CONCEPTUAL DESIGN OF AN
IMPORT/EXPORT PERMIT SYSTEM
FOR THE
EXPORT AND IMPORT PERMITS DIVISION
DEPT. OF INDUSTRY, TRADE & COMMERCE
REPORT SUMMARY

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INTRODUCTION

This report presents a conceptual design of a computer
system to monitor and control the issuance and usage of
export and import permits by the Export and Import Permits
Division of the Department of Industry, Trade and Commerce.

The major objectives of the system are to:

- enable the Export and Import Permits Division to
  maintain surveillance and control of permit issuance
  and usage

- collect and maintain historical data related to
  permit issuance and usage for statistical and
  analytical use

- reduce the clerical workload in the generation and
  handling of permits

- permit decentralization of some of the management and
  operational functions of the Division to the regional
  offices

- maintain a high level of service to industry under
  the constraints of a constantly changing environment
  (i.e. commodities added or deleted from the Export or
  Import Control Lists "overnight")

- provide flexibility in handling different types of permits and methods of monitoring imports or exports

- maintain data for an "early warning" system related to shortages or excess imports of different commodities

- handle peak periods of permit issuance without major manpower increases or disruption of service

At the present time, it is planned that the Department as a whole will be using a computer communications network between head office and the regions for a number of current and future systems. At the writing of this report this plan has not yet been fully developed. This report is based on a system designed to service the needs of the Export and Import Permits Division.

The system will enable the Export and Import Permits Division to decentralize operations on a schedule that is both practical and acceptable to the regional offices and head office. It will allow the head office of the Division to maintain as much control over permit issuance as is desired. Permit issuance for certain commodities can be a regional responsibility whilst for others, due to the type of commodity or the country of origin for example, responsibility and authorization will remain within head office, although the actual permit will be printed and issued regionally.

SYSTEM DESCRIPTION

All regional offices and the head office will be equipped with communication terminals. Each terminal has a keyboard and a visual display screen (CRT) and each location will have a printer(s). These terminals and printers will be connected to a central computer system at the head office location.

All information regarding permit applications, permits, amendments, control lists, customer name and addresses etc. will be stored in a central data base. The regional office staff as well as head office staff will have access to this data for inquiry purposes (for security reasons, some data will have access restrictions).

Permit applications, requests for amendments and returns (information about goods entering or leaving the country under permit controls) will be entered into the system regionally. The information will be transmitted to the central computer system and the appropriate action taken. Authorized permits/amendments will be transmitted from the central system to the regions and printed locally for distribution. Any inquiries will be handled in the same manner. Response time for such activities is in the order of minutes.

This system enables routine applications and amendments to be processed immediately, whilst permit applications for certain commodities or country of origin for example, which need further investigation will be held in "suspense" pending authorization from a designated officer at head office.

This system is capable of operating in either a before-the-fact mode or an after-the-fact mode for permit usage surveillance. In the before-the-fact mode, an importer or exporter would have to get "ITC clearance" for goods before presenting an entry or exit set of documents to customs. In this manner ITC would have prior knowledge of imports or exports for the controlled commodities and would <u>not</u> allow importation or exportation of goods in violation of a permit. As a double check, the "ITC clearance" document issued for each shipment would be returned to the ITC head office. This approach would eliminate the lengthy follow-up procedures, often involving Revenue Canada, that have to take place if an importer or exporter has exceeded a permit quota.

The after-the-fact mode is similar to the currently operating manual system, whereby the Division has to rely on Customs and Excise officials to return a permit (or copy) <u>after</u> goods have been cleared.

In the before-the-fact mode, regional Export and Import Permits Division staff would make an inquiry to the computer system checking that the shipment is not in violation of the permit before issuing "ITC clearance". In the after-the-fact mode the staff would enter usage information into the system and violation reports would be produced at head office detailing permits and transactions that have exceeded quotas.

This system can be expanded beyond the regional offices to Ports of entry if so desired, and could eventually be integrated with the computer network system (CEPACS) currently being developed and implemented at National Revenue for their Customs and Excise operations.

IMPLEMENTATION

This system will be implemented in a phased approach. It involves the decentralization of some of the operational and management functions of the Export and Import Permits Division, and staff from the Division will eventually be located in all regions. The phasing will allow the Division to implement a hiring and training program to allow for the dispersion of the system and staff from head office to the regions.

There are three major implementation phases:

Phase 1 - system development and implementation at head office

Phase 2 - implementation of system in a major regional office (i.e. Vancouver)

Phase 3 - phased implementation of system into the remaining regional offices

Phase 1 will be the development and implementation of the system in the Division's offices in Ottawa. All data received from the regions, or received directly, will be entered into the computer system at head office using terminals and off-line batch processing. Initially the terminals will be used for data entry for the regional office that will be implementing the system in Phase 2 and for head office inquiries. In this manner the workload and the staff (if so desired) can be transferred to the region in Phase 2 and the terminals will then be used for other regional workloads. The data not processed through the terminals will be entered into the system via standard batch processing methods, probably daily.

This approach allows the system to be implemented without causing a major "overnight" change in head office procedures, or necessitating the acquisition of a large number of terminals and printers that will eventually be transferred to the regional offices. The equipment installed at head office will remain there for inquiry and low volume data entry purposes, to service the needs of those applications, amendments and usage reporting that will be handled centrally.

Phase 2 is the implementation of the system in a major region. Vancouver would be a good choice for testing and implementing the regional aspects of the system because of its physical location (farthest from Ottawa), three hour time difference, and medium size in terms of volume of data. This phase will transfer the Pacific regional workload from Ottawa to the Vancouver regional office, and then other regional workloads will be processed via the head office terminals.

Phase 3 is the gradual phasing of the system into all the regional offices. The time required for Phase 3 is dependent upon staff availability as well as the experiences gained from Phase 1 and Phase 2.

The proposed schedule for implementation of Phase 1 is 4-6 months and Phase 2 1-2 months.

ESTIMATED COSTS

The estimated development, operational and computer system support staff costs of this system are projected as follows, all estimates are provisional and will be determined more accurately in the detailed system design stage.

a) Operational cost of complete system $84,000 - $87,000/mo.
    (Phase 3), including equipment and
    staff (55)

b) Operational cost of system during
    Phase 1, including equipment and
    staff (11) $22,000 - $23,000/mo.

c) Operational cost of system during
    Phase 2 including equipment and
    staff (14) $27,000 - $28,000/mo.

The detailed design, development and implementation of the system in head office (Phase 1) will be a one time cost of approximately $110,000 - $150,000.

There will be an additional cost of approximately $40,000 - $50,000 for the system development portion common to other potential departmental applications. This cost would be shared by all users of the system with an appropriate proportion allotted to the Export and Import Permits Division.