

Supply—National Revenue

There has been a decrease in the staff, and the estimated requirement to pay the working force for the new year has been reduced by \$260,000. This reduction is, of course, offset to the extent of \$43,000 because of anticipated increases in the costs of supplies, office stationery, and so on and so forth, and I might say legal expenses and travelling expenses. These minor increases are unavoidable as it is only reasonable that such items of expenditure will increase in relation to the increase in the work load.

The question which is probably foremost in the minds of many hon. members is, how is this increasing work load being efficiently handled when the number of employees has actually decreased? The answer to this question is that the division is continually seeking improved methods and techniques in the processing of its work. The achievements in this regard have been, I would suggest to the committee, without indulging in superlatives, remarkable. One has only to look at the statistics of the past three years to realize that the division has attained maximum results with minimum costs.

Taking the statistics as at March 31, 1959, it is computed that the cost to collect each \$100 of tax was \$1.05, and that there were 796 returns filed for each person employed in the division. The corresponding figures as at the end of March, 1960 show that the cost to collect each \$100 of tax was \$1. It is estimated that the total returns to be filed for the taxation year 1959 will be 5,860,000. This will mean that there will be approximately 1,002 returns for each employee in the department. I might say, in parenthesis, that last week I had the pleasure of having luncheon at a certain place at which there was an ambassador of one of the largest industrial nations in the world who discussed with me the costs of collecting taxes. He informed me that in his country it was estimated it cost \$5 for every \$100 of income tax they received. When I told him our figures he found them rather difficult to believe. Afterwards we gave him a breakdown of the costs and he certainly was very congratulatory to us in his references to the efficiency of this department.

This, I would say, confirms the fact that the division has achieved at least commendable results in handling an increased work load of the more routine work at decreased cost. However, the handling of the more complex types of income tax returns continues to be a serious problem. There is still a shortage, as the hon. member for Laurier mentioned this afternoon, of qualified assessors capable of carrying out these difficult investigations and assessments which have to

be made. Every effort is being made to attract this type of staff to the division.

I must say, in view of the circumstances mentioned by the hon. member for Laurier this afternoon—the competition of private industry—our success in that field has not been anything about which I would want to boast. I would stress here again, as was intimated by the hon. member, that this is not entirely the responsibility of this department. We have a civil service commission which fixes generally the over-all rates. We have the treasury board which, as they think, rather controls the relationship between departments with even-handed justice, but the results are not always satisfactory to a particular department which is facing one of these headaches.

The processing of the less complicated returns for the province of Ontario—I think this is something new this year—with the use of modern punch-card and electronic equipment put into effect this year has proved most satisfactory. It is anticipated that this centralized operation will be geared to handle more and more of these returns and consequently will enable the division to reduce the seasonal workers who each year have been processing these returns on a manual method basis.

Re-assessing, which reflects the work of field investigations and desk audits, has resulted in tax increases during 1959-60 for T-1 and T-2 returns, excluding accounting adjustments, of \$69.8 million and \$49.1 million respectively. This may be compared with \$51.2 million and \$52.4 million for the previous fiscal year.

The appropriation requested for the operation of the tax appeal board is approximately the same as last year. There is a small increase in the administration expenses almost all of which is needed for the increased cost for court reporters who are used to transcribe the evidence given in the hearing of appeals. As you know, the tax appeal board carries out a very important function in allowing a taxpayer to appeal his tax assessment at very little cost. With the continuing increase in the number of taxpayers in Canada the volume of appeals being filed with the board has continued to increase. During the first three months of 1960 there was a total of 124 appeals filed with the board; during the same period in 1959, the total number of appeals filed was 104; that is an increase of 20 per cent. Similarly, the inventory of appeals outstanding and awaiting hearing has also increased. There were 531 appeals outstanding on March 30, 1960, compared with 446 at the same time in 1959.

There are many other matters to which I could refer but I think I have given a brief