



UNCLASSIFIED

Canadian Air Transport Security Authority (CATSA)

Summary of the
2021/22 to 2022/23 Corporate Plan
2021/22 to 2022/23 Operating Budget
2021/22 to 2022/23 Capital Budget



TABLE OF CONTENTS

EXECUTIVE SUMMARY	3
OVERVIEW	5
OPERATING ENVIRONMENT	8
OBJECTIVES, ACTIVITIES, RISKS, EXPECTED RESULTS AND.....	12
PERFORMANCE INDICATORS.....	12
FINANCIAL OVERVIEW	21
APPENDIX A: Ministerial Mandate Letter	26
APPENDIX B: Corporate Governance Structure.....	29
APPENDIX C: Planned Results.....	32
APPENDIX D: Chief Financial Officer Attestation.....	39
APPENDIX E: Financial Statements and Budgets.....	40
APPENDIX F: Risks and Risk Responses	48
APPENDIX G: Compliance with Legislative and Policy Requirements.....	51
APPENDIX H: Government of Canada Priorities and Directions.....	54
GLOSSARY OF ACRONYMS AND TERMS	57

EXECUTIVE SUMMARY

As the federal authority responsible for screening at 89 designated airports across Canada, the Canadian Air Transport Security Authority (CATSA) remains focused on its mandate of civil aviation security screening. This vital responsibility continues to change in both scale and complexity, particularly given the COVID-19 pandemic, which has severely impacted the aviation industry, and thus CATSA's operations.

Supported by a dedicated team of screening officers engaged through third-party arrangements, CATSA screened 7 million passengers in 2020/21, an 89% decline from 2019/20 levels, as the civil aviation industry struggled with significantly lower passenger volumes as a result of the pandemic. CATSA expects to screen 43.5 million passengers in 2021/22 and 58.4 million passengers in 2022/23. These projections may change based on the evolution of travel restrictions imposed by governments internationally.

As the air transportation industry continues to experience volatility and uncertainty, the length and severity of the impacts of the pandemic on projected passenger volumes are unknown at this time. CATSA remains focused on ensuring passenger confidence while continuing to deliver effective civil aviation security screening through a constantly evolving landscape, with new and expanded responsibilities.

This Corporate Plan sets out CATSA's mandate, mission, vision, strategic directions and key planned initiatives, reflecting a commitment to be a recognized global leader in civil aviation security screening, while taking into account the impacts of the pandemic and the potential transfer of the organization to a not-for-profit entity. This document also outlines CATSA's new responsibilities as they relate to temperature screening and biosecurity measures, and highlights how the organization is adapting to a fluid operating environment.

CATSA continues to focus on key initiatives and innovations that will support and significantly advance the organization's achievement of strategic objectives in four principal areas:

1. ***SERVICE EXCELLENCE***
2. ***A HEALTHY WORKPLACE***
3. ***EFFECTIVE PARTNERSHIPS***
4. ***OPERATIONAL SUSTAINABILITY***

Recognizing that security effectiveness, national consistency and the efficient and respectful treatment of air passengers and non-passengers are of paramount importance, CATSA will be emphasizing the following key initiatives over the planning period:

- Supporting the ***recovery of the air transportation industry*** during and after the pandemic, while adapting CATSA's procedures and systems to ensure screening officers can continue to safely screen passengers and non-passengers;
- ***Implementation of enhanced sanitization measures*** to help facilitate safe and healthy air travel;
- Achieving ***wait time service levels*** (WTSL) at or above the current target where, on average, 85% of passengers wait 15 minutes or less to be screened at Class 1 airports on an annual basis (WTSL of 85/15);
- Continuation of the ***Non-Passenger Screening*** program; and
- On-going ***life-cycle management*** of CATSA's capital assets.

OVERVIEW

Mandate

CATSA is an agent Crown corporation, funded by parliamentary appropriations. Operating under the direction of a Board of Directors and led by a Senior Management Committee, the organization is accountable to Parliament through the Minister of Transport.

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

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

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

In June 2020, the Government of Canada instructed the organization to implement temperature screening as part of a multi-layered approach to help stem the spread of COVID-19 and to protect travellers and non-passengers in the aviation system. In response to the evolution of the pandemic, the Government of Canada ceased temperature screening at Canadian airports in August 2021.

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

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

As a member of the broader federal government, CATSA is committed to aligning its policies, programs and practices in ways that support the government's overall objectives and priorities. This is undertaken wherever it can be achieved without undermining or compromising CATSA's security mandate.

Mission and Vision

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

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

- **Our Service:** We provide the best possible passenger experience and maintain the highest level of security while delivering value to Canadians with an optimal use of our resources.
- **Our People:** We cultivate and support a diverse and engaged workforce.
- **Our Partnerships:** We work closely with our partners toward common goals and interests.

Key Partners

While CATSA is Canada's designated national civil aviation security screening authority, aviation security is a shared responsibility. CATSA therefore works closely with air carriers, airport authorities, its third-party screening contractors and local law enforcement agencies. The organization also collaborates with a number of other federal departments and agencies, most notably Transport Canada—which regulates civil aviation operations and related security requirements—as well as the Canada Border Services Agency, the Royal Canadian Mounted Police and the Canadian Security Intelligence Service, who are key security partners. In addition, CATSA is working collaboratively with Health Canada and the Public Health Agency of Canada to implement measures to respond to the pandemic.

Additionally, CATSA works closely with several international partners, including the United States (U.S.) Transportation Security Administration (TSA) as well as other foreign airport screening agencies, the International Civil Aviation Organization (ICAO), the European Civil Aviation Conference (ECAC) and the International Air Transport Association (IATA).

Legislative and Regulatory Framework

A number of federal legislative, regulatory and policy frameworks establish the foundation that CATSA uses to develop its Standard Operating Procedures and related training programs to guide screening officers in the performance of their duties. Those directly applicable to CATSA's mandate are: *The Aeronautics Act*; *CATSA Act*; *Canadian Aviation Security Regulations, 2012*; and the *Screening Security Measures*.

Other legislation, such as the *Financial Administration Act*, as well as certain Treasury Board of Canada policies with government-wide application, are applicable to CATSA as a Crown corporation. They address such issues as financial control and accountability, official languages, conflicts of interest, privacy, access to information, accessibility, employment equity, human rights, employment and labour standards, and multiculturalism (*Appendix G*).

Change in Governance Model

In 2019, the Government of Canada enacted the *Security Screening Services Commercialization Act* (SSSCA), which enables the commercialization of Canadian aviation security screening services. The SSSCA also provides for the Governor in Council designation of a body corporate under the *Canada Not-for-profit Corporations Act* as the designated screening authority to assume legislated responsibility for security screening services at Canada's designated airports.

Negotiations related to the sale of CATSA's assets and liabilities were put on hold as the Government of Canada and the various private entities that comprise the designated screening authority (airport and airline representatives) respond to the pandemic. As a result, the timeline for the sale remains unknown.

CATSA will continue to carry out its mandate of providing aviation security screening services. Should negotiations continue, the organization will support a potential transfer of responsibility, including the sale and disposition of assets and liabilities, to the designated screening authority. CATSA will also continue to engage with Transport Canada on relevant amendments to the regulatory framework and the development of applicable Orders in Council.

CATSA's current governance structure and related accountability mechanisms are detailed in *Appendix B*.

CATSA Annual Report

CATSA submitted the *Annual Report 2021* to the Minister of Transport on June 30, 2021. This annual report is available on CATSA's website.

OPERATING ENVIRONMENT

Introduction

In an ongoing and consistent effort to plan strategically and adjust operations as necessary to deliver the organization's mandate, CATSA annually analyzes its internal and external operating environments to identify evolving and emerging issues, opportunities and challenges to address as a priority over the planning period. This is particularly challenging, but critical, during and after the pandemic.

Human Resources Management

CATSA's non-unionized workforce for 2021/22 includes 448 full-time equivalent (FTE) positions¹, consistent with 2020/21. CATSA will be developing a multi-year workforce plan towards the end of 2021/22 and will be evaluating its resource requirements for 2022/23 and beyond.

- **Executive Management**—5 FTEs
- **Headquarters**—290 FTEs
- **Regions**—153 FTEs

The organization's 153 members of regional service delivery teams are deployed at all Class 1 airports in each of CATSA's four administrative regions, where they are responsible for the overall planning, delivery and oversight of screening operations.

CATSA's service delivery model for screening services entails the contracted engagement of third-party screening contractors to provide certified and dedicated screening officers to carry out screening at the 89 designated airports across Canada. The screening companies currently engaged in CATSA's administrative regions are: East—*Securitas Transport Aviation Security Limited*; Central—*GardaWorld*; Prairies—*GardaWorld*; and Pacific—*G4S Secure Solutions (Canada) Ltd.* (recently acquired by *Allied Universal*).

Global COVID-19 Pandemic

As a result of the pandemic, domestic and international passenger volumes have decreased drastically. Consequently, the civil aviation security screening landscape has changed significantly, and will likely continue to be fluid for some time.

¹ CATSA will assess any potential requirements for additional resources as a result of the 100% Non-Passenger Screening initiative imposed by the International Civil Aviation Organization. Please see the *Objectives, Activities, Risks, Expected Results and Performance Indicators* section for more information on this initiative.

CATSA has had to adjust operations in airports and regional offices across Canada, as well as at headquarters and its test facility in Ottawa. The entire organization rose to the challenges posed by the pandemic, ensuring the health and safety of CATSA employees, screening officers, passengers and non-passengers, without compromising security effectiveness.

CATSA has worked closely with its third-party screening contractors to maintain the stability of its screening operations while taking into account public health guidelines during the pandemic period and will continue to do so during the eventual recovery efforts.

In June 2020, the Government of Canada instructed CATSA to implement temperature screening as part of a multi-layered approach to protect travellers and non-passengers in the aviation system, and help stem the spread of COVID-19. More specifically, Canadian commercial outbound domestic and international travellers, and non-passengers that access restricted areas at select airports, are screened to help identify potentially ill individuals. In response to the evolution of the pandemic, the Government of Canada ceased temperature screening at Canadian airports in August 2021.

In Budget 2021, CATSA was allocated \$6.7 million for the acquisition and operation of sanitization equipment at Canada's eight busiest airports as part of its response to the ongoing pandemic.

Fundamentally, as the world moves forward through uncertain times, CATSA will continue to explore the introduction of innovations with the objective of enhancing the safety of the travelling public, screening officers, non-passengers and CATSA employees. The organization will continue to adjust, adapt, manage and thrive in the face of anticipated and often fluid changes.

Environmental Scan

In delivering its mandate of civil aviation security screening, CATSA encounters a number of internal and external factors that may impact results. The environment remains highly fluid, due to the protracted recovery in the civil aviation industry. CATSA will monitor the rapidly changing aviation landscape and adjust the Environmental Scan as required.

Summary of Key Strengths, Weaknesses, Opportunities and Challenges	
<p><i>Strengths</i></p> <ul style="list-style-type: none"> • Highly qualified and dedicated employees • Organizational and technological adaptability and resiliency • A culture of innovation • Proven leadership in security screening 	<p><i>Weaknesses</i></p> <ul style="list-style-type: none"> • Absence of sustainable long-term funding
<p><i>Opportunities</i></p> <ul style="list-style-type: none"> • Accelerated adoption of new and advanced technology to enhance operations and encourage passenger and stakeholder confidence • Implementation of a more flexible workplace model 	<p><i>Challenges</i></p> <ul style="list-style-type: none"> • Ability to meet passenger and industry WTSL expectations in a normal operating environment and during industry pandemic recovery • Seamless delivery of security screening services, while implementing new initiatives to support the industry recovery efforts • Pandemic recovery, fluid operating environment and uncertainty regarding transition to the designated screening authority • International influence over the domestic regulatory environment

Response to External Audits

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

- The *Office of the Auditor General (OAG) Special Examination* report (2015/16) concluded that CATSA's systems and practices provide reasonable assurance that assets are safeguarded and controlled, resources are managed economically and efficiently, and operations are carried out effectively. CATSA agreed with each of the OAG's seven recommendations and all recommendations have been addressed. The next Special Examination is expected to begin in 2023/24.
- Following the *Office of the Commissioner of Official Languages* 2017 audit report on CATSA's provision of bilingual services to the travelling public, CATSA has continued to improve our approach to official languages, taking proactive steps to address the audit findings and continuing our existing official language activities. This report can be accessed publicly through the website of the Office of the Commissioner of Official Languages.

Alignment with Government of Canada Directions and Priorities

As a member of the federal government, CATSA actively supports the Government of Canada's broader social, economic, environmental and general governance agenda wherever applicable.

The Minister of Transport's letter to the Chair of CATSA's Board of Directors (Appendix A) affirmed the expectation that CATSA will support Canada's economic recovery and growth for middle-class Canadians by providing safe, secure and efficient civil aviation security screening.

OBJECTIVES, ACTIVITIES, RISKS, EXPECTED RESULTS AND PERFORMANCE INDICATORS

Core Ongoing Objectives and Activities

In a rapidly changing civil aviation environment, CATSA will continue to deliver screening services at designated airports, in accordance with established standards, through its four core activities: Pre-Board Screening (PBS); Hold Baggage Screening (HBS); Non-Passenger Screening (NPS); and the Restricted Area Identity Card (RAIC) program. These are actively monitored and measured to track achievement of objectives and targets and contribute insights for continuous improvement.

Strategic Objectives, Activities, and Priority Initiatives

CATSA structures its strategic objectives under four broad complementary themes:

- **SERVICE EXCELLENCE**
- **A HEALTHY WORKPLACE**
- **EFFECTIVE PARTNERSHIPS**
- **OPERATIONAL SUSTAINABILITY**

A. SERVICE EXCELLENCE

Service Excellence is the heart of CATSA's mandate and strategic direction. It embraces the organization's obligations and commitments to security effectiveness, consistency and operational efficiency; a positive passenger experience; and the responsible acquisition, use and care of screening assets.

Objective 1: *Security Effectiveness*

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

Security is CATSA's top priority, and excellence is achieved through a number of programs, strategies and procedures. These include clear, consistent and well-communicated standard operating procedures, comprehensive certification and recertification programs, leveraging program reviews and analytics to identify and enhance operational oversight, collaborative work with screening contractors and aviation security partners to resolve security incidents effectively, and formal reporting and review of operational performance results.

The introduction of the full body scanner (FBS) as the primary passenger screening tool (FBS primary) at transborder checkpoints contributes to CATSA's commitment to strive for increased security effectiveness in its operations. It is also consistent with the goal of continued harmonization with our international counterparts, including the U.S. TSA.

Priority Initiative: NON-PASSENGER SCREENING

In July 2013, ICAO introduced stronger NPS standards requiring that non-passengers (e.g. flight personnel and ground crew) and items they carry be subject to screening and security controls prior to entering restricted areas serving international air operations, and that non-passengers enter the restricted areas at only those access points where screening is normally conducted. The NPS initiative was therefore implemented at major designated airports, accounting for over 90% of outbound international flights. Program enhancements at these airports were determined according to airport risk profiles. A significant expansion of CATSA's responsibilities included the introduction of a screening program for vehicles.

In 2020, ICAO implemented a 100% screening standard for non-passenger screening. Transport Canada is currently assessing how this requirement could be implemented in Canada. Most recently, CATSA has commenced the trial of the 100% screening standard concept for non-passenger screening at Calgary International Airport and Vancouver International Airport to assess feasibility and effectiveness as well as other operational impacts and considerations.

As with all evolving aspects of civil aviation security, CATSA will continue to work closely with Transport Canada and other security partners to keep abreast of new security threats and any changes to domestic or international standards and recommended practices as they relate to non-passenger screening.

Objective 2: Operational Efficiency

The achievement of optimal screening results, leveraging available personnel, systems, procedures and equipment.

CATSA is dedicated to ensuring optimal results in terms of efficiency without compromising security screening effectiveness. CATSA is constantly exploring and implementing improved ways to plan, invest in and deploy both human resources and equipment and systems.

Notably, CATSA modifies and adapts procedures and tools to ensure the viability of screening operations and biosecurity measures while maintaining security effectiveness and the provision of information to passengers to enhance their awareness of various procedures, and to facilitate their full and efficient compliance during screening.

Objective 3: Optimal Passenger Experience

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

CATSA is committed to maintaining high standards of screening efficiency and consistency, facilitating smooth and orderly passenger flow, and achieving high levels of customer satisfaction with, and confidence in, their interactions with CATSA.

Screening Officer Professionalism

The professionalism of screening officers is a vital factor in ensuring a positive passenger experience. CATSA continues to promote the *Customer Service Commitment to Passengers* framework, targeting both screening officers and passengers and focused on improving the passenger experience.

CATSA expects that screening officers maintain the trust and confidence of the travelling public by providing an excellent level of customer service from the beginning of the screening process to the end, treating all persons with care, courtesy and respect as part of a positive and secure air travel experience. Screening officers are provided with the knowledge and skills needed to perform screening functions with an emphasis on customer focused security.

Strategic innovations in the deployment and use of screening equipment and the management of screening lines are also vital for both security effectiveness and the enhancement of passenger confidence. Enhanced, integrated sanitization measures at checkpoints, as well as the CATSA Plus initiative are major elements of such innovation.

Pandemic Measures

CATSA has deployed various initiatives to improve the health and safety of passengers and non-passengers subject to security screening at CATSA checkpoints.

The Government of Canada instructed CATSA to carry out temperature screening as part of a multi-faceted approach to reducing the spread of COVID-19, providing another level of confidence to travellers. In response to the evolution of the pandemic, temperature screening ceased at Canadian airports in August 2021.

CATSA has also increased its sanitization standards, whereby the checkpoints undergo frequent and thorough cleaning to ensure surfaces are disinfected regularly. Additionally, in Budget 2021, CATSA was allocated \$6.7 million to acquire and operate sanitization equipment. The organization is currently conducting operational trials and plans to deploy viable solutions at airport checkpoints late in 2021/22, pending Health Canada approval.

CATSA will continue to monitor its response to the pandemic, and adjust practices, procedures and initiatives as necessary to ensure the health and safety of passengers, non-passengers, screening officers and CATSA employees

Objective 4: Sound Asset Management

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

CATSA plans for ongoing life-cycle maintenance programs as well as recapitalization initiatives for the replacement of generations of screening equipment as they reach the end of their useful life and/or as new technological requirements are introduced. The organization maintains an active system of routine equipment maintenance, for its full inventory of screening and other equipment, in line with operational needs, equipment performance monitoring, and manufacturer's specifications.

Plans for end-of-life-cycle replacement and/or upgrading take into account such key factors as the manufacturer's ability to support the equipment, new regulatory requirements, and major technological advancements. Technological advancements, including potential upgrades to existing equipment, are closely monitored to identify opportunities to evaluate new screening equipment that may improve the security effectiveness, screening efficiency and/or passenger experience of the screening process, and to remain aligned with security partners.

As part of life-cycle management, CATSA will also continue to make enhancements to the RAIC program, including the recapitalization of critical equipment such as the biometric scanners. As part of CATSA's mandated activities, the RAIC system is an important element of securing the restricted access areas at airports.

B. A HEALTHY WORKPLACE

Successful delivery of CATSA's mandated services is dependent on cultivating and sustaining a diverse, inclusive and engaged workforce, optimizing CATSA's ability to recruit and retain talent, and ensuring a healthy, encouraging and productive work environment.

To support the achievement and maintenance of a healthy workplace, CATSA has conducted organization-wide culture surveys that provide valuable insights on the perspectives, needs, and aspirations of CATSA employees with respect to CATSA's corporate culture and work environment.

CATSA also used surveys to reach out to its workforce during the pandemic to gauge each employee's adaptation to their new work reality (whether it be working from home or at a CATSA worksite). These surveys provide an opportunity for everyone to share thoughts, concerns and ideas to shape decisions and activities moving forward, including CATSA's shift to a flexible workplace strategy.

The organization engaged Mercer Canada to assist with the design, refinement and implementation of CATSA's flexible workplace strategy. Using the outcomes of Mercer Canada's work, CATSA will implement the transformation roadmap, as well as the change management and communication strategy, by the end of 2021/22.

Objective 1: *Work-Life Balance*

Achievement and maintenance, for managers and staff alike, of a healthy and sustainable balance between their daily workloads and responsibilities, and their personal needs and family commitments.

CATSA's efforts will focus on responsible and sustainable approaches to workload planning and management, and the setting of policies and guidelines to respect the boundaries between professional and personal responsibilities. This is especially important as employees endeavour to balance adjusted operations, new operational responsibilities, as well as adapting to new realities while working from home or from a regional office during and after the pandemic. While passenger volumes at designated airports across Canada have decreased, workloads in other areas have increased substantially. The organization's employees continue to work hard to deliver on CATSA's mandate.

In planning and managing major new initiatives, CATSA relies on strategies that maximize flexibility in how new workloads can be handled without undue strains on core personnel; this includes strategic use of fixed-term resources and engagement of professional services where appropriate.

Objective 2: *Inclusive and Diverse Environment*

Achievement of a well-balanced workforce that reflects the diversity of Canada, and the fostering of a positive and supportive working environment that respects diverse social and cultural values.

CATSA will continue to focus on: promoting and supporting both official languages in the workplace and at screening lines; implementing human resources practices that support diversity in hiring and advancement; applying Gender-Based Analysis Plus to identify and pursue opportunities to make CATSA a more supportive environment for different groups; and supporting workplace measures to understand and embrace diversity. CATSA will also continue to support its internal Diversity and Inclusion Network, a working group comprised of CATSA staff from across the organization that explores and promotes positive workplace practices and organizational priorities reflecting the principles of employment equity, diversity and inclusion.

Objective 3: Culture of Recognition

Establishment of CATSA as a positive, encouraging and enabling institution that facilitates, acknowledges and celebrates individual and collective growth and sense of achievement.

CATSA will focus on policies and practices that encourage and support employees' individual growth and sense of worth.

Additionally, CATSA has a Performance Management Program (PMP) intended to provide all employees with a positive, rewarding and developmental experience. The process allows employees the opportunity to review their performance with their manager, while determining their path of future career development and their ability to contribute to CATSA's overall success.

Objective 4: Transformative Leadership

Demonstration by example and active support of creative approaches to continuous improvement.

CATSA will focus on a range of initiatives to encourage and facilitate proactive leadership and innovation in all aspects of its operations.

CATSA implemented a Leadership Excellence Program. This program supports and prepares managers for future challenges by managing through change and aligning teams for success while promoting innovative ideas by fostering an inclusive and diverse culture. As part of this program, CATSA launched the Leadership Framework to further encourage effective leadership behaviours among management. This is especially crucial as the organization strives to find new ways for managers and leaders to engage and support employees during and beyond the pandemic.

Finally, starting with setting the tone from the top, CATSA will be pursuing opportunities to enhance employee communications as channels to articulate and foster the vision and behaviours that will support a transformative culture.

C. EFFECTIVE PARTNERSHIPS

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

- *Partners* include other federal, provincial/territorial and local government agencies, airport authorities, air carriers and service providers as well as international partners and counterparts.
- *Activities* include flight scheduling, passenger check-in, passenger and baggage screening, loading of checked baggage, boarding of aircraft, and response to known or perceived screening breaches, as well as adaptation to evolving threat environments, regulatory obligations, and technological innovations.

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

Objective 1: Industry Collaboration

Establishment and maintenance of strong and positive working relationships between CATSA, its security partners and other members of the civil aviation industry.

CATSA will continue to improve its communication and coordination with industry partners and stakeholders, focused on positive collaboration and a clear understanding of shared interests and complementary roles, including daily working relationships with individual airport authorities. CATSA will also leverage its relationships with its counterparts and partners in the international community, proactively sharing information and plans for future innovations, and continuing to work closely with ICAO, IATA and Airports Council International (ACI).

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

Objective 2: Community Relations

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

CATSA will focus on enhanced outreach and engagement with key institutions and groups in the broader community with interests in the organization's operations, in order to foster mutual understanding and appreciation of respective needs and priorities.

As a priority, CATSA has embarked on a multi-year engagement strategy with Indigenous communities across Canada. This will inform changes to screening procedures for sacred, spiritual and cultural items, and will also result in cultural awareness training for screening officers and CATSA employees. The scope of the project was more limited at the outset, but as it evolved, the organization saw an opportunity to expand and to do more.

Priority Initiative: INDIGENOUS RELATIONS

CATSA has embarked on a multi-year engagement strategy with an advisory group of Indigenous Elders. This engagement is informing changes to screening procedures for sacred items and will also lead to Indigenous cultural awareness training for screening contractor personnel and CATSA staff.

This training responds to the Truth and Reconciliation Commission's Call to Action 57, which calls upon the Government of Canada to educate public servants on the history and experiences of Indigenous Peoples. Fostering an awareness of Indigenous culture will enable CATSA to provide a more inclusive and positive screening experience for Indigenous travellers.

In December 2019, CATSA awarded a contract to First People's Group to develop and deliver this training. The onset of the pandemic delayed this work and required a shift in approach to account for the possibility that training originally planned for in-person delivery would have to be delivered virtually.

CATSA is continuing to work with First People's Group to finalize the training content and launch the program, and will continue engaging with Elders to seek their feedback and input as the training is developed and delivered.

D. OPERATIONAL SUSTAINABILITY

As an integral element in the efficient and effective delivery of aviation security screening services at designated airports across Canada, CATSA is focused on operational sustainability. The organization strives to maintain stable operations through uncertainty and volatility, often as a result of factors beyond CATSA's control.

Objective 1: Maintaining stable operations through volatility and uncertainty

Maintenance of stable operations amidst the uncertainties posed by a global pandemic as well as the potential transfer of mandated responsibilities to the designated screening authority.

CATSA has faced unprecedented challenges as a result of the pandemic. While remaining flexible and nimble in an ever-changing environment, the organization has implemented various measures and new technologies to maintain operations while taking into account public health guidelines and policies. In 2020, CATSA was instructed by the Government of Canada to conduct temperature screening as part of a multi-layered approach to protect travellers and non-passengers in the civil aviation system. In response to the evolution of the pandemic, the Government of Canada ceased temperature screening at Canadian airports in August 2021.

While this level of expanded operations is sustainable during periods of low passenger volumes, as the industry recovers and passenger volumes begin to return to pre-pandemic levels, CATSA may face impediments while striving to meet the WTSI expectations of stakeholders.

In addition to providing security screening amidst the uncertainties posed by the pandemic, CATSA must also prepare to support a potential transfer to the designated screening authority. Despite the delays caused by the pandemic, the Government of Canada has remained committed to the transfer, and CATSA has positioned itself to support this transition whenever negotiations recommence.

Through careful planning, CATSA will continue to maintain a base level of operations at designated airports throughout the pandemic. In anticipation of the rebounding of the civil aviation industry, CATSA is actively planning for the re-hiring of furloughed screening officers who will need to be re-trained and re-certified. The organization has developed online learning tutorials as a means to mitigate screening officers' prolonged absence, to further support their ongoing professional development and to support the recovery of the civil aviation industry.

Corporate Risk Environment

CATSA undertakes an annual review of its risk environment. Distinct from the aviation security threats and risks that are at the heart of the organization's mandate and mission, are institutional and operational risks that may compromise CATSA's ability to execute its mandate effectively and efficiently. These are detailed in CATSA's Enterprise Risk Management Profile (ERM-P), which provides a snapshot of risk scenarios that may affect the organization's ability to achieve its mandated activities, strategic objectives or legislative requirements (Appendix F).

FINANCIAL OVERVIEW

Funding

CATSA is funded by parliamentary appropriations and is accountable to Parliament through the Minister of Transport. Consequently, CATSA delivers its civil aviation security screening mandate in accordance with the resources it is assigned by the Government of Canada.

Since 2015, CATSA's Base funding has been supplemented with consecutive one-year incremental funding in order to maintain its operations. Most recently, CATSA was granted incremental funding of \$291.7 million² for 2021/22 to supplement its Base funding of \$567.8 million, for a total budget envelope of \$859.5 million. This funding level is reflective of the pandemic and the significant impact it continues to have on the civil aviation industry and CATSA's screening operations. For 2022/23, CATSA's funding level reverts back to its Base funding of \$567.5 million. Additional funding will be necessary in 2022/23 in order for CATSA to continue to deliver its mandated activities for the full fiscal year.

Financial Plan

CATSA's Financial Plan is presented on a cash basis and aligns with the organization's funding from the Government of Canada.

Key priorities for 2021/22 having a significant financial impact include, but are not limited to:

- Delivering CATSA's mandated activities, including the current NPS program;
- Implementing new screening measures and technology as instructed by Transport Canada in support of the industry's recovery efforts, including ongoing trials of ultraviolet (UV) bin sanitization solutions;
- Ongoing deployment of acrylic barriers at all Class 1 and Class 2 airports; and
- Deploying software enhancements at all existing CATSA Plus lanes.

Key priorities for 2022/23 will consist of continuing to deliver CATSA's mandated activities.

The following table summarizes the financial results for 2019/20, the financial results and budget for 2020/21, as well as the financial plan for 2021/22 to 2025/26 by program activity. The table reflects approved funding only.

² The funding of \$291.7 million consists of new funding of \$271.1 million from the fiscal framework, a re-profile of \$14.0 million from 2020/21, and \$6.7M for biosecurity measures to address the impacts of COVID-19.

Financial Plan by Program (in thousands of dollars)	Actual 2019/20	Actual 2020/21	Budget 2020/21	Plan 2021/22	Plan 2022/23	Plan 2023/24	Plan 2024/25	Plan 2025/26
Operating Expenditures								
PBS	\$ 444,307	\$ 338,973	\$ 476,260	\$ 474,246	\$ 275,862	\$ 275,862	\$ 275,862	\$ 275,862
HBS	121,748	92,848	122,276	108,017	123,552	123,552	123,552	123,552
NPS	141,232	145,820	151,559	177,737	18,971	18,971	18,971	18,971
RAIC	3,510	2,560	3,049	3,758	3,560	3,560	3,560	3,560
Corporate Services	40,763	48,652	51,429	48,049	45,484	45,484	45,484	45,484
Subtotal	\$ 751,560	\$ 628,853	\$ 804,573	\$ 811,807	\$ 467,429	\$ 467,429	\$ 467,429	\$ 467,429
Revenue and Other Income	(8,560)	(784)	-	-	-	-	-	-
Net Operating Expenditures funded by Parliamentary Appropriations	\$ 743,000	\$ 628,069	\$ 804,573	\$ 811,807	\$ 467,429	\$ 467,429	\$ 467,429	\$ 467,429
Capital Expenditures								
PBS	\$ 14,022	\$ 15,815	\$ 29,977	\$ 23,110	\$ 71,520	\$ 67,191	\$ 67,191	\$ 67,191
HBS	81,457	31,960	73,043	17,693	25,435	23,895	23,895	23,895
NPS	190	990	530	700	86	81	81	81
RAIC	2,460	2,587	2,946	2,013	127	119	119	119
Corporate Services	5,844	6,440	6,660	4,217	2,889	2,714	2,714	2,714
Subtotal	\$ 103,973	\$ 57,792	\$ 113,156	\$ 47,733	\$ 100,057	\$ 94,000	\$ 94,000	\$ 94,000
Proceeds on disposal and Vendor Credit	(111)	(99)	-	-	-	-	-	-
Net Capital Expenditures funded by Parliamentary Appropriations (Note)	\$ 103,862	\$ 57,693	\$ 113,156	\$ 47,733	\$ 100,057	\$ 94,000	\$ 94,000	\$ 94,000
Total Expenditures funded by Parliamentary Appropriations	\$ 846,862	\$ 685,762	\$ 917,729	\$ 859,540	\$ 567,486	\$ 561,429	\$ 561,429	\$ 561,429

The following section provides key highlights of CATSA's Financial Plan.

2021/22

Screening Operations

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

The operating budget for 2021/22 reflects an increase in screening services costs to continue to deliver CATSA's core operations. The increase is mainly attributable to additional screening hours to accommodate the passenger recovery forecast developed in September 2020, as well as costs to continue temperature screening, with the balance due to inflationary increases in screening contractor billing rates as set forth in CATSA's Airport Screening Services Agreements.

In response to the global pandemic, various governments imposed travel restrictions in early 2020, which resulted in steep declines in passenger traffic. Given the impact on screening operations, CATSA entered into short-term arrangements at that time with its third party screening contractors in an effort to protect the screening officer workforce and maintain security effectiveness while containing costs during this period of uncertainty. The estimated impact of these arrangements has been reflected in the Financial Plan. As the extent and duration of the pandemic and associated travel restrictions remain uncertain, funds will be reallocated as required over the course of the year in order to respond to changes in operational requirements as they arise, with any unused funds returned to the Consolidated Revenue Fund.

During 2020/21, CATSA was instructed by Transport Canada to conduct temperature screening for passengers travelling by air and non-passengers who require access to the restricted area of the air terminal building. The implementation of these new screening measures was phased in over the summer of 2020 at select airports across Canada, and ceased in August 2021 in response to the evolution of the pandemic. The costs associated with conducting temperature screening in 2021/22 have been reflected in the Financial Plan³.

New/Ongoing Initiatives

As part of Budget 2021, CATSA was allocated \$6.7M to acquire and operate sanitization equipment at Canada's eight busiest airports. CATSA began the development of trials of several available solutions in 2020/21, and will continue these trials in 2021/22, with plans to deploy viable solutions at airport checkpoints late in the fiscal year, pending Health Canada approval. CATSA will continue to explore the introduction of technological innovations over the course of the fiscal year with the objective of enhancing health and safety, and passenger confidence in air travel, in light of the pandemic.

Ongoing deployments of CATSA Plus remain a focus for 2021/22 and beyond. To date, the organization has deployed 82 CATSA Plus lines in select Class 1 airports, with plans for 2021/22 focused on deployment of software enhancements to optimize screening operations. CATSA remains in discussions with several Class 1 airports for additional deployments pending the respective airports' availability and passenger volumes.

As of March 31, 2021, FBS units are the primary screening tool at all checkpoints at Class 1 airports, and the Quebec City International Airport. Toronto City Centre Airport will be added following the anticipated reopening of the airport in Q1 of 2021/22. These units are used in combination with walk-through metal detectors to ensure a continual flow of passengers through the screening process.

³ CATSA will return any funds not required for temperature screening in 2021/22 to the Government of Canada.

Capital Life-Cycle Management/New Technology

CATSA's capital life-cycle management program, a significant cost driver to the capital plan, has been developed based on ensuring that its equipment remains compatible with its international partners and that CATSA employs the best industry practices and standards to deliver a secure experience for air travelers. As part of the ongoing life-cycle management program, CATSA undertakes a review of the remaining useful life of its equipment and systems currently deployed at the designated airports across Canada on a regular basis. This has also included exploring new technologies and trends that can enhance the screening process at the 89 designated airports.

In support of this program, capital funds have been identified in 2021/22 to complete the upgrade of CATSA's HBS system with computed tomography (CT) technology. This initiative was launched in 2011, based on a 10-year deployment schedule for a total project cost of approximately \$600 million, and supported the joint Canada-U.S. *Beyond the Border* declaration. CATSA's capital plan also provides for the replacement of non-Explosives Detection System (EDS) equipment and systems as the existing assets reach the end of their useful lives.

It is important to note that impacts of the pandemic may continue to result in various delays beyond CATSA's control. Consequently, the organization may require a re-profile of funds to account for any unforeseen delays in capital projects.

2022/23

For 2022/23, CATSA has Base funding of \$567.5 million. Additional funding will be necessary to allow CATSA to deliver its mandated activities for the full fiscal year. Subject to fluctuations in passenger volumes, CATSA estimates that its Base funding would run out by late fall 2022.

Key Assumptions and Financial Risks

Passenger Recovery — the passenger recovery projections are based on a protracted passenger growth scenario procured from InterVISTAS Consulting Inc. in the summer of 2020. The resulting passenger forecast represents an estimated decline in screened traffic of 33% for 2021/22, compared to 2019/20 levels. In 2020/21, 7 million passengers were screened nationally, representing an 89% decline from 2019/20 levels. These forecasts will continue to evolve as the pandemic and responses to it develop.

Billing Rates and Inflation — the rates used in the development of the budget are based on the terms of CATSA's existing contracts, which reflect annual inflationary increases.

Foreign Exchange Rates — in 2016/17, CATSA developed a hedging strategy to reduce its foreign currency exposure. Planned purchases for 2021/22 denominated in U.S. dollars that are not covered by hedging contracts, due to various factors, represent approximately \$10 million and have been translated using a USD exchange rate of 1.36. CATSA continues to monitor its future commitments and will enter into new hedging contracts as per its approved hedging strategy.

Re-Profiles — as the organization does not have carry-forward authority, capital re-profile requests have become a necessary part of CATSA's annual financial management process. CATSA's budget for 2021/22 reflects the capital re-profile of \$14 million from 2020/21, which has been approved by Treasury Board through the Supplementary Estimates process.

Internal Transfer — the Financial Plan is based on the assumption that CATSA will receive approval for an internal transfer of \$67 million from capital to operating in order to align CATSA's reference levels to its Budget for 2021/22.

APPENDIX A: Ministerial Mandate Letter



Ms. Marguerite Nadeau
 Chairperson of the Board of Directors
 Canadian Air Transport Security Authority
 99 Bank Street
 Ottawa ON K1P 6B9

Dear Ms. Nadeau:

It is an honour to serve Canadians as the Minister of Transport and a privilege to be able to work with key partners such as the Canadian Air Transport Security Authority (CATSA) during this pivotal time for both the transportation sector and the country as a whole.

Given that the world has changed significantly because of the COVID-19 pandemic, I wish to communicate to you that, now more than ever, our collaboration remains essential to advance the government's priorities and policy objectives. I look forward to deepening a strong working relationship that fosters open communication and a shared commitment to advance the government's priorities and policy objectives, and ensuring that CATSA remains a key partner in Canada's transportation system.

In supporting my accountability to Parliament for your organization, I will work with you to ensure that Canada's transportation system supports the government's ambitious economic response and recovery effort in fighting the pandemic and building back a better Canada. Together, during these challenging times, we will position CATSA to fight climate change where it can, help strengthen the middle class, walk the road of reconciliation, improve accessibility, and stand up for fairness and equality.

The fight against climate change remains of paramount importance to this government, and I expect that CATSA will provide its support by ensuring that opportunities to advance this cause are considered in your organization's priorities, plans, and operations.

In Budget 2021, the government indicated its intention to finish the fight against COVID-19, to create jobs and growth, and to support a resilient and inclusive recovery. I expect that CATSA will do its part by providing safe, secure and efficient civil aviation security screening in support of economic recovery and growth for middle-class Canadians. I am pleased that in Budget 2021, CATSA was allocated \$271.1 million in 2021–22 to support CATSA's operations and temperature screening measures, and that Budget 2021 funding of \$6.7 million was also allocated for CATSA to acquire and operate sanitization equipment.

Canada

- 2 -

When Indigenous people experience better outcomes, all Canadians benefit. In this vein, I expect that CATSA will join us as we continue to walk the road to reconciliation together. This should include, but not be limited to, consulting Indigenous communities where appropriate and incorporating Indigenous perspectives into organizational operations and planning processes.

I also expect that, per the *Accessible Canada Act*, CATSA will ensure that it is doing its part to help make the transportation system more accessible for persons with disabilities.

Together, we must also continue delivering real results for Canadians. This includes tracking and publicly reporting on the progress of our work, assessing our work's effectiveness, aligning resources with priorities, and adapting to events as they unfold. In this vein, I would note that your corporation's corporate plan remains the most important vehicle by which my colleagues and I can assess what results Canadians can expect from CATSA, and the annual report the most important mechanism to assess CATSA's results.

We must also continue to work together to improve how we collectively approach Crown corporation corporate plan approvals. This need was underscored by the concerns raised in the Office of the Auditor General's spring 2018 Report, tabled in Parliament on May 29, 2018. Transport Canada, Transport portfolio Crown corporations and central agencies each have a role to play. In this vein, I would ask for your continued support in ensuring that, to the extent that circumstances are within CATSA's control, CATSA's next corporate plan is multi-year in focus and prepared sufficiently in advance with the information available at that time.

I also remain committed to open, transparent, and merit-based selection processes to attract qualified candidates for governance and leadership positions in the Transport portfolio. Candidates should also reflect Canada's diversity in terms of linguistic, regional and employment equity groups (women, Indigenous peoples, persons with disabilities and members of visible minorities), as well as members of ethnic and cultural groups. As Chairperson, you will be invited to participate in these processes for your organization, which will inform my ultimate appointment recommendations to the Governor in Council. By extension, I expect that CATSA incorporate a similar focus on the abovementioned populations in all its labour force practices.

Recognizing the value of incumbents to ensuring consistent good governance, for those individuals previously appointed through an open process, I will consider recommending reappointment based on past performance and the Board's current needs in terms of diversity and skills. Transport Canada officials will engage with you to assess the performance and contribution of any incumbent being considered for reappointment.

- 3 -

Furthermore, as always, the legal and ethical obligations of public office holders remain paramount. All appointees should abide by the principles found in the Prime Minister's recently updated statement on Open and Accountable Government, with particular attention paid to the Ethical Guidelines set out in Annex A. All boards should also ensure ongoing compliance, both for their organization and for themselves, with the relevant requirements of the Treasury Board Secretariat Directive on Travel, Hospitality, Conference and Event Expenditures, the *Lobbying Act* and the *Conflict of Interest Act*.

As this Government places a priority on inclusion, I would encourage CATSA to continue to uphold an inclusive ethos in its corporate culture and to deliver CATSA's services in a way that supports diversity.

I also hope to work with you on completing the transfer of CATSA to an independent not-for-profit entity with a view to improve the passenger experience while maintaining security effectiveness. However, recognizing that Canada is still in the midst of responding to the COVID-19 pandemic, it may not be possible to concretely discuss plans for commercialization until we are well into the pandemic recovery phase. It is my expectation that once the commercialization process regains momentum, you will continue to support any work that advances the government's effort to transfer CATSA to an independent not-for-profit entity. In the meantime, I would ask that you continue to work with the department in carrying out the core activities that CATSA was mandated for as a Crown corporation, and that these be reflected in the corporation's multi-year corporate plans.

I look forward to continuing to work with you in advancing your corporation's plans, priorities and challenges.

Sincerely,



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

APPENDIX B: Corporate Governance Structure

Accountability Relationships

CATSA is an agent Crown corporation with a Board of Directors appointed by the Governor in Council on the recommendation of the Minister of Transport. CATSA reports to Parliament through the Minister of Transport and works with Transport Canada to ensure regulatory compliance.

Board of Directors

CATSA is governed by an 11-member Board of Directors appointed by the Governor in Council. Two of the Directors are nominated by the airline industry and two from the airport industry. All Directors are independent of CATSA management.

Committees of the Board of Directors

The *Audit Committee* assists the Board of Directors in fulfilling its oversight responsibilities with respect to financial reporting, risk management, internal controls, internal and external audits and other oversight responsibilities.

The *Governance, Human Resources and Pension Committee* (GHRP) assists the Board in fulfilling its oversight responsibilities with respect to governance issues including areas such as human resources and compensation, management succession plans, policies and processes relating to employee business conduct and ethical behaviour, annual objectives for the President and CEO, management and administration of the employee pension plan(s) and any other matter assigned to it by the Board.

The *Transaction Committee* assists the Board with respect to the proposed sale or disposition of CATSA's assets and liabilities to the designated screening authority as contemplated in the *Security Screening Services Commercialization Act*. This Committee was constituted on September 10, 2019.

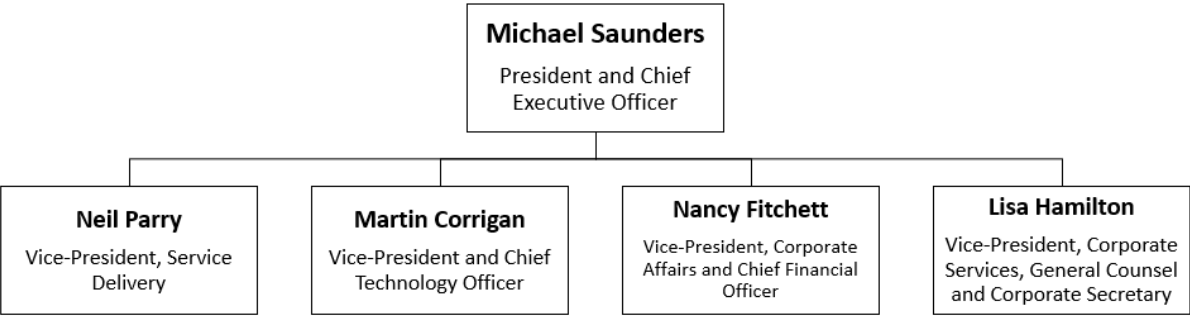
As of May 1, 2021, CATSA's Board of Directors included:

Current	Appointment Date	Mandate Expiry Date	Board Committee Membership
Marguerite Nadeau, Chairperson	2017/09/13	2022/09/13	<i>Ex officio</i> member of all Board committees
Jean-Philippe Brunet	2018/02/21	2022/02/21	Audit Committee GHRP Committee Transaction Committee
Melissa Coulson	<i>Original:</i> 2014/01/30 <i>Reappointment:</i> 2018/02/21	2020/02/21	Audit Committee GHRP Committee Transaction Committee
Sharon Duggan	2018/02/21	2022/02/21	Audit Committee GHRP Committee Transaction Committee
Patricia Kennedy	<i>Original:</i> 2015/03/26 <i>Reappointment:</i> 2018/06/25	2021/06/24	Audit Committee GHRP Committee
Gilles Lalonde	<i>Original:</i> 2018/02/21 <i>Reappointment:</i> 2021/05/21	2025/05/21	Audit Committee GHRP Committee
Taleeb Noormohamed	2018/02/21	2021/02/21	Audit Committee GHRP Committee Transaction Committee
William Restall	<i>Original:</i> 2014/09/29 <i>Reappointment:</i> 2018/06/14	2021/06/14	Audit Committee GHRP Committee
Allan Rowe	<i>Original:</i> 2012/05/03 <i>Reappointment:</i> 2018/03/13	2021/03/12	Audit Committee GHRP Committee
Diane Trenn	2018/06/14	2021/06/14	Audit Committee GHRP Committee
Penny Westman	2019/03/22	2023/03/22	Audit Committee GHRP Committee Transaction Committee

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

CATSA’s Senior Management Team

CATSA is led by the President and Chief Executive Officer (CEO), Michael Saunders. The President and CEO is supported by a senior management team, as shown below:



APPENDIX C: Planned Results

Expected Results and Performance Indicators

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

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

Set out over the following pages are CATSA's key measured targets and objectives, and the criteria and indicators used to measure progress in their achievement.

ACTIVITIES	INDICATORS	TARGETS	DATA
A. SERVICE EXCELLENCE			
OBJECTIVE 1: Security Effectiveness The prevention of prohibited items and non-permitted items from entering the air transportation system			
Pre-Board Screening (PBS) Hold Baggage Screening (HBS) Non-Passenger Screening (NPS)	Aggregate Security Effectiveness scores; calculated by combining performance results from the following sources: <ul style="list-style-type: none"> • PBS and NPS testing performance • HBS testing performance • Breach score • PBS and NPS Threat Image Projection System performance • HBS Threat Image Projection System performance 	Cannot be reflected in a public document due to security classification	Screening officer performance results
OBJECTIVE 2: Operational Efficiency The achievement of optimal screening efficiency with available personnel, systems and equipment			
Screening	Optimal passenger throughput—top 10% of passengers screened per screening line at Class 1 airports over 15-minute increments Screening contractor payments per passenger screened	Measured improvement over time (inflation adjusted when analyzed)	Quarterly reporting of BPSS passenger throughput results and calculation of screening contractor payments per passenger screened
OBJECTIVE 3: Optimal Passenger Experience The achievement of high levels of passenger satisfaction with, and confidence in, their interactions with CATSA			
Passenger Screening Experience and Professional Treatment	Wait time service level Passenger feedback relating to: <ul style="list-style-type: none"> • Confidence in security screening • Satisfaction with overall screening experience • Consistency in screening 	WTSL: 85/15 Satisfaction: 85%	Passenger wait times, averaged on an annual basis at Class 1 airports Passenger intercept surveys at Class 1 airports

ACTIVITIES	INDICATORS	TARGETS	DATA
OBJECTIVE 4: Sound Asset Management The timely acquisition, responsible maintenance, and systematic recapitalization of screening equipment and related systems			
Screening Equipment Availability and Performance	Availability of all major screening technology platforms at Class 1 airports Verification of screening equipment detection performance	Availability of PBS and HBS equipment Performance detection	The overall availability of all major screening technology platforms for screening operations: Total required screening time minus unscheduled outages as % of total required screening time The % of compliance of verification detection on all major screening technology platforms
Screening Equipment Re-capitalization	Screening equipment upgrades and replacement plans	On time and on budget	Monitoring of equipment replacement plans and progress
B. A HEALTHY WORKPLACE			
OBJECTIVE 1: Work-Life Balance Achievement and maintenance, for managers and staff alike, of a healthy and sustainable balance between their daily workloads and responsibilities and their personal needs and family commitments			
Workload Planning	Flexibility to accommodate new initiatives with minimal adverse impact on employee workloads and pressures	Stable or year-over-year improvement in the employee satisfaction index Annual attrition rate: 8.0% Absenteeism: 3 days per quarter per employee	Employee surveys conducted every three years, supplemented by periodic pulse check surveys Reporting on attrition and absenteeism (e.g. Corporate Performance Measurement Dashboard)
Workplace Policies	Flexibility to accommodate employee preferences and demands (telework, use of sick days and flexibility in core hours)		Employee workplace support agreements in place (such as telework agreements and arrangements for employee accommodations)

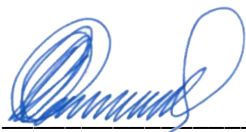
ACTIVITIES	INDICATORS	TARGETS	DATA
Workplace Policies	Support to employees whether working from home or at a CATSA workplace during and after the pandemic		Implementation of Return to Workplace Plan Strategies implemented to support employees working from home
OBJECTIVE 2: Inclusive and Diverse Environment Achievement of a well-balanced workforce that reflects the diversity of Canada, and fostering of a positive and supportive working environment that respects diverse social and cultural values			
Recruitment and Advancement	Workforce demographics Outreach recruitment Retention of diverse employees Internal movement and promotions Progress against our Employment Equity Plan	Diverse workforce Annual internal movement and promotions rate: 9.2% Turnover rate by designated groups Short and long-term employment equity goals	Workforce demographics Employment Equity Plan Multiculturalism Report Official Languages Report
Workplace Support	Workplace accommodations procedures Diversity and Inclusion Network initiatives Complaints regarding violations of the Respectful Workplace Policy and Procedure Annual employee statement of compliance with the Code of Ethics Mental health support to employees, particularly as it relates to changes resulting from the pandemic	Active use of workplace support measures Employee satisfaction	Employee surveys <i>Public Servants Disclosure Protection Act</i> reporting Internal reporting mechanisms Support and resources provided to promote mental health
OBJECTIVE 3: Culture of Recognition Establishment of CATSA as a positive, encouraging and enabling institution that facilitates, acknowledges and celebrates individual and collective growth and sense of achievement			
Training, Development and Advancement	Continuous development of management and employee skills and experience Encouragement and openness to employee innovation and initiative	Employee satisfaction Professional development and designations budget: 1.5% of operating budget Annual internal movement and promotions rate: 9.2%	Employee surveys Budget for professional development and designations

ACTIVITIES	INDICATORS	TARGETS	DATA
OBJECTIVE 4: Transformative Leadership Demonstration by example and active support of creative approaches to continuous improvement			
Setting the Tone From the Top	Adoption of innovative, inclusive and competitive workplace practices Enhancement of existing vehicles to promote innovation (CATSA Leaders Forum, employee retreat and employee communication)	Employee feedback on leadership Completed enhancements aimed at fostering vision and behaviours that support a transformative culture	Employee surveys Feedback from the Board of Directors
Organizational Support of Front-line Management	Implementation of Leadership Excellence Program	Employee feedback on leadership	Employee surveys Mandatory participation in the Management Development Program (% of completion) Performance reviews (e.g. people leadership competencies)
C. EFFECTIVE PARTNERSHIPS			
OBJECTIVE 1: Industry Collaboration Establishment and maintenance of strong and positive working relationships between CATSA, its security partners and other members of the civil aviation industry			
Liaison, Outreach and Joint Initiatives	Well-established formal and informal processes for dialogue and collaboration with industry Responsiveness to industry requests, including for screening enhancement on a cost-recovery basis	Close, respectful and productive relations Timely and meaningful response to industry requests	Industry consultations and feedback Negotiated agreements for cost-recovery screening enhancements where applicable
OBJECTIVE 2: Community Relations Establishment and maintenance of close and favourable relations with key stakeholders in the broader community			
Information, Outreach, Collaboration and Cooperation	Well-established formal and informal processes for communication and feedback with community stakeholders and the travelling public	Close, respectful and productive relations Timely and meaningful response to public and community requests and complaints	Stakeholder consultations and communications Public and passenger enquiries, suggestions and complaints

ACTIVITIES	INDICATORS	TARGETS	DATA
D. OPERATIONAL SUSTAINABILITY			
OBJECTIVE 1: Maintaining Stable Operations Through Volatility and Uncertainty Maintaining stable operations amidst the uncertainties posed by a global pandemic as well as the potential transfer of mandated responsibilities to the designated screening authority			
Industry Pandemic Recovery	Temperature screening of travellers and non-travellers as instructed by the Government of Canada Acquisition and deployment of sanitization equipment at checkpoints Adherence to post-pandemic health and safety regulations and requirements at checkpoints	Delivery of temperature screening at checkpoints Working with the Government of Canada to implement biosecurity measures, including sanitization equipment Stringent post-pandemic health and safety measures incorporated into operations	Monitoring operations with new measures in place
Seamless Operations Leading up to Potential Transfer	Smooth operations for passengers and CATSA staff CATSA actively engaged in supporting the Government of Canada throughout the potential transfer	Continuous delivery of security screening operations, as well as corporate support functions at headquarters	Monitoring of transition plans Various performance data regularly reviewed and reported by CATSA

President and Chief Executive Officer Commitment

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



Michael Saunders
President and Chief Executive Officer
Canadian Air Transport Security Authority

November 24, 2021


Date

APPENDIX D: Chief Financial Officer Attestation

In my capacity as Chief Financial Officer of the Canadian Air Transport Security Authority (CATSA), accountable to the Board of Directors of CATSA through the Chief Executive Officer, I have reviewed the 2021/22-2022/23 Corporate Plan and budgets, and the supporting information that I considered necessary, as of the date indicated below. Based on this due diligence review, I make the following conclusions:

- A. The nature and extent of the financial and related information is reasonably described, and assumptions having a significant bearing on the associated financial requirements have been identified and are supported.
- B. Significant risks having a bearing on the financial requirements, the sensitivity of the financial requirements to changes in key assumptions, and the related risk-mitigation strategies have been disclosed.
- C. Financial resource requirements have been disclosed and are consistent with the stated assumptions, and options to contain costs have been considered.
- D. Funding is sufficient to address the financial requirements for the expected duration of the Corporate Plan, with the following observation: CATSA's Base funding for 2022/23 will cover the costs to continue to deliver its mandated activities for a portion of the fiscal year only.
- E. The Corporate Plan and budgets are compliant with relevant financial management legislation and policies, and the proper financial management authorities are in place.
- F. Key financial controls are in place to support the implementation of proposed activities and ongoing operations of CATSA.

In my opinion, the Corporate Plan and budgets are sufficient to support decision-making.



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

24 November 2021

Date

APPENDIX E: Financial Statements and Budgets

Financial Statement Highlights

CATSA's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and approved by the Accounting Standards Board of Canada (AcSB). The financial statements that follow are prepared based on approved funding. CATSA will only be able to operate for a portion of 2022/23 without supplemental funding.

Disposals

CATSA manages its assets, including asset disposal, as part of a life-cycle management regime or as part of new technology requirements. The disposal of assets is governed by corporate policy and procedures that ensure compliance with applicable legislation and regulations concerning the disposal of Crown assets. In the notes to the financial statements, CATSA discloses contingent liabilities associated with the removal of EDS equipment from airports across Canada, some of which contains hazardous materials, as well as the restoration of facilities contractually required under lease agreements.

Financial Statements

Statement of Financial Position

Statement of Financial Position	Actual	Actual	Plan	Plan
(Figures are in thousands)	2019/20	2020/21	2021/22	2022/23
ASSETS				
Current assets				
Cash	\$ 18,492	\$ 14,086	\$ 10,000	\$ 10,000
Trade and other receivables	142,313	118,529	146,059	96,207
Inventories	16,025	14,067	12,864	12,701
Prepays	4,496	7,012	7,094	7,237
Derivative financial assets	926	-	-	-
	\$ 182,252	\$ 153,694	\$ 176,017	\$ 126,145
Non-current assets				
Property and equipment and intangible assets				
EDS	\$ 475,398	\$ 450,244	\$ 414,832	\$ 434,775
Non-EDS	24,827	30,159	28,615	22,927
	\$ 500,225	\$ 480,403	\$ 443,447	\$ 457,702
Right-of-use assets	\$ 22,211	\$ 9,937	\$ 10,632	\$ 13,351
Employee benefits asset	1,482	34,525	37,909	41,677
	\$ 706,170	\$ 678,559	\$ 668,005	\$ 638,875
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	\$ 140,718	\$ 110,191	\$ 156,083	\$ 105,737
Holdbacks	16,367	22,352	-	-
Provision	-	200	-	-
Lease liabilities	3,548	3,667	3,104	2,634
Deferred government funding related to operating expenses	19,420	21,079	19,958	19,938
Derivative financial liabilities	-	1,127	-	-
	\$ 180,053	\$ 158,616	\$ 179,145	\$ 128,309
Non-current liabilities				
Holdbacks	\$ 5,410	\$ -	\$ -	\$ -
Lease liabilities	19,379	7,007	8,050	11,134
Deferred government funding related to capital expenditures	498,794	479,306	442,659	457,613
Derivative financial liabilities	-	70	-	-
Employee benefits liability	26,436	20,054	21,537	23,020
	\$ 550,019	\$ 506,437	\$ 472,246	\$ 491,767
Equity				
Accumulated (deficit) surplus	\$ (23,902)	\$ 13,506	\$ 16,614	\$ 18,799
	\$ 706,170	\$ 678,559	\$ 668,005	\$ 638,875

Statement of Comprehensive Income (Loss) and Equity

Statement of Comprehensive Income (Loss) and Equity	Actual	Actual	Plan	Plan
(Figures are in thousands)	2019/20	2020/21	2021/22	2022/23
Expenses				
Pre-Board Screening	\$ 463,057	\$ 351,143	\$ 487,248	\$ 289,897
Hold Baggage Screening	171,796	151,750	170,528	184,873
Non-Passenger Screening	144,859	148,688	180,383	21,341
Restricted Area Identity Card Program	3,238	2,957	4,971	4,882
Corporate services	47,846	50,441	52,109	49,205
Total expenses	\$ 830,796	\$ 704,979	\$ 895,239	\$ 550,198
Other expenses (income)				
Loss (gain) on disposal of property and equipment	\$ 1,405	\$ (70)	\$ -	\$ -
Write-off of property and equipment and intangible assets	795	840	-	-
Impairment of property and equipment	597	177	-	-
Finance costs	531	354	156	169
Foreign exchange (gain) loss	(89)	(173)	2	-
Net (gain) loss on fair value of derivative financial instruments	(389)	2,123	(1,197)	-
Total other expenses (income)	\$ 2,850	\$ 3,251	\$ (1,039)	\$ 169
Revenue				
Supplemental screening services	\$ 7,415	\$ -	\$ -	\$ -
Other income	1,306	718	-	-
Total revenue	\$ 8,721	\$ 718	\$ -	\$ -
Financial performance before government funding	\$ 824,925	\$ 707,512	\$ 894,200	\$ 550,367
Government funding				
Parliamentary appropriations for operating expenses	\$ 742,138	\$ 626,410	\$ 812,928	\$ 467,449
Amortization of deferred government funding related to capital expenditures	70,864	73,208	80,367	81,458
Parliamentary appropriations for lease payments	3,936	3,973	4,013	3,645
Total government funding	\$ 816,938	\$ 703,591	\$ 897,308	\$ 552,552
Financial performance	\$ (7,987)	\$ (3,921)	\$ 3,108	\$ 2,185
Other comprehensive income				
Item that will not be reclassified to financial performance				
Remeasurement of defined benefit plans	\$ 7,724	\$ 41,329	\$ -	\$ -
Total comprehensive income (loss)	\$ (263)	\$ 37,408	\$ 3,108	\$ 2,185
Equity				
Accumulated (deficit) surplus, beginning of year	\$ (23,639)	\$ (23,902)	\$ 13,506	\$ 16,614
Total comprehensive income (loss)	(263)	37,408	3,108	2,185
Accumulated (deficit) surplus, end of year	\$ (23,902)	\$ 13,506	\$ 16,614	\$ 18,799

Statement of Cash Flows

Statement of Cash Flows	Actual	Actual	Plan	Plan
(Figures are in thousands)	2019/20	2020/21	2021/22	2022/23
Cash flows provided by (used in)				
Operating activities				
Financial performance	\$ (7,987)	\$ (3,921)	\$ 3,108	\$ 2,185
Items not involving cash				
Depreciation of property and equipment and right-of-use assets, and amortization of intangible assets	71,861	76,126	84,212	85,034
Change in net employee benefits asset/liability	7,899	1,904	(1,901)	(2,285)
Write-off of property and equipment and intangible assets	795	840	-	-
Loss (gain) on disposal of property and equipment	1,405	(70)	-	-
Other non-cash transactions	62	3,603	-	-
Impairment of property and equipment	597	177	-	-
Amortization of deferred government funding related to capital expenditures	(70,864)	(73,208)	(80,367)	(81,458)
Change in fair value of financial instruments at fair value through profit and loss	(389)	2,123	(1,197)	-
Net change in non-cash working capital balances	(23,341)	16,627	(4,084)	-
	\$ (19,962)	\$ 24,201	\$ (229)	\$ 3,476
Investing activities				
Parliamentary appropriations received for capital funding	\$ 137,479	\$ 41,627	\$ 43,617	\$ 95,917
Purchase of property and equipment and intangible assets:				
EDS	(91,280)	(55,427)	(37,785)	(94,184)
Non-EDS	(8,309)	(11,182)	(5,832)	(1,733)
Proceeds on disposal of property and equipment	1	-	-	-
	\$ 37,891	\$ (24,982)	\$ -	\$ -
Financing activities				
Lease principal payments	\$ (3,444)	\$ (3,625)	\$ (3,857)	\$ (3,476)
	\$ (3,444)	\$ (3,625)	\$ (3,857)	\$ (3,476)
Increase (decrease) in cash	\$ 14,485	\$ (4,406)	\$ (4,086)	\$ -
Cash, beginning of year	\$ 4,007	\$ 18,492	\$ 14,086	\$ 10,000
Cash, end of year	\$ 18,492	\$ 14,086	\$ 10,000	\$ 10,000

Reconciliation of Financial Performance (IFRS) to Operating Appropriations Used

Reconciliation of Financial Performance to Operating Appropriations Used	Actual	Actual	Plan	Plan
(Figures are in thousands)	2019/20	2020/21	2021/22	2022/23
Financial performance before government funding	\$ 824,925	\$ 707,512	\$ 894,200	\$ 550,367
Non-cash expenses				
Depreciation and amortization	(71,861)	(76,126)	(84,212)	(85,034)
Employee benefits expense	(7,899)	(1,904)	1,901	2,285
(Loss) gain on disposal of property and equipment	(1,405)	70	-	-
Write-off of property and equipment and intangible assets	(795)	(840)	-	-
Non-cash finance costs related to leases	(492)	(348)	(156)	(169)
Spare parts expense funded from capital	(55)	(9)	-	-
Change in fair value of derivative financial instruments at fair value through profit and loss	389	(2,123)	1,197	-
Non-cash gain (loss) on foreign exchange recognized in financial performance	(72)	355	(2)	-
Impairment of property and equipment	(597)	(177)	-	-
Parliamentary appropriations for operating expenses	\$ 742,138	\$ 626,410	\$ 812,928	\$ 467,449
Other items affecting funding				
Net change in prepaids and inventories	\$ 862	\$ 1,659	\$ (1,121)	\$ (20)
Total operating appropriations used	\$ 743,000	\$ 628,069	\$ 811,807	\$ 467,429

Operating and Capital Plans

Operating

Operating Plan by Major Expenditure Category	Actual	Actual	Budget	Plan	Plan
(Figures are in thousands)	2019/20	2020/21	2020/21	2021/22	2022/23
OPERATING EXPENDITURES					
Screening Services and Other Related Costs					
Payments to Screening Contractors	\$ 616,280	\$ 485,644	\$ 654,736	\$ 654,130	\$ 316,929
Uniforms and Other Screening-Related Costs	6,340	8,778	7,108	12,796	9,000
Trace and Consumables	3,563	6,670	3,235	7,927	6,000
Total Screening Services and Other Related Costs	\$ 626,183	\$ 501,092	\$ 665,079	\$ 674,853	\$ 331,929
Equipment Operating and Maintenance					
Equipment Maintenance and Spare Parts	\$ 41,344	\$ 36,769	\$ 41,548	\$ 42,237	\$ 43,000
Training and Certification	1,846	17	1,407	1,236	1,200
RAIC Cards	1,881	822	1,021	1,020	1,000
Total Equipment Operating and Maintenance	\$ 45,071	\$ 37,608	\$ 43,976	\$ 44,493	\$ 45,200
Program Support and Corporate Services					
Employee Costs	\$ 57,994	\$ 64,402	\$ 63,214	\$ 66,500	\$ 67,000
Office and Computer Expenses	8,596	7,138	7,040	7,363	7,000
Professional Services	4,841	4,715	10,375	6,212	4,000
Rent and Facilities	2,840	3,402	3,198	3,380	3,400
Travel and Other Business-Related Costs	2,302	409	2,566	1,897	2,000
Network and Telephony	2,269	2,545	2,263	2,578	2,600
Communications and Public Awareness	928	942	1,100	1,255	1,000
Insurance and Other Administrative Costs	536	6,600	5,762	3,276	3,300
Total Program Support and Corporate Services	\$ 80,306	\$ 90,153	\$ 95,518	\$ 92,461	\$ 90,300
SUBTOTAL	\$ 751,560	\$ 628,853	\$ 804,573	\$ 811,807	\$ 467,429
Revenue and Other Income					
Supplemental Screening Services	\$ (7,415)	\$ -	\$ -	\$ -	\$ -
Foreign Exchange Loss / (Gain)	132	(83)	-	-	-
Other Income	(1,277)	(701)	-	-	-
Total Revenue and Other Income	\$ (8,560)	\$ (784)	\$ -	\$ -	\$ -
TOTAL	\$ 743,000	\$ 628,069	\$ 804,573	\$ 811,807	\$ 467,429

2020/21 Financial Results

Net operating expenditures totalled \$628.1 million, or \$176.5 million lower than the Corporate Plan budget of \$804.6 million. CATSA's approved 2020/21-2021/22 Corporate Plan was developed prior to the pandemic, which has resulted in lower operating spending than the amounts budgeted in the Corporate Plan. The pandemic has had a significant impact on CATSA's operating environment, resulting in a steep decline in passenger volumes which has reduced the number of screening hours purchased and impacted the number of screening lines required to be operational. These factors have contributed to lower spending than planned as compared to the Corporate Plan.

In response to the pandemic, the Government of Canada instructed CATSA to perform temperature screening at PBS and NPS checkpoints. The operating cost to deliver this additional screening amounted to \$33.2 million in 2020/21, which includes the cost of screening services and maintenance of the temperature screening equipment. CATSA also purchased additional personal protective equipment, performed additional checkpoint sanitization and deployed acrylic barriers. The cost of these additional investments in response to the pandemic was \$7 million in 2020/21.

2021/22 Financial Plan Highlights

Screening Services and Other Related Costs increase in 2021/22 from 2020/21 to reflect additional screening hours budgeted to support the passenger recovery, the annualized costs of providing temperature screening at PBS and NPS checkpoints, and screening contractor billing rate increases.

Equipment Operating and Maintenance costs increase in 2021/22 compared to the prior year. The increase is attributable to higher equipment maintenance costs as screening operations normalize, and the impact of warranty expiries on certain EDS equipment. The increase is also attributable to training requirements for CATSA's maintenance service provider to support EDS equipment purchased in 2020/21 and planned deployments in 2021/22.

Program Support and Corporate Services costs increase in 2021/22. The increase is mainly driven by higher Employee Costs, reflecting lower projected vacancy levels and a statutory pension plan solvency deficit payment of \$4.8M for CATSA's Registered Pension Plan. CATSA's indeterminate workforce consists of 448 approved FTE positions in 2021/22, consistent with the prior year. The increase is also due to higher travel expenditures and higher professional services. These increases are partially offset by lower planned spending for Insurance as 2021/22 returns to the regular payment schedule.

Capital

Capital Plan by Major Initiative	Actual	Actual	Budget	Plan	Plan
(Figures are in thousands)	2019/20	2020/21	2020/21	2021/22	2022/23
CAPITAL EXPENDITURES					
Explosives Detection Systems (EDS)					
PBS					
Capital Life-cycle Management	\$ 2,339	\$ 5,525	\$ 3,779	\$ 603	\$ 51,487
New Technology / Deployments	8,044	3,323	20,495	18,442	17,728
Other PBS	49	1,650	860	860	125
Total PBS	\$ 10,432	\$ 10,498	\$ 25,134	\$ 19,905	\$ 69,340
HBS					
Capital Life-cycle Management	\$ 80,098	\$ 32,515	\$ 65,730	\$ 9,311	\$ 17,627
New Technology / Deployments	145	(40)	1,150	250	3,085
Other HBS	1,051	(601)	5,971	8,042	4,132
Total HBS	\$ 81,294	\$ 31,874	\$ 72,851	\$ 17,603	\$ 24,844
NPS					
Capital Life-cycle Management	\$ -	\$ 265	\$ -	\$ -	\$ -
New Technology / Deployments	1	-	61	277	-
Total NPS	\$ 1	\$ 265	\$ 61	\$ 277	\$ -
Total EDS	\$ 91,727	\$ 42,637	\$ 98,046	\$ 37,785	\$ 94,184
Non-EDS					
PBS	\$ 3,590	\$ 5,317	\$ 4,843	\$ 3,205	\$ 2,180
HBS	163	86	192	90	591
NPS	189	725	469	423	86
RAIC	2,460	2,587	2,946	2,013	127
Corporate Services	5,844	6,440	6,660	4,217	2,889
Total Non-EDS	\$ 12,246	\$ 15,155	\$ 15,110	\$ 9,948	\$ 5,873
Total Capital Expenditures	\$ 103,973	\$ 57,792	\$ 113,156	\$ 47,733	\$ 100,057
Proceeds on disposal and vendor credit	(111)	(99)	-	-	-
TOTAL	\$ 103,862	\$ 57,693	\$ 113,156	\$ 47,733	\$ 100,057

2020/21 Financial Results

Capital expenditures totalled \$57.7 million, or \$55.5 million lower than the Corporate Plan budget of \$113.2 million. The lower spending is primarily related to the substantial completion of the HBS Recapitalization program in 2020/21, which has resulted in the release of project savings across several large projects, as well as delays in other capital projects mainly due to the pandemic.

Based on the above spending delays, CATSA received Treasury Board approval for the capital re-profile of \$14 million. These funds have been reflected in the capital budget for 2021/22. Included in the 2020/21 capital spending is \$4.4 million of capital expenditures related to the pandemic. These investments were incurred to purchase temperature screening equipment in response to changes in screening procedures mandated by the Government of Canada, and the deployment of acrylic barriers in CATSA Plus checkpoints at many of Canada's largest airports.

2021/22 Financial Plan Highlights

With the Budget 2021 announcement, CATSA was granted \$6.7M of funding to acquire and operate sanitization equipment at Canada's eight busiest airports. CATSA's plan for 2021/22 is to trial and deploy UV systems on CATSA Plus lines, pending the successful product registration with Health Canada.

The life-cycle management of CATSA's EDS and non-EDS equipment and systems is a key corporate priority and annually represents a significant portion of the capital spending. In 2021/22, CATSA's capital plan includes the upgrade of CATSA's X-ray units to support new detection algorithms, and final project activities related to the upgrade of CATSA's HBS system with CT technology. In addition, CATSA will continue its extensive work on the relocation of its data centre in response to the impending closure of Shared Services Canada's Macdonald Cartier Data Centre facility scheduled in March 2022.

Finally, CATSA remains committed to the deployment of CATSA Plus, with software enhancements planned for 2021/22 to optimize screening operations.

The capital plan also includes annual lease payments as right-of-use assets relating to the adoption of IFRS 16 Leases.

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

APPENDIX F: Risks and Risk Responses

Overview

As a key member of the Canadian civil aviation security system, CATSA is exposed to a variety of risks that may impact the organization's ability to fulfill its mandate. Specific responses to aviation security threats and risks are mandated by Transport Canada and implemented by CATSA. In addition to intelligence-related threat information overseen by Transport Canada, CATSA conducts various risks assessments pertaining to its corporate strategies and operations.

Mandated Services Risk

Detection Capability and Maintaining Care and Control of Screening Checkpoints

Aviation security is CATSA's top priority. Screening equipment is approved and detection standards are set by Transport Canada. While CATSA endeavours to meet these standards, there is a risk that CATSA may not have the technology, the threat and risk information, processes or human factor capability to detect all high-risk threat items, which may result in substantial consequences to the civil aviation system.

To address this risk, CATSA continually works to review, test and improve the effectiveness of its operational processes and procedures, and maintains a capital program to support the replacement and upgrading of screening equipment.

Capacity Risk

CATSA Staff Capacity

CATSA's streamlined corporate structure has made the organization leaner, however, the organization may face challenges in effectively managing increasing workloads. There is a risk that CATSA's current staff capacity, in particular areas, may be inadequate to sustain current workloads and to support a healthy work environment.

To address this risk, the organization has implemented various human resources initiatives such as devoting more resources to talent acquisition and developing a simplified fixed-term resource request process. The organization will continue to monitor the impacts to staff capacity.

Service Delivery Through Third-Party Risk

Legal or Illegal Labour Disruptions

CATSA outsources its services to screening contractors, who rely on a unionized screening officer workforce to perform screening operations. Given the nature of the third-party service delivery model, CATSA has no direct role in labour relations and relies upon its screening

contractors to establish collective bargaining agreements and manage labour relations with their unions.

Due to the screening contractors' management of labour relations or labour market conditions, there is a risk that CATSA may have limited influence to prevent a legal or illegal labour disruption event from occurring or have limited ability to maintain service levels during a legal or illegal labour disruption event.

To address this risk, CATSA continually monitors labour issues between screening contractors and the unions representing screening officers and keeps Transport Canada apprised of developments.

In the event of a legal or illegal labour disruption, CATSA has prepared labour contingency plans with operational, legal and communications components.

Service Delivery Model – Dependence on Outsourced Screening Services, Equipment Maintenance Services, or Major Suppliers

CATSA is fully dependent on screening contractors for delivering critical and mandated screening services, and is primarily dependent on outsourced maintenance service providers for the maintenance of screening equipment, and on major suppliers. There is a risk that CATSA's dependence on outsourced screening services, equipment maintenance services or major suppliers may result in negative service delivery impacts.

To address this risk, CATSA continually monitors screening contractor performance and has developed a screening contractor relationship management framework, which promotes a systematic and collaborative relationship between CATSA and the screening contractors. As well, alternate maintenance arrangements have been put in place to ensure continuity of screening equipment maintenance services. Finally, CATSA continues to monitor and address impacts to its supply chain as a result of external forces, including the pandemic.

Stakeholder Relations

There is a risk that CATSA may encounter events that the organization is not able to effectively manage, which may cause damage to its reputation with its stakeholders, resulting in loss of public trust in CATSA or confidence in air transportation security.

To address this risk, CATSA continues to improve the passenger experience promoting a customer service-oriented culture. CATSA regularly liaises with industry stakeholders and has implemented a variety of communication strategies such as conducting passenger intercept surveys and the expanded use of social media to engage its multiple stakeholder groups.

Human Resources Risk

Employee Recruitment and Retention

Due to labour market conditions for talent or due to CATSA's overall corporate Human Resources strategies, there is a risk that CATSA may experience challenges in recruiting and/or retaining key and/or specialised talent resulting in a potential loss of corporate memory and/or a decrease in overall corporate performance.

To address this risk, the organization has implemented a number of initiatives to ensure competitive total compensation packages and has expanded its recruitment strategies to include specialized advertising for unique or key talent. Additionally, the organization is focusing on initiatives to retain talent including its talent management and management development programs.

Information Technology (IT) Risk

Cyber Attacks on IT Infrastructure

Government departments, agencies and Crown corporations are constantly exposed to a variety of cyber threats to their IT infrastructure. Due to the evolving nature of the cyber threat environment, there is a risk that cyber threats and/or attacks may negatively impact CATSA's IT infrastructure and/or compromise organizationally sensitive or secret information resulting in a loss of public confidence and potential damage to CATSA's reputation.

To address this risk, CATSA continues to work with professional services to enhance cyber security controls, to undergo internal audits of evolving risks, and to expand and modernize a variety of devices, systems, processes and procedures to safeguard the organization's IT infrastructure.

APPENDIX G: Compliance with Legislative and Policy Requirements

Legislative and Regulatory Frameworks

A number of federal legislative, regulatory and policy frameworks establish the foundation that CATSA uses to develop its Standard Operating Procedures and related training programs to guide screening officers in the performance of their duties. Other legislation and Treasury Board of Canada directives of government-wide application address such issues as financial accountability, official languages, impact assessments, privacy, access to information, and multiculturalism.

The main legislative and regulatory frameworks are set out below:

<u>Legislative and regulatory instruments directly applicable to CATSA's mandate</u>	
<ul style="list-style-type: none"> • <i>Aeronautics Act</i> • <i>Canadian Air Transport Security Authority Act</i> • <i>Security Screening Services Commercialization Act</i> 	<ul style="list-style-type: none"> • <i>Canadian Aviation Security Regulations, 2012</i> • <i>Screening Security Measures</i>
<u>Other Instruments of Government-wide application relevant to CATSA</u>	
<ul style="list-style-type: none"> • <i>Financial Administration Act (FAA), Part X</i> • <i>Crown Corporation General Regulations, 1995</i> • <i>Crown Corporation Corporate Plan, Budget and Summaries Regulations</i> • <i>Canada Transportation Act</i> • <i>Accessible Transportation for Persons With Disabilities Regulations</i> • <i>Transportation Information Regulations</i> • <i>Official Languages Act and Official Languages (Communications With and Services to the Public) Regulations</i> • <i>Access to Information Act</i> 	<ul style="list-style-type: none"> • <i>Privacy Act</i> • <i>Canadian Human Rights Act</i> • <i>Accessible Canada Act</i> • <i>Canada Labour Code</i> • <i>Canada Occupational Health and Safety Regulations</i> • <i>Employment Equity Act and Regulations</i> • <i>Pay Equity Act</i> • <i>Canadian Multiculturalism Act</i> • <i>Public Servants Disclosure Protection Act</i> • <i>Conflict of Interest Act</i> • <i>Treasury Board of Canada Directives</i>

Financial Administration Act Directives

While CATSA continually remains in conformity with obligations and guidance under the *Financial Administration Act*, occasionally special Directives are issued, commanding focused attention from CATSA, as with the cases below.

Public Sector Pension Reform

In June 2019, CATSA was issued a directive (Order in Council P.C. 2019-783) pursuant to Section 89 of the FAA, which outlines certain principles with regards to CATSA's pension plans and replaces Order in Council P.C. 2014-1382 of December 2014. As at March 31, 2021, CATSA is compliant with the directive.

Travel and Hospitality

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

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

Official Languages Act

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

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

CATSA remains committed to promoting a bilingual work environment. CATSA continues to remind its employees nation-wide that promoting an inclusive, bilingual culture in the workplace is a team effort.

Access to Information Act and Privacy Act

CATSA strives to incorporate the legislative obligations under the *Privacy Act* and the 10 principles of the Canadian Standards Association Model Code into every program and activity that it develops.

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

Between April 1, 2020 and March 31, 2021, ATIP-related training was delivered to 43 participants. Twelve received privacy training, one received ATIP training and 30 employees at headquarters and in the regions received orientation training on both ATIP and privacy.

Ad hoc training on a variety of subjects was also provided as needed to individuals throughout the organization.

Protection of Federal Assets

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

APPENDIX H: Government of Canada Priorities and Directions

CATSA is committed to complying with and actively supporting relevant broader objectives, priorities, values and principles of the Government of Canada.

Following are key initiatives that will be actively pursued and supported throughout the planning period and, in most cases, on an ongoing basis.

Keeping Canadians Safe and Healthy

Consistent with the Government of Canada's commitment to keeping Canadians safe and healthy and protecting them from COVID-19, CATSA secures critical elements of the civil air transportation system, as assigned and directed by the government. CATSA takes its mandate very seriously, continuously striving to provide leadership in security screening while adapting to the evolving security landscape, which now includes adapting to a pandemic environment.

In addition to making continuous improvements in the effectiveness, efficiency and consistency of security screening at designated airports on an ongoing basis, CATSA contributes to the sharing of best practices and technologies for security screening with international partners and counterparts. The organization, in collaboration with Transport Canada, also contributes to the periodic updating and strengthening of the aviation security Standards and Recommended Practices developed and promulgated by ICAO, the United Nations body responsible for global civil aviation.

Recognizing the unique impact of the pandemic on the Canadian civil aviation industry, CATSA has implemented new procedures to protect the health of Canadians as instructed by the Government of Canada. These measures include the deployment of temperature screening at CATSA checkpoints, as well as enhanced checkpoint sanitization protocols.

CATSA will continue to monitor its response to the pandemic, and adjust practices, procedures and initiatives as necessary to ensure the health and safety of passengers, non-passengers and screening officers while carrying out the organization's civil aviation security screening mandate.

Openness, Effectiveness and Transparency in Government

The Government of Canada has committed to "set a higher bar for openness and transparency," with the goal of "shining more light on government to ensure it remains focused on the people it serves." Emphasizing the importance of the government making its information "open by default," the government has directed and encouraged all federal departments and agencies to adopt practices of openness and transparency. This begins, but does not end, with faithful and timely compliance with obligations under the *Access to Information Act* and the *Privacy Act*, and related *Treasury Board of Canada* directives.

CATSA proactively maintains a comprehensive public information and awareness program, including sharing wait times, quarterly surveys of travellers, publication of information and active consultation with stakeholders, among other initiatives.

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

CATSA is deeply committed to supporting the Government of Canada's objectives to build a workforce that reflects the diversity of Canada's population. To that end, CATSA's *Employment Equity Plan 2018–2021: Securing a Culture of Inclusion* sets out CATSA's employment equity numerical goals, commitments and performance measurements. The *Employment Equity Plan* emphasizes increasing internal representation of designated population groups, and of all genders, through hiring, talent and career development, and promotion. These efforts, complemented by CATSA's *Code of Ethics, Conduct and Conflict of Interest*, are designed to foster and reinforce a safe, respectful and welcoming work environment for all.

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

Progress towards meeting diversity and employment equity goals is actively measured, monitored and evaluated. CATSA produces and submits an annual report on its fulfillment of the *Employment Equity Act* and the *Canadian Multiculturalism Act*. An internal CATSA Diversity and Inclusion Network has been created to guide CATSA in the identification and elimination of barriers to equal employment and to continue to foster an inclusive and diverse culture.

Gender-Based Analysis Plus

A Gender-Based Analysis Plus assessment was completed to examine any differential impacts on men and women, as well as any potential opportunities to advance gender-based objectives in both the air traveller base, CATSA workforce and screening officers who are employed by CATSA's screening contractors. The assessment found that:

- The security screening procedures followed by CATSA have been designed to treat men and women travellers equally. At the same time, however, CATSA is sensitive to the different impacts that screening procedures can have on men, women and the transgender community, and it takes steps to ensure all travellers feel respected and safe throughout the screening process. This includes ensuring same-sex physical searches and providing accommodation when requested.
- As reported in CATSA's 2020 Employment Equity report, women represented 44.2% of CATSA's indeterminate workforce, down from 46.1% in 2019. However, this group had the highest rate of promotions within the four designated groups, representing 58.3%.
- CATSA screening contractors continue to maintain virtual gender parity in the workforce, with 51% of screening officers across Canada being female. As service levels evolve, CATSA will continue to work with its screening contractors to maintain equal

opportunity and to build a diverse screening workforce that reflects the communities it serves.

Ensuring Accessibility for all Canadians

The *Accessible Canada Act* came into force in 2019. CATSA continues to work with the Canadian Transportation Agency (CTA) to ensure that CATSA is prepared to meet the requirements once the associated regulations come into effect. During this process, it has become clear that CATSA is well positioned to meet the future regulations, and in fact has set a positive example for delivery of accessible services to the public.

CATSA is now following the regulatory process for reporting requirements and accessibility plans, which is coordinated between the CTA and Employment and Social Development Canada. These regulations are expected to be published in 2021 and to come into force a year after that.

Indigenous Relations and National Reconciliation

CATSA embarked on a multi-year engagement with Indigenous Elders to learn more about how aviation security screening can affect sacred and spiritual items. This engagement will ultimately inform changes to CATSA's screening procedures for sacred items generally, and include training on Indigenous history for screening officers, supervisors and CATSA personnel. The focus of this review and training is to enhance the service offered to Indigenous travellers and to incorporate diverse Indigenous backgrounds, experiences, cultural values and traditions into CATSA's operations. CATSA is committed to walking the road to reconciliation together with Canada's Indigenous communities and the Government of Canada.

Sustainable Development, Climate Change and Green Government

As with all federal departments and agencies, CATSA's policies, programs and projects are subject to the provisions of the *Environmental Assessment Act*, now being replaced by the *Impact Assessment Act*. While recent mandatory scans of CATSA projects have concluded that there are no appreciable environmental impacts that warrant in-depth environmental assessments, CATSA will continue to scan future initiatives to determine if they have anticipated impacts that require further assessment and mitigation. Beyond that, as a responsible agency of the Crown, CATSA maintains high standards for its own sustainable practices, including such measures as: safe and responsible disposal of equipment at the end of its economic life, minimization of paper generation through heavy reliance on electronic data systems, and continual innovation to support safe and efficient personal and business travel and the recreation and tourism sectors of the economy.

Additionally, in support of the Government of Canada's objectives outlined in Budget 2021, CATSA is preparing to adopt standards outlined in the Task Force on Climate-related Financial Disclosures, as an element of corporate reporting beginning in 2024 at the latest.

GLOSSARY OF ACRONYMS AND TERMS

ACI	Airports Council International
Airport Authority	An operator of an airport listed in the <i>Airport Transfer (Miscellaneous Matters) Act</i>
ATSC	Air Travellers Security Charge
BPSS	Boarding Pass Security System—a stand-alone technology that scans boarding passes to validate the information embedded in the bar code
Class 1 Airports	Refers to the airports listed under Schedule 1 of the Canadian Aviation Security Regulation, 2012. These airports have an annual passenger traffic in excess of 1 million people or have a high threat/risk potential.
Class 2 Airports	Airports listed under Schedule 2 of the Canadian Aviation Security Regulation, 2012. These airports have one or more of the following characteristics: annual passenger traffic in excess of 200,000 people; a medium threat/risk potential; is the primary airport of provincial/territorial capital; or is a transit stop for international flights bound for Class 1 or 2 airports.
Class 3 Airports	Airports listed under Schedule 3 of the Canadian Aviation Security Regulation, 2012 (CASR). These airports have scheduled commercial operations, but with a lower traffic volume and lower level of risk than the other classes of airports.
COVID-19	Coronavirus disease
ECAC	European Civil Aviation Conference
EDS	Explosives Detection System
FBS	Full Body Scanner
FTE	Full time equivalent
IATA	International Air Transport Association
ICAO	International Civil Aviation Organization
Security Breach	A known or suspected failure to detect prohibited items at, or bypassing, a screening checkpoint.
WTSL	Wait Time Service Level
WTSL of 85/15	A Wait Time Service Level target where, on average, 85% of all passengers wait 15 minutes or less to be screened at all Class 1 airports on an annual basis.