

have. You find rules that persons are called "casual workers" in order to prevent them from getting the cost-of-living bonus. There is no rhyme or reason to the rules and regulations and various formulae that the treasury board adopts and promulgates. If the mounted police are not getting the cost-of-living bonus, obviously they should get it. I do not know that the people of Canada appreciate as fully as they should the police system we have. I know that the Royal Canadian Mounted Police are held in very general esteem, but I doubt very much if their full excellence is realized. We have had quite a deal to do with the mounted police recently in connection with the defence of Canada regulations. You get an idea of the spirit of the force when you are dealing from time to time with representatives of that organization and seeing them otherwise; and I think we can say that one of the reasons we have not had a great deal of sabotage in this country is the excellence of our police force. When I consider that, as well as the ordinary justice of the case, it is amazing to me that treasury board or any other branch of the government should deny these men, as well as others who cannot speak for themselves, the cost-of-living bonus. I cannot speak too strongly in condemnation of that sort of thing.

Item agreed to.

DEPARTMENT OF NATIONAL REVENUE

Income tax division.

198. District offices, \$3,717,270.

Mr. JACKMAN: I should like to have some statement from the minister on the condition of collections in the various offices, or taking the dominion as a whole. There is a feeling, perhaps entirely unjustifiable, on the part of some that collections are not as good as they should be; that some people who should be paying income tax on their personal incomes or on their businesses are not doing so, and that there is not an adequate check. In the newspapers we see reports from time to time of prosecutions entered by the crown against people who have put in fraudulent income tax returns or who have made other evasions. Sometimes the penalties are substantial, but as compared with the penalties exacted in the United States, where income tax evasion, to judge by the fines, is looked upon as one of the most heinous of crimes, the penalties exacted in Canada are by no means severe. I wonder whether the minister would state what condition the income tax collections are in, whether or not the arrears are very substantial, and just how recently have check-ups been made.

I know that in my own case, which is one that for certain reasons might have been gone into, I had to ask the officials in Toronto to come to my office and make sure that the returns were in adequate form. I found that in two cases the obligation was on one side and in one other year the obligation was on the other side. Therefore it was nearly three years before any clearance had been given, and I know that that condition is quite common. On the other hand, you find that in Toronto the officials will, perhaps, telephone a taxpayer because a certain item of bond interest which appeared in one year did not appear in another year. In one case which came to my attention the bond had been called, and the fund reinvested in some other security. I believe the minister should give the committee some indication whether his department is able to cope with the greatly increased amount of work which it has to undertake to-day, and whether he can get the necessary accounting personnel and inspection personnel to do the work which the present burden throws upon his department.

Hon. C. W. G. GIBSON (Minister of National Revenue): Of course the work of the income tax department has increased tremendously. Collections for 1941-42 amounted to over \$652,000,000. The staff has increased, not in proportion to that increase, but from 1,755 in 1940-41 to 2,416 at the end of the 1941-42 period, and we expect to further increase it to 3,111. There has not been any great increase in the percentage of taxes outstanding. Of course we have not cleaned up all the arrears, which are always being subjected to scrutiny, and consequently there are outstanding amounts which are under dispute, and in some cases two or three years old. But as a whole the percentage of collections has held up very well, as the collections indicate. There is difficulty in getting trained personnel, particularly chartered accountants, and every effort is being made to secure them. We are hoping to have the national war services department grant postponements to chartered accountants when they are required for essential services, because he feels they are a special class which should be granted special consideration on account of their technical ability.

Mr. GILLIS: With regard to the refundable part of the taxes, I believe an arrangement has been worked out whereby the employee registers his application with the employer—

Mr. GIBSON: I suggest that this question be brought up to-night when the income tax bill is being considered.

Item agreed to.

At six o'clock the committee took recess.