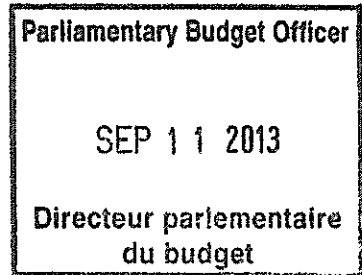




Canada Revenue Agency  
Agence du revenu du Canada  
Commissioner  
Commissaire  
Ottawa, Canada  
K1A 0L5



SEP 10 2013

Mr. Jean-Denis Fréchette  
Parliamentary Budget Officer  
Library of Parliament  
Ottawa ON K1A 0A9

Dear Mr. Fréchette:

Please accept my most sincere congratulations on your recent appointment as Parliamentary Budget Officer.

This is in response to a request from your office (IR0128), dated August 20, 2013, for the Canada Revenue Agency's (CRA's) estimate of the cost to process authority transfers, as well as the cost of its financial management function.

Apart from a relatively small Capital vote, and a number of specific statutory authorities, most of the CRA's spending authority is currently granted by Parliament in a single Operating vote. Consequently, under the existing control structure, there is rarely a need to seek a vote transfer from Parliament. Last year, for example, there were no such transfers sought during the course of the year. Should a vote re-alignment between Operating and Capital become necessary, it is generally requested before the start of the year as part of the regular Annual Reference Level Update exercise. The current cost is therefore negligible.

However, if the voting structure were changed to require approval from Parliament for transfers between the CRA's eight Program Activities (PAs), the CRA estimates that the additional annual administration costs could be in the range of \$2 million to \$3 million. This is based on the fact that the CRA processes, on average, about 400 such inter-PA transactions every year. A multi-vote structure would necessitate significantly more frequent and detailed financial monitoring, reporting, analysis and advisory services for managers within each PA, as well as increased interaction with the Treasury Board Secretariat through the three annual Supplementary Estimates exercises.

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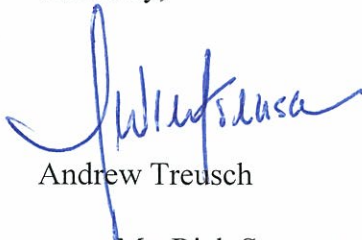
The CRA's current PA structure represents a continuum of activities that are interconnected to fulfill the CRA's key mandate of administering taxes and delivering benefits for the federal, provincial and territorial governments. The many inter-PA transfers that take place each year reflects the CRA's efforts to optimize the use of its appropriated resources by continuously realigning its base budget to the highest priority workloads and to internally manage operational pressures that arise in any given year.

The above estimate of the incremental annual cost of administering a multi-vote control structure is based on a very preliminary impact analysis. It is not possible to provide a more accurate assessment at this time. More details would have been required with respect to any modifications to the Parliamentary Estimates and Supply process and/or departmental Program Alignment Architectures to facilitate the proposed new model. It should also be noted that this estimate does not include any one-time cost of implementing the necessary system and process changes.

The current annual cost of the CRA's financial management function, including the associated management, administration and internal services, but excluding the financial system costs outside of our Finance Branch, is approximately \$40 million.

I trust the information contained herein will be useful to you in your analysis.

Sincerely,



Andrew Treusch

c.c.: Mr. Rick Stewart  
Assistant Secretary to the Cabinet  
Liaison Secretariat for Macroeconomic Policy  
Privy Council Office