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Chair: The Honourable Judy A. Sgro



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• (1530)

[English]

The Chair (Hon. Judy A. Sgro (Humber River—Black Creek, Lib.)): I'm calling the meeting to order.

This is meeting number 98 of the Standing Committee on International Trade. Today's meeting is taking place in a hybrid format, pursuant to the Standing Orders, and therefore members are attending in person and remotely using the Zoom application.

I have a few comments. Those online please mute yourself when you are not speaking. I ask all participants to be careful when handling the earpieces in order to prevent feedback, which can be very harmful to our interpreters.

This is a reminder that all comments are to go through the chair. For members in the room, if you wish to speak, please raise your hand. For those on Zoom, please use the “raise hand” function. We have one member online and one presenter today.

Pursuant to Standing Order 108(2), and a motion adopted by the committee on Tuesday, February 6, the committee is resuming its study of the CBSA assessment and revenue management system, CARM.

We have with us today from the Canadian Association of Importers and Exporters, Kim Campbell, past chair. From the Canadian Federation of Independent Business, we have Corinne Pohlmann, executive vice-president, advocacy, by video conference. From the Canadian Society of Customs Brokers, we have Candace Sider, vice-chair, board of directors. From Deloitte, we have Louise Upton, partner. From Federal Express Canada, we have Renate Jalbert, managing director, regulatory affairs. From UPS Canada, we have Tammy Bilodeau, vice-president, customs brokerage and compliance; and Anna Barrera Brason, director, public affairs.

It is wonderful to see a table full of very high-flying executive women.

Some hon. members: Hear, hear!

The Chair: It's great to see that things are moving forward in this world of ours.

Welcome to you all.

We will start with opening remarks and then proceed with questions from our members.

Ms. Campbell, you may make an opening statement of up to five minutes.

Ms. Kim Campbell (Past Chair, Canadian Association of Importers and Exporters): Thank you, Madam Chair and members of the committee, for including the Canadian Association of Importers and Exporters on your agenda to allow for input on this important study.

My name is Kim Campbell. I'm the past chair of our association. We are national trade organization that has been speaking on behalf of the Canadian trade community for almost 90 years.

Since we last met, the CBSA has revised policies that will ensure our border is not completely disrupted on May 13, the current proposed implementation date. We are grateful to the committee for taking on this study and providing industry a forum to discuss remaining large-scale issues.

It was disappointing to hear the CBSA on Tuesday mis-characterize business by making multiple statements that we are not ready, that we are resistant to change and that we just want to maintain the status quo. Four of the witnesses before you today have implemented multiple CBSA IT initiatives over many decades. One of us implemented the current release system you heard about on Tuesday, called ACROSS, while at the CBSA.

Our experience with CARM is not like that of any other project we have undertaken before. The state of this project, with all its delays, lies squarely on the shoulders of the CBSA. The inconvenient truth is that they did not follow a known IT project methodology and, as such, have left us all in a state of not being ready to implement on May 13, because the CBSA has not created an environment for success.

We have submitted comments and would like to highlight a few key areas and recommendations.

We believe the system is not ready. There have been three rounds of controlled testing. Each round has been extremely frustrating, as the process and test scripts have been filled with errors and confusion. This behaviour was experienced at each testing phase to include items that were to be corrected but were not corrected.

The limited number of testers controlled by the CBSA are reporting that a basic accounting filing seems to be stable, but all other items are still an issue. We are still seeing many instances of the system not calculating the duties and taxes correctly.

Fewer than 100 companies have access to the CARM R2 system via testing. This means that the remaining just under 200,000 importers and their service providers will be seeing CARM R2 for the first time when it goes live. This will mean that the amount of support required and system tickets that will be submitted will be more than the CBSA can manage. They have not demonstrated that they have the capacity to manage the fewer than 100 companies testing to date, let alone the massive influx that will occur when it goes live.

They are still changing requirements and providing guidance on core functionality as we speak. They released a revised technical specification document on February 5, which required system changes.

There is an insufficient scale of importers and software companies registered and certified for CARM. The last number of certified software companies was three. There are 11 software companies that the CBSA has stated they still have no communication with.

We did receive the regulatory package on March 13 and have received 22 policy documents over the last few weeks: so much to understand and digest while trying to figure out CARM to include the transition strategy that we are all still waiting for. We know there will still be many more things to come.

I would like to conclude with our recommendations.

We believe the time has come to appoint an independent third party to oversee the project. Too much time and money have been spent on both sides of the fence. We have no confidence in where we are now, and if the CBSA still insists on implementing on May 13, there will be extreme stress imposed on industry in trying to figure it all out.

We will need a third party that can be the oversight and lead us all out of what we inherit. Our preferred hope would be for this party to evaluate where we are and craft a mutually agreed-upon road map to implement responsibly, and that may include a solely Government-of-Canada solution. We have seen a similar pattern of behaviour as was recently reported by the Auditor General on Arrive-CAN and believe that we need to have this project also reviewed.

We ask for your support in recommending that the Government of Canada and the CBSA implement CARM responsibly by providing a parallel system allowing importers and service providers that are ready to proceed on May 13. By moving away from the big-bang approach, we will significantly decrease the risk of a flawed implementation.

We look for your support to recommend that the Government of Canada eliminate the GST for resident Canadian importers on the cost of acquiring a customs bond.

We would recommend a review of the CBSA's decision to have Canada's most sensitive protected B trade data on a system outside of the Government of Canada and managed by third party non-government vendors, including the decision to outsource and pay for the use of the software.

We are committed to modernization and a best-in-class border but need the support of the committee and the Government of

Canada to ensure we can achieve the best outcome for all Canadians, and without your assistance we do not believe that will happen.

I look forward to answering any questions you may have.

• (1535)

The Chair: Thank you very much, Ms. Campbell.

Ms. Pohlmann, you have up to five minutes, please.

Ms. Corinne Pohlmann (Executive Vice-President, Advocacy, Canadian Federation of Independent Business): Thank you.

Good afternoon.

My name is Corinne Pohlmann. I'm the executive vice-president with the Canadian Federation of Independent Business, which is a non-partisan, not-for-profit organization representing 97,000 small and medium-sized companies across every industry and region in Canada.

I want to share some insights from small businesses engaged in international trade on the challenges they are facing with CARM. My remarks are based on some new data we've just collected from more than 2,000 small business owners, as well as anecdotal feedback we've been getting through our phone lines.

Many small businesses rely on importing goods to meet customer demand, access specialized materials or expand their product offerings. However, with the implementation of CARM, small businesses are starting to encounter a number of new challenges.

First of all, it is important to note that about 65% of small and medium-sized companies actually import goods and/or services. Wholesale, manufacturing, retail and agribusinesses are most likely to be importing goods, and the bigger the business, the more likely they're going to be importing.

Having said that, even among micro-sized businesses, those with four employees or fewer, about one in two are actually involved in importing goods, so the CBSA needs to make sure that CARM is accessible to them and to consider offering alternatives, such as using a broker that allows them to import goods should CARM become too complicated.

When it comes to CARM itself, only 25% of small and medium-sized businesses involved in trade are telling us that they're currently registered with CARM. The smaller the business, the less likely it is that they are registered. For those not registered with CARM, about half are just not aware of it, 22% are not sure whether CARM applies to their business, 16% are relying on their brokers and 11% are confused by the registration process.

Despite the CARM system's aim to streamline and to digitize customs processes, including the assessment and collection of duties and taxes, it has posed many challenges for businesses of all sizes, including micro and small businesses. One of the primary concerns for small businesses is the complexity of the CARM system. About half the small businesses are not importing that often—maybe once or twice a year. As such, navigating the new platform and understanding its intricacies can be daunting.

Many of these businesses have limited resources and expertise in customs procedures, putting them at a competitive disadvantage and a higher risk of making mistakes. Some have even said that the complexities in and challenges of dealing with CARM have actually caused them to reconsider whether it was worth getting involved in international trade at all.

Even though 80% of small and medium-sized businesses actually rely on a customs broker intermediary to assist them with importing, CARM has placed greater administrative responsibilities on small businesses. This added complexity not only consumes valuable time and resources, but also increases the risk of non-compliance and penalties for small businesses unaware of or unable to meet those new obligations.

For example, many have expressed concern with the added cost and complexity associated with the new “release prior to payment” requirements to secure a surety or bond, which have previously been managed by brokers.

Small businesses are also dealing with uncertainty surrounding the accuracy and consistency of CARM assessments. Errors in duty and tax calculations can have serious financial implications for small businesses, potentially impacting their profitability and cash flow.

Most recently, a member contacted us to say that the duty as well as HST on their statements had been charged twice: once through CARM and a second time through their customs broker. We've also had many comments about the fact that when there are these types of discrepancies, it can be a very big challenge to find someone at the CBSA to help them fix it.

While the CARM project aims to modernize customs processes and improve efficiency, its implementation has presented some challenges for small businesses involved in importing. When we asked small business owners whether they felt CARM would make international trade easier, 60% were unsure and more than half felt like they didn't know if CARM had considered the realities of small businesses, simply because they were unaware of what it is and how it works.

Historically, the CBSA has relied on penalties and fines to enforce compliance, which can disproportionately impact small businesses. These fines not only impose financial burdens, but also discourage small businesses from engaging in international trade due to fear of non-compliance. However, we would like to see the CBSA prioritize education and support during the first few years of CARM's full implementation, not just during the first 180 days.

We also would recommend enhancing CARM communications and information by creating tools like detailed guides, FAQs and step-by-step instructions tailored to small businesses and ensuring

that the CBSA website content is in plain language. Small businesses should be able to find all these resources very quickly and easily.

Also, we recommend ensuring that all regulatory and policy changes include a comprehensive communication plan aimed at small businesses.

As well, consider providing alternative options to CARM, such as using a broker for all the small firms' importing needs, especially for those small businesses that do not engage in trade on a regular basis.

In conclusion, we would like to see a lengthier transition period that focuses on providing comprehensive training, guidance and support for small businesses, as well as some alternative options to import goods, all of which we believe will help ensure greater small business compliance and acceptance of CARM.

Thank you.

● (1540)

The Chair: Thank you very much.

Ms. Sider, go ahead, please, for five minutes.

Ms. Candace Sider (Vice-Chair, Board of Directors, Canadian Society of Customs Brokers): Thank you, Madam Chair, and honourable members of the committee.

My name is Candace Sider, and I am the vice-chair of the board of directors for the Canadian Society of Customs Brokers, CSCB. I am honoured to share the views of Canada's customs brokers concerning the implementation of CARM.

Customs brokers are licensed by the CBSA and act with legal authority on behalf of importers and exporters. Every year, customs brokers handle more than 90% of import transactions for Canada's 227,000 importers. We ensure that accurate duties and taxes are submitted for billions of dollars' worth of goods each year.

Our success in facilitating trade depends on access to technology and processes that keep goods moving.

The CSCB and other trade chain partners have been providing input for more than a decade to ensure that CARM functions to keep goods flowing while not unduly burdening traders. It was meant to be a technological solution that would modernize the border and revenue collection by making it easier for traders to interact with the government.

Unfortunately, the CBSA's approach to CARM implementation does not reflect or address the concerns that we and others have been raising. Furthermore, on Tuesday we heard several statements by CBSA executive vice-president Ted Gallivan that we feel require clarification.

During his testimony, Mr. Gallivan stated that CARM implementation would be delayed from October 2023 until May 2024 because the trade community was not ready. It is true that customs brokers and importers are not aligned with the CBSA's view that CARM will be ready to go live in May 2024 in its current state, which, to be frank, has a myriad of deficiencies that need to be addressed prior to its going live.

Our members are concerned about the impacts on small or infrequent importers, especially due to the onerous registration process. They are also frustrated by the lack of support from the CBSA and the long response times for help desk issues and dispute resolution.

We experienced new issues daily during the system testing. The CBSA has advised that some of the key issues and defects will not be resolved before CARM goes live in May.

For example, system testing revealed defects in essential processes like the calculation of duties and taxes. Automated calculations appear to be based on a fundamental misunderstanding of how processes like duty remission work. It is not acceptable for Mr. Gallivan to state that the errors result from trade simply calculating duties and taxes differently than the CBSA does.

In the test environment, our members purposely entered incorrect duty rates to see if CARM would detect the errors. CARM did not detect the errors and accepted the inaccurate calculations. If these defects are not addressed, the result will be inaccurate revenue assessment and collection by the government and amplification of the revenue leakage problem that CARM was supposed to address.

Mr. Gallivan's testimony on Tuesday also demonstrated contradictory messaging from the CBSA, which contributes to uncertainty for importers. On the issue of financial security, Mr. Gallivan advised the committee that importers would require only \$5,000 in security to have goods released without payment of duties and taxes. However, what he didn't tell you is that the CBSA has been advising the trade community for at least five years that the minimum security amount would be \$25,000. He also didn't tell you that draft policy guidance shared with the trade community in the past two weeks stated that the minimum bond amount would be \$5,000 but that the policy guidance was later adjusted to read \$25,000. The lack of clarity by the CBSA on important issues is creating confusion and uncertainty for customs brokers and their clients.

Similarly, Mr. Gallivan also advised the committee that the CBSA had several layers of contingency planning if the May 13 go live does not go as planned. He referred to one contingency plan as a "rollback", which would mean a return to existing systems.

The first time traders heard of this possibility was during Mr. Gallivan's testimony. We have been told for close to a decade that the CBSA must turn off existing systems to allow the new CARM functionality to work and that a big-bang approach to implementation was the only option for CARM. Therefore, customs brokers and importers have invested millions of dollars in reprogramming their own systems. Once trade begins the cutover to CARM, a rollback to older systems will not be an option.

Canada cannot afford to implement an IT system with key deficiencies that will impact cross-border flows and force manual processing and workarounds to keep trade flowing.

• (1545)

Traders need a functional system where the CBSA has addressed all design flaws to ensure that trade continues to flow and revenue is collected. With our lack of confidence in the current solution, we recommend a full postponement of the go live until, at the earliest, October 2024.

We welcome the opportunity to support this committee in its study of CARM. I would be pleased to answer any questions.

Thank you.

• (1550)

The Chair: Thank you very much.

Ms. Upton, you have up to five minutes, please.

[*Translation*]

Ms. Louise Upton (Partner, Deloitte): Madam Chair and honourable members of the committee, thank you for the opportunity to appear today.

[*English*]

Before we begin, I would like to acknowledge that we are here today on the traditional unceded territory of the Anishinabe Algonquin people.

On behalf of the team at Deloitte Canada, we are proud to discuss the project and work with members of Canada's public service. I will provide an overview of Deloitte's involvement in the CBSA revenue management project, also known as CARM, and its path to implementation, and an overview of the benefits CARM will bring to the people of Canada.

As the leading professional services firm in the country, fully owned by Canadians, we are proud of our past and ongoing projects with the Government of Canada, including our work with the CBSA, which have resulted from Canada's open, transparent and competitive procurement processes. We are committed to the Government of Canada's procurement and security policies. We perform our work in strict accordance with the highest professional standards. Our reputation is built on our credibility. With more than 167 years of experience as a Canadian firm, we have grown into the organization we are today because of the trust our clients have in our people and our values.

For my part, I have spent much of my career, more than 27 years, working with public sector clients on large digital transformation initiatives. My experience lies in leading large teams on highly complex projects.

[Translation]

CARM is designed to facilitate legitimate trade, improve compliance and revenue collection, and help secure Canada's borders.

[English]

On the strength of our specialized experience, Deloitte was retained through a competitive procurement process to act as systems integrator for the CARM project, implementing the policies and programs developed and decided upon by the Government of Canada. We are working closely with the CBSA to build this multi-year digital initiative to modernize and streamline the process of importing commercial goods, eliminate redundancies and streamline solutions.

CARM will be the first Government of Canada enterprise resource planning, or ERP, solution based on the SAP platform of scale hosted in a cloud environment. This represents a critical step in ensuring that the Government of Canada is prepared for the service delivery standards of tomorrow to serve Canadians.

We are taking a thoughtful and measured approach to implementation. CARM's rollout has been structured as a series of go lives to help mitigate risk, working with stakeholders along the way at each step. The CARM client portal, for example, was launched in 2021 with publicly accessible onboarding documentation. We have gone through multiple rounds of testing of the system, executing more than 7,000 test case scenarios.

We have been working tirelessly to ensure a smooth transition through ongoing project management support, change enablement activities and ongoing environment management. This approach seeks to minimize the disruption to stakeholders within the Government of Canada and to businesses and importers.

This is a material change, and requires careful planning to help minimize impacts. I feel confident, based on my 30 years of experience and the work put into this program by all parties, that the solution is prepared to go live and to handle issues as they arise. The CARM project has been a journey of advancements. Release two is not the end of these advancements. This is not a "one and done" solution. Using the cloud, the CBSA will be able to continue to enhance and evolve CARM, allowing for a much more agile solution in a dynamic environment.

Once fully implemented, CARM will automate and simplify key business processes and offer online self-service tools to help the trade community do business in Canada better and faster.

[Translation]

The purpose of CARM is to eliminate duplicative data processing and promote greater transparency. It will provide better information so that CBSA can more accurately check commercial compliance.

[English]

At this point, I'd like to acknowledge the other panellists here today.

Your industry insights have been valuable, and they continue to be as we work through the various stages of CARM's rollout under the direction of the CBSA. CARM is the culmination of our collec-

tive efforts, and is a testament to the power of public and private collaboration in an era of rapid technology advancement.

[Translation]

Thank you again, Madam Chair. Deloitte is proud to be part of this work, and we look forward to continuing to work on behalf of Canadians.

● (1555)

[English]

The Chair: Thank you very much.

Ms. Jalbert, go ahead for up to five minutes, please.

Ms. Renate Jalbert (Managing Director, Regulatory Affairs, Federal Express Canada Ltd.): Thank you.

Good afternoon, Chair and members of the committee. Thank you for the invitation to be with you here today as you continue your important study on the CARM initiative.

My name is Renate Jalbert. I'm the managing director of regulatory affairs at FedEx Express Canada. I'm here to share our perspective on how we can work towards the successful implementation of CARM while avoiding potential delays at the border and increased burdens on Canadian businesses. Our recommendations include making registration on the CARM portal optional, as well as continuing the use of the express carrier or broker security to facilitate the release of goods at customs.

With our fleet of aircraft and vehicles, and an unmatched logistics network, we ensure the timely delivery of over 14 million shipments on average each business day. Our operations support thousands of Canadian jobs, link businesses big and small across our vast country to global markets, and facilitate smooth and efficient trade. Personally, I bring to the table many years of experience in logistics and international trade. I have a good understanding of the complexities and challenges of the supply chain.

Our collaboration with the CBSA has been long-standing and invaluable. FedEx has a history of investing millions of dollars in communities across Canada through our people, facilities and infrastructure, as well as participating in CBSA projects, pilots and programs. As a result of our decades-long collaboration, FedEx has an appreciation for the CBSA's vision in developing CARM. CARM, while aimed at modernizing duty and tax collection on goods imported into Canada, presents significant challenges and concerns, particularly as we approach the implementation of its second phase.

Over the past few years, members of the Express Carrier Coalition, including FedEx, have engaged in discussions with the CBSA to highlight the pressing issues and complexities surrounding the upcoming CARM release two. Our concerns are primarily centred on the readiness of the system, the adequacy of policy guidelines and the unprecedented burdens it places on importers, especially small and medium-sized enterprises. The current framework creates new barriers for commercial importers, which could impact Canada's reputation as a reliable trading partner.

To address these challenges, FedEx has aligned with the recommendations put forward by the Express Carrier Coalition to improve the CARM framework.

Firstly, we advocate for limiting the scope of release two to the transition from the B3 accounting document to the commercial customs accounting declaration, known as CAD.

Further, we recommend making registration on the CARM client portal optional rather than mandatory. This approach would mitigate the risk of disruptions and support continued smooth trade flows.

Furthermore, we suggest permanently maintaining the use of express carrier and broker business numbers and bonds as an option for shipment release, alleviating the burden on importers to meet these significant, complex new requirements.

Additionally, removing barriers for non-resident importers and finalizing policies, regulations and implementation guidelines are crucial steps towards ensuring a successful transition. Non-resident importers and the ever-growing e-commerce sector have not been adequately addressed in the CARM design or policies. With CARM, there is an expectation that non-resident importers register directly with provinces for the payment of PST and HST. This is a significant change to the current process, where the express industry and brokers assess the PST and HST and remit them directly to the government. The self-assessment of non-resident importers creates a potential gap in revenue collection of provincial taxes.

CARM must be implemented in a way that supports rather than complicates the activities of businesses engaged in imports and exports. Furthermore, the Express Carrier Coalition's shared concerns underscore the need for a collaborative approach in addressing the challenges posed by CARM. Our unified voice highlights the urgent need for adjustments in the project's implementation strategy to prevent potential negative impacts on Canada's economy and our standing as a trusted trading partner.

We propose aiming to refine the CARM system to be more aligned with the needs and capacities of all interest holders involved in trade. We believe the CBSA can achieve its objectives of modernizing the duty and tax collection process without hindering the flow of goods across borders.

Thank you again for the opportunity to share our perspective. We look forward to a continued dialogue and this committee's assistance in advancing these matters on behalf of the industry. I look forward to any questions you may have.

The Chair: Thank you very much.

Ms. Bilodeau, go ahead, please.

Ms. Tammy Bilodeau (Vice President, Customs Brokerage and Compliance, UPS Canada): Good afternoon. Thank you so much for the invitation to speak in front of the standing committee on the CBSA's CARM project.

My name is Tammy Bilodeau, and I'm the vice-president of customs brokerage and compliance for UPS Canada. I'm here with my colleague, Anna Barrera.

UPS Canada is a part of the express carrier coalition, which also includes DHL International, FB Canada Express, Federal Express Canada, FedEx Logistics and Purolator. Collectively, we employ thousands of Canadian workers, and we import and export millions of commercial shipments each and every year.

To begin with, we certainly support the federal government's objectives to modernize its systems to collect dues and taxes. That is why, as you've heard many of my colleagues say, we've been engaged with the CBSA in the development of CARM over several years, investing time and resources to provide our input, to conduct systems testing and to spend our own capital to build new internal systems to synchronize with CARM. We value our partnerships and our working relationships with the CBSA, and we certainly appreciate and acknowledge the transition measures that it's recently announced: the extension of the release prior to payment for 180 days and the use of the broker BN for a one-year period.

Although these short-term concessions will mitigate the immediate risk to border fluidity, they do not address the long-term implications that these requirements are going to have on Canada's trade regime. UPS and the express carrier coalition have raised three mission-critical issues that will adversely impact the fluidity of legitimate shipments at the border. Without resolution, we expect that CARM will deter cross-border activity and result in abandoned shipments, which will lead to warehouse capacity constraints. Over time, the complexity of CARM will add friction to the Canada-U.S. border that will put Canada's reputation as a viable global trading partner at risk. I think we heard testimony from Ms. Pohlmann regarding small businesses, and that's exactly what they're saying and experiencing.

First, as we've heard, CARM creates an unrealistic expectation for businesses to participate in requirements for importing into Canada that are unprecedented around the world, including the need to register on the CARM client portal and post financial security. This has affected and will continue to disproportionately affect small business, since the CARM registration, as you've heard many times, is difficult to navigate. In fact, even after two years of phase 1 implementation, less than 30% of all commercial importers, including low-value commercial importers, have registered on CARM, despite significant investment by industry to encourage customer registration.

Second, the CBSA has not provided clear or timely policy guidance or a transition plan to manage real-world risks to business and trade. With only 35 days before release 2, CARM has introduced an overwhelming amount of new information. For example, as you heard Ms. Campbell mention, with only a two-week consultation period, the CBSA is seeking feedback on 19 D-memoranda updates. It was only on February 28 that the CBSA communicated the CARM transition plan, which includes a surprising cutover period of 13 to 16 days, during which we as an industry cannot account for or remit duties and taxes. Hence, we cannot bill our customers. Overall, the volume and complexity of new information and an incomplete transition plan make it extremely difficult for industry partners to execute and manage this change.

Third, the CBSA has not demonstrated the readiness of the new CARM system. Many documented systems issues have been raised, with no known resolutions. A contingency plan has not yet been shared with industry.

In conclusion, we believe that these concerns will impact the government's ability to successfully complete a transition to CARM on May 13, and we recommend four practical actions for the CBSA's smooth implementation.

First, limit the scope of release 2 and shift to an opt-in importer registration system. Second, provide at least 30 days' notice for public consultation on the proposed policy changes related to CARM. Third, develop an adequate transition and contingency plan with industry before moving to release 2, and finally, demonstrate that the new CARM system meets a reasonable standard of performance before full implementation.

Thank you very much, and I look forward to your questions.

• (1600)

The Chair: Thank you very much.

We'll go on to our members.

Mr. Jeneroux, you have six minutes, please.

Mr. Matt Jeneroux (Edmonton Riverbend, CPC): Thank you, Madam Chair.

I appreciate everybody being here today and taking the time to join us on a Thursday.

I'm going to do a quick overview, I guess, of what we heard in the last committee from Mr. Gallivan and the CBSA.

They said that this started back in 2010, 14 years ago, and that the original scope of the contract was \$370 million. It has now gone to \$438 million, with a potential for \$526 million. In the history, the total number of importers who have crossed the border in Canada is 200,000. He says that only 24,000 people are enrolled to date, with, I believe, as you said, Ms. Bilodeau, 35 days left.

My first question will be for Madam Upton.

How much is the CBSA contract with Deloitte for?

• (1605)

Ms. Louise Upton: As you would have heard and as I observed with the CBSA this past Tuesday, to date our payments are \$182 million. I can confirm that's what it is.

Mr. Matt Jeneroux: There are two contracts that we've been made aware of, contract 165038 and contract 47064, that indicate a value of \$322 million and \$32 million. Are those in conjunction with the CARM system?

Ms. Louise Upton: Unfortunately, I don't have the contract numbers right in front of me, but I assume that one might be in relation to CARM. The CARM contract actually contains two components. One is the building of the solution, and the other is the maintenance of the solution post build.

Mr. Matt Jeneroux: Then you would agree that \$182 million is not an accurate number. I guess it's going to go up in terms of maintenance of the system. Is that what you'd testify?

Ms. Louise Upton: I believe that what they said on Tuesday was that we have been paid to date \$182 million. I can confirm that we do have a contract to operate the solution post build life as well.

Mr. Matt Jeneroux: What is the total amount that Deloitte has been paid or can go up to and bill the government for?

Ms. Louise Upton: The total amount would be \$20 million a year for maintenance, which includes new functionality and new upgrades to the SAP solution and that sort of thing.

Mr. Matt Jeneroux: That's \$20 million each year until when?

Ms. Louise Upton: The way the contract is structured, the first six years are locked in, and then every year after that is an optional year that the government can then review and decide on, should they want to bring it in-house.

Mr. Matt Jeneroux: Okay. You have \$182 million sitting here that you have spent already, and now there's up to \$120 million for the next six years and potentially more after that. I'm just trying to simplify it here for Canadians watching. It seems like there's more than just \$182 million.

Ms. Louise Upton: No. The \$182 million is to date. The billing that we've not fully implemented, what we call "the operate solution", does not start until we actually get into the "go live"—once CARM is online.

Mr. Matt Jeneroux: Maybe I'll ask it in a different way: How much have you been paid? How much has Deloitte—

Ms. Louise Upton: The \$182 million.

Mr. Matt Jeneroux: Okay. Then the \$120 million for six years is in addition to that in terms of maintenance after the fact? This is part of the existing contract.

Ms. Louise Upton: It's \$20 million a year, with.... The contract is quite complicated.

Mr. Matt Jeneroux: You're telling me.

Ms. Louise Upton: It's a very long and big contract.

There's also a sort of a declining cost. When I said \$20 million a year, the \$20 million a year is in and about: There's an assumption in each year post the first year that we're finding efficiencies and that there's a declining rate there as well.

Mr. Matt Jeneroux: What is the maximum spend, then? How about if I ask it like that? What's the maximum amount that Deloitte can bill the government for now, and then six years later? It's \$120 million—I'll answer that question for you—but up to now, how much can you bill the government for?

Ms. Louise Upton: Up to \$182 million: That is what we've been paid to date.

Mr. Matt Jeneroux: Okay.

Let's ask it a different way. On subcontractors, how many have you subcontracted to?

Ms. Louise Upton: The vast majority of the work that Deloitte has delivered has been delivered by Deloitte employees. In my 30 years of doing this type of work with large transformations, there is always a version of subcontractors used for these projects.

Mr. Matt Jeneroux: Right. How many would there be on this project?

Ms. Louise Upton: I would approximate that it's maybe 20%.

Mr. Matt Jeneroux: It's 20%. That sounds like a lot to me.

Of that 20%, can we obtain a list of those subcontractors, please? You're welcome to table that with the committee, unless you have it off the top of your head.

• (1610)

Ms. Louise Upton: I don't have it off the top of my head, but yes—

Mr. Matt Jeneroux: As a ballpark figure, what's the number on that? You say 20%. That could mean a lot. I'm thinking it's a lot, but how many would you project it to be?

Ms. Louise Upton: I wouldn't hazard a guess, because there are some that have not—

Mr. Matt Jeneroux: Would they come out of the \$182 million?

Ms. Louise Upton: Pardon me?

Mr. Matt Jeneroux: They would come out of the 182 million.

Ms. Louise Upton: Yes, they would be a part of the total cost that has been paid to date.

Mr. Matt Jeneroux: This is my last question.

Are these the employees who were listed on the government website? Mr. Gallivan said it was unusual for him to see that.

In your 30 years, is it unusual for you to see Deloitte and subcontractors listed on the Government of Canada website as employees?

Ms. Louise Upton: I apologize. I'm not quite sure what you're referring to in that particular case.

The Chair: Thank you very much.

We'll go to Mr. Sidhu, please, for six minutes.

Mr. Maninder Sidhu (Brampton East, Lib.): Thank you, Madam Chair, and thanks to our witnesses for being here today.

As we know, CARM has been in development through various different governments. It's important to ensure that duties and taxes are collected appropriately, and we know that CARM will assist with the collection of duties and taxes.

Ms. Pohlmann, you mentioned that roughly 25% of your member businesses are aware of CARM. What can be done by the CBSA to raise more awareness and get more importers to sign up?

Ms. Corinne Pohlmann: First and foremost, as I mentioned, there needs to be an education-first approach. I think there has to be an assumption that the small business that is importing—especially one that doesn't do it on a daily basis, for example, and maybe does it only three or four times a year—isn't necessarily going to know it exists.

Even if it's post the 180 days or the amount of time they want to give for a transition, there should be an education-first approach to say, “Actually, this is how you do it. This is what it looks like,” and then work them through the process, with no fines and no penalties. Something along those lines, I think, is really important.

Secondly, I think there need to be better tools available that are very much in plain language. The customs and importing processes are complex to begin with, and now you're adding a layer that they may never have seen before, which is going to make it even more so. While there have been some tools developed, they're not easy to find, and they're not always easy to understand, so plain language will be important.

We're trying to help where we can. We'll be doing a webinar very soon, for example, to explain what this is and what it looks like. We've already done one. Certainly, we'll continue to do that to try to spread the word, but it's very difficult to get small businesses that only do this occasionally to understand what this process looks like.

The best solution really, in the long run, is to make sure that it's an education-first approach.

Mr. Maninder Sidhu: Thank you.

I'm going to turn over to Ms. Sider.

You mentioned that you tried testing CARM with incorrect duty rates, and the system didn't pick them up. What does that mean, and what could this amount to in lost revenue for the federal treasury?

Ms. Candace Sider: Actually, what it means is that incorrect calculations of duties and taxes are a cause of revenue leakage for the CBSA and the receiver general at the month's end. It's a simple functionality.

To Ms. Pohlmann's point, customs are complex. Adhering to the policies that we have to go by under the Customs Act is not easy by any stretch, but the duty remissions.... There are a number of different ones that are in place. They're there for very specific reasons and for specific importers. Some of them remit duties, and some of them remit duties and taxes.

Sometimes, even with simple calculations, the system is challenged in appropriately assessing the proper amount of duties and taxes.

Mr. Maninder Sidhu: Thank you.

I am going to turn now to Ms. Jalbert.

You mentioned that the CBSA now requires your importer business clients to obtain their own release bond. What does that mean? Is that going to add to the cost of doing business and bringing goods into Canada?

Ms. Renate Jalbert: Yes, because the requirement, as it stands today with CARM, is that it's mandatory for an importer to register and post their own security. In today's environment, an importer can use a broker's bond and security, and they delegate that responsibility to the broker. The broker pays the duties and taxes to the government and bills the customer.

The focus now is to mandate that every single importer—small, medium, large or micro—must register and post their own security, which creates a very complicated environment for—

Mr. Maninder Sidhu: What is the cost of this type of bond?

Ms. Renate Jalbert: I don't have the numbers off the top of my head, but it ranges based on the amount of security you post.

Mr. Maninder Sidhu: Ms. Bilodeau, you mentioned financial security as well.

Do you know if other countries require this and make it mandatory?

Ms. Tammy Bilodeau: My understanding is that many other countries do not make it mandatory. There are countries that require customers to have their own bond, but they continue to allow customers to use their broker's bond as well.

• (1615)

Mr. Maninder Sidhu: Among your thousands of clients importing into Canada, what percentage are registered on CARM right now?

Ms. Tammy Bilodeau: Among our clients specifically, it's only 10%.

Mr. Maninder Sidhu: Wow. That's from—

Ms. Tammy Bilodeau: That's after an incredible amount of time in terms of our trying to encourage them. We've also held several webinars on CARM. We've done email, mail and telephone outreach.

After extensive outreach over two years, we're still only at 10%.

Mr. Maninder Sidhu: What's the hesitancy among Canadian businesses to register on CARM, after all this effort from your company?

Ms. Tammy Bilodeau: As we talked about, it's difficult to navigate. Many customers cannot go and self-serve. Among those who have registered, typically what will happen is they respond to an email process we set up. It requires one-on-one hand-holding to get them registered, which is an incredible time investment. Walking them through that process is investment not only on behalf of the customer but also on behalf of the trade chain partner.

That's the biggest challenge for these small businesses. They're trying to run their business. Any small business owners in the room—or if you have friends or family who run a small business—are just trying to get through their day-to-day.... They're not customs experts. That's why I think there needs to be an opt-in model for those who want to see the benefits of CARM and serve themselves. However, those who want to continue to use their customs broker can use their time to run their business. That is what is required for the long term.

Mr. Maninder Sidhu: I have only a few more seconds left.

I'm curious to know whether any of your clients, those sitting on the panel today, are on the test system or piloting CARM. Do you know if any of your clients are testing CARM?

Ms. Tammy Bilodeau: I don't know that any of my direct importers are testing. We are testing, but my specific clients are not, no.

Ms. Kim Campbell: We definitely have members testing.

Mr. Maninder Sidhu: Okay.

Thank you, Madam Chair.

The Chair: Please ensure you have your earpiece available for translation.

Mr. Savard-Tremblay, go ahead, please.

[Translation]

Mr. Simon-Pierre Savard-Tremblay (Saint-Hyacinthe—Bagot, BQ): Thank you, Madam Chair.

I thank all the witnesses for their suggestions.

Ms. Upton, my first question is for you.

As a partner at Deloitte, what role do you play in the digital initiative known as CARM?

[English]

Ms. Louise Upton: I've been on the CARM project since 2020, as the executive leader of the project.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: Okay, thank you.

Have all the business needs, as described in the statement of work, been met?

[English]

Ms. Louise Upton: They continue to be fulfilled. The project itself is quite complex. As you know, it's not complete yet.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: Is there a document that clarifies the link between the needs described in the statement of work and the solution proposed by Deloitte? Was it signed?

[English]

Ms. Louise Upton: I'm sorry. Can you repeat that? The document that was....

[Translation]

Mr. Simon-Pierre Savard-Tremblay: Are you going to give me back the time, Madam Chair? Thank you.

Is there a document that clarifies the link between the needs set out in the statement of work and the solution proposed by Deloitte?

[English]

Ms. Louise Upton: There are multiple documents that would link back to that. There are over 600 different design documents. There is a requirements traceability matrix. There are multiple documents that would—

[Translation]

Mr. Simon-Pierre Savard-Tremblay: Were all those documents signed by both parties?

[English]

Ms. Louise Upton: Not all of them require a signature by both parties, but those that do....

[Translation]

Mr. Simon-Pierre Savard-Tremblay: Were the detailed functional technical requirements documents drafted in their final form before they were sent to the agency, or were you the one who originally provided the first drafts?

[English]

Ms. Louise Upton: No. The way things work, in terms of these large, complex projects, is that we work together. Deloitte brings the tools and methodologies on how to do a design document. Our client—in this case, the CBSA—works at completing the document with requirements. We work with them to make sure they are technically possible, then work through what the technical solution would look like.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: Which program, department or sector of the agency did you receive feedback from regarding the requirements documents?

[English]

Ms. Louise Upton: It would be from so many different ones. As you can imagine, with 600 different design documents, multiple departments and multiple parts of the agency would comment.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: Were you in constant communication with the agency during the development of the so-

lution, when you were developing your proposal, to ensure that the business needs were met by the solution you had prepared?

• (1620)

[English]

Ms. Louise Upton: They were part of the build. They were part of the design, yes, and then part of the testing, obviously.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: Based on your understanding of the contract, were all the business needs included in the statement of work supposed to be met? Was that a contractual obligation?

[English]

Ms. Louise Upton: What I will say is that in the 30 years that I've been doing this, the requirements on the front end in terms of what is proposed in the RFP rarely become the requirements that are signed off on at the end. Business evolves, especially over six years.

I would say that they would be met and enhanced and changed as business evolved over the course of the program.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: All of this is to the agency's stated, official satisfaction. Is that correct?

[English]

Ms. Louise Upton: That would be a question better asked of the CBSA.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: Can Deloitte bill for additional amounts to build modules or functions, in short, to meet the needs that were in the contract, but with which the agency was not satisfied?

[English]

Ms. Louise Upton: In terms of what we would do in those particular instances, we would continue to work through with the agency to make sure they get to the point where they get to the requirements they would like.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: We heard from the agency's senior vice-president at our last meeting—I imagine you tuned in to follow the proceedings. He said it would be possible to go back. A number of contingency plans covered a number of scenarios. However, we had read and heard, particularly from certain stakeholders—and we heard it again today—that it was more of a hardline approach, meaning move forward and never go back. This is what was proposed for the implementation of CARM. All access to the existing system and processes will be cut off when CARM is launched in May 2024.

Can you shed some light on that? We've heard differing views. Which is it?

[English]

Ms. Louise Upton: There are two components to cutover. We heard earlier about the cutover period of 10 to 16 days. That component we have actually been rehearsing. We're doing our sixth rehearsal of that component right now, to make sure we have it right, to mitigate any risk when we actually go live, and to try to make sure nothing happens that would require us to go back.

Having done this six times, we have never had a situation where we've had to roll it back in that particular instance.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: You never had to do it, but are there still scenarios that would make it possible to go back if necessary?

[English]

Ms. Louise Upton: There are always rollback plans in terms of being able to turn back, where we have.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: Thank you.

[English]

The Chair: We'll turn now to Mr. Cannings, please, for six minutes.

Mr. Richard Cannings (South Okanagan—West Kootenay, NDP): Thank you to all of you for being here.

I think I'll start with you, Ms. Jalbert. You mentioned that one of your recommendations was to make the use of this digital tool optional. I assume that you meant permanently, or was that just until things got figured out? I'm just looking for clarification there.

Ms. Renate Jalbert: I did mean permanently, that there's always an option for an importer to choose to utilize a broker's security versus posting their own security and registering in the CARM client portal and hosting security.

Mr. Richard Cannings: Right.

FedEx, I assume, operates on both sides of the border.

Ms. Renate Jalbert: Yes.

Mr. Richard Cannings: We heard from the CBSA on Tuesday that a new digital version of the American system cost \$5 billion and had some issues. Can you comment on what FedEx has experienced with that system and how it might inform your concerns about this one?

Ms. Renate Jalbert: The system is different from how CARM is designed. The U.S. system has a component that's called ACE. It has a component for carrier reporting as well as customs broker reporting. There is an option for an importer to delegate the use of a broker. The requirement to report to customs, clear customs and account duties and taxes—where there are taxes in the U.S.—is the same, but the option to utilize a broker is absolutely viable in the U.S.

• (1625)

Mr. Richard Cannings: Okay.

Ms. Bilodeau, I would assume UPS has a similar experience. Would you care to comment?

Ms. Tammy Bilodeau: I would concur with everything Ms. Jalbert just said.

There needs to be an option for importers to continue to use customs brokers, who are the subject matter experts in customs clearance. Certainly, they have years of experience in ensuring that duty and tax obligations are remitted to the government accurately and compliantly.

Mr. Richard Cannings: Okay.

Now I'll turn to—

Ms. Kim Campbell: I wouldn't mind giving you a little more information about that system, if you don't mind. We'll pile on there a little.

Mr. Richard Cannings: Sure. Fire away.

Ms. Kim Campbell: For sure, I think it's important to say that the e-system in the U.S. is optional. It's not a mandated system.

More importantly, it's also important for you to know what was not shared with the committee on Tuesday: U.S. Customs initially outsourced their development, then took it back in many years ago because of the same experiences we are having here. That was a lesson learned that we didn't listen to.

Mr. Richard Cannings: Okay.

I'll go to Ms. Upton and pose that question.

Did you look at the U.S. experience? I would sure hope you did. Why did the government choose to go down the path it did and not have that option there?

Ms. Louise Upton: I apologize. I wish I could address that question for you, but it is beyond my area of expertise. I was not involved in that piece of it.

Mr. Richard Cannings: You're not aware of an initial planning stage of looking at other systems in the world.

I know nothing about customs brokerage. However, if I were given this task, that's the first thing I would do.

Ms. Louise Upton: That is correct.

As I mentioned, I joined the CARM program in 2020, during the pandemic. It was already well under way at that time.

Mr. Richard Cannings: Okay.

Do you know, from your experience since then, how difficult it would be to make that switch now—to make it optional or allow businesses to continue using brokers if they want to?

Ms. Louise Upton: From a technical solution perspective, I believe the transition measures put in place now will continue to allow that for a period of three to 12 months. It would be a continuation of that, technically. Therefore, from a technical solution....

Mr. Richard Cannings: However, after 12 months, even if everybody has it figured out—and it sounds like there might be situations where that wouldn't be the case—we'd still have new small businesses coming on that would have to figure it out. I guess I would like some assurances that, after the 12-month or three-month period, things would be easier for small businesses. This is the concern I'm hearing. My wife had a small business that imported from the States. We live close to the border, so we could just drive down to the border and deal with the broker there.

I'm concerned that we will continue to have this problem. The United States seems to have gone to a solution that offers that option.

Ms. Louise Upton: As a technical solution, it would continue what we're doing today. However, from a policy perspective, it's probably a question best asked of the CBSA, in terms of continuation.

Mr. Richard Cannings: Okay. I'll turn to Ms. Sider.

You talked about the errors and possible leakage of revenue.

The CBSA testified that the wonderful thing about CARM is that it's going to make everything perfect and that revenue is going to increase, because we will catch all that leakage. You're testifying to the opposite.

I wonder if you could expand on that.

Ms. Candace Sider: Yes, I would be happy to. It's a great question.

The perception is that small or medium-sized businesses are very savvy on customs import activities and legislation and on how to apply that legislation in the Customs Act. Truth be told—and Ms. Bilodeau made that comment—they're more concerned about running their business. They're small to medium-sized importers. They're not interested in doing the work they can have a customs broker do on their behalf.

There's a self-portal. There's a duty and tax tool that someone can go into and classify their own goods, if they choose to do that. However, if I don't have any experience or background in that, I can go in and select a tariff. Maybe it should carry a 10% duty rate, but I'll pick “other other other”, which is typically duty-free, so I'm not going to pay anything.

Where the onus is.... When we say there will be certainty in terms of duty and tax collection if we use the portal, nothing is further from the truth. Again, you have to be pretty savvy to determine the right amount of duties and taxes you are going to remit. E-commerce is a totally different environment. It attracts PST or HST, depending upon the provinces into which you're importing.

I will leave my comment at that. Thank you.

• (1630)

Mr. Richard Cannings: Thank you.

The Chair: We'll now go to Mr. Baldinelli for five minutes.

Mr. Tony Baldinelli (Niagara Falls, CPC): Thank you, Madam Chair.

I'd like to thank all the witnesses for being with us today.

Ms. Upton, I'd like to ask you a couple of questions to start.

Before I do that, you made some comments to my colleague. I'm wondering if you could provide us with some of the contracts since Deloitte has been working on this project with the federal government. Could you provide to the committee any contracts from 2018 and prior to that in which you were involved on CARM, as well as any invoicing you provided and submitted to the federal government for payments since your first engagement with the federal government on this CARM project?

You made an interesting comment. You mentioned the yearly maintenance fees, and you said about \$20 million. I find that interesting. I was looking at a federal website on CARM, and it said about \$36.5 million. I'm not sure if that's for additional CBSA expenditures on top of the \$20 million, but they had listed \$36.5 million.

After that you said that after six years the government could determine whether or not it wanted to bring it in-house, but when I looked at the contract that was signed in 2018, section 1.4 said:

Grant of Right of Use of the Solution

The Contractor grants to Canada the right to access and use...the Solution, which includes:

Then it went on further.

According to my reading of this, then, Deloitte owns the portal. After spending \$400 million, after six years, if the government wants to bring this in, does it have to pay Deloitte?

Ms. Louise Upton: Thank you for that.

There's a transition process. The way it works with the IP—because I know that became a question as well—

Mr. Tony Baldinelli: The government owns its own IP, which it has incorporated into your platform, but if the federal government wanted to use the platform, which you would probably hope to one day sell to other countries and other customs agencies throughout the world, who owns it?

Ms. Louise Upton: What I can tell you is that the transition plan anticipates that at some point at and/or before the end of the contract, should the government decide to do that, there would be a transition process whereby we would be responsible for transitioning all of the code and everything back over to the Government of Canada.

Mr. Tony Baldinelli: Would that be at a cost to the federal government?

Ms. Louise Upton: We are responsible for transitioning all of that back over.

Mr. Tony Baldinelli: Is that at Deloitte's cost?

Ms. Louise Upton: It's part of the transition plan that's been negotiated into the contract.

Mr. Tony Baldinelli: But who's responsible for the costs of transitioning it back to the federal government?

Ms. Louise Upton: It is part of the contract.

Mr. Tony Baldinelli: Well, we'll find that out through my questions.

I will turn to some of my participants. Industry has concerns and questions about how the CBSA determines how critical an issue is, for example. The industry is concerned about accurate and predictable duty costs and regulatory compliance. What might be critical to you might not be critical to the CBSA, so when those tickets are put out, that could lead to months of frustration and waiting on your side.

Do you have any comments on that? Have you raised that issue with the CBSA?

Ms. Candace Sider: Actually we have raised the issue with the CBSA on a number of different occasions. It can take weeks or in some cases months to resolve tickets. We heard testimony the other day about how a resolution period of 10 days has now suddenly dropped to seven, but if it's a critical issue, it's a critical issue. It needs to be resolved in less than seven days, so late accounting penalties will be assessed for an importer after five days.

• (1635)

Mr. Tony Baldinelli: It's also my understanding that you can't get an itemized list of all the transactions, and that would have to be done manually by a CBSA officer. Again, we're spending \$400 million and we're asking a CBSA officer, on the side, to put that in an Excel spreadsheet and send it to you, and my understanding is that there's no commitment from the CBSA to provide it to you in a timely manner. Is that correct, Ms. Campbell?

Ms. Kim Campbell: I would love to talk about that, because one of our members, who's testing right now, just raised that with us.

Again, there are only 40 companies that we're testing—you would think they would have kid glove service throughout the testing period—and we're trying to assimilate these reports. It took them over two weeks to get a report after three tickets in to the CBSA, so you can only imagine what it will be like when we go live and 200 importers are potentially going to be requesting reports, because, to your point, they have to be done manually. I can confirm that right now we are being told there is no service level agreement other than the one that exists today, when we request those reports, and that's three weeks.

Mr. Tony Baldinelli: Wow.

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

Mr. Sheehan.

Mr. Terry Sheehan (Sault Ste. Marie, Lib.): Thank you very much.

I just wanted to thank you all for your excellent testimony. We're going down a path that's really important. I'm from Sault Ste. Marie, so I'm very familiar with the trade that goes across the border. It's very significant, and this is a significant change for people.

One of the questions I want to ask is about how some of you mentioned that you felt the testimony you heard on Tuesday from the CBSA, which said it was very clear that goods will not be paused at the border and effective transition measures have been

communicated within the regulation.... Why is this not your view? Could you delve into that?

I can't remember who said that. Was it Candace?

Ms. Candace Sider: We've been asking for the written transition plans for literally weeks and weeks. As we go into a subcommittee meeting, unfortunately, everything's verbal. It's on a slide that doesn't really solidify what those transition plans are, what the contingency plans are and what the comms plan is to communicate with us when they're down for this period of 16 days. How are we going to go about doing what we're doing?

Some of the testimony on Tuesday, quite frankly, was news to all of us. We had never heard some of the transition plan before. Now release is a different function from accounting.

Mr. Terry Sheehan: Can you go into a bit of detail on that transition plan and the stuff that you didn't hear?

Ms. Candace Sider: Yes.

One of the things we had never heard before was that one of the strategies is to roll back, so as we go live on May 13, if they experience an issue or a challenge, there is an opportunity to roll back. We'd never heard that before.

For decades, we were told that there's a big bang approach and the system could not be implemented over a series of triages until we reached a steady state. As a result of that, from an industry perspective, we've spent millions and millions of dollars to get ready for IT.

Once we cut over and convert all data from B3 to this new format, which is the customs accounting declaration, we can't go back. That's a very serious concern for us, and we had never heard that before.

One of the other strategies they implemented was to say that importers can now utilize the use of a broker's business number. That's not necessarily true. Today, we use our business number in very unique situations. Typically, we will not use it on a commercial load. There's too much risk and liability. We can use our bonds associated with that. That's really going to be a business decision, in terms of....

What broker wants to use their business number when full liability is on the table for us for a period of four years? While there's a lot of discussion that the liability won't be passed on to the broker until a certain prescribed time, we have nothing in writing. It's very difficult for us to make those kinds of business decisions.

What happens at the back end? Release will take effect with the importer's business number. At the back end, if a broker makes a business decision not to use their business number, there will be no accounting of goods, which means no revenue collection, which means no revenue is paid to the government.

Mr. Terry Sheehan: Okay.

There's also some mention of the CARM system having some flaws in its ability to properly calculate various things. Does this reflect that now the system isn't accurately accounting to ensure that the Government of Canada receives 20% of revenue forgone under the old system?

I can't remember who would be able to answer this one. Is it Kim?

• (1640)

Ms. Kim Campbell: I'll be more than happy to take a stab at it.

Yes, we were surprised by the characterization of the 20% that was reflected in an Auditor General report in 2017. When we refreshed ourselves, that Auditor General report.... We heard quite often through committee statements that the Auditor General said there was a 20% error, but in actual fact, the Auditor General reflected on customs' own reflection of what it believed was misclassified.

The other thing we find very curious about the next leap of faith in terms of the calculation, and CARM will fix it, is that the system actually makes calculations based on the information we provide. It's not that customs is going to be checking classifications at that point. It will still depend on the same data we get. The big difference now is that it's taking that information and making the calculations of the duties and taxes.

Mr. Terry Sheehan: You'll be feeding that same information to the new system, correct?

Ms. Kim Campbell: That's correct.

The Chair: Thank you very much.

Mr. Savard-Tremblay, you have two and a half minutes.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: Thank you, Madam Chair.

Ms. Upton, I want to go back to our discussion. You said that the business needs related to the contract had changed in six years. I think that is obvious. I don't think anyone is questioning that.

However, have all the final needs, the ones listed in the current traceability matrix, been met? Does CBSA agree that all needs have been met?

[English]

Ms. Louise Upton: As I said, I think that's a better question for the CBSA in terms of.... It's still continuing to evolve, as we would expect as we get closer to the launch, but that's a better question for the CBSA.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: You're saying you don't know whether the agency that gave you this contract is satisfied with what you are proposing.

[English]

Ms. Louise Upton: If you look at all of the design documents, I think the majority of them are signed off. As the designs moved forward, they would have had to be signed off to actually move to

the development piece. Then testing gets signed off, and that continues through that process.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: If you were asked to produce the traceability matrix, it would show that the needs have been met and that no major flaws will prevent you from meeting the needs. Is that correct?

[English]

Ms. Louise Upton: As I said, the requirements traceability matrix would show all of the requirements and how they've been met throughout the program.

The Chair: You have 60 seconds.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: I would like to use the time I have left to propose another motion to the committee. It will be handed out to you, and I will now read it.

That, given that the Canada Border Services Agency is currently working to implement an official computerized registration system for the application of international trade policies relating to commercial duties and taxes for importers and supply chain partners specifically named "CBSA Assessment and Revenue Management" (CARM) and that this new system will come into effect for all on May 13, 2024;

Pursuant to Standing Order 108(2), the Committee

A. requests the Canada Border Services Agency to produce, in both official languages, unredacted copies of the contingency and disaster recovery plans, and

B. once the documents in A have been received by the members of the Committee that, if it is not possible to send an unredacted copy to the Committee for a valid reason, that an unredacted copy be forwarded directly to the Parliamentary Law Clerk who will then give his opinion on the need for redaction to the Committee, and this, provided that the documents are filed with the Clerk of the Committee no later than 15 days following the adoption of this motion.

[English]

The Chair: Thank you, Mr. Savard-Tremblay.

You have moved the actual motion as well introducing it. Do you want us to deal with that motion now or at another time?

All right. Mr. Savard-Tremblay has introduced the motion.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: I would like us to debate it.

[English]

Mr. Kyle Seeback (Dufferin—Caledon, CPC): I would like to ask Mr. Savard-Tremblay.... I don't know if this debate is going to take up the rest of the meeting, and I think there are still a lot of questions to ask. Would it be possible that we hold it down until 5:15 and then debate it, so that we can continue our questions?

The Chair: That's a great idea.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: I'm fine with that, as long as we debate it at this meeting, which is our last one before the two-week break.

• (1645)

[English]

The Chair: Yes. That's good. It's a great idea. Thank you.

Mr. Cannings, you have two and a half minutes, please.

Mr. Richard Cannings: Thank you. I'm going to turn to Ms. Campbell.

In your opening remarks, you made a statement. I tried to write it down. I think you suggested that the CBSA had not followed “a known IT project” or procedure or something.

Ms. Kim Campbell: Yes.

Mr. Richard Cannings: Could you elaborate on that?

Ms. Kim Campbell: Sure.

Mr. Richard Cannings: I didn't hear any details.

Ms. Kim Campbell: Yes. My colleagues here have been participating with me on projects for many decades. We are used to a kind of methodology. I've alluded to it here. We do a design phase. We sign off. We have technical conversations together. I think about some of the projects where we spent many days together. Actually, in the early days, before the system was locked in, we did do a lot of that work technology-wise.

All those pieces—the comms plans, the transition plans and all those things we keep talking about—normally are laid out in a project plan. We then follow it through together on timelines to meet the outcomes.

We have not experienced that. Even during delays, as this project was supposed to go in—R2—in 2021, we've never been given any explanations as to why. Normally at that point you would start to see changed project plans, where the timelines and the tasks switch out, but we've never seen anything like that. That's what I was referring to.

Mr. Richard Cannings: Okay. Thank you.

Ms. Jalbert and Ms. Bilodeau, you both mentioned a suggestion to limit the scope of the solution.

I'm wondering if you could tell us what you would like to limit it to.

Ms. Tammy Bilodeau: As we said, we support the transition to a modernized platform for the collection of duty and taxes. The trouble we have with this overall program is the registration process required of importers on the front end. There's a back-end accounting process. It makes sense that we need to modernize. Forcing importers to sign on to this portal and registration and to post their own financial security—which they don't have to do today—is what we're asking to make optional.

Hopefully, that answers your question.

Ms. Renate Jalbert: I agree. It is about separating the two functions. There are policy pieces that relate to the CARM client portal registration, mandating that every importer must follow these steps. It's a bond. It's delegating your broker online. It's providing a lot of information in the CARM client portal and also managing that business.

The other part, the back-end piece, is all the technology for filing the entry and doing duty and tax calculations, which was long overdue for modernization. There is no issue with supporting that. It's about separating the two. The design was not well done in terms of mandated registration—every single importer in the entire world going through that process and posting security in order to have a shipment released, goods accounted for and goods delivered.

It's about separating this. Go forward with the accounting pieces and separate the registration pieces.

The Chair: Mr. Seeback, go ahead for five minutes, please.

Mr. Kyle Seeback: I'll go back to these contracts, because I'm not sure we are where we need to be.

Through an ATIP, I have CARM project expenses for the CBSA in 2013-14 of \$20 million. You're talking about a contract in 2018. I don't need the answer today, but what I want produced now is any contract you've had with the CBSA with respect to CARM, from inception. I don't know if that's 2010 or 2011. I don't know if it's this cost of \$20 million in 2013-14. I want whatever you have in CARM contracts from inception. Then I want any subsequent contracts. Then I want every single invoice related to those contracts from whenever it started—2010, 2012 or 2014—so we're up to date.

Is that acceptable? Can you please produce those for the committee?

Can I get a yes on the record?

Ms. Louise Upton: I will need to follow up with our team, then get back to the committee.

Mr. Kyle Seeback: Get back on whether you have it, or whether you're going to do it?

Ms. Louise Upton: Just to produce them all....

Mr. Kyle Seeback: You are undertaking to produce them, but the question is whether you may or may not have them. Is that what you're saying?

Ms. Louise Upton: No. What I'm saying is that I will check with counsel and get back to the committee on the production of those documents.

Mr. Kyle Seeback: Subject to there being a legal objection, will you produce them?

• (1650)

Ms. Louise Upton: Yes.

Mr. Kyle Seeback: If there is a legal objection, I want you to provide the committee with that legal objection in writing.

Ms. Louise Upton: Yes.

Mr. Kyle Seeback: Thank you.

What are ARL expenses? Do you know what those are? Are those expenses related to CARM that Deloitte was being paid for?

Ms. Louise Upton: My understanding is that the ARL project is what they called CARM or preCARM. It was the movement of the general accounts receivable ledger. It predated my time.

Mr. Kyle Seeback: Were ARL expenses charged by Deloitte to CBSA for the preCARM?

Ms. Louise Upton: Deloitte was engaged in ARL.

Mr. Kyle Seeback: Great. Then I want those contracts, as well, from whenever they started, and every single invoice related to ARL.

I assume that's subject to the agreement you just made.

Ms. Louise Upton: Yes.

Mr. Kyle Seeback: Unless there's some kind of legal thing....

Thank you.

What's eManifest? Mr. Gallivan talked about eManifest in the last meeting, as an aside. I never got a chance to ask him.

What is that? Do you know?

Ms. Renate Jalbert: I'm happy to speak about that.

eManifest is a requirement for carriers to provide information in advance for security vetting of all cargo. It's information on the conveyance—the aircraft or truck information—and all the cargo. It doesn't pertain to customs release, but it's a prior step to obtaining customs release.

It's for vetting any risk to Canada regarding those imports' conveyance or cargo.

Mr. Kyle Seeback: Would it have to communicate with CARM, or would it be linked to CARM?

Ms. Renate Jalbert : Everything is linked together in one way or another. For example, when we talk about eManifest, as a carrier, it's an admissibility filing, saying I am admissible or not. If we don't have admissibility filing that is accurate, we can't obtain release, and then we can't do the accounting. Everything is linked together.

Mr. Kyle Seeback: Ms. Upton, is Deloitte working on eManifest?

Ms. Louise Upton: Yes.

Mr. Kyle Seeback: Okay. We'll have to look into eManifest from someone else.

I'd like to quickly go back to the stakeholders. Through an ATIP, I was able to get correspondence from a Mr. Ossowski to Mr. Graham Flack, who is the secretary of the Treasury Board. This was in 2022. It's heavily redacted, but here's what I have: "Since its inception, the CARM project has involved a significant amount of stakeholder engagement. The stakeholder consultations have revealed two major industry concerns. First, given that stakeholders need to make significant IT system and other changes to meet CARM requirements, they are reluctant to move forward until all of CARM's legislative and regulatory aspects are finalized."

Another one says, "The CBSA president indicates that the completion date is no longer possible for CARM, primarily because" and then it is redacted.

That was in January 2022. It is now March 2024. Would you say that the stakeholders' opinion now, in 2024, is the same as it was in 2022 in that it's not ready to go?

Ms. Tammy Bilodeau: Yes.

Mr. Kyle Seeback: I think I have 15 seconds, so all I will say is I think it is very clear that stakeholders think this should not launch. If it launches and launches poorly, it will land at the government's feet, because it has been warned.

The Chair: Thank you very much.

Mr. Miao, you have five minutes.

Mr. Wilson Miao (Richmond Centre, Lib.): Thank you Madam Chair.

Thank you to all of the witnesses for being here with us today and for sharing your concerns about the implementation that will happen in May with the new CARM system.

I'd like to ask Ms. Campbell and Ms. Sider a question regarding the old legacy system that is currently being used by the CBSA. If this system went down, how would it impact trade at the border?

Ms. Kim Campbell: If the CADEX system went down, it should not impact the border.

Mr. Wilson Miao: Ms. Sider.

Ms. Candace Sider: I would concur with what Ms. Campbell is saying. It would not impact the border.

Mr. Wilson Miao: Great.

I would say—and I'm sure most witnesses here would agree—that we need to move toward the modernized approach of this system, understanding that there are some issues right now that need to be addressed before implementation.

I'd also like to ask more about the blackout period. I recall that the blackout period is between seven and 14 days. What will that mean to you?

Will you still be able to set up new businesses that could likely import for the first time, or would you not be able to do that during those blackout periods when the new system is up?

• (1655)

Ms. Kim Campbell: We are still officially waiting, although I guess you might have heard on Tuesday when the actual blackout period starts. We now know it is April 26, but I can tell you right now that there has been no official communication from the CBSA to the trade chain partner community. That is still disappointing. We have certainly asked them to do that. We did that even a couple of weeks ago. We still haven't seen it.

As for the blackout period, I want to go on the record that that was another one we were surprised to hear about. The CBSA team said that the TCPs have requested this very extended, long blackout period, which is absolutely not true. In fact, it's the complete opposite. We've been advocating for over a year to try to make it as short as possible. We are completely perplexed. We've all put in large systems, not only with the government, but in our own businesses, and we have never had a three-week blackout period in which we can do nothing.

To finally answer your question, the other problem is that with the CARM client portal—if I can hardly say it after 10 years, I'm sure it's hard for a lot of other people to write—nobody will be able to access it. To your point, no, they won't be able to register.

Mr. Wilson Miao: Thank you.

Ms. Jalbert, would you like to share some of your thoughts on this?

Ms. Renate Jalbert : I agree with the comments that have been made. Having a blackout period really prevents the registration, the accounting and the payment of duties and taxes. It really causes a lot of havoc, even in billing customers.

One of the issues you can see is that customers expect the duties and tax bills during a certain period of time. They may have year-end accounting at that point in time. The billing will not occur for duties and taxes because the entries won't be filed with Customs.

It's a very long period to have absolutely no activity and no ability to register.

Mr. Wilson Miao: Thank you.

Ms. Bilodeau.

Ms. Tammy Bilodeau: The other concern that's been raised is that when the system does come online on May 13, the CBSA is not quite sure yet how they are going to manage the influx of volume that's been sitting for those 13 to 16 days. That's a known issue that they've raised. It is supposed to be communicated as a part of the transition plan, but we've been told, as industry partners, that we may not be able to transmit on May 13. They're going to tell us when they can transmit because they want to ensure that they don't flood their system on day one.

That's a further concern, and again, we're awaiting final confirmation. You can imagine that, with an organization that imports hundreds of thousands of entries per month, it's very scary for me to figure out what's going to happen on May 13 or subsequently.

Mr. Wilson Miao: We have been talking about May 13 many times. Without pausing the system, what other recommendation that was not mentioned in your remarks would you like to share with the committee?

Anyone who wants to can start.

Ms. Tammy Bilodeau: I'm sorry. Do you mean pausing the system for the transition period or pausing the implementation overall?

Mr. Wilson Miao: I mean pausing the implementation overall.

Ms. Tammy Bilodeau: I think the recommendations that we've made are really reflective of the fact that there are several known issues that haven't been corrected from a systemic perspective. We've talked about the opt-in program for portal registration, which we think needs to be a permanent solution and not just a transitional measure so that small and medium-sized businesses are not disproportionately impacted by this.

I'm not sure that there are really any other alternatives at this point, other than to ensure that we have a transition plan that we understand and can accommodate, that there's appropriate contingency planning in place, and that we make this system more flexible to ensure that our Canadian economy can continue to thrive from imports into Canada.

Mr. Wilson Miao: Thank you.

The Chair: It's five o'clock. It's my understanding that bells will start to ring at 5:15. We have the motion by Mr. Savard-Tremblay to deal with.

Does the committee want to do two more rounds, a Conservative and a Liberal, or do you want to end the meeting now and go on to dealing with Mr. Savard-Tremblay?

I can see Mr. Cannings indicating that he wants to deal with Mr. Savard-Tremblay.

• (1700)

Mr. Kyle Seeback: We would love to do one more round.

The Chair: It's the will of the committee here.

Mr. Savard-Tremblay.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: I believe it will be fairly short.

I think the reaction from my Conservative colleagues is quite positive. They will tell us. I also spoke with my Liberal colleague, who proposed two amendments that I think could be considered. I'll let her propose them. I think we'll be able to proceed fairly quickly.

[*English*]

The Chair: Let's give Mr. Jeneroux and Mr. Sidhu a turn, and then we will end this and go into the balance of our meeting.

Okay, you have five minutes.

Mr. Matt Jeneroux: Thank you, Madam Chair.

I want to go back to you, Ms. Upton, from the beginning of the testimony. I want to talk about the subcontractors again. You said that 20% are subcontractors within this project.

We know from the ArriveCAN scandal—I will take the liberty of calling it that—that the procurement ombud said that 76% of the subcontractors did no actual work. I'm again throwing it back to you. Will you produce a list of all the subcontractors that have been subcontracted, work or no work, as part of this project?

Ms. Louise Upton: I think it's important to note, though, that for the subcontractors that we would have engaged, we are responsible for their work. They have deliverables assigned. They have work and requirements that they need to meet, including getting security clearance from the Government of Canada, as well as very specific deliverables that they need to meet in terms of the project.

Mr. Matt Jeneroux: Your testimony would be that the 20% of the subcontractors did the work. There's nobody out there that you've subcontracted to that, unlike for the ArriveCAN app, did zero work.

Ms. Louise Upton: The subcontractors on our project were engaged to do work on our project and have delivered work on our project.

Mr. Matt Jeneroux: So, 100% of the 20% have done work.

Ms. Louise Upton: The subcontractors on our project have delivered work. They have deliverables assigned on the project.

Mr. Matt Jeneroux: You'll provide a list of those subcontractors to the committee.

Ms. Louise Upton: I will once I consult and make sure that there is no privileged information there in terms of the people's names.

Mr. Matt Jeneroux: I'm a little disappointed that you don't have them today. Mr. Gallivan, despite the majority of his testimony not sitting well with a lot of Canadians who were tuning in, at least had prepped for some of those questions.

I would think that from watching the testimony, as you said you did, you would have had that subcontractor list with you. I hope that is not something that would take too long, because with the implementation date being 35 days away, I think it's important that we get as many of the facts as possible out in the open.

Ms. Louise Upton: We do have the list of subcontractors that we worked with.

Mr. Matt Jeneroux: You'll provide that to the committee.

Ms. Louise Upton: Yes.

Mr. Matt Jeneroux: Okay. Wonderful.

At what date were you aware of the contingency plan that Mr. Gallivan spoke about on Tuesday?

Ms. Louise Upton: There has always been a contingency plan as part of the overall program.

As I mentioned, we've been rehearsing the actual cutover, the movement to the new system. This is the sixth time that we've actually rehearsed it. The team is actually working through what we call "mock six", which is six mock—

Mr. Matt Jeneroux: When you came on in 2020, you knew that there was a contingency plan that was going to roll back the system if it didn't work.

Ms. Louise Upton: The contingency plan is always part of an overall plan for a project, yes.

Mr. Matt Jeneroux: The first day they present it in front of you—"here's a contingency plan"—you know that's what's going to happen if it doesn't go live.

Ms. Louise Upton: It is always part of an overall project. A contingency plan—

Mr. Matt Jeneroux: Why not share that with the business community? It seems odd that they had to find out about it on Tuesday—that basically a \$438-million project would essentially be scrapped if there were no contingency plan.

Ms. Louise Upton: Unfortunately, I cannot speak for the why—

Mr. Matt Jeneroux: Would your testimony be that it was a poor decision on Mr. Gallivan's part to not share that with the business community?

Ms. Louise Upton: All I can tell you is that there has been a contingency plan in place. We continue to practise that contingency plan, and the team is actually going through the sixth version of that right now.

Mr. Matt Jeneroux: On the contingency plan that you were aware of in 2020 when you came on, on your first day at work, they told you it's to roll back the system.

Ms. Louise Upton: The contingency plan has been in the project plan for.... I can't tell you the exact date, but it's been in the project plan for—

Mr. Matt Jeneroux: But the rollback contingency plan...?

Ms. Louise Upton: It's the entire contingency plan. It includes the entire cutover. The number of dates and days for the cutover obviously has evolved over time, but it's the full contingency plan.

• (1705)

The Chair: Thank you very much.

Mr. Sidhu, you have five minutes, please.

Mr. Maninder Sidhu: Thank you, Madam Chair.

Having spent 13 years in international trade, I understand the anxieties the trade community is facing, as we heard today, with no written transition plans. I know that the motion that will be presented shortly will help clarify this for some of our trade partners.

We heard about the requirements for importers to get their own security or release bond today. Why is the CBSA asking for this? Has there been a rationale presented to the members here?

Ms. Kim Campbell: I can certainly jump in and start on that.

We're very confused about this one. We started a conversation on this one I think back in 2010. I'm looking to my colleague Candace. We have documents from that time. Customs did a very extensive review on that and came to the trade community and said that they would not be requiring financial security any more.

You can only imagine our surprise when we went from not having any financial security to how everyone would have to be secured. Some of that early communication was that it's going to be 100%. We've since negotiated down to 50%.

We feel that we should negotiate down to 0% on the GST for sure, but also look towards the options that my other colleagues talked about. Why are we now making all of these importers do that?

I was interested to hear Mr. Gallivan's comments, because when he was asked, "How could we support you?", he did actually request that would be one: that it might be helpful if they could have a third party.

Again, it's surprising to hear that, because they've already used third parties to take a look at that, and we just get these edicts. I'm a little bit perplexed. Maybe my colleagues can weigh in on that.

Ms. Candace Sider: Yes. Again, I'm happy to.

I think there was a bit of a perception that somehow by importers holding their own surety there would be a better guarantee of payment of duties and taxes to the Government of Canada.

I mean, customs brokers have initiated that capacity on behalf of importers for decades, and there's never been an issue where a customs broker has gone bankrupt—very seldom. In the last 40 years I can recall maybe one. They've always historically been tasked with collection of duties and taxes, with payment of duties and taxes. It's never been an issue.

Mr. Maninder Sidhu: Would this add to the cost of doing business in Canada in importing goods, in your opinion?

Ms. Candace Sider: Absolutely it will add to the cost, because now every single importer will have to pay a premium in order to obtain a surety bond. The maximum amount is still in place, but now, because GST is part of the equation, for many, many importers that will exponentially increase the amount of surety they need. That will increase the premium cost.

Mr. Maninder Sidhu: Maybe there would be a workaround, then. If they want GST to be covered, they could come back to customs brokers and say, hey, if you can get this much more bond, we won't put the pressure on your clients or importers. There might be some type of workaround. I just want to throw it out there.

I have less than two minutes left. I know that a lot of recommendations were presented by all the panellists, and I'd like to quickly hear from all you guys: If you could pick just one recommendation, what would it be? What's the top priority for you for CARM?

Ms. Tammy Bilodeau: Ours would have to be an opt-in program for importer registration.

Ms. Renate Jalbert: Mine would be the same—an opt-in program for importer registration. The second one would be to have a steady system and more testing of the brokerage and importer community.

Ms. Candace Sider: From our perspective, to implement a system that is not fully functional is irresponsible, I believe. The benefits communicated at the onset of the project will simply not materialize. A lot of money has been spent, taxpayers' money, to implement a system that in its current state just does not work.

Ms. Kim Campbell: Mine would be a phased-in approach. We've never, ever, in all the history that I've been around, which is many decades, implemented a system big bang. I would say that it has to be a phased-in approach.

Mr. Maninder Sidhu: What would a phased-in approach look like—10% of importers, the highest volume...? What would that look like to you?

Ms. Kim Campbell: Logically, at this point, if people are ready to go—and we heard from Mr. Gallivan that many are ready to go—they should be allowed to go on May 13 and then work toward getting people on. We've always had targets over the years working with larger-volume people.

At some point, once there's a critical mass—that's when we've made the decision that within a year we'll sunset. That's what we've been used to.

Mr. Maninder Sidhu: Within the broker system, there are two accounting systems now. They have two separate methods on the back end. You receive your ARL, I guess, or SOA.

Ms. Kim Campbell: Yes.

Mr. Maninder Sidhu: You receive that on your end. Then you receive something on the CARM end, and you just add them together and pay customs. How would it be possible on that back end?

• (1710)

Ms. Kim Campbell: Today, most of us have systems where we know; the challenge now is that customs is doing the calculation, and we know that there are not correct deltas. That's the problem. Again, people could use SOA, or we could just use the systems that we have today to know if we're paying or not paying correctly.

Mr. Maninder Sidhu: Thank you, Madam Chair.

The Chair: Thank you very much.

To our witnesses, thank you very much for your contribution today. It was invaluable on a very important initiative from the government. Thank you very much.

You are free to leave, if you choose, while we will continue with the committee business that we have to deal with.

We have Monsieur Savard-Tremblay's motion.

An hon. member: [*Inaudible—Editor*]

The Chair: No, we are doing it in public. We are not going in camera. By the time we go in camera, we'll lose the time.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: I have already read the motion, so I will let Ms. Fortier propose her amendments.

[*English*]

The Chair: Ms. Fortier, would you please read it out?

[*Translation*]

Hon. Mona Fortier (Ottawa—Vanier, Lib.): Thank you, Madam Chair.

I would like to move an amendment to point A of Mr. Savard-Tremblay's motion. I propose that we add the following: "and the transition plan for importers who are not registered with CARM by May 13".

In addition, I would like to propose a very small amendment to the time limit. In point B, it says "15 days following the adoption of this motion." I would like to propose that it be 20 days, because many documents have to be gathered, which could take a lot longer than 15 days. I think that replacing "15 days" with "20 days" would be a reasonable change, if my fellow members agree.

I therefore have two amendments. I wanted to propose them now so that we know which changes I'm proposing to make.

[*English*]

The Chair: Monsieur Savard-Tremblay, [*Inaudible—Editor*] that?

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: First of all, in the name of transparency, I am comfortable with adding a document. I have no problem with having that at our disposal.

Second of all, as far as extending the deadline to 20 days is concerned, it seems to me that the motion I moved two days ago indicated 15 days. Already we're going to receive a lot of other very relevant documents before the committee returns. I don't have a problem with extending the deadline so that the agency has time to produce the additional document, as long as we receive all the documents within a very reasonable time frame.

[*English*]

The Chair: Is there any further debate?

(Amendments agreed to)

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

The Chair: Mr. Seeback.

Mr. Kyle Seeback: Thank you, Chair.

Given where we are, our schedule and the "big bang" launch date of May 16, I am going to request that we ask the analysts to deliver a report based on what we've heard so far. By the time we get these documents, review them and everything else, the big bang will have happened. We will have done all of this but not have done anything.

I think, from what we heard today, we could prepare an interim report with recommendations we can get to the government right away, which might have an impact and help with all the issues every single stakeholder has raised.

I don't know if I need to make a motion. I will if I have to, or we could have this discussion. I would like to ask the analysts to priori-

tize this and have a report for when we get back, one based on the viva voce evidence we've heard so far and the submissions received to date. Then we can do recommendations and get the report to the government.

The Chair: Mr. Savard-Tremblay.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: I have no problem with that, as long as we all agree that we won't stop afterwards, and that there will be a final report in light of the relevant documents we are awaiting.

[*English*]

The Chair: Yes, absolutely.

Is there any discussion on that?

Some hon. members: Agreed.

The Chair: Everyone is in agreement. We hope to have an interim report document to go over on April 9, which is the same day we were planning to do the biosolids report and the Port of Vancouver report. We could do all of that. Maybe we can or maybe we can't, but we'll make it a priority to do this one, if that's the will of the committee.

I have one other thing for the information of the committee.

You received a note from the clerk about the proposed travel on April 20 or 21—that week. Perhaps you could fill it out and get it back to the clerk by the end of the day tomorrow. For your information, you need to figure out who's going and not going. I will not be able to go. I'll leave it up to you folks to decide whether there's enough interest or whatever. Please get your document back as soon as possible, so we know whether there is a sufficient number of members for the logistics people to do their work.

• (1715)

Mr. Kyle Seeback: I want to understand. Are we just going for site visits, or are we having actual committee hearings with witnesses?

The Chair: It depends.

Madam Clerk.

The Clerk of the Committee (Ms. Sophia Nickel): We've budgeted for informal meetings and site visits. There wouldn't be formal committee meetings with transcription. It would be site visits and informal meetings.

The Chair: It would be site visits. They're going to have the analyst with the group, and the clerk.

Is there any further discussion?

Seeing none, I'll move to adjourn.

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