr. Pierre-Luc Dusseault:** Thank you, Mr. Chair

In view of the time remaining, Minister, I hope you'll answer my questions directly. It will avoid several problems.

It's clear. Even if you don't say so personally, what was done from 1999 to 2003 was illegal. What will you be doing to bring KPMG to justice? I mean, quite apart from the fact that the clients need to be brought to justice too, it's the firm that developed this scheme. Will you be bringing KPMG to justice, given that it was the facilitator, that it put the scheme in place, and that it offered it to its clients for \$100,000? Will you be launching a criminal investigation, so you can obtain a search warrant, get to the bottom of the matter, and ensure KPMG will be punished?

•(1135)

**Hon. Diane Lebouthillier:** Mr. Chair, as I mentioned from the outset, the Canada Revenue Agency is the one who detected the scheme put in place by KPMG.

I will ask Mr. Gallivan to answer my colleague, provide additional technical information, and complete the response.

**Mr. Ted Gallivan:** This is an ongoing matter. We have made known our intent to commence proceedings based on the facts available. The agency has demonstrated, through the investments committed in this budget, that it has made those who promote tax schemes a priority. Furthermore, such promoters have been a priority in our criminal investigation programs for several years. As the minister noted, this is a priority for us. We intend to continue this work, with the facts available to us.

**Mr. Pierre-Luc Dusseault:** I would like to return to—

[English]

**The Chair:** Mr. Caron, you asked me for a 15-second notice. I'm giving it to you.

[Translation]

**Mr. Guy Caron:** I would like to table a motion that can be discussed at the end of the hour devoted to the question. The motion reads as follows:

That, considering the information heard so far regarding the tax avoidance scheme involving the Isle of Man and the amnesty agreement offered to certain past or current clients of KPMG LLP, the Standing Committee on Finance extends its ongoing study by a minimum of three (3) more meetings to hear additional witnesses;

That the list of witnesses include, without being limited to, the following witnesses:

KPMG and CRA employees:

Denis Lacroix, Partner, KPMG LLP

Michael Hamersley, Former Lawyer, KPMG LLP

Barrie Philip, Retired Partner, KPMG LLP

Jeff Sadrian, Senior Advisor, KPMG LLP

Paul Hickey, Partner, National Tax, KPMG LLP

Russell Lyon, Auditor, Canada Revenue Agency

Independent experts:

André Lareau, Professor, Université Laval

Alain Deneault, Professor, Université de Montréal

Arthur Cockfield, Professor, Queen's University

Dennis Howlett, Executive Director, Canadians for Tax Fairness

That the Committee hold a supplementary meeting for consideration of a report.

[English]

**The Chair:** We will check to see if the motion is in order, Mr. Caron, and hand it to members and then deal with it.

Turning to the next question, we have Mr. MacKinnon.

[Translation]

**Mr. Steven MacKinnon:** Thank you, Madam Minister and Mr. Gallivan for being with us today.

I will try to proceed in a more orderly manner. Minister, having spent this time with you, I see in you the Iron Lady of tax fairness. I know your sense of justice will guide your actions throughout your tenure.

That said, we are considering a very important issue. At the heart of this issue is tax fairness for Canadian taxpayers. The government has taken some unprecedented measures to invest in your capacity to investigate and collect taxes from companies and individuals.

We also have a client service issue to address. We all know that the CRA doesn't have the best reputation for client service. I imagine the people in your riding feel the same way. They do in mine. Could you describe for us how the amounts invested will be used to improve client service, collections, and tax fairness?

**Hon. Diane Lebouthillier:** Thank you for your question.

I do, indeed, consider client service a priority. The fact that the Prime Minister chose a social worker as Minister of National Revenue was no mere happenstance. Since we're speaking to the issue of services to the public, I should mention that, for me, people who face greater challenges, and might not have their tax returns prepared by accounting firms, are important.

In the historic budgets we announced, we stressed the importance of improving telephone service as well. Many regions of Canada still don't have cellphone service or computer access.

And we want the public to be able to receive accessible, easy-to-understand documents by mail. This is particularly important given that 51% of Canada's population is functionally illiterate. This means that, when those people receive documents, they're unable to understand the contents.

With respect to volunteers, we need to see an increase in number, and they should be given much more support. The challenge is to help people who don't have the means to pay someone to fill out their tax returns. We're working on that.

• (1140)

**Mr. Steven MacKinnon:** Thank you, Minister.

My question is for you or perhaps Mr. Gallivan.

Is it true that in the past few years, and particularly the past year, the agency's accounts receivable have increased dramatically?

If so, could you tell us what accounts for that? I'm referring, of course, to taxes the CRA has not collected.

How will those investments help collect these amounts or result in collection agreements for past-due amounts?

**Hon. Diane Lebouthillier:** The more technical aspect—

[*English*]

**The Chair:** Mr. Dusseault.

[*Translation*]

**Mr. Pierre-Luc Dusseault:** Point of order, Mr. Chair. I'd appreciate it if you could clarify a point.

The first hour was supposed to be devoted to the CRA's efforts to combat tax avoidance and evasion. But we've just heard an answer to a question about client service and accounts receivable.

Could you please rule on the relevance of our colleague's questions in the context of this study?

[*English*]

**The Chair:** This question might be more appropriate to estimates during the second session. We may be straying a little bit from tax evasion in terms of our questions, but I would ask members to try to hold it close to the tax evasion issue during this first hour of debate.

Minister, I will allow you to answer the question.

[*Translation*]

**Hon. Diane Lebouthillier:** Since your question is much more technical, Mr. Gallivan will answer it.

[*English*]

**Mr. Ted Gallivan:** You're correct that there are a number of factors that have increased the volume of accounts receivable at the CRA. One is aggressive compliance action such as the document posted to the CBC website that talks about going back 16 tax years. That's exceptional, and it really does ramp up the bill the taxpayer has to pay. In that 50% penalty, the gross negligence penalty that we apply very seldom goes back 16 tax years, and applying a gross negligence penalty is something that we do in a fraction of 1% of cases. We save that for the most serious types of non-compliance. Now when we do that, it does inflate the bill, and budget 2016 did provide us the resources to make sure we collect those assessments.

[*Translation*]

**Mr. Steven MacKinnon:** Hence the relevance of my question, Mr. Chair.

[*English*]

**The Chair:** Time is up, Mr. MacKinnon.

Mr. McColeman.

**Mr. Phil McColeman:** Thank you, Mr. Chair.

Thank you for coming, Minister.

Would you say that the government's 2013 stop international tax evasion program was effective?

[*Translation*]

**Hon. Diane Lebouthillier:** The 2013 program set a process in motion, in which the government determined that even more massive investments would be needed so that all amounts lost due to tax evasion and aggressive tax avoidance could be recovered.

[English]

**Mr. Phil McColeman:** Okay. I'll take that as an answer of yes, that it was effective, and you're building on top of what has been very effective. I believe it was reported three weeks ago that the program alone brought in \$1.57 billion in the 2014-15 fiscal year, which was four times what was projected, and over the course of the program since inception, \$2.6 billion has been recovered or brought in through the program without the investments that your government is prepared to make. Are those numbers correct?

• (1145)

[Translation]

**Hon. Diane Lebouthillier:** I want to emphasize that the major investments that our government is making at this time show the importance we accord to the entire tax evasion and tax avoidance issue. These investments will enable the Government of Canada to hire many more people and modernize the tools needed to address a problem that's international in scope. Mr. Gallivan will be able to complement my answer in this regard.

[English]

**Mr. Ted Gallivan:** The CRA shares the concern that this committee and Canadians have with offshore tax evasion. It is going to be a multi-year effort. The measures put in place in 2013 are helping the agency. From fiscal 2011-12 to the most recent fiscal year, the overall fiscal impact is up \$2.6 billion per year, or 25%. The amount of revenue being paid voluntarily by corporations, as per the last Fiscal Monitor, is up 13.8%, and voluntary disclosures are up 400%. We have good momentum.

For sure, the measures introduced in budget 2016 will add to that, as does our international co-operation. This is a multi-year effort by a lot of countries working together, but we are clearly on an upswing.

**Mr. Phil McColeman:** That's good news, because I know that most of the agreements internationally had been worked on over the last number of years. Is it correct that they've taken some time to put together?

[Translation]

**Hon. Diane Lebouthillier:** Indeed, international agreements have been drafted because countries noticed the problem is international in scope. And the agreements signed in Beijing last week evince a clear interest in dealing with the issue at an international level. This is why it's important that the government put all the necessary resources in place so that all Canadians can get back their fair share.

[English]

**Mr. Phil McColeman:** I'm very respectful of that. I just want to be sure.

One last question, then. In your testimony today, you've indicated, I believe, that if the CRA were to, on a case-by-case basis, look at similar situations as KPMG presented to CRA, the same type of deal would be available on a case-by-case basis to anyone else. I believe that's what you indicated here today. I just want to confirm this with you, Minister. Am I correct in that testimony?

[Translation]

**Hon. Diane Lebouthillier:** I will ask Mr. Gallivan to respond to the technical aspects of your question more precisely.

[English]

**Mr. Ted Gallivan:** When it's at litigation with a taxpayer and a settlement is proposed, the CRA has an obligation to maximize value for the taxpayers. We will look at the strength of our case. We will look at the legal precedents. We'll look at the point of principle.

Sometimes we stand on principle and we risk coming away with nothing. In other cases, the offer that's on the table may present more value for the Canadian taxpayer. If we're going after \$10 million and there's \$8 million available, \$8 million into the social service industry can be the best value for the Canadian taxpayer. If we're concerned about the legal precedents, we often get advice from the Department of Justice. We get advice from internal experts, and we'll make a decision.

We have roughly 200 cases before the courts, and we would be open to settling.

**The Chair:** Thank you, both.

Mr. Grewal.

**Mr. Raj Grewal (Brampton East, Lib.):** Thank you, Mr. Chair.

Thank you, Madam Minister, for coming today.

I think the issue goes to tax fairness. Tax avoidance and tax evasion are still under the umbrella of tax fairness, ensuring that all Canadians, corporate and personal, pay their fair share. It's also equally important on the concept that CRA treats each taxpayer fairly and provides equal levels of service.

I'll get to that question in my second round because Madam Minister is here and talking about tax avoidance and tax evasion.

We're currently party to 22 tax information exchange agreements. The Prime Minister and the minister have said that tax evasion is an international problem and we really need to work with jurisdictions that have low tax or zero tax in order to solve this problem. It's not just what the CRA does, but also what we do at an international level.

Madam Minister, can you talk to us a little about the benefits and the risks of Canada signing these tax information exchange agreements? We also have to give information about Canadian taxpayers when other jurisdictions ask for it.

• (1150)

[Translation]

**Hon. Diane Lebouthillier:** We must work internationally, to ensure our partners can exchange information under the agreements.

Mr. Gallivan should be able to answer this by providing an update.

[English]

**Mr. Ted Gallivan:** From a CRA perspective, you're correct. Transparency is key, and there can be legitimate reasons to move money back and forth internationally, or have holdings and pay the full tax due.

Step one is transparency, and that's what these agreements go to. There are now 101 countries internationally that have committed through the global forum to moving toward what the global standard is on full transparency. In terms of exchange of information, I can tell you there's a robust regime of independent review and tiers. Countries that are participating under the global forum engage in these third-party reviews to have their protection of taxpayer information assessed, and they go through levels. What the CRA does, in consultation with Finance and IT experts, is assess the risk to Canadian taxpayer data when we decide which jurisdictions we exchange with.

**Mr. Raj Grewal:** On international wire transfers, right now anything over \$10,000 is tracked. Is that an amount that needs to be increased given the avoidance? In my opinion, \$10,000 seems low. It probably just ties up legitimate transfers. I'm not an expert, but I'd love to hear your comments on that.

[Translation]

**Hon. Diane Lebouthillier:** It's important to specify that 17 million electronic funds transfers of \$10,000 are something major in Canada. And, as I was saying, our new tools are bringing the non-compliance abroad to light.

We are on the right track toward uncovering \$1 billion through voluntary disclosure programs. That's an increase of more than 400% in the course of the last six years.

[English]

**Mr. Raj Grewal:** Thank you, Minister.

Mr. Chair, I'm going to give my remaining time to Mr. Whalen.

**The Chair:** Okay. Mr. Whalen.

**Mr. Nick Whalen (St. John's East, Lib.):** Yes, thank you very much, Madam Minister, and Mr. Gallivan, for coming.

With respect to this notion of the opportunity for people to come forward with their tax information, have the last 16 years reviewed, and have 60 days to pay, with 25% interest, these sound like settlement terms and a type of enforcement. Can you explain to me why this isn't amnesty, and why this is an enforcement mechanism used properly by the CRA in settlement negotiations?

[Translation]

**Hon. Diane Lebouthillier:** Given the technical aspect of this question, I will ask Mr. Gallivan to respond.

[English]

**Mr. Ted Gallivan:** I think you're asking an important question. Within the CRA we're clear on certain policies and practices in terms of how many tax years we go back. For ordinary salaried Canadians, we focus on the current tax year. We find a mistake. We don't go back to the maximum limit. We just take a perspective approach and say, "Don't make that mistake again."

With businesses and high net-worth individuals, we tend to stay in the two- to four-year range. Again, it's educational; let's correct it and let's move on. When you get into aggressive tax planning, we start to move to a six-year review. We sought legislative changes to get nine years. In exceptional cases we can justify going to 16 years. The CRA tries to adjust its approach, but that's an internal policy. We haven't had that up on the website where we could point to that to explain to taxpayers what we normally do and in which exceptional cases we would we go further.

**Mr. Nick Whalen:** These things sound like amnesty to me.

**The Chair:** Thank you both.

We'll take two more rounds of questions.

Mr. Liepert, and then Ms. O'Connell, and then we'll go to the motion.

Mr. Liepert.

**Mr. Ron Liepert (Calgary Signal Hill, CPC):** I have a couple of things I'd like to follow up on. How much time do I have?

**The Chair:** You have five minutes.

**Mr. Ron Liepert:** I might give Mr. Caron a couple of my minutes.

I want to confirm for the record that a number of tax treaties, in fact all of the tax treaties, that our good friend Mr. Grewal was referring to were those that were brought in between 2009 and 2014 under a previous government, Mr. Chair.

I would like to follow up and get a little confirmation that with what we heard earlier on in the testimony from KPMG, there is concurrence at the table from the CRA.

Madam Minister, are you familiar with the presentation that Mr. Wiebe made on behalf of KPMG?

•(1155)

[Translation]

**Hon. Diane Lebouthillier:** In the matter we're discussing—the KPMG matter—I can tell you that I wasn't present when agreements were signed on the subject. Mr. Gallivan will be able to respond to the various points in your question.

[English]

**Mr. Ron Liepert:** Let me just follow up a little further.

One of the things I am trying to get a better sense of, without having a lot of knowledge about this particular situation.... The essence of Mr. Wiebe's presentation—either one of you can answer this—is that what is being discussed today is looking at things through a different lens from the one back in 1988, when it was established. In essence, what Mr. Wiebe was telling our committee, and I want to make sure that he has his facts correct at the table, is that at that period of time, and looking through the lens of those 10 years, this was a legal means of tax planning.

**The Chair:** Mr. Gallivan, Minister, just to be clear, Mr. Wiebe gave testimony before this committee. I think that is what Mr. Liepert is referring to, not any of the arrangements that have been made.

Mr. Gallivan, go ahead.

**Mr. Ted Gallivan:** It is the CRA's position that the structure promoted by KPMG was offside. I think it has been correctly pointed out that the courts haven't ruled on the matter, so different people can have differing views on that.

In terms of the change, the CRA would take the position that there is one law. That is the law that exists and that is the law we apply. I think we have noticed that the reputational impact is influencing a lot of taxpayers, whether they be businesses or individuals. I think the societal norms have shifted. What is of concern to businesses is that, when they are in a tax dispute with the CRA through financial disclosure or court filings, there is a reputational impact. I think that is starting to drive people towards compliance.

**The Chair:** Mr. Caron, you have two minutes.

[Translation]

**Mr. Guy Caron:** Thank you very much, Mr. Chair.

Ms. Lebouthillier, I would like to come back to the letter by Ms. Henderson. I asked you a question on the subject, but did not get an answer. Could you provide a yes or no answer? Is the letter before us genuine, or not?

**Hon. Diane Lebouthillier:** I am unable to confirm the authenticity of the document posted online by the CBC.

**Mr. Guy Caron:** Did you make efforts to find out, and did you conduct an investigation into the letter to ascertain whether it's genuine?

**Hon. Diane Lebouthillier:** I'm unable to confirm the authenticity of the document.

**Mr. Guy Caron:** We have a letter that supposedly does not exist, but we know 16 letters of agreement were signed with 25 clients. The CBC/Radio-Canada investigation confirms it. Can you confirm that this is indeed the case?

**Hon. Diane Lebouthillier:** I cannot confirm the authenticity of the document to you.

**Mr. Guy Caron:** Can you confirm that 16 agreements were signed?

**Hon. Diane Lebouthillier:** Mr. Gallivan, could you please answer the question?

**Mr. Ted Gallivan:** I believe the number is 15. Initially, 21 cases were before the courts, and there are now six.

**Mr. Guy Caron:** So, we have a letter whose authenticity is not acknowledged, but it's admitted that 15 people signed it. It's not an amnesty, because that word is being rejected. On the other hand, Mr. Treusch, who was in this room, referred to a settlement—a *règlement*. Let's look at the definition of the word "settlement."

[English]

Merriam-Webster says, "a formal agreement or decision that ends an argument or dispute; also: an amount of money that someone receives as part of such an agreement".

[Translation]

I'm trying to get to the substance of the problem and understand how the CRA operates in such cases.

A letter signed by another CRA official, namely, Stéphanie Henderson, has been made public. Based on what you've said, 15 people signed it. The terms were advantageous, because the penalties were largely cancelled. That is the letter we have before us.

• (1200)

[English]

**The Chair:** Can you end your question there, Mr. Caron? Otherwise, the minister will not have time to answer.

[Translation]

**Hon. Diane Lebouthillier:** We have specified that the KPMG matter is not closed. Investigations concerning the identified taxpayers are ongoing. Given the major investments our government has made, we are confident that we can continue to work on all matters related to tax evasion and aggressive tax avoidance schemes.

[English]

**The Chair:** Thank you, Minister.

We'll have one last questioner and then we will go to the motion.

Ms. O'Connell.

**Ms. Jennifer O'Connell (Pickering—Uxbridge, Lib.):** Thank you very much, Mr. Chair. Thank you both for being here today.

I want to follow up actually on some questions that my colleague here pointed out in regard to the previous government's record. I'm not sure if you've had the opportunity to read this, but in fact, to provide a little context, I was recently at the Council of Europe where the Panama papers were deemed to be an urgent debate. Senator Downe from Canada spoke on this matter. He spent many years on this. In fact, a lot of the information that I come here with has been provided by the years of work on this file from Senator Downe. I just want to make that clear.

Specifically on April 2, 2012, there was a *Hill Times* report from then-revenue minister Gail Shea asserting that the Conservative government had assessed \$174 million in international offshore money being owed, which was far more than the Liberals had ever found.... Sorry, it was \$4 billion in taxes that was owed on money hidden offshore. However, Senator Downe pointed out that assessing money owed is very different from collecting money owed.

What is the CRA's plan, under your leadership now, to actually assess but then collect versus just putting out press releases asserting that they know how much money is out there but haven't actually collected on it? What is your plan to ensure Canadians that the money hid offshore is actually collected?

[Translation]

**Hon. Diane Lebouthillier:** As part of the announcement we made in April about the Canada Revenue Agency, we stated that the CRA was, indeed, going to undertake a detailed study of measures related to the tax gap. This will be done during the coming year.

[English]

**Ms. Jennifer O'Connell:** Thank you for that clarification.

I wanted to bring up as well testimony that Commissioner Treusch had mentioned, and I apologize if I'm pronouncing his name wrong.

Mr. Gallivan, you were here as well. I'm paraphrasing because I don't have the official transcript in front of me as of yet, but it was along the lines of—and it was quoted in the media as well—that the CRA had come through a period of extreme restraint. During this time, resources that would have normally gone to—again, I'm paraphrasing—things like offshore tax avoidance were cut or limited, and therefore resources for, let's say, customer service.... Things had to be reallocated in order to deal with compliance.

With the \$440-million investment to combat tax avoidance, will there be a reinvestment or reallocation back to the customer service that was cut during this time of “extreme restraint”?

[Translation]

**Hon. Diane Lebouthillier:** Yes. You're correct. Resources have once again been allocated. In a summary of the situation that was given to me, I was told that, last year, people who were trying to contact the agency had to make up to 10 telephone calls before they could speak with someone and obtain information.

I was very happy to learn last week, during a meeting with my senior officials, that the number of staff had been increased and that the number of calls each person was making had decreased to two. Naturally, my objective is to ensure people can be answered as quickly as possible when they call. People have concerns, even though 95% of Canadians fill out their income tax forms and do things properly. So we need to be able to give them answers. CRA clients are Canadians. It's the CRA that works for Canadians, not the other way around.

• (1205)

[English]

**Ms. Jennifer O'Connell:** Thank you. I really appreciate that.

I urge you to continue that work of reallocating these funds.

I just have one question. When this settlement agreement, or whatever the terminology is, was agreed to with the Isle of Man, were you the minister responsible? If not, since taking over do you feel that the way the case is going—as we've heard testimony today, the case is ongoing—the agency is working towards the best outcome for Canadians as a whole?

[Translation]

**Hon. Diane Lebouthillier:** Yes. I believe the agency will achieve those better results. I have every confidence in the professionals in place. Since my arrival at the department, I've established a short-term, medium-term, and long-term action plan involving CRA staff, professionals, and senior officials.

The action plan submitted to the Minister of Finance and the Prime Minister's Office has enabled us to obtain, as part of an overall envelope, close to \$1 billion to combat tax evasion and address all aspects of client access and client service.

[English]

**Ms. Jennifer O'Connell:** Thank you.

**The Chair:** Thank you, Ms. O'Connor, and thank you, Minister and Mr. Gallivan.

We will now deal with a motion that's relevant to this session.

Minister and Mr. Gallivan, if you want to take a break, other officials will come up along with you on the estimates.

There is a motion on the floor that's been put by Mr. Caron.

Do you want to speak to that?

[Translation]

**Mr. Guy Caron:** We requested documents from KPMG. We received them, and they were tabled. We will study the documents tabled by the Canada Revenue Agency as well. The purpose of the request that was made was to determine which employees were involved in the scheme.

Now that we have a few names, it would make sense for our committee to start by hearing from these people, so we can understand more about how the scheme was set up. That's the underlying objective of the ongoing study.

I recommend at least three meetings to hear witnesses from KPMG and the CRA. All these names are from the list or have emerged from various media reports and investigations. They include Denis Lacroix, Michael Hamersley, Barrie Philip, Jeff Sadrian, and Paul Hickey, all of whom are from KPMG. Mr. Hamersley was with KPMG in the United States, but he confirms that the scheme was similar to the one used in the U.S. at the time.

After those meetings, given the complex nature of the subject, we need to take some time to meet with subject matter experts. We recommend André Lareau, who was part of the initial CBC/Radio-Canada investigation. He's a professor at Université Laval and has travelled to the Isle of Man. We also recommend Alain Deneault, who has written two books in two years on the whole mechanics of the tax evasion and offshoring phenomenon. Arthur Cockfield and Dennis Howlett, who have studied the question in detail too, can also help us shed light on what we've heard so far, so we feel they should be heard from, as well.

We propose at least three meetings to ensure we can do our work properly, plus a supplementary meeting to prepare a report to be tabled in the House of Commons.

[English]

**The Chair:** The motion is in order. Is there any discussion?

Mr. MacKinnon.

[Translation]

**Mr. Steven MacKinnon:** In light of the documents received from KPMG, it's clear we will have to continue our work on this subject. And there are other people from the CRA whom we haven't had the chance to see again yet. However, it's unlikely the committee members have had the opportunity to revisit these documents at length. At this stage, we propose the motion be amended so our study is less limited in time than what my colleague from across the way would like.

If I may, Mr. Chair, I will read the amendments to the motion in English.

● (1210)

[English]

**The Chair:** Let's hear your amendments.

**Mr. Steven MacKinnon:** I'm on the English version of the motion. In the second line, instead of the words "the amnesty", we would replace that with "any negotiated settlement agreements", and we would strike everything after the word "study" in line 3 and insert a period.

In the first resolution clause, we would say that the list of witnesses possibly include, subject to a full review of documents received to date: KPMG and CRA employees and independent experts. We would strike all the names.

The last line remains intact, "That the Committee hold a supplementary meeting for consideration of a report."

**The Chair:** The amendment is in order.

Is there discussion on the amendment?

Mr. Caron.

[Translation]

**Mr. Guy Caron:** The first proposed amendment does not pose any particular problem, as far as I'm concerned.

[English]

"Negotiated settlement", rather than "amnesty agreement", I'm fine with that.

The only constraint we're talking about is a minimum of three meetings. That's it.

The rest is the list of people who were identified, and we did the work of reviewing the documents that we received from KPMG. Those names are either in the documents as having already participated or are in the reports that we had from CBC/Radio Canada. It's not limited to those names. If there are other names that members of the committee want to add following the study of the documents, I have no problem with that. The motion has opened that.

The names of the four independent experts should be there as well because those people have worked on this issue closely, and it's not limited to those experts. I don't see why we should be constraining or making it a lot more vague, knowing that it's not limited to these people, but these people should be there if we want to do an exhaustive study of the scheme that was used.

[Translation]

**Mr. Steven MacKinnon:** Absolutely.

In no way does the amendment I'm proposing prevent us from compelling these people, other people, fewer people, or more people to appear. As is indicated in the amendment, we can discuss these matters after having reviewed the documents submitted to us.

[English]

**The Chair:** If I could ask a question of the mover of the amendment, are you suggesting that names be presented on a list to the clerk or that the subcommittee on agenda review all the names that come forward and make decisions?

I'm wondering on the process here and I don't think anybody is suggesting that it be limited to three meetings either, are they?

**Mr. Steven MacKinnon:** In that sense my amendment is less prescriptive than those of my honourable colleague.

I'm in your hands with respect to process. I'd certainly be open to the subcommittee's review of that.

**The Chair:** Mr. McColeman.

**Mr. Phil McColeman:** I have a quick question to the mover of the amendment.

Why do you want to remove the names when we know these are the key individuals who have had first-hand...? That's what I'm trying to understand.

**Mr. Steven MacKinnon:** As I said earlier when we get documents of this size and documents the size of those presented to us by the agency, we want to review them, perhaps add names, perhaps subtract names. With respect to the independent experts, surely even Mr. Caron would agree that those are not the only experts in Canada. There may be others. There may be fewer.

We want to have a chance to review all the relevant documentation in the spirit of continuing the work we've undertaken to date.

● (1215)

**The Chair:** Mr. Caron.

**Mr. Guy Caron:** If I'm not mistaken the suggestion was to move that to the steering committee and have the discussion there. I have no problem with that.

**The Chair:** Are we voting on the amendment?

**Mr. Steven MacKinnon:** Question.

**The Chair:** The question has been called on the amendment.

All those in favour?

Sorry, Nick.

**Mr. Nick Whalen:** I have a point of order.

I know someone on the list, so I would be in a conflict of interest in voting on the amendment. As a result, we're trying to sort out a replacement for me for this one vote.

**The Chair:** We're voting on the amendment or we can go by agreement and send the whole issue to the steering committee if you would like.

**Mr. Raj Grewal:** We should send it to the steering committee and then it can come back here if there's an issue.

**The Chair:** Do we need a motion? If it's agreed, we don't need a motion. Are we agreeing to send this issue to the steering committee?

**Some hon. members:** Agreed.

**The Chair:** Then it shall be done. Thank you, all.

Would the other witnesses come forward?

The order of business is pursuant to Standing Order 81(4), main estimates 2016-17, votes 1 and 5 under the Canada Revenue Agency, referred to the committee on Tuesday, February 23, 2016.

We have before the committee, the Minister of National Revenue, as well as officials, Mr. Huppé, chief financial officer and assistant commissioner; Mr. Gallivan, assistant commissioner; and Mr. Trueman, assistant commissioner, legislative policy and regulatory affairs branch.

**The Chair:** I believe, Minister, you have a statement to make, as well as Mr. Huppé.

[*Translation*]

**Hon. Diane Lebouthillier:** Thank you, Mr. Chair.

I thank you for the opportunity to participate in the committee's study of the main estimates 2016-17.

I am joined by several Canada Revenue Agency officials: Mr. Geoff Trueman, the assistant commissioner of the legislative policy and regulatory affairs branch; Mr. Ted Gallivan, the assistant commissioner of international, large business and investigations branch; and Mr. Roch Huppé, the assistant commissioner of the finance and administration branch. Mr. Huppé will speak briefly about the main estimates and answer your questions, but I would like to say a few words by way of introduction.

I spoke earlier today to your committee about some of the proposed measures in Budget 2016 that will help the CRA combat tax evasion and tax avoidance. A secure tax base is the foundation for a healthy economy, a sustainable social infrastructure, and a strong democracy. I would like to add that the Government of Canada proposes two additional areas of investment that will also support the work of the CRA and my priorities as Minister of National Revenue. Those priorities are in my mandate letter.

Budget 2016 proposes to invest \$351 million in the CRA's ability to collect outstanding tax debt, and \$186 million to improve service to Canadians through better telephone access, easy-to-understand correspondence, and increased outreach for vulnerable and low-income Canadians. That is a total investment exceeding \$1 billion over the next five years, a testament to the importance of the work the CRA does.

As you are aware, Mr. Chair, Canada's tax system is based on voluntary self-assessment and compliance. Within this system, the CRA plays a special role. It administers tax laws for the Government of Canada and for most Canadian provinces and territories, and it administers various social and economic benefit and incentive programs that are delivered through the tax system. The taxes

collected by the CRA are critical to families, businesses, and communities. When Canadians meet their tax obligations, they are helping to fund health care, post-secondary education, social programs, infrastructure, and many other programs. This is why it is crucial that everyone pays their fair share of taxes, so that all Canadians can benefit.

In 2014-15, the CRA processed \$469 billion in revenues and engaged with 31 million individual and corporate taxpayers. More than 92% of taxpayers file their taxes and pay the amount they owe on time. The CRA also delivers important benefits to many eligible Canadians. Last year, the CRA delivered \$22 billion in benefit payments to 12 million recipients.

With new funding of \$186 million, the CRA will be able to reach out to Canadians who may be entitled to benefits but not be receiving them. By offering services that are proactive, more helpful, and easier to use, the CRA will ensure that people who interact with the agency feel like valued clients, not just taxpayers.

We are confident that our proposed investment in the CRA's ability to protect the revenue base while improving service to Canadians will yield significant returns. It will also help ensure that our tax system operates as fairly and effectively as possible.

I would now like to turn you over to Roch Huppé, who will walk you through the CRA's main estimates.

Thank you.

•(1220)

[*English*]

**Mr. Roch Huppé (Chief Financial Officer and Assistant Commissioner, Finance and Administration Branch, Canada Revenue Agency):** Mr. Chair, good afternoon, and thank you for the opportunity to appear before the committee to present the Canada Revenue Agency's main estimates for 2016-17 and to answer any questions that you may have on the associated funding.

[*Translation*]

As you are aware, the Canada Revenue Agency is responsible for the administration of federal and certain provincial and territorial tax programs, as well as the delivery of a number of benefit payment programs. Each year, the CRA collects hundreds of billions of dollars of tax revenue for the governments of Canada, and distributes timely and accurate benefit payments to millions of Canadians.

To fulfill its mandate in 2016-17, the CRA is seeking the approval of a total of \$4.1 billion through these main estimates. Of this amount, \$3.1 billion requires approval by Parliament, whereas the remaining \$1 billion represents statutory forecasts that are already approved under separate legislation. The statutory items include children's special allowance payments, disbursements to the provinces under the Softwood Lumber Agreement, employee benefit plan costs, and the use of revenues received through the conduct of CRA operations pursuant to section 60 of the CRA Act for administered activities on behalf of the provinces and other government departments.

• (1225)

[English]

These 2016-17 main estimates represent a net increase of \$280.9 million or 7.4% when compared with the 2015-16 main estimates authorities. The largest component of this change is an increase of \$128 million in the projected statutory disbursements to the provinces under the Softwood Lumber Products Export Charge Act, 2006.

Other increases to the agency's budget include a \$55.8-million adjustment associated with the enhancements to our compliance efforts aimed at improving the fairness and integrity of the tax system. These initiatives include additional T1 reviews, the corporate assessing review program, the non-filer program, employer and GST/HST delinquent filers, large business audits, underground economy specialist teams, and finally, enhanced offshore non-compliance measures.

There is an increase of \$52 million of the forecasted payments under the Children's Special Allowances Act due to modifications announced in the 2015 federal budget, which saw the existing universal child care benefit increase from \$100 to \$160 per month for children under six years and a new \$60 monthly benefit for children six and over, but less than 18 years old; and an increase in the monthly payment for each child eligible for the Canada child tax benefit, the national child benefit supplement, and the child disability benefit.

There is also an increase of \$41.4 million related to accommodation and real property services provided by Public Services and Procurement Canada.

There is an increase of \$25.7 million to implement and administer various new tax and benefit measures funded through budget 2015. These measures include the family tax cut, the children's fitness tax credit, the enhanced universal child care benefit, streamlining withholding requirements for non-resident employers, and automatic exchange of information.

Finally, we have the transfer of \$19.6 million from Public Services and Procurement Canada as a result of a reduction in the CRA's accommodation requirements. The transfer is possible due to a number of initiatives undertaken by the CRA to achieve accommodation efficiencies, which resulted in a reduction in rental requirements of over 42,000 square metres of space, representing a total savings of \$19.6 million.

There was also a \$9.3-million statutory adjustment in the contributions to employee benefit plans.

These increases are offset by a \$29.5-million adjustment associated with the sunset of funding for various measures announced in previous federal budgets; a \$15.5 million adjustment for transfers to other government departments, and finally, an adjustment of \$5.9 million in the forecast of cost-recovery revenues pursuant to section 60 of the Canada Revenue Agency Act for initiatives administered on behalf of the Canada Border Services Agency and the Province of Ontario.

The CRA's 2016-17 main estimates do not yet reflect the tax measures announced by the Minister of Finance in the March 2016 budget. Incremental funding requirements for the implementation and administration of announced tax measures are currently being evaluated by the CRA and will be presented to Treasury Board ministers through formal submissions in the coming months. Any incremental funding required for the 2016-17 fiscal year as a result of the Treasury Board submissions will be sought through the supplementary estimates process.

In closing, the resources sought through these 2016-17 main estimates will allow the CRA to continue to deliver on its mandate to Canadians by ensuring that taxpayers meet their obligations, that Canada's revenue base is protected, and that eligible families and individuals receive timely and correct benefit payments.

[Translation]

Mr. Chair, at this time, my colleagues and I would be pleased to answer any questions from committee members.

Thank you.

[English]

**The Vice-Chair (Mr. Ron Liepert):** All right.

We'll start with Ms. O'Connell. I think we'll restrict it to five minutes because of the time.

Go ahead.

**Ms. Jennifer O'Connell:** Thank you, Mr. Chair.

Thank you again for appearing on the main estimates.

Minister, in your comments in regard to the \$1-billion investment over five years to better customer service, you mentioned things such as the phone system, which is for sure something we raised here, and communication for our residents.

I'm curious about whether you will be looking at setting up a process—or has it already been done, perhaps?—to survey clients to find out how these systems can be improved. For example, in the case of a phone system issue, perhaps you could not limit hours to 8:30 a.m. until 4:00 p.m., or something along those lines, and maybe have more flexible times so that people don't have to call about their taxes from work, because it could perhaps be embarrassing or not appropriate.

Are you looking at these types of client service enhancements and not just at hiring more staff to be available under the status quo?

•(1230)

[Translation]

**Hon. Diane Lebouthillier:** Since taking office as Minister of Revenue, I have visited offices throughout Canada. I can tell you that telephone service is not offered between 8 a.m. and 4 p.m.

Mr. Gallivan, who is more familiar with the improvements we are making, will be able to answer you on that point.

[English]

**Mr. Ted Gallivan:** You're correct. As the agency tried to preserve the audit horsepower in my current mandate, we cut back hours of service and degraded the response time. The money in the budget serves to re-establish it.

We had a discussion yesterday about additional rounds of public opinion research, so the agency is very open to suggestions from Canadians about how to improve services.

I think it's also worth noting that this was five-year funding. We're actively looking at call drivers and seeking to emulate call drivers and we remain hopeful that electronic services, which we continue to invest in, will help most Canadians as most Canadians move to e-services. We hope that's the way of the future, but we're absolutely committed to keeping phone service for those who prefer to interact with us by phone.

**Ms. Jennifer O'Connell:** Thank you.

Many of you mentioned throughout the testimony the different numbers of employees who will be hired, but could you, with this new funding, specify the number of employees being hired not specifically for tax avoidance but more for client services? Do you have that figure available?

**Mr. Ted Gallivan:** I think the most important measure would be our accessibility, in other words, how many callers get through on the first call. The investment in budget 2016 will allow us to hit 90%, and in some periods of the year it might even be higher than that. Again, you talked about weekends. In filing season, we put in weekend services. The agency's commitment is to answer 90% of those calls, up from the 80% target that we had previously.

**Ms. Jennifer O'Connell:** Thank you.

With regard to your overall client service improvement with these funds, are there specific plans for persons with disabilities to access the resources? They also tend to have more complicated taxes in terms of rebates, provincial or federal. That tends to drive a lot of questions in my office.

Is there contemplation of having specific client service employees to deal with persons with disabilities who may need more attention and care in dealing with their particular tax file?

**Mr. Ted Gallivan:** I would say that today we are being very sensitive across all our programs to persons with disabilities, from the accessibility of our website to the specifications we set for software developers who produce software, to the volunteer tax preparation program. Some people with disabilities need that kind of extra assistance to file their returns. We try to build in this sensitivity and support across all of our service programs so that people with disabilities receive the same service as other Canadians.

**Ms. Jennifer O'Connell:** Thank you.

I have one final question, Mr. Chair.

We heard testimony, not particularly on CRA or on this issue, but with the investments being made we've heard from numerous witnesses concerning the simplification of our tax system.

Do you feel that if this type of review were done it could work hand in hand with better use of resources? If people can understand their taxes in plain language and really understand better, would it help in the delivery of the program and the enhancement of client services that you spoke of?

•(1235)

**Mr. Geoff Trueman (Assistant Commissioner, Legislative Policy and Regulatory Affairs Branch, Canada Revenue Agency):** Thank you for the question.

One of the most important things we can do at the CRA is simplify the forms and the process and the letters that taxpayers receive. The vast majority of taxpayers have a fairly straightforward interaction with the agency. To the extent that we can make sure that the forms and the messages that taxpayers receive are simple and clear, we can greatly facilitate their ability to comply and our ability to administer the Income Tax Act.

Going forward, that is certainly part of our service agenda.

**Ms. Jennifer O'Connell:** Thank you, Mr. Chair.

**The Chair:** Thank you both.

Mr. Abouttaif.

**Mr. Ziad Abouttaif:** Thank you very much.

I have a first question to Monsieur Huppé on the adjustments or extra budget put in place to cope, if I understand correctly, with the changes in the new budget around the taxation system. Is that correct?

**Mr. Roch Huppé:** I'm sorry, that was around the what?

**Mr. Ziad Abouttaif:** It's around the new taxation rules with the new budget.

**Mr. Roch Huppé:** First of all, the budget 2016 funding that we've been talking about for a few minutes is not in these main estimates. The main estimates represent the decisions made by Parliament in the past up to a certain point.

But yes, we received back then a very large sum of money to review the actual system itself. We have large investments, for example, in our T1 system. We have large investments right now being done in our benefits system, and also in our compliance system. The agency is making investments in these areas with the funding that has been received over these few years.

**Mr. Ziad Aboultaif:** Can you sum up the total amount of money you'll be getting to work with these changes and the new tax schemes?

**Mr. Roch Huppé:** What I can tell you is that the agency spends approximately \$100 million a year towards the improvement of these systems. It varies from system to system, obviously.

Some of the \$1 billion is towards developing certain systems to have better business intelligence, for example. There are portions of money there. What we do at the agency is manage the funding in a portfolio, and there are decisions made. There's a process every year by which we decide which systems are in need of improvements or have sustainability issues.

We spend in the neighbourhood of \$100 million a year on these systems.

**Mr. Ziad Aboultaif:** This is a question to the minister.

I guess you were probably involved in the \$444-million budget; is that correct? Were you as minister involved in setting up this number that you need for the next few years, yes or no?

[Translation]

**Hon. Diane Lebouthillier:** Yes, as we were saying, we have budgeted for \$1 billion over the next five years.

[English]

**Mr. Ziad Aboultaif:** It's over a billion dollars; is that correct?

[Translation]

**Hon. Diane Lebouthillier:** Yes.

[English]

**Mr. Ziad Aboultaif:** Coming from a customer service background, I'll ask, are you looking to make the CRA friendlier? How is that going to reflect itself to taxpayers? Is this going to be a softer approach to your clients, who are the taxpayers and the corporations and everybody who pays tax?

[Translation]

**Hon. Diane Lebouthillier:** Yes, this really is customer service, where we have to respond to a request quickly and be able to provide information in a form that can be understood. Access to clients means doing outreach to people with disabilities, people who live in remote areas and may not have access to electronic services, and also seniors. So it is a service that is really based on the specific characteristics of certain client groups. There are also the aboriginal communities. We have to be in contact with them in order to give them access to various programs. In the case of the aboriginal communities, we have to make sure they are able to receive the Canada child benefit. To do that, people have to fill out their tax return. All in all, it is important for us to reach the entire population so everyone has access to the programs they are entitled to.

**Mr. Ziad Aboultaif:** Thank you.

[English]

**The Chair:** Thank you, Mr. Aboultaif.

Mr. Caron.

[Translation]

**Mr. Guy Caron:** Thank you, Mr. Chair.

Minister, this is saying that \$444 million will be added. I see nothing about this in the estimates, nor is there anything budgeted in the 2016-17 supplementary estimates. Mr. Huppé mentioned that this investment was not yet confirmed.

Can we at least know how this \$444 million will be allocated? What departments will this money go to?

I am concerned about the fact that this money is going to be distributed in its entirety. The CRA has to deal with very specific cases, big clients like KPMG, for example. Do you have an idea of how this \$444 million will be allocated, overall?

• (1240)

**Hon. Diane Lebouthillier:** Mr. Huppé will be able to answer that.

**Mr. Roch Huppé:** As you said, the \$444 million does not appear in these estimates. The amount will mainly be added to our compliance measures. In the estimates, there is a figure of \$1.067 billion for those measures already. A large part of the \$444 million will also be invested in those same programs.

In terms of the process, we are currently working on the exact breakdown of the \$444 million among the various programs. This information comes from our submissions to the President of the Treasury Board, who approves the information. It is then submitted to Parliament, via the supplementary estimates. Again, I cannot provide you with more details at this point, given that this is confidential information that is still at the submission stage. A large part of that figure will be used to improve our performance in our activities with clients, and so on.

**Mr. Guy Caron:** I am going to ask you one final question before turning the floor over to Mr. Dusseault.

Even though the \$444 million has been announced, it has not yet been approved by Treasury Board, is that right?

**Mr. Roch Huppé:** Absolutely. The figure should be approved within a few weeks. It will then be tabled in the supplementary estimates (B). That is our objective.

**Mr. Pierre-Luc Dusseault:** Thank you.

I am somewhat surprised to hear the minister referring to this \$444 million almost every day, when the money has not yet been approved by Treasury Board.

That said, I am mainly interested in the 2016-17 report on plans and priorities, which, to my mind, offers a lot more perspective when it comes to spending by the Canada Revenue Agency.

When I look at a graph in that report, I see that the Canada Revenue Agency's budget has declined. The 2015-16 public accounts that will be released shortly provide for \$3.3 billion. For 2018-19, according to the report on plans and priorities, \$3.32 billion is budgeted over three years.

Minister, what is the explanation for your reference to an investment, when the report on plans and priorities, for the 2018-19 outlook, shows a decline in the Canada Revenue Agency's budget? The report even shows a staffing decline of 2,318 full-time equivalents.

Can you explain the reason for that decline, which is shown in the 2016-17 report on plans and priorities?

**Hon. Diane Lebouthillier:** Mr. Huppé will answer your question.

**Mr. Roch Huppé:** I do not have the graph you are referring to in front of me. However, the 2016-17 report on plans and priorities that has been tabled does not include the recent investments announced in the budget. A report on plans and priorities presents all sources of funds that have been approved to cover a specific period when the data are prepared. It also includes funds that we would have received that are going to be eliminated over the years. We therefore have to remove those amounts before submitting a figure. That does not mean that those funds will not be renewed in a subsequent budget. The graph you are referring to illustrates the authorizations we have received at a specific point in our process.

**Mr. Pierre-Luc Dusseault:** I understand.

However, why is that amount not reflected in the report on plans and priorities? For example, if an investment of approximately \$444 million is announced, and another amount for client service, why is that not reflected in the report?

Take another example. For the compliance program as it relates to tax returns, which is still an extremely important program, it is the same thing when it comes to the projected spending for 2015-16.

We also see a reduction of \$54 million between the 2014-15 and 2015-16 public accounts, the equivalent of a reduction of 382 people in terms of full-time staff.

How do you reach this conclusion in your report on plans and priorities? Does your projected spending extend to 2018-19? Investments are being announced, and in the reports, it shows a decline between now and 2018-19. Why do you not take into account the announcements that are being made?

**Mr. Roch Huppé:** The reason it is not included in the report on plans and priorities is that it was tabled before the budget. We cannot add—

**Mr. Pierre-Luc Dusseault:** These investments were already planned.

**Mr. Roch Huppé:** Mr. Chair, we cannot adjust the report on plans and priorities when we have to produce it before the budget is announced. Those funds have not yet been announced and they are not public. The process means that these figures will be reflected in the next report on plans and priorities.

●(1245)

[English]

**The Chair:** Thank you, Mr. Huppé.

We are dealing with those under the budget implementation act in terms of the numbers that both of you are talking about, the \$440 million. There's no way they can be in the estimates or the other planning documents.

We'll move to the last series of questions.

Mr. Grewal.

**Mr. Raj Grewal:** Thank you, Mr. Chair.

Once again, thank you to all for joining us today.

I mentioned in the first round, as well, that for me the issue has always been about tax fairness and ensuring that Canadians, across the board, pay their fair share, whether corporate or personal. It doesn't matter where you come from. Everybody works really hard in this country.

We get an opportunity when we're back in our constituencies to meet with a lot of Canadians, such as blue collar workers working in factories, small businesses, taxi drivers, and truck drivers. Those are the types of people who come into our offices with problems with the CRA. Those are the people we want to help because they don't have the resources to hire a KPMG or a Deloitte who will pick up the phone, call the CRA, and get a response.

I know we've increased your budget, and I know the previous government really reduced your budget, and that had an impact. We all know about that.

I just want to know if we're really going to make a point of ensuring that the systems in the CRA are smoother for people to be able to pick up the phone, call a CRA officer, and come to a resolution on their tax issue. I think that's an extremely important part of your mandate, Minister.

[Translation]

**Hon. Diane Lebouthillier:** I sincerely thank my colleague for his question.

In fact, client service is part of my mandate letter and one of the priorities of the Canadian government. We have already begun to put measures in place so that the correspondence we send people is easy to understand. We talked about telephone services earlier. We want to ensure that people are able to get responses much faster.

We have put a whole system in place for processing requests. When people have trouble paying what they owe the government, it is important to treat them well and make sure that everyone fulfills their obligations.

[English]

**Mr. Raj Grewal:** Thank you, Minister.

I have one last question before I pass on my remaining time to the parliamentary secretary. You may not know this off the top of your head.

Has there been a study done on how much your budget is increased—so, for every dollar we give to the CRA to carry out its mandate—and the net return on investment? Let's say it's \$1 that we invest, and \$1.50 that we get in tax. Do we have a number on how that works?

**Mr. Ted Gullivan:** I think it varies on where the investment is made.

For example, budget 2015 provided us \$200 million, and we had roughly a four-to-one return on investment. But we were deliberately focusing on the underground economy, small and medium enterprises, in order to have a level playing field for some of those contractors you referred to.

In budget 2016, we have a greater focus on multinationals and high net-worth individuals, so the ROI is around an average of six to one, so it's higher.

The ROI for the agency would vary from two to one to twenty to one depending on what strata we're focused on.

**Mr. Raj Grewal:** Could we get a list on how that breaks down by department?

**Mr. Ted Gullivan:** Yes.

**Mr. Raj Grewal:** Thank you.

I'm going to pass on my remaining time.

**The Chair:** Mr. Champagne or Mr. Dubourg....

**Mr. François-Philippe Champagne (Saint-Maurice—Champlain, Lib.):** I just want to say for the record, Mr. Chair, that I heard a question from the honourable colleague on the other side, either Guy Caron or Pierre-Luc Dusseault.

When we talk about improving access, I refer you to budget 2016 on page 206. We have a whole paragraph. We have a page describing what we're going to do, exactly, to improve services at the agency.

We're proposing to invest \$185.8 million over five years, and \$14.6 million ongoing in the CRA. I won't take the time to read exhaustively what's in the budget, but obviously there's a whole page about what we're going to do, very specifically, to answer the question.

• (1250)

[*Translation*]

There is also a much more interesting question, for the people watching and listening to us. You are quite familiar with it, Minister.

In Budget 2016, one of the key measures concerning the Canada Revenue Agency is to have proactive activities to inform Canadian taxpayers and help them get the tax credits they are entitled to. We have heard a lot of testimony, or questions and comments, from our colleagues, on this point, and rightly so. I think this approach is diametrically opposed to what we may have seen in the past.

Could you tell us a little more about that, Minister? For the people following us at home, I think the fact that you and your

representatives are going to help those people know what tax credits they are entitled to is one of the key measures in the budget.

**Hon. Diane Lebouthillier:** Yes, that is also part of client services. We are well aware that, in the case of the neediest or most disadvantaged clients, things having to do with the tax system are complicated. A lot of people did not have access to additional credits. The government is therefore truly committed to this. One of the CRA's priorities is to provide information when people call.

The CRA does not let people guess and search in this very complex system for the credits they are entitled to. When people call, we provide them with guidance in this regard.

The volunteer program is also designed this way. We want to enable people to get the money they are entitled to, to improve their quality of life.

**Mr. François-Philippe Champagne:** Mr. Chair, may I have 10 seconds?

[*English*]

**The Chair:** No, you are well over time, and Mr. McColeman has one.

I do want to say in this exchange though—and I don't know if every MP's office is the same—I can't thank the people who we call at CRA in our office enough in terms of how they help us help our constituents when they have problems and come through our office. I just want you to know that.

Mr. McColeman.

**Mr. Phil McColeman:** Thank you for that, Mr. Chair, I really appreciate your comment, frankly, because I'm a little disturbed at the comment that was just made by the parliamentary secretary, which implied that the outreach didn't happen under previous governments. Not only our government before that, but successive governments over the last 20 years have had nothing but praise for CRA in terms of their outreach to make sure that people actually are informed. Sometimes they are proactive in the sense that they send notices to people to ask if they know they could get this additional claim, so thank you for that hard work. It's not diametrically opposed, as he characterized it, to what this government is going to move forward with.

I want to make that point because it is upsetting that he would accuse you and previous governments of not reaching out to help constituents. In my office I help over 300 needy people get their tax returns done and many other MPs do that as a service to reach out to help people get the kinds of credits they deserve. I have one simple question and that is to the minister.

Can you guarantee that the rollout of all the changes that are going to be made to the tax credit system, some removed from the previous system and some being completely taken away, the child arts tax credit and such, to move to the new system will be seamless and will you guarantee that people will not have interruptions to the receiving of their benefits?

[Translation]

**Hon. Diane Lebouthillier:** According to my information, and from my experience working with my representatives, the important thing for us is that people receive the services they are entitled to and the benefits they are entitled to. I am very happy about what has been announced by our government. At the CRA, everything is in place so that starting in July, people will be able to receive the Canada child benefit. These measures have been put in place by our government to enable people to have a better quality of life and to receive the money they are entitled to.

As I said a little earlier, I am a social worker. I come from a remote region. I am very familiar with disadvantaged populations, seniors, and people with little formal education. I know very well that these people do not all receive the services they are entitled to.

We have to reach out to those people. We have to offer services to people in remote regions, like Nunavut. Canadians do not all live in cities.

• (1255)

[English]

**The Chair:** Okay, thank you, Madam Minister.

We're going to have to cut it there, or we will not get to vote on the estimates. That would not be a good thing.

Thank you very much, Minister, and witnesses. It's not too often we have a minister for two hours with two written presentations. That's pretty good.

Thank you all.

Turning to the votes on estimates then.

CANADA REVENUE AGENCY

Vote 1—Operating expenditures, contributions and recoverable expenditures.....\$3,032,118,914

Vote 5—Capital expenditures and recoverable expenditures.....\$37,066,000

(Votes 1 and 5 agreed to on division)

**The Chair:** Shall I report the main estimates 2016-17 to the House?

**Some hon. members:** Agreed.

**The Chair:** Did you have a motion?

[Translation]

**Mr. Steven MacKinnon:** Thank you, Mr. Chair.

[English]

If you seek it, I hope you will find unanimous consent for the following motion. If not, I give notice that I will be presenting it.

[Translation]

That the committee invite Mark Machin, the new President and Chief Executive Officer of the Canada Pension Plan Investment Board, as well as Heather Munroe-Blum, Chairperson of CPPIB's Board of Directors, to appear as witnesses as soon as possible after the beginning of his mandate.

[English]

**The Chair:** Is there any discussion?

Mr. Caron.

[Translation]

**Mr. Guy Caron:** I don't see any problem with the motion itself. Could we consider this to be a notice of motion that we will vote on when we return after the constituency week? I don't think it is urgent.

**Mr. Steven MacKinnon:** No.

**Mr. Guy Caron:** So if it is a notice of motion, we could vote on it on Tuesday, when we are back. In any event, we already have something on the schedule that Tuesday, and we can dispose of it quickly. I would like to be able to look more closely at the names and the perspective, but in general, I agree with the motion.

**Mr. Steven MacKinnon:** Thank you.

[English]

**The Chair:** Okay, we're agreed to that.

We will have to meet on the 30th, if we can, because there is a lot of material the steering committee needs to look at. We could potentially meet at one o'clock until two o'clock on Monday. We're tied up that afternoon with witnesses and with the minister. We have officials for an hour that night, and then we have the minister's estimates in the House.

We have a fairly tight agenda on the 30th and the 31st, but in order to get witnesses for further on we'll need to have a steering committee meeting on the 30th at around one o'clock or so. A notice will come out.

Seeing no further business, the meeting is adjourned.





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