

CBSA/FDFA Meeting

April 9, 2019

Ottawa, Ontario

Attendees:

Doug Band, Director General, Trade and Anti-dumping Programs Directorate Programs Branch – CBSA

Charles Melchers, Director, Regulatory Trade Programs Commercial and Trade Branch – CBSA

Julianne McKenzie, National Real Property and Accommodations Directorate -- CBSA

Abe Taqtaq, President – FDFA

Philippe Bachand, Chair, Govt. Relations Committee – FDFA

Jeff Butler, Govt. Relations Committee Member – FDFA

Barbara Barrett, Executive Director – FDFA

Oumar Dicko, Senior Policy Advisor & Economist– Impact Public Affairs

Allison Gardner, Manager of Operations – FDFA

Summary of Discussion

CBSA Organizational Changes

Doug Band introduced Charles Melchers, Director Regulatory Trade Programs. He added that Charles comes with experience within CBSA, including familiarity with duty free audit procedures, while working at a port. He noted that organizational changes were made as a comprehensive approach to consolidating all regularly programs. He was successful acquiring duty relief program funding (DRP), to enhance compliance monitoring. All duty free shop areas are now consolidated under Charles. CBSA confirmed they will be represented at the FDFA operators' meeting May 15th. They would like to bring members through the culpability framework - reforming customs compliance regime. They will also share CARM updates and recommended that the FDFA be engaged to provide operator perspective for CARM, as part of the Industry Advisory Group.

DFS Regulations Amendments

Doug anticipates that the amendments to DFS regulations process could be final before or just after the Federal election. They will officially become law after a second round of publication in the Gazette.

D-4-3-2

CBSA noted they would be interested to learn comparable international landscapes for licensing regimes, and what follow-up occurred internationally when changes were made to licensing. CBSA explained that the policy review will start with; why, how, benefits and drawbacks, noting strategic context should be reflected in D-memos. FDFA will be consulted in the process which should start in roughly a year, although research may start sooner. There are too many unknowns to estimate length of review at this time – it could be narrow or broad, but they won't know until the review starts. FDFA expressed their need to be part of the process to avoid being blindsided. Doug noted CBSA is not planning to get out of licensing the stores. Who awards the license is the big question? Core policy needs to be developed. FDFA expressed concerns with changes to the licencing process, which could affect the supply chain and then shared some history around licencing and potential economic impact on small/medium sized businesses.

ACTION: FDFA will prepare a brief with hard data analysis, possibly including turn-over data considering how the industry can grow?

ACTION: Doug requested the FDFA's position paper pertaining to D-4-3-2.

CARM

CBSA announced that the CARM portal's first stage will open in 2021/22. The portal should be user friendly for smaller businesses. They believe automating will be a game-changer for operators. CBSA recommended the FDFA get involved now, during the design stage.

Leases

CBSA is working with Public Services Procurement Canada (PSPC) to offer lease rates at market evaluation. They have reports for three stores and are now working on the remaining eight - to complete this summer. PSPC has committed to completing market assessments by June 29. They are currently working on agreements for the three evaluated stores. All should have leases by end of summer. It was noted that there has been no large increase with the 3 completed, and they are hoping for 10 year leases with renewal options. There are significant challenges with longer leases. Their goals are to streamline the process and be consistent – they are not looking for more revenue, rather fair rent. They noted that the Government is not looking to sell any of the land given the very rigorous process, which includes the indigenous people having first rights to the land. Port modernizing was mentioned. CBSA is planning to rebuild all ports in phases – the 107 custodial land only (CBSA-owned). CBSA is trying to reduce their footprint and increase technology. Scott Taymun, Director General, Transformation and Oversight Directorate, CBSA, is overseeing the port modernization project.

ACTION: Julianne McKenzie will let the FDFA know if they are sharing the full assessment with operators.

Audits

Charles noted that they have found very few issues with the audits to-date. A few cases of receipts not meeting the bilingual requirement. A few samples/lost inventories not properly counted - very small instances – the stores are largely compliant. The audit process is now consistent - officers have clear info on what is compliant and what is not. CBSA hopes to be able to share consolidated issues for all audits – as a community shape report.

B117

Doug stated that all will be made official when regs are passed. Doug thought collection and reporting of stats had already ceased.

Operators' Meeting

Doug Band hopes to attend but needs to confirm his schedule. Charles Melchers will attend along with his CARM colleagues.

Meeting concluded.