



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

44th PARLIAMENT, 1st SESSION

Standing Committee on International Trade

EVIDENCE

NUMBER 118

Wednesday, October 2, 2024

Chair: The Honourable Judy A. Sgro



Standing Committee on International Trade

Wednesday, October 2, 2024

• (1630)

[English]

The Chair (Hon. Judy A. Sgro (Humber River—Black Creek, Lib.)): Welcome to meeting number 118 of the Standing Committee on International Trade.

We will spend the first hour and a half with witnesses and the last half hour considering a motion placed last week.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Tuesday, February 6, 2024, the committee is resuming a study of the CBSA assessment and revenue management system, referred to as CARM.

We have with us today, for the Canadian Association of Importers and Exporters, Kim Campbell, and from the Canadian Society of Customs Brokers, Candace Sider, vice-chair, board of directors.

From Deloitte, we have Louise Upton, partner, by video conference. The other partner, Matthew Day, is unable to attend today because his headset did not arrive in time, so we just have Louise with us today.

From Federal Express Canada we have Renate Jalbert, managing director, regulatory affairs, by video conference. We also have, from Otimo Customs, Barb Miller, president. Finally, from UPS Canada, we have Tammy Bilodeau, vice-president, customs brokerage and compliance.

Welcome, all.

We will, as agreed previously, forgo opening remarks and immediately go into rounds of questions.

We'll start with Mr. Baldinelli, please, for six minutes.

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

I'd like to take this opportunity to thank the witnesses for being with us this afternoon to answer our questions.

I have some concerns. We're getting close to the blackout period, which is October 4. Once we're there, this notion called the "big bang" is in effect.

I want to go to Ms. Upton, if I could, right away.

Ms. Upton, in our previous hearing, we had Mr. Gallivan from the CBSA. I mean, he wouldn't come right out and describe—I'd

call it verbal gymnastics—the whole question of the ownership of the CARM, so does Deloitte own CARM, the portal, yes or no?

Ms. Louise Upton (Partner, Deloitte): What I can tell you is that the CARM is a solution developed on a platform by Deloitte. The CBSA has exclusive licensing rights to the platform and owns the IP rights to any CARM-specific elements.

Mr. Tony Baldinelli: Thank you.

Now, in terms of going into the blackout period, are Deloitte staff assisting the CBSA? If so, can you indicate to us how many staff are being allocated to assist with this?

Ms. Louise Upton: Deloitte staff are there as the technical support, so they're supporting the solution from a technical perspective. There are approximately 150 to 170 people who are available to provide that support during the cutover and go-live periods.

Mr. Tony Baldinelli: That would be after the blackout period. Then, once you go live, there are up to 100...? Could you repeat that number again, the number of Deloitte staff who could be allocated to work on this?

Ms. Louise Upton: During the cutover period and after the go-live period, there are between 150 to 170 staff who could be allocated for support, depending on volume and issues that could arise.

Mr. Tony Baldinelli: Now, would the cost that would be incurred be in addition to the, I believe, up to \$123 million that's been allocated so far to Deloitte for this project?

Ms. Louise Upton: That cost is included in the overall contract as it was defined at the beginning of the project, so the support and the cutover are part of the original contracting.

Mr. Tony Baldinelli: Thank you.

I'm going to go over to Ms. Campbell now. I just want to get her comments on a letter that we received on October 1 from Mr. Gallivan. It's almost the same example as with Mr. Weber when he was here the other day, indicating just before his appearance that CBSA provided some additional information and additional clarification on aspects.

Ms. Campbell, on page 2 of the letter, Mr. Gallivan talks to the fact that you mentioned that 40 companies have been allowed to test CARM. In fact, he mentions that about "73 companies participated in the first exercise". You were just off by four, because it's now currently 44 companies. Why was that number reduced?

• (1635)

Ms. Kim Campbell (Past Chair, Canadian Association of Importers and Exporters): First of all, I'm not familiar with that letter, so thank you for providing me that information.

I would say a couple of things. I'll just refer members back to the written statement that I provided, in which I did say about 100 companies. I think what we're getting tied up with here is who is allowed to test. In the first round, we actually had 75 entities, and then in the second round they moved it down to 40.

Mr. Tony Baldinelli: Now, they also talk about having a help desk with four-hour processing times. My understanding is that it's only for perishables and emergency situations.

From those 44 testers, I'm hearing that there are still unresolved tickets that the government can't resolve in a timely manner. If they can't resolve the tickets from 44 testers, how are they going to do it for the 90,000-plus people who are registered for the system?

Ms. Kim Campbell: We agree, and I think there are a couple of things to unbundle there.

First of all, again, I'll just restate. We think there are 200,000 people. Again, let's just say it's 100,000. We'll give Mr. Gallivan the benefit of the doubt on that number. That's still just under 200,000 people who will be seeing it for the first time.

There are going to be a lot of questions just about how to get in and use it. Then, there's the piece that you're referring to, the ticketing. That's around the systems issues. Then, there's the third part, which is the help desk. The help desk is really where a lot of that stuff is facilitated in terms of business number.

There are various aspects that you would have to figure out, one, how to negotiate, and two, who to go to, and they all have various levels of responses.

Mr. Tony Baldinelli: That doesn't even talk about the reconciliation, if that's requested as part of a ticket. That could take months, and it's a simple cut-and-paste. We spent \$500 million on creating a system, yet a CBSA officer would simply have to go in there and cut and paste. I find that kind of ludicrous. It's a kind of IT 101 for dummies. I might as well just say, "Turn it off and reboot." It's crazy.

You have raised a concern—and this is important too—about data security for CARM. You have indicated that CARM data resides on third party servers. Can you go further on that and explain some of your concerns?

Ms. Kim Campbell: We do believe that it is sitting in an unprotected cloud server environment. We don't dispute that cloud is a good way to go, but on where it is, in our protected B status, in conjunction with the fact that we do have an agreement with the U.S. on sharing export data, we're extremely concerned that this data is not being properly protected and managed by the government.

The Chair: Thank you.

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

Mr. Maninder Sidhu (Brampton East, Lib.): Thank you, Madam Chair.

Thanks to our witnesses for being here today.

The CARM project, as many of you are aware, has been in the works for probably over a decade now, through different governments. It's an important program that will help to increase government revenues and transparency, modernize the system and, of course, add some functionalities.

Today, I think it's important to say why we're bringing CARM forward. It's important for those who are watching at home, but it's also important for us to understand what are some of the procedures that are in place to help importers and trade facilitators ensure that trade goes without any issues come the blackout date.

I had a question in regard to the ticketing system. From some examples from you guys when you filed tickets, is it a complex situation? Is it a simple fix? How long does that traditionally take? Could I get some feedback from you?

I can start with Ms. Sider.

Ms. Candace Sider (Vice-Chair, Board of Directors, Canadian Society of Customs Brokers): Thank you for that question.

They could be complex, or they could be very simple. They're all managed in the same ticketing system.

A ticket is submitted to CBSA, and the response that comes back is that they will respond within two to 10 business days, depending on the severity of the financial issue. If it's an issue that's related to the back-end accounts receivable ledger, it could conceivably take up to 10 days to resolve.

What we've seen historically is that it's a number of days to resolve the tickets, and in some cases it has been weeks. They could be subjects in terms of orders in council that are not calculating properly or excise tax that is not calculating properly. There are a number of different issues that could present themselves in terms of how we manage those tickets.

• (1640)

Mr. Maninder Sidhu: Ms. Sider, I know you're here for the Canadian Society of Customs Brokers, but you also work for probably one of the largest customs brokers in North America. I guess, based on volume, that you speak with that experience.

Ms. Miller, can you add some context to this?

Ms. Barb Miller (President, Otimo Customs Inc.): I think the key thing to establish is that there are two support desks that would come into rise if there are issues with the system. With the CARM system, it is a back-end system. If there's an issue with release, if there's an issue with something that you can't finalize and it could be system-related, you would actually call a different number on that aspect and probably get a quicker resolve.

Putting them into the same bucket is not realistic, understanding that there is a significant difference between the front end and the back end, and CARM is a 100% back-end system.

Mr. Maninder Sidhu: Therefore, for an OIC, as we heard from Ms. Sider, would you call CBSA instead of filing a ticket?

Ms. Barb Miller: Yes, 100%. I would not log a CARM ticket for that.

Mr. Maninder Sidhu: How quick is the response time that you're getting?

Ms. Barb Miller: Depending on what time of day you're calling, it's typically approximately a two-hour response time.

Mr. Maninder Sidhu: Okay.

Ms. Kim Campbell: I want to add some more information, because our members are certainly not reporting that turnaround time.

Barb is 100% right. There's the ticketing system around systems issues, but there's also the help desk.

Maybe, Barb, there's a different number.

This is part of our challenge. We are still looking for processes on what to do. The rigour is that, right now, you can call the help desk and wait quite a long time for somebody to answer. Then you're given a ticket, and they tell you they will get back to you in a few days, or a day. Then you get another response saying, "This is the day we're going to talk to you about this issue at the help desk."

The other way is filling out a form. You're going to get the same behaviour. You'll get an acknowledgement, and then it will be days before you actually get a response, followed up by a set time appointment.

Our members are not reporting that same turnaround time.

Mr. Maninder Sidhu: It's my understanding that the resources have already been put behind this help desk. As you know, when any new system launches, there are always kinks to be worked out. We heard that 99% of the time it's fine. The 1% is the focus, and CBSA is putting resources behind that to help resolve it. It's good to hear about the help desk and how we can further streamline some of the issues you might foresee. That's not to say they won't be there.

I was also talking to some stakeholders in regard to registration for importers during the blackout period. For those watching at home, the blackout period starts this Friday and goes until October 21.

I was told that during the blackout period, you cannot register an import number. If you're a new business and want to import into Canada, you cannot register an import number during that period of time. However, there is customs notice 24-29.

It says:

New commercial importers, including non-resident importers, requiring a business number (BN) and importer program account (RM) in order to obtain release for their importation of commercial goods can continue to work with the CRA to obtain a BN, and the CBSA to obtain the RM account [number] for their import- ing activities via the interim process established in May 2024.

Can you tell me about this interim process that was established in May?

Maybe that's for Ms. Miller.

Ms. Barb Miller: The key thing to recognize is that there was a significant change to the import process when customs notice 24-18 came out. They eliminated the broker support line that helped us register people.

However, the registration process is not a CBSA issue. It's a CRA issue. If you have a new importer or company, there's still a process whereby they have to register with CRA. If they are trying to get an import number or get an import business number turned on... That process was rectified and communicated. It's possibly not the greatest, but when that customs notice came out in May... There are services where we can actually report in and get that set up.

It is delaying—

Mr. Maninder Sidhu: What does that process look like, very quickly?

Ms. Barb Miller: The process means we take that same documentation and send it in to the help desk. That is currently where we send in our broker tickets for registration. We send it in and wait for a response. Typically, they'll tell you—if it's a Canadian company—that we will get a response that turns on a business number that is already registered. As a company in Canada, we have a response time of typically a day, to date. If it's a non-resident who is not registered in Canada, the wait time for that business number is already anywhere from four to six weeks. That was pre-CARM.

The Chair: Thank you very much.

Mr. Savard-Tremblay, go ahead for six minutes, please.

[*Translation*]

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

I thank all the witnesses for being here.

As my colleague said earlier, we received a letter from the Canada Border Services Agency. This letter refutes the testimony from several witnesses the committee heard last week.

This is what is written in the letter:

... The Committee heard testimony that the CBSA's commitment to respond to urgent program account requests within four hours 80% of the time was not being fulfilled—several cases were cited by Ms. Bilodeau from UPS Canada in which calls had gone several days without response. The CBSA's reporting on the processing of urgent requests indicate that 85% of all urgent requests received have been actioned in less than four hours—this following a period of time in which over 35,000 requests for program accounts were received and during which the CBSA experienced a 500% increase in call volumes. Ms. Bilodeau also testified that only 20% of her customers had registered in the CARM Client Portal. This testimony does not take into account that some of her clients may have gone out of business, may have only imported into Canada one time, or may in fact be registered but as a client of another company.

Ms. Campbell, you have the opportunity to respond to some of the statements contained in this letter.

Ms. Bilodeau, would you like to comment on this refutation of your testimony?

• (1645)

[English]

Ms. Tammy Bilodeau (Vice President, Customs Brokerage and Compliance, UPS Canada): Absolutely. I can't speak to the number of calls the government is receiving. I certainly can't attest to or deny what it's reporting. I can only report on our experience as an organization. As I indicated in my last testimony, it's not been our experience that we've received a response back within 24 hours on tickets that have been opened by our organization as we were going through the registration and the testing process.

That being said, I also testified to the fact that at UPS we have diligently worked with our customers. We've done considerable outreach to our customers to try to get them onboarded. We are obviously invested in this process being successful as well. The unfortunate thing is that the success of CARM implementation is predicated on adoption by all commercial importers, as we know. The fact of the matter, in the case of UPS and some of our counterparts, is that we have far less than 50% of our customers who have registered on the CARM client portal. As I testified, for UPS specifically, that's 20%. These are typically small importers. They import infrequently, but they are active importers that have imported with UPS over the last 12 months.

I stand by the fact that my concern is predicated on the fact that we have a low adoption rate by our customer base, and obviously I'm invested in ensuring that our customers aren't negatively impacted, not only upon implementation, but also after the transitional measures have elapsed. We do appreciate the transitional measures, but those will be in effect for only 180 days and 12 months, respectively. That's my concern.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: Thank you, Ms. Bilodeau.

Ms. Campbell, you sent us a letter in which you requested, on behalf of your association, that a third party oversee things going forward. Could you elaborate on that idea?

[English]

Ms. Kim Campbell: We really feel that this is imperative as we move forward. We have learned that even when we got a delay, nothing changed. We also can see, from just hearing a little of what was sent to the committee through a letter from Mr. Gallivan, that it's still become a he-said-she-said scenario. We really need somebody who can come to the table and, like we discussed, provide a framework for successful implementation. For us, even if we got the delay that we obviously have been talking about, we still need this entity or person to get us together at the table and agree on a framework so that we can all move forward into a successful implementation.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: We talked about it last time. I believe you said—unless it was another colleague with concerns similar to yours—that having a specific date for the system's launch would be somewhat difficult. It could be purposeless, as we

saw in April, when the postponement was announced. Indeed, the extension was not used well and the project stayed at square one. Giving a few more months is all well and good, but if we know there is a wall, it's necessary to avoid hitting it. That is why, in your opinion, the decision regarding the system's launch should be handed over to a third party.

• (1650)

[English]

Ms. Kim Campbell: Yes. I would say that we're maybe a little past step one, because we've talked a little about having moved further ahead on the certification pieces, which is great. The challenge, still, is that a lot of those software guys have just gotten their products developed. There are quite a few people who can testify that they have an integrated solution. In other words, they're creating their own solution. Again, all the testing, the interfacing and the importing of clients are behind the eight ball, because they can't get things implemented. It's all those other reasons. I would say we're further along, but still, we're not where we would like to be, by far.

The Chair: Thank you very much.

I'm sorry. There are two seconds remaining.

Mr. Cannings, go ahead, please.

Mr. Richard Cannings (South Okanagan—West Kootenay, NDP): Thank you for coming back before us today.

There's a lot to try to unpack here.

I'd like to start with Ms. Bilodeau. You were talking about the infrequent clients, the smaller clients that are regularly importing material but are not doing it very often. Maybe they're not as invested in getting the training, or they're not just getting the training but also actually getting registered. Can you talk about how they would be negatively impacted? If in a couple of months from now they want to import something, and if they still haven't done that piece, what's the process like for them? I understand this is a back-end thing. They can get their product into Canada. I assume it's the calculation of the tariffs and the fees after that. Can you just describe what the process would be for them if they're trying to do everything at once?

Ms. Tammy Bilodeau: I'll start by recapping the transitional measures that have been put in place, which, as we've said, we're certainly appreciative of.

CARM requires all commercial importers to register in the CARM client portal. They have to have their own business number in order to do so; they need to post a security bond or a cash deposit in order to import goods and have them released without paying at the border, and they have to delegate authority to their customs broker.

During the transitional period of 180 days, the CBSA has waived the requirement for them to have the bond or the cash deposit, but after 180 days, without that cash deposit or security bond on file with the CBSA, they would have to pay at the time of importation. That's the time the shipment reaches the border. They'll no longer be able to obtain the release of their goods otherwise.

With respect to the business number, it's similar, but that transition period is for one year. It allows the customs broker to use our business number in order to facilitate the release and the accounting of goods, so that we can ensure there aren't any customs penalties as a result of late filing.

Those requirements will become problematic, in my opinion, for those small businesses that don't want to tie up cash in posting the bond and can no longer use their broker's bond.

We see several hundreds of customers, maybe thousands, across the industry—and Ms. Jalbert can probably attest to this from an express carrier perspective—that arrive at the border without a customs broker at the time of import. Currently, we facilitate that clearance process for them, either on their business number or our business number, and definitely on our bond, and we ensure that the duties and taxes are paid to the CBSA. We take the financial risk on ourselves to bill them after the fact.

Those are all of the things that will change after the transitional measures, which we've raised concerns about. It's not about the implementation of CARM as an accounting portal per se, but as a requirement to register. The express carriers feel that if we could decouple the requirement for businesses to register and make it an opt-in program, we could comply with the accounting requirements—the back-end duty and tax facilitation—as an industry, which would make for a much more simplified process.

• (1655)

Mr. Richard Cannings: To be clear, your main concern is more about decoupling. It's not so much about training or things like that, but how the new system will work.

Ms. Tammy Bilodeau: Yes. It's about the additional complications for those small businesses that are not experts in trade compliance and the complexity that's going to add to their business, which I think is going to impede trade. They're not going to be interested in importing to Canada if it becomes too complex.

Mr. Richard Cannings: Quickly, if we delayed the whole thing for another six months, that wouldn't necessarily address those concerns. We have a six-month transition period anyway for—

Ms. Tammy Bilodeau: A delay in and of itself will not change those facts.

Mr. Richard Cannings: I have 44 seconds.

Is there anybody here who would like to comment on that?

Ms. Barb Miller: I think the important thing to establish here is there's a significant difference between having you delegate it on the portal and having an importer registered.

As has been mentioned, an importer can be registered and not delegate a service provider, which means that service provider would not know whether they were registered or not. To presume that every person who has had one clearance with a courier is a

small business is not realistic. There are many importers out there that utilize a courier only for small shipments, but not the others.

Personally, I have set up most likely close to 300 importers, and every single one of them will ask for delegation from the couriers. If they don't use them, we decline that registration.

It's not realistic to believe that if they aren't on the portal, they were delegated. They have that option. The portal belongs to an importer, and they have that right. It's not realistic.

The Chair: Thank you very much.

Mr. Martel, go ahead, please.

[*Translation*]

Mr. Richard Martel (Chicoutimi—Le Fjord, CPC): Thank you, Madam Chair.

Ms. Campbell, how did the Canada Border Services Agency take into account your concerns and suggestions about launching its assessment and revenue management system, CARM?

[*English*]

Ms. Kim Campbell: I'm assuming you're referring to the last launch, because we've been attempting to launch since 2021.

Although we're talking about recent delays, we've actually had delays since 2021. Typically, the response is not, "Let's roll up our sleeves and figure it out." It's very prescriptive, and we don't get to collaborate in a meaningful way to move us all forward.

[*Translation*]

Mr. Richard Martel: What is your assessment of the risks associated with launching CARM?

[*English*]

Ms. Kim Campbell: I want to start by saying that this is a sad day for all of us to be here, no matter what happens. We're all very passionate people who want to make our borders go through.

We have done a survey with our members, of whom 80% don't feel they're ready and are asking for a delay. Twenty per cent did not support that; they're ready to go.

When you actually unbundle that, most people who want to go have invested a lot of time and energy. We're all exhausted. We just kind of want to rip the band-aid off and see what happens. That's part of the risk. Are we ready? We're not sure. We think there's a lot of uncertainty and scary things on the other side. We don't know some of that until we do it.

Even just talking about the portal experience, there are so many people who can't even get into it. We had a great conversation with some of our colleagues from CFIB yesterday. A lot of those members are still struggling. We know that some of our other like-minded associations have sent in letters.

Generally, everyone is saying the same thing: We're not ready.

[Translation]

Mr. Richard Martel: Do you have any concerns about the level of training you received on the system?

[English]

Ms. Kim Campbell: I'll defer to some of my other colleagues here, because I feel like the folks who have been allowed to lean in through the CES testing have a competitive advantage over the rest of us who haven't.

I can speak to you from my perspective and about what we're hearing from members. Members are feeling very stressed. This is my volunteer job. My full-time, paid job is as a customs broker. I work with a very well-known service provider that provides software. We're all struggling right now. They're struggling to try to train us. We're struggling to try to deal with our staff and then try to educate our clients.

That's kind of the state of affairs right now.

Others could certainly weigh in if they have a different perspective.

• (1700)

[Translation]

Mr. Richard Martel: To date, given the challenges that cropped up, do you really think the CARM deployment timetable is realistic?

[English]

Ms. Kim Campbell: I wouldn't say it's not unrealistic. The approach is unrealistic.

We put in our submission—we were talking about this in May—that it's the "big bang" approach that really is problematic. We were very supportive of Mr. Gallivan when he stated in his presentation to the committee in the early part of the year that those who are ready to go can go.

Again, we want to say that we support that approach. That's the approach we should be taking. Those that are ready to go should be able to go, and the rest should be able to come on as we figure out the system, make sure it's stabilized and all those things. That is still what we continue to say at this point.

[Translation]

Mr. Richard Martel: So, if I understand correctly, you think you will be ready to launch CARM.

[English]

Ms. Kim Campbell: I will have to be ready if I'm forced to be ready, and so will all of our members. We don't know the ramifications, but obviously we might have no other option at this point, based on what CBSA continues to say.

[Translation]

Mr. Richard Martel: Thank you.

[English]

The Chair: Thank you very much.

We'll go to Mr. Sheehan, please, for five minutes.

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

Again, welcome back. It's a very important discussion.

I represent Sault Ste. Marie. It's the riding thereof, so it's Sault Ste. Marie and the surrounding area. It's a border-crossing town. We know that folks come into the Soo with their stuff from over the bridge. It comes by water. There are ports. It comes by train. It comes by way of a whole bunch of other things like airlines. A lot of trade comes through these border towns across Canada. Sault Ste. Marie is one of them.

My background is in business and economic development. I had my own little business and also did a bunch of trade missions for the local economic development corporation. I know a lot of the folks working in your area.

One of the things I noted when I was thinking about this whole CARM thing was the process of integrating IT into our systems. I've seen it before, way back. I went to school at Lake Superior State University in Sault, Michigan. People would come across, and the paperwork would be horrendous. People would be there for a very long time trying to get their stuff through—bringing their custom brokers in and continuing to do it. Over time, I worked for the first commerce-enabled website in northern Ontario. At that time, you saw people trying to get into IT, but you also saw some resistance for a variety of reasons and because of complicated things. Sometimes there were bugs in the system, but sometimes it was the education and training thing that Richard alluded to earlier. One of the things I'm trying to understand right now... Businesses, now, have started to change. They have IT platforms and systems in place to expedite the processes.

My first question, I think, will be for Deloitte, because we're getting towards the eleventh hour.

What are the consequences if we delay the launch of CARM for six months, if you don't mind answering that question?

I believe you're online.

Ms. Louise Upton: We are.

Thank you. I appreciate the question. I think it's an important one.

The system itself has continued to be tested. We have run several mock conversions. We've run several preparations to go live in terms of cutover. I think what's very important here is that we are replacing a 30-plus-year-old accounting system in the Government of Canada—a system that, by their own admission, is in desperate need of replacement. If I understand correctly, it had challenges even as early as this morning. The system is down and continues to be a challenge. Continuing to delay, I believe, will continue to cause undue stress on this particular system.

Having done this implementation work for over 30 years... I think I heard you say that it's not uncommon to have some trepidation. It's not uncommon for things to not feel like everybody is 100% ready. What I've seen with clients in this particular case is that, at some point, it's important to actually move forward. The response you have in terms of supporting the system, once it is live... The ability to bring in the right resources to provide that support is equally important.

That's where I feel we've continued to prepare and make sure the CARM solution is ready to go live.

• (1705)

Mr. Terry Sheehan: You're known to be good with the numbers.

What would be the cost to the taxpayer of a six-month delay? You didn't speak about any costs of a delay of six months.

Ms. Louise Upton: I can't speak about the overall cost, because I'm not fully aware of all the costs within CBSA.

What I can say is that, historically, we've seen a six-month delay cost anywhere from potentially \$20 million to \$30 million. That would be the ballpark number I can give you, at this point.

Mr. Terry Sheehan: It's about \$30 million.

Thank you very much.

I was going to ask you this: Would the contract you have with CBSA allow for a six-month delay at this time?

Ms. Louise Upton: We would need to have conversations around Deloitte's role during that six-month delay.

Mr. Terry Sheehan: Okay.

Thank you.

The Chair: Thank you very much.

Mr. Savard-Tremblay, go ahead for two and a half minutes, please.

[*Translation*]

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

First of all, regarding the request received from the Canadian Association of Importers and Exporters, a motion is on the table to request a suspension. I will move an amendment to add the involve-

ment of a third party. If it passes, it will be part of the recommendation the committee then makes to the House.

Ms. Sider, from the Canadian Society of Customs Brokers, we received your brief. Unfortunately, it was not in French. I therefore invite you to also send a French version of your documents next time.

You said that comments from your members show that nearly 70% would be in favour of postponing until April 2025, and that your relationship with the CBSA deteriorated recently. Could you tell us more about that?

[*English*]

Ms. Candace Sider: Thank you. That's a great question.

You know, prior to the last 12 to 18 months, trade chain partners met on a regular monthly basis with CBSA. That was to bring us all to the same table, to have the same conversations and the same discussions, to listen to the concerns from the trade community and to arrive at resolutions so that we could position ourselves to go forward.

It's unfortunate, but the relationship with CBSA and the communication with external trade has really eroded. There's been very little communication. While CBSA has attested to a different kind of communication strategy in terms of bringing together smaller groups and having those candid discussions, the challenge is that it's very isolated. Now you're having meetings in silos. You're discussing certain issues with certain parties. It's not communicated more broadly right across all trade chain partners. That definitely has led to a source of frustration.

We're all in this together. We've always said that from the beginning. It's been a long modernization project, and we're here to support the agency, but we also need that two-way communication. It's critical for us in terms of going live.

The position of our membership is that 60% would like it to be extended, but that really is because of the unintended consequences of what we don't know is around the corner. We can implement. We can start our cutover period. We really won't know until we come back live on the 21st. To go through a period of a 16-day outage is unheard of in industry. We're not aware of any government that is down for a 16-day period, and that prevents us from being able to actually invoice importers and manage those payments to the agency.

One impetus as to why we were moving to CARM was for some assurance in terms of payment to the Receiver General for Canada and to move away from customs brokers.

• (1710)

The Chair: Thank you very much.

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

Mr. Richard Cannings: Maybe I'll go back to Deloitte.

Ms. Upton, could you perhaps tell me why we need this blackout period? Why don't we have any options, going forward, for people to register or not right away, so that we could have a more graduated start to this whole program? It seems that some of the real concerns aren't so much the training, etc., but this "big bang" way of going about things.

Why was that chosen? Why can't we fix that right now? Why can't we change it?

Ms. Louise Upton: I'll take it from a couple of different perspectives to provide some context.

As I mentioned earlier, the system we're replacing is over 30 years old, so the complications with that system in looking at trying to run things in parallel—making changes to that system and keeping things in sync—were conversations that happened early on in the process. I was not part of those conversations, but my understanding is that it was deemed to be not feasible because of the complexities of the aging system and the technologies that were there.

The other piece of it is that the solution is being rolled out in a series of different releases. This is probably release five, six or seven of this solution. It's not that we haven't thought through how to roll it out more thoughtfully. We started back with release zero. We had a release of what we've affectionately called R2 internally at the CBSA. We're moving to R3. There have been ongoing releases throughout the life cycle of the program.

In terms of the 16-day blackout period, I think what's important to remember here is that we are actually migrating 6.7 billion records of historical transactions that need to be there for the CBSA to do any sort of reconciliation and have any sort of history of those transactions as they move forward. That is not a small volume. It's a very big volume, and that is partly what requires the amount of time for the blackout period.

The other component of that is that we have left ourselves some time in there to make sure we have some contingency, so that we have time within that blackout period if something unforeseen should happen. In my years of doing this, I have seen all kinds of unforeseen things happen. It can be anything from the city taking the power down to a fire in the building. We can't plan for the things we don't know, which is why we've also left ourselves some contingency in that time frame.

The Chair: Thank you very much.

Mr. Jeneroux, go ahead for five minutes, please.

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

Thank you, everybody, for being here yet again to look into this.

We're 31 hours away from the blackout period. I've never seen anything like this in my nearly 10 years of being here. This is right down to the wire, and the individuals being impacted by this don't have confidence that it is going forward in a way they're comfortable with and that helps them do business.

We've already seen the arrive scam and the Phoenix pay system from this government. I can't say I have any confidence either in where this is going.

The first question I'll ask is for you, Ms. Upton. Again, you're back at this committee.

Have you been asked by the CBSA to consider the possibility of a delay?

Ms. Louise Upton: The conversations we've had to date have been about moving forward and focusing on the cutover, which begins on October 4.

Mr. Matt Jeneroux: Have there been any conversations with you about a possible delay?

• (1715)

Ms. Louise Upton: The conversations are focused on the cutover at this stage.

Mr. Matt Jeneroux: I understand that you've talked about the cutover, but have you discussed a possible delay of the October 21 date?

Ms. Louise Upton: As I said, the conversations I have been involved in at this stage have been focused solely on the cutover.

Mr. Matt Jeneroux: It's okay to say no. Is the answer no? You have not discussed a possible delay.

Ms. Louise Upton: I have not been part of conversations other than those about moving forward with the cutover.

Mr. Matt Jeneroux: Do you mean that you, personally, or Deloitte has not been part of any conversation?

Ms. Louise Upton: Me, personally, as well as Deloitte.

Mr. Matt Jeneroux: There's no plan. It's moving forward on October 21. There's been no discussion of a possible delay.

You've already indicated a \$30-million cost. I assume there must be some sort of conversation happening at your end about what happens if there is a delay. You're saying that, no, there has been no discussion about that whatsoever. That's your testimony here today.

Ms. Louise Upton: The conversations have been focused on putting the cutover plan into place and on supporting the application. What do we need to do to be able to support this application once it is live? That has been the focus.

Mr. Matt Jeneroux: I get that's the focus, Ms. Upton, but I'm curious if there has been a conversation. It's important for this committee to know if the government is discussing the possibility of what would happen if we do delay. Then again, that's important information for everybody in this room to know. Is your testimony that there has been no conversation that's happened at all with Deloitte about possibly delaying the October 21 start date?

Ms. Louise Upton: As I said, the conversations with Deloitte have been focused on getting to the cutover and supporting the application once it is live.

Mr. Matt Jeneroux: I understand the focus, but again, the question was if there has been that conversation. The focus and a simple yes or no answer are completely different responses.

Let's get to what happens. What's Deloitte's role as of October 4?

Ms. Louise Upton: It's to continue to support CBSA in the conversion of the technology. We have an over 2,000-line plan of activities that need to happen during the cutover, minute by minute and, in some cases, second by second, and these activities need to happen in sequential order. We work with the CBSA to execute and deliver on those. Once the system is live on October 21, as I mentioned earlier, our role is to support the CBSA in the launch of the application from a technology perspective.

Mr. Matt Jeneroux: Are you satisfied that October 21 will be a success?

Ms. Louise Upton: All of our testing, all of our planning—

Mr. Matt Jeneroux: I have another follow-up question, so I'm hoping you can just answer yes or no. Are you satisfied that October 21 will be a success?

Ms. Louise Upton: I believe that we are ready to launch and go live on October 21.

The Chair: Thank you very much.

We'll go on to Ms. Fortier, please, for five minutes.

[*Translation*]

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

We have been talking about it for a very long time. As we know, it all started when Mr. Harper's government was in power. That transition was already being undertaken, and it is ongoing now. As my colleague said a little earlier, we are at the eleventh hour. I think we really have to look into the potential consequences of a postponement, including what they would mean for continuing the process.

We received a letter from the Canada Border Services Agency dated October 1. In my opinion, it is important to read a passage from it, in which the Agency states the following:

Any delay at this point would cause irreparable damage, generate additional costs (approximately \$20 million for a further six-month delay), and put at serious risk the CBSA's ability to assess an account for \$40 billion a year in Government of Canada revenue.

The letter also states that several training sessions were organized and offered to employees to prepare them:

... the CBSA has provided training on CARM to over 3,000 employees, including 95% of Trade Officers, who are the primary users of the CARM system. Furthermore, over 650 in-person and virtual training sessions for employees have been conducted and over 180 Regional Training Facilitators have been prepared to support the ongoing training of employees.

According to this information, it is clear that postponing for six months is neither honest nor appropriate. In this case, why insist on getting such a postponement?

We also received a letter from Magna International, a very well-known company. Unfortunately, the letter was only written in English, but this is what it says:

• (1720)

[*English*]

We believe it is crucial to move forward with this initiative and avoid further delays. Magna has invested considerable resources into preparing for the transition to CARM.

[*Translation*]

As we know, several small and big businesses are ready, and they made the required investments.

Here is another excerpt from the letter dated September 30, 2024:

[*English*]

The constant deferrals of CARM erode confidence and make it difficult to plan effectively. Implementing the system now will provide the certainty needed to move forward, rather than extending the period of unpredictability.

[*Translation*]

I would have had a lot more to say, but I will address the representative from Deloitte.

Ms. Upton, have you considered the effects that a postponement would have on the small and medium businesses that are ready?

[*English*]

Ms. Louise Upton: I think it's partly what you mentioned in some of those letters. It is the uncertainty and the inability for them to plan. Many have said they are ready but unable to have a solid plan as to when they can actually turn on their system and move forward with the solution.

[*Translation*]

Hon. Mona Fortier: I have one last question for you.

Imagine that the current system you are talking about—which is 37 years old—goes down. The agency notified businesses about it this morning. What would happen if we were to decide to further delay implementation of the new system? Would the current system be able to keep operating, given that it has already gone down, just as it did this morning?

[*English*]

Ms. Louise Upton: That's exactly the point. I don't want to speak on CBSA's behalf, but I think they have been quite clear in their comments throughout this program that the need for CARM is because of the aging solution and technology they currently have.

My understanding is that this morning, the system did go down around 9 a.m. I wasn't exactly sure when I started this call if the solution was even back at that point, which is part of the reason they were looking to replace the system with CARM.

The Chair: Thank you very much.

I have Mr. Williams for five minutes, please.

Mr. Ryan Williams (Bay of Quinte, CPC): Thank you very much.

Ms. Campbell, I want you to reiterate the survey you sent around to your members this weekend or this week. What was that survey, and what was the response you got?

Ms. Kim Campbell: The survey was very basic. It asked, "Would you support a delay request?", and 80% said yes and 20% said no.

Again, just hearing the conversation here, we understand that 20% are just tired and want to go, but they've also had the opportunity to prepare, so to answer your question, that was the response.

Mr. Ryan Williams: To Ms. Upton, from Deloitte, you're responsible for this.

There has been testimony today, and we've heard in testimony in the last few days that members aren't ready yet. What does that say to you? What are you hearing?

Ms. Louise Upton: I will give you a bit of context here. The solution has been measured and thought out properly. It has been tested with over 7,000 test scenarios. As you would have heard from some of the other trade chain partners, there has been training. They have been involved in testing.

As I said, in my 30 years of doing this, I understand that there's always trepidation when turning on a new solution. There's always some uncertainty. There are always organizations, people and employees who are going to feel that the solution is simply not ready. In some cases, it's important to move forward and then deal with the issues that may potentially arise as you go forward. We believe in this particular instance that the solution has been tested very thoroughly. We are ready to support the solution once it is turned on and live.

• (1725)

Mr. Ryan Williams: Ms. Upton, your stakeholders do not feel that way. You are the vendor, being paid by the government to ensure that we have stakeholder readiness. We're hearing from these stakeholders that they are not ready.

Why has Deloitte not ensured stakeholder readiness? How many training sessions have you had? Are you hearing from these industry people? Are you getting back to them?

We're hearing about delays. We're hearing there are big problems from the Deloitte side. How do you answer to the fact that 80% of importers and exporters are saying they're not ready, yet you're in charge of that?

Ms. Louise Upton: As I said, the solution itself has been tested. We've been through over 7,000 test scenarios.

To be more direct in terms of where things stand, from a readiness perspective, much of that work is the work of CBSA, like training and change readiness. We've been supporting in that role, but a lot of that role has belonged to CBSA, in terms of their role—

Mr. Ryan Williams: Just to make that clear, Deloitte has no responsibility for that, and it's CBSA's failing that importers and exporters are saying they're not trained and not ready for this. Is that correct? Is this CBSA's or Deloitte's responsibility?

Ms. Louise Upton: We continue to support the CBSA through certification—ensuring our clients and their clients are certified—and through testing with the various client experience simulation

tests that have happened. We have supported them and made sure that the right clients have been included in the testing, and we have run the scenarios.

We continue to support them through that certification process by ensuring that the clients that represent 99.6% of the trade volume are ready. We believe that the solution is ready and that we are ready to provide support once the system goes live on October 21.

Mr. Ryan Williams: What we're hearing, again, from stakeholders is that they're not ready. They're not getting good communication. They're not getting emails returned. We heard today that sometimes it's taking a few days to get those emails back.

How does Deloitte respond to accusations of poor communication? What specific steps are going to be taken to rectify this?

Ms. Louise Upton: I think that's a question that's better posed to CBSA, which ultimately manages the communications with the trade chain partners, for the most part.

I would say, again, that there have been multiple touchpoints and multiple meetings. I know from conversations with CBSA and some of the participation in meetings...there have been over 120 different one-on-one meetings with trade chain partners since we were last at committee, to help prepare them and to help manage communication.

Mr. Ryan Williams: Just to clarify, were you completing those meetings or was CBSA?

Ms. Louise Upton: CBSA was leading and we were supporting in those particular meetings.

Mr. Ryan Williams: Just for clarity, we have major problems with communication, which I think is why we have a motion to delay this. This is a major problem with communication. Deloitte's getting half a billion dollars to roll this out. You're saying the breakdown is with CBSA and Deloitte. Is that correct?

Deloitte does not have a responsibility for the 80% of importers and exporters that find that this system is not ready and they don't have good communication.

Ms. Louise Upton: What I'm saying is that we feel that the solution is ready. We feel that the support processes are ready, and we will continue to be ready post the system go-live.

The Chair: Thank you.

Mr. Sidhu, please go ahead for five minutes.

Mr. Maninder Sidhu: Thanks, Madam Chair.

I want to ask Ms. Miller this.

You mentioned the delegation of authority on this CARM portal and that UPS and FedEx... When someone registers, maybe they haven't given the delegation to certain companies.

Can two companies be delegated? In the industry, sometimes people will use the courier companies for courier shipments, and then they'll use an air cargo company for different....

Can two delegations be given?

Ms. Barb Miller: Yes, there's no limit to the delegations, and there are levels of the delegation that you can provide as well.

Mr. Maninder Sidhu: Coming back to the service standards, we're hearing it's a couple of hours, a couple of weeks or a couple of days.

Can we maybe get it in writing from the witnesses here in terms of some examples, whether it's orders in council, whether it's an HS code error they're getting back that it doesn't exist, or whether it's a duties and taxes calculation from those that are testing the system?

Having it in writing would be helpful in enabling us to go through it, because we're hearing different things from different witnesses.

Do you think a posted service standard would be helpful from CBSA? That would be in terms of.... If it's these issues, they'll get it resolved within 48 hours; if it's something that's a little more complicated, it'll take....

Would that be helpful?

Can I hear from the witnesses here today?

• (1730)

Ms. Kim Campbell: Absolutely. We look for your support in that. We've been asking that for a very long time.

Ms. Barb Miller: As you guys know, I'm a big supporter of going live. I think that we cannot ignore not only the financial implication for CBSA, but also for me, as a stakeholder and as a business that has over \$150,000 invested.

In that one or two days, my first question has to go to the service provider. If I have a problem with calculation of duties and taxes, the question is not for CBSA. The first question is for our service provider, to find out if there's a problem in the software that has been developed that goes between CBSA and—

Mr. Maninder Sidhu: I have to correct you there, Ms. Miller.

If the question goes to CBSA, CBSA would then interact with Deloitte, which is the service provider. We wouldn't be able to do that. Yes, the question could go directly to them, but the agreement is between CBSA and Deloitte.

Ms. Barb Miller: If I can correct you, that's actually not correct on the broker's side.

This is an association whereby, as brokers, we communicate with CBSA through service providers. Those service providers have been provided an ECCRD that has been given to, for example, Descartes or CANdata. As brokers, we use those service providers. If there are issues with the technological aspect, we go to those service providers, who would then communicate with CBSA.

Mr. Maninder Sidhu: You wouldn't actually go directly to Deloitte. You would go to the service provider, and the service provider would then go to Deloitte or through CBSA, through the

agreement. That's my understanding from my meetings with CBSA.

Ms. Barb Miller: Yes. As a broker and as an importer—we are both, and we have Tariff Hippo, which is a software—we would not have any direct communication at all with Deloitte. In fact, if we have a problem with our carrier, for lack of a better word—if it's CANdata or whoever it may be—we would expect them to communicate with the TCCU of CBSA, which is split out between CARM and that. It would be two different areas.

Mr. Maninder Sidhu: For us parliamentarians, we would probably, traditionally, go to CBSA and say, "What's going on here?" I'm speaking from my role here in Parliament, and even in your role. You would go to the service provider, who would then go to, possibly, Deloitte or CBSA.

To come back to it, we know the cost, as my colleague asked here.... The cost is roughly \$30 million to delay this by a few months. That's a lot of money on the public purse, which we heard Deloitte speak about today, and I think CBSA has also mentioned. I think it's important for committee members and those watching to know that there's a cost to delaying this, as well, of \$30 million. We heard from many of the witnesses here that some members have apprehensions, are not ready, and some members are ready. How do we bridge that gap? Is it the service standards? Is it enabling more companies to set up faster? As UPS said, there are only 50%.... Ms. Bilodeau, did you say that 50% of your clients are on board?

Ms. Tammy Bilodeau: It's only 20% of ours, but less than 50% in the express carrier industry.

Mr. Maninder Sidhu: Maybe I can come back to this, but Ms. Bilodeau, what would be helpful in terms of onboarding more clients? Some stakeholders are saying they're ready to go. We're hearing from you that a lot of your import clients may not be ready to go. What's the difference there, and how can CBSA help onboard new clients? I'll probably come back to that in my next round.

Ms. Tammy Bilodeau: I'm sorry, but do you want me to answer now, or are we coming back...?

The Chair: Yes, please go ahead. We need the answer.

Ms. Tammy Bilodeau: What would help onboarding is increased outreach. I know that we've talked about not only small importers but non-resident importers as being areas of concern. There's been a recent webinar with CBSA for non-resident importers, but that was only within, I think, the last two weeks. One webinar with an outreach to such a broad base of customers that are global is very problematic, and that's definitely an area where we would appreciate more support, onboarding that particular area of customers.

The Chair: Thank you very much.

Mr. Savard-Tremblay, go ahead for two and a half minutes, please.

[Translation]

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

I think it is necessary to restate that even those who are the most skeptical are still in favour of modernizing the system. There is no opposition to its modernization.

I am thinking of you here, Ms. Sider and Ms. Campbell. Could you very quickly tell us more about it?

• (1735)

[English]

Ms. Kim Campbell: Of course, we've been at the table since 2010 working on this. I think it's really important to also consider, as you're trying to make an informed decision here....

I reflected upon what happened over the last 10 years, and in this period of time we actually implemented single window, which was managed by Canada customs—an amazing team. We put it in without fanfare, quietly. It cost us \$30 million, all contained within CBSA, within this period of time. We also put in an export system—again an amazing team at CBSA within the IT group—for less than \$8 million. We work together. Is it perfect? No. We'd like some changes. We can't get any yet, because we're all working on CARM, but it's proof that industry wants to modernize and will work with CBSA to move us all forward. Hopefully, that will help.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: Yes, I think it is important to specify once more that there is no objection in principle to the idea of modernization; everybody agrees on that.

Ms. Sider, in your brief, you said you were skeptical about the Canada Border Services Agency's statement claiming that the calculation errors were corrected. Could you explain why?

[English]

Ms. Candace Sider: Yes. We're still seeing some calculation errors, even as of last week, on some of the duty deferrals, the excise tax tables, such that, after we transmitted down the customs accounting declaration, what we received back had absolutely no calculation on excise tax. For a system that is supposed to ensure the proper allocation of duties and taxes, we have some concerns. Obviously, it's not working as intended.

I think that goes back to what Mr. Gallivan said in his testimony, that out of 2,000 transactions they did.... Again, for 2,000 transactions out of thousands of transactions that are actually transmitted on a daily basis to CBSA and processed, what's that algorithm? The math is correct, but the interpretation of the legislation and the regulation raises a lot of red flags and concerns, and I think that's what we saw historically. When a question is raised, it goes back to CBSA and to "team CARM", and oftentimes it has to go back to the program area. In the program area, that's where we find that there's a disconnect between the policy and the program and operational support.

The Chair: Thank you very much.

Mr. Cannings, go ahead for two and a half minutes, please.

Mr. Richard Cannings: Thanks.

I'm going to turn to Ms. Campbell.

We've had a six-month delay on this already. We've heard some testimony here that some people don't like the rigidity of all this, the "big bang" part of how people don't have the option of maybe waiting a little longer to join in. I guess I'm really struggling here to figure out what we are going to gain by waiting another six months, when it seems that there are some structural disagreements. We hear that CBSA hasn't had good communications. Personally, I'm kind of doubtful that's going to change in six months, if it's a problem now. We've heard that this is going to cost Canada and a lot of companies money if we delay. I'm just trying to figure out the real benefit of another six-month delay.

Ms. Kim Campbell: It's a very difficult position we're all in, actually, not only we as industry, but also you as people, trying to figure out the right thing to do. I totally appreciate that.

You're right. It might not make a difference if we don't do anything different. That's why, again, we continue to advocate for the third party. We just really need somebody in there who can look objectively at everything and create the framework for it. For us, I agree that if we just do six months and think something is going to be different, I don't think it will, unless we do something different. That's one of the things we recommend.

The other thing is, too, though, even if we do go, we're very worried about what happens if we're right. Now what do we do? Now we're going to be struggling around, trying to figure it all out. I totally understand the perspective that "we don't want to spend". There's obviously a money implication here. The things we just talked about with Candace.... The ironic part of it is that industry is actually fighting more to say, "You're not collecting the money right when we go live". We know there are issues around what Candace just said about excise tax, surtax and all of these additional things that we don't think it's calculating, and we don't even know what to do.

We also haven't even talked about the provincial sales tax, and I know my colleague on the phone from FedEx is a passionate person on this topic. Today we remit and collect the duties, and we remit on behalf of our clients. CBSA came up to us two weeks ago and said, "No, no. All these importers are going to have to self-remit," which is an impossible situation, and they don't even know. Ms. Jalbert, I'm sure you can give the number. I think we're looking at \$250 million, potentially, off the table in terms of money not collected, just on that issue alone.

No. On most of the topics we're talking about, we're fighting to say that we're worried you're going to lose revenue. This is why we're still continuing to caution and to raise the red flag; we're worried about what's going to be left on the table because of all the things we're still seeing that aren't being corrected.

• (1740)

The Chair: Thank you very much.

I'm sorry, Mr. Cannings.

We will now go to Mr. Baldinelli or Mr. Williams.

Mr. Ryan Williams: Thank you.

This is for Ms. Campbell or Ms. Sider.

I know we talked earlier about a letter we received from Mr. Gallivan. We received a letter today from Mr. Mark Weber, who's the national president of the Customs and Immigration Union. He stated:

Based on...the feedback we received from our members regarding CARM, and despite Mr. Gallivan's claims, it is clear that CBSA personnel have not been provided with the level of training necessary to ensure a headache-free implementation of the platform. In fact, during the CIU National Board of Directors meeting that took place just last week, the overall sentiment towards CARM's launch continued to be one of apprehension, with a sense that commercial operations would be overwhelmed

Does that give just more indication that this is a system that's just not ready to go live?

Ms. Kim Campbell: In my opinion, yes. In the statement I submitted to the committee last week, I was very interested to hear Mr. Weber's perspective, because maybe we were missing some of the information. Obviously, we were very alarmed to hear what he had to say, because it certainly is what our members are hearing. As we talk to CBSA officers, they're reporting that. I put that in my statement, and to have him actually validate that was very alarming.

Mr. Ryan Williams: You heard in my questioning with Ms. Upton, saying that Deloitte's not responsible for the training; it's with the CBSA. Now we're hearing that the CBSA officers haven't been trained.

What's happening with the training? Your members are the ones saying that they're not getting this; the training wasn't offered. Maybe just give us a little more insight into what's happened with the training aspect of this.

Ms. Kim Campbell: I can certainly, obviously, refer to my colleagues. I think what we're feeling is that there's 100% been training. They do webinars. They're online. You can take a look at them, but they're very fixated on getting people onto the portal. All of the pieces we're talking about are not in the training. These are the pieces that are still a big disconnect for us.

Again, we have a lot of questions in terms of policy interpretations, what Ms. Sider's talking about and things that are going to happen at the border, and we're still waiting to hear. I was very leaned in to listen and to hear what Ms. Upton said, because we're still waiting to hear what the transition plan is. We were called onto a meeting on Friday. We were given some information about the cutover period that's starting tomorrow, but we were also told they were not going to talk to us about the transition plan. They would have a subsequent meeting on that sometime in the week of October 14.

Having put in a system in the government myself, I'm shocked to hear that we're not talking about what happens if it doesn't work the way we want it to work. Typically, there's always, obviously, an issue around cutover. We would have worked with our importer community. To be in this position on this project... I find it quite shocking that we don't have a transition plan.

Mr. Ryan Williams: Let's get that done, Ms. Upton. Publicly you hear the concerns here, so what is the answer for the transition plan, and what's going to happen?

Ms. Louise Upton: There has been a transition plan in place. It has, as I think I said earlier, 2,000-plus lines. I think the other important part to that plan is that we have rehearsed the cutover of this solution over seven times now successfully. We also successfully launched it internally in May of this year.

There's no reason to believe that we would not have a successful launch on October 21: seven times doing the cutover, seven times doing 6.7 billion records and data migration, bringing up the system and successfully launching it internally in May 2024.

Mr. Ryan Williams: I know, Ms. Upton, that you're saying this to the committee and to Parliament, but it's the stakeholders we're hearing from who don't have that same satisfaction. They're not convinced that you've done that. I'll ask again, what can be done from Deloitte and from CBSA to further assure these members, so that they feel confident that this is going to go through, that it's not just you saying that it's going to happen?

• (1745)

Ms. Louise Upton: I think the important part here is the fact that this continues to be a conversation that CBSA is having with the trade chain partners. As you just heard Ms. Campbell say, there is another meeting scheduled to talk about the remainder of the transition plan.

On the CARM side, there is a detailed, line-by-line, minute-by-minute transition plan to get us to a successful cutover. Then there's a plan for support, once the system is up and live, of continuing to support the solution after October 21.

The Chair: Thank you very much.

We will have Ms. Fortier, please, for five minutes. Ms. Fortier is down as our last speaker and the end of round three.

Go ahead, please.

Hon. Mona Fortier: Thank you, Madam Chair.

Again, thank you to all of you for being here today.

I think we all agree that modernization of the system is important. The delay is the problem: Do we delay or not? The impacts of delaying and the impacts of pursuing, I believe, are the questions that we're arguing today. I understand that we've heard from those that are not ready, but I really want to bring forward those that are ready.

Again, this is from the letter I was citing and quoting from the last time I spoke, sent to the chair from Magna on September 30. I'd like to share another important quote from a business that believes we should be going forward. It says:

Every additional delay risks eroding the progress, and the costs associated with maintaining readiness will continue to rise unnecessarily. We recognize that the transition will bring challenges, as all major changes do. However, these challenges can be addressed as they arise, rather than avoided through indefinite postponements. Importantly, CARM does not affect the release of goods at the border, meaning any postlaunch issues will primarily occur within the portal, which can be resolved without significant disruption to trade.

I found that important to share with members of the committee and also with Canadians who are listening.

For those businesses that are ready, that have invested small or large amounts to get to the fact that they're ready, can you, Madam Upton, continue and share what are the risks of delaying for those businesses that are ready, small or large?

Ms. Louise Upton: As I think I may have alluded to earlier, the risk is continuing with the uncertainty. They're never quite sure when they need to be ready. They've invested a lot in their technologies themselves and have said to us that they're ready to turn this on and want to use the benefits of CARM.

As you know, it's been mentioned several times that this is a modernization of the data and the ability for Canada to compete globally in having access to that data. Having that information, putting the portal in the hands of the trade chain partners, big and small, is very important. Continuing to not go forward when they are telling us that they're ready, that they need this and want this, continues to pose the challenge—

The Chair: Excuse me, Ms. Upton. I'm sorry to interrupt.

Could you bring the mike down a bit further, please? Speak a little more loudly into it, please.

Ms. Louise Upton: Is that better? Can you hear me a bit better?

Hon. Mona Fortier: Yes, thank you.

My colleague was asking about a transition plan. Can you share a bit more about that transition plan? I understand that it is ready. Are there any risks or any updates that you want to share with the committee members about that transition plan?

Ms. Louise Upton: The transition plan itself—we also refer to it as the cutover plan—is the detailed line by line, item by item, activity by activity that needs to happen. It's everything from extracting data from one system and loading it into the new system and validation of data. It's a minute-by-minute transition plan. It's ready.

Even more importantly, we have rehearsed it and successfully used it seven different times. In addition to the seven different times, we've also used it internally to launch the CARM solution that CBSA has been using as a verification tool since May of this year.

• (1750)

Hon. Mona Fortier: On the record, you would probably recommend moving forward rather than delaying at this time, as Deloitte is part of this contract with the government. Would that be a recommendation?

Ms. Louise Upton: We would say that the solution is ready. Further delaying the solution would continue to cause challenges with the trade chain partners that are ready. Moving forward, we believe, is the right thing to do at this stage.

The Chair: Thank you very much.

For the information of the committee, we have completed three full rounds. We have a couple of motions to deal with.

Is it the direction of the committee that we dismiss our witnesses and focus our concentration on these motions? Is everybody good with that? Okay.

Thank you to our witnesses for your very valuable time and information.

To those online and those in the room, thank you again. We look forward to moving forward with the completion of our study.

Thank you all very much.

I will suspend for a couple of minutes.

• (1750)

(Pause)

• (1755)

The Chair: I'm calling the meeting back to order.

When we ended the last meeting, Mr. Savard-Tremblay had the floor.

I turn the floor back to you. Mr. Savard-Tremblay, you have the floor.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: Do you want me to talk about the amendments that were put forward?

[*English*]

The Chair: Yes, you now have it as a whole thing here. Yes, you can speak to it, please.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: We received the motion from our Conservative colleagues last week. Essentially, I have three amendments to move on this motion, as you can see: recommend a mutually agreed-upon independent third party, as requested by the Canadian Association of Importers and Exporters; receive the documents before launching CARM, which I remind you we are still waiting for; and, finally, that the committee report back to the House on this motion.

Those are my proposed amendments. I don't know if my colleagues, the movers, accept them.

• (1800)

[*English*]

Mr. Tony Baldinelli: I am not comfortable with those changes, Madam Chair.

The Chair: Mr. Sidhu.

Mr. Maninder Sidhu: Can we get them printed, please?

An hon. member: [*Inaudible—Editor*]

Mr. Maninder Sidhu: Oh, did you? I didn't get one. Sorry.

We heard from the witnesses today and we know that there are financial implications of waiting another six months. As we heard, there's the cost of \$20 million to the public purse, not including the missed revenues that could be collected using this new government system. I think as committee members we need to take that into account.

We also heard from witnesses saying, if we have to be ready, we'll be ready. We also heard that we need to help bridge some of the gap in terms of importers signing up for this program. I think there could be more work that we need to do with outreach to some of these importers and with the stakeholders we have here today.

However, bringing in a third party, wouldn't that add more costs to this important CARM program? I'd like to hear from members on that, because I don't think this would be beneficial, bringing in a third party when we know where we have to get to and we're pretty much almost there. This doesn't make sense to me. I'm just wondering if the member opposite can speak to what a third party would help with, maybe in terms of the questions that we heard from witnesses today.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: The Canadian Association of Importers and Exporters laid it out thoroughly. It's also well explained in what was presented to the committee. We saw that the last postponement may have led to some developments and some progress in the end, but there were still a lot of failures. I therefore have no confidence that the CBSA can regulate itself in this matter.

In any case, I think we heard most of the arguments. I therefore propose that we vote on it.

[English]

The Chair: I'm sorry; I have other questions here.

I have Ms. Fortier and then Mr. Chandra Arya.

Go ahead, Ms. Fortier.

[Translation]

Hon. Mona Fortier: Thank you, Madam Chair.

I see just how important the debate is on this motion.

What I find somewhat troubling is that we want another third party, which my colleague started talking about. How, in this case, do we define an independent third party who will be responsible for finding certain solutions? We already have a third party, Deloitte, whose representative stated in their testimony that the company tested the system seven times and has a transition plan as well. I'm therefore trying to see to what extent it is actually useful to have another third party.

Furthermore, if ever we managed to define what is meant by "independent third party," how much time and money will we have to spend on choosing the group to play this role? I disagree with the proposal of choosing an independent third party to try and find those solutions, because we already have what we need in place. Since Deloitte says it has a transition plan, I think it's clear they have the required tools to resolve the remaining problems, because we know there are still some.

[English]

The Chair: Okay.

Mr. Chandra Arya.

Mr. Chandra Arya (Nepean, Lib.): Thank you, Madam Chair.

At one point in my life, I was involved in the development of an industrial project, having set up my own, and I've been involved in the financing of many industrial projects, though they were all small-scale industries in other countries.

One of the best ways to kill any project at a late and advanced stage is to bring in a third party. Any project, however small or big,

is a complex thing. You cannot define a project by its minute parts; it is not possible.

Give me any project. In fact, when I was in a financial institution evaluating projects for financing, I could take a project and say, "Hey, do you want to fund this project?" Tell me, and then I can find 10 arguments for why we have to fund this project. Or, without reading it, if you do not want to fund this project, then I can prepare 10 points for why we should not fund it.

If you want to kill a project, especially a big, sensitive and important project, and if the intention is to kill the project, this is the time when you have to bring in a third party—any third party. It has to be a private sector company. A third party can come and they can put on the glasses and view the project. If the glasses they put on will help find the deficiencies, they can find 100 deficiencies; any complex project will have them.

In the project implementation period, as it is called in manufacturing projects, the project is set up and then it comes to commercial production. In between, a typical manufacturing project has an implementation period of 18 to 24 months, because the projects are always complex. If you bring in any party now and the party decides they want to kill or delay this project, they can come with a 100-page report on why we should not implement this project.

At the same time, you can also get consultants. If they want to push this project, they can give 100 reasons why we should go ahead with this. If the intention is to unnecessarily delay... We have heard the witnesses. I did not ask any questions, but I heard the witnesses a second time today, both from the user's point of view and from that of the people who developed it, and I understand that projects are never perfect until and unless we start actually using them and implementing them.

Madam Chair, in my view, the only intention of this suggestion to bring in a third party at this stage is to kill the project. That's it. There's no other way I can put this. Any complex project, in my experience, which was in manufacturing projects, is always a complex entity. It is almost a living organism. It will have some defects, just like no human body is perfect. We all have defects in different parts, but we'll all settle down after some time and come to a routine, so I fully oppose this particular proposal.

● (1805)

The Chair: Thank you very much.

I have Mr. Cannings, then Mr. Baldinelli and then Mr. Sidhu again.

Mr. Cannings, go ahead.

Mr. Richard Cannings: I'll try to be brief. I mainly want to talk to the main motion, not so much the amendment that Monsieur Savard-Tremblay has brought in.

I have some concerns with the idea of a third party in the sense that it would require some development of a mandate for that third party. I don't know how long that would take. If this was at the start of a project, it might take a considerable amount of time, and it seems that we have three days or something.

What I want to say is that, overall, I've really struggled with this whole study. We've been rushed both times to take all of this in, and we've had rather opposing viewpoints from both sides, naturally. I came in here thinking I was going to support a delay, but by the end of this meeting today, I really haven't been convinced that a delay would accomplish anything. I haven't seen any concrete evidence, at least, that we desperately need a delay to do X, Y and Z.

It seems that most of the concern is from 80% of the clients, who don't feel great about this. They just don't know what's going to happen, but I haven't heard how six months is going to fix that. We've heard that the CBSA has communications problems. Maybe that's a structural way of how the CBSA works, and it's going to take longer than six months to fix it. We've heard it's going to cost businesses money. Presumably, it's going to cost the government money.

I'm just saying I think I will be voting against this motion to ask for a delay. I think Monsieur Savard-Tremblay's concerns are separate from that, but I will leave it there.

• (1810)

The Chair: Thank you very much.

Mr. Baldinelli.

Mr. Tony Baldinelli: Thank you, Madam Chair.

I thank my colleagues for their indulgence in considering the motion.

I'm going to speak to the motion overall. The government has already talked, as some of my colleagues have mentioned, about the cost of not proceeding. Well, this is not the first time CARM has been delayed. In fact, it was delayed just last spring. What was the cost of that? What did we find out from that? Nothing has changed from the time we were examining this back in the spring. We still have numerous concerns from stakeholders that this portal, this project, is not ready.

My colleague talks about Magna and their writing in support. Well, of course Magna would be in support. They're one of the 44 testers. They've been working on it for three years. They have a competitive advantage to it. They've been working on the system.

However, when we look the Canadian Association of Importers and Exporters, they did a survey of their membership, and 80% of their membership are saying no; they're not ready. There are only 20% who are ready.

We've received a letter from CFIB. Only 48% of their members are registered for this. They represent 97,000 small and medium-sized businesses across this country. They're saying they're not ready.

We've heard testimony from the testers who are doing the work. They're submitting tickets, and the government has yet to respond to numerous tickets. How are they going to be able to implement it with hundreds of thousands of tickets that are coming in? They had a six-month delay already, and they've yet to answer the questions of the stakeholders to satisfy their arguments.

Ultimately, we're going to vote. Again, going back to my colleague, Magna must be one of the testers. They're fine with it.

However, we received a letter from the Global Automakers of Canada. They represent Honda, Hyundai, Jaguar, Maserati, Mercedes-Benz, Mitsubishi, Toyota, Volkswagen—26 brands. They say that Canada's automakers continue to have significant concerns about CBSA's capacity to effectively implement the CARM system, despite its plans to transition to this new system on October 4, 2024.

Ultimately, we're going to vote on this motion, but what is the cost of proceeding if this fails? I mean, this is the government that has given us ArriveCAN—a \$60-million blunder. I can tell all of my colleagues what that did to my border community in terms of tourism. They also gave us the Phoenix pay system. There are still employees who are having difficulties with the Phoenix pay system. That should never have proceeded. If anything should have taught us that there should have been a parallel system in place before proceeding, it would have been the Phoenix pay system, and that has been a huge disaster.

Ultimately, we're going to vote here, but if this fails, it's on CBSA, it's on Deloitte, and it's on this government.

I'm ready to vote, Madam Chair.

The Chair: Are you ready for me to call the vote?

Okay. We'll have a recorded vote.

(Amendment agreed to: yeas 6; nays 5 [*See Minutes of Proceedings*])

The Chair: We'll now go to the main motion

Mr. Savard-Tremblay's amendment has passed, and that's amending Mr. Baldinelli's motion.

(Motion negated: nays 6; yeas 5 [*See Minutes of Proceedings*])

The Chair: Mr. Savard-Tremblay, do you have another motion you want to present?

• (1815)

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: Yes, and it will be emailed to you.

The motion states that on March 19 and 21, 2024, the committee adopted motions requesting the Canada Border Services Agency to produce, in both official languages, an unredacted copy of several documents concerning the implementation of the CARM system. The time allowed to receive these documents was not respected and the committee does not have all the necessary information to enable it to do its study in full knowledge of the facts.

The motion also states that on April 9, 2024, the committee adopted a unanimous motion indicating that the CBSA had not received the requested documents, and on April 18, 2024, the committee tabled Report 15 in the House of Commons, in which it is mentioned.

Finally, the motion states that as of October 2, 2024, several documents had still not been produced to the committee, as noted by CBSA itself in a document received by the committee on October 1, 2024.

Consequently, pursuant to orders made by the committee, as it has not received all the documents requested, the motion recommends that it report these matters to the House, so that the House may take the measures it deems appropriate with regard to Parliamentary privilege.

[*English*]

The Chair: Do you have your motion in English and French, Mr. Savard-Tremblay?

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: Absolutely.

[*English*]

The Chair: Can you distribute it or send it? It was quite a lengthy motion, and I think it's very difficult to be able to absorb all of that.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: That is why we provide written versions in both languages.

[*English*]

The Chair: Do we have a written version?

Mr. Matt Jeneroux: Madam Chair, can we suspend?

The Chair: We'll suspend for a moment.

• (1815)

(Pause)

• (1820)

The Chair: I call the meeting back to order.

Monsieur Savard-Tremblay, I appreciate the motion. I know that your staff sent it by email, but perhaps we can all remember, whenever we're going to do a motion that's more than three lines, to

please print it out in English and French so that everybody has it. This is a fairly lengthy motion, and I think time is needed for everybody to absorb it and debate it.

It's 6:25. Monsieur Savard-Tremblay, would you agree to...? You've tabled it, and you've said that you want to debate it. Can we do this on Monday?

• (1825)

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: I agree, Madam Chair. However, I want to make sure the meeting will not be adjourned. I would like it to be suspended until next Tuesday. This must not become obsolete.

[*English*]

The Chair: You've tabled it. You've put it on as an order of business. You have the floor, and I would give you back the floor at the beginning of the business portion of the meeting on Monday.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: That is perfect, Madam Chair. I apologize for the snafu of not having paper copies.

[*English*]

The Chair: Thank you very much.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: I will be careful next time. I don't want to do what others get criticized for: When we commit to providing documents, we do it for real.

[*English*]

The Chair: Thank you all very much.

This meeting is adjourned.

Published under the authority of the Speaker of
the House of Commons

SPEAKER'S PERMISSION

The proceedings of the House of Commons and its committees are hereby made available to provide greater public access. The parliamentary privilege of the House of Commons to control the publication and broadcast of the proceedings of the House of Commons and its committees is nonetheless reserved. All copyrights therein are also reserved.

Reproduction of the proceedings of the House of Commons and its committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the Copyright Act. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the Copyright Act.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Also available on the House of Commons website at the following address: <https://www.ourcommons.ca>

Publié en conformité de l'autorité
du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

Les délibérations de la Chambre des communes et de ses comités sont mises à la disposition du public pour mieux le renseigner. La Chambre conserve néanmoins son privilège parlementaire de contrôler la publication et la diffusion des délibérations et elle possède tous les droits d'auteur sur celles-ci.

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la Loi sur le droit d'auteur. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre des communes.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la Loi sur le droit d'auteur.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

Aussi disponible sur le site Web de la Chambre des communes à l'adresse suivante :
<https://www.noscommunes.ca>