



Summary of
2005/06 – 2009/10 Corporate Plan
AND
2005/06 Capital Budget
AND
2005/06 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

SUMMARY OF 2005/06 – 2009/10 CORPORATE PLAN AND 2005/06 CAPITAL BUDGET AND 2005/06 OPERATING BUDGET

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GLOSSARY

APO	Aircraft Protective Officer: a specially-trained police officer of the RCMP who is present on certain flights to provide on-board security
AVSEC	IATA's annual international aviation security symposium and exhibition
BI	Business Intelligence
CACPP	Canadian Air Carrier Protective Program
CATSA	Canadian Air Transport Security Authority
<i>CATSA Act</i>	<i>Canadian Air Transport Security Authority Act</i>
CCTV	Closed-Circuit Television
Crown	Government of Canada
Designated Airports	The 89 airports at which CATSA is responsible for the provision of screening services according to regulations
EDS	Explosives Detection Systems: manual or automated systems used primarily to check for explosives in carry-on and checked baggage.
ETD	Explosives Trace Detection: manually operated equipment used to detect minute traces of explosives residue.
HBS	Hold Baggage Screening: the screening of checked baggage using EDS equipment.
HHMD	Hand-Held Metal Detector
HRO	High Reliability Organization
IATA	International Air Transport Association
ICAO	International Civil Aviation Organization
IS	Information Systems

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IT	Information Technology
IVV	Independent Validation and Verification
NLA	New Large Aircraft (e.g., Airbus A380)
NPS	Non-Passenger Screening: the screening of selected non-passengers accessing restricted areas of airports. Non-passengers include flight crews, refuelers, caterers, aircraft groomers, maintenance and construction personnel, baggage handlers, and concession staff.
PBS	Pre-Board Screening: the screening of passengers, their belongings and carry-on baggage
RAIC	Restricted Area Identification Card: an identification card issued to all employees authorized to enter the restricted areas of major airports.
RCMP	Royal Canadian Mounted Police
SCC	Security Communications Centre
Screening Officer	An employee of a Service Provider who carries out screening services.
Service Provider	A company that has entered into a contract with CATSA for the provision of PBS, HBS and other screening services.
SMS	Security Management System
SOPs	Standard Operating Procedures
TSA	Transportation Security Administration
WIP	Work-in-progress. A form of independent validation and verification.
WTMD	Walk-Through Metal Detector
X-RT	X-Ray Tutor

EXECUTIVE SUMMARY

In support of the Canadian government's National Security Policy, the CATSA Corporate Plan 2005/06 - 2009/10 sets out the Authority's strategic imperatives for fulfilling its mandate to government policymakers. The Plan provides an overview of CATSA's concept of security and the changing threat environment under which it operates.

Since one of the greatest challenges any organization faces is dealing with the unexpected, CATSA must establish itself as a high reliability organization (HRO) that is mindful of risks, sensitive to operations and committed to resilience.¹ The foremost pressures facing the Authority at present are new and emerging threats, as well as rising screening costs and passenger volumes. The demands brought on by escalating passenger growth resonate into key areas of CATSA's operations (e.g., leading to incremental screening costs).

The comprehensive strategy outlined in this Plan is designed to enable CATSA to address pressures, security threats and risks effectively and efficiently, but not at the expense of passenger security. Specifically, CATSA will respond to these pressures and risks through a commitment to:

- ongoing internal cost-reduction strategies;
- pursuing a risk-based approach to security management;
- developing a plan to seek long-term financial stability; and
- working with industry stakeholders and integrating into the security community to further enhance security.

Following this approach will enable CATSA to continue its focus on enhancing security through its mandated activities. CATSA will also continue to work closely with Transport Canada and industry stakeholders, such as the Canadian Airports Council and Air Transport Association of Canada, to carry out its role.

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

¹ HROs operate under high-risk conditions but have no choice but to carry out their functions reliably. Failure to do so results in severe harm to the public, as in the case of a nuclear power plant. See Karl E. Weick and Kathleen M. Sutcliffe, *Managing the Unexpected*, 2001, xiii.

ACCOMPLISHMENTS FOR 2004/05

Screening Operations and Equipment Deployment

- Initiated enhanced security screening services contracts effective April 1, 2004
- Successfully completed all funding agreement negotiations with designated airports
- Continued deployment of explosives detection systems (EDS)
- Created the Security Communications Centre (SCC) to improve coordination of information between headquarters and the regions and enhance service delivery
- Conducted operational trials of new explosives detection document scanner
- Deployed closed-circuit television (CCTV) cameras at Pre-Board Screening (PBS) checkpoints of Canada's major airports to enhance the security of screening lines and the screening process
- Deployed screening equipment to, and contracted and trained screening personnel for, two newly-designated airports: Mont-Tremblant and Red Deer
- Implemented Non-Passenger Screening (NPS) by December 1, 2004, in accordance with regulations and launched a successful NPS awareness campaign with key stakeholders
- Conducted operational trials of the Restricted Area Identification Card (RAIC) at four airports: Kelowna, Charlottetown, Montreal's Pierre Elliot Trudeau, and Vancouver
- Conducted operational trials of X-Ray Tutor (X-RT) in an effort to explore improved methods of training using new media
- Provided enhanced training to screening officers at all major airports using X-RT

Policing Programs

- Continued to successfully administer the funding program for the Canadian Air Carrier Protective Program (CACPP)
- Successfully completed consultations with Canada's largest airports on a new funding formula under the Airport Policing Program

Oversight and Quality

- Implemented a performance payment program to make service providers more accountable based on the criteria of customer service, consistency, cost-effectiveness and business practices
- Initiated Quarterly Performance Reports for CATSA's Board of Directors that focus on CATSA's mandated activities
- Developed and implemented a Business Intelligence (BI) system that integrates, analyzes and displays key business data and performance indicators to assist management in monitoring performance, and trained users on the system
- Designed a methodology for risk management as part of the overall Integrated Management Framework

Corporate

- Increased awareness of CATSA through successful communications programs, as demonstrated in passenger intercept surveys and public opinion polling
- Created an internal Security Policy Committee to oversee the development and implementation of CATSA policies and procedures in compliance with the Government Security Policy
- Struck a Corporate Governance and Nominating Committee to develop and implement procedures for Board evaluation and nominations and to ensure compliance with the Code of Conduct for Board members
- Completed an employment equity survey as part of the corporation's efforts to boost representation of four identifiable groups (disabled, women, aboriginal and visible minorities)
- Developed an internal Official Languages policy and staffing guidelines
- Produced a style guide outlining the use of the CATSA logo
- Voluntarily participated in the Office of the Auditor General's government-wide National Security Audit

Domestic and International Initiatives

- Developed links with other Canadian agencies, such as CSIS, RCMP, and CBSA
- Coordinated international aviation security symposium scheduled for 2005 in South Africa

I CATSA OVERVIEW AND SECURITY CONCEPTS

The creation of the Canadian Air Transport Security Authority (CATSA) was the centerpiece of the Government of Canada's response to the events of September 11, 2001 and the largest part of a comprehensive \$2.2 billion package (over five years) for aviation security initiatives contained in the December 2001 budget. Established on April 1, 2002, CATSA is responsible for several key aviation security services at eighty-nine (89) designated airports across Canada. A Crown corporation based in the National Capital Region, CATSA reports to Parliament through the Minister of Transport. It is responsible for the delivery of consistent, effective and professional services at or above the standards set by Transport Canada. CATSA is governed by an eleven-member Board of Directors, including representatives of the airline industry and airport operators.

CATSA is in its fourth year of operation and continues to secure critical elements of the Canadian air transportation system in accordance with its mandated activities.

I.1 Impact and Reach

By allocating \$1.942 billion to CATSA over five years, the Government of Canada established CATSA as one of the ten largest federal Crown corporations in terms of its revenue base². With several thousand contracted screening officers across the country and in excess of 670,000 prohibited and threat items surrendered annually, CATSA's responsibilities have a significant impact on the air transportation industry. In fact, CATSA's screening operations currently affect more than 37 million passengers each year – greater than the population of Canada.

In terms of its aviation and security relationships, CATSA's network of government and industry stakeholders and partnerships includes ties to both domestic and international agencies, departments, and organizations. And the Authority continuously seeks opportunities to extend and strengthen its network through contributions to aviation security forums such as AVSEC World, which was held in Vancouver in November, 2004.

I.2 Mission and Vision

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

² Using dollar amounts published in the Globe and Mail's Report on Business "Top 10 Crown Corporations" study (for fiscal year ending in 2003), CATSA's average annual appropriation would place the Authority in tenth position, behind Via Rail.

- Networking with partners
- Establishing clear accountabilities
- Being innovative
- Fostering ethics and values
- Continuously improving implementation of best practices

1.3 Mandate and Responsibilities

The critical air security elements currently entrusted to CATSA in accordance with the *Canadian Air Transport Security Authority Act (CATSA Act)* are:

1. *Screening passengers and their carry-on baggage*

In the screening process, passengers and their carry-on baggage are inspected to ensure that prohibited items, such as knives, firearms, incendiary devices, explosives, or any other threat items are not carried onto the aircraft.

2. *Screening checked baggage*

Through the use of high-technology explosives detection systems equipment, CATSA is responsible for screening checked baggage at designated airports. This responsibility includes the acquisition, deployment, and maintenance of the equipment.

3. *Screening non-passengers accessing restricted areas at airports*

A non-passenger is any individual whose workplace is an airport, who visits an airport to provide a service or deliver goods, or who passes through an airport and requires access to the designated restricted areas of the airport. This includes flight crews, airline customer service personnel, caterers, maintenance personnel, and baggage handlers.

4. *Implementing a Restricted Area Identification Card (RAIC)*

All non-passengers who need access to restricted areas at the airport are required to carry a restricted area pass. CATSA is working with Transport Canada and major airports to develop a Restricted Area Identification Card (RAIC) to enhance this system, which would include biometrics to allow for the positive identification of the cardholder.

5. *Administering the funding for the Canadian Air Carrier Protective Program (CACPP)*

CATSA provides funding to the RCMP to place specially-trained police officers on board selected Canadian commercial aircraft.

6. *Administering the airport policing funding agreements*

CATSA entered into agreements with selected airport authorities, in order to offset a portion of the costs associated with aviation security-related policing.

CATSA is also responsible for any other air transport security functions that the Minister of Transport may assign to it, subject to any terms and conditions that the Minister may establish.

1.4 Legislative Profile

CATSA's legislative authority is the *CATSA Act*. At the same time, CATSA operates within a regulatory framework. Transport Canada retains the role of the primary regulator of the Canadian aviation industry. Transport Canada regulates under the *Aeronautics Act* and Regulations and Measures pursuant to this Act. Although the *Aeronautics Act* and its regulations are public documents, the Measures are not publicly available. A Security Screening Order sets out the technical specifications as to how screening must take place. This Order is also not a public document.

Additionally, as a Crown corporation, CATSA adheres to the relevant provisions of the *Financial Administration Act*, and with the passing of Bill C-7 (formerly Bill C-17), elements of the *Public Safety Act*, 2002.

1.5 Integrated Security

The creation of the new Department of Public Safety and Emergency Preparedness and the Cabinet Committee on Security, Public Health & Emergencies suggest that the federal government is moving away from a decentralized approach to security in favour of a centralized and coordinated approach. The stated goal of creating the new Department is to “integrate into a single portfolio the core activities of the existing Solicitor General portfolio that secure the safety of Canadians and other activities required to protect against and respond to natural disasters and security emergencies.”³

Chapter Three of the March 2004 Report of the Auditor General of Canada noted that interoperability and a lack of information sharing are concerns in the security field. *Securing an Open Society: Canada's National Security Policy* notes that “working to prevent attacks like the one launched against commuter trains in Madrid requires a more integrated approach to national security – integrated inside the Government of Canada and with key partners. Such an approach will also help us to develop a long-term strategic framework to more effectively prevent and respond to other types of security threats.” As reflected in the October 2004 Speech from the Throne, the government has made the implementation of Canada's first-ever National Security Policy a priority.

1.6 Access to Actionable Information

CATSA is working cooperatively with Transport Canada and its security partners to access important information that would help it fulfill its security mandate more effectively. CATSA continually seeks the most up-to-date information on:

- threat objects (such as explosive devices, weapons, and chemical agents) that can be used to endanger the safe arrival of a plane at its destination; and
- methods (such as concealment techniques and distractions) used to get a threat object on board a plane.

By developing a threat-assessment capacity based on access to actionable information, CATSA will be better able to respond quickly, and with flexibility, to new and emerging threats.

³ Office of the Prime Minister of Canada, *Changes to Government*, December 12, 2003. http://pm.gc.ca/eng/chgs_to_gov.asp

1.7 Risk-based Security Screening

CATSA is working closely with Transport Canada to investigate ways to expend a greater percentage of resources identifying and screening the subset of travellers about whom very little is known, and spend less on passengers who have been pre-screened and determined to pose no threat. Known as risk-based screening, this system for air travellers would seek to find the balance between screening passengers for cause while erring on the side of caution.

The goal of risk-based screening is to identify and remove security threats, while maintaining a smooth flow of passengers in airports. Risk-based screening should not be misinterpreted as lower levels of security or less screening. It is not about taking risks; it is about focussing screening resources on the greatest threats. In many cases, when threat levels are increased (e.g., directly after a terrorist incident elsewhere in the world), the risk-based approach provides the flexibility to respond quickly by, for example, implementing enhanced screening measures. The challenge is to develop an integrated security community that can quickly, and with flexibility, react to emerging threats.

The events of September 11th however, demonstrate that the new threat environment has made the aviation industry more vulnerable than ever to terrorism, economic shocks and shaken public confidence. In a post-September 11th environment, the challenge for policymakers, and for the agencies mandated to carry out those policies, is to develop and implement measures that:

- 1) improve the security of air travellers;
- 2) build public confidence in the security of air travel; and
- 3) use the dollars allocated to carry out 1) and 2) in the most effective way.

Since its inception, CATSA's operational priority has been dedicated to improving security and building public confidence. However, to fulfill these priorities over the long term within the existing financial framework, CATSA must investigate, in collaboration with Transport Canada, means such as the risk-based screening approach for ensuring that security is not compromised by rising costs and that services delivered are sustainable.

2 EXTERNAL BUSINESS ENVIRONMENT

CATSA's operating environment is volatile. There are domestic and international pressures and risks facing the organization daily. Pressures in the context of this document are defined as those matters which directly or indirectly impact on CATSA's business. Pressures could affect the corporation in a financial manner and/or impact on the Authority's mandated security operations. Risks can be specifically related to the successful delivery of one of CATSA's mandated responsibilities or may be more general in their application (e.g., legal liabilities).

2.1 Pressures

Changing and Emerging Threats

The tragic events of September 11th put a public face on the so-called "new" terrorism that seeks to exploit the vulnerabilities of modern societies. Perpetrators of new terrorism are more ideological, rely more on extreme violence and are less inhibited by international boundaries than traditional terrorist groups. These elements, combined with the vulnerability of the aviation industry to potential disruption, continue to make aviation targets particularly attractive to terrorists. Any strategy to manage this evolving threat will require the sharing of reliable, actionable information with partners and stakeholders.

Reliable information is essential to managing security programs appropriate to the current and emerging risks and threats to air travel. Better awareness of terrorist tradecraft and emerging threat technologies helps ensure that CATSA's strategic orientation includes the capacity for preventing new threats to air travellers rather than reacting to them after a tragedy occurs. Detection of emerging security risks is only part of the equation: effective deterrence requires the means to react quickly, and with flexibility, to an emerging threat.

Increasing Passenger Volumes and the Impact on Operating Costs

According to Transport Canada forecasts, passenger demand in Canada is expected to increase in all sectors (domestic, transborder and international) over the next decade. CATSA forecasts that Pre-Board Screening (PBS) and Hold Bag Screening (HBS) operations can expect equivalent percentage increases in terms of the number of passengers and bags requiring screening.

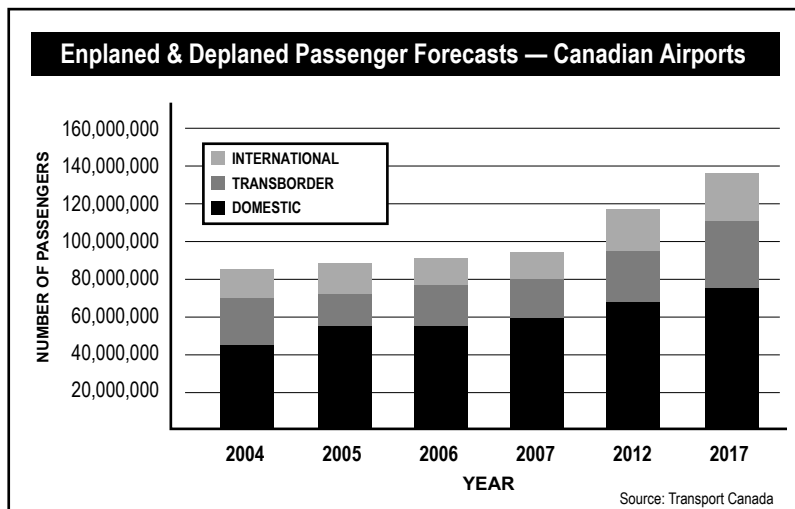


Figure 1 Canadian passenger volume forecasts

The continued increase in passenger volumes will impact on CATSA's operating costs. Increased traffic – and the ensuing increased number of passengers and bags requiring screening – will result in the need for more screening officers and screening equipment.

Notwithstanding the efficiencies it is aiming to achieve through regulatory improvements and increased oversight, CATSA will continue to work collaboratively with Transport Canada to explore operational flexibility options to respond to the pressures brought on by increasing passenger volumes and rising screening officer wage costs, which will be reflected in payments to service providers.

Airport Expansion Projects

CATSA's initial five-year funding allocation was based on deploying equipment and delivering screening at the 89 designated airports as they existed at the time of Budget 2001 (including any airport expansion plans intended for completion in 2006/07). CATSA incorporated costs associated with expansion projects up until 2006/07 (e.g., Pearson International Airport, Ottawa's Macdonald-Cartier International Airport).

At the same time, CATSA is aware of a number of expansion projects at major airports scheduled for completion over the next five to ten years. For these airports, CATSA will incorporate funding estimates into its long-term funding plans.

Changes to Airport Designation Regulations

On October 22, 2004, the Minister of Transport announced proposed amendments to the designated airports list that would extend essential security screening services to Red Deer Regional Airport and Mont-Tremblant International Airport. Following an aggressive schedule, CATSA met Transport Canada's implementation date of December 23, 2004. Additional changes to the designation list will have an impact on CATSA's operating and capital budget requirements.

Expanded Screening Requirements at Designated Aerodromes

Transport Canada is conducting consultations on whether and how to expand screening requirements at designated aerodromes. The resulting decisions from these consultations could have a significant operational impact on CATSA. CATSA will continue to participate in the consultation process and assess the impact and resource implications of expanded screening requirements.

Effect of Technological Advances in the Aviation Industry

New equipment: CATSA must keep pace with changing security equipment technology. Changing and emerging threats drive industry requirements. With the emergence of new technology solutions, security organizations like CATSA must balance security requirements with resource limitations while maintaining up-to-date, credible systems.

Automated and remote check-in: The demand for and implementation of automated check-in technology, whether remotely via the Internet or through the use of airport-deployed kiosks, is increasing rapidly. For CATSA, this trend means that one layer—the check-in area—of the multi-layered security system is removed. A pre-board screening officer may be the first person a passenger encounters, which places more security, and potentially financial, pressures on CATSA's PBS operations. In terms of HBS impacts, remote check-in raises potential passenger-baggage reconciliation issues, but may also offer operating efficiencies by reducing peak luggage volumes.

New large aircraft (NLA): The production and deployment of NLAs, such as the Airbus A380, may have an impact on both HBS and PBS screening. The use of these aircraft could lead to increased PBS queuing times and the requirement to deploy more staff at peak times.

2.2 Strategic Response

CATSA approaches pressures and risks facing the organization in line with its overall concept of security. The comprehensive strategy set out in this Plan is designed to enable CATSA to address pressures, security threats and risk effectively and efficiently. CATSA's strategic plans consider new and emerging threats, increased passenger volumes, industry trends (including airport expansions and renovations), expanded screening requirements, as well as the emergence of new technologies, and reflect a more risk-based approach to security management. CATSA's exploration of a more risk-based approach is driven by the immediate operational imperative of improving efficiency, the need to remain accountable to Canadians for delivering cost-effective programs, and the overriding requirement to maintain and improve the current level of security.

Specifically, CATSA will respond to these pressures and risks through:

- ongoing internal cost-reduction strategies;
- pursuing a risk-based approach to security management;
- developing a plan to seek long-term financial stability; and
- working with industry stakeholders and integrating into the security community to further enhance security.

In its 2004/05 Corporate Plan, CATSA outlined its commitment to work with Transport Canada towards the goal of a more risk-based approach to screening. Since that time, specific regulatory changes to improve security and efficiency have been implemented. Discussions continue between Transport Canada and CATSA on how the two organizations can prioritize and manage CATSA's regulatory and policy issues.

3 OPERATIONAL ACTIVITIES

3.1 Screening Passengers and Their Belongings

Pre-board screening (PBS) is where passengers come face-to-face with CATSA's contracted screening officers at PBS checkpoints. It is the most visible aspect of CATSA's operations. The screening officer represents the labour force trained and certified to provide both PBS and hold baggage screening (HBS) services at designated airports. Screening officers at PBS checkpoints currently screen more than 37 million passengers and their carry-on baggage per year. In addition to PBS, HBS screening officers use specialized equipment (which at larger airports is not visible to the public) to screen passengers' checked baggage. Each passenger checks in on average 1.5 pieces of luggage, which means that CATSA's HBS equipment and screening officers screen approximately 60 million pieces of luggage each year.

As with all of CATSA's mandated screening responsibilities, Transport Canada sets the regulatory framework, CATSA establishes the screening policies and procedures to ensure compliance with regulated standards, and service providers deliver the service on its behalf.

Results in 2004/05

Performance Payment Program

The new contracts are designed to make service providers more accountable for achieving service delivery standards. Service providers are now being assessed on four areas of performance. From April 1, 2004 to March 31, 2007 (the duration of the new contracts), CATSA is administering a performance payment program.

In year one, the first performance assessment period started September 1, 2004 and ended March 31, 2005. Service providers can earn a percentage of the fixed portion of the contract based on their performance relative to the following four criteria: screening consistency, cost effectiveness, business practices, and customer service.

Implementing Risk-based Regulatory Changes

In the 2004/05 Corporate Plan, CATSA outlined its commitment to work with Transport Canada towards the goal of a more risk-based approach to screening. CATSA identified high-priority regulatory changes to affect security efficiency. The rationale for moving towards a risk-based approach is to realize operational efficiencies without compromising security. CATSA's risk-based approach also demonstrates its commitment to a plan of action to address budgetary pressures brought on by increasing passenger volumes and market-driven service provider costs.

As a result of consultations between CATSA and Transport Canada, several regulatory changes to improve security and efficiency at PBS checkpoints were introduced in November 2004. These changes are being introduced for an initial period in 2005 in order to gather data to determine whether to make permanent adjustments to the regulatory framework.

Security Communications Centre

CATSA's Security Communications Centre (SCC) became operational in 2004. The SCC is the main point of contact between CATSA and PBS screening points, regional managers, service providers, and airports. The SCC functions as a "call centre", providing centralized information flow for incident reporting and response, PBS and HBS equipment failures and repair

schedules, and contract administration issues. In the event of an emergency situation, the SCC can also be quickly converted to a “central command”-type operations centre to help coordinate the efforts of first responders.

CCTV cameras: To further enhance the security of PBS checkpoints, the SCC receives closed-circuit television (CCTV) images from cameras deployed at PBS checkpoints at all 28 major airports. The deployment of CCTV cameras adds another layer of security, which is designed to help protect the integrity of screening lines and the screening process. CATSA can now react more quickly and effectively in the event of an incident and provide support to PBS checkpoints on Standard Operating Procedures (SOPs) interpretations, when required.

Capacity Increases

In 2004/05, CATSA added new screening lines at certain major airports to respond to increased commercial passenger volumes. The eight largest airports in Canada include Vancouver International, Calgary International, Edmonton International, Winnipeg International, Pearson International, Ottawa’s Macdonald-Cartier International, Montreal’s Pierre Elliott Trudeau International, and Halifax International (Montreal’s Mirabel airport is no longer operational as of November 2004).

Planned Activities

Improving Oversight

CATSA has grouped its screening operations into three regions, each with a dedicated general manager to oversee operations and control budgetary expenditures for all airports in the region. Regional managers, under the direction of general managers, focus on day-to-day operational oversight to ensure that CATSA’s SOPs are implemented by service providers. CATSA has also deployed one contract administrator per region to focus on regional budget oversight and control by pre-approving and tracking service provider hours and associated training expenses.

CATSA plans to add more oversight resources throughout the screening operations system, particularly in higher volume major airports, which would extend oversight activities beyond regular working hours to encompass all daily scheduled peaks.

Responding to incidents: As part of its efforts to enhance operations oversight, CATSA is developing and implementing a comprehensive response procedure for events such as major incidents and Transport Canada non-compliance and infraction notifications. The procedure involves reviewing detailed incident reports, conducting an investigation, recommending steps to resolve the occurrence (or prevent recurrences), and instituting an action plan to implement recommendations.

Quality assurance framework: CATSA is developing a quality assurance framework and related tools to provide enhanced operations oversight. These measures will allow CATSA to administer quality control inspections, the results of which will be systematically analyzed and used to ensure screening officer adherence to SOPs and policies with the goal of improving operations. These quality control inspections are in addition to the oversight provided by CATSA’s regional managers.

Automated incident reporting system: In support of its Performance Payment Program and to improve oversight, CATSA intends to develop an automated incident management and compliance reporting system. The automated system offers the potential for a cost-effective and more efficient solution to managing this information.

Automated Passenger Counting

To enhance both oversight and operational efficiency, CATSA is implementing an automated, electronic passenger counting solution at PBS checkpoints. CATSA will collect this data to analyze and determine optimal PBS checkpoint capacities, staffing

levels, and equipment utilization; to develop more accurate forecasting models for planning and scheduling purposes; and to calculate performance metrics to support the Performance Payment Program.

As passenger traffic continues to grow, CATSA can also use the data to perform capacity analyses of existing checkpoints. The phased-in deployment of the automated passenger counting system began in 2004/05 at all major airports, except Pearson International. In 2005/06, deployment will continue with Pearson and the remaining largest airports.

Challenges

Operating budget: The most significant impact on CATSA's operating budget will be payments to service providers, which are continuing to rise based on increasing passenger volumes and market-driven forces. CATSA instituted new service provider contracts to help manage the effects of these forces. The requirement to hire, train, and deploy more screening officers to ensure the security, efficiency, and effectiveness of CATSA's screening operations continues, however, to put pressure on CATSA's operating budget. As noted earlier, CATSA is developing a long-term plan to seek financial sustainability and flexibility to address this operating challenge.

Official Languages Act: As a Crown corporation, CATSA respects the provisions of the *Official Languages Act*. According to section 25 of the Act, contractors responsible for delivering a service to the public on behalf of the government must ensure that service is offered in both official languages. In CATSA's case, screening contractors must provide bilingual services at Canada's largest airports and other airports deemed to have a sufficient demand for service in either official language.

While CATSA has worked hard to improve the level of bilingual service at designated airports, it has proven very difficult to ensure that the demand for service in both official languages is adequately satisfied in unilingual areas of the country. CATSA officials have met with service providers in each region to reiterate the importance that screening officers play in ensuring that CATSA meets its obligations under the Act. CATSA will continue to work with screening contractors, the Office of the Commissioner of Official Languages and the Public Service Human Resources Management Agency of Canada to improve the delivery of bilingual service at designated airports and to collaboratively find solutions to key challenges to ensure that passengers have the ability to receive service in the language of their choice.

3.2 Equipment Acquisition, Deployment and Life Cycle Management

CATSA's equipment for PBS and HBS includes explosives detection systems (EDS) that employ a variety of X-ray technologies, hand-held and walk-through metal detectors (HHMD and WTMD, respectively), and explosives trace detection (ETD) equipment.

Results in 2004/05

Testing Passenger Documentation for Explosives

On October 15, 2004, the Minister of Transport and CATSA's President and CEO jointly announced the start of an operational trial of new explosives detection document scanner technology. The pilot project involved the deployment of new document screening equipment to test for traces of explosives on passenger documentation such as boarding passes. This new equipment represents an additional layer of security to address emerging threats, one that has the potential to further enhance aviation security in Canada.

Planned Activities

System Acceptance Testing

The airports, not CATSA, project-manage the construction and implementation of equipment. CATSA conducts or requires a system acceptance test for all HBS systems installed across Canada. The system acceptance process ensures that airport authorities' implementation and operation of HBS comply with CATSA's requirements. Once a system has been verified (i.e., the testing of the technology) and validated (i.e., the testing of the personnel), CATSA issues a compliance document indicating the HBS system complies with CATSA's standards requirements.

Life Cycle Management

Life cycle management becomes more important and relevant as equipment maintenance schedules are developed and replacement decisions are made. In anticipation of this, CATSA is developing a strategic plan for the life cycle management of its deployed systems.

Equipment Certification

CATSA has developed in-house expertise in the areas of equipment deployment, testing, and evaluation. CATSA is planning to leverage this technological expertise and experience to develop the capacity to certify equipment for use in its PBS and HBS systems.

Challenges

Addition of Mont-Tremblant and Red Deer airports: In response to Transport Canada's addition of two airports to the airport designation list, CATSA—under very tight timelines—deployed essential PBS and HBS screening equipment and hired and trained screening officers. Additional designated airports will place added pressure on CATSA's capital and operating budgets.

Increased maintenance costs: CATSA expects its maintenance costs to increase due to the introduction of HBS equipment. The complexity and critical location of this equipment (many HBS solutions, especially at major airports, are "in-line" systems, which integrate EDS equipment into the airports' baggage handling systems) are the main contributors to this anticipated increase.

3.3 Non-Passenger Screening

Results in 2004/05

The non-passenger screening (NPS) program began phased national deployment in 2004 and random non-passenger screening in all major airports was implemented by the regulated date of December 1, 2004. The second phase of the national roll-out of NPS began in early 2005 at four major airports. This part of the NPS program included the deployment of equipment at, and staffing of, fixed checkpoints within the airports.

Planned Activities

- Complete the phased roll-out of NPS at additional major airports
- Continue to monitor and assess NPS programs and best practices in other jurisdictions

3.4 Restricted Area Identification Card

Results in 2004/05

On October 15, 2004, the Minister of Transport and CATSA's President and CEO jointly announced the beginning of the implementation phase of the Restricted Area Identification Card (RAIC). Through the use of biometrics, this card will enhance the restricted area pass system currently in place at Canada's 28 largest airports. This program supports the issuance, verification, cancellation and tracking of restricted area identification cards. To gain access privileges to an airport's restricted area, cardholders are required to have either their fingerprint or iris scanned by biometric readers at individual airports. Airport authorities have regulated responsibility for controlling access to restricted areas of airports and retain absolute decision-making authority over who is issued a RAIC.

Operational trials are ongoing at four airports. Operational trials include the installation of an enrolment station, iris and fingerprint readers, and the provision of the RAIC. Participation by cardholders in the operational trials is voluntary as there is no regulation in place authorizing the collection of personal information by the airport for RAIC purposes. At the conclusion of the trials, a formal evaluation report will be produced for the Minister containing results and recommendations.

Planned Activities

Assuming regulations are amended and operational trials are successful, CATSA will deploy RAIC to the remaining major airports. In the absence of regulatory amendments, CATSA plans to continue with a voluntary RAIC program, essentially extending the operational trials to willing airports. Several airports have already expressed interest in implementing RAIC into their access control plans. CATSA will also continue to monitor and assess similar programs and best practices in other jurisdictions.

Challenges

Regulatory framework: The regulatory amendments required to implement the RAIC program nationally is a priority for both CATSA and Transport Canada. The regulatory framework for RAIC will be the first law enacted in Canada that includes a requirement for an individual to submit biometrics, and the inherent complexities and potential legal issues associated with this subject matter could prolong the consultation and amendment process and therefore further delay the implementation of the program. CATSA will continue to consult with Transport Canada on draft amendments to regulations prior to the stakeholder consultation process.

3.5 National Training and Certification Program

The National Training and Certification Program is built on a comprehensive, "continuous improvement" framework that allows CATSA to meet all of its mandated responsibilities. CATSA's investment in its professionally delivered training program produces a highly-skilled and well-informed screening officer workforce that consistently receives positive feedback from both internal and external stakeholders.

Training

Results in 2004/05

X-Ray Tutor progress: In the 2004/05 Corporate Plan, CATSA noted it was exploring the feasibility of introducing into its security programs the X-Ray Tutor (X-RT) training program. In the fall of 2004, CATSA successfully conducted operational trials of X-RT.

Based on the results of the trials, CATSA has confirmed that the deployment of X-RT will assist in improving threat object detection by screening officers and increase their vigilance while operating X-ray equipment. Additionally, CATSA is exploring the value of using X-RT data analysis as quality control mechanisms for monitoring screening officer training progression. CATSA is planning the deployment of X-RT at all major airports, with the goal of being completed by March 31, 2005.

Planned Activities

Enhancements to training delivery and content: As part of an ongoing exercise to identify efficiencies and areas for cost reductions, CATSA conducted a thorough review of its training programs. As a result, CATSA plans to implement several changes to enhance and streamline the content and delivery of its training programs.

Certification

Results in 2004/05

Smart-card deployment update: Smart cards are replacing the current paper endorsement process, offering a more effective and efficient way of tracking and storing screening officer training and certification records. A smart card contains a microchip on which is stored the screening officer's training record and certification data. The deployment of smart cards began in 2004 with the goal of being deployed at the eight largest airports early in 2005. The plan is to be fully deployed by the end of the 2005 calendar year in all remaining designated airports.

Program review: In keeping with the National Training and Certification program's principle of continuous improvement, CATSA conducted a thorough review to explore ways to improve the certification process and realize efficiencies.

Planned Activities

Working closely with Transport Canada and service providers, CATSA plans to implement the initiatives and changes resulting from the Certification program review in the 2005/06 fiscal year. Initiatives include streamlining the certification and re-certification testing process as well as increasing the use of electronic certification testing tools and simulators.

3.6 Canadian Air Carrier Protective Program

The RCMP provides Aircraft Protective Officers (APOs) on board commercial aircraft to reduce the possibility of an unauthorized person seizing control of a Canadian commercial aircraft. Under the terms of the *CATSA Act*, CATSA makes payments to the RCMP for the provision of this service.

Planned Activities

CATSA will continue the quarterly evaluation process to ensure that the program is meeting its intended goals.

3.7 Airport Policing Contribution Program

Results in 2004/05

CATSA currently has agreements with Canada's eight largest airports. In 2004, CATSA conducted a review of the current funding allocation and determined that a new funding formula was required to make the program more equitable. CATSA completed consultations with these airports about this new funding formula and expects to implement it by the end of the 2004/05 fiscal year. The funding allocations will be assessed and reviewed annually and each airport will continue to be required to submit to CATSA, on a quarterly basis, independently-audited financial reports.

CATSA is currently undertaking a program evaluation to review the policing costs borne by airport authorities and to assess the nature of police responses to ensure that the program is meeting its stated goals.

Planned Activities

- Funding allocations will be assessed annually and adjusted if required
- CATSA is pursuing funding agreements with other designated airports
- Airports will continue to be subject to the financial audits mandated under the funding agreements to ensure that funding only goes towards eligible costs

4 INTEGRATED MANAGEMENT FRAMEWORK

CATSA noted in its 2004/05 Corporate Plan that it was working towards implementing responsible management practices consistent with Treasury Board Secretariat’s “Management Accountability Framework”. Since submitting that plan, CATSA has made considerable progress in moving beyond the development stage to a sustainable, results-based framework for measuring and evaluating ongoing performance. This past year, CATSA produced its first version of a Security Management System (SMS) – CATSA’s integrated management framework. Based upon the Safety Management Systems that are in place in other transportation sectors, CATSA’s SMS includes performance targets, performance measurement, security roles and responsibilities, processes for identifying regulatory requirements, risk management, and audits. The majority of these components were already in place at CATSA, but are now more effectively being integrated through the SMS. As a result, CATSA is better positioned to demonstrate how security issues are being managed.

In keeping with these requirements, CATSA has, since its creation, shown a strong commitment to achieving results within a framework of sound management and high organizational performance. This commitment is evidenced by, among other things, the:

- development and implementation of a performance measurement program;
- implementation of a corporate Business Intelligence (BI) system that will report, integrate, analyze and display information to assist managers in monitoring and managing performance;
- development of a Corporate Risk Profile and formation of a Risk Management Team; and
- development of a quality management framework and the formation of a Quality Management Team.

In the coming years, consistent with the commitment to continuous improvement, CATSA will initiate a process to ensure that the SMS remains current, and, further, that the scope and sophistication of the security process contained in the SMS are enhanced.

4.1 Performance Measurement and Business Intelligence Tool

One of CATSA’s goals for its performance measurement program is to create a system of objectives, measures, targets, benchmarks and corresponding initiatives that collectively drive CATSA’s corporate strategy. The program is designed to foster an organizational climate that encourages managing for results, promotes continuous improvement, supports corporate alignment and facilitates effective performance reporting.

CATSA’s performance measurement program began by identifying for each of its business lines a limited number of measures in support of the following criteria:

1. *Security impact* performance measures will gauge the impact an activity has had on improving the level of a security service that CATSA delivers;
2. *Efficiency* performance measures will provide information on the time involved in, and the cost of, completing projects or providing program services;
3. *Effectiveness* performance measures will provide information on the success of the intended outputs of the activity.

Together, the security impact, efficiency and effectiveness measures provide a complete picture of the performance of CATSA in meeting its strategic goals.

Planned Activities

With first-stage performance measurements in place, CATSA will continue the process of improving and refining them as required. Plans for the remainder of 2004/05 and ongoing into 2005/06 include:

- ensuring the relevant data is collected to allow for complete public reporting on the measures identified in the Annual Report;
- further developing the Board of Directors Quarterly Performance Report;
- continuing to exploit BI technology with the goal of fully automating CATSA's reporting and analysis capacity, which includes supporting the on-going development of source systems that can be mined by the BI system;
- refining the internal process for setting performance measures, collecting data and responding to results;
- establishing benchmarks; and
- fully aligning performance measurement program with corporate strategy (i.e., through a "balanced scorecard" approach).

4.2 Risk Management

Performance measurement, which focuses on improving corporate and operational performance, is related to risk management. In turn, a risk-management approach further supports the aim of an Integrated Management Framework. For CATSA, integrated risk management is a continuous, proactive and systematic process to understand, manage and communicate risk from an organization-wide perspective. It is about making strategic decisions that contribute to the achievement of an organization's overall corporate objectives.

In CATSA's corporate risk profile, risks are grouped in two categories:

1. **Mandate risks:** Risks specifically related to the successful delivery of one of CATSA's mandated responsibilities; and
2. **General risks:** Risks that potentially apply to more than one mandated responsibility (e.g., human resources, legal liability).

In 2004/05 CATSA implemented a methodology for risk management. A series of inherent risks (risk without management) were identified. All such risks can be managed in one of five general ways: 1) the risk can be avoided altogether; 2) transferred to another party (e.g., contractual terms or insurance); 3) prevented before it arises; 4) mitigated once it arises; or 5) accepted.

4.3 Audit and Evaluation

Program evaluations differ from performance measures in that they provide assessments on the extent to which the results achieved outside the organization (what the program is intended to achieve) can be attributed to the program being evaluated. As set out in the 2004/05 Corporate Plan, CATSA evaluates its programs on the basis of four criteria: integrated performance information; integrated risk management; rigorous financial stewardship and control; and shared values and ethics. These four criteria are applied to each of CATSA's mandated activities, as well as activities that support the mandated activities (e.g., National Training and Certification Program, Communications).

Program Evaluation

CATSA relies on two types of evaluations: formative and summative. As part of its quality assurance initiatives, CATSA also conducts audits of its operations and programs.

Formative evaluation: These evaluations are conducted relatively early, normally within two years of the start date of the program. The focus is on management issues regarding how the program is being implemented, whether adjustments are necessary and whether progress toward the achievement of the outcomes is occurring.

Summative evaluation: These evaluations are conducted after the program has been in place long enough to realistically expect that some outcomes would have been achieved. The focus is on the degree to which these outcomes have been achieved and the contribution of the program to the achieved outcomes and to bring about improvements.

Independent Validation and Verification (IVV)

An IVV provides management with assessments about the adequacy and appropriateness of a program plan or project management plans, which can be used to determine if there are adequate control mechanisms in place for implementing a project/program. The IVV provides recommendations for the elimination of risks; improvements to management practices; identifies any potential for waste of resources, mission failure, and adverse effects on operations; and provides assurance that program delivery is in compliance with mission requirements.

Generally, IVVs can be characterized as design reviews, project status reviews, post-project (final) reviews, work-in-progress (WIP) estimates, and business process reviews.

Internal Audit

Internal audits are an objective and independent activity that helps CATSA improve its operations and achieve its objectives by providing assurances about the effectiveness of controls, risk management practices and governance processes. CATSA's Internal Audit function complies with the standards of the Government's Policy on Internal Audit. Copies of internal audit reports are made available to the Auditor General of Canada.

5 CORPORATE RESOURCES

Over the last three years, CATSA has made progress putting the people, programs, processes and systems in place to transition from start-up mode to a mature corporation. CATSA's corporate resources include both the qualified personnel and the tools required to carry out the Authority's security mandate.

5.1 Human Resources

At November 30, 2004, CATSA had 183 employees (includes fixed-term employees) working to enhance the air transport security system. CATSA's recruitment and retention policies embody the organization's personal, professional and organizational core values.

Planned Activities

In responding to human resource needs, CATSA considers security and cost effectiveness in deciding whether to hire its own employees or contract with consultants. CATSA will continue to refine its human resource policy framework to ensure that the corporation meets its strategic objectives. The corporation will continue to review its salary compensation structure to ensure its compliance with pay equity legislation. CATSA will continue to explore options to support the training and development of its employees. CATSA will identify and designate positions on its staff to conform to its Official Languages Policy and work to provide language assessments and training. CATSA will continue to ensure that all employees have reviewed its Code of Conduct which provides employees with the rules of conduct that must be followed regarding conflict of interest, post-employment, harassment, Internet use and disclosure of wrongdoing.

5.2 Information Technology and Information Systems (IT/IS)

CATSA was not created as an extension of an existing government department or agency and as such, did not inherit information management systems. CATSA, like any other corporation, must prudently manage its business operations and address its various reporting requirements, both internally and externally, in keeping with modern comptrollership methodology.

Planned Activities

Learning and reporting systems: CATSA will continue to invest in learning and reporting tools to enable it to constantly review, measure and scrutinize its ongoing security mandate to ensure not only that it can meet its reporting requirements in a timely manner, but also that it has collected the relevant data required to do so.

Information technology systems: In addition to the learning and reporting systems, CATSA has ongoing software and infrastructure requirements like any other corporation or department. Business requirements now dictate the requirement for a protected environment to be able to manipulate sensitive data while maintaining a level of security consistent with the requirements of the Government Security Policy and of sufficient robustness to provide our partners, such as Transport Canada, with assurance that sensitive information provided to CATSA is properly handled.

5.3 Communications and Public Awareness

CATSA has engaged in various public awareness efforts to help educate the public on the requirements for and process of security screening. Public awareness can help reduce wait times, minimize the occurrence of incidents, and increase public education and cooperation as well as increase the confidence of the public that security concerns are being addressed.

Results in 2004/05

CATSA worked with Treasury Board Secretariat to produce a style guide outlining the use of the CATSA logo and Government of the Canada identifiers. This style guide was finalized and sent to TBS in June 2004. CATSA also created and distributed to the public a “Tips for Travellers” bookmark, which contained important information about how and what to pack.

Planned Activities

In 2005/06, increased focus will be placed on communications and cooperation with stakeholders, especially for special events such as the Grand Prix in Montreal or planning for future events like the 2010 Vancouver Olympics. CATSA will continue to publish its monthly stakeholder newsletter, CATSA News, as well as participate in various trade shows and conferences (e.g., Air Transport Association of Canada, Canadian Airports Council). Beginning in 2005, awareness inserts will be placed in Foreign Affairs Canada’s publication *Bon Voyage...but*, which is distributed through passport offices to 1.5 million Canadians each year. The Authority will also continue to look for ways to work in partnership with various stakeholders, government departments and other outlets to inform passengers and to distribute awareness products.

6 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 contained in this chapter is limited to CATSA's overall allocation, Pre-Board Screening (PBS) expenditures, and Explosives Detection System (EDS) purchases.

6.1 Overview of CATSA's Current Business Environment

In previous Corporate Plans, CATSA has outlined the dynamic environment in which it operates and the factors, both within and outside of its control, that impact on the delivery and costs of its mandated programs. To date, CATSA has been able to effectively manage its operating budgets in the face of increasing operational costs. For fiscal years 2005/06 and beyond, CATSA continues to face significant operating expenditure increases as the Hold Baggage Screening (HBS), Non-Passenger Screening (NPS), and Restricted Area Identification Card (RAIC) programs are fully implemented and passenger volumes continue to grow.

In 2004/05, CATSA was able to respond to increased passenger traffic at certain major airports by adding more PBS lines. However, starting in 2005/06, as passenger volumes are forecasted to continue to rise, as billing rates increase as per the screening contracts, and as staffing and equipment maintenance requirements grow for the HBS and NPS programs, CATSA has limited flexibility—both from a financial and a security perspective—to address these rising costs.

To help manage these increases, CATSA is instituting new performance-based screening contracts, implementing risk-based screening procedures and continuing to work collaboratively with Transport Canada to explore further risk-based solutions, streamlining operational as well as administrative processes, and closely monitoring screening operations and regulatory compliance through enhanced oversight and quality assurance inspections. As well, CATSA continues to study new ways to achieve effectiveness. For example, a “screening operations task force”, made up of teams with significant in-house expertise, performed on-site reconnaissance at major airports to analyze PBS configurations and provide recommendations on measures to optimize efficiency and reduce costs. Another task force has recently been mandated to streamline and optimize financial operations by reengineering and automating processes.

6.2 Principal Budget Assumptions for 2005/06

Contract-driven Costs

Since its inception, CATSA has relied on outsourcing and professional services to meet the challenging task of deploying its mandated programs within very tight timelines. The Authority's contracted activities include equipment maintenance and screening services. These (in many cases) multi-year contracts set the payment terms (e.g., hourly and per diem rates and/or fixed fees). The competitive process for awarding contracts has seen some costs reduced. But for most contracts, and in particular the screening contracts, various compounding factors impact on overall service costs. While CATSA's new three-year screening service contracts effective April 1, 2004 have been designed to improve control of screening costs and operational efficiency, they also involve annual hourly rate and fixed fee increases.

Passenger Volumes

Passenger volumes, which have risen and are forecasted to continue to rise, represent the variable yet uncontrollable part of the equation that drives screening hours, and hence CATSA's screening costs. As passenger volumes rise, screening hours are increased based on the airports' current capacity, therefore increasing CATSA's payments to service providers. In its efforts to manage spending, CATSA's challenge is to achieve efficiencies that will reduce screening hours without impacting security or compromising effectiveness.

Regulatory Relief

CATSA must deliver screening services in accordance with Transport Canada regulations. In 2004/05, certain regulatory changes will allow CATSA to realize cost savings in future years in its screening operations without compromising security. CATSA will continue to work with Transport Canada on risk-based regulatory changes that also offer CATSA opportunities to deliver screening services more effectively and efficiently.

In-sourcing

CATSA has undertaken to review the value of internalizing activities that are currently outsourced. When business cases demonstrate positive cost/benefit outcomes (i.e., savings) and value-add (i.e., enhanced quality and improved risk mitigation), CATSA seeks to in-source or internalize contracted activities. For example, in 2004/05 CATSA brought screening invoices processing as well as information systems and help desk support in-house. By internalizing these previously contracted services, CATSA is able to provide a better level of service at a lower cost.

Oversight and Quality Control

To continue to find and evaluate operational efficiencies, and run its business in a cost-effective and security-conscious manner, CATSA must further invest in oversight and quality initiatives. As required by elements of the integrated management framework, and as part of the strategy for mitigating against increasing screening costs, CATSA researches ways to optimize screening operations (e.g., screening operations task force), seeks to improve oversight through increased regional presence at airports, and continues to measure its performance against quality standards.

Program Implementation and Equipment Deployment

The focus of the first nine months of the 2005/06 fiscal year will be to fully implement the NPS and RAIC programs and to continue to enhance air transport security through the deployment and testing of EDS equipment.

Canadian Air Transport Security Authority

SUMMARY OF 2005/06 – 2009/10 CORPORATE PLAN AND 2005/06 CAPITAL BUDGET AND 2005/06 OPERATING BUDGET

6.3 Budgets

Capital Budget

FISCAL YEAR ENDING MARCH 31, 2007
(in thousands of Canadian dollars)

	2003-04 Actual	2004-05 Forecast	2005-06 Budget	2006-07 Planned	Four-Year Total
Acquisition of new equipment:					
EDS	\$100,342	\$214,340	\$125,537	\$9,661	\$449,880
Restricted area identification card	1,865	6,255	2,925	0	11,045
Non-passenger screening	3,977	1,713	3,265	0	8,955
Security learning and reporting systems	6,601	1,892	3,018	0	11,511
Local support centres at airports	1,707	161	88	0	1,956
Corporate services	2,418	351	35	0	2,804
TOTAL CAPITAL EXPENSES	\$116,910	\$224,712	\$134,868	\$9,661	\$486,151

Operating Budget

FISCAL YEAR ENDING MARCH 31, 2007
(in thousands of Canadian dollars)

	2003-04 Actual	2004-05 Forecast	2005-06 Budget	2006-07 Planned
Operating Expenses (net of depreciation):				
PBS	\$151,007	\$153,729	\$156,179	\$146,266
HBS and security programs	54,536	81,950	111,254	114,427
Restricted area identification card	720	2,133	1,809	1,170
Non-passenger screening	1,206	12,564	13,926	18,540
Corporate services	23,648	27,543	26,079	24,227
Other operating expenses and funding	3,388	(1,460)	(5,715)	1,275
TOTAL OPERATING BUDGET	\$234,505	\$276,459	\$303,532	\$305,905
TOTAL CAPITAL BUDGET	116,910	224,712	134,868	9,661
TOTAL BUDGET	\$351,415	\$501,171	\$438,400	\$315,566