



HOUSE OF COMMONS
CANADA

**PARLIAMENTARY REVIEW OF THE *CANADA
CUSTOMS AND REVENUE AGENCY ACT: A
VALUE PROPOSITION OR A FAILED
EXPERIMENT?***

**Report of the Standing Committee on
Finance**

**Brian Pallister, M.P.
Chair**

December 2006



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THE STANDING COMMITTEE ON FINANCE

has the honour to present its

NINTH REPORT

Pursuant to its mandate under Standing Order 108(2) and section 89 of the Canada Revenue Agency Act, your Committee has studied the Statutory Review of the first five years of the Canada Revenue Agency Act and has agreed to report the following:

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PARLIAMENTARY REVIEW OF THE CANADA CUSTOMS AND REVENUE AGENCY ACT: A VALUE PROPOSITION OR A FAILED EXPERIMENT?

INTRODUCTION

Section 89 of the *Canada Customs and Revenue Agency Act* requires that, five years after the coming into force of that section, Parliament undertake a review of the legislation. The Committee(s) designated to undertake the review is (are) required to report to Parliament within a reasonable period of time after completing its (their) review.

With proclamation of section 89 of the *Canada Customs and Revenue Agency Act* occurring on 1 November 1999, the five-year period for review of the legislation expired on 1 November 2004. In fulfilment of the statutory review requirement, in May 2005 the House of Commons Standing Committee on Finance commenced “a comprehensive review and assessment of the provisions and operation” of the *Canada Customs and Revenue Agency Act* but did not complete the review prior to the 23 January 2006 federal election. Hearings continued in the 39th Parliament, with meetings in June and December 2006.

This report summarizes what the Committee heard from a variety of witnesses about the Canada Revenue Agency, and presents our thoughts and recommendations about future priorities that the Agency may wish to consider as it continues to evolve.

THE ESTABLISHMENT OF THE CANADA REVENUE AGENCY

In 1996, in announcing the Canada Revenue Agency (then the Canada Customs and Revenue Agency since it pre-dates the transfer of customs responsibilities to the Canada Border Services Agency in December 2003), the federal government identified three objectives for the new organization:

- provide better service to Canadians;
- become a more efficient and effective organization; and
- establish a closer partnership with the provinces/territories.

The Agency was established by Bill C-43, An Act to establish the Canada Customs and Revenue Agency, which contained five major elements:

- mandate and governance;
- accountabilities;

- partnership responsibilities;
- human resource authorities; and
- administrative authorities.

In advance of the Parliamentary review, the Canada Revenue Agency released the report *The Canada Revenue Agency: The First Five Years – Setting the Foundation for Tax and Benefit Administration in the 21st Century*.

A. Mandate and Governance

In terms of the Canada Revenue Agency's mandate and governance,

- the Minister of National Revenue is responsible for the Canada Revenue Agency's administration of program legislation, including the *Income Tax Act*, the Goods and Services Tax legislation and – before the customs function was removed – customs-related legislation;
- a 15-member Board of Management is responsible for overseeing authorities dealing with human resources, procurement, real estate and administration that formerly belonged to other federal departments (largely central agencies, including the Treasury Board, the Public Service Commission, and Public Works and Government Services Canada); and
- a Commissioner, who is the Chief Executive Officer, is responsible for the day-to-day management and direction of the Agency, is accountable to the Minister for the administration of the program legislation, and is accountable to the Board of Management for the operation of the administrative and management authorities in the *Canada Customs and Revenue Agency Act*.

The provinces/territories play a role through their nomination of Board of Management members. Eleven of the Board's members are nominated by the provinces/territories while the remaining four members – including the Chair – are nominated by the federal government.

B. Accountabilities

The Canada Revenue Agency is subject to an accountability system that ensures its actions are reported upon and scrutinized by appropriate authorities. The Auditor General of Canada is the Agency's auditor, and accountability to Parliament occurs through the Minister of National Revenue.

In addition to its Report on Plans and Priorities and its Departmental Performance Report, the Agency must submit a Corporate Business Plan and an

Annual Report. Moreover, the Public Service Commission reports on selected aspects of the Agency's staffing system, and the Agency both reports annually to the provinces/territories and keeps them – and the government departments for which it administers programs – aware of significant developments that would affect them.

C. Partnership Responsibilities

The Canada Revenue Agency has the authority to implement agreements – under certain conditions – with other federal departments and agencies, the provincial/territorial governments and First Nations.

D. Human Resource Authorities

When the Canada Customs and Revenue Agency was created, it was envisioned that a relatively more process-oriented and rules-based staffing system would be replaced with a system that recruits, selects and promotes employees based on a common set of competencies aligned with the Agency's business needs. As a separate employer, the Agency assumed responsibility for labour relations, compensation and collective bargaining.

E. Financial and Administrative Authorities

When the Canada Customs and Revenue Agency was created and the Board of Management was in place, the Board oversaw technology-based re-engineering that led to reduced costs and improved internal services. As well, through innovations introduced with Public Works and Government Services Canada, cost savings occurred in real property.

WHAT THE WITNESSES SAID AND WHAT THE COMMITTEE BELIEVES

A. Mandate and Governance

1. What the Witnesses Said

In her appearance before the Committee, the Minister of National Revenue described the Canada Revenue Agency (CRA) as “one of the most successful business transformations within the federal system.” In her view, the Agency has “a one-of-a-kind mandate. ... (T)he Agency has independence and freedom from political interference. It has unparalleled powers that enable it to operate more like a business, bringing the strengths of both the public and private sectors together to improve service to Canadians.” Moreover, she said that “an external Board of Management ... ensures a more strategic, business-like approach to running the Agency. ... Its members bring both private-sector skills and practices and a provincial perspective that strengthens the Agency's administration overall.”

The Commissioner of the Canada Revenue Agency told the Committee that “(f)ive years ago, Parliament launched a major experiment in public sector governance. New legislation created an agency with unique characteristics

designed to merge the best of what public and private sector governance had to offer. ... [It] brings into the public sector the wisdom and the business acumen of a corporate board and marries it to political direction What can now be observed ... is that the (A)gency has matured into a national organization that is able to serve all taxpayers by improving revenue collection and by eliminating unnecessary overlap between jurisdictions. It is also clear that five years is a very short time to assess major changes in governance. ... There is still work to be done in many areas. The transformation ordered by Parliament ... is very far-reaching and very complex.”

The Chair of the CRA’s Board of Management informed the Committee that a key motivation behind the Agency’s governance model was the desire “to reduce overlap and duplication between the federal and provincial governments in the administration of programs.” In her view, the role of the Board is “challenging the Agency to improve how it looks at its objectives, processes, and performance and to re-think its results from the clients’ perspective.” Moreover, she said that its role is “to foster sound management and service delivery. [The Board does] this through the governance of the Agency’s mission, vision, values, and management principles, as well as its planning, reporting and accountability structures. [The Board] also approve[s] administrative policies governing the Agency’s corporate resources”

Regarding the degree to which the Board of Management reflects the Canadian population, the Commissioner of the CRA told the Committee that “(t)here is an attempt to do [so], and there are areas of expertise that the (C)hair [of the Board] is certainly pursuing ... but [the federal government does not] control the composition of the (B)oard.”

The Chair of the Board of Management also spoke about the Board’s diversity, and informed the Committee that “(t)he quality of the Board’s guidance is enhanced by the diversity of its members because the Board can examine issues from multiple perspectives. The majority of Board members come from the private sector Fourteen members are independent and are not employed by any client-government. The Commissioner – [the Agency’s] Chief Executive Officer – is the only member of the CRA management on the Board. ... He provides ... regular updates on Agency concerns and initiatives, as well as on government-wide issues that may affect Agency operations and decision-making.” The Board also plays a role with respect to the Agency’s Corporate Business Plan and Annual Report, and has four committees that assist it in meeting its responsibilities: audit, resources, human resources and governance.

Other witnesses also supported the agency model adopted in Bill C-43. According to the Canadian Federation of Independent Business (CFIB), the agency model “is moving in the right direction. ... The [Canada Customs and Revenue Agency Act] still stands, as far as [the CFIB is] concerned. [The CFIB was] involved with the drafting of the (A)ct, and ... think[s] it’s still appropriate.” In assessing the

extent to which the agency model is appropriate, however, the CFIB said that “five years may be too short a time period.”

The Union of Taxation Employees of the Public Service Alliance of Canada told the Committee that its “relationship under the CRA structure is mostly good, and certainly better than when [the Agency was] a department of the government.”

Moreover, the Public Service Alliance of Canada (PSAC) indicated that “a fundamental restructuring of the CRA would not fit well with [the] PSAC – [its] component – the Union of Taxation Employees – or the thousands of members [it is] privileged to represent who work for the CRA. ... [W]hile change may be a good thing, constant change undermines the morale and the effectiveness of public institutions.” In the view of the PSAC, the restructuring process “is still incomplete, in terms of some significant human resource issues” The PSAC urged the federal government “to take a step back and allow some of the restructured departments and agencies, including the CRA, a period of stability, a period of time to complete some of the processes, including classification, that are both necessary and desirable.”

In commenting on the three objectives given to the CRA at the time of its creation in Bill C-43, the Certified General Accountants Association of Canada (CGA) noted its belief that “the (A)gency has achieved some success in each of these [objectives], though [the CGA] also see[s] some room for improvement.”

2. What the Committee Believes

The Committee believes that, on balance, the application of private sector principles to the area of tax collection and administration as well as benefit disbursement has had positive results. This endorsement, however, must be considered while bearing in mind that there are areas in which further refinement of the CRA’s mandate and governance model may be needed at some future point.

In the view of the Committee, it is fitting that the Minister of National Revenue continues to be responsible for the Agency’s administration of program legislation, including the *Income Tax Act* and the Goods and Services Tax legislation. Moreover, we believe that the federal-nominated Commissioner of the CRA plays an appropriate role in the Agency’s governance model and that the Board of Management has been instrumental in bringing private sector discipline and perspectives to an important area of the federal public service.

In commenting on the testimony presented by some witnesses, the Committee feels compelled to point out what we view as a slight, but puzzling, inconsistency: some witnesses argued that the CRA had matured, while also suggesting that five years was a very short time within which to assess major changes in governance. In our opinion, these two statements – when made by the same witness – seem to be somewhat inconsistent.

The Committee also agrees that the result has been, at least to some extent, improved tax collection and the elimination of unnecessary overlap between jurisdictions. We feel, however, that – as noted below – there remain a number of ways in which the CRA is failing to meet, to the extent possible, its objective of providing better service to Canadians. While improved service to some Canadians is occurring, there is scope for greater efforts in this regard, and later in the report we make recommendations designed to lead to improved service. From this perspective, the Committee recommends that:

RECOMMENDATION 1

the federal government not make any changes, at this time, to the mandate or governance provisions for the Canada Revenue Agency in the *Canada Customs and Revenue Agency Act*.

The Committee supports the current governance structure for the CRA, which includes responsibilities for the Minister of National Revenue, the Board of Management and the Commissioner. While we are not suggesting that problems currently exist with the composition of the Board, we believe that ongoing efforts must be directed to ensuring that the Board's members reflect the diversity of our population, since taxes are paid by a wide variety of Canadians and Canadian businesses. While we recognize that 11 of the nominations to the Board are made by the provinces/territories and that individuals with particular expertise are needed to ensure the Board's proper functioning, we feel that the federal government must ensure that its nominees to the Board reflect the diversity of Canadians. For this reason, the Committee recommends that:

RECOMMENDATION 2

the federal government, in making its nominations to the Board of Management of the Canada Revenue Agency, ensure that the range of skills needed for the proper functioning of the Board of Management are available. Moreover, the government, in making its nominations, should consider the diversity of Canadians.

B. Financial Accountabilities

1. What the Witnesses Said

According to the Commissioner of the CRA, “everything is measured in the (A)gency, whether it's the amount of collection [the Agency does], the effort, the number of hours per dollar collected, or the amount of time it takes to open an envelope – everything is measured on a constant basis. ... Four times a year, for three days at a time, [the Board of Management] essentially deal[s] with senior management in terms of productivity and in terms of measurement of performance. It is a real accountability relationship, akin to what one might find in the private sector with boards of directors. ... Over a period of years, it has generated a

different kind of attitude in the [A]gency, one that's oriented towards measurement, performance, service levels, and standards.”

In commenting that she is “very impressed by the accountability framework that has been put in place,” the Auditor General of Canada told the Committee that – with respect to the CRA – her office conducts performance audits, annually audits the two financial statements produced by the Agency, assesses the fairness and reliability of the information about the Agency’s performance that is included in the Annual Report, and audits a statement showing the income and capital taxes assessed and paid to the provinces/territories subject to federal-provincial/territorial tax collection agreements. As well, from time to time, the Agency is included in other federal government-wide performance audits that are conducted.

The Auditor General shared her view that “(f)rom a financial audit perspective, ... the nature, quantity, and relevance of financial information being provided by the (A)gency has improved since its departmental days. An important contributing factor ... has been the legislative reporting requirements set out in ... the (A)gency’s enabling legislation. [The Office of the Auditor General has] observed incremental year-over-year improvements.”

The Auditor General also commented that the fairness and reliability of the Agency’s performance information have “contributed to advances by [the] CRA in developing its performance management and reporting framework. Corporate business plans now have clearer expected results, and the (A)gency’s performance information has steadily improved over the years in terms of providing more concrete, clear, and measurable results that are better linked to the (A)gency’s business strategies. ... The legislative requirements for audited financial statements and for an assessment of the fairness and reliability of the performance information ... have improved the quality of performance information available for decision-makers and the public at large.” She also noted, however, that while “much progress has been made, some improvements are still needed, for example, in reporting how the (A)gency’s administrative functions are contributing to the achievement of corporate objectives.”

In the view of the Auditor General, the Board of Management “has instilled a heightened sense of accountability in the (A)gency. The (B)oard has also created several committees to deal with specialized aspects of its responsibilities, including an audit committee. ... (T)he enhanced oversight provided by the (B)oard of (M)anagement has contributed to strengthened business planning, a more rigorous performance measurement framework, and improved accountability to the Minister and the provinces. ... The new (B)oard of (M)anagement ... [has] certainly brought a rigour and discipline, and ... even more attention to financial management issues than [would be seen] in a department generally.”

2. What the Committee Believes

As a general principle, the Committee supports the measurement of inputs and outputs, believing that measurement is needed in order to develop targets,

assess progress, and determine when changes are needed. Moreover, we believe that information must be publicly available in such areas as tax collection and benefit disbursement. Canadians, who are required to pay taxes and who receive benefits from the CRA, have a right to access information about the efficiency with which tax collection and benefit disbursement occur, the degree to which taxpayers are complying with tax legislation, and the plans that the Agency has for its future, among other topics. Consequently, the Committee recommends that:

RECOMMENDATION 3

the federal government not make any changes, at this time, to the financial accountability requirements for the Canada Revenue Agency in the *Canada Customs and Revenue Agency Act*. The Agency should continue to prepare and publish its Report on Plans and Priorities, Departmental Performance Report, Corporate Business Plan and Annual Report, and to provide information on the degree to which its objectives are being attained.

C. Partnership Responsibilities

1. What the Witnesses Said

According to the Commissioner of the CRA, the Agency administers tax agreements, signed between the federal and provincial/territorial governments and financed by the federal government. The provinces/territories that are parties to such agreements and that no longer collect taxes experience savings, and the federal government may benefit from penalties and interest charges associated with the collection of provincial/territorial taxes. The CRA also collects taxes on behalf of First Nations. As well, the Agency has the capacity to enter into agreements on a cost-recovery basis.

The Committee was told, by the Commissioner of the CRA, that the Agency administers 190 programs for 126 clients. He also told us, however, that he “foresee[s] some change in scope over the next five years – the development of a larger client base. ... [The Agency] can grow the business in areas that [it is] already in; [it] can solicit new business.”

In commenting on federal financing of the cost of provincial/territorial tax collection, an official of the CRA told the Committee that “there has been a longstanding view ... that the public policy benefit of a single tax administration is so beneficial to individuals, businesses, and the central governments of a country that it’s worth the [cost] of administration to do that.” The Commissioner of the CRA also noted that “(o)n the benefit [side], there is a huge saving for the taxpayers [when tax consolidation occurs]. There is also an efficiency saving. ... [The Agency is] good at collection and benefits administration in large volume or for the benefit of government clients. That’s [the Agency’s] core business ... [and the Agency] really need[s] to keep [its] eyes on the ball.”

The Auditor General informed the Committee that “there have ... been positive developments in the tax collection agreements with the provinces. These agreements were recently revamped and now include stronger accountability provisions – in particular, a requirement for [the Office of the Auditor General] to provide reports to the provinces on the proper design and effective operation of controls that have an impact on determining provincial revenues.”

According to the CGA, “(t)here is an intent, both stated and implied, that [the] CRA sees itself as becoming the sole tax-collecting authority for all forms of tax [The CGA] would suggest that [the] government limit the ability to do that When we have inconsistent decision-making now and not a complete[ly] level playing field with respect to the taxpayer and everything else, the thought of having an auditor come in to try to assess ... property tax, ... sales tax, ... GST, ... income tax, and whatever other tax there may be down the road ... (t)hat person cannot have expertise in all those areas.”

2. What the Committee Believes

The Committee believes in the benefits associated with economies of scale, and feels that greater economies could be experienced should the CRA continue to sign tax agreements with the provincial/territorial governments and First Nations. We are aware of the recent agreement reached between the federal government and the province of Ontario regarding tax collection, and recall the comments made to us by the Minister of Finance on 23 November 2006 regarding tax harmonization. It is from this perspective that the Committee recommends that:

RECOMMENDATION 4

the Canada Revenue Agency pursue additional tax agreements with the provincial/territorial governments and First Nations.

D. Human Resource Authorities

1. What the Witnesses Said

In his appearance before the Committee, the Commissioner of the CRA said he would “like to think [the Agency has] an excellent relationship with both unions of employees. ... We’ve been working very hard on all sides to develop that relationship” He also said that “(s)taffing in the [Canada Customs and Revenue Agency Act] was recognized and preserved as a management right, as it is in the [federal] public service generally. This is not something that is at the negotiating table. For the time being, it has led [the Agency] to the implementation of a very different staffing system. That has its problems, but it is also at the forefront of staffing systems in public sectors. [The Agency] is working with the unions ... to improve it. But in the end, in the (A)ct, it is the prerogative of management to decide which system will be put in place.”

An official of the Agency noted that “[the Agency] starts and ends with people. The authorities [the Agency] now [has] allow [it] considerable latitude in the

way [it classifies its employees], in the way [it structures itself], and in the way [it treats its] employees.” Another official noted that “[the Agency] continue[s] to work very actively in order to put in place the competency-based human resource management system. ... (S)ince [its] implementation ..., [the Agency has] taken a number of steps to bring improvements to [its] whole human resources regime. This includes things like building capacity, in terms of having people who can do evaluations, and bringing managers into the process of evaluating the competencies of their staff.”

In speaking about the human resource authorities granted to the CRA under the *Canada Customs and Revenue Agency Act*, the Auditor General told the Committee that “in terms of the benefits anticipated from the (A)gency’s new human resource management and administrative authorities, there are indications that progress has been slower than anticipated.” Particular comments were made about the description of competencies, which she had expected would have been under way but that seemed to be occurring only when there was a competition, and staffing actions. She indicated that, when her office originally contemplated an audit of the Agency’s human resource management, “neither the job descriptions nor competency profiles were completed. Nor was validation of the profiles. For staffing, there was a pool of prequalified staff. This system seems a bit mixed up.” The Auditor General also indicated that concerns had been shared about some staff apparently having been “transferred within the (A)gency without competition or posting. The way all of that worked was not clear”

The Auditor General informed the Committee that her office has “not yet completed any performance audits that look specifically at the new authorities granted to the (A)gency. In 2004 [the Office of the Auditor General] began an audit that was designed to assess the new competency-based human resources management regime being put in place. However, [the Office] found that progress was not sufficient to warrant an audit at the time. [The Office] felt, and other (A)gency internal studies confirmed, that the (A)gency had tried to do too much, too soon, without a full understanding of the cost, scope, and complexity of the task. ... [The Office] ... anticipate[s] beginning an audit of human resources management in the fall of [2006], with another human resources audit tentatively scheduled to begin about a year later.”

As noted earlier, the PSAC commented on the need to continue to make progress in a number of areas of human resource management, with particular mention of job classification. The Committee was informed that the classification review was well under way, “but once [the federal government] ... took the customs offices out [of the Canada Customs and Revenue Agency] and put them in the [Canada Border Services Agency], [the classification review process was] stopped”

According to the Union of Taxation Employees of the PSAC, “the most important area where the CRA has failed to live up to its employer-of-choice model is in the area of staffing and staffing recourse. ... (T)he CRA staffing directives fall

far short of providing transparency in appointments and do not provide any real recourse. ... (T)he CRA has refused to implement some of the findings of the independent third party reviewers When an [independent third party reviewer] interprets a directive in a way that expands employees' rights, the employer amends the directive to limit that right once again." The Committee was told that these reviewers are chosen by the CRA. The PSAC noted that "(n)o other employer in the country gets to set the rules."

In the view of the Union of Taxation Employees, "the staffing and staffing recourse need to be included in the collective bargaining process so that the interests of the CRA workforce as well as [of the] employer are addressed. ... (W)ithout the ability to negotiate, the employer, the CRA, has the unilateral and unfettered right to set the rules. As [the union goes] to [the Agency's] stages of recourse – where union representation is not allowed at the first two levels – and [the union] make[s] some inroads, the (A)gency has the unfettered authority, with the stroke of a pen, to change the policy once again. Without the ability to bargain the rules at the table and to have rules we all must live by, or to negotiate those changes, [the] employees are left with a really futile sense of recourse. They have no real recourse." The Committee was told that the union is "spending the time of the Federal Court Trial Division and the Federal Court of Appeal arguing staffing issues of the public service. ... [The union is] left with no other alternative than to fight [its] battles in the courts."

The PSAC expressed a similar position regarding collective bargaining of staffing and recourse issues, noting that "(w)hen you bargain, you don't necessarily get what you want. But the fact of the matter is that once you do get the pieces in the collective agreement, you have the right to address mechanisms that flow from the collective agreement." The Union of Taxation Employees commented on the process that existed when the Agency was a department, and told the Committee that while staffing was not bargained because it was covered by the *Public Service Employment Act*, the union "had the watchdog [— the Public Service Commission —] when there were problems. Now the (A)gency gets to act as accused, judge, and jury under their own process. [The Agency] create[s] [its] own process; [it is its] own watchdog; the complaints about [its] processes are heard and decided by [its] managers, or [by] the reviewer [that] is appointed by [the Agency]."

In the view of the PSAC, "(t)he problem is that the [CRA] tends to link itself far too directly ... with the Treasury Board. So they send their people to the negotiating table with [the union], and the problem ... is they have no mandate. Each time [collective agreements have been negotiated] with them in the past, it's had to involve the president of the PSAC meeting with the (C)ommissioner and other officials to conclude a collective agreement, because they don't seem to want to give the mandate to the people they put at the table. [The union] believe[s] that's where the agreement should be started and finished, without having to go into a discussion between the head of the (A)gency and the head of the union."

The issue of staffing and recourse was also discussed by the Professional Institute of the Public Service of Canada (PIPS), which said: “[The Agency] has awarded itself very high marks in the report [it prepared in anticipation of the five-year statutory review]. ... [The PIPS] entirely disagree[s] with [the Agency] on this point. ... (T)he most crying need in human resource management that must be satisfied is the whole issue of staffing and recourse. ... The feeling is that [the Agency] put the cart before the horse in establishing [its] staffing and recourse mechanisms at the (A)gency. It’s poisoned everybody’s life ever since. ... (S)taffing and recourse at [the] CRA are in dire need of fixing.”

According to the PIPS, “(t)he CRA pride[s] [itself] on being [a] trendsetter because [it] brought forward a new staffing regime, a new recourse regime, a new entity distinct from [the] Treasury Board [It] did make strides in establishing forums for consultation for employee representatives. [It has] tried to make the staffing more efficient, and it doesn’t work. ... If [the Agency] want[s] to continue with [the] impression of [itself] ... [as a] trendsetter [it] could go a step further and say, ‘Yes, [the Agency is] a separate employer; why [doesn’t the Agency] establish a process by which [staffing recourse could be bargained]?’” It also told the Committee that “(a)n internal review by the (A)gency shows that 75 per cent of employees believe that the selection process needs improvement, because it is neither fair nor transparent. The system should be quicker and more efficient”

In the view of the PIPS, “recourse must be provided in a manner allowing for the cancellation or modification of the staffing action. Any recourse system that has any backbone must be consistent with the principle of natural justice, the most important principle being the right to representation.” The PIPS urged Parliament to “direct the Canada Revenue Agency to meet its obligations under section 54,” which deals with appointments and recourse. The Union of Taxation Employees urged an amendment to the section in order to ensure that staffing and recourse issues can be bargained, rather than deleting the section and having the Act remain silent on the issue.

The PIPS also told the Committee that its members have concerns about “the disclosure of information, which occurs inconsistently and on a largely untimely basis. After six years of [the union] raising concerns related to disclosure, [the union does] recognize that [the] CRA has finally agreed to show some opening in principle, which may lead to improved methods for disclosure of information. Time will tell whether the principle will be followed by an equally open practice. [The Committee] will understand and pardon [the union’s] skepticism, given the (A)gency’s overall record on recourse.”

Finally, the Union of Taxation Employees commented on the centralization of compensation service delivery, and informed the Committee that “before [compensation delivery services were] centralized, each office did have compensation service people on site. You could see them and talk about your impending retirement, discuss some of the things you will need to do, how much your pension will be when you leave, and that sort of thing. That is gone. Now

you're on the phone and you deal with either Ottawa or Winnipeg. [The union was] told that [it] used to have a Cadillac service and [the Agency is] not prepared to give a Cadillac service to the membership any longer."

2. What the Committee Believes

The Committee was somewhat disturbed by the extent to which relatively little progress appears to have been made in the area of human resource management since Bill C-43 was enacted. Consequently, as the CRA moves forward, we strongly believe that this area is one of three areas that should be a priority for progress.

The Committee fails to comprehend why, given the CRA's status as a separate employer, the Treasury Board is involved – to the extent that it appears to be – in negotiations between the Agency and the unions representing its employees. Quite apart from any inefficiency associated with having parties sit at the bargaining table who have no authority to conclude a collective agreement, we believe that the Treasury Board's involvement undermines the Agency's separate employer status as well as the extent to which private sector principles are being adopted by the Agency. For this reason, the Committee recommends that:

RECOMMENDATION 5

the Treasury Board play no role in negotiations between the Canada Revenue Agency and the bargaining agents representing the Agency's unionized employees.

E. Other Issues: Tax Compliance and Protecting the Tax Base

1. What the Witnesses Said

In her appearance before the Committee, the Minister of National Revenue told us that in order to "be the best Agency that it can be, the CRA must maintain the integrity of the federal and provincial tax bases. It can best achieve this by building on the high levels of voluntary compliance within Canada's tax system. These compliance levels are forged and rooted in the confidence that Canadians place in the Agency by virtue of its fairness, accountability and integrity."

One of the areas identified by the Commissioner of the CRA as requiring some work and improvement is tax compliance. He indicated that a major responsibility for the Agency is maintaining the integrity of the tax base on behalf of the federal and provincial/territorial governments as well as First Nations. According to the Commissioner, "the end objective is to ensure that the (A)gency is able to put a constant pressure on the compliance side to ensure the integrity of [the] tax base on an ongoing basis."

On the issue of tax havens, the Commissioner said that the "[Agency] see[s] the issue of the tax haven as part of a much broader tax compliance issue." He cautioned that foreign investment should not be linked to tax evasion, and

suggested that “(t)his is an issue of foreign investment policy; it may turn out to be a very good sign for the Canadian economy that people have money to invest throughout the world.” The Commissioner recognized, however, that “a portion of (the money that constitutes foreign investment by Canadians) is part of larger tax avoidance schemes and measures that involve tax havens and channeling money through foreign countries that offer a different tax system. The principle of Canadian investors taking advantage of an advantageous ... tax system in another country is something that all countries are competing against, but it’s not necessarily tax evasion”

The Auditor General told the Committee that “the (A)gency has limited resources and cannot be everywhere at once. It must make trade-offs in deciding where to deploy resources to deal with competing threats to the tax base.” In her view, while “the individual compliance programs are generally well designed, ... the (A)gency needs to improve its overall risk management framework and the manner in which it allocates its resources.” She said that the Agency is not “paying enough attention to which collection methods are the most efficient. [The Agency has] various methods that [it] could use. [It] need[s] to have better information, too, to identify the higher-risk taxpayers earlier, and, if necessary, take action more quickly on those. ... [The Agency] could do better by having better information both on the taxpayers who owe the money and on the composition of the amount, and by having better information on which types of collection are the most efficient in what case. Basically there needs to be more attention paid to collections.”

According to a report by the Auditor General of Canada, “(t)he Canada Revenue Agency does not have a consistent and integrated approach to identifying threats to the tax base to ensure its resources are allocated most effectively.” Moreover, the Auditor General has said that the Agency’s “approach to assessing files for risk continues to lack sophistication and has major weaknesses that impede the timely collection of tax debts. Further, the Agency still lacks information needed to manage its collection of the tax debt effectively. ... The automatic risk scoring of delinquent accounts was ineffective because the risk assessment was limited mainly to the outstanding balance and the age of the account; other important risk factors either were not considered or did not weigh heavily in the risk scoring. The risk scores were rarely updated or used to prioritize workload. There were no profiles of tax debtors for use in modifying basic collection strategies to improve recoveries from debtors who posed a high risk of non-payment.” The point was also made that “the Agency does not have a full understanding of the composition of the tax debt and why it is growing.”

The Commissioner of the CRA informed the Committee that the Agency “did not disagree with any of the recommendations in the [Auditor General’s] last report, and in fact [the Agency is] already gearing up to implement everything [that the Auditor General] suggested. These kinds of reports are extremely helpful.” An official of the CRA said that the Agency acknowledges that it “needs far more refined and developed information systems to help [it]. The business of tax administration is the business of managing risk, and the same applies to tax

collection. ... (S)ome development work [is] under way in the (A)gency to get [it] to the point where [it is] more capable. It'll take time and money."

That being said, another official of the CRA informed the Committee that the Agency "risk assess[es] and risk score[s] each and every one of the some 24 million individual returns that are filed, each of the [2] million business returns that are filed, and all [5] million to [6] million GST returns that are filed."

In its comments on tax compliance, the CFIB indicated that "(t)he overwhelming amount of paperwork involved in complying with a tax system is the number one factor contributing to compliance burden, as identified by both tax practitioners and business owners. The average cost for tax compliance for a small firm is \$3,000 per employee." According to the CFIB's survey of its members and tax practitioners, "71% of tax practitioners said that compliance costs on small firms have increased during the past five years. One of the mandates of [the] CRA is to improve service and compliance costs." The CFIB also indicated that the top four most burdensome federal regulations are related to the CRA.

2. What the Committee Believes

The Committee agrees that ensuring tax compliance and the integrity of the tax base should be key responsibilities of the CRA. In our pre-budget report for 2006, entitled *Canada: Competing to Win*, we commented on tax havens and on tax fairness. We look forward to the next federal budget, and hope that the Minister of Finance will act on our recommendation. We also made a recommendation in our pre-budget report on regulations and their costs. Bearing in mind the comments made to us about the cost of tax compliance, we are also hopeful that the Minister of Finance will adopt the recommendation made by us in the area of regulation, and that he will take actions to reduce tax compliance costs within Canada. Regarding tax compliance, we urge the Canada Revenue Agency to ease the burden of complying with taxes through broader implementation of electronic filing for more individuals and businesses as well as for more types of taxes.

Ensuring a high level of tax compliance and the integrity of our tax base sends the signal that taxpayers who fail to abide by tax legislation will face consequences for their non-compliance. It also helps to ensure that the federal government has the resources that are needed to fund the tax, program and other spending measures that have been identified as priorities for Canadians. The Committee recognizes that the CRA – like virtually all other organizations – faces limited resources and competing priorities. Nevertheless, we believe that tax compliance is the second of three areas that should be a priority area for action as the CRA moves forward. It must enhance its risk assessment efforts and must devote more resources to identifying the composition of, and reasons for the growth in, the tax debt. For these reasons, the Committee recommends that:

RECOMMENDATION 6

the Canada Revenue Agency, in order to ensure a high level of tax compliance and the integrity of the tax base, allocate adequate resources to tax compliance. The Agency should allocate resources to the most efficient collection methods and to those taxpayers who pose a higher risk for non-compliance.

F. Other Issues: The Underground Economy

1. What the Witnesses Said

Witnesses also spoke about the underground economy. An official of the CRA indicated that the Agency has a fairly comprehensive approach to the underground economy; it tries to promote voluntary compliance and works with the provinces/territories and key industry associations. Matching databases and third-party sources, seminars, community visits, presentations at trade schools, educational tools, audits, investigations, a federal-provincial/territorial working group and a focus on high non-compliance areas were also noted.

In commenting on the compliance aspect of the one percentage point reduction in the Goods and Services Tax rate, an official of the CRA told the Committee that “a change in the tax rate doesn’t immediately lead to a change in compliance behaviour, because people who choose to not comply for whatever reason are not going to be immediately motivated by a reduction in taxes. It’s a culture of non-compliance”

2. What the Committee Believes

The Committee is also concerned about the existence of the underground economy, and the extent to which its existence undermines our tax base and encourages taxpayers to avoid the payment of taxes. From this perspective, the Committee recommends that:

RECOMMENDATION 7

the Canada Revenue Agency, in its Annual Report, comment on the extent to which it believes its efforts directed toward elimination of the underground economy are successful. In doing so, the Agency should provide objective evidence that forms the basis for its belief.

G. Other Issues: Service to Canadians

1. What the Witnesses Said

A number of comments about the service provided by the CRA were brought to the Committee’s attention, with some making positive statements and others identifying areas where service improvements should occur. The Minister of National Revenue, who supports the agency model but realizes that work must

continue, commented on the need for improved service: “While I am a big supporter of the Agency model, I recognize it is not perfect. And sometimes [the] CRA’s own strengths can highlight a weakness. ... [The] CRA’s taxpayers are well-served. But sometimes in our haste to meet these objectives, some dimensions of our interactions with them can be overlooked. What may be overlooked in the Agency model is an independent channel for the average person – or the ordinary business – to access when they feel the Agency has not fully responded to their needs.”

The Minister of National Revenue told the Committee that inquiries by taxpayers with respect to an appeal or an adjustment are processed by Agency employees. In her view, “the public may perceive this appeal mechanism to be somehow slanted in favour of the CRA.” She informed us that Agency officials have been asked to provide “a blueprint to improve the current avenues of rights and appeals that provide taxpayers and benefit recipients with an additional level of confidence in their dealings with the CRA.”

The Commissioner of the CRA said that “Canadians are now receiving better, faster and higher quality tax and benefit administration.” He also indicated that the Agency has “made a number of [its] core documents available in different languages, to different groups in Canada. [The Agency also has] a record of [its] employees’ language abilities so that [it] can arrange to converse with a taxpayer in the language of his or her choice on an appointment basis. ... [The Agency also has] different outreach programs with different communities to make sure they’re getting the service they need.”

The CFIB shared with the Committee the results of a survey it conducted among its members and tax service providers about changes in the level of service during the Agency’s first five years of operation. The results of the CFIB’s survey identified improved service in the areas of accessibility of staff, knowledge of staff, promptness of replies, and speed in processing refunds. The CFIB told the Committee, however, that “even if [the Agency has] improved, [it is] still not very good.” Moreover, it indicated that while responses to enquiries may be very rapid, “it’s not necessarily the same people you’re dealing with all the time.” The CFIB also informed us that its survey results revealed reduced performance in the areas of availability of information, simplicity of information, willingness to provide interpretations, and levels of penalties.

The audit process was identified as an area in which service has improved. The CFIB told the Committee that CRA auditors are “more knowledgeable, their professionalism is good, and their courtesy has improved. But the time spent complying with audits has increased from 6.6 days to almost 9 days.”

In the view of the CFIB, the CRA “should make service a big priority. [As well, the Agency] should make reduction of compliance costs a top priority. [The Agency] should measure the compliance and paperwork burdens and set real targets, and report to [the House of Commons Standing Committee on Finance] annually on [its] progress. [The CFIB thinks the Agency] should set customer

service standards ... [As well, the CFIB thinks] there should be a more proactive approach to communicating tax changes.”

The need for a focus on service was also identified by the CGA in its appearance before the Committee. It told us that “a focus on improving service and reducing costs to the taxpaying public is the best catalyst for thinking about future directions. In its bid to better serve Canadians by becoming a customer-driven organization, [the CGA] suggest[s] that the (A)gency focus its performance in four key areas.” The four areas identified by the CGA are: rendering consistent, predictable decisions; delivering expertise and well-informed counsel; communicating effectively with Canadians; and treating Canadians fairly and respectfully.

Regarding these four areas, the CGA said that “(c)onsistent decision-making is critical to a just and defensible application of tax laws and regulations. ... The reliability of information and that of its sources is a make-or-break issue for professional accountants. ... (T)he implication of cutting-edge, web-based information systems is undermined by the requirement to maintain antiquated paper-based records for auditing purposes ... (T)he CRA’s approach to risk assessment ought to better reflect that, in the real world, honest mistakes can and do happen.” The CGA supported equivalency of electronic and paper records, and argued that “(w)hen given a similar set of circumstances, you would expect that the decision would be similar no matter where you live. ... [The CGA has] seen, based on similar circumstances, ... different decisions in Calgary, Toronto, Halifax, and Montreal.”

The CGA also spoke about telephone service, and told the Committee that “service from the front-line people when you call the 1-800 number is worse than it was before. But from a district manager level on up, it has perhaps become better”

Witnesses commented on the closure of service counters and the introduction of an appointment process at CRA. The Commissioner of the CRA informed the Committee that “an appointment system ... allows people to sit down with someone who knows what questions will be asked and is able to serve [them] well.” He suggested that “(a) taxpayer who goes into an office to discuss a problem and has to wait 30 minutes to see someone who cannot help him because he’s not familiar with the particular area at issue, is badly served in [the Agency’s] view. A taxpayer who telephones, explains his or her problem, makes an appointment to talk to an officer who can provide proper service is better served.”

In the view of the Union of Taxation Employees, “[the union] is opposed to appointment only, but [is] not opposed to appointments. [It] feel[s] that the clients, the taxpayers who pay their taxes, should still be allowed to walk in and get the service they pay for with their taxes. One of the worst examples ... is a farmer anywhere in rural Canada. It will be very difficult for [him or her] to make an appointment, because [he or she is] only available when the weather’s bad;

otherwise, [he or she is] in [the] fields and working. It's going to be hard for [him or her] to make an appointment to come in to meet with [the] CRA. Last year [he or she] could walk in anytime [he or she] happened to be in town."

The PIPS told the Committee that "[it] often hear[s] [employees] say that they are being prevented from providing services that they were previously able to offer. This clearly shows that there is a real risk of a decline in service standard. ... [The union's] members want to provide services to Canadians"

Regarding service outside of Ottawa, the Commissioner of the CRA told the Committee that "if the (A)gency grows, ... it will grow outside of Ottawa."

The appeal process was noted by a number of witnesses. An official of the CRA informed the Committee that the Agency has "a very elaborate appeal system that is independent and looks into any problem a taxpayer may have when he or she feels that the amount collected or the amount under collection is not the right one. ... [The appeal] can be brought from there to the court." The Commissioner of the CRA noted the existence of the Taxpayers' Bill of Rights, the elements of which are being examined by the Agency and the Minister of National Revenue.

The CGA shared its experience that "issues of objections and appeals that used to take [3] or [4] months, and then the taxpayer could move on, are now taking 18 and 24 months. It doesn't put the taxpayer in a position where [he or she] can even really comply with the current year, because it depends on the decision rendered on a previous appeal."

2. What the Committee Believes

In the Committee's view, improved service does not necessarily imply that service is good. Nor does it imply that service is as good as it can – or should – be. It is also the case that good – or better – service cannot be legislated. In our opinion, good service begins with a corporate culture that values and rewards the service that is provided by employees. While we believe that service to Canadians – at least in some respects – may have improved since Bill C-43 was enacted and the CRA began operations as the Canada Customs and Revenue Agency, we feel that – regardless of the level of service that is now being provided – there is scope for improved service to Canadians. Improved service is the third area for priority action.

The Committee feels that one aspect of good service to Canadians is access to an appeal process that is timely, independent and binding, except in cases where the rules of natural justice have been violated. From this perspective, we look forward to an early announcement by the Minister of National Revenue about a revised appeal process. We also feel that taxpayers must continue to have recourse to the tax court, hopefully to be used only in extraordinary cases rather than as a routine matter. In this regard, the Committee recommends that:

RECOMMENDATION 8

the Minister of National Revenue consider the appointment of an ombudsperson as one means by which Canadians might be better served by the Canada Revenue Agency. Moreover, prior to implementing any changes to the appeal process, the Minister should refer the proposed process to the House of Commons Standing Committee on Finance in order that the Committee can provide its views on the proposed process.

In the Committee's view, another aspect of good service to Canadians is accessibility to CRA staff. While we recognize the merits of the appointment process, we are reminded of the example of the farmer provided to us by a witness. There will be some Canadians for whom the appointment process is not the best method by which to access CRA staff and for them, as well as perhaps for others, consultations with CRA staff must not occur only through such a process. We believe that the Agency should meet with key stakeholder groups in order to identify the best means by which Canadians might access CRA staff and by which they might be well-served by the Agency. Consequently, the Committee recommends that:

RECOMMENDATION 9

the Canada Revenue Agency ensure that Canadians are able to consult with Agency staff in a manner that is appropriate to their needs, in full recognition that the Agency should provide high-quality service to Canadians as a key priority. Components of high-quality service include ethical interaction with taxpayers, consistency in the information provided to them, and timely provision of service. The service provided to Canadians by the Agency should be measured by a third-party agency on an ongoing basis, in both a quantitative and a qualitative manner, and this information should be included in the Agency's Annual Report.

The Committee also feels that the CRA is able to provide better service to Canadians when it has a clear understanding of Canadian views and priorities regarding tax collection and benefit disbursement. In our view, an important means for attaining this goal are advisory committees. From this perspective, the Committee recommends that:

RECOMMENDATION 10

the Canada Revenue Agency provide the House of Commons Standing Committee on Finance with a comprehensive explanation of why its Advisory Committees are no longer seen as valuable.

The Committee believes that our small and medium-sized businesses are the engines of growth in Canada. Consequently, we believe that their productivity and prosperity – and, in fact, the productivity and prosperity of our large businesses as well – must be nurtured and supported, rather than undermined. We were struck by the testimony indicating that the time taken to complete CRA audits has increased, and feel that this time represents reduced productivity for businesses. It is for this reason that the Committee recommends that:

RECOMMENDATION 11

the Canada Revenue Agency undertake its audits in a manner that minimizes disruption to the normal functioning of the business that is the subject of the audit. Moreover, the frequency and duration of the audit should reflect the business' risk or history of non-compliance.

Like many Canadians, the Committee believes that the work undertaken by the Office of the Auditor General of Canada, and the recommendations made by the Auditor General, are well-considered and are designed to ensure that Canadians are well-served and receive value for the taxpayer dollars that are spent. For this reason, the Committee recommends that:

RECOMMENDATION 12

the Canada Revenue Agency fully implement any recommendations made by the Auditor General of Canada with respect to its administration, operation and procedures. These recommendations should be implemented on a timely basis.

Finally, the Committee was pleased to undertake this statutory review of the *Canada Customs and Revenue Agency Act*, since we believe that these types of reviews are important. As legislators, it is not enough for us to pass laws: we must also review these laws, on an ongoing basis, in order to ensure that they are having the intended effect. Consequently, the Committee recommends that:

RECOMMENDATION 13

the federal government amend section 89 of the *Canada Customs and Revenue Agency Act* to require Parliamentary review of the Act every five years.

CONCLUSION

Having completed the Committee's hearings on the statutory five-year Parliamentary review of the *Canada Customs and Revenue Agency Act*, we are now in a position to answer the question posed in the title of this report. Is the CRA

a value proposition, or is it a failed experiment? We believe that the CRA is a value proposition, but that greater efforts are required in a number of key areas.

The Committee agrees with our witnesses that, in many ways, the agency model has been successful. We also agree, however, that there are a number of important areas in which priority action is needed. The three most important, in our view, are its relationships with its employees and the unions that represent them, efforts to enhance the extent to which taxpayers comply with the nation's tax laws, and the Agency's service relationship with Canadians.

The Committee is pleased that Canada is among the Organisation for Economic Co-operation and Development (OECD) countries that have agreed to work together on ways in which tax administration might be improved and in which the significant and growing problem of international non-compliance with national tax requirements might be addressed. In our view, the OECD Forum on Tax Administration could provide valuable information as we seek to ensure that our tax base is secure and that tax compliance in Canada is high.

The Committee recognizes the particular problems faced by many nations in light of global trade, capital liberalization and mobility, and ongoing advances in information and communication technology. Going forward, we will monitor announcements made by the OECD Forum on Tax Administration about co-operation between revenue bodies and law enforcement, the role of tax intermediaries and other financial professionals regarding non-compliance, and emerging financial instruments and their potential concerns for revenue bodies.

The Committee looks forward to reviewing the progress made by the Canada Revenue Agency in the areas we have identified in this report.

REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the Committee requests that the government table a comprehensive response to this Report.

A copy of the relevant Minutes of Proceedings (*Meetings Nos. 11, 12, 13 14, 56 and 57*) is tabled.

Respectfully submitted,

Brian Pallister, M.P.
Chair

APPENDIX LIST OF WITNESSES

Organizations and Individuals	Date	Meeting
<p>Canada Revenue Agency</p> <p>William Baker, Deputy Commissioner and Chief Operating Officer</p> <p>Michel Dorais, Commissioner</p> <p>Lysanne Gauvin, Assistant Commissioner, Human Resources Branch</p> <p>John Kowalski, Deputy Assistant Commissioner, Compliance Programs Branch</p> <p>Stephen O'Connor, Assistant Commissioner, Corporate Strategies and Business Development Branch</p> <p>James Ralston, Chief Financial Officer and Assistant Commissioner, Finance and Administration Branch</p>	2006/12/06	11
<p>Canadian Federation of Independent Business</p> <p>Garth Whyte, Executive Vice-President</p> <p>Corinne Pohlmann, Director, National Affairs</p> <p>Lucie Charron, Policy Analyst</p>	2006/06/14	12
<p>Professional Institute of the Public Service of Canada</p> <p>Michèle Demers, President</p> <p>Réal Lamarche, President, Audit, Financial and Scientific Group</p> <p>Michel Charette, Negotiator</p>	2006/06/14	12
<p>Public Service Alliance of Canada</p> <p>Betty Bannon, National President, Union of Taxation Employees</p> <p>John Gordon, National President</p> <p>Shane O'Brien, Acting Executive Assistant to the National President, Union of Taxation Employees</p>	2006/06/14	12
<p>Office of the Auditor General of Canada</p> <p>Sheila Fraser, Auditor General of Canada</p> <p>Jamie Hood, Principal</p> <p>Marian McMahon, Principal</p>	2006/06/19	13

Organizations and Individuals	Date	Meeting
<p>Canada Revenue Agency</p> <p>William Baker, Deputy Commissioner and Chief Operating Officer</p> <p>Michel Dorais, Commissioner</p> <p>Lysanne Gauvin, Assistant Commissioner, Human Resources Branch</p> <p>Stephen O'Connor, Assistant Commissioner, Corporate Strategies and Business Development Branch</p> <p>James Ralston, Chief Financial Officer and Assistant Commissioner, Finance and Administration Branch</p>	2006/06/21	14
<p>Certified General Accountants Association of Canada</p> <p>Everett Colby, Chair, Tax and Fiscal Policy Committee</p> <p>Carole Presseault, Vice-President, Government and Regulatory Affairs</p>	2006/06/21	14
<p>Canada Revenue Agency</p> <p>Carol Skelton, Minister of National Revenue</p> <p>Connie Roveto, Chair, Board of Management</p> <p>Michel Dorais, Commissioner</p> <p>William Baker, Deputy Commissioner and Chief Operating Officer</p> <p>James Ralston, Chief Financial Officer and Assistant Commissioner, Finance and Administration Branch</p> <p>Deborah MacDonald-McGee, Corporate Secretary</p>	2006/07/12	56
<p>Office of the Auditor General of Canada</p> <p>Marian McMahan, Principal</p>	2006/07/12	56

APPENDIX LIST OF BRIEFS

Organisations and individuals

Canada Revenue Agency

Canadian Federation of Independent Business

Certified General Accountants Association of Canada

Office of the Auditor General of Canada

Professional Institute of the Public Service of Canada

Public Service Alliance of Canada

MINUTES OF PROCEEDINGS

Tuesday, December, 12, 2006
(Meeting No. 57)

The Standing Committee on Finance met *in camera* at 10:04 a.m. this day, in Room 237-C, Centre Block, the Vice-Chair, Massimo Pacetti, presiding.

Members of the Committee present: Diane Ablonczy, Dean Del Mastro, Rick Dykstra, Hon. John McKay, Massimo Pacetti, Pierre A. Paquette, Michael Savage, Thierry St-Cyr and Mike Wallace.

In attendance: Standing Committee on Finance: Shaila Anwar, Co-Clerk of the Committee. *Library of Parliament:* June Dewetering, Principal; Alexandre Laurin, Analyst; Sheena Starky, Analyst.

Pursuant to Standing Order 108(2) and section 89 of the Canada Revenue Agency Act, the Committee resumed the study of the Statutory Review of the first five years of the Act .

The Committee commenced consideration of its draft report.

At 10:05 a.m., the sitting was suspended.

At 10:26 a.m., the sitting resumed.

The Committee resumed consideration of its draft report.

It was agreed, — That the evidence and documentation presented to the Standing Committee on Finance during the First Session of the 38th Parliament in relation to its study pursuant to Standing Order 108(2) and section 89 of the Canada Revenue Agency Act of the Statutory Review of the first five years of the Act, be deemed received by the Committee in this session of the 39th Parliament.

It was agreed, — That the draft report, as amended, be adopted.

It was agreed, — That the Chair, Clerk and analyst be authorized to make such grammatical and editorial changes as may be necessary without changing the substance of the report.

It was agreed, — That, pursuant to Standing Order 109, the Committee request that the Government table a comprehensive response to the report.

It was agreed, — That the Vice-Chair present the report to the House.

At 11:31 a.m., the Committee adjourned to the call of the Chair.

Eliizabeth Kingston
Clerk of the Committee