

## **Assessing the Funding of the Canada Border Services Agency and Framework of Core Services Review**

In their role as the caretaker of border activity, the Canada Border Service Agency (CBSA) is a crucial regulatory body in the overall prosperity and security of Canada.

The CBSA is the lead federal agency for operations at border ports of entry. Under the Canada Border Services Agency Act, the Agency has a dual mandate to provide integrated border services that support national security and public safety priorities and that facilitate the free flow of persons and goods that meet all regulatory requirements. The Agency works with other partners to provide these services. Every year, it allows 96 million people to enter and approves the entry of \$404.5 billion in imported goods. Its 12,800 staff provide a full-time presence at 148 border points and a limited presence at a further 1,121 locations across Canada.

In 2006, the federal government provided \$543 million over five years for initiatives aimed at modernizing border management and priorities of the Security and Prosperity Partnership (SPP). In 2008, the federal budget committed \$75 million over two years to the CBSA to maintain current levels of services; however, no funding was allocated for new or expanded core services.

In the fall of 2010, the Auditor General of Canada produced a report on CBSA. It did not make clear whether the significant funding allocations from previous years had yet amounted to progress and expected outcomes.

### ***Airports***

The funding allocated to the CBSA has become an impediment to economic growth in communities with smaller international and regional markets where core services are limited.

In 2005, the Core Services Review was established to examine and recommend improvements to the CBSA's capacity to provide services at all entry points with CBSA staffing. However, improvements since then have been few. The Canadian Airport Council (CAC) has since published a report on the Core Services Review. The majority of the CAC members find CBSA service levels and allocated resources to be unsatisfactory.

Currently the CBSA is unable to provide an increase in services to airports that are willing to pay, ostensibly because they do not have the ability to provide sufficient officers. As a result of lack of services and available officers, many smaller airports are not able to attract new carriers to their communities.

### ***Air Services Policy Framework***

The CBSA has been using an Air Services Policy Framework since April 1, 2009 to evaluate requests for expanded boarder clearance services. This framework consists of a tiered ranking system which allots points to airports based on their service capacity and then classifies them for CBSA service. The point scores are determined based on the following factors; international passenger volume, flight frequency, and the distance from the airport to the nearest CBSA service location. The required flight volume increases significantly with each respective Tier. For example, the variance between Tier 4 and Tier 3 and Tier 3 and Tier 2 consists of 2,500 international passengers per year. To qualify for Tier 1, the requirement is significantly greater being 50,000 international passengers per year.

General aviation airports, classified as Tier 4 are automatically prohibited from advancing into Tiers 1, 2, or 3 regardless of their traffic volume. This is because they may not have *regularly* scheduled international flights – a result of their inability to access adequate CBSA services.

When airports are unable to attract new carriers or persuade existing ones to provide regularly scheduled international flights because they cannot access CBSA services, they cannot graduate into a higher tier

where access to CBSA services is available. This “catch-22” situation works to prevent the natural flow of people and goods that fuel the economy and limit the ability of an airport to pursue a growth agenda.

As a consequence, a revision of the resources allocated to the CBSA, and a re-examination of the policy framework is necessary to ensure that all airports across Canada can compete on a level playing field.

### **Recommendations**

That the federal government:

1. Recognize the crucial role the CBSA plays in the movement of goods and people and develop a responsible and sustainable funding formula for the CBSA that dedicates a portion from the billions in annual import tax revenues to ensure additional officers are available at airports and other points of entry so that they may be serviced appropriately.
2. Revise the CBSA multi-tiered framework so that it recognizes the different needs of all airports of all sizes.
3. Allow airports the opportunity to present business cases illustrating the economic benefits that additional flights and a CBSA presence can bring and take this into account when assigning a tier score.