

provincial, territorial and local government current and capital spending) to decrease from 24.7% of GDP in 2019 to 23.5% of GDP in 2024, which is 1.2 percentage points below its long-term (1981 to 2018) historical average. As a share of the economy, this would lower government expenditure to levels last seen in 2008.

The fiscal outlook presented in this report is based on PBO's current economic outlook. It incorporates policy measures announced in Budget 2019, as well as policy actions up to September 11, 2019. PBO is providing this outlook as an updated independent status quo planning assumption for the start of the 43rd Parliament. *The fiscal outlook does not include commitments made by any party during the 2019 general election.*

Final results for the 2018-19 fiscal year indicated that the budgetary deficit was \$14.0 billion, essentially identical to our estimate in the EPC baseline. Revenues, program-spending and public debt charges were each broadly in line with our June estimates.

Compared to our EPC baseline, we are projecting budgetary deficits that are \$1.6 billion higher, on average, over 2019-20 to 2024-25 before any new policy decisions. Lower tax revenues and higher operating expenses more than offset the savings on debt charges resulting from downward revisions to our outlook for interest rates.

Summary Table 2

Projection

\$ billions	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Budgetary revenues	332.2	340.4	350.1	364.4	378.9	393.3	408.2
Program expenses	322.9	337.7	349.0	357.1	364.9	374.4	385.7
Public debt charges	23.3	23.8	24.4	26.3	28.6	31.4	33.6
Total expenses	346.2	361.5	373.4	383.4	393.5	405.8	419.3
Budgetary balance	-14.0	-21.1	-23.3	-19.0	-14.6	-12.5	-11.1
Federal debt	685.5	706.9	730.1	749.2	763.8	776.3	787.4
Federal debt (% of GDP)	30.9	30.8	30.8	30.5	30.0	29.4	28.7

Sources: Statistics Canada and Parliamentary Budget Officer.

For the current fiscal year, on a status quo basis, we estimate that the budgetary deficit would rise to \$21.1 billion, primarily due to a slowdown in corporate income

tax revenues and spending increases on transfer payments. Thereafter, we project that the budgetary deficit would peak at \$23.3 billion in 2020-21 before declining to \$11.1 billion in 2024-25. We project the federal debt-to-GDP ratio would decline over the medium term, falling to 28.7% in 2024-25.

Without further policy actions, and based on the uncertainty surrounding our economic outlook, we estimate that on a status quo basis, there is currently about a 30% chance that the budget will be balanced or in surplus at the end of our medium-term outlook in 2024-25. In addition, we estimate that in 2024-25, there is approximately a 70% chance that the federal debt-to-GDP ratio will be below its 2018-19 level of 30.9%. (Our emphasis.)

However, based on commitments made during the electoral campaign, it is expected that budgetary deficits over the medium term will be higher than our *status quo* projection, reducing the probability of balancing the budget by 2024-25, as well as reducing the probability that the debt-to-GDP ratio will be lower than 30.9% in that year.

The Union, the CRA and the Taxpayer: A Winner, a Loser and Collateral Damage

David H. Sohmer

After parroting the usual bromides about The Taxpayer Bill of Rights and its code of conduct for staff, the CRA added an unusual warning in its response to a question about recent negligence cases at the CTF 2018 Annual Conference Round Table:

Accordingly, the CRA is committed to: Supporting its employees who may have been singled out for legal action in order to try to thwart the efforts of the CRA in administering compliance activities such as an audit or a reassessment.¹

The portrait painted by management of the CRA protecting its embattled employees from malevolent taxpayers intent on subverting the system is curious, and the timing even more so. In September 2017, the Supreme Court denied leave to appeal the decision by the Alberta Court of Appeal in *Grenon v. CRA*, which held that the CRA could not

¹ 2018 CTF Annual Tax Conference CRA Roundtable, November 27, 2018 – Question 7.

be sued in negligence.² The denial of leave effectively overruled the *Leroux* decision,³ (one of the cases referred to in the question). While the decision of the Quebec Superior Court in *Ludmer*⁴ (also referred to in the question) held that Quebec law allowed the CRA to be sued in negligence, the damages awarded paled by comparison to the professional fees incurred by the plaintiffs. (The decision has been appealed by the Crown.) It is also settled law that the Tax Court “has no jurisdiction to vacate an assessment on the basis of reprehensible conduct involved in the process leading up to that assessment”⁵ and that “even if the Tax Court cannot redress a procedural fairness breach, it does not follow that the Federal Court has this power. In matters of tax liability, tax is either payable or not, based on the facts and the law.”⁶

CRA’s motive in issuing the warning may well be attributable to the then ongoing labour negotiations with the union representing its auditors (the Professional Institute of the Public Service of Canada for the Audit, Financial and Scientific (AFS) Group — the “PIPPSC-AFS Group”). For the first time in Canadian public service, the new collective agreement includes a statement that enshrines the right of employees to a workplace free of violence and harassment and provides for a new directive covering, *inter alia*, “redress for the detrimental impacts on an employee if resulting from an incident of harassment.” The union had been fighting with the CRA for over 15 years to have harassment covered by a collective agreement and the employer had always refused.⁷ The definition of harassment is expansive:

[. . .] improper conduct by an individual, that is directed at and offensive to another individual in the workplace, including at any event or any location related to work, and that the individual knew or ought reasonably to have known would cause offence or harm. It comprises objectionable act(s), comment(s) or display(s) that demean, belittle, or cause personal humiliation or embarrassment, and any act of intimidation or threat. It also includes harassment within the meaning of the Canadian Human Rights Act (i.e. based

on race, national or ethnic origin, colour, religion, age, sex, sexual orientation, marital status, family status, disability and pardoned conviction).

Harassment is normally a series of incidents but can be one severe incident which has a lasting impact on the individual.⁸

The recent decision of the Federal Public Sector Labour Relations Board in *Doro v. Canada Revenue Agency* indicates the extent to which the playing field has been levelled:

[. . .] I concur with the CHRT’s decision in *Dhanjal* that when warranted, the employer’s response must be prompt and effective. In the matter before me, the evidence clearly establishes that while the CRA responded promptly, it did not respond effectively. An effective response would have created a harassment-free and safe workplace for Ms. Doro. The testimony of Mr. Khanna, when he described in detail how he begged and negotiated with Mr. D’Ippolito to stop staring and leering at Ms. Doro as she came and went from her new workplace bears witness to the CRA’s ineffective response.⁹

While the increased power of CRA auditors may contribute to a healthy work environment, in a perverse way it may weaken the already weak position of an aggrieved taxpayer faced with staff misbehavior such as bias, and disregarding, misapprehending or suppressing evidence. If management is asked to intervene, a reading of the government’s publication *Is it Harassment? A Tool to Guide Employees*,¹⁰ and the threat of a grievance being filed will always weigh heavily in deciding on a course of action. Dismissing the taxpayer’s complaint as an attempt to “thwart the efforts of the CRA in administering compliance activities such as an audit or reassessment” may be the least risky.

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² *Grenon v. Canada Revenue Agency*, 2017 ABCA 96, 2017 CarswellAlta 493 (Alta. C.A.).

³ *Leroux v. Canada Revenue Agency*, 2014 BCSC 720, 2014 CarswellBC 1179 (B.C. S.C.).

⁴ *Ludmer v. Canada (Attorney General)*, 2018 QCCS 3381, 2018 CarswellQue 6371 (C.S. Que.).

⁵ *Brooks v. The Queen*, 2019 TCC 47, 2019 CarswellNat 604 (T.C.C. [General Procedure]).

⁶ *Ghazi v. Canada (National Revenue)*, 2019 FC 860, 2019 FC 860, 2019 CarswellNat 3876, 2019 CarswellNat 3067 (F.C.).

⁷ July 18, 2019 memo by AFS Group Bargaining Team, <https://www.pippsc.ca/groups/afs/afs-ratification-2019/afs-summary>.

⁸ Policy on Harassment Prevention and Resolution, <https://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=26041#appA>

⁹ *Doro v. Canada Revenue Agency*, 2019 CRTESP 6, 2019 FPSLR 6, 2019 CarswellNat 691, 2019 CarswellNat 692, 301 L.A.C. (4th) 115 (Can. F.P.S.L.R.E.B.), at paragraph 13. Doro was awarded \$20,000 for pain and suffering and \$20,000 for the reckless mishandling of her case as well as \$22,955 for the costs of her treatment for depression and anxiety.

¹⁰ Government of Canada, online at: <https://www.canada.ca/en/government/publicservice/wellness-inclusion-diversity-public-service/harassment-conflict-resolution/harassment-tool-employees.html>.