

*Routine Proceedings*

It was in this context that the committee on public accounts suggested the regular publication of a tax expenditure account. It stressed the need to introduce an evaluation function into the Department of Finance that would be separate from the department's policy function. I think we should remember that when we think of what has since happened with the tax evaluation system and how it is proposed to now evaluate the tax measures within the Department of Finance.

Continuing historically, in 1986 the Auditor General recommended to the Department of Finance that it ensure that tax delivered systems were accurately evaluated. He asked that the framework reflect Treasury Board guidelines.

Finally in 1987 the Department of Finance acted on some of those recommendations. It set up a new unit to evaluate the effectiveness of fiscal policies in accordance with the guidelines issued by the Comptroller General.

It had been a long, hard struggle but finally there was a system set up, money was set aside and the tax measure evaluation system kicked in.

It appeared that this system was working well. The people within the department, using their expertise, were able to step back from the policy of the on-line managers and look at systems set in place within Canada in the various tax measures, choose strategic ones, point out errors and mistakes, and ensure that they were properly evaluated so that things such as the scientific tax credit bleeding were not repeated again.

We have concern certainly with the way this was dismantled. In a memo from Ian E. Bennett dated July 15, 1991 he states that the purpose of this memorandum he sent around to his department was to advise that the plans to reorganize the way in which the department performs its tax evaluation function were going to be disbanded. He puts it in the context of budgetary cutbacks. I say now that I have grave doubts as to whether that was the real reason for these cutbacks. The amount of the budget for this tax evaluation division was not that great in the context of the billions of dollars spent each year.

It was well under \$1 million for the staffing which had been cut back over the years. In this memo he states: "In an effort to ensure the department's limited financial and personnel resources are deployed in a most efficient and effective manner, it has been decided that future evaluation work will be performed within operating divisions of the branch. The tax evaluation division will be disbanded and every effort will be made to assist those individuals affected in finding suitable jobs in the branch".

I am afraid that is not good enough. After so many years of pushing and trying to get a tax measures evaluation system set up and finally getting one that was just adequately getting started, I question whether the department was really looking at the cost of this matter or whether it was looking at trying to ensure that embarrassing matters that could be delved into and dug up by this committee were not kept under wraps. That is not a good reason for disbanding a system that can unearth or ensure the proper value for people's money, the people of Canada's money.

In fairness, this memo stated that there would be a system set up to evaluate work: "Each operating division will incorporate a program for tax evaluation studies as part of its annual work plan. Preparation of an annual tax evaluation plan will be co-ordinated by the general director, analysis, of the tax policy branch and the completed plan will be submitted to the department's evaluation advisory committee by the senior assistant deputy minister. The evaluation advisory committee chaired by an associate deputy minister will review and approve the annual evaluation plan as well as individual evaluation studies. Finally in keeping with current practices, completed studies will be published and released to the public".

We have grave doubts as to whether this complies with the Comptroller General and the Treasury Board's guidelines. From an arm's length review of the evaluation of the programs within a department it seems to me and certainly to the committee that the independence of a tax review is lost in a system when we use the on-line managers to look at the system and make an evaluation.