



House of Commons  
CANADA

# Standing Committee on Government Operations and Estimates

---

OGGO • NUMBER 027 • 2nd SESSION • 39th PARLIAMENT

---

EVIDENCE

**Tuesday, May 6, 2008**

—  
**Chair**

**The Honourable Diane Marleau**

Also available on the Parliament of Canada Web Site at the following address:

**<http://www.parl.gc.ca>**

## Standing Committee on Government Operations and Estimates

Tuesday, May 6, 2008

•(0905)

[Translation]

**The Chair (Hon. Diane Marleau (Sudbury, Lib.)):** Welcome to the committee.

Our witnesses today are officials from the Canada Revenue Agency who are here to talk to us about the turnover rate within their department and their decision-making processes, with particular emphasis on how office locations are chosen and set up. This is an issue of particular interest to us at this time.

Ms. Gauvin, you can begin by introducing yourself, to give everyone some context.

**Ms. Lysanne Gauvin (Assistant Commissioner, Human Resources Branch, Canada Revenue Agency):** Good morning and thank you, Madam Chair.

My colleague Mr. Claude Bourget is accompanying me today.

[English]

Claude is director general, human resources transformation and corporate management, and he works with me. My name is Lysanne Gauvin. I'm the assistant commissioner for the human resources branch of the Canada Revenue Agency.

We're pleased to be here today to provide you with some information regarding the geographic distribution and turnover rate of employees at the Canada Revenue Agency, or the CRA.

[Translation]

The CRA's employees are distributed across Canada. Approximately 80% of CRA's work force resides in our five regions with the remaining at headquarters. Our employees are primarily located in our eight tax centres and 43 tax service offices. Our employee population increases to approximately 43,000 when we are in the tax-filing period.

Small fluctuations in geographical distributions occur as we implement business modernization initiatives and increase our use of new technologies. Due to the cyclical and seasonal nature of the tax-filing season, the CRA makes significant use of term employees ranging from about 5,000 to 10,000 employees at different points in time during a given year.

[English]

Like the broader service, the CRA continues to experience a significant shift to knowledge-based work. Over the last seven years, our relative numbers of processing staff have dropped by

approximately 21%, whereas the percentage of auditors, computer specialists, and program officers and such has increased.

The majority of our hiring is done by regional operations, and they are well equipped to hire and train individuals. Last fiscal year, we hired approximately 2,300 indeterminate employees. Many of the term employees we hire are rehired from one year to the next. Hence, we have ongoing access to a knowledgeable and skilled group of employees.

Where it makes good business sense to do so, we draw upon our talented term employees to staff indeterminate positions. More than 50% of indeterminate hirings come from our term employees. As well, we do recruit from other government departments. They represent about 21% of last year's indeterminate hirings. About 17% of last year's indeterminate new hires came from outside the federal government.

In the locations where our tax centres exist, we are often a major employer who plays an important role in the local communities. We do not currently have difficulties in attracting new hires; however, we follow this very closely.

•(0910)

[Translation]

Given the specialized nature of our organization, we are well known as a major employer of auditors and IT specialists. In these areas, we are not currently having difficulty in attracting staff. We are experiencing some challenges, however, in finding and retaining human resources staff, and financial and information services staff in the National Capital Region.

The agency's workforce is diversified. Our workforce reflects the potential availability of employees in all employment equity target areas based on the 2001 labour market availability (LMA) census information. We are waiting for new census data to reveal what demographic changes have occurred since 2001. Where there are specific areas in which we do not need target representation rates, we undertake recruitment processes to find qualified target member candidates.

Because of our geographical distribution, CRA employees have a high degree of second language proficiency and across Canada we provide services in both official languages.

[English]

We have a high retention rate of about 95% of our employees, which means that we have a low attrition rate of about 5%, including retirements. Many of our employees make their careers in the agency, due to the scope of the work we do, the size of our organization, the challenging work we provide, and the personal work-life balance we offer. For example, where operational requirements permit, we offer options such as flexible work hours, the opportunity to work from home, and compressed work schedules.

The CRA will face significant demographic challenges in the coming years. Our knowledge workers are growing older and will increasingly be eligible to retire. Currently, approximately 18% of our workforce is over the age of 55 years. Our projections tell us that this will continue to rise and will reach 21.5% by 2012. Our retirement rate currently stands at 3% and is projected to climb to 3.7% by 2012. Quite naturally, we are tracking these developments closely, and in order to mitigate potential risks, we are taking a number of steps to attract new talent and to recruit more strategically. For example, in our call centres we hire staff who meet the educational requirements of other parts of the organization and have an interest in moving on.

Last fiscal year, we employed approximately 1,200 students. These students are progressively offered more challenging assignments with the goal, where appropriate, of their returning and eventually seeking rewarding careers with the agency. We are also increasing our visibility on campuses, including using students who have worked for the CRA as student ambassadors.

• (0915)

[Translation]

The CRA has always had a reputation of “growing its talent” and nourishing long-term careers. Again, due to the specialized nature of our work, it takes time and considerable effort (6% of salary base and educational assistance) to develop our employees through targeted learning and development assignment opportunities.

We also strive to ensure that knowledge is and will be transferred from our senior and experienced staff to less experienced staff through coaching and mentoring activities. We continue to improve our management development programs to ensure that we have strong leadership to guide us through these challenging times. We also have structured succession planning in place for the executive level. Over the next year, this approach will begin to be implemented across the agency.

[English]

In all of the agency's talent management undertakings—recruiting new staff, developing our employees, putting retention strategies in place—we ensure that the agency's core values of integrity, professionalism, respect, cooperation, and ethics are safeguarded so that Canadians will continue to trust the agency.

Thank you for this opportunity to speak to you.

We have also shared with you a deck that we prepared for the committee to give members some demographic information.

I'll turn it back over to you.

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

We will start with Mr. Holland for seven minutes.

**Mr. Mark Holland (Ajax—Pickering, Lib.):** Thank you, Madam Chair, and thank you to the witnesses for coming today.

I want to start, if I could, with your retention rate. You state that you have a retention rate at CRA of 95% and that the 5% attrition rate includes retirements. That seems to be an extremely high number. Can you talk to me about how you defined that 95% retention rate, when you talked about that rate?

**Ms. Lysanne Gauvin:** When talking about a 95% retention rate, it might be easier for me to tell you about our loss rate. What we include in our loss rate are people who retire, who have become eligible for retirement and have chosen to retire. We also include in the 5% the employees who have chosen to leave the agency for whatever reason. They could have opted to go back to school, they could have opted to go to work for an organization in the private sector or another other government departments, or they could have decided to stay at home.

**Mr. Mark Holland:** I understand that. What I'm getting at is, over what period of time, because 95% is your retention rate for what? Per year? What timeframe are you measuring that by?

**Ms. Lysanne Gauvin:** That happens to be for 2006-07. If you look at the deck—

**Mr. Mark Holland:** So that's an annual attrition.

**Ms. Lysanne Gauvin:** That's an annual rate, and it has varied from 2001-02 to 1996-97, from a high of 96.9% to a low of 94.9%.

**Mr. Mark Holland:** How does that vary by region? Is that attrition rate particularly higher in given regions? I know one of the things we looked at with some other departments is that sometimes those attrition rates are higher in certain areas—mainly the urban areas and rural areas. Or has that not been the case with CRA?

**Ms. Lysanne Gauvin:** We do have variations by regions, absolutely. We have a chart of—

**Mr. Mark Holland:** Significant variations?

**Ms. Lysanne Gauvin:** Well, I'm not a statistician, so I'll hesitate to use the word “significant”. I'll give you the low for the 2006-07 fiscal year. The low was in the national capital region, our headquarters, at 93.1%, and the high that year was in the Atlantic region, at 96.2%.

**Mr. Mark Holland:** I'll move on from that. Thank you. That's very helpful.

Given that most of the interactions people are having with CRA are by telephone or increasingly over the Internet, and most people are filing electronically—I know you want to encourage people to do that because obviously it reduces your workload—can you tell me if you're thinking of any further strategies of moving into other more economically depressed regions, or what your plan is with respect to distribution of your workforce, the 44,000 employees you have?

**Ms. Lysanne Gauvin:** As I think you're aware, we have tax centres across the country. Some of our tax centres are located in areas that might meet the criterion of being economically challenged. We do have excess capacity in our existing tax centres, so what we are trying to do in order to maintain the workforce we have in our tax centres, is to move existing work or new work to those existing tax centres. I am not aware that we have any plans at this point in time to open up new offices. We have a pretty strong geographic distribution across the country, and I'm not aware of any plans to open up new offices.

• (0920)

**Mr. Mark Holland:** Where is that overcapacity principally? Is that evenly distributed? Or is it principally—

**Ms. Lysanne Gauvin:** All of our tax centres have overcapacity, absolutely.

**Mr. Mark Holland:** How did that overcapacity result?

**Ms. Lysanne Gauvin:** Part of it was driven, I think, over the years through the technological changes that were made to the processing of the tax returns. The example that you use of giving the taxpayers the ability to file electronically over the Internet was one driver. Certainly the implementation of 2-D bar coding on the tax returns has also had an impact in terms of the volume of data processing and manual work that has been done in the past in our tax centres.

**Mr. Mark Holland:** I ask this more for confirmation than anything else. Just to be certain, I know that a number of companies are collecting a lot of data and processing it over the Internet or outsourcing some of their functions outside of Canada, in many cases. That is not something that CRA is contemplating. Perhaps you could confirm that.

**Ms. Lysanne Gauvin:** No.

**Mr. Mark Holland:** Good. That's good to hear.

**Ms. Lysanne Gauvin:** No, we're not contemplating that, and I think we're very conscious of the fact that Canadian taxpayers, be they individuals, corporations, non-profits, trusts, or whatever the circumstance is, give us extremely personal data. The impact of maintaining privacy on that data is certainly one of the big things we focus on.

**Mr. Mark Holland:** There would be a lot of security concerns, and certainly we would have those concerns.

Do you see the issues in terms of overcapacity continuing? In other words, you have a certain amount of overcapacity now. How are you planning into the future if more and more Canadians adopt using the Internet as a method of filing their taxes and that continually reduces your workload? Are you putting that into your plan in terms of how you deal with overcapacity? Most of the time, one of the ways you can deal with overcapacity is through attrition, through not rehiring people who have left. But if you have attrition

rates that are that high, it makes it harder to deal with the overcapacity.

Maybe you could talk about your plan to deal with the current overcapacity and how you see that overcapacity moving forward as a trend.

**Ms. Lysanne Gauvin:** Right now we have managed to put in place activities that pretty well maintain the status of employment for full-time employees. I'm not aware at this point in time that we're going to have very significant changes on the technological side that will have big impacts on our workforce, especially in the tax centres.

**Mr. Mark Holland:** Refresh my memory. What percentage of income tax forms are filed electronically? Do you know offhand?

**Ms. Lysanne Gauvin:** I'm sorry. I don't know the number offhand. I think it's around 50%, but I wouldn't want to swear on the Bible that I have that number.

**Mr. Mark Holland:** I'm just looking for an approximation.

You said there are certain overcapacity issues that have resulted from technological change to this point. One would imagine that trend would accelerate, that more and more people would move to that medium.

**Ms. Lysanne Gauvin:** But it does allow us to move into different workloads, to do activities such as what we call post-matching, where we take the information we've received and match it up with other slips that we might receive from other information sources.

Over the years CRA has become a provider of services to other levels of government, more specifically the provinces and the territories. For example, for activities for programs related to child tax benefits, we're often the supplier. The provinces come to us.

**Mr. Mark Holland:** If I could summarize—this being the last question—the strategy, as you get this overcapacity, is not to reduce the workforce of CRA but to deploy in other areas and offer other services.

• (0925)

**Ms. Lysanne Gauvin:** That's definitely our first option, absolutely. We invest a lot of time, a lot of effort, and a lot of money into the development of our staff. We would really consider it to be quite a loss if we got to the point of losing employees as a result of overcapacity. We're talking about our full-time employees.

Regarding our term population, if there are issues about overcapacity, if we can't manage to maintain the levels, our term population is the first population we look at.

**Mr. Mark Holland:** Thank you.

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

Madame Bourgeois.

[*Translation*]

**Ms. Diane Bourgeois (Terrebonne—Blainville, BQ):** Thank you, Madam Chair.

Madam, sir, good morning. According to the report you've tabled this morning, you have performed exceptionally well with respect to turnover rates. Could this be explained by the fact that your agency is located throughout Canada? You have more than one or two points of service; your services are delivered throughout the entire country.

**Ms. Lysanne Gauvin:** That is a factor that can have an influence. Turnover rates at headquarters are higher than in other parts of the country. It is true that in certain regions, turnover rates are lower.

**Ms. Diane Bourgeois:** Would does concentrating your activities in one or two points of service throughout Canada deprive you of qualified candidates?

**Ms. Lysanne Gauvin:** That is a good question, to which I don't really have an answer. Recruitment processes are targeted to external candidates. All of the offices receive many employment applications. In fact, we receive thousands of applications that we are unable to process.

**Ms. Diane Bourgeois:** In your opening statement, you stated that many students have been hired. I imagine that this hiring occurs during tax-filing season.

**Ms. Lysanne Gauvin:** No, we recruit throughout the whole year. We collaborate with certain colleges and universities to hire students under coop programs for three or four months before they return to their studies. Often, they come back to finish their internship with the CRA.

In addition, we hire many students during the summer. Personal tax-filing season is at its peak beginning in March until the end of May or mid-June. This is not a particularly good time for students, because they are still in school. Students are hired throughout the year and throughout the country. Of the students hired last year, 60 were offered indeterminate positions throughout all regions of Canada.

**Ms. Diane Bourgeois:** I was pleasantly surprised by your presentation because it is rare to hear of a department with such a high staff retention rate. What is the reason why you do not experience as much difficulty as other departments in this area? You even seem to have surplus staff members.

I do not want to put you in hot water, but I'm just wondering if we can draw up on your management model for inspiration.

**Ms. Lysanne Gauvin:** That is a very good question that the agency has also asked. There are a few significant factors that can be identified.

It is certain that the annual investment of approximately \$300 million in staff training and development is an important element. We are talking about significant sums of money. Usually, the annual turnover rate is approximately 6% of our salary base. People also have many career possibilities. They can choose to work in different areas that interest them.

As well, we provide our employees with a lot of flexibility in terms of managing their own work schedule. For example, 44% of

our permanent employees work regular hours, five days per week, 7.5 hours per day; and 48% of our employees operate on a compressed schedule that allows them to balance their professional and personal lives.

• (0930)

**Ms. Diane Bourgeois:** However, in your document, you state that there is some difficulty at the executive level. You write: "[...] some challenges, however, in finding and retaining human resources staff [...]"

Could this be because the flexibility you provide to your employees makes things hard to manage?

**Ms. Lysanne Gauvin:** It is practically only in the National Capital Region that we are experiencing difficulty in finding and retaining qualified human resources staff and financial services staff. The mobility of highly qualified staff in these areas between various federal departments is high. So if someone wishes to work at Transport Canada, it is very easy to find employment in either one of these areas in the National Capital Region.

**Ms. Diane Bourgeois:** Thank you very much.

**The Chair:** Thank you.

[*English*]

Mr. Albrecht is next.

**Mr. Harold Albrecht (Kitchener—Conestoga, CPC):** Thank you, Madam Chair.

I want to affirm the positive tone of your report in terms of the geographic distribution and also the very low turnover rate. I think that's very positive and, as has been said already, very encouraging for our committee.

I'm looking at the deck you provided with the percentages across Canada in the different provinces. I could probably do some research on this myself, but do the percentages reflected here province by province, or area by area, generally reflect population densities across Canada?

**Ms. Lysanne Gauvin:** Are you talking about the chart on page 2?

**Mr. Harold Albrecht:** Yes, it's on page 2.

**Ms. Lysanne Gauvin:** To be honest with you, I have never done an analysis of that, so I would be guessing if I tried to answer the question.

**Mr. Harold Albrecht:** The other thing I note there is that there are no employees in the territories, and I'm sure there is good reason for that. I'm just wondering if there is a point at which you would consider having employees in the territories. Or am I misreading the map, and maybe you do?

**Ms. Lysanne Gauvin:** No, you're not misreading the map. That is entirely correct. We do not at the current time have full-time employees in the territories. But that doesn't mean we don't have a presence. During tax season and prior to tax season, we send up teams that do outreach to various communities. We do have teams that go up during the course of the year to undertake audit, trust exams, or our regular activities. People live in small communities, and they tend to be aware that we're there.

HRSDC also has its service centres, and we do have information available through pamphlets and what not in the service centres that HRSDC has in the territories.

• (0935)

**Mr. Harold Albrecht:** Thank you.

I want to pick up a bit on this concept on page 4 of your notes today. You mention a compressed work schedule, and you just started to identify a bit about what that might mean or what it would look like. I'm not an HR person, so could you give me a couple of examples of what a compressed work schedule would be? Is it somebody working 12 or 16 hours a day and then only working three days a week, or what kind of alternatives are there?

**Ms. Lysanne Gauvin:** No, we don't typically do that. Generally speaking, an employee will work some additional time during the course of each day in order to be able to have a day off once every three weeks or once every four weeks. In some instances it's once every two weeks, but my sense is that it's more typically a day off once every three weeks or once every four weeks. So they add just a bit of extra time to each of their work days in order to be able to do that.

We also have what we call leave with income averaging. It has to be preplanned, and it has to be done with the approval of the manager. But employees might decide they want to take six weeks off in the summertime, so they'll plan when they want to take that off, and then fundamentally they take a reduced rate of pay during the course of the year so they still get some pay during that six-week period when they're off. And again, it varies a little bit by region, but nationally last year about 9.5% of our employees availed themselves of that type. And they do it for personal reasons. It could be for elder care, for children, or just for having extra time off to rejuvenate.

**Mr. Harold Albrecht:** I think that's a very innovative approach. I know that a number of school boards are offering an 80% salary over a number of years, and then the teacher could take a year off or something to that effect. I applaud that.

This question isn't related so much to the geographic distribution or retention rates, but you mentioned auditors in your report. A question I have is related to auditors. How does CRA decide when to proceed with an audit? Is it random? Is it based on complaints or tip-offs? How are those decisions made? That may be out of your area.

**Ms. Lysanne Gauvin:** It is not part of my area of responsibility. We can take the question back and have somebody write a response.

**Mr. Harold Albrecht:** I don't have anything specific in mind. It was just a general question that came to mind as I was reading through that, and it would be interesting. For example, what are the criteria upon which an audit is initiated? And then secondly, once an audit is deemed necessary, what period elapses from the time it's identified until the audit begins and is eventually concluded?

I ask it in the interest of all taxpayers. We're all penalized in some sense when this very small number of Canadians chooses to circumvent the tax system. I think it's important that Canadians are assured that there is an effective audit mechanism in place and people are paying their fair share of the tax burden, which does provide for us the services we've come to expect and enjoy.

**Ms. Lysanne Gauvin:** Absolutely. I couldn't have said it better myself, to be honest with you. But we will take that question back and provide you with some information. That really isn't my area of expertise, and although I have some knowledge, I wouldn't want to say things that are incorrect.

**Mr. Harold Albrecht:** Those are all my questions. I don't know whether any of my colleagues want to share my time.

**The Chair:** We'll hear Mr. Kramp for a couple of minutes.

**Mr. Daryl Kramp (Prince Edward—Hastings, CPC):** In slide 11 of the deck of slides, "Percentage of Employees on Leave With Income-Averaging by Region, I find there's quite a variance: headquarters, with 3.8%; Quebec, with 13.6%.... We're talking about an almost 8% difference.

Why would we have such a variance of employees on leave? What's the explanation for it, region to region?

**Ms. Lysanne Gauvin:** It's a really good question, and I don't really have a good explanation.

**Mr. Daryl Kramp:** I'm assuming it's paid leave.

**Ms. Lysanne Gauvin:** Yes. This is the income averaging. That's right.

Some of it, I think, might be driven just by employees' knowledge of what's available to them in terms of options.

**Mr. Daryl Kramp:** I'm concerned that this variance is quite a significant dollar output. I would make a suggestion that possibly either our committee or perhaps you could define this issue a little more clearly in the future. Perhaps you could do a little more investigative work to see what we could come up with, because to me that's not acceptable without some form of logical explanation.

• (0940)

**Ms. Lysanne Gauvin:** There's no dollar impact; there's no salary impact. What happens is that the employee.... Let's say I decide I'm going to take two weeks of leave with income averaging. I get a lower salary during the rest of the year to cover off that two-week period.

**Mr. Daryl Kramp:** But who's covering for you? We're still paying more people. Why are we having such a discrepancy in some areas versus the others?

**Ms. Lysanne Gauvin:** Oh, I see what you're saying; I understand. Okay, we'll take that back.

**Mr. Daryl Kramp:** Here is a question, maybe a bit of a blindsiding, but not intended at you here. Would you have any idea what percentage of undeclared income is out there? How much of the economy would it be? Is it 5% or 30%? Do you have any guesstimates?

**Ms. Lysanne Gauvin:** No, I don't. I'm sorry.

**The Chair:** My understanding is that they speak of something around \$18 billion or so, if you read any of the reports.

**Mr. Daryl Kramp:** I'm just wondering whether there has been any conversation within your department that you wish to share with us—

**Some hon. members:** Oh, oh!

**Ms. Lysanne Gauvin:** I'm sure there have been conversations, absolutely, but I really don't know what that number is.

**Mr. Daryl Kramp:** Okay, that will be enough for now. I'll get into more later.

**The Chair:** Thank you.

Mr. Angus.

**Mr. Marcel Proulx (Hull—Aylmer, Lib.):** Are you trying to find out whether they've found out about you?

**Some hon. members:** Oh, oh!

**Mr. Daryl Kramp:** I always declare it.

**The Chair:** Mr. Angus.

**Mr. Charlie Angus (Timmins—James Bay, NDP):** Thank you very much.

I find your presentation has been an excellent presentation. One of the lessons I've learned from sitting on these committees when we have bureaucrats from the various departments is that I often wonder, when at the end of the meeting we're more confused than when we started, whether the presenters feel it was probably a good presentation. Today, however, we have very clearly laid-out numbers to work with.

I am going to ask for clarification in a few areas. I'm looking at the Ontario region, with 13,200 employees, and headquarters, which of course I won't count as part of Ontario at all. Could you tell us how many offices there are in Ontario at this time?

**Ms. Lysanne Gauvin:** I can do a quick head count. I'd say about 17 or 18, off the top of my head.

**Mr. Charlie Angus:** That's 17 or 18 offices? That's good to know. I'm not in any way here advocating for the separate province of Northern Ontario, but I know my staff rely heavily on Sudbury. Sudbury is an excellent operation, and we have a great relationship with the staff.

**Ms. Lysanne Gauvin:** That's great to hear.

**Mr. Charlie Angus:** I want to commend you for the responsiveness of the staff in the Sudbury office.

I'm noticing here in terms of the drop in the number of employees between 2003 and 2007—that's slide number 4—that Ontario region took a drop of about 1,300 employees, and yet we saw a boost to headquarters of 1,000. Was that a transfer of employees out of the various offices in Ontario and into headquarters?

**Ms. Lysanne Gauvin:** No, I think what you're seeing is some of the impacts associated with technology, when you get some of that happening. Also, in order to ensure that we make use of expertise where the expertise is, we move work out of some locations to other locations through a virtual management type of relationship. So the manager might be in one location, but the people doing the work might be in another location.

**Mr. Charlie Angus:** So you're saying that was perhaps an issue in the drop, dealing with what you had already identified as overcapacity.

**Ms. Lysanne Gauvin:** And some of the tech change issues as well.

We have three tax centres in the Ontario region. There's Sudbury, which you're familiar with. There's the Ottawa technology centre, which has also felt some impacts related to technological change. And to a much smaller extent, our international tax services office has also had some ripple effects from technological change.

• (0945)

**Mr. Charlie Angus:** In our office we deal with low-income people who have no idea how to fill tax forms out, and they come in asking us for help. We have people who have been identified with CRA as a problem. When CRA puts their claws into someone, it's extremely stressful, so they come to us. They throw all their papers on the table, and they ask us to help them find a way through this. We have to figure out whether we have people who knowingly misrepresented, people who have lost paper, or people who actually have a very good and legitimate story. We have to work our way through that mountain of paper. So we deal with the CRA staff, and that's where we have found the CRA very helpful.

I'm wondering if you have overcapacity because of the ability of people to file problem-free tax forms. What is your presence of phone service people who can deal with people in very stressful situations, when they get that letter from CRA saying they're on the hook for however many thousands of dollars? Do you have an active phone bank of people who can deal with the public?

**Ms. Lysanne Gauvin:** Absolutely. We have six call centres that are set up to handle calls from individuals and three call centres for business. In addition, there's a collections call centre. Depending on what number they've been given on their notice to phone, generally speaking they will connect with one of those areas.

**Mr. Charlie Angus:** I'm looking at your internal representation of employment equity. I see aboriginal people. Can you work me through these numbers: 2.4%, 2.7%, and 2.2%?

**Ms. Lysanne Gauvin:** I'm sorry, what was your question?

**Mr. Charlie Angus:** On deck 12, I'm looking at aboriginal people. We have 2.4%, 2.7%, and 2.2%. What are those numbers?

**Ms. Lysanne Gauvin:** The 2.2% is the labour market availability based on the 2001 Statistics Canada census across the country. Using those numbers, we try to ensure that we have a minimum of 2.2% of our employees who have self-identified as aboriginal people. In 2004, 2.4% of our population self-identified as aboriginal. In 2007, that went up to 2.7%.

**Mr. Charlie Angus:** Excellent. I point that out because in a previous life I did economic development with the Algonquin Nation in Quebec. We often dealt with tax law. It was often very Kafkaesque trying to figure out what you were legitimately entitled to if you were setting up an on-reserve business or you were doing work off reserve.

How much of your aboriginal force of employees are spread through the general operation? Do you have an aboriginal component that deals with aboriginal tax law?



**Ms. Lysanne Gauvin:** Our aboriginal employees are spread throughout the organization. We don't have a specific unit of aboriginal employees that deals just with aboriginal issues.

**Mr. Charlie Angus:** In terms of aboriginal tax issues, do you have a special department, or is that worked through your general Sudbury or Toronto office?

**Ms. Lysanne Gauvin:** In headquarters there is a group that does look at the aboriginal taxation issues. When you go to the service delivery points, whether that's Sudbury or Calgary, to the best of my knowledge that's part of the general work that the office does.

**Mr. Charlie Angus:** Thank you very much.

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

Madame Folco.

[Translation]

**Ms. Raymonde Folco (Laval—Les Îles, Lib.):** Thank you, Madam Chair.

Ms. Gauvin, I want to stay on the same topic as my colleague who was inquiring on first nations. My question concerns the presence of visible minorities within your agency. A few days ago, I heard news of a suicide at Canadian Heritage; the deceased had been refused a promotion. The person was Canadian, of course, and of Haitian origin. That led me to reflect at length on the issue, as I have also heard of other employees, who are black and who were refused positions for which I thought they were very qualified. This does not concern you, but I'm simply providing context to my question.

As regards employment equity legislation, what figures could you provide showing the presence of visible minorities employed by the Canada Revenue Agency throughout Canada? Secondly, what is the turnover rate for visible minorities in Canada? Those are my first questions.

• (0950)

**Ms. Lysanne Gauvin:** According to information we've submitted to the committee, on page 12, you will see that...

**Ms. Raymonde Folco:** Pardon me. On page 2...

**Ms. Lysanne Gauvin:** It is on page 12.

**Ms. Raymonde Folco:** Pardon me. You speak so softly it is at times difficult to hear you.

**Ms. Lysanne Gauvin:** I'm rarely told that.

This table shows the percentage of employees who are visible minorities. Based on the 2001 labour market availability census information collected by Statistics Canada, visible minorities make up 12.5% of this category. In 2004, 13.2% of our employees identified themselves as visible minorities. In 2007, this percentage increased to 14.5% of all employees throughout the country.

**Ms. Raymonde Folco:** That was in 2007. What does this last figure, 12.5%, refer to?

**Ms. Lysanne Gauvin:** That is the labour market availability. What we try to do is to, at the very least, match the labour market availability, and if possible exceed it.

**Ms. Raymonde Folco:** The second question I need to ask you is the following: to go from 13.2% to 14.5% appears to be a net improvement. Nonetheless, some people leave their jobs and may or

may not be replaced by people who belong to visible minority groups. Do you have specific figures concerning turnover rates for these minority groups?

**Ms. Lysanne Gauvin:** No.

**Ms. Raymonde Folco:** Is that a piece of information you can obtain?

**Ms. Lysanne Gauvin:** We can check to see if it's possible to obtain the turnover rates for visible minorities within our agency. I'm not sure we have that specific piece of information, but we can try and locate it.

**Ms. Raymonde Folco:** Once visible minorities are hired, and if they decide to leave, is there an interview held before their departure to understand their reasons for leaving?

**Ms. Lysanne Gauvin:** At the agency, this is not done systematically. It is quite possible that other offices decide to use that approach. With respect to human resources, we have just completed a pilot project that did just that, but the project did not focus solely on visible minorities. We looked at all of the employees who left human resources over the last year.

**Ms. Raymonde Folco:** I see. Do you use the information collected during these exit interviews to adjust the system?

**Ms. Lysanne Gauvin:** Absolutely. We have assessed three groups of employees in human resources and employees who have left over the past year. We also conducted a survey of new employees who have just joined us and of employees who are eligible for retirement in two years, if they decide to take it. One aspect that came out of these surveys is that new employees felt they would have benefited from better orientation, more targeted to their jobs. We have now noted that. We will review our orientation program and see what needs to be done to respond to that comment. That is something simple enough to correct. If that means that an employee feels like he is part of the family earlier on, it is better for us.

• (0955)

**Ms. Raymonde Folco:** Ms. Gauvin, since it was and continues to be a pilot project, could you send the guidelines as well as the results to the chair of the committee?

**Ms. Lysanne Gauvin:** Of course.

**Ms. Raymonde Folco:** Thank you.

**The Chair:** We will now go to Mr. Ouellet.

**Mr. Christian Ouellet (Brome—Missisquoi, BQ):** Thank you, Madam Chair.

Ms. Gauvin, I would like to know what "HQ" stands for.

**Ms. Lysanne Gauvin:** What page are you on?

**Mr. Christian Ouellet:** It is on every page, throughout the document.

**Ms. Lysanne Gauvin:** It stands for "headquarters".

**Mr. Christian Ouellet:** The headquarters is in Ontario, is it not?

**Ms. Lysanne Gauvin:** In Ottawa, essentially.

**Mr. Christian Ouellet:** If we add Ontario and Ottawa together, we see that 50% of your employees work in Ontario.

**Ms. Lysanne Gauvin:** Yes, more or less.

**Mr. Christian Ouellet:** How can you explain that only 14% of employees work in Quebec, when that does not represent the number of people who file a tax return in Quebec?

**Ms. Lysanne Gauvin:** I cannot explain why. It is for historic reasons. The headquarters has always been in Ottawa, since income tax collection began, in 1917, I believe. The taxes were, in principle, to be temporary. Over time, offices have been opened up throughout the country. I am not going to make something up, because there is nothing else to say. It is historical.

**Mr. Christian Ouellet:** While you are not making anything up, the fact remains that in Ontario, 30% of employees work outside headquarters. Do you realize just how disadvantaged Quebec is by the situation that you call historic? You are not alone. In research, it is horribly similar.

If I examine this, I see that given the number of people filing taxes in Quebec, there is a shortfall of 5,000 employees in the province. That represents \$350 million per year. In terms of buildings and maintenance, one could say that there is a half-a-billion-dollar shortfall in Quebec each year. That is huge.

**Ms. Lysanne Gauvin:** But you should bear in mind that the Quebec Revenue Department administers the GST in Quebec for the federal government. An agreement to that effect has been in force for several years.

**Mr. Christian Ouellet:** But Ms. Gauvin, how does that justify there being fewer employees in Quebec? As I told you, there is a half-a-billion-dollar shortfall, which means a lot less income tax and revenue paid to Quebec. The money for your employees comes as much from Quebec as elsewhere. I don't understand why there is such a gap. If it were 2% or 3%, I wouldn't even mention it, but the gap is huge.

**Ms. Lysanne Gauvin:** As I mentioned, the GST is administered by the Government of Quebec for the federal government. The Quebec government is paid a contribution for the work it does. Apart from that, I cannot really answer your question. As I told you, I am not going to make something up. The situation is historic. I started working at the department in 1996, when it was called Revenue Canada. From my perspective, the distribution has always been as it is now.

**Mr. Christian Ouellet:** The number of employees in Quebec is not going up, it is going down. There were 6,400 in 2003 and now there are 6,100. Is there no strategy in place to correct your historic situation?

**Ms. Lysanne Gauvin:** We have overcapacity in our tax centres. In Quebec, there are two tax centres: one in Shawinigan and the other in Jonquière. The one in Shawinigan is quite large in terms of operations, whereas the one in Jonquière is a bit smaller. Efforts to maintain the work and to use the overcapacity in our tax centres continue. I think we have been successful in keeping full-time jobs for employees in the tax centres by transferring work from the TSOs to the tax centres.

•(1000)

**The Chair:** Mr. Ouellet, before you conclude, I would like to tell you that having experience here is an advantage. There are two differences between Quebec and the other provinces. First of all,

Quebec collects its own income tax, whereas in Ontario and the other provinces, the federal government does that.

Secondly, Quebec is also compensated for the shortfall by means of certain transfers. People have thought about that problem and resolved it a long time ago. The only problem that remains is the breakdown of federal employees between Ontario and Quebec in the national capital region, and not that you get less for the work, because that has been taken care of. Several governments attempted to solve that problem. They are attempting to reach a 75-25 breakdown. They continue to try and meet those standards, or to exceed them, if possible.

I would like us to take a five-minute break. After that, we will come back for some additional questions.

**Ms. Diane Bourgeois:** I have a question and a comment.

**The Chair:** We are going to take a break.

• \_\_\_\_\_ (Pause) \_\_\_\_\_

•

•(1005)

[English]

**The Chair:** We are back, and the first person to ask a question will be Mr. Warkentin.

**Mr. Chris Warkentin (Peace River, CPC):** Thank you, Madam Chair.

Thank you for coming in this morning. We appreciate your testimony thus far. We're trying to get a handle on the turnover rates and different realities in different departments.

I recognize that your agency is quite different from many other areas of the civil service, but I'm wondering if you can shed some light on the turnover of people who aren't necessarily leaving the agency but are changing from one position within the agency to another. I wonder if you have any statistics on that. We know that across the civil service that kind of turnover is quite high.

**Ms. Lysanne Gauvin:** We call that internal churn, which is not a very elegant term. We absolutely have movement of employees from one job to the next, but I don't have statistics on that right now. We're in the process of trying to pull that information together.

**Mr. Chris Warkentin:** Can you give that to our committee when you have it available?

Within that, is there an ability to distinguish between those who are turning over within an office and those who are turning over from one region of the country to another? Can any analysis be done on the cost of transferring those employees? Obviously some types of expenses would be covered by the agency for people who are moving. Maybe you can provide us with the numbers of those who move from one office to another, and then the total amount you're paying for transferring employees. We could probably use that information in the study we're undertaking right now.

•(1010)

**Ms. Lysanne Gauvin:** Okay, we'll see what we can pull together for you.

The number of employees moving from one location to another is substantially less than the number moving internally within an office. I'll use Toronto as an example. We have four offices in Toronto, and an employee might move between the four offices, but there's no cost to us because they stay in their homes.

We've just started trying to analyze that and pull the information together. Keeping your request in mind, we'll try to structure it so you get the answers.

**Mr. Chris Warkentin:** As much information as you can get will be helpful. Of course we would like everything to be itemized and everything else, but we're not expecting that. We're just looking for the broad strokes in the end, but as much detailed information as we can get would be helpful to us.

I'm wondering if you do exit interviews with those people leaving the agency.

**Ms. Lysanne Gauvin:** We don't do them in a formal, structured way at this time. I am aware that offices and branches in certain areas in headquarters have undertaken to do this on their own. Just this past year we ran a pilot project for the staff in human resources, where we did what we called engagement interviews rather than exit interviews. We looked at three groups of staff: those who had left us, those who were eligible to retire within the next two years, and new staff who had joined us in the last year.

**Mr. Chris Warkentin:** Do you have any anecdotal evidence that would give us an indication of whether people leaving the agency are going to another part of the public service or leaving the public service altogether?

**Ms. Lysanne Gauvin:** The biggest reason people leave the agency is that they retire. The second biggest reason is that they go to another government department.

**Mr. Chris Warkentin:** If there is any information within any of your offices, we'd be curious to find out where people are most likely to move and what positions are most likely to transfer to another department. Are we looking at auditors, highly educated people, or people who are in the administrative end of things? That's the kind of information we're looking for.

**Ms. Lysanne Gauvin:** If you look on page 7 of the deck, we provided a little bit of information with respect to separation for our full-time employees. It tells you the percentage of employees who have left for other government departments, the other reasons they've left, and then the retirements, which is the higher column in each of those instances. We can break that down by region or however you want that information.

**Mr. Chris Warkentin:** That may be interesting for us. I suspect that in Alberta there will be a different reality compared to what is in some of the other regions. I know that from personal experience.

I am a member from Alberta, and we deal with the Edmonton office often. What inevitably happens is that we will call for somebody we've been dealing with, and we'll find that the person has been replaced. We know just anecdotally that there is a major cost because of the turnover within that office, because every time we call for information on an audit or for different things for constituents, somebody is just being briefed on something that the person before that and the person before that had been briefed on. That's just the reality in that region right now.

I'm wondering if you, just anecdotally, have any information with regard to compensation advisers within your agency. Do you have a large turnover? Are you having problems retaining these employees?

• (1015)

**Ms. Lysanne Gauvin:** Only in Ottawa.

**Mr. Chris Warkentin:** It is only in Ottawa, and I suspect that there may be reasons, reasons we've heard about.

Do you know offhand if you pay the same as the other federal agencies and departments?

**Ms. Lysanne Gauvin:** Yes.

**Mr. Chris Warkentin:** Okay, so you would have similar pay. What we've heard is that there are other crown corporations or different agencies that may have the ability to hire.

**Ms. Lysanne Gauvin:** We're not in that category.

**Mr. Chris Warkentin:** Okay. Thank you very much. I appreciate your testimony.

**The Chair:** As a follow-up to your question, I'm going to ask whether you still have some employees who are having difficulty receiving their paycheques because of this high turnover among the compensation advisers? I know that in 2005-06 there were some major challenges within Canada Revenue Agency in paying their employees, especially indeterminate or contract employees, on time. I'm wondering whether you have been able to correct that adequately by now.

**Ms. Lysanne Gauvin:** I'm not going to sit here and tell you that the pay is 100%, 100% of the time. We pay 43,000 people at different points in time. Some we start; some we stop. Some we start and stop many times. If someone is on a compressed work week, it generates a certain set of pay transactions. If someone is on leave without pay, it generates another set of pay transactions. Pay, I think, is a complex area, absolutely, but it is done within prescribed rules. There's not a lot of latitude. The rules are laid out, and you need to follow those rules.

I think we've managed to win the battle in terms of the issues we had when we were putting in place our two compensation centres. It was a difficult cultural transition for everybody involved. I can tell you that the number of complaints I get personally has been significantly reduced. If I get one every two weeks now, that's big. There was a point in time when I was getting quite a lot more than that, and we would attack them one by one. You needed to go through each individual's pay file, look at it, find out what the issue was, and bring the corrective action.

**The Chair:** Do you think some of your challenge came about because of the centralization of the pay functions in Ottawa and Winnipeg? I would think that Ottawa would be the biggest problem, because that's where the highest turnover is.

**Ms. Lysanne Gauvin:** You're bang on. It's absolutely true for both questions. In Winnipeg, the market for pay advisers is much more stable. In fact, I haven't done a study on this, but I would guess that CRA is probably the biggest hirer of pay advisers in Winnipeg. In Ottawa we're one of a number of organizations, including PWGSC, that have a significant pay presence.

**The Chair:** I remember, at the time of the centralization, bringing up the argument that it might not be the best move to centralize your pay function in Ottawa because of the high turnover and the high cost of training. Obviously some decisions were made anyway, and we've had this major problem. As you know, we made a report public last week very much addressing that issue, because it does cause an awful lot of heartache when you have a contract employee who works for three weeks and can't get paid for three months.

**Ms. Lysanne Gauvin:** Yes, it's unacceptable.

**The Chair:** It's unacceptable, and I think everybody around the table agrees with that. But your challenges are great.

May I make a suggestion that you consider relocating your centralized Ottawa office. You might keep your pay advisers a bit longer.

**Mr. Charlie Angus:** To Sudbury.

**The Chair:** It could be Sudbury, or anywhere else but Ottawa. At the time, they took them out of all parts of Canada and were going to centralize them just in Ottawa, and then they chose to do this in Winnipeg and Ottawa. But there were people in Atlantic Canada and all over the country who either lost their jobs or were transferred to other jobs, or to Ottawa and Winnipeg, at the time the decision was made.

Now I will go with Mr. Brown.

• (1020)

**Mr. Patrick Brown (Barrie, CPC):** Thank you, Ms. Marleau.

If I could expand a little bit on what Mr. Angus was getting at, do you have any rough estimates of how many of your employees are outside of the major hubs of Toronto and Ottawa?

**Ms. Lysanne Gauvin:** Oh, my gosh. Sudbury is a very large operation, but I'm not sure of the overall numbers.

Do we have the numbers by office with us?

**Mr. Claude Bourget (Director General, Human Resources Transformation and Corporate Management Directorate, Canada Revenue Agency):** Not here, but we'll get them.

**Ms. Lysanne Gauvin:** Sudbury is a pretty large operation. My guess it would be 1,500, 1,600, or 1,800 full-time employees, depending on the point of year.

**Mr. Patrick Brown:** In Sudbury?

**Ms. Lysanne Gauvin:** In Sudbury, yes.

**Mr. Patrick Brown:** Overall in Ontario, do you think that half would be outside of Ottawa and Toronto?

**Ms. Lysanne Gauvin:** I'd have to look at the numbers; I really don't know.

Our four big offices are in Toronto. We have a pretty large office in Hamilton as well. And the Ottawa office—the tax services office, not the headquarters—is a fair size. We also have significant numbers at the Ottawa technology centre.

Honestly, I'd have to get the numbers for you.

**Mr. Patrick Brown:** I ask this because when I'm thinking of geography, I'm not just thinking of east, west, and central Canada. I'm curious about what efforts have been made to move the CRA into small towns, the towns under the 200,000 mark. Maybe you could touch upon some of your agency's efforts there.

**Ms. Lysanne Gauvin:** We have not opened new offices in years, with the exception of the offices we inherited and agreed to keep open when there was the harmonized sales tax with three of the four Atlantic provinces.

Many of our offices are in smaller locations. We have an office in Prince George, B.C., and in Penticton, which is not a city with a million residents. We have an office in Red Deer and in Lethbridge, Alberta; in Brandon, Manitoba; in London, St. Catharines, Windsor, and Thunder Bay; lots in Quebec, including Jonquière, Shawinigan, and small locations like Rouyn-Noranda; in Bathurst and Moncton, New Brunswick; and in Sydney, Nova Scotia. So we do have a mix of offices in smaller location as well as larger locations.

**Mr. Patrick Brown:** I remember that when this committee touched upon this topic before, one thing that was expressed to us was that there seemed to be a smaller turnover rate in small towns and rural areas. Is that your impression as well?

**Ms. Lysanne Gauvin:** I'd say that it depends on where you are, honestly. We have offices like the one in Halifax, which is a fair-sized city, where there's a high level of stability. Then we have offices, such as the one in Charlottetown, which is one of our smaller locations, and again it has a high level of stability.

I think it's very much driven by the opportunities and what's going on in the environment in that location. We've had instances, such as in our downtown Toronto office, at some points in time, when we've had high turnover rates in some areas, and then it stabilizes for a variety of reasons.

I don't know that I'd want to say that it's strictly linked to being in a big city versus a small location, because we have an office in Winnipeg, a large city, that is very stable.

**Mr. Patrick Brown:** Thank you.

**The Chair:** Thank you.

Madame Bourgeois.

[Translation]

**Ms. Diane Bourgeois:** I have two quick questions and a short comment.

Ms. Gauvin, in Quebec, there are offices in Shawinigan and in Lac-Saint-Jean; you mentioned them earlier. Are those jobs protected?

• (1025)

**Ms. Lysanne Gauvin:** The full-time employees currently have a great deal of work. For the time being, we don't see anything that might have a negative impact on full-time employees. The agency continues to come up with ways of increasing the work for the tax centres, given their capacity.

The tax centres have changed considerably over the past 10 to 12 years. In the past, they processed only T1 and T2 data. The situation has changed considerably over the last 15 years, to such an extent that a greater portion of the work now requires employees year round. The changes are occurring slowly, from year to year.

**Ms. Diane Bourgeois:** I would like to go back to a question I asked you earlier that dealt with the agency's network of offices and facilities throughout Canada. You have a host of offices, and your operating costs must be staggering.

**Ms. Lysanne Gauvin:** Between 75% and 80% of the agency's budget is earmarked for salaries. Operating and maintenance costs represent a small portion of the agency's total budget.

**Ms. Diane Bourgeois:** It is normal for 65% to 75% of a department's total budget to be set aside for salaries. I am asking you the question because several witnesses have told us that if a department were to limit its activities in an area, it would be to streamline its operating costs.

But it seems to be the opposite for you. You are providing a service Canada-wide and you must manage several offices. You use perhaps 18% or 20% of your budgetary envelope to cover operating expenses. We are not saying it is too much. I would like you to say a few words about that. How do you do that?

**Ms. Lysanne Gauvin:** That issue does not influence us one way or another.

**Ms. Diane Bourgeois:** Are your costs a problem?

**Ms. Lysanne Gauvin:** No. Our employees work in offices. But many of them are on the road or use a company space when they do their audits.

We do of course have to maintain the office, but as far as I can recall, that problem has not been raised at the agency.

**Ms. Diane Bourgeois:** I want to make an observation.

I was unable to file my income tax return, because I have a secure device. I went to your site, but nowhere did it say, before I filled out my application, that I would be wasting my time if I had a secure device.

**Ms. Lysanne Gauvin:** We will make note of that and report it.

**Ms. Diane Bourgeois:** Please do, as it is very unpleasant and frustrating. Fortunately, you extended the deadline for income tax returns, something Quebec did not do.

**Ms. Lysanne Gauvin:** It is too late for this fiscal year, but we will make note of it for next year.

**Ms. Diane Bourgeois:** Thank you very much.

**The Chair:** Thank you, Ms. Bourgeois.

We will conclude with Mr. Angus.

[English]

**Mr. Charlie Angus:** Thank you very much. I only have a couple of wrap-up questions.

As I said earlier, the problem resolution team in Sudbury does excellent work for our region. I'm wondering, though, if there have ever been discussions between CRA and HRSDC about putting a few employees into the Service Canada locations, where people come in and have all kinds of problems.

• (1030)

**Ms. Lysanne Gauvin:** I have no knowledge of that. I can't help you out. We can bring the question back and try to find the information for you, but I'm not in a position to answer that question. I'm sorry.

**Mr. Charlie Angus:** Thank you.

I have a second question. This study was begun because we were seeing very high and sometimes disturbingly high levels of turnover in various departments. We've been asking questions about why that is happening, where it is happening, and where the people are going. Most of the time we haven't had a very clear answer, and yet we're seeing from the presentation this morning a very stable workforce, a very clear understanding of why and how you've been able to retain it.

I'm looking at some of the comments you made to Madame Bourgeois about the stability in the workforce, the investment in the employees, the career opportunities, the flexibility for those employees. Is there any exchange of best practices between various departments? Or does this exist within your silo and it works well, but other departments can carry on in whatever way?

**Ms. Lysanne Gauvin:** No. We exchange information and best practices and issues that we're facing, looking for suggestions from other organizations. There are a number of formal and informal forums where that occurs. Sometimes we go out looking for information and sometimes organizations, other OGDs, other government departments, come to us. I would caution, though, that what works in one organization is not necessarily always transportable to another organization.

**Mr. Charlie Angus:** Thank you very much.

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

[Translation]

Ms. Gauvin, thank you very much.

Mr. Bourget, you did not get many questions, but it was important for us that you be here.

Have the other departments come to see you to ask how you have managed to set up offices everywhere? They should do so.

**Ms. Lysanne Gauvin:** Not to my knowledge.

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

**Ms. Lysanne Gauvin:** My pleasure.

**The Chair:** We'll take a short break.

[English]

We'll take a short pause and then go back to committee business.

• \_\_\_\_\_ (Pause) \_\_\_\_\_

•

• (1035)

**The Chair:** I call the meeting back to order.

You'll notice that we have the results of our subcommittee meeting last Thursday. This is what was agreed to by your subcommittee. So far we have no one for next Thursday.

**Ms. Raymonde Folco:** We don't have a committee meeting this...?

**The Chair:** On the following Tuesday we will be having the parliamentary budget officer, and I think that could be very interesting. Then on Thursday, May 15, we'll have the Auditor General. Part of the report she's making today has a section on the conservation of federal official residences, so she'll be coming to speak to us about that. Of course, we can also bring up the accrual accounting issue.

**Mr. Daryl Kramp:** Can we?

**The Chair:** Yes, we can. I will circulate the letter.

**Ms. Raymonde Folco:** This is going to make Mr. Kramp's day. He's going to be happy from now until next month.

• (1040)

**The Chair:** Daryl and I are the ones who spent the most time on that issue. It's our issue, so don't laugh at us. It's very important.

**Mr. Chris Warkentin:** That's for sure.

**The Chair:** We had looked at working on federal procurement for the following meetings, because it's quite complex and there needs to be a lot of work done in this area.

There is also a letter that we received from the Auditor General. It was based on the motion, which was passed, that we write to her and ask her to look into the contract with...I forget the company. TPG didn't get the contract, but another company did and we passed a motion. We wrote to her asking her to look into it. She has responded, saying that she will not be looking into that contract at this time, but that her report will contain a section on procurement—not this time, but possibly in the fall. The letter has been sent by e-mail.

Those are some of the issues we've looked at. Are there any questions or comments on what is here now?

**Mr. James Moore (Port Moody—Westwood—Port Coquitlam, CPC):** On the procurement, I would suggest that you bundle the witnesses together so we can give people one-hour slots.

**The Chair:** We can do more than one thing on one day.

**Mr. James Moore:** When you have a meeting here on one day, we'll normally have, say, two people for an hour and then two people for the second hour. It would make more sense to break it up. For example, we could hear witnesses on small and medium enterprises for the first hour, and then for the second hour we could have bureaucrats from the related department. The next day, we might spend the first hour with companies that want to offer green

procurement to the government; then, in the second hour, we could have the bureaucrats responsible for green procurement. So we would get the case studies from the field and then question the bureaucrats.

**An hon. member:** That makes sense.

**The Chair:** That's a good idea, a very good idea.

If you have any names to put forward, please put them forward now with our clerk and our researcher.

Mr. Angus.

**Mr. Charlie Angus:** If we have May 8 open, maybe it would be possible to boost one of our government overviews on procurement up into that slot. If we're going to do this job on procurement, we'll have to have that point-counterpoint to get a sense of what the reality is in the field. We've all sat on committees enough to know that if we're looking at it from the top down we're going to be completely buffaloes by BS. In the end, we're not going to be any the brighter for it. I would like to have concrete examples of the problems. I want to know what people tried and exactly what happened. Then we can do the point-counterpoint. But if we hold it off until early June, we're not going to have heard from the witnesses who are going to make this interesting, and we're not going to be on the way to getting this done.

Depending on the elements or questions raised, we could probably be close to finished by the end of the June session, and we'll actually have accomplished something.

**The Chair:** Our idea was that if we hadn't—and we might not, because it can be quite a difficult study—we would at least have an interim report before the end of the session. I think it's important that we have something, at least wherever we're at, so we can present it and have that part dealt with and then, when we come back in the fall, deal with the fallout or the subsequent actions that need to be done.

We've already had quite a bit of an overview as to procurement. Did you want to repeat that? The ombudsman for small business will be coming before us at some point. He couldn't come on Thursday, so we would try to get him to come in either Tuesday, May 27, or... We want to hear from this person because that has to do with small business. The clerk tells me it's confirmed for May 29, so we know we're going to be getting him and that he will be talking to us about his role.

I'm not sure how useful it would be to have a whole other session just on procurement, the very dry aspects of procurement. But if it's the committee's wish, I certainly will do it. We did have quite a bit of information on that before.

• (1045)

**Mr. Charlie Angus:** So the ombudsman can't be moved up to May 8?

**The Chair:** I want Mr. Le Goff to talk to you about some of the things he will send you.

**Mr. Philippe Le Goff (Committee Researcher):** My understanding is that the steering committee agreed on sending the legal framework around procurement to all committee members, the report of the defence committee on military procurement, and also the deck that was presented last year to the committee by PWGSC, so the committee does not repeat what has already been heard.

**The Chair:** Agreed?

Madame Bourgeois.

[*Translation*]

**Ms. Diane Bourgeois:** I greatly appreciate our analyst's reminder. The procurement process for small and medium-sized enterprises is extremely important, but we must also focus on Canadian corporations and not American corporations with their headquarters in Canada. That is an extremely important aspect.

Not a week goes by where we don't buy military equipment. All of DND's military procurement is beyond parliamentarians' control. I want us to make sure that this procurement complies with standards, since many of these projects are not worth much. Just think about the infamous submarines. It would appear that could recur in the case of some aircraft or helicopters.

I think it is important to take the time to examine all of that, given the amounts that are at stake.

**The Chair:** I suggest reading the report by the Standing Committee on National Defence to see what they recommended.

**Ms. Diane Bourgeois:** We could do that too.

**The Chair:** Mr. Kramp.

[*English*]

**Mr. Daryl Kramp:** Thank you.

I'd like to stay on the timetable we have presented, the simple reason being that our researcher has been instructed to give us a broad overview of a number of the components we're about to study, and I think if we get in ahead of ourselves on that, we could just be doing some duplication, overlap, etc. Let's get the information he prepares, and then we'll have a chance to evaluate that and we can discuss it, and then I think it'll give us a much more focused sense of direction on where we need to go as a committee once we have this information.

**The Chair:** I think you're correct, Mr. Kramp.

*Oui, Madame Bourgeois.*

[*Translation*]

**Ms. Diane Bourgeois:** Madam Chair, if I understood correctly, after our researcher tables the document, there does not seem to be anything on the agenda for Thursday, May 8. I would however like to go back to one of Ms. Folco's motions. Will we be able to read the documents? Will we receive them soon, or are we pushing you too much?

**Mr. Philippe Le Goff:** You should have them by the end of the week.

**Ms. Diane Bourgeois:** Okay. What is important to me is keeping some time to go back to the issue of passports, to Ms. Folco's motion.

**The Chair:** Perhaps we could do that this week?

**Ms. Diane Bourgeois:** This week?

**The Chair:** If we are ready, as we have not yet discussed the motion.

**Ms. Diane Bourgeois:** If possible and so that there are no clashes, it is also important for us to have a well-structured plan for the federal government's procurement process. Would you be happy with a nice plan including the time, date and person?

**The Chair:** It is a bit difficult to produce a plan for Thursday, but Mr. Le Goff already has a preliminary plan.

**Ms. Diane Bourgeois:** If we deal with passports on Thursday, you would have until Tuesday, May 27, to produce a plan. Does that suit you?

**The Chair:** Yes.

**Ms. Diane Bourgeois:** Thank you very much.

**The Chair:** Very well.

[*English*]

Now we'll go to Madame Folco's motion.

• (1050)

[*Translation*]

**Ms. Raymonde Folco:** Thank you, Madam Chair.

My motion, which was distributed to everyone, reads as follows:

That this Committee undertake a brief study on the improvement of Passport Canada's services in the regions of Canada.

I don't think I really need to sell you on the idea, and what I am proposing is quite clear. If the motion is adopted and since we do not have anything on the agenda for Thursday morning for the time being, I would like—and I am mixing in lots of things—us to hold a meeting to see what we have to do and to prepare a very brief report with some recommendations, which should be enough.

**The Chair:** Thank you.

Ms. Bourgeois.

**Ms. Diane Bourgeois:** I just want to say that I support the motion.

**The Chair:** You support the motion.

I will ask Mr. Le Goff if he has enough time to prepare something for Thursday of this week. He is the one who prepares everything for us.

**Mr. Philippe Le Goff:** We have of course received information from Passport Canada. The way we see it is that the key problem with the passports is the distribution of volume. The urban regions are well-served by Passport Canada offices. The problem lies in the more remote or rural regions where there is to my mind an unduly high burden on members' offices.

During the meeting, Passport Canada was asked for data on volume, by postal code, for passports processed. That seems to be the key aspect for opening a new office. The office in Kelowna was opened based on volume. Data is currently lacking for Sudbury, Sherbrooke and in other offices. We do not have that data, but Passport Canada should be providing it.

If the committee wishes to make recommendations on adding new offices or service organizations, that should be based on volume data.

**The Chair:** Ms. Bourgeois.

**Ms. Diane Bourgeois:** Madam Chair, we must bear one thing in mind. I was not at the last meeting, but because my daughter worked in Sherbrooke, I know what it means to issue an additional 10,000 passports per year without an additional budget. That means that the member for that riding cannot deal with other matters. He has three people on staff who do nothing but submit passports. During that time, the member cannot look after having additional staff or his employees.

Given what our budgets for the ridings are, if we have three or six employees, they don't all earn the same salaries. Employees are paid \$28,000 or \$30,000 a year, that is unacceptable. That is why I am saying that it makes no sense and that Passport Canada, relying precisely on the volume of passports by postal code, is falling back on this idea. The member's office is helping Passport Canada save money on the backs of the member's employees and on the quality of services the member provides. That is why Ms. Folco's proposal is so important.

[*English*]

**The Chair:** Mr. Kramp.

**Mr. Daryl Kramp:** As a member who, like a number of my colleagues around the table, deals with a pile of passports through our office, I'm in support of this motion. I think we can see a definitive sense of direction. The only concern I have right now is the matter of timing. Before Madam Folco came to this committee, we already had a fair bit of in-depth analysis and investigation on this. A lot of testimony has been given by everyone from the minister on down.

I wonder if our researcher could do either a compilation, an assessment, or an executive summary of what has taken place before this committee already on this issue—or maybe we should be doing this ourselves. If we can have that brought forward we would have a starting point, because where do we want to draw our witnesses from?

Let's focus on where we see those definite problems, and then we can move forward on that. But to go wide open on this...I don't want to repeat what we've already heard.

• (1055)

**The Chair:** Thank you.

Madame Folco.

[*Translation*]

**Ms. Raymonde Folco:** I am in complete agreement with...

[*English*]

**The Chair:** I'm sorry, Mr. Angus is next. He's so quiet over there.

**Mr. Charlie Angus:** I'm studious. Sister Frances Margaret never said that in grade school, I'll tell you, which is why I have such big ears—they were pulled all time.

I support the need to come back with something on the passport issue. I'm questioning whether we should open it up to witnesses at

this point, because I'm not sure who we would ask. We didn't get a lot of answers from Monsieur Cossette. We certainly got a good promotional package, but it didn't answer our questions.

I feel our researchers should take the next step for us. We should empower them to ask. We're going to bring specific questions from each region that we need to have answered. For example, I asked Mr. Cossette about the decision to cut off Service Ontario as a passport service provider. I've now found out that not one community from North Bay to Kenora on Highway 11 has a passport service, yet we were told we had an unprecedented level of passport service. This is a decision they made two weeks ago that is now having a major impact.

I don't know who to bring forward as witnesses on that, but I would like our researchers to ask Passport Canada what their plan is to address this shortfall. I'm sure other regions have similar questions, depending on their jurisdiction.

If we can have those questions asked and then come back and look at them in a preparatory report, we might then decide if there are witnesses we would like to bring forward. But I'm not sure what putting a number of meetings on this will actually give us.

[*Translation*]

**The Chair:** Ms. Folco.

**Ms. Raymonde Folco:** I think we are all on the same wavelength, in other words, I had asked for a brief study, but given what was said here earlier, we could ask our researcher to prepare not only an executive summary, but go even further and draw on what was said earlier by the witnesses who dealt with the improvements to be made to the regional Passport Canada services, and provide us with a progress report. Once we have an idea of what is happening, then we can decide what direction we would like to take. I think that is the best way to proceed. I would ask for the committee's indulgence to agree to this motion pursuant to what I have just said, which takes into account a number of problems that have been expressed. If we adopt this motion, it will be considered committee business, but we should ask our researcher for advice.

[*English*]

**The Chair:** I think that's a good idea, but I'm going to ask our researcher. I don't think he can have that report ready for Thursday, so we have to give him some time to do that work.

So I will call the question on the motion.

(Motion agreed to)

**The Chair:** We will give our researcher time to do his work on that file. We will not have a meeting on Thursday this week, but we will have one on the following Tuesday.

Do you have something else?

**Ms. Raymonde Folco:** I have a reply.

**The Chair:** Just a second, before we all go. I forgot about that.

We got a reply from Mr. Wouters or Mr. Baird on the motion that was passed. I think it was your motion, Madame Folco?



**Ms. Raymonde Folco:** Yes, it was. I have the reply, and I would like to say something about it to this committee. I'll try not to be long—I also have something else. I'll do this in English. if you don't mind.

I got a reply, which I think has been distributed to all members in both official languages. Mr. Wouters tells the president that he can't give us any more information—only that there was a meeting of Treasury Board in which there were deliberations and decisions regarding submissions relating to the Ottawa light rail project. You remember, I asked a question he couldn't answer. I said, “Look, I don't want to know what was decided; I just want to know the dates of the meetings and who was present.” The letter that we have got back still does not give me that information.

I want to put it on the record that the answer from Mr. Wouters, dated April 17, is not satisfactory. I would like our research person to look into what information we can legally have regarding the meetings of cabinet. Then we can draft another letter and get a legal answer from Mr. Wouters regarding those meetings.

• (1100)

[*Translation*]

**The Chair:** Mr. Le Goff.

[*English*]

**Mr. Philippe Le Goff:** I will do that.

**The Chair:** Thank you.

Mr. Kramp.

**Mr. Daryl Kramp:** If we're heading down this other road again, I want it in motion form. I want it discussed openly here and with the department before we go down this road.

**The Chair:** She is asking the researcher to find out exactly what they can tell us. If they can't legally tell us anything because it's a cabinet confidence, then we're not going to go down that road. Before we pass a motion or get a letter, I think we should get an opinion on exactly what they can tell us about meetings of Treasury Board. I think that's what her question was.

**Mr. Daryl Kramp:** Why wouldn't we just call witnesses in and ask them? We could ask our parliamentary justice officials.

**Ms. Raymonde Folco:** Okay. Then, depending on what the witnesses tell us, I would be presenting a motion. I'm fine with presenting another motion later on. That's fine with me.

**The Chair:** Okay, that's it. We're not doing anything else right now. There's nothing other than looking into the legalities.

Thank you.

The meeting is adjourned.

---





**Published under the authority of the Speaker of the House of Commons**

**Publié en conformité de l'autorité du Président de la Chambre des communes**

**Also available on the Parliament of Canada Web Site at the following address:  
Aussi disponible sur le site Web du Parlement du Canada à l'adresse suivante :  
<http://www.parl.gc.ca>**

---

**The Speaker of the House hereby grants permission to reproduce this document, in whole or in part, for use in schools and for other purposes such as private study, research, criticism, review or newspaper summary. Any commercial or other use or reproduction of this publication requires the express prior written authorization of the Speaker of the House of Commons.**

**Le Président de la Chambre des communes accorde, par la présente, l'autorisation de reproduire la totalité ou une partie de ce document à des fins éducatives et à des fins d'étude privée, de recherche, de critique, de compte rendu ou en vue d'en préparer un résumé de journal. Toute reproduction de ce document à des fins commerciales ou autres nécessite l'obtention au préalable d'une autorisation écrite du Président.**