

## **CANADA BORDER SERVICES AGENCY - CUSTOMS & IMMIGRATION PROGRAMS**

There are inequities in the provision and cost of Canadian Border Services at airports across the country. The Canada Border Services Agency (CBSA) considers airport operators to be the sole beneficiaries of Customs Services rather than the public at large and, therefore, subject to cost recovery.

As a result of the strict implementation of the Treasury Board Cost Recovery and Charging Policy of 1997, which was subsequently replaced by the External Charging Policy in August, 2003, border services were “frozen” at existing levels. Any requests subsequent to that policy are treated on a direct cost recovery basis or not provided at all. This was further exacerbated by requirements following 9/11, which put additional operational pressures and financial strain on the CBSA budget.

The CBSA has worked with other stakeholders, such as Amtrak, to provide service for passengers entering Canada. It is this kind of flexibility in CBSA’s approach to other requests for increased levels of service that would be helpful, instead of treating every application from airports as strictly a cost recovery issue. Smaller airports are being unfairly penalized by this policy since service levels are not adjusted to reflect current demand. Where airports are obliged to contract with CBSA for additional scheduled service, they either lose a large portion of the benefit from the new trans-border and international traffic, or must increase aeronautical fees to cover the cost. Carriers and passengers both suffer from this inequitable treatment as the costs are passed on to users and the ability to attract new service for the community suffers.

The economic benefits resulting from increased international air traffic can far outweigh the cost of providing Customs services. Direct tax benefits to the federal government alone should justify the additional cost. Where the benefits of this service extend beyond a single user or supplier can be demonstrated, through pre-determined criteria, , the system should adjust to accommodate the need for this service without additional cost to the airport operator. Existing services should be reviewed and more appropriately allocated to meet demand.

As an example, the Kamloops airport is listed as an AOE (30) Airport of Entry. Custom services are offered Monday to Friday 08:30am to 4:30pm. Aircraft can arrive directly in Kamloops during those times and CBSA officers are on hand to attend to the aircraft and facilitate arrival to Canada. After hours cross border aircraft (with 30 passengers or less) are diverted to other points of entry. More often than not, the pilot is cleared by telephone in an alternate entry point and directed to proceed onto Kamloops for landing.

Under the current agreement with CBSA, the Kamloops Airport Authority has the responsibility to collect the custom fees from the passengers, often at a later date. Because the fees are not posted on the CBSA website, up to 30% of inbound passengers refuse to pay and the Kamloops Airport is forced to take a loss. CBSA agreement should allow airports to recover the cost for the airline operator in a transparent, efficient manner and not from arriving passengers during or after arrival. Ironically the CBSA does provide after-hours customs service in Kamloops for aircraft with animals or insects on board.

### **THE CHAMBER RECOMMENDS**

That the Federal Government and CBSA:

1. move immediately to remove the discriminatory cost recovery mechanism for Customs and Immigration services and provide these services on the same basis as they are provided in other areas of the country and at the same cost to Canadians;
2. where new or expanded services are required in any region of Canada, the provision of such services should meet a legitimate business case;

3. add an on-call service component to all airports designated as an Airport of Entry;
4. post all its fee schedules, including on call services, on its website; and
5. revise contract agreements with Airports to allow the proper billing to the plane operator in order to recover all the costs related to on-call services or other services supplied by CBSA for the user.