

HOUSE OF COMMONS

Monday, November 17, 1986

The House met at 11 a.m.

ROUTINE PROCEEDINGS

[English]

NATIONAL REVENUE

LOSS OF MICROFICHE RECORDS FROM TORONTO DISTRICT OFFICE

Hon. Elmer M. MacKay (Minister of National Revenue): Mr. Speaker, on November 4 I was informed that a set of microfiche records containing information on some 16 million Canadian taxpayers was missing. This loss occurred in the Toronto District Office after working hours on October 30. After a preliminary and thorough search by departmental security personnel in the Toronto District Office, the Deputy Minister of National Revenue was informed on November 4, and he informed me shortly thereafter.

On November 5 I spoke personally with the Commissioner of the Royal Canadian Mounted Police and an investigation by the force into the loss was launched immediately. It was agreed between Revenue Canada and the RCMP that the fact of the microfiche loss and the public investigation should not be made public until such time as the investigation could not be compromised by public disclosure. Since the investigation is now well advanced, and with the concurrence of the Commissioner of the RCMP, I feel that the right of Canadians to be informed about what has happened, and the potential consequences of what has happened, require me to inform the House on this matter.

First, I should explain the nature of the missing information. The records contained the names, addresses, dates of birth, social insurance numbers, spouses first name, nearest District Office and the year of latest tax filing. Additionally, there is coded information which broadly categorizes the taxpayer by the principle source of revenue—farmer or professional, for example. The records were dated February, 1986. These microfiche were in the process of being replaced by up-to-date records and were due to be returned to Ottawa for secure destruction according to the normal departmental practice.

While this is a serious matter, I must re-emphasize that no financial information provided by individual taxpayers on their returns was in the lost records, beyond the coded categories of principal sources of revenue to which I referred previously. However, this does not lessen the concern about private information on Canadians getting into unauthorized hands.

Second, I should outline the potential consequences of the loss of this information. We cannot, of course, be certain of the motivation for this act or of any intended uses of the information. The motivation might have been merely to do mischief, or to damage the reputation of the Department. Or the purpose might have been to secure lists of taxpayers for commercial or more nefarious purposes. Or it is conceivable that the intended use was to attempt to obtain moneys from the Government by using the information for fraudulent purposes.

On this last point, I can assure the House that the procedures used to prevent fraud against National Revenue have been carefully reviewed. For obvious reasons I should not elaborate on either the types of fraud we have to guard against or the measures we employ to combat the risk of fraud. However, based on the best available information, I am assured by my officials that the risk of fraud being successfully perpetrated as a result of the loss of the information which I have described is minimal. Nevertheless, I have asked that additional safeguards be implemented at this time.

I want to further assure Your Honour and the House that the procedures in other affected departments have been closely examined. An assessment has been made of the risk of the information being used to obtain passports fraudulently or to divert unemployment insurance, old age pension and similar benefits by use of false changes of address. In all cases, while the information could provide a starting point for making such false applications, other procedures and requirements now in place are such that the risks of fraud either have not increased or are judged to have increased only marginally. Additional steps are being taken by the Government to counter even a marginal increase in risk.

• (1110)

I wish to emphasize the gravity with which I view this loss of information entrusted to National Revenue. This is the first time that there has ever been a loss of this magnitude. Besides conducting an investigation of the circumstances surrounding the disappearance of this information, I have asked the RCMP as well to conduct a separate review of my Department's security procedures for the handling of all microfiche data.

I will inform the House at the earliest possible moment of the results of the review into this unacceptable breach of security that led to the disappearance of this material. The need for disciplinary action will be determined when the review is complete.

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, I was in touch earlier with the Minister and at my