

CANADIAN AIR TRANSPORT SECURITY
AUTHORITY

Summary of the

2012/13 – 2016/17 Corporate Plan

2012/13 Capital Budget

2012/13 Operating Budget

October 25, 2012

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EXECUTIVE SUMMARY

CATSA's mission is to protect the public by securing critical elements of the air transportation system as assigned by the Government of Canada. To achieve this, CATSA is mandated to conduct security screening in the following four areas:

- Pre-Board Screening (PBS): the screening of passengers, their carry-on baggage and their personal belongings;
- Hold Baggage Screening (HBS): the screening of checked baggage;
- Non-Passenger Screening (NPS): the screening of non-passengers on a random basis; and
- Restricted Area Identity Card (RAIC): the administration of access control to airport restricted areas through biometric identifiers.

In addition, the Minister of Transport, Infrastructure and Communities has directed CATSA to introduce cargo screening at certain major airports. This new screening program is designed to screen limited amounts of cargo during off-peak periods and involves using existing technology and operating resources. Beyond this direction, CATSA has no mandate for cargo screening.

In 2011/12, CATSA realized a number of notable accomplishments that will improve its operations for the five-year planning period, beginning in 2012/13. These include:

- Working with Transport Canada to implement the recommendations from the 2009 Strategic Review and the CATSA Review 2010.
- Initiation of a 10-year HBS recapitalization plan in close cooperation with airports.
- Concluding new Airport Screening Services Agreements (ASSAs) with screening contractors, effective November 1, 2011.
- Greater collaboration with airport authorities in areas such as the sharing of wait time information, and aligning schedules to smooth passenger demand, thereby optimizing resource allocation.
- Development of new systems and processes allowing for a more automated and evidence-based approach to the management of CATSA's operations.

CATSA reviewed its direct program spending and identified proposals for reductions in its operating expenditures. As announced in Budget 2012, a total annual cost savings of \$59.7M was identified for CATSA.

1. CORPORATE PROFILE

Introduction Established on April 1, 2002, the Canadian Air Transport Security Authority (CATSA) is an agent Crown corporation, fully funded by parliamentary appropriations and accountable to Parliament through the Minister of Transport, Infrastructure and Communities.

1.1 Mission, Vision and Values

Mission CATSA's mission is to protect the public by securing critical elements of the air transportation system, as assigned by the Government of Canada.

Vision CATSA's vision is to excel as a world leader in air transport security. We will achieve our vision through:

- Our service: We provide the best possible passenger experience and deliver value to Canadians with an optimal use of our resources;
- Our people: We are engaged, committed and succeed through teamwork; and
- Our partnerships: We work in collaboration with partners to generate mutual benefits and improvements.

Values CATSA's values are fairness, loyalty, accountability, integrity and respect.

1.2 Legislative and Regulatory Framework

Legislative, Regulatory and Procedural Framework Responsibility for civil aviation security in Canada is shared among several federal government departments and agencies, as well as air carriers and airport operators. CATSA, as the civil aviation security screening authority for Canada, is regulated by Transport Canada, Canada's designated national civil aviation security authority, pursuant to the standards established by the International Civil Aviation Organization (ICAO).

CATSA is subject to domestic legislation, regulations and procedures in the way that it conducts business and screening, as demonstrated below.

Legislation/ Regulations/ Procedures	Application to CATSA
<i>The Canadian Air Transport Security Authority Act (CATSA Act)</i>	<ul style="list-style-type: none"> Establishes the role of CATSA to conduct the screening of passengers (and their belongings) that access aircraft or restricted areas at airports listed in the <i>CATSA Aerodrome Designation Regulations</i>. Specifies CATSA's role in ensuring consistent delivery of service across the country and acting in the interest of the general and travelling public.
<i>The Financial Administration Act (FAA), Part X</i>	<ul style="list-style-type: none"> Provides the control and accountability framework for parent Crown corporations and their subsidiaries.
<i>The Aeronautics Act</i>	<ul style="list-style-type: none"> Defines all aspects of the Canadian aeronautics system. Outlines the authority for creating security regulations and the power of the Minister to create security measures. Authorizes the designation of the Screening Officer. States that no person will board an aircraft unless he or she submits to a search of their person and their belongings.
<i>Canadian Aviation Security Regulations</i>	<ul style="list-style-type: none"> Contain requirements of general application to CATSA, aerodrome operators, air carriers and the general public. Define such aspects as: the screening of persons, goods, things and vehicles; the control of access to restricted areas; and, the response to threats against aircraft or a flight.
<i>Security Screening Orders</i>	<ul style="list-style-type: none"> Provide the measures for screening persons, their personal belongings and their baggage.
Standard Operating Procedures (SOPs)	<ul style="list-style-type: none"> Guide screening officers in the performance of their duties.

1.3 Governance and Organizational Structure

Structure

CATSA is a Crown corporation with a Board of Directors appointed by the Governor in Council on the recommendation of the Minister of Transport, Infrastructure and Communities.

Characteristics of the Board of Directors

The Board is composed of 11 members – one Chair and 10 Directors. There are four positions for industry nominees; two must be nominated by representatives of the airline industry and two must be nominated by representatives of airport operators. All directors are independent of management.

Each director holds office for a term of not more than five years. The Governor in Council may renew the term of office of any director for a maximum of one further term of not more than five years.

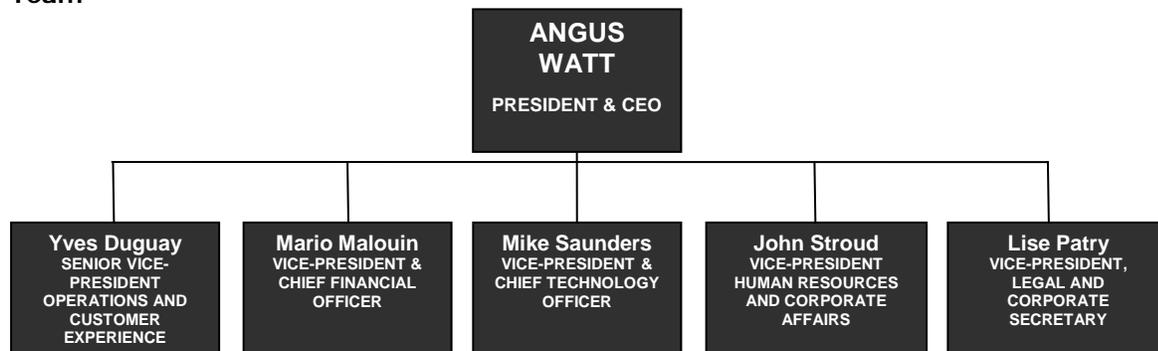
**2012/13
Board
Priorities**

The following is a summary of priorities for CATSA's Board of Directors and Management for 2012/13:

- work with management to support the transition of CATSA's newly appointed President and CEO;
 - oversee the expected performance of strategic objectives;
 - provide guidance and advice on the Authority's Risk Management strategy;
 - monitor progress of new screening contractors;
 - provide oversight to management on the implementation of the results of the Economic Action Plan 2012 Planned savings;
 - provide guidance and advice to management on Human Resources strategies;
 - provide oversight on CATSA's corporate compliance programs in relation to legislative requirements in CATSA's corporate policies; and
 - provide oversight and advice on the commencement of a review of CATSA's total compensation strategy, including pension plan benefits.
-

**CATSA's
Senior
Management
Team**

CATSA is led by the President and CEO, Angus Watt,¹ who is appointed by the Board of Directors and supported by a Senior Management team, as shown below:



¹ Angus Watt succeeded Kevin McGarr and was appointed to a five-year term as of January 3, 2012.

1.4 Mandate and Responsibilities

Mandate CATSA has a mandate to provide security in four areas of aviation security:

- PBS
- HBS
- NPS
- RAIC

The Minister of Transport, Infrastructure and Communities has also directed CATSA to introduce air cargo screening at certain major airports.

1.4.1 Pre-Board Screening (PBS)

Overview At airport checkpoints across the country, security screening of passengers and their belongings are conducted by CATSA's screening officers prior to their entry into the secure area of an air terminal building.

Screening officers use a variety of screening technologies and procedures to examine passengers and their belongings, making sure that they are not carrying prohibited items.

1.4.2 Hold Baggage Screening (HBS)

Overview Screening officers use specialized equipment to screen passengers' checked baggage (or hold baggage) to prevent the boarding of prohibited items such as explosives.

1.4.3 Non-Passenger Screening (NPS)

Overview CATSA's screening officers conduct, on a random basis, screenings of non-passengers accessing restricted areas at major airports.

Non-passengers include individuals:

- whose workplace is an airport;
- who visit an airport to provide services or deliver goods; or
- who pass through an airport and require access to the designated restricted areas of airports.

1.4.4 Restricted Area Identity Card (RAIC)

Overview The RAIC system, created by CATSA in partnership with Transport Canada and airport authorities, uses iris and fingerprint biometric identifiers to allow non-passenger access to the restricted areas of airports.

The final authority that determines access to the restricted areas of the airport is the airport authority itself.

1.5 Industry Considerations

Stakeholder Relations In recognition and execution of its critical mandate, CATSA works closely with its regulator, Transport Canada, as well as its screening contractors, other government organizations, law enforcement authorities and the aviation industry. Within the aviation industry, key partners and stakeholders include airport authorities, air carriers, industry associations, various elements of travel and tourism industries, and international security partners such as the U.S. and the European Union.

The very nature of CATSA's operations and its day-to-day success in delivering security screening is contingent upon its relationships with partners and stakeholders. With its partners and stakeholders, CATSA is committed to contributing to the best air travel experience possible for those passing through Canada's designated airports.

Customer-Focused Security As described above, in an effort to contribute to the best air travel experience possible, CATSA communicates with and educates passengers on an ongoing basis, particularly as security threats change and evolve.

As CATSA works to balance security with customer service, passenger facilitation through the screening process is increasingly an essential element of CATSA's front-line operations. In addition to engaging customers, CATSA remains committed to informing the travelling public of changes to or the introduction of new screening technologies and/or processes, while also respecting their privacy and addressing concerns they may have towards the screening process.

Furthermore, privacy is of paramount importance at CATSA. For any new program or technology CATSA always seeks to balance the needs of an approach and its effectiveness, with the extent to which privacy could be impacted, and whether or not there are other ways to meet the same needs using less intrusive methods.

2. IDENTIFICATION OF RESULTS

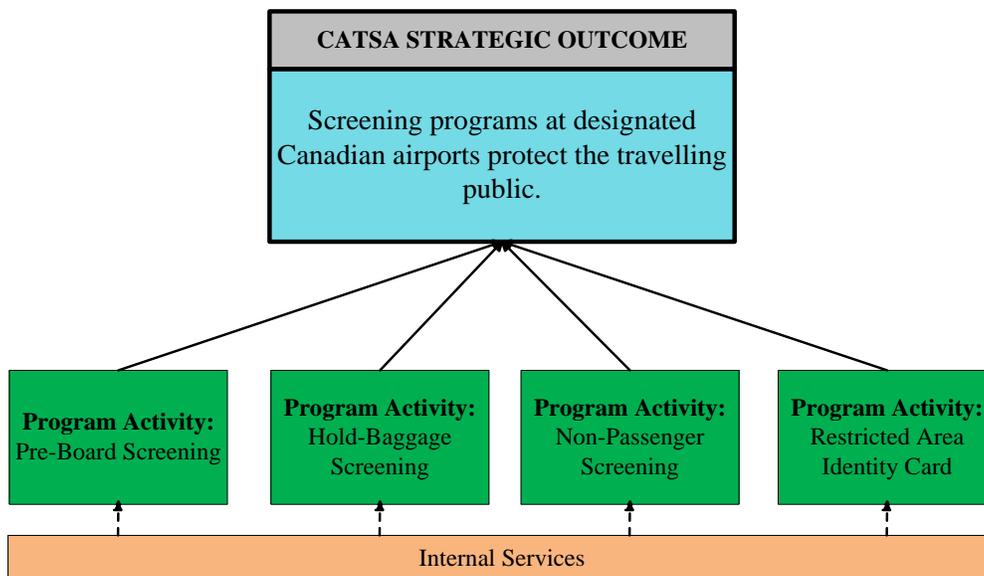
Introduction

To ensure that CATSA is achieving its four legislative outcomes, CATSA has developed a Performance Measurement Program, which monitors the performance of its mandated activities. CATSA gathers operational data with these outcomes in mind and the results are used in the management of its front-line operations. Operational performance data is also used to inform and guide the development of CATSA's strategic direction for the upcoming planning period.

2.1 Program Activity Architecture

Program Activity Architecture

In 2011/12, CATSA participated in Treasury Board Secretariat's (TBS) Management, Resources, and Results Structure (MRRS) amendment process for Fiscal Year 2012/13. CATSA has since received approval of its proposed Program Activity Architecture (PAA) and Strategic Outcome in accordance with TBS's *Policy on MRRS*, as demonstrated in the illustration below.



2.2 Corporate Performance Measurement

Overview

As part of its Performance Measurement Program, CATSA has a Corporate Performance Measurement Framework (CPMF) that provides reports to CATSA's Board of Directors and Senior Management on the performance of its mandated activities and the internal services that support the delivery of those mandated activities.

Corporate Performance Measurement Framework

For each of CATSA's four mandated activities, specific criteria are defined to determine how to measure security screening performance in terms of being effective, efficient, consistent, and in the interest of the travelling public, as required by the *CATSA Act*.

CATSA reports on its key performance indicators in its Annual Report. CATSA's key performance indicators for 2012/13 will be reported on in CATSA's 2013 Annual Report.

2.3 Corporate Performance Reporting

Introduction

The following section will provide an overview of CATSA's progress and achievements for 2011/12 against its program activities. Please note that these lists are not exhaustive of all corporate and operational initiatives for the fiscal year 2011/12.

2.3.1 Pre-Board Screening

Key Results

Highlights from CATSA's PBS activities and initiatives for 2011/12 included:

- contract award and implementation of new ASSAs;
 - implementation of a new maintenance contract for CATSA's screening equipment;
 - continued deployment of Full Body Scanners (FBS) at major airports and other airports that have U.S.-bound flights;
 - completion of a Passenger Behaviour Observation (PBO) program pilot project at Vancouver International Airport;
 - full deployment and enhancement of BPSS at all major airports;
 - introduction and promotion of the concept of passenger facilitation at the screening checkpoint, including initiatives and activities associated with CATSA's ongoing passenger campaign;
 - introduction of live screening checkpoint wait times display for all major airports on CATSA's external website; and
 - deployment of liquids, aerosols and gels detection equipment at select major airports allowing the use of Security Tamper-Evident Bags (STEBs) for carry-on baggage for in-bound passengers travelling with duty-free purchases.
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2.3.2 Hold Baggage Screening

Key Results

CATSA's HBS activities for 2011/12 included:

- initiation of the 10-year HBS recapitalization plan with a focus on checkpoints with U.S.-bound flights;
 - implementation the operational efficiencies in its HBS processes;
 - continuation of operations and maintenance of HBS equipment at designated airports; and
 - implementation of a new maintenance contract for its HBS equipment.
-

2.3.3 Non-Passenger Screening

Key Results

In 2011/12, CATSA continued to make efforts to minimize risk of non-passengers bringing prohibited items through to restricted areas. These efforts include the re-deployment of screening officers from PBS to NPS during off-peak times, where possible, at major airports to optimize resources and to improve NPS coverage.

CATSA's vehicle search pilot project at Vancouver International Airport ended on April 30, 2012 and since that time, CATSA has been working with Transport Canada to study the results.

2.3.4 Restricted Area Identity Card

Key Results

RAIC activities for 2011/12 included:

- completion of compliance assessments at major airports;
 - upgrade of fingerprint readers deployed at all airports as part of the hardware life-cycle replacement plan;
 - completion of airport expansion and integration projects at the Vancouver and Winnipeg International Airports; and
 - competed and awarded a multi-year standing offer for the procurement of biometric hardware.
-

2.3.5 Internal Services

Performance Highlights

Performance highlights under this program activity include the following activities:

- adoption of International Financial Reporting Standards (IFRS);
- introduction of a Integrated Time Tracking and Invoice Processing tool that will, provide a more accurate picture of expected weekly screening hours;
- implementation of a Human Resources Information System the will support CATSA's human resources activities and will serve as a management tool.

- development of a Supplier Relationship Management Framework that focuses on long-term procurement strategies for the timely and efficient supply of goods and services; and
 - strengthened corporate policies and frameworks.
-

Board Achievements for 2011/12

CATSA's Board of Directors provided guidance to management regarding the following:

- implementation of recommendations from the CATSA Review 2010 through extensive review and discussions relating to the recommendations announced by the Minister.
 - provided strategic direction to management in identifying measures to mitigate the corporation's financial situation.
 - oversight on the ASSA RFP;
 - oversight and advice to management on matters relating to the CPMF; and
 - oversight and advice to management on matters relating to the organization's future direction with regard to its operations and technologies.
-

Next Steps

Going forward with its Corporate Performance Measurement Program, CATSA will:

- continue to refine its CPMF, focusing on the development of efficiency performance indicators as well as performance elements related to internal services and technology;
 - ensure internal and external performance reports incorporate, results associated with screening contractor performance as part of the ASSA Service Excellence Program (SEP);
 - continue to review on an annual basis its KPI targets to ensure that they are relevant to management and to CATSA's operations;
 - update KPIs related to the Operations Performance Oversight Program (OPOP);
 - enhance its Business Intelligence system and concentrate on the development of a robust data management strategy;
 - continue to engage Transport Canada in performance measurement discussions; and
 - continue to explore ways to benchmark performance with international partners.
-

3. OPERATING ENVIRONMENT

Introduction

Each year, CATSA analyzes its operating environment and identifies key issues or themes that could or will impact the organization over the planning period.

A key area of improvement for CATSA in the coming years will be its performance in the areas of PBS effectiveness. In addition, CATSA's operating environment over the five-year planning period will be influenced by its appropriations-based funding, regulatory environment and its third-party service delivery model. Furthermore, CATSA conducts regular assessments of key corporate risks that could impact the organization or impede its ability to reach its strategic objectives over the planning period.

3.1 Financial Pressures

Financial Pressures

CATSA's operating funding profile may not fully accommodate increases in screening contractors' billing rate, and may not accommodate passenger growth. While CATSA will continue to meet its mandate of screening passengers, there may be financial pressure for the organization in the future to accommodate increases in screening contractors' billing rates and passenger growth.

Passenger Growth and Inflationary Pressures

Transport Canada forecasts indicate that passenger traffic is anticipated to grow in each of the next five years. CATSA is working to calculate the operational impact of these trends.

Airport Expansions

Airport expansions are facility expansions, typically resulting from an airport's need to accommodate current and projected increases in required capacity and passenger forecasts, particularly at peak times of the day and peak seasons. These expansions include the deployment of additional screening equipment, as well as eventual staffing at new screening points or lanes.

Some airports have indicated to CATSA their intention to add capacity during the planning period. These airport authorities frequently call upon CATSA to support their expansion initiatives with additional PBS lanes. CATSA continuously strives to identify further efficiencies or flexibilities in its operations in order to maximize its resources over the planning period.

3.2 Regulatory Environment

Maintaining International Equivalency

As announced in Budget 2011, CATSA was allocated additional capital funding that will allow the organization to carry out a life-cycle management program of its HBS system through the deployment of CT technology while maintaining equivalency with key international partners.

CATSA will also work with its security partners to enhance the Known Traveller/NEXUS program at checkpoints with U.S.-bound flights in 2012/13.

Evolving Threats

In the wake of the 10th anniversary of 9/11, the world continues to be reminded of the threats against the aviation industry. Domestic and international intelligence continue to suggest that civil aviation remains a favoured target of terrorist attacks and that Canada continues to be on active terrorist target lists.

As a security organization that was created in the aftermath of 9/11, CATSA has experienced ongoing change over the last 10 years to keep pace with new threats, evolving technologies and improved international security standards. What has not changed is the importance of CATSA's role in ensuring the security of air travellers in Canada.

3.3 Transition

New Airport Screening Services Agreements

In an effort to improve its service delivery model, CATSA initiated a competitive process in January 2011 for airport screening services in Canada. The process culminated on August 8, 2011.

Effective November 1, 2011, the following companies are responsible for delivering screening services at designated airports in Canada:

- Pacific Region: G4S Secure Solutions (Canada) Ltd.;
- Prairies Region: Garda Security Screening Inc.;
- Central Region: Garda Security Screening Inc.; and
- East Region: Securitas Transport Aviation Security Ltd.

As a result of the new ASSAs, CATSA will realize efficiencies due to the following elements:

- Economies of scale relating to a new regional approach to contract structures.
 - Efficiencies due to a restructured supervisory/checkpoint management approach.
 - Resource and scheduling management.
 - Streamlined financial processes.
-

4. STRATEGIC DIRECTION

Introduction

In developing its five-year strategic direction, CATSA has analyzed both its past operational performance and operating environment, as presented in the first three chapters of this document. This information has guided the development of a strategic plan that will continue to focus on ensuring that its core programs are delivered in alignment with CATSA's mandate and legislative outcomes.

4.1 CATSA's 2012/13-2016/17 Strategy Overview

Improving Airport Screening Services Agreement Management

Over the planning period, CATSA will implement and supervise *the Performance Program for Screening Contractors*. The Program is comprised of two components: the Contract Compliance Program (CCP) and the Service Excellence Program (SEP). Together, these initiatives will:

- encourage behaviours that align with and support CATSA's values, strategic objectives and performance targets;
- provide a means to directly link remuneration with performance;
- encourage screening contractors to deliver superior performance by providing a financial incentive for both meeting and exceeding expectations; and
- provide a means for sharing ongoing feedback with the screening contractor regarding its performance.

In addition, CATSA has developed and implemented a Relationship Management Plan with its screening contractors and will work to improve its performance results, particularly in the area of PBS effectiveness.

CATSA is working towards concluding a Collaborative Planning and Forecasting Model at all major airports. The model is designed to better manage the deployment of screening resources based on more accurate forecasts.

Overall, CATSA anticipates that the new governance framework and contract management initiatives established in the new ASSAs will improve its performance levels.

Promoting Customer Service

CATSA will continue to work with its screening contractors to further enhance customer service and to improve throughput levels. CATSA and its screening contractors remain committed to the effective governance and management of CATSA's screening checkpoints and the efficient allocation of resources over the life of these contracts.

Air Cargo Security Screening

CATSA has been working with Transport Canada to develop an air cargo security screening program designed to screen limited amounts of cargo during off-peak periods and that involves using existing technology and operating resources.

If further changes are made to the scope of the program, CATSA will work with Transport Canada on ensuring that resources are properly planned and assigned to support this operational expansion.

4.2 Program Activity Strategy

Introduction

In addition to the elements outline above in Sections 4.1, CATSA's strategic plan is also impacted by its Program Activity Architecture. The organization has identified a number of specific objectives related to its PBS, HBS, HPS, RAIC and Internal Services for the five-year planning period. These objectives are outlined below.

4.2.1 Pre-Board Screening

Planning Highlights

Over the planning period, CATSA's PBS activities will focus on:

- maintaining or improving passenger peak throughput levels;
 - continuing to implement operational efficiencies where possible in order to focus on a more effective and efficient use of screening resources;
 - continuing to introduce and promote the concept of passenger facilitation at the screening checkpoint;
 - working with its security partners to enhance the NEXUS/Known Traveller program;
 - initiating and managing operational trials for the evaluation of new processes, technologies and tools that enhance CATSA's screening operations; and
 - ongoing performance measuring and monitoring.
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4.2.2 Hold Baggage Screening

Planning Highlights

Over the planning period, CATSA's HBS activities will focus on:

- continuing to deploy and operate HBS equipment at designated airports;
- maintaining current equipment;
- testing and evaluating new equipment and technologies;
- ongoing development of contingency operations;
- accommodating HBS expansions at select major airports; and
- ongoing performance measuring and monitoring.

CATSA was allocated additional capital funding in Budget 2011 that will allow the organization to carry out a life-cycle management program of its HBS system. Under

Transport Canada's direction, CATSA has formulated a recapitalization plan for its HBS systems to replace the existing, end-of-life single-view X-ray equipment with more advanced, internationally compatible CT-equivalent technology at all major airports over a 10-year period, starting in 2011/12. In addition, this HBS deployment plan will allow CATSA to maintain equivalency with the European Union as the latter begins to phase out all non-CT technology and solely relies on CT technology for HBS by 2022.

4.2.3 Non-Passenger Screening

**Planning
Highlights**

Over the planning period, CATSA will continue to maintain random screening of non-passengers in compliance with regulatory requirements. In an ongoing effort to optimize resources, CATSA will continue to re-deploy screening officers from PBS to NPS during non-peak periods, where possible.

4.2.4 Restricted Area Identity Card

**Planning
Highlights**

Over the five year planning period, CATSA will continue to deliver the RAIC program, including the life-cycle management of the biometric verification hardware and the core IT system infrastructure. CATSA will also continue to evaluate novel applications of biometric reader units that can be deployed in a variety of operational environments.

4.2.5 Internal Services

**Planning
Highlights**

Over the planning period, CATSA's Internal Services activities will focus on:

- design and implementation of a Planning, Budgeting and Forecasting Tool that will allow for long-term financial planning, annual budgeting, and quarterly re-forecasting;
 - continued leverage of the organization's Human Resources Information System and Integrated Payroll System; and
 - implementation of the Supplier Relationship Management Framework and program.
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5. FINANCIAL ANALYSIS

5.1 Funding Overview

Budget 2010 and Budget 2011

In Budget 2010, CATSA received parliamentary appropriations of \$1.7B on a cash basis, over five years. Furthermore, its ongoing annual reference levels starting in 2015/16 were increased to \$605.7M (\$59.0M in capital and \$546.7M in operating, after adjusting for cost savings identified in the 2009 Strategic Review).

Through Budget 2011, CATSA was allocated additional funding of \$156.7M (\$153.8M in capital and \$2.9M in operating), over five years and received an increase in its ongoing annual reference levels of \$33.0M (\$31.0M capital and \$2.0M operating), to address the life-cycle management of its HBS system.

These long-term funding commitments have allowed CATSA to initiate a competitive process for new ASSAs and establish a long-term life-cycle management plan for its Explosives Detection System (EDS) equipment.

Budget 2012

Through Budget 2012, the Government of Canada identified planned savings. As a result of this announcement, CATSA's annual reference levels have been reduced by \$59.7M by 2014/15 to reflect the reductions in its operating expenditures. The Government is committed to balance air travel security expenses with Air Travellers Security Charge revenues over time.

5.1.2 Parliamentary Appropriations Used

Parliamentary Appropriations Used

Parliamentary appropriations used for the period 2002/03 - 2011/12 reflect CATSA's operating and capital expenditures incurred to deliver its mandated activities at 89 designated airports across Canada. These appropriations are summarized below:

TABLE 1 Parliamentary Appropriations Used (in millions of dollars)	Total 2002/03 - 2008/09	2009/10	2010/11	2011/12 Forecast	Total
Operating	\$ 2,078	\$ 472	\$ 512	\$ 488	\$ 3,550
Capital	740	116	55	24	935
Total	\$ 2,818	\$ 588	\$ 567	\$ 512	\$ 4,485

5.1.3 Operating Funding

Overview

While Budget 2010's multi-year funding has allowed the organization to make long-term commitments in its operations, operating funding levels did not accommodate passenger growth or increases in screening contractor billing rates.

To address these financial pressures, CATSA worked with Transport Canada to identify operational efficiencies and seek financial flexibilities.

Operational Efficiencies

As a result of the announcement in Budget 2010, CATSA underwent a review of its spending, efficiency and structure to ensure that CATSA was fulfilling its mandate effectively (CATSA Review 2010). This review, which included public and stakeholder participation, examined CATSA's governance model and related aviation security issues.

As part of CATSA Review 2010, along with an internal review examining CATSA's operations, the organization was able to identify a number of efficiencies, including the re-engineering of PBS checkpoints and streamlining of PBS processes. These efficiencies, coupled with changes made to the regulatory framework, have led to a 30% increase in average passenger throughput at PBS checkpoints.

CATSA Review 2010 identified savings beyond what was identified in the 2009 Strategic Review. As announced in Budget 2011, the Government of Canada re-allocated these savings to other aviation security priorities and, consequently, CATSA's reference levels were adjusted downwards accordingly.

Financial Flexibilities

In 2011, CATSA was granted the flexibility to re-allocate its operating funding over the five-year planning period. The organization was also given the authority to re-profile lapsed operating and capital funds from prior years into the operating budget for the planning period.

These adjustments have allowed CATSA to partially address increases in screening contractor billing rates over the five-year planning period.

With approval of its Corporate Plan, CATSA will re-allocate \$30.3M of capital funds to the operating budget for fiscal years 2012/13 to 2014/15. The re-allocation has been reflected in its Payments to Screening Contractors in CATSA's Financial Plan. These capital funds were primarily identified as a result of favourable pricing attained through a competitive process completed in 2011/12 for trace equipment and a reduction in CATSA's capital requirements over the planning period.

Funding Profile

For 2011/12, CATSA has been able to accommodate passenger growth and increases in screening contractor billing rates. This is mainly due to the realization of earlier than anticipated passenger throughput efficiencies from CATSA Review 2010.

5.1.4 Capital Funding

Life-Cycle Management

Long-term capital funding commitments received through Budget 2010 have permitted CATSA to enter into multi-year funding agreements, enabling the organization to effectively support airport expansion projects. In addition, the ongoing funding has allowed CATSA to adopt a long-term approach to the life-cycle management of its EDS equipment.

Over the past few years, CATSA has directed its capital investments towards the replacement of PBS single-view X-ray equipment with multi-view technology. This has contributed to an increase in CATSA's explosive detection capabilities and has allowed the organization to maintain technological equivalency with key international partners for PBS. In addition, CATSA deployed FBS at PBS checkpoints with U.S.-bound flights as a result of the enhanced screening measures imposed by Transport Canada in response to the failed security attack on December 25, 2009.

Through Budget 2011, CATSA received additional capital funding for the life-cycle management of its HBS system. This will allow CATSA to update its existing HBS system with CT technology at designated airports across Canada.

Under Transport Canada's direction, CATSA has formulated an accelerated HBS deployment plan for all major airports over a 10-year period in support of the Canada-U.S. Perimeter Security and Economic Competitiveness Declaration. The HBS deployment plan will allow CATSA to be fully compatible with key international partners by 2020/21.

In 2011/12, CATSA completed the implementation of a new HBS system at one of Canada's busiest airports, as part of the HBS life-cycle management program.

5.1.5 Overview of the Five-year Financial Plan

Overview Table 2 summarizes the 2010/11 actual results, forecasted financial results and budget for 2011/12, as well as the 2012/13 – 2016/17 operating and capital plans.

TABLE 2
Financial Plan
(in millions of dollars)

	2010/11 Actual	2011/12 Forecast	2011/12 Budget	2012/13 Plan	2013/14 Plan	2014/15 Plan	2015/16 Plan	2016/17 Plan	Five Year Total 2012/13 - 2016/17
Operating Expenditures	\$ 512	488	\$ 486	\$ 468	\$ 457	\$ 446	\$ 441	\$ 463	\$ 2,275
Capital Expenditures	55	24	33	89	112	82	83	109	475
Total	\$ 567	\$ 512	\$ 519	\$ 557	\$ 569	\$ 528	\$ 524	\$ 572	\$ 2,750

5.2 Financial Reporting

International Financial Reporting Standards

In December 2009, the Public Sector Accounting Board released an amendment to the *Introduction to Public Sector Accounting Standards*, which clarifies the source of Generally Accepted Accounting Principles for government organizations like CATSA. Classified as an Other Government Organization, CATSA was required to assess whether IFRS are the most appropriate basis of accounting for the organization or whether the Public Sector Accounting Handbook Standards should be adopted. Management concluded that IFRS is the most appropriate basis of accounting.

CATSA has since transitioned to IFRS. Its first audited annual financial statements under IFRS has been issued for the fiscal year ending March 31, 2012.

Quarterly Financial Reporting

Effective April 1, 2011, Crown corporations were required by the FAA to prepare quarterly financial reports that are to be made public within 60 days of the first three quarter-ends of each fiscal year. The quarterly financial reports include:

- financial statements for the fiscal quarter and the period from the start of the fiscal year to the end of the fiscal quarter, including comparative information; and
- narrative discussion outlining the financial results, risks and significant changes in relation to operations, personnel and programs.

CATSA has published quarterly financial reports in accordance with the FAA for the 2011/12 fiscal year.

5.3 Fiscal Year 2011/12 and the 2012/13 – 2016/17 Financial Plan

5.3.1 Operating Expenditures

Table 3 summarizes the 2010/11 actual results, forecasted financial results and budget for 2011/12, as well as the 2012/13 - 2016/17 operating plan by major expenditure category.

	2010/11 Actual	2011/12 Forecast	2011/12 Budget	2012/13 Plan	2013/14 Plan	2014/15 Plan	2015/16 Plan	2016/17 Plan	Five Year Total 2012/13 - 2016/17
Operating Expenditures									
SCREENING SERVICES AND OTHER RELATED COSTS									
Payments to Screening Contractors	\$365,441	\$348,666	\$344,746	\$336,322	\$323,785	\$309,918	\$299,256	\$317,249	\$1,586,530
Uniforms and Other Related Costs	7,364	5,195	5,452	4,446	5,185	5,058	5,126	5,356	25,171
Trace and Consumables	2,405	1,934	2,702	2,357	2,410	2,334	2,389	2,446	11,936
EQUIPMENT OPERATING AND MAINTENANCE									
Equipment Maintenance and Spare Parts	\$ 41,308	\$ 40,983	\$ 44,728	\$ 41,746	\$ 41,103	\$ 42,840	\$ 45,427	\$ 47,432	\$ 218,548
Training and Certification	2,395	1,007	909	1,163	759	565	500	500	3,487
RAIC	-	6	-	910	928	947	966	985	4,736
DIRECT ADMINISTRATIVE COSTS AND CORPORATE SERVICES									
Employee Costs	\$ 62,858	\$ 62,781	\$ 57,535	\$ 53,147	\$ 55,745	\$ 57,355	\$ 59,183	\$ 61,095	\$ 286,525
Professional Services and Other Business Related Costs	9,770	7,168	8,313	7,014	6,841	6,677	6,677	6,677	33,886
Office and Computer Expenses	6,649	5,544	6,008	5,608	5,645	5,813	5,988	6,168	29,222
Communications and Public Awareness	1,728	1,883	1,744	1,362	1,450	1,450	1,450	1,450	7,162
Other Administrative Costs	12,665	12,491	14,120	13,822	12,747	12,902	13,881	13,666	67,018
Subtotal	\$512,583	\$487,658	\$486,257	\$467,897	\$456,598	\$445,859	\$440,843	\$463,024	\$2,274,221
Interest Revenue, Foreign Exchange Gain/Loss	(334)	(269)	-	-	-	-	-	-	-
Total Operating Expenditures	\$512,249	\$487,389	\$486,257	\$467,897	\$456,598	\$445,859	\$440,843	\$463,024	\$2,274,221

5.3.2 Screening Services and Other Related Costs

Payments to Screening Contractors

Overview

Payments to Screening Contractors represent 69.8% of CATSA's operating budget over the planning period. Key cost drivers impacting Payments to Screening Contractors are screening hours and billing rates.

Screening hours are typically impacted by passenger growth and additional staffing levels resulting from airport expansions. In addition, evolving threats and security incidents can result in new security requirements that contribute to increases in screening hours. Events such as the failed security attack on December 25, 2009 resulted in the implementation of enhanced screening requirements imposed by Transport Canada.

The other key cost driver impacting Payments to Screening Contractors is billing rates. Up to October 31, 2011, CATSA was operating under ASSAs that were first put

in place in 2004. Billing rates were impacted by the cost of labour as determined through collective bargaining agreements between screening contractors and labour unions, and other fees as negotiated between CATSA and screening contractors.

A competitive process for airport screening services in Canada was initiated in January 2011, which allowed CATSA to return to the market to determine a fair and competitive price for airport screening services. This process resulted in the issuance of four regional, long-term ASSAs, effective November 1, 2011.

Under the new ASSAs, billing rates were determined through the competitive bidding process. In addition, an inflationary cap is included, which restricts annual increases in billing rates to specific thresholds. The new ASSAs also include a performance program, which remunerate screening contractors based on contract compliance and performance results.

**2011/12
Variance
Analysis**

Payments to Screening Contractors for 2011/12 are forecasted to be higher than plan. This is mainly due to additional costs associated with:

- an assessment of applicable taxes paid to a screening contractor; and
- higher than anticipated pay premiums.

The additional costs described above are partially offset by screening hours, which are forecasted slightly lower than plan for the fiscal year.

Efficiencies identified through CATSA Review 2010 were realized earlier than anticipated and resulted in the organization purchasing fewer screening hours in 2011/12. In addition, competitive labour markets resulted in staffing shortages at certain major airports, which also contributed to lower screening hours purchased.

This allowed CATSA to purchase additional screening hours, primarily at major airports, to minimize the negative impact on passenger wait times resulting from passenger growth.

**2012/13-
2016/17
Financial Plan**

Starting in 2012/13, Payments to Screening Contractors will be impacted by the full implementation of the operational efficiencies stemming from the 2009 Strategic Review and CATSA Review 2010, which were initiated in 2011/12.

CATSA's operating funding for payments to Screening Contractors may not fully accommodate increases in screening contractors' billing rates, and may not account for passenger growth. As a result, there may be a financial pressure for the organization in the future to accommodate these increases.

Uniforms and Other Related Costs

2011/12 Variance Analysis

Uniforms and Other Related Costs forecasted for 2011/12 are comparable to plan.

2012/13- 2016/17 Financial Plan

Planned expenditures for Uniforms and Other Related Costs in 2012/13 are lower in comparison to 2011/12 levels in order to account for the planned usage of uniforms inventory on hand. Planned expenditures for 2013/14 and beyond reflect uniform purchases to meet operational requirements. It also accommodates the purchase of screening related items to enhance operational efficiencies and to maintain a common look and feel at PBS checkpoints.

Trace and Consumables

2011/12 Variance Analysis

Trace and Consumables costs are forecasted to be lower than plan. This is attributed to lower trace purchases due to the usage of existing inventory, regulatory and procedure changes that resulted in a more risk-based use of trace, and pilot projects focused on more efficient use of trace swabs.

2012/13- 2016/17 Financial Plan

Planned expenditures for Trace and Consumables reflect CATSA's ongoing screening requirements and are budgeted to remain constant over the planning period.

5.3.3 Equipment Operating and Maintenance

Equipment Maintenance and Spare Parts

2011/12 Variance Analysis

Expenditures for 2011/12 are forecasted to be lower than planned, mainly due to:

- the impact of favourable foreign exchange rates on equipment maintenance services from U.S. vendors;
- lower corrective maintenance costs as a result of CATSA working with maintenance providers to improve performance issues associated with EDS equipment; and
- fewer spare parts purchased for EDS equipment mainly resulting from the implementation of a centralized inventory management system.

The savings identified above are partially offset by additional costs associated with a number of initiatives to optimize the overall performance of EDS equipment.

**2012/13-
2016/17
Financial Plan**

Planned expenditures for Equipment Maintenance and Spare Parts reflect costs associated with:

- the deployment and ongoing maintenance of technologically advanced PBS and HBS equipment, particularly related to multi-view and CT technologies;
- end of warranty coverage on EDS equipment deployed in previous years; and
- inflationary increases built into maintenance contracts.

The plan also considers costs associated with the ongoing maintenance required for Boarding Pass Security System (BPSS).

Training and Certification

**2011/12
Variance
Analysis**

Training and Certification costs forecasted for 2011/12 are comparable to plan.

**2012/13-
2016/17
Financial Plan**

The plan accommodates training requirements associated with the deployment of new EDS capital equipment at PBS and HBS checkpoints, including:

- ongoing deployment of multi-view technology;
 - upgrading of trace equipment; and
 - deployment of other new technology.
-

Restricted Area Identity Cards

**2011/12
Variance
Analysis**

The current level of RAIC Cards inventory is expected to be sufficient to meet operational requirements.

**2012/13-
2016/17
Financial Plan**

Planned expenditures reflect the purchase of cards to meet annual operational requirements, which are expected to be comparable over the planning period.

5.3.4 Direct Administrative Costs and Corporate Services

Employee Costs

**2011/12
Variance
Analysis**

Employee Costs forecasted for 2011/12 are higher than plan. This is mainly attributed to a statutory pension plan solvency deficit payment for the Registered Pension Plan initially planned in 2012/13 and severance costs resulting from a reduction in FTE positions planned in 2012/13. These costs are partially offset by forecasted savings realized from a lower number of staffed FTE and fixed-term positions compared to plan.

**2012/13-
2016/17
Financial Plan**

Planned expenditures for Employee Costs in 2012/13 reflect a reduction of 55 FTE positions, from 513 to 458 as well as a lower statutory pension plan solvency deficit payment, which was accounted for in 2011/12.

The plan also accommodates annual increases in salaries and benefits, as well as estimated minimum legislated pension plan solvency and going concern deficit payments.

Professional Services and Other Business Related Costs

**2011/12
Variance
Analysis**

Professional Services and Other Business Related Costs forecasted for 2011/12 are lower than plan. This is mainly attributed to a reduction in professional services requirements.

Professional services costs were incurred to support CATSA's corporate initiatives and include, but were not limited to:

- support for the ASSA RFP and transition process;
 - the development of performance management tools to collect operational data from the Boarding Pass Security System;
 - Business Intelligence resources to support ongoing enhancements to the application, including reports for performance measurement; and
 - specialized resources to support technical skills not available within the organization, such as legal, internal audit, pension, and tax.
-

**2012/13-
2016/17
Financial Plan**

Expenditures for Professional Services and Other Business Related Costs remain constant over the planning period. Professional Services costs will continue to focus on specialized technical skills that are not available within the organization.

Office and Computer Expenses

**2011/12
Variance
Analysis**

Office and Computer Expenses for 2011/12 are forecasted to be lower than plan. This is mainly attributable to lower costs associated with the purchase of software licenses and support.

**2012/13-
2016/17
Financial Plan**

Planned expenditures for Office and Computer take into consideration ongoing requirements to support CATSA's operations and corporate IT infrastructure.

Communications and Public Awareness

**2011/12
Variance
Analysis**

Forecasted expenditures for Communications and Public Awareness for 2011/12 are comparable to plan.

**2012/13-
2016/17
Financial Plan**

Planned expenditures for Communications and Public Awareness are lower compared to 2011/12 levels. Media campaigns will continue to leverage data collected through evidence-based activities to target specific groups of passengers.

Other Administrative Costs

Rent and Facilities

**2011/12
Variance
Analysis**

Forecasted expenditures for Rent and Facilities for 2011/12 are lower than plan. This is primarily due to property tax refunds for leased space at corporate headquarters.

**2012/13-
2016/17
Financial Plan**

Planned expenditures reflect annual increases in leased space rates as established in CATSA's leasing contracts and takes into consideration maintenance of leased space, and non-capitalized leasehold improvements.

Insurance

2011/12 Variance Analysis

Insurance costs for 2011/12 are forecasted to be less than plan. This is mainly due to the Air Cargo initiative, which was deemed not to be a material change to CATSA's operations and risk profile and, therefore, has not resulted in an increase to CATSA's insurance premiums as originally expected.

2012/13- 2016/17 Financial Plan

Expenditures over the planning period reflect operational requirements for insurance.

Network and Telephony

2011/12 Variance Analysis

Network and Telephony expenditures for 2011/12 are forecasted to be comparable to plan.

2012/13- 2016/17 Financial Plan

Planned expenditures for Network and Telephony reflect operational requirements and annual inflationary increases over the planning period.

5.4 Capital Expenditures

Table 4 summarizes the 2010/11 actual results, forecasted financial results and budget for 2011/12, and the 2012/13 - 2016/17 capital plan by major expenditure category.

TABLE 4 Capital Plan by Major Expenditure Category <i>(in thousands of dollars)</i>		2010/11 Actual	2011/12 Forecast	2011/12 Budget	2012/13 Plan	2013/14 Plan	2014/15 Plan	2015/16 Plan	2016/17 Plan	Five Year Total 2012/13 - 2016/17
Capital Expenditures										
EDS CAPITAL										
PBS	\$ 23,744	\$ 5,574	\$ 4,756	\$ 7,673	\$ 9,148	\$ 2,061	\$ -	\$ 10,000	\$ 28,882	
HBS	16,096	14,430	21,329	76,130	99,057	76,436	78,643	93,792	424,058	
NPS	2,642	-	-	-	-	-	-	-	-	
Total EDS Capital	\$ 42,482	\$ 20,004	\$ 26,085	\$ 83,803	\$108,205	\$ 78,497	\$ 78,643	\$103,792	\$452,940	
NON-EDS CAPITAL										
PBS	\$ 3,543	\$ 2,284	\$ 1,012	\$ 2,583	\$ 1,267	\$ 1,365	\$ 1,417	\$ 684	\$ 7,316	
RAIC	939	55	296	837	1,084	1,021	1,500	2,976	7,418	
Corporate Services	9,017	4,277	5,574	1,881	1,664	1,585	1,558	1,080	7,768	
Total Non-EDS Capital	\$ 13,499	\$ 6,616	\$ 6,882	\$ 5,301	\$ 4,015	\$ 3,971	\$ 4,475	\$ 4,740	\$ 22,502	
Proceeds of Disposal	(1,047)	(2,503)	-	-	-	-	-	-	-	
Total Capital Expenditures	\$ 54,934	\$ 24,117	\$ 32,967	\$ 89,104	\$112,220	\$ 82,468	\$ 83,118	\$108,532	\$475,442	

5.4.1 EDS Capital

2011/12 Variance Analysis

EDS capital expenditures for 2011/12 are forecasted to be lower than plan. This is attributed to:

- lower spending associated with HBS integration projects, including favourable pricing for the purchase of CT equipment;
- savings from favourable vendor pricing for the purchase of trace equipment, resulting from a competitive bidding process; and
- reduced costs associated with certain EDS projects following a reassessment of airport requirements and space limitations.

The 2011/12 forecast also reflects proceeds of disposal of \$2.5M. This amount represents credit notes received from a supplier resulting from the disposal of EDS equipment throughout the fiscal year.

2012/13- 2016/17 Financial Plan

Over the planning period, the key cost driver in CATSA's EDS capital plan is the life-cycle management of its HBS equipment, specifically related to the deployment of a new HBS system with CT technology.

This new technology will improve explosives detection capability and permit CATSA to address security gaps and maintain HBS technology equivalency with international partners.

The plan has also been updated to reflect favourable vendor pricing for the future purchase of trace equipment resulting from a competitive process that occurred in 2011/12, which will be deployed at PBS and HBS checkpoints throughout the planning period.

Table 5 summarizes the EDS capital plan by major category.

TABLE 5
EDS Capital Plan
(in thousands of dollars)

	2012/13 Plan	2013/14 Plan	2014/15 Plan	2015/16 Plan	2016/17 Plan	Five Year Total 2012/13 - 2016/17
PBS CAPITAL EXPENDITURES						
Capital Replacement/Upgrades	\$ 3,499	\$ 4,598	\$ 308	\$ -	\$ -	\$ 8,405
Performance Measuring and Monitoring	334	-	-	-	-	334
New Standards	3,840	4,550	1,753	-	10,000	20,143
Total PBS Capital Expenditures	\$ 7,673	\$ 9,148	\$ 2,061	\$ -	\$ 10,000	\$ 28,882
HBS CAPITAL EXPENDITURES						
Capital Replacement/Upgrades	\$ 42,307	\$ 62,769	\$ 42,492	\$ 65,189	\$ 64,571	\$ 277,328
Required Capacity	33,078	29,331	30,516	12,930	23,960	129,815
Systems Re-engineering and Optimization	300	300	300	300	300	1,500
Performance Measuring and Monitoring	445	479	538	224	-	1,686
New Standards	-	6,178	2,590	-	4,961	13,729
Total HBS Capital Expenditures	\$ 76,130	\$ 99,057	\$ 76,436	\$ 78,643	\$ 93,792	\$ 424,058
TOTAL EDS CAPITAL EXPENDITURES	\$ 83,803	\$ 108,205	\$ 78,497	\$ 78,643	\$ 103,792	\$ 452,940

Capital Replacement/Upgrades

Capital replacement is influenced by the technology and equipment that is available and supported by the industry. CATSA's objective is to ensure that capital replacement maximizes both the longevity and efficiency of the screening equipment.

CATSA's EDS capital plan reflects the deployment of a new HBS system with CT technology. The plan also accommodates the continued life-cycle management of PBS equipment, which includes the replacement of single-view with multi-view X-ray equipment, and the upgrade of trace equipment at PBS and HBS checkpoints.

Required Capacity

As airport expansions are undertaken, CATSA is responsible for meeting the equipment and technology requirements for the efficient and effective screening of checked baggage at HBS checkpoints. As part of these expansions, CATSA will introduce the new HBS system with CT technology to maintain equivalency with international partners.

Systems Re-engineering and Optimization

Expenditures over the planning period include ongoing investment at CATSA's testing facility located in Ottawa to evaluate emerging technologies. This facility was created in 2009/10 to support the testing of new screening equipment technologies and evaluate new screening methodologies.

Performance Measuring and Monitoring

The capital plan includes investments in EDS networking capabilities and the acquisition of simulators for use in training exercises.

New Standards

Over the planning period, CATSA will continue to deploy new technologies at PBS and HBS checkpoints.

5.4.2 Non-EDS Capital

2011/12 Variance Analysis

Non-EDS capital expenditures for 2011/12 are forecasted to be comparable to plan. Throughout 2011/12, CATSA completed the following key non-EDS capital projects:

- development of reporting and performance management tools to permit PBS data collection, including passenger throughput and customer wait time metrics derived from the BPSS to better monitor the efficiency of the PBS process and manage the performance of checkpoints;
 - introduction of an Integrated Time Tracking and Invoice Processing tool that will provide a more accurate picture of weekly screening hours, improve efficiencies in the approval process and eliminate manual reconciliations; and
 - continued implementation of the Corporate Management System that focuses on enhancing CATSA's existing Enterprise Resource Planning solution, streamlining processes and expanding functionality across multiple business units.
-

2012/13- 2016/17 Financial Plan

The plan for non-EDS capital will continue to address CATSA's operational and security enhancement requirements directed to improving efficiencies.

5.4.3 Disposals of Capital Assets

Overview

CATSA manages its assets, including asset disposal, as part of a life-cycle management regime. The disposal of assets is governed by corporate policy and procedures that ensure compliance with applicable legislation and regulations concerning the disposal of Crown assets. In some cases, the organization will incur costs to dispose of assets in compliance with environmental laws and regulations. A decommissioning liability has been recorded to address these costs.

Proceeds from disposals during the planning period 2012/13 – 2016/17 are not expected to be material. Accordingly, such amounts have not been included in the planning period, but will be used at a future date in a manner consistent with CATSA's mandated activities. Disposal proceeds will be fully accounted for in accordance with IFRS.

GLOSSARY

Airport Authority	An operator of an airport listed in the <i>Airport Transfer (Miscellaneous Matters) Act</i>
ASSAs	Airport Screening Services Agreements
ATR	Automated Threat Recognition
BPSS	Boarding Pass Security System: a stand-alone technology that scans boarding passes to validate the information embedded in the bar code
CATSA	Canadian Air Transport Security Authority
CCP	Contract Compliance Program
CCTV	Closed-Circuit Television System
CEO	Chief Executive Officer
CMS	Corporate Management System: A program focused on operational and administrative improvements by enhancing CATSA's existing Enterprise Resource Planning solution resulting in streamlined processes and expanded system functionality across multiple business units within CATSA
CPMF	Corporate Performance Measurement Framework
CRP	Corporate Risk Profile
CT	Computed Tomography
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
EDT	Explosives Detection Trace
FAA	<i>Financial Administration Act</i>
FBS	Full Body Scanners
FTE	Full-Time Equivalent
GAAP	Generally Accepted Accounting Principles
HBS	Hold Baggage Screening: the screening of checked baggage using EDS equipment
ICAO	International Civil Aviation Organization
IFRS	International Financial Reporting Standards

MOU	Memorandum of Understanding
MRRS	Treasury Board Secretariat's <i>Policy on Management, Resources and Results Structures</i>
MSV	Mobile Screening Vehicles
NPS	Non-Passenger Screening: the screening of selected non-passengers accessing restricted areas of airports. Non-passengers include flight crews, refuellers, caterers, aircraft groomers, maintenance and construction personnel, baggage handlers, and concession staff
NTCP	National Training and Certification Program
OAG	Office of the Auditor General
OPOP	Operations Performance Oversight Program
PAA	Program Activity Architecture: an inventory of all the activities undertaken by a department or agency. The activities are depicted in their logical relationship to each other and to the Strategic Outcome(s) to which they contribute
PBO	Passenger Behaviour Observation: a screening methodology that uses risk-based security principles to screen passengers and identify those with malicious intent
PBS	Pre-Board Screening: the screening of passengers, their belongings and carry-on baggage
PPP	Performance Payment Program
PSU	Portable Screening Unit
RAIC	Restricted Area Identity Card: an identification card issued to all employees authorized to enter the restricted areas of Class I and II airports
RFP	Request for Proposals
Screening Contractor	A company that has entered into a contract with CATSA for the provision of PBS, HBS and other screening services
SEP	Service Excellence Program
SOPs	Standard Operating Procedures
STEBs	Security Tamper-Evident Bags
Strategic Review	A Strategic Review is the review of 100% of all direct program spending and the operating costs of a department or an agency's major statutory programs on a cyclical basis, with a view to better manage spending, modernize and simplify internal operations, and to achieve better results for Canadians

TBS Treasury Board Secretariat

TIPS Threat Image Protection System is a training/practice tool used to give screening officers the opportunity to use the threat detection skills they have attained through training in the absence of real threats. TIPS portrays fictional threat image(s) on the X-ray screen during the course of conducting live screening.