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Monday, March 3, 2008

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Chair

Mr. Rob Merrifield

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• (1530)

[English]

The Chair (Mr. Rob Merrifield (Yellowhead, CPC)): We have enough members, so we will call the meeting to order.

Pursuant to Standing Order 81(5), we are dealing with supplementary estimates (B) for the fiscal year ending March 31, 2008.

We have with us the Financial Transactions and Reports Analysis Centre of Canada. Thank you for coming.

We have Margaret Baxter and Janet DiFrancesco. It's good to have you here. I'm not sure which of you is doing the presentation, or if both of you are. Janet is.

With that, we will yield you the floor, and we will follow up with our questions.

Thank you.

[Translation]

Mrs. Janet DiFrancesco (Assistant Director, Macro-Analysis and Integration, Operations Sector, Financial Transactions and Reports Analysis Centre of Canada): Thank you.

Ladies and gentlemen, we are very pleased to appear before this committee today. My name is Janet DiFrancesco, Assistant Director of Macro-Analysis and Integration. Joining me today is my colleague Margaret Baxter, Assistant Director of Finance and Administration.

[English]

I would like to make a brief opening statement.

FINTRAC was created in 2000 to assist in the detection, prevention, and deterrence of money laundering, terrorist activity financing, and other threats to the security of Canada. FINTRAC provides intelligence on suspect financial activities to law enforcement and national security agencies and ensures compliance with reporting obligations.

Currently, FINTRAC is making a contribution to drug investigations by shedding light on the proceeds of crime. The financial intelligence we produce assists in the investigation of suspected money laundering activity that often accompanies drug trafficking, and often our analysis is able to identify suspects previously unknown to law enforcement.

The request before you today for \$238,000 will be used to dedicate specific resources to the activities of the national anti-drug strategy.

The illegal drug industry, with an estimated value in Canada well into the billions, is cash based. FINTRAC is well placed to support Canada's efforts to address the threat posed by phenomena such as marijuana grow operations and the production of crystal methamphetamine. FINTRAC's disclosure of financial intelligence to law enforcement agencies enhances their ability to strategically target organized criminals and networks. This is accomplished by allowing law enforcement agencies to go after those who handle the money generated by the illicit production and distribution of marijuana and synthetic drugs. Activities that FINTRAC will undertake in support of the national anti-drug strategy include enhancing support to law enforcement, developing financial intelligence, and insuring compliance with reporting requirements among high-risk business sectors.

When it comes to FINTRAC's case disclosures of suspected money laundering, most cases are generated by drug trafficking and fraud. We expect that the additional efforts by law enforcement under the national anti-drug strategy will increase demand for the financial intelligence FINTRAC provides to these investigations. We have made requests for additional resources to meet this demand.

Thank you for your time. We would now be glad to answer your questions.

The Chair: Thank you very much.

Actually, I'm just reading a little article that came out on Friday that said you had done some good work with regard to progress in combatting money laundering. We certainly appreciate your efforts in this work.

With that, we will turn to the Liberal Party, first of all. We will start with Mr. McKay. You have seven minutes.

Hon. John McKay (Scarborough—Guildwood, Lib.): Thank you. That is way longer than I need.

Your total expenditures here are about \$50 million, and you're asking for a \$238,000 increase.

How do we know you're successful? How do you measure success in your enterprise? I know what your intentions are, but I don't really know how you measure that Canadians get good bang for their buck. You're asking for a slight increase on \$50 million. It is not, around here, a significant sum of money. What I'd like to know, whether you are asking for \$75 million or \$25 million this year, next year, or in years previous, is how we measure that you are a successful enterprise.

• (1535)

Mrs. Janet DiFrancesco: FINTRAC measures its success by the contribution we can make to law enforcement investigations. FINTRAC, as you know, is an intelligence agency. We have no investigative mandate. What we do is in support of law enforcement investigations in terms of money laundering, terrorist activity financing, and other threats to the security of Canada. So very much we rely on feedback from our partners. We actively seek that feedback from law enforcement and from CSIS to confirm that in fact the information we're providing is of value and that it's helping with the work they do.

I understand that from the committee's perspective, it's not something you can tangibly see, but as an intelligence agency, we are one element in that investigative process. Our information is there to provide leads. It provides a new context for law enforcement in the work they do. To the extent we're able to do that, we feel we are successful.

Hon. John McKay: You're still spending 50 million bucks to provide leads. It's very hard, sitting on this side of the table, to know whether that's a well-spent \$50 million unless there's some form of third-party verification that the efforts you put into getting those leads are, to the agencies to whom you feed the information, worth it. Is there some form of third-party verification that this \$50 million is well spent?

Mrs. Janet DiFrancesco: FINTRAC has recently undertaken a fairly significant effort to get feedback from our partners. We do have information speaking to our results. We've had some testimonials about the value that FINTRAC's intelligence plays in law enforcement investigations. We've had feedback that said these intelligence reports identified new individuals, new targets for investigations, and this information has allowed them to identify assets and confirm evidence and broaden the scope of what they're doing. I think it's one of those areas where performance measurement for the national initiative to combat money laundering and terrorist financing could maybe do some more work. Certainly, those third-party testimonials need to come from our partners, as opposed to having FINTRAC report them to you.

Hon. John McKay: It would be nice to see something saying the \$50 million is a well-spent sum of money and that other agencies think it's well spent, rather than having you folks say it.

In the years FINTRAC has existed, which I think is something in the order of about five years now, you've obviously developed some expertise—I hope you have—in the whole money laundering issue. What have been the changes in those five years in terms of criminal behaviour? What have been the significant changes and trends from when you started to now? How has the legislation actually impacted the changes in how money is laundered?

Mrs. Janet DiFrancesco: When you talk about changes over time, I think from FINTRAC's perspective we see changes related to the methods that are used to launder money. Very much we see that having a sophisticated financial sector, as we have in Canada, allows for plenty of opportunity to try to integrate and commingle funds into our financial system. We are seeing, though, the rise of the use of Internet payment providers to facilitate the flow of funds. We're seeing over-complicated use of funds. We're seeing more use of shell companies. When I say "over-complicated use of funds", I mean more movement of funds to effect a transaction than you would normally have seen in the past.

There are certainly still the elements of what we would say is "smurfing", or bringing cash into the system physically, and what we would call placement in the money-laundering world. Certainly we are also seeing much more evidence of layering and integration, which simply refers to the number of transactions used to move money into or out of the country, or between entities in a criminal network.

That's a very high-level answer, but I think we are seeing evolving trends, and they are things we've identified in our work.

• (1540)

Hon. John McKay: What you're watching are the complications of money laundering. They're becoming more complicated in their transactions, and they're speeding up the transactions as well by use of the Internet. What will this \$238,000 do to help you with those two trends?

Mrs. Janet DiFrancesco: This \$238,000 is actually directly linked to the anti-drug strategy. In particular, this money is going to be used to focus more work on tactical intelligence analysis. We do anticipate that with the other partners in the drug strategy getting additional money, there will be more demand for FINTRAC's intelligence. This will allow us to keep pace with that demand.

To the extent that drug traffickers are using those means to move their money, of course we will follow that and provide that information to law enforcement. The money will also be used to do more outreach to law enforcement to make them aware of what FINTRAC can do for them, and also to work with them closely to make them understand the kind of information that is most valuable to us if we are to help them in their investigations. We'll also use some of that money to work with reporting entities, so those businesses that have to report to FINTRAC—banks, credit unions, accountants, money exchanges, and those kinds of entities—will understand what they should be looking for vis-à-vis some of the drug operations that we're seeing.

Hon. John McKay: Thank you.

The Chair: Thank you very much.

Monsieur Crête.

[Translation]

Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ): Thank you, Madam Chair.

This issue is becoming increasingly important, particularly when we know that an investigation carried out in Liechtenstein showed that hundreds of people had invested in Liechtenstein, including 100 Canadians. They are being investigated for tax fraud. This is what we can read: "Over two weeks, German authorities say they found over \$300 million, discreetly deposited in Liechtenstein [...]" Following these disclosures, a spokesperson for the Canada Revenue Agency said: "We have initiated audits of some 100 Canadians."

Are the names of those 100 Canadians known, and have they been made public? After discovering that such things are happening, how does one go about prosecuting the culprits?

[English]

Mrs. Janet DiFrancesco: I did see the news article in the paper about the investigation you refer to, but I believe that is primarily a CRA investigation, and we do not have specific information I could share with the committee on that case.

[Translation]

Mr. Paul Crête: In your brief, you stated some of your priorities for 2007-2008. They include:

Disseminate strategic information on money laundering and terrorist activities financing to partners, stakeholders and the general public.

Deliver timely and high-quality financial intelligence to law enforcement, security and intelligence agencies [...]

What kind of relationship do you have with the Canada Revenue Agency? Do you work with them? Do you have to take action on the dissemination of information regarding those 100 Canadians?

[English]

Mrs. Janet DiFrancesco: FINTRAC can disclose information to the CRA once we meet our threshold of money laundering and also determine that the information is relevant to tax evasion, in this particular kind of example. FINTRAC is working closely with the CRA to define indicators and to improve that working relationship, so that we can better meet their needs and so that they understand the kinds of information we require to facilitate that kind of a working relationship. But again, vis-à-vis a specific case, I really couldn't comment.

[Translation]

Mr. Paul Crête: In *La Presse*, Yves Schaëffner wrote the following:

Over two weeks, German authorities apparently found over \$300 million, discreetly deposited in Liechtenstein by their citizens.

As a result, 195 Germans have already conceded that they concealed amounts from the tax authorities, and have agreed to pay \$40 million in taxes, according to Bloomberg.

Why did Canada not respond this quickly?

Would these additional amounts help you to do this sort of thing, if that were your goal?

[English]

Mrs. Janet DiFrancesco: Again, in this particular case you're talking about a law enforcement investigation, and as an intelligence agency, FINTRAC would only be one element there. I think probably the CRA would be better placed to be able to respond to that particular investigation.

In terms of a role that FINTRAC might have or could have played, our financial intelligence would have flowed to CRA for their investigation, if in fact that was something we were involved in.

[Translation]

Mr. Paul Crête: The Group of Seven comprises seven countries involved in anti-tax-haven initiatives. Have you been involved with the work of the Department of Finance committee which is fast-tracking measures and legislation to deal with the increased use of tax havens, particularly as a result of increasing globalization in the financial sector?

• (1545)

[English]

Mrs. Janet DiFrancesco: No, FINTRAC does not participate directly in that particular OECD body. I'm sure the CRA does, but you'd have to direct that question to them.

[Translation]

Mr. Paul Crête: Could you be a little more specific about what the additional amounts will help you do in coordinating information-sharing in Canada among the organizations involved?

You said that at present, the agency is conducting its own investigation, and that you are not part of the Group of Seven. Is there no interest in having better coordination, so that we can see tangible results and accelerate the process?

[English]

Mrs. Janet DiFrancesco: I didn't mean to imply that the Department of Finance doesn't participate in that particular forum. In fact I have a colleague here from the finance department who would confirm that in fact finance does, as the lead department in this role, but FINTRAC itself does not.

That said, in terms of the money we're receiving today, again, it's very much focused on the national anti-drug strategy. But FINTRAC, in its regular role in terms of disclosing vis-à-vis money laundering and tax evasion, will continue to work with CRA. I do think you raise an important point about information sharing and how we can facilitate the investigations CRA would undertake, and we will continue to work with them on that front.

[Translation]

Mr. Paul Crête: Lastly, could you please tell me what your role is in the investigation on those 100 Canadians?

Does FINTRAC have a role in that investigation? If yes, what is that role?

All transactions potentially related to money laundering do come under your purview it seems to me. However, it seems that you have no link in practical terms with the organization which must decide whether Canadians are or are not to be prosecuted. I am somewhat surprised, because we know that money laundering is frequently associated with drug trafficking. It is also associated with other aspects of organized crime.

Would it not be natural for you to have some involvement?

[English]

Mrs. Janet DiFrancesco: There's definitely a connection between money laundering and the anti-drug strategy, but with respect to the particular case I believe you're referring to in the newspapers, I really couldn't comment on FINTRAC's role, given that the investigation is active and ongoing.

Certainly FINTRAC has a role to play in both the national anti-drug strategy and in facilitating the work that CRA does, but I'm not able to actually get into any specifics in terms of actual cases that are under way.

Mr. Paul Crête: Merci.

The Chair: Thank you very much.

We'll now move to Mr. Wallace.

Mr. Mike Wallace (Burlington, CPC): Thank you, Mr. Chair.

I'm going to be sharing some of my time with the parliamentary secretary, so give me a one-minute notice if I've gone too far. I don't think I'll use up all that time.

You're asking for an additional \$238,000. Is that correct?

Mrs. Janet DiFrancesco: Yes.

Mr. Mike Wallace: Of the \$238,000, how much is for salary?

Mrs. Margaret Baxter (Assistant Director, Finance and Administration, Financial Transactions and Reports Analysis Centre of Canada): Of that, \$150,000 is for salary.

Mr. Mike Wallace: How many bodies is that?

Mrs. Margaret Baxter: That's two bodies.

Mr. Mike Wallace: Oh, really?

So we get two bodies, and then the rest is going to communications materials, or are there other costs? Is there a cost of capital for their office space and all that stuff included in there?

Mrs. Margaret Baxter: Besides the \$150,000, there are O and M costs. They would be for training, travel-related expenses, the setup of their office—that's correct—computer...

Mr. Mike Wallace: Janet—sorry, I shouldn't call you by your first name—there was mention that there was a communications aspect to the \$283,000 in terms of talking to banks and so on. What's the value of that, do you know?

Mrs. Janet DiFrancesco: This is the way the money is going to be divided up: the funding for this year includes two FTs, but ultimately we will have six FTs in total; one of those individuals will be focused on working with reporting entities in a body to do more of that outreach and to help them understand their obligations.

• (1550)

Mr. Mike Wallace: At this point you're asking for money for two bodies fully equipped and trained, with a vision of going to six, so that will be four more. Since it's already printed, is it in next year's budget, then, already? How is that happening?

Mrs. Margaret Baxter: It's in the main estimates for next year.

Mr. Mike Wallace: It is in next year's mains.

What's your role in terms of development of the anti-drug strategy that we're helping to fund here? You talk about partners. Are you the

lead? Is somebody else leading it and just asking you to bulk up to meet their needs? What's the scoop on that?

Mrs. Janet DiFrancesco: Public Safety Canada is the lead on the law enforcement part of the national anti-drug strategy. I believe it's actually a three-part initiative that focuses on prevention, treatment, and then enforcement. This money falls under the enforcement part of the strategy, which is led by Public Safety Canada. It is primarily in response to the fact that a number of our partners, including the RCMP, will be getting significant new funding to pursue drug investigations. This is just a reflection of the role we play in supporting them in those investigations.

Mr. Mike Wallace: Okay. When was the strategy completed? This is in supplementary estimates (B). Did you ask for any money in supplementary estimates (A)?

Mrs. Margaret Baxter: No, we didn't. The request is only in supplementary estimates (B). The Treasury Board submission was approved in the September timeframe, so we would have missed supplementary estimates (A).

Mr. Mike Wallace: Okay. If you get approval, which you will, so when you get approval—it's not my way of doing things, but that's the way it works here—when do you hope to have these people in place?

Mrs. Margaret Baxter: We hope to have them both in place before the end of the fiscal year.

Mr. Mike Wallace: That's the end of March.

Mrs. Margaret Baxter: Yes.

Mr. Mike Wallace: When does this actual supplementary estimate get voted on, or is it already done? I think we're done with it.

Mrs. Margaret Baxter: I believe it was voted last week.

Mr. Mike Wallace: You've got the money, so that's moving on, and you didn't apply for any money in supplementary estimates (A), right?

I'm going to ask Margaret a question. It's more of an empirical question, I think.

Is there a better way? I don't know how long you've been with the department or with finance or whatever, but I'm always amazed that we go back twice. We ask for more money twice in a year. I don't know any other business that does it. I know we're a big organization here, but do you have any suggestions? Is there a better way of doing this?

Mrs. Margaret Baxter: Clearly there should be a better way, but given all the processes, ensuring that the appropriate people get to review and have a voice is what takes so long. The MC was, I believe, approved in February 2007, and then the Treasury Board submission was in September, and here we are, so....

Mr. Mike Wallace: Okay, I appreciate that.

I'll share my time, whatever is left.

The Chair: Go ahead, Mr. Menzies.

Mr. Ted Menzies (Macleod, CPC): Thank you.

I guess we've all surmised that there's not going to be any push back from this committee about that extra funding. But I do want to ask a question about the Egmont Group, an international group that selected Toronto for its headquarters. Do you assume that's a reflection of our increased strength as a country in clamping down on these sorts of drug laundering issues? Are you familiar with the Egmont?

Mrs. Janet DiFrancesco: Yes. I would say it's a reflection of Canada's commitment to be a leader in this particular file, and the commitment that the Canadian government has made to fund the Egmont secretariat is a significant one. The Egmont Group is a group of international financial intelligence units, and it currently has over a hundred members. So I do think that it is reflective of Canada's leadership role in this particular field.

Mr. Ted Menzies: Can you explain a little bit about what the Egmont Group does? I understand we give \$5 million to support the group.

Mrs. Janet DiFrancesco: Yes. The Egmont Group is an organization of financial intelligence units around the world. The pillars of the organization are to share information, to provide training and technical assistance to other countries who are attempting to put in place anti-money-laundering units and anti-terrorist-financing units, and to facilitate international cooperation and collaboration on these kinds of issues.

The importance of the secretariat is that, as the organization has grown past 100 members, it becomes harder and harder—without some kind of focused support—to put forward positions to provide training to its members and to put in place a collaborative network to make an impact in terms of other countries who are trying to establish financial intelligence units. So the secretariat provides a lot of support to the workings of the Egmont Group, and I think it will be a very valuable contribution going forward.

•(1555)

Mr. Ted Menzies: Okay.

I have one final quick question. I know that you presented before the pre-budget review process and there was a contribution to FINTRAC in budget 2007. Were you happy with budget 2008?

Mrs. Janet DiFrancesco: Yes.

Mr. Ted Menzies: She may not agree with me.

The Chair: Answer if you want.

Mrs. Janet DiFrancesco: Yes.

Mr. Ted Menzies: Thank you.

The Chair: Thank you.

We'll now move to Mr. Pacetti. The floor is yours.

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

Thank you to the witnesses for appearing. I missed your opening comments but I have them here in writing. It's not very deep, so I understand there's not going to be much of a problem for the \$238,000.

My question is more towards the total budget of FINTRAC. I think you're almost at \$50 million this year and it would have been maybe \$10 million to \$15 million four or five years ago.

Mrs. Margaret Baxter: Yes. Initially the FINTRAC budget was in the neighbourhood of \$17 million a year, and it has grown steadily, to \$50 million this year.

Mr. Massimo Pacetti: So it was about \$17 million three years ago, correct?

Mrs. Margaret Baxter: It was in 2001-2002.

Mr. Massimo Pacetti: It continued in 2002-03, maybe even later.

Mrs. Margaret Baxter: Yes.

Mr. Massimo Pacetti: I think it was 2002-03, if I recall. I'm doing this out of memory.

I think my colleague may have asked this, but how do we evaluate? We went through this whole thing with the illegal transactions, CRA versus FINTRAC, and the fact that there are problems between FINTRAC and CRA in terms of communicating, and even bringing criminals forward and trying them because of the exchange of information, and here we are throwing more money. But we're still not sure whether this money is properly spent. We're not sure if it's doing any good. I understand that we're hiring a lot of people, creating a lot of deductions at source, and benefits to some of the employees, but are we making a difference?

Mrs. Janet DiFrancesco: Sure. And certainly to repeat some of what I said before, I think that FINTRAC's value, in terms of what we contribute in intelligence to law enforcement, is measured by the value that we provide to their investigations. We certainly do make disclosures to CRA, and we continue to work with them in terms of making sure that our intelligence product meets their needs and that they're able to provide us with the information that is helpful for us to understand what those needs are.

Mr. Massimo Pacetti: But there are some barriers between CRA and FINTRAC, are there not?

Mrs. Janet DiFrancesco: There are some limitations on what CRA can disclose, certainly, because of their legislative framework, but FINTRAC can disclose the same amount of information to CRA that it would disclose to any other law enforcement—

Mr. Massimo Pacetti: But has that not been a prohibitive step to CRA's taking more action?

Mrs. Janet DiFrancesco: Not that—

Mr. Massimo Pacetti: That's what we heard about a year and a half ago in this committee, that this is the problem. So just throwing more money at it is not necessarily going to solve the problem. Part of it is the fact that under the legislation by which CRA is governed, it cannot do more than what it can do.

Mrs. Janet DiFrancesco: What I can tell you is that under Bill C-25 there were some important changes to both what FINTRAC can disclose and to the Income Tax Act.

I don't know whether one of my colleagues from the Department of Finance wants to address that any further. But certainly from our perspective we can disclose, I think, the information CRA needs to further their investigations.

They are providing us with more information, and I think we have a working relationship that is growing.

Mr. Massimo Pacetti: So Bill C-25 has made a difference, an improvement in terms of...?

I see some heads nodding in the background.

Mrs. Janet DiFrancesco: Absolutely, yes. Absolutely, Bill C-25 —

Mr. Massimo Pacetti: Would you like more changes to come about?

Mrs. Janet DiFrancesco: Right now FINTRAC is implementing a number of changes related to Bill C-25. We still have a number of changes coming into play in terms of new reporting sectors, of new powers under the proposed AMPs regime, as well as in terms of the MSB registry.

So there are a number of things that are still being implemented. At this point in time, it may be too soon to assess what more could be done, but certainly it's something we'll be looking to in the future.

• (1600)

Mr. Massimo Pacetti: Okay.

I have a quick last question. Will there ever come a time when we'll be able to know how much money we're getting for this money?

Mrs. Janet DiFrancesco: Do you mean how much value we're getting for this money?

Mr. Massimo Pacetti: How much value or money, the number of arrests, how many people got caught, the underground economy we were able to apprehend—illegal trade, illegal drug traffickers, money launderers.... Are we ever going to have it in black and white?

I understand that some of it is just part of an investigation, and somebody else will want to take credit for it, whether it be CSIS, RCMP, or CRA itself. But are we ever going to have statistics that say “we have had 200 cases, and 100 were justified, and we actually threw people into prison justifiably, and there were another 100 where we were off on a wild goose chase and we destroyed people's lives for nothing”?

Mrs. Janet DiFrancesco: I think it's a very important question and a question that has to be answered in the context of the entire initiative, because as you have indicated FINTRAC has just one very specific role to play.

We actively seek feedback from our partners about the value of our intelligence and how they use it in their investigations. But questions about how many people were arrested, how many charges were laid—

Mr. Massimo Pacetti: We don't see it. I know you see it, but we don't see it. I think that's part of the problem.

The Chair: I'll let you answer the question, and then we'll move on.

Go ahead.

Mrs. Janet DiFrancesco: What I was going to get to, though, is that part of the performance measurement framework that the Department of Finance is working on with all of the initiative partners will be important to being able to answer some of those questions.

The Chair: Okay. Thank you very much.

Monsieur Laforest.

[*Translation*]

Mr. Jean-Yves Laforest (Saint-Maurice—Champlain, BQ): Thank you, Mr. Chairman.

Good afternoon.

Earlier, my colleague, Mr. Crête, was trying to understand your role in the investigation underway in Liechtenstein. You answered that it would be difficult for you to take part in it because it was something that came under the purview of the Canada Revenue Agency, and that it was an ongoing investigation.

I would like you to give us other tangible examples. You have also read the article in the newspaper. In Liechtenstein, someone revealed the names of thousands of people with bank accounts. We discovered that money was being laundered there.

To help us gain a better understanding of FINTRAC's role, can you please give us another example of a similar event that occurred, where the investigation has been completed?

[*English*]

Mrs. Janet DiFrancesco: Perhaps I could just talk generally about the role that FINTRAC plays.

As you are probably somewhat aware, we receive reports from financial institutions and intermediaries about large cash transactions, so reports on any cash transaction over \$10,000, any international electronic wire transfer over \$10,000, as well as reports on suspicious transactions from a wide variety of reporting entities, as we call them, including banks, credit unions, accountants, money services businesses, securities dealers, and the like. We take all of that information, and we have sophisticated systems that allow us to sort and analyze it. We look for patterns of money laundering or terrorist financing. We also look at the information that is provided to us by law enforcement to see if we have information that would help them with their cases.

When I talk about information, FINTRAC takes a lot of time to verify that we are looking at one and the same individual, so that if you are looking at Janet DiFrancesco as a subject of investigation that in fact all of the transactions we're looking at are in fact for the same Janet DiFrancesco. We try to identify new account numbers, new entities that might be associated either through publicly available information, or through information that's available in our database, and we try to expand that network. What we're trying to show law enforcement is a picture that says your target might be Janet DiFrancesco, but we've been able to relate these six other individuals, these other entities, these account numbers at these financial institutions, and you might want to do some more work to see if that leads you where you're going in your investigation.

We hear from law enforcement that this is extremely helpful. It provides them new investigative leads. It provides them potentially new names of targets. It provides them an understanding of how targets are linked in terms of how the money is flowing. It often provides them with information about where money is potentially flowing out of the country. One of the real advantages that FINTRAC has over some of its international partners is that we get international wire transfers. So it also allows us to point them to accounts, or individuals, or entities in other countries that might be involved in facilitating the movement of funds.

Does that help?

•(1605)

[Translation]

Mr. Jean-Yves Laforest: Thank you. That helps me understand things better.

How many people work for FINTRAC?

[English]

Mrs. Margaret Baxter: We currently have 320 employees.

[Translation]

Mr. Jean-Yves Laforest: Are your operations centralized here in Ottawa, or are they divided among offices in the 10 provinces of Canada?

[English]

Mrs. Janet DiFrancesco: All of our tactical and strategic analytical staff are located here in Ottawa, but we do have three regional offices: one in Montreal, one in Vancouver, and one in Toronto. The focus of those regional offices is compliance and outreach with our reporting entities. They're responsible for ensuring compliance with the record keeping and reporting obligations under the legislation. They also have a law enforcement liaison function in the regional offices. So they're working with our law enforcement partners across the country to help them understand our role and what we can do for them.

[Translation]

Mr. Jean-Yves Laforest: Are all financial institutions in Canada obliged to cooperate with you?

[English]

Mrs. Janet DiFrancesco: All financial institutions that are subject to the legislation are obliged to collaborate. So that includes

banks, credit unions, casinos, and securities dealers. They're all obliged to collaborate.

[Translation]

Mr. Jean-Yves Laforest: Does that include insurance companies as well?

[English]

Mrs. Janet DiFrancesco: Yes, it includes life insurance companies.

[Translation]

Mr. Jean-Yves Laforest: I see. Thank you.

[English]

The Chair: Thank you very much.

We'll now give a few minutes to Mr. Dykstra. He has a couple of questions.

Mr. Rick Dykstra (St. Catharines, CPC): Thank you, Mr. Chair. I'll be brief.

I have just a couple of questions. You were fortunate enough to be involved in a couple of announcements, being a border community, in regard to the enhanced drug enforcement and the tools that the government has funded through the last couple of budgets with respect to being able to detect drugs coming over the border, being able to determine the ingredients or the means to actually make the drugs. I wondered, based on the additional investment that you're being granted here, whether you are working together with the Department of Public Safety on these issues. What type of relationship exists to be able to assist them in their work and obviously you in yours?

Mrs. Janet DiFrancesco: The Department of Public Safety is of course the lead on the law enforcement part of the strategy, and we work very closely with not only the department but the RCMP and CSIS in terms of providing them with intelligence for their investigations. Primarily, our relationship would be with the RCMP and with police forces across Canada that will also be involved in the law enforcement effort.

Mr. Rick Dykstra: I have probably just one other question, and this is a little more specific because of the area I come from in Niagara. Have you determined that you're going to pick more specific areas to focus on, or is this more of a general strategy?

Mrs. Janet DiFrancesco: As I indicated, all of our analysis happens here in Ottawa, so we will be adding additional analysts to our team to provide additional intelligence.

In terms of law enforcement and compliance, I think FINTRAC will take some time to assess where the pressure is strongest in terms of the workload that's coming up. Certainly it's possible that we could add additional staff to one of our regional offices, but I think we'll have to assess that going forward.

Mr. Rick Dykstra: Okay, thank you.

The Chair: Thank you very much.

Thank you to the questioners. I don't have any other individuals of the committee on our list, so with that, we want to thank you for coming forward and giving us the information we're looking for with regard to supplementary estimates at this time. So thank you very much.

I see somebody raising a hand.

•(1610)

Mr. Mike Wallace: I want to ask you a question.

The Chair: Okay.

So thank you very much for coming. I appreciate that very much.

Mr. Mike Wallace: Could I ask you a process question, Mr. Chair?

The Chair: Certainly.

Mr. Mike Wallace: It's about the estimates. I have a variety of questions from the front of the supplementary estimates (B) book, plus the main estimates. I'd like to see an opportunity to talk to Treasury Board people who deal with putting this together. I don't know whether I need an official motion, or if we have an hour for which we're trying to find an additional spot. I don't know what you want me to do with this. As a member of the finance committee, I'd like to talk to the Treasury Board people who are actually in charge of this area.

The Chair: I understand we got the main estimates last week, so we can maybe include that in when we deal with those. Would that be fine?

Mr. Mike Wallace: Do we have a whole meeting for that?

The Chair: Yes. I'm sure we can work something in to be able to accommodate that.

Mr. Massimo Pacetti: Mr. Chair, the member perhaps could attend some of the operational and estimate meetings and the Treasury Board will be present.

Mr. Mike Wallace: I'll talk to him about that also.

The Chair: Let's move on now. We'll move into the second half of our agenda.

We have a couple of notices of motion that we want to clear up and deal with and give some direction. First of all, we have a notice of motion by Mr. Turner. Please don't feel compelled, but if you're interested in introducing that motion, Mr. Turner, the floor would be yours to do so.

Hon. Garth Turner (Halton, Lib.): Thank you, Mr. Chairman.

The particular motion that we have before the committee seeks to clarify the strategy of the Department of Finance in awarding contracts. It goes to the question of why so many contracts have been let—a disproportionate number—just below the threshold at which contracts need to be put out for competitive tendering. My constituents have indicated to me that there are a lot of people who have concern about the untendered contract that the Minister of Finance let for the speech that was part of the last economic statement. Certainly we haven't had adequate response in the House as to why this happened. I know the parliamentary secretary to the Minister of Finance tried valiantly, but he obviously failed to convince the House that this was because of an administrative

procedure that has since been cleaned up. I think we'd like to know what that administrative procedure or failure was, how in fact it has been corrected, how it's not going to be repeated in the future, and why in fact there have been so many contracts let for just under the tendered amount, as well as the one that was let for many times more than the tendered amount.

It's a very salient motion, because we're obviously dealing here with the Minister of Finance, who is entrusted with the integrity of our financial system and who continues to tell us that the economy is in fine shape. But if actions like this on the part of him and his staff go on, I think it raises legitimate questions in the minds of many taxpaying Canadians about whether we're actually running this place with the restraint and prudence that they expect of us.

This motion is one that answers a few of those basic questions. I'd certainly hope for my colleagues to support us on this so we can answer these questions and give Canadians the assurance they're looking for.

The Chair: Thank you.

The only change I would ask the mover.... The potential on this one is that it has a date of February 25. If we could insert the words "as soon as possible", would that work?

Hon. Garth Turner: Indeed.

The Chair: Does everyone hear and understand the motion? Are there any questions on it? I'll open the floor to debate the motion, if you so wish. If not, we'll move.... Seeing none, we'll—

Mr. Dean Del Mastro (Peterborough, CPC): May I question why it's before the finance committee?

The Chair: You could, as debate on the motion.

Mr. Dean Del Mastro: I'd like to ask the member why he feels it's an appropriate motion for the finance committee.

Hon. Garth Turner: Obviously, the Department of Finance let the \$122,000 contract, and also because of the number of contracts the Department of Finance has awarded that are just under that limit. So why would the Department of Finance not be appropriate?

The Chair: I don't think we're going to get an answer to that one. That's a subjective thing.

There is a motion before us, and we will deal with it.

(Motion negated)

•(1615)

The Chair: We have another notice of motion that has been put forward, by Mr. Crête.

Mr. Crête, we'll yield you the floor to introduce the motion, if you so wish.

[Translation]

Mr. Paul Crête: Thank you, Mr. Chairman.

In view of the budget tabled last week, it seems clear to me that our work must continue. In my view, the budget did not contain all the measures required. I think that it is important for us to conduct a more in-depth study.

The motion states:

That the committee, in view of the serious challenges faced by the forestry and manufacturing sectors, engage in a study on direct assistance measures and tax environment consisting of no more than four consecutive meetings commencing on March 5, 2008, hearing testimony from 24 witnesses on the matter (six from each party).

We could say “[...] during which a maximum of 24 witnesses would be heard on the matter.”

[*English*]

The Chair: We'll open the floor to debate on that motion.

Mr. Pacetti.

Mr. Massimo Pacetti: It's not necessarily debate, it's more of a question, and it's more directed toward you. I was wondering if this really relates to the workings of the finance committee. Should it not be referred to the industry committee, because we're talking about a specific sector? It's more of a question than anything else.

The Chair: I'll ask the mover to explain, but I've got my take on it, as well.

Mr. Crête.

[*Translation*]

Mr. Paul Crête: I would remind my colleague that, just before the budget was tabled, we passed a motion stating that we supported the tax measures in the report of the Standing Committee on Industry, Science and Technology. This motion is on direct assistance measures and the tax environment. The tax environment does indeed concern the Standing Committee on Finance.

[*English*]

The Chair: If the question is whether we see it as something that would pertain to this committee, when it states “direct assistance measures”, you're right. That's to a specific area. But in terms of “and fiscal environment consisting”, I would suggest that's finance. That's why I would call it in order.

Go ahead, Mr. Pacetti.

[*Translation*]

Mr. Massimo Pacetti: The issue is not really whether the motion is in order or not. Mr. Crête has just said that we are talking about tax measures, but there is no word or reference to tax measures. We are talking about direct assistance measures and the tax environment, but not tax measures as such. Perhaps the wording of the motion should be clarified. I don't see any mention of tax measures as such.

[*English*]

The Chair: Monsieur Crête.

[*Translation*]

Mr. Paul Crête: I think it's a question of wording. The tax environment obviously includes all measures affecting corporate taxation, and is not a reference to some kind of environmental impact. It is an expression that refers to the taxation system in which we operate.

[*English*]

The Chair: All right. We have the motion before us.

(Motion agreed to)

The Chair: I talked to the mover about the subject in case this passed, because it talks about a specific number of meetings, a maximum. We'll have some flexibility. We may be able to cut this down into a couple of meetings, or maybe three at the very most. I think the mover is okay with that. We're hoping to get that accomplished by the break so we can move on to our study that is part of our committee business.

We have one further thing I would like to....

Mr. Wallace, go ahead.

Mr. Mike Wallace: I did some checking since our last meeting, and I would like to put on the floor again, and make sure it's on the floor, the 30-day extension for private member's bill C-305.

The Chair: Yes. You're getting in right under the wire. I mentioned the last time we dealt with this, at the other meeting, that it had to be done before tomorrow, I believe.

Mr. Mike Wallace: Well, I think we should give the person 30 more days.

The Chair: It's not tomorrow. I think it's Wednesday, March 5.

So you are wanting to reintroduce an extension of 30 sitting days as consideration for Bill C-305.

Mr. Mike Wallace: Right.

The Chair: It's a private member's bill.

We open the floor.

Mr. Mike Wallace: I'll be speaking to it. Thank you. I'm ready to go.

The Chair: Yes, Mr. Pacetti.

Mr. Massimo Pacetti: I thought we voted against extending the 30-day sitting and were just going to vote on whether we would be in favour of the bill or not, as is.

• (1620)

The Chair: It was deferred to this meeting. That's why he's reintroduced the—

Mr. Massimo Pacetti: I'll take your word for it, Mr. Chairman. The age factor, the mad cow, is beginning to kick in.

The Chair: —potential to extend it for another 30 days.

Does everyone understand the motion? We're asking the House to extend for 30 sitting days.

Mr. Pacetti, go ahead.

Mr. Massimo Pacetti: Again, before we vote, Mr. Chair, if I can, I'll put in my two cents.

We've already had this member before us. We've already had witnesses on this bill. We had this in the previous Parliament. I don't think either party is necessarily in love with this bill. I don't know why we have to try to extend it for 30 days. I am opposed to this bill. We can vote it up and down, but giving it an extra 30 days is not going to change anything.

The members have had plenty of time to bring forward amendments. There don't seem to be any. We've had time now. In 30 days we're going to be faced with the budget implementation. We're going to be putting pressure on the committee, for no reason, to try to have another hour or hour and a half to bring in finance officials and witnesses we've already heard from to add no extra input. So at this moment, I honestly do not feel comfortable giving a 30-day extension for this type of bill.

The Chair: Okay. Is there any other debate?

Seeing none, all in favour?

(Motion agreed to) [See *Minutes of Proceedings*]

The Chair: So we'll ask the House for 30 sitting days.

Mr. Pacetti.

Mr. Massimo Pacetti: I have one more piece of housekeeping.

We had a motion put forward by Mr. Turner asking for the Minister of National Revenue, the Minister of Finance, and the Minister of Natural Resources. Seeing as they're being hesitant in appearing, perhaps we can just ask departmental officials from CRA and finance to come forward. I think we have time on Wednesday. We can just ask them to come for an hour or an hour and a half and ask them the questions related to that. That might accomplish the feat of asking the ministers.

The Chair: Let's try to get that cleaned up between now and the break. Would that be fair enough? So whether it's Wednesday or next week—

Mr. Massimo Pacetti: Apparently, they're willing to come.

The Chair: If I have that flexibility as chair, I want to clean it up so we go into the break with nothing really coming out of the break except a couple of little housekeeping items, and then we can get into our study. Is that fair enough? Okay.

Anything further? Go ahead, Mr. Menzies.

Mr. Ted Menzies: When were we going to follow up on Monsieur Crête's motion?

The Chair: I would start on Wednesday and next week. So between Wednesday and next week, we'll do the two things, hopefully. Okay?

With that, Mr. Crête, get your witnesses in to the clerk as soon as possible.

Oh, just a minute. We have one more item. The reason it isn't on the agenda is because it's subsequent to the motion of Mr. Crête, and it is a budgetary item that we need to....

No, it's not about raising my wage. It's not about raising yours, either. We need a motion to bring the witnesses forward.

Thank you, Mr. Mulcair.

Okay, we have the motion on the floor to pass this budget. Is there debate on that?

We'll have Mr. Pacetti.

Mr. Massimo Pacetti: Yes. Of course, we're spending \$31,000 of taxpayers' money once again, in 30 seconds. I'm just not comfortable with it. We need to have somebody explain it to us, please.

Hon. John McKay: It's more expensive than a Flaherty speech.

The Chair: Okay, is there any further debate?

Mr. Massimo Pacetti: I have a question.

We're spending \$31,650. I think somebody should explain it to us in detail and at least spend the minute and a half trying to explain it, not necessarily 30 seconds—

The Chair: The clerk is suggesting that it isn't true that we're going to actually spend that money. That is what is projected if it were followed through. We don't really know how much actual money is going to be spent to bring forward the witnesses, but this is a budget, and like any budget, it is an estimate.

If it was a full 24 witnesses and we went for a full four meetings, we would perhaps spend this kind of money, but hopefully we'll do it with much less.

Mr. Pacetti, go ahead.

Mr. Massimo Pacetti: What is the limit before it goes to the liaison committee?

The Chair: It's \$40,000.

Mr. Massimo Pacetti: So there seems to be a pattern developing to make sure that these amounts are under \$40,000.

The Chair: Well, it is certainly not an agenda by me.

Mr. Massimo Pacetti: I'm not questioning the staff; the question is for the chairman.

The Chair: Mr. Pacetti, the answer to that is this motion was brought forward by a Bloc member. We considered it and understood that once it passed, we would need to implement it, and if we were going to implement it, what it was going to cost. That's what the motion was here for. With that, we....

You have another question?

• (1625)

Mr. Massimo Pacetti: Yes. I just want to know if the \$1,200 per witness is the standard amount. I don't have the one from last week; I know we passed one last week. Was it similar? Is \$1,200 the limit?

The Chair: I believe that's standard with the liaison committee.

Mr. Massimo Pacetti: Is that the maximum limit, or is that what we just made up for the committee? And in the last budget we passed last week, was it also budgeted at \$1,200 per witness?

You can't recall?

That's okay. We don't have to ask any questions. Let's just pass it as a matter—

The Chair: We can get that information to you, Mr. Pacetti, if you'd like.

(Motion agreed to) [See *Minutes of Proceedings*]

The Chair: Thank you.

The meeting is adjourned.

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