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Chair

Mr. James Rajotte

Standing Committee on Finance

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• (0845)

[English]

The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)): I call this meeting to order.

This is meeting number 120 of the Standing Committee on Finance. Our orders of the day for the first hour are pursuant to Standing Order 81(4). We are dealing with the main estimates 2013-14, votes 1 and 5 under the Canada Revenue Agency, referred to the committee on Monday, February 25, 2013.

Colleagues, we're very pleased to have two officials from the Canada Revenue Agency here with us for the first hour this morning. We have Mr. Mark Perlman, acting chief financial officer and assistant commissioner, finance and administration branch. We also have Mr. Richard Case, acting deputy assistant commissioner and agency comptroller, finance and administration branch.

Welcome to both of you gentlemen.

Mr. Perlman, I believe you have the opening statement, and then we'll have questions from members.

Mr. Mark Perlman (Acting Chief Financial Officer and Assistant Commissioner, Finance and Administration Branch, Canada Revenue Agency): Thank you, Mr. Chair.

Good morning, and thank you for the opportunity to appear before the committee to present, and to answer any questions you may have on the Canada Revenue Agency's 2013-14 main estimates.

[Translation]

Mr. Chair, as you know, 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.

Every year, the agency collects hundreds of billions of dollars in tax revenue for the Government of Canada, and distributes timely and accurate benefit payments to millions of Canadians.

[English]

In order to fulfill its mandate, the CRA is seeking the approval of a total of \$4.3 billion in resources through these 2013-14 main estimates. This represents a net decrease of about \$98.1 million, or 2.2%, when compared with the 2013 main estimates authorities. This net increase is made up of a number of changes, but in total, \$132.8 million in decreases are offset by \$34.7 million in individual increases. The \$132.8 million in decreases to the agency's budget are comprised of the following items. A reduction of \$56.3 million is as

a result of savings identified as part of the budget 2012 spending review. Most of the savings measures can be categorized under two broad categories, mainly making it easier for Canadians and businesses to deal with government and modernizing and reducing the CRA's back office.

Secondly, the agency's 2013-14 budgets also reflect a planned reduction of \$31.3 million related to the completion of start-up activities for the implementation of the harmonized sales tax for Ontario and British Columbia as well as the new affordable living tax credit for Nova Scotia.

[Translation]

Furthermore, effective April 1, 2013, the agency is no longer responsible for administering the harmonized sales tax on behalf of British Columbia. As a result, a total of \$19.1 million is being returned to the Treasury Board through these estimates.

[English]

These main estimates also reflect a decrease of \$1.5 million from last year's estimates for the government advertising programs. This brings CRA's total advertising budget for the 2013 tax filing season to \$6 million.

The remaining \$24.6 million decrease consists of miscellaneous items, such as \$13 million less in revenues for cost-recovered services provided by Canada Revenue Agency to various organizations pursuant to section 60 of the Canada Revenue Act; the sum of \$5.8 million in planned funding reductions for various initiatives announced in the 2009, 2010, and 2011 federal budgets; an amount of \$3.6 million in lower employee benefit plan rates; and finally, \$2.2 million in planned reductions for the administration of the corporate tax in Ontario.

Offsetting these decreases, the agency's budgets will be increased by \$34.7 million for a number of initiatives that I will briefly address as follows. There is an additional \$14 million in 2013-14 as part of the multi-year upgrade of CRA's personal income tax processing system. This system is integral to the delivery of CRA programs and services to Canadians, providing Canada, the provinces, and the territories with their principal source of revenue. This system also enables the termination of eligibility for individual Canadians who receive benefit payments and tax credits each year. These upgrades will leave the CRA in a better position to address increased numbers of tax filers, respond to new tax policy measures, and implement new partnership agreements with provinces, territories, and other government departments and agencies.

● (0850)

[Translation]

In addition, the agency is requesting a \$10.9-million adjustment in the transfer from Public Works and Government Services Canada related to accommodation and real property services.

[English]

The statutory payments for the children's special allowance are also expected to grow by \$5 million, from \$233 million in 2012-13 to \$238 million in 2013-14. This is due to increases in both the numbers of children for whom payments are expected to be made and the monthly payment per eligible child.

The 2013-14 main estimates also reflect a \$3 million increase in statutory disbursements to the provinces under the Softwood Lumber Products Export Charge Act, 2006. These projected increases reflect a revised forecast provided by the Department of Finance based on historic averages as well as forecasts of U.S. prices and volumes.

[Translation]

The final increases relate to an adjustment of \$2.5 million in the amount previously transferred to Shared Services Canada when it was created, as well as \$0.1 million in other miscellaneous items.

[English]

Overall, these main estimates display a net increase of \$98.1 million when compared with the 2012-13 main estimates granted by Parliament. The CRA's revised authorities for 2013-14 will therefore total \$4.276 billion. Of this amount, \$3.1 billion requires approval by Parliament, whereas the remaining \$1.2 billion represents a statutory forecast already approved under separate legislation.

The statutory items include softwood lumber disbursements to the provinces, the children's special allowance payments, the employee benefit plan costs, and the section 60 spending of revenues received through the conduct of CRA operations.

Mr. Chair, at this time my colleague and I would be pleased to respond to any questions you may have on the CRA's 2013-14 main estimates.

Thank you.

The Chair: Thank you very much for your presentation.

We will begin members' questions, five-minute rounds, with Ms. Nash, please.

Ms. Peggy Nash (Parkdale—High Park, NDP): Thank you, Mr. Chair, and good morning to the officials. Thank you for being here.

My questioning is around the reductions in expenditures you have outlined and what that means for tax enforcement at CRA. I know that staffing has declined from a peak of 460 full-time positions in the international audit program in 2009 to about 422 positions. I'm wondering how this department will be further impacted. Will there be increased ability to do international tax auditing? In this committee we've been studying cracking down on tax havens, so I'm wondering about the international tax compliance element.

Mr. Mark Perlman: I want to start by giving a bit of background about the spending review. When the government announced the \$5.2 billion reduction, the CRA, as one of Canada's largest federal government organizations, had to do its part in contributing to the reduction of the federal deficit. Our part is the contribution of about 6.9% overall.

To answer your question directly, the CRA has been focusing its attention on administrative savings or activities that are of lower priority while maintaining its attention on higher-priority items such as international tax evasion and aggressive tax planning.

I want to assure the committee that the CRA is not weakening its efforts in audit enforcement. In fact, that is a priority area. Whenever we do our budgets going forward, these are the areas we tend to invest in.

In answer to your question, I believe the numbers you're quoting came out of question 1174, which should answer a number of the questions about aggressive tax planning and international tax evasion. If the committee would like, that question can be made available for distribution.

● (0855)

Ms. Peggy Nash: Yes, Mr. Chair, I would appreciate that. It would be great to see that.

If I have a little more time—

The Chair: You have over two minutes.

Ms. Peggy Nash: Oh, great.

I'd like to follow up on that. It's our understanding—and maybe you can correct this impression—that the CRA plans to eliminate another 3,000 positions. Can you verify whether this is correct?

Mr. Mark Perlman: That is the answer that's in question 1174. I can start with, if we want to go there—

Ms. Peggy Nash: Let me ask a supplementary question to the 3,000 positions being eliminated. Does increased spending or increased people resources in tax collection not pay big dividends in terms of taxes collected? In other words, when the CRA goes after those who either evade or just don't pay their taxes, surely that boosts revenue to the government's coffers. Would that be a correct assumption?

The Chair: One minute.

Mr. Mark Perlman: Let me start with the 3,008. The 3,008 was actually a number that came out when we first did our review of the agency. In creating our implementation plans, we were able to actually refine those numbers and get more details. As you may understand, we started off at a very high level. That number has now dropped down to 2,568, as we're moving forward. That is detailed in question 1174.

The CRA focuses its attentions on not only the number of people but also on the efficiencies and the effectiveness of our programs, and we continue to do whatever we can to boost revenues or to ensure that the amount of revenue that's being collected within the agency is treated appropriately.

Ms. Peggy Nash: It's my understanding that there are only about seven tax case convictions a year involving offshore assets. Don't you think we could boost that, given the whistle-blower leaks that have been very public over the last few years?

Mrs. Cathy McLeod (Kamloops—Thompson—Cariboo, CPC): I have a point of order, Mr. Chair.

The Chair: On a point of order, Ms. McLeod.

Mrs. Cathy McLeod: We're here to talk about the main estimates; we're not here to talk about convictions. Certainly the folks who we have present are chief financial officers, so I think we have the wrong witnesses for that line of inquiry, and it's not related to the subject of the meeting today.

The Chair: Do you want to respond on the point of order, Ms. Nash?

Ms. Peggy Nash: I would just argue we're here to talk about the main estimates and the impact of staffing reductions on the ability of CRA to do its work. I think it's in fact very pertinent to the business at hand.

The Chair: On this point of order, Mr. Brison, please.

Hon. Scott Brison (Kings—Hants, Lib.): I would agree with Ms. Nash. I think what she's trying to identify is what the potential linkage of changes in the estimates could be on rate of conviction, and we wouldn't want the committee to be accused of lacking conviction in our discussion this morning.

The Chair: Thank you.

Ms. McLeod, again on this point of order.

Mrs. Cathy McLeod: Yes, again, I certainly appreciate that the work we do on tax evasion and tax havens is very important, but Ms. Nash was going directly to specific issues around convictions. My point is that we're here to talk about vote 1, vote 5, the estimates, and therefore I would look forward to the ruling of the chair.

The Chair: Okay.

We are dealing with main estimates, we're certainly dealing with the report on plans and priorities, and we're dealing with the annual report to Parliament. It's all in the gamut of main estimates. The main estimates are, of course, very broad. As members know, the Speaker has interpreted "relevance" very widely, so I don't think it would be appropriate for the chair to limit questions. The officials can say that there may be other officials who should be coming forward to address those specific questions, but I'm going to allow the questions.

Mr. Perlman, on that.

• (0900)

Mr. Mark Perlman: What I will say to that is it is not my area of expertise, but I will take that question back.

The Chair: You can always get back to the committee with that information with someone else.

Mr. Mark Perlman: If it's the will of the committee, we can do that.

One thing I will add is that there are no reductions in the international audit program or the aggressive tax planning program in any of these reductions, and I think that's come out quite clearly.

The Chair: Thank you.

Ms. Peggy Nash: Mr. Chair, could I just ask, if he has supplementary information, that it be made available to the committee on this?

The Chair: Can you do that in your next round then? We're way over on this one.

Ms. Peggy Nash: Sure.

Thank you.

The Chair: We'll go to Ms. McLeod, please.

Mrs. Cathy McLeod: Thank you, Mr. Chair.

And I would like to thank the officials for coming.

Certainly, as you look towards doing your part in terms of the deficit reduction, you had the opportunity to look at how business had changed over time. As I look at how the people who I know file taxes, I look at legislation that has been put in place for accountants, in terms of how they file. Could you briefly talk a little bit about how things have changed and how that has provided an opportunity to refocus resources?

Mr. Mark Perlman: The way Canadians interact with this government is indeed changing in the way that you've described. Canadians are moving more into the electronic realm, and the CRA is changing to adapt with that as well. Over the last filing season we've noticed a tremendous increase in electronic filing overall. The point you were mentioning was the legislative change requiring tax preparers who file more than 10 returns to file electronically as opposed to on paper. This has made it much more efficient for the CRA to be able to do its business, and it has created savings.

We track these statistics as we go forward, and I can say that the CRA had actually a record day on April 30, which was the last day of the filing season, where over a million T1 returns were filed electronically. To date, about 80% of all personal returns that have been filed have been filed electronically. This is a tremendous increase in the electronic filing of returns overall.

Mrs. Cathy McLeod: Again, is it fair to say that if you have to mail out a paper copy...? We certainly have made them available, and then people have to return the paper copies. What happens to that paper copy when it hits the Canada Revenue Agency? I anticipate that you had numerous people inputting data. Can you talk a little about how that can have a dramatic impact in terms of how you have to staff?

Mr. Mark Perlman: Yes, absolutely. Actually, one of the statistics used by one of my colleagues who came to this committee previously—and I'll use the same statistic—is the cost of processing an electronic return versus a paper return.

When an electronic return is filed, it goes directly into our system. All of the checks and balances are there, and all of the security protocols are in place, but it doesn't require a manual intervention on the data entry point. When a paper return comes in, it has to go through the mail system. It has to go through our various mailrooms. It has to be opened, sorted, the paper and cheque separated—all of the elements.

When we did a rough costing of the direct costs associated with doing a paper return versus an electronic return, a paper return came out at about \$3.50 to process. For an electronic return, it's about 80¢. That's an increase of about 75% in the cost of processing that return, which is a significant saving for the agency. All the way through, as the rate of our drive to electronic goes up, our costs go down, and we're able to focus on other things, such as enforcement.

Mrs. Cathy McLeod: Of course, we have a number of people here today who are from British Columbia, and I notice a significant change in the main estimates that relates to where B.C. has transitioned away from the HST. Can you talk a bit about that? Can you talk about how that transition has been done and where we're going to be? Are we complete with the transition?

● (0905)

Mr. Mark Perlman: Yes, the transition in regard to British Columbia is indeed complete.

Mr. Case will take over.

Mr. Richard Case (Acting Deputy Assistant Commissioner and Agency Comptroller, Finance and Administration Branch, Canada Revenue Agency): Yes. Obviously when the announcement was made, we ensured that we worked very closely with the Government of British Columbia to ensure a seamless transition back to their provincial sales tax. We've been implementing those changes over the last little while.

As of April 1, that transition was made. A number of provincial employees did join the agency, and they will be transitioning back to the Province of British Columbia as well over the coming year.

Thank you, Chair.

The Chair: Thank you.

Thank you, Ms. McLeod.

Mr. Brison, please.

Hon. Scott Brison: Thanks to both of you for joining us today. I commend you on your hard work at Revenue Canada. One of your former ministers, Elmer MacKay, when he was Minister of National Revenue, described his job as being like a cheerleader in a torture chamber.

Voices: Oh, oh!

Hon. Scott Brison: It's a tough job, and I commend you as public servants.

Here's my first question. This tax season, Canadians saw several cuts to front-line CRA services with the cancellation of TELEFILE, associated services for seniors, and the simplified return program, as well as an end to in-person counter service at 26 tax service offices across Canada.

Firstly, how are those cuts reflected in the main estimates? Secondly, what steps, if any, did CRA take to ensure that former TELEFILE clients were able to meet their filing obligations? What, if any, was the fiscal impact of those steps?

Mr. Mark Perlman: The areas you were mentioning, such as the counter services and TELEFILE, are areas where we as an agency noticed a steady decline in the uptake, or the number of Canadians who were using these services. As an example, out of the 25 million returns that were filed last year, only about 1% were filed using TELEFILE. For the counter services, only about 2.5% of all our contacts with Canadians were through our counters.

Hon. Scott Brison: Sure, but part of this is that seniors die at some point, so the number of seniors among your clients has to be declining. But for those seniors who are still alive, those services are quite important.

Have you considered the impact on them of these changes?

Mr. Mark Perlman: Let me start off by saying that we understand that not everyone is going to fit into a pattern of electronic interaction. As a result, we have left the door open for in-person service, through appointments if necessary.

Hon. Scott Brison: Well, the door isn't open at 26 tax service offices across Canada where in-person counter service has been eliminated. I agree with you: statistically—there's a demographic reality—seniors die. But they also live. And for those who are actually audacious enough to continue living, how are they going to be served by your agency if they don't have a computer?

Mr. Mark Perlman: As I was about to say, seniors still have the opportunity to use our telephone services and speak to our very well-informed service agents at our call centres. If their concerns aren't addressed, they can make an appointment for an in-person review.

Hon. Scott Brison: But there's been a cancellation of TELEFILE.

Mr. Mark Perlman: Of TELEFILE, yes, but our call centres are still very active, and they have strong hours over the tax season and throughout the year.

Hon. Scott Brison: Another change introduced last tax year was the decision to charge Canadians \$25 if they get a tax professional's help to file a return.

How many Canadian taxpayers are likely to be affected by that change? What's the fiscal impact of that policy?

As well, have you considered the fact that some of those people who hire professionals are in fact seniors who may not be getting the service they'd previously received from your agency?

• (0910)

Mr. Mark Perlman: The legislation that was put in place was for tax preparers when they're filing greater than ten returns. There is not a charge of \$25 for filing a paper return. This is a disincentive for the tax preparers who don't file it electronically.

The tax preparers have access to EFILE. They can file electronically. There is not a charge to individual Canadians for that.

Hon. Scott Brison: In 2013-14 RPP forecasts, there's been a sharp drop in staffing levels for internal services, compared with 2012-13: 1,500 jobs in a single year.

Can you explain how CRA is restructuring its internal services program?

Mr. Mark Perlman: Yes. Actually, that's an excellent question.

That drop you're seeing in there—

Hon. Scott Brison: My previous ones weren't excellent?

Voices: Oh, oh!

Mr. Mark Perlman: They're all excellent questions. Thank you.

The drop you see in corporate services from 2012-13 to 2013-14 is actually the result of our cost containment plan as part of our response to budget 2010, where our salary budgets were frozen for increments and we had to internally find the money to be able to pay.

The Chair: Could you wrap up, please?

Mr. Mark Perlman: Okay. Sorry.

Just very quickly, the 1,144 FTEs is just a budgetary amount; it's not in internal services. Those FTEs were taken from all the branches and put into a reserve to pay for the salary increases.

So it wasn't actually a reduction in internal services. That was just where we held the reserve to be able to pay the salary increases for all of our other individuals.

The Chair: Thank you.

Thank you, Mr. Brison.

Mr. Van Kesteren, please.

Mr. Dave Van Kesteren (Chatham-Kent—Essex, CPC): Thank you, Chair.

Thank you for being here this morning, and thank you again for your work.

I want to tag onto what Mr. Brison was talking about, the seniors, because that is a concern.

Is there some help for seniors? Are you reaching out to seniors and helping them prepare their tax returns?

Mr. Mark Perlman: We do have our volunteer program, which does assist seniors. Basically we have a community volunteer program that assists people in the preparation of their tax returns.

We, as the CRA, encourage this volunteer program, and support them as best we can to assist people who do not feel comfortable using a tax preparer or doing their own taxes.

Mr. Dave Van Kesteren: Do you train volunteers to assist seniors?

Mr. Mark Perlman: Yes, we do.

Mr. Dave Van Kesteren: Of course, that's a service that members of Parliament could probably tap into, too. I say that because we talked about that. As staff, we have a passport clinic, and it was brought up just in the last couple of years. What about the ramifications as far as legalities if you help somebody? Is that something that's advised for members' offices, or are there some legalities that we have to be wary of?

Mr. Mark Perlman: Realistically, that's a program question that I don't feel comfortable answering.

Mr. Dave Van Kesteren: It's on your website.

Mr. Mark Perlman: It's on our website; I just don't have it with me. I don't have an answer and I don't want to hazard a guess on that one.

Mr. Dave Van Kesteren: Good. I think that's very helpful.

You mentioned a little earlier that there was some reduction in staff. What was the number of reduction in staff?

Mr. Mark Perlman: The total for the packages was 2,568 at maturity.

Mr. Dave Van Kesteren: So how many in total are employed by CRA?

Mr. Mark Perlman: Right now, as part of these main estimates, it's just over 39,000.

Mr. Dave Van Kesteren: I see, and is that number taken from the crew that's responsible for processing returns?

Mr. Mark Perlman: The 2,568? That would be across the entire agency, so it would be made up of internal services and processing returns. There are a number of initiatives under way as our contribution to the reduction of the deficit. As I mentioned in my opening remarks, there are a number of internal consolidations and efficiencies that we've been working on as an agency to be able to do that.

One of the projects that we've also been working on is our records management. As people are starting to file more electronically, our need to have paper records is diminishing, and we're adjusting our workforce and our workload accordingly.

• (0915)

Mr. Dave Van Kesteren: You said, Mr. Perlman—I think it bears repeating—that 80% of returns are filed electronically.

Mr. Mark Perlman: As of April 30th, 80% of the returns that we received were received electronically.

Mr. Dave Van Kesteren: That's outstanding, and again much of the effort that was directed to the paperwork, which must have been just a mountain at one point, now can be directed to the other areas that probably need more manpower, and that is if there's investigation or if there is follow-up or something. Have I understood that correctly?

Mr. Mark Perlman: Yes, we've been focusing a lot of attention on the entire compliance continuum, which includes the auditors, the compliance audits, our enforcement people, our collections people. And of course as we do more compliance, this creates additional appeals, so we also focus attention on ensuring that we clear out our appeals inventory.

Mr. Dave Van Kesteren: I read somewhere that as a result of the free-up of manpower, you were able to assist other government agencies and lighten their load somewhat. Did I get that right?

Mr. Mark Perlman: I'm not aware—I'm not sure what you're referring to.

Mr. Dave Van Kesteren: We'll leave that.

The other thing that we hear oftentimes is that we're advertising too much, but again I see that there's a reduction of \$1.5 million in advertising. Can you maybe talk about that for a minute?

Mr. Mark Perlman: There is a reduction. The results almost speak for themselves, as we've been seeing Canadians filing more electronically.

The focus of our advertising campaign has been fostering Canadians' awareness of tax relief measures and encouraging Canadians to file electronically. I think you may have seen the more recent ads: file your taxes online and get your refund faster. I think that's been a key message that we've been using at the agency, and I think people have really benefited. I know when I filed my return electronically, I got my return in approximately eight days, whereas the paper returns take about six weeks by the time everything is put in there. So it's a tremendous amount.

Our campaign this year is, as I mentioned, focused on tax relief measures, increasing the number of Canadians who claim their benefits and credits, and also working with private and not-for-profit organizations. So it's not just about television and radio ads, but it's how we use the Internet, how we use other forms of media, and how

we leverage our partnerships with other organizations to get the message out.

The Chair: Thank you.

Thank you, Mr. Van Kesteren.

Mr. Rankin, please.

Mr. Murray Rankin (Victoria, NDP): Thank you, Mr. Chair.

Welcome, witnesses, and thank you for attending.

I'd like to talk about compliance. You talked about the compliance continuum, Mr. Perlman. I also want to talk about uncollected tax debt, in the short time available.

First of all, on compliance, you talk about a net decrease in the main estimates of \$98 million, and I understand from the 2013-14 report on plans and priorities that the reporting compliance program is facing a funding cut of nearly 11%, \$120 million between 2012-13 and 2015-16. That's nearly \$120 million. The number of FTEs in the program is going to be cut by more than 300 between the current budget year and 2015-16. So that, plus the accounts receivable and returns compliance being cut by another 14%...

First of all, is that accurate? Do I have the accurate information? If so, how does that plug into the compliance continuum, these cuts that you've talked about? Won't it make it even more difficult to achieve compliance with these cuts?

Mr. Mark Perlman: I would like to answer that question. You do have it right. One of the issues with the way the main estimates are portrayed is we can only portray the numbers that we have known to date. So when you talk about the \$120 million for the compliance area, there is a difference in there where there are amounts that we know in the current year that we don't know in the future years. An example of that is maternity and severance allowances. Of that \$120 million, \$79 million of that is actually for maternity and severance. Then we have another \$19 million of that amount broken down for miscellaneous items, such as a reduction of the cost of accommodations. The remaining \$21.7 million is from measures arising from the budget 2012 spending review that we talked about.

• (0920)

Mr. Murray Rankin: That's the general point about the deficit reduction action plan.

Mr. Mark Perlman: That's the deficit reduction action plan.

Mr. Murray Rankin: What about the international auditing program? Ms. Nash talked about tax havens, and the ministers told us in the House that they have not cut—in fact, they've increased—the auditors in the audit programs. But looking at figures released in an order paper question to my colleague Mr. Casey by the minister on February 14, it shows that the number of auditors doing international audit programs have declined significantly from 2008-09, and likewise the auditors in the aggressive tax planning program have declined. Yet the claim is that there's more. Isn't it just shuffling people around? The number of people doing this in the international auditing section has in fact decreased. Is that not right?

Mr. Mark Perlman: The question 1174 that you're referring to goes back to 2005-06 and shows a significant increase overall from, let's say—

Mr. Murray Rankin: Yes, but from 2008-09, it's 459, and in 2012-13, it's 422. On aggressive tax planning, it's 500 in 2008-09, and it's down to 468. Is that correct?

The Chair: Okay, let's let Mr. Perlman answer.

Mr. Mark Perlman: I understand your question. This is where we need to do things...I'm reluctant to say “smarter”, but one of the things we do is we always look at the way we're doing work. In the audit program area, while you may have seen a reduction overall in those areas, there is no aggressive international tax planning. It's actually a combination of those two programs and people working together. What we did do is we realized that we wanted to focus our attention on the higher-value items. As a result, while the salary budgets have basically stayed the same, you're seeing the number of FTEs going down, because we're actually bringing specialists who are working on higher-profile files to be able to generate greater revenue. That's the direction we've been going in.

Mr. Murray Rankin: Can I talk about uncollected, undisputed—

The Chair: You have 30 seconds.

Mr. Murray Rankin: It's the \$29 billion that the Auditor General last Tuesday told us was not being collected. Much of this \$29 billion is expiring because of the limitation period in 2014. Therefore, thereafter there's no ability to collect that. The Auditor General said that was unsatisfactory. I'm wondering how you're going to deal with all of that money that's not been collected as of 2014. Is staffing up? How are you going to deal with it?

Mr. Mark Perlman: You're referring to the collections limitation.

Mr. Murray Rankin: Yes.

Mr. Mark Perlman: Actually, we are aware of this situation. We have put a number of measures in place. We are in the process of putting a system in place that the Auditor General has mentioned, but that will be in place in, I believe, 2015-16.

Mr. Murray Rankin: That will be in 2016?

Mr. Mark Perlman: Yes. In the meantime, we as an agency have invested in many interim measures that will allow these debts to be collected. The 2014 date that you're talking about is if no action has been taken against the file. The discrepancy arises because as long as routine collection activities have taken place, that clock actually starts again. As a result, you'll see that a large number of those files that people may have thought were expiring in 2014 really aren't.

Mr. Murray Rankin: Thank you.

The Chair: Thank you, Mr. Rankin.

Mr. Adler, go ahead, please.

Mr. Mark Adler (York Centre, CPC): Thank you, Chair.

I want to thank the officials for being here today.

Mr. Perlman, to start, could you just walk me through...? You talked about the distinction between the paper filing and the electronic filing. When a paper filing is done, there's an administrator at the other end who, when they receive the information, inputs it. On the EFILE, what happens when that information is transmitted electronically to Canada Revenue? What's the process at that point?

Mr. Mark Perlman: I'm not a program expert, but it does come straight into our T1 systems. There is a verification and validation, as happens with any of our other tax returns. An individual taxpayer is treated in exactly the same way whether they process on paper or electronically.

Mr. Mark Adler: Is there any further input done on an EFILE?

Mr. Mark Perlman: No.

Mr. Mark Adler: What is the acceptable level of error? You have accountants out there, and you have lay people inputting their T5 information, for example. Is there an acceptable level of error at your end, in terms of people making a mistake on inputting T5 information data?

● (0925)

Mr. Mark Perlman: The CRA's income tax system actually validates just about every piece of information that comes in. If our system can see that there is an error, it automatically generates a new notice of assessment for the individual to get the taxpayer additional funds, or not, accordingly. All of those verifications take place. There aren't any more verifications that take place if someone puts something in on paper. Just as an error on paper would be, the same errors will be caught if someone files electronically.

Mr. Mark Adler: You talked about verification. Has any thought been given to increasing the reliability of that verification, for example, on a T5, or that all T5 slips, for example, would just have a barcode, and you would zap the barcode and the information would go in on the electronic filing. Is that something that's been considered, or is it beyond...?

Mr. Mark Perlman: Yes, I think it's a little beyond.

I know we are working on a number of projects involving electronic interaction with our taxpayers and our tax intermediaries. So there's My Account, My Business Account, My Payment. A lot of those are making it easier for taxpayers to interact with CRA online and to get things through a lot more quickly.

Mr. Mark Adler: Okay.

I noticed on the CRA website that although the filing deadline is April 30, if you file electronically and you receive an error message, you have until May 7 to file. Is that correct?

Mr. Mark Perlman: I believe that's correct.

Mr. Mark Adler: How commonplace is it to receive an error message?

Mr. Mark Perlman: I'm sorry, but I don't have those statistics with me.

Mr. Mark Adler: Is there any reason why someone would receive an error message? Is it the result of perhaps their computer or is it a result of CRA just being overwhelmed?

Mr. Mark Perlman: There hasn't been an issue with CRA being overwhelmed.

Voices: Oh, oh!

Mr. Mark Perlman: That hasn't happened. We work with our information technology folks and Shared Services Canada to ensure that we always have capacity to accept tax returns on behalf of Canadians.

Mr. Mark Adler: I bet.

Voices: Oh, oh!

Mr. Mark Perlman: As I mentioned, we did hit a record time.

The other thing is that there are a number of electronic packages that people can use to generate this. If people follow the packages, it's unlikely they'll get errors. Those packages are certified by CRA. Right now there are 31 NETFILE-certified software packages for Canadians, and five of them are free to use without restrictions.

Mr. Mark Adler: Oh, really? Okay.

The Chair: You have 30 seconds left.

Mr. Mark Adler: The voluntary disclosure program is hugely successful, right?

Mr. Mark Perlman: Yes.

Mr. Mark Adler: Could you talk a bit about the program itself? Is it widely promoted? I know if you go to your accountant he'll tell you all that, but would the ordinary layperson be aware of this?

The Chair: We only have time for a brief response.

Mr. Mark Perlman: Unfortunately, it's a program question and I really don't want to venture there.

Mr. Mark Adler: Okay, that's fair enough.

The Chair: Thank you.

M. Caron, s'il vous plaît.

[Translation]

Mr. Guy Caron (Rimouski-Neigette—Témiscouata—Les Basques, NDP): Thank you, Mr. Chair.

I will share my time with Mr. Rankin.

I want to thank our witnesses for joining us today.

To return to another series of questions, we were talking about the fact that employees are currently being moved from one sector to another. Three weeks ago, *Le Devoir* reported that, since 2006, the CRA's Compliance Programs Branch has lost 221 auditors in total. Aggressive planning and international efforts may have increased since 2006, but we have still lost 221 auditors.

Can you confirm those figures?

[English]

Feel free to answer in English please.

Mr. Mark Perlman: I'm not aware of a loss of auditors. What we're looking at is the overall reporting compliance program activity, which is made up of support staff, specialists, auditors, directors, and managers. One of the things we have been doing in this area is focusing our attention on ensuring that the people who do the highest-risk files are there to do the highest-risk files. When we do our savings exercises, we are looking to consolidate internal services in areas such as reporting compliance. For example, one of the reductions was centralization of Internet services.

• (0930)

[Translation]

Mr. Guy Caron: I understand that, but on April 17, *Le Devoir* wrote something that would translate into English as follows:

The number of "full-time equivalent" (FTE) public servants who carry out audits "in the Compliance Programs Branch" has gone from 9,498 in 2006 to 9,277 in 2013.

In addition, as my colleague mentioned, since 2008, losses have even been suffered in aggressive planning and tax heavens.

[English]

Mr. Mark Perlman: I'd like to state that those numbers are not all auditors. That's the audit program. The 9,200 number that you're quoting is actually the audit resources that are in the field, out of the 10,200 and some odd that we have in the whole reporting compliance program area.

[Translation]

Mr. Guy Caron: Allow me to continue in the same vein.

When Budget 2013 was tabled, one of the government's priorities had to do with voluntary disclosure and denunciation.

We know that the government has decided to continue those efforts and move in that direction, but let's look at a specific example. The voluntary disclosure centre in Montreal was closed, and its responsibilities were transferred to Shawinigan, but without providing that office with any additional resources.

Were any other voluntary disclosure centres that could be used for denunciation closed in Canada? In addition, why are those centres being closed when the government wants to move in that direction?

[English]

Mr. Mark Perlman: There was work that happened with the voluntary disclosure program, but we had no intention of reducing that program. In fact, I believe we've been expanding the voluntary disclosure program.

[Translation]

Mr. Guy Caron: According to the reports, the Shawinigan office has not received any additional resources. It was given the responsibility, but no transfer has been made in terms of either employees or additional resources to help the office handle those new responsibilities.

[English]

Mr. Mark Perlman: I don't have any additional information for you.

[Translation]

Mr. Guy Caron: Could you submit a written response to the clerk?

[English]

Mr. Mark Perlman: Yes, I can look into that and get back to you.

[Translation]

Mr. Guy Caron: Thank you very much.

I will yield the floor to Mr. Rankin.

[English]

The Chair: You have a little over a minute.

Mr. Murray Rankin: Mr. Perlman, in respect of the Auditor General's report last Tuesday, you talked about the \$29 billion in undisputed tax debt that needs to be collected. In the end, the agency agrees with this central recommendation—they're looking for this permanent solution that will be implemented by October 2016. But your agency said it was "subject to resource and technical planning constraints". You've just told us that the resource constraints are a \$98 million net decrease in the main estimates. Do you expect to have the resources to do that?

Mr. Mark Perlman: That is actually one of our priority projects, as part of our strategic investment plan. So not only is the collections limitation program system being invested in, but we're also investing in the interim measures to ensure that the gap is—

Mr. Murray Rankin: Given the time constraints here.... The Auditor General also says "the Agency has not made sufficient progress in improving its risk scoring processes for the collection of tax debts"; so doing fine on personal tax debts, but with corporations apparently it's cost-prohibitive, you say.

So you're just going after the low-hanging fruit of the personal ones.

The Chair: Mr. Perlman, can you give a brief response on that, please, or Mr. Case?

Mr. Richard Case: Again, this is a priority of the agency. The agency has invested significant resources in updating its risk-scoring capability, and will continue to do so over the coming years. I think the Auditor General has indicated that we have made significant progress in doing that.

The Chair: Thank you.

Mr. Jean, please.

Mr. Brian Jean (Fort McMurray—Athabasca, CPC): Thank you, Mr. Chair.

Just on the issue of some of the reductions, what would that represent as far as the total budget is concerned? What percentage would the reductions—

Mr. Mark Perlman: Are we talking about this year?

Mr. Brian Jean: Yes.

Mr. Mark Perlman: It's \$53 million out of the total agency budget of \$4.2 billion.

Mr. Brian Jean: So it's about 1%, something like that?

Mr. Mark Perlman: It's about that, yes.

• (0935)

Mr. Brian Jean: So in fact over the entire amount, the reductions are around 2%—for the entire time period, \$98 million.

Mr. Mark Perlman: For the time period of...?

Mr. Brian Jean: For the next two years, I think it is?

Mr. Mark Perlman: Yes, for the next few years.

When we get to...as I mentioned the budget said, it was 6.9% by maturity.

Mr. Brian Jean: Okay. So it's fairly inconsequential in the big scheme of things, in overall corporate governance.

Mr. Mark Perlman: Overall for the agency, yes.

Mr. Brian Jean: Absolutely.

I want to apologize, first of all, for my allergies. They happen around this time every year—tax season.

Voices: Oh, oh!

Mr. Brian Jean: When I started preparing for this last night, I started to get the sniffles. I'm not sure exactly why, but when taxes come up, it usually does that. I'm not sure if it does it to a lot of Canadians.

How many electronic returns would there have been ten years ago? Just approximately, what percentage would it have been?

Mr. Mark Perlman: I believe when we first started it was about 16% or 17%.

Mr. Brian Jean: Very small, then.

Mr. Mark Perlman: It was very small.

Mr. Brian Jean: In fact, isn't it fair to say that being that it takes eight days to complete an electronic return and 50 days to do a paper copy, it's a lot less work for an electronic return?

Mr. Mark Perlman: It's a tremendous amount less.

Mr. Brian Jean: Why don't you tell us what happens with an electronic return, just very briefly, if you can? When it comes in to the agency, does a computer read it, or how does it work?

Mr. Richard Case: We're talking about a largely automated process. Rather than having to key in data, move around piles of paper, and manage that pile of paper that we would otherwise have received, our computer receives that data directly through the e-filing of the individual, of the taxpayer.

Then our normal validation processes, computer-based validation processes, take place to verify the accuracy of the return and to ensure that all of the required information is there before a notice of assessment—

Mr. Brian Jean: The computer does that.

Mr. Richard Case: Essentially it is very, very dependent on our computer system these days.

Mr. Brian Jean: What amount of time would you say would be spent by somebody from CRA—a physical person—on each of those returns?

Mr. Richard Case: It would be very little if there were no discrepancies detected by the system.

Mr. Brian Jean: So it would it be a couple of minutes, would you suggest?

Mr. Richard Case: I would think so.

Again, we're not program experts here—

Mr. Brian Jean: I'm not asking you for—

Mr. Richard Case: There would be some returns that are identified—

Mr. Brian Jean: But if 80% are done electronically, the majority would take a couple of seconds, maybe more?

Mr. Richard Case: I would have thought so, yes.

Mr. Brian Jean: What would it take for a person at CRA to do a manual return? How long would it take for that? By the time they carry it from office to office, open the envelope, and do all that stuff, what would that take?

Mr. Richard Case: Well, a considerable amount of time. As I say, we've—

Mr. Brian Jean: Could you define “considerable” for me, in these circumstances?

Mr. Richard Case: Again, just by virtue of the fact that it takes six to eight weeks to go from beginning to end, I think it's a good indicator of the amount of manual intervention—

Mr. Brian Jean: So you would suggest hours?

Mr. Richard Case: Hours...I mean, someone has to receive it. Someone has to make sure the attachments are proper—

Mr. Brian Jean: I only have five minutes here, and I'm looking for a pretty good estimate of how long. So would you say five or six hours?

Mr. Richard Case: Again, that's a little bit out of our area of expertise, but I would think, if we can get that information, it depends on the nature of the return—

Mr. Brian Jean: But it's certainly in the hours, isn't it?

Mr. Richard Case: I would think so, yes.

Mr. Brian Jean: So why haven't you reduced CRA labour more? It seems that there's a trend to saving there.

I mean, we've reduced the amount; it only takes minutes per return compared with ten years ago, when 84% were done manually. There hasn't been an 84% reduction in staff, has there, or even a 20% reduction in staff over the last ten years?

Mr. Richard Case: It's a gradual process that has taken place over a significant period of time. There are additional resources that we can now devote to post-assessing reviews, and verification—

Mr. Brian Jean: And enforcement.

Mr. Richard Case: —and enforcement—that we weren't able to do before.

So there is a redirection of certain resources to ensure that we have high quality, with high confidence in our system, and to ensure that people are paying their fair share and are filing their returns correctly.

Mr. Brian Jean: Is it fair to say that you're doing a much more efficient job on the whole process today than you were ten years ago, just because of the nature of the change of the workforce and computerization?

Mr. Richard Case: I don't think there's any question about how efficient we've become. When you look at the unit costs of paper versus electronic, I think hands down you would have to conclude that we are much more efficient today, and we will continue to get more efficient over time as taxpayers choose the electronic service channels.

Mr. Brian Jean: You're able to do that because of the changes in the nature of the computerization and also just because of some of the government changes generally through the budgetary process.

Mr. Richard Case: Absolutely. And we've invested in those service channels for Canadians—the My Account, the My Payment, our web, things like that—in trying to provide an easy, accessible, and cost-effective service to taxpayers.

●(0940)

Mr. Brian Jean: Thank you.

The Chair: Thank you.

Colleagues, we have a few minutes. We do have to deal with the votes on both CRA and Finance, so we will have a very short round.

[*Translation*]

Mr. Côté, you have two minutes.

Mr. Raymond Côté (Beauport—Limoulou, NDP): Thank you very much, Mr. Chair.

A survey indicates that the proportion of people who file their own tax returns has dropped from 50% to a mere 40%.

Despite the implementation of the electronic tax return in an attempt to facilitate things, shouldn't we talk about failure in terms of that implementation, since so few people are filing their own tax returns?

[*English*]

Mr. Mark Perlman: I believe a lot of people aren't doing their own taxes, or they're using tax intermediaries or tax preparers to do those files that they were doing before. What had happened before, though, was that we were getting....

I don't want to get into...but we were getting tax preparers who would prepare the files electronically for the individuals and then they would submit them on paper. That's one of the reasons why the legislation changed. We found that by putting the rules in about the ten returns or more, we were actually able to get a lot more of those electronically.

[Translation]

Mr. Raymond Côté: Sorry. I do want to accept what you are saying, but that still generates costs for individuals. I assume that the agency currently does not evaluate that cost.

Do you evaluate the cost that could generate? We are talking about cost internalization in economy. What kind of financial impact could the inability to file their own tax returns have on people?

[English]

The Chair: Just a brief response, please.

Mr. Mark Perlman: I believe the point I was trying to make was that they were already using tax preparers. The only difference was that they were coming in on paper as opposed to electronically. These tax preparers did have electronic tools to file. Filing it electronically actually made it a lot more efficient for the agency.

The Chair: Thank you. Merci.

I want to thank our officials for being with us today and for responding to our questions. There have been a number of items addressed for follow-up. Please send those to me, as the chair, and I will ensure that all members get them with respect to estimates or any other items that have been requested.

Colleagues, I will move to main estimates votes. It should be understood that all of the following votes take into account the fact that they have been reduced with the adoption of interim supply by the House.

I will do the votes under Finance first.

An hon. member: [Inaudible—Editor]

The Chair: Do you want it on division or do you want a recorded vote?

Ms. Peggy Nash: We'll vote.

The Chair: Okay, a recorded vote.

Ms. Peggy Nash: We can go on division, Mr. Chair.

The Chair: On division? Okay.

FINANCE
 Department
 Vote 1—Operating expenditures.....\$111,169,165
 Vote 5—The grants listed in the Estimates and contributions.....\$5,035,000
 Vote 10—Pursuant to subsection 8(2) of the Bretton Woods and Related Agreements Act.....\$1
 Auditor General
 Vote 20—Program expenditures.....\$74,100,653
 Canadian International Trade Tribunal
 Vote 25—Program expenditures.....\$8,660,195
 Financial Transactions and Reports Analysis Centre of Canada
 Vote 30—Program expenditures.....\$45,744,322
 Office of the Superintendent of Financial Institutions
 Vote 35—Program expenditures.....\$909,369

PPP Canada Inc.
 Vote 40—Payments to PPP Canada Inc. for operations and program delivery.....\$12,300,000
 Vote 45—Payments to PPP Canada Inc. for P3 Canada Fund investments.....\$252,900,000

(Votes 1, 5, 10, 20, 25, 30, 35, 40, and 45 agreed to on division)

The Chair: Shall I report the votes under Finance, less the amounts voted in interim supply, to the House?

Some hon. members: Agreed.

An hon. member: On division.

The Chair: We will now deal with Canada Revenue Agency.

CANADA REVENUE AGENCY
 Department
 Vote 1—Operating expenditures, contributions and recoverable expenditures on behalf of the Canada Pension Plan and the Employment Insurance Act.....\$3,046,330,734
 Vote 5—Capital expenditures and recoverable expenditures on behalf of the Canada Pension Plan and the Employment Insurance Act.....\$73,081,967

(Votes 1 and 5 agreed to on division)

The Chair: Shall I report the votes under Canada Revenue Agency, less the amounts voted in interim supply, to the House?

Some hon. members: Agreed.

An hon. member: On division.

The Chair: Thank you, colleagues.

We have a very busy panel next. I will suspend for a couple of minutes while we bring them forward.

Thank you.

● (0940) _____ (Pause) _____

● (0950)

The Chair: I call this meeting back to order, colleagues, to deal with our second subject matter here this morning.

Again, this is the 120th meeting of the Standing Committee on Finance, and pursuant to the order of reference of Wednesday, March 6, 2013, we are starting our study of Bill C-462, An Act restricting the fees charged by promoters of the disability tax credit and making consequential amendments to the Tax Court of Canada Act.

Colleagues, we have an hour or less than an hour this morning, as we do have a motion that we have to deal with as well, prior to the end of the meeting. You do have clause-by-clause consideration on your lists, but as your chair, I'm going to suggest that we deal with clause-by-clause at a later date, simply because we want to hear from our witnesses who are here and we want to have the opportunity for members to ask questions.

In terms of witnesses, we have the mover, the presenter of the bill itself, Ms. Cheryl Gallant, the MP for Renfrew—Nipissing—Pembroke.

Welcome, colleague, to the committee.

Representing the Canada Revenue Agency, we have Mr. Brian McCauley.

Welcome.

We also have with us Ms. Gail Beck, from the Canadian Medical Association, and Dr. Karen Cohen, from the Canadian Psychological Association.

From the Council of Canadians with Disabilities, and representing the DisAbleD Women's Network of Canada, we have Ms. Carmela Hutchison, member at large of the first organization and president of the second one. From the National Benefit Authority, we have Mr. Akiva Medjuck, the president.

From Edmonton, we were supposed to have, by video conference, from the Multiple Sclerosis Society of Canada, the president, Mr. Neil Pierce. We are still waiting for Mr. Pierce to appear there.

We will start with the mover of the bill, Ms. Gallant.

Each of you has about five minutes for an opening presentation. Then we'll have questions from members.

Ms. Gallant.

Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, CPC): Thank you, Mr. Chairman.

I'm just going to give a brief overview of the bill, in case anyone hasn't had a chance to read it and just to remind you of what it's about.

The intention in bringing it here was very straightforward. I want to see increased protection for disabled Canadians from the predatory practices of some disability tax credit promoters who see the tax credit as an opportunity to profit from the reduced circumstances of others.

Parliament voted in this tax credit with the recognition that Canadians living with disabilities face exceptional challenges. Canadians may be eligible for the disability tax credit if all of the time or substantially all of the time they're unable to perform one or more of the basic activities of daily living, or if it takes an inordinate amount of time, even with therapy and the use of appropriate devices and medication. Basic activities of daily living would include things like speaking, hearing, and eating. The wide array of disabilities eligible under the disability tax credit is important.

For the average Canadian, the maximum federal amount that could be claimed was \$7,341. That was in 2011. That resulted in maximum federal tax savings of up to \$1,101.

A number of years ago, the government allowed the disability tax credit to be retroactive. As a consequence of that, instead of \$1,000 or a little bit more being refundable, it can amount to \$10,000 or \$15,000, and out of this sprang a cottage industry of disability tax promoters. They help people fill out their tax form to qualify for the disability tax credit, but at present there are no regulations or restrictions, and we're seeing some inordinate fees charged against the people who are qualifying for the disability.

So that's the purpose: to put some restrictions in place.

I really appreciate the questions we received pertaining to the bill during debate. There were questions about who is going to be exempted—we'll talk about that today—and what the limitations are. There was a concern that we should have fines that are greater than the cost of doing business.

There were also concerns about potential jail time. I think we addressed that concern, in that this bill is only meant to address fines and penalties for those who overcharge their customers. Any other offences would be covered under tax law. There are set rules and enforcement in place for that.

We can go forward from there. Thank you very much, Mr. Chairman.

• (0955)

The Chair: Thank you very much, Ms. Gallant.

We'll now hear from CRA, from Mr. McCauley, please.

Mr. Brian McCauley (Assistant Commissioner, Legislative Policy and Regulatory Affairs Branch, Canada Revenue Agency): With all due deference to the committee, we're available to answer questions. I think giving time back to committee members is best, so I'll pass on opening remarks.

Thank you.

The Chair: Okay. We appreciate that very much.

We'll hear now from Ms. Beck, please, from the Canadian Medical Association.

Dr. Gail Beck (Member, Board of Directors, Canadian Medical Association): Thank you very much. Good morning.

I would like to thank the committee for providing the Canadian Medical Association with the opportunity to comment on Bill C-462. My remarks today will also be brief, as we are undertaking legal analysis.

All of you are aware that the bill was to be studied by your committee at the end of the month, which was the timeline we were working with. Tight timelines notwithstanding, the Canadian Medical Association is pleased that this bill is being prioritized by the House of Commons. This is an important step toward addressing the unintended consequences that have emerged with the disability tax credit, and we will seek additional opportunities to participate in the legislative process as this bill advances.

For several years, the CMA has urged the Canada Revenue Agency to address the unintended consequences of changes that were made to the disability tax credit in 2005. These consequences include fraudulent claims and tampering of forms by third parties, and they have resulted in an increase in the quantity of forms, which, to quote one of my colleagues, contributes to an avalanche of forms in physicians' offices like their own. In some cases, these third parties have even placed physicians in an adversarial position with their patients.

We are pleased that this bill attempts to address the concerns we have raised.

At the same time, we do have four concerns with the bill as proposed. First, we urge, prior to moving this legislation forward, that any possible privacy implications be assessed. We're concerned about the potential for breach of privacy of patient information that could arise during the transfer of patient forms from physicians to promoters and back, and within Revenue Canada and potentially other departments. Essentially it appears that the proposed bill as written would authorize the interdepartmental sharing of personal information. The Canadian Medical Association raises this issue for consideration, as protecting the privacy of patient information is one of the key duties of a physician, as spelled out in the CMA code of ethics.

Secondly, the definition of "promoter" should be assessed to ensure that it captures the appropriate individuals. As currently written in the proposed bill, the definition may apply the same requirements to physicians as to third-party companies if physicians apply a fee for form completion, which is an uninsured service in all provinces in Canada.

Our third concern is that the bill will continue to allow promoters to profit with respect to these forms. A fee is a fee, and physicians are concerned that even if a limit is enforced, there would still be a financial incentive to third parties.

Lastly, this question arises: why do vulnerable people need to go to these promoters in the first place? We suggest the disability tax credit form be revised to be more informative and user-friendly for patients. Form 2201 should explain more clearly to patients the reason behind the tax credit and explicitly indicate that there is no need to use third-party companies to submit the claim to CRA.

In conclusion, the CMA will continue its analysis and may have further comments on the bill as it proceeds through the legislative process. Any effort to curb the actions of avaricious enterprises that take advantage of people who are unaware of a tax deduction that is clearly available to them is welcome. Furthermore, any reduction in unnecessary red tape contributes to patient-centred health care. Nonetheless, we urge the committee to accord this legislation careful study to ensure that, as it addresses one issue, it does not create others.

I would be happy to answer any questions you might have.

Thank you.

• (1000)

The Chair: Thank you very much, Ms. Beck.

We'll hear from Ms. Cohen, please, representing the Canadian Psychological Association.

Dr. Karen Cohen (Chief Executive Officer, Canadian Psychological Association): Thank you for the invitation to join you today to talk about Bill C-462. The Canadian Psychological Association is the national association for psychology in Canada. There are about 18,000 regulated practitioners, making us the country's largest group of regulated specialized mental health care providers.

Psychologists are designated qualified practitioners who can complete the disability tax credit certificate on behalf of patients with disabilities related to mental functions. The intentions of this bill—to help ensure that consultants don't make promises of eligibility that

they cannot guarantee, that they don't charge people to apply for it when they're clearly not eligible, and that they don't charge people inordinately even if they are deemed eligible—are honourable.

Today I'd like to provide the committee with a bit of background on how the tax credit was most recently revised and highlight some of the issues that were raised about the complexity of the application process at that time, particularly as disability related to mental functions is concerned.

In 2003 I was appointed to the national advisory group on disability, the technical advisory committee, which advised the Ministers of Finance and National Revenue on disability-related tax measures that led to the system we have today. One of the original charges to the committee stemmed from the difficulties and inequities of assessing disability related to psychological as compared to physical impairments. I was tasked with leading the subcommittee on mental functions, which took on reviewing the eligibility criteria for the tax credit related to mental functions and making recommendations about how these criteria could be more fairly applied by the CRA.

Before the technical advisory committee did its work, there were tremendous challenges in fairly assessing disability related to mental functions. Some of these were addressed by the committee, and their 2004 report resulted in important legislative and administrative changes.

Despite the best efforts of consumers, health care providers, and the CRA, the assessment of persons with impairments in mental functions for the purposes of establishing eligibility for the tax credit continues to be complex compared to the assessment of more straightforward impairments to physical function.

It was for this reason that in 2007 I authored a short article that attempts to review and clarify some of the eligibility issues for health professionals who fill in the certificates on behalf of their patients with mental health conditions. I also drafted a new wording for the form, which I felt would result in fairer assessments, but unfortunately this wording was not entirely applied.

The difficulty revolves around the definitions of mental functions necessary for everyday life and the distinctions made between some kinds of cognitive functions and others. For example, whereas a person could be considered markedly restricted if he had only an impairment in memory, he would not be considered markedly restricted if he had only an impairment in judgment.

Further, whereas functions like memory and judgment are necessary to the completion of adaptive activities like self-care, these are all treated equivalently as functions on the certificate. Treating functions and activities in this way is inconsistent with the way in which psychologists think about and assess function. What results are definitions and criteria that may not be readily understood or appreciated by busy practitioners who fill out the certificates for their patients. The lack of clarity among patients and practitioners may inadvertently create a market for promoters.

The Canadian Psychological Association supports this bill because excessive fees charged by promoters should be restricted, especially when they too may involve any misunderstanding of eligibility. However, it is important to address what might be the underlying cause driving the use of promoters. If it is indeed the lack of clarity for taxpayers and health practitioners, then the criterion certificates themselves should be revised to enhance the fairness of assessments.

I have been committed to disability and its accommodation for some time now as CEO of the CPA, but also as a health practitioner who has worked in the area of disability. I would be very glad to contribute further by working with government on this file.

Thank you.

•(1005)

The Chair: Thank you very much for your presentation.

We'll hear from Ms. Hutchison, please.

Ms. Carmela Hutchison (President, DisAbled Women's Network of Canada): Thank you.

I'll begin with a list of recommendations up front. I always like to lead with those first, in case we run out of time.

People with disabilities should have rightful entitlement protection from unfair fees charged by financial promoters. The disability tax credit has become the gate for determining eligibility for a variety of benefits. Thus, we must ensure unencumbered and fair access. The disability credit becomes more commonly used as a determinant of eligibility for other federal benefits, and there's a need to review the forms and the process of establishing eligibility.

Removing barriers for people living with mental health disability in the section entitled, "mental functions necessary for everyday life" has changed markedly from previous years. There is a need to address issues posed by people with episodic disabilities, as the criteria do not help account for the waxing and waning of symptoms within an overall picture of disability.

The Council of Canadians with Disabilities and DisAbled Women's Network Canada believe disability organizations should be supported as part of Minister Finley's interest in social financing to assist people to complete applications for disability tax credit, CPPD, and other relevant government programs. The disability tax credit should be made refundable for those who do not have a taxable income but experience additional costs related to their disability. Now that the disability tax credit has multiple purposes, eligibility must be considered in relation to those who should be eligible for other benefits, such as the RDSP.

The Government of Canada needs to do a broader review of tax measures for people with disabilities to create greater access and fairness. Streamlined process and strategy should allow people to have greater access to programs, clear policies, and forms available online to create savings that can be directed to increased benefits and programs for disabled people. Make the CPPD, disability tax credit, and other federal government forms ones you can save as you work through them. Review the "other qualified professionals" list of who can sign a disability tax credit application. Prohibit billing above a set amount for forms for any provincial, federal, or municipal

government program by either professionals or for-profit companies. Protect people from exploitation and outright financial abuse by ensuring some standards for industry promoters and financial advisors of people with disabilities.

I'll now begin the body of my text. I simply like to lead with the recommendations for fear of being cut off.

Good morning. We thank you very much for consulting with us today. We wish to acknowledge the Algonquin peoples as we meet on the traditional lands we share.

It's my privilege and responsibility to speak on behalf of both the Council of Canadians with Disabilities, on which I serve as a member-at-large of the executive committee, and as president of the DisAbled Women's Network Canada.

CCD and DAWN support the intent of Bill C-462 and agree that people with disabilities should have their rightful entitlement protected from unfair fees charged by financial promoters. Disability tax credit eligibility is a critical issue for people with disabilities, as it has become the gate for determining eligibility for a variety of benefits. Thus, we must ensure unencumbered and fair access. In addition, we also recognize that determining eligibility for the disability tax credit can be complex. An inequity exists because it's much easier to provide evidence of a physical or sensory disability than it is to provide evidence of a cognitive learning, intellectual, or mental health disability. In some cases, the cost of diagnosis is considerable, and in other instances access to professionals able to make this determination is limited. The disability tax credit, in its current iteration, has created barriers for people living with mental health disability in the section entitled, "mental functions necessary for everyday life", which has changed markedly from previous years.

The reality is that the definition and understanding of disability is always changing. Medical conditions are also changing and emerging as new discoveries are made. It is recognized that some disabilities are episodic in nature. As the disability tax credit becomes more commonly used as a determinant of eligibility for other federal benefits, there's a need to once again review the forms and the process of establishing eligibility.

The disability tax credit was initially designed as a tax fairness measure, recognizing that people with disabilities have additional disability-related expenses. Disability tax credit eligibility is now the determinant for accessing other benefits and programs, such as the registered disability savings plan, the child disability tax benefit, the working income tax benefit for persons with disabilities, and the disability accommodation benefit in the Tax Act.

•(1010)

The Chair: One minute, please.

Ms. Carmela Hutchison: For these reasons, an industry has emerged to assist people with disabilities to complete forms for the disability tax credit and other benefits. It's recognized that this support, while necessary for some, comes at a significant cost.

There are three organizations within our report that are identified. Two of them are member organizations of the Council of Canadians with Disabilities. The Saskatchewan Voice of People with Disabilities and the Alberta Committee of Citizens of Disabilities actually provide the service for free. The Alberta Network for Mental Health, which is located in Airdrie, is an organization for which I also serve as president. It assists people with any government forms they require, from income support to the DTC and beyond, including appeals. We have emerging best practices that we would be happy to share.

CCD and DAWN believe disability organizations should be supported as part of Minister Finley's interest in social financing to assist people to complete applications for the disability tax credit, the CPPD, and other relevant programs.

In closing, I wish to make only one other point. We do address the issue of costs that come from other professionals and our experience with that. Then I would like to read the last two very brief paragraphs.

CPP and DAWN are very concerned with the need to protect people from exploitation and outright financial abuse. None of the informants to this presentation can attest to the efficacy or credibility of their services: they appear unregulated. This means the safety of Canadians with disabilities and their families is at risk.

For proof of why this bill is so important, we need only to look at Vicky Shachtay's death, a disabled mother of a six-year-old in Innisfail, Alberta, who was murdered by her financial advisor. Though the crime was not related to the disability tax credit promoters referred to in this legislation, it is a clear demonstration that financial abuse did not only take a woman's money but also her life. Regulation of the fees and protection of citizens with disabilities is so important.

We look forward to working with the Government of Canada as active and engaged partners in improving the lives of people with disabilities.

We thank Ms. Gallant for her initiative. We hope you support her both in her work and in ours.

Thank you.

The Chair: Thank you for your presentation.

We'll now hear from Mr. Akiva Medjuck, please, for your presentation.

Mr. Akiva Medjuck (President, National Benefit Authority): My name is Akiva Medjuck, the founder and president of the National Benefit Authority. I welcome the opportunity of appearing before this committee to discuss fees charged by tax advisers who assist Canadians applying for the disability tax credit.

My involvement started when I assisted three siblings in filing disability tax claims. After helping their friends and others, I realized there was a business opportunity. Our company was launched in

2008 to help disabled Canadians and their families navigate the complex disability tax credit process. We employ over 120 people in more than 12,000 square feet of office space, using state-of-the-art systems to process claims. National Benefit Authority is the largest tax advisory service in this field.

The disability tax credit is an important program designed to help Canadians in need. Unfortunately, many potential beneficiaries are not aware of its existence. We spent over \$1 million last year raising public awareness. We receive over 1,500 calls a day. About 40% of inquiries come by word of mouth. The National Benefit Authority does not engage in cold calling. It is selective with respect to its clients. We do not claim disabilities when the client has none. We do not hide our engagement terms from our clients. The process is fully explained to every prospective client and our contingency fee is clearly disclosed. Our one-page client agreement is in plain language, and we do not engage in high-pressure sales tactics.

Our 30% contingency fees apply only to current and past tax credits recovered for our clients. In typical cases, our clients receive credits for five to ten future years. We seek no payment for those future credits. As a result, our fee is a percentage of the total credit received by our clients and is substantially lower than 30%.

In a House of Commons debate, it was suggested that the DTC process is a simple, two-page form. But that's simply not accurate. We all know taxation issues are by nature complicated. The DTC is no exception. Because the DTC is a non-refundable tax credit, the disabled individual or a defined list of supporters must have paid income tax to receive the credit. The DTC allows the credit to be claimed against taxes in the current year going back ten years. Divorce, bankruptcy, relocation, and other life-changing events make the process even more complicated. On top of the tax analysis, there's a medical form that could be a challenge for doctors who are not familiar with the DTC process. What's more, many doctors are not paid for completing the form.

Finally, if there are any errors in application, or if CRA requests additional information, strict deadlines must be met or else entire applications are thrown out. Let's understand what our fees are paying for: our advertising budget; explaining the program to potential clients; and reviewing in detail the client's tax and medical information, often going back up to ten years. Where the client has not paid taxes, we identify relatives who might be eligible and then review those relatives' tax situation, going back up to ten years. We address complications in the client's life that have an impact on the DTC application and related tax issues. We deal with the client's doctors, who are often unfamiliar with the DTC-related paperwork of the criteria for approval. We submit materials and monitor the application process as well as any CRA follow-up inquiries on the medical or tax aspects of the DTC. Finally, we work with clients to collect additional information to meet the needs of CRA.

National Benefit Authority spends approximately three months compiling the claim and another three months monitoring and assisting with the application. Our fees fall within the accepted range for similar professional advisory services, such as lawyer contingency arrangements, SR and ED refunds, EI refunds, and property tax reassessments. We accept the risk, the months of work for which a client may go uncompensated. In return, we ask for 30% of the retroactive credit for those who engage us.

Canadians are under no obligation to use our services. People who learn about the credit either through referrals or online advertising are free to apply on their own or with the assistance of any other adviser. I should note that a quarter of our business consists of individuals who first attempted this process on their own and were unsuccessful, failing to receive the maximum tax amounts to which they were entitled. We provide a valuable service to disabled Canadians, and the vast majority of our clients are happy with our work. We would be pleased to provide you with letters and emails from such clients. If you would like to learn how we operate, we invite you to our offices in Toronto to learn how we've been successful in helping over 10,000 disabled Canadians.

●(1015)

While Bill C-462 was signed to protect disabled Canadians, the likely result will be to reduce public awareness and force Canadian families to contend with this complex process on their own. Advisors will focus on clients with high incomes, who pay enough taxes to claim the credit. Canadians with lower incomes, to whom the funds are even more important, will be left to fend for themselves.

There are better ways to address the concerns raised by parliamentarians, and we have offered our suggestion in a more detailed submission.

When the issue of contingency fees was raised in relation to the SR and ED program, the government launched the study in the 2012 budget, and the 2013 budget introduced a number of reforms. The government rejected limits on contingency fees. This provides a common sense precedent. We think the DTC is at least as important a program, and it deserves a period of study before legislation is rushed through Parliament. If Parliament chooses to act before studying the issue, we recommend in our submission that the fees and the related issue should be addressed in the legislation, rather than leaving it for regulations crafted by officials.

In closing, should Bill C-462 restrict the ability of organizations such as the National Benefit Authority to represent clients, many qualified and deserving Canadians will not receive this benefit. Canadians with disabilities need to have someone in their corner with the expertise and resources necessary for representing their interests.

Thank you. I would be pleased to answer any questions.

The Chair: Thank you very much for your presentation.

We will begin members' questions.

Unfortunately, we only have about 15 minutes or so for questions, but we'll start with Ms. Nash, please.

Ms. Peggy Nash: Thank you, Mr. Chair.

Welcome to the witnesses.

Thank you, Ms. Gallant, for introducing this bill.

I would like to share my time with Mr. Rankin, and I would like to begin by giving the committee notice of a motion.

May I proceed, Mr. Chair?

The Chair: Yes.

Ms. Peggy Nash: The motion is:

That the Standing Committee on Finance issue a report to the House asking that the House grant the Standing Committee on Finance the power to divide Bill C-60 into 6 pieces of legislation, which could then be properly referred to the appropriate committees, as follows:

Clauses 1 - 135, and all un-named clauses in the list below, remain as Bill C-60

(a) clauses 136 to 154, related to the Investment Canada Act; be allowed to be renamed as Bill C-62

(b) clauses 161 to 166, related to the Immigration and Refugee Protection Act and the temporary foreign worker program; be allowed to be renamed as Bill C-63

(c) clauses 174 to 199, related to the proposed department of foreign affairs, trade and development act; be allowed to be renamed as Bill C-64

(d) clauses 213 to 224, related to the National Capital Act and the Department of Canadian Heritage Act; be allowed to be renamed as Bill C-65

(e) clauses 228 to 232, related to the Financial Administration Act and collective bargaining between crown corporations and their employees; be allowed to be renamed as Bill C-66

And that the subsequent bills be allowed to be referred to the following committees as being passed after second reading.

That section (a) of this report do form Bill C-62; that Bill C-62 be deemed read a first time and be printed; and that the order for second reading of the said bill provide for the referral to the Standing Committee on Industry, Science and Technology;

that clauses mentioned in section (b) of this report do form Bill C-63; that Bill C-63 be deemed read a first time and be printed; and that the order for second reading of the said bill provide for the referral to the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities;

that the clauses mentioned in section (c) of this report do form Bill C-64; that Bill C-64 be deemed read a first time and be printed; and that the order for second reading of the said bill provide for the referral to the Standing Committee on Foreign Affairs and International Development;

that the clauses mentioned in section (d) of this report do comprise Bill C-65, that Bill C-65 be deemed read a first time and be printed, and that the order for second reading of the said bill provide for the referral to the Standing Committee on Canadian Heritage;

that the clauses mentioned in section (e) of the report do comprise Bill C-66, that Bill C-66 be deemed read a first time and be printed, and that the order for the second reading of the said bill provide for the referral to the Standing Committee on Government Operations and Estimates;

that Bill C-60 retain the status on the order paper that it had prior to the adoption of this order and that Bill C-60 be reprinted as amended; and that the law clerk and the parliamentary counsel be authorized to make any technical changes or corrections as may be necessary to give effect to this motion.

I so move.

●(1020)

The Chair: We'll take that as notice of motion. You can move that after 48 hours' notice.

Ms. Peggy Nash: Thank you.

The Chair: Mr. Rankin, you have one minute remaining.

Mr. Murray Rankin: Thank you, Chair, and thank you, witnesses, for attending.

Thank you, Ms. Gallant, for your work on this.

I want to ask my question of Mr. McCauley. As you know, the CRA's payment and inquiry counter services are closing. Face-to-face outreach sessions have discontinued, and every service counter in Canada is set to close by October 2013. These service cuts have had a profound impact on disabled people and seniors, certainly in my community of Victoria, but likely in all of Canada.

Now, as noted by Dr. Beck and Ms. Cohen, and Mr. Medjuck as well, form T2201 and the application process for the disability tax credit are extremely complicated. They've all testified to that. Hasn't this complex system created the need for these promoters, and haven't the government cuts, simply as a result of no longer doing outreach effectively, outsourced to promoters the assistance to vulnerable Canadians that CRA previously provided?

The Chair: Mr. McCauley, a brief response to that, please.

Mr. Brian McCauley: No, I don't believe so. I have the form with me. I've filled it out myself. With every form and everything we do, we always strive to make it as simple and as direct as possible. I think the witnesses here have acknowledged that it's a complex policy area, that the science and medicine is evolving. We undertook a review of the form with the CMA a number of years ago on a survey, and we're always willing to do that again to see what we can do, but the form can reflect policy only. Can there be more done in terms of working with organizations, with the CMA and others, to try to provide clearer and easier information? Yes, and we always strive to do that.

I don't believe the counter service, where the kind of information that would probably be helpful for somebody to fill out the form... As you know from having looked at it, part A of the form is basic demographic information; part B, which is the complex part, is the one that is filled out by physicians.

If there are suggestions, we're certainly willing to consider them.

Thank you.

• (1025)

The Chair: Thank you.

Thank you, Mr. Rankin.

Ms. McLeod, please.

Mrs. Cathy McLeod: Thank you, Mr. Chair.

I do have to indicate that I'm very disappointed that the NDP, when we have the opportunity to question the witnesses, spend most of their time introducing a motion when there's a motion that's been introduced already that we'll be dealing with at the end of the committee meeting.

Having said that, I would like to focus in on Ms. Gallant's bill.

On behalf of the government, we have three amendments we are proposing. I'll just give a quick description.

First is to import the definition of "person" from the Income Tax Act; number two will be to improve the penalty structure; and third is to focus in on information sharing. Everyone has a copy.

I would like to ask Mr. McCauley two things. One is to first indicate why we felt these amendments were important to strengthen the bill. They're technical in nature. I too—if he could speak further

about the form—look at the piece that has to be done by the individual. I certainly appreciate the physicians' much more complex piece, but the reality is, it is a very simple form that's done initially by the person or their support person who helps them fill the form.

First of all, could you speak to the amendments, and second, talk about the form?

Mr. Brian McCauley: Again, I'll try to be very brief.

On the amendments, as I understand, some of them actually address some of the suggestions that have been brought up by my colleague from the CMA. There's the issue of the definition of "person", which ensures that it does capture all who may be active in the promotion field. It's a clarifying amendment that we think makes it more consistent and actually provides some assurance that all those who are playing in that field are properly captured.

The penalty is just a clarification again. As it's currently structured, it could be read that it's simply the cost of doing business, and there was really no penalty provision there. This allows for both the capturing of the profit and having a real penalty applied in those circumstances.

The last is on information sharing, which again speaks partially to the issue of privacy, inasmuch as it clarifies the information that can be shared. But that's exclusively within the Canada Revenue Agency, not with other parties, not externally. So the information, in terms of how it's currently managed, would not be managed differently.

I have the form with me, and as I said, I filled it out personally. The actual information that's provided and required of the applicant is fairly straightforward. I don't mean to suggest that you can't always look at doing things better. We've reviewed the form a number of times, and if it's time to do it again, we'd certainly look at that. One of the provisions is to look at modifying the form to ask people to identify the use of promoters, so there would be a chance for us to do that.

There's also a provision in the bill that requires that we engage in discussions across the country with promoters and people using the DTC, so that when we make a recommendation to the minister about what a reasonable fee might be, we also take advantage of that process to listen to people talk about the form and other suggestions. That's certainly something we'd be doing as well.

Thank you.

The Chair: Ms. Beck, you indicated to me you wanted to comment.

Dr. Gail Beck: I did, if that's possible, sir.

The Chair: Okay.

Dr. Gail Beck: I'm a physician, a child psychiatrist. It's fortunate, in a way, that this hearing is in early May because it's easy for my secretary to check that I filled out 36 DTC forms in April. Perhaps Dr. Cohen and I are not unbiased witnesses, because, like Dr. Cohen, I sat on the Technical Advisory Committee on Tax Measures for Persons with Disabilities and worked on the improvement of the form.

Physicians fill out a lot of these forms every year. I'm not saying they're not complex. I'm sure when you're starting a practice and you haven't filled out the form, it's complex to start. But I feel the changes that were made to the form made it much more straightforward to complete. That was what we worked for. The complexities are in understanding the conditions, and we can work with CRA. I wanted to make that point.

I am a physician who spends all my time working in mental health. There is a stigma associated with mental health that all physicians are aware of. For that reason, the privacy piece is particularly important.

• (1030)

The Chair: Thank you.

Please be very brief, Ms. McLeod.

Mrs. Cathy McLeod: To go back to part A of the form, which is filled out either by someone who supports the client or the client himself, would you believe it is almost as simple, as practical, as we can make it?

Mr. Brian McCauley: The form is readily available on the website and on paper. Probably the easiest test is to try it yourself, or ask others to try it. Again, as mentioned by Gail and others, we've made a number of revisions to it. If more can be done legally, including making it fillable, savable, things like that, certainly I'll take those suggestions on board, by all means.

Mrs. Cathy McLeod: Thank you.

The Chair: Thank you, Ms. McLeod.

A brief round, Mr. Brison, please.

Hon. Scott Brison: Thank you very much.

Mr. McCauley, you have no difficulty filling out the form. Do you have a disability?

Mr. Brian McCauley: Yes.

Hon. Scott Brison: Have you focus grouped with other people about this, a group of people with disabilities, to simplify the form?

Mr. Brian McCauley: Yes. As I mentioned, there was a survey—I forget whether it was 2003 or 2007—with the CMA, whereby we surveyed about 12,000. There was a review a number of years ago. But, yes, and as I say, there will be an opportunity. The bill requires us to do consultations across the country, and I'm sure we'll take advantage of that to listen to individuals as well.

Hon. Scott Brison: Dr. Beck.

Dr. Gail Beck: The survey predated the committee that was struck in 2003, so that gives you an idea of the last review, about 10 years ago.

Hon. Scott Brison: Yes, okay.

Ms. Gallant, the definition of “promoter” in your legislation seems broad enough to include health care providers. Is there a way we can amend the bill to take health care providers out of it?

Dr. Beck, your organization has made a specific recommendation to do this. What would be the specific change?

Mrs. Cheryl Gallant: During the consultative process, who is exempt and who is not will be defined and then put in the regulatory process.

Hon. Scott Brison: Dr. Beck.

Dr. Gail Beck: We're in the midst of a legal review. In terms of that kind of technical change, we'd probably like to see how that was happening. As I said, I think this bill was meant to come a little later in the month, so we haven't finished the analysis.

Unfortunately, Mr. Brison, we'd have to look at what was being proposed. I'm sorry not to be more helpful.

The Chair: Okay.

Mr. Brison, Mr. McCauley wanted to comment.

Mr. Brian McCauley: Very briefly, there is a specific provision in the bill vis-à-vis exemption, as Madam Gallant has mentioned. That was to give the minister flexibility to add or include groups or bodies or others who could be exempt, for example, doctors or people who were wrapping up estates. There are a couple of examples where we contemplated it. The ministers being able to designate that would be the purpose of the process. Rather than having it fixed in law and having it immovable, it gives a little flexibility to recognize realities.

The Chair: Okay, briefly.

Hon. Scott Brison: Could that process also be used to address the privacy concerns that have been raised at committee today?

Mr. Brian McCauley: The process, which is listening...we would listen to all suggestions.

I think the bill is largely neutral on a lot of the privacy concerns. I think there is a broader issue of privacy, which probably goes beyond this bill. I think we would want to make sure to see that the bill doesn't create any additional problems vis-à-vis privacy. Certainly, our reading of it at the moment wouldn't indicate that this would be the case.

The Chair: Okay. Thank you.

I'm mindful of the time. We do have Ms. Glover's motion, and I know that colleagues do want to debate that.

• (1035)

Hon. Scott Brison: I just have a point.

The Chair: Very briefly.

Hon. Scott Brison: As you consult on this, there's such a range of disabilities. It's the process, the forms. I really hope the consultations include the broadest range of engagement with people with disabilities to ensure that no one gets left behind.

The Chair: Thank you. I'm sorry for cutting this off too soon, but the committee did have a very packed agenda today. We have a motion that we have to deal with before 10:45 a.m.

I want to address the calendar issue.

The committee did decide to move up the first hearing for this bill. We expect to deal with clause-by-clause either on May 30 or June 4. Please, for those listening as well, when the committee puts out an agenda, that calendar is subject to change; it's not firmly set in stone. It depends on legislation coming forward, either government or private members bills.

All the information we have will be translated and presented to members. If anyone else watching or observing this hearing has any further information, please do submit that to us.

Ms. Cohen, you talked about some wording that you did. If you can submit that to the committee, I will ensure that all members get it. We will also distribute the amendments introduced by Ms. McLeod to all members of the committee.

Again, it's May 30 or June 4, but to all those observing this bill's process, please watch the calendar for any further information.

Thank you all for being here with us.

Thank you, Ms. Gallant, for moving this bill.

Colleagues, we will thank our witnesses, excuse them, and we will go right into Ms. Glover's motion.

Ms. Glover, I will ask you to read your motion, please.

Mrs. Shelly Glover (Saint Boniface, CPC): Thank you, Mr. Chair.

Always being respectful of witnesses who come before us, I did my best to ensure this was efficient and served notice of this motion 48 hours ago, as is required before moving it. Now I'd like to move the motion.

The motion reads as follows.

That, when and if, Bill C-60, An Act to implement certain provisions of the budget tabled in Parliament on March 21, 2013 and other measures is referred to the Committee:

(a) the Chair of the Standing Committee write, as promptly as possible, to the Chairs of the following Standing Committees inviting those Standing Committees to consider the subject-matter of the following provisions of the said Bill:

(i) the Standing Committee on Industry, Science and Technology, clauses 136 to 154,

(ii) the Standing Committee on Veterans Affairs, clauses 156 to 160,

(iii) the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities, clauses 161 to 166,

(iv) the Standing Committee on Citizenship and Immigration, clauses 167 to 168 and clauses 170 to 172, and;

(v) the Standing Committee on Foreign Affairs and International Development, clauses 174 to 199

(b) each of the Standing Committees listed in paragraph (a) be requested to convey recommendations, including any suggested amendments, in both official languages, in relation to the provisions considered by them, in a letter to the Chair of the Standing Committee on Finance, in both official languages no later than 9 a.m. on Monday, May 27, 2013;

(c) the Chair of the Standing Committee shall also write to each Member of Parliament who is not a member of a caucus represented on the Committee to invite those Members to file, in a letter to the Chair of the Standing Committee on Finance, in both official languages, no later than 9 a.m. on Monday, May 27 2013, any amendments to the Bill which they would propose that the Committee consider;

(d) any amendments suggested pursuant to paragraphs (b) and (c) shall be deemed to be proposed during the clause-by-clause consideration of Bill C-60, and further provided that the Members of the Standing Committee on Finance may propose amendments notwithstanding the recommendations received pursuant to paragraphs (b) and (c);

(e) the Committee shall proceed to clause-by-clause consideration of Bill C-60 no later than Tuesday, May 28, 2013, provided that the Chair may limit debate on each clause to a maximum of five minutes per party, per clause;

(f) amendments to Bill C-60, other than the amendments deemed to be proposed pursuant to paragraphs (b) and (c), be submitted to the Clerk of the Committee before 9 a.m. on Monday, May 27 and distributed to members in both official languages; and

(g) if the Committee has not completed the clause-by-clause consideration of Bill C-60 by 11:59 p.m. on Tuesday, May 28, 2013, all remaining amendments submitted to the Committee shall be deemed moved, the Chair shall put the question, forthwith and successively, without further debate on all remaining clauses and amendments submitted to the Committee, as well as each and every question necessary to dispose of clause-by-clause consideration of the Bill, as well as all questions necessary to report the Bill to the House and to order the Chair to report the Bill to the House as early as possible.

Thank you.

● (1040)

The Chair: Thank you, Ms. Glover.

Any discussion on this motion?

Ms. Nash, and then Mr. Brison.

Ms. Peggy Nash: Thank you, Mr. Chair.

First of all, I would just like to follow up on Ms. McLeod's comments. As we have the perfect right to do, we gave notice of a motion on this same topic that probably took about three and a half minutes to introduce. We are taking an additional 15 minutes or so to discuss a motion put forth by Ms. Glover on the same topic. So if she believes that my three minutes undermined the work of the committee, I'd like to hear her comments about the motion we're discussing right now.

On the substance of the motion, we have serious concerns about this. The motion put forward by Ms. Glover proposes that other committees be asked to study parts of this omnibus bill, Bill C-60, but it does not allow them to have the opportunity to amend the bill or to vote on those proposed amendments. In essence, they're calling witnesses in a bit of a void, whereas the finance committee will subsequently be asked to vote on clauses of the bill without actually having the benefit of the testimony that has been heard before all of these other committees.

We went through a very similar process with Bill C-45, and frankly, Mr. Chair, it was a sham. The committees did not have adequate time to be able to study the bill in detail. Some were not able to study it at all. Some were able to call officials and that was it. There were no recommendations that came forward from any of the committees that were looking at it, and then this committee was asked to debate and vote on this bill in totality, on a clause-by-clause basis, without having heard the testimony from all of these witnesses.

I also want to address the section of the motion, section (c), that asks members, any member, to submit their amendments to the committee, including members who have no caucuses, who are not normally represented on this committee. Without them being here and without other members having the opportunity to move these amendments, I question the validity of that process. It's not our normal procedure. Normally you have to be present and in your place to move an amendment. So I seek your judgment on this, Mr. Chair, in terms of this procedure, which is certainly unprecedented in my experience here.

Now, I understand the goal—I believe I understand the goal—which is to dissuade this process from being in the House of Commons and having extended voting in the House of Commons with all of the members. I guess what it could come down to is that the six members of the Conservative Party at the finance committee would therefore have the power to make decisions, rather than the 308 members in the House of Commons. That seems to me to undermine our normal procedure.

Those are some of the concerns we have about this motion, Mr. Chair.

The Chair: Thank you.

I'll go to Mr. Brison, and then I have Ms. Gallant.

Hon. Scott Brison: We have concerns about this motion. Effectively, it imposes a de facto time allocation, which we believe is inconsistent with parliamentary engagement, or the traditions of that. Perhaps the government would support a constructive amendment, and that is to add to (a) the following:

- (vi) the Standing Committee on International Trade, clauses 62 to 103;
- (vii) the Standing Committee on Transport Infrastructure and Communities, clauses 200 to 212 and clause 233; and
- (viii) the Standing Committee on Canadian Heritage, clauses 213 to 224.

We suspect the government may find this agreeable.

The other amendment I would propose would be to delete (d) through (g), which I suspect the government may find less agreeable.

• (1045)

The Chair: You're proposing those as amendments to the motion.

Ms. Gallant, do you have comments on that?

Mrs. Cheryl Gallant: I'd ask you to call the question, please.

The Chair: I can't stop the debate, unfortunately.

I'll go to Ms. Glover, please.

Mrs. Shelly Glover: The government is not agreeable to the amendments put forward by Mr. Brison.

Hon. Scott Brison: A fellow can dream.

The Chair: Do you want to have a vote on the amendments?

Hon. Scott Brison: Yes.

The Chair: All those in favour of Mr. Brison's amendment then?

Hon. Scott Brison: There are two.

The Chair: Let's do the two sets then.

All those in favour of the amendment to (a), to add (vi), (vii), and (viii)?

(Amendment negated [See *Minutes of Proceedings*])

The Chair: The second amendment, Mr. Brison, is to eliminate (e), (f), and (g).

Hon. Scott Brison: It's (d) through (g).

The Chair: Okay, (d) through (g): (d), (e), (f), and (g).

(Amendment negated [See *Minutes of Proceedings*])

The Chair: On the motion itself, all those in favour?

Mr. Guy Caron: I actually have a question before the vote.

I just want to confirm that Ms. Gallant has been subbed.

The Chair: Yes.

Mr. Guy Caron: Is that the case?

The Chair: Yes.

(Motion agreed to [See *Minutes of Proceedings*])

The Chair: Subcommittee, we will meet down the hall in about 15 minutes.

Thank you. The meeting is adjourned.

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