

*Statements by Ministers*

request, my colleague, the Hon. Member for Saint-Léonard—Anjou (Mr. Gagliano), had certain consultations with him.

*[Translation]*

Mr. Speaker, this statement by the Minister concerns sixteen million individual Canadian taxpayers. It is a very important matter because it reflects on the whole integrity of our income tax system, which is based on the principle of confidentiality of income tax returns. This is the whole basis of the system under which sixteen million Canadians trust their Government to keep their personal finances a confidential matter between them and the Government.

This morning, we were informed that there was either fraud or negligence or a lack of security in the system. Although no information directly concerning the finances of taxpayers may be involved, one wonders whether with this information, the person who now has the microfiches might be able to insert the requisite codes to find data on just about anyone in Canada and on these 16 million taxpayers.

*[English]*

We take this very seriously, as has the Minister. Our system of income tax is based on voluntary assessment by individual taxpayers who, on their honour and through their own investigations, submit returns one by one to the Department of National Revenue. The voluntary system only works if individual taxpayers can be assured of the confidential nature of those returns. The returns are becoming more and more detailed. They contain information on a wide range of subjects concerning every individual Canadian. Of course, nothing is more sacrosanct in a free society than a taxpayer's individual affairs.

As the Minister has said, this event reflects upon every non-corporate return. If we translate that from bureaucratic language into language that you and I understand, Mr. Speaker, that means that the stolen or missing material contains information on 16 million individual taxpayers.

We accept the Minister's assurance that at this stage no financial information is included but Social Insurance Numbers, addresses and information about whether or not spouses have filed, whether or not capital gains are included and whether or not the income is professional or from farming and the like.

I would put a question to the Minister, and of course, in due course we will want answers and a further report to the House. I wish to know whether or not whoever holds this information can use it to get into the coding system which will open up other information related to individual taxpayers. If so, this is a very serious matter. I think what the Minister has said today will shake the confidence in the income tax system and will disturb the Canadian public generally. Since it relates to 16 million individual taxpayers, it is a matter of the utmost importance.

We will want to know if there was fraud, if there was negligence, and if there was negligence who was responsible. We want to know if there was no security system whereby—

**Mr. Gauthier:** Sloppy.

**Mr. Turner (Vancouver Quadra):** My colleague, the Hon. Member for Ottawa—Vanier (Mr. Gauthier), has said that it is sloppy. Certainly something has gone wrong and we want some answers from the Minister. We expect an early report to the House on this very grievous situation.

**Mr. Simon de Jong (Regina East):** Mr. Speaker, the statement by the Minister today discloses a very serious breach of security in his Department. The loss of the microfiche records containing information on 16 million taxpayers, almost every taxpayer in Canada, is serious. As the Minister has recognized, and as the Leader of the Official Opposition (Mr. Turner) has pointed out to the House, it shakes the confidence ordinary Canadians have in the tax system.

As has been pointed out, our tax system depends upon voluntary compliance. If Canadian taxpayers begin to feel that the personal information they present to the Government on their tax forms can be obtained by unauthorized personnel, Canadians will begin to lose faith in the Government and in the tax system, and this could have dire consequences.

We are talking about these little microfiche that were stolen from the Toronto office. Yet we cannot help but wonder whether or not the ineptitude of the Government and the Department particularly may have led to this situation. We understand that the Toronto office is going through another major reorganization. Instead of being one central office, it is being broken up into three sub-offices. The morale within the Department has been low for a long period of time. Morale was low when the Liberals were in power. There were all sorts of promises made by the Conservatives when they came into power about reorganizing the Department. Yet we find an ongoing decrease in the sense of confidence of the people working in that Department.

The Department has been hit by continuous cut-backs. There are fewer investigative officers in that Department now than there were in 1980. We learned this weekend as well that there are only 20 investigators working on the case of the \$3 billion in losses from public revenue due to the scam the Liberals introduced called the scientific research tax credit. Again, there have been more and more cut-backs.

The question that must be asked by Members of the House and by the Government is how far can we continue to cut back on Departments before we reach a point where the Department cannot properly carry on its duties. How many more cut-backs can there be before we begin to find lapses in security like the one that occurred in this last month? Surely we must reach a point where we cannot cut back any more. Surely this Department simply cannot be cut back on any more without serious mistakes being made, mistakes like the one that occurred in the latter part of October.