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• (1605)

[English]

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

Welcome to meeting number 21 of the House of Commons Standing Committee on Finance. Pursuant to the order of reference of January 27, 2021, the committee is meeting to study Bill C-224, an act to amend an act to authorize the making of certain fiscal payments to provinces, and to authorize the entry into tax collection agreements with provinces.

Today's meeting is taking place in a hybrid format, pursuant to the House order of January 25, 2021. Members are therefore attending in person in the room and remotely using the Zoom application. The proceedings will be made available via the House of Commons website, and so you are aware, the webcast will always show the person speaking rather than the entire group. I think most members are aware of all the technicalities around this. Also, to remind people, pictures are not supposed to be taken of the meeting and keep your mikes off when you're not speaking.

We have three witnesses here today for the session. We'll start with the president of The Professional Institute of the Public Service of Canada, Ms. Daviau, and Quebec's representative, Mr. Couillard.

The floor is yours, Ms. Daviau, if you have opening remarks.

Ms. Debi Daviau (President, The Professional Institute of the Public Service of Canada): Thank you so much. Good afternoon. My name is Debi Daviau. I am president of The Professional Institute of the Public Service of Canada, or PIPS, the national union that represents approximately 1,400 Canada Revenue Agency professionals in Quebec. Overall, we represent some 12,000 auditors at the Canada Revenue Agency across the country.

With me today is Mr. Jean Couillard, our representative for our group at CRA, and he is our representative for the Quebec region. He is a CPA and a CGA and a subject matter expert on CRA-related issues.

We'd like to thank you for the opportunity to present our views on Bill C-224 and on the possibility of transferring tax processing from the Canada Revenue Agency to Revenu Québec. Together, we would be happy to answer any and all questions you may have after our presentation.

I want to assure committee members that we have thoroughly researched this issue. Our position is based on substantial academic

and expert literature. In a nutshell, Bill C-224 is not in the best interests of Canadians and Quebecers, and there are alternatives to transferring this responsibility to Revenu Québec. We urge members of Parliament to carefully review our arguments and decide if this is really the road to follow, especially at this time. Why? Because it would have a negative financial impact on taxpayers across Canada, and it would not result in tax-processing efficiencies for residents of Quebec. It's a step backward in the fight against tax evasion. It's a move away from tax fairness. Finally, it would lead to the loss of high-quality jobs in Shawinigan and Jonquière, two smaller provincial communities already hard hit by the pandemic.

I'd like to emphasize that we are not the only ones to take this position. Academic and expert literature on this issue demonstrates that there is no clear evidence that decentralization of Canadian tax administration to a provincial authority would result in greater aggregate savings, efficiency, compliance or accountability, as compared to centralizing the administration of provincial taxes at the CRA.

Please note that we can provide committee members, and any member of Parliament, with our list of these studies and references upon request.

I'd like to address each of our arguments individually.

First, the numbers don't add up. There are no savings or efficiencies to be gained either for Quebec taxpayers or for those in the rest of Canada. The June 2015 report of the Commission de révision permanente des programmes, which was commissioned by the provincial government itself to look into this and other issues related to government spending and efficiency, found that the most efficient and cost-effective way for Quebecers to have a single tax return would be for the CRA to administer all tax collection. Plus, a shift from the CRA to Revenu Québec would require a significant expansion of the latter's capacity as well as an expansion of its administration budget. The CRA is already in a position to centralize Quebec's tax administration.

Second, it represents a step backward in the fight against tax evasion. We know that other provinces are watching to see what happens with Bill C-224. We believe that if it is adopted, the bill could lead to a balkanization of Canada's tax system, resulting in more regressive taxes and weakened enforcement of measures aimed at combatting tax avoidance amongst wealthy Canadians and large corporations. Also, because international agreements aimed at fighting tax evasion are signed between central governments, it would be difficult for Quebec to perform the federal government's work in this area without a great many treaties being redrafted. This could lead to increased tax evasion at a time when billions of dollars are sitting offshore that the government is trying to recuperate. This is money that is badly needed to fund the public programs and services that Canadians depend on every day.

Third, it's a move away from tax fairness. Progressivity in Canada's tax system largely stems from federal taxes. This is even more the case now, as the federal government has introduced more progressive tax measures at both the top and bottom ends of the income spectrum. These measures are delivered through Canada's existing tax system. Their administration would be far more complicated if individual provincial agencies became involved. If we are to have a fairer and more progressive tax system in Canada, it must come from the federal level of government. We can't depend on provincial governments, which are by nature and by economic imperatives more constrained in what they can do.

Historically, the shift to a tax-on-income basis for provincial income taxes rather than as a percentage of federal taxes gave them more flexibility to set their own rates. This led to many putting into place considerably less progressive income tax systems.

Of course administration and collection of taxes are different from tax policy-making, but further devolution of the administration and collection of taxes will inevitably lead to a greater devolution of tax policy-making and to a less progressive tax system overall.

Finally, it's critical that we not lose sight of the impact this could have on employment in Shawinigan and Jonquière, where the Canada Revenue Agency provides good jobs to a great many people. I can't think of a worse time than the middle of a pandemic to start thinking about cutting jobs in smaller communities. The CRA is a governmental leader in the decentralization of its jobs. They are not all concentrated in the national capital region, as is often the case with federal jobs. They may not be easily redeployed to other departments.

To conclude, Bill C-224 should not be adopted. A better way to go, if we want to have less paperwork and a lighter tax-filing burden on individuals and ensure that people get the benefits they are entitled to, would be to have automatic tax filing. This is something the Trudeau government has committed to implementing. We support that initiative, and the CRA has the capacity to effectively process Quebec taxes as it already does for the other provinces.

I want to thank you for your time. Mr. Couillard and I would be pleased to answer your questions

• (1610)

The Chair: Thank you very much.

We turn now to the Quebec public and parapublic service union, with Mr. Sylvestre, vice-president, national executive; Mr. Caron, research adviser; and Mr. Gaudreau, political consultant.

Mr. Sylvestre, the floor is yours.

[*Translation*]

Mr. Jean-François Sylvestre (Vice-President, National Executive, Syndicat de la fonction publique et parapublique du Québec): Thank you, Mr. Chair.

Thank you very much for your invitation.

For five years, the Syndicat de la fonction publique et parapublique du Québec has been proposing that Quebec taxpayers fill in one tax return only, rather than two, as is currently the case. In order to ensure Quebec's autonomy in tax matters, this single tax return should be administered by Revenu Québec. We therefore enthusiastically welcome Bill C-224, as proposed by the hon. member for Joliette, and we invite all parties to study it seriously and support it in the upcoming votes.

A single tax return would clearly come with its share of changes, but the advantages would be well worth the cost, especially if the necessary measures are put in place to avoid any loss of jobs. Thanks to employers like the public service in Quebec and at the federal level, all the mechanisms are available to protect them.

Among the advantages of a single tax return, we might mention the significant and ongoing savings for the governments and therefore for the public as well. According to an analysis by the Research Institute on Self-determination of Peoples and National Independence, the savings could well be \$425 million annually. In the light of this observation, a refusal to achieve those savings can only feed the prevailing cynicism as to the management of public funds. Given all the investments needed for services to the public, those hundreds of millions of dollars could clearly be put to better use.

In terms of the choice of the agency that would become responsible for the single income tax paid by Quebecers, it seems clear to us that Revenu Québec would be the best option. In fact, according to Revenu Québec itself, leaving the collection solely to the CRA would not mean savings. It would mean annual losses of \$300 million, because Revenu Québec combats tax evasion more aggressively. It does so through the wealth indicators program that uses artificial intelligence to identify taxpayers whose returns do not match the value of their assets.

It is also essential to maintain Quebec's autonomy in tax matters. The autonomy allows the Government of Quebec to have its own tax policies without having to pay a penalty, as is the case with other provinces that wish to define the tax base differently from the federal government. The fight against tax evasion and tax avoidance is close to the hearts of Quebecers, as shown by the strong support for taxing the tech giants, hand in hand with the strong criticism directed at the federal government for taking too long to collect those taxes. The provinces turned over tax collection to Ottawa. We therefore emphasize that, since Ottawa asked the provinces for flexibility in determining the tax base, Quebec could well ask Ottawa for flexibility in return.

Revenu Québec also has much more of a presence here than the Canada Revenue Agency. The provincial agency has 60% more points of service than its federal equivalent. We must also ensure that we maintain service in French that is of good quality and easily accessible. A lot of evidence, albeit anecdotal, shows that people prefer to call Revenu Québec for information on federal income tax.

Now that we have laid out the advantages of a single tax return, we also want to submit our ideas on solutions to mitigate the impact on the workers as much as possible. This of course is a problem to which we as a union are sensitive.

The impact that this change would have on the 5,000 affected jobs in Quebec should be carefully studied. All transfers or re-assignments should be spread over as many years as it will take. The Saguenay and Shawinigan regions specifically will have no costs in moving to a single tax return. We also believe that the National Verification and Collection Centre in Shawinigan-Sud, with its 1,300 jobs, should hardly be affected. Because it deals with returns coming from all over Canada, there would be therefore no reason to change the Centre's mission.

In addition, new exchanges of tax data between countries as a result of the OECD's initiative called BEPS, or base erosion and profit shifting, require some reinvestment in the federal agency so that this significant quantity of data is properly processed. We must also not forget the eight programs created in response to the health crisis, which CRA manages. As Quebec already has fewer federal public servants compared to the Canadian average, it would be even more timely for those new investments to be used to maintain CRA employment in Quebec.

Other federal programs could also benefit from the skills of the people working at CRA, including the ability to provide quality services in French. Priority hiring in certain other federal departments and agencies could be made available to the workers that have to be reassigned.

• (1615)

In addition, we must keep in mind that Revenu Québec would certainly benefit from the expertise of CRA employees, who could be transferred to the provincial agency, with all their working conditions intact. This type of situation has come up before; it would not be the first time.

Finally, we will conclude by asking for the same thing as the Commission des finances publiques du Québec, that is, greater co-

operation between the two agencies in exchanging information required as the result of federal agreements. Whether or not we have a single tax return, it is essential that each tax authority have all the information available to ensure that all taxpayers pay their fair share.

Thank you very much.

[English]

The Chair: Thank you, Mr. Sylvestre.

Turning to the last panellist, with the Union of Taxation Employees, we have Marc Brière, national president.

Go ahead, Mr. Brière.

Mr. Marc Brière (National President, Union of Taxation Employees): Thank you.

[Translation]

Good afternoon, ladies and gentlemen.

I am the national president of the Union of Taxation Employees.

First of all, I too would like to thank you for giving me the opportunity to take part in this discussion today on Bill C-224.

The Union of Taxation Employees is a component of the Public Service Alliance of Canada. We represent around 28,000 employees of the Canada Revenue Agency.

The purpose of the bill introduced by the Bloc Québécois member of Parliament Gabriel Ste-Marie is to have the federal government make the province of Quebec responsible for collecting and administering federal-level personal and business income taxes on behalf of the federal government.

Because the Bloc Québécois is an openly sovereignist party, I can certainly understand the political reasons that prompted him to introduce this bill. However, I can see no other good reasons that would justify passing Bill C-224.

First of all, massive job losses will clearly ensue if this bill is passed and the federal government hands over administration of Quebec's federal taxes to the provincial government. The Canada Revenue Agency currently employs approximately 6,000 people in Quebec, and our union represents about 4,000 of them. Revenu Québec has around 12,000 employees. Together, the two agencies therefore have a total workforce of approximately 18,000 people. If we compare that to the CRA'S total workforce in Canada outside of Quebec, which is about 39,000 employees, it's easy to see that there would be a surplus of employees in Quebec if the bill is passed.

Moreover, as reported in a January 2019 article in the daily *Le Devoir*, Quebec Premier François Legault believes that there will definitely be job losses. He is also careful to point out that only employees in the group working for Revenu Québec would keep their jobs. I actually don't agree with him, but that's what he said.

I'd like to point out in passing that the vast majority of jobs that would be lost are held by people living in Quebec who pay taxes there and greatly contribute to the province's economic activity. Basically, they are Quebecers from all over Quebec.

[*English*]

Included in these job losses are more than 1,200 employees in the Saguenay—Lac-Saint-Jean region and 1,500 in Mauricie. The bill calls for measures to be put in place to mitigate the job losses that will be inevitable. While I have been looking for a realistic solution to this problem, I have yet to find one.

Now, I also need to point out that the idea itself of creating a single tax return in Quebec is not the solution, at least not at this time. This is not coming from me. This is according to Quebec tax experts who met in May 2019 in Sherbrooke. According to those experts, the solution is not applicable at this time. They said that international practices would prevent Quebec from being able to do a part of the federal government's work in this area. They also said that the result of bilateral agreements negotiated solely between the central governments, like the Government of Canada and other countries, such as co-operation agreements on, among other things, combatting tax evasion, do not usually allow the data to be shared with other levels of government.

I know that the bill is asking us to look into that, but I want to point out that it took years for the CRA to negotiate these agreements with other countries. It will take a long time, if it can happen and if the other countries agree, to make any changes to these agreements.

In any case, the real problem doesn't lie there. The bulk of the additional cost of tax compliance in Quebec doesn't arise from a redundancy issue, according to François Vaillancourt, a renowned Quebec tax expert. It comes from the tax policy differences between the two levels of government, because there are two tax laws, one provincial and one federal. He said that as long as we have to comply with two different sets of legislation, we cannot hope to achieve such huge savings.

The experts therefore suggest that Quebec and Ottawa harmonize their tax policies before even thinking about creating a single tax measure. According to those experts, if the objective is solely to reduce redundancies and achieve efficiencies, it would be more logical to entrust the work to the agency that is most capable of achieving large-scale savings, namely, the Canada Revenue Agency. I suggest that this is why the nine other provinces are counting on the CRA to do the work.

• (1620)

In its report published in June 2015, the Robillard commission, commissioned by the current government itself, came to the conclusion that transferring the tax administration activities from Revenu Québec to the Canada Revenue Agency would result in direct annual savings of approximately \$400 million for the Quebec government.

[*Translation*]

In our view, if Quebec administers the federal government's taxes in Quebec, it will lose some of its autonomy, since it will have to

harmonize many of its tax policies with those of Canada's Income Tax Act. In particular, that will include the definition of income, which is not the same at the federal level as it is in Quebec.

In conclusion, thank you again for the opportunity to speak to you today. I will be pleased to answer any questions committee members may have.

[*English*]

The Chair: Thanks, all of you, for your presentations.

For a six-minute round, Mr. Berthold, the floor is yours.

[*Translation*]

Mr. Luc Berthold (Mégantic—L'Érable, CPC): Thank you very much, Mr. Chair.

First, I would like to thank our guests. Today, they have provided us with a lot of very enlightening information about the situation we're in right now.

We have a bill that will harmonize the Quebec and federal tax collection and administration systems, making the Government of Quebec responsible for them.

I'd like to remind you that the Conservative Party has already made the people the focus of the single tax return initiative. The Conservative Party wanted and still wants Quebecers to file only one tax return. However, where our proposal differs from the bill is that we believe it's possible to make Quebecers' lives easier without changing the whole system.

I'd like to hear what the three organizations represented here have to say about that.

Do you think we could make Quebecers' lives easier by requiring them to fill out only one form, which would be sent to Revenu Québec and the Canada Revenue Agency? The two agencies could then continue to process the information, but it would be on a single form to make it easier for Quebec taxpayers. Canada Revenue Agency officials told us that this is possible.

Is it realistic and feasible, in your opinion? Might it be easier than trying to harmonize the two tax systems by transferring power from one revenue agency to the other?

We could start with Ms. Daviau.

• (1625)

[*English*]

The Chair: Ms. Daviau, would you start?

Ms. Debi Daviau: Yes, if I may, I will ask Monsieur Couillard to respond, because he is actually an employee of Canada Revenue Agency in Quebec.

[*Translation*]

Mr. Jean Couillard (Québec Representative, AFS Group, Professional Institute of the Public Service of Canada): Good afternoon.

My name is Jean Couillard and I'm an auditor with the Canada Revenue Agency in the—

Mr. Luc Berthold: Mr. Couillard, we already know all that.

I would like you to answer the questions, please, because we don't have much time.

Mr. Jean Couillard: Okay.

It would be quite complicated to combine the two tax returns on a single form, because the two systems have major differences. Specifically, one difference is the distinction between personal and business tax returns. It could therefore be complicated to put them on one form.

Mr. Luc Berthold: All right.

What do you think, Mr. Sylvestre?

Mr. Jean-François Sylvestre: I invite my colleague Mr. Caron to provide you with more details on that.

[*English*]

The Chair: Mr. Caron.

[*Translation*]

Mr. Pierre-Alexandre Caron (Research Advisor, Syndicat de la fonction publique et parapublique du Québec): I also have a feeling that it would be quite complicated to have a single return and keep the two agencies separate. I also feel that it would draw us away from the goal, which is to save money and give it to other public services that really need it.

Mr. Luc Berthold: What does PSAC's Union of Taxation Employees have to say?

[*English*]

The Chair: Mr. Brière.

[*Translation*]

Mr. Marc Brière: It would be very complicated, and to be perfectly frank, I don't think it would save a dime.

I say that because the federal and provincial systems define income very differently. For example, if an individual has a private health insurance plan that is paid wholly or partly by their employer, it is considered a taxable benefit in Quebec, but not at the federal level or in the other nine provinces. Combining that to have a piece of legislation—

Mr. Luc Berthold: All right, I'm going to stop you there, Mr. Brière. I understand what you're saying: it's very complicated.

As things stand, it's no trouble for employers to send people T4s and RL-1 slips, so I can't see why it wouldn't be possible for them to send a single document, instead, with the information from both forms. Why couldn't taxpayers fill out the appropriate boxes, depending on whether the information applied to the federal or provincial system? The federal and provincial governments would refer only to the boxes and information that pertain to their respective systems. Individual taxpayers would just have to send their information to both revenue agencies.

The idea is not to save taxes or put people out of work. The idea is to make life easier for Quebecers. What we are trying to figure out is how to do that. I'm especially surprised to hear someone from the CRA say that it's practically impossible to make life easier for Quebecers by allowing them to fill out a single income tax return. I have a hard time wrapping my head around that.

Mr. Brière, it looks like you want to comment, so please go ahead.

Mr. Marc Brière: Thank you.

[*English*]

The Chair: Okay, Mr. Brière.

If I may just interrupt for a second, Mr. Berthold, we have two hours today and only three witnesses, so there's ample time. We don't need to rush too much.

[*Translation*]

Mr. Luc Berthold: I see.

[*English*]

The Chair: Mr. Brière.

[*Translation*]

Mr. Marc Brière: Thank you, Mr. Chair.

Mr. Berthold, this is something people have been talking about for a long time, but they have yet to find a solution. Why? Because it's complicated. That's the problem.

You said you would like to have a single form. It's worth noting that 95% of individuals who currently receive a T4 from the federal government and an RL-1 from the provincial government file their returns with the help of an accountant or tax software. They enter the information in the program, which populates the appropriate fields for the two tax systems. That's all they have to do; it's not hard. The process is already simplified when people file electronically.

The important thing to remember is that there are two tax laws: Quebec's and the federal government's. The rest of Canada has just one, the federal law. The difference between the two is huge. Some things could be harmonized, but others would be very difficult to harmonize. As I pointed out, the two systems define income differently. That's a big deal. Quebec could lose at least \$500 million annually if it harmonized its law with the federal government's. Otherwise, you, the federal lawmakers, would have to amend the Income Tax Act to introduce a tax in the rest of Canada on a benefit that is currently tax-exempt. That would cost Canadian taxpayers \$3.8 billion.

It's one heck of a big problem, as I see it.

● (1630)

Mr. Luc Berthold: Ms. Daviau, would you care to comment?

[*English*]

Ms. Debi Daviau: If we really want less paperwork and tax filing burden on individuals, and to help ensure that people get the benefits they're entitled to, what really should be supported is the move to the automated tax filing form, which we advocate for and which the government says it's going to be looking to implement. There are ways to simplify Quebec taxes, as I mentioned in my presentation, without completely overhauling both the Quebec and the federal tax regimes.

In answer to your question, yes, there are easier ways to simplify the burden for Quebec taxpayers. But in our view, this isn't the efficient way, and it's certainly going to be extremely costly. Whatever savings might be realized down the road, maybe, would be more than offset by the cost of resetting up all these systems—treaties, informatics systems, processes—and hiring all the people to do this work.

The Chair: Thank you.

We'll move on to Ms. Koutrakis.

[*Translation*]

Ms. Annie Koutrakis (Vimy, Lib.): Thank you, Mr. Chair.

Thank you to the witnesses for their participation this afternoon.

My first question is for you, Ms. Daviau.

Last week, CRA officials told us that having the provincial government administer income tax would cost approximately \$800 million. That would cover fixed costs associated with setting up new IT systems, and making the necessary changes to workflow, human resources and staffing.

Ms. Daviau, could you comment on CRA's cost estimate and share your thoughts on the possible cost of such a transfer?

[*English*]

Ms. Debi Daviau: I really don't know the numbers. We're not in a position to be able to do that calculation. But certainly the justification provided by the CRA for that number sounds reasonable.

It's likely to be even more expensive than that, given that projects don't always go as anticipated. Additional costs arise during the project. If we're introducing new complicated IT systems, that hasn't always gone smoothly at either the provincial or federal government levels. A lot of risk is associated with changing something that actually works.

Let's face it. Our tax system works. It's just more complicated for those living in Quebec. As I said, that could easily be solved by centralizing the administration with the CRA, which already has all the systems and processes in place, and all the expert knowledge and auditors able to do that, as they do for other provinces.

[*Translation*]

Ms. Annie Koutrakis: Ms. Daviau, have you identified the cost savings and efficiencies that would be achieved if the CRA were to administer income tax for the province of Quebec? If so, could you provide them to us? How would the CRA be more effective and efficient at administering the regime? I know you've addressed the issue before, but could you provide more details, please?

[*English*]

Ms. Debi Daviau: I'm not at all sure they would do the job better or worse than the people who are doing it in the province.

I'm suggesting if you want to simplify it under one umbrella, it makes more sense to simplify it under the Canada Revenue Agency, where the systems are already in place, than it does to centralize under Revenu Québec, where all these systems would need to be built. All the processes would need to be put in place. All the

staffing would need to be done. It's quite a transformation you're looking at to solve a pretty small problem in the scheme of things.

I think there are much better ways to go about simplifying taxes for the residents of Quebec that will be a lot less costly both to individuals and to the government, and will not run the risk of losing thousands of jobs at a time when these jobs are so very important.

• (1635)

The Chair: Mr. Brière wants in as well.

Mr. Marc Brière: Thank you, Mr. Chair.

[*Translation*]

Good afternoon, Ms. Koutrakis.

I can speak to the potential cost savings for Quebec. Even the Robillard commission, which the Quebec government established under former premier Couillard, estimated that Quebec would save \$398 million annually if the federal government, in other words, the CRA, were to administer the tax regime.

It's pretty straightforward. The federal system is in place across the country. The other nine provinces opted to turn over tax administration to the CRA for one reason, and it wasn't that the CRA asked nicely; the arrangement was very much in their favour. The federal government does not bill the provinces for doing the work on their behalf. The CRA already administers taxes for the federal government, so it administers taxes for the provinces as well. The CRA sends the money to the provinces. You may not know this, but even for uncollectible accounts, the CRA pays the province and absorbs the loss. That's something people don't realize. Being a CRA tax recovery officer at heart, I can tell you that.

Therefore, Quebec could save a lot of money by having the federal government administer the tax regime. What's more, when the federal or provincial portion of taxes is recovered, the province's portion is collected before the federal government's.

All that to say there are many good reasons why Quebec would hand over tax administration to the federal government. Politically speaking, it's a different story, so I won't go there. Fiscally, however, it's a no-brainer.

Ms. Annie Koutrakis: Do I still have time left, Mr. Chair?

[*English*]

The Chair: Mr. Sylvestre wants in, Annie, and then we'll come back to you.

Mr. Sylvestre.

[*Translation*]

Mr. Jean-François Sylvestre: Thank you, Mr. Chair.

The commission Mr. Brière mentioned was dismantled by Revenu Québec three years ago. As everyone else did, we advanced a cost savings estimate that would be achieved if tax administration were transferred to Quebec: \$425 million annually. That would offset the previously cited \$800 million it would cost for the CRA to restructure its work.

I'm going to digress momentarily. I believe Mr. Berthold brought up the possibility of combining the two forms into one. As mentioned earlier, doing that would be complicated. Someone pointed out that technology reduced the burden of having two forms. Entrusting the responsibility to Revenu Québec is also a matter of technology.

Ms. Koutrakis brought up efficiencies and IT systems, but Revenu Québec has the capacity to take on the work because the agency is already doing it for a number of programs.

I would also draw your attention to the fact that, when the CRA entrusted management of the GST to Quebec, in the early 2000s, no one lost their job and the IT system was adapted just fine.

Ms. Annie Koutrakis: Mr. Chair, do I have time for another question?

[*English*]

The Chair: Ask a very short one, and then I'll let Mr. Couillard in as well.

[*Translation*]

Ms. Annie Koutrakis: Mr. Brière, on top of some 5,500 job losses, your union suggested that a single tax system administered by Revenu Québec would result in about \$300 million in lost wages.

Describe, if you would, how that lost income would affect local economies in the regions where CRA workers live and work?

Mr. Marc Brière: I can certainly do that.

The impact would be devastating, especially for the Saguenay—Lac-Saint-Jean and Mauricie regions. The CRA is the biggest employer in the Mauricie region and one of the biggest in the Saguenay—Lac-Saint-Jean region, along with the mining sector. That's 1,200 and 1,500 jobs respectively, and I would even say those numbers are probably higher now. Those people contribute to the economy. They have good working conditions and they make a decent living. They earn more than their provincial counterparts.

I would not want to live in the Mauricie region if the CRA were to close its office there. The impact would be devastating, leaving a massive hole in the public purse.

• (1640)

Ms. Annie Koutrakis: Thank you.

[*English*]

The Chair: Mr. Couillard has a point he wants to raise.

[*Translation*]

Mr. Jean Couillard: I wanted to add something about the importance of leaving the responsibility in federal hands.

Canada has tax information exchange agreements and tax treaties with other countries. The federal government has good international coverage. We have people in our office who work on international taxation. Would a province be able to do all that work at no additional cost? It would have to start from scratch. On top of that, would those other countries be willing to sign agreements with a province, as opposed to a country? Those are questions we have.

[*English*]

The Chair: Thank you, all.

Mr. Ste-Marie is next.

Gabriel, we're giving everybody an eight-minute first round, it seems, today. You're on.

[*Translation*]

Mr. Gabriel Ste-Marie (Joliette, BQ): Thank you, Mr. Chair.

I want to start by thanking all of the witnesses for their participation today and their opening statements. They were very informative. It is clear that not everyone supports this idea; it could even be called contentious.

I want to follow up on what Mr. Couillard just said. With all due respect, the bill seeks Ottawa's agreement to give Revenu Québec the necessary authority to administer the regime and thus access the tax information exchanged with other countries. It's not that complicated. It would merely involve sending the countries a letter to inform them of the change. The federal government could notify Barbados, for example, that Quebec's revenue agency was now authorized to receive the information.

When it comes to cracking down on tax havens, whether legal or illegal, Canada unfortunately scores quite low for its efforts. We are bringing forward this bill precisely so the Quebec government can do a better job of fighting against tax evasion. The blame does not lie with any CRA employee; it lies with the federal government and its political decisions. We believe this bill would help significantly in the fight against tax evasion and avoidance.

I would like to set the record straight for Mr. Berthold. He talked a lot about harmonization. This is my bill, and in no way, does it seek the federal government's permission to harmonize or change tax rates or anything of that sort. It's about making life easier for people by having them file a single tax return with Revenu Québec, which would then send the information to the CRA. This has nothing to do with eliminating all the jobs of CRA workers in Quebec. The idea is to establish a single window to make life easier for people. If people had questions, they would call Revenue Québec.

Under the bill, the federal government is being asked to undertake discussions with the Quebec government, within 90 days of the bill's passage, so the two governments can enter into an agreement within a year.

I was accused of bringing forward this bill because I belonged to a sovereignist party. While it is true that I am a sovereignist and that I believe Quebec would certainly be better off if Quebec, not its neighbour, managed Quebec's affairs, that's not at all what this bill is about. I support this bill because it has the unanimous support of Quebec's National Assembly, which unanimously adopted a motion calling for a single tax return, in fact. That means every member from the Liberal Party, the Coalition Avenir Québec, the Parti Québécois and Québec solidaire is in favour of a single tax return. Last week, I quoted the Québec solidaire critic on economic and fiscal matters, who expressed support for the initiative. Quebec's own premier, Mr. Legault, formally made the request to Mr. Trudeau. Can we not make life easier for people by allowing them to fill out a single tax return, as is the case everywhere else in Canada and in other countries?

Unless I'm mistaken, the House of Commons recognized Quebec as a nation. Can the Canadian nation, through the House of Commons, accommodate Quebec and agree to this request since it has the unanimous support of Quebec's National Assembly? Clearly, the whole issue is very political.

I also want to say that I am very sensitive when it comes to jobs. The idea behind the bill is, of course, to combine the jobs of two employees doing the same work, one at the provincial level and the other at the federal level, to save money. Those savings could be put towards hiring people in understaffed areas of the federal public service.

Mr. Sylvestre, in your opening statement, you mentioned examples in the past where jobs in other parts of the federal public service had been incorporated into Quebec's public service. Can you tell us about those examples? Take all the time you'd like.

• (1645)

Mr. Jean-François Sylvestre: Thank you for your question.

In the early 2000s, the GST and the—

[*English*]

The Chair: We'll start with Ms. Daviau and then go on to Mr. Brière.

Ms. Debi Daviau: I just want to address the issue of tax evasion. It is not a simple matter; that's for sure.

As representative of a union that represents most of the auditors Canada Revenue Agency engaged in this work of going after tax avoiders and tax cheats and getting offshore money, I can tell you that very complex systems are needed and very complex interactions between jurisdictions are required. I don't think you can water that down by having provincial versus federal. It's already very difficult to get complete sets of information from countries—even countries we have treaties with.

If you really want to address the problem of tax evasion, then what the money should be spent on is not rebuilding a whole new system in Quebec but rather investing in the areas required federal-

ly, like technology and training for people who are up against some of the most complicated technology and some of the most expert tax avoiders in the world.

There is a lot of work that can be done to improve Canada's tax system, but if you want to get back to the issue of simplifying things for Quebecers, there is a way to do that. It doesn't require a complete overhaul of both the Quebec provincial system and the federal system to do that. That's just likely to create turmoil and a whole bunch of risk about outcomes for our ability to continue to collect taxes.

The Chair: Mr. Brière.

Mr. Marc Brière: Thank you, Mr. Chair.

[*Translation*]

Mr. Ste-Marie, I want to first say that I very much respect your political beliefs.

I did indeed mention that in my opening statement. It would make sense, a lot of sense even, for Revenu Québec to be the only one handling taxation in Quebec, if Quebec were a country. However, since Quebec is a province within a federal system, it's not a good idea. You don't have to take just my word for it; every expert in Quebec who has studied the matter believes the CRA should assume the responsibility. Why? Because it has more tools.

Revenu Québec's jurisdiction is limited to Quebec. Picture this scenario. Let's say I live in Gatineau and I decide to move to Ottawa and take all of my assets out of Quebec. That means I don't have a single asset left in Quebec. My employer is in Ottawa. If I owe Revenu Québec money and it wants to garnish my wages in Ottawa, I say good luck. My employer can say no on the grounds that the agency does not have jurisdiction. As a recovery officer, I know what I'm talking about.

However, if I move from Gatineau to Vancouver or anywhere else, the CRA can track me down and collect the taxes I owe. It can even take action beyond Canada's borders. I, personally, worked on a case where people who owed the CRA money had fled to the United States, so I asked the CRA, in Ottawa, to ask the Internal Revenue Service, in the U.S., to collect the money on the CRA's behalf and transfer it at no charge. Revenu Québec cannot do that. I'm not even talking about tax agreements.

My point is simply this: there are tremendous advantages to having the CRA do the work over Revenu Québec.

You brought up jobs, but I would add that an awful lot of jobs in Quebec would be lost. Quebec's premier was honest enough to say it, so good for him. For those of you who aren't from Quebec, I would even go as far as to say that CRA jobs elsewhere in the country would be lost. Employees in Calgary and Hamilton who work in call centres serving individuals also process Quebecers' tax returns. Saint John, New Brunswick, Toronto and Edmonton all have call centres that serve businesses. Tax returns filed by residents of Quebec are also processed in Winnipeg and in Sudbury. People working in recovery across the country would lose their jobs as well. Even though those people are based outside Quebec, they, too, are called upon to process Quebecers' tax returns.

• (1650)

[English]

The Chair: Okay. We are going to have to leave it there and go to Mr. Julian for eight minutes—

[Translation]

Mr. Gabriel Ste-Marie: Pardon me, Mr. Chair. With all due respect, I directed my question to Mr. Sylvestre, specifically. I wanted to give him my speaking time to answer the question and provide some examples. The other witnesses did not answer my question.

[English]

The Chair: Okay. I didn't see Mr. Sylvestre put up his hand.

Go ahead, Mr. Sylvestre.

[Translation]

Mr. Jean-François Sylvestre: Thank you for your question.

I was referring to two examples—three, actually. The two most compelling ones involve the GST and QST.

In the 1990s, when the taxes were merged, everyone thought people would lose their jobs, but no one did. People are claiming that this would result in job losses, but I would really like to see some actual evidence of that. It's well and good to say that merging the two regimes will lead to job losses, but the claim has to be backed up by something. Our position is based on two studies.

In the early 2000s, the Quebec government, specifically the department of social solidarity, got the federal government to agree to turn over administration of the GST. The same thing happened in that case: people in the regions did not lose their jobs or their income. They were brought under the department of social solidarity in the same positions and at the same rates of pay until retirement. No one was let go. That was the agreement between the federal government and the province.

Mr. Gabriel Ste-Marie: Thank you.

[English]

The Chair: Okay, thank you.

You managed to squeeze in 10 minutes there, Gabriel.

We are going to Mr. Julian.

[Translation]

Mr. Peter Julian (New Westminster—Burnaby, NDP): Thank you, Mr. Chair.

Thank you to the witnesses for being with us today. We hope you and your families are staying safe and healthy during the pandemic, and we greatly appreciate your dedication to public service, whether in Quebec or the federal government.

The NDP voted in favour of this bill at second reading. Mr. Ste-Marie, my friend and a very committed MP, is the sponsor. We agree that there should be a single tax return, provided that jobs are protected. We feel strongly about that. In fact, it was something we were adamant about when the idea of a single tax return was floated in the past.

My first questions are for Mr. Brière.

Thank you very much for participating today, Mr. Brière.

A week ago today, Mr. Therrien, the House leader of the Bloc Québécois, told the committee that, according to the Minister of National Revenue, people in 5,300 jobs in Quebec work on processing federal tax returns. He said that, once the work being duplicated was eliminated, just 44% of those 5,300 people would really be useful. I found that comment troubling. I didn't like hearing it, and I said so at the time. It goes against the spirit of the bill.

That brings me to my first question, Mr. Brière. Would you say only 44% of the 5,300 people in Quebec who process federal income tax returns are really useful?

Mr. Marc Brière: I don't think that's the case. People are very useful.

Only 6,000 of the Canada Revenue Agency's employees are in Quebec. The reason I say it's only 6,000 is that there are 45,000 of them in the country. One of the reasons behind that is that the CRA is no longer responsible for administering the GST in Quebec. I wanted to say to Mr. Sylvestre that, when this happened, the Canada Revenue Agency's employees were transferred to Revenu Québec, but that's small potatoes compared to the number of jobs involved in the administration of all taxes. Some of the other activities people are involved in are collection and auditing. As Ms. Daviau said, some members of her organization are involved in collection. That's also the case with us. There are also people working in IT. The CRA employees in Quebec hold a variety of jobs. They work for Quebecers and process Quebec taxpayers' files. There are sometimes even workloads coming from outside Quebec.

Don't forget that, if a change was made to transfer the responsibility for taxes to the provinces, the Canada Revenue Agency would have no interest in keeping jobs in Shawinigan, as it has been mentioned, since it has other similar centres in the country. So it could transfer those jobs there, as they are transferable. So there would be some nice empty buildings.

There are indeed duplicated positions, if you will. I know this, as I worked at Revenu Québec before working at the Canada Revenue Agency. So I'm familiar with both agencies. I can tell you that both agencies have collection agents and auditors. Arrangements are made to help the two agencies work together better, especially so as to improve the effectiveness of auditing.

• (1655)

Mr. Peter Julian: Thank you, Mr. Brière.

I would like to come back to the repercussions for the regions of Saguenay—Lac-Saint-Jean and Mauricie. I must first tell you that I am a former resident of Saguenay—Lac-Saint-Jean. I learned French in Chicoutimi. I am deeply committed to the idea that jobs should be preserved in the regions, such as in Saguenay—Lac-Saint-Jean. According to the comments I quoted, that does not seem to be the objective. I don't share this idea that the regions will benefit from all those positions being cut.

What impact will the loss of the majority of CRA jobs in Quebec have on Saguenay—Lac-Saint-Jean and Mauricie, two important regions?

Mr. Marc Brière: As I said before, the impact would be very significant. We are talking about at least 1,200 jobs in Saguenay—Lac-Saint-Jean. Even more jobs than that are occasionally involved. There are 1,500 jobs in Mauricie. That represents payrolls of about \$75 million in Mauricie and \$50 million in Saguenay—Lac-Saint-Jean. It is assumed that those people spend money in their region, but they will no longer be doing that if those jobs disappear.

You were talking about Saguenay—Lac-Saint-Jean. By the way, congratulations on your French. I'm happy to hear that you improved your French in Quebec. We are talking about the tax centre in Jonquière. However, it should be understood that the Canada Revenue Agency no longer has a lot of tax centres, with only three of them left. The Government of Quebec tax centres are in Quebec City, on Marly Street, as well as in other locations, but none are in Jonquière. If there was a single tax return, and it was administered by the provincial government, it would no longer need to keep a centre open in Jonquière. As jobs would no longer be necessary in that specific region, the government could reassign them to its other tax centres. Those people process tax returns, but, as the T1 return from the federal government would no longer exist, they would have no returns to process. There would be a different tax return under a different name, a combined return for Quebec. Since the Canada Revenue Agency's systems are not designed to process that, they would have to be modified, which would be complicated. So those employees would become redundant.

What's more, a number of employees in Shawinigan and in Jonquière are contract employees and have no job security. So if something like that was to happen, they would lose their job suddenly, very easily. Thousands of Canada Revenue Agency's employees are under a temporary contract, unfortunately, and they are extremely vulnerable. By the way, Revenu Québec also has contract employees. They would be just as vulnerable if everyone had to be put into a single Revenu Québec centre. I can tell you that I would fight to protect the jobs of permanent employees at the Canada Revenue

Agency and perhaps even the jobs of Revenu Québec's contract employees.

In short, it would not be simple.

Mr. Peter Julian: You are talking about a loss of 3,000 jobs in Saguenay—Lac-Saint-Jean....

[*English*]

The Chair: Peter, Ms. Daviau wants to make a quick comment, and then I'll come back to you for the last question in this round.

Ms. Daviau.

Ms. Debi Daviau: Thank you.

I just want to say that I also live in Quebec. I live in Gatineau, and I work in Ontario.

Don't get me wrong. I would love to see a simplified tax system. I really struggle with this, but I am not willing to put thousands of jobs on the line for that. I am not willing to put, potentially, a billion-dollar investment into that just to simplify a system that is working but that is maybe a little bit complicated. I think those investments could be much better made in improving the overall system federally and provincially, but this is not the way. The risk is great to jobs. When you say, Mr. Julian, that you support this with the caveat that jobs will be protected, it's not possible, in my view. It is not possible that jobs won't be affected in this type of transfer.

• (1700)

The Chair: Ask a very quick question, Mr. Julian, and then I know Mr. Couillard wants in as well.

[*Translation*]

Mr. Peter Julian: Thank you, Mr. Chair.

I will come back to Mr. Brière.

Has a study been carried out by the Public Service Alliance of Canada or by the Union of Taxation Employees to find out how many small and medium-sized businesses would be affected if those two regions were to lose 3,000 jobs?

We are always talking about direct jobs, but we must also consider indirect jobs. Are there any studies on the loss of indirect jobs in those two regions?

[*English*]

The Chair: Could you give us a fairly tight answer, Mr. Brière? I want to give Mr. Couillard the last words.

Mr. Marc Brière: Sure, Mr. Chair.

[*Translation*]

We have not carried out any studies, but it is clear that we are talking about a loss of some \$300 million for the economy of Quebec's regions. Hundreds, even thousands of jobs would certainly be affected. It should be understood that people who work at the CRA spend money in the cities and villages they live in. If they were to stop working for the CRA, businesses would be greatly affected.

If you were to visit Shawinigan, you would see that closing the verification centre would be a disaster for Mauricie. It would be even more terrible than the closing of the tax centre in Saguenay—Lac-Saint-Jean. If you were to ask anyone living in Mauricie, they would say that those jobs cannot be lost.

[English]

The Chair: Mr. Couillard, I'll give the last word to you.

[Translation]

Mr. Jean Couillard: Good afternoon, Mr. Julian. Your French is indeed very good. Congratulations. You are making an effort, and it shows.

There has been a lot of talk about Shawinigan and Jonquière when it comes to job losses, but we shouldn't forget that there are tax service offices elsewhere in Quebec. There is one in Rouyn-Noranda, in Chicoutimi, in Sherbrooke, in Rimouski, in Montreal, in Trois-Rivières, in Gatineau, in Quebec City, in Brossard and in Laval. All those regions would certainly be affected, but we don't know to what extent, as we don't know all the details. Would this affect only the T1 returns of individuals or businesses....

[English]

The Chair: We will go to Mr. Kelly, followed by Mr. Fragiskatos in five-minute rounds. We're going to have to hold to it.

Pat.

Mr. Pat Kelly (Calgary Rocky Ridge, CPC): Thank you, Mr. Chair.

It's interesting. If I understand correctly, the institute of the public service would, in a perfect world, conceive of a single return to make it simple but one that ought to be administered by the CRA. If I understand the Syndicat de la fonction publique et parapublique du Québec, they think kind of the opposite, that there ought to be a single return and it ought to be done by Revenu Québec.

If I understood Monsieur Brière correctly, having two returns is a symptom of the problem rather than the problem itself, in that the definitions of income and the complications are the problem rather than the fact that there are the two returns and that one cannot be addressed without the other.

Somewhat lost in this discussion, I guess, is the poor suffering Quebec tax filer who has to file two returns to two different institutions. I am not a Quebec tax filer, and I have never filed a Quebec tax return, but one doesn't need to be to grasp just how inconvenient and expensive this must be, with a very high incidence of filers being compelled to seek professional assistance in filing their returns. We have to solve this somehow and get our Quebec tax filers some relief from the burden of compliance.

I would be happy to have each witness comment from that point of view, the point of view of the Quebec tax filer and of delivering some relief from the cost and burden and complication of just complying with the law.

The Chair: We will start with Mr. Brière and then go to Mr. Sylvestre.

Mr. Marc Brière: Thank you, Mr. Chair.

I am a Quebec tax filer, so I know what it's like. Yes, there are two tax returns. As I mentioned before, years ago that point would have been more accurate, but right now I don't like it because, for a union leader, that makes it good for jobs, but the fact of the matter is people are filing electronically.

When you file your taxes electronically in Quebec, you punch your numbers in and the system allocates the two returns. Then you just click and send to Revenu Québec, and you click and you send to Revenue Canada. From that perspective, it's not that complicated.

Another thing is that people are thinking about the taxpayers and lessening the burden on them. People are paying their accountant, let's say, to do their taxes. Accountants will not chop their price in half if there's only one tax return, because they use software too. Trust me. You can ask them. Don't count on my answer. Ask the tax experts, and they will tell you. So there won't be any savings. It will be more complicated.

This bill is saying give it to Quebec. Well, I'm sorry. It's not because I'm not the federal government. It doesn't make any sense to give it to the Province of Quebec instead of to the federal government.

The problem is—

• (1705)

Mr. Pat Kelly: I'm sorry to interrupt. I know I invited the other witnesses to answer too, but I want to follow up on a point there.

Mr. Marc Brière: Okay.

Mr. Pat Kelly: I'm asking this question because I don't know the answer.

The incidence of professional filing, the number of Quebecers who pay somebody else to prepare their returns—how does that compare to the numbers for the rest of the country?

Mr. Marc Brière: Okay.

The Chair: Could we go to Mr. Sylvestre first and then back to Mr. Brière on that one?

Mr. Sylvestre, you wanted in.

[Translation]

Mr. Jean-François Sylvestre: Mr. Kelly, I'm also a Quebec taxpayer, and filing two tax returns is complicated. When it comes to knowing how many people—both in Quebec and in the rest of Canada—have professionals file their tax returns, it is a bit difficult to answer because that's a personal decision, unless there is a national survey on the topic.

I wonder a great deal about a particular problem. You are talking about taxpayers' money. We argued that both levels of government would save money. Earlier, someone talked about a cost of \$1 billion to merge federal and provincial tax returns. We are talking about annual savings of \$425 million. Over a 10-year period, those savings would accumulate to several billion dollars. So the cost of that merger would be paid off quickly.

Where savings for taxpayers are concerned, people often look at the short term, but, on the contrary, the long term should be considered instead. I have often been told that a politician thinks of the next election, while a statesman thinks of the next generation. I think that's important.

It is said that, if the provincial government was to manage federal taxes, and a single tax return was used only in Quebec, jobs would be lost, but let's imagine the opposite. If the provincial and federal income tax returns were merged and we went back to the system we had in the 1950s, when the federal government managed Quebec's taxes, 12,000 jobs would be lost in the Government of Quebec. In the situation we are considering, it's a matter of 2,000 or 3,000 jobs.

In either case, as a unionist, I cannot say I am in favour of job losses. What I am saying is that we must consider the Quebec experience. When two departments were merged in Quebec, no job losses occurred. Trying to prove to me that job losses did occur or tell me that jobs will be lost when no studies have really been conducted on the issue is guess work.

[English]

The Chair: Mr. Brière or Ms. Daviau, do you have an answer on the numbers?

Mr. Marc Brière: I tried to answer the question asked by Mr. Kelly: how much more complicated is it in Quebec than elsewhere. It's obvious. It's easy. There are two bills: the Quebec tax law and the federal tax law. That's why it's more complicated, because Quebec created its own tax law. That's okay; that's the prerogative of the province. They can do it. It's legit. But that's why it's more complicated.

So the experts are saying as long as you have two income tax acts with huge differences—and the Quebec tax act is very complicated—there's no hope to make this simple for people. There are two bills, two acts. Until that's addressed and harmonized, seriously, we're dreaming in technicolour to have one income tax return, if it can look that simple.

The Chair: I'm sorry, we're going to have to go on to Mr. Fragiskatos and then on to Mr. Ste-Marie for a short question.

Mr. Peter Fragiskatos (London North Centre, Lib.): Thank you, Chair.

Thank you to the witnesses.

I think it needs to be said, Mr. Chair, that among the members of Parliament on the committee who have sat with Mr. Ste-Marie, we recognize him for what he is, someone who only makes contributions to this committee, who brings a wealth of economic knowledge to the committee, who has been an outstanding colleague and very easy to work with over the years. I say that because Mr.

Brière, with all due respect, at the outset of your presentation, you said the bill reflects the political convictions of the member, emphasizing the word “political”. Unless I misunderstood you, of course, but I think if there are disagreements, we're going to focus on policy here. I wanted to make that comment and put it on the record.

Mr. Brière, you talked about job losses. I did not hear anywhere in your presentation about the average pay of public servants, those who would lose their job if this bill went through. What is their average pay? You talked about well-paying jobs, as did Ms. Daviau. Do you have numbers you could share?

• (1710)

Mr. Marc Brière: First, I want to mention that I did not mean any disrespect when I talked about politics. I know the intent is to try to make the life of Quebeckers easier. It was obvious to me, but I want to focus on policies as well. So if I have offended anybody, I apologize.

Mr. Peter Fragiskatos: That's no problem.

Mr. Marc Brière: I'm not going to talk for my members; they are members of the Union of Taxation Employees and not my members, I'm only the national president. It's about \$55,000 a year on average, maybe \$55,000 to \$60,000. We signed a bargaining agreement; after four years we have contracts, now we've got a good contract, of about \$55,000 to \$60,000. The members Ms. Daviau represent have higher salaries. They have different jobs.

Mr. Peter Fragiskatos: Thank you, sir.

Ms. Daviau.

Ms. Debi Daviau: For the most part, my members are working on large corporate taxes, not on individuals' taxes, as Mr. Brière's members do. They do earn slightly more—I don't have the average—because of the knowledge and aptitudes required to work on those complex international and large corporate files.

Mr. Peter Fragiskatos: Ms. Daviau, I'll stay with you. I wonder if we could focus just a little more on your comment on the unintended consequences of the bill. You talked about “balkanization” in the tax system. Could you expand on that just a bit?

Ms. Debi Daviau: Yes, for sure. I'm not a tax expert, honestly; I've just educated myself on this issue. I've looked at a lot of experts' writings on this, and all the evidence shows that the more we decentralize a tax system, the more regressive that tax system becomes—for example, Marc Lee in 2007 and Kesselman and Cheung in 2004.

As Lee and many experts have found, the progressivity in Canada's tax system largely stems from federal taxes. This is even more the case now as the federal government has introduced more progressive tax measures at both the top and bottom ends of the tax system.

It's driven not just by politics, but also by imperatives. We have much greater inter-regional than international mobility, so it's really important that the federal government is involved in the development of the policy, the administration and the collection of taxes. Otherwise, what we might see, and what we have seen historically, is an eroding tax fairness in Canada.

Models show that clearly there has been progressivity that stems from federal taxes. Those models are supported in a lot of studies, as I mentioned during my presentation. I'd be happy to provide the committee with links and copies of those various studies.

• (1715)

Mr. Peter Fragiskatos: Please do.

Ms. Debi Daviau: All the experts say the same thing. They say that progressivity and tax fairness dissipate as we decentralize the tax system and allow provinces more autonomous ability, I guess, to do what they need to do. That isn't always in line with the best interests of all Canadians.

Mr. Peter Fragiskatos: Thank you.

The Chair: You have two and a half minutes, Gabriel, followed by Mr. Julian with the same.

[*Translation*]

Mr. Gabriel Ste-Marie: Thank you, Mr. Chair.

As far as I know, the Quebec tax system is much more progressive than the federal one. In theory, I can understand the argument, but when we look at the facts, that's not what we are talking about.

In any case, it's a bit off topic. The goal of the bill is not to harmonize and tell the federal government that its tax brackets should be the same as in Quebec. The goal is for taxpayers and businesses in Quebec to have only one tax return to file and a single telephone number to dial, instead of two. What is more, Revenu Québec will transfer information to the Canada Revenue Agency, and every piece of legislation will apply. We are not asking the federal government to harmonize its taxes or its tax rules with those in Quebec. We are not talking about that at all. I just wanted to clarify this.

Earlier, Mr. Julian reminded us of Mr. Therrien's comments. I know my colleague Mr. Therrien very well. He took a bit of a shortcut in what he said. What we are discussing and what motivates us in this bill is the idea of using resources more efficiently—for example, by avoiding the duplication of work by Canada Revenue Agency employees and Revenu Québec employees.

As for job losses, mention has been made of 1,200 and 1,500 jobs. However, I don't think all those jobs would be threatened. It's just a matter of ensuring, for the sake of efficiency, that two people are not doing the same job. In the bill as drafted, job maintenance is one of the requests made to the government. Those people could be given other tasks and integrated into the Quebec public service. The bill was drafted according to that logic. Ottawa would be making the political decision after that. Of course, I am very sensitive to the fact that jobs should be maintained in the regions.

I would like to share my remaining time with Mr. Sylvestre if he would like to talk to us about establishing a single tax return and about issues he considers most important in this bill.

[*English*]

The Chair: Mr. Sylvestre.

[*Translation*]

Mr. Jean-François Sylvestre: Thank you, Mr. Chair.

I think Mr. Kelly talked about this earlier. Simplifying the process a bit by adopting a single income tax return would certainly make people's lives easier. We know that, in Quebec, having to file two returns can sometimes be complicated. However, the main reason why we at the union have been defending this position for three years is that there really are savings to be made. If this was to lead to job losses and would not result in savings, we would not be at the right place here today, and we could not say that we are a union that defends its members and jobs in Quebec.

We feel that savings of \$400 million to \$425 million a year are significant. Earlier, some people were saying it could cost \$800 million to merge the two returns, but after a few years, the change would easily become profitable. We are not talking about a major problem. That is why a long-term vision is essential. A short-term vision makes us see only the cost of that merger.

Moreover, we really believe that this would help transfer jobs elsewhere. If there are jobs in the federal government that can be useful elsewhere, people can still be transferred to other regions. There is currently a labour shortage in the country and in Quebec....

[*English*]

The Chair: I hate to cut you off, Mr. Sylvestre, but we'll have a very quick answer from Ms. Daviau and then we'll have to move on to Mr. Julian.

Ms. Debi Daviau: The question ought not to be, should Canada take over Quebec's taxes or should Quebec take over Canada's taxes? The question ought to be, how do we simplify taxes for Quebec residents? I certainly think there is a way. I mentioned automatic tax filing. That would help a large percentage of individuals not to have to deal with a complex, two-form system.

There are ways to manage this without overhauling and investing huge amounts of money and taking the risk that the end result doesn't work as well as the product we have today. That's all I wanted to throw in there.

• (1720)

The Chair: Thank you.

Mr. Julian is next, and then we're on to Mr. Falk.

Peter.

[*Translation*]

Mr. Peter Julian: Thank you, Mr. Chair.

If I understand correctly, you are giving me three minutes. Is that right?

[*English*]

The Chair: It's two and a half, but you'll get three.

[*Translation*]

Mr. Peter Julian: That's very nice. Thank you very much.

I will again turn to you, Mr. Brière, but also to you, Mr. Couillard, on the issue of tax havens. You said it would be more difficult to combat tax heavens. I don't think that has really been confirmed. In fact, if the affected employees were moved to positions related to combatting tax havens and people from the Canada Revenue Agency were given the necessary tools, we could combat tax havens even better.

Gentlemen, if people from Jonquière and Mauricie were moved to positions within the Canada Revenue Agency, specifically related to the fight against tax avoidance, tax loopholes and, of course, tax havens, would that enable us to recover the money going into tax havens? According to the parliamentary budget officer, those amounts total \$25 billion a year.

[*English*]

The Chair: Mr. Brière.

Mr. Marc Brière: Thank you, Mr. Chair.

[*Translation*]

Thank you for the question, Mr. Julian.

As I was saying, during the 2019 election campaign, the Conservative Party spoke about the possibility of people in Quebec losing their jobs at the CRA, especially the people in Shawinigan and Jonquière. There was talk of moving them to other positions to make them experts in the fight against tax evasion.

With all due respect to our union members, I believe that it's impossible, if not unthinkable, to do so. They have less training than the members of the Professional Institute of the Public Service of Canada, represented by Ms. Daviau. Jobs at the CRA in the fight against tax evasion require an accounting qualification and a university degree. The jobs also require several years of experience at the CRA.

For example, our union members who process tax returns in Jonquière wouldn't be qualified for this work, which requires education and years of experience at the CRA, as I just said. These people will end up unemployed, unfortunately. In the Saguenay—Lac-Saint-Jean region, there aren't 1,200 jobs available for people who prepare tax returns, either at the federal or provincial level. The situation is similar in the Mauricie region.

I want to point out that people do this type of work in other regions of Quebec, particularly in Laval and Montreal. These people would also lose their jobs. It would be difficult to transfer them to other positions elsewhere, unless they move to Revenu Québec. In Quebec, 18,000 people prepare tax returns at both Revenu Québec and the CRA. That's a lot of people. Job losses would be inevitable.

Mr. Ste-Marie, you said that there were no job losses during the transfers. I can give you the example of Ste. Anne's Hospital in Sainte-Anne-de-Bellevue, where the federal transfers to the province have been disastrous and where a number of jobs have been lost.

Mr. Gabriel Ste-Marie: We could talk about this again.

[*English*]

The Chair: I'm sorry, we're going to have to move on to Mr. Falk, and hopefully—

[*Translation*]

Mr. Peter Julian: Excuse me, Mr. Chair.

I asked Mr. Couillard the same question.

Mr. Jean Couillard: I agree with Mr. Brière.

In short, I would say that international tax cases are mainly handled in Quebec City, Montreal and Laval.

[*English*]

The Chair: Okay.

Hopefully, Mr. Sylvestre, you'll be able to come in on the next round, because we have to move on.

We have Mr. Falk, followed by Ms. Dzerowicz, for five-minute rounds.

Mr. Ted Falk (Provencher, CPC): Thank you very much, Mr. Chair.

Thank you to the witnesses for coming today to give their opinions and perspective on this issue.

I can't imagine having to file two tax returns; I think it would be very burdensome. I think the idea of having a single tax return for all Canadians is a great concept.

Can you as witnesses give me a cost-benefit...? My accountant is always asking me the cost benefit—what's the cost and what's the benefit?

Outside of an employee perspective.... My experience with CRA is that we've never had too many CRA employees. At least whenever I've wanted to get something resolved, it's hard to find people who have the time to deal with the situation. I don't think anybody needs to lose their job, even if we streamline our processes a little bit.

Could you give me a brief cost-benefit analysis of doing this or not doing it?

• (1725)

The Chair: Who wants to start?

Ms. Daviau, did I see your hand up?

Ms. Debi Daviau: Sure. I'll start.

We don't have the actual numbers, so we're speaking in generalities. Those numbers you can get from CRA or Revenu Québec.

I can tell you this: This is like a make-work project. Every dollar that is spent transferring this responsibility to the Province of Quebec is money lost, money that could have better been invested in other areas, in tax evasion, if you will. I represent the auditors who work in tax evasion and international taxes. They're begging for additional resources for systems that are more complex and can battle some of the systems they're working against, for the education, knowledge and expertise required to continue to go after that money. There are a lot of ways that you could improve in that area without looking at this.

Again, I want to go back to the intent. If the intent is to simplify for Quebecers, there is a way to simplify without this massive overhaul on both the provincial and federal taxes, and that's what you ought to be focused on as a solution.

The Chair: Mr. Sylvestre, you had your hand up there. Do you want in?

[*Translation*]

Mr. Jean-François Sylvestre: Thank you.

I want to quickly address the tax haven issue. We were told earlier that the people at the CRA wouldn't be able to conduct this research. It's also a matter of political will. This will is much stronger in Quebec than it has been in Ottawa in recent years.

However, there may be issues surrounding agreements with Organisation for Economic Co-operation and Development, or OECD, member countries to retrieve money hidden in tax shelters. It's really a matter of political will.

I want to point out that the Quebec government has just tabled Bill 78 on corporate transparency, specifically to find out where this money is going. Revenu Québec has been doing this for a long time, as we said in our presentation. Using artificial intelligence, it's possible to determine whether people's earnings are in line with their assets and lifestyle.

I think that we're very well equipped in this area. Canada Revenue Agency employees could be trained to conduct research on tax evasion. That would be a good way to move them to better-paying jobs, instead of losing jobs. The people in these positions would contribute to the local economy.

[*English*]

The Chair: Mr. Gaudreau has had his hand up here, and he hasn't responded yet, so I'll let him in and then come to you, Ted.

Mr. Gaudreau.

[*Translation*]

Mr. Julien Gaudreau (Political Consultant, Syndicat de la fonction publique et parapublique du Québec): Thank you.

There could be further debate on potential savings. Several experts have put forward different figures regarding the issue of a single tax return, whether the return is managed at the federal or provincial level. However, the whole debate on the jobs that would be eliminated if a single tax return were adopted in Quebec is evi-

dence that all stakeholders recognize some form of duplication in the current system. This inherent duplication in the system is the focus of the debate on the single tax return.

The question remains as to whether the federal or provincial level should handle the single tax return. Of course, we would like the provincial government to handle it. Over time, the Canadian provinces have relinquished these powers. In doing so, they've made financial gains, according to Mr. Brière. However, they've also paid a heavy price in terms of fiscal autonomy. Clearly, Quebec isn't prepared to pay that price.

It seems clear that a single tax return would save money and would make life easier for Quebec taxpayers. However, this return could only be managed by Quebec. Moreover, it would generate substantial savings.

If all the stakeholders act in good faith and everyone pulls their weight, the institutional arrangements, which the provinces have made with the federal government in the past, can easily be made the other way around.

• (1730)

[*English*]

The Chair: Okay, Ted, if you have a quick final question....

Mr. Ted Falk: I'll let others ask, Wayne. I think I have exceeded my time.

Thanks.

The Chair: Okay.

Ms. Dzerowicz, you have five minutes.

Ms. Julie Dzerowicz (Davenport, Lib.): Okay, great. Thank you.

Thanks to everyone for their presentations. This is a super interesting conversation.

My first question is for Ms. Daviau and Mr. Couillard.

I know that we've had quite a bit of conversation about job losses. We've talked quite a bit about the impact in Jonquière and Shawinigan, I think. I know that when we were talking to government officials last week, we heard that there would be job losses also in Sudbury and in P.E.I. Today I heard also of other cities, Vancouver, Edmonton—a whole slew of other cities. Do you have more specific numbers on the job losses outside of Quebec? If someone could elaborate on that, that would be appreciated.

Ms. Debi Daviau: I'm sorry but I don't have the numbers. I could probably put them together for you and have them sent out to the committee.

There are those other places because Canada Revenue Agency is a federal organization and more and more it's been trying to decentralize out of Ottawa—which is something that seems to be desirable to most representatives—and to make sure there's a federal government presence in communities right across this country. CRA is a big part of that. A lot of work that's done is done in a centre. For example, in Sudbury they might be processing a particular type of taxes for the whole country. That's why this bill will touch upon areas even outside of Quebec.

Perhaps Jean could comment further on some specifics regarding where he sees impact as he's actually there doing the work. Again, we can run the numbers, at least of our members, who work on Quebec taxes in one way or another.

I'm sorry, but I just don't want to forget this. We represent not just auditors but also other professionals like IT folks, researchers and those in other categories that would be impacted by such a change.

Ms. Julie Dzerowicz: Just before Mr. Couillard gets in, I want to be very specific. If this bill goes through, what other jobs and how many other jobs in other cities across Canada would actually be impacted, whether we're talking about auditors or those directly involved in taxes or about IT officials or managers? If you have some information today that can give us more specifics, that would be fantastic.

Ms. Debi Daviau: That would probably be an easier question for Canada Revenue Agency to answer, but we'll do our very best to get that together.

The Chair: Mr. Couillard, go ahead, and then we'll go back to Mr. Brière.

[*Translation*]

Mr. Jean Couillard: As Ms. Daviau said, the CRA would be in a better position to respond to you.

I don't have any figures for you, but Mr. Brière may have some.

[*English*]

Mr. Marc Brière: I would be lying if I gave you a precise number, so I will not do that. I can tell you there would be hundreds of jobs, easily. We would be talking about maybe even a thousand jobs. We can try to get numbers.

You asked where. I mentioned it in my opening remarks, I believe. We have call centres. You know how during the tax season people call the call centres? We have some for individuals in Calgary and Hamilton and we have bilingual agents and unilingual agents who answer calls from different places around the country, including Quebec.

We also have a business window call centre in Saint John, New Brunswick; Toronto; and Edmonton. We also have people processing tax returns at huge centres in Sudbury and Winnipeg. On top of that, we have collections officers across the country who are working on the national workload. If you think about it, having eight million Quebecers not dealing with Revenue Canada anymore and

dealing only with our new Quebec system would mean major job losses in Quebec and a lot of other jobs affected in different locations around the country, without a doubt.

● (1735)

The Chair: All right, we will move to Mr. Fast.

You have a five-minute round, Ed.

Hon. Ed Fast (Abbotsford, CPC): Mr. Chair, with your indulgence, I'd like to cede my time to Mr. Berthold.

The Chair: Okay. Mr. Berthold, you're on.

[*Translation*]

Mr. Luc Berthold: Thank you, Mr. Chair.

I also want to thank my colleague, Mr. Fast.

I think that we're straying from the topic. We're talking a great deal about jobs. However, I think that, by working together, we can make life easier for Quebecers. I was pleased to hear Ms. Daviau say several times that we can do so while preserving jobs.

Mr. Brière said earlier that the Conservative Party, during the most recent election campaign, stated that it would try to find a way to keep people employed in Shawinigan and Jonquière. Since the start of this discussion, we've been talking about positions, as if they didn't involve people, human beings. We've been talking about moving people and turning them into special collection officers. We're saying that they can be moved without losing their jobs. For both regions, this is a significant and tangible reality.

That's why we were more interested in finding a way to work on the form so that everyone could continue to process taxes properly. Unfortunately, the bill goes a little further. According to Mr. Ste-Marie, the bill is meant to enable the provincial government to collect federal personal and corporate income taxes on behalf of the Government of Canada. We're talking not only about establishing a single tax return, but also about collecting taxes. Given what lies ahead, this is an important distinction.

In addition, the bill addresses the whole issue of tax evasion, which has absolutely nothing to do with a single tax return for Quebecers. The following simple question is for both the Syndicat de la fonction publique et parapublique du Québec and the Union of Taxation Employees, so for Mr. Brière.

Why do workers' representatives seem to have so much trouble saying that it's possible to agree on a single tax return that will make life easier for Quebecers? That's my question for you. Since the start, some have wanted to take jobs away from others. We want those jobs and we want to protect them. However, the goal here is to create a single tax return.

It is possible to work together on this?

Mr. Brière, can you answer this question?

[English]

The Chair: Mr. Brière.

Mr. Marc Brière: Thank you, Mr. Chair.

[Translation]

Mr. Berthold, thank you for the question. I'm glad that you asked it.

Of course, we want to protect jobs. However, I want to remind you of what the experts in Quebec are saying. Pardon the expression, but it's a mess. There are two tax laws. Moreover, despite the good intentions that I acknowledge in the bill proposed by Mr. Ste-Marie, this is a very difficult undertaking that will cost someone, somewhere very dearly.

I'll give you a basic example. At the request of two members of the House of Commons, the parliamentary budget officer prepared a report, which was tabled on May 24, 2018. The report is entitled "Taxation of employer-provided health benefits." The federal Income Tax Act makes an exception for these employer-provided benefits for employees. Hundreds of thousands, if not millions, of Canadians receive these benefits. In Quebec, these benefits are considered a taxable benefit. The study conducted by the parliamentary budget officer, which I can give you, explains that, in order to file a single tax return, only one employment income, not two, must be reported.

For example, on the T4 form of a person in Quebec who receives benefits from their employer, one amount is reported and on the Relevé 1 from Quebec, another amount is reported. This amount includes the taxable benefit. Two incomes can't be reported on the same form. The parliamentary budget officer has found that, if the federal government were to conform to the Quebec legislation by treating this as a taxable benefit, it would amount to \$2.8 billion a year in additional taxes for individuals and an additional \$1 billion in lost benefits tied to the old age pension, family allowances for children, and so on, for a total of an additional \$3.8 billion for Canadian taxpayers.

If Quebec wants to fall in line with the federal legislation, it will need to provide the exemption that the federal government grants for this benefit. I don't have any figures on hand. However, I can tell you that these amounts certainly account for hundreds of millions of dollars a year for Quebec. That said, the federal government and the other provinces don't work this way. It's irreconcilable. It will cost Quebec hundreds of millions of dollars in lost revenue, or it will cost Canadian taxpayers billions of dollars for us to fall in line and have a single tax return. I'll spare you all the other complications associated with having two different laws. There must be one definition of income, but there are two, because there

are two laws. There are significant differences between the two laws.

• (1740)

[English]

The Chair: Mr. Brière, I want to go to Mr. Sylvestre, and I see that four witnesses have their hands up.

Mr. Luc Berthold: It was a good question, Mr. Chair.

The Chair: I'll go to Mr. Sylvestre, and then we'll have to go to Mr. McLeod.

[Translation]

Mr. Jean-François Sylvestre: Mr. Berthold, your question is excellent. You said earlier that there would be job losses. However, I must point out that two of Revenu Québec's largest centres are located in Jonquière and Shawinigan, respectively. If there were a single tax return and its processing were transferred to Quebec, it would be the same region and two home bases in virtually the same places.

We're talking a great deal about the administration aspect. The duplication of work, which is done in two places, to process tax returns costs Canadian taxpayers more money, of course. It would be more cost-effective to have one processing location. I think that this has been established.

Mr. Berthold, if you ask Mr. Brière and me the question, we'll certainly answer yes. We protect our members. We do this each and every day. However, you must do the math. In Quebec, 6,000 federal employees and 12,000 provincial employees are responsible, in one way or another, for both federal and provincial taxes. This must also be taken into consideration.

[English]

The Chair: Do Mr. Couillard and Mr. Gaudreau have a quick point?

[Translation]

Mr. Jean Couillard: Having two levels of government makes things very complicated for taxpayers. There are costs for taxpayers as well. Bill C-224 won't address the costs and complexity of tax returns. Both laws need to be simplified. Unfortunately, this won't happen at my level. It must happen at the political level. Until both levels of government talk to each other to try to simplify tax returns, nothing will happen, unfortunately. As an auditor, I couldn't simplify tax returns even if I wanted to.

[English]

The Chair: Go ahead, Mr. Gaudreau.

[Translation]

Mr. Julien Gaudreau: Thank you, Mr. Chair.

We're talking a great deal about a single tax return as if it were just one form. However, we should be talking about a single tax return process. Of course, tax collection is more than just processing forms with the correct information.

It also involves considering all requests for additional information, investigative processes, and questions for the various revenue agencies. Right now, the whole process is duplicated. A single tax return means a single process.

We're proposing a single tax return in Quebec to ensure that there's also a single process with only one point of contact, the party closest to the field. In this case, it's obviously the Quebec revenue agency. This also follows the principle of subsidiarity, meaning that the process can be carried out at a level as close to the people as possible.

People benefit significantly from having a single tax file and a single place to ask questions. A single tax return in Quebec would improve the quality of the public service. The opposite would be true if these activities were transferred to the federal government.

• (1745)

[English]

The Chair: We're well over, but we'll have a quick answer from Ms. Daviau and then we'll go to Mr. McLeod.

Ms. Debi Daviau: Yes, in a super quick 10 seconds.

You're oversimplifying this. The federal Income Tax Act is four inches thick. You just can't put it all on the same form. You need to take a step back and figure out a mechanism to simplify it that's driven more by informatics, artificial intelligence and some of the solutions we have for the future. Let's not look at old solutions to new problems.

The Chair: Okay.

Mr. McLeod, you have five minutes or thereabouts, as it seems today.

Mr. Michael McLeod (Northwest Territories, Lib.): Thank you, Mr. Chair.

Thank you to all the witnesses.

It's a very interesting discussion. I'm from the Northwest Territories, which is a long ways from Quebec, but I think we can all appreciate that having two separate tax systems to collect income tax is more costly. It's the same group of taxpayers. There are issues of administration and compliance. It would be cheaper to do it under one system.

I think we're talking about two different things. At least, that's the understanding that I'm getting. I don't understand why it isn't all part and parcel of the same discussion. We're talking about the collection of taxes, but I don't hear any desire to move towards a harmonization of taxes. I don't think the Quebec government's proposal, the proposal that we're talking about, includes any harmonization with the federal law. To me, that means that there are still going to be two sets of calculations happening even though they may be sent to the same address. I would say that that's still a duplication in the same form.

My question, first of all, is for whoever wants to answer it: Why isn't harmonization on the table as we discuss solutions to this issue?

The Chair: We'll start with Mr. Brière. Then I believe we'll go to Ms. Daviau.

Mr. Marc Brière: Thank you, Mr. Chair.

Mr. McLeod, I want to really thank you for the question. You got it; you got it. You're talking to witnesses that are all involved in unions. We are giving you our side of it with job losses and all that. That's okay. We can argue savings and all that.

What you just said is what the tax experts in Quebec have said, and I would invite the members of the committee to maybe consult tax experts, reports, articles in *Le Devoir* that I could provide to you where the conclusion is exactly what you just said. You cannot have a single income tax return right now in Quebec. It's not feasible. It's not possible right now. It's not realistic because there are two income tax acts. That's why there's a problem. I'm not judging. Quebec has its tax act, and Canada has its tax act. There needs to be harmonization. You cannot get around it. I know that you would like that, Mr. Ste-Marie, but I'll be honest with you: It's not possible. If you don't believe me, check with tax experts, and that's the first answer they will give you: that you need to harmonize. That's why I'm saying that the Quebec government will not have a choice other than to lose some of its autonomy to match some of its tax policies with the federal government and the nine other provinces, unless you convince the federal government and the nine other provinces to match some of theirs with the Quebec government—good luck with that.

That's why it's a problem. That's why it's not simple. You cannot do a single income tax return with two tax laws with so many differences. It's as simple as that.

The Chair: Ms. Daviau.

Ms. Debi Daviau: Yes, I certainly believe that, from a worker's perspective, which is really the only perspective that we can bring, harmonization is a great idea. Their jobs are so much more complicated because of the need to deal in two different tax regimes. It limits the ability to be able to collect taxes as effectively as possible. It makes everybody's job more difficult.

I certainly believe that harmonization should be on the table, but it's not. This is a bill that simply has Quebec take over the administration of federal taxes, which is the reverse of the scenario for all other provinces in Canada. It's going to have a negative impact on federal jobs. It's going to have, potentially, a negative impact on those smaller communities where those federal jobs are located. We don't actually think that it's going to simplify anything for anybody because the problem at the root is that you have two very different income tax acts. They are very different and complex, as I said—acts that are, like, four inches thick. Those will need to be harmonized before you can get to anything like a single form.

There are solutions, I believe, to make taxes simpler for Quebecers. I am a Quebecer. [*Technical difficulty—Editor*] are looked at. I don't want to sound like a broken record, but automatization is the way to simplify taxes for Canadians.

• (1750)

The Chair: Mr. Gaudreau.

[*Translation*]

Mr. Julien Gaudreau: Thank you, Mr. Chair.

We should first note that the bill doesn't focus on the harmonization issue. It could have, but that would obviously make the proposed process more complicated.

Given the political unanimity on the issue of Quebec's fiscal autonomy, it seems obvious that harmonization could simplify Quebecers' tax returns. This streamlining process should involve the federal government. While respecting Quebec's fiscal autonomy, the federal government would relinquish its definition of taxable income to Quebec.

This would certainly be somewhat complex. However, if all stakeholders act in good faith, we believe that the process would undoubtedly be more effective in the long term. This would also constitute a recognition of fiscal autonomy and, more generally, of Quebec's autonomy.

[*English*]

The Chair: Mr. McLeod, do you have another quick question?

Mr. Michael McLeod: I have one quick question. I'm listening, trying to understand everything that's going on, and I hear the number of employees, in the thousands, who are involved and could be affected, or would have to transfer if there was agreement to go to one system. Two unions are involved. I'm curious. Are the unions in agreement that one would represent the other in case one of the governments decided to allow the other one to take over? Would there possibly be some conflict between the unions and resistance regarding job losses, transferring from one union to another?

The Chair: Ms. Daviau.

Ms. Debi Daviau: A whole process has to be gone through when members need to be recertified, so if there's a devolution to the province or vice versa, the provincial employees join the federal workers. A process would be undertaken under the labour board to determine which union would represent each of these members.

It's not a conflict-based process. It's a legal process we all must follow, and that would be determined by the labour board.

The Chair: Mr. Sylvestre.

[*Translation*]

Mr. Jean-François Sylvestre: We aren't the only representatives of Revenu Québec. There are seven in total, including professionals, lawyers, for example. Several unions would be affected by this merger.

On our end, there's indeed an issue regarding the protection of members. As Mr. Brière said, we can't shy away from it. We must also remember that employees are much more protected at the provincial level than at the federal level, particularly with respect to the Quebec labour code. The protection is very extensive under the

Quebec labour code compared to the Canada Labour Code. There are significant differences between the two codes.

While this protection is important to members, it would be difficult for the two unions or for several unions to reach an agreement, Mr. McLeod. The bases are very different. Mr. Brière represents the Canada Revenue Agency people across the country. We also represent the employees of several Quebec government departments and agencies. Several unions are involved, and it would be much more difficult. However, the biggest issue would be protection under the Canada Labour Code and the Quebec labour code, given the differences.

• (1755)

[*English*]

The Chair: That's what we find, Mr. Sylvestre. In politics it's very difficult to please everyone.

Mr. Brière.

Mr. Marc Brière: We have the same problem as union leaders. I work with thousands of members, so I can tell you that.

[*Translation*]

As Ms. Daviau said, there's a process for deciding who represents employees and at which location. There's a huge difference between the Canadian and Quebec public services in terms of working conditions and collective agreements, among other things. There are major differences.

For example, federal employees have higher salaries than provincial employees. At the federal level, people make the same salary from coast to coast, whereas salaries vary significantly from province to province. A Revenu Québec employee whose work is similar to the work done at the Canada Revenue Agency receives thousands of dollars less. This is another issue. It would be complicated to transfer people from one place to another.

With respect to union membership, a process must be followed. I want to point out that some Revenu Québec employees recently considered joining my union or the Public Service Alliance of Canada, but it didn't work out. There was a legal union organizing drive. People looked at what was being done at the Canada Revenue Agency and they may have seen some benefits. However, they stayed with their union at Revenu Québec, and that's their right. This was done according to the rules.

[*English*]

The Chair: Okay, we are going to have to end it there. We have a hard stop at 6:00 tonight Ottawa time.

I think Julie raised a question raised on where and how many job losses outside of Quebec. Whether you can answer that or not, I'm not sure, but if you could send any information on that to the clerk, that would be helpful.

Usually when we talk to CRA, it isn't an exciting discussion as a rule, but as Julie and Michael said, this was a really interesting discussion this afternoon, and I want to thank all of you for outlining your points pretty directly. We had a very good discussion, so thank you very much to the witnesses for that.

To committee members, on Bill C-208, we haven't made a lot of decisions on how we want to handle that. We know that Mr. Maguire is coming before the committee.

Could I suggest, for the moment, that we try to arrange a three-hour meeting for witnesses on Mr. Maguire's bill? We could have

two panels, an hour and a half each, and four witnesses on each of those panels. We could start with eight witnesses. That would be a start. It might be enough to complete it; I don't know.

In any event, if members could have their witnesses in as soon as possible from the various parties, that would be great. We'll start with eight, we'll try for a three-hour meeting and we might be able to get it. We'll see what happens.

If there's no disagreement on that point, all right, folks, the meeting is adjourned.

Again, thank you to the witnesses for the presentations today and a very interesting discussion.

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