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—
Chair

The Honourable Wayne Easter

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• (1100)

[English]

The Chair (Hon. Wayne Easter (Malpeque, Lib.)): I call the meeting to order. We'll ask the cameras to leave.

This morning, pursuant to Standing Order 108(2) we are dealing with a study of Canada Revenue Agency's efforts to combat tax avoidance and evasion.

The witness before us this morning is Gregory Wiebe who is a partner with KPMG. Welcome, Mr. Wiebe.

I understand you have legal counsel with you. He's certainly welcome to sit at the table. You are the witness, but he is welcome to advise you at any time he so decides. I understand you're not before the committee every day. This is a new experience.

You have some notes you handed out to the committee. Welcome and the floor is yours.

Mr. Gregory Wiebe (Partner, KPMG): Good morning, Mr. Chair. Thank you very much for the invitation to appear before this committee.

I've been with KPMG Canada for over 30 years and recently completed a term as KPMG international global head of tax. Before that, I was managing partner of KPMG Canada's tax practice and before that led our tax practices in Vancouver, Calgary, and in my home town Winnipeg.

We welcome this opportunity to help bring clarity and understanding to a number of issues that are important to us as Canadians and particularly the accounting profession, including our firm KPMG.

KPMG is an active member of CPA Canada, the body that sets and enforces the standards for more than 200,000 accountants in Canada. Every day, accountants across the country help their clients with all sorts of financial issues including helping them comply with the myriad of complex tax rules. Our firm has been serving Canadians for close to 150 years. Over those years, we have continually evolved our practices to meet the changing needs and expectations of our clients and society as a whole, a fact which is critical to this discussion.

Tax planning is an acceptable part of our tax system. As the Supreme Court of Canada explained in 2013:

Every taxpayer is entitled to order his or her affairs so that the tax payable is less than it otherwise would be. Taxpayers often engage in tax planning to achieve that result.

With that in mind, the Isle of Man tax plan, which has been subject of much discussion and media attention in recent months, was created in 1999 and hasn't been implemented for close to 10 years. To understand the facts around this particular plan, we need to try to put ourselves back in that environment 17 years ago. Simply put, we can't take a 2016 lens to look at a 1999 issue.

In the late 1990s, the approach to tax planning in our profession, and society as a whole, was different that it is today both in Canada and around the world. The fact is the late 1990s was a time when non-resident trusts were permitted under Canadian law as a matter of government policy.

In fact, they were encouraged by the federal government as a way for immigrants with financial means to come to Canada while keeping some of their funds abroad. It was in this environment in 1999 that this tax plan was created.

As is the case with all our tax plans, it fully complied with all applicable tax laws. We conducted extensive internal and external due diligence including going so far as to obtain independent legal opinions from leading tax experts both in Canada and in the Isle of Man. With this diligence in hand, we implemented this plan 16 times, of which 13 are known to the tax authorities. We haven't used one of these plans in almost a decade.

If we now roll the conversation forward to 2016, the world has changed for every business, including the accounting profession. We, too, have modified our business practices to meet the expectations of our people, our clients, and our communities.

For example, KPMG strongly supports and was proud to have been involved in the OECD-G20 base erosion and profit shifting initiative designed to allow jurisdictions to work together to lay the foundations of a modern international tax framework.

Further, we ceased offering the tax plan to clients many years ago because both our tax practice and the national and global context changed regarding acceptable tax planning.

We have done more.

By 2006, any significant tax plan required a review by independent partner committees regarding the general anti-avoidance rule, transactional tax matters, risk and reputation, and other areas deemed appropriate by our professional standards.

In 2009, we developed and deployed a global tax code of conduct, a document that sets forth the commitments we make every day to our people, our clients, the tax authorities, and our communities. It spells out our responsibilities as individuals and as leaders, and requires us to act as role models promoting ethical behaviour and ensuring that our actions serve to reflect our values.

Like every business, we've changed dramatically since 1999. One area where we have not changed, however, is the importance that we place on client confidentiality.

Client confidentiality is not just a KPMG issue, it is a cornerstone of the accounting profession. We have a legal and professional obligation to keep client information confidential.

• (1105)

As all of you can appreciate, if Canadians could not trust their accountants to keep their private business affairs private, there would be no accounting advice.

Client confidentiality is a key issue at stake in this debate. In 2013, the CRA applied to the Federal Court to require us to disclose the names of all of our clients who used this tax plan.

We opposed that order on principled legal grounds because of the precedent it sets around client confidentiality and the impact that precedent would have on our entire profession.

The existence of this ongoing litigation has resulted in us being limited in what we can and cannot discuss publicly, which in turn has led to an unfortunate imbalance in the depiction of our firm in the media. As inconvenient as it is for us, the principle is too important to the profession to forgo.

I'd like to conclude my remarks by talking about our team. KPMG Canada employs 6,400 employees in 40 offices from Victoria to St. John's. Globally, the KPMG network employs 175,000 people in 155 countries.

Our people in Canada and around the world come to work every day to help our clients with the business challenges they face. We help small business owners meet their payroll. We help Canadian businesses grow, expand and be successful internationally. We help protect Canadian investors through our audit services. We help Canadians meet their tax obligations and, finally, we help our communities prosper by volunteering our time and expertise.

Our people do all of this while living by the values of our organization. One value stands out above the rest. Above all, we act with integrity, including most importantly, acting within the law.

What is being portrayed in the media is not who we are. It is not what we stand for. We are incredibly proud of our team and the difference each of them make to each other, our clients, and their communities every day.

Each member of our team is committed to and supportive of the continued evolution of our world to a place where there's more trust in the role of government, the role of the accounting profession, and confidence by society in the fairness of the tax system both in Canada and globally.

We appreciate this opportunity to provide context and contribute to the ongoing discussion.

Thank you.

• (1110)

The Chair: Thank you very much, Mr. Wiebe. Thank you for providing your speaking notes in both official languages, so that committee members have the benefit of them.

Starting the first round of questioning for seven minutes, given the time frame we have until 12:30, we can get everyone in for one series of questions.

Ms. O'Connell.

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

I'll get right to my questions because I have several and, hopefully, I can get through them all.

You mentioned in your testimony that this Isle of Man tax plan had been used 16 times and that the CRA was aware of 13.

Why have you not provided the names of the other three involved to CRA?

Mr. Gregory Wiebe: That's exactly the point of the court case that is before the Federal Court. It is our view that it's our responsibility to keep our client affairs private. We take that responsibility very seriously. It's a responsibility from a KPMG perspective.

Frankly, it's a professional obligation we have as CPAs in Canada to keep our client information private. Just as you would expect, when you go to your doctor that they keep your medical information private, we are very serious about keeping our client affairs private as well. That's the point of the case before the courts.

Ms. Jennifer O'Connell: I'm not going to add any commentary. I, obviously, have opinions on that, but I want to get through as many questions as possible.

It's my understanding, through some media reports that have come out, that CRA provided amnesty for up to 26 KPMG clients.

If the tax scheme that's being reported was only used 16 times, why are there 26? Is it for multiple people within one family?

Mr. Gregory Wiebe: There were 16 implementations of the plan which involved 27 individuals or 27 parties. That's where the discrepancy in the numbers that you would have there would come from.

Ms. Jennifer O'Connell: Was KPMG also provided amnesty for your role by CRA?

Mr. Gregory Wiebe: I'm not allowed...Because of settlement privilege, I cannot talk to the details of the settlement at all, unfortunately.

Ms. Jennifer O'Connell: Including whether or not you had to pay restitution?

Mr. Gregory Wiebe: I'm not allowed to talk to any aspect of the settlement, but if you'd like, I can give some perspective on the aspect of tax settlements in Canada on a general basis.

Ms. Jennifer O'Connell: No. I'm more interested in your involvement in this, but thank you for that opportunity.

Mr. Gregory Wiebe: You're welcome.

Ms. Jennifer O'Connell: What was the total revenue received by KPMG for this particular package offered?

Mr. Gregory Wiebe: The average fee for the 16 implementations was about \$100,000, so the total fees that we would have received for implementing this particular plan was just shy of \$1.6 million, in the \$1.5 to \$1.6 million range.

It was a fixed fee per implementation. It was not a contingent fee or whatever.

Ms. Jennifer O'Connell: Who were the CRA employees who negotiated the amnesty deal with KPMG and your clients?

Mr. Gregory Wiebe: As I said earlier, unfortunately I'm not allowed to talk about any aspect of the settlement because it's subject to settlement privilege.

Ms. Jennifer O'Connell: Who were your main contacts at CRA on this package?

Mr. Gregory Wiebe: As I said earlier, that's one aspect of this conversation that I unfortunately cannot get into.

Ms. Jennifer O'Connell: Is Jeff Sadrian still employed with KPMG?

Mr. Gregory Wiebe: Yes, he is.

Ms. Jennifer O'Connell: Did he advise on or have any involvement in the Isle of Man package?

Mr. Gregory Wiebe: I am not allowed to talk about the settlement package.

Ms. Jennifer O'Connell: Sorry, not the settlement package, the Isle of Man package, not the settlement.

Mr. Gregory Wiebe: The tax plan?

The tax plan was created in 1999. I think he's been with us for a couple of years now, so 1999 was when it was developed.

The last time it was implemented was 2003. There were different facts and circumstances, and one further implementation in 2007, but for all intents and purposes that plan wasn't implemented after 2003.

Ms. Jennifer O'Connell: Since his employment, the CRA did begin to investigate some of KPMG's employees. Was he involved or did he advise on any strategy or any type of involvement once you found out CRA was investigating?

• (1115)

Mr. Gregory Wiebe: That would be part of the whole settlement discussion, which is an area I just can't get into, unfortunately.

Ms. Jennifer O'Connell: But it's not settlement when I'm asking about.... Let me ask it this way. At what point was KPMG advised that CRA was investigating this Isle of Man package?

Mr. Gregory Wiebe: I don't think I know the specific dates.

Ms. Jennifer O'Connell: Do you know the year?

Mr. Gregory Wiebe: I don't think I know the specific—

The Chair: Mr. Wiebe, if you're not sure of specific dates, you can always get back to us on them. That's the easiest way rather than be incorrect.

Mr. Gregory Wiebe: Sure, it's the easiest way to do it. Thank you.

Ms. Jennifer O'Connell: Thank you.

I have similar questions about Mr. Paul Lynch. Is he still employed with KPMG?

Mr. Gregory Wiebe: Yes, he is. He's a partner with us.

Ms. Jennifer O'Connell: When was he hired?

Mr. Gregory Wiebe: I believe he was hired five years ago, but I can get back to you on that. It might be six.

Ms. Jennifer O'Connell: This is a similar question in terms of his involvement once CRA began investigating your clients on the Isle of Man product.

Mr. Gregory Wiebe: Yes, that will all be part of the settlement privilege, and I can't get into that particular part of the investigation, unfortunately.

Ms. Jennifer O'Connell: I think, Mr. Chair, those are the questions I have.

How much time do I have?

The Chair: You have about a minute left. You get one more.

Ms. Jennifer O'Connell: In regard to CRA—not specifically to the Isle of Man—how many ongoing investigations do they have with clients of KPMG?

Mr. Gregory Wiebe: I don't know the answer to that but I will say that I'm very proud of our track record with our clients and with the CRA. There are always disputes that occur between the tax authorities and taxpayers, as you know, but our track record with CRA in dealing with tax matters with our clients is something I'm very proud of, very proud of.

Ms. Jennifer O'Connell: If I can squeeze in one more, generally speaking, not on this product specifically, when you're dealing with CRA investigations of your clients, do you tend to deal with the same people or is it a case-by-case officer who deals with it?

Mr. Gregory Wiebe: Yes, we have 1,400 tax professionals within KPMG here in Canada, and I wouldn't hazard to guess how many people they have employed at CRA, but there are lots of interactions.

Ms. Jennifer O'Connell: But I'm talking about investigation, not questions and products. I'm talking about when they start investigating.

Mr. Gregory Wiebe: You know, the way the Canadian tax system would work, there would be hundreds of conversations a day between our clients, as taxpayers, and the CRA, so it happens on a very routine basis. Whether they are large clients or small clients, it's something that's daily.

Ms. Jennifer O'Connell: Thank you.

Thank you, Mr. Chair.

The Chair: Thank you, both.

I can tell you, Mr. Wiebe, that every MP around here certainly knows about tax disputes with CRA, and most often people who don't have the benefit of an accountant come to our offices and we see them in tears.

Ms. Raitt, you have seven minutes.

Hon. Lisa Raitt (Milton, CPC): Thank you very much, Mr. Chair.

Good morning, Mr. Wiebe.

In your experience, how often do you see criminal prosecutions for tax evasion coming from the CRA?

Mr. Gregory Wiebe: That's fairly rare. Tax Court cases overall are fairly rare. I think there are something like 80,000 notices of objection filed each and every year by taxpayers who dispute what the CRA has suggested is the right answer, from a tax perspective. I think, in total, there's something like only 3,400 Tax Court cases in progress right now. They can take many years, and very few of them are criminal in nature.

Hon. Lisa Raitt: Compare that to the United States for me, if you could.

Mr. Gregory Wiebe: I don't have the numbers, unfortunately, for the U.S. I do know that the way our system needs to work, and does work, in a self-assessing system is that taxpayers are expected to self-assess, CRA is expected to do their job and review the particular aspects of their tax filings. Conversations happen if there's a dispute. Sometimes it goes to court, but in the Canadian context that's very rare. Very rare. They're encouraged to settle because the court system just can't handle any volume.

Hon. Lisa Raitt: About this particular scheme that was developed and marketed by your firm, I find it curious the terminology that you use in here, your speaking notes, about how the world has changed and therefore you're not doing now what you did in 1999.

Is it possible that one of the reasons you do it differently is because of the charges that KPMG was subject to in the United States around the time period of about 2005 having to do with offshore tax havens? Did that cause KPMG worldwide to take a different decision on these kinds of schemes?

• (1120)

Mr. Gregory Wiebe: I think that's part of it. If you go back in the history of taxation, I see it now that there are three lenses. At one time there was only one lens: was it legally effective, yes or no? If it was legally effective, yes or no, then it was an effective tax plan and away you went. In 1988, the Department of Finance introduced a general anti-avoidance rule, which brought a different concept into the whole idea of taxation and really started to change behaviour. It basically said if there's a tax benefit, and it was an inappropriate tax benefit because it abused a section of the Income Tax Act or wasn't what Parliament intended, then you could undo the legal aspect of it. That was 1988. These things take a while, but the Supreme Court first heard on that in 2005. Since that point in time, there's been this evolution of: is it abusive or not abusive? Is it in keeping with the spirit of the act?

There's a third element, and I call it a reputational lens, that has been developing I think over the last 12 to 13 years. Some of it is because of some of the pressures that taxpayers would be under,

multinationals would be under, tax advisers like ourselves around the world would be under, but we've been following that pretty closely. That's part of the reason why, in 2009, we developed our global tax code of conduct to reflect this changing world, because it is a very different world.

I think to offer proper tax advice today, you have to look at those three elements: is it legally effective, yes or no? Does it offend the spirit of the Income Tax Act, which kind of got codified mid-2005 to 2009, yes or no? And then from a responsibility perspective, I think there's almost a third lens there around: is it responsible? Even if you can do it, does it mean you should? I think that's just evolving today. We see a little of it in Canada, we see a lot of it in Europe. Sorry to....

Hon. Lisa Raitt: No, that's okay. For the record, in fairness, KPMG admitted to criminal wrongdoing in the United States and agreed to pay \$456 million in fines right around that period in time. There may have been a deterrent, an X factor, as it were, in terms of moving us along that continuum of the three. That's an observation, not a question.

I did want to ask you a specific question though. I do find it interesting that you apply the three lenses, and I think it makes sense. How important to your practice is, I guess I would say, the truism that you tend to hire a lot of former CRA auditors and Department of Justice lawyers?

Mr. Gregory Wiebe: I don't know what you define "a lot" to be.

Hon. Lisa Raitt: Fifty.

Mr. Gregory Wiebe: Last count, of the 1,400 tax professionals we have in KPMG Canada, I could count seven or eight who have come from there, and probably as many have gone from our organization to the CRA or the Department of Justice. I think it's healthy. Frankly, I think the only way our system works in Canada is to have open and transparent dialogue between taxpayers, tax authorities, and tax advisers. We hire for expertise. There are some fantastic people within the CRA and I'm glad we can be a bit of a career option for them.

Hon. Lisa Raitt: Do you seek pre-opinions from Revenue Canada when you're developing these products to market?

Mr. Gregory Wiebe: You can get advance tax rulings. In this particular case, we sought and obtained two legal opinions—

Hon. Lisa Raitt: But not from CRA.

Mr. Gregory Wiebe: —but there was no advance tax ruling in respect of this.

Hon. Lisa Raitt: Why wouldn't you do that? If you knew that you could take that step—and you've already said that you value the expertise of CRA so much that you'd hire them, even though they have cooling-off periods—why wouldn't you take the step of making sure that...? Given you are on a thin line between tax evasion and tax avoidance, knowing the difference in law, why wouldn't you take that extra step to give your clients the assurance that they wouldn't be put through a legal test, which is extremely expensive, or that they wouldn't be found in contravention of the spirit of the law in Canada?

Mr. Gregory Wiebe: Even today, the use of advance tax rulings is quite rare. It is something that we don't engage in very frequently. It tends to take a lot of time. It tends to be a fairly costly process. Clearly, in the time when this plan was developed, 1999, that would not have been a standard thing for us to do. It's more frequent today, but in those days....

Times have changed, and it was not something that we would have done regularly.

• (1125)

Hon. Lisa Raitt: Do you think the possibility of criminal liability to the person who developed this product at your firm would be a deterrent for people seeking to go so closely to the line in terms of tax evasion and tax avoidance?

Mr. Gregory Wiebe: Just to be clear, the tax aspects of this plan were fully vetted by the firm, by various committees within the firm, and they fully comply with the tax law. Not one, but two, outside legal opinions also support that assertion.

Hon. Lisa Raitt: Okay, so you'd be comfortable if there was a law that said that an individual in a firm can be held liable for a product they put together and put their name to?

Mr. Gregory Wiebe: There are a couple of jurisdictions that have actually enabled that, and I don't think it's unhealthy at all. I stand behind the quality of our people and the quality of work we do. If there are tax advisers out there who are skirting the law, which is something that we never do, should there be consequences? Absolutely.

Hon. Lisa Raitt: More than just what you go through at CPA?

The Chair: I'll have to stop you there, Ms. Raitt.

Hon. Lisa Raitt: I appreciate the answers. Thank you very much.

The Chair: Mr. Dusseault, welcome to this committee. I believe it's for the first time. The floor is yours for seven minutes.

Mr. Pierre-Luc Dusseault (Sherbrooke, NDP): Thank you, Mr. Chair, and thank you to the witnesses for being here today.

We're happy that at the initiative of the NDP we can get to the bottom of the KPMG case—the scheme you developed to have some taxpayers avoid paying their fair share of taxes.

Can you confirm that you think the Isle of Man scheme was legal at the time?

Mr. Gregory Wiebe: Absolutely. Thinking about the steps that we go through with that particular tax plan.... First of all it went through a detailed technical review by a first partner. Then it went through a detailed technical review by a second partner, and then it went through a review by our general anti-avoidance committee. Then we obtained an independent legal opinion as to the effectiveness of this particular plan, not once but twice, from both a Canadian perspective and an Isle of Man perspective. Then finally it was signed off and approved by the managing partner of our national tax practice before it was ever implemented.

Mr. Pierre-Luc Dusseault: Thank you.

Do you think that kind of behaviour—putting investments in an offshore company, then getting it back here to Canada as a gift from one company to another company—is moral?

Mr. Gregory Wiebe: I think you have to look at it through two different lenses. If you think about the way the Canadian tax rules have evolved, in 1999 there were opportunities for taxpayers to use non-resident trusts to effect tax-planning objectives, and those were under the scrutiny of the Department of Finance for quite some time. The rules were changed with respect to non-resident trusts in 2013, retroactive to January 1, 2007, so from the time that this particular plan was developed, there were 13 or 14 years before the legislation actually shut down some of that similar planning. It was retroactive to January 1, 2007, but it wasn't until—

Mr. Pierre-Luc Dusseault: Thank you, but I'm sorry, my question was whether you think it's moral to do that. What is your standard in KPMG? Is it legality, or is morality also playing a role in what you develop as a scheme?

Mr. Gregory Wiebe: That's the third lens I talked about, the responsibility. Does it have the right fit for our clients? Does it have the right fit for us? Does it fit within our global code of conduct?

We determined back in 2003 that it was something we were no longer prepared to implement as an organization. In today's light, absolutely, but back in 2003 that was the time when we suggested that was not something we were prepared to do.

Mr. Pierre-Luc Dusseault: So now in 2016 do you think it's not appropriate to develop a scheme like that today?

Mr. Gregory Wiebe: If we decided in 2003 that we were no longer going to implement that plan, absolutely we would not implement that plan today.

Mr. Pierre-Luc Dusseault: Thank you.

[*Translation*]

Now I'm going to switch to French, Mr. Chair.

Was the Canada Revenue Agency involved in developing the Isle of Man scheme? If so, who at the CRA was involved in signing off on the scheme?

• (1130)

[*English*]

Mr. Gregory Wiebe: The plan was developed in 1999. There was nobody from CRA involved in the development of that plan.

[*Translation*]

Mr. Pierre-Luc Dusseault: Do you contact the CRA from time to time to check whether certain schemes are legal and to have them approved? How many other tax schemes like this one do you have with known tax havens?

[*English*]

Mr. Gregory Wiebe: As I mentioned earlier, there are times when we will seek advance tax rulings on behalf of our clients. That's pretty rare.

To your second question, in the way the tax law in Canada has changed, and the way the world on tax law has changed, there are two elements. There is business taxation for multinationals, and there's taxation for individuals.

In Canada, multinational corporations are expected to pay the tax that is owed in Canada on the profits that they make in Canada. To this day, there still is a lot of use of non-resident jurisdictions outside of the Canadian tax system, and that is fine by government policy as long as the income earned in Canada by the multinational corporation is taxed in Canada.

For individuals, with the way the world has evolved today, including some of the legislative changes around non-resident trusts that took place in 2013 and a final change in 2014, individual citizens of Canada are expected to pay tax in Canada on their worldwide income regardless of where it's earned.

That's the way the rules have evolved. That's the way the system has evolved. As you know from filing your tax return—hopefully within the last few days—on the second page you have to actually tick off whether or not you have more than \$100,000 worth of property located outside of Canada. It's on that basis that our plans are effective today.

Mr. Pierre-Luc Dusseault: Thank you.

I have another question. If you are aware of something illegal, and you have the name of the people who are involved in that, would you be able to provide the names of those people who commit illegal activity?

Mr. Gregory Wiebe: There are professional rules. I'm speculating a little bit, but I believe that's our obligation if we believe it's illegal.

Mr. Pierre-Luc Dusseault: Yes.

With that, Mr. Chair, I would like to move a motion:

That the committee compel KPMG to provide documents indicating the names of clients who used the Isle of Man tax sheltering scheme, and the names of the KPMG employees responsible for the development and marketing of the tax scheme.

The Chair: Do you have that in writing, Pierre?

Mr. Pierre-Luc Dusseault: Yes, I do. It is related to the issue we're discussing right now.

The Chair: Yes. There may be an implication on the court here that we'll have a look at as well.

Phil, I'll let you in.

Mr. Phil McColeman (Brantford—Brant, CPC): On a point of order, Mr. Chair.

The normal procedure is a 48-hour notice on any motions, and so this motion has come without that notice, I believe. We have not received it so I want to note that as a concern.

The Chair: Mr. Dusseault, you can table the motion with the committee, and we can consider this as the opening notice of the motion.

Go ahead.

Mr. Pierre-Luc Dusseault: Mr. Chair, just to clarify, when we are discussing an issue, we can move a motion related to that issue, so I'd like to discuss it right now and have it voted on.

The Chair: Okay, you are correct. When an issue is before committee, you can move a motion at committee. We'll distribute the motion, and then we will talk about it.

[Translation]

Mr. Steven MacKinnon (Gatineau, Lib.): Mr. Chair, I have a point of order.

[English]

The Chair: Just wait until we get the motion.

What I'm going to do is basically rule it out of order at this time.

We will talk about it at the business of the committee at 12:30. The reason I would do that, Mr. Dusseault, is that under the *sub judice* convention, this request could have implications on a court case. I don't believe we can deal with it at this time, so I'm going to rule it out of order.

We will talk about it in committee business. If you want to challenge the chair on that, you can, but I do believe this might have implications on a court case that's ongoing.

• (1135)

Mr. Pierre-Luc Dusseault: You say we will discuss it later?

The Chair: We will discuss it at committee business between 12:30 and 1:00.

Mr. Pierre-Luc Dusseault: I respect your judgment.

The Chair: Thank you, Mr. Dusseault.

We'll turn to Mr. Sorbara.

Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.): Good morning, everyone. Thank you, Mr. Wiebe, for coming before us.

I did serve on the CICA user advisory council for a number of years. I don't know if that makes it better or worse, but I did. I can honestly say that, if you are a good tax lawyer or tax planner, you are obviously going to be sought after in today's world that we live in.

Nonetheless, the issue I have, and I think the issue a lot of Canadians have, is that we want to make sure that our tax system gives the confidence to all Canadians that it is transparent, that everybody is paying their fair share, and that honest Canadians are not subsidizing those who have the means or the wherewithal to implement tax measures or tax planning that raises red flags. From my conjecture, reading about this Isle of Man FSC structure obviously raised a number of red flags. I think the estimates worldwide are literally in the tens of trillions of dollars that individuals have put into tax havens—if I can use that term—in tax avoidance structures, and potentially, hypothetically, even tax evasion structures.

In Canada, I think in a prior report done by a prior committee, the potential tax gap is literally in the billions of dollars, which could be going to fund programs that Canadians need and that would make our economy stronger. It is obviously with some disappointment that we are sitting here today. Nonetheless, we are a committee, and we need to ask some questions.

You alluded, in your comments, to the negotiated settlement agreements. I take it that, over your long career, you have probably partaken in a few with your clients. I would like to stick to this for a little bit. Is it a more common practice to enter into an NSA rather than go to the courts, due to the length of time involved in the court system?

Mr. Gregory Wiebe: Yes, that has been my experience by far. From a tax perspective, I think very few cases actually go to court.

The Income Tax Act, like all law, is subject to interpretation, and there can be two sides to a story. When I advise clients, I know that from a client perspective they will often try to settle without going to court. It depends on their risk tolerance, but it is always subject to interpretation. Even if they feel they have a very solid case under the tax law, there is always some uncertainty. Court cases are very expensive, lawyers are very expensive, and there is some uncertainty. It can take up to a decade for a tax matter to go through the courts.

From CRA's perspective—I don't know, but I would imagine—if they can create certainty, if they can get a timely settlement so they can take their resources and move them to other files, I am sure that is what is driving their behaviour. If there are 80,000 formal notices of objection a year filed by Canadians because there is a dispute between what the taxpayer thinks is right and what the CRA asserts is right, and if there are only 3,400 cases in the courts, settlements happen routinely and daily.

• (1140)

Mr. Francesco Sorbara: In our budget, our government has dedicated \$440-odd million to the CRA to assist them, to strengthen their role in making sure that all Canadians pay their fair share of taxes. I think that is something we need to highlight.

In my particular experience now as an MP, I have had constituents come to me with liens on their houses for potentially owing just tens of thousands of dollars—or there has been a mix-up with their accountants, or their accountants actually haven't filed their taxes—while these few individuals here have benefited from a wherewithal of means to enter into an NSA. I think that is unfair. I think it is wrong.

Mr. Gregory Wiebe: We have 35,000 tax clients within KPMG Canada, and 15,000 of them are individuals who need help in filing their personal income tax returns. The average fee that we would charge is \$1,400 annually for tax returns. We are a Canadian firm. We have offices in North Bay, in Lethbridge, and whatever, and we are helping all kinds of people comply with their tax obligations.

Mr. Francesco Sorbara: I'll ask one more question, then I'll turn it over to the parliamentary secretary.

On the FSC structure, are there similar structures that are in place today, and that KPMG is offering its clients?

Mr. Gregory Wiebe: For individuals, we don't offer any offshore tax plans at all today. The legislative world has changed. The 2013 legislation that came in, retroactive to January 2007, gave some good indications of what was acceptable by the Department of Finance and what wasn't. So 2014 was the last year the Department of Finance allowed immigrants to use offshore trusts for putting money offshore. That was eliminated in 2014, two years ago, and that's been the end of it.

The Chair: Thank you, Mr. Sorbara.

Which parliamentary secretary, Mr. Champagne or Mr. Dubourg?

Mr. Champagne, you have time for a quick one.

[*Translation*]

Mr. François-Philippe Champagne (Saint-Maurice—Champlain, Lib.): Thank you, Mr. Chair.

Mr. Wiebe, thank you for being here today.

As you know, the government is going to invest \$444.4 million to equip the CRA with the technologies, teams, and tools it needs to better understand what you call tax plans. How does your corporation devise those tax plans? The Prime Minister also talked about international cooperation on this issue. I imagine these tax plans are devised, produced, and detailed. Would you kindly describe for the members of the committee how you come up with these tax plans?

Furthermore, as you know, your tax plans are going to be audited. I know you have 30 years of experience, so I'd like you to explain to me how the practices of the IRS in the United States compare with those of the CRA in Canada. How can we apply global best practices here, in Canada?

[*English*]

Mr. Gregory Wiebe: With respect to tax ideas developed in Canada, we go through four stages, generally. First, there is a technical review, to make sure it fits within the tax law. Second, a partner conducts a technical review to ensure that the first partner got it right. Then we have a review of our general anti-avoidance rule committee, to make sure that it doesn't offend the spirit of the act, that it's not so-called aggressive tax planning. Is it effective for the law? Does it meet the tests of the general anti-avoidance rule?

We have a new lens that we placed on our reviews in our tax practice here in Canada and also globally. When I was a global head of tax, we instituted this. It started in 2006 and was codified in 2007. Finally, we have what I'll call, "Is it responsible?" Does it fit the needs of the client? Does it fit our needs? Is it something we would be proud of if it were to hit the papers?

• (1145)

Mr. François-Philippe Champagne: I understand that part.

The Chair: I'll have to cut you off there, Mr. Champagne.

Mr. Aboultaif.

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

I would like to get some clarity on the tax gap in Canada. First, can you explain how the tax avoidance/tax gap situation has changed over the last decades? Second, are there measures that have strengthened the fairness and integrity of the system?

Mr. Gregory Wiebe: To your question on the tax gap, there is no Canadian data on the tax gap. A number of jurisdictions around the world analyze what the tax gap is. The tax gap is the difference between what the government expects to collect and what they actually collect. Canada doesn't publish those figures. I assume it would be fairly similar from a Canadian perspective, but I don't know. We just don't have the data.

From my experience in a bunch of other jurisdictions, I know that the primary driver of the tax gap is the underground economy. It's those citizens who have decided that they are outside the tax system and aren't going to report income. That is by far the largest bit of the tax gap.

Mr. Ziad Aboultaif: That's on the government side. On your end, as KPMG, do you see any positive changes? Do you see any of the gaps narrowing?

Mr. Gregory Wiebe: It depends on the jurisdiction. There are cultural differences around the world in taxation and in respect of the obligation of the citizen to pay. In Japan, everybody pays their tax because it's the right thing to do. In a lot of other jurisdictions, there's a massive underground economy. Greece is one that's often cited.

I'd like to think Canadians are generally very compliant with the income tax system. My belief is that there is a much smaller problem regarding the underground economy than what we'd see in other jurisdictions around the world.

Mr. Ziad Aboultaif: The previous government, the Conservative government, created something called the "stop international tax evasion program" in 2013.

Mr. Gregory Wiebe: It was a hotline.

Mr. Ziad Aboultaif: Can you explain how that ensured the integrity and the fairness of our tax system?

Mr. Gregory Wiebe: I think it's important. The studies that have been done around the world would suggest that people are more willing to comply with their obligations under the income tax rules if they believe their neighbours are complying. The only way society works is if everyone complies and pays what they have to pay. If there's a perception that your neighbour is doing something that isn't appropriate, then I think the trust in the system breaks down.

The way the tax system is now is pretty good in Canada. It's maybe okay around the world, but it's got a long way to go to get that trust back into it, frankly. I like the work that the OECD is doing around the future of taxation because I think that, for average Canadians, tax is way too complicated, and they don't understand it. I've been doing it for a long time, and there are parts I still don't understand.

In society there needs to be trust, there needs to be transparency, and there needs to be a perception of fairness. I think, sometimes, that doesn't exist as tight as it needs to be. That's why, I think, the international tax rules need to change. A lot of them are broken. Business is now global; tax is national, and there exist, frankly, too many disconnects between the national tax systems and the global business reality we have today.

• (1150)

Mr. Ziad Aboultaif: I gather from what you have said that there are psychological factors here in terms of how to deal with clients. Taxpayers are, basically, clients at the end of the day. How can the government better approach that in order to get the best result and to get people to practise less tax avoidance?

Mr. Gregory Wiebe: I like the approach the Canadian government has had over the last number of years around this entire issue on international taxation, as again, there's a perception out there that it's not fair. There have been some recent changes, and

making sure the tax authorities have adequate resources to do their job properly I think is important.

There is a willingness of the Canadian tax authority to share information with other tax authorities, so this year, 2016, is the first time that Canadian tax authorities are going to be sharing their advance tax ruling with other jurisdictions where appropriate. I think that's critical. I think that there are new rules coming into play that have been announced for the last couple of years, and they're effective this year, that require a multinational corporation to explain themselves about where they are conducting business, where they leave the tax behind, where their operations are, how many people they employ, how much profit there is, and how much tax they are paying in all those jurisdictions. They're starting to collect that data starting this year and next year, and they're going to share it with other jurisdictions around the world starting in 2018.

If you can't have that transparency amongst tax authorities in a global business environment, I don't think the system works. The trend that we're on, that we're finally starting to see some momentum on, I think, is the right way to go from a tax authority perspective and the government—and society.

The Chair: Thank you, both.

We turn to Mr. MacKinnon for five minutes.

[Translation]

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

Mr. Wiebe, thank you for being here today.

You are KPMG's global head of tax, is that correct?

[English]

Mr. Gregory Wiebe: I was until February 1 of this year. I was the global head of tax for KPMG International.

[Translation]

Mr. Steven MacKinnon: And what is your role now?

[English]

Mr. Gregory Wiebe: I am now a partner at KPMG Canada.

[Translation]

Mr. Steven MacKinnon: Very well.

For a Canadian, it's quite an achievement to be appointed KPMG International's global head of tax.

[English]

Mr. Gregory Wiebe: It was a nice honour for a Winnipeg boy to have that role, frankly, and it was probably the best job I ever had. I loved it.

[Translation]

Mr. Steven MacKinnon: What were your responsibilities as global head of tax at KPMG International? Were you responsible for tax strategy development or, rather, business development?

[English]

Mr. Gregory Wiebe: It was a little bit of both. I was responsible for the overall strategy for the tax business for KPMG International. I also would have been very cognizant of our responsibility, and that's why we developed and deployed our global tax code of conduct. If you just give me one second, I'd like to read a couple bits of it because I think it's important and it's something that I believe in and have been promoting for four and a half years, frankly, in my previous role.

I'll just paraphrase a couple of aspects. We act lawfully and with integrity and expect the same from our people, member firm clients, the tax authorities, and other parties with whom we interact. We provide tax advice to our clients to allow them to pursue their commercial objectives respecting the needs of our people and the communities in which they operate and we support a relationship with tax authorities based upon mutual trust and respect, which enables constructive dialogue and responsiveness by all parties in order to fulfill our responsibilities.

I truly believe that there needs to be co-operation and dialogue between taxpayers, tax authorities, and tax advisers like ourselves.

[Translation]

Mr. Steven MacKinnon: Thank you.

KPMG is structured as a partnership. Are the partnerships established nationally, meaning that the profits and losses stay within the country, or internationally?

[English]

Mr. Gregory Wiebe: Right. We are structured internationally as a network of 155 different member firms, so the Canadian firm would be a member firm and the partners in Canada would partake in the profits and losses of that particular partnership.

[Translation]

Mr. Steven MacKinnon: So there are common services at the international level that members in other countries contribute to, and most of the accounting, if you will, within your partnership is done at the national level, in each country.

• (1155)

[English]

Mr. Gregory Wiebe: That's correct, and if you think about the evolution of our business from a tax perspective, especially dealing with multinational corporations, it's so complex now that the biggest growth area for us, frankly, was in cross-border taxation, whether that was international tax, whether that was transfer pricing, whether that was expat tax. That now is a larger part of our global business than the domestic part of the business because, heaven knows, it's very hard to comply with Canadian tax rules, but as soon as a business decides it wants to expand in the United States or sell elsewhere in the world, the complexity goes through the roof, and that's the area in which we provide most of our services.

[Translation]

Mr. Steven MacKinnon: Do you also provide services on a contingency fee basis?

[English]

Mr. Gregory Wiebe: We have not entered into contingent fees for quite some time, except in two areas. There are two areas remaining where we still provide services on a contingent basis and it's because it's industry practice. One area is with respect to GST/HST or provincial sales tax recoveries. The way the industry is, clients don't want to pay for you to investigate whether they've overpaid in those areas unless you can show a return, so industry wide, that's still there.

The other area is with respect to research and development. If people are applying for research and development tax credits and there's a bunch of uncertainty there, we'll get paid, where we can get paid, on a contingency basis. About six or eight years ago—and I don't know the exact date—the Department of Finance introduced tax shelter rules in which something becomes a tax shelter if it has a contingency fee or a confidentiality agreement. We don't do tax shelters.

Except for those two areas...it was recognized at the time that those were two areas of tax where it was acceptable to continue to have a contingency fee. Otherwise, we don't have them.

The Chair: I'm sorry, Steve. We'll have time at the end for some supplementary questions, I think.

Mr. McColeman.

Mr. Phil McColeman: Thank you for being here and sharing your perspective on things.

I'm going to move in a couple of directions, but first, thank you for your comments about the initiatives our government took to combat some of the tax-evasion, tax-avoidance issues. It was recently reported that our 2013 measures brought in \$1.57 billion in the 2014 fiscal year alone. Thank you for being complimentary about the initiatives we took to close some loopholes.

I want to talk primarily about your views, and it's a little anecdotal on this. A little bit is from experience in the mid-1990s in the building industry when I was president of Ontario Home Builders'. We tried to study the black market, the underground economy, to quantify it for the Ontario government of the day, and through the study we came up with an estimate that the government was losing somewhere around \$6 billion, which was a fairly shocking number. It made the front page of the *Globe* above the fold.

I'm fast-forwarding to 2016. I speak with people in the accounting industry who are some of the top professionals about what the issues are right now regarding what people are doing in light of higher levels of taxation they're facing. These, in many cases, are people like your client base who would be high net-worth people looking for every opportunity to pay their fair share but not to pay more than their fair share. The anecdotal comments that I get back are, why concentrate on that? Why not go after the underground economy because it is rampant? This is some of the comment I'm hearing back.

I don't have empirical evidence to give you today for 2016. That is some from a study we did in the mid-1990s. That said, it's also around your comment that really hits the nail on the head—no pun intended for the building industry—which is the fact that if your neighbour does it, all of a sudden it validates that you should do it. When they have the roof replaced and the guy says “Here's the price for cash, \$4,000. If you want to pay me and get an invoice, it's \$5,500.” This happens every day, on every street in Canada.

In your estimation, having the tax knowledge, where is money best spent in terms of making sure we get our fair share from that kind of underground economy that is, anecdotally, right now growing? I would put it that way. I would say the evidence is it's not being subdued, it's actually growing. Can you lend a perspective on that, please?

• (1200)

The Chair: It's not really on the subject matter, but go ahead. We've talked about this several times, so go ahead, Mr. Wiebe.

Mr. Gregory Wiebe: Okay. I don't have any data from a Canadian perspective, but I believe, from analysis I've seen in other countries, that it is one of the fundamental issues that governments need to address because it is a significant part of the tax gap, and once it gets rampant, if people don't trust their neighbour to pay the amount of tax they should pay, then the system tends to break down.

I think it is very difficult for the tax authorities to actually combat it. A lot of it is attitudinal within society that, frankly, today just shouldn't be accepted. Work around the whistleblower. Work around more resources to enforce those particular areas. We all know there are certain areas of the economy where there are more cash transactions that happen than in other areas of the economy, so to have a laser focus on those particular areas would be another way to try to combat it.

Mr. Phil McColeman: I appreciate the chair's comment on the fact that it does veer off and I agree with that, but in some ways it's at the heart of the conversation here. The issue we're talking about is how people avoid paying tax. This scheme that was going on with your firm, with the product you were offering, allowed people to either defer or to somehow develop something legal, as you've said, to move their money somewhere that they had to pay less tax on it.

For sure, we need to do more. We need to look into how people move their money around, but there is a much bigger...especially with rising taxation. When personal taxes start to approach, combined provincial and federal tax, the 50-plus range in most jurisdictions, then people who are high net worth start to ask, is it worth it, or businesses start to say that it just isn't worth the effort to go through.

Again, anecdotally, are you seeing that attitude unfold in any of your client base or do you wish to comment on my comment?

Mr. Gregory Wiebe: At this particular point, the new marginal tax rates are fairly new. Whether it's beer or anything else, I mean, people look to save taxes anywhere they can.

This is a personal comment. We must be careful that we are competitive internationally and especially within North America. That means a corporate tax rate that's effective and fairly low. We're at the high end of the OECD average and, frankly, from a personal

income tax rate perspective, we can't allow ourselves to get too far from where the United States is or we will see people that will decide to buy their beer in a different province or move. It's just human nature.

The Chair: Mr. Grewal.

Mr. Raj Grewal (Brampton East, Lib.): Thank you, Mr. Chair, and thank you, sir, for coming today.

This essentially is about tax fairness and the perception that all Canadians who make income should pay their fair share.

Our Prime Minister has publicly stated that the international community has to work together to make global finance more transparent, to prevent the sort of inequality highlighted by the Isle of Man and the Panama papers. Our government is committed in the budget to increase CRA's budget by \$440 million.

Would it be appropriate to say that KPMG stands to profit a great deal on such tax avoidance mechanisms? You mentioned earlier that the firm made \$1.6 million on implementing these 16 Isle of Man tax avoidance structures.

How much of that money was returned because this structure ultimately did not work in the best interests of your clients?

• (1205)

Mr. Gregory Wiebe: The answer to that is none because at this particular point in time, there hasn't been a determination as to the effectiveness of the planning. The matter is in front of the courts. I believe in our court system, but at this particular point in time, there has been no need for a refund of any fees.

Mr. Raj Grewal: We spoke about the average you charge individual taxpayers, \$1,400 to file their tax return. That's a far stretch from the \$49.95 that H&R Block charges.

Mr. Ron Liepert (Calgary Signal Hill, CPC): They're behind the times.

Mr. Raj Grewal: I got the student rate up until last year.

More importantly, does KPMG take on pro bono initiatives to help Canadians who can't afford \$1,400 to get tax advice from experts such as KPMG?

On a daily basis in our constituency offices, we don't deal with major corporations complaining about the CRA because they can afford...We don't deal with the wealthiest people either in Canada.

We deal with the average Canadians who are being audited by the CRA and can't afford a KPMG to come and defend them. There's a lien on people's homes and individuals are very uncomfortable with their tax situation. Does KPMG do pro bono work?

Mr. Gregory Wiebe: There are two answers to that.

The answer is yes, we help out. Every April we go to seniors' homes on a voluntary basis to help them file their tax returns. I think that's critical. Even though our tax system is getting simpler, it is still far too complex, and for the average individual to try to deal with their issues in filing their tax return it's still too complicated. It needs to be streamlined somehow, in my humble opinion.

The second thing is, the one good news is that technology has enabled a lot of Canadians to be able to do more of their tax returns on their own. I said we do 15,000 personal income tax returns. I'll speculate that 20 years ago we would have done 150,000, but now people can do their tax return over the phone, they can have their information uploaded on their computer. They can deal a lot more easily with compliance issues through technology than they would have. I think that's the trend that needs to continue, because if you want a self-assessing system to work effectively, you can't have someone struggle with trying to comply. It just isn't fair in my opinion.

Mr. Raj Grewal: I should have framed my pro bono question by saying, how many pro bono cases do you do when people are being audited by the CRA, because filing taxes is a lot simpler than helping people navigate the complicated structure? People only hire you guys for your expertise, and I would highly encourage KPMG and other people in the industry to look into that. You don't need to answer that question.

On your code of ethics, the global code of conduct that you're extremely proud of—and I think it is very necessary for your industry—how much emphasis for new employees joining the firm is put on their relationship with tax authorities, particularly when they meet them at after-work events such as the tailgate parties and the soirees that we've been hearing about on CBC?

As a lawyer, I remember that a lot of emphasis was placed on that in law school, in the professional responsibility courses, and at the firm that I practised at. What is KPMG's thought on that?

Mr. Gregory Wiebe: As soon as an employee joins us, they have to take the one fundamental course, in my humble opinion, and that's on acting with integrity. Everyone gets trained on integrity courses and I've been doing it now... Every two years you have to redo it, and I've done it quite a few times because I've been with the firm for an awful long time. Integrity and our ethics are core to who we are and what we believe in.

If I can talk a little bit about the other aspect, which is the relationship with CRA, the tax system only works in Canada if there can be a relationship between tax authorities, taxpayers, and tax advisers.

CRA has very stringent rules about what they can and cannot do. They cannot come out for dinner, they cannot join us, etc. There was—and I hope there still is—one limited case, when we get together for tax conferences like the Canadian Tax Foundation's. I was speaking at that one you're referring to in 2010 on global tax trends, or whatever. The fact is that you get a huge amount of tax professionals who attend, because we want to understand policy, we want to understand where planning is going, we want to understand global trends, etc., and CRA is there as well.

That's critical, because they need to understand what we're thinking about planning, or what we're thinking about might be some opportunities where there might be some tax areas to save some taxes, etc., because if they see something and they say, we don't like it, then they're in the know.

Probably even more importantly, the most important parts of those conferences for me as a tax professional were to understand what CRA likes and doesn't like. What are they working on? What are they concerned about? What aspect of tax planning or tax policy is on their radar screen? That's when I can properly advise my clients.

During those meetings, two- or three-day meetings like the one in Vancouver, we have a breakfast that's sponsored by an accounting firm. We sponsor for \$5,000 a coffee break. One law firm sponsors at night an opportunity for everyone, all members who attend the conference, to get together to have a coffee, a beer, piece of cheese, or whatever else it is.

I hope that opportunity for CRA doesn't go away, because they should be treated like absolutely everyone else who attends those conferences. They shouldn't be made to feel any different from anyone else. I've been in this business for over 30 years and I've met a lot of people from CRA and I can't imagine that a beer and a piece of cheese would impact their integrity in one way or whatsoever. I just don't think that's frankly even fair.

• (1210)

The Chair: I'll have to cut you both off there. You're well over your time.

Mr. Dusseault, you have three minutes.

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

I was surprised to hear you say that you want to help get back the trust of Canadians in the tax system. Do you think that setting up a scheme on the Isle of Man for 16 people, who can pay a \$100,000 fee to get that scheme helps to restore the trust of Canadians in the tax system?

Mr. Gregory Wiebe: I think that if you look at that particular issue through the lens that we look through today, no. I think that if you look at that issue through the lens that existed at the time, in 1999, when it was policy and practice for individuals to have monies in a non-resident structure offshore, it was a very different time. We used to smoke in restaurants in 2006. We used to text in our cars up until two years ago. Times change, and we change with them.

Looking at it through that lens, I can't defend it.

Mr. Pierre-Luc Dusseault: Do you think continuing to set up schemes, complicated schemes, with a bunch of lawyers and accountants, to help avoid paying taxes...? You said every taxpayer is free to arrange their affairs as they see fit, as long as it's legal. But when the multimillionaire clients of KPMG come to you and ask if you are able to provide them a scheme to avoid as many taxes as possible, do you think it helps to regain the trust that you said you want to get back?

Mr. Gregory Wiebe: That, with respect, isn't what we do. What we do for the 35,000 tax clients we have is help them comply with the tax law, but we also provide planning.

Suppose a successful entrepreneur runs—I don't know—a pet food store, and makes \$200,000 a year. If they have that business as an individual, they pay \$85,000 worth of tax. If we help them incorporate, they pay \$25,000 a year in tax. We can save them \$60,000 a year in tax. That's tax planning.

That's absolutely legitimate because the government policy is to allow small and medium-sized businesses to earn up to \$750,000 of their income and pay a very, very low rate of tax. That's how we keep the economy going. Our role is one of compliance, but also of ensuring that our clients understand the opportunities that are available to them, all legal, all lawful within the income tax system.

•(1215)

Mr. Pierre-Luc Dusseault: My last question is about the amnesty that was given to your clients. I know you cannot talk in detail about that, but do you receive that kind of amnesty letter often at KPMG? Do average taxpayers receive that kind of amnesty from the CRA, to avoid interest penalties and criminal rules?

Mr. Gregory Wiebe: Every Canadian has the right to have a voluntary disclosure with the Canada Revenue Agency about issues that they want to report on their tax return. They have the opportunity to do it right when they file their tax return, but also after the fact. If there's something that they don't feel comfortable about, they have the right to talk to the CRA under the voluntary disclosure program in Canada. That's a right every Canadian has, whether you're a waiter with undisclosed tips, or whatever else. When you arrive at a settlement with the CRA, you end up paying the tax you otherwise would have paid, plus interest. You don't fall into the penalty regime.

Mr. Pierre-Luc Dusseault: But do you see those kinds of amnesties often?

The Chair: Sorry, Pierre.

Mr. Ouellette, you have five minutes.

Mr. Robert-Falcon Ouellette (Winnipeg Centre, Lib.): Thank you for coming. It is very much appreciated.

You mentioned to a previous member that you have 155 member firms, partner firms.

Mr. Gregory Wiebe: Yes, we have firms in 155 different countries around the world.

Mr. Robert-Falcon Ouellette: The Turks and Caicos Islands?

Mr. Gregory Wiebe: I don't know off the top of my head, but probably.

Mr. Robert-Falcon Ouellette: The Principality of Andorra?

Mr. Gregory Wiebe: I don't know off the top of my head.

Mr. Robert-Falcon Ouellette: The Bahamas? Bermuda? The British Virgin Islands? The Cayman Islands?

Mr. Gregory Wiebe: Barbados.

Mr. Robert-Falcon Ouellette: Cook Island? Costa Rica?

Mr. Gregory Wiebe: Yes.

Mr. Robert-Falcon Ouellette: Cyprus? The Dominican Republic?

Mr. Gregory Wiebe: Yes.

Mr. Robert-Falcon Ouellette: St. Lucia? Gibraltar? Malta? Monaco?

Many of these are very well-known tax havens. What then is your relationship when you deal with, for instance, your other partner firms in these jurisdictions?

Mr. Gregory Wiebe: Let's take Barbados as an example, because I've been to that office on a number of occasions.

You would have seen in the press over the last couple of days, I think, talk about tax havens and that Barbados was the number one on the list as far as foreign investment going into Barbados. That's not individuals in Barbados, that's multinational corporations, Canadian based, going into Barbados. The reason they do that is because Canada has a tax treaty with Barbados. Barbados enjoys a tax treaty with Canada, just as Luxembourg does.

A multinational in Canada can take some of its business operations, not that does business in Canada but does business around the world, and they can put it in Barbados. The profits earned in that particular jurisdiction are taxed at a rate of 2.5% instead of the 25% they would have to pay if it were profit earned in Canada.

The Canadian government has, by policy, allowed its multinationals, when they expand globally, to use jurisdictions like Barbados to finance their international expansion, as long as they meet the tests around substance, etc. And for those of you who have been to Barbados, you'll have seen a lot of signs of Canadian businesses that are actually operating there.

Why does Barbados allow that? Well, Barbados doesn't have a lot of natural resources. They're not close to anybody. The only way they're going to get jobs or create a finance industry or whatever is to create an advantage. That advantage is a very low tax rate that Canadian businesses take advantage of. Ireland does the same thing.

Mr. Robert-Falcon Ouellette: I have a few comments.

You mentioned the medical profession to the previous member as well, client-patient confidentiality, but I also often think about when there is a communicable disease or it's in the interest of society, doctors are actually obligated to report that information.

I was wondering what you believe the result would be on your profession if we allowed people to report tax avoidance or the breaking of tax law by others, and provided them with protection, allowed the person to retain 50% of the proceeds that might come from that tax avoidance or from the resulting difference, essentially whistleblower protection.

What do you think the outcome would be for your profession?

Mr. Gregory Wiebe: I'm not concerned about the outcome for our profession. I know that Canada does have a whistleblower regime in place right now, and other jurisdictions do as well, that's appropriate. I personally believe that 50% would be way too high, frankly.

•(1220)

Mr. Robert-Falcon Ouellette: That would be a very good incentive though.

Mr. Gregory Wiebe: Well, it exists today. It absolutely does exist today and, as I say, I think Canadians should have the right to have a whistleblower if they feel that their neighbour isn't filing the appropriate amount of taxes. From a profession perspective, I have absolute faith in our profession and I'm proud of what we do. I'm fine with that.

Mr. Robert-Falcon Ouellette: What if there were an accountant, for instance, who knew one of his clients was doing some tax avoidance and was probably worth \$4 million and he could claim \$2 million, perhaps he might have an incentive there to—

Mr. Gregory Wiebe: Oh, the accountant.

You know, one of the first things we make sure of is that we understand who our clients are and we do very thorough background checks to ensure that they have the right reputation, financial means, etc. for us to even deal with. We do not deal with clients who engage in tax evasion.

Mr. Robert-Falcon Ouellette: I have a few seconds left.

What's the average length of time that you stay with your clients? Do you know that information?

Mr. Gregory Wiebe: I don't know.

Mr. Robert-Falcon Ouellette: Would it be possible to find out, in Canada?

For instance, if your clients are with you for three years, five years, or 20 years, I think that determines, for me, a lot of things about what people's interests are. They might use you for a certain level of expertise and then drop KPMG later on, then do things by themselves.

Mr. Gregory Wiebe: This will be general, but I think individuals find someone that they know and trust as an accountant and I think they tend to stick with them.

I think the way multinationals look at the accounting profession today is looking for deep technical expertise, so what we're seeing in the business community is that there's more opportunity to use new accountants than there used to be.

The Chair: Thank you both.

For the remaining time Mr. Liepert and Ms. Raitt will split their time, and Mr. MacKinnon and Mr. Champagne will split their time on that side.

Mr. Liepert.

Mr. Ron Liepert: Thank you, Mr. Wiebe, for being here. In my view, you've brought a very professional approach to your presentation here today and answered questions with a lot of confidence.

As a finance committee, we're also here at other times to probe and ask questions relative to a federal budget that was just introduced and saddled Canadians with a \$30-billion debt going forward, and I'm sure glad that we're giving CBC another \$675 million, because it looks as though they're using that money very well.

Mr. Wiebe, back in 2013 the Conservative government budgeted \$30 million, and \$15 million went to establish a new offshore

compliance division with some 70 employees. I believe the CRA reported recently that in the 2014-15 fiscal year, over \$1 billion in new revenue was derived because of that initiative. In this recent budget, as has been mentioned by our friends across the way, some \$444 million over five years has been invested.

If you start to do the numbers, do you really feel that kind of expenditure is going to give the return that the \$15-million investment gave?

Mr. Gregory Wiebe: I can't talk for CRA, because I don't know. I believe that CRA needs all the resources required to fulfill their duties, and that's important in society. Whether it's \$444 million, \$244 million, or \$844 million, I wouldn't be able to tell you that, but I think it is important they get the resources they need.

If we as Canadians are expected to self-report, there needs to be a policing mechanism, and we saw a great return from the numbers you just quoted.

Mr. Ron Liepert: Right, but there is a diminishing return when you start to throw too many resources at it.

Mr. Gregory Wiebe: At some point there has to be, but I don't know what number that is.

Mr. Ron Liepert: Right.

I wanted to ask you another question. You made a comment earlier about our national tax system needing to reflect global realities. I'd like a little more explanation on that.

I'm from Alberta. I was interested to hear that you had formerly worked in Calgary, so you are familiar with the flat-tax system in Alberta. We woke up about a year ago to an NDP government that decided to tax high-income earners 50% more than the day before. We also have a federal government that has now decided it's time to slap the high-income earners with an additional tax.

I'd be curious to have your comments on whether or not you see those kinds of increases in personal income tax as a good thing for your business, where people are going to be looking for advice on how they can—I wouldn't say avoid paying taxes—more reasonably take home a little more than with the 50% that these two governments have now slapped on them.

• (1225)

Mr. Gregory Wiebe: We are not seeing any appetite from our clients for getting more aggressive from a tax perspective. As I said earlier, I do worry. I think there are some natural things that I look for as a tax professional in the tax environment. It needs to be simple, competitive, transparent, and anytime you get above 50%, it concerns me a little, especially with the competitor down south.

I think our corporate tax rates are at 26% right now. The OECD average is 23%. Ireland is at 12.5%. The U.K. has gone to 19%, and it's moving to 18% or 17%. We need to make sure we do not fall out of favour with multinationals by not being competitive, because frankly, they're the ones that move capital anywhere around the world. They can create jobs anywhere around the world, and—knock on wood—Canada's a good place to do business. I hope that continues.

The Chair: Ms. Raitt.

A very quick one, please.

Hon. Lisa Raitt: Yes.

Former CRA employees who come to work for you at KPMG are still obliged to follow through on an oath that they take as an employee. What do you have in place at KPMG to ensure they are carrying out their oath?

Mr. Gregory Wiebe: In all of the employment letters, we ask them to explain what their legal obligation is to their former employer, whether it's CRA or anyone else. They have to list that. We also make it clear in the offer of employment that we expect them to fulfill their duties to their former employer. That's fundamental. Every year they certify that they have fulfilled those requirements. We take this very seriously. That's why we also have an annual certification to confirm that they have met those requirements.

Hon. Lisa Raitt: It's self-disclosure, though.

Mr. Gregory Wiebe: Yes, it is.

The Chair: Thank you.

Mr. MacKinnon and Mr. Champagne.

[Translation]

Mr. Steven MacKinnon: Thank you, Mr. Wiebe.

I believe you said earlier that you don't accept contingency fees except in two cases.

[English]

Mr. Gregory Wiebe: We accept contingency fees for those two exceptions. Yes, we do.

We do indirect tax recovery work and we do R and D work on a contingency basis.

[Translation]

Mr. Steven MacKinnon: My question is about mergers and acquisitions, and has two parts.

First of all, do you accept a percentage of an agreement or transaction on a contingency basis with respect to savings?

Second of all, could you comment generally on international mergers and acquisitions? Are those transactions really based on achieving a more effective and efficient tax structure for the new entity?

I'd like to hear your thoughts on those two questions.

[English]

Mr. Gregory Wiebe: The M and A work that we do is generally on an hourly basis with a cap. That's just the way the industry goes. As far as M and A that's being driven by tax issues, the best example is probably the large deals that have happened recently in the U.S.

The U.S. has a very expensive and unique corporate tax system. It's much more expensive than that of any other jurisdiction. Many U.S.-based multinationals are trying to escape their taxation system. They find a business outside the U.S. that they can merge with, then they move their head office and operations to that location. They do this because it's so expensive in the States.

That gets us back to the concept of being tax competitive. Right now, Canada compared with the U.S. is very tax competitive. That's why you've recently seen businesses making certain M and A deals that move their headquarters to Canada. I think that's very good from a Canadian perspective. Encouraging U.S. multinationals to put their headquarters in Canada, so as to take advantage of our more competitive tax situation, is fantastic for our country.

• (1230)

The Chair: Mr. Champagne.

Mr. François-Philippe Champagne: Mr. Wiebe, we've made a historic investment to combat tax evasion. I'd like to draw on your 30 years of experience. Give me three best practices that governments have implemented around the world that would be effective in reducing tax evasion. We'd certainly be interested in this. The money we're going to be investing is to put in place the tools, the system, the technology. I'd like to draw on your experience. You have 30 years of experience as the head of international taxation. What are the three most effective measures in combatting tax evasion?

Mr. Gregory Wiebe: We have a few of them in Canada right now. First of all, many jurisdictions have listed attributes of transactions that they don't like. The U.S. has a whole list of things they don't like. The U.K. has something similar. We have our tax shelter legislation, which says that CRA has to be notified where there's a contingency fee, a confidentiality agreement, or something designed for a tax benefit. I think that is very important.

I also think that a lot of it just comes down to the effectiveness and attitude of the tax authority. There are tax authorities around the world that engage with taxpayers and tax advisers. If they say they don't like something and they're going to go after it, this changes behaviour immediately. If we're sitting at a conference somewhere, and they say there's a plan out there they don't like, the plan doesn't go very far forward after that, even if the technical rules would suggest that maybe they're wrong.

It's that ongoing engagement with the taxpayers and the tax authorities about what they feel is right and what they don't feel is right. Being reasonable and proportional and professional in all situations, that makes a big difference.

Mr. François-Philippe Champagne: What you're saying is that the signal that the government has given recently that we're going to go against combatting tax evasion is an effective way to indeed reduce tax evasion?

Mr. Gregory Wiebe: Yes, absolutely.

The Chair: Thank you.

[Translation]

Mr. Gabriel Ste-Marie (Joliette, BQ): Mr. Chair, I'd like to ask the committee if I might have the privilege of asking the witnesses a quick technical question.

[English]

The Chair: Yes, we will allow a quick technical question because we do have to adjourn.

We'll give you one question.

[Translation]

Mr. Gabriel Ste-Marie: Thank you kindly.

Could you give us an approximate idea of how much, in dollars, is transferred back to Canada from tax havens by your clients?

Could you give us a breakdown, in terms of individuals, companies, and banks?

[English]

Mr. Gregory Wiebe: To the best of my knowledge we have no tax shelters that we sell to any of the three types of clients that you talked about. We do tax planning. I wouldn't be able to tell you the relative fees with respect to that. The tax shelter regime in Canada is something that we're just not a part of.

The Chair: Thank you, Mr. Ste. Marie and Mr. Wiebe.

We thank everyone, especially the witness, for the calmness of this discussion on what has been quite an explosive issue in this country. We get many calls in our offices.

We shall suspend and go to committee business in about five minutes.

Thank you, Mr. Wiebe and Mr. Jamal.

•(1235) _____ (Pause) _____

•(1240)

The Chair: We'll reconvene.

Mr. Caron.

[Translation]

Mr. Guy Caron (Rimouski-Neigette—Témiscouata—Les Basques, NDP): I have two or three questions, and I'll need the answers to be short.

First, Mr. Chair, you ruled that Mr. Dusseault's motion was out of order until the committee could discuss it during this portion of our meeting. Is that correct?

Second, without asking you to rule on the matter right now, I'd like to know whether you think it would be out of order or whether you think we would be able to discuss it.

I may have a third question, but that will depend on your answer.

[English]

The Chair: All right. I think we can debate it based on some of the advice coming forward from some of the people on the legal end of things at the clerk's office.

If you were to turn to the information that was provided to us by the Library of Parliament, they indicated that:

For the purpose of ensuring compliance with the [Income Tax Act] on 12 February 2013, the Minister of National Revenue applied for a court order against KPMG LLP...requesting that KPMG provide the CRA with certain client information. The court order, which was awarded on 18 February 2013, was immediately challenged by KPMG. [That] challenge is currently unresolved.

Now, if you turn to the *sub judice* convention, which I originally thought we would be in violation of—and we still could be—it says in the *House of Commons Procedure and Practice* that:

It is accepted practice that, in the interests of justice and fair play, certain restrictions should be placed on the freedom of Members of Parliament to make reference in the course of debate to matters awaiting judicial decisions, and that such matters should not be the subject of motions or questions in the House.

Your motion is getting pretty close to that line in terms of the court case.

The people at the, we'll call them legal, basically said it's inadvisable for the chair to rule the motion out of order on the basis of *sub judice*. The imposition of the convention should be done with discretion, and when there is any doubt in the mind of the chair, a presumption should exist in favour of allowing debate and against the application of the convention.

What I would suggest, Mr. Caron, in terms of the motion, is that it can be debated. We can debate that motion, but we should keep in mind what it says in the rule and procedures. I really think we're really pretty close to the line.

Go ahead, Mr. MacKinnon.

•(1245)

Mr. Steven MacKinnon: Point of order, Mr. Chair.

I believe there were motions filed with the committee with notice. In terms of ordering our committee business today, in what order should they be considered?

The Chair: The motion that Mr. Dusseault brought forward earlier is allowable because it was in reference to the discussion that was on the table with the study we're doing at the moment on KPMG and CRA. That motion, I would say, is on the floor first, and then in this session we will quickly deal with a couple of items on budget for the committee and then go to motions that have been given notice.

Mr. Ouellette.

Mr. Robert-Falcon Ouellette: I have a quick question. I'm not very familiar with this. If we request this, it's already before the courts, and they have refused to provide it to the government. Could they then refuse to provide it to us? Then what recourse would we have as a committee to then request that information? Would we have to start a court case as well or would we have to call them to the bar, or whatever the terms are, or call them back to explain their conduct? What would be the repercussions?

The Chair: I don't have the answer to that question. We can probably obtain it from people.

Mr. Caron.

[Translation]

Mr. Guy Caron: I realize just how sensitive the matter is, and I think we need to be careful. I also realize that the minister and department have taken legal action, but the fact remains that our committee made the decision to study the KPMG and Isle of Man issue. The committee did that so it could get to the bottom of the situation insofar as that was possible.

If the department's request is ultimately granted by the courts, it doesn't mean that the committee will have access to the information, making it difficult to continue the discussion and study that we, ourselves, decided to undertake.

Another legal consideration we have to take into account concerns the five individuals whose case is still pending. We are prepared to accept that getting the names of those individuals would be difficult, so an amendment to exclude those five names from the list requested by the committee would probably be called for. But if the committee is serious about getting to the bottom of the KPMG and Isle of Man issue, we should vote in favour of the motion and see what KPMG decides to do in response to the committee's motion and request.

Let's not forget that Mr. Wiebe told the committee that any illegal tax manoeuvres by employees had to be reported, and I think the scheme that has come to light could clearly be qualified as such. That's why I don't think KPMG will necessarily refuse to hand over the list of employees involved.

As for the witness list, it's essential for the committee to do its work.

I would suggest we examine the motion in its current form, while being open to possibly removing the names of the five individuals whose case is before the court, if the committee members were in agreement. It is our duty to vote in favour of this motion so the committee can continue its examination of the issue.

• (1250)

[English]

The Chair: Okay, I'm going to turn to Ms. Raitt.

Madam Clerk, you'll have to correct me if I'm wrong, but I'm under the assumption that the motion is on the table. Does it need to be removed? The motion is on the table.

Ms. Raitt.

Hon. Lisa Raitt: While I understand what my friends are attempting to do in terms of moving the ball down the field and getting to the bottom of an issue, I have a concern. The terminology "compel" is more than just requesting. It says that we must take, in my view, every action possible, which could include litigation. I don't think we can make a decision that includes the possibility of litigating whether or not Parliamentary privilege has a higher calling than solicitor-client privilege or client privilege—whatever the terminology is for KPMG—in terms of protecting interests. I don't know whether or not that's a legal battle that this committee is fully understanding the ramifications of, and we should have legal advice before we take a decision to do this.

I know I'm being legalistic in my application to this. While I understand, as I said, the intent of it, I'm very concerned about the long-term, long run costs associated with doing this. My suggestion would be to wait until the end of the court proceedings and then compel CRA, through the government, to provide us with that information, if that's the route and that's what the intention is. Up until that time I have great concerns about having a finance committee try to go through the hoops that would be necessary in order to get KPMG.... They will litigate this until they have exhausted every line of appeal because they have to in order to protect their reputation of protecting information, so we're going up against a large brick wall, Mr. Chair, and while I applaud and appreciate the intention, as I said, the process with respect to this is too onerous, too difficult, and too expensive.

The Chair: Just to answer in part the point that you and Mr. Ouellette raised, Ms. Raitt, I'm told that if we didn't get the information, the recourse would be for the committee to report back to the House that they did not obtain the information they had requested. That's what I'm told by the people who are involved and have experience in these kinds of ventures, that the committee would report back to the House that they did not obtain the information they had requested. In any event, the motion is on the floor.

Hon. Lisa Raitt: If it's a request, it's a different motion, and it's a different analysis. Compel is very difficult.

The Chair: Mr. Caron.

[Translation]

Mr. Guy Caron: I understand Ms. Raitt's reluctance and the argument she is making.

What it boils down to is this: how long are we going to wait? Is the court going to make its ruling this month, in three months, in six months, in a year? Frankly, we have no idea at this point. In a year from now, we'll be in an altogether different boat.

Three meetings plus another are scheduled. We have always been open to the idea of holding further meetings on the issue, but if the court doesn't rule for another year or year and a half, it will be way too late then.

I understand what Ms. Raitt is saying about the word "compel". Could we have two or three minutes to consider the matter before commenting on the motion?

[English]

The Chair: Could we just set this aside for the moment? You think about it, whether you want to change that word. There might be unanimous consent to change it. While you're thinking about that, we will deal with some of these other issues.

We have two budget proposals before the committee. One is the study into the Canada Revenue Agency's efforts to combat tax avoidance and evasion. The amount requested is for \$3,500.

Moved by Mr. MacKinnon.

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

The Chair: The second one is the budget matter request for the 2016-17 main estimates, votes 1 and 5 under the Canada Revenue Agency. The amount requested is \$500.

Moved by Mr. MacKinnon.

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

The Chair: We do have some other motions to deal with, but before we get to that we need to deal with scheduling to assist the clerk.

We're dealing with the CRA in committee business on May 5. We're also dealing with CRA, the study into tax avoidance and evasion from 11 to 1. During the first hour, we're dealing with the commissioner and the chief executive officer of CRA and then following that, the officials are staying to deal with Bill C-15.

• (1255)

Mr. Ron Liepert: Don't we have Justice?

The Chair: Somebody from Justice is in the mix.

There was a request by you, Guy, on the budget implementation act, that we needed to meet fairly heavily during the week of May 9 to 13. It seems that the bill may not be out of the House, but I would suggest we meet on the Monday from 3:30 to 5 with officials on the subject of the bill.

The Clerk of the Committee (Ms. Suzie Cadieux): They're coming Tuesday morning.

The Chair: They're coming Tuesday morning.

If we meet with officials on the Tuesday on the subject of the bill, we can meet Wednesday and Thursday if you like with witnesses. I know there are witnesses who have come forward from all parties. That would get us some way down the road to dealing with Bill C-15. We can't deal with the bill as a whole until it goes through the House, but we can deal with the subject matter prior to it coming out of the House.

Mr. Caron.

[*Translation*]

Mr. Guy Caron: When I proposed holding a meeting the week of May 9, I thought second reading of the bill would have already begun and even been completed by now, given that it was mid-April when we talked about it.

To be perfectly honest, I'm a bit reluctant to set a precedent where the committee studies bills before second reading has even begun. Most likely, it will have begun by the time we meet next week. But for me, the bottom line is I'm not comfortable with this practice. We did it before with the physician-assisted dying bill.

Technically speaking, bills are subject to second reading for a reason. All of the debate that goes on in the House informs the committee's subsequent discussion of the issue. If we start to hear from witnesses while the debate in the House is still under way, frankly, what purpose does the debate at second reading serve? That is why I'm reluctant to begin this study immediately.

There is another point I'd like to make. When we made the suggestion, we had no idea what the budget bill would entail, and now we know we are dealing with a 170-page document containing extremely complex elements. I think we would do well to push the scheduled discussion to later in the week.

I suggest that the subcommittee meet not just to study the implications of discussing the bill prior to the completion of second reading, but also to see how much time the committee wants to spend on the bill in order to do a thorough review.

• (1300)

[*English*]

The Chair: Is there anybody else?

Mr. MacKinnon.

[*Translation*]

Mr. Steven MacKinnon: I think the rules allow for us to study the bill in terms of its general subject matter and basic elements. On the government's end, we would like study of the bill to begin as soon as possible. I don't see the need to wait until second reading is over to begin discussing the bill. We can start the discussion.

[*English*]

The Chair: Mr. Caron, Mr. McColeman, and we are going to run out of time.

[*Translation*]

Mr. Guy Caron: The rules allow it in exceptional cases. But there is absolutely no need to invoke such a measure. We have until mid-June to complete the study, after which, the Senate will examine the legislation. So, the week of May 9, we have no reason to start studying a bill that came to us at the end of April and is still being debated at second reading.

Mr. Steven MacKinnon: The rules allow it because it's a practice that is used, Mr. Caron.

Mr. Guy Caron: Sorry, Mr. MacKinnon, but it's still my turn.

The rules allow it in letter, but not in spirit. I repeat, the measure is to be used only in exceptional cases. Right now, we have two measures in a row—

Mr. Steven MacKinnon: You were there when the spirit was—

Mr. Guy Caron: It's still my turn, Mr. MacKinnon.

Time and time again, bills have been referred to the committee even before second reading has run its full course. So I would like to convey to the government the importance of the House's role in legislative debate. I would also like to say to the committee that we have more than a month to study the bill.

Here is what I'm proposing. The subcommittee should examine and figure out the exact schedule now that the committee has seen what the bill entails, how long it is, and how complex it is. It's a matter of being transparent. It's also a matter of having respect for the House of Commons and Parliament.

Mr. Steven MacKinnon: Mr. Chair, point of order, please. I think we are over time.

[*English*]

The Chair: Hold on, Mr. MacKinnon, we are beyond our committee time frame. We will have to adjourn. We'll have to try to find some time for committee business at the meeting on Thursday. The clerk and others have to deal with lining up witnesses for the meetings on the 10th and 12th at least, so we will have to deal with that at the next meeting.

I know people have commitments around one o'clock, so we can't continue.

It will give you a day, Mr. Caron, to think about that motion. We will come back to it.

The meeting is adjourned.

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