

*Routine Proceedings*

reminder of the events that led to the creation of the tax evaluation division in the Department of Finance is in order. As we know, this division was created in 1987 following many recommendations made by the Auditor General, the public accounts committee of the House of Commons and the Senate finance committee.

In 1983 the Auditor General already pointed out that finance was the only major department that had no program evaluation function. The Auditor General noted that the Department of Finance was the only department that apparently felt no obligation to give someone responsibility for program evaluation or to set up an evaluation unit. At the time, however, there were very clear Treasury Board guidelines which applied to all departments and agencies.

Perhaps I could give a few examples to illustrate the need for program evaluation. In 1984, the Department of Finance suggested introducing a research and development tax credit. Without an evaluation unit, this piece of fiscal foolhardiness ended up costing Canadians several billion dollars. Unfortunately the tax measure had not been evaluated by a special evaluation unit before it was introduced.

In his 1985 report the Auditor General of Canada highlighted the problems associated with the remission order given to the Hudson's Bay Oil and Gas Company Limited. It was after these events that the Senate Committee on National Finance and the House of Commons Committee on Public Accounts suggested the regular publication of a tax expenditure account.

[*English*]

In 1987 the finance department finally gave in and announced the establishment of a tax evaluation division. This new unit was to evaluate the effectiveness of fiscal policies in accordance with the guidelines issued by the Comptroller General of Canada.

[*Translation*]

The program evaluation policy, as revised in August 1991, provides that the deputy minister is responsible for reviewing all programs in his department.

He must report on program productivity and entrust a independent senior manager with the management of the evaluation process. He is also responsible for setting evaluation criteria and ensuring that all programs are evaluated periodically.

[*English*]

I should emphasize that given the prodding needed to get the finance department to establish a tax evaluation division, its getting out of the program three and a half years later is rather strange. It was the last in but the first out.

Numerous reports from the Auditor General, the public accounts committee of this House and the Senate finance committee were published on the inefficiency of some tax measures.

Furthermore, commitments made by the department in the past were given to the public accounts committee. The decision to put a discreet stop to the division's activities three and a half years later without informing the Office of the Comptroller General, the committee or the Auditor General is surprising, to say the least.

The committee had commitments made in March 1988 and signed by the previous Minister of Finance, the hon. member for Etobicoke Centre. I quote from the second paragraph of that letter: "I am entirely in accord with the committee's conclusion that Parliament needs information of higher quality on tax incentives, accountability and the tax system". The minister went even further and also assured the public accounts committee that the mandate of the division would: "provide evaluation of tax measures independent from line management".

The reorganization proposed by the Department of Finance three years later will not respect these commitments given by the former Minister of Finance, especially the requirements that the program evaluation be made independent from line management.

[*Translation*]

What the finance department proposed as an alternative to the evaluation unit does not meet Treasury Board guidelines. The guidelines issued by the Comptroller General's office require that these programs be evaluated independently, as I said earlier.

We think it is clear the department will no longer observe this guideline and these commitments. Furthermore, the Comptroller General requires that all programs be evaluated, every single one. Now that the division has been disbanded, the department no longer has an independent evaluation function. For instance, the government must finance, by means of various