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# SUMMARY OF THE 2007/08 – 2011/12 CORPORATE PLAN, CAPITAL AND OPERATING BUDGETS

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NOVEMBER 2007



Canadian Air Transport  
Security Authority

Administration canadienne  
de la sûreté du transport aérien

Canada



# Canadian Air Transport Security Authority

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## EXECUTIVE SUMMARY

In April 2007, the Canadian Air Transport Security Authority (CATSA) will mark its fifth anniversary as a Crown corporation responsible for providing certain air transportation security functions at Canadian airports. The organization's initial five years were marked by intensive activity associated with creating and launching a new entity, putting a management team and extensive new management processes in place, negotiating contracts for the delivery of screening services, and delivering major equipment deployment projects.

As 2006/07 ended, CATSA was an organization of 261, with an operating budget of \$347 million and a capital budget of \$120 million. CATSA was managing 13 contracts with private sector companies for the provision of security screening services for over 5,000 screening officers for 89 designated airports across Canada. These officers were screening about 40 million passengers and their belongings each year, including 60 million pieces of checked baggage. CATSA had deployed two major national projects – both representing leading-edge technology. The first project entailed the installation of complex and sophisticated explosives detection systems to screen checked baggage. The second project represents a world first – the use of dual biometrics (iris and fingerprint) to screen airport staff and other non-passengers requiring access to restricted areas in Canada's major airports.

Events around the world during the past 12 months have confirmed that air transportation remains a potential target for terrorists – and that attackers continue to seek new ways to circumvent security measures. CATSA was required to respond rapidly to a new set of security measures articulated by Transport Canada in August 2006, in reaction to an alleged terrorist plot to use liquid explosives to attack trans-Atlantic flights. CATSA's performance in the days following the discovery of the alleged plot demonstrated that CATSA can respond rapidly and competently to unexpected new operational demands and that the CATSA – Transport Canada collaboration ensures that Canada's aviation security screening services reflect the dynamic threat environment.

Looking forward to the next five years, CATSA will shift its attention from creation and deployment to long-term

implementation and consolidation across all its business lines and all of its management and operational activities. At this juncture, CATSA needs to direct concerted attention to maturing its business processes and to continuing improvements in all areas examined by the Office of the Auditor General (OAG) in its Special Examination.

In many respects, CATSA is entering the most important period in its short history. Many significant decisions affecting CATSA's future roles, responsibilities and resources are pending, as the Government considers its response to the mandatory five-year review of the *CATSA Act* completed in late 2006. An Advisory Panel provided the Minister of Transport, Infrastructure and Communities with independent advice in its December 2006 report entitled *Flight Plan: Managing the Risks in Aviation Security*. This report made far-reaching recommendations for the Canadian aviation security system, including proposing a significant realignment of the responsibilities of Transport Canada and CATSA.

Still on the strategic front, Transport Canada is developing a long-term action plan affecting transportation security that would set out concrete actions to be taken over the next several years to continue to enhance all areas of transportation within Canada. CATSA anticipates that some of the actions stemming from this action plan may have a major impact on its planning and operations over the next five years.

In the near term, CATSA is according the highest priority to addressing the recommendations contained in the December 2006 Special Examination report of the OAG, prepared in accordance with Part X of the *Financial Administration Act* (FAA). The report identified two "significant deficiencies" – first, in the Transport Canada – CATSA relationship and second, in screening operations. In the Auditor General's August 2006 opinion that accompanied the Special Examination report, the Auditor General concluded that CATSA did not yet have "the reasonable assurance" required under Part X of the FAA. The OAG made a total 44 specific recommendations in the following areas: corporate governance; strategic planning; risk management; screening operations; performance measurement and reporting; the Canadian Air Carrier Protective Program; the Airport Policing Contribution Program; equipment maintenance; and management of administrative systems.

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CATSA takes the concerns raised by the Auditor General very seriously. CATSA's Board of Directors discussed the Special Examination report with the Minister of Transport, Infrastructure and Communities in March 2007 and committed to providing the Minister with a comprehensive plan setting out priorities for responding to the Auditor General's 44 recommendations, as well as detailed information on actions already taken, proposed future actions, projected timelines for completion, and resource implications.

CATSA is funded by appropriations from the Consolidated Revenue Fund. In view of the impending completion of the five-year review of the legislation that created CATSA, the Government decided in 2006 to await the decisions of the *CATSA Act* review before allocating multi-year funding to CATSA. Instead, the Government approved program integrity funding of \$211 million over two years (2006/07 and 2007/08) to enable CATSA to maintain essential screening services and meet a limited number of pressing, new requirements. Funding options and levels for the longer term are expected to be considered at the same time as the Government assesses how to respond to the full range of recommendations in *Flight Plan*.

Taken together, the uncertainties associated with the impending decisions on the *CATSA Act* review and the potential impacts associated with a total 36% drop in CATSA's capital and operating funding levels (from 2007/08 levels) have constrained the development of CATSA's five-year Corporate Plan.

CATSA is committed to working with Transport Canada and supporting the Minister of Transport, Infrastructure and Communities over the coming months, as key decisions are considered with respect to the future of aviation security in Canada, including decisions about CATSA's mandate, accountabilities, flexibilities and reference levels. In the meantime, this summary of CATSA's Corporate Plan accomplishes the following:

- identifies CATSA's strategic intentions, including three strategic outcomes: Customer-focused Security, Strengthened Capacity, and Recognized Expertise;
- acknowledges the external factors that may influence CATSA's future;

- sets out near-term initiatives that will be undertaken within existing reference levels;
- identifies the impacts on Canada's aviation security program if additional, stable human resources and long-term funding are not forthcoming starting in 2008/09;
- highlights actions already taken or planned to address the recommendations of the OAG in its Special Examination report; and
- sets out the existing and several new performance measures that will be used to track and evaluate the results of implementing its strategy against key performance indicators associated with its legislative mandate and responsibilities.

Note: Pursuant to subsection 32(2) of the *CATSA Act*, CATSA must keep confidential any information the publication of which, in the opinion of the Minister of Transport, would be detrimental to air transport security or to public security, including financial and other data that might reveal such information.

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## I CORPORATE PROFILE

A Crown corporation based in the National Capital Region, the Canadian Air Transport Security Authority reports to Parliament through the Minister of Transport, Infrastructure and Communities and is entirely funded by appropriations from the federal Consolidated Revenue Fund. CATSA is governed by a Board of Directors that brings valuable business and aviation industry experience and perspective. A Chief Executive Officer manages CATSA's day-to-day operations, including the CATSA workforce and the provision of contracted security screening services at Canadian airports. The Auditor General of Canada is CATSA's auditor.

### 1.1 Legislative and Regulatory Framework

Responsibility for civil aviation security in Canada is shared among several federal government departments and agencies, air carriers and airport operators. Transport Canada is Canada's designated national civil aviation security authority, under the standards established by the International Civil Aviation Organization (ICAO). The *Aeronautics Act* is the principal legislative instrument through which the Government of Canada regulates the aviation industry in Canada. Compliance monitoring and enforcement of the *Aeronautics Act* is the responsibility of Transport Canada, which maintains a national network of aviation security inspectors.

The terrorist attacks of September 11, 2001, prompted significant change in the Canadian aviation security system. The federal Budget of December 2001 contained a \$2.2 billion package of new funding for air transportation security enhancements. The Budget also announced the creation of CATSA as a new Crown corporation. On March 27, 2002, the *Canadian Air Transport Security Authority Act* received Royal assent, leading to the establishment of CATSA on April 1, 2002. CATSA took over several core responsibilities formerly managed by airlines, including the screening of passengers and their baggage, as well as several new responsibilities. Transport Canada retained its policy and regulatory roles.

With the establishment of CATSA, the *CATSA Aerodrome Designation Regulations* came into force on May 2, 2002. These regulations identify the designated airports at which CATSA is

responsible for pre-board screening (PBS), hold-bag screening (HBS) and non-passenger screening (NPS). Measures governing the screening of persons, their personal belongings and baggage are prescribed in the *Security Screening Order* (SSO) pursuant to the *Canadian Aviation Security Regulations* (CASRs).

CATSA developed Standard Operating Procedures (SOPs) which provide detailed instructions for screening officers to carry out security screening to meet the intent of the regulated measures as well as other related requirements established by CATSA. The SSO and CATSA's SOPs are not public documents.

### 1.2 Governance and Organizational Structure

The Minister of Transport, Infrastructure and Communities is responsible and accountable to Parliament and Canadians for the activities of both Transport Canada and CATSA.

#### Board of Directors

CATSA is governed by an 11-person Board of Directors, including its Chair. Appointments are made by the Governor-in-Council on the recommendation of the Minister of Transport, Infrastructure and Communities. Two of CATSA's directors must be nominees proposed by airport operators and two must be nominees proposed by the airline industry. Directors may hold a maximum of two terms of up to five years each.

Empowered by the *CATSA Act* and governed by Part X of the FAA, the Board has responsibility for the overall stewardship of the organization. CATSA's Board has a duty to protect the long-term interests of the organization, safeguard its assets and practice due diligence in its decision-making. The Board's key functions and responsibilities are to provide strategic direction, financial oversight, corporate oversight and good governance.

### 1.3 Mission, Vision and Values

CATSA's **mission** is to protect the public by securing critical elements of the air transportation system as assigned by the government. CATSA's **vision** is to be a world leader in air transportation security through commitment to its mission and through operational and corporate excellence. CATSA will realize this vision through:

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- contributing to a highly secure air transportation system;
- being cost-effective;
- striving for excellence;
- networking with partners;
- establishing clear accountabilities;
- being innovative;
- fostering ethics and values; and
- continuously improving the implementation of best practices.

CATSA has established a series of values – fairness, loyalty, accountability, integrity and respect - that serve as the basis for the organization's approach to managing its operations. These values, known by the acronym FLAIR, also set out expectations for how all CATSA employees interact with one another and with clients.

## 1.4 Legislative Mandate and Responsibilities: What CATSA Does

In accordance with its enabling legislation, CATSA is responsible for the delivery of “effective and efficient screening of persons who access aircraft or restricted areas through screening points, the property in their possession or control and the belongings or baggage that they give to an air carrier for transport”. The legislation also specifies that the delivery of screening services must be done in a consistent manner, and in the public interest.

CATSA currently delivers screening services for 89 designated airports by contracting with service providers in the security industry who supply the screening officer workforce. CATSA has nine major contracts with four service providers that cover 74 airports (including all Class I airports) and represent approximately 96% of the budget allocated to screening contracts.

The service provider is responsible for the recruitment, administrative and human resource management of the screening officer workforce; CATSA provides comprehensive training and certification of screening officers, as well as their uniforms. CATSA's six responsibilities are described in the following sections:

### Pre-board Screening (PBS)

The most public and visible of CATSA's security programs is PBS, where over 5,000 screening officers carry out the security screening of over 40 million passengers and their belongings each year. The screening of passengers takes place prior to their entry

into the secure zone of an airport terminal. Screening officers examine passengers and their belongings to ensure that prohibited items, such as knives, firearms, incendiary devices and explosives, are not brought onboard an aircraft, thereby eliminating the potential for hostile use onboard.

### Hold Baggage Screening (HBS)

In addition to screening passengers and their carry-on baggage, screening officers use specialized explosives detection system (EDS) equipment to screen over 60 million pieces of passengers' checked baggage each year. CATSA purchases and integrates the equipment into the airport's baggage handling system, and oversees the equipment's operation and maintenance.

CATSA achieved 100% HBS for both international and domestic flights by January 1st, 2006, one year ahead of the original schedule, meeting the International Civil Aviation Authority (ICAO) requirements for international screening, and exceeding ICAO's requirements for domestic screening. The state-of-the-art EDS equipment adds another layer of security to protect the travelling public.

### Non-passenger Screening (NPS)

In November 2002, the then Minister of Transport added NPS to CATSA's responsibilities. CATSA randomly screens more than 400,000 non-passengers accessing restricted areas at Class I and II airports in Canada per year. A non-passenger is any individual whose workplace is an airport, who visits an airport to provide a service or deliver goods, or who passes through an airport and requires access to the designated restricted areas of the airport. This includes flight crews, airline customer service personnel, caterers, maintenance personnel, and baggage handlers. National deployment of the NPS program began in 2004 and the regulated requirement to implement the program at all Class I and Class II airports was fulfilled by the end of November 30 of that same year. Each day, approximately 1,200 airport workers, contractors and flight crew across the country are screened.

### Restricted Area Identity Card (RAIC)

In November 2002, the RAIC program was also added to CATSA's responsibilities. Fully operational since January 31, 2007, the RAIC is the world's first dual biometric (iris and fingerprint) airport identification program for non-passengers accessing restricted areas of air terminal buildings in Canada's



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28 major airports. The RAIC has a built-in computer chip with a microprocessor and memory to store biometric data of fingerprint and iris templates. The RAIC program includes the card, fingerprint and iris readers installed in airport terminals, and a network of infrastructure linking the 28 airports to a secure central database. CATSA's successful implementation of this program represents a significant achievement and enhances the integrity of Canada's multi-layered aviation security system.

Phase I of RAIC deployment focused on areas within air terminal buildings. A second phase to address all other areas within the airport's security perimeter, including vehicle gates, employee access points, and tenant facilities, is in the planning stages.

## Canadian Air Carrier Protective Program (CACPP)

CATSA administers the funding for the CACPP on behalf of the Government of Canada and evaluates the program. The Royal Canadian Mounted Police (RCMP) carries out all operational aspects of this program, which involves placing Aircraft Protective Officers (APOs) onboard selected flights of Canadian-registered commercial aircraft to protect against unauthorized persons seizing control of an aircraft.

## Airport Policing Funding Agreements

Following September 11<sup>th</sup>, 2001, the Government of Canada created the Airport Policing Contribution Program to assist airports with the costs of enhanced aviation security-related policing. CATSA provides funding to eligible airports to offset a portion of the costs of providing this service. Through this program, CATSA has enhanced its relationships with airports and the law enforcement agencies tasked with protecting them.

## 1.5 Security Management System (SeMS)

### Approach: The Way Ahead

A Security Management Approach (SeMS) approach is a formal, threat-based, risk-driven method of integrating security into the organization's day-to-day business operations and its management systems. In contrast, a highly prescriptive or rules-based approach limits the level of flexibility and adaptability necessary to address the dynamic nature of certain threats and risks in the operating environment. Transport Canada is looking to implement a Safety Management System (SMS) approach with respect to aviation safety, and has also indicated its intention to accelerate progress towards a SeMS approach with respect to aviation security.

CATSA has made significant progress in developing some of the core elements of a SeMS – such as setting standards, assessing risk, implementing controls – and it now forms a more integral part of CATSA's operations and overall strategic direction.

CATSA will, over the planning period and in close collaboration with Transport Canada, continue to implement SeMS at all levels of the organization.

## 1.6 Reporting on Results 2006/07

The results of CATSA's planned activities for the 2006/07 fiscal year are detailed below:

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## ENHANCING PASSENGER SCREENING

2006/07 Planned Activity	Result
<b>Sharing CATSA's Vision</b> Continue the tour and expand to more airports.	<b>Completed.</b> CATSA's senior management travelled from east to west through 10 provinces visiting 45 airports and engaging nearly 1,400 screening officers. The tour also helped strengthen CATSA's profile at the community level.
<b>CATSA's Service Delivery Model</b> 1) Negotiate contract extensions with all service providers.	1) <b>Completed.</b> The service provider contracts negotiated in 2004 were for three years, with one two-year option to extend. CATSA successfully negotiated contract extensions with each service provider. These contract extensions provide CATSA with stability while awaiting mandate changes and funding decisions from the Government. The terms of the contract extensions were enhanced based on lessons learned over the last five years and provide for greater oversight and management accountability, development of disaster recovery plans, and the strengthening of Official Languages requirements. CATSA believes the new terms will improve the screening process.
2) Develop an accreditation program.	2) <b>In progress:</b> Initial program developed. Further enhancements planned.
<b>Improve Oversight and Optimize Operations – Technology Investments</b> Invest in and implement new technology and software to improve oversight and optimize screening operations.	<b>Completed:</b> Call and Incident Data Collection (CIDC) system implemented. System is in use daily by the Security Operations Centre to track the resolution of incidents.  <b>In progress:</b> 1) Screening officer scheduling software deployment. Expected completion within 18 months; 2) Implementation of Secure Identification and Time Tracking software currently underway at the eight Class I airports; 3) Boarding Pass Security Scan (BPSS) pilot project to be implemented at Calgary International Airport in 2007/08.
<b>Vancouver Cruise Ship Satellite Screening</b> Continue to offer the service on a cost-neutral basis, subject to the availability of capital funding for equipment requirements.	<b>Completed:</b> CATSA received the necessary capital funds and continued the satellite screening project.

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## ENHANCING PASSENGER SCREENING

2006/07 Planned Activity	Result
<b>Closed Circuit Television (CCTV) Deployment Phase II</b> Continue to purchase and install CCTV at Class I and II airports.	<b>In progress:</b> Additional CCTV cameras were installed at Toronto's Pearson International Airport by February 2007. CCTV implemented at all but one of Class II airports (the Saskatoon project is ongoing).
<b>Performance-based Regulatory Changes</b> Continue to work with Transport Canada to implement a more performance-based regulatory framework, and oversight mechanisms.	<b>In progress:</b> The RAIC regulatory framework and the HBS regulatory framework include performance-based rules.

## STRENGTHENING NON-PASSENGER SCREENING

2006/07 Planned Activity	Result
<b>Restricted Area Identity Card</b> Complete Phase 1: Deploy equipment and enrol non-passengers.	<b>Completed.</b> Equipment deployed by December 31, 2006. Enrolment completed by January 31, 2007. The successful completion of Phase 1 of RAIC is a significant achievement for CATSA which greatly enhances the overall integrity of the multi-layered aviation security system.
<b>Phase 2:</b> Extend the RAIC program to areas outside terminal buildings at Class I and II airports.	<b>Phase 2:</b> Planned for completion by the end of 2007/08.

## DEPLOYING AND EFFECTIVELY MANAGING SECURITY SCREENING EQUIPMENT

2006/07 Planned Activity	Result
<b>Airport Expansion Projects</b> Over the next two years, purchase and integrate PBS and HBS equipment for renovation and expansion projects at Halifax, Toronto (T1), Vancouver (Domestic), Montreal (Transborder), Winnipeg (new terminal) and Calgary (Transborder).	<b>Completed:</b> Halifax.  <b>In progress:</b> Toronto (T1), Vancouver, Montreal and Winnipeg are ongoing. Calgary Airport has moved the start date of its expansion to 2008. (Of note, Quebec City is currently in the design phase to construct a new terminal.)

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## DEPLOYING AND EFFECTIVELY MANAGING SECURITY SCREENING EQUIPMENT

2006/07 Planned Activity	Result
<b>Life-cycle Management</b>	
1) Negotiate comprehensive maintenance and support agreements with airports and equipment manufacturers.	1) <b>Completed.</b>
2) Purchase and install back-up systems for redundancy in case of equipment failure.	2) <b>Completed:</b> Back-up equipment purchased for Montreal and Vancouver.
3) Build up spare parts inventory.	3) <b>Completed.</b> Spare parts inventory and storage space/cabinets completed at all airports.
4) Purchase equipment to replace outdated pieces.	4) <b>In progress:</b> Purchased 52 Hand-held Metal Detectors (HHMD) and 18 Walk-through Metal Detectors (WTMD) in 2006/07 for deployment in 2007/08.
5) Purchase software and hardware upgrades to Explosives Detection System (EDS) equipment to keep it current.	5) <b>In progress:</b> Purchased and installed software to enhance HBS systems. Further equipment replacement, software and hardware updates are in the 2007/08 capital plan.

## IMPROVING SCREENING OFFICER TRAINING

2006/07 Planned Activity	Result
<b>National Training and Certification Program (NTCP) Annual Re-Certification of Screening Officers</b> A redesigned re-certification process will be introduced in 2006/07.	<b>Completed:</b> Program re-designed and implementation to be phased-in during 2007/08.
<b>New Integrated Training and Certification Program</b> Restructure the program for Point Leaders and implement nationwide.	<b>Completed.</b>
<b>Technology Investments</b> Deploy X-ray Tutor (XRT) and Threat Image Projection System (TIPS) to all eligible Class Other airports.	<b>Completed:</b> XRT deployed to all eligible airports. Eight airports without the necessary equipment or infrastructure received an XRT Tutorial manual to give screening officers exposure to XRT prior to receiving Foundations II training (The XRT Tutorial is a mandatory component for all screening officers).  <b>In progress:</b> TIPS experienced a technical issue in September 2006 and was deactivated, as it could impact the security of CATSA's operations. CATSA is actively working with the equipment manufacturer to resolve this issue and anticipates reactivation of the program in September 2007. The deployment of TIPS to Class Other airports is currently on hold until the new software is deployed.

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## CONTRIBUTING TO THE STRENGTHENING OF AIRPORT AND AVIATION SECURITY

2006/07 Planned Activity	Result
<b>Airport Policing</b> Continue to administer the Airport Policing Contribution Agreements.	<b>In progress.</b> CATSA signed airport policing contribution agreements with the eight Class I airports. Agreements with four other airports (Kelowna, London, Victoria and Hamilton) have been signed on a pilot project basis.
<b>Canadian Air Carrier Protective Program (CACPP)</b> Continue to administer the funding of the CACPP.	<b>In progress.</b> CATSA continued the financial administration of the program and maintained regular communication with the RCMP. Quarterly evaluations continue to be carried out on the progress of the program.

## SUPPORTING AND IMPROVING THE DELIVERY OF CATSA'S CORE BUSINESSES

2006/07 Planned Activity	Result
<b>Security Management Systems (SeMS)</b> Continue implementation across all business lines.	<b>In progress:</b> Significant progress made in implementing SeMS including mapping the processes of a number of internal groups and aligning them with the overall SeMS framework.
<b>CATSA's Strategy</b> Align all employee performance agreements to the corporate strategy. Develop cascaded scorecards for all groups within CATSA.	<b>Completed:</b> CATSA's strategic planning process evolved over the course of 2006/07 in response to feedback from the Special Examination and the five-year review reports. Instead of cascaded scorecarding, CATSA placed greater emphasis on implementing a methodology that ensures the alignment of our corporate strategy at all levels (branch, division, employee), while customizing the approach to allow functionality within CATSA's operations.
<b>Risk Management</b> Continue to work towards an integrated risk management framework with a clear results chain that links causes, control failures and adverse effects.	<b>In progress:</b> CATSA devised and implemented security-based criteria for program and area-specific risk assessments. CATSA also developed an integrated risk management action plan which includes training for managers and designated employees on risk, and working closely with project management teams to develop project-by-project risk assessments.

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## SUPPORTING AND IMPROVING THE DELIVERY OF CATSA'S CORE BUSINESSES

2006/07 Planned Activity	Result
<b>Emergency Preparedness and Business Continuity Planning –</b> Continue emergency planning and preparation for all staff to mitigate any emergency situation.	<b>In progress:</b> Updated emergency preparedness plan and disaster recovery plan, and developed a pandemic management plan incorporating medical preparedness, business continuity measures and relevant communications material.
Continue simulation exercises at all major Canadian airports.	<b>In progress:</b> Carried out 537 breach simulation exercises at airports across Canada.
<b>Program Evaluation</b> Conduct evaluations of NPS, HBS, Training, RAIC, PBS, and CACPP.	<b>Completed:</b> NPS evaluation. All remaining evaluations are planned for completion in the 2007/08 fiscal year.

## 2 STRATEGIC ISSUES

As CATSA enters its sixth year of operations, the organization will continue to focus its strategic direction and attention to its security screening mission and will focus its short-term attention on the Special Examination of the Auditor General, the financial impact of new security measures dealing with liquids, gels and aerosols, and analysis of the report of Advisory Panel on the five-year review of the *CATSA Act*.

This chapter will outline the strategic issues which are expected to have the greatest impact on CATSA over the next five years, with special attention on those matters that the Minister has identified in conveying the Government's priorities and expectations for CATSA.

### 2.1 Legislative Issues

#### Special Examination

As a Crown corporation subject to Part X of the *Financial Administration Act* (FAA), CATSA is required to maintain financial and management control and information systems and management practices that provide reasonable assurance that its assets are safeguarded and controlled; its financial, human, and physical resources are managed economically and efficiently; and its operations are carried out effectively. CATSA is also required under the FAA to have a Special Examination of these systems and practices carried out at least once every five years by the Office of the Auditor General (OAG). The OAG's responsibility is to express an opinion to CATSA's Board of Directors on whether there is reasonable assurance that, during the period under examination, there were no significant deficiencies in the systems and practices examined.

For CATSA, the Special Examination covered the period from November 2005 to June 2006 and encompassed all mandated activities, as well as governance, strategic planning, risk management, financial management, human resources management, contract management, information technologies, performance measurement and reporting, and equipment management. The final report was presented to the Board of Directors on December 15th, 2006. The Minister of Transport,

Infrastructure and Communities was provided a copy of the report on December 22, 2006.

In the Special Examination opinion made public in January 2007, the Auditor General concluded that "CATSA does not yet have the reasonable assurance required under Part X of the *Financial Administration Act*." Two "significant deficiencies" were cited:

- 1) **Roles and responsibilities between CATSA and Transport Canada:** The OAG observed that CATSA would like to have more control over the way screening operations are conducted, the allocation of screening staff, the selection of screening equipment and direct access to intelligence. CATSA did not wish to be constrained by its limited mandate. The OAG concluded that this contributed to differences and ongoing issues between CATSA as the operating authority and Transport Canada as the regulatory body that have negatively impacted the relationship.
- 2) **Screening operations:** The OAG made observations and recommendations related to improving oversight, addressing screening officer shortages, hiring and training screening officers, screening provider replacement, non-passenger screening, restricted area identity card, infiltration tests and performance measurement and reporting.

CATSA takes the observations and recommendations of the Special Examination report very seriously, in particular the recommendations associated with the two significant deficiencies. Acting on direction from its Board of Directors, CATSA developed a comprehensive action plan that sets out actions already taken, future actions organized in terms of priority, timelines for implementation, and associated resource implications. The Board of Directors briefed the Minister on this approach in March 2007 and has committed to provide the Minister with regular progress reports.

Issues raised by the OAG in the Special Examination report are reflected as strategic issues throughout the current chapter (e.g. operations oversight and monitoring, human resources) and addressed as part of CATSA's strategy over the planning period, as outlined in Chapter Four.

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Priority areas for 2007/08 include oversight of screening operations, life-cycle management of equipment, the screening officer workforce, and performance measurement.

A redacted version of the Special Examination report is available on CATSA's website at [www.catsa-acsta.gc.ca](http://www.catsa-acsta.gc.ca).

## Five-year Review of the *CATSA Act*

Section 33 of the *CATSA Act* requires the Minister of Transport to conduct a review of the legislation during the fifth year after the legislation was enacted and to report to Parliament on the findings. In November 2005, an Advisory Panel appointed by the Minister was tasked with providing advice on future aviation security requirements and other developments that may impact on CATSA's future operations.

CATSA devoted considerable time and resources to gathering and preparing information for the Advisory Panel, including the submission of a series of position papers on matters of current and future aviation security topics.

*Flight Plan*, the report resulting from the Panel's work, was tabled by the Minister in Parliament on December 12<sup>th</sup>, 2006. The report is available on Transport Canada's website ([www.tc.gc.ca](http://www.tc.gc.ca)). The report provided a comprehensive look at the history and current status of aviation security in Canada, as well as an assessment of future challenges. It included a set of far-reaching recommendations, including about the overall management of Canada's aviation security program, the regulatory framework, the alignment of responsibilities and accountabilities between Transport Canada and CATSA, and the funding of CATSA. Senior officials of the two organizations have formed a Steering Committee to analyze the recommendations and their implications.

The Minister has noted that the Advisory Panel's recommendations, and those in the OAG Special Examination report, will help inform the important decisions the Government of Canada needs to make about CATSA's future, as well as about aviation security in general.

CATSA is according the highest priority to providing the Minister with a comprehensive action plan and regular reports on how it is addressing the OAG Special Examination to demonstrate to the Minister that significant progress is being made. At the same

time, CATSA is working diligently to improve its relations with Transport Canada and to collaborate with Transport Canada at the most senior levels on providing support to the Minister in relation to the pending decisions on the Advisory Panel report. CATSA expects that the Minister's response will also include options for the Government's consideration with respect to developing a long-term, sustainable funding framework for CATSA.

## Service Delivery Model

Sections 6 and 7 of the *CATSA Act* provide CATSA with three options for delivering security screening:

- third-party service provider (screening contractor);
- direct employment (CATSA's own employees); and
- through agreements with aerodrome operators.

The OAG Special Examination report recommended that CATSA re-evaluate the model employed for the delivery of screening services and consider pilot projects to test other models. On its part, the Advisory Panel on the *CATSA Act* review recommended that all three options remain in the Act and that airport operators should be eligible to bid on a screening contract for their own airport.

The *third-party screening option* currently in place provides a high level of security at a cost that reflected CATSA's initial five-year funding envelope and additional two-year program integrity funding. CATSA's Board of Directors and management are committed to reviewing the screening service delivery options in advance of the 2008/09 expiration of the current contract extensions, to ensure that CATSA is operating under the option that is most appropriate. Previous costing estimates indicate that certain options – particularly the federalized model – would have significant funding implications for the Government.

## 2.2 Funding and Related Issues

As CATSA moves to an emphasis on measuring performance and continuous improvement of ongoing operations in support of Special Examination recommendations and in preparation for the decisions emanating from the five-year review of the *CATSA Act*, its current activities will rapidly come under increased pressure over the planning period. While the government's recent program integrity funding commitment provided near-



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term financial support, CATSA's long-term reference levels have not been adjusted to reflect operational realities. CATSA's current funding envelope is unsustainable: the Authority has no capital funding beyond 2007/08 and its operating budget falls by approximately 20% from \$365 million in 2007/08 to \$290 million in 2008/09 and beyond. The flat-lining of the CATSA budget does not take into account increasing passenger volumes, market-driven screening provider costs, inflation and other factors beyond CATSA's control.

In the federal budget delivered on May 2, 2006, the Government of Canada addressed CATSA's projected funding shortfalls in 2006/07 and 2007/08 through a program integrity funding commitment amounting to \$211 million. With this funding, CATSA is able (through the 2007/08 fiscal year) to maintain appropriate levels of service and security; implement a comprehensive maintenance regime for its EDS equipment across the country; purchase and integrate new PBS and HBS equipment for several airport expansion projects; and make financial commitments to service providers in recent contract renewals that reflect market-driven increases in screening officer compensation. In 2006/07, CATSA managed, on a one-time basis and within existing reference levels, to address the incremental costs associated with implementing enhanced security measures resulting from the events of August 10, 2006. However, CATSA is working with Transport Canada to identify a source of funds to address the long-term ongoing costs of implementing these measures.

CATSA requires a sustainable funding solution for 2008/09 and beyond to ensure the continued security of its screening operations, to maintain service levels, and to ensure it carries out screening effectively, efficiently, consistently and in the public interest.

The following sections describe strategic issues with significant funding implications, including some that are beyond CATSA's control - such as the number of airline passengers using Canadian airports.

## **Evolving Terrorist Threat**

Several incidents in 2006 and early 2007 demonstrate that civil aviation remains an attractive terrorist target.

- In November 2006, plans were uncovered to place baggage containing improvised explosive devices onboard an Israeli El Al airliner leaving Frankfurt, Germany.
- In November 2006, a bag containing explosives hidden in several microphones was pulled off a plane in Lagos, Nigeria.
- In December 2006, airports all across India were put on high alert after specific intelligence was received that they were the target of planned terrorist attacks.
- In January 2007, a disgruntled passenger, brandishing several knives and a pistol, successfully hijacked a plane on a domestic flight in Sudan.

Although all of these incidents and plots were resolved successfully, they clearly show that aviation remains vulnerable to attacks.

In Canada, the most dramatic event was the arrest in the summer of 2006 of 17 people in the greater Toronto area under the provisions of the *Anti-Terrorism Act*. These 17 people were charged with plotting a series of terrorist attacks against targets in Ontario.

For CATSA specifically, the most relevant event, and one that has had a lasting impact on CATSA's operations, was the August 2006 discovery by British authorities of an alleged plot to use liquid explosives to attack trans-Atlantic flights. The plot demonstrated that, while terrorists are still targeting aircraft, they are looking to innovative techniques, including liquid explosives in innocuous-looking containers such as beverage bottles or other improvised explosive devices. Indeed, the Special Examination acknowledged that one of the challenges that CATSA faces is operating in a high-risk environment where one incident could lead to potential disaster and where, although most passengers pose no threat, screening staff need to be vigilant at all times.

### *Screening Operations – Impact of New Measures*

The August 2006 plot had an immediate impact on screening operations internationally. In Canada, Transport Canada put new measures regarding the transport of liquids, gels and aerosols in carry-on luggage into effect – measures that needed to be

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communicated to the front lines. These measures were updated several times as more research led to a better understanding of the threat and to maintain consistency with procedures in other countries. As required, CATSA executed timely and effective updates between its headquarters and screening officers across the country to ensure that screening procedures conformed to the latest measures.

Yet, the overall impact is that the screening process takes longer. In terms of productivity, despite increasing screening hours and authorizing overtime, a September 2006 wait time and throughput study of all Class I airports showed passenger throughput at PBS checkpoints has declined by over 8% on average from August 2005. Of note, Toronto's Pearson International—Canada's busiest airport—showed PBS throughput declined 20% and an additional 32 screening officers are required to carry out the additional measures. The study also showed that lower throughput has led to increases in wait times: on average, wait times have increased by 50% (over 2005 figures); more importantly, during peak periods some airports reported a four- to seven-fold increase in wait times. As well, longer queue times already being caused by growing passenger volumes—particularly at airports operating at or near capacity—are being exacerbated by additional physical search requirements.

The current situation is unsustainable both financially and operationally as it relies on overtime and the use of screening officer recruits to perform certain duties at PBS checkpoints. In the past, CATSA has absorbed the cost of implementing enhanced security measures, such as during the SARS crisis in 2004. CATSA does not have the authority to budget for contingencies. When faced with the requirements of implementing enhanced measures, CATSA, as a Crown corporation fully dependent on appropriations, is forced to expend funds from existing reference levels without having an identified additional source from which to draw. CATSA will continue to work with Transport Canada to explore funding options for 2007/08 to address the ongoing financial pressures associated with implementing these measures.

## Oversight and Monitoring of Screening Operations

As recommended in the OAG's Special Examination report and in the report of the Advisory Panel on the five-year review of the *CATSA Act*, CATSA needs, over the planning period, to

strengthen its oversight capacity to better ensure the consistent execution of its security programs. Oversight activities for the 89 designated airports are currently performed by a combination of contracted resources through CATSA's service providers in the form of service delivery managers and point leaders, as well as through CATSA's directly employed regional and operational managers. There are currently 29 regional and operations managers who carry out oversight and monitoring activities across domestic, international, transborder PBS lines, HBS, NPS, complaints, and claims investigations.

## Human Resources

In 2006, CATSA created a People Branch to ensure that the organization continues to have the human resources necessary, both at headquarters and on the front lines, to support CATSA's key strategic objectives and the continued successful delivery of its mandate.

CATSA faces a significant human resource challenge in 2007/08 and over the planning period. As outlined in the OAG's Special Examination report, CATSA must improve the oversight, coordination and performance measurement of screening operations; implement and maintain platform-specific life-cycle plans for the 2,500 pieces of critical security equipment across Canada; support ongoing RAIC operations; continue with the implementation of CATSA's strategic, performance and risk management frameworks and SeMS; enhance its governance framework; and further develop its control environment in the areas of financial, contractual and information systems management (including Threat-Risk Assessments for addressing weaknesses). Improvements in these and other areas would contribute to better accountability and better demonstrate that the delivery of screening operations is efficient, effective, and in the public interest while complying with Transport Canada's regulations.

CATSA's current Full-time Employee (FTE) levels are not sufficient to address this challenge. In the fall of 2005, CATSA conducted a survey of its own employees which confirmed observations of growing stress in the workplace due primarily to a heavy workload. The survey also helped shed light on other determinants of employees' intentions to stay or leave, such as remuneration and opportunities for advancement. Recent exit interviews also confirm a heavy workload to be a predominant issue and that employees are leaving CATSA to achieve better work/life balance.

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The Public Service Commission reports that the federal workforce stands at the threshold of significant demographic change, which will open up a large number of opportunities in the near future, especially in the National Capital Region. In this context, skills shortages could become a growing problem as the Canadian labour market moves from a so-called “employers’ market” to an “employees’ market”. For CATSA, this could challenge the Authority’s ability to optimize talent management and ensure the right people are in the right jobs to implement, assess, measure, and evaluate the Authority’s activities.

## *Screening officer workforce*

The economic boom in certain parts of the country is posing a challenge to CATSA’s operations on two fronts, a point noted in the Special Examination report. First, the competitive labour market is contributing to a higher than average turnover rate among screening officers. Second, the growing economy is fuelling the growth in passenger volumes that is pushing many airports to near capacity levels and boosting the demand for even more screening officers and equipment to maintain or improve throughput. Third, in certain parts of the country, attraction, retention and attrition issues have contributed to a chronic shortage of screening officers that exacerbates the capacity pressures already being experienced due to growing passenger volumes. CATSA believes that one of the potential keys to managing these challenges is to build a foundation for a viable and satisfying screening officer career that attracts more recruits and offers career progression opportunities.

## **Passenger Volumes and Airport Expansions**

In the aftermath of September 11, 2001, few would have expected the dramatic increase in passenger volumes that has taken place in the Canadian aviation industry. Transport Canada expects passenger volumes to increase between four and five per cent per year, while in some of the larger airports annual increases are approaching double digits. The Special Examination and the Advisory Panel noted this trend and identified it as a challenge facing CATSA. Both reports highlighted that CATSA’s funding is not directly tied to passenger volumes and that airport authorities and airlines continually pressure CATSA to process passengers quickly. Nevertheless, CATSA must still meet the minimum security requirements defined in the regulations.

The 2006 Budget announcement of \$211 million in additional funding for CATSA for the 2006/07 and 2007/08 fiscal years allowed CATSA to avert significant operational pressures at PBS checkpoints by adding screening lines.

Funding from Budget 2006 also allowed CATSA to address the equipment requirements of certain airport expansion projects that were known at that time. In the coming years, other airports will undergo expansions of their facilities that will require additional EDS equipment (e.g. Quebec City). An important challenge facing CATSA is the difficult attempt to annualize the capital costs of acquiring and installing equipment associated with these multi-year projects, especially when the Authority has no capital funding beginning in 2008/09. Large airport expansion projects are not controlled by CATSA and unexpected delays in the construction process may have a significant impact on CATSA’s budgetary cycle as expenses budgeted for one fiscal year may instead be incurred in the next. While it is recognized that the Annual Reference Level Update of the government’s budgetary cycle is a mechanism available to manage capital re-profiling, the exercise occurs only once per year and does not afford CATSA enough flexibility with respect to potential delays in expansion projects.

The Vancouver Olympic Games in 2010 are expected to lead to significantly higher passenger volumes as well as additional security concerns. CATSA will be called upon to work with Transport Canada and other government partners over the planning period to ensure that the necessary people and equipment are in place to prepare for the expected influx of visitors to Canada (not just British Columbia).

## **Technology and Equipment**

The effective execution of CATSA’s security programs relies on the optimal use and functioning of available technology not only on the front lines, but also at CATSA’s headquarters where some critical oversight roles and analysis functions are performed. Disaster recovery and business continuity plans are critical components of CATSA’s information technology and risk management strategies. The focus over the next five years will be to look forward to emerging technologies and build on the existing communications and security systems, as well as the software and applications already in place.

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CATSA's current complement of screening technologies consists of recently developed EDS equipment and older PBS X-ray equipment and metal detectors. Over the next five years, and in accordance with one of the Special Examination recommendations, life-cycle management will take on greater importance as the equipment initially deployed begins to reach its life expectancy. Incorporating new technology into security checkpoints will depend greatly on the perceived level of threat and on the evaluation of costs associated with its implementation.

The equipment CATSA has installed was forecast to have sufficient surplus capacity to handle growing checked baggage volumes over a five to seven year period, as well as periodic equipment maintenance and unexpected failures. The introduction of new security measures at PBS has led to an increase of 20-30% in the volume of personal belongings passing through HBS, resulting in the utilization of CATSA's equipment to its full capacity ahead of schedule. Without redundant equipment, especially at the highest volume Class I airports, and with limited personnel on site, the challenge of successfully meeting all regulatory requirements during times of equipment repair or unexpected failure is becoming increasingly difficult. CATSA will require additional resources in the future to purchase and install additional redundant equipment, which will allow for more consistent and effective security.

As acknowledged in the report of the Advisory Panel on the five-year review of the *CATSA Act*, the ability to research, test, evaluate and adopt new screening techniques and technologies that conform to international standards, will be crucial to the successful continued delivery of a secure and sustainable aviation security system. Emerging techniques and technologies must be assessed and evaluated for their security benefits. CATSA believes its experience in the implementation and management of screening technologies could serve as an asset to Transport Canada's appraisal of new screening technologies for evolving threats such as liquids and other improvised explosive devices and that CATSA could help ensure that new technology is tested and deployed with minimal delay.

## Communications

As memories begin to fade of the September 11, 2001 tragedy, the same security programs that restored confidence in aviation are now being challenged by some as a "nuisance". This leads to public

cynicism about air transportation security and an increase in the incidence of unruly passenger behaviour (a 109% increase in such incidents in Q3 of 2006/07 over the same period in 2005/06). New screening measures to enhance security, such as those issued in the wake of the alleged U.K. terrorist plot of August 2006, if properly communicated and managed, can help reduce the perceived "nuisance" factor. If not properly communicated and managed, they can lead to confusion, significantly longer queue times and economic impacts on CATSA and other security partners.

Currently, CATSA's public awareness program includes three major annual campaigns at peak travel periods (Christmas, spring break and summer) to inform passengers about prohibited items and preparation of their carry-on luggage. The purpose of the campaigns is to attempt to increase throughput at PBS by better informing the travelling public, decrease passenger wait times and facilitate a better level of service.

With the introduction of the enhanced screening measures for liquids, gels and aerosols since August 2006, communications remain key to CATSA's screening operations over the planning period. CATSA believes an effective, sustained communications program can help maintain public confidence in aviation security programs and enhance cooperation at PBS checkpoints. Informed and aware passengers can make a positive contribution to the effectiveness and efficiency of the air transportation security system as a whole.

## 2.3 Government Policy and Regulatory Issues

### Potential Impact of New Policy Initiatives

Recognizing that CATSA's mandate is assigned by the Government of Canada through legislation and directions from the Minister of Transport, Infrastructure and Communities, there are, from time to time, government policy initiatives that could impact directly on CATSA. Along with other stakeholders in aviation security, CATSA welcomes the opportunity to participate in policy discussions.

At Transport Canada's request, CATSA has participated in discussions on subjects that are currently being studied also by Transport Canada and could potentially have an impact on CATSA's operations, such as air cargo security.

### Risk- and Performance-based Regulations

The Advisory Panel on the five-year review of the *CATSA Act* recommended “as a high priority” that Transport Canada develop a more results-based regulatory framework for aviation security. Transport Canada has launched a major review of the aviation security legal and regulatory framework to make it more risk- and performance-based. Over the planning period, CATSA will work with Transport Canada during this review to provide input to support changes to the regulatory framework.

## 3 ASSESSMENT OF CORPORATE RESOURCES

CATSA has assessed the adequacy of its resources to address the strategic issues it will face over the planning period.

The assessment of CATSA’s corporate resources is informed by: the OAG’s Special Examination;

- CATSA’s participation in the five-year review of the *CATSA Act* and the Advisory Panel’s report and recommendations;
- the Board of Directors’ strategic retreat in October 2006 which included an in-depth, across-the-organization review of CATSA’s business and operating environment; and
- CATSA’s Risk Profile.

The following discussion will outline factors that influence CATSA’s business. “Corporate Strengths” and “Areas Requiring Development” refer to those factors influencing the organization from within while “Opportunities from External Environment” and “Challenges” are factors typically impacting the organization from outside.

### 3.1 Corporate Strengths

In this context, “Corporate Strengths” are defined as attributes of the Authority that are helpful to achieving its objectives. Strengths can be further leveraged to ensure CATSA’s ongoing success.

#### People

In just five years, CATSA has assembled a talented team of employees from a variety of backgrounds and competencies. Among CATSA’s own employees are individuals with significant operational expertise in screening activities, technology and equipment deployment, air transportation and security totalling hundreds of person-years worth of experience.

CATSA’s over 5,000 screening officers receive a comprehensive training program which consists of a combination of computer-based training, distance learning tools and on-the-job training. Screening officers receive significantly more training hours than under the pre-CATSA arrangements.

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## Technology

Technology plays a critical role in enhancing CATSA's capacity to carry out its mandated activities. For example, CATSA has implemented a highly efficient and effective, five-level HBS system. The RAIC is the world's first dual biometric (iris and fingerprint) airport identification program, and replaces the restricted area pass. It allows for the issuance, verification, cancellation and tracking, in real time, of passes. Also, CATSA's CCTV cameras add another layer of security by helping to protect the integrity of screening lines and the screening process, and by allowing CATSA to react more quickly and effectively in the event of an incident.

## Project Management

Superior project management allowed for the implementation of half a billion dollars in EDS equipment to achieve 100% HBS screening services on budget and on schedule. CATSA's experience and expertise in deploying EDS equipment will be useful in a number of upcoming projects, including Phase 2 of RAIC and enhancements to its training tools, such as XRT. CATSA has created a centralized project management office to provide expertise to all divisions in the corporation, and as noted in the Special Examination report, a standard project management methodology has been implemented on all capital projects. A cross-divisional "Capital Committee" ensures proper financial oversight and management of capital projects.

## Stakeholder Relationships

CATSA's relationships with key domestic stakeholders, such as service providers, airports, airlines, government security organizations, and other government departments and agencies will continue to be vital to its ability to maintain effective, efficient, and consistent screening and to respond to customer service needs.

CATSA will also take advantage of its participation in and organization of various domestic and international forums, such as the International Civil Aviation Organization (ICAO) Aviation Security Panel, International Forum for Security Screening in Aviation (IFSSA), International Air Transport Association (IATA) AVSEC World, the Canadian Aviation Security Conference (CASC), interagency meetings and industry security committees, to build partnerships and share information necessary for the enhancement of aviation security screening.

## 3.2 Areas Requiring Development

"Areas Requiring Development" are characteristics of CATSA that require improvement or change to allow CATSA to effectively achieve its objectives. Along with addressing the deficiencies and recommendations in the Special Examination report, CATSA will use its risk management framework and a commitment to continuous improvement to manage these issues as best as possible.

### Special Examination Deficiencies and Recommendations

The following outlines the portion of CATSA's action plan that deals specifically with OAG recommendations associated with the two areas of deficiency—confusion over roles and responsibilities of CATSA and Transport Canada, and screening operations

#### Deficiency #1

Roles and Responsibilities:

Tensions between CATSA and Transport Canada

In the Special Examination report, the OAG remarked that CATSA does not wish to be constrained by its limited mandate and, among other things, would like to have more control over the way screening operations are conducted, the allocation of screening staff, and the selection of screening equipment as well as direct access to intelligence. The OAG concluded that this resulted in differences and ongoing issues between CATSA and Transport Canada, which negatively impacted the relationship.

**Recommendation:** *The tensions between CATSA and Transport Canada need to be resolved, perhaps as part of the mandate review.*

**Response and actions:** CATSA's Board of Directors and management team are committed to focusing CATSA's strategic direction and attention on CATSA's core, legislated mandate – aviation security screening. The focus of CATSA's Corporate Plan is on this core mandate and on the achievement of CATSA's statutory obligations.

Senior officials from CATSA and Transport Canada are currently examining ways to promote open and professional relations, driven by common objectives, at all levels in both organizations. They are using the Special Examination and the five-year review reports as the basis for re-examining their respective positions on a wide range of issues, with a focus on

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resolving those matters that have created tensions and confusion in the past. CATSA and Transport Canada have established a steering committee to analyze the recommendations of the Advisory Panel, and the implications of their implementation.

## Deficiency #2

### Screening Operations

The second deficiency identified by the OAG involved CATSA's screening operations and included observations and recommendations related to:

1. **improving oversight;**
2. **addressing screening officer shortages;**
3. **hiring and training screening officers;**
4. **screening provider replacement;**
5. **non-passenger screening (NPS);**
6. **restricted area identity card (RAIC);**
7. **infiltration tests; and**
8. **performance measurement.**

#### 1. Improving oversight

The OAG observed that while some degree of supervision is provided by the screening service providers, CATSA's oversight of screening operations is limited. There are 29 CATSA managers to perform oversight at 89 airports. The OAG made three recommendations related to this observation:

**Recommendation:** *Improve oversight by better equipping regional and operations managers for their oversight role. Develop specific criteria for use when monitoring screening operations.*

**Response and actions:** CATSA has developed a draft training program for regional and operations managers to better equip them for their important oversight role.

CATSA is also developing a modified Oversight Model that, by March 2009, would reduce the oversight personnel provided by the screening service providers in order to increase the number of CATSA employees dedicated to contract oversight in Class I airports. In the near term, CATSA will pilot a compliance and performance monitoring program at Toronto's Pearson

International airport. CATSA believes that an improved oversight model will provide significant progress toward addressing the deficiency the Auditor General identified with regard to screening operations.

**Recommendation:** *Explore CATSA's right to use closed-circuit TV as a tool to monitor screening officer performance in delivering screening services.*

**Response and actions:** CATSA uses CCTV for security, not to monitor performance. However, CATSA believes it is possible to use this technology to monitor the entire screening process and will initiate a project to install monitors at all Class I and II screening checkpoints for the purpose of monitoring the system. CATSA's Security Operations Centre will also monitor the process for security purposes and regulatory compliance (on a 24-hour basis).

**Recommendation:** *Implement a time tracking and scheduling system for screening officers in Class I airports.*

**Response and actions:** The Secure Identification and Time Tracking system (SITT) is designed first and foremost to better control and verify access by CATSA screening officers to the secure area of the airport. SITT is also designed to give the screening provider information related to validating attendance and the billable hours worked by screening officers as justification for billing and invoicing. Implementation of SITT to all Class I airports began in January 2007 and is planned for completion by April 1, 2008.

#### 2. Addressing screening officer shortages

The OAG observed that in some airports, particularly those where there is competition for a qualified workforce as a result of strong economic activity, CATSA's screening providers have chronic shortages of screening officers. Factors causing the shortages include difficulties recruiting and retaining screening officers, lengthy delays in obtaining security clearances, and attrition of new screening officers who find other employment. The OAG proposed the following recommendation:

**Recommendation:** *Continue to take measures to address screening officer shortages. Ongoing turnover rates should be factored into all staff planning, as well as security clearance delays.*

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**Response and actions:** CATSA has appointed a single point of contact to liaise directly with Transport Canada on security clearances and manage the national screening officer hiring-staffing-training portfolio.

CATSA has begun developing a draft framework for screening officer specialization (e.g. HBS X-ray operator), which will support a screening officer job evaluation study. This study will incorporate a review of basic screening officer wages and ensure that compensation properly reflects the weight and importance of the duties and responsibilities associated with the position. The study will serve as the basis for specialization operations and the career progression program and the conclusions will provide CATSA with valuable information to develop and implement future strategic initiatives.

### 3. Hiring and training screening officers

The OAG observed areas requiring improvement in terms of hiring practices and training. In relation to this observation, the OAG made four recommendations:

**Recommendation:** *Provide greater guidance to screening providers for hiring screening officers.*

**Response and actions:** CATSA has taken several actions in this area including:

- initiating consultations with Transport Canada. A working group has been formed with service providers which will generate information by early 2007/08 on existing hiring programs.
- developing and implementing additional pre-employment selection and promotion tools to measure critical competencies required by screening officers and Point Leaders.
- starting to develop a framework for screening officer specialization as part of the effort to create career conditions that target a desired workforce.

CATSA will measure and monitor performance (e.g. turnover rates, retention rates, failure rates), as well as benchmark CATSA screening officers' performance with similar organizations.

**Recommendation:** *Monitor use of X-Ray Tutor (XRT) to take steps to ensure that screening officers progress to higher levels of training.*

**Response and actions:** The use of XRT is a CATSA initiative that is being developed and deployed in cooperation with the University of Zurich. CATSA has made XRT Utilization and Performance reports available on-line as a tool to Regional Managers, Operational Managers and Learning and Performance Advisors to monitor and measure screening officer performance. CATSA has developed a course to train regional staff on how to use the reports.

**Recommendation:** *Make refresher training a focus of attention to ensure screening officers fully understand all up-to-date procedures.*

**Response and actions:** CATSA has developed and implemented a number of refresher training tools since its inception, such as the National Enhancement Training program for all screening officers, the "Improvised Explosive Device (IED) Recognition and Safety Boards" posted at all airports, a webcast on liquid explosives, and a screening officers' website. The identification of areas of specialization for screening officers (to enhance training and improve retention) is also being reviewed.

With XRT now operational at Class I and II airports, CATSA will continually enhance current training tools to increase the screening officers' effectiveness over time and to help them adapt to the dynamic environment. CATSA will continue to expand and enhance the Point Leader development program and implement XRT at Class Other airports; and re-activate TIPS with expanded image library.

**Recommendation:** *Streamline standard operating procedures (SOPs) and other screener guidance to make them more easily accessible.*

**Response and actions:** CATSA is currently reviewing all SOPs and updating all CATSA Operational Plans (COPs), with a goal of simplifying them to assure greater consistency and relevance. A secure screening officer website has been created. CATSA's Standard Operating Procedures (SOPs) will be revised in 2007/08 in order to break out operational procedures from descriptive and informational content. This will result in a more streamlined and focused procedure manual for all screening personnel.



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## 4. Screening provider replacement

The OAG observed that a number of screening providers had to be replaced for a variety of reasons, which is disruptive to screening operations, and made the following recommendation:

**Recommendation:** *Re-evaluate the model for delivery of screening services. Consider pilot projects to test other models.*

**Response and actions:** CATSA's Board of Directors and management are committed to reviewing the screening service delivery options in advance of the 2008/09 expiration of the current two-year contract extensions with existing screening providers to ensure that CATSA is operating under the option that is most appropriate.

In support of the commitment to review service delivery options, CATSA has initiated a review of the current screening delivery model in order to identify other potential improvements or options for screening delivery.

## 5. Limitations in non-passenger screening

The OAG observed that the limited number of fixed non-passenger screening checkpoints where random screening occurs and the random nature of the "mobile" non-passenger checkpoints enable the non-passengers to avoid screening.

*No recommendation was proposed on this issue.*

**Response and actions:** CATSA has managed its NPS activities, including random search and transborder flights, within the operating budget allocation and \$20 million annual operating ceiling shared with RAIC. There will be no capital funding available for these programs in 2007/08 and beyond. CATSA understands that Transport Canada is considering expanding the NPS program and CATSA will work with Transport Canada and central agencies to seek appropriate long-term funding through the appropriate mechanism.

## 6. Delays in implementing RAIC

The OAG observed that delays in the implementation of RAIC increase risk and that since Transport Canada's regulations for RAIC had not yet been finalized, "CATSA, for that and other reasons, is experiencing difficulties in obtaining airport authorities' agreement for RAIC implementation". The OAG made the following recommendation:

**Recommendation:** *CATSA management should continue to closely monitor the Restricted Area Identity Card project and provide the support necessary to ensure its successful completion.*

**Response and actions:** CATSA successfully deployed RAIC equipment to all Class I and II airports by December 31, 2006, and RAIC enrolment was completed by January 31, 2007. The significant challenges related to enrolment at certain airports were eased with the implementation of regulations by the Government of Canada on December 27, 2006. Implementation of Phase 2 of RAIC is planned for the end of 2007/08, but may require additional resources to complete.

## 7. Infiltration tests

The OAG observed that, for failed infiltration tests, in most cases "neither Transport Canada, nor CATSA headquarters, was informed by CATSA's regional management as to whether action plans to improve screening officer performance were carried out, as required by the standard operating procedures..." The OAG made one recommendation for this observation.

**Recommendation:** *Provide assurance to CATSA headquarters and Transport Canada that corrective action has been taken in response to failed infiltration tests.*

**Response and actions:** CATSA has taken steps to centralize documentation relating to infiltration testing and action plans, and has implemented additional controls to ensure that all documentation relating to infiltration testing and remedial actions are forwarded to CATSA headquarters in a timely manner for archiving, analysis and trending. CATSA's local staff has taken appropriate corrective action in cases of failed infiltration tests. CATSA's Regional Managers will continue to ensure that local corrective action plans are put in place, successfully completed, and reported to Transport Canada and CATSA headquarters, however, additional resources will be required to ensure the timeliness and completion of corrective actions over the long term.

## 8. Performance measurement and reporting

The OAG noted that, while CATSA has established various performance measures and some targets, it is not clear how these relate to its mandate of effective, efficient, and consistent screening that is in the public interest. The OAG made three recommendations:

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**Recommendation:** *CATSA should develop a framework that shows how each aspect of its mandate will be measured to demonstrate that pre-board screening, baggage screening, and non-passenger screening are “effective”, “efficient”, “consistent”, and “in the public interest”.*

**Response and actions:** A challenge facing security organizations globally is how to quantify or demonstrate measurable results in security. CATSA intends to overcome this challenge by focusing on measuring the effectiveness and efficiency of its activities. CATSA is preparing a corporate Performance Based Management Plan framework designed to implement Performance Measurement (PM) Plans for each of CATSA's five branches. The measures will relate to CATSA's mandate of effective, efficient, consistent screening that is in the public interest.

**Recommendation:** *CATSA should establish the accompanying targets by which good or poor performance can be assessed.*

**Response and actions:** As an active member of Transport Canada's Performance Measurement working group since October 2006, CATSA has helped identify key performance indicators and expects that targets for effective, efficient, and consistent screening that is in the public interest will be completed in the first quarter of 2007/08.

**Recommendation:** *CATSA should measure and report its performance against these targets for internal purposes and, as appropriate, in its annual reports.*

**Response and actions:** CATSA expects to report against some of these targets being developed in cooperation with Transport Canada in its 2008 Annual Report.

## Limits of Current Screening Technology

The increased threats from explosives and non-metallic weapons have prompted governments and industry to investigate new passenger screening technologies, including chemical trace-detection techniques and imaging methods that can see through clothing. In Budget 2006, the Government of Canada provided CATSA with moderate funding to purchase and pilot new screening technology to detect explosives on passengers including Triacetone Triperoxide (TATP), a highly volatile explosive that can be easily made with commercially available materials. The

development of this and other technologies has reached the stage at which operational implementation can be contemplated. However, the number of equipment providers and manufacturers is limited and long lead times are required to test, purchase, and deploy new equipment.

CATSA continuously reviews the performance of its five-level HBS system to identify areas for improvement (e.g. equipment detection rates) and will continue to work with Transport Canada to identify new equipment that can provide better performance and enhance security.

As recommended in the Special Examination report, CATSA intends to develop specific life-cycle plans starting with older equipment. CATSA has developed depreciation schedules for equipment based on the expected useful life. Funding pressures after 2007/08 will mean that CATSA would not be able to pursue equipment renewal during the planning period, and would need to try to extend the life of its current platforms for as long as possible.

Recent security measures put in place in response to the increased threat of liquid explosives have had a net effect of increasing HBS volumes by 20-30%. Although these HBS systems were designed to accommodate future capacity requirements, many systems are already reaching their maximum peak volumes due to this increase, which means CATSA must consider revisiting its future capital plans sooner than anticipated.

## Public Awareness of Screening Officers' Role

Although public satisfaction in the screening process is high (the last passenger survey conducted by Decima Research in March 2006 found 93% of passengers satisfied), a lack of awareness of the importance of CATSA's role and responsibilities in aviation security continues to persist. CATSA needs additional resources to more effectively communicate to the travelling public the important security role its expertly-trained screening officers play and the challenges they face performing an important job. An effective communications program can also help maintain public confidence in aviation security programs and enhance cooperation at PBS checkpoints. As mentioned in Chapter 2, informed and aware passengers can make a positive contribution to the effectiveness and efficiency of the air transportation security system as a whole.

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## Building Scenarios, Drills and Simulations

CATSA requires critical decision-making and crisis management skills when incidents occur. An effective way of honing these skills is through table-top exercises in airports and simulations with senior management. CATSA would like to expand the use of airport exercises to include airport stakeholders. At this time, scenarios are limited to screening personnel.

## 3.3 Opportunities from External Environment

CATSA sees the following external opportunities as potentially helpful in achieving its strategic objectives.

### Risk- and Performance-based screening

CATSA will continue to work with Transport Canada as the current regulatory framework evolves to a more risk- and performance-based one. CATSA believes that there are opportunities to implement risk- and performance-based approaches in its screening activities, as identified in Transport Canada's proposed action plan for transportation security, which focuses on SeMS and risk management.

### New Screening Techniques and Technologies

CATSA will work with Transport Canada to explore other available screening techniques and technologies to ensure that its security programs remain effective and efficient. The Authority has also identified certain limitations related to PBS checkpoints, such as ergonomic design and configuration, and will work with airport authorities and Transport Canada as needed to remediate these issues.

## 3.4 Challenges

"Challenges" are conditions, normally external in nature, which could impede CATSA's efforts to achieve its objectives.

### Corporate Capacity

Now that CATSA has moved beyond the initial deployment phase to full implementation and consolidation of its security programs, there is a growing need to strengthen the Authority's capacity. Indeed, the Special Examination noted specifically that improvements are required to assess and manage risk,

measure performance, ensure quality screening services, enhance governance practices, enhance financial management and reporting capabilities, and manage talent and other human resources issues.

As outlined in previous corporate plans, CATSA provides approximately 92% (93% including war risk insurance) of its appropriations directly to the front-lines. CATSA only has approximately 261 FTEs to manage and provide adequate support to its mandated responsibilities and meet its corporate obligations.

To address priority capacity gaps and key recommendations related to the screening operations deficiency described in the Special Examination, CATSA plans to increase the number of FTEs covering both regional and headquarters personnel from 261 to 300 in 2007/08, using existing resources (currently, more than 50 of CATSA FTEs are assigned to airports across the country).

The planned positions are critical for CATSA as some important tasks are not currently staffed and outputs and outcomes key to the organization's reporting and decision-making process require improvements and better timeliness.

Depending on the outcome of the compliance monitor pilot project at Toronto's Pearson International airport, up to 60 compliance monitors may be hired and those additional positions would be funded by eliminating oversight positions currently provided by service providers, which would result in savings to service providers fixed fees that would be used to offset the cost of the compliance monitors.

CATSA will undertake a rigorous human resource exercise to re-evaluate and reassess all current positions in order to validate needs and to identify efficiencies, gaps and opportunities for reallocation. This "A-base" review of FTEs will be completed in the first half of 2007/08.

### Growing Passenger Volumes

CATSA recognizes, as did the OAG Special Examination and Advisory Panel reports, that growing passenger volumes are a challenge for the Authority. Passenger volume growth in the absence of long-term sustainable funding for CATSA can lead to declining service (e.g. longer lines) as screening capacity is

outstripped by the volume of passengers. CATSA is also expected to meet the demand of airport authorities seeking reimbursement for multi-year airport expansion projects.

### **Managing the Unexpected: The Evolving Terrorist Threat**

By preventing prohibited items from passing into the sterile area or onto aircraft, CATSA's mandated activities help deter threats and protect the travelling public, aircraft and airports. Enhanced security measures, such as those following the events of August 10, 2006, required immediate additional investment in human and technological resources, which is difficult for a 100% appropriations-based entity with no authority to budget for contingencies. CATSA's continued success will also depend on effective partnership with Transport Canada, security partners, and industry to ensure the continuing timely receipt and sharing of information.

### **Screening Officer Compensation**

Market-driven service provider costs are driving up CATSA's operating costs, particularly in highly competitive labour markets, such as Alberta. An abundance of other employment options in high performing parts of the country is also contributing to higher turnover rates and to labour instability in general, and staffing shortages as noted in the OAG's Special Examination report. Shortages of screening officers can negatively impact throughput, queue times and CATSA's ability to deliver a consistent level of service.

To improve screening quality and consistency, service providers must be able to attract and retain qualified, well-trained personnel by offering competitive compensation and benefits that properly reflect the weight and importance of the duties associated with the position.

## **4 STRATEGIC OUTCOMES, OBJECTIVES, INITIATIVES AND PERFORMANCE MEASURES**

This chapter outlines CATSA's strategic priorities over the planning period, including the strategic objectives and initiatives developed in response to the OAG's Special Examination report and required to achieve the corporation's strategic outcomes, and the measures necessary for assessing CATSA's performance and results.

### **4.1 CATSA's Strategic Planning Framework**

CATSA's overall strategic direction is designed to ensure the organization focuses on achieving its mandate and conducts screening *effectively, efficiently, consistently, and in the public interest*, according to the legislative mandate prescribed in section 6 of the *CATSA Act*.

The Corporate Plan is the culmination of the strategic planning process. The Board of Directors and senior management met in the October 2006 to determine five-year strategic outcomes, objectives and initiatives through a review of CATSA's risk profile, an in-depth review of CATSA's operating environment, and an assessment of corporate resources in relation to the main internal/external issues of strategic importance facing the corporation. Other inputs to the planning process for the 2007/08 to 2011/12 planning period include participation in and action plans in response to the OAG Special Examination; letters of guidance and expectations from the Minister of Transport, Infrastructure and Communities; the position papers CATSA submitted to the Advisory Panel as part of the five-year review of the *CATSA Act* and the panel's report and recommendations; employee survey results; as well as quarterly performance reports and the 2006 Annual Report.

The integrated planning framework and process culminate in CATSA's corporate strategy. From the corporate level, the strategy is translated into branch- and directorate-level strategies and initiatives, with aligned performance measures and quarterly reporting. These branch- and directorate-level strategies are further translated into individual employee performance objectives, aligned to an employee performance management program.

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## Legislative Mandate and Five-year Strategic Outcomes

Over the 2007/08 – 2011/12 planning period, CATSA will be focusing on attaining three key strategic outcomes to enable the organization to better meet its statutory obligations under the *CATSA Act*:

1. Customer-Focused Security
2. Strengthened Capacity
3. Recognized Expertise

All three outcomes are interrelated. While CATSA has built a solid foundation, increased capacity is required to continue to improve on the delivery of its mandate. Specific areas to be addressed include the need for sustainable funding and adequate resources to meet CATSA's operational, administrative, reporting and modern comptrollership obligations and responsibilities going forward. Strengthening its foundation or capacity will allow the Authority to more effectively focus on its customers. Effective, customer-focused security and strengthened capacity will enable CATSA to build on the considerable expertise it has developed within its mandated areas of activity. In achieving recognized expertise, CATSA will have top-notch performance measuring and reporting capacity, sound business processes and practices, and effective relationships to demonstrate to the travelling public, the Government of Canada, and major stakeholders such as the airline industry and airports that CATSA's expert screening ensures a high level of security.

## Near- and Longer-Term Strategic Initiatives

To realize the three strategic outcomes, CATSA has established strategic objectives and formulated a series of strategic initiatives, a number of which are in direct response to the Special Examination's recommendations, and are noted as such. Strategic initiatives are prioritized into near-term (1-2 years) and longer-term (2-5 years). Near-term initiatives are those that can begin or be undertaken with existing funds, while longer-term initiatives require additional, sustainable funding.

The Minister of Transport, Infrastructure and Communities' response to the Advisory Panel's report on the five-year review of the *CATSA Act* is expected to include options for a long-term, sustainable funding framework for CATSA. Thus, longer-term initiatives will be phased-in over 2-5 years as part of the corporate planning process – once a long-term funding envelope is obtained.

Along with implementing near-term initiatives, CATSA's focus in 2007/08 will be on major activities identified in the 2006/07 Corporate Plan (e.g. continuing RAIC deployment) related to the Government's \$211 million in additional funding announced in Budget 2006.

## Consequences of Insufficient Funding—

### Contingency Plans for 2008/09 and Onwards

Beginning in 2008/09, CATSA's reference levels drop from \$365 million to \$290 million for operating and from \$90 million to \$0 for capital. While the Government in Budget 2006 recognized and addressed CATSA's operating and capital sustainability pressures for the 2006/07 and 2007/08 fiscal years through its two-year program integrity funding commitment, CATSA's reference levels for 2008/09 and beyond were not adjusted to reflect the operating reality and ongoing business requirements. The principal operating pressures – increasing passenger volumes, airport expansions, and market-driven service provider costs – will continue to persist over the course of the planning period.

With \$290 million in total funding, CATSA has no flexibility to make substantial cuts in areas other than screening to maintain current service levels; while all aspects of CATSA's operations would be negatively impacted, large-scale reductions in the number of screening officer hours, which represent CATSA's single largest expense, would be inevitable.

CATSA will continue to work closely with Transport Canada and central agencies to develop options for providing the Crown corporation with a long-term, sustainable funding framework starting in 2008/09.

## 4.2 Customer-Focused Security

In realizing this strategic outcome, CATSA needs the people, processes, equipment and experience to ensure that the organization's approach to its business and security screening programs remains customer focused, that is, perceived as effective and valuable to the travelling public.

CATSA will continue to work to improve both the level of security and the level of customer service. It is CATSA's ambition that all decisions at all levels of the organization be considered

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with this outcome in mind. In this regard, consistent with its legislative mandate, CATSA will seek to continuously improve its core mandated activities on the basis that it is in the interest of Canadians and the travelling public.

## Near-Term Strategic Initiatives

### Enhance PBS efficiency

Over the planning period, CATSA will continue to evaluate ways to optimize efficiency and maintain security within the current regulatory framework and to develop proposals for consideration by Transport Canada that may require regulatory changes or amendments to implement.

### Integrated and proactive communications

Over the planning period, CATSA will continue communications activities to maintain and, where possible, increase satisfaction and confidence among the travelling public. CATSA also plans to communicate to the travelling public that screening officers, and by extension CATSA, are expertly-trained specialists that care about the security of passengers and their families. This strategic initiative supports other initiatives that seek to better the working conditions of screening officers and strengthen the screening officer workforce.

### Increase outreach to public and stakeholders

Public outreach and solid partnerships with key stakeholders allow CATSA to understand service delivery expectations, manage expectations with respect to service levels, and determine what service delivery changes can be made to improve customer satisfaction. CATSA will continue to build its relationships with the travelling public, Transport Canada and other key stakeholders, including the Air Transport Association of Canada (ATAC), Canadian Airport Council (CAC), individual CEOs or COOs of airlines and airports, and other security agencies. The Board of Directors will continue to meet privately with key stakeholders such as CAC, ATAC and airport authority heads or their Boards of Directors on a regular basis. Regular private meetings will continue to facilitate discussions on sensitive industry and stakeholder issues, ensuring better-informed, customer-focused Board decisions.

## Longer-Term Strategic Initiatives

### Enhance security screening and technology at PBS and HBS

Over the planning period, CATSA will focus its efforts on optimizing the technology deployed over the last five years primarily through software upgrades; upgrading/replacing older technology inherited by CATSA (e.g. Walk-through Metal Detectors, Hand-held Metal Detectors, and PBS X-ray machines) as detection standards are upgraded, new technologies are introduced or current equipment proves difficult to maintain; keep abreast of and evaluate new technologies to address any current or future gaps; and explore opportunities of integrating available technologies to enhance current screening processes and reduce operating costs.

CATSA will continue to work with vendors and undertake pilot testing of new PBS configurations to explore ways to improve throughput and enhance the screening experience for passengers. CATSA will pilot a new concept which incorporates a split conveyor belt at the exit end of the X-ray. This is a similar concept to HBS where cleared and uncleared bags would be separated in an effort to reduce stoppage at the X-ray due to a backlog of bags waiting to be searched.

### Screening officer as a career

The Special Examination and Advisory Panel reports acknowledged that CATSA faces serious hiring, training and retention challenges with respect to the screening officer workforce. Screening officers are vital to CATSA's mandate of securing critical elements of the air transportation system. As such, CATSA must work to keep the screening officer talent pool engaged in their work and field to help enhance morale, which in turn can have a positive influence on the screening officers' interface with passengers.

To that end, a key strategy over the planning period will be for CATSA to work with its service providers to create specialization opportunities for screening officers and provide options for development and advancement.

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Strengthening response to inquiries, complaints, and incidents

Over the planning period, to increase customer and stakeholder confidence and satisfaction, CATSA will improve its response to customer inquiries, complaints, and incidents by adding additional resources and providing training to staff dedicated to this initiative. Public awareness of CATSA grew significantly after August 10, 2006, following the implementation of new security measures and restrictions on carry-on baggage. As a consequence, the volume of written inquiries has increased 400%, which stretched the limited resources allocated to this task and impacted the response time to passenger complaints. There is also increased administration overhead associated with managing and tracking to completion both public inquiries and passenger complaints.

Over the planning period, CATSA will require additional resources to increase its capacity for collecting, analyzing, and managing incident data across its mandated activities to ensure timely trend analysis and to address areas requiring immediate attention and/or correction.

## 4.3 Strengthened Capacity

With CATSA moving beyond the deployment phase to full implementation of its security programs, and in consideration of implementing recommendations from the Special Examination, CATSA needs to strengthen its capacity. CATSA must build and maintain a talented, engaged, and agile workforce to meet its evolving requirements and ensure that the people, processes and programs contribute to strengthening its corporate capacity.

Specifically, CATSA will:

- ensure that it has the right number of people, with the right skills, incentives, equipment, and training;
- strengthen and institutionalize integrated performance and risk management processes (finance, people, operations, strategic planning) and reporting mechanisms;
- enhance governance practices; and
- ensure that screening operations and equipment can handle increased loads and emerging threats, which means having the right information, equipment, capacity, and processes.

## Near-Term Strategic Initiatives

Improving compliance and performance monitoring

To support recommendations in the Special Examination report, CATSA must improve compliance and performance monitoring over the planning period, an effort which will require additional human and financial resources. In the near term, the Authority will pilot a compliance and performance monitoring program at Toronto's Pearson International Airport.

Targeting resources to risk

The Special Examination noted progress in the area of risk management. However, to improve the effectiveness of the screening process over the planning period, CATSA will undertake to evaluate the various available screening techniques and approaches. The purpose of the evaluation will be to help identify which screening methods are most effective in ensuring prohibited items are prevented from passing security checkpoints. CATSA will then work with Transport Canada, airlines, and airport authorities to assess the results and their implications for screening in the future.

Strengthening the screening officer workforce

The Special Examination report acknowledged that the hiring, training and retention of screening officers is a challenge that CATSA faces. With a view to optimizing screening, improving hiring practices, and enhancing training over the planning period, CATSA will work with its service providers to evaluate each of the jobs a screening officer can perform—PBS, HBS, and NPS—to better understand the skills and competencies required to perform each of the duties. Enhanced criteria for pre-selecting potential screening officers can then be developed, as well as pre-employment testing to better understand competencies.

Strengthening screening consistency

To strengthen screening consistency nationally over the planning period, and support Special Examination report recommendations, additional resources and capacity will be required for screening support functions in the areas of:

- national coordination (to develop/update/maintain CATSA operational plans, bulletins—both operational and administrative—screening contractor directives, and SOPs for 89 airports, and consider the development of a secure

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website to share this and other necessary information more quickly and easily with screening officers); and

- data tracking/analysis of results for HBS and PBS testing conducted by CATSA and Transport Canada, which also supports the improved compliance and performance monitoring initiative.

### Life-cycle sustainability

Life-cycle sustainability is an ongoing consideration that impacts all of CATSA's information systems and technology infrastructure, including its screening technology. A structured equipment life-cycle management program will ensure the effective management of CATSA's technology resources. As recommended by the OAG, CATSA will, over the planning period, be implementing a life-cycle management process for its technological infrastructure to ensure technology is current and supportable and managed in the most cost effective manner possible.

### Building capacity to meet the mandate

As outlined in section 3.4 – Challenges, CATSA is looking to strengthen corporate capacity in phases. In 2007/08, the FTE level will increase further to, at a minimum, 300 FTEs (plus up to 60 compliance monitors) to meet the requirements to deliver CATSA's current mandate, and address OAG recommendations. CATSA will also establish a talent management framework, and enhance training and development for CATSA's employees.

### Improve working conditions of screening personnel

One of the initiatives to pursue over the planning period (which also supports recommendations from the Special Examination) that resulted from two cross-country airport reviews is to improve screening officer working conditions by working closely with service providers. CATSA will review screening officer duties and responsibilities and will focus on working conditions to identify potential improvements. In addition, CATSA will examine the possibility of implementing benefit plans to improve attraction and retention of candidates. The conclusions of this study, to be completed in October 2007, will lead to a defined action plan by CATSA.

### Review screening delivery model

In 2006/07, CATSA negotiated a two-year extension to its existing three-year contracts with service providers, bringing the expiration date of the contracts to March 31, 2009. CATSA's senior management and Board of Directors will review the current screening delivery model prior to the expiration of these contract extensions, a course of action recommended in the Special Examination report.

### Secure long-term, sustainable funding and reference levels

The Minister of Transport, Infrastructure and Communities' response to the panel's report on the five-year review of the *CATSA Act* is expected to include a long-term, sustainable funding framework for CATSA. Beginning in the 2008/09 fiscal year of the 2007/08 to 2011/12 planning period, CATSA's reference levels decline to unsustainable levels. As stated in previous Corporate Plans, declining reference levels do not reflect CATSA's operational reality. CATSA will work closely with Transport Canada and central agencies to develop options for providing the Crown corporation with a long-term, sustainable funding framework starting in 2008/09. This work will support the Minister of Transport, Infrastructure and Communities as he responds in 2007 to the recommendations in the report of the Advisory Panel on the five-year review of the *CATSA Act*.

### Enhanced planning, execution, and measurement

CATSA's SeMS is an important element of corporate management, integrating risk management with corporate-wide strategic direction. CATSA will, over the planning period and in close collaboration with Transport Canada, continue to implement SeMS at all levels of the organization.

With CATSA's SeMS already in development, the foundation will be in place for enhancing the performance measurement program, as was recommended by the OAG. The focus on improving the performance measurement program will centre on finding new and innovative ways to measure security in terms of CATSA's legislative mandate. In the spirit of continuous improvement, and to report more conclusively on its performance, CATSA is working with its partners in the aviation, security and academic communities to modify and enhance its performance measurement program.



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## Longer-Term Strategic Initiatives

Improving compliance and performance monitoring

CATSA will undertake a phased approach to improving compliance and performance monitoring. In support of the OAG's recommendation and subject to available funding, CATSA will continue to implement its enhanced compliance and performance model over the planning period.

Strengthening capacity to meet the mandate

To continue to support the OAG report's recommendations and subject to additional funding and resources, CATSA will expand upon its near-term initiative to build capacity by ensuring the corporation has the adequate number of FTEs to implement its long-term initiatives and any new mandated activities assigned by the Government and by furthering its talent management and training and development initiatives for employees.

Continue to strengthen screening consistency

Building on work already started in the near-term, CATSA will continue to expand on its objective of strengthening screening consistency by extending the hours of coverage of the Security Operations Centre (SOC) from 16/7 to 24/7 to allow officers to handle additional workloads.

Enhancements to governance practices

By demonstrating governance leadership through adopting governance best practices, improving compliance with statutory requirements, and supporting Special Examinations recommendations, CATSA can maximize the effectiveness of its Board of Directors and, in turn, that of the corporation.

Enhanced infrastructure

CATSA did not inherit information management systems when it was created. CATSA, like any other corporation, must prudently manage its business operations and address its various reporting requirements, both internally and externally, in keeping with modern comptrollership methodology. CATSA's business environment is one of rapid and continuous change that is marked by an increasing dependence on information systems.

Over the planning period, CATSA will investigate means to consolidate its business applications (e.g. portal technology) so that its financial management, human resources, intranet, and email systems are merged into one comprehensive repository of

information with a single point of entry. Portal technology offers potential benefits to the corporation's workflow capabilities and provides a flexible and secure means of accessing network applications. Portals are best implemented in an incremental fashion, reducing long-term costly deployments that could hinder CATSA's ability to meet changing business requirements.

## 4.4 Recognized Expertise

In order to continue to realize its strategic objectives, CATSA needs to be recognized as being expert in its domain – aviation security screening. In the five years since its creation, CATSA has worked hard to develop considerable expertise within its mandated areas of activity, and in many respects, already serves as an international benchmark (e.g. RAIC, which also won domestic recognition from the Canadian Information Productivity Awards for exceptional innovation). Nevertheless, CATSA continues to work at being recognized for its security screening expertise. By achieving recognized expertise, CATSA would solidify and maintain confidence from the government, its shareholder and regulator, as well as stakeholders, and the travelling public.

To achieve the strategic outcome of recognized expertise, CATSA must have top-notch performance measuring and reporting capacity, sound business processes and practices, and effective relationships to continue to demonstrate to the travelling public, the Government of Canada, and major stakeholders such as the airline industry and airports that CATSA's expert screening ensures a high level of security. In achieving recognized expertise, CATSA will solidify and maintain confidence with the government, its shareholder and regulator, as well as stakeholders, and the travelling public.

## Near-Term Strategic Initiatives

Leverage screening expertise

Over the planning period, CATSA will explore with Transport Canada opportunities to leverage its screening expertise to formulate risk-based approaches to screening. CATSA will also continue to work closely with Transport Canada and leverage the mutually developed process for identifying and exploring priority regulatory areas for further study with a view to optimizing screening.

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## Strengthen relationship with shareholder

CATSA is at the most critical juncture in its five-year history, as it deals with a convergence of exceptional events – the five-year review of the *CATSA Act*, the Special Examination of the Auditor General, and the need to identify resource needs for the next five years. CATSA's Board of Directors and senior management will seek to maintain the Minister's confidence by according the highest priority to the Minister's expectations for CATSA, and by providing the Minister with regular progress reports in writing and verbally through meetings with the Chair.

## Demonstrate continued leadership within the governance community

Through participation in the CATSA-founded Crown Corporate Secretaries Forum, CATSA will, over the planning period, benchmark itself against other Crown corporations in the areas of operational, financial, and information management and acquire additional knowledge of best practices. Corporate governance best practices will be established and implemented. Compliance with high governance standards will contribute to increased confidence in CATSA, resulting in greater organizational credibility.

## Enhancing business processes and financial systems

In new organizations, practices and procedures develop quickly and are often not fully documented, communicated or supported by policies. It is important to map out business processes in a clear and standardized way to promote compliance with and effectiveness of the processes. As noted in the Special Examination, CATSA must continue its efforts in this area to strengthen corporate infrastructure. Over the planning period, CATSA will continue to document its business policies and processes, an effort which also supports the implementation of SeMS. CATSA will also continue to roll out its corporate financial management system. Together, standardizing processes and improving financial management and reporting systems will enhance CATSA's ability to meet its reporting requirements in a timely and accurate fashion.

## Longer-Term Strategic Initiatives

### Leverage equipment expertise

As technology solutions are developed to address evolving threats to aviation security, as new screening requirements are identified,

and as detection performance standards increase, CATSA will, over the planning period, explore opportunities with Transport Canada to leverage its expertise in the areas of equipment evaluation and testing, technology assessment, and system acceptance and certification.

## 4.5 Measuring Performance

As noted in the OAG's Special Examination report, clear measurement and reporting of performance is essential to meeting expectations for accountability and transparency. CATSA agrees with the OAG's recommendations and recognizes that it must continuously improve its performance measurement program, especially related to indicators and targets. CATSA currently measures its performance in a number of areas, publishes a quarterly performance report, and investigates best practices in performance measurement with other security organizations. Over the planning period, CATSA will continue to enhance its performance measurement program.

Measuring results in a security environment is complex and includes a number of variables. For CATSA, those variables include: equipment performance; SOPs/regulations, human performance, throughput expectations, budgets; risks, prohibited items list, layout and environment; and new threats. All of these variables must be given due consideration for their influence on the security system as changes to any one can have a direct impact on expected performance. CATSA is working with Transport Canada on addressing these issues and updating its approach. CATSA will initiate a plan to measure the performance of PBS, HBS and NPS as whole systems, in addition to measuring the performance of individual screening officers.

CATSA's performance measurement and reporting program is aligned with its strategic plan, in accordance with the OAG's recommendation to develop a framework that shows how each aspect of its mandate will be measured, to demonstrate that PBS, HBS, and NPS are "effective," "efficient," "consistent," and "in the public interest." In 2007/08, CATSA will make use of existing and several new performance measures to assess results.

The following summarizes the performance measures to be used in 2007/08 to assess results according to CATSA's legislative mandate.

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## Screening Effectiveness

Effectiveness means being successful in producing a desired or intended result. The following are each of CATSA's screening effectiveness measures and their corresponding explanations.

**CATSA Infiltration Testing Programs for PBS and HBS (new measure)**

CATSA will work in coordination with Transport Canada to continue to develop its own infiltration testing program for PBS and HBS that will encompass all the Transport Canada requirements and CATSA's legislative mandate. These test results would be classified SECRET and would not be released in a public forum.

**XRT Detection Rates**

XRT is an individually adapted computer-based program designed to improve a screening officer's ability to recognize prohibited items. Monitoring XRT detection rates is a tool that can be used to assess the effectiveness of the screening officer, the training program, and the SOPs. In addition, a baseline can be established, which could be used for screening officers to achieve targets and set goals for continuous improvement.

## Screening Efficiency

Efficiency means achieving maximum productivity with minimum wasted effort or expense. The following are each of CATSA's screening efficiency measures and their corresponding explanations.

**Passenger Throughput**

Time studies are conducted to determine the number of passengers that successfully pass through a screening line in an hour. The throughput is the average number of passengers per hour through a screening line. All factors being equal, the greater the throughput the more efficient the screening process is. Time studies on throughput conducted in a well-organized, seasonally-adjusted time period will allow CATSA to accurately determine realistic baselines for efficiency and targets to continuously show improvement.

**Wait Times**

Time studies are conducted to determine how long passengers wait to successfully transition through a screening line. The unit of measure is expressed as a percentage of passengers who

transition less than a measured number of minutes at Class I airports only. All factors being equal, the shorter the wait time the more efficient the screening process is.

**National Cost per Passenger at PBS**

The national cost per passenger at PBS is the accrued payments to screening providers for the quarter in relation to the enplaned passengers for each quarter. The payments do not include fixed fees or other special payments. All factors being equal, the lower the cost per passenger the more efficient the screening process is. The national cost per passenger is calculated only for Class I airports.

## Screening Consistency

Consistency refers to the extent to which the result of the screening process is uniform over time and across the country. In a security system, consistency is particularly important because the system is only as strong as its weakest link. The following are CATSA's screening consistency measures and their corresponding explanations.

**Standard Training and Certification for Screening Officers (new measure)**

The objective of the performance measurement plan for the training and certification of screening officers is to ensure the travelling public receives equivalent screening procedures. Meeting this objective will help ensure that a screening officer's effectiveness and efficiency are consistent for the travelling public, and that recurrent and advanced training is conducted.

A clear, concise and measurable set of requirements will be defined to measure and determine performance including the implementation of well-defined reviews of the training material, frequent flyer surveys will be conducted to determine the consistency of the screening officer's procedures across the country; and Total Quality Management (TQM)-facilitated screening officer team meeting evaluations will be implemented to determine the effectiveness and consistency of the training programs.

**Standard Screening Equipment (new measure)**

The objective of the performance measurement plan for standardized screening equipment is to ensure that:

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- the travelling public is familiar with the process; the screening officer training and familiarity is effective and efficient;
- equipment breakdown and replacement is economical; and
- equipment calibration standards are implemented and maintained.

A set of clear, concise and measurable requirements are established for a standardized set of screening equipment that is acquired and installed at all screening points. The consistency requirements are measurable through the use of effective verifications of the acquisition program, the equipment design and specification and the installation program.

## Standard Operation Procedures (new measure)

The objective of the performance measurement plan for the SOPs is to:

- ensure the travelling public is treated and screened in the equivalent manner; and
- ensure that the screening officers have processes and procedures that are consistent for screening points, equipment, and passenger interaction.

The consistency requirements will be met through the use of:

- well defined audits of the SOPs conducted by an independent auditor; and
- Total Quality Management (TQM)-facilitated screening officer team meeting evaluations will be implemented to determine the effectiveness and consistency of the processes and the operating procedures.

## Screening in the Public Interest

As stated in section 6 (3) of the *CATSA Act*, CATSA must carry out its responsibilities in the public interest. The interest of the travelling public includes flying safely and securely and enjoying a reasonably pleasant travel experience (e.g. being treated courteously). The following are CATSA's measures for assessing whether its screening is conducted in the public interest and their corresponding explanations.

## Customer Satisfaction

Independent customer satisfaction surveys are conducted at screening checkpoints and with frequent flyers on a random basis. The tabulated results of the surveys provide an independent perspective of the overall customer satisfaction during their transition through the screening process. This measure provides an estimation of how successful the public believes the screening process to be.

## Transport Canada Infiltration Tests

Transport Canada occupies the lead role in overseeing the security of Canada's entire air transport system. Its infiltration testing program serves to reinforce safety and security standards and is conducted system-wide. Transport Canada inspectors try to bring simulated or deactivated threat objects, such as knives, guns, and explosives, through passenger screening lines for both PBS and HBS systems, on a random and unannounced basis.

Transport Canada-led infiltration tests are essential for ensuring that CATSA's security screening activities comply with security regulations, meet performance standards and continue to operate in a secure manner for the continued integrity of Canada's air transportation security system.

Transport Canada's infiltration test results serve as performance indicators and provide CATSA with a random measure of screening officer compliance with regulations. Results of these tests are classified SECRET and would not be released in a public forum.

## 5 FINANCIAL ANALYSIS

CATSA is accountable to Parliament, through the Minister of Transport, Infrastructure and Communities, and must fully disclose its financial statements in its Corporate Plan.

However, pursuant to subsection 32(2) of the *CATSA Act*, CATSA must keep confidential any information the publication of which, in the opinion of the Minister, would be detrimental to air transport security or to public security, including financial and other data that might reveal such information. For that reason, financial data contained in this chapter is limited in detail.

In 2006/07, CATSA delivered mandated programs and met corporate objectives within approved reference levels. This was accomplished despite the additional costs incurred as a result of enhanced screening measures introduced following the alleged U.K. terrorist plot against commercial aviation on August 10, 2006.

### 5.1 Overview of CATSA's Financial Situation

The main financial events presented below characterize 2006/07 activities and help to explain most of the forecast-to-budget variances:

- Following the alleged U.K. terrorist plot against commercial aviation in August 2006, CATSA was directed by the Minister of Transport, Infrastructure, and Communities to implement enhanced screening measures for liquids, gels and aerosols. Additional operating costs of \$11.8 million were required to address the enhanced measures to cover screening hours, overtime, new screening officers' training and uniforms, and communications. CATSA used cost savings to offset the incremental costs of the enhanced screening measures.
- NPS program activities, including random search and transborder flights, have been managed within the operating budget allocation of \$20 million annual operating ceiling shared with RAIC. Non-passenger screening was also impacted by the enhanced measures when they were first introduced, as screening officers were reassigned to perform search activities. In the weeks following the adoption of the new screening measures, CATSA devoted a lot of effort to

train new hires and reassign screening officers back to NPS activities. In addition, the number of NPS checkpoints is less than originally planned.

- The reduction in capital funding represents \$20 million in re-profiled projects approved as part of the 2007/08 ARLU and \$6 million savings in EDS projects reallocated from capital to operating to fund part of the incremental costs associated with the enhanced screening measures.

### 5.2 Principal Budget Assumptions for 2007/08 and beyond

CATSA's operating and capital budgets total \$455 million for fiscal year 2007/08 and \$290 million for fiscal years 2008/09 and beyond (with no capital funding). The 2007/08 budget includes the additional funding of \$126 million approved in the Federal Budget 2006 to help CATSA address operating and capital budget pressures related to the continued growth in the air transportation industry. It also takes into account the \$20 million re-profiled capital projects approved as part of the 2007/08 ARLU.

The budgets presented for fiscal years 2007/08 (and beyond) do not reflect additional funding to cover the incremental operating costs related to the enhanced screening measures for liquids, gels and aerosol introduced August 2006 (\$26 million operating), nor do the budgets reflect recent airport demands impacting screening services and capital spending: for instance, the addition of 13 new PBS lines required for Toronto's Pearson International airport (Terminal 1, Pier F) starting February 2007 (\$7 million operating), the increase in departure gates and flights at Vancouver Domestic and International (\$7 million capital) and the new terminal at the Québec City airport (\$3 million capital). These pressures demonstrate clearly the correlation between the industry's constant demands triggered by rising passenger traffic and their impact on CATSA's operations, plans and budgets.

The additional funding requirements of \$43 million (\$33 million operating and \$10 million capital) referred to above is for fiscal 2007/08 alone. CATSA provided a business case for additional funding to Transport Canada and central agencies to deal with these demands.

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CATSA's operating budget for 2007/08 totals \$365 million (excluding funding for the incremental costs associated with the enhanced screening measures) which represents an increase of \$18 million or 5% over the 2006/07 budget of \$347 million.

## Operating Budgets and Plans

### Screening Programs

The increase in the PBS, HBS and NPS screening programs in 2007/08 is mostly related to the increase in screening providers' contracts. With the Airport Screening Services Agreements expiring March 31, 2007, CATSA negotiated with its service providers a 2-year contract extension up to March 31, 2009 to ensure continuity of screening services beyond April 1, 2007. The extended contracts bring the average hourly billing rate to \$23.75 in 2007/08 (3.5% increase) and \$24.70 in 2008/09 (4% increase), which directly relate to wage increases provided within the majority of Class I airport collective agreements. In addition to the billing rate increases already contained in the contracts, there is continued pressure on the service providers from unions to increase wages and benefits for screening officers in order to attract and retain qualified people and to reflect the market-driven realities; this continued pressure will be reflected in future screening RFPs.

Increasing passenger volume still remain one of CATSA's key cost drivers as it is forecasted to grow at 3% to 4% annually over the next five years. This rise in passenger traffic increases the need for additional screening lines and screening hours to maintain service levels and the security of the screening process, which constantly puts pressure on CATSA's operating and capital budgets, despite the Authority's continuous effort to realize efficiencies and control costs.

As a 100% appropriations-based Crown corporation, CATSA has little to no financial flexibility to deal with the dynamic economic realities of the air transportation industry, nor with new and emerging security threats. Responding to security threats represent a significant challenge when it comes to funding related measures. As CATSA is directed to implement enhanced screening measures, the incremental costs associated with such measures need to be adequately funded.

The enhanced screening measures introduced following the alleged U.K. terrorist plot against commercial aviation on August 10, 2006 as well as the 13 additional lines required for Toronto airport (Terminal 1 Pier F), are permanent yet unfunded. In the event CATSA is not successful in obtaining the additional \$33 million operating funds requested for 2007/08, screening service levels will be impacted by a reduction of 1.3 million screening hours (17%) and potentially up to 38 screening lines (24%) at Class I airports in 2007/08 alone.

CATSA anticipates similar industry demands and security threats affecting its operating and capital budgets to be a lasting trend over the planning period. However, CATSA's planned expenditures for fiscal year 2008/09 and beyond are based on approved operating reference levels of \$290 million, a reduction of 21% in CATSA's operating funding. A review of CATSA's expenditures and cost drivers to determine how mandated programs can be delivered within approved reference levels only leads to options with unsustainable reductions in screening service levels, the termination of the EDS-related conveyor maintenance reimbursement program to airports, and the use of the Policing programs lapsed funds available.

NPS program costs are expected to remain fairly constant over the planning period, with a reduction in screening activities proportional to the increase in the hourly billing rate and fixed fees. NPS operating activities are maintained to ensure random screening meets regulatory requirements within the funding envelope shared with RAIC.

Budgets related to HBS equipment maintenance and parts (i.e. lifecycle management) in 2007/08 are lower than originally planned for the same year as they reflect the increased knowledge gained in the past year in terms of equipment reliability and service standards, equipment still under warranty, and favourable U.S. currency exchange rate. With many less screening lines starting 2008/09 and beyond, equipment maintenance and spare parts will decrease accordingly. CATSA has a policy to support airports with in-line HBS systems in terms of conveyor maintenance and baggage handling, subject to available funding in 2008/09 and beyond.

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## RAIC program

A post-implementation review of RAIC Phase 1 will be conducted in 2007/08 for addressing resulting enhancements. CATSA is in the process of determining the requirements and feasibility (for scoping work and cost) to deploy RAIC at locations outside the air terminal building but inside the airport perimeter for each Class I and II airport (Phase 2) in 2007/08. RAIC activities starting in 2008/09 will focus on maintenance, and related costs will be maintained accordingly.

## Employee costs

As CATSA moves from deployment to full implementation of its security programs, there is a pressing need to strengthen CATSA's capacity. The number of employee positions for 2007/08 is planned at 300 (plus the potential for up to 60 Compliance Monitors). Positions have been added in the areas of screening oversight and coordination, equipment lifecycle management, RAIC support, risk and performance, financial planning and reporting, human resources, information technology, and audit and legal services. Considering the aforementioned increase in positions along with the pension actuarial deficit and the annual salary increase, the overall impact on employee costs is an increase of \$5.9 million from 2006/07 forecast. These new positions will be funded through internal reallocations (for example, savings in spare parts) with no impact on program delivery. Also, the potential addition of the 60 Compliance Officers will be cost neutral as these positions will be funded through a reduction in the fixed fees paid to screening providers.

## Capital Budgets and Plans

The capital budget for 2007/08 amounts to \$90 million and includes the \$20 million in re-profiled funding. Airport expansion projects scheduled to start in fiscal 2007/08 also include Winnipeg and Montreal, while the Vancouver domestic terminal is planned to be completed that same year.

There is no capital funding allocated for the EDS equipment required for the new expansion projects at Vancouver Domestic and International (\$7 million) and the new terminal at the Québec City airport (\$3 million). CATSA has submitted a business case to Transport Canada and central agencies to deal with these demands. In the event the \$11 million in capital funds is not

approved, the Quebec City and Vancouver projects will be delayed until funding is allocated and/or savings in other areas are realized.

At this point, there is no funding allocated to capital spending for fiscal year 2008/09 and beyond. CATSA will not proceed with any capital expansion projects until they are funded. The majority of the older equipment transferred from Transport Canada and the Air Transport Security Corporation, as well as the equipment purchased by CATSA in earlier years will not be replaced as planned, increasing the risk of failures and the cost of equipment maintenance and parts. Permanently damaged EDS equipment will not be replaced, forcing the use of manual search which would further hinder screening services. Operations, training and corporate information systems will not be developed or enhanced leaving CATSA with labour-intensive manual processes and severely impacting employees' productivity levels. Permanently damaged IT equipment will not be replaced depriving employees of proper working tools.

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## Capital Budget

(in thousands of Canadian dollars)

	March 31/06 Actual	March 31/07 Forecast	March 31/08 Planned	March 31/09 Planned	March 31/10 Planned	March 31/11 Planned	March 31/12 Planned	Planned Five Year Total
<b>Acquisition of new equipment:</b>								
EDS	\$128,453	\$85,235	\$66,488	\$-	\$-	\$-	\$-	\$66,488
Restricted area identity card	5,452	3,527	7,958	-	-	-	-	\$7,958
Non-passenger screening	(1,921)	0	0	-	-	-	-	\$0
Security learning and reporting systems	2,621	4,639	13,654	-	-	-	-	\$13,654
Local support centres at airports	(15)	50	400	-	-	-	-	\$400
Corporate services	278	107	1,400	-	-	-	-	\$1,400
<b>TOTAL CAPITAL BUDGET</b>	<b>\$134,868</b>	<b>\$93,558</b>	<b>\$89,900</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$89,900</b>

## Operating Budget

(in thousands of Canadian dollars)

	March 31/06 Actual	March 31/07 Forecast	March 31/08 Planned	March 31/09 Planned	March 31/10 Planned	March 31/11 Planned	March 31/12 Planned	Planned Five Year Total
<b>Operating Expenses (before depreciation):</b>								
PBS	\$156,833	\$177,436	\$183,870	\$138,030	\$138,052	\$138,052	\$138,052	\$736,056
HBS and security programs	92,714	124,101	136,119	106,918	106,898	106,898	106,898	\$563,731
Restricted area identity card	2,130	3,486	2,319	2,430	2,400	2,400	2,400	\$11,949
Non-passenger screening	11,446	10,865	12,059	11,100	11,128	11,128	11,128	\$56,543
Corporate services	28,790	31,521	34,225	32,197	32,197	32,197	32,197	\$163,013
Other operating expenses (funding)	(1,768)	101	(3,192)	(675)	(675)	(675)	(675)	\$(5,892)
<b>TOTAL OPERATING BUDGET</b>	<b>\$290,145</b>	<b>\$347,510</b>	<b>\$365,400</b>	<b>\$290,000</b>	<b>\$290,000</b>	<b>\$290,000</b>	<b>\$290,000</b>	<b>\$1,525,400</b>
<b>TOTAL CAPITAL BUDGET</b>	<b>134,868</b>	<b>93,558</b>	<b>89,900</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>89,900</b>
<b>TOTAL BUDGET</b>	<b>\$425,013</b>	<b>\$441,068</b>	<b>\$455,300</b>	<b>\$290,000</b>	<b>\$290,000</b>	<b>\$290,000</b>	<b>\$290,000</b>	<b>\$1,615,300</b>



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## GLOSSARY

APO	Aircraft Protective Officer: a specially-trained police officer of the RCMP who is present on certain flights to provide on-board security
CACPP	Canadian Air Carrier Protective Program
CCTV	Closed-Circuit Television
CIDC	Call and Incident Data Collection
Class I Airports	Airports with annual passenger traffic in excess of 1 million people, or with a high threat/risk potential.
Class II Airports	Airports with one or more of the following characteristics: <ul style="list-style-type: none"><li>• annual passenger traffic in excess of 200,000 people;</li><li>• has a medium threat/risk potential; or</li><li>• is the primary airport of provincial/territorial capital;</li><li>• is a transit stop for international flights bound for Class I or II airports</li></ul>
Class Other Airports	Airports with annual passenger traffic less than 200,000 and a low threat/risk potential.
Designated Airports	The 89 airports at which CATSA is responsible for the provision of screening services according to regulations
EDS	Explosives Detection Systems: manual or automated systems used primarily to check for explosives in carry-on and checked baggage.
FAA	<i>Financial Administration Act</i>
HBS	Hold Baggage Screening: the screening of checked baggage using EDS equipment
HHMD	Hand-Held Metal Detector
ICAO	International Civil Aviation Organization
NDP	National Deployment Plan
NPS	Non-Passenger Screening: the screening of selected non-passengers accessing restricted areas of airports. Non-passengers include flight crews, refuelers, caterers, aircraft groomers, maintenance and construction personnel, baggage handlers, and concession staff.
OAG	Office of the Auditor General
PBS	Pre-Board Screening: the screening of passengers, their belongings and carry-on baggage
Point Leader	Supervises screening officers at all screening checkpoints.
RAIC	Restricted Area Identity Card: an identification card issued to all employees authorized to enter the restricted areas of Class I and II airports.
Screening Officer	An employee of a Service Provider who carries out screening services.

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Service Provider	A company that has entered into a contract with CATSA for the provision of PBS, HBS and other screening services.
SeMS	Security Management System
TIPS	Threat Image Projection System
WTMD	Walk-Through Metal Detector
XRT	X-Ray Tutor