



Government
of Canada

Gouvernement
du Canada

AVR 16 2018
APR 16 2018

The Honourable Kevin Sorenson, P.C., M.P.
Chair
Standing Committee on Public Accounts
House of Commons
Ottawa, ON K1A 0A6

Dear Mr. Sorenson,

On behalf of the Government of Canada, we are pleased to present the Government's Response to the Thirty-Fourth Report of the Standing Committee on Public Accounts, entitled: *Report 2, Customs Duties, from the 2017 Spring Reports of the Auditor General of Canada – Part 1*.

We would like to extend our sincere thanks to you and to the Committee for its report, which provides us with an excellent opportunity to think critically about the way in which the Government of Canada ensures that customs duties are properly assessed while facilitating the flow of goods and people into Canada.

The Government appreciates the Standing Committee's recommendations as stated in its December 13, 2017 report and will respond to all of the recommendations within the timelines specified by the Committee. The Department of Finance has already provided to the Committee its response to Recommendation 6 in February 2018. If the Government is unable to provide complete reports by the Committee's deadlines, interim reports will be provided and, if requested by the Committee, final reports will follow when work related to the Committee's Recommendations has been completed.

Once again, we thank the Committee members for their work in preparing this report.

Sincerely,

The Honourable Ralph Goodale, P.C., M.P.
Minister of Public Safety and Emergency Preparedness

The Honourable Bill Morneau, P.C., M.P.
Minister of Finance

Enclosure: (1)

**REPORT 2, CUSTOMS DUTIES, FROM THE 2017 SPRING REPORTS OF THE
AUDITOR GENERAL OF CANADA – PART 1**

RECOMMENDATION 1 – Regarding the customs brokers licensing regime

That, by 30 September 2018, the *Canada Border Services Agency* present to the House of Commons Standing Committee on Public Accounts a report detailing the consultations carried out as part of the review process for the customs brokers licensing regime; those who participated in these consultations; and the findings resulting from these consultations and the changes to be made to the customs brokers licensing regime as a result of these consultations, including periodic broker assessments and shared liability of customs brokers and importers as regards complying with import requirements.

RECOMMENDATION 2 – Regarding the penalties regime

That, by 30 September 2018, the *Canada Border Services Agency* (the Agency) present to the House of Commons Standing Committee on Public Accounts a report on the consultations carried out by the Agency on the review of its penalties system, changes made in that area and their implementation.

RECOMMENDATION 3 – Regarding the period allowed for making corrections to import declarations

That, by 30 September 2018, the *Canada Border Services Agency* (the Agency) present to the House of Commons Standing Committee on Public Accounts (A) an interim report on the Agency's review of provisions addressing the period allowed for making corrections to import declarations and on the consultations carried out; and (B) by 31 December 2019, an interim report on the changes made in this area.

RECOMMENDATION 4 – Regarding the import of quota-controlled goods

That, by 30 September 2018, the *Canada Border Services Agency* present to the House of Commons Standing Committee on Public Accounts with A) an interim report on the verification and operation processes for quota-controlled goods and an in-person briefing in the fall of 2018; and B) a report on all new measures taken to better control the import of quota-controlled goods.

RECOMMENDATION 5 – Regarding controls for goods to be re-exported

A) That, by 30 September 2018, the *Canada Border Services Agency* present to the House of Commons Standing Committee on Public Accounts an interim report providing an update on the consultations about making import licences renewable and requiring a deposit when at-risk goods are imported, and

B) That, if no changes are made in these areas, by 30 October 2018, the *Department of Finance Canada* present to the House of Commons Standing Committee on Public Accounts a report outlining the reasons for this decision.

RECOMMENDATION 6 – On the review of the Customs Tariff

That, by 28 February 2018, the *Department of Finance Canada* present to the House of Commons Standing Committee on Public Accounts a report on the methods selected to eliminate or maintain some tariff items and on how many of these items will be combined or eliminated.