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Chair

The Honourable Wayne Easter

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• (1535)

[English]

The Chair (Hon. Wayne Easter (Malpeque, Lib.)): I call the meeting to order.

Pursuant to Standing Order 81(5), the committee will deal with supplementary estimates (B) 2017-18, vote 1b under Canada Revenue Agency.

Appearing today is the Minister of National Revenue, the Honourable Diane Lebouthillier.

As well, from the Canada Revenue Agency, we have Mr. Hamilton, commissioner; Ms. Janique Caron, acting assistant commissioner; Mr. Ted Gallivan, assistant commissioner at the international, large business, and investigations branch; and Mr. Frank Vermaeten, assistant commissioner at the assessment, benefit, and service branch.

Welcome, all.

I know that both the minister and the commissioner have remarks. Before we get to that, we have a request for a supplementary project budget for our pre-budget consultations. This is normal in the pre-budget consultation process. It will end up being about the same amount of money as we have spent in previous years. The request is before you. It's for an additional \$29,900. Do we have a mover for that?

It is moved by Mr. Fergus.

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

The Chair: As it states on the sheet, that is for the witnesses who have come forward.

I have just one other thing before I get to your point of order, Tom.

I want to recognize 43 students from École nationale d'administration publique, who are here with Mr. Rémy Trudel, a professor and former member of the Quebec National Assembly. They are here to see how things operate.

Thank you all.

There was a call for a point of order. The floor is yours, Mr. Kmiec.

Mr. Tom Kmiec (Calgary Shepard, CPC): Mr. Chair, I don't want to take up much time, because we rarely get ministers before the committee.

At the end of one of the meetings leading up to this one, you said you were giving notice to officials that we have a problem with data. I am just following up on that. You stated that right now, as chair, you expected the chief commissioner of the CRA to be here, and I think we've met that. You also expected the chief commissioner to bring with him data that would show, as best as CRA can, what the applications, exceptions, and rejections are, as compared to two or three years back. You also said that you expected the time frames on applications, and the turnarounds on those applications over the past five-year period on the disability tax credit as it relates to diabetes.

I am just following up on that, Mr. Chair, just making sure the witnesses know that you expect that information. There was no debate, so I take that as a notice of the committee to the witnesses.

The Chair: Yes. The clerk sent that information to the CRA. As we proceed, we'll see what information the commissioner and the minister can provide us with.

Thank you for that. That notice was given.

We'll start, then. Madam Minister, the floor is yours.

Hon. Diane Lebouthillier (Minister of National Revenue): Mr. Chair, I appreciate the opportunity to participate in the committee's study of supplementary estimates (B).

[Translation]

I am joined by Commissioner Bob Hamilton, who will speak to you more about this and other topics following my remarks.

I'd also like to introduce three senior officials from the Canada Revenue Agency: Janique Caron, Acting Assistant Commissioner, Finance and Administration Branch; Ted Gallivan, Assistant Commissioner, International, Large Business and Investigations Branch; and Frank Vermaeten, Assistant Commissioner, Assessment, Benefit and Service Branch.

I would like to start by providing members with an overview of some recent achievements following the second year of my mandate as Minister of National Revenue.

First, the Government is steadfast in its efforts to crack down on tax evasion and combat tax avoidance. We will increasingly identify aggressive tax planning schemes that are not in the spirit of the Income Tax Act.

The Government has invested nearly \$1 billion in Budgets 2016 and 2017 to address this complex problem that is taking resources away from the services that improve the standard of living of all Canadians.

The Agency's auditors now have access to more and better refined information, which helps them to focus on the individuals and corporations that actively seek to avoid paying their fair share of taxes.

Second, we have strengthened our partnerships and cooperation with international governments. The results speak for themselves: The Agency is currently conducting more than 990 audits related to offshore financial structures. It is investigating more than 42 corporations and individuals with offshore accounts. The Agency has also imposed \$44 million in penalties on promoters and tax preparers.

Third, regarding our work to improve support for indigenous peoples and people living in remote communities, the Agency is working hard to keep the government's promise. It is increasing its outreach efforts to make these individuals aware of the benefits available to them, and reducing the challenges associated with filing their tax returns.

This past October, in Yellowknife, I announced the Agency's Northern Consultations Action Plan. This plan outlines actions over the next two years to improve the Agency's services for northern residents.

My main objective is to improve the client experience for Canadians who access tax services. Canadians communicate with us in good faith. They are important clients, not just taxpayers. They deserve to receive quality services in a timely manner. In order to improve the customer experience, here are some of the latest service improvements from the Agency.

The Agency has introduced enhanced electronic processes for filing tax returns, such as information auto-fill. This secure service allows Canadians to automatically fill in parts of their income tax and benefit returns with information that the CRA has available at the time of filing the return.

Last year, more than 86% of Canadians filed their taxes electronically, almost 750,000 more than the year before.

In 2017, the Agency has taken steps to improve and modernize its call centre services. We have hired more agents and we have increased self-serve options, leaving more time for agents to provide the answers to more complex questions.

The Agency is also in the process of upgrading its call queue technology, and enhancing its training programs to ensure our clients receive the quality service they deserve.

While I am proud of these accomplishments, I fully recognize that there is still work to be done. This week's Auditor General's report was clear, and I accepted all of his recommendations regarding our call centres.

In our first Budget, our government invested \$50 million over four years to improve the range of services we provide to the public. Starting this year, our clients will begin seeing the results of these investments.

Rest assured, we are listening to Canadians.

We know we must explain the Agency's actions as clearly as possible so that its intentions are not misinterpreted.

We are seeking advice from Canadians to ensure that the Government's programs and services are tailored to fit those who need them. We encourage Canadians to enter into a dialogue with the Agency to share their concerns.

Today, I also announced that we have re-instated the Disability Advisory Committee. This committee will be made up of 12 members with different backgrounds; they will work with the Agency in order to come up with recommendations so that it can administer disability benefits in a more fair, more transparent and more accessible manner.

Outreach and consultation are key, and the Agency will continue to work with Canadians to ensure their views are incorporated into the decisions it makes.

Mr. Chair, I will now yield the floor to Commissioner Hamilton, who will speak to the Supplementary Estimates (B) and other matters of interest to the committee.

I thank you for inviting me to speak with you today.

• (1540)

[English]

The Chair: Thank you, Madam Minister.

Commissioner Hamilton, I should point out before you start that normally at committee we try to narrow the focus to the supplementary estimates themselves, but at the meeting today the minister has said that she's most open to dealing with not only the estimates. There's been the Auditor General's report, which she has mentioned in her remarks, and members may have other issues on their minds. In terms of my chairing, we won't be just dealing with the narrow focus of the supplementary estimates. It'll be open to basically whatever is on your mind.

Commissioner Hamilton, the floor is yours.

Mr. Bob Hamilton (Commissioner of Revenue and Chief Executive Officer, Canada Revenue Agency): Thank you, Mr. Chair.

Thank you for the invitation to present the agency's 2017-18 supplementary estimates (B) and for the opportunity to address questions, as you say, that could come from a number of different sources, but as foreshadowed would include the eligibility requirements for the disability tax credit.

Through the supplementary estimates, the agency is seeking an increase of \$44.9 million in its voted authorities for the following items.

[Translation]

First, the Agency is requesting \$43.9 million to implement and administer various measures to continue its efforts to crack down on tax evasion and aggressive tax planning as announced in Budget 2017.

•(1545)

[English]

This includes new funding for GST measures aimed at preventing tax evasion and improving tax compliance to increase the number of audits of high-risk businesses. It also includes hiring additional auditors to review electronic funds transfers and to increase the number of large business and income audit teams to eight this fiscal year and up to 16 next fiscal year, targeting additional high-risk taxpayers, including multinationals. It includes as well the expansion of our business intelligence activities.

The \$43.9 million we are requesting represents the first of five years under the proposed 2017 budget funding to crack down on tax evasion and aggressive tax planning.

[Translation]

The second item for which the Agency is seeking incremental funding is \$1 million related to the Government advertising campaign on the new Canada Caregiver Credit.

[English]

The objectives of this campaign are to generate awareness of the new credit and to increase the number of eligible Canadians who claim it on their income tax returns. The campaign will also promote content on the Canada.ca website, which provides information about taxes and benefits.

Following the approval of these supplementary estimates, the agency's revised 2017-18 authorities will total \$4.4 billion.

In summary, the resources sought through these estimates will allow the agency to continue to deliver on its mission to administer tax, benefits, and related programs, and to ensure compliance on behalf of governments across Canada.

[Translation]

Mr. Chair, I do thank the Committee for the opportunity to provide information about the administration of the Disability Tax Credit.

[English]

I'm very open to responding to questions that follow.

The disability tax credit, or DTC, is a non-refundable tax credit that provides tax relief for people living with disabilities or the family members who support them. The CRA remains committed to ensuring that all Canadians receive all the credits and tax benefits to which they are entitled, including the disability tax credit. The CRA is also responsible for ensuring that this non-refundable tax credit is administered fairly and in accordance with the Income Tax Act. Canadians expect the agency to do its due diligence to ensure that the individuals who receive benefits and credits, including the DTC, meet the requirements set out in the act.

Last year some 770,000 Canadians claimed the credit. The corresponding tax relief provided by the DTC as a result was more than \$1.3 billion in 2016-17.

I'm happy to provide information year by year in writing after this meeting. Suffice it to say that we've seen the value and number of credits go up year over year.

As the minister mentioned in her opening remarks, the agency is reinstating the disability advisory committee to ensure that the views of a broad range of stakeholders are considered in the agency's decision-making process. Their perspectives will inform the CRA about how to present information in the DTC application so that it is clear to all applicants.

The CRA has a long history of consulting with Canadians and stakeholders on administering taxes and benefits in general and the DTC in particular. We use the feedback from these consultations to improve the way we administer the program and communicate any changes to Canadians through our outreach efforts.

For example, the agency's web pages on the DTC feature easy-to-understand videos that outline various scenarios for individuals to determine whether they qualify for the DTC.

Through solid communications, both by listening and explaining, we continue to strive to improve the administration of our tax and benefits system in a manner that is fair and consistent with the relevant legislation. This is part of our broader objective to ensure that Canadians have trust and confidence in the administration of our programs and services.

At this time I would be pleased to answer any questions the committee members may have.

Thank you.

The Chair: Thank you, Commissioner.

We'll start a series of questions. I raised questions with you in a note from the clerk, and we'll get to those in a bit. As we mostly do with ministers, we'll go to five-minute rounds instead of the usual seven minutes for the first four questioners.

We'll start with Ms. Sidhu.

Ms. Sonia Sidhu (Brampton South, Lib.): Thank you, Chair. I'm sharing my time with Michael.

My question is to Minister Lebouthillier.

Minister, as chair of the all-party diabetes caucus, in the last few weeks I have heard concerns from Canadians and stakeholders regarding access to the disability tax credit for type 1 diabetics. I appreciate the time you and your parliamentary secretary took to meet with me to discuss the situation and allow me to share the concerns I have heard from stakeholders and other people.

Can you tell us what both you and your agency are doing to address these concerns?

•(1550)

Hon. Diane Lebouthillier: Thank you for your question. I would also like to thank you for taking the time to meet with me. I know that you are a dedicated advocate for Canadians living with diabetes as well as for your constituents in Brampton South. My English isn't so good, so please accept my apologies, as I will continue in French.

[Translation]

First, I would like to point out that we have met with people from Diabetes Canada, Diabetes Quebec, and the Juvenile Diabetes Research Foundation to find out their concerns and to understand their points of view. After those meetings, I came to the conclusion that the agency clearly needs a mechanism to gather advice on these matters.

That is why, today, I announced the return of the Disability Advisory Committee. A committee of that kind had been established in 2004, but it was abolished by the Conservatives as soon as they came to power in 2006. These are the same Conservatives who now claim to be rushing to the defence of the most vulnerable.

The advisory committee will work collaboratively with the agency and will bring together major stakeholders in the field to make sure that all measures targeting persons with disabilities, including the Disability Tax Credit, are administered fairly under the provisions of the Income Tax Act.

The committee will advise the CRA on the specific needs and expectations of persons living with disabilities, will review and provide feedback on the CRA's administrative practices, in order to provide greater transparency and greater access to credits, and will make recommendations on how the agency can enhance the quality of the services we provide to persons with disabilities.

I understand completely that living with a disability can have consequences for those involved, their families and their surroundings. That is why I am committed to ensuring that the agency will administer measures for those with disabilities in a fair, transparent and accessible manner.

In the last two financial years, the number of those accepted has increased by 20%. We have worked to simplify the forms. We are working with specialized nurse practitioners who are able to fill in the forms for people living in areas where access to a doctor is more difficult. The agency has also hired nurses for the programs for persons with disabilities.

I invite the commissioner to complete my answer.

[English]

Ms. Sonia Sidhu: Thank you, Minister.

I'll pass it over to Michael.

Mr. Michael McLeod (Northwest Territories, Lib.): Thank you, Mr. Chair, and thank you to the minister.

I was very happy to see that you included the indigenous peoples in your opening comments and that you made reference to remote communities. I represent the Northwest Territories, as you know, and I was very happy to see you come and visit us. I think we had some good discussions there.

Maybe you could expand more and tell us how the agency can ensure that the aboriginal communities have equal access to the many benefits that are being administered by CRA.

[Translation]

Hon. Diane Lebouthillier: The government is determined to renew the nation-to-nation relationship with indigenous peoples, and

to ensure that they receive the benefits and the credits to which they are entitled.

I have met with a number of indigenous communities to discuss problems with access to the agency's services, and I will continue to do so. I come from a remote area myself. So I know full well what it means to be a long way from Ottawa. As the proverb says, "out of sight, out of mind".

The Canada Revenue Agency has published its communication materials in a number of indigenous languages. We are working in partnership with Service Canada. The agency has visited 698 indigenous communities across the country in order to provide them with information about the benefits.

Although the agency has made a lot of progress, there is still work to be done and we are going to do it in collaboration with indigenous communities and with our partners in the regions.

• (1555)

[English]

The Chair: Thank you.

I'm sorry, but you're out of time. You're a little over time, Michael.

Go ahead, Mr. Kelly.

Mr. Pat Kelly (Calgary Rocky Ridge, CPC): This committee has heard that processing times for the disability tax credit have gone from approximately three to four weeks to over 40 weeks before the first questionnaire is sent to an applicant's physician.

What are the current processing times for a disability tax credit application and what has caused the delay?

The Chair: Madam Minister or Mr. Commissioner, whoever wants to, please respond.

Mr. Pat Kelly: Go ahead, Madam Minister, please.

Mr. Bob Hamilton: I can take that question.

To broaden beyond disability credit claims for one second, we are experiencing an increase in processing times in a number of places across the agency in assessments/reassessments for a variety of reasons, one of which is a transition that we undertook in November of last year to realign our business with the way that things have evolved for electronic—

Mr. Pat Kelly: What is the current wait time for a disability tax credit?

Mr. Bob Hamilton: We aim to process them within eight weeks—those are the statistics I have—but the current time could be higher, up to 10 weeks or so.

I haven't heard the 40-week number. I'm happy to go back and check. I haven't heard anything that long—

Mr. Pat Kelly: We were told 40 at committee.

Are disability tax credit applications in fact frozen? That was the testimony we heard. Is there a hold on that particular tax credit application right now?

Mr. Bob Hamilton: They are not frozen. As I indicated, though, we are experiencing some processing delays. We are trying to get those processed as fast as we can. That goes broader than the credit. We have invested more money to try to get us through this period as we transition, and we are expecting service level rates to return to normal in the coming weeks.

Mr. Pat Kelly: Okay.

Madam Minister, your mandate letter from the Prime Minister charges you to ensure that the CRA is more client-focused and that you'll proactively contact Canadians about the tax credits to which they're entitled.

On Tuesday the Auditor General released a report that found two-thirds of calls are not answered by your agency and that of those that are answered, a full 30% of people who contact the call centres are given incorrect information. How are you able to proactively contact Canadians and how are you able to proactively ensure that Canadians get the tax credits they're entitled to when they usually can't reach your agency, and then are given incorrect information when they do get through?

[Translation]

Hon. Diane Lebouthillier: As I mentioned, I am aware of the Auditor General's report and I accept all the recommendations it contains.

Right from our first budget, we decided to invest \$50 million over four years, specifically to work on hiring staff in the call centres.

I can also tell you that, unlike your government, which, when Kerry-Lynne Findlay was the minister, made cuts to the Canada Revenue Agency, we have made investments in it, such as setting up a new telephone platform in order to better meet the needs of the customers who call the Canada Revenue Agency. The telephone system is 20 years old and it is out of date.

The cuts that you made also affected employee training and support. So we are working on training, because it is important to continue to provide training and support, so that Canadians can receive the best information possible.

We must also respond to the standards and needs of Canadians, not establish standards that meet only the needs of the Canada Revenue Agency.

[English]

Mr. Pat Kelly: So it was not until the Auditor General's report of this Tuesday that you became aware of the seriousness of the service problems at the CRA? When did you become aware that there were such serious problems at the CRA with service?

[Translation]

Hon. Diane Lebouthillier: Not at all. I am very pleased to be able to tell you that, in the last two years, I have visited the vast majority of Canada Revenue Agency offices. I went to see the call centres, I met with the employees who work there, and I listened to telephone calls.

Starting last year, we established our action plan so that we could meet the needs of Canadians. In my two years of work in the field, I have come to realize the extent to which the cuts that your

government had made had weakened, and dismantled, brick by brick, the services provided to Canadians by the Canada Revenue Agency in the call centres. You should be ashamed of what happened.

• (1600)

[English]

Mr. Pat Kelly: Your department had reported that 90% of calls were being answered and the Auditor General found that 64% were being hung up on. Is that what your staff were telling you—that all calls were getting through—or did they agree with the Auditor General that you were unable to answer phone calls?

[Translation]

Hon. Diane Lebouthillier: I will let the commissioner answer your question.

[English]

Mr. Bob Hamilton: Yes, I will respond to that.

We were aware before the Auditor General's report of some of the issues with the phone system. We were running on an old technology and already had in place plans to get a new technology that would be delivered next year and would allow us to provide the same kind of service you'd be used to with more up-to-date technology. That's point one.

The other point, which is one the Auditor General raised, is how we report on our service. What we had done in the past was say that if you get through into our lines, we will answer your call within two minutes 80% percent of the time. That means if you get through.

The way we were able to deliver on that commitment was that we couldn't let everybody through the line, so some people would get busy signals. They would have to call back. That was what we could do with the technology we had.

Yes, we agree that there are a number of people who get busy signals and have to call back. We're now trying to invest a bit more money, until we get the new technology, to improve that service to ensure a good balance between how long you have to wait on the line and how quickly you can get through.

The issues raised by the Auditor General weren't new, and we agreed with his recommendations. We have an action plan to deliver those. It's beginning right now, but it will really kick in next year when we get the new platform for the telephone calls.

The Chair: We are two minutes over our time.

Go ahead, Mr. Dusseault.

[Translation]

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

Thank you, Madam Minister.

This is perhaps the only opportunity I will have to ask you questions about the situation involving Mr. Bronfman. The Liberals refused to support my motion to conduct a study into the situation. So I hope I will get some answers.

First, can you comment on the situation involving Mr. Bronfman?

Hon. Diane Lebouthillier: What I can tell you today is that, in my opinion, it is important to let the agency do its job. The Canada Revenue Agency takes all the information about the Paradise Papers seriously.

Mr. Pierre-Luc Dusseault: I understand, but can you comment on the specific case involving Mr. Bronfman or not?

Hon. Diane Lebouthillier: No, I cannot. The law prevents me from commenting on any specific case.

Mr. Pierre-Luc Dusseault: What—

Hon. Diane Lebouthillier: The Canada Revenue Agency receives 30 million tax returns per year, from individuals or companies, and I cannot comment on any of them.

Mr. Pierre-Luc Dusseault: That's fine; you have answered my question. You are not able to answer it, the law prevents you from doing so.

What would be the consequences if you did talk about a specific case involving one taxpayer?

Hon. Diane Lebouthillier: I could go to jail.

Mr. Pierre-Luc Dusseault: Okay.

Do you know that the Prime Minister talked about a specific case involving one taxpayer?

Hon. Diane Lebouthillier: I am the minister responsible for the Canada Revenue Agency. No one is above the law.

Mr. Pierre-Luc Dusseault: Not even the Prime Minister.

Hon. Diane Lebouthillier: The Canada Revenue Agency will do the job it has to do. I can assure you that, as long as I am in this position, it will be done exactly in that way, meaning that we will not discuss any specific case.

Mr. Pierre-Luc Dusseault: Have you launched an investigation into the statement made by the Prime Minister, who could have broken the law?

Hon. Diane Lebouthillier: I am the Minister responsible for the Canada Revenue Agency.

Mr. Pierre-Luc Dusseault: Yes, you are.

Hon. Diane Lebouthillier: I work with the officials of the Canada Revenue Agency. What our government has done in the last two years is invest almost \$1 billion specifically to combat tax evasion and tax avoidance.

Mr. Pierre-Luc Dusseault: As Minister of National Revenue, are you responsible for enforcing the law that requires all taxpayers' files to remain confidential?

Hon. Diane Lebouthillier: All taxpayers' files are confidential and will remain confidential. I can assure you that no, repeat no, parliamentarian will have access to the Canada Revenue Agency's files.

Mr. Pierre-Luc Dusseault: Okay. You are talking about the Prime Minister, are you not?

Hon. Diane Lebouthillier: Pardon?

•(1605)

Mr. Pierre-Luc Dusseault: You are talking about the Prime Minister when you say “no parliamentarian”, are you not?

Hon. Diane Lebouthillier: I am talking about all parliamentarians, parliamentarians as a group.

Mr. Pierre-Luc Dusseault: So we could expect some consequences, such as a prison term.

Hon. Diane Lebouthillier: I certainly do not believe that you would like the Minister of National Revenue to be talking about your file, or about the file of any other parliamentarian. That would be completely inconceivable.

Mr. Pierre-Luc Dusseault: That is exactly what the Prime Minister did. When he was being questioned about Mr. Bronfman, he said that he was satisfied with Mr. Bronfman's answers and with the tax structure that he had set up in the Cayman Islands. He cleared Mr. Bronfman quicker than you can say “tax haven”. Anyway, we are all looking forward to the results of the investigation you are going to conduct into the Prime Minister, so that we can find out whether he broke the law.

I would like to talk about another subject, the Auditor General.

As has already been mentioned, one of your commitments is to make the services more accessible. On the government's advertising site, you have put the objective for that mandate in the “ongoing commitment” category. I feel that the translation should be “don't give a darn” or “total failure”. All the results prove it: the Agency does not answer phone calls, and when it does, 30% of the callers receive incorrect information.

Do you record the calls when Canadians dial the general information number?

Hon. Diane Lebouthillier: Our current telephone system does not allow us to record calls. We have to set up a new platform that will meet the needs of Canadians.

Commissioner Hamilton will be able to give you more details on the three measures that we will soon be implementing.

Mr. Pierre-Luc Dusseault: I am familiar with this area. I just wanted to know whether you record calls.

It seems that up to 30% of taxpayers are given bad information. If taxpayers think that they have been given bad information by the Agency and have suffered because of it, since you do not record the calls, they will have no mechanism to prove that your agency gave them the wrong information.

Will you commit today to compensate all Canadians who may have suffered financial hardship because of erroneous information provided by one of your agents?

Hon. Diane Lebouthillier: The agency has a program that allows people to challenge its decisions. I will invite the Commissioner to talk to you about the unique features of that program.

Mr. Pierre-Luc Dusseault: I am familiar with that program, Minister. I asked you whether you are prepared to compensate a taxpayer who may have suffered damage.

Taxpayers assume that the information they receive is accurate. They take it at face value and rely on it to fill out the forms. Then they are told that they didn't do it properly and that they owe the agency \$200, \$300 or even \$2,000. What do you do in a case like that? Do you take the responsibility for that?

Mr. Bob Hamilton: An interesting part of the Auditor General's report deals with the quality of our answers. We are now focusing on training our staff so that they can provide proper answers to the questions. That's the first thing.

It is possible for people to file complaints and to appeal a decision made by the agency. We have a challenge mechanism that allows them to present a different perspective of a given situation.

With the new technology, we'll be able to record calls in the future, but for now, we are not able to do that. We are taking steps to improve training. When the new technology becomes available, we will be able to record calls, which will improve our services.

[English]

The Chair: Thank you all.

Before I go to Mr. Sorbara, Mr. Kmiec mentioned earlier that what was said at one of the meetings here was that we needed data.

My question is really to you, Commissioner, and I'll background this discussion this way.

All of us who were on this committee at every stop heard from people with type 1 diabetes or the parents of people with type 1 diabetes everywhere we went. They said that effective in May, from their point of view, there were changes to the approvals. There were more rejections. Yesterday some of us saw an application that said "denied" across it, and a section was circled.

From our point of view, it gets to the point of who to believe. We're hearing from CRA that there have been no changes. I'll tell you, though, that the public out there is saying there are. I can give you an example of a mother of two children, both with type 1. One has been rejected, and the other has been accepted.

Do you have any data you can provide us along the lines of the minutes we sent to you that shows turnaround times and acceptance and rejection of applications over the last couple of years? Has there been a change, or more rejections than were seen in the past? If so, why?

• (1610)

Mr. Bob Hamilton: I'd like to give you two parts to that answer. The first part is globally, with the disability tax credit overall, and the second part would relate to diabetes life-sustaining therapies. I'm also happy to provide this in writing to you. I won't go on at length on either of them.

On the first, globally, I gave you a couple of statistics, but we can track the disability credit claims acceptance rates over the last number of years, and they have generally been growing. I gave you figures of 765,000 taxpayers utilizing the DTC last year, which was an 8% increase over the year before. That amounted to about \$1.3 billion in credits. I can give you those numbers, although they aren't specific to the point you just raised. I just want to tell you that we track those numbers overall, and we have good statistics on that.

Now, the disability tax credit is provided to people not so much based on the affliction they have, but on how it affects their everyday life. That's the way the legislation reads, and that's the way we administer it.

We don't collect data systematically on diabetes versus another type of disability that someone might have, so I can't give you statistics based on that narrow disaggregated number, and certainly not for the recent months.

The minister has asked us to look at how we collect data and how we could do better. At the moment, we are manually pulling some files, but this is a complicated process. We run a lot of things automatically, but we are looking to go in and manually pull files. We're in the middle of that, or not even in the middle. We're at the beginning stages of that, and we hope to complete it somewhere around the end of the year. We'll have a better estimate of what has been happening on that narrow range.

A question going forward for us is whether we should be doing that across the broader range of disabilities. We'll have to weigh that, but we have been asked, not only by you but by the minister, to see if we can do a better job collecting this data. I can't give you statistics on diabetes in particular, and not since May. I can tell you overall, as we look at the credit, that it has been increasing in use and in dollar amounts. It is projected to increase in the future, but those are projections.

We will be able to come back to you, and certainly we will look to bring that data forward to the disability committee so that we can talk about it and have a better understanding of what's going on.

As the minister said, we are always looking for ways to improve how we administer. We talk to medical practitioners. We try to communicate as effectively as we can with people about what the rules are, so we'll look forward to the data informing the committee's discussions and then moving forward from there.

The Chair: What you can give us in writing will be important, but I think I speak for every member of this committee here when I say we all have constituents who have type 1 diabetes and who have been rejected. The disability tax credit is extremely important to them.

I'll probably ask Ms. Goldsmith-Jones to outline what she knows about the issue if we have time before the end of the meeting, but this is a serious issue, and for families out there who are getting rejected, our trying to explain to them just isn't adequate. We have people in tears on the phone who cannot understand why at one point in time they were accepted and now they're not, so something has to change somewhere. I don't know what it is, but I know what is happening—I'll say that—and I think everyone on this committee would agree with me that what is happening in terms of the rejections is quite unacceptable.

Go ahead, Mr. Sorbara.

•(1615)

Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.): Thank you, Mr. Chair.

[Translation]

Ms. Lebouthillier, welcome to the Standing Committee on Finance. Thank you for your work to help the middle class.

[English]

I have a few questions today.

We just finished reading the CRA report, in which they outline several things for taxpayers here in Canada. We know that in the 10 years that the Conservatives were in power, a number of agencies faced cuts or reduced expenditures, or did not see their budgets increase, reducing the effectiveness of these agencies over a period of time. What I wanted to know was what our government is doing to make sure that agencies like the CRA are getting the resources they need to combat tax evasion or tax avoidance and to ensure that tax filers have confidence in the system that's in place.

Thank you, Minister.

[Translation]

Hon. Diane Lebouthillier: In our first two budgets, we have invested \$1 billion. As we have repeatedly said, these are unprecedented budgets in which the government gave priority to the fight against tax evasion and aggressive tax avoidance. This has enabled us to hire 100 auditors. However, the Conservative government eliminated 50 auditor positions assigned to international tax evasion.

As of September 30, 2017, those funds had allowed the agency to conduct more than 990 audits and 42 criminal investigations related to financial structures abroad. Those activities are still ongoing.

That's the work those investments will allow the Canada Revenue Agency to accomplish in the next five years. The first budget, approved in 2016, covered the period ending in 2021. Budget 2017 provided for additional funds. This will help us work on tax evasion until 2022.

Mr. Francesco Sorbara: Thank you very much, Minister.

[English]

I have a follow-up question relating to the tax gap here in Canada. Could you or one of the officials comment on what is being calculated, estimated, or worked on with regard to calculating the tax gap that exists in Canada at present?

Obviously, our government has undertaken a number of steps to ensure that all Canadians and all Canadian organizations are paying their fair share of taxes. Could we have some colour on that?

[Translation]

Hon. Diane Lebouthillier: Unlike the Conservative government before us, our government decided to look into the tax gap. It was our promise to Canadians, and that's exactly what we are doing. We have taken a fact-based approach. To date, we have demonstrated our commitment to estimating the tax gap. We have actually published three studies since June 2016. We are continuing our

efforts on the tax gap. That's what Canadians expect. In the summer of 2018, we will submit another report on the international tax gap.

I invite Commissioner Hamilton to give you more details on the issue.

[English]

Mr. Bob Hamilton: I will add just a couple of brief comments on the tax gap.

We have done three studies, as the minister has said, including one on the GST and one on personal income tax. We did the personal income tax study earlier this year, in June, and we estimated that the gap was about \$8.7 billion. We did a similar one for the GST. Our hope is to do a similar one in the future on the corporate side.

We are taking action. Indeed, in June we invited experts from around the world to come here to have a seminar on the tax gap, because this is not easy for people to calculate. All jurisdictions will tell you that. It's a complex calculation and a bunch of assumptions, but we feel that we can contribute by trying, while recognizing that there may be methodological issues. However, we'll be open about that, and we'll construct something.

The next step in our process here, as the minister indicated, is to do an international tax gap estimate in the coming year, in 2018, and that is even more complicated. I can tell you that right now no other country does that. We'll see how it goes. We are going to try it.

Sweden tried it a few years ago. They don't do one currently, because the methodology is even more difficult, but we are going to try to do it. We'll do the best we can, make whatever assumptions we have, and do that. Then we'll complete the domestic side.

We are making progress here, but we're doing it in a way that recognizes that it is not a simple calculation. We have to be careful with how we treat the numbers and that we put all the proper caveats on them.

•(1620)

The Chair: Go ahead, Mr. Poilievre.

Hon. Pierre Poilievre (Carleton, CPC): Under the Income Tax Act, persons suffering with diabetes are entitled to receive the disability tax credit if their doctor verifies that they require 14 hours a week or more of life-sustaining therapy. Throughout the entire tenure of the previous Conservative government and up until a year and a half into the mandate of this particular minister, all diabetics whose doctor certified that they met that requirement received the tax credit. It saved them about \$1,500 a year in taxes.

Then, strangely, in May, language like this started to appear, and I want to know if this minister approves of this language and whether she stands beside it. I quote: "An adult who independently manages insulin therapy on a regular basis does not generally meet the 14-hour-per-week requirement unless there are exceptional circumstances."

This language has been used to deny the disability tax credit to literally thousands of suffering Canadians. These are just some of them. These are people who had been accepted for years.

Does the minister agree with the language in these rejection letters? Does she believe that those who administer their own insulin are unlikely to qualify for the tax credit, yes or no?

The Chair: Go ahead, Madam Minister.

[*Translation*]

Hon. Diane Lebouthillier: Let me say to everyone here, around the table, that the Income Tax Act has not changed when it comes to the disability tax credit. No changes have been made to the eligibility criteria for the disability tax credit.

In addition, I can tell you that, at the Canada Revenue Agency, we are currently working to improve our communications with people so that they are much more respectful, much easier to understand—

[*English*]

Hon. Pierre Poilievre: A point of order, Mr. Chair.

[*Translation*]

Hon. Diane Lebouthillier: —and so that they are also in compliance with the legislation.

[*English*]

The Chair: Madam Minister, I have a point of order, but I will say, Mr. Poilievre, that you haven't given the minister enough time to answer. What's the point of order?

Hon. Pierre Poilievre: The point of order is that I asked if the minister agrees with the wording that her department is putting in rejection letters to people suffering with diabetes. So far, she hasn't even come close to addressing that question.

The Chair: I don't think that's a point of order.

The floor is yours, Madam Minister.

[*Translation*]

Hon. Diane Lebouthillier: What I am saying is that, at the Canada Revenue Agency, we are working to improve our communications with all Canadians so that they are much more respectful and do a good job of explaining the legislation to Canadians. Whether we decline or accept, we are trying to be much more human in our communications. Humanizing the Canada Revenue Agency's services is part of my mandate letter.

Hon. Pierre Poilievre: You are talking about showing a lot more humanity. I wonder whether the words that I am going to read, and that you write yourself, Minister, show humanity.

[*English*]

You wrote at the end of July, with your own hand, that “adults who independently manage their insulin therapy on a regular basis are unlikely to meet the 14-hours-per-week requirement.” You made a judgment in those words to overrule hundreds of doctors who have validated that these suffering people qualify for the tax credit.

How can you sit here and tell us about your humanity when you wrote a letter like that and rejected all those people, when you personally interfered and overpowered the decisions of doctors right across this country?

• (1625)

[*Translation*]

Hon. Diane Lebouthillier: I can tell you that, between 2015 and 2017, the number of approved tax credit claims has increased by 20%. We have made the tax credit much more accessible. We have simplified the forms. We rehired nurses. We also give people access to specialized nurse practitioners who can answer questions and complete forms.

That's what we are doing at the Canada Revenue Agency so that people receive the tax credits they are entitled to.

I will ask Mr. Hamilton to elaborate on the technical aspects.

[*English*]

Hon. Pierre Poilievre: Mr. Hamilton, thank you very much for agreeing to take my questions on this issue.

I've read the language twice now: once in the rejection letters that thousands of diabetics have received, and once in the letter written by that minister, who personally interfered to override the recommendation of doctors across this country.

Here's my question for you: is it still the policy of CRA that someone who self-administers insulin treatment to treat their diabetes does not qualify for the disability tax credit? Is that CRA's policy, yes or no?

Mr. Bob Hamilton: Our policy is to administer the provision as the act provides, so that may not be yes or no, but I'm telling you that the act says, as you indicated, that it must require 14 hours per week. The factual question is, does that person, in their particular circumstances, take that amount of time?

Hon. Pierre Poilievre: Who decides that?

Mr. Bob Hamilton: I'll outline the process for the disability tax credit.

First of all, the person submits a form, T2201—

Hon. Pierre Poilievre: Who decides that? I'm not asking for the process.

Mr. Bob Hamilton: No, but it's part of... The process tells you part of how the decision is made—

Hon. Pierre Poilievre: Excuse me. I have a point of order, Mr. Chair.

Mr. Bob Hamilton: —and then the medical practitioner—

Hon. Pierre Poilievre: I do have a point of order.

The Chair: You have to give the commissioner time to answer your question. What's your point of order?

Hon. Pierre Poilievre: I'm simply asking for who decides whether someone meets the criteria. I'm not asking for the lengthy process. Who is the decision-maker?

The Chair: That's not a point of order.

Go ahead, Mr. Commissioner.

Mr. Bob Hamilton: Yes, it's not a lengthy process, but I think it's important to understand the process. You submit the form. The medical practitioner fills in the section of the form that says this person has diabetes and has life-sustaining therapy and makes an attempt at saying whether he or she thinks that it meets the requirements of the act, but we do not give the doctor the responsibility to determine whether it qualifies for the act. We might go back to the doctor with further questions, for example, and ask them to tell us a bit more about this and about that person's particular circumstances, as they may have a combination of afflictions.

At the end of the day, we have to decide if it conforms with the act, but we do so in taking on board what the doctor has said. Oftentimes we have to ask more questions, and that can be some of the correspondence that you may be referring to in terms of what that follow-up with the doctor says, so that we can get the best information—

Hon. Pierre Poilievre: Will you be using—

The Chair: You're well over time in this round. I'm going to go to Mr. Fergus. We'll be coming back to Mr. Albas or you and you can go further with those questions then.

Go ahead, Mr. Fergus.

[*Translation*]

Mr. Greg Fergus (Hull—Aylmer, Lib.): Thank you very much, Mr. Chair.

My question is for Mr. Hamilton. It's along the same lines as Mr. Poilievre's question.

[*English*]

Mr. Hamilton, you indicated that there were 765,000 applicants last year. This is an 8% increase over the previous year year and represents a total of about \$1.3 billion worth of disability tax credit value.

For at least a month now, there's been a public controversy over what Canadians who usually avail themselves of this tax credit have been concerned about since they heard about it in the month of May. You've assured us before this committee that the legislation hasn't changed and you've assured us that no regulations have changed, but something has changed.

Given your deputy minister type of role as the commissioner, can you give us an educated guess as to what has changed in terms of the procedures?

Mr. Bob Hamilton: What I can tell you, based on what I know right now.... I think I indicated earlier that we are going back and looking at some of the specific files to try to get the data to make an assessment of what's there. Not everybody who applies is eligible, so there is a process of deciding on eligibility. We would need to look at the particular cases in both this year and previous years to form a judgment on whether the right things are happening, whether the provision is being administered in accordance with the act.

The one thing I should say, which I wanted to add on to the previous answer and is relevant, is that if someone feels that we've made an incorrect decision, that we haven't accounted for all the information or we haven't considered it properly, you can always

appeal to us, in addition to the normal appeals process that I mentioned earlier. We have a separate entity that takes appeals. You can just send us back new information and come back to us.

We make sure that people are aware of that, and I would say it here today. If somebody feels that we have incorrectly judged the material that's in front of us or didn't take it into account, or if we didn't have some information, they can always come back to us. Then, if that fails, they can appeal, but at the moment I would say that there are a variety of reasons that someone might not be eligible. I just really can't comment on specific cases.

• (1630)

Mr. Greg Fergus: I appreciate and understand that. Something has changed this year, however, from last year. If this were a minor increase or if it happened to a few people, I don't think we would have heard about it, but the fact is that it seems to have happened to a lot of people. It seems as though some people who have been regular beneficiaries of this tax credit in previous years have found themselves not eligible for it starting in May 2017.

We know the separation between the minister and the commissioner. We know that the agency has an arm's-length perspective. I'm not asking you to talk about specific cases, but surely there has been some systemic change. I don't know if it was just a new way of looking at things, but it seems that there's been a significant and noticeable increase in rejection letters.

I don't know what percentage that is. I don't know what number that represents. We'll happily receive that information from you as you go through the files one by one, but something somewhere, or someone, has changed the way they look at these files. Do we not have an inkling of where that is happening?

Mr. Bob Hamilton: Without having all of the information—

Mr. Greg Fergus: I'm looking for a best guess.

Mr. Bob Hamilton: I will offer up two things that might be contributing. One is more gradual, and it has to do with technology changes. This might mean that disabilities now have less impact on day-to-day lives. Diabetes could be an example. That's a general trend. There are new technologies becoming available that make it easier, and since the disability tax credit is based on how much a disability is affecting your day-to-day life, that's one possibility. I'll put that in.

The second thing is that we are always, as the minister said, trying to work with the medical community and the disability community to make sure that we're making the forms simpler and that we're getting the information we need. We have communications with doctors, for example, where we're asking them to tell us why this person is eligible for the credit. They've asked us to make the letter a little simpler for them, because sometimes they have a difficult time forming a basis for that judgment, so we changed those.

Could something like that have changed it? That'll be something we'll have to look at, but I want to take a look at the actual numbers. At the end of the day, the question for us is whether it's being administered fairly and in accordance with the act. That will be how we—

The Chair: I'm sorry, Commissioner, but I know the minister said she had to leave soon.

Go ahead, Mr. Albas.

Mr. Dan Albas (Central Okanagan—Similkameen—Nicola, CPC): Thank you, Mr. Chair.

Minister, when asked about Bronfman's links to the Cayman Islands tax evasion scheme, the Prime Minister said, and I quote, "We have received assurances that all rules were followed...and we are satisfied with those assurances."

Minister, do you agree with the Prime Minister?

[Translation]

Hon. Diane Lebouthillier: What I can tell you is that it's totally ridiculous to say that the Prime Minister will interfere in cases that fall under the Canada Revenue Agency.

[English]

Mr. Dan Albas: Do you agree with the statement, yes or no?

• (1635)

[Translation]

Hon. Diane Lebouthillier: I'm saying that it's ridiculous to say that the Prime Minister will interfere in cases that fall under the Canada Revenue Agency.

[English]

Mr. Dan Albas: You realize the Prime Minister speaks for the government. The Prime Minister is the one who appointed you to your position, Minister. Is what the Prime Minister has said to the public a statement you agree with, yes or no?

[Translation]

Hon. Diane Lebouthillier: It's ridiculous to say that the Prime Minister will interfere in cases that fall under the Canada Revenue Agency. We will let the revenue agency do its job.

All the information about the Paradise Papers is taken very seriously by the agency. If any charges need to be laid, it will certainly not be up to any parliamentarian to do so.

[English]

Mr. Dan Albas: I asked a very simple question. If she wants to say the same thing over and over, I'll change my tactic.

Mr. Hamilton, thanks for the work you do on behalf of Canadians. In 2013, the Auditor General said that CRA did a very good job during the Liechtenstein list and that you tackled it appropriately. I hope that you are given the same kind of support in your current endeavours, that there's quite a wide web cast by papers such as the paradise papers, and that you follow through with that.

In regard to the committee you said you set up regarding the disability tax credit, Commissioner, does that committee have operational oversight?

Mr. Bob Hamilton: No, that committee won't have operational oversight. We're still working on the terms of reference precisely, but it will be to advise us on administrative issues, such as how we can better communicate and some of the emerging issues out there that we need to start thinking about.

Mr. Dan Albas: It's consultation only, then. They will be giving input to how the CRA conducts itself, but won't have any operational or tribunal-like function for appeals. Is that correct?

Mr. Bob Hamilton: No, they provide advice.

Mr. Dan Albas: For the people who are currently being ruled ineligible for the disability tax credit, they would not be able to appeal to this committee for any help.

Mr. Bob Hamilton: No. They could communicate with the committee, but the committee wouldn't have any role in deciding. The committee could come to us and say this is what we—

Mr. Dan Albas: My concern, Commissioner, is that the disability tax credit allows you to become eligible for the registered disability savings plan, and next year, 2018, is the first year that people can start to withdraw from that. If someone is ruled ineligible for the DTC, then they are no longer eligible for the registered disability savings plan. Is that correct, yes or no?

Mr. Bob Hamilton: Yes. One of the conditions of being eligible for the registered disability savings plan is that you have to be eligible for the DTC.

Mr. Dan Albas: If you get ruled ineligible for the DTC and become ineligible for the registered disability savings plan, the grants that the government has put into that RDSP are then clawed back into general revenue. Is that correct?

Mr. Bob Hamilton: In terms of the specific operations of the RDSP, despite the fact that I was at the Department of Finance when we set that up, I can't remember the precise rules, but I know that my colleague Frank Vermaeten, who will be here in the second hour, may be able to explain that.

In a sense, you become ineligible and then there's a process by which you wind down over time, although I would say that if you are judged ineligible, but you make the case and become eligible again, then there's a process for making sure that does not get—

Mr. Dan Albas: My last question just—

The Chair: We're done.

The minister didn't finish her response to your earlier question before you cut her off.

Madam Minister, do you have anything more to add in your response to the question on the Prime Minister's statement?

[Translation]

Hon. Diane Lebouthillier: Yes.

[English]

The Chair: If you do, the floor is yours. You were cut off.

[Translation]

Hon. Diane Lebouthillier: I would like to add something about the disability tax credit. By dismantling the important disability advisory committee, your government deprived the disabled, those who protect their rights and professionals in the area of the opportunity to share their opinions in order to better guide the agency's decisions. The disability advisory committee, which we have reinstated, will be a major tool for the agency. We must continue to work with our partners.

[English]

The Chair: We'll have to cut you both off there.

Ms. O'Connell, you have the last question.

Ms. Jennifer O'Connell (Pickering—Uxbridge, Lib.): Thank you, Mr. Chair.

Thank you all for being here today.

Actually, my question was exactly leading up to where the minister left off and to Mr. Albas's point. Had the Conservatives not cut the advisory committee and we had begun to get wind of concerns or interpretation changes, it could have been exactly that advisory committee that could have looked at this, could have looked at the technologies, and could have advised the CRA before it became an issue and got to this level, to the point where now the CRA is manually going through, what, 7,500 personal cases? The advisory committee could have been looking at, for the last number of years, since the Conservatives cut it, the effect of new technologies on how it implements that 14-hour criterion, or maybe made recommendations to change legislation, keeping in mind the new changes in technology.

My question is, how much did the Conservatives save by getting rid of the advisory committee that could have helped prevent this in the first place?

• (1640)

[Translation]

Hon. Diane Lebouthillier: Since our government took office, the public has been at the heart of its concerns, a mission that is also part of my mandate letter. This has helped increase the number of people eligible for the disability tax credit.

I also want to point out that our interactions with stakeholders will help us examine the agency's administrative practices and improve the quality of, and accessibility to, the services we provide to people with disabilities.

We checked the numbers with Diabetes Canada. Diabetes Canada is not able to explain where the numbers we were given come from. The Canada Revenue Agency is doing all the checks manually. Anyone who meets the criteria is entitled to the tax credit, period.

[English]

Ms. Jennifer O'Connell: Thank you.

Mr. Hamilton, in addition to the information you'll provide to this committee in terms of these numbers as you find them out, I'd also like you to include how much money the Conservatives saved by getting rid of this committee in 2006. Also, I'd like to know how much was cut by previous governments in the training for the administration of disability tax credits. I'd like to know how much money was reduced over the last 10 years in the training of CRA employees, specifically in the administration of disability tax credits.

My time is very limited. The other thing I'd like to get to—

The Chair: This will be the last other thing.

Ms. Jennifer O'Connell: No problem.

You mentioned, Mr. Hamilton—or maybe, Madam Minister, you both did—the technology in regard to the phone system and the

Auditor General's report. It is 20-year-old technology. The action plan is already in place, and the new phones or the new technology has already been ordered. I am assuming that this wasn't in reaction to the Auditor General's report of this week, because you couldn't have possibly ordered brand new technology in a couple of days, but if it's 20-year-old technology, I'm curious. When did the CRA first ask for updated technology, and was it ever approved in previous budgets?

Mr. Bob Hamilton: I'll take that one, but only to say that I'm not sure of the answer to the last part, and maybe just to correct a bit the perception on the first part.

I will endeavour to find out when we first asked for it. I know that it predated my arrival, which was a year ago.

I wouldn't quite characterize it as “the phones have been ordered”. We are in negotiation on how we can put this new system into place. It has been agreed what it would look like; it's a technology that has been proven in other areas. We hope to put it into place next year, at the beginning of 2018. It's not there, but the point you made is absolutely right. The AG flagged this concern, but we already knew we had antiquated technology and it needed to be replaced.

Ms. Jennifer O'Connell: When did CRA know?

Mr. Bob Hamilton: I don't know.

Ms. Jennifer O'Connell: Can you get back to us?

Mr. Bob Hamilton: As I said, it predated me, and that was a year ago, so I would imagine two or three years ago at least, but I can't say that for sure. We will find out—Frank may know in the second hour—but it wasn't new.

Ms. Jennifer O'Connell: Thank you.

The Chair: Could the commissioner get back to us with that information?

Before I let you go, on the internal look you're having at disabilities, which includes diabetes, I would certainly hope that it includes professionals in the field who deal with type 1 diabetes patients. Some of the ones we talked to would tell us that their son or daughter has an insulin pump, and there is the new technology, but still, the effort they have to go through in terms of diet and everything else really does get them up to the 14 hours. I can tell you, based on what we've heard, that some decisions need to be made on this particular application process pretty urgently.

With that, we will suspend... I guess we don't have to suspend; the other witnesses are at the table.

Thank you, Madam Minister and Commissioner Hamilton, for answering our questions and for your presentations.

We will go to another round of questions with the officials from CRA. We'll keep Mr. Vermaeten, Ms. Caron, and Mr. Gallivan here. I don't think they have any more opening statements.

Mr. Fergus, I believe you're starting the second round.

• (1645)

Mr. Greg Fergus: Thank you very much.

I'm not certain who would be appropriate, but I would like to follow a little further along the same line of questions that I had for the commissioner.

I'll let them get into place first, Mr. Chair, if that won't count against my time.

The Chair: Go ahead, Mr. Fergus.

Mr. Greg Fergus: Mr. Vermaeten, the commissioner raised the possibility, to be confirmed after you take a look at it, that perhaps there are more modern procedures that someone who is diabetic could use to administer insulin shots, which would bring the number of hours below 14. I have to admit that beyond what I've heard from my constituents, I'm not familiar with what is involved.

Can you give me a sense as to whether or not that information about a new approach has been shared with the employees of CRA, the ones who are doing the evaluation of the requests for approval or denial of the DTC?

Mr. Frank Vermaeten (Assistant Commissioner, Assessments, Benefits, and Services Branch, Canada Revenue Agency): I would say it's common knowledge that medical technology improves over time. Certainly the people who are administering the disability tax credit have that awareness, including the nurse practitioners who are there. Certainly, they're aware.

You have things like wireless insulin pumps and glucose meters that make the management of diabetes quite a bit easier. There are a range of improvements. You're going to have people who are impacted by diabetes in a range of different ways. I think we all know people who, in some cases, manage it quite well, and it doesn't impact their day-to-day life as much, although certainly it always does. In other cases, people are very severely impacted. The question is, does the eligible part of that therapy take 14 hours?

Mr. Greg Fergus: We're now going down a path. I understand that you're going to be taking a look at this more closely, but what is sort of new now is that perhaps there's a different way of evaluating what procedures people follow to provide themselves with insulin injections to save their lives.

Is this common, standard practice amongst Canadians? If it is standard practice, how has that been shared with CRA? How does CRA then interpret that or make that a part of its policies in the evaluation of whether or not someone qualifies for the DTC?

What I'm really trying to say is that if this has been a change, this evaluation or this assessment by CRA, based on the professional advice they've received, is this professional advice widely shared with Canadians? Is this current and common practice among Canadians?

It would appear to me that there are a lot of people who aren't aware of these changes, or they are using the old methods, and the doctors are certifying that they are still taking 14 hours or more a week to provide the necessary medical treatment.

• (1650)

Mr. Frank Vermaeten: That are a lot of different questions in there.

The applicant brings the application to the medical practitioner, and the medical practitioner provides this information.

Mr. Greg Fergus: Does the medical practitioner provide the information confidentially to CRA, or does it go back to the person who's applying, and then they provide it to the department?

Mr. Frank Vermaeten: Usually the individual gives the application to the doctor, who fills it out right on the spot, and it's usually the individual who then mails it back to us.

Mr. Greg Fergus: Then the individual would have seen what the doctor put on it and there wouldn't have been any surprises. If their doctor says it takes 14 hours, it takes 14 hours.

Mr. Frank Vermaeten: Well, we look at each one on a case-by-case basis. If a doctor simply says it takes 14 hours, that's not going to be sufficient information.

Mr. Greg Fergus: Was it sufficient before?

Mr. Frank Vermaeten: It's never been sufficient. In most cases, we would want a listing of what takes 14 hours. I'm not going to say we do that in each and every case, because sometimes there are complicating factors, or there are other interactions with other medical complications that makes it so obvious that we don't need to ask those follow-up questions, but in many cases we do need follow-up answers.

Mr. Greg Fergus: It would appear you have been briefed or that the public lines of the commissioner and the minister have been briefed that nothing has changed in the legislation or the regulations or the criteria, but there seems to be a suggestion that a different evaluation is going on, based on some new information.

Mr. Frank Vermaeten: You're absolutely right that the legislation hasn't changed. The folio, which is the interpretation of the legislation, hasn't changed for years with respect to life-sustaining therapies. The criterion has always been 14 hours, so that part has remained identical.

Over time, though, we continue to make improvements and modifications to how we administer the program, how we communicate to the medical community with the information that's sent and the information that's sent back. That's evolved. For example, the form was greatly simplified in November 2015.

Am I getting cut off?

Mr. Greg Fergus: No, continue, but I need to say something to the chair.

Mr. Frank Vermaeten: A range of changes have been made in the administration, but the 14-hour threshold in the criteria has not changed, and neither have the activities that are considered eligible and the activities that aren't. For example, physical activity and calorie-counting are not considered eligible. None of that has changed.

Mr. Greg Fergus: Mr. Chair, before we go on, I would appreciate it if you would seek a better understanding from the department as to—the word doesn't seem to be “criteria”, but something a little less than that—how that might have changed. When you request more information from the department, we can explore just a little bit lower than what the normal criteria are. I don't know what word you use, but it seems something's changed.

The Chair: We'll take that under consideration.

Mr. Kmiec is next.

•(1655)

Mr. Tom Kmiec: I will second the supplication to the chair for that information from CRA.

Something obviously has changed, because the minister sends out letters of refusal to T1b diabetics, and they are different because they have a different wording in them. It says, “In general, and with consideration given to recent advances in technology, adults who independently manage their insulin therapy on a regular basis are unlikely to meet the 14-hours-per-week requirement.”

Is that going to be removed? If nothing has changed, why was this added to the letter, and is that going to be removed from the letters that bear the signature of the Minister of National Revenue?

Mr. Frank Vermaeten: The communications with the medical community do change from time to time, absolutely, in all programs to try to administer the program as closely as possible to, in our case, the Income Tax Act—

Mr. Tom Kmiec: What about diabetic sufferers? This isn't to a doctor; this is to a person. It has that wording in here.

Mr. Frank Vermaeten: Could I see it? Is it a letter to an individual?

Mr. Tom Kmiec: My colleague will hand you the letter. We could find a copy or make one right away.

Ms. Jennifer O'Connell: Could we get copies for all the committee so we can see what—?

Mr. Tom Kmiec: I wasn't the one requesting it. It's the witness who requested it.

Ms. Jennifer O'Connell: No, but you're referring to a document. I'm just asking if there is a copy.

The Chair: She is, in effect, on a point of order. Do we have copies that can go to other members?

Mr. Tom Kmiec: I'm trying to assist the witness who asked me for the letter I'm referring to.

The Chair: That's not a problem. We'll not take the time from you. We'll give Frank time to read the letter.

Mr. Frank Vermaeten: What was the question?

Mr. Tom Kmiec: If you said nothing has changed, will you then remove from the minister's letters, “In general, and with consideration given to recent advances in technology, adults who independently manage their insulin therapy on a regular basis are unlikely to meet the 14-hours-per-week requirement.”?

That is a new phrase that was not there before. Will that now be removed?

Mr. Frank Vermaeten: This is a letter that refers to the assessment of the fact that in cases of well-managed diabetes, it doesn't take 14 hours of eligible activities to do the therapy.

Mr. Tom Kmiec: No, it doesn't actually say that. It says “with consideration given to recent advances in technology”. It doesn't talk so much about the management; it talks about technology changes, and that's being given as the reason to refuse people.

Just on technology, I have the forms here for disability tax credits, and according to what I see here, it has not been simplified. It says “life-sustaining therapy” on page 4. It was either the minister or the

commissioner who said there has not been a freeze to those applications, directly contradicting what Diabetes Canada said to this committee.

Has there been a freeze to anybody who says “yes” to any of the three boxes here for life-sustaining therapy, yes or no?

Mr. Frank Vermaeten: I don't have the form in front of me, but I guess you're asking me about this letter and you're asking me if I believe that—

Mr. Tom Kmiec: That was my previous question. I've moved on from that to ask specifically about the DTC application. On page 4, it refers to “life-sustaining therapy”. There are three boxes—yes, no, yes, no, yes, no—and then it goes into mandatory details about the therapy being sought by the individual applying here.

This is filled out by the medical doctor or nurse practitioner. The minister or the commissioner said there was no freeze on applications, which directly contradicts what Diabetes Canada said to this committee. I'm therefore asking you, if there was no freeze to the DTC, was there a freeze to anybody who said “yes” to any one of these three categories under “life-sustaining therapy”?

Mr. Frank Vermaeten: When this controversy started, I think about a month ago or something—

Mr. Tom Kmiec: It's more. It's since May.

Mr. Frank Vermaeten: Yes. I think in terms of when—

Mr. Tom Kmiec: When you changed the rules.

Mr. Frank Vermaeten: —it became a public issue, there was a short period of time in which we closely looked at some of the existing files to see whether there was something we were not processing properly, so for a short period of time we did stop processing, but that processing has started again.

Mr. Tom Kmiec: Did you say you stopped processing?

Mr. Frank Vermaeten: Well, of those specific files. There were a lot of questions, and we did our due diligence to make sure that we are processing them properly, processing them according to the Income Tax Act and the 14-hour threshold. When somebody asks us questions and when my boss asks us questions, of course we look into it and make sure it's done properly. If it is done properly, we start processing again.

•(1700)

Mr. Tom Kmiec: Did somebody ask you to review and freeze it temporarily because there was an issue that was cited?

Mr. Frank Vermaeten: My boss, the commissioner, asked me whether there was an issue, whether there were any problems in terms of how we were processing them. I do my due diligence and I immediately check to find out whether we are doing this properly. We do calls out to the field. It takes a little while. There's a temporary hold—

Mr. Tom Kmiec: I will interrupt you for a second here. One of the things that was put on notice by the chair was our expectations about data, and I'm just going to read it back: “...the data that will show what the applications are as best CRA can, and what the exceptions and rejections are as compared to two or three years back.”

I have one question. We've only looked at the front end of the DTC, which is the application process, but for those few who have been approved for the DTC, how long does it take them right now to get their refund? I've heard refunds can take up to 10, 20, or 30 weeks, depending on the individual case. There's the front end of people taking a long time and of some people being refused, and then there's the back end: once you are approved, the refund cheque takes much longer now to be received.

What is the timeline now?

Mr. Frank Vermaeten: There are two steps. The first step is the initial application to find out whether you're approved, and that usually takes between six and 10 weeks. We're within that range now, and it will fluctuate over the course of the year. Then there's the second part—

Mr. Tom Kmiec: You're contradicting the commissioner. The commissioner said 10 weeks.

Mr. Frank Vermaeten: I said between six and 10 weeks. It's six to 10 weeks, and it will fluctuate throughout the year. There will be exceptions when, for example, we have follow-up with doctors or with the patient. It can take longer at times, but six to 10 weeks is our service standard.

Internally, we target eight weeks. Sometimes we do a little better and sometimes we do a little worse, but it's between six and 10 weeks. We're comfortable when it's between six and 10 weeks.

The Chair: Finish your response.

You're way out of time, Tom, but go ahead, Mr. Vermaeten.

Mr. Frank Vermaeten: Then the second component is what's called the adjustment, the T1 adjustment, which we now do automatically if the individual asks. That's one of the improvements that we made to the application form. You can now put in a check, and we will automatically provide those refunds for as far back as 10 years.

How long that takes depends upon the complexity of those changes. If it's a simple adjustment, our standard for paper adjustments is eight weeks. We're a little bit over that right now; we're at about 10 weeks. As you get into the more complex ones, it can take longer, absolutely, and you're always going to find exceptions that take quite a while for a variety of reasons.

The Chair: Thank you both for a fairly intense line of questioning.

Go ahead, Mr. Dusseault.

[Translation]

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

My thanks to the witnesses for joining us.

My questions will go to Mr. Gallivan first.

To put things into context, let me point out that the minister told us, on a number of occasions and in various ways, that KPMG was going to be brought to justice. I would therefore like to know now how many criminal prosecutions have been filed against KPMG or against one of its clients who participated in the Isle of Man scheme.

How many prosecutions have been launched?

Mr. Ted Gallivan (Assistant Commissioner, International, Large Business and Investigations Branch, Canada Revenue Agency): As you know, a criminal investigation can last a long time. It takes a number of years for this type of case to move up the ladder. As the minister and I have confirmed, we will keep pushing this file as much as we can, but our work is far from being over.

Mr. Pierre-Luc Dusseault: You could also say that there have been none. That's not a problem.

Along the same lines, we know that, in terms of international tax evasion, one of the first matters the Minister of National Revenue had to tackle was the Panama Papers.

In this specific case, can you give us an idea of the number of cases that are subject to criminal prosecution?

• (1705)

Mr. Ted Gallivan: Yes. I agree that, in cases of international tax avoidance, criminal sanctions are necessary.

In terms of the Panama Papers, we can publicly confirm 123 audits under civil law. Furthermore, a number of our criminal investigations are being finalized. There are fewer than 10. We don't want to disclose the exact number, to avoid jeopardizing the investigations under way. Given the stage we are at, the public can expect a search to be made public in the coming months.

Internationally, however, no country is prepared to lay charges or convict anyone. Like other countries in the world, we started working on the Panama Papers well before they were covered in the media. That said, it takes time for a prison sentence to be announced.

Many of our criminal investigations are coming to fruition. The next stage will be the public confirmation of searches, which may take place in the coming months.

Mr. Pierre-Luc Dusseault: Thank you. That was a good update.

In terms of the \$25 billion, as you know, the Minister of National Revenue keeps mentioning this number so much that it came up on *Infoman*, which is a very popular show in Quebec. One would think this is the only thing she knows how to say. It is as if she learned the same answers and she keeps repeating them. She keeps talking about the \$25 billion, and the \$1 billion invested.

Actually, a lot of questions have been asked about the \$25 billion. I, for one, would like to know what percentage of this amount is identified as international tax non-compliance. That's part of the agency's responsibilities.

Mr. Ted Gallivan: We are talking about \$16 billion, less than two-thirds. Multinationals avoid tax through transfer pricing. Individuals also use overseas schemes with corporations or trusts. So the two-thirds is made up of multinationals and people with high income who use trusts and schemes like that.

Mr. Pierre-Luc Dusseault: Is it possible to forward this information to the Minister of National Revenue so that she can answer the questions?

Mr. Ted Gallivan: I think this information is public through our reports and our website. We are aware that Canadians have many concerns about the agency's efforts. That's one of the reasons we started to make public the details of criminal investigations at the stage of searches. We do this more and more frequently.

In addition, we try to focus on civil sanctions against professionals. That amounted to \$44 million last year.

So it's not just \$25 billion. Multinationals and people whose net worth is \$30 million or more are also targeted, and so are those who enable that behaviour.

Mr. Pierre-Luc Dusseault: Mr. Chair, I will use the time that I have left to move a motion, as follows:

[English]

That, following the tabling of the report of the Auditor General of Canada of November 21, 2017, the Committee invite the Minister of National Revenue, the Honourable Diane Lebouthillier, to appear before the Committee regarding the Auditor General's Report 2—Call Centres—Canada Revenue Agency.

The Chair: Are you asking to deal with that motion now?

Mr. Pierre-Luc Dusseault: Yes, please.

The Chair: It's your right, and you did give the 48 hours' notice.

Is everyone aware of the motion? We have copies. They're being distributed. I'll read it again. The motion by Mr. Dusseault is as follows:

That, following the tabling of the report of the Auditor General of Canada of November 21, 2017, the Committee invite the Minister of National Revenue, the Honourable Diane Lebouthillier, to appear before the Committee regarding the Auditor General's Report 2—Call Centres—Canada Revenue Agency.

It's open for debate. Do you want to go ahead, Mr. Dusseault?

[Translation]

Mr. Pierre-Luc Dusseault: I will be very brief, out of respect for the witnesses.

I think everyone knows that the Auditor General has tabled a damning report on the Canada Revenue Agency. We do not have enough time in today's meeting to get to the bottom of things. I have tried to do it in a few short minutes, but this report deserves further study. The information it contains is extremely worrisome. More than half of the calls are blocked because there is no line available, and 30% of those who manage to talk to an agent would get the wrong information.

Our committee must look at this issue; it's part of its mandate. The minister will have to explain this specific issue for longer than the few minutes she has taken to do so today.

I hope I have my colleagues' support. I have not set a number of meetings or dates. We can determine when it works for us. I just want to make sure that our committee will be able to get to the bottom of this. Do I have my colleagues' support?

I will not dwell on the issue any longer. We can come back to the witnesses as soon as my motion is put to a vote.

• (1710)

[English]

The Chair: Ms. O'Connell will be next. Who else wants on the list? Ms. O'Connell is number one.

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

While I appreciate Mr. Dusseault's motion, the minister was just here and spoke to the Auditor General's report. Mr. Dusseault had the opportunity and asked her and the commissioner questions specifically in regard to the Auditor General's report.

I know that many times when ministers appear before us, it never feels like we have enough time as individual members, but she did actually stay longer than was scheduled and made notice in advance to the committee that she was happy to talk about any of the issues, not just supplementary estimates. I feel we had the opportunity for questions and to have this conversation, and the minister remained here as long as everybody needed to have their turn and stick to the schedule.

I don't think there's an issue in the sense of the minister's being able to talk about this issue. She's spoken about it in the House and she spoke about it again here today. She spoke about it in her opening comments and was not waiting to just react to a question. I think she provided a lot of information to this committee and made herself very available to talk about any of the issues that the committee wanted to, which sometimes is more than we get in terms of the structure of the committee and sticking to the motion at hand.

I'm not opposed to the idea of the minister coming here and speaking about the Auditor General's report, but she just did. In fairness to the best interests of this committee's time, I feel that we had that opportunity, and the member did get to ask those specific questions as well.

The Chair: I have on my list Mr. Poilievre and then Mr. Kmiec.

Hon. Pierre Poilievre: I'm going to pass.

Some hon. members: Oh, oh!

Hon. Pierre Poilievre: I'm sorry to disappoint you over there. I know you were anxiously awaiting my remarks.

The Chair: Go ahead, Mr. Kmiec.

Mr. Tom Kmiec: I thank my colleague for ceding his turn.

Not everybody got a turn. I didn't get a chance to ask questions of the minister. The minister specifically came in here to speak about the supplementary estimates and, through her joyous willingness, to answer extra questions. She knew, since she had been put on notice by the chair, that there were going to be questions asked about more than just the supps, and that's why she was doing that.

I think that Mr. Dusseault's motion is perfectly reasonable. One of the fundamental things we do is review how government operates and what it does. It's more than reasonable to have the minister return here to spend a full hour or more to speak specifically to the issue with the call centres and how the service levels are awful.

The most interaction a person will have in Canada is in trying to pay his or her taxes. If most attempts to contact the CRA wind up without the connection even being made and then a third of the answers are incorrect, I think that's worthy of this committee's attention and a more extensive discussion, whereas today we had the supps, the DTC, and perhaps seven minutes on the call centres.

In some weeks this committee has met every single day except for Fridays, even during travel. I don't mind doing more work. I'm looking forward to the opportunity to have the specific people involved in administering the call centres explain to us what is going on, the technology, and the direction that was given. There's a lot more detail to discover in an interaction at the committee than there is through question period, because we can go into the details and we can have a back-and-forth.

Mr. Chair, I think this is a good motion proposed by my colleague from the New Democrats, and we should seriously consider it.

The Chair: Mr. Kelly is next.

Mr. Pat Kelly: I completely agree with Mr. Kmiec. The answers that we heard today were in many cases not satisfactory, and I would love to see the minister given an additional opportunity to elaborate further than the answers we got today.

• (1715)

The Chair: With that, are we ready for the question?

An hon. member: I'd like a recorded vote.

(Motion negatived [See *Minutes of Proceedings*])

The Chair: We're back to our original question list.

We're going to tighten it up to about four-minute rounds so we can get most people on.

Go ahead, Ms. O'Connell.

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

Thank you all for being here.

Mr. Chair, I just want to make something clear. My frustration with some of the conversation around the disability tax credit should not be misunderstood. The chair, Mr. Fergus, and many of my colleagues have stated concerns that something has changed in terms of the administration or the communication, or that there is something going on. Even the commissioner acknowledged that they have to get to the bottom of where these concerns are coming from.

My frustration comes from the fact that prior to being a federal member, I spent a large part of my career fighting for persons with disabilities, and it really bothers me when I see the opposition fighting and using people with disabilities as a political pawn when they knew that making cuts to the CRA, cutting the disability advisory committee, cutting training.... What did they think would happen, Mr. Chair? Did they think service levels would be improved by making substantial cuts to the CRA and cutting nurses who could help the CRA administer some of these things? My frustration is from the fact that substantial cuts happened over the past decade, and now we're living with the ramifications.

Cuts were made so that technology couldn't be increased, and now we have to go through files manually to figure out where the problems are coming from. In this day and age, in this government, the CRA has to manually pull files to figure out the data. Perhaps, had the Conservatives made some investments and kept up with the times, we could have managed this in a way that made sure that the most vulnerable persons with disabilities, who fundamentally need this money and these resources, wouldn't have to be waiting for cases to be manually pulled so we could get to the appropriate solution.

With that preamble, Mr. Chair, I'll get to my questions in terms of technologies.

This is what we tend to be hearing about where there might be some level of difference. I say "difference" because we don't even have an answer for what's going on, although we know there was no policy change.

There seems to be some difference coming from this idea that technology has made the administration of type 1 diabetes in particular easier to manage, or that the therapy does not require those 14 hours. I guess my critical question is this: who in the CRA, or what level of the agency, determines at what point the technology correlates to a reduction in hours needed? You haven't had the disability advisory committee from 2006 until today. You didn't have them to consult with. The Conservatives also fired nurses who would advise at the CRA, so at what level did the discussion around technology...? Who made that decision? Who would make a decision like that, if that's ultimately the rationale?

It's not just with diabetes; it could be for anything in administering the disability tax credit.

• (1720)

Mr. Frank Vermaeten: These are complex questions in a complex decision-making process. We run a fairly large program here. As the commissioner said, we gave out \$1.3 billion of benefits for 2016-17, so it is a very big program. We're processing a lot of applications. I think it was 265,000 last year.

Then there are various lines of impacts, and for each one there are tests to determine whether an individual would qualify. One needs to keep up to date with the medical technologies, because ultimately what you're seeing is after-treatment.

For example, if it involves vision, you have to ask what the impairment is after eye surgery. It's not about the condition before eye surgery. You absolutely need—

Ms. Jennifer O'Connell: I'm sorry. I don't mean to cut you off.

Is that a CRA manager who keeps updated on the technology?

Mr. Frank Vermaeten: Yes, it's a CRA manager, in consultation....

It would be at a manager level. It certainly wouldn't be made at my level. It would be managers and people trained in this. We have a staff of nurses at headquarters who are in constant communication with the medical community. They're doing research. We get doctors calling all the time, so the nurses very often will call doctors.

There's a constant feedback loop here in terms of the evolution of technology. It's not just, as you pointed out, on diabetes, but on a whole range of issues. We absolutely need to keep up to date on that, and that definitely impacts whether somebody will or will not be eligible, because it's done on a case-by-case basis.

The Chair: Thank you both.

Go ahead, Mr. Kelly.

Mr. Pat Kelly: Thank you, Mr. Chair.

The preamble to that last question just simply can't go without some reply.

Mr. Chair, and to our witnesses, a decision was made—seemingly, one would guess, at the ministerial level—to change how the disability tax credit is applied. We have a letter signed in the minister's own hand that states she believes that most type 1 diabetics do not meet the criteria. That's a policy decision. That has nothing to do with how many tax collectors the CRA employs. It doesn't have to do with cuts. It doesn't have to do with the number of employees when a minister makes a decision. It doesn't have to do with committees.

I would also note, and remind you for the record, that transfers to the CRA steadily increased throughout the last Parliament. I'm not sure what these cuts are to which Ms. O'Connell refers. The number of personnel employed by the CRA, I understand, peaked in about 2004 at 51,000 employees. It was cut during the final Parliament of the last Liberal government by 11,000 people.

None of this really matters. What matters is getting to a resolution over an issue that happened this past May, which is when, according to reports we've heard at this committee, the approval rate for type 1 diabetics appears to have gone from an 80% approval to an 80% rejection. The questions that have been asked around here are trying to get to the reason, because it simply appears that there was a change in language in the letters and questionnaires that go to medical personnel that asserts that most type 1 diabetics don't, in fact, qualify.

I cede the floor to you, Mr. Vermaeten. It would seem to be that simple—that this change in language in the form is what has resulted in this change from 80% approval to 80% rejection. We await the data, as specific as possible, to demonstrate where the approvals went and where they are now.

• (1725)

Mr. Frank Vermaeten: Maybe I can say two things.

First of all, yes, we are looking at this and doing a comparison of the last several years and post-May 2017, which you referred to. We are looking over time to see what's happened to acceptance rates, so certainly we'll look at that. It's going to take a little while because it is a manual process, and we don't store data by the underlying disease but about the impairment. That's what we look at.

The second thing I'll say is this is not a letter that indicates a policy change by the Minister of National Revenue. What's stated here is that there has been an evolution with respect to the therapy for diabetes. With devices like insulin pumps, it now takes less time to manage diabetes.

I absolutely stand behind this.

Mr. Pat Kelly: If I may, type 1 diabetics have told both this committee and members of Parliament outside the committee that the technology, while it is incredible in the way that it can help sustain life and improve the quality of life for diabetics, is not simpler. We've heard this from type 1 diabetics who insist that while a pump is a wonderful advancement in technology, the pump and the necessity of performing tests for the pump to be used correctly do not necessarily correlate at all to a reduction in the time applied to therapy.

The Chair: That'll conclude this round of questioning, but finish what you started.

Mr. Frank Vermaeten: I think you're going to get a range of views on that. Based on the information that I've received from our staff, my assessment is that there have been a lot of advances that do reduce the time it takes for some people to manage their diabetes. That's not for everybody, but it certainly does in some cases, and maybe in many cases.

We can argue back and forth that you've talked to some doctors and I'll say our staff has talked to many doctors, but that's part of the disability advisory committee. I think it's going to help provide advice on issues like that when you bring in professionals who are specialized in this area. I think that will be very helpful, because clearly it is a controversial issue, and I recognize that. We want to administer this in the very best way.

The Chair: We'll be turning to Mr. Lauzon, who will have the last question.

Mr. Stéphane Lauzon (Argenteuil—La Petite-Nation, Lib.): Thank you, Mr. Chair.

I will ask my question in French.

[*Translation*]

Mr. Vermaeten, we have talked at length about the changes that have been happening for a few months or weeks. We have often talked about technological advances. Technology comes with good things and creates businesses, but it sometimes causes job and service losses, such as the one that seems to be included in the letter.

Specialized nurse practitioners have been hired to work on that, and the form has been simplified. The requests have been reviewed and updated, and, as a result, letters were sent out, indicating that the 14-hour treatment requirement per week was not going to be met.

[English]

Mr. Frank Vermaeten: We exchange information with doctors. We send letters to make sure that we have information on an individual case and about whether or not it takes more than 14 hours to manage it. This is sometimes a difficult form for doctors to answer. Why? If you take a look at some types of therapy, like dialysis, it often takes place in a hospital setting, so it's quite easy to monitor in—

• (1730)

Mr. Stéphane Lauzon: We're not talking about dialysis. We're talking about diabetics who inject themselves with insulin.

Mr. Frank Vermaeten: That's right. It's more difficult for the physician to respond because the physician doesn't actually witness that, as opposed to a hospital setting. It's fairly clear when dialysis takes 14 hours a week and whether it's more than three times a week. That becomes very clear.

In the case of diabetes, it's much more complicated, so that's why that back-and-forth interaction with the doctors happens much more. You add to that the complexity of the therapy, which is becoming modernized and easier to manage in some cases, but not all. That's why those clarification letters are required and why we continually evolve with the communications to make sure that we are getting the specifics of that individual.

[Translation]

Mr. Stéphane Lauzon: In the revised forms that they fill out, do the doctors take into account their travel time in those 14 hours?

There is also loss of the amenities of life. The sugar level of a diabetic can vary from day to day. For example, if a person with diabetes has flu symptoms and is taking antibiotics, the sugar levels can fluctuate, even if the person has insulin injections. They may also experience a temporary loss of vision.

Is all that factored in those 14 hours?

[English]

Mr. Frank Vermaeten: At CRA, we administer the Income Tax Act, and it sets out pretty clearly what an eligible activity is and what an ineligible activity is with respect to the counting of those 14 hours. You mentioned a whole range of things. The travel back and forth to the doctor would not be eligible as part of this 14 hours, for example.

[Translation]

Mr. Stéphane Lauzon: I am familiar with the criteria you're talking about.

I'm not talking about transportation, I'm not talking about wait times in the hospital, I'm not talking about wait times for drugs or about ordering drugs online. It is none of that.

I'm talking about the consequences that were not taken into account in the form. I'm talking about the consequences of being diabetic, living with diabetes every day, and the fact that there may be daily changes, such as missing a day of work, and so on.

Are those factored in? I'm not talking about the list on the T2201 form.

[English]

Mr. Frank Vermaeten: We take into account only those things that are set out in the Income Tax Act. We administer the program. Something such as exercise, as you said, to stay healthy, is not considered part of that. When there are complications and other health impacts, sometimes that does come into the application, because a person can suffer from multiple afflictions. It can come into account. However, if you're talking about simply an application that is only life-sustaining therapy, the legislation sets out what is eligible and what isn't eligible. It's fairly clear and it hasn't changed for years.

The Chair: We will have to leave it at that. We do have to vote on supplementary estimates.

Mr. Vermaeten, there may be a big debate between different parties and different members on how we got here, but I think you can see from every member, including me, that there's a huge concern over the type 1 diabetes approval and disapproval. I want to outline to you that sometimes there's lobbying by an organization, but I can tell you on my own part that it isn't just Diabetes Canada that we hear from; it's individuals on the ground in all our ridings. I'd just ask you as assistant commissioner to keep that in mind in your deliberations, and we hope the advisory committee will help in that regard.

Our thanks to all three of you for your appearance and for answering questions.

Committee members, we need to vote on supplementary estimates (B). You have them before for you.

CANADA REVENUE AGENCY

Vote 1b—Operating expenditures.....\$44,941,394

(Vote 1b agreed to)

The Chair: Shall I report the supplementary estimates (B), 2017-18, under Canada Revenue Agency, to the House?

Some hon. members: Agreed.

Some hon. members: On division.

The Chair: Thank you. We will do that.

The meeting is adjourned.

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