



Canadian Air Transport Security Authority (CATSA)

Summary of the
2023/24 to 2027/28 Corporate Plan
2023/24 to 2027/28 Operating Budget
2023/24 to 2027/28 Capital Budget



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Executive Summary

As the federal authority responsible for screening at 89 designated airports across Canada, the Canadian Air Transport Security Authority (CATSA) remains focused on its mandate of civil aviation security screening.

Supported by a dedicated team of screening officers engaged through service agreements with third-party screening contractors, CATSA screened 57.6 million passengers in 2022/23, a 134.7% increase from the 24.8 million passengers screened in 2021/22, and 84.8% of the 2018/19 pre-pandemic traffic. This increase reflects the robust recovery of passenger traffic following a dramatic decline during the height of the pandemic.

The table below summarizes forecasted passenger traffic by fiscal year, as well as the estimated pre-board and hold baggage screening hours that CATSA expects to purchase from screening contractors, and the estimated number of screening officers that would be required to deliver mandated services.

Fiscal year	Passenger traffic (in millions)	Pre-board and hold baggage screening hours (in millions)	Total screening officers* (estimated)
2023/24	71.2	10.4	9,518
2024/25	74.4	10.8	10,334
2025/26	77.3	10.6**	10,196
2026/27	79.8	10.8	10,337
2027/28	81.8	10.9	10,489

* Note: the estimated number of screening officers is based on the number of screening hours required for annual passenger growth, an improved wait time-service level target in line with funding in early 2024/25 and the introduction of a 100% non-passenger screening model as previously trialed.

** Note: Despite an increase in forecasted passenger traffic in 2025/26, CATSA expects to achieve operating efficiencies due to process improvements and familiarization with new technologies.

As CATSA and the civil aviation industry navigate a new post-pandemic reality, the organization will continue to focus on key initiatives and innovations during the planning period intended to support and advance achievement of strategic objectives in three principal areas:

- **SERVICE EXCELLENCE AND CONTINUED INNOVATION** – prioritizing security effectiveness, operational efficiency, an optimal passenger experience among Canada’s diverse population and sound asset management.
- **A DIVERSE AND ENGAGED WORKFORCE** – ensuring CATSA is well-positioned to recruit and retain talent in a competitive labour market, promoting an inclusive and diverse environment, fostering employee engagement and support, as well as transformative leadership.
- **EFFECTIVE AND PROACTIVE PARTNERSHIPS** – engaging in proactive industry, stakeholder and government collaboration, consultation and community relations.

More specifically, CATSA will emphasize the following key initiatives over the planning period:

- Meet or exceed the organization's security effectiveness target while improving operational compliance and consistency;
- Achieve an improved wait time service level at Class 1 airports on an annual basis by early 2024/25;
- Continued collaboration and information sharing with Transport Canada, airport authorities, air carriers, screening contractors and other industry partners in order to facilitate a seamless passenger journey;
- Support Transport Canada on right-touch solutions and a new risk-based verified traveller program;
- Remain a critical partner in the pandemic recovery and post-recovery of the civil aviation industry;
- The establishment and implementation of new Airport Screening Services Agreements (ASSAs) by April 2024, and the continued transition to the new screening equipment maintenance service provider;
- Expand efforts, engagements and consultations aimed at supporting Government of Canada priorities such as official languages, climate change, accessibility, Indigenous reconciliation, 2SLGBTQI+ support, diversity and inclusion by adopting technologies and respectful procedures that respects Canada's diversity and inclusion values to the extent that the regulatory framework will allow;
- Implement the 100% screening standard for non-passengers (100% NPS);
- On-going lifecycle management of capital assets while focusing on the introduction of computed tomography (CT) and new full body scanners at pre-board screening checkpoints;
- Continue to enhance pre-board screening effectiveness and oversight through advanced analytics and the exploration of artificial intelligence; and
- Continue to support and cultivate employee engagement, development and well-being.

This corporate plan includes strategic and operational objectives presented based on the assumption that the organization has sufficient funding and human resources for the entire five-year planning period. As part of Budget 2023, CATSA was provided with approximately \$1.8 billion of supplemental funding over three years, which will provide an element of stability for the organization and facilitate a more integrated, long-term view to strategic planning.

It is important to note that external factors remain beyond CATSA's control that may limit the organization's efficiency and ability to fully implement its plans over the planning period. For example, CATSA's ability to deliver any given wait time service level target is significantly impacted by the physical space allocated by, or available within, the airport for screening lines.

Furthermore, CATSA will continue to closely monitor the details around the Government of Canada's initiative aimed at seeking an approximate 3% reduction of eligible spending by 2026/27, as well as reductions in consulting, professional services and travel budgets.

Overview

Mandate

CATSA is an agent Crown corporation, funded by parliamentary appropriations and accountable to Parliament through the Minister of Transport.

CATSA's *mandate* is to prevent prohibited items from entering the civil air transportation system through the systematic application of four complementary security services:

- **Pre-board screening (PBS):** The screening of all passengers and their carry-on baggage and belongings prior to their entry to the secure area of an air terminal building.
- **Hold baggage screening (HBS):** The screening of all passengers' checked ("hold") baggage for prohibited items such as explosives, prior to being loaded onto an aircraft.
- **Non-passenger screening (NPS):** The screening of non-passengers such as flight personnel, ground crew and service providers, and their belongings (including vehicles and their contents) entering restricted areas at the highest risk airports.
- **Restricted area identity card (RAIC):** The management of the system that uses iris and fingerprint biometric identifiers to allow authorized non-passengers access to the restricted areas of airports. The final authority that determines access to the restricted areas of an airport is the airport authority.

CATSA also has an agreement with Transport Canada to conduct screening of cargo at smaller airports where screening capacity exists. This program was designed to screen limited amounts of cargo during off-peak periods and involves using existing resources, technology and procedures.

In 2018, the *Transportation Modernization Act* introduced authorities allowing CATSA to provide supplemental screening services, so long as the provision of these services remains cost neutral. CATSA may provide services on a cost-recovery basis to both designated and non-designated airports under the provisions of this legislation and upon the approval of the Minister of Transport.

Mission and Vision

CATSA's *mission* is to protect the public by securing critical elements of the air transportation system.

CATSA's *vision* is to be a recognized global leader in aviation security screening, achieved through:

Our service: We use innovative technology and an agile approach to maintain the highest level of security and provide the best possible passenger experience. We deliver value to Canadians with an optimal use of our resources.

Our people: We attract, cultivate and support a diverse and engaged workforce.

Our partnerships: We work collaboratively with our partners toward common goals and interests.

CATSA Annual Report

CATSA submitted the *Annual Report 2022* to the Minister of Transport on June 30, 2022. This report is available on CATSA's website.

Operating Environment

Introduction

CATSA relies on highly skilled and diverse personnel at its headquarters, regional offices and at security checkpoints to implement programs, processes and procedures that help ensure the safety and security of passengers and non-passengers interacting with the Canadian civil aviation system.

Human Resources Management

CATSA is an incredibly lean organization with a workforce of 448 full-time equivalents (FTEs). The organization's workforce has remained relatively consistent over the last 8 years, particularly following the Deficit Reduction Action Plan conducted between 2012/13 and 2014/15. Notably, CATSA reduced its workforce by 10.7% in 2012/13 and by a further 6.4% in 2014/15.

Despite the organization's adaptability and ongoing prioritization initiatives over the last few years, it has become increasingly challenging to sustain mandated programs and activities, as well as corporate services, with the limited depth of resources and the demand to support an increasing number of significant projects and initiatives. With the demand for planning, policy

and program development, reporting, ongoing maintenance and training continuing to increase, CATSA’s resources have remained stagnant.

Based on CATSA’s extensive work to identify resource needs, the organization’s workforce will be augmented by eighty-four FTEs over the planning period to help address the increased pressures on baseline operations with a particular focus on technology deployment, training, oversight and cybersecurity, as well as the heightened expectations related to Government of Canada priorities. This increase accounts for net new positions as well as the conversion of some fixed-term positions to indeterminate FTE positions.

Without these additional FTEs, longstanding capacity concerns will be intensified. CATSA will not be able to sustain current workloads or support a healthy work environment, resulting in employee stress and dissatisfaction and a decrease in resiliency and corporate performance over time, including a limited capacity for innovation.

The following table shows the high-level planned distribution of CATSA’s FTEs. The regional service delivery teams are deployed at all Class 1 airports in each of CATSA’s four administrative regions, where they are responsible for the overall planning, delivery and oversight of screening operations.

Year	FTEs	Executives	Headquarters	Regions
2021/22	448	5	290	153
2022/23	448	5	290	153
2023/24	507	5	318	184
2024/25	522	5	324	193
2025/26	532	5	334	193
2026/27	532	5	334	193
2027/28	532	5	334	193

CATSA’s service delivery model for screening services entails the contracted engagement of third-party screening contractors to provide certified and dedicated screening officers to carry out screening at the eighty-nine designated airports across Canada. The screening companies currently engaged in CATSA’s administrative regions are: East—*Securitas Transport Aviation Security Limited*; Central—*GardaWorld*; Prairies—*GardaWorld*; and Pacific— *Allied Universal Security Services of Canada*.

Screening Operations in an Evolving Civil Aviation Landscape

In 2022, the civil aviation industry began to recover from the substantial consequences of the pandemic. CATSA responded as swiftly as possible to the volatile operating landscape and protracted industry recovery, including unpredictable passenger traffic, by adjusting operations where suitable while remaining focused on the organization's security mandate.

In 2022/23, CATSA screened 57.6 million passengers, representing an increase of 134.7% compared to 2021/22, and 84.8% of the 2018/19 pre-pandemic traffic. The organization began preparing for this rebound in passenger traffic in spring 2021, working collaboratively with screening contractors to recall laid off screening officers. Despite these efforts, the organization experienced some operational challenges during the early parts of the recovery period due primarily to the challenging labour market conditions experienced by many front-line service industries as well as the rapid and unprecedented increase in passenger traffic in spring and summer 2022. These challenges were felt by other screening authorities globally as well.

CATSA intensified its efforts and collaboration with its screening contractors, Transport Canada and other industry partners to address the operational pressures and delays experienced at certain checkpoints across the country.

Recovery and Post-Pandemic Civil Aviation Landscape

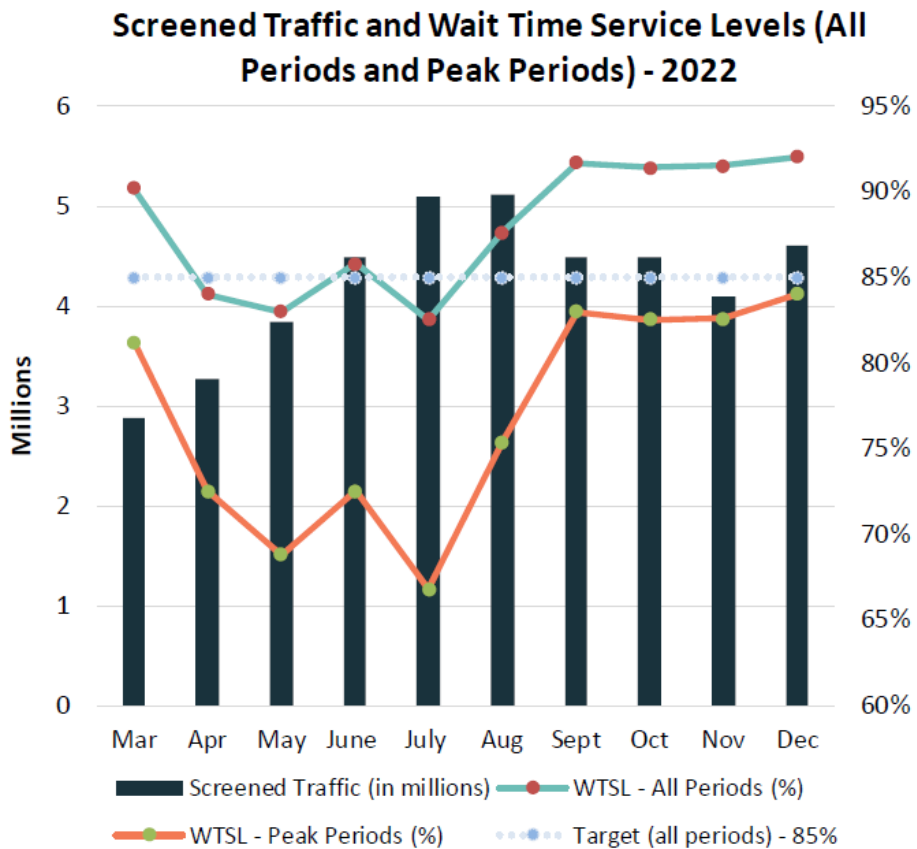
The sharp decline in passenger traffic and the subsequent volatile economic recovery has been incredibly challenging for all industry partners and stakeholders. In addition to significant impacts to CATSA's operations, other industry stakeholders faced financial pressures and adjusted operations.

Passenger volumes reached a historic low in April 2020, when screened traffic saw a reduction of over 97% compared to April 2019. CATSA responded by adjusting operations and proactively engaging with its screening contractors to retain 75% of the pre-pandemic screening officer workforce. As the process to acquire security clearances for screening officers and train new recruits can take several months to complete, the industry recovery would not have been possible in summer 2022 without this retention strategy. This approach also prevented much more significant layoffs, thereby mitigating more severe and long-term impacts to operations and aviation stakeholders. However, given the unpredictability surrounding the speed and nature of such a recovery, should a similar situation occur in the future, CATSA may need to consider maintaining a greater percentage of screening officers.

Furthermore, in early spring 2021, CATSA directed its screening contractors to recall laid off screening officers and hiring new screening officers in anticipation of rebounding passenger traffic and peak travel seasons. As with many front-line services across various industries, some screening officers chose not to return. Recruitment efforts continued within the confines of ongoing travel and public health restrictions in anticipation of a growth in travel beginning in December 2021.

In spring and summer 2022, Canada and other parts of the world experienced a significant and unprecedented demand in passenger traffic. More specifically, the consequential speed at which passenger traffic increased had a significant effect on passenger wait times at certain airports, notably various checkpoints at Toronto Pearson, Vancouver and Montreal Trudeau international airports.

The following graph depicting 2022 passenger traffic and wait time service levels demonstrates that, as passenger volumes steadily increased, there was a significant negative impact on wait time service levels during parts of spring/summer 2022, especially during peak periods. However, wait times began normalizing as new screening officers were hired and trained. In fact, CATSA had fully recovered and was performing above its funded wait time service level within a few months.



In order to ensure wait times met targeted funded levels and strive for a positive passenger experience, CATSA’s screening contractors accelerated their existing staffing efforts by hiring and training more than 1,800 screening officers between April and August 2022 and an additional 500 screening officers were hired by December 2022 in anticipation of projected holiday forecasts provided by air carriers.

It is important to note that during this time, screening contractors experienced challenging labour market conditions, like many sectors across Canada and throughout the world. Staffing challenges were systemic throughout the industry, from resources processing clearance applications to RAIC issuance, and candidate availability.

Additionally, screening contractors and unions have been negotiating collective agreements against a backdrop of high inflationary pressures. CATSA has employed certain levers to support screening contractor efforts to recruit screening officers, such as seeking a Transportation Security Clearance Program exemption for training and leveraging the use of pre-certified screening personnel for non-security functions.

To accommodate the increased hiring, CATSA substantially augmented its training capacity and advocated for a streamlined clearance process to ensure efficient onboarding of screening officers. The preceding graph illustrates how this workforce ramp-up significantly and positively impacted wait time service levels during all periods, including at peak times. As more screening officers were hired, trained and deployed to front line operations, wait time service levels rebounded.

In addition to the steps the organization took pre-emptively to prepare for an eventual increase in passenger traffic, which began in spring 2021, CATSA worked with industry partners to address the operational pressures and unexpected delays at various checkpoints in spring and summer 2022. Although CATSA concentrated its efforts primarily on screening officer workforce recovery, the organization worked closely with screening contractors to build on workforce capacity, and collaborated with Transport Canada to seek regulatory flexibilities that would allow accelerated training while remaining focused on security effectiveness.

Moving Forward Based on Lessons Learned

Moving forward and taking lessons from the experience of spring 2022, CATSA began planning for summer 2023 operations in early fall 2022 in collaboration with various industry partners, including the Government of Canada. This preparation included an assessment of screening officer resource requirements to meet projected passenger traffic, and the development of recruitment and training plans to facilitate the achievement of those targets. As a result of experiences through the pandemic recovery, CATSA continues to re-examine and/or innovate internal processes in areas such as training development and program delivery in order to be more nimble and more flexible, while respecting the broader regulatory framework and security context.

Furthermore, in response to labour market disruptions throughout 2022/23, CATSA has been working closely with its screening contractors to ensure that screening officer attrition and backfill recruitment are being addressed expeditiously.

The rapid initial recovery also highlighted that certain parts of the organization require increased resilience. For example, the organization's already overextended training capacity was further exposed by the need to accelerate the onboarding of thousands of new screening officers in a shorter than expected time frame. The challenge of onboarding thousands of new screening personnel was further compounded by the high level of screening officer attrition experienced throughout the latter half of 2022. In order to address these internal pressures and meet the expected demands for summer 2023, CATSA secured additional training space and redeployed employees to support the existing training staff. It is critical to the organization's future operations to hire and retain an adequate amount of training personnel, as reflected in this corporate plan.

In addition to staffing efforts, CATSA further supported the recovery in partnership with government and industry partners, including collaborative efforts as part of the Airports Recovery Operations Committee and the COVID-19 Recovery Working Group. Despite differing mandates and imperatives, this essential collaboration has been critical to the recovery of civil aviation, and conducive to CATSA's strategy for reducing wait times at security screening checkpoints. To further support collaboration, CATSA enhanced its existing information sharing efforts with key stakeholders, including Transport Canada, to ensure the Government of Canada was well aware of challenges, as well as improvements, in the organization's operations.

CATSA will continue to work proactively and collaboratively with all partners and stakeholders to explore innovative solutions to the challenges the industry faces in the aftermath of the pandemic, particularly where there are overlapping interests and opportunities to create a better overall passenger journey.

Additionally, the organization will continue to encourage open and transparent communication among all partners to leverage lessons learned to prepare and adapt for any future disruptions to the system. This collaboration, and the timely sharing of actionable information among stakeholders, was found to be critical during the pandemic recovery phase and will continue to be applicable in a more normal operating environment. As the industry recovery progresses and passenger traffic continues its upwards momentum, CATSA will strive to position itself for success in the future within the confines of the organization's funding levels, influence and regulatory regime.

Alignment with Government of Canada Directions and Priorities

As a purpose-driven agent Crown corporation, a member of the federal government and a national and global partner in civil aviation security, CATSA actively supports the Government of Canada's broader social, economic, environmental and general governance agenda wherever applicable and possible.

The Minister of Transport's March 2023 letter of expectation to the Chair of CATSA's Board of Directors (Appendix A) affirmed the understanding that CATSA will help the Minister advance the Government of Canada's priorities through continued collaboration between CATSA and the Government of Canada. The letter of expectation covers three themes:

- Improved Service Delivery;
- Better Accountability and Integration with Other Air Sector Operators; and
- Screening that respects Canada's diversity and inclusion values.

The organization's commitment to the broader priorities of the Government of Canada can be found in Appendix H.

Key Partners

While CATSA is Canada's designated national civil aviation security screening authority, aviation security is a shared responsibility. CATSA operates in a highly integrated, complex and evolving airport ecosystem with different entities assigned to specific security responsibilities. The organization therefore works closely with air carriers, airport authorities, third-party screening contractors and local law enforcement agencies. CATSA also collaborates with a number of other federal departments and agencies, most notably its regulator Transport Canada, as well as the Canada Border Services Agency, the Royal Canadian Mounted Police, and the Canadian Security Intelligence Service, who are key security partners. The organization will continue to work with all partners, with an emphasis on proactive partnerships for the collective benefit of all involved, particularly as it relates to achieving a high level of security effectiveness and improving the passenger journey.

CATSA also works closely with several international partners, including, but not limited to, the United States Transportation Security Administration (TSA) as well as other foreign airport screening agencies, the International Civil Aviation Organization (ICAO), the European Civil Aviation Conference (ECAC) and the International Air Transport Association (IATA).

Environmental Scan

CATSA’s environmental scan details key strengths, weaknesses, opportunities and challenges that the organization is facing now and will face over the planning period. CATSA will continue to monitor the rapidly changing civil aviation landscape and adjust the environmental scan as required.

Summary of Key Strengths, Weaknesses, Opportunities and Challenges	
<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> • Highly qualified and dedicated employees • Organizational and technological adaptability, resiliency and innovation • Proven leadership and expertise in security screening 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> • Absence of sustainable long-term funding beyond three years • Human resources capacity
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> • Accelerated adoption of innovative technology and processes to enhance security effectiveness and/or improve the passenger experience • Strengthened proactive stakeholder collaboration in support of shared goals and Government of Canada objectives • Continue to champion a risk-based approach to screening passengers and non-passengers 	<p style="text-align: center;">Challenges</p> <ul style="list-style-type: none"> • Ability to meet passenger and industry wait time service level expectations • Seamless delivery of operations, while adapting to an evolving industry landscape • Influence over the domestic and international regulatory environment • Impact of evolving labour market conditions on attracting and maintaining a skilled workforce • Maximizing use of physical space at airports

Strategic Objectives, Activities, and Priority Initiatives

CATSA's strategic objectives cover three complementary themes:

- **SERVICE EXCELLENCE AND CONTINUED INNOVATION** – prioritizing security effectiveness, operational efficiency, an optimal passenger experience among Canada's diverse population and sound asset management.
- **A DIVERSE AND ENGAGED WORKFORCE** – ensuring CATSA is well-positioned to recruit and retain talent in a competitive labour market, promoting an inclusive and diverse environment, fostering employee engagement and support, as well as transformative leadership.
- **EFFECTIVE AND PROACTIVE PARTNERSHIPS** – engaging in proactive industry, stakeholder and government collaboration, consultation and community relations.

A. SERVICE EXCELLENCE AND CONTINUED INNOVATION

Service excellence and continued innovation are at the very centre of CATSA's mandate. These pillars encompass the organization's commitment to security effectiveness, operational efficiency, an optimal passenger experience among Canada's diverse population and sound asset management.

Objective 1: Security Effectiveness

The prevention of prohibited items and non-permitted items from entering the air transportation system through the systematic application of CATSA's mandated screening services.

Evolving threats and continuous regulatory changes necessitate CATSA's investment in a number of priority areas, including:

- Implementation of 100% screening of non-passengers accessing secure areas servicing international air operations in response to the screening standard set by the ICAO, in collaboration with Transport Canada.
- Pre-board screening enhancements:
 - Recapitalization and replacement of current X-ray technology at PBS checkpoints with CT technology, and the introduction of new technologies and trials as part of lifecycle management plans; and
 - Recapitalization and replacement of current full body scanner technology at PBS checkpoints with newer technology with improved detection algorithms as well as the deployment of additional units in the primary position.
- Collaboration with Transport Canada to continue exploring opportunities to maximize screening resources to support the rising number of travellers by implementing risk-based screening (as an example, enhancements to the verified traveller program).

Risk-based Screening

With passenger traffic projected to surpass pre-pandemic levels in 2023/24, CATSA will continue to work with Transport Canada to explore risk-based screening options that maintain security effectiveness while maximizing use of resources and improving the screening experience for passengers. One such option is the potential enhancement of the verified traveller program including the adjustment of procedures to enhance or accelerate the screening process for certain travellers. Such enhancements will need to be supported by regulatory changes.

- Ongoing upgrading of existing screening equipment with latest detection algorithms.
- Continue to explore the application of advanced analytics techniques and artificial intelligence to enhance oversight and training programs.

Objective 2: Operational Efficiency

The achievement of optimal screening efficiency and wait time service levels, leveraging available resources, including personnel, systems, and equipment.

CATSA strives for optimal efficiency without compromising security screening effectiveness. Increasing passenger traffic, requests from Transport Canada for changes to operations due to the evolving nature of civil aviation, screening equipment and initiatives, as well as other emerging requirements, place pressure on CATSA's resources. In addition, the implementation of new technologies can have a negative impact on passenger wait times and the optimal flow of passengers in the initial stages of deployment as a result of slower processing due to screening officer familiarization. As such, resources must be allocated strategically; the organization is constantly exploring and implementing improved ways to plan, invest in and deploy human resources as well as equipment and systems in support of aviation security.

Notable examples of strategies CATSA will employ over the planning period to ensure operational efficiencies include:

- Completing new agreements with third-party screening contractors;
- Implementing remote oversight and modelling related to the 100% screening of non-passengers;
- Ensuring screening officers are provided with continuous learning and process improvement through expanded and improved front-line training programs;
- Minimizing equipment downtime by working closely with maintenance service providers and equipment manufacturers to ensure all screening equipment is well-maintained and repairs are performed in a timely manner;

- Development of modelling tools and review of operational data to support industry recovery efforts in order to identify and address pressure points, and make best use of the screening officer workforce and screening equipment;
- Design, configuration and operation of screening lines to optimize passenger flow;
- Along with Transport Canada, actively engage in enhancing collaboration with industry stakeholders, to find efficiencies that facilitate passengers' journey; and
- Implementing the next generation of technologies and procedures to optimize processing efficiency, including reducing false alarm rates of detection equipment through the use of AI and advanced analytics.

Improved Wait Time Service Levels

Even before the pandemic presented unique and unprecedented wait time challenges, Canadian civil aviation industry stakeholders expressed a clear and resounding desire for CATSA to strive for a more ambitious wait time service level, with a particular focus on peak periods. Subject to available funding for the entire planning period, CATSA will strive for an improved wait time service level at Class 1 airports on an annual basis .

The first year (2023/24) of preparing for an increased wait time service level will entail hiring and training screening officers, and working with airport authorities to adjust space configurations, among other initial activities. Striving for the increased wait time service level is significantly dependent on the physical space for screening lines allocated by, or available within, airports. If airports are not able to provide CATSA with the space for additional pre-board screening lines required in certain airports, this may have an impact on the organization's ability to achieve the wait time service level target. Other changes, including but not limited to screening officer and CATSA staffing levels, labour market conditions and air carrier flight schedules, may further impact this challenge.

Airport Screening Services Agreements

CATSA's ASSAs with third-party screening contractors are set to expire in 2024. Procurement planning began in 2021/22, and the request for proposal work is well underway. CATSA expects to award contracts in winter 2023/24, with a commencement of services date of April 1, 2024.

As per CATSA's policies and procedures for contracts for services and for procurement, the organization will ensure that operational requirements are always met and that the process promotes transparency, openness, fairness and value for money.

Objective 3: Optimal Passenger Experience

The achievement of high levels of passenger satisfaction with, and confidence in, their interactions with CATSA.

The civil aviation environment is affected by many external factors that impact security screening and the experience of passengers. CATSA is committed to facilitating smooth and orderly passenger flow, and achieving high levels of customer satisfaction with, and confidence in, their interactions with CATSA.

CATSA will prioritize the following initiatives over the planning period in order to strive for an optimal passenger experience:

- Expand efforts, engagements and consultations aimed at supporting Government of Canada priorities such as official languages, climate change, accessibility, Indigenous reconciliation, 2SLGBTQI+ support, diversity and inclusion by adopting technologies and respectful procedures that respects Canada's diversity and inclusion values to the extent that the regulatory framework will allow;
- Remain committed to ensuring an accessible security screening experience for all passengers through the implementation of CATSA's Accessibility Plan as well as the Action Plan developed in response to the OAG's *Accessible Transportation for Persons with Disabilities report (2023)*;
- Continue to emphasize the importance of understanding Indigenous history and incorporate information about Indigenous sacred and spiritual items into training for the organization's employees, as well as for screening officers as CATSA continues to endeavor to screen these items respectfully;
- Implement initiatives in the GBA Plus Action Plan and advance GBA Plus integration in order to ensure that CATSA considers and advances the needs of a diverse population through its services and decision-making;
- Fully deploy ultraviolet-C bin sanitization technology, integrated into CATSA Plus lines, to encourage increased passenger confidence in checkpoint sanitization measures;
- Continue to promote the *Customer Service Commitment to Passengers* framework to both screening officers and passengers, and focus on improvements to the passenger experience through the prioritization of continuous learning;
- Further improve the security screening experience through a reduction of divesting requirements for passengers with the introduction of CT X-ray technology over the next five to six years at pre-board screening checkpoints subject to regulatory changes; and
- Strive to meet official languages obligations and expectations of passengers through training and making continuous improvements.

Objective 4: Sound Asset Management

The responsible acquisition, protection, maintenance, and recapitalization of screening equipment and related systems.

In addition to the expertise of the screening workforce, CATSA relies on many technological elements as part of its screening operations. These critical technological components must be

maintained and replaced in accordance with regulations and CATSA's lifecycle management practices.

Notable examples of CATSA's sound asset management include:

- A robust multi-year lifecycle management plan;
- Maintaining an active system of routine maintenance for the organization's full inventory of equipment, in line with operational needs, equipment performance monitoring, and manufacturer's specifications;
- Monitoring technological advancements, including the deployment of CATSA Plus lines, upgrades to existing equipment such as full body scanners and RAIC to identify opportunities to evaluate new screening equipment that may improve the security effectiveness, screening efficiency and/or passenger experience of the screening process, and to ensure continued alignment with security partners; and
- Keeping abreast of emerging cyber trends and threats while securing CATSA's network, systems and devices through the use of cybersecurity tools and programs.

B. A DIVERSE AND ENGAGED WORKFORCE

The successful delivery of CATSA's mandated services is dependent on sustaining a diverse and engaged workforce, in a healthy, inclusive and supportive work environment. The organization remains mindful of the unique conditions of the labour market and utilizes many different strategies and programs to retain a group of engaged, skilled and specialized employees.

CATSA works diligently to recruit and retain personnel as more employees become eligible for retirement, and to mitigate against the effects of an increasingly competitive labour market that has presented a number of challenges not only in recruiting candidates, but also in retaining employees.

To support the achievement and maintenance of a healthy workplace, CATSA has conducted organization-wide culture surveys that provide valuable insights on the perspectives of employees with respect to the organization's corporate culture and work environment. CATSA also uses touch point surveys of its workforce to gauge employee engagement and solicit feedback.

Objective 1: Inclusive and Diverse Environment

The achievement of a well-balanced workforce that strives to reflect the diversity of Canada, and the fostering of a positive and supportive working environment that respects and upholds diverse social and cultural values, and promotes the use of both official languages in the workplace.

CATSA will continue to focus on:

- Fostering a flexible workplace that supports employee needs while balancing organizational objectives;
- Promoting and supporting the use of both official languages in the workplace and at security screening checkpoints in airports designated bilingual, including the delivery of second language training to CATSA employees;
- Applying human resources practices that support diversity in hiring, compensation, and advancement including the implementation of its Employment Equity Plan and Pay Equity Plan;
- Implementing initiatives of the GBA Plus Action Plan and advance GBA Plus integration in order to ensure that the organization considers and advances the needs of a diverse population through its services and decision-making;
- Implementing initiatives in the Accessibility Plan as well as the Action Plan developed in response to the OAG's *Accessible Transportation for Persons with Disabilities report (2023)*; and
- Supporting workplace initiatives to understand and embrace diversity.

CATSA will also continue to promote and support its internal Diversity and Inclusion Network, a working group comprised of CATSA staff from across the organization that explores and promotes positive workplace practices and organizational priorities reflecting the principles of employment equity, diversity and inclusion.

Objective 2: Employee Engagement and Support

Attract and retain a productive and engaged workforce, through corporate support for learning and skills development, the health and well-being of employees, and the celebration of individual and collective achievements.

CATSA's efforts relating to employee engagement and support during the planning period will focus on:

- Implementing a five-year workforce plan centered on the talent of the workforce, learning, and performance initiatives;
- Responsible and sustainable approaches to workload management in an environment of ever-changing priorities, while continuing to support the overall health and well-being of the organization's workforce;
- Delivering mental health support for employees at all levels, as well as its commitment to Occupational Health and Safety; and
- Strategic use of fixed-term resources and engagement of professional services where needed.

Objective 3: Transformative Leadership

The demonstration by example and active support of creative approaches to continuous improvement, innovation and collaboration.

CATSA's leaders are called to actively support creative approaches to continuous improvement, idea-generation, innovation and collaboration, while supporting and encouraging employees through personal and professional growth, development and positive mental health.

Throughout the planning period, CATSA will focus on the following initiatives to support its leaders:

- Develop a clear strategic plan charting the path for the organization, which will govern future business plans;
- Continued implementation of the Leadership Excellence Program, designed to ensure CATSA leaders are empowered to foster and encourage employee engagement and motivation through directing, guiding and influencing behaviour to successfully accomplish goals and strategic objectives;
- Continued utilization of the Innovation Centre to increase employee awareness of organization-wide innovation and share in CATSA's success in developing solutions to new and emerging challenges; and
- Support a new President and Chief Executive Officer, as well as a new Chair of the Board of Directors and new Board members, to ensure a smooth transition of senior leadership.

C. EFFECTIVE AND PROACTIVE PARTNERSHIPS

CATSA operates in a highly integrated environment, with a diverse array of partners and a broad and complex set of activities.

Partners include other federal, provincial/territorial and local government agencies, airport authorities, air carriers and service providers as well as international partners and counterparts.

Activities include flight scheduling, passenger check-in, passenger and baggage screening, loading of checked baggage, boarding of aircraft, and response to known or perceived screening breaches, as well as adaptation to evolving threat environments, regulatory obligation, and technological innovations.

Recognizing that all must operate seamlessly to ensure optimal security and efficient movement of people and goods, CATSA is committed to continually building and strengthening collaborative relationships with industry partners, stakeholders and the broader community.

Objective 1: Industry and Government Collaboration

The establishment and maintenance of strong and positive working relationships between CATSA, its security partners, other members of civil aviation, and the Government of Canada, to progress on common goals and interests.

CATSA will continue its commitment to communication and coordination with industry partners and stakeholders, as well as with the Government of Canada. The organization will focus on positive collaboration and a clear understanding of shared interests and common goals, ranging from daily working relationships with individual airport authorities to matters of strategic importance. CATSA will also leverage its relationships with its counterparts and partners in the international community, proactively sharing information and plans for future innovations, and continuing to work closely with the ICAO, IATA and Airports Council International.

This cooperation will be vital in the recovery of the civil aviation industry. CATSA is eager to proactively engage and collaborate with its partners and stakeholders in the industry and in government to explore and implement innovative solutions to ensure the industry once again thrives.

CATSA's objective is to establish and maintain strong and positive working relationships with its security partners, members of the civil aviation industry, and the Government of Canada in order to advance common goals and interests. Examples of these goals and interests include:

- Actively engaging Transport Canada and industry stakeholders in bringing forward creative ideas to find efficiencies that facilitate passengers' journey;
- Securing sustainable long-term funding for CATSA's operations and capital investments beyond 2025/26;
- Providing security screening services on a cost recovery basis to interested designated and non-designated airports or other industry stakeholder such as air carriers, subject to the approval of the Minister of Transport;
- Continue to actively support Transport Canada's Air Travel Right-Touch Solution initiative as required.
- Working collaboratively with airport authorities to evaluate and standardize approaches to queue offerings; and
- Continuing to work with our United States TSA counterparts in order to establish mutual recognition of screening procedures, especially for verified travellers.

Objective 2: Community Relations

The establishment and maintenance of close and favourable relations with key stakeholders in the broader community.

CATSA is committed to ensuring the safety and well-being of the travelling public, which includes helping to protect the environment and encouraging a more sustainable future.

Budget 2021 announced that Crown corporations with less than \$1 billion in assets would demonstrate climate leadership by adopting the Task Force on Climate-related Financial Disclosures recommendations, which includes the disclosure of climate-related risks and opportunities, by 2024/25. As CATSA works towards adoption, we will deepen our understanding of the impacts of climate change on our business and vice versa, and prepare to report on relevant climate metrics and targets.

CATSA will also continue to undertake initiatives with members of the broader community, including Indigenous Elders, accessibility and diversity special interest groups, the 2SLGBTQI+ community, and official language minority communities.

Key Corporate Risks

CATSA's Enterprise Risk Management program embeds risk management into strategic decision-making and resource allocation, thereby allowing the organization to make more informed decisions as it relates to executing its corporate plan.

The *Risk and Risk Responses* annex outlines in more detail CATSA's corporate risks as well as risk mitigations and controls that may affect the organization's ability to achieve its mandated activities, strategic objectives or legislative requirements (Appendix F).

Mandated Services Risk

Due to the ever-evolving nature of aviation security, CATSA may not have the resources required to detect all high-risk threats and circumventions at screening checkpoints.

Service Delivery Through Third Parties Risk

CATSA may experience supply chain issues and negative service delivery impacts as a result of its dependence on third party contractors.

Human Resources Risk

CATSA may experience challenges in recruiting and/or retaining personnel due to various factors, resulting in a potential decline in corporate performance.

Traveller and Stakeholder Relations Risk

As a result of industry-wide challenges, CATSA may experience impacts to the organization's performance and/or reputation, thus potentially affecting relationships with certain stakeholders.

IT Risk

Due to the evolving nature of the cyber threat environment, cyber threats and/or attacks may negatively affect CATSA's IT infrastructure and/or compromise organizationally sensitive or secret information.

CATSA Staff Capacity

CATSA's staff capacity, in certain areas, may be inadequate to sustain workloads and to support a healthy work environment resulting in employee dissatisfaction and a decrease in corporate performance over time.

Financial Overview

Funding

As an appropriated Crown corporation, CATSA delivers its civil aviation security screening mandate in accordance with the resources it is assigned by the Government of Canada.

Since 2015, CATSA's A-Base funding has been supplemented with incremental funding in order to maintain its operations. CATSA has received adequate funding for 2023/24 to 2025/26, net of a reduction of \$10 million per annum in CATSA's original funding request. Additional funding will be necessary in 2026/27 and beyond in order for CATSA to continue to deliver its mandated activities¹.

Financial Plan

The operating and capital budgets are presented on a cash basis. The narrative that follows reflects the strategic objectives, subject to available funding.

Key priorities having a significant financial impact include, but are not limited to, the following:

- Delivering CATSA's mandated activities, which include targeting an improved wait time service level at Class 1 airports on an annual basis;
- Implementing 100% screening of non-passengers entering restricted areas serving international air operations in response to the standard set by the ICAO and regulated by Transport Canada;
- Replacing current X-ray technology at PBS checkpoints across the country with CT technology, and the introduction of new technologies and trials as part of CATSA's lifecycle management plan;
- Recapitalizing and replacing of current full body scanner technology with newer technology with improved detection algorithms and the continued introduction of full body scanners as the primary screening tool at PBS checkpoints; and
- Lifecycle management of other Explosives Detection System (EDS) and non-EDS capital assets based on their estimated useful lives.

The following summarizes the financial results for 2021/22, the financial results and budget for 2022/23, as well as the operating and capital budgets for 2023/24 to 2027/28 by program activity based on CATSA's approved funding.

¹ Without supplemental funding for 2026/27 to 2027/28, CATSA's funding shortfall is \$1.4 billion: \$693.4 million for 2026/27; and \$750.2 million for 2027/28.

Financial Plan by Program (in thousands of dollars)	Actual 2021/22	Forecast 2022/23	Budget 2022/23	Plan 2023/24	Plan 2024/25	Plan 2025/26	Plan 2026/27	Plan 2027/28
Operating Expenditures								
PBS	\$ 379,526	\$ 535,288	\$ 510,881	\$ 571,607	\$ 632,962	\$ 635,524	\$ 243,479	\$ 244,345
HBS	100,770	122,865	134,401	139,173	149,436	156,322	71,378	71,089
NPS	147,395	141,692	159,736	203,826	259,274	265,754	94,198	93,621
RAIC	2,176	3,889	3,564	3,722	3,465	3,489	3,808	3,808
Corporate Services	44,961	49,682	50,432	50,148	52,287	53,356	54,566	54,566
Subtotal	\$ 674,828	\$ 853,416	\$ 859,014	\$ 968,476	\$ 1,097,424	\$ 1,114,445	\$ 467,429	\$ 467,429
Revenue and Other Income	(203)	(2,389)	-	-	-	-	-	-
Net Operating Expenditures funded by Parliamentary Appropriations	\$ 674,625	\$ 851,027	\$ 859,014	\$ 968,476	\$ 1,097,424	\$ 1,114,445	\$ 467,429	\$ 467,429
Capital Expenditures								
PBS	\$ 5,365	\$ 6,974	\$ 26,518	\$ 55,817	\$ 65,523	\$ 64,866	\$ 63,640	\$ 70,817
HBS	1,663	6,181	27,573	39,781	25,898	16,721	23,178	18,772
NPS	27	28	4,486	5,526	518	197	142	207
RAIC	226	401	2,066	2,263	498	498	567	522
Corporate Services	2,854	3,156	3,032	2,649	6,785	7,573	6,473	3,682
Subtotal	\$ 10,135	\$ 16,740	\$ 63,675	\$ 106,036	\$ 99,222	\$ 89,855	\$ 94,000	\$ 94,000
Total Expenditures funded by Parliamentary Appropriations	\$ 684,760	\$ 867,767	\$ 922,689	\$ 1,074,512	\$ 1,196,646	\$ 1,204,300	\$ 561,429	\$ 561,429

The following section provides key highlights of CATSA's financial plan. For the period 2026/27 to 2027/28, CATSA will require supplemental funding in order to continue to deliver its mandated activities for the full fiscal year.

2023/24 – 2027/28

Screening Operations

Screening services to carry out CATSA's mandated PBS, HBS and NPS programs account for a large share of its activities and, as such, represent a significant majority of its operating budget. These costs consist mainly of payments to third parties for the delivery of security screening performed by screening officers.

The financial plan reflects an increase in screening services costs to continue to deliver CATSA's core operations. The increase is mainly attributable to additional screening hours to accommodate increasing passenger traffic, an improved wait time service level, as well as the implementation of the 100% screening standard for non-passengers, with the balance due to inflationary increases in screening contractor billing rates. These additional screening hours will require significant screening officer staffing requirements, creating employment opportunities in communities across the country.

With the recovery of the civil aviation industry well underway, passenger traffic is expected to surpass pre-pandemic levels by 2023/24. Despite these positive signs, CATSA's screening operations continue to face challenges compounded by difficult labour market conditions and the establishment of new ASSAs in 2024 with its third party screening contractors. As the industry pandemic recovery evolves, CATSA will continue to monitor its evolution and any long-term impacts on travel patterns.

New/Ongoing Initiatives

CATSA's financial plan emphasizes investment over the planning period in the accelerated adoption of new and advanced technology to enhance operations and the passenger experience. These investments will include the ongoing upgrade of existing screening equipment with the latest detection algorithms as well as the application of advanced analytics techniques and AI to enhance oversight and training programs. In addition to these investments, CATSA will continue to collaborate with Transport Canada to explore opportunities for risk-based screening including enhancements to the verified traveller program.

Since March 2020, in response to the pandemic, CATSA has implemented a number of health and safety measures at security screening checkpoints. The organization anticipates that several of these measures will remain in place for some portion of the planning period, including increased sanitization requirements at security screening checkpoints and the deployment of ultraviolet-C sanitization technology in CATSA Plus lines starting in 2023/24.

CATSA will continue to make investments in several corporate initiatives that have a profound impact on the organization's operations. These investments include the implementation of a flexible workplace, modernization of CATSA's IT service delivery model through strategic investments and partnerships, and the introduction of additional cyber controls to strengthen the organization's cyber security defenses.

Finally, CATSA's financial plan reflects the implementation of an agreement with a new maintenance service provider. The transition of maintenance activities began in 2022/23, with a complete transition expected in early 2023/24. A successful transition is a priority for CATSA's operations.

Capital Lifecycle Management/New Technology

A priority for CATSA's capital plans over the planning period is the introduction of next-generation screening equipment to enhance security effectiveness and the passenger experience. In support of this priority, CATSA's lifecycle management plans include the replacement of current X-ray technology with CT X-rays at PBS checkpoints in Class 1 and Class 2 airports over the course of the next five to six years, which may reduce passenger-divesting requirements as experienced or committed to in other jurisdictions, pending approval by Transport Canada. As part of this program, CATSA will also replace single-view X-ray machines

with multi-view versions at NPS checkpoints and Class 3 airports. In addition, CATSA's capital plan includes the replacement of current full body scanners with the latest technology featuring improved detection algorithms, as well as deployment of additional full body scanners for primary screening. CATSA's capital plan also provides for the deployment of additional screening equipment to accommodate an improved wait time service level, as well as additional CATSA Plus lines and the replacement of non-EDS equipment and systems as the existing assets reach the end of their useful lives.

When making capital acquisitions of screening equipment, CATSA follows its procurement and contracting policy which ensures transparency and consistency in establishing operational requirements and procurement strategies for screening equipment. With respect to specific requirements for screening equipment, the equipment must meet Transport Canada detection performance standards which are typically aligned with the TSA and/or ECAC. Key factors considered as part of a capital acquisition include technical, company and financial evaluations which ensure the equipment meets CATSA's functional requirements and provides good value for money.

It is important to note that unforeseen impacts, including uncertainty surrounding supply chain disruptions and potential delays on the part of industry partners as they continue to focus on financial stability, may affect the timing of capital projects and result in various delays beyond CATSA's control. Consequently, the organization may require a re-profile of funds to account for any unexpected delays in capital projects.

Key Assumptions and Financial Risks

Passenger Traffic Projections — In 2022/23 CATSA screened an estimated 57.6 million passengers, representing an approximate 135% increase from 2021/22 levels. CATSA's current passenger volume projections are based on a range of passenger forecast scenarios procured from Oxford Economics received in the summer of 2022, and reflect a return to pre-pandemic passenger traffic levels in 2023/24. As the civil aviation industry recovery continues, CATSA's operating environment will remain volatile. Given this, passenger traffic forecasts will continue to evolve and change. Any significant deviation from CATSA's passenger forecasts will have a material impact on the organization's financial requirements.

Screening Officer Staffing — Through December 2022, in response to the dramatic surge in passenger traffic, over 2300 screening officers were hired and trained across Canada. With the ramp up to an improved wait time service level by early 2024/25, the introduction of 100% NPS screening, and ongoing annual increases expected in passenger traffic, a significant increase in screening officer staffing is still required. The financial plan assumes screening contractors will be able to hire and retain the necessary number of screening officers to address the volumes of passengers and non-passengers over the planning horizon. If labour market challenges persist, and screening contractors cannot hire the necessary number of screening officers, the result could be longer wait times, which has an impact on the broader aviation industry.

Improved Wait Time Service Level — CATSA’s ability to deliver any given wait time service level target is significantly impacted by the physical space allocated by, or available within, the airport for screening lines. The financial plan assumes physical space at the airports will be available for additional lines that may be required, a key factor to the successful delivery of any targeted wait time service level. Fiscal year 2023/24 represents a ramp-up period, with an improved wait time service level achieved on a national annual average basis across Class 1 airports in 2024/25. In addition, the financial plan is based on current operations and does not consider changes in CATSA’s regulatory or operating environment, including possible future advancements in screening technologies, which may increase or decrease the efficiency with which screening is performed. Finally, the financial plan includes additional screening hours and incremental CATSA FTEs, which will be required in order to deliver an improved wait time service level.

Inflation and Billing Rates — The current inflationary environment is unprecedented in CATSA’s history. While CATSA is experiencing inflationary pressure across all areas of the organization, labour rates are the greatest source of inflation in CATSA’s ongoing operations. These rates are based on the terms of CATSA’s existing contracts, which reflect annual inflationary increases. In March 2024, CATSA’s existing ASSAs are set to expire. No significant changes in current billing rates for these contract renewals have been considered in CATSA’s financial plan, nor have transition costs been included in the event new vendors are awarded the ASSA contracts. Significant changes in the billing rates or inflationary assumptions for these services will have a material impact on CATSA’s financial requirements going forward.

Foreign Exchange Rates — Financial projections reflect a USD exchange rate of 1.30 for the planning period, except for maintenance costs for a portion of 2023/24 that have been hedged at approximately 1.36. CATSA continues to monitor its future commitments and will enter into new hedging contracts as per its approved hedging strategy. Significant fluctuations in the exchange rate for any unhedged amounts will have a material impact on CATSA’s financial requirements.

Re-Profiles — As the organization does not have carry forward authority, re-profile requests have become a necessary part of CATSA’s annual financial management process. The financial plan assumes CATSA will continue to receive approval of capital re-profiles.

Refocusing Government Spending — Despite considerable upward pressure on CATSA’s operating costs due to inflationary and market forces, CATSA continues to seek opportunities to maintain or reduce spending levels whenever possible. In addition to the reductions of \$10 million per annum identified in Budget 2023, CATSA anticipates maintaining spending at or below pre-pandemic levels in a number of expense areas over the planning period. CATSA’s financial plan includes a forecast for travel costs, which is flat to pre-pandemic levels, lower facilities-related costs due to a reduction in leased space which has reduced annual operating costs by \$1 million per annum, and lower network-related costs following a new managed services contract. CATSA will continue to collaborate with Transport Canada and central agencies to address the spirit of the *Refocusing Government Spending* initiative.

Internal transfer — The financial plan is based on the assumption that CATSA will receive approval for internal budget transfers from capital to operating in order to align CATSA's reference levels to its Budget. Approval of internal transfers in any given year are critical for CATSA to offset incremental operating requirements with available capital funding where CATSA's capital requirements are lower than the approved funding for that fiscal year. The 2023/24 financial plan includes a transfer of \$36.5 million from capital to operating.

APPENDIX A: Ministerial Expectation Letter

March 24, 2023

Thao Pham

Chairperson of the Board of Directors

Canadian Air Transport Security Authority

Dear Thao Pham:

Please allow me to begin by congratulating you on your appointment as Chair of the Canadian Air Transport Security Authority (CATSA). I am grateful that you have accepted to serve as Chair of this Crown corporation given the important role it plays in the effective delivery of screening services for Canadians.

I would also like to thank the CATSA Board, as well as the organization's senior management and staff for the efforts made over Spring and Summer 2022 to address congestion in Canadian airports, and for their collaboration with key industry stakeholders to improve service for passengers.

As you know, the rapid return of passenger demand, along with a tight labour market, have placed pressure on all aspects of the air travel system. While other industries faced similar situations, air transport was particularly challenged given the complexity and interconnectedness of the system, and the enormous numbers of people moved daily. Challenges during the summer travel season further convinced me of the need to look at the air transport system as a whole, including the delivery of screening services.

As you are aware, Transport Canada considered the commercialization of CATSA as a solution to best serve the interests of industry and the Government; however, due to recent discussions with the Designated Screening Authority and consultations with the industry, I am advising you that the commercialization process is on hold for the time being. Nevertheless, I do believe that we must move forward with some reforms to passenger screening services, and I ask that you work with Transport Canada officials to come up with measures to improve the passenger experience while maintaining the security of air transport in Canada. I encourage you to collaborate with Transport Canada and other stakeholders in the air transport system as appropriate in the following areas.

Improved Service Delivery

Over Summer 2022, CATSA's wait time service level did not consistently meet the needs of the air industry or passengers during peak periods. Moving forward, I expect that CATSA will explore improvements to its operations to ensure that passengers are screened at service levels comparable to other jurisdictions, specifically with a view to improving passenger through-put particularly during peak periods. I expect that CATSA will also work with Transport Canada to

advance the implementation of digital solutions and technologies before Summer 2023, and to explore the use of innovative solutions, including pilot projects in selected airports, to achieve these service levels.

As you know, the Air Travel Right-Touch Solution is a priority initiative in my mandate letter and, as one of the major operators at airports, CATSA's active participation in this initiative is essential to its success. In addition, I encourage the ongoing collaboration between CATSA and my officials on defining a new risk-based screening procedure for Trusted Traveler lines as a means of improving service delivery and customer experience at top airports by Summer 2023. I would also encourage CATSA to develop aggressive capital investment and deployment plans for technologies such as CT, so the passenger screening experience can be improved.

The recent launch of CATSA's Request for Proposals for Airport Screening Services Agreements is also an opportunity to seek improvements and greater accountability in the delivery of screening services while pursuing value for money. CATSA should endeavor to integrate lessons learned from the past summer into its new screening agreements. It will be important for CATSA to have clear operating hours and well-trained screening officers for a consistent application of the aforementioned higher service levels at Canada's top airports. I also expect that the new screening agreements will advance Government's priorities related to official languages, diversity and inclusion, and accessibility. Given recent and enduring labour shortages and the increased reliance on advanced screening technologies, I also expect the Agency to increase its training capabilities so that it can continue to meet screening demands in a timely manner.

Better Accountability and Integration with Other Air Sector Operators

The pandemic brought to light the lack of operational coordination between the various air sector stakeholders (e.g., CATSA, air carriers, designated airports, and NAV Canada) operating within the airport ecosystem. I encourage CATSA to actively engage, along with Transport Canada, in enhancing collaboration with airport authorities and other stakeholders, to find efficiencies that facilitate passengers' journey. I invite you to propose creative ways to meet this objective, and work with my officials.

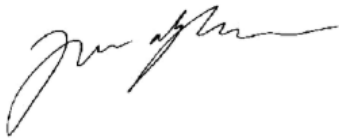
Screening that respects Canada's diversity and inclusion values

Canadian society is diverse and constantly changing. We must continue to promote multiculturalism and do more to ensure respect for religious values and beliefs. In this sense, I expect CATSA to redouble its efforts in this area. It is important to listen to our citizens and engage them regularly so that our screening officers treat religious objects as well as Indigenous sacred and ceremonial objects with the utmost respect and care. CATSA also needs to pay more attention to issues related to the LGBTQ+ community by introducing better technologies and more respectful alarm resolution procedures. I would like CATSA to remain at the forefront of these issues and become the best example of the importance the Government of Canada places on diversity and inclusion.

CATSA's next Corporate Plan should reflect how you propose to fulfill the above expectations, and you should keep me abreast of your progress on a quarterly basis in advancing these reforms. I look forward to collaborating with you and your team to address the ongoing challenges facing the air transportation industry.

I would like to again extend my gratitude to you, the CATSA Board, as well as CATSA senior management and staff for your service to Canadians during these uncertain times.

Sincerely,

A handwritten signature in black ink, appearing to read 'Omar Alghabra', written in a cursive style.

The Honourable Omar Alghabra, P.C., M.P.
Minister of Transport

APPENDIX B: Corporate Governance Structure

Accountability Relationships

CATSA is an agent Crown corporation with a Board of Directors appointed by the Governor in Council on the recommendation of the Minister of Transport.

Board of Directors

CATSA is governed by an eleven-member Board of Directors. Two of the Directors are nominated by the airline industry and two by the airport industry. All Directors are independent of CATSA management. The Board of Directors and its committees generally meet on a quarterly basis, and as required to effectively oversee the corporation's business.

The Government of Canada recently appointed a new Chair as a result of a comprehensive appointment process. Additionally, the terms of three members of the Board of Directors have expired and there are two vacancies. CATSA remains committed to working with Transport Canada to support timely appointments by the Government of Canada.

The Board of Directors has a number of ongoing responsibilities, including:

- Establishing CATSA's strategic direction through its annual corporate plan and safeguarding the resources of the corporation by approving annual reports, and capital and operating budgets;
- Approving CATSA's corporate plan for recommendation to the Minister;
- Ensuring the fulfillment of the corporation's mandate;
- Monitoring corporate performance;
- Ensuring the principal risks of CATSA's business are identified and that appropriate systems to manage these risks have been implemented;
- Approving the President and Chief Executive Officer's (CEO) objectives for the year and evaluating his/her performance;
- Drafting, amending or repealing corporate by-laws; and
- Reviewing and approving management's succession plan for senior management.

Board Committees

The *Audit Committee* assists the Board in fulfilling its oversight responsibilities with respect to financial reporting, financial risk management, climate disclosure, cybersecurity, internal controls, internal and external audits and budgets. All directors are members of this committee.

The *Governance, Human Resources and Pension Committee* (GHRP) assists the Board in fulfilling its oversight responsibilities with respect to governance matters including areas such as human resources and compensation, management succession plans, policies and processes relating to

employee business conduct and ethical behaviour, annual objectives for the President and CEO, management and administration of the employee pension plan(s) and any other matter assigned to it by the Board. All directors are members of this committee.

The *Transaction Committee* assists the Board with respect to the potential sale or disposition of CATSA's assets and liabilities to the designated screening authority, as required. This Committee was constituted on September 10, 2019.

As of March 31, 2022, CATSA's Board of Directors included:

Board Members	Total Remuneration (2022/23)	Appointment Date	Mandate Expiry Date
Thao Pham, Chairperson	\$1,212	2023/03/13	2028/03/12
Melissa Coulson *	\$17,749	<i>Original: 2014/01/30 Reappointment: 2018/02/21 Reappointment amended: 2022/12/16</i>	2023/02/21
Patricia Anne Kennedy <i>Appointed as a nominee of the Air Transport Association of Canada</i>	\$18,660	<i>Original: 2015/03/26 Reappointment: 2018/06/25</i>	2021/06/24
Sharon Duggan *	\$18,855	2018/02/21	2022/02/21
Jean-Philippe Brunet *	\$14,955	2018/02/21	2022/02/21
Gilles Lalonde	\$16,125	<i>Original: 2018/02/21 Reappointment: 2021/05/21</i>	2025/05/21
Diane Trenn <i>Appointed as a nominee of the Canadian Airports Council</i>	\$18,660	<i>Original: 2018/06/14 Reappointment: 2022/10/28</i>	2026/10/28
Penny Westman *	\$17,880	2019/03/22	2023/03/22
Rosemary Capparelli <i>Appointed as a nominee of the National Airlines Council of Canada</i>	\$7,570	2022/10/28	2026/10/28
Jennifer Sullivan <i>Appointed as a nominee of the Canadian Airports Council</i>	\$7,375	2022/10/28	2026/10/28
Former Board Members			
Marguerite Nadeau, Chairperson	\$10,740	2017/09/13	2022/09/13
William Restall <i>Appointed as a nominee of the Canadian Airports Council</i>	\$6,625	<i>Original: 2014/09/29 Reappointment: 2018/06/14</i>	2021/06/14 Resigned on 2022/10/28
Allan Rowe <i>Appointed as a nominee of the National Airlines Council of Canada</i>	\$0	<i>Original: 2012/05/03 Reappointment: 2018/03/13</i>	2021/03/12 Resigned on 2022/10/28

Per the Financial Administration Act, any Director (other than the Chairperson) whose term has expired, may continue in office until a successor is appointed.

* Members of the Transaction Committee.

CATSA’s Senior Management Team

Until April 3, 2023, CATSA was led by President and Chief Executive Officer (CEO), Michael Saunders. On April 3, 2023, CATSA welcomed a new President and CEO. Nada Semaan was appointed for a five-year term by Order in Council.

In 2022/23, the President and CEO was supported by a senior management team, including:

Neil Parry	Senior Vice-President, Operations
Nancy Fitchett	Vice-President, Corporate Affairs and Chief Financial Officer
Martin Corrigan	Vice-President, Technology and Chief Technology Officer
Lisa Hamilton	Vice-President, Corporate Services, General Counsel and Corporate Secretary

Martin Corrigan retired from CATSA on April 3, 2023. Denis Perron (Senior Director, Screening Technology) was appointed acting Vice-President, Technology and Chief Technology Officer.

CATSA’s Executive Compensation Structure

Maintaining a competitive total compensation package is key to CATSA's ability to attract and retain a diverse and qualified workforce. As such, the organization’s total compensation program consists of a base salary as well as performance incentives, group benefits and pension plan.

CATSA’s Board of Directors, through the Governance, Human Resources and Pension Committee, reviews the compensation package regularly to ensure that it is reasonable and is competitive with similar public sector organizations.

Pursuant to subsection 20(2) of the *Canadian Air Transport Security Authority Act*, the rate of any remuneration paid to the President and CEO is fixed by the Governor in Council by Order in Council (2023-0236), wherein the base salary is within the range of \$244,800 - \$287,900 per annum.

In 2023/24, the base salary range for Vice-Presidents is \$207,774 to \$373,994. CATSA’s Vice-Presidents are also eligible to receive incentive pay in the range of 0 – 30%, depending on their performance.

APPENDIX C: Planned Results

Expected Results and Performance Indicators

CATSA has one Core Responsibility: to deliver effective, efficient and consistent security screening for civil aviation that is in the interest of the travelling public at designated airports, by way of PBS, HBS, NPS, and the RAIC program.

CATSA uses a number of key indicators to set operational performance targets and to monitor, assess and report on progress and achievements in areas of critical importance to the fulfillment of its mandate and mission, the support of government objectives and priorities, and the maintenance of favourable relations with the travelling public and civil aviation partners.

Set out over the following pages are CATSA's strategic objectives, short (immediate), medium (intermediate) and long term (ultimate) outcomes, key measured targets and the criteria and indicators used to measure progress in their achievement. Additionally, the organization's expected results and risks mitigated by the achievement of the strategic objectives are included.

Outcomes	Performance Measures and Key Statistics	Target	Expected Results	Recent Results (Q3 2022/23 unless otherwise noted)	Data sources / influences
A. SERVICE EXCELLENCE AND CONTINUED INNOVATION					
OBJECTIVE 1: Security Effectiveness					
<i>Output:</i> The prevention of prohibited items and non-permitted items from entering the air transportation system through the systematic application of CATSA's mandated screening services.					
RISK MITIGATED: Mandated Services Risk - Detection capabilities and maintaining care and control of the screening checkpoints					
Immediate: Improve operational consistency and compliance.	<ul style="list-style-type: none"> Consistency – Security Screening Procedures 	<ul style="list-style-type: none"> 96% 	<ul style="list-style-type: none"> Improved results for consistency of security screening procedures 	<ul style="list-style-type: none"> 94.8% 	<ul style="list-style-type: none"> Service Monitoring and Recording Tool (SMART)
ASSOCIATED INITIATIVE: Continue to enhance training programs and conduct operational oversight					
Intermediate/Ultimate: Improve the ability of screening officers to identify and prevent prohibited and non-permitted items from entering the restricted area and air transportation system.	<ul style="list-style-type: none"> Overall Security Effectiveness PBS, HBS and NPS Security Effectiveness 	<i>Cannot be reflected in a public document due to security classification.</i>		<ul style="list-style-type: none"> PBS, NPS and HBS testing performance Breach score PBS, NPS and HBS Threat Image Projection System (TIPS) performance 	
ASSOCIATED INITIATIVES: PBS screening enhancements, Upgrading screening equipment with latest detection algorithms, Explore application of advanced analytics and artificial intelligence to enhance oversight and training programs, Ensure screening officers are provided with continuous learning and process improvement through expanded and improved front-line training programs					

Outcomes	Performance Measures and Key Statistics	Target	Expected Results	Recent Results	Data sources / influences
A. SERVICE EXCELLENCE AND CONTINUED INNOVATION					
OBJECTIVE 2: Operational Efficiency					
<i>Output:</i> The achievement of optimal screening efficiency, leveraging available resources, including personnel, systems, and equipment.					
RISKS MITIGATED: Capacity Risk – Adequate government funding					
Immediate: Ensure screening contractor staffing and attrition management.	<ul style="list-style-type: none"> National Screening Officer Attrition Rate National Training and Certification Program Success Rate Screening officer hiring targets 	<ul style="list-style-type: none"> N/A 90% Target varies by region and airport 	<ul style="list-style-type: none"> Adequate screening officer staffing levels through collaboration with screening contractors and Transport Canada Meet screening officer hiring targets 	<ul style="list-style-type: none"> 10.7% 82.7% On track to meet targets by summer 2023. 	<ul style="list-style-type: none"> Data from screening contractors Learning Management System Payments to Screening Contractors Budget
ASSOCIATED INITIATIVE: Airport Screening Services Agreements, Deploy additional training resources					
Intermediate: Evolve advanced analytics and modelling to optimize screening and checkpoint efficiency.	<ul style="list-style-type: none"> Wait time service level (WTSL) 	<ul style="list-style-type: none"> Stability or improvement in accuracy of short term passenger forecasts 	<ul style="list-style-type: none"> National average of 95/15 WTSL or above at Class 1 airports starting in 2024/25 	<ul style="list-style-type: none"> 91.7/15² 	<ul style="list-style-type: none"> BPSS screened passenger data Passenger wait times, averaged on an annual basis for all Class 1 airports Flight schedules
ASSOCIATED INITIATIVE: Improved wait time service levels, Accurate short term traffic forecasting models					
Ultimate: Achieve the targeted wait time service level, including the government-funded target level, and the peak target level. ³	<ul style="list-style-type: none"> WTSL WTSL at peak 	<ul style="list-style-type: none"> WTSL: 95/15 WTSL at peak: 85/15 Measured improvement over time 	<ul style="list-style-type: none"> Consistent WTSL of 95/15 or above starting in 2024/25 Consistent WTSL at peak of 85/15 or above starting in 2024/25 	<ul style="list-style-type: none"> 91.7/15² 82.7/15 	<ul style="list-style-type: none"> Passenger wait times, averaged on an annual basis for all Class 1 airports
ASSOCIATED INITIATIVE: PBS Screening Enhancements, Risk-based Security Screening					

² CATSA received funding to achieve a wait time service level of 85/15 for 2022/23 - 2023/24, and 95/15 for 2024/25 - 2025/26.

³ CATSA will continue to closely monitor the details around the Government of Canada's initiative aimed at seeking an approximate 3% reduction of eligible spending by 2026/27, and the associated impact on the organization's operations.

Outcomes	Performance Measures and Key Statistics	Target	Expected Results	Recent Results	Data sources / influences
A. SERVICE EXCELLENCE AND CONTINUED INNOVATION					
OBJECTIVE 3: Optimal Passenger Experience					
<i>Output:</i> The achievement of high levels of passenger satisfaction with, and confidence in, their interactions with CATSA.					
RISK MITIGATED: Traveller and Stakeholder Relations Risk – CATSA’s reputation					
Immediate: Increase awareness among passengers relating to screening processes and other key information to assist with a positive screening experience. Increase awareness and understanding of Indigenous history and enhance training around screening of Indigenous sacred and spiritual items.	<ul style="list-style-type: none"> Overall Passenger Experience 	<ul style="list-style-type: none"> 85% 	<ul style="list-style-type: none"> Updated and delivered Customer Service Commitment to Passengers Increased passenger satisfaction with their screening experience 	<ul style="list-style-type: none"> 87.8% 	<ul style="list-style-type: none"> Passenger intercept surveys at Class 1 airports
ASSOCIATED INITIATIVES: Support Government of Canada priorities (accessibility, official languages, Indigenous reconciliation, etc.)					
Intermediate: Ensure compliance with <i>Accessible Canada Act</i> regulations and responsibilities to passengers. Ensure compliance with <i>Official Languages Act</i> requirements and responsibilities to passengers.	<ul style="list-style-type: none"> Passenger feedback related to accessibility Passenger feedback on OL 	<ul style="list-style-type: none"> Compliance 	<ul style="list-style-type: none"> Compliance Decrease in complaints over time 	<ul style="list-style-type: none"> Ongoing 	<ul style="list-style-type: none"> Passenger feedback Audit results Complaints data Self-assessment results from the Official Languages Maturity Model
ASSOCIATED INITIATIVES: Remain committed to implementation of CATSA’s Accessibility Plan, Strive to meet official language obligations and expectations					
Ultimate: Achieve high levels of passenger satisfaction with their security screening experience.	<ul style="list-style-type: none"> Overall Passenger Experience 	<ul style="list-style-type: none"> Overall Passenger Experience: 85% 	<ul style="list-style-type: none"> Consistently at or above target overall experience for passengers at Class 1 airports. 	<ul style="list-style-type: none"> 87.8% 	<ul style="list-style-type: none"> Passenger intercept surveys at Class 1 airports
ASSOCIATED INITIATIVES: Support Government of Canada priorities (accessibility, official languages, Indigenous reconciliation, diversity and inclusion, etc.), Continue to promote the <i>Customer Service Commitment</i> , Introduction of CT X-ray technology to reduce divesting requirements at PBS checkpoints					

Outcomes	Performance Measures and Key Statistics	Target	Expected Results	Recent Results	Data sources / influences
A. SERVICE EXCELLENCE AND CONTINUED INNOVATION					
OBJECTIVE 4: Sound Asset Management					
<i>Output:</i> The responsible acquisition, protection, maintenance, and recapitalization of screening equipment and related systems.					
RISK MITIGATED: Compliance Risk – Responsible use of government funding					
Immediate: On-going lifecycle management of CATSA’s capital assets, including HBS and PBS screening technologies.	<ul style="list-style-type: none"> • Successful deployment • Equipment availability (PBS, HBS and NPS) 	<ul style="list-style-type: none"> • On-budget and on-schedule deployment Equipment availability: <ul style="list-style-type: none"> • PBS: 99.00% • HBS: 98.00% • NPS: 99.00% 	<ul style="list-style-type: none"> • Efficient lifecycle management executed on-time. • On-target availability of screening equipment. 	Equipment availability: <ul style="list-style-type: none"> • PBS: 99.55% • HBS: 99.05% • NPS: 99.95% 	<ul style="list-style-type: none"> • Equipment availability • Engagement with airport authorities
ASSOCIATED INITIATIVE: Robust multi-year lifecycle management plans, Transition to new maintenance service provider					
Intermediate: Deploy screening equipment enhancements and optimization.	<ul style="list-style-type: none"> • Completed trials and roll outs of various enhancements and optimizations. 	<ul style="list-style-type: none"> • Completion 	<ul style="list-style-type: none"> • Complete trial and rollout of new detection algorithms. • Complete trial and rollout of software upgrades. • Maximization of screening equipment availability. 	<ul style="list-style-type: none"> • Ongoing 	<ul style="list-style-type: none"> • Transport Canada • Operational impacts
ASSOCIATED INITIATIVES: PBS screening enhancements, Upgrading screening equipment with latest detection algorithms, Introduction of CT X-ray technology at PBS checkpoints					
Ultimate: Readily available screening technology equipment to ensure resources for security screening.	<ul style="list-style-type: none"> • Availability of all major screening technology platforms at Class 1 airports 	<ul style="list-style-type: none"> • PBS: 99.00% • HBS: 98.00% • NPS: 99.00% 	<ul style="list-style-type: none"> • On or above target availability of all major screening technology platforms at Class 1 airports 	<ul style="list-style-type: none"> • PBS: 99.55% • HBS: 99.05% • NPS: 99.95% 	<ul style="list-style-type: none"> • The overall availability of all major screening technology platforms for screening operations

Outcomes	Performance Measures and Key Statistics	Target	Expected Results	Recent Results	Data sources / influences
B. A DIVERSE AND ENGAGED WORKFORCE					
OBJECTIVE 1: An Inclusive and Diverse Environment					
<p><i>Output:</i> The achievement of a well-balanced workforce that strives to reflect the diversity of Canada, and the fostering of a positive and supportive working environment that respects and upholds diverse social and cultural values, and promotes the use of both official languages in the workplace.</p>					
<p>RISKS MITIGATED: Human Resources Risk – Employee recruitment and retention Capacity Risk – CATSA staff capacity</p>					
<p>Immediate/Intermediate/Ultimate:</p> <p>Take steps to support fixed-term and indeterminate employees in meeting the language requirement of their position through second language training.</p> <p>Promote the use of both official languages in CATSA workplaces</p>	<ul style="list-style-type: none"> • Percentage of fixed-term and indeterminate employees that meet the language requirements in positions designated as bilingual • Employee feedback 	<ul style="list-style-type: none"> • Short term: 75% • Long term: 85% 	<ul style="list-style-type: none"> • The percentage of employees that meet the language requirement for their position is on or above target. • Favourable feedback from employees relating to the use of both official languages in CATSA workplaces. 	<ul style="list-style-type: none"> • 66.5% (FY 2022/23) 	<ul style="list-style-type: none"> • Employee language test results (HR database) • Annual Official Languages Report • Employee culture surveys
<p>ASSOCIATED INITIATIVES: Support Government of Canada priorities (accessibility, official languages, Indigenous reconciliation, diversity and inclusion, etc.), Promote the use of both official languages in the workplace</p>					

Outcomes	Performance Measures and Key Statistics	Target	Expected Results	Recent Results	Data sources / influences
B. A DIVERSE AND ENGAGED WORKFORCE					
<p>Intermediate/Ultime:</p> <p>Increase CATSA's workforce representation among designated groups.</p>	<ul style="list-style-type: none"> Workforce demographics, including women (W), Indigenous peoples (IP), visible minorities (VM) and persons with disabilities (PWD) 	<p>Workforce demographics targets:⁴</p> <ul style="list-style-type: none"> W: 48.2% IP: 4.0% VM: 21.3% PWD: 9.1% <p>Turnover distribution by designated groups:⁴</p> <ul style="list-style-type: none"> W: 45.3% IP: 1.8% VM: 21.2% PWD: 2.1% 	<ul style="list-style-type: none"> Increased representation among designated groups through more diverse methods of attracting candidates. On or above target demographics within CATSA. 	<p>Workforce demographics:</p> <ul style="list-style-type: none"> W: 45.0% IP: 2.3% VM: 23.4% PWD: 2.7% <p>Turnover distribution by designated groups (FY 2022/23):</p> <ul style="list-style-type: none"> W: 59.5% IP: 0.0% VM: 13.2% PWD: 2.7% 	<ul style="list-style-type: none"> Workforce demographics Annual Employment Equity Report
<p>ASSOCIATED INITIATIVES: Support Government of Canada priorities (accessibility, official languages, Indigenous reconciliation, etc.), Apply human resources practices that support diversity in hiring, compensation, and advancement, Implementation of the Employment Equity Plan and Pay Equity Plan, Implementation of the GBA Plus Action Plan and advance GBA Plus integration, Support workplace initiatives that understand and embrace diversity</p>					

⁴ Targets for turnover distribution by designated group and workforce demographics are subject to change on an annual basis.

Outcomes	Performance Measures and Key Statistics	Target	Expected Results	Recent Results	Data sources / influences
B. A DIVERSE AND ENGAGED WORKFORCE					
OBJECTIVE 2: Employee Engagement and Support					
<p><i>Output:</i> Attract and retain a productive and engaged workforce, through corporate support for learning and skills development, the health and well-being of employees, and the celebration of individual and collective achievements.</p>					
<p>RISKS MITIGATED: Capacity Risk – CATSA staff capacity Human Resources Risk – Employee recruitment and retention</p>					
<p>Immediate:</p> <p>Assessment and continual refinement of the flexible workplace model to meet the evolving needs of the organization and its workforce.</p> <p>ASSOCIATED INITIATIVES:</p> <ul style="list-style-type: none"> • Foster a flexible workplace that supports employee needs while balancing organizational objectives 	<ul style="list-style-type: none"> • Utilizing strategies that maximize flexibility in a dynamic operational environment, without undue strain on core personnel 	<ul style="list-style-type: none"> • Stability or improvement in employee satisfaction • Annual attrition rate: 8.0% • Absenteeism: 3 days per quarter per employee 	<ul style="list-style-type: none"> • High level of employee satisfaction • Implemented refinements to the flexible workplace model • Continuous flexibility for management and employees 	<ul style="list-style-type: none"> • Employee satisfaction: 86% (stable) • Attrition (FY 2022/23): 7.9% • Absenteeism: 2.6 days/quarter 	<ul style="list-style-type: none"> • Employee surveys • Attrition and absenteeism
<p>Immediate:</p> <p>Utilization of efficient hiring practices and professional services to ensure employees and managers have the resources they need to be successful in their roles.</p> <p>ASSOCIATED INITIATIVES:</p> <ul style="list-style-type: none"> • Responsible and sustainable approaches to workload management • Strategic use of fixed-term resources and engagement of professional services 	<ul style="list-style-type: none"> • Strategic use of fixed-term resources and professional services 		<ul style="list-style-type: none"> • High level of employee satisfaction. 		

Outcomes	Performance Measures and Key Statistics	Target	Expected Results	Recent Results	Data sources / influences
B. A DIVERSE AND ENGAGED WORKFORCE					
<p>Intermediate:</p> <p>Implementation of initiatives and activities that support the mental health and well-being of employees.</p> <p>ASSOCIATED INITIATIVES:</p> <ul style="list-style-type: none"> • Foster a flexible workplace that supports employee needs while balancing organizational objectives • Delivering mental health support for employees at all levels, as well as the commitment to occupational health and safety 	<ul style="list-style-type: none"> • Use of workplace support resources, and optimization of the flexible workplace model to accommodate employee needs, while upholding position requirements 	<ul style="list-style-type: none"> • Stability or improvement in employee satisfaction • Annual attrition rate: 8.0% • Absenteeism: 3 days per quarter per employee 	<ul style="list-style-type: none"> • High level of employee satisfaction. • Low absenteeism. • Implemented resources for employees relating to mental health and well-being. 	<ul style="list-style-type: none"> • Employee satisfaction: 86% (stable) • Attrition (FY 2022/23): 7.9% • Absenteeism: 2.6 days/quarter 	<ul style="list-style-type: none"> • Employee surveys • Attrition and absenteeism
OBJECTIVE 3: Transformative Leadership					
<i>Output:</i> The demonstration by example and active support of creative approaches to continuous improvement, innovation and collaboration.					
RISK MITIGATED: Human Resources Risk – Employee recruitment and retention					
<p>Immediate:</p> <p>Plan the Leadership Principles and the Leadership Introductions programs in order to provide fundamental growth and learning opportunities for CATSA’s people leaders.</p>	<ul style="list-style-type: none"> • Development of plans • Execution of plans 	<ul style="list-style-type: none"> • Successful development and execution of the plan for the leadership programs 	<ul style="list-style-type: none"> • Increased opportunities for growth and professional development through CATSA’s leadership programs 	<ul style="list-style-type: none"> • Ongoing 	<ul style="list-style-type: none"> • Employee surveys • Feedback from the Board
ASSOCIATED INITIATIVE: Continued implementation of the leadership programs					
<p>Intermediate/Ultimate:</p> <p>Promote innovation among employees and management, fostering vision and behaviours that support a transformative culture.</p>	<ul style="list-style-type: none"> • Enhancement of existing vehicles (CATSA Leaders Forum, employee retreat and employee communication) • Commitment from leaders to remain apprised of the needs of the workforce 	<ul style="list-style-type: none"> • Completed enhancements of existing vehicles. 	<ul style="list-style-type: none"> • Improved organizational awareness of projects and programs related to creating a barrier-free and inclusive environment • Improved results of employee surveys over time 	<ul style="list-style-type: none"> • Ongoing 	<ul style="list-style-type: none"> • Employee surveys • Feedback from the Board
ASSOCIATED INITIATIVE: Continue to find opportunities to promote a culture of innovation					

Outcomes	Performance Measures and Key Statistics	Target	Expected Results	Recent Results	Data sources / influences
C. EFFECTIVE AND PROACTIVE PARTNERSHIPS					
OBJECTIVE 1: Industry and Government Collaboration					
<p><i>Output:</i> The establishment and maintenance of strong and positive working relationships between CATSA, its security partners, other members of civil aviation, and the Government of Canada, to progress on common goals and interests.</p>					
RISK MITIGATED: Stakeholder Relations Risk – CATSA’s reputation					
<p>Immediate/Intermediate/Ultimate:</p> <p>Continue to foster proactive partnerships with industry and government stakeholders, through reciprocal two-way engagement.</p>	<ul style="list-style-type: none"> • Well-established formal and informal processes for dialogue and collaboration with industry • Responsiveness to industry requests, including for screening on a cost-recovery basis 	<ul style="list-style-type: none"> • Proactive approach to partnerships • Close, respectful and productive relations • Timely and meaningful response to industry requests 	<ul style="list-style-type: none"> • Proactive and productive relationships with stakeholders • Collaborative approach to contributing to government priorities • Efficient response times to requests from stakeholders. • Reciprocal two-way engagement and information sharing between all partners and government stakeholders. 	<ul style="list-style-type: none"> • Please reference the Overview section on page five. 	<ul style="list-style-type: none"> • Industry consultations and feedback • Negotiated agreements for cost recovery screening enhancements where applicable
<p>ASSOCIATED INITIATIVES: Working collaboratively with airport authorities to evaluate and standardize approaches to queue offerings, Continuing to work with US TSA counterparts in order to establish mutual recognition of screening procedures, especially for verified travellers</p>					

Outcomes	Performance Measures and Key Statistics	Target	Expected Results	Recent Results	Data sources / influences
C. EFFECTIVE AND PROACTIVE PARTNERSHIPS					
OBJECTIVE 2: Community Relations					
<i>Output:</i> The establishment and maintenance of close and favourable relations with key stakeholders in the broader community.					
RISK MITIGATED: Stakeholder Relations Risk – CATSA’s reputation					
<p>Immediate/Intermediate/Ulimate:</p> <p>Continue to prioritize the delivery of a positive passenger experience through effective communications with the travelling public.</p>	<ul style="list-style-type: none"> • Well-established formal and informal processes for feedback from and consultation with the travelling public • Effective means of communicating with the travelling public • Overall passenger experience 	<ul style="list-style-type: none"> • Close, respectful and productive relations • Timely and meaningful response to public and community requests and complaints • Overall Passenger Experience: 85% 	<ul style="list-style-type: none"> • On or above target overall passenger experience results • Positive reputation for community engagement and communications 	<ul style="list-style-type: none"> • Accessibility Plan consultations • Consultations with cultural groups • Overall Passenger Experience: 87.8% 	<ul style="list-style-type: none"> • Stakeholder consultations and communications • Public and passenger enquiries, suggestions and complaints

Outcomes	Performance Measures and Key Statistics	Target	Expected Results	Recent Results	Data sources / influences
C. EFFECTIVE AND PROACTIVE PARTNERSHIPS					
<p>Immediate/Intermediate/Ulimate:</p> <p>Collaborate with key stakeholders, including Transport Canada and industry partners, in order to achieve common goals.</p>	<ul style="list-style-type: none"> Well-established formal and informal processes for communication and feedback with community stakeholders 	<ul style="list-style-type: none"> Close, respectful and productive relations Timely and meaningful response to public and community requests and complaints Support of government priorities and objectives. 	<ul style="list-style-type: none"> Collaborative relationships with key stakeholders On-going work to support government priorities and objectives 	<p>Please reference the Overview section page five as well as Appendix H.</p>	<ul style="list-style-type: none"> Stakeholder consultations and communications
<p>ASSOCIATED INITIATIVES: Support Government of Canada priorities and objectives, Working collaboratively with airport authorities to evaluate and standardize approaches to queue offerings, Continuing to work with US TSA counterparts in order to establish mutual recognition of screening procedures, especially for verified travellers</p>					

President and Chief Executive Officer Commitment

As President and Chief Executive Officer of the Canadian Air Transport Security Authority, I am accountable to the Board of Directors for the implementation of the objectives and initiatives described in this Corporate Plan and outlined in this Appendix. I confirm that this commitment is supported by the balanced use of all available and relevant performance measurement and evaluation information.



 Nada Semaan
 President and Chief Executive Officer
 Canadian Air Transport Security Authority

September 8, 2023

 Date

APPENDIX D: Chief Financial Officer Attestation

In my capacity as Chief Financial Officer of the Canadian Air Transport Security Authority (CATSA), accountable to the Board of Directors of CATSA through the Chief Executive Officer, I have reviewed the 2023/24 – 2027/28 Corporate Plan and budgets, and the supporting information that I considered necessary, as of the date indicated below. Based on this due diligence review, I make the following conclusions:

1. The nature and extent of the financial and related information is reasonably described, and assumptions having a significant bearing on the associated financial requirements have been identified and are supported.
2. Significant risks having a bearing on the financial requirements, the sensitivity of the financial requirements to changes in key assumptions, and the related risk-mitigation strategies have been disclosed.
3. Financial resource requirements have been disclosed and are consistent with the stated assumptions, and options to contain costs have been considered.
4. Funding is not sufficient to address the financial requirements for the expected duration of the Corporate Plan, with the following observation: CATSA's Base funding for 2026/27 – 2027/28 will cover the costs to continue to deliver its mandated activities for a portion of these fiscal years only.
5. The Corporate Plan and budgets are compliant with relevant financial management legislation and policies, and the proper financial management authorities are in place.
6. Key financial controls are in place to support the implementation of proposed activities and ongoing operations of CATSA.

In my opinion, the Corporate Plan and budgets are sufficient to support decision-making, except for funding as noted in number 4 above.



Nancy Fitchett, CPA, CA
Vice-President, Corporate Affairs and Chief Financial Officer
Canadian Air Transport Security Authority

September 8, 2023

Date

APPENDIX E: Financial Statements and Budgets

Financial Statement Highlights

CATSA's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and approved by the Accounting Standards Board of Canada (AcSB).

Disposals

CATSA manages its assets, including asset disposal, as part of a lifecycle management regime or as part of new technology requirements. The disposal of assets is governed by corporate policy and procedures that ensure compliance with applicable legislation and regulations concerning the disposal of Crown assets. In its annual financial statements (see CATSA's Annual Report), CATSA discloses contingent liabilities associated with the removal of explosives detection system equipment from airports across Canada, some of which contains hazardous materials, as well as the restoration of facilities contractually required under lease agreements.

Statement of Financial Position

Statement of Financial Position	Actual	Forecast	Plan	Plan	Plan	Plan	Plan
(Figures are in thousands)	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
ASSETS							
Current assets							
Cash	\$ 7,581	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Trade and other receivables	100,670	137,318	170,173	189,510	190,704	88,564	88,564
Inventories	11,406	11,105	11,284	10,016	9,144	8,375	7,600
Prepays	6,835	7,770	8,003	8,243	8,490	8,745	9,008
Derivative financial assets	34	1,473	-	-	-	-	-
	\$ 126,526	\$ 167,666	\$ 199,460	\$ 217,769	\$ 218,338	\$ 115,684	\$ 115,172
Non-current assets							
Property and equipment and intangible assets							
EDS	\$ 384,129	\$ 359,687	\$ 413,751	\$ 459,488	\$ 489,673	\$ 519,070	\$ 546,136
Non-EDS	23,342	20,548	28,274	28,818	29,012	28,489	23,639
	\$ 407,471	\$ 380,235	\$ 442,025	\$ 488,306	\$ 518,685	\$ 547,559	\$ 569,775
Right-of-use assets	\$ 16,569	\$ 13,575	\$ 13,756	\$ 11,803	\$ 8,705	\$ 7,592	\$ 16,045
Employee benefits asset	56,950	60,599	60,946	62,258	63,573	64,840	66,083
Derivative financial assets	6	40	-	-	-	-	-
	\$ 607,522	\$ 622,115	\$ 716,187	\$ 780,136	\$ 809,301	\$ 735,675	\$ 767,075
LIABILITIES AND EQUITY							
Current liabilities							
Trade and other payables	\$ 106,748	\$ 147,811	\$ 180,666	\$ 200,003	\$ 201,197	\$ 99,057	\$ 99,057
Holdbacks	1,637	-	-	-	-	-	-
Provisions	200	-	-	-	-	-	-
Lease liabilities	3,129	2,166	3,395	3,568	3,706	3,446	2,904
Deferred government funding related to operating expenses	18,241	18,875	19,287	18,259	17,634	17,120	16,608
	\$ 129,955	\$ 168,852	\$ 203,348	\$ 221,830	\$ 222,537	\$ 119,623	\$ 118,569
Non-current liabilities							
Lease liabilities	\$ 14,107	\$ 12,264	\$ 12,171	\$ 9,851	\$ 6,296	\$ 5,022	\$ 14,163
Deferred government funding related to capital expenditures	406,579	379,509	441,469	487,867	518,363	547,354	569,687
Employee benefits liability	19,107	17,011	18,405	19,799	21,194	22,588	23,982
	\$ 439,793	\$ 408,784	\$ 472,045	\$ 517,517	\$ 545,853	\$ 574,964	\$ 607,832
Equity							
Accumulated surplus	\$ 37,774	\$ 44,479	\$ 40,794	\$ 40,789	\$ 40,911	\$ 41,088	\$ 40,674
	\$ 607,522	\$ 622,115	\$ 716,187	\$ 780,136	\$ 809,301	\$ 735,675	\$ 767,075

Statement of Comprehensive Income (Loss) and Equity

Statement of Comprehensive Income and Equity	Actual	Forecast	Plan	Plan	Plan	Plan	Plan
(Figures are in thousands)	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Expenses							
Pre-Board Screening	\$ 391,517	\$ 542,210	\$ 580,165	\$ 646,169	\$ 652,858	\$ 264,961	\$ 270,030
Hold Baggage Screening	161,558	152,669	169,612	182,580	191,097	107,265	108,745
Non-Passenger Screening	149,831	143,295	205,161	261,387	267,702	95,825	95,202
Restricted Area Identity Card Program	3,598	4,838	4,759	4,896	4,870	5,211	5,273
Corporate services	48,911	52,530	54,277	55,933	57,533	59,270	60,203
Total expenses	\$ 755,415	\$ 895,542	\$ 1,013,974	\$ 1,150,965	\$ 1,174,060	\$ 532,532	\$ 539,453
Other expenses (income)							
Impairment of property and equipment	\$ 1,940	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Foreign exchange loss (gain)	1,128	(35)	-	-	-	-	-
Finance costs	203	275	338	316	247	243	569
Write-off of property and equipment and intangible assets	196	-	-	-	-	-	-
Net (gain) loss on fair value of derivative financial instruments	(1,237)	(1,473)	1,513	-	-	-	-
Total other expenses (income)	\$ 2,230	\$ (1,233)	\$ 1,851	\$ 316	\$ 247	\$ 243	\$ 569
Revenue							
Other income	\$ 268	\$ 2,427	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenue	\$ 268	\$ 2,427	\$ -	\$ -	\$ -	\$ -	\$ -
Financial performance before government funding	\$ 757,377	\$ 891,882	\$ 1,015,825	\$ 1,151,281	\$ 1,174,307	\$ 532,775	\$ 540,022
Government funding							
Parliamentary appropriations for operating expenses	\$ 677,463	\$ 850,393	\$ 968,064	\$ 1,098,452	\$ 1,115,070	\$ 467,943	\$ 467,941
Parliamentary appropriations for lease payments	3,876	3,483	2,504	3,711	3,815	3,949	4,015
Amortization of deferred government funding related to capital expenditures	78,986	40,327	41,572	49,113	55,544	61,060	67,652
Total government funding	\$ 760,325	\$ 894,203	\$ 1,012,140	\$ 1,151,276	\$ 1,174,429	\$ 532,952	\$ 539,608
Financial performance	\$ 2,948	\$ 2,321	\$ (3,685)	\$ (5)	\$ 122	\$ 177	\$ (414)
Other comprehensive income							
Item that will not be reclassified to financial performance							
Remeasurement of defined benefit plans	\$ 21,320	\$ 4,384	\$ -	\$ -	\$ -	\$ -	\$ -
Total comprehensive income	\$ 24,268	\$ 6,705	\$ (3,685)	\$ (5)	\$ 122	\$ 177	\$ (414)
Equity							
Accumulated surplus, beginning of year	\$ 13,506	\$ 37,774	\$ 44,479	\$ 40,794	\$ 40,789	\$ 40,911	\$ 41,088
Total comprehensive income	24,268	6,705	(3,685)	(5)	122	177	(414)
Accumulated surplus, end of year	\$ 37,774	\$ 44,479	\$ 40,794	\$ 40,789	\$ 40,911	\$ 41,088	\$ 40,674

Statement of Cash Flows

Statement of Cash Flows	Actual	Forecast	Plan	Plan	Plan	Plan	Plan
(Figures are in thousands)	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Cash flows provided by (used in)							
Operating activities							
Financial performance	\$ 2,948	\$ 2,321	\$ (3,685)	\$ (5)	\$ 122	\$ 177	\$ (414)
Items not involving cash							
Depreciation and amortization	80,662	43,929	44,863	52,431	58,910	64,462	71,361
Impairment of property and equipment	1,940	-	-	-	-	-	-
Other non-cash transactions	1,515	163	-	-	-	-	-
Write-off of property and equipment and intangible assets	196	-	-	-	-	-	-
Amortization of deferred government funding related to capital expenditures	(78,986)	(40,327)	(41,572)	(49,113)	(55,544)	(61,060)	(67,652)
Change in net employee benefits asset/liability	(2,052)	(1,361)	1,047	82	80	127	151
Change in fair value of financial instruments at fair value through profit and loss	(1,237)	(1,473)	1,513	-	-	-	-
Net change in working capital balances	24,497	4,016	-	-	-	-	-
	\$ 29,483	\$ 7,268	\$ 2,166	\$ 3,395	\$ 3,568	\$ 3,706	\$ 3,446
Investing activities							
Parliamentary appropriations received for capital funding	\$ 16,217	\$ 13,293	\$ 103,532	\$ 95,511	\$ 86,040	\$ 90,051	\$ 89,985
Purchase of property and equipment and intangible assets:							
EDS	(47,184)	(12,420)	(90,253)	(87,835)	(78,118)	(82,454)	(85,640)
Non-EDS	(1,339)	(2,510)	(13,279)	(7,676)	(7,922)	(7,597)	(4,345)
	\$ (32,306)	\$ (1,637)	\$ -	\$ -	\$ -	\$ -	\$ -
Financing activities							
Lease principal payments	\$ (3,682)	\$ (3,212)	\$ (2,166)	\$ (3,395)	\$ (3,568)	\$ (3,706)	\$ (3,446)
	\$ (3,682)	\$ (3,212)	\$ (2,166)	\$ (3,395)	\$ (3,568)	\$ (3,706)	\$ (3,446)
Decrease in cash	\$ (6,505)	\$ 2,419	\$ -	\$ -	\$ -	\$ -	\$ -
Cash, beginning of year	\$ 14,086	\$ 7,581	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Cash, end of year	\$ 7,581	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000

Reconciliation of Financial Performance (IFRS) to Operating Appropriations Used

Reconciliation of Financial Performance to Operating Appropriations Used	Actual	Forecast	Plan	Plan	Plan	Plan	Plan
(Figures are in thousands)	2021/22	2022/23	2023/24	2024/25	2025/26	2025/26	2027/28
Financial performance before government funding	\$ 757,377	\$ 891,882	\$ 1,015,825	\$ 1,151,281	\$ 1,174,307	\$ 532,775	\$ 540,022
Non-cash expenses							
Depreciation and amortization	\$ (80,662)	\$ (43,929)	\$ (44,863)	\$ (52,431)	\$ (58,910)	\$ (64,462)	\$ (71,361)
Impairment of property and equipment	(1,940)	-	-	-	-	-	-
Non-cash loss on foreign exchange recognized in financial performance	(211)	(123)	-	-	-	-	-
Write-off of property and equipment and intangible assets	(196)	-	-	-	-	-	-
Non-cash finance costs related to leases	(194)	(271)	(338)	(316)	(247)	(243)	(569)
Employee benefits expense	2,052	1,361	(1,047)	(82)	(80)	(127)	(151)
Change in fair value of financial instruments at fair value through profit and loss	1,237	1,473	(1,513)	-	-	-	-
Parliamentary appropriations for operating expenses	\$ 677,463	\$ 850,393	\$ 968,064	\$ 1,098,452	\$ 1,115,070	\$ 467,943	\$ 467,941
Other items affecting funding							
Net change in prepaids and inventories	\$ (2,838)	\$ 634	\$ 412	\$ (1,028)	\$ (625)	\$ (514)	\$ (512)
Total operating appropriations used	\$ 674,625	\$ 851,027	\$ 968,476	\$ 1,097,424	\$ 1,114,445	\$ 467,429	\$ 467,429

Operating and Capital Plans

The five-year operating and capital budgets reflect CATSA's approved funding levels with the budget for 2026/27 and beyond reverting to CATSA's A-Base funding. While CATSA continues to support Transport Canada in the development of an operationally effective long-term funding strategy, incremental funding will be required in order to allow CATSA to maintain current operations. The narrative that follows reflects the strategic plans CATSA has developed, subject to available funding.

Operating

Operating Plan by Major Expenditure Category	Actual	Forecast	Budget	Plan	Plan	Plan	Plan	Plan
(Figures are in thousands)	2021/22	2022/23	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
OPERATING EXPENDITURES								
Screening Services and Other Related Costs	548,480	714,087	720,054	814,966	937,522	948,484	309,429	309,429
Equipment Operating and Maintenance	38,134	42,726	43,015	50,455	51,390	55,238	51,000	51,000
Program Support and Corporate Services	88,214	96,603	95,945	103,055	108,512	110,723	107,000	107,000
SUBTOTAL	\$ 674,828	\$ 853,416	\$ 859,014	\$ 968,476	\$ 1,097,424	\$ 1,114,445	\$ 467,429	\$ 467,429
Revenue and Other Income	(203)	(2,389)	-	-	-	-	-	-
TOTAL	\$ 674,625	\$ 851,027	\$ 859,014	\$ 968,476	\$ 1,097,424	\$ 1,114,445	\$ 467,429	\$ 467,429

2022/23 Financial Results

Net operating expenditures totaled \$851.0 million, which was \$8.0 million lower than the Corporate Plan budget of \$859.0 million. The major factors contributing to the variance were lower spending due primarily to the purchase of fewer screening hours than planned, partially offset by the attendance incentive program for screening personnel for the peak summer travel season and training requirements for new screening officers.

Throughout 2022/23, CATSA's spending in response to the pandemic has decreased significantly from levels seen in 2021/22. In the prior year, pandemic-related spending included the performance of temperature screening, as instructed by the Government of Canada, until August 2021, as well as purchasing additional personal protective equipment, supplemental checkpoint sanitization and the deployment of acrylic barriers. The cost of these pandemic-related items has dropped significantly from \$25.1 million to \$5.5 million in 2022/23.

2023/24 – 2027/28 Financial Plan Highlights

Funding requirements for Screening Services and Other Related Costs will increase over the planning period mainly to reflect additional screening hours to support an improved wait time service level, increasing passenger volumes, the implementation of 100% NPS screening, and screening contractor billing rate increases.

Equipment Operating and Maintenance spending includes the costs to support CATSA's EDS and Non-EDS equipment. Funding requirements in this area increase over the planning period due primarily to new deployments of more advanced technology, in addition to higher maintenance support costs owing to the terms of a new maintenance service provider contract. In addition, deployments of new and more advanced technology will require training for CATSA's maintenance service provider.

Program Support and Corporate Services includes salaries and benefits to support CATSA's workforce. Over the five-year planning period funding requirements increase due to inflationary increases, as well as other support costs for various corporate initiatives including IT modernization and cybersecurity. CATSA's indeterminate workforce increases over the planning period in an effort to support industry recovery by allocating key resources to maintain critical functions.

Capital

Capital Plan by Major Initiative	Actual	Forecast	Budget	Plan	Plan	Plan	Plan	Plan
<i>(Figures are in thousands)</i>	2021/22	2022/23	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
CAPITAL EXPENDITURES								
Explosives Detection Systems (EDS)								
PBS	\$ 3,394	\$ 4,700	\$ 23,415	\$ 45,269	\$ 62,014	\$ 61,404	\$ 59,369	\$ 66,880
HBS	1,575	6,083	27,083	39,681	25,796	16,617	23,057	18,658
NPS	3	-	4,006	5,303	25	97	28	102
Total EDS	\$ 4,972	\$ 10,783	\$ 54,504	\$ 90,253	\$ 87,835	\$ 78,118	\$ 82,454	\$ 85,640
Non-EDS								
PBS	\$ 1,971	\$ 2,274	\$ 3,103	\$ 10,548	\$ 3,509	\$ 3,462	\$ 4,271	\$ 3,937
HBS	88	98	490	100	102	104	121	114
NPS	24	28	480	223	493	100	114	105
RAIC	226	401	2,066	2,263	498	498	567	522
Corporate Services	2,854	3,156	3,032	2,649	6,785	7,573	6,473	3,682
Total Non-EDS	\$ 5,163	\$ 5,957	\$ 9,171	\$ 15,783	\$ 11,387	\$ 11,737	\$ 11,546	\$ 8,360
TOTAL	\$ 10,135	\$ 16,740	\$ 63,675	\$ 106,036	\$ 99,222	\$ 89,855	\$ 94,000	\$ 94,000

2022/23 Financial Results

Capital expenditures totaled \$16.7 million, which was \$47.0 million lower than the Corporate Plan budget of \$63.7M. The lower spending is primarily related to capital project delays due to supply chain issues experienced by CATSA's vendors, as well as revised airport schedules. As a result, CATSA will seek Finance Canada approval for a capital re-profile of \$44.8 million from 2022/23 to 2023/24. These funds have been reflected in the capital budget for 2023/24.

Key priorities in 2022/23 capital spending included the start of two major EDS lifecycle management programs which will continue into future planning periods. These programs will upgrade all existing full body scanners to the latest technology at PBS checkpoints, and replace existing oversized HBS X-ray units with CT technology. In addition, CATSA purchased HBS equipment to expand checked baggage screening capacity at the Montreal Trudeau

International and Kitchener-Waterloo airports, as well as additional CATSA Plus equipment for deployment at the Vancouver International Airport.

2023/24 – 2027/28 Financial Plan Highlights

The lifecycle management of CATSA's EDS equipment and systems is a key corporate priority and annually represents a significant portion of the capital spending. Over the 2023/24 - 2027/28 period, the Capital Plan for PBS includes the replacement of existing PBS X-ray equipment with CT technology starting in 2023/24, the deployment of additional PBS screening lines to accommodate an improved wait time service level, as well as the continued replacement of existing full body scanners. In HBS, the replacement of the existing HBS oversize X-Ray units with CT continues, while the later years of the plan include funding to begin replacing high-speed CT units which were are nearing the end of their useful life.

As part of the lifecycle management plan, CATSA will explore options for new technologies with the aim of optimizing screening operations as well as ensuring alignment with its international partners. In each deployment scenario, work will be coordinated with airport authorities in order to minimize disruption to screening operations.

CATSA's capital plan also provides for the lifecycle management of non-EDS equipment and systems including IT network infrastructure, CCTV cameras and the replacement of the Secure Identification and Time Tracking platform as well as the Learning Management System. The budget also consists of annual lease payments.

As capital project delays may arise, CATSA will work with airport authorities and vendors in an effort to accommodate revised project plans. As a result, CATSA may require a re-profile of funds to account for delays in capital projects.

APPENDIX F: Risks and Risk Responses

Risk management is embedded into strategic decision-making and resource allocation within CATSA, thereby allowing the organization to make informed decisions at the corporate and operational levels.

CATSA's Risk Profile (as at January 2023)

Mandated Services Risk	<p><u>Detection capabilities and maintaining care and control of screening checkpoints</u> Due to the evolving nature of the aviation security threat environment, there is a risk that CATSA may not have the technology, threat and risk information, processes or human factor capability to detect all high risk threat items or new and emerging threats, and prevent screening circumventions at screening checkpoints. This may result in substantial consequences to the civil aviation system.</p> <p><u>Risk Mitigation and Controls:</u> CATSA monitors the effectiveness of operational programs on a continuous basis through the use of testing, oversight programs and performance measurement. The organization also ensures that it remains apprised of Transport Canada regulations, and any aviation security equivalency requirements stemming from national and international counterparts.</p>
Service Delivery Through Third Party Risk	<p><u>Legal and Illegal labour disruption</u> Given CATSA's third party service provider model, there is a risk that CATSA may have limited influence to prevent a legal labour disruption event, or to maintain service levels during an illegal labour disruption event initiated by the unionized screening officer workforce. Labour disruptions may result in longer wait times, increased passenger complaints and harm to CATSA's reputation.</p> <p><u>Dependence on outsourced screening services, equipment maintenance services or major suppliers</u> Due to a contractor no longer being able or willing to provide the agreed upon contracted services or goods, there is a risk that CATSA's dependence on outsourced screening services, equipment maintenance services, or major suppliers may result in negative service delivery impacts.</p> <p><u>Risk Mitigation and Controls:</u> CATSA conducts continuous monitoring of labour market conditions in all of its regions in order to identify potential labour disruption events. The organization also has contractual terms and conditions that provide it with recourse should a contractor or service provider become unable to provide the agreed-upon services. CATSA also continues to monitor and address any impacts to its supply chain.</p> <p>The organization also monitors labour trends and supply chain events having potential impacts to its operations in order to prevent potential reputational damage or loss of public confidence.</p>

Capacity Risk	<p><u>CATSA staff capacity</u></p> <p>There is a risk that CATSA's current staff capacity, in certain areas, may be inadequate to sustain workloads and to support a healthy work environment resulting in employee dissatisfaction and a decrease in corporate performance over time.</p> <p><u>Risk Mitigation and Controls:</u></p> <p>CATSA monitors employee satisfaction through regular touchpoint surveys and closely monitors vacancy levels, attrition, and turnover rates.</p>
Traveller and Stakeholder Relations Risk	<p><u>Reputational risk</u></p> <p>There is a risk that CATSA may encounter events that the organization is not able to effectively manage, which may cause damage to its reputation with travellers and/or its stakeholders, resulting in loss of public trust in CATSA and/or confidence in air transportation security.</p> <p><u>Risk Mitigation and Controls:</u></p> <p>CATSA's website provides the public with important information related to its operations, wait-time service levels and performance. The organization also conducts regular passenger surveys and develops external communications strategies to respond to various issues that may impact stakeholders. These mechanisms help the organization to ensure that it maintains public trust and confidence as it conducts its mandated activities.</p>
Human Resources Risk	<p><u>Employee Recruitment and Retention</u></p> <p>Due to labour market conditions for talent or due to CATSA's overall corporate human resources strategies, there is a risk that CATSA may experience challenges in recruiting and/or retaining key and/or specialized talent resulting in a potential loss of corporate memory and/or decrease in overall corporate performance.</p> <p><u>Risk Mitigation and Control:</u></p> <p>CATSA monitors and reports on attrition rates on a quarterly basis. In addition, the organization has implemented a flexible workplace model in order to meet the changing needs of the post-pandemic workforce. The organization also conducted a total compensation review in 2022/23.</p>
IT Risk	<p><u>Cyber Attacks on IT Infrastructure</u></p> <p>Due to the evolving nature of the cyber threat environment, there is a risk that cyber threats and/or attacks may negatively impact CATSA's IT infrastructure and/or compromise organizationally sensitive or secret information resulting in a loss of public confidence and potential damage to CATSA's reputation.</p> <p><u>Risk Mitigation and Controls:</u></p> <p>CATSA continues to strengthen its cyber security defences with the ongoing development of the Security Incident and Event Management program along with the implementation of additional cyber controls.</p>

APPENDIX G: Compliance with Legislative and Policy Requirements

Legislative and Regulatory Frameworks

Under provisions of the *Canadian Air Transport Security Authority Act* (the *CATSA Act*), and within the framework of the *Aeronautics Act*, CATSA is responsible for the screening of persons who access aircraft or restricted airport areas, the property in their possession or control, and the belongings that they give to an air carrier for transportation at designated airports across the country.

Additionally, a number of federal legislative, regulatory and policy frameworks establish the foundation that CATSA uses to develop its standard operating procedures and related training programs to guide screening officers in the performance of their duties. Other legislation and Treasury Board of Canada directives address financial accountability, official languages, impact assessments, privacy, access to information, and multiculturalism.

Other legislative and regulatory instruments directly applicable to CATSA's mandate include:

- *Security Screening Services Commercialization Act*;
- *Canadian Aviation Security Regulations, 2012*; and
- *Screening Security Measures*.

CATSA works closely with the Government of Canada to fulfil its mandate in compliance with all of the legislative and regulatory instruments above, through the application of a robust oversight and reporting program. The organization is also subject to the requirements of a number of legislative and regulatory instruments that apply outside of the scope of its mandate. For example, CATSA adheres to, and is compliant with the requirements of:

- *The Financial Administration Act (FAA), Part X*;
- *The Crown Corporation General Regulations, 1995*;
- *The Crown Corporation Corporate Plan, Budget and Summaries Regulations*;
- *The Treasury Board of Canada Directives*;
- *The Canada Transportation Act*; and
- *The Transportation Information Regulations*.

CATSA is accountable to provide security screening services to a diverse population of passengers and non-passengers, and as such, the organization reports on its compliance with the following pieces of legislation, the details of which are highlighted throughout this corporate plan:

- The *Official Languages Act*;
- The *Access to Information Act* and the *Privacy Act*;
- The *Accessible Canada Act* and associated regulations; and
- The *Employment Equity Act* and associated regulations.

Financial Administration Act Directives

Public Sector Pension Reform

In June 2019, CATSA was issued a directive (Order in Council P.C. 2019-783) pursuant to Section 89 of the FAA, which outlines certain principles with regards to CATSA's pension plans and replaces Order in Council P.C. 2014-1382 of December 2014. CATSA is compliant with the directive.

Travel and Hospitality

As part of CATSA's commitment to open and accountable governance, CATSA confirms that its Travel, Hospitality, Conferences and Event Expenditures Policy is in compliance with directive P.C. 2015-1114, pursuant to Section 89 of the FAA, which requires CATSA's policies, guidelines and practices to be aligned with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with its legal obligations. This policy is available on CATSA's website.

CATSA reports travel and hospitality expenses through proactive disclosure. This disclosure is aligned with the Treasury Board standards for expenditures that are currently in effect.

Employment Equity Act

Pursuant to the *Employment Equity Act*, CATSA is required to take appropriate measures to implement employment equity and to implement a three-year employment equity plan.

The objective of the employment equity plan is to achieve a well-balanced workforce that reflects diversity and fosters a positive and supportive working environment, respecting wide-ranging social and cultural values while striving to reduce and eliminate gaps in representation among the four designated groups (women, Indigenous peoples, members of visible minorities and persons with disabilities). The plan focuses on various initiatives, addresses previously identified barriers, and sustains positive practices to increase the representation of the four designated groups while encompassing broader principles of diversity and inclusion.

CATSA will continue to prioritize the implementation of its employment equity plan to introduce and sustain positive practices to increase the representation of the four designated groups, while also encompassing the broader principles of diversity and inclusion.

Official Languages Act

Under Part IV of the *Official Languages Act*, CATSA is required to provide screening services to the travelling public in both official languages at airports with one million or more passengers, and at airports where there is a significant demand for services in the minority language. The demand for services in the minority language is measured, and the list of airports requiring minority language service is updated, following the decennial census of the population.

In an effort towards continuous improvement, CATSA surveys passengers across the country on a quarterly basis to verify if they were served in their preferred language. Survey results, along with compliance measurement reports and complaints, are analyzed and used to improve front-line performance.

CATSA remains committed to its official languages obligations, including those that relate to its workforce. The organization continues to work closely with its internal Advisory Committee on Official Languages, as well as the Office of the Commissioner of Official Languages and the Treasury Board Secretariat Official Languages Centre of Excellence, to make further progress on official languages goals.

Access to Information Act and Privacy Act

CATSA is subject to the *Access to Information Act* and the *Privacy Act* and strives to meet both the spirit and the legal requirements of these two Acts.

As part of the organization's commitment to its *Privacy Act* obligations, CATSA has introduced new training requirements for all employees, covering privacy essentials including the collection and use of personal information and implementing privacy protection measures.

Protection of Federal Assets

As with all federal departments and agencies, CATSA is committed to ensuring the responsible acquisition, maintenance and ultimate replacement of its screening equipment and related technologies and systems. CATSA's lifecycle management plans ensure that a comprehensive approach is taken to the proper protection of federal assets, to ensure optimal value for money for the duration of the planned economic life of the equipment.

Response to External Audits

Three significant audits have provided a focus for CATSA's efforts in continuous improvement:

- *The Office of the Auditor General (OAG) Special Examination report (2015/16)* concluded that CATSA's systems and practices provide reasonable assurance that assets are safeguarded and controlled, resources are managed economically and efficiently, and operations are carried out effectively. CATSA agreed with each of the OAG's seven recommendations and all recommendations have been addressed. The next Special Examination is expected to begin in 2023/24.
- Following the *Office of the Commissioner of Official Languages 2017* audit report on CATSA's provision of bilingual services to the travelling public, CATSA has continued to improve its approach to official languages, taking proactive steps to address the audit findings and continuing its existing official language activities. This report can be accessed publicly.
- The Office of the Auditor General's *Accessible Transportation for Persons with Disabilities report (2023)*, focused on whether or not CATSA identified and removed existing barriers, and worked towards preventing transportation barriers for persons with disabilities. This report can be accessed publicly.

Three recommendations for improvement were provided:

- Meeting website accessibility standards;
- Timeliness for accessibility training and further consultations with persons with disabilities related to that training; and
- Developing and implementing a strategy to better analyze complaint data.

CATSA has developed an action plan to address each recommendation and remains committed to continuing its work towards removing barriers within the transportation system. The activities outlined in the action plan have already been initiated or completed, and the action plan should be completed in its entirety in 2024.

APPENDIX H: Government of Canada Priorities and Directions

CATSA is committed to supporting Government of Canada priorities, as set out in the Speech from the Throne, the government's budget plans, the mandate letter from the Prime Minister to the Minister of Transport, and the letter of expectation from the Minister of Transport to the Chairperson of CATSA's Board of Directors (see Appendix A). Following are key initiatives that will be actively pursued and supported throughout the planning period.

Building a Healthy, Inclusive and More Resilient Future

Learning from the pandemic

CATSA is committed to working with the Government of Canada towards its goal of drawing on lessons learned from the pandemic to further adapt and develop more agile and effective ways to serve Canadians. The organization is continuously looking for ways to improve and update its practices, policies and procedures to meet the challenges of today while anticipating the needs of tomorrow. As an example, as a result of the pandemic and the need to ensure a healthy security screening experience for passengers, CATSA will be incorporating ultraviolet-C bin sanitization solutions into CATSA Plus line configurations.

Ensuring accessibility for all Canadians

The *Accessible Canada Act* came into force in 2019. Three separate regulations have come into effect since then and are now applicable to CATSA:

- The *Accessible Transportation for Persons with Disabilities Regulations* (ATPDR);
- The *Accessible Transportation Planning and Reporting Regulations* (ATPRR); and
- The *Accessible Canada Regulations* (ACR).

In response to the requirements of all three regulatory instruments, CATSA published its first Accessibility Plan by December 31, 2022. The plan describes the current state of CATSA's implementation of policies, programs, practices and services related to accessibility, and provides an overview of the organization's plan for implementing new action items between 2023/24 and 2025/26. The plan also provides a list of all regulatory requirements from the ATPDR, ATPRR and ACR that are directly applicable to CATSA.

Prior to publication, the Accessibility Plan underwent a comprehensive public consultation process. CATSA consulted the public and specifically sought the input of organizations representing the interests of persons with disabilities on the contents of its Accessibility Plan. In addition to the development of the Accessibility Plan, the organization has created a cross-functional working group to measure progress on accessibility action items and regulatory requirements. This work complements CATSA's ongoing efforts towards identifying, limiting and

removing barriers for passengers, non-passengers, screening officers, and CATSA personnel with disabilities.

Gender-based Analysis Plus

CATSA is enabling the implementation of GBA Plus principles into its decision-making processes, employment and recruitment practices, and operational procedures. Progress on the organization's efforts towards creating a barrier-free, inclusive, and sensitive environment is measured against the organization's GBA Plus 3-Year Action Plan.

CATSA develops action items in collaboration with all of its branches, and with the support of its Diversity and Inclusion Network (DIN), in order to honour and support the diversity of both its workforce and of the travelling public.

Ensuring a Safe, Secure and Efficient Transportation System

CATSA secures critical elements of the civil air transportation system, as assigned and directed by the Government of Canada. CATSA contributes to the Government of Canada's priority of ensuring a safe, secure and efficient transportation system.

Open, Transparent and Merit-based Selection Processes Reflecting Diversity, Equality and Inclusivity

CATSA is deeply committed to supporting the Government of Canada's objective to build a workforce that reflects the diversity of Canada's population. To that end, CATSA's *Employment Equity Plan* sets out employment equity numerical goals, commitments and performance measurements. The *Employment Equity Plan* emphasizes increasing internal representation of designated population groups through hiring, talent and career development, and promotion. These efforts, complemented by CATSA's *Code of Ethics, Conduct and Conflict of Interest*, are designed to foster and reinforce a safe, respectful and welcoming work environment for all.

CATSA continuously increases employee awareness by working with the DIN to identify potential barriers to employment equity, provide employees with career management sessions and toolkits, and introduce a variety of Diversity and Inclusion initiatives and training sessions.

CATSA's commitments to diversity, equality, inclusion and employment equity are also supported by the adoption of workplace policies and practices that ensure employees from diverse backgrounds have access to reasonable accommodation of their values and traditions.

Progress towards meeting diversity and employment equity goals is actively measured, monitored and evaluated. CATSA submits an annual report on its fulfillment of the *Employment Equity Act* and the *Canadian Multiculturalism Act*.

Indigenous Relations and Reconciliation

CATSA is fully committed to reconciliation with Indigenous peoples. The organization's actions in the sphere of civil aviation security have consisted of striving towards a workforce that is representative of Indigenous populations and ensuring that sacred and spiritual items are treated respectfully during the screening process. Between 2018 and 2022, CATSA engaged with Indigenous Elders to learn more about how aviation security screening can affect sacred and spiritual items. This engagement ultimately informed changes to CATSA's screening procedures for sacred items generally, and informed training on Indigenous history for screening officers, supervisors and CATSA personnel. This review and training will enhance the service offered to Indigenous travellers and incorporate diverse Indigenous backgrounds, experiences, cultural values and traditions into CATSA's operations.

Sustainable Development, Climate Change and Green Government

As a responsible agency of the Crown, CATSA maintains high standards for its own sustainable practices, including such measures as safe and responsible disposal of equipment at the end of its useful life, minimization of paper generation through heavy reliance on electronic data systems, and continual innovation to support safe and efficient personal and business travel and the recreation and tourism sectors of the economy.

Additionally, in support of the Government of Canada's objectives outlined in Budget 2021, CATSA is preparing to adopt standards outlined in the Task Force on Climate-related Financial Disclosures, as an element of corporate reporting by 2024. As part of these preparations, a qualitative climate-related risk and opportunity assessment is being completed in 2022/23, and CATSA's Board of Directors approved a Climate Disclosure Policy. During 2023/24, the organization will populate a greenhouse gas emissions inventory, develop a climate strategy which will outline the CATSA's approach to climate-related risk and opportunities, and conduct qualitative scenario analysis. Ultimately, CATSA will report the results of these new requirements in its 2025 Annual Report.

Refocusing Government Spending to Deliver for Canadians

CATSA is aware of the announcement in Budget 2023 aimed at reducing government spending. In particular, the organization will be closely monitoring the details of the Government of Canada's initiative aimed at seeking approximately a 3% reduction of eligible spending by 2026/27.

As it relates to the announcement of a reduction in consulting, professional services and travel budgets, CATSA will continue to work with Transport Canada to implement this initiative, while recognizing the nature of the organization's air travel security screening service mandate. Nevertheless, CATSA is committed to ensuring that the organization's expenditures are in-line with the Government of Canada's expectations.