



2004/05-2008/09
CORPORATE PLAN SUMMARY
AND
2004/05 CAPITAL BUDGET
AND
2004/05 OPERATING BUDGET

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Canadian Air Transport
Security Authority

Administration canadienne
de la sûreté du transport aérien

Canada

Canadian Air Transport Security Authority
2004/05-2008/09 CORPORATE PLAN SUMMARY and 2004/05 CAPITAL BUDGET and 2004/05 OPERATING BUDGET

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Glossary

| | |
|-------------------------------------|---|
| Airport Authority | An operator of an airport listed in the Airport Transfer (Miscellaneous Matters) Act |
| Airport Operator | A company or other entity or Airport Authority responsible for the operation of a Designated Airport |
| APO | <i>Aircraft Protective Officer</i> : a specially-trained police officer of the RCMP who is present on certain flights to provide on-board security |
| AVSEC | IATA's international aviation security symposium and exhibition |
| Business Intelligence System | An information management tool that collects, integrates and reports on information from financial, administrative and operational source databases, and provides tools for enterprise-wide display of multidimensional data analysis with performance indicators |
| CACPP | <i>The Canadian Air Carrier Protective Program</i> : On-board security services provided by the RCMP |
| CATSA | <i>The Canadian Air Transport Security Authority</i> |
| CATSA Act | The Canadian Air Transport Security Authority Act |
| Crown | The Government of Canada |
| Designated Airports | The 89 airports at which CATSA is responsible for the provision of screening services as designated by regulations |
| EDS | <i>Explosives Detection Systems</i> : manual or automated systems used primarily to check for explosives in carry-on baggage and checked baggage |
| EDX | <i>Explosives Detection X-ray</i> equipment |
| HBS | <i>Hold Bag Screening</i> : the screening of checked baggage using EDS equipment |

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| | |
|---------------------------|--|
| IATA | <i>The International Air Transport Association</i> |
| ICAO | <i>The International Civil Aviation Organization</i> |
| IT | <i>Information Technology</i> |
| NPS | <i>Non-Passenger Screening</i> : the screening of selected non-passengers accessing restricted areas of airports. Non-Passengers include all airport workers accessing restricted areas of airports, such as flight crews, refuelers, caterers, aircraft groomers, maintenance personnel, airport baggage handlers, and concession staff |
| PBS | <i>Pre-Board Screening</i> : the screening of passengers, their belongings and carry-on baggage |
| RAIC | <i>Restricted Area Identification Card</i> : an identification card issued to all employees authorized to enter the restricted areas of Class I and Class II airports |
| RCMP | <i>The Royal Canadian Mounted Police</i> |
| RFP | <i>Request for Proposals</i> |
| Screening Provider | A company which has entered into a contract with CATSA for the provision of PBS, HBS and other screening services |
| Screening Officer | An employee of a Screening Provider carrying out screening services |
| SMS | <i>Security Management System</i> |
| TSA | <i>The United States Transportation Security Administration</i> : an agency of the American federal government responsible for PBS, HBS, and other transport security matters in the U.S. |

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1. Executive Summary

In preparing for its third full year in operation, CATSA developed Mission and Vision statements to bring focus and clarity to the delivery of its air transport security mandate. These statements will serve as the guiding principles for the 2004/05 planning period and beyond, enabling the Corporation to remain focused on contributing to a highly secure air transport system.

To ensure that CATSA's management practices are consistent with the Treasury Board Secretariat's "Modern Comptrollership Initiative," CATSA is working towards the full implementation of practices in the following four categories: Integrated Performance Information, Integrated Risk Management, Rigorous Stewardship and Control, and Shared Values and Ethics. The initial focus will be on Integrated Performance Information, centring on performance and results.

Screening Passengers and Their Luggage

By continuing to build upon improvements made to its pre-board screening (PBS) and hold bag screening (HBS) programs, CATSA will continue to be a vital component of Canada's air transportation system.

In the coming fiscal year, CATSA will enhance the screening service delivery model by increasing oversight and management of Screening Provider contracts, as well as improving performance measurement, monitoring and training systems. Significant elements of the enhanced model include:

- new contracts which increase service delivery standards of Screening Providers;
- the introduction of a Quality Control and Inspection Plan;
- the creation of a Communications Centre at CATSA Headquarters for better oversight and incident coordination with screening points; and
- new initiatives in training programs with the use of "smart cards" for managing screening officer certification data.

In fiscal year 2003/04, CATSA successfully met equipment deployment targets for PBS equipment set out in the National Deployment Plan (NDP). In the coming year CATSA will focus on the deployment of the HBS component of the NDP through the acquisition, deployment and installation of EDS equipment.

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Transport Canada constantly reviews and adjusts the aviation security regulatory framework in consultation with stakeholders. CATSA is working closely with Transport Canada on developing risk-based screening solutions, providing that the security of the travelling public is not compromised.

Non-Passenger Screening (NPS)

CATSA is working with Transport Canada and Airport Authorities to develop and implement an expanded program to screen non-passengers who access restricted areas through a non-PBS checkpoint at major Designated Airports. The regulatory framework for the NPS program, expected to come into force in February 2004, requires the random screening of non-passengers entering restricted areas at specified airports. The implementation of NPS programs will begin with major airports and will be evaluated and enhanced by May 2004. Fully operational NPS programs will be implemented in specified airports by December 31, 2004.

To carry out the program, CATSA will create at least one permanent screening point equipped with walk-through metal detectors and X-Ray machines at each major airport. Additionally, with the requirement to screen airport vehicles, CATSA will continue the consultation process with Transport Canada and the Canadian Airports Council Security Committee to identify any potential implementation issues.

To support the introduction of the NPS program, CATSA will work with Transport Canada to create an education and awareness campaign for non-passengers, and develop a training course based on the experiences of training officers involved in NPS pilot projects.

Restricted Area Identification Card (RAIC)

CATSA and Transport Canada are working in partnership with the major Designated Airports to develop an enhanced pass system which includes biometrics for non-passengers who require access to restricted areas at these airports. Once in place, the RAIC program will require that all airport personnel who access restricted areas be issued an identity card. For the planning period, CATSA will train personnel and administer the program, create a smart card that contains biometric information to replace existing airport identity cards, and procure and deploy equipment to read the cards. Individual Airport Authorities will still issue and retain ownership of the cards. Access control over airport restricted areas will remain the absolute jurisdiction of the Airport Authorities.

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Canadian Air Carrier Protective Program (CACPP)

CATSA has contracted with the RCMP for the provision of on-board security services. In collaboration with the RCMP, CATSA plans to evaluate best practices from other on-board security programs in order to improve the CACPP. Over the planning period, CATSA will continue to evaluate the effectiveness of the CACPP in achieving its desired objectives and in terms of financial resources expended.

Airport Policing Contribution Program

CATSA has entered into agreements with specified Airport Operators under which CATSA makes contributions to the cost of aviation security-related policing. CATSA will continue to make contributions to eligible airports that elect to participate in the contribution program. In the coming year, CATSA will conduct financial audits pursuant to recently amended funding agreements, and will undertake a program evaluation to assess the hours of operation in relation to the policing costs borne by each Airport Authority. CATSA will continue to verify that payments to Airport Authorities go towards reimbursing eligible costs only.

Strategic Planning and Communications

As one layer in the air transport security system, CATSA has a corporate responsibility to be cognizant of emerging threats and to changes in the security landscape. In 2004/05, CATSA will continue to collaborate with Transport Canada, Airport Authorities, air carriers and other government departments by participating in activities that ensure its full awareness of the evolving security landscape while further positioning the organization as a leading security organization. CATSA will continue to focus its communications efforts on increasing awareness of its critical security mandate and responsibilities among the travelling public.

Capital and Operating Budget

This Corporate Plan sets out the key assumptions used for the budgets and highlights the planned expenditures for 2004/05 and beyond. CATSA's 2004/05 Capital Budget and 2004/05 Operating Budget, are set out in the appendices. CATSA has to balance the need to be cost effective with the paramount responsibility of providing effective security, and still be mindful of the likelihood of external pressures impacting on its core security activities. CATSA does not operate in a static environment. In any given fiscal year, planned budgets are affected by actual increases or decreases

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in passenger volumes against passenger forecasts; additional security measures; changing threat levels; and evolving security requirements nationally and internationally.

CATSA is committed to implementing and maintaining a sustainable, cost-effective and secure air transport security system.

2. Building on the Foundation

2.1 Mission and Vision

Building a Crown corporation from the ground up is a great challenge, demanding a lot of hard work and dedication. The return on that investment can be seen in the many accomplishments outlined in CATSA's first Annual Report, for the fiscal year ending in March 2003. Accomplishments since then are summarized at the end of this chapter. These accomplishments, together with our actions for the planning period, demonstrate CATSA's commitment to continuous improvement.

Two years into its mandate, CATSA now has a solid foundation on which to continue its crucial work in air transport security. Anticipating its third full year in operation, CATSA developed the following Mission and Vision statements to help inspire and guide the entire CATSA team in the execution of this serious and important mandate.

Mission

The Canadian Air Transport Security Authority's mission is to protect the public by securing critical elements of the air transportation system as assigned by the government.

Vision

The Canadian Air Transport Security Authority is to be a world leader in air transportation security through commitment to its mission and through operational and corporate excellence.

This vision will be realized through:

- Contributing to a highly secure air transportation system
- Being cost effective
- Striving for excellence
- Networking with partners
- Establishing clear accountabilities
- Being innovative
- Fostering ethics and values
- Continuously improving implementation of best practices

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2.2 CATSA's Mandate and Responsibilities

The critical air security elements currently entrusted to CATSA in accordance with the CATSA Act are:

1. Pre-Board Screening of Passengers and their Belongings (PBS)

CATSA is responsible for screening passengers and their belongings at Designated Airports.

2. Hold Bag Screening (HBS)

CATSA is responsible for screening checked baggage at Designated Airports, including the acquisition, deployment, installation and maintenance of Explosives Detection Systems (EDS) equipment.

3. Non-Passenger Screening (NPS) at major airports

CATSA is working with Transport Canada and Airport Authorities to develop and implement an expanded program to screen non-passengers who access restricted areas through a non-PBS checkpoint at major Designated Airports.

4. Restricted Area Identification Card (RAIC) program for major airports

CATSA and Transport Canada are working in partnership with the major Designated Airports to develop an enhanced pass system for non-passengers who require access to restricted areas at these airports.

5. Canadian Air Carrier Protective Program (CACPP)

CATSA has contracted with the Royal Canadian Mounted Police for the provision of on-board security services.

6. Contributions toward Airport Policing Costs

CATSA has entered into agreements with selected Airport Operators under which CATSA makes contributions to the cost of aviation security-related policing.

In delivering these responsibilities, CATSA abides by section 32 of the CATSA Act, which requires it to keep confidential any information that, in the opinion of the Minister of Transport, would be detrimental to air transport security or public security.

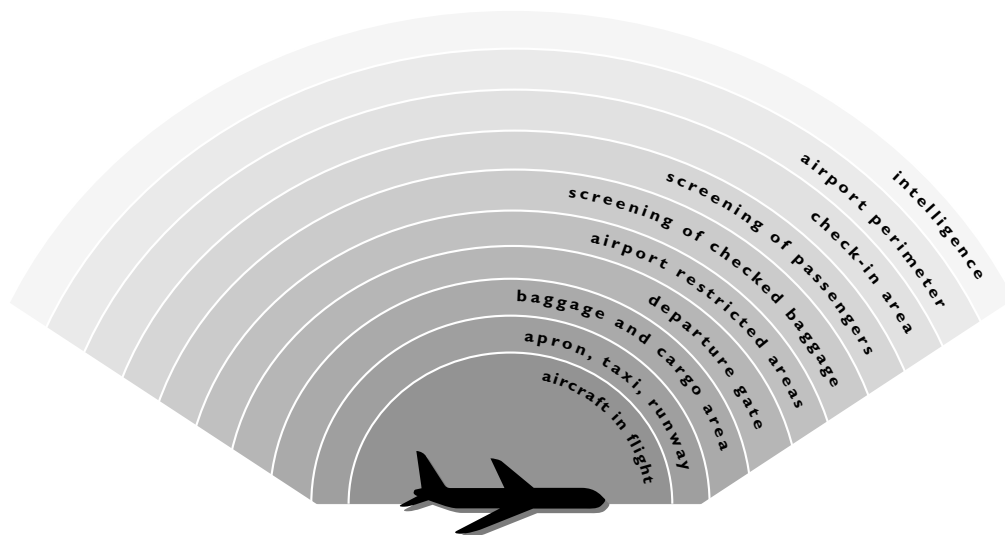
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2.3 CATSA's Role in a Multi-Layer Air Transportation Security System

At CATSA, our first and paramount priority is the security of air passengers. Each element of CATSA's mandate is executed with this core responsibility in mind. Ensuring the security of the travelling public was at the forefront in the Government of Canada's decision to create a new Crown corporation, and CATSA is committed to that goal.

Protecting the travelling public from potential threats is best achieved through an integrated system with many layers of security working together. CATSA recognizes that it is part of a multi-layered air security system that includes Transport Canada, air carriers, airports, law enforcement authorities, and other government departments and agencies. Accordingly, CATSA consults with its stakeholders and partners on a regular basis, and works closely with Transport Canada to foster cooperation and integration amongst all partners involved in air transport security.



To ensure that CATSA remains responsive to the evolving security landscape, it relies on the authoritative information gathered and analyzed by Canada's intelligence agencies and Transport Canada. Much like a pilot relies on information provided by air traffic control to ensure passengers arrive safely at a destination, CATSA relies on cooperation with its security partners to maximize its contribution to a secure air transport system. In the coming year, CATSA will work closely with these partners to maximize access to that intelligence which is essential to maintaining security programs appropriate to current risks and threats to air travel. Better awareness of terrorist tradecraft and emerging threat technologies would help CATSA to answer the question:

We are doing things right, but are we doing the right things?

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2.4 Responsible Management Practices

As a new organization, CATSA has the opportunity to adopt management practices in accordance with its commitment to operational and corporate excellence, without having to overcome entrenched interests or cultures.

Consistent with the Treasury Board Secretariat's "Management Accountability Framework," CATSA is working towards the full implementation of practices in the following four categories:

Integrated Performance Information: This requires timely financial information linked to information on performance and results.

Integrated Risk Management: This requires a clear understanding of the corporate context and capacity for risk management, the organization's highest risks and the manager's role in mitigating those risks.

Rigorous Stewardship and Control: This requires a comprehensive system of delegations and controls for assets as well as funds.

Shared Values and Ethics: This requires the alignment of the organization's values and ethics with those of the Public Service.

These four management practices are essential elements of sound management. The role of CATSA's Board of Directors is to ensure that these practices are effectively integrated.

2.5 Actions to Date

Since its creation, under the supervision of the Board of Directors, CATSA has effectively implemented all four practices.

Integrated Performance Information

Through Independent Verification and Validation studies, key components of the operations were assessed, potential problems and risks were identified, and work plans were then developed and implemented. Time-and-Motion studies of passenger waiting times and throughput at screening points were undertaken to establish methods for improving passenger flow. Based upon lessons learned, new contractual terms, effective April 1, 2004, will increase the accountability requirements of Screening Providers. Similarly, Airport Policing Contribution Agreements

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were amended to enhance CATSA's audit powers and require airports to provide additional performance data. In collaboration with the RCMP, an evaluation of the CACPP was undertaken.

CATSA has begun development of a Business Intelligence System (BIS), supported by several existing and new information systems used to support the Corporation's day-to-day activities.

Integrated Risk Management

In addition to the performance information noted above, CATSA established a Risk Team to guide integrated risk management in the organization. Through this process, CATSA is able to identify, evaluate and implement action plans for those risks facing the air transport security system. This work is informed, in part, by research to assess security trends and patterns as they relate to CATSA's operations.

Rigorous Stewardship and Control

Appropriate controls have been put in place for CATSA's assets and funds and contracting policies and procedures are already well established. Recognizing that Information Technology (IT) systems can quickly become expensive and obsolete, an IT Steering Committee will review all new IT projects and make recommendations based upon strategic directions. As part of its overall system of controls, there are also policies on travel and hospitality, as well as limitations on the personal use of electronic networks.

Shared Values and Ethics

CATSA adopted an Employee Code of Conduct for its employees and a Conflict of Interest Code for the Directors of the Board.

Security Management System

As a preliminary step to integrate responsible management practices (and in anticipation of a regulatory requirement as put forward in Bill C-7), CATSA committed to develop a Security Management System (SMS). The SMS will be modeled upon the Safety Management Systems that are required by Transport Canada in the marine, rail and air transportation safety sectors, and it will be consistent with the requirements of the *CATSA Act* and *Aeronautics Act*.

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2.6 People

CATSA recognizes that qualified personnel provide the bedrock on which the corporation must be built. CATSA's recruitment and retention policies are aimed at individuals who embody the organization's professional and organizational core values. To support this imperative, CATSA has developed a performance management program, an employee assistance program, a policy on the prevention and resolution of harassment in the workplace, a relocation policy, a maternity/parental leave policy, and a program aimed at encouraging students to work at CATSA.

2.7 Accomplishments 2003-04

Screening Operations and Equipment Deployment

- Assumed responsibility for screening passengers at Designated Airports without interruption of service
- Installed state-of-the-art equipment at screening points
- Provided an upgrade course to all screening officers and over 2,700 technical and management courses since January 1, 2003
- Issued national RFP for Screening Providers containing a number of measures to improve service and screening provider accountability, including performance payments for Screening Providers that excel in customer service, screening consistency, cost effectiveness, and incorporating best practices
- Awarded new contracts for security screening at Canadian airports, effective April 1, 2004
- Established permanent training centres and distance learning infrastructure to deliver the training program
- Established Standard Operating Procedures for the delivery of screening services
- Responded to war in Iraq by setting up a temporary operations centre and implementing enhanced screening measures
- Consulted extensively with stakeholders, including the Air Transport Association of Canada, the Canadian Airports Council
- Achieved a common look and feel at screening points, helping to ensure that passengers have a consistent experience across airports

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Policing Program

- Instituted comprehensive evaluation framework for the Canadian Air Carrier Protective Program
- Entered into new Airport Policing Contribution Agreements with major airports

Corporate

- Developed and launched Mission and Vision Statements
- Hosted two international events
- Developed CATSA logo and issued new uniforms to all Screening Officers

3. Air Security Programs

3.1 Screening Passengers and Their Luggage

At CATSA, security is the highest priority. Over the past year CATSA improved the screening process through the introduction of Standard Operating Procedures, national training courses and the deployment of state-of-the-art security screening equipment across Canada.

3.1.1 People Component of Screening

The people component of screening is crucial. CATSA has focused on the establishment of a well-trained and well-equipped labour force which provides PBS and HBS screening services at the Designated Airports.

CATSA delivers screening services through third-party contracts with Screening Providers. CATSA issued a Request for Proposals for Screening Services that established benchmarks for service delivery standards, a quality assurance program and recognition of performance. The new contracts have enhanced service-provider oversight, as well as improved measuring, monitoring and reporting.

Enhanced Service Delivery Model

Revised Contractual Terms: Effective April 1, 2004, Screening Providers will be contractually responsible for increased service delivery standards. Contract revisions were driven by CATSA's commitment to continuously improve security through the implementation of best practices. In particular, the new contract will result in:

- Improved screening officer recruitment practices that require the implementation of a skills assessment test to assist in the targeting of individuals with the aptitudes necessary for screening
- Increased managerial oversight of the screening processes and greater optimization of resources by the Screening Providers
- Escalating accreditation standards for Screening Providers over the period of the contract
- The development of a Quality Assurance program by Screening Providers to demonstrate their commitment to continuous improvement and innovation

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- Performance payments eligibility for Screening Providers that meet or exceed targets in customer service, screening consistency, cost effectiveness and best practices. Performance data will be compiled by CATSA on a quarterly basis to make these assessments
- New provisions to monitor and help ensure compliance with the *Official Languages Act* (OLA). Effective April 1, 2004, Screening Providers are to ensure there is an adequate proportion of bilingual officers at approximately 32 airports across the country. The linguistic proficiency of bilingual staff is to be confirmed by CATSA

Supervision: CATSA is also acquiring additional human resources to improve its supervision of the screening process. The number of Regional Managers may be increased to provide more attention to the other specified airports. While the intent of these measures is to reduce PBS operating costs, the immediate effect could be an increase in PBS administration costs to fund the Regional Managers' salaries. In addition, a scheduling model is being developed that will allow CATSA to effectively challenge schedules supplied by Screening Providers, and make recommendations on more efficient allocations of scarce resources.

Improved Communication with Screening Points: CATSA will create a Communications Centre at CATSA Headquarters that is connected to screening points at 29 of the Designated Airports across the country. Open 15 hours per day, it will function as the primary contact point, or call centre, at CATSA, allowing for a centralized information flow, and more efficient responses by CATSA to contract management issues and incidents. CATSA will also explore the introduction of closed circuit television cameras as a way to improve communications. In the event of an emergency, the Communications Centre could quickly be converted, on an ad hoc basis, to an operations centre to coordinate CATSA's efforts with Screening Providers, airports and Transport Canada.

Continuous Improvement in Screening Officer Training

Significant progress has been made to develop the National Training and Certification Program. CATSA's focus in the coming year is to advance the initiatives outlined in the 2003/04 Corporate Plan, as well as introduce the following new initiatives:

"Smart" Cards: Biometric and training data of individual Screening Officers will be stored on a single card carried by Screening Officers. When Transport Canada inspectors or CATSA Certification Advisors arrive at the screening point they will be able, in real time, to review the Screening Officer's virtual record and verify the training level to which a Screening Officer is certified. The data from inspections can be used to modify the training course, if indicated, or provide feedback to individual trainers on the performance of their students.

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Advanced Computer Training: CATSA is exploring the next generation of an advanced computer training program, X-Ray Tutor, which is currently in use at Zurich and 13 German airports. Upon hiring, Screening Officers will be tested on this program to establish baseline abilities. CATSA will then be able to track the degree of improvement from training.

Service Delivery Requirements

Each time security screening measures are enhanced, CATSA must absorb the related costs. Additional search requirements necessitate the concomitant deployment of equipment and additional labour to carry out those searches and to operate the equipment. Temporary needs can be met largely by increasing the hours that screening officers work. Permanent enhancements require CATSA to expend resources on other items such as training (more Screening Officers need to be trained), certification (more Screening Officers need to be certified) and uniforms (more uniforms have to be purchased).

Transport Canada constantly reviews and adjusts the aviation security regulatory framework in consultation with stakeholders. CATSA is working closely with Transport Canada on developing risk-based screening solutions, providing that the security of the travelling public is not compromised.

Financial Pressure

Air traffic is forecast to grow through calendar year 2006 at rates significantly higher than in 2002 when CATSA was created. In early 2002, the Department of Finance, working from a 2001 Transport Canada forecast, estimated air passenger traffic for the 2002 to 2006 calendar years. The base assumption was that passenger traffic would decline by 10% in 2002, compared to 2001. At that time, no growth in passenger traffic was assumed for future years, reflecting the uncertainty surrounding air passenger traffic. The Aviation Forecast Centre at Transport Canada has prepared an updated forecast showing sustained growth in air passenger traffic through 2006, illustrated below:

Forecast of Air Passenger Traffic Growth

| Date of Forecast | 2002 | 2003 | 2004 | 2005 | 2006 |
|---------------------------|--------|-------|------|------|------|
| 2001 | -10.0% | 0% | 0% | 0% | 0% |
| September 2003 (estimate) | -5.0% | -1.3% | 5.6% | 5.4% | 5.0% |

As traffic levels increase, additional Screening Officers are required, as well as associated training and uniform costs.

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To address these pressures, CATSA continuously reviews its expenditures related to screening operations and, where possible, introduces efficiencies. One significant outstanding cost is the premium associated with acquisition of third-party Bodily Injury and Property Damage (BIPD) insurance, including war risks. It was necessary to purchase the base BIPD in order to secure the war risks coverage. It was necessary for CATSA to take on the financial responsibility of this coverage in order to encourage a sufficient number of qualified Screening Providers to bid on the Screening Services RFP.

3.1.2 Equipment Acquisition and Deployment

Unlike the screening of passengers, CATSA did not assume responsibility for screening checked baggage from airlines. Prior to the creation of CATSA, there was limited HBS equipment at airports, leaving CATSA to develop the capacity for HBS from the ground up. Over the next few years, CATSA will:

- Continue to research and identify the best available EDS equipment
- Test and certify new screening equipment
- Negotiate effective maintenance agreements with airports, suppliers and Nav Canada
- Respond to ongoing changes in the regulatory environment

The timely deployment of explosives detection systems (EDS) equipment at airports across Canada is central to CATSA's mission, vision, and mandate. Over the past year, CATSA has focused on finalizing design implementation plans at airports, negotiating and finalizing funding and maintenance agreements with airports and deploying EDS equipment. Further work associated with EDS will focus on the life cycle management of the equipment.

Implementation of the EDS Equipment

CATSA will complete the following actions over the planning period:

- Implement the necessary life cycle management tools for managing the maintenance and replacement schedules of EDS equipment
- Increase CATSA's capacity to perform Systems Acceptance Tests and thereby certify HBS and PBS systems
- Focus on plans that reflect long term cost effectiveness through life cycle management and strategic negotiations with airports.

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After the NDP is Completed

CATSA will continue to manage equipment needs and modify existing equipment requirements while responding to an evolving security environment. CATSA will institute a rigorous life cycle management program, conduct research, seek innovative technologies, and be responsive to new airport expansion projects:

Life Cycle Management: Life cycle management includes inventory and spare parts management, implementation of an equipment maintenance and replacement schedule, and deployment of an asset tracking system. As such, planning for the replacement of EDS equipment is a complex issue.

Research and Technology: CATSA, in keeping with its Mission and Vision, is committed to ensuring that it is using the right equipment, in the right airport, for the right reasons.

In the long term, there may be lower operating and equipment costs associated with applying a more risk-based approach to screening instead of trying to screen every passenger and every piece of baggage.

3.2 Non-Passenger Screening and Restricted Area Access

Previously, only persons entering a restricted area of a specified airport through a security screening checkpoint were required to undergo screening. This requirement applied equally to passengers and non-passengers with limited exemptions, such as on-duty police officers.

This Non-Passenger Screening (NPS) program will encompass all personnel (about 150,000) who are authorized to enter restricted areas at major airports across the country. A non-passenger can be defined as any individual whose workplace is an airport, who visits an airport to provide a service or deliver goods, or who passes through an airport, and requires access to the designated restricted area of the airport. Non-passengers at most airports will include refuelers, caterers, aircraft groomers, maintenance personnel, airport baggage handlers, concession staff, and flight crews. A non-passenger entering a restricted area must be a holder of a restricted area pass.

With respect to NPS, CATSA has been tasked with the following: conducting screening of non-passengers at all specified airports; training and certifying Screening Officers to carry-out NPS; and purchasing, deploying, and maintaining the necessary NPS-related equipment.

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Transport Canada has established the regulatory framework while CATSA is developing screening metrics based on a risk assessment specific to the NPS program. The implementation of a basic program at major airports began February 11, 2004.

Transport Canada is considering expanding the NPS program to include the screening of airport vehicles. The screening of vehicles was not originally anticipated when CATSA was assigned responsibility for NPS in November 2002. CATSA will absorb the costs associated with these requirements from within the existing funding levels for NPS. The impact will include the need for additional training, equipment, and could result in CATSA managing a fleet of vehicles. CATSA is continuing the consultation process with Transport Canada and the Canadian Airports Council Security Committee to identify the potential implementation issues related to vehicle screening.

CATSA is also planning two additional activities to support the program. The first is to develop a training course based on the experiences of the training officers involved in the pilot projects. The second is to work with Transport Canada to create an education and awareness campaign. The aim of the campaign will be to announce and introduce the NPS program and acquaint non-passengers with the "dos and don'ts" of entering restricted areas. Tips and suggestions will be incorporated into the awareness material to minimize surprises when non-passengers are first selected for screening.

Toronto's Lester B. Pearson International Airport is the first Canadian airport to implement the program. Other major airports across Canada will implement the program in the coming weeks and months, resulting in coverage of airports handling 92 per cent of Canada's air passenger travel by the end of the year.

When CATSA was assigned responsibility for screening non-passengers in restricted areas and for enhancing the airport pass system for restricted areas, it had to reallocate resources from existing programs. Funding for both programs has a single defined cap. Since NPS is a random screening program, its scope will be defined, to a certain extent, by the amount of funding available beyond the requirements of the Restricted Area Identification Card (RAIC) program. Although the RAIC program is not applied randomly, its development will be impacted if the number of airports is expanded beyond the airports to which it currently applies.

3.2.1 Restricted Area Identification Card

The RAIC program will have to be funded on a shared basis with the NPS program. Transport Canada estimates that there are approximately 150,000 active restricted area passes at specified airports, including 10,000 multi-site passes.

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Strategies for the Planning Period

CATSA will train personnel and administer the program, create a smart card, and procure and deploy equipment to read the cards. Individual Airport Authorities will continue to issue and retain ownership of the cards. Access control over airport restricted areas will also remain the absolute jurisdiction of the Airport Authorities.

Airport Authorities will issue the new RAIC and will provide a standardized system, using a centralized database, for the issuance, verification, cancellation, and tracking of the cards. The data collected by CATSA will be limited to the biometric templates, a unique identifier related to the document control number of the security clearance issued by Transport Canada, and the name of the issuing airport. Transport Canada will continue to issue clearances for the RAIC, by conducting background checks.

Regulatory Framework

In anticipation of the regulations, a pilot program will be put in place in the near future at selected Canadian airports for the implementation of the enhanced restricted area pass system. Once the pilot program is complete, it will be assessed to determine which technologies best meet the needs of Transport Canada, CATSA, stakeholders and users. The biometric identifiers will allow for the recognition of the fingerprint and the iris. Employees accessing the restricted area will have the option of using either the iris or fingerprint recognition technologies for the purpose of positive verification.

Two contracts were awarded in January 2004: one to provide the cards, readers and biometric technology; the other to provide data management, integration, and project management. CATSA will test the two technologies to establish baseline levels of technical performance and user preference that will be considered for the national deployment. The pilot projects are scheduled to end on May 31, 2004 and the results will be used as guidance for the national deployment, which will begin in June 2004.

Once there are regulatory frameworks in place, and the programs have been designed accordingly, CATSA will have greater certainty over future-year requirements, and annual budgets will be developed accordingly.

A Privacy Impact Assessment is underway to ensure compliance with government privacy laws and policies.

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3.3 Policing Programs

3.3.1 Canadian Air Carrier Protective Program (CACPP)

The CACPP is designed to reduce the possibility of any unauthorized person assuming control of a Canadian commercial aircraft. Pursuant to its agreement with the RCMP (authorized under Section 28 of the *CATSA Act*), CATSA makes payments to the RCMP for the provision of Aircraft Protective Officers (APOs) on board aircraft.

APOs are on board all flights "Designated" by the Minister of Transport. For example, every flight into and from Reagan National Airport in Washington, D.C. ("Washington National") is a Designated Flight as required by the Government of the United States.

APOs are also on board selected domestic, transborder and international flights. Selected Flights are those flights identified by a joint RCMP-Transport Canada threat/risk assessment unit.

3.3.2 Airport Policing Contribution Program

CATSA has entered into agreements with certain eligible airports, and will continue to make contributions towards the costs of aviation security-related policing functions at those airports.

After the program's first year in operation, and following consultations with the eligible Airport Authorities, the Contribution Agreements have been amended to streamline the claims process, as well as to provide for an enhanced audit function and the collection of evaluation information.

4. Strategic Planning and Communications Plan

4.1 Strategic Planning

With its third Corporate Plan, CATSA has reached the point in its evolution where it has established a firm foundation on which to build a strategically planned future. The strategic planning process is fed through formal research into areas of strategic interest. Strategic research will serve senior management as they evaluate matters of corporate policy, operational performance and the regulatory environment.

Equally important to the strategic direction of CATSA are the maturing relationships established through liaison with stakeholders (e.g., airports, airlines, industry experts, research organizations). CATSA officials meet with peers to define and discuss issues of common interest and to establish clear accountabilities through consultation at the local, regional, national and international levels. The liaison activities allow CATSA to share knowledge and identify best practices for improving and measuring operational performance.

As a player in a multi-layered approach to air transport security system, CATSA's relationship and consultations with Transport Canada, the RCMP, Airport Authorities and airlines are key to the development of a world-class air transport security system.

While CATSA is not the only security organization active in the system, it does have a very public frontline responsibility to screen for threats. It is a corporate responsibility, therefore, for CATSA to be cognizant of emerging threats and of changes in the security landscape. Moreover, it is an important corporate goal to share our expertise in the pursuit of a secure air transport system. To that end, CATSA will continue to collaborate with Transport Canada and seek to participate in fora where an integrated government response to threats is being discussed. CATSA can be an active contributor in developing and evolving security in Canada.

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4.2 Communications Plan

Since its inception, CATSA's public awareness activities have been focused on introducing the Authority, its responsibilities and mandate to the Canadian public.

The concentration over the past year has been on demonstrating visually CATSA's presence in the field of air transport security in a manner consistent with the Federal Identity Program.

Over the course of the next year, CATSA will continue to focus its communications efforts on increasing awareness of its mandate and responsibilities primarily among the travelling public but also among the general public. CATSA's strategy will focus on:

- Continuing to establish CATSA as synonymous with security
- Positioning the organization as a critically important player in the field of air transport security
- Instilling confidence in the travelling public within areas of CATSA's responsibilities
- Informing passengers of various elements of the screening process

These initiatives serve a dual purpose: to demonstrate the federal government's commitment to enhancing air transport security in the wake of September 11th as well as to provide passengers with practical information about the impact of these enhancements.

Due to the high volume of intercepted prohibited items, CATSA intends to include passenger-focused public awareness products over the coming year. Products to help the passenger better understand the entire screening process - from personal search to checked baggage search, from prohibited carry-on items to prohibited checked baggage items - will be a priority. In addition, CATSA is exploring, with potential partners such as Canada Post, the possibility of instituting mechanisms to allow passengers to mail the items, which are prohibited from being carried on board, to themselves or a third party before they board the aircraft.

To help become informed of public awareness issues and other initiatives, CATSA may engage in various forms of research to gauge the public's and air travellers' perception and attitude toward PBS.

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5. Financial Chapter and Budgets

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

However, pursuant to subsection 32(2) of the CATSA Act, CATSA must keep confidential any information the publication of which, in the opinion of the Minister of Transport, would be detrimental to air transport security or to public security, including financial and other data that might reveal such information. For that reason, financial data below is limited to CATSA's overall allocation, PBS expenditures, and EDS purchases.

2005 Capital Budget

(in thousands of Canadian dollars)

Fiscal year ending March 31, 2005
Budget

Fiscal year ending March 31, 2006
Budget

Acquisition of new equipment:

| | | |
|---|------------|------------|
| EDS | \$ 213,149 | \$ 128,436 |
| Restricted area identification card | 1,055 | 167 |
| Non-passenger screening | 2,903 | 3,125 |
| Security learning and reporting systems | 1,862 | 3,060 |
| Local support centres at airports | 183 | 40 |
| Corporate services | 360 | 40 |

TOTAL CAPITAL EXPENSES

\$ 219,512

\$ 134,868

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2005 Operating Budget

(in thousands of Canadian dollars)

Fiscal year ending March 31, 2005
Budget

Fiscal year ending March 31, 2006
Budget

Operating Expenses:

| | | |
|--------------------------------------|-------------------|-------------------|
| PBS | \$ 153,432 | \$ 148,304 |
| HBS and security programs | 87,690 | 106,288 |
| Restricted area identification card | 8,672 | 5,745 |
| Non-passenger screening | 12,519 | 13,954 |
| Corporate services | 28,666 | 27,666 |
| Other operating expenses and funding | (6,816) | 1,575 |
| TOTAL OPERATING BUDGET | \$ 284,163 | \$ 303,532 |
| TOTAL CAPITAL BUDGET | 219,512 | 134,868 |
| TOTAL BUDGET | \$ 503,675 | \$ 438,400 |