



CANADIAN AVIATION EXECUTIVES' SAFETY NETWORK

ANNUAL MEETING REPORT

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Welcome

Judy Rutherford, Director, Systems Safety, Transport Canada

Ms. Rutherford welcomed the Canadian Aviation Executives' Safety Network members to the meeting. She noted that Transport Canada established CAESN to continue the work initiated at the *Safety Through Partnership Conference*, which was held in November of 2000, and to provide the opportunity for executives from the aviation industry to meet with industry and government to network and share best practices. Today's agenda covers safety management systems (SMS) and security, two key challenges for the industry that were identified at last year's meeting.

She informed members that unfortunately, Transport Canada Deputy Minister Louis Ranger would not be able to attend the meeting as previously announced. She noted that his message to the group is that these are very challenging and dynamic times for aviation. To be responsive and effective, we need to be committed to collaborating. Forums such as CAESN and the Canadian Aviation Regulation Advisory Council (CARAC) provide that opportunity.

Ms. Rutherford observed that the preparation for today's meeting included a wide cross section of the aviation industry. She thanked the organizing team and wished all members a successful and productive meeting.

Member Expectations

Many members noted that they expect to listen, learn and participate at the meeting. The sharing of goals and best practices, hearing the perspectives of others, and networking were expectations held by many members, who noted that there are common elements in safety management systems and it is important to exploit this fact. More specifically, members are looking for information to gain a better understanding of safety management systems, such as Transport Canada's agenda, expectations and role, how SMS relates to other government regulations, role and authorities of the Accountable Executive, how to implement SMS, how SMS in Canada fits in the global context, and costs associated with SMS.

FOCUS ON SAFETY MANAGEMENT SYSTEMS

Summaries of Presentations

Robert Giguere

Executive Vice-president, Operation, Air Canada

Mr. Giguere observed that executives in the aviation industry face the challenge of dealing with competing values in the industry. While safety is the first priority, it is sometimes difficult to maintain a focus on safety at all levels of the organization. The reality is that all priorities – safety, quality, legislation and others – have to be managed simultaneously.

A safety management system (SMS) enables this by creating an integrated approach to safety, security and quality that flows both downwards and upwards throughout an entire organization. It is a systematic, explicit and documented process of addressing safety risks. It shifts safety management from a reactive state to a proactive approach, and it requires all employees to be involved.

Mr. Giguere described the SMS process at Air Canada, where a combination of the International Air Transport Alliance (IATA) Operational Safety Audit standards and recommended practices are being used to introduce SMS. The process includes set roles and responsibilities for all areas of the company, policies and procedures, documentation records management, safety management, quality assurance and audit and emergency response. It includes all staff functions across all areas, including flight operations, dispatch, ground handling, cargo security, maintenance, in-flight services.

He noted some of the success factors that need to be in place. For example, everyone in the organization has to be completely wrapped around safety. He stated that some people believe that safety is a strictly operational concern – but without the support of all staff the objectives of the SMS will not be achieved.

Senior and middle management engagement is another critical success factor. All managers have to be involved and committed to SMS. This includes being fully supportive of frontline employees, and empowering them to make decisions and to feel able to report safety concerns to any manager at any time without fear of retribution. Other success factors include effective communications, training and education and an integrated reporting and documentation system. An ongoing quality improvement cycle of planning, implementing, monitoring and re-planning is in place to ensure that the SMS is continually evolving and improving.

Mr. Giguere noted that the introduction of SMS in Air Canada has been making good steady progress, with widespread acceptance from management, employees, and unions. However, change of this magnitude presents many challenges. SMS represents a culture change that will be extremely beneficial to the organization on two fronts. First, research on safety has identified that there are direct ties between organizational cultures and the

safe performance of air crews at the operational level. A safety culture places an enduring value and priority on employee and public safety at every level of the organization. Second, SMS makes sense from a business perspective, as there are strong financial benefits to be gained through a fully integrated approach to safety.

Competing goals are a reality, but with SMS priorities are jointly addressed and managed across the entire organization.

Al Graham
President and CEO, Air Transat

Mr. Graham noted that the introduction of a safety management system at Air Transat has been marked by a number of challenges, including senior management changes.

The company started with a centralized SMS, which is effective at the outset. However, in the long term SMS needs to be as de-centralized as possible. He stated that this is now happening at Air Transat, with responsibility for SMS being placed with key people in various areas throughout the organization.

Mr. Graham observed that accountable executives are accountable for what goes on in all areas of their companies – financial, operational, people management and customer service. Systems that gather data that tell us how we are doing are important to sound decision making. Much of this data is about safety.

A key milestone in the implementation of SMS occurs when the system moves from being reactive to being proactive. He noted that Air Transat has made this transition. For example, in the past the company held quarterly safety meetings – today, a weekly safety meeting is held in which all executives discuss safety issues – employee health, passenger situations, equipment situations. In addition, safety is the first topic of every management meeting. This keeps the focus on safety at the top of everyone's agenda.

To give employees encouragement to get behind the SMS, Air Transat used an immunity system. Mr. Graham noted that this sends a clear message to employees that management is focussed on the “why” and not the “who.” He said that two of three employee unions have signed on to the immunity system, and employees under the non-signatory union receive immunity none the less. Air Transat's position is that safety is not negotiable.

The other key elements of the SMS are quality assurance, flight data management, line oriented safety audits (a peer review process), and a sound emergency response system.

Mr. Graham observed that Air Transat is fully committed to being a world leader in SMS to putting investments in place where necessary to achieve this.

T. W. (Tim) Morgan
Executive Vice President, Operations, WestJet

Mr. Morgan observed that safety has always been a foundation of the culture of WestJet. With the introduction of the requirement for a safety management system, safety has become more formalized. And because the company has a culture of safety throughout the organization at all levels and areas, SMS is much easier to implement.

The company has a philosophy that recognizes the importance of investing in safety. For example, it has invested close to \$40 million on a navigational performance project designed to enhance safety and provide precision approach capabilities at airports. The project has provided benefits and increased efficiency in many operational areas.

WestJet has also invested in a flight data management system. This system collects flight information that can be used to identify opportunities to improve flight safety and operational efficiency. The system, which consists of hardware, software and personnel, provides records for a number of perimeters, statistics for analysis, and flight animation for simulating events. The information points to areas for improvement and where training is needed. Mr. Morgan noted that data and analyses from the FDM system are not used against employees in a punitive manner, unless an ongoing problem is identified.

Bill C-7, the *Public Safety Act*, requires reporting to the Minister of Transport, RCMP and/or CISIS information that aviation companies may not have. Existing systems, for example reservation systems, don't collect the information that is being requested. Costly adjustments to these systems will have to be made. The requirements of the Bill also raise issues around airport security systems, crew identification, and screening.

Mr. Morgan noted that security issues are equally as important as safety issues, and similarly cannot be ignored. There will be costs involved, and while some of the investments are tangible, some are intangible. What is essential is that they are smart investments that will provide returns in the form of improved safety and security for all.

Merlin Preuss
Director General, Civil Aviation, Transport Canada

Mr. Preuss noted that Transport Canada is committed to modernizing the approach to risk in aviation operations, and that a systems approach to managing risk is the cornerstone of the department's strategic plan, through 2010.

He observed that "safety management" means different things to different people. In the Transport Canada context, it is about changing the safety risk management framework so that the civil air industry operates at the maximum level of delegation possible to ensure it has the flexibility to meet safety requirements in the most cost effective manner possible. For this to happen, the regulatory framework must be performance based and

industry must have the ability to implement systematic approaches that can provide continuous improvement.

He noted that the Canadian civil air industry has an excellent safety record under the previous system. In this connection, implementing this new policy approach to managing risk carries its own share of risk. Public confidence in aviation safety has nearly recovered from the huge drop experienced post September 11, 2001.

The accountability management framework for managing risk is more about integrating existing safety systems than creating new ones. He emphasized that while the basic principles may seem simple, there are barriers to implementation, including resistance to change, scepticism, and misunderstanding of the concept of SMS.

Making safety performance everyone's responsibility represents a major cultural shift in most organizations. The nature and objectives of these changes must be clearly understood if the SMS policy is to be successful. Under the SMS policy, the integration of a formal risk management system must go beyond analysis of hazard, incident and accident reports.

Cultural change must begin at the top of the organization, where power, leadership and ultimate accountability exist. The SMS policy makes the person who has the power to impose, fund and sustain policy accountable for the safety performance of the aviation organization. The accountable executive is ultimately responsible for the profitability of the enterprise. From a Transport Canada perspective, the accountable executive is "the face on the certificate."

Of equal importance is the risk analysis of changes to the safety framework, which includes the granting of exemptions, changes to the *Aeronautics Act*, regulations or standards, and changes to the inspection and notice policies. These risk analyses are now mandatory and cost benefit analyses are integral to this process.

Regulatory amendments for safety management systems are now proceeding through the consultation process. Through the experiences gained while working with the industry, it is evident that companies will require three years to implement a complete safety management program. Provided identified milestones are met, companies will be given three years from the date the rule comes into effect to have programs up and running.

Mr. Preuss stated that he believes that the new SMS policy will reduce the loss of life and property and increase public confidence in the safety of air travel, in keeping with the key results of Transport Canada's strategic plan, while at the same time reduce government safety oversight costs and improve industry profitability. It is a natural evolution for Transport Canada, and revolutionary in its approach.

For civil aviation in Canada, the greatest challenge lies in making the cultural changes necessary to make this policy effective, both at Transport Canada and in the industry. But government and industry are up to the challenge.

Question and Answer Session

| <i>Question</i> | <i>Panel Response</i> |
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| <p>A member observed that safety is the priority for senior management as it relates to accountability, and it is also the priority for front line employees, who could be injured or killed as a result of a failure in the safety system. The barrier to implementing SMS seems to be at the middle manager or middle employee level, where operational or production metrics may take precedence over safety. The mid level worker and manager must have safety metrics as part of their job requirements and performance agreements. What can be done or what are you doing to prevent safety from being blocked at the middle levels?</p> | <p>Mr. Giguere responded that Air Canada operational targets are closely tied to safety requirements – if safety is not met, operational performance cannot be met. All managers in operational areas have safety targets as part of their performance agreements. SMS works because it integrates operational, production, financial and safety goals.</p> <p>Mr. Graham added that safety is also part of the performance measurement criteria at Air Transat. Communication, focus and recognition also promote the safety culture.</p> <p>Mr. Morgan noted that at WestJet recognition of safety is extremely important. WestJet’s organizational culture is built on awareness that safety failures affect the entire company – top, middle and bottom.</p> |
| <p>A member questioned Air Transat’s position that “safety is not negotiable.” He commented that safety is defined as “100% absence of risk,” and this is not possible. The best we can do is to identify, analyze and mitigate the risk environment. From this perspective, perhaps risk should be negotiable in terms of how we identify, analyze and mitigate risk.</p> | <p>Mr. Graham agreed, and added that his statement was in reference to a labour perspective that sees the company wanting safety, not the employees. In this sense, safety is not negotiable.</p> |
| <p>A member asked when the three year period for SMS implementation (702, 703, 704 requirements) would start?</p> | <p>Mr. Preuss responded that the dates are not yet determined. Although “as soon as we can” is the preference, the process cannot be rushed. Culture change takes time, and is required by both industry and government. It is important that progress take a steady path and that expectations are well managed.</p> |

| Question | Panel Response |
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| Does the accountable executive need ongoing support, (e.g., staff) and what would the parameters be if such support is required? | Mr. Graham noted that SMS does not require a lot of structure. At Air Transat, the safety function is part of the safety director's responsibilities. Mr. Morgan and Mr. Giguere agreed that additional staff is not usually necessary. It is more important that the right systems and reporting structures be in place, such as FDM. |
| To what extent were unions involved in developing the SMS programs? | Mr. Graham noted that the unions were involved from the outset. The process was very smooth and successful, considering past experience and the potential for conflict. Mr. Giguere noted that at Air Canada there was also early participation. While there have been some issues, generally the unions have been very supportive. Open dialogue at all times and face-to-face meetings are very important to achieving buy-in. |

First Table Discussion: Addressing the Key Strategic Issues for SMS

Culture Change

Many members noted culture change as a key strategic issue around successful implementation of SMS. Organizational culture change must take place in both aviation companies and in government. For example, there is a need to move from traditional approaches to safety failures that seek to punish, to approaches that seek to learn from safety failures. The goal is to have SMS an integral part of all management systems, and to have all performance/reward schemes designed to support SMS goals.

Barriers to culture change include a lack of awareness of the benefits of SMS. Members suggested that the benefits of SMS be promoted. For example, cost benefits could be promoted through the development of business cases. Similarly, better articulation of the rationale for SMS would also help build buy-in at all levels.

Distrust, skepticism and resistance to change at all levels were other barriers noted by members. It is important to involve all front line employees from the initial introduction of SMS. Unions and management should work together to present a united front to employees. Buy-in of mid-level managers and employees is crucial, as competing priorities may create barriers to SMS. It was also noted that “what gets measured gets managed.” SMS needs to be clearly aligned with corporate goals and measurement criteria developed and linked to performance agreements.

The required culture change will be achieved when there is broad-based recognition that SMS is as necessary to good business as monthly internal reports, aircrew flight training, and business plans. Successful realization of culture change takes effective, consistent and ongoing communication. The industry’s message should be “we are committed to SMS.” Members also suggested that smaller operators make full use of the experiences of larger carriers in the implementation of SMS, which will help convince skeptics that everybody can and will benefit.

Better Understanding of SMS

It is important that there be improved understanding of SMS, from both an individual company perspective and an industry-wide perspective. Areas requiring focus include the structural configuration of an organization with SMS (for example, what is the function of the Safety Group within an organization, avoiding silos, etc.), roles and responsibilities (what is expected of whom and when), and how the various safety, security and environmental regulations and requirements fit into SMS.

Members would like more guidance from the regulator, for example, a sample organizational plan for SMS, and information for integrating various regulatory standards within an overall SMS framework. It was suggested also that a senior level industry steering group be created to improve communication and understanding of SMS. Companies should not compete with one another on SMS, but share best practices and experience. Members suggested that mechanisms could be established to build awareness and facilitate the sharing of best practices amongst companies.

Regulatory Environment

Members noted that SMS needs to be aligned with all regulatory requirements (e.g., dangerous goods, international standards, etc.), to help alleviate regulatory burden – smart regulations, not more regulations.

It is important that Transport Canada clearly articulate its expectations and goals for SMS. Clear and consistent definitions are needed, along with clear roles and responsibilities (e.g., Transport Canada oversight vs. enforcement).

Members emphasized the importance of a system that is performance based, financially feasible and flexible to respond to the requirements of individual organizations. For example, the system should recognize the unique characteristics of stakeholders, e.g., small airports under municipal oversight. Reporting requirements should not be hampered by punitive regulations or fears of civil cases/public disclosure (although members acknowledged that from a legal perspective this is very difficult). The focus should be on audits, not punishments.

Members suggested that Transport Canada provide more SMS tools, such as communication and marketing mechanisms, examples, etc.

Suggestions and Recommendations for Moving Forward on Strategic Issues***Culture Change:***

- Involve all front line employees and middle managers from the initial introduction of SMS.
- Include SMS in performance agreements.
- Senior management commitment must be evident.
- Incorporate SMS into all training.
- Communicate benefits and rationale of SMS.

Better Understanding of SMS:

- Larger carriers to share their experiences in implementing SMS with smaller carriers.
- Establish a senior level coordinating/steering group to improve communication and understanding at all levels. Key messages: commitment to SMS; SMS is a priority.
- Increase the frequency and reach of CAESN meetings – reach those executives who are not here.
- Develop communication mechanisms for sharing best practices, success stories, etc.

Regulatory Environment:

- Transport Canada to provide more guidance on SMS implementation and management, such as information on integrating various standards within an overall SMS framework, examples of key elements (e.g., reporting systems), communication and marketing tools, case studies, cost-benefit information, etc.
- Transport Canada to clearly articulate expectations and goals for SMS.

- Ensure reporting requirements are not hampered by punitive measures. Performance based approach.
- Transport Canada needs to train inspectors.
- Hold briefing sessions for small operators.

FOCUS ON THE FUTURE

Summary of Luncheon Presentation

J. Clifford Mackay

President and CEO, Air Transport Association of Canada (ATAC)

Mr. Mackay observed that since the early 1990s, public policy around civil aviation has been driven by two imperatives. First, was a need to maximize competition in the face of what appeared to be a very dominant Air Canada. Second, to avoid massive new costs imposed on taxpayers in light of the upgrading and modernizing to the infrastructure that was required, primarily to air navigation systems and airports.

The government was successful in implementing its policy. Today there is a lively air transport marketplace, great consumer choice and low prices, and investment in infrastructure, which has likely been well over \$10 billion, has for the most part been paid by the travelling public.

But closer examination reveals that not only did government avoid paying for its policy, it created revenue sources through airport rents, security tax, and fuel taxes. Little of these collected funds are returned to the air transport industry in improved efficiency, productivity, or better customer service, although there has been assistance with increased security measures post 9/11, for example terror insurance and reinforced cockpit doors, as well as recent reductions in airport rent and security tax levies. However, the airline industry remains the only industry in the country that is expected to pay for its own security.

Mr. Mackay believes there is an opportunity today to re-write the policy framework. For that to happen, a number of changes are needed.

- **Safety and Security** – The way we deal with safety and security needs to be smarter and constantly improving. There are many challenges and much work to be done, but we are pointed in the right direction.
- **Stability and Profitability** – The policy framework must provide stability and opportunity for profitability. Most important, government taxing of air transport inputs must end. This tax burden does not happen in other industries.

- Infrastructure Providers – All infrastructure providers need to embrace the same drive toward cost control and productivity. Legislation is needed to ensure pricing and costing methodology and dispute resolution processes.
- Labour – There have been many changes and concessions in response to the severe market conditions of recent years. However, these have not been across the board. In some sectors, for example NAVCANADA, labour costs have not changed. This is not a sustainable formula for industry moving forward. It may take legislation to ensure that all partners in the industry are subjected to the same market pressures.
- Government – A key indicator that change is possible is the federal government’s current position that sees air transport as an enabler of economic development and trade. Continued government involvement in air transport safety and security is important. Government is also very important to industry’s ability to access new markets, particularly in the EU.

Mr. Mackay observed that with these factors in place, the industry will be in a position to efficiently, effectively and profitably move forward.

FOCUS ON SECURITY OPERATIONS

Summaries of Presentations

Roland Dorsay President and CEO, Canadian Airports Council

Mr. Dorsay stated that the key message he is taking from the discussions and presentations on SMS is that airlines have embraced SMS and that they see it as a beneficial and positive process. He hopes that airports can learn from this experience and enjoy similar results. He cautioned that the airport side of the industry remains to be convinced about SMS and more work is needed to bring them on side.

He emphasized that Transport Canada and CATSA have done a tremendous job with air transport security, particularly in light of the scope, complexity, tight deadlines and difficult circumstances. All aviation sectors continue to be fully committed to ensuring that our airlines and our airports are as safe and secure as possible. But we can be better.

He noted that the air transport industry, and particularly airports, is experiencing “regulatory creep.” From an airport perspective, it seems that government believes that if something isn’t regulated then it isn’t safe, secure, well managed, or properly governed. The cumulative effect of regulations can be daunting, especially for small airports. Too often there is no real or realistic measure of the costs when a regulation is imposed. Government policy and regulation makers should ask themselves, do we really need to do this, and do we really need to do it now?

Transport Canada is progressive in its approach to policy and regulation making, as demonstrated by the CARAC process. Transport Canada has formed an advisory group for aviation security, and Mr. Dorsay noted that the airport community is looking forward to hearing about its mandate and focus.

Stakeholder consultation at the initial stages of policy and regulation making is very important to getting it right. Often, by the time industry is involved, it is too late to have an effect on the outcome. Stakeholder need to be engaged in the process from the beginning to the end.

Mr. Dorsay echoed Mr. Mackay's position that the federal government change its approach to taxation of the air transport industry. Government must stop treating air transport and air transport security as revenue centres. The fees collected should be spent productively and responsibly on security and aviation safety. This is currently not the case, as government collects far more money in fees than it re-invests into the system.

Mr. Dorsay highlighted a few of the current issues related to air transport operations:

- The pre-board screening pilot projects have proven successful and it is appropriate that their management now be transferred to the airports, who have the expertise and commitment to cost effectively move the systems forward.
- Non-passenger screening has implications for significant costs for industry.
- Guidelines are needed from Transport Canada regarding processes for random access identity cards, for example for dealing with confiscated cards.

In closing, Mr. Dorsay noted that the relationship between Canada and the United States has been a core driver of the success of the aviation industry. All parties and governments must work together to ensure a seamless process that enables the system to work effectively, safely and securely.

J. Clifford Mackay
President and CEO, Air Transport Association of Canada (ATAC)

Mr. Mackay reviewed some of the recent successes in aviation security and noted that CATSA and Transport Canada have done an excellent job. He noted that the consultation process is working well. The monthly Security Committee meetings are keeping everyone in the loop. There is good progress in trying to be transparent regarding operational standards such as performance targets for screening times.

On the other side, there a number of key challenges facing the air transport industry. Government's perspective that aviation security benefits only the traveller and not the nation must be changed. The government does not see the linkages between security and

economic prosperity. Canada is the only country in the world that has taken this policy position. The government needs to recognize that aviation security is inextricably connected to national security and it needs to be funded in that context.

Mr. Mackay noted that ATAC is concerned that CATSA's funding will not be sufficient to meet future needs. While CATSA's mandate is increasing, its budget is not.

Coordination is a big challenge for all stakeholders. Many data related security issues are not driven by Transport Canada requirements – Immigration Canada, Foreign Affairs Canada, the Canadian Security Intelligence Service, RCMP and others are all feeding the system and draw on CATSA's resources.

Because they are relatively new, aviation security issues do not face the same corporate culture barriers as SMS. This provides an opportunity to take a transparent and consultative approach to modernize policy and regulation making. The critical challenge is to have all stakeholders working together.

Mark Duncan

Vice-president and Chief Operating Officer, Canadian Air Transport Security Authority (CATSA)

Mr. Duncan reviewed the start-up, operations and future outlook of CATSA.

CATSA has been in operation for two years. It has received significant support from Transport Canada, the airlines and the airports. It is guided by a Board of Directors, which includes industry representatives. The organization has grown from 7 employees to 154, with 4,000 screening officers across the country. There are 8 training centres as well as remote training capabilities to promote consistency.

CATSA developed national guidelines for hold baggage screening. Non-passenger random screening for all Class 1 airports will be implemented by the end of April 2004, and pilot projects for biometric cards (fingerprint and iris scan) are being introduced in Vancouver, Montreal, Kelowna and Charlottetown beginning in May 2004. New contracts were recently awarded for security screening at Canadian airports. All contractors are obligated to provide screening services with CATSA certified officers.

CATSA is now transitioning from its start-up phase to ongoing operations. Data that has been collected over the past year will be reviewed. For example, over 800,000 items have been intercepted in the pre-board screening process. These items will be analyzed by type, frequency, and other factors to determine trends and how awareness might be improved. On average there are 900 reportable incidents each month, with about 100 of those incidents requiring police presence. Since January 2004, there have been 7 security breaches.

CATSA has been going live with whole baggage screening at a rate of once every three days, and is well on the way to meeting the objective of 100% whole baggage screening by December 2005.

The next phase will move CATSA from operations set-up to security management, including maintenance, oversight and monitoring. CATSA will be working to refine its service standards, complete the rollout of the biometrics cards and look at international standards and technology for screening.

CATSA will focus on the following key areas in the future:

- Practical threat-based security systems, including development of a prohibited items list that is harmonized with the U.S. list, optimizing pre-board screening lines, and striving for perfection for infiltration tests.
- Harmonization of approaches and systems with the U.S. and EU. CATSA's private sector delivery with public sector oversight approach falls somewhere between those of the U.S. and EU. Another example where harmonization is needed is CATSA's five-level system for whole baggage assessment vs. the U.S. one-level system. CATSA will also be monitoring the U.S. frequent traveller program for future implementation in Canada.
- Customer service improvements to address the need for different levels of service for different types of travellers and to improve service in peak periods. Other areas include development of more ticket-less systems and kiosk travel and the refining of procedures for checked baggage.

Mr. Duncan noted that CATSA will work in partnership with industry and other government departments to better contribute to national security.

Gerry Frappier

Director General, Security and Emergency Preparedness, Transport Canada

Mr. Frappier noted that the key message is the importance of all stakeholders working together. It is through working together that the security systems will be the most effective, cost efficient and sustainable as possible.

Providing Canadians with a safe and secure transportation system is the key priority for Transport Canada. Safety and security are closely linked and it is critical that we keep focussed on safety and security.

There have been many innovative government initiatives in the security area, but the most important has been the establishment of CATSA. Many other governments are looking at CATSA as a model for their own programs. Other initiatives either in place or underway include the introduction of the Air Protection Officer program ("sky marshals"), modifications to cockpit doors, new requirements for crew member training, police presence at airports to provide armed immediate response, and processes for more

efficient security clearance. In addition, Canada is a leader in the field of biometrically enhanced restricted access cards.

Mr. Frappier observed that the steps that Transport Canada has taken to enhance security and deploy technology to improve relationships and working procedures between government departments, agencies and key stakeholders has facilitated a coordinated response to security situations. It means that we are able to react as a community to threat situations so that if necessary new security measures can be put in place quickly and efficiently. We are also able to plan as a community. Areas where more work is required include cargo security, general aviation, advance passenger information, and privacy issues.

Bill C-7 allows Transport Canada to collect information for managing threats to the security of the transportation system. For example, it allows for the collection of information on people on board a specific flight. In addition, information can be collected on specifically named individuals. Bill C-7 also provides both CSIS and the RCMP with more ability to collection and analyze intelligence information. These provisions will present informatics problems for carriers.

Although Transport Canada plays the lead role in providing security for Canada's transportation system, responsibility is shared with other government departments and agencies, and with the transportation industry, including air carriers and airports. Labour also plays an important role and it is important to ensure that labour is at the table and contributing.

The common objective of all partners is to secure the aviation system. Maintaining a secure transportation system for Canada is essential for protecting citizens from real threats and also to ensure that people are not afraid to travel/fly.

Mr. Frappier noted that Transport Canada has a strong track record of consulting and working with stakeholders. The department believes it is the best way to achieve the best results, and is committed to continuing to consult with stakeholders. Transport Canada is also moving toward a more organized method for receiving input and facilitating dialogue on policies and regulations. To this end, an Advisory Group on Aviation Security is being formed to advise examine security approaches and implications and to advise the government on how to move forward.

Mr. Frappier emphasized that there while there is still work ahead, there has been great progress on Canada's transportation system security and that this progress has been a direct result of the effectiveness of partnerships and working together.

| <i>Question</i> | <i>Panel Response</i> |
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| How do we share accountability in the field when there are at least five agencies responding to a threat event? | Mr. Duncan agreed, noting that this is an area that needs to be examined with industry and Transport Canada. Across the country, there are different interpretations about who has jurisdiction on different security issues. This needs to be resolved. Mr. Frappier noted that the airport authorities and all stakeholders have to agree to how scenarios would play out. It rarely though, will be a simple solution. Depending on the scenario, there will be different people in charge. |
| New measures and regulations seem to be able to be put in place fairly quickly. But it seems to take a long time to review and remove policies and regulations that are already in place yet are ineffective or unnecessary. For example, how long will it take to remove corkscrews from the prohibited items list? | Mr. Mackay agreed that it is much harder to remove a policy once it is in place. The overall goal should be to ensure the policy or regulation is right before it is applied. A way to achieve this is by striving for practical policies and regulations. Mr. Dorsay added that policy and regulations should include a sunset clause. This enables reflection and fine tuning, or easier removal if necessary. |
| A member commented that it is important to change the mindset associated with security. Security measures need to focus on the coming new threats, not on preventing repeats of what has already occurred. | Mr. Frappier agreed that this is the essence of security. We have to think not in terms of what we have had to do and the costs involved post 9/11, but of the fact that there is a very organized group that seeks to destroy the world as we know it. The transportation system, because it tends to congregate a large number of people, is a target. The key question is, are we doing the right things? It is irresponsible to not protect yourself from known threats, and we also have to anticipate new threats and make it harder for terrorists to succeed. There are no guarantees, however. |

| <i>Question</i> | <i>Panel Response</i> |
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| <p>What are Transport Canada's proposed procedures and timelines for screening passengers at corporate/general aviation airports, and will there be a distinction between private and commercial activities?</p> | <p>Mr. Duncan noted that he had met with Australian aviation authorities recently. Australia has no screening on domestic flights and no screening on flights under certain weights. In the U.S., provisions have been made for self-screening by sports teams and other similar groups. He noted that as CATSA is mandated by Bill C-49 to implement government policy. Mr. Frappier added while there are no defined new regulations, it is clear that there is a need for more consultation to determine the best approaches. Vigilance requirements have been introduced for operators, and these may need to be expanded.</p> |
| <p>A member commented that although industry pleads for regulations that are non-prescription, invariably regulations are prescriptive. Industry has been told that safety management systems can establish a corporate safety culture and empower employees to make sound safety decisions. Yet the regulations regarding the prohibited items list leave no room for discretion or reasonable decisions by frontline staff. Regulations need to be designed so that the frontline person has flexibility to make decisions.</p> | |

Second Table Discussion:
Developing Recommendations for Effective Security Operations

Members discussed the key strategic issues around effective security operations and developed recommendations.

Strategic Issues

- Keeping pace with change; implementing and managing new regulations, international as well as domestic.
- Simplifying passenger processes – speed and security.
- Balancing risk with other considerations, including economics and efficiency.
- Striking a balance between “calculated risk” and the “precautionary principle” approaches.
- Who is responsible for paying – traveling public, government, airlines?
- Security gaps: corporate/general aviation; cargo; 9/11 security failures/gaps that still exist.
- Non-passenger screening: need for a thorough process that does not hamper efficiency. Non-passenger screening could provide opportunity to develop and perfect use of biometrics before moving out to general traveling public.
- Coordination: across jurisdictions, governments, agencies, industry. There is a need for greater structure and commonality across the country.

Recommendations

- Focus on proactive initiatives; de-emphasize reactive measures.
- Establish a risk assessment group.
- Conduct regular threat assessments with all stakeholders; review regulations for effectiveness.
- Develop a registered traveller program.
- Develop a registered cargo carrier program.
- Modify the prohibited items list; standardize with U.S. and E.U. Allow discretion at the frontlines.
- Share information across agencies/industry. PCO to enforce cooperation between agencies. Encrypt information.
- Provide more training for frontline employees – sound decision making requires training.
- Expand/rotate roles of screening officers to alleviate boredom (perimeter screening, passenger screening).
- Develop a team culture – act as a team from curb to final check point. Seamless processes.
- Government should pay for security – national benefit, national service, national funding.
- Establish a working group to examine corporate/general aviation security issues.
- Establish clear lines of command for dealing with security breaches.
- Allow discretion in screening of non-passengers.
- Communicate: provide information about current situation and any changes being considered.

- Maintain Transport Canada control for aviation security.
- Hold a meeting with Revenue Canada and Treasury Board to voice industry concerns regarding security tax.
- For FBO and other parts of industry, instead of having CATSA provide the security screening, direct the funds to the FBO operator to do their own screening.
- Recognize accredited security screening systems that allow the operator to demonstrate an equivalent level of security to be funded by the passenger security charge.

KEY MESSAGES FROM THE DAY

RE: Safety Management Systems

- Cultural change has to take place for SMS to be successful. This applies to all stakeholders, both government and private sector, and includes ensuring alignment of processes, involving all employees at all levels, introducing reward/recognition programs, non-punitive approaches to reporting, and providing increased and better communication.
- Guidance from Transport Canada on how to implement and manage SMS would be helpful. This would include information to provide a better understanding of Transport Canada's expectations, guidance on structural/organization issues, and the creation of an Advisory Group to ensure a collaborative approach to exchanging information and experience as the practice of SMS evolves, such as the sharing of best practices.
- Establish measurement criteria to ensure a focus on feedback and results and ongoing improvement.

RE: Security Operations

- Suggestions for enhancing security included better threat analysis, encrypting information, and ensuring that there is an overall process approach from beginning to end that provides for information flow and proactive measures.
- Streamlining processes is important to improve overall effectiveness and efficiency. Suggestions included: developing registered traveller programs, taking a more balanced approach to risk assessments, ensuring information is available at the operator level, and non-passenger screening programs.
- The question of who pays will need to be resolved.

FOCUS ON MOVING FORWARD

Merlin Preuss, Transport Canada

Mr. Preuss observed that the meeting had provided a check for Transport Canada on security and safety issues – and it seems we are well on the way to getting things right.

On the policy side, government has to be consistent. We have to improve coordination of regulations across government departments and agencies.

Transport Canada will also be looking to the industry associations and key leaders to identify what needs to be done and how we can work together in close partnership with industry.