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—
Chair

Mr. Brian Pallister

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•(1105)

[Translation]

The Chair (Mr. Brian Pallister (Portage—Lisgar, CPC)):
Good morning, colleagues.

[English]

Pursuant to Standing Order 81(4), we are on the main estimates 2007-08, vote 20, under Canadian International Trade Tribunal, referred to the committee on Tuesday, February 27, 2007.

Welcome.

This morning we're combining both the Canadian International Trade Tribunal and FINTRAC, colleagues, and so we will expedite questions. We will continue until a little after 12:30 because of the later start. I understand we'll have some introductory comments of five minutes each.

I believe Pierre Gosselin will begin.

[Translation]

Sir, you have approximately five minutes.

[English]

Over to you, and welcome.

[Translation]

Mr. Pierre Gosselin (Chair, Canadian International Trade Tribunal):

Thank you, Mr. Chairman.

I am pleased to appear before this committee and to answer any questions you may have.

I am the Chair of the Canadian International Trade Tribunal. Accompanying me this morning is Ms. Sandy Greig, Director General of the Research Branch. Before moving on to questions, I would like to give you a brief overview of the tribunal's mandate, and the challenge we are facing.

The tribunal is a quasi-judicial, independent organization that reports to Parliament through the Minister of Finance. The tribunal is currently made up of seven members, who are all appointed by order in council for a specified length of time. The members are supported by 87 employees. Our workload is generated entirely through the number of complaints and cases that are brought to our attention by the governor in council or the Minister of Finance. Most of our cases must adhere to very tight statutory deadlines.

Our mandate is to conduct inquiries following the lodging of complaints, and to provide a ruling on economic, trade, tariff or commercial matters that are brought to our attention by the governor in council or the Minister of Finance. As a quasi-judicial institution, we carry out inquiries into whether dumping, from all countries, and in particular China, has caused, or is threatening to cause, material injury to a domestic industry.

Under the provisions of the Customs Act, decisions made by the Canada Revenue Agency, and the provisions of the Excise Tax Act, the tribunal hears appeals to rulings made by the Canada Border Services Agency. We conduct inquiries on complaints lodged by potential suppliers for federal contracts covered by NAFTA, the Agreement on Internal Trade or the Agreement on Government Procurement.

In cases of damage inquiries, appeals of CRA rulings and federal contract awards, the tribunal's rulings are binding. In cases of safeguard inquiries, the tribunal may provide a legal assessment of damages, and, upon request, forward recommendations on corrective measures to be taken. The CITT also plays an advisory role to the federal government on general economic and tariff matters.

[English]

The tribunal's workload is entirely externally generated. Our main challenge continues to be the allocation of our limited resources in such a way as to ensure that the statutory deadlines are always met and that the quality of the tribunal's findings, determinations, and recommendations is not compromised.

We must also ensure the continuity and renewal of our specialized workforce. Sufficient time must be provided for new staff to develop the required experience and competencies, which in some cases will take a number of years.

The tribunal remains committed to advancing government-wide priorities to improve the accountability and transparency of government operations, and to this end, the tribunal will strive to more fully integrate the principal elements of the management accountability framework.

The tribunal has a single strategic outcome and two activities.

The strategic is fair, timely, and effective disposition of international trade cases and government-mandated inquiries in various areas of the tribunal's jurisdiction. The first activity is the adjudication of trade cases, and the second activity is the general economic inquiries and references. The lion's share of the budget is allocated to the first activity, whereas only around \$600,000 is spent on the general economic inquiries and references.

In 2006, the tribunal worked on 19 unfair trade cases. The tribunal finished its work on a textile inquiry referred to it by the Minister of Finance and its work on a request to initiate a safeguard with respect to apparel imports from China. We received 52 complaints related to the federal government's procurement practices and 64 appeals of decisions from the CBSA or the CRA. Notably, the volume of work on procurement cases increased in 2006-07 as a greater percentage of the complaints referred to us have been accepted for inquiry.

Throughout the year, the tribunal carried out consultative and outreach activities. First, through the bench and bar committee, the tribunal provides a forum to promote discussion with the bar on issues of importance. The tribunal has also met with representatives from industry, trade associations, and officials from government departments to brief them on our procedures. As well, we have offered training to government agencies in Morocco and Vietnam and participated in technical exchanges with officials from the European community and from Australia.

I would like to mention some initiatives the tribunal is taking to try to improve our accessibility and reduce the administrative burden to the public. We publish and archive all our decisions and statements of reasons on our website. We also issue press releases to inform the public at the time these are made. All notices are placed on our website and subscribers are advised what's new through e-mail. Our questionnaires are available on our website, and parties will soon be able to use a secure electronic channel to file them with the tribunal.

We will shortly be making public case files available to parties electronically. That file will also be searchable and constantly updated throughout a case.

Finally, I would like to talk about the variation in our main estimates from 2006-07 to 2007-08, a net increase being \$677,000 in operating expenditures under code 20, and it's primarily attributable to a \$620,000 increase in funding to cover the replacement of our audio system in two of our hearing rooms.

Other amounts are a \$97,000 increase in collective agreements signed in 2006-07, a \$20,000 decrease in contributions to employee benefit plans, and finally a \$20,000 decrease due to public works procurement savings.

• (1110)

Those, Mr. Chairman, are my opening comments.

Thank you.

[Translation]

The Chair: Thank you very much, Mr. Gosselin.

[English]

from FINTRAC.

Mr. Potter is going to do the presentation. You have approximately five minutes, sir.

Mr. Mark Potter (Acting Deputy Director, Strategies and Partnerships, Department of Finance, Financial Transactions and Reports Analysis Centre of Canada): Thank you very much.

Good morning, Mr. Chairman and committee members. We are pleased to appear before this committee again, to provide an update on FINTRAC's operations and our main estimates.

My name is Mark Potter. I'm the acting deputy director of strategies and partnerships for FINTRAC. Joining me today are my colleagues Alfred Tsang, our assistant director of finance and administration; and Janet Di Francesco, our assistant director of macroanalysis and integration.

I would like to make a brief opening statement.

FINTRAC was created in 2000 to facilitate the detection and deterrence of money laundering and terrorist activity financing in Canada and around the world. FINTRAC is an independent agency reporting to the Minister of Finance, who is accountable to Parliament for the activities of the centre.

We are Canada's financial intelligence unit, or FIU. Our mandate is to receive financial transactions and other information, analyze it, and when appropriate, provide financial intelligence to law enforcement and other investigative agencies, as well as foreign financial intelligence units.

FINTRAC produces financial intelligence that assists the investigation and prosecution of money laundering and terrorist activity financing offences and other threats to the security of Canada. These investigations are carried out by national, provincial, and municipal law enforcement agencies and the Canadian Security Intelligence Service. FINTRAC is an analytic, not an investigative body. FINTRAC sits at the front end of the process, making a contribution of intelligence that assists investigators.

FINTRAC has been very active in the production of case disclosures of financial intelligence, producing 168 such cases in 2005-06, with a total value of just over \$5 billion. This financial intelligence is providing value to a growing number of investigations. With each successive year, we have increased our output of these disclosures of suspected money laundering and terrorist activity financing cases.

• (1115)

[Translation]

Our governing legislation, the Proceeds of Crime (Money Laundering) and Terrorist Financing Act, places obligations on certain individuals and entities to keep records, identify their clients, and report certain financial transactions to us.

These reporting entities, as we call them, include banks, credit unions, accountants, casinos, money services businesses, foreign exchange dealers, securities dealers, life insurance companies, and real estate brokers and agents.

[English]

Recently, as you know, Parliament amended the Proceeds of Crime (Money Laundering) and Terrorist Financing Act through Bill C-25. From FINTRAC's perspective, there are three key thrusts to the legislative amendments. Bill C-25 brings additional business sectors under the ambit of the legislation and regulations, such as lawyers and dealers in precious metals and stones. Their inclusion broadens and strengthens Canada's efforts to combat money laundering and terrorist activity financing.

Secondly, the amendments will augment the deterrence component of the regime by creating a registry, requiring money service businesses to register with FINTRAC and establishing a graduated system of administrative monetary penalties. This will greatly strengthen both compliance with the law and the general deterrence of money laundering and terrorist activity financing.

[Translation]

Third, Bill C-25 will make it possible to enrich the intelligence product that FINTRAC can disclose to law enforcement and national security agencies by including some additional information in our disclosures while scrupulously protecting the privacy rights of Canadians. This responds to the needs of law enforcement to make FINTRAC's core product even more useful to them.

[English]

Adjusting to these legislative changes and successfully implementing them will remain a focus for FINTRAC for the year ahead and beyond.

I'll now turn to our main estimates. In our main estimates, FINTRAC is requesting \$44.9 million for 2007-08. This represents a substantial increase of \$13.8 million over last year's main estimates. The increase for the next few years is required primarily for three reasons: workload pressures; the implementation of Bill C-25 changes; and contributions to the Egmont Group.

Our work has steadily increased since we began our operations about six years ago. This is evident in the significant year-over-year growth in transaction reports received, in our output of financial intelligence, and in the demand from law enforcement and CSIS for our product.

Law enforcement agencies in Canada and financial intelligence agencies in other countries are looking to FINTRAC for more and better financial intelligence to augment their work. FINTRAC is responding to this demand with the production of case disclosures of financial intelligence that assists individual investigations, as well as strategic financial intelligence that takes a longer-term view of areas that may have vulnerability to money laundering and terrorist activity financing.

The implementation of Bill C-25 changes will also expand our workload and require the development and implementation of significant new functions, such as a registry of money services businesses, as well as an administrative monetary penalty system. The operation of these two elements is still being defined in greater detail through regulations, based on ongoing research and consultation. We will keep parliamentarians abreast of our progress in implementing these and other elements of Bill C-25 through our

regular reporting documents such as our annual report, and through future committee appearances.

Money laundering and terrorist activity financing are transnational phenomena, and cooperation internationally is essential to any successful effort to curb them. The Egmont Group is an international body comprising the financial intelligence units of more than a hundred countries. In 2006, the Egmont Group selected Toronto as the site of its permanent secretariat for its global operations. This is an achievement for Canada, and an opportunity to help lead the global fight against money laundering and terrorist activity financing. It is the funding of this permanent secretariat that is identified in these main estimates for a contribution of \$1.8 million in 2007-08.

As for FINTRAC's overall budget, it is relatively straightforward. It largely comprises two main elements: staff costs and other expenditures in support of our operations, which are very technology-intensive.

FINTRAC currently employs 230 staff, located here in Ottawa as well as in three small regional offices—one in Montreal, one in Toronto, and one in Vancouver. That figure is expected to rise to about 270 staff next year. In terms of other expenditures, they are mainly for information technology, security, and accommodation.

We believe FINTRAC has made and will continue to make a significant contribution, along with our partners in law enforcement and national security, to combating money laundering and terrorist activity financing. This investment in FINTRAC is an investment in the safety and security of Canadians.

I will conclude my presentation here, and we will be pleased to answer any questions you may have.

Thank you.

• (1120)

The Chair: Thank you very much, Mr. Potter and Mr. Gosselin, for your presentations. They've been very informative.

We'll move first to Mr. Thibault.

[Translation]

Hon. Robert Thibault (West Nova, Lib.): Thank you, Mr. Chairman.

[English]

I thank everybody for their presentations. They've been quite informative and quite straightforward.

I don't think there's a lot that's contentious here, but I would like to ask you a question, Mr. Potter. When we read the papers or follow the news, we see that one of the areas that seem to be of concern is the electronic transactions that seem to have a lot of ways of getting around the rules.

I will try not to use the names of the organizations, so as not to cast aspersions on any of them. They might all be completely legitimate, but there's always the potential that they might be misused. I know there have been some charges laid against one of the Canadian organizations in the United States that works with gambling sites or any other sites. It seems this would be a way to transact money internationally, using the Internet under various guises.

What type of work do you do there? Is that advancing? Do you have a handle on or an idea of what we might be missing in terms of illicit transactions?

Mr. Mark Potter: You are certainly correct in noting that a significant technique used by money launderers and terrorist financiers is to take advantage of the scope to very rapidly move money around the world electronically. They use this to disguise the source of the funds and to move the funds in such a way that it makes it very difficult to track them, thus making our job rather challenging.

We do have an advantage in Canada. Under our law, reporting entities are required to report electronic funds transfers of \$10,000 or more if they are of an international nature. If the transfer is made from Canada to abroad or into Canada, then that is reported to us. That represents a very significant reporting stream. In fact, in 2005-06 about eight million of these reports were received by FINTRAC.

That also explains why information technology, for example, is a big part of our work. Information technology, along with the increasing experience of our analysts, is able to comb through these various transactions and establish linkages, identify patterns, and help to build cases. We take that information, along with our other reporting streams—suspicious transactions and large cash amounts—as well as information we might be getting from law enforcement via voluntary information on targets of interest to them. This also includes media reports and other publicly available information. We combine all of these to build our case, reach our legal threshold for disclosure, and disclose that information to law enforcement and CSIS for further investigation.

Hon. Robert Thibault: I found your figure of \$10,000 interesting. I realize you have to put the base somewhere, but if I do repeated transactions of \$9,999, is that going to catch your attention? Will your systems pick that up?

Mr. Mark Potter: The answer to that is yes and no. It won't pick it up through an electronic funds transfer report, because this is a prescribed report, it's automatic, and it's objective. Once it's \$10,000 or above, it's automatically reported. However, if an individual or a business entity is moving moneys that are just under the threshold, the financial intermediary might consider that suspicious, so they're likely to file another key report to us, which is a suspicious transaction report.

So we do see, whether it's large cash or whether it's electronic, banks and other reporting entities providing information on transactions that are just below the threshold, that are repeated regularly. They would then file a suspicious transaction report, which would be of great interest to us.

Hon. Robert Thibault: Do those transfers happen to an organization other than a reporting organization, other than a bank?

Could it be to a point of sale? Are there leaks in the system in that sense, that if I'm an illicit seller of goods or services and I'm receiving these transactions, could I be getting these transactions and getting around the banks or other disclosing entities?

• (1125)

Mr. Mark Potter: I'll answer that in two ways. The current breadth of reporting entities is quite large. As I mentioned, it's everything ranging from banks to casinos, to accountants, to insurance agencies, to real estate agencies, and so on. So it's very broad in terms of the potential financial intermediaries that would be involved in such transactions. However, via Bill C-25, we are expanding that to include, for example, dealers in precious metals and stones, because it has been found, not only in Canada but around the world, that this is a vulnerable sector.

So you want to make sure you have the broadest possible coverage. We think we have very broad coverage, but is it perfect? Are there any holes? That's what criminals are trying to find all the time.

Hon. Robert Thibault: That's why you're spending more on technology, I would presume.

Mr. Mark Potter: That's right.

Hon. Robert Thibault: In reference to the Egmont Group, I'm pleased that we have the *siège social*, the headquarters of the Egmont Group. Do we pay a premium for that in terms of the operational funds, our contribution as a partner within that? How is the funding arranged? Is it per capita?

Mr. Mark Potter: That's a very good question.

We think the Egmont Group is essential for promoting operational cooperation among agencies like ours, so we've been an active participant in the Egmont Group. In fact, we were quite instrumental in helping that group evolve, in terms of establishing a permanent secretariat, developing a charter or constitutive document, and developing a funding formula, which gets to your specific question.

That funding formula will be rolling out starting in 2008. The agency and its secretariat will become entirely self-funding. Canada has made a contribution to facilitate its establishment and start-up. The funding formula is based primarily on GDP, and GDP per capita, so all the jurisdictions will contribute proportional to their income levels.

Hon. Robert Thibault: Monsieur Gosselin, I notice in your estimates that you have an increase of some \$600,000 for general economic inquiries, from \$60,000 to over \$600,000. Is there a change happening? What is causing that? Is it a new service that you're evolving?

Mr. Pierre Gosselin: No, actually the increase in our estimates is to pay for a new audio system in the hearing rooms. The audio system has been in place for about 12 years and we can no longer find anyone to service the system. It's very vulnerable, so we have to replace it.

Hon. Robert Thibault: I have a final quick question.

Will the budget that has been introduced before the House cause you some additional expenses, additional areas of activity? If so, can you give us an idea of how much it would cost or if we'd be seeing them later?

Mr. Pierre Gosselin: Not that I know of, sir.

[*Translation*]

The Chair: Mr. Paquette.

Mr. Pierre Paquette (Joliette, BQ): Thank you, Mr. Chairman.

Thank you for your presentations.

I will only address the trade tribunal, and my colleague Mr. St-Cyr will ask you further questions later.

As members of the Canadian International Trade Tribunal, you provided a good presentation of your activities. I met with representatives of the Quebec furniture industry, who, after having lodged a complaint, were told by the tribunal to do their homework. They are reluctant to push further, because on the barbecue issue, for example, despite your positive ruling—you recommended that the Minister of Finance impose import duties on barbecues manufactured in Southeast Asia; I do not recall exactly which country these barbecues were produced in—but the government did not follow up on your recommendation.

What do we say to people who are wondering if they should spend between \$200,000 and \$250,000 to prepare proceedings regarding possible safeguard measures, when, to my knowledge, the government did not act upon one single one of your recommendations regarding safeguard measures as sanctioned by the World Trade Organization?

Mr. Pierre Gosselin: Mr. Paquette, you should ask your colleagues on the government side to answer that question, because it is incumbent upon them to decide whether or not they should follow up on an inquiry that we have conducted. Our responsibility is to answer the following question: Was there injury, or not? We answered that question. The government also asked us to put forward measures to mitigate damage, which is what we did. What happens next is not our responsibility, our job is to make recommendations. It is up to the government to decide whether or not it will heed our recommendations and act accordingly.

• (1130)

Mr. Pierre Paquette: If memory serves me correctly, one of the problems affecting the barbecue industry was that anti-dumping duties were imposed, but for some reason, China was deemed to be a market economy.

Was this decided by the Canadian International Trade Tribunal, or by another tribunal? I assume that must have made proving that China or other Southeast Asian countries were dumping imports somewhat complicated.

Mr. Pierre Gosselin: What happened was that the Canada Revenue Agency changed its methodology. In this case, the CRA decided that China was a market economy, and that had an effect on the degree of dumping determined. After that ruling, the industry contacted us and asked us to launch a safeguard inquiry.

Mr. Pierre Paquette: The safeguard inquiry would have allowed them to prepare a case to reopen a claim regarding anti-dumping duties.

Mr. Pierre Gosselin: Those are two different actions.

Mr. Pierre Paquette: They are two different things, yes.

I also wanted to bring up something else, since you are here. I have introduced a bill that would also allow unions to file complaints with the Canadian International Trade Tribunal. Currently, only industry or employers may lodge complaints, whereas now, there are large industrial groups, even Canadian ones... Take for example Gildan, which yesterday announced the closure of two Montreal factories and the opening of a new one in Central America. It is quite possible that this company—and I'm not saying that it is the case—is not interested in lodging a complaint, regarding either safeguard measures, anti-dumping measures, or subsidies, because generally speaking, the group is benefiting from the situation.

Haven't we reached the point where we should allow workers, or their union representatives, to file complaints in order to protect jobs that may be threatened not by their inability to compete, but by the fact that the interests of their industrial group are better served by unfair competition?

Mr. Pierre Gosselin: Mr. Paquette, you are asking me questions that I am unable to answer. We rule on matters that are put forward to us in compliance with the current legislation. We do not engage in politics.

Mr. Pierre Paquette: Can you not make any recommendations?

Mr. Pierre Gosselin: No.

Mr. Pierre Paquette: In your role as an advisory board, were you never consulted to determine what types of changes should be made to make the Canadian International Trade Tribunal more effective?

• (1135)

Mr. Pierre Gosselin: Yes, if we are asked the question—since our mandate is to address matters put to us—but the question was not put to us.

Mr. Pierre Paquette: Very well. I understand.

I have one last question, out of curiosity. I see that your program expenditures have increased by 8.1%. You explained that this was due to the installation of a new audio system. I also see that the contributions you make to your employees' benefit plan have dropped by \$20,000. This is a not a huge amount, but it seems a bit bizarre since, at the moment, many industrial sectors are going to be appealing to the Canadian International Trade Tribunal. There has not been any increase in hiring, as I've gathered, and in addition, there has been a decrease in contributions to social benefits. One would presume then that the tribunal is going to have fewer staff members than before. I would like to know why the contributions made to the social benefits plan are dropping at this precise moment. Is it because there are fewer employees, or have changes been made?

Mr. Chairman, will you allow Ms. Mercier to answer?

The Chair: Certainly.

Mrs. Sylvie Mercier (Chief, Financial Services, Canadian International Trade Tribunal):

To answer your question, the percentage was set by Treasury Board. The contribution to social benefits for employees changes from year to year. It can be 21% one year, and 18% another year. We are not the ones who set the rate.

Mr. Pierre Paquette: Does it correspond to an actuarial calculation?

Mrs. Sylvie Mercier: Exactly. Treasury Board provides us with this information, and we adjust our budgets according to the rate established by Treasury Board.

Mr. Pierre Paquette: Thank you.

The Chair: Thank you very much.

[*English*]

We continue now with Madam Ablonczy.

Ms. Diane Ablonczy (Calgary—Nose Hill, CPC): Thank you, Mr. Chair, and thank you to all of you for being here.

I want to turn first to Mr. Potter. I'm sure you're expecting this question. Your estimates from the last fiscal year to this fiscal year have gone up over 44%, nearly by half, and of course we're curious as to why there would be such a big increase. Could you break it down a little bit for us so we could understand it better?

Mr. Mark Potter: I'll start briefly by recalling the three broad areas, both for this next fiscal year and as we go forward. The three broad areas are: general increases in workload, the number of reports we've been receiving, the number of cases we've been disclosing, and so on.

The second is the implementation of Bill C-25. As you well know, there are a number of measures there, some fairly big ticket items like an administrative monetary penalty system and an MSB registry, along with a number of others that we'll be in the process of implementing over the next two or three years.

The final one is the contribution to the Egmont Group.

We can certainly give you more detail on those areas, if that's helpful, either now or later.

Ms. Diane Ablonczy: I have a couple of questions following from that.

Is this increase because you're expanding your employee base or what?

Mr. Mark Potter: Precisely. We are certainly expanding our employee base from about 230 to about 270, and staff costs are about 50% of our budget in general, so that's a big driver. We're constantly strengthening our technological base and investing in new information technology. And we also, for example, pay for our own accommodation, unlike a number of other departments and agencies. So that's another cost driver.

But it's primarily the three reasons I mentioned—workload, Bill C-25, and Egmont—that are driving the growth in our budget.

Ms. Diane Ablonczy: With respect to Egmont, are other participating countries paying an equal amount, either equal or equal per capita? Can you explain that a little bit?

Mr. Mark Potter: Yes, I sure can.

First, I should distinguish between the initial contribution by Canada only toward the establishment of the secretariat—and that's \$5 million over five years and it's \$1.8 million next year. This was a proposal brought forward by the Minister of Finance to the Egmont Group. Other jurisdictions brought forward proposals to host the secretariat, and part of ours included that level of financial support. We, in effect, won the competition to have the permanent secretariat located in Canada—not just for that reason. There were a number of other considerations that the committee reviewed and took into account.

So there's cost to establish the secretariat, and Canada only is paying for that.

Starting next year, in July 2008, the secretariat of the Egmont will collect member dues from its 100 members, and those 100 members will pay based on their GDP and GDP per capita. So a formula has been developed. Clearly, G7 and G8 countries like us will pay proportionally more than countries that are still developing. We can certainly provide those figures to you to give you a sense of the specific numbers.

Overall, the annual operating budget of the secretariat is expected to be in the range of a little over \$1 million Canadian each year. So you have a little over \$1 million divided by 100 members.

Ms. Diane Ablonczy: I would suggest that's not unreasonable in this day and age.

I know you addressed this a little bit with Mr. Thibault, but what's the advantage to Canada of having the Egmont secretariat here?

Mr. Mark Potter: I think there are, first and foremost, a number of advantages to having a well-functioning Egmont Group. Egmont Group has been around for about 12 years now. It complements the work of the international Financial Action Task Force, which focuses more on the policy- and standards-setting level. The Egmont Group focuses on operational cooperation among agencies like ours.

When I say “operational”, I point to two or three key areas. The first is facilitating the exchange of information—the information on cases, the intelligence that we produce—and putting in place the frameworks and the technology. A key cost for the Egmont Group is a secure IT system that allows for the exchange of cases in a very secure manner. That's one key attribute of the organization.

The other is promoting joint work on training. As we evolve as organizations, as we deal with increasingly sophisticated criminals and terrorists, financiers, we need to improve our training. We need to do work on typologies and methods—the research we do—and share information about what we're learning about the vulnerabilities of our systems and how to strengthen them.

So there are a number of areas like this. As well, it ensures that there is a strong global network of agencies like ours. We contribute to technical assistance. We help these other agencies develop. Canada has one of the leading such agencies in the world. We've learned a great deal in the six years we've been in existence, so we contribute through technical assistance to the development of other FIUs in other jurisdictions. As you can appreciate, the system is really as strong as some of its weakest links. The goal is to have a very robust system worldwide. Egmont certainly contributes to that.

• (1140)

Ms. Diane Ablonczy: Thank you.

Mr. Gosselin, your increases in estimates are not nearly as exciting as 44%. They're just under 7%. Nevertheless, they do exceed the rate of inflation. So again, could you give me the explanation as to why there is an increase?

Mr. Pierre Gosselin: The vast majority of that is to pay for a new audio system in our hearing rooms. In fact, \$650,000 or so goes to that. Then there are small amounts for a number of other things.

Ms. Diane Ablonczy: There is quite a big increase—although certainly monetarily not that big—in your estimates for general economic inquiries and references from last year to this year. I'm just wondering why that would be.

Mr. Pierre Gosselin: It's very difficult for us to tell ahead of time what our costs are going to be for the two programs. In fact, next year we hope to have only one program so we don't have to make this division. We don't generate the work; we receive cases, whether they're dumping cases or safeguards or procurement cases or general inquiries from other people, either from the private sector or from the government. So we annually make a guesstimate based on past practice and on what we think the future holds.

We have to deal with cases as soon as they're filed with us, and within a very tight timeframe. We can't say that we'll put something off until next year because we're busy now. We have to treat cases as soon as they occur. So we've made a relatively arbitrary division, based on our experience in the past.

Ms. Diane Ablonczy: Thank you.

The Chair: Thank you very much, Madam Ablonczy.

We'll move to Madam Wasylycia-Leis now.

Ms. Judy Wasylycia-Leis (Winnipeg North, NDP): Thank you, Mr. Chairperson.

Thank you all for being here.

First I have a question to Mr. Gosselin. It's along the lines of the question my colleague Mr. Paquette asked, about who can actually appear before the tribunal. As I understand it, only organizations representing businesses are able to do so.

Mr. Pierre Gosselin: That's not a simple question, in the sense that we have several mandates, and it depends on which mandate you're talking about. If it's as Mr. Paquette was talking about, in the area of dumping or in the area of safeguards, then yes, it's producers, and that's the term in legislation. However, in a number of our other mandates, like government procurement complaints or appeals from decisions by CRA or CBSA, then individuals can appear.

I should also point out that labour groups or associations, if they are representing the interests of the producers, can also appear. But in the case that he was referring to, it was not clear to the tribunal that they were in fact representing or mandated to represent the interests of the producers.

• (1145)

Ms. Judy Wasylycia-Leis: Would it be possible to have a situation in which a labour organization might have a concern about dumping or about any of the issues you've mentioned, but might be at odds with how this is being represented by the producer organization?

Mr. Pierre Gosselin: We've had instances in which trade unions or consumer organizations have appeared before us on one side or the other of the issues, and that's fine. We can easily do that. What they can't do is bring the case themselves, unless they are representing the industry.

Ms. Judy Wasylycia-Leis: What if one was an individual producer but not a member of one of these umbrella organizations, and his or her concerns were not being pursued by the organizations? Is it virtually impossible then to bring that issue forward?

Mr. Pierre Gosselin: Again, we have to be clear. If we are talking about dumping, an individual company can bring a case if they can demonstrate that they represent a significant part of the industry. They don't even have to represent a majority, but they have to be a very significant part.

Ms. Judy Wasylycia-Leis: I want to zero in on one other issue, and that is the whole issue of textiles.

I know from your mission statement that you have the ability to take tariff references from the Minister of Finance and investigate requests from producers for tariff relief on imported textile inputs. I'm just wondering how broad that really is. Are you able to take, for example, some of the concerns raised by the international trade committee of the House of Commons concerning textiles vis-à-vis China and the fact that Canada has not moved to place limitations through the World Trade Organization, as other countries have? Is there a role you play in that regard? Is there advice you give to the minister?

This is a case of a serious economic problem: loss of jobs. For some reason, Canada has not done what other countries appear to have done. Is there a reason for that, and what can you do about it?

Mr. Pierre Gosselin: Again, our jurisdiction really flows from the complaint. In this instance, the Minister of Finance or the Governor in Council can refer to us questions on textiles, for instance, or on tariff simplification or tariff reductions. But if one of those two bodies doesn't make a reference to us, we can't act.

Ms. Judy Wasylycia-Leis: Has the Minister of Finance given you a reference on this particular issue?

Mr. Pierre Gosselin: We have done quite a bit of work for the Minister of Finance. We have had three major tariff references on textiles and clothing, and we have a standing reference from the minister whereby any producer organization can ask for tariff relief for downstream clothing production. In other words, if they want to pay less tax on the import of their raw materials, because this will favour their downstream business, they can ask for a tariff reduction.

• (1150)

Ms. Judy Wasylycia-Leis: So I would assume all the producer organizations involved in textiles have been at your door, either directly or through the minister, hopefully, regarding the importation from China and the fact that, as I understand it, the WTO allows member countries to impose limits on the growth of specific categories of Chinese clothing imports. They could be limited to 7.5% growth per year, but Canada has not taken advantage of that.

That's an obvious solution if they come knocking at your door. So who's in charge of executing the solution?

Mr. Pierre Gosselin: First of all, somebody has to come knocking at our door, and to date no one has. If the question is to be put, it really has to be put to the Minister of Finance or the Minister of International Trade as to whether or not they want to take action.

Industry groups, producer groups, can come directly as well, and to date the clothing industry or the textile industry has not come to file a complaint with the tribunal.

The Chair: We continue with Mr. Pacetti, for five minutes.

Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.): Thank you.

For the Canadian International Trade Tribunal, I think you know where I'm going to go with this. How many times a year do you appear before the parliamentary committees?

Mr. Pierre Gosselin: I'm sorry, I—

Mr. Massimo Pacetti: How many times a year do you appear before the parliamentary committees? I think you only appeared—

Mr. Pierre Gosselin: Once last year, and once before the finance committee.

Mr. Massimo Pacetti: Yes, and it's usually for the estimates or the supplementary estimates, if I'm not mistaken.

Mr. Pierre Gosselin: Yes, but also we appeared before the international trade committee to talk about our program.

Mr. Massimo Pacetti: When you appear for the estimates, do you think I'm going outside the bounds to ask for some information? We don't have one piece of paper. I could understand if you appeared continuously before the committee, but this is for the estimates. It's not acceptable. We don't have any information as to what these estimates are for.

Mr. Pierre Gosselin: The committee certainly has not asked us to produce any paper other than the estimate request.

When we appeared last year, we produced our annual report and a number of other explanations of how the tribunal functions. Frankly, I didn't realize this was something the committee was looking for.

The Chair: Perhaps Mr. Pacetti would like to be somewhat more specific on what information he might be looking for.

Mr. Massimo Pacetti: If the committee is going to approve \$10 million on a main estimate and then there is an increase, we'd like to know what the money is going to be spent on. I had asked for it last year. I think I made it clear I didn't need detail, but I had to ask for it and I don't think I should have to ask for it. We're looking at the estimates. We need to know what this money is being spent on.

We'd like to know the number of cases you've studied. If you want, I'll ask for all kinds of details. I'll ask for how many hours you spent on cases and what the billing time was. I can get into details if you'd like, but at minimum I'd like to have at least a one-page summary of what this money is being spent on and I'd like to have it in writing.

It's not acceptable. I asked for it last time and it took two weeks to get it, and now I have to ask for it again. I think it should just be automatic. It's not the end of the world; it's money. This is public money. All we're asking for is a bit of detail.

But correct me if I'm wrong. I'm not trying to go...but if you have something to hide, maybe you can just tell us and maybe we can make the story of it shorter. But I don't think I'm asking for something that's unreasonable.

The Chair: If I could assist in advance of Mr. Pacetti's request, I'm sure you're willing to put something in writing to us, but perhaps in advance of doing that you'd like to outline a synopsis of some of the work you've undertaken over the previous fiscal year, or anticipated work. I know it's difficult to anticipate—

Mr. Pacetti, yes.

• (1155)

Mr. Massimo Pacetti: I'm not asking for an outline; I'm asking for some detail in writing. I asked for it last time. I thought that perhaps you would have learned from the last time. I was maybe a bit too nice, but all I'm asking for is detail, and I'm still being nice. If you don't want me to be nice, just tell me; I'm not going to be nice.

This is not my money; this is the public's money.

The Chair: Yes, you don't want to see him when he's not nice.

Mr. Massimo Pacetti: Thank you, Mr. Chairman.

The Chair: Yes, you're welcome.

We'll continue now.

Is that a reasonable request? Can you assure the committee members that you'll be able to provide somewhat more detail in terms—

Mr. Pierre Gosselin: Mr. Chairman.

The Chair: Yes, Mr. Gosselin.

Mr. Pierre Gosselin: We are in the process of preparing our report on plans and priorities, which goes into great detail on what the tribunal plans to do in the coming fiscal year. The time for that has not yet arrived because the fiscal year is not finished yet, so we can't roll up all the data, but in the early part of the next fiscal year we will produce it. We produced it last year; we produce it every year.

We produce an annual report that's an inch thick.

Mr. Massimo Pacetti: That's not what I'm asking. If you took last year's number of \$10.005 million and increased it by an estimate of 10%, I have no problem with that; I just want it in writing. On the \$10.682 million, you came to a number, and somebody must have done something. If you did it on the back of a paper napkin, I have no problem with it; that's another issue.

We got some of the numbers last year after I asked for them. There was some detail, but what the committee got was fine. I'm just asking how you got to \$10.682 million.

Mr. Pierre Gosselin: In the opening statement, sir, I explained.... Pardon?

Mr. Massimo Pacetti: I'd like it in writing. That's all I'm asking.

Thank you.

Mr. Pierre Gosselin: I will give you a copy of the estimates we provided to Treasury Board.

[Translation]

The Chair: Thank you, sir.

We will continue with Mr. St-Cyr.

Mr. Thierry St-Cyr (Jeanne-Le Ber, BQ): Thank you, Mr. Chairman.

I have a few questions for FINTRAC. During consideration of Bill C-25, we met with you to talk about changes to be made to new roles and responsibilities. I asked many questions, and was particularly interested in the mechanism used to protect private information. You gave a very good explanation of how the mechanism works. You analyze statements provided on a voluntary basis, which are then reviewed by a committee. If the committee decides that it is warranted, it sends complementary information to police services who provide intelligence.

I had also asked if there was a verification mechanism. This would be a good protection mechanism. I was told that there was no follow-up as to whether or not it was necessary to review cases and check if the decision to disclose information was a good one or not.

Since then, have you taken any measures to come up with a follow-up mechanism to make sure that past disclosures were carried out properly?

Mr. Mark Potter: Thank you for your question.

[English]

I'll give you a somewhat lengthy answer, and then I would appreciate it if you could give me further direction if you would like to me to focus on more specific areas.

At FINTRAC we take the protection of privacy and information extremely seriously. It's a part of everything we do. Before you can work at FINTRAC you have to be cleared to the secret level and eligible for the top-secret level. Within our facilities we have extremely robust physical and IT security.

[Translation]

Mr. Thierry St-Cyr: I will interrupt you there, because I have very little time. You made this presentation the last time, and I trust you completely. I simply want to know if there are any follow-up mechanisms to determine whether the disclosures made by the committee were effective, if they actually led to investigations, if they were relevant, and if the system contains any deficiencies. Have past activities been reviewed and verified?

[English]

Mr. Mark Potter: I think your question covers two potential areas. One is performance measurement and what happens to our disclosures. Related to that is the protection of privacy and information during that process.

We're an analytic agency. We produce case disclosures that we then forward to law enforcement and CSIS. If they deem it appropriate, they conduct further investigation and examination related to these cases.

As a regime led by the Department of Finance, we are developing and refining increasingly robust and comprehensive performance measurements for the whole regime, starting with intelligence, investigation, charges, convictions, and so on. That is under development and is still evolving. As a fairly young agency and a fairly new regime, we are making improvements in that area, but that's still to come and we're still working on it.

In terms of specific cases, we at FINTRAC do not track those.

• (1200)

[Translation]

Mr. Thierry St-Cyr: Therefore, you are unable to tell us exactly how many of the 168 disclosures mentioned in your speech actually led to lawsuits or convictions, nor can you talk about the role that you may have played in future convictions.

[English]

Mr. Mark Potter: The short answer is no. The slightly longer answer is that these investigations take a considerable period of time, often a number of years. The ones we disclosed very recently are probably in progress.

We occasionally learn anecdotally through media reports that our disclosures have been used in investigations, prosecutions, and convictions, but at this time we do not receive information on specific cases and what has happened to them.

What we have put in place with law enforcement is a disclosure feedback process. So we learn about the quality of our disclosures, the timeliness of them, whether they lead to new leads, whether they contribute significantly to an investigation, and so on. We are getting this sort of feedback information, which is extremely useful to us.

[Translation]

Mr. Thierry St-Cyr: In order to understand what is happening with your data, do you think it would be a good idea to systematically receive feedback on the final result?

From what I understand, people either say that they like or dislike the information you have, or that it could be improved. Yet, ultimately, were there any lawsuits or convictions? For now, nothing systematic is in place, correct? Do you believe that this situation should be rectified?

[English]

Mr. Mark Potter: I absolutely agree with you. In order to ensure that taxpayers are getting value for FINTRAC's work and for the work of the entire regime, which involves significant expenditures, there should be robust measurements in place, and that is certainly the direction in which we're moving as a regime.

The Department of Finance is leading that process and working with the Department of Justice, with law enforcement, and with us to put in place the right sort of performance measures.

[Translation]

The Chair: Mr. Del Mastro has the floor.

[English]

Mr. Dean Del Mastro (Peterborough, CPC): Thank you, Mr. Chair.

I have a couple of questions. I'll start with Mr. Potter.

Mr. Potter, there seems to be kind of a prevailing thought out there, and certainly we hear it in the media all the time, that the government is awash in cash, the provincial government is awash in cash, there's cash everywhere. I'm very sensitive to that because, as pointed out by my colleague, it's the taxpayers' money, it's Canadians' money. When I see an estimate that's 22 times inflation...if I were a taxpayer sitting at home, I'd have concerns about that.

Essentially your funding was about \$1 per Canadian. Every Canadian is giving FINTRAC about \$1. What you've asked for is \$1.50. What's in it for them? What are they going to get for their 50¢? How much more are they going to get out of it? What is the benefit to Canadians by extending this additional funding?

Mr. Mark Potter: Thank you very much.

I think that's an extremely fair and pertinent question, that we should be assessed on our results, and I'll highlight two key areas. We have a dual mandate, for detection and for deterrence.

On the detection side, it's really about our core product, which is a case disclosure, an intelligence product. So you look there at the volume, the value of the transactions. You also look at the feedback we get from our partners, from law enforcement and from CSIS. Do they consider it a high-quality product, a timely product that contributes to their investigation and ultimately leads to results for

Canadians—being charges, convictions, and reduced money laundering and terrorist financing in Canada and the associated criminality? So that's a key front for us.

The second is deterrence. Do we have a system in Canada of financial intermediaries that are aware of their obligations, respect their obligations, and provide high-quality reports to us? We receive over 15 million reports a year from reporting entities. These are a key part of our analytical work, and these create a deterrence regime that makes it difficult to use Canada for these purposes, for money laundering and terrorist financing.

So those are two key areas where we're very cognizant of generating concrete results, having them measured and having them contribute directly to the well-being of Canadians.

• (1205)

Mr. Dean Del Mastro: I have a bit of a supplementary to that. Concerning Bill C-25, which we passed a little while ago, we thought that in passing that bill it would assist Canada in becoming a world leader in tracking money laundering and terrorist financing. Your position, therefore, is that by providing this additional funding, this will assist us in putting FINTRAC as a world leader, or certainly amongst world leaders on this front.

Mr. Mark Potter: I think we've always been, for some time now, among the world leaders. I think the standards by the international FATF are evolving because the challenge is evolving. So all of us, as an international community, need to adjust to the new standards and put them in place.

I think what Bill C-25 will do is very much keep us among the very leading agencies like ours around the world. We are also going through an evaluation process by the FATF, which is a very comprehensive examination of where we're at, and I think that will also provide some useful guidance to us in Canada as to further areas we need to develop once we come back to Parliament for another five-year review, or changes in advance of that, if required.

So there are a number of processes in place to maintain our leadership.

Mr. Dean Del Mastro: Mr. Gosselin, to what extent and for what purposes does the CITT use contracted suppliers rather than in-house resources to conduct its activities?

Mr. Pierre Gosselin: By "its activities", I take it that you are talking about our inquiries. We use, essentially, in-house staff to do that. If we have a request from the government, or if we have a case that requires an expertise that we don't have, then we go outside, but that's rather unusual. In most of our work in dumping and subsidy cases, it's essentially an adversarial process, where the domestic industry is on one side and the importers are on the other side, and they bring the resources, really, to the tribunal in terms of witnesses.

It's only where we want a third opinion that we might go outside. Oftentimes we will subpoena witnesses, and all we do in that case is pay their costs.

The Chair: Each time we have FINTRAC here, I like to use the opportunity to revisit the long-standing issue of lawyer-client privilege. Although it's something that might cause you, if it were ever resolved, to have a lot more work to do, I don't think it has been resolved. Maybe you'd like to give us a little bit of an update on where we're at in respect of that particular issue.

Mr. Mark Potter: Thank you.

I can comment briefly, but I think the best place to pose your questions would be the Department of Finance. They have the policy lead for the regime, and I understand they will be here in the next three or four weeks, so that would be a good opportunity to discuss this matter with them.

I think, as some of you may be aware, through Bill C-25, lawyers will be included. They won't be included in precisely the same way as other reporting entities, because we do have to be sensitive to the solicitor-client privilege aspect. So for example, they will not be filing reports, and there will be a degree of self-regulation by the law societies with respect to the provisions that will be put in place. We will be working with the law societies, along with the Department of Finance, to assure ourselves that they are respecting the provisions in Bill C-25.

The Chair: Okay, thank you.

We will continue with Mr. McKay.

Hon. John McKay (Scarborough—Guildwood, Lib.): Thank you for stealing my question, Chair.

In another life, I used to practise law, and—

An hon. member: Now I know why I don't like him.

The Chair: I should go on record as saying that it's the only profession where you get paid fairly well for practising.

Hon. John McKay: That's right. You certainly don't get paid well in this business. But that's another issue.

We've now brought lawyers into the regime, and the Law Society of Upper Canada will now require me to file something. Can you describe what it is that I'm going to be required to file? I would literally flush millions of dollars through my trust accounts on a weekly basis, and I would imagine this to be a horrendous experience in terms of trying to identify every \$10,000 transaction.

So can you describe what this has been?

• (1210)

The Chair: I see you looking for help, Mr. Potter, and I invite any assistance you might wish to bring forward to come forward now.

Identify yourself, please, sir, to the committee.

Mr. Yvon Carrière (Senior Counsel, Financial Transactions and Reports Analysis Centre of Canada, Department of Finance): I am Yvon Carrière. I'm senior counsel with FINTRAC.

All law societies in Canada have enacted rules that prohibit their members from receiving more than \$7,500 per file. That's not a Department of Finance regulation; that's a rule that was enacted by

each individual provincial law society. Now, to ensure that their members respect that obligation, I understand that some law societies require their members to file a statement saying they haven't received more than \$7,500 per file. I think some law societies might go beyond that and ask for more details. What cash did you receive? What are the amounts? What files did they relate to? I think maybe that's what's being alluded to.

But again, it's not a federal government requirement, but a requirement established by individual law societies.

Hon. John McKay: I find that this is an extraordinary response given that retainers would routinely be way more than \$7,500. That's nothing in the law business. And in real estate transactions, it's not unusual for people to walk in with \$100,000 certified cheques, so I don't understand how that works.

Mr. Yvon Carrière: I understand that the rules passed by the individual law societies exclude certain amounts of cash. I think they focus mainly on cash received as an intermediary, not cash received as fees, bail, or certain other exclusion costs, court costs.

Hon. John McKay: So if it's cash, it's a problem; if it's a certified cheque, it's not. Is that the way you describe it?

Mr. Yvon Carrière: Again, I'm speaking from what I understand to be the provincial law society rules, not the federal government regulations. I understand that the prohibition against receiving cash applies to only certain types of cash. It doesn't apply to cash received as fees or bail. That's my understanding, and again, it is subject to verification. Now, the prohibition against receiving cash in those rules, I think, does not apply to cheques. So if it's a certified cheque or just a personal cheque, that prohibition would not apply. It would apply to cash received—

Hon. John McKay: So cheques are out of the regime. The only thing you're talking about is cash.

Mr. Yvon Carrière: That's correct. Those rules, I understand, apply only to prohibition from receiving certain types of cash, not cash received as fees or bail.

Hon. John McKay: That sounds like a very big loophole.

The Chair: But the reason is that cheques are easily traceable through other sources, correct?

Hon. John McKay: I would think that might be the....

Are paralegals covered?

Mr. Yvon Carrière: My understanding is that these provincial rules do not apply to paralegals. Certainly the regime as it stands now does not apply to paralegals.

Hon. John McKay: All right.

Sometimes these regimes create way more paper than they do intelligence. I'm a little curious; if as a practising lawyer I received, say, \$10,000 in cash, what would be the steps by which I would disclose that? And what would be the intelligence significance in that transaction?

Mr. Mark Potter: First of all, the current provisions would not require lawyers to report that. There would be some ongoing monitoring by the law societies themselves with respect to their compliance with the \$7,500 cash rule. Working with the Department of Finance and the law societies, we would look to put in place some means by which we could ensure that compliance was taking place, that those rules were being complied with.

•(1215)

Hon. John McKay: You would effectively sit on the law societies' shoulders and look at all transactions over \$7,500?

Mr. Mark Potter: We wouldn't directly do that. The law societies themselves would be self-regulating. But with the Department of Finance, we are looking at what sort of mechanism should be put in place via an MOU, let's say.

Hon. John McKay: Law societies are not intelligence organizations. How would they know whether one transaction is of intelligence interest and another is not?

Mr. Mark Potter: It would be more a case of ensuring that some of the provisions in Bill C-25 related to client ID, to knowing your client—due diligence measures—are done. That is a requirement flowing from Bill C-25. That's a new element in the regime, and that's one of the key things they'd be looking at and auditing as law societies, to ensure that this is actually happening.

The Chair: So what you're suggesting is that there isn't an effective mechanism in place at this present time to ensure that such a general requirement might be adhered to by a law society despite this bill. Is that what you're suggesting, that there's additional work required to make that effective?

Mr. Yvon Carrière: Provincial law societies now are well equipped to police their members, to verify what their members are up to. They do audits, as I'm sure the member knows.

The Chair: But money launderers are at least as well equipped not to be policed effectively, obviously.

I'll let Mr. Wallace go ahead. We shouldn't be interrupting his time.

Over to you, sir.

Mr. Mike Wallace (Burlington, CPC): Thank you, Mr. Chairman, for your kindness.

I actually agree with Mr. Pacetti—I know, I'm not feeling well—in terms of more information when it comes to estimates, or “budgets”, as I like to call them. The book with the main estimates has been tabled—we all get it, or we all have access to it—and it actually has categories that everybody adheres to, strategic outcomes and program descriptions.

In my previous life as a city councillor, the departments would give us budgets. If there was a change, they would give us what that change was and what the potential outcome might be. It might all be included.

Now, I don't know the process here that well. I know it's from Treasury Board. You submit for Treasury Board approval and it ends up getting printed in here. Is it possible, from a timing perspective, that if you knew, for example, that you needed a new audio system and you were going to build that into your capital side...?

I also would like to see capital separated from operating. We don't do that here. I would prefer to see this so that a capital change doesn't necessarily increase staffing levels. And in actual fact, your staffing levels look like they're going down, based on the number you've provided.

At any rate, is there time for you as an organization to provide in your submissions to Treasury Board what the changes are going to be, with a brief description? As members of Parliament, when we're reviewing estimates, we could actually look it up and see, for instance, that part of the change was an audio system.

Could you explain to me the timing? Is that an actual possibility?

[Translation]

Mrs. Sylvie Mercier: With respect to the audio system, we drew up a business case, and the monies were earmarked following a presentation made to Treasury Board. When we produce our main estimates report, we group the amounts that are part of our reference levels. There isn't necessarily a detailed description similar to the one you are suggesting, only a general one.

[English]

Mr. Mike Wallace: Okay. That's what you submit that ends up in here.

A witness: Yes.

Mr. Mike Wallace: Do you do the wording or does Treasury Board do the wording on the strategic outcome and the program activity sections?

Mr. Pierre Gosselin: We submit it, and Treasury Board may edit it.

Mr. Mike Wallace: May edit it.

You could technically then, if you know you want more money for a particular item...and I'm not picking on you, you just happen to be here.

For example, last year there was another commissioner—not a department but a commissioner—who wanted another million dollars for staffing, but didn't really list in there that this was what it was for. I'm interested in having that available to us. We make the decisions; we have to approve these.

Could you as departments provide the information that could be included in the main estimates book that would indicate what the changes are, if they're major? Let's assume you have some major changes. Could you list what they are so members of Parliament could at least look at them, and even possibly question them before the actual estimates get here? Is it possible from a timing perspective?

• (1220)

[Translation]

Mrs. Sylvie Mercier: The review of programs and activities is usually carried out in April and May. This information is used to prepare the main estimates. When we receive funds from Treasury Board, and reference level increases are specified, the program and activities description has already been submitted to Treasury Board. Therefore, it is impossible to add anything. If those people want to change procedures, I think they will have to put a request directly to Treasury Board.

[English]

Mr. Mike Wallace: I don't want to get into an argument about it, but when you submit that, is it in a format, when Treasury Board produces it for us, that shows that, yes, the Canadian International Trade Tribunal is asking for a 6% or 8% increase—I think it's 8% minus the 1.5%—and here is the change? Part of that change in your case was the...but in your case there were three other items. They're not listed in here as three items of change.

Is there time for you to do that when you make your submission?

Mr. Mark Potter: Yes. I think there's a bit of an unfortunate timing issue from the perspective of our report on plans and priorities, which is also a Treasury Board requirement. It has just been released or is being released and made public today. That contains considerably more detail on our business, on our budget, on planned and growing expenditures, where they are, and what performance results are associated with them. That's just available in the public domain today, so unfortunately I don't think you would have had the benefit of being able to see that.

There are other documents, such as our annual report that was released last fall, that contain comprehensive financial information, and our departmental performance report from last fall, so there are other documents we produce.

But I take your point. Certainly if we had been given some guidance in advance for additional information that was required, we would have been very happy to provide that.

An hon. member: I have a point of order, Mr. Chairman.

The Chair: Yes. I'm just going to offer some clarification.

I don't think what Mr. Wallace is asking for, and prior to him, Mr. Pacetti, is that the books be changed or the process be changed. That's not the role of our witnesses. What two committee members have asked for, and I would tend to agree, is this. They simply would like to see us copied on the degree of detail that is included in the Treasury Board submissions.

When do you make the Treasury Board submissions? Is it in February? Prior to coming here, certainly, right?

Mr. Alfred Tsang (Assistant Director, Finance and Administration, Strategies and Partnerships Sector, Financial Transactions and Reports Analysis Centre of Canada): The due date of our submission to Treasury Board Secretariat is in the month of October.

The Chair: October? Way back.

So what you're really looking for is the detail that is included in those submissions.

Mr. Mike Wallace: Through you, Mr. Chairman, I think that at the finance committee we could look at recommending to Treasury Board—I know they don't report to us—that they look at the opportunity, when they are producing this book, of having another section of description of change.

The Chair: That's a separate topic for another day, certainly. You can raise that or—

Mr. Mike Wallace: I was just bringing it forward.

The Chair: That's good. You can do a notice of motion on that.

Mr. Pacetti has a point of order.

Mr. Massimo Pacetti: It's just to go over what I'm asking for in the main estimates. That book is fine. Our job is to study just one or two aspects. In this case, we're studying the estimates that the Canadian International Trade Tribunal and FINTRAC are requesting. That's fine, but they have to come before us and give us the details that they gave Treasury Board.

It's not up to Treasury Board to reprint them. They have to provide us with that. I know FINTRAC provides us with a detailed analysis in their annual report. The Canadian tribunal is not as detailed, if I'm not mistaken.

The other thing, too, is that there's a weakness on our part, because we haven't seen your annual report. But we saw FINTRAC's, because when we were studying Bill C-25, we went over the whole system. That's why I didn't pick on you guys, but the next time around, if we haven't seen you in a year, I'm going to.

So that's part of the weakness, but the idea is that when you come before these committees, you should be prepared. At least with FINTRAC we got speaking notes. With the Canadian tribunal, we didn't get any speaking notes.

The Chair: I will respond, though, Mr. Pacetti, that we did review the FINTRAC annual report last year, so we certainly did have the opportunity to review that information.

Mr. Gosselin, I'll invite you to respond.

• (1225)

Mr. Pierre Gosselin: Well, a little bit like Mr. Potter, we have prepared the plans and priorities. It's not yet published. It will be published in the next few weeks, but it's a timing issue, and then you would have had all the information that we could make available.

Also, we do provide copies of our annual report to the House and to all members, so that is also available.

The Chair: That's correct. I think this process more closely follows your Treasury Board process. Essentially, this is duplicating the Treasury Board process for final affirmation. So what these two committee members are asking for is somewhat more detail than is contained in your submissions today.

You provide that detail in your Treasury Board submissions, of course, and so these questions or these lines of inquiry are what you're prepared to deal with when you come to the finance committee.

What you've already agreed to do is provide us with somewhat more detail, a little more illustrative of your request, and I think that addresses the concerns that have been raised by both members.

I'll go to Madam Wasylycia-Leis now.

Ms. Judy Wasylycia-Leis: Thank you, Mr. Chairperson.

Following up this line of discussion, I'd like to get a little more information from FINTRAC around the cost-benefit analysis of different aspects of your organization.

You didn't really give much detail to Madam Ablonczy's question about the Egmont centre, \$5 million over five years, \$1 million a year. Can you give us some specific examples of where the benefits are for this country to have this here?

Mr. Mark Potter: I'll answer your question—briefly generally, first. We were subject to reviews by the Auditor General a couple of years ago, as well as by the Treasury Board, with respect to value for money.

Ms. Judy Wasylycia-Leis: I just want to hear some specific benefits for Canada to have this secretariat here. Could you name a few?

Mr. Mark Potter: Exactly. I'll do that.

The Egmont Group itself contributes through its facilitating operational cooperation to greater information sharing. So that's a benefit in everyone's global fight against money laundering and terrorist financing.

Ms. Judy Wasylycia-Leis: I was asking, what was the benefit to Canada? Wherever it is that it's going to do that, what's the benefit for Canada to have spent \$5 million so that the secretariat is located here?

Mr. Mark Potter: The benefit to Canada is that we are playing a leading role in making this organization more effective and more sustainable, by helping it establish itself with a more robust secretariat in Canada.

Ms. Judy Wasylycia-Leis: So we're able to do in Canada what other countries couldn't do; we have better expertise; we're more equipped to provide leadership in this area. Is that what you're saying?

Mr. Mark Potter: I think we do have those things, but I wouldn't directly link them to the Egmont Group secretariat. The Egmont Group secretariat will be supporting the entire international organization.

Ms. Judy Wasylycia-Leis: I'm still not quite sure why. I guess it's nice for prestige, but I'm not sure what the benefits really are for Canada. I'd like to see that a bit more.

But let me go on to two more questions. One is cost-benefit generally. I don't know if you've given us very much to show what we're getting for all the money that's going in.

Back in 2004, of course, the Auditor General commented on the fact that there have been 10 million transaction reports, 197 disclosures and no prosecutions. What's the latest? The Auditor General is going in, in 2007, is it? What's the latest in terms of your data on benefits of all this expenditure?

Mr. Mark Potter: I think, as you note, we have been subject to review by the Auditor General in terms of value for money.

Ms. Judy Wasylycia-Leis: Do you have any reports in terms of prosecutions?

Mr. Mark Potter: As an agency, we don't collect that information, because that's not our role. We provide intelligence at the front end.

Ms. Judy Wasylycia-Leis: Are there any prosecutions as a result of the work you have done?

Mr. Mark Potter: You'd be best posing that question to law enforcement agencies or to the Department of Justice.

We understand from things we see in the media, for example, that certainly some of our cases have led to prosecutions and convictions, but we don't comment on specific cases, and that question is really best directed further downstream in the process.

The Chair: Thank you, Ms. Wasylycia-Leis.

We'll have Mr. McKay now for a brief question.

Hon. John McKay: I'll just follow up on the question on paralegals.

Recently the Law Society of Upper Canada brought paralegals under their own jurisdiction through legislation, so I would encourage you to follow up with that to see whether paralegals are in fact covered. Particularly in my community, which is an immigrant community, there are enormous numbers of people holding themselves out as paralegals who know little or nothing about the law; and particularly among immigrant communities, there is the exchange of enormous amounts of cash. I think that's an area to pursue.

I have a quick question for Mr. Gosselin. I notice that you have some jurisdiction with respect to federal government procurement practices. It strikes me as passingly curious that a federal tribunal has jurisdiction over the federal government's procurement practices. Can you tell me how that works?

● (1230)

Mr. Pierre Gosselin: Yes. Under a number of trade agreements that Canada entered into, we allowed other countries to bid for federal government contracts, for instance, and under NAFTA and under the internal trade agreement, we established a regime to make sure that companies in one province would not be disadvantaged in bidding for federal government contracts. It's under those auspices that we adjudicate whether or not there has been a problem in the process for deciding on contracts.

Hon. John McKay: On the face of it, isn't that a conflict of interest? On the one hand you have the federal government, and on the other hand you have a federal government agency adjudicating whether this particular transaction offends competition.

Mr. Pierre Gosselin: The tribunal is an independent quasi-judicial body. It reports to the House through the Minister of Finance. There's an adversarial process. On one side you'll have Public Works or some other department, and on the other hand you'll have the agency or the company that's complaining about the process.

I've not heard any complaints about our impartiality. Indeed, most of the time the complaint comes the other way, that we're too hard on Public Works or individual departments.

The Chair: Thank you, Mr. McKay.

Thank you to our guests. We appreciate your being here. We look forward to the additional information that committee members have requested.

To my committee, I wish you a happy Easter and a restful time away from Parliament.

Also, I just want to review very quickly that in the week of the 17th, the main estimates and also ATM and electronic banking will be on the agenda. On the 19th, it will be ATM and electronic banking. On the 24th, it will very likely be budget implementation or Bill C-33; it remains to be seen.

Mr. Wallace.

Mr. Mike Wallace: You answered one of my questions. The other thing I wanted to point out is that I wasn't just specifically talking about the estimates that we see. I'd like to see it throughout the whole book, on every department.

The Chair: Thank you. I would suggest—

Mr. Mike Wallace: I will bring it up somewhere else.

The Chair: —that you raise it at the appropriate time, Mr. Wallace, and thank you.

We are adjourned.

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