



**CATSA ACT 5-YEAR REVIEW**

**CAC POSITION PAPER**

**May 2, 2006**

## CATSA ACT 5-YEAR REVIEW – CAC POSITION PAPER

### Executive Summary

A comprehensive survey of CAC members conducted recently attempted to capture the views of airports on a wide variety of issues under consideration by the CATSA Review Panel. The survey canvassed the views of our members on Governance, Funding, Consultation, Risk Management, New Roles for CATSA, and Increased Roles for Airports.

Airports believe that CATSA should continue to report to the Minister of Transport and that the Crown Corporation model is superior to an Agency model or a closer relationship to Transport Canada. Airport representation on the CATSA Board is considered extremely important.

Airports strongly believe that matters of national security are a federal responsibility and should be funded entirely from general tax revenue. If however, over the objections of the CAC the Minister decides that the ATSC should be used to fund security, the ATSC should be set at a level to fund *all* of CATSA's functions. CATSA's funding should be transparent, cost-based and should not cross-subsidize other modes of transportation. It is essential that airports have significant influence over changes to CATSA's mandate, and the way that its mandate is accomplished.

The airport community is strongly opposed to CATSA charging airports for security services, which would result in those charges being passed along to the carriers in the form of airport fees. CATSA does not completely pay its own way at Canadian airports. CATSA should pay 100% of airport policing costs; however, our members generally are not in favour of CATSA taking over any policing responsibilities at airports.

Airports strongly believe that CATSA should articulate national performance standards, and site-specific metrics against which its performance can be evaluated.

CATSA should focus on improving the efficiency of Hold Baggage Screening (HBS), Non-Passenger Screening (NPS) and Pre-Board Screening (PBS) services as passenger volumes increase. Airports believe that the Registered Traveller program, for example, represents a program that is a risk-based approach to security, a concept that is supported by the airport community and has the potential to increase security levels *and* throughput.

With the exception possibly of cargo security, airports are not in favour of an expanded mandate for CATSA, and airports should be consulted thoroughly before any expansion to CATSA's mandate takes place. Some airports have expressed an interest in taking over or sharing some of CATSA's functions at airports.

## Introduction

CAC's members appreciate CATSA's primary responsibility for PBS, NPS and HBS processes, however, the Review Panel should understand that elements of CATSA's service delivery significantly affect the efficiency of airports and drive a wide variety of business decisions. CATSA is very much a partner in the 'airport experience' for members of the travelling public. The scope of CATSA's business, and the manner in which it is conducted, not only affects the security and efficiency of the airport, but it very significantly affects airport decisions on capital planning, retail development, baggage and passenger flows, and a broad range of other activities. CATSA's business model can facilitate or obstruct the efficient movement of people through airport facilities and affect their decision to travel by air.

Not so long ago, terminal space, gating, runway geometry and Air Navigation System (ANS) limitations informed the lexicon of airport capacity, however, today many airports consider that PBS and HBS have become the prospective new choke points as passenger volumes increase steadily. In short, the manner in which CATSA is funded, the way that it conducts its business, and the range of services that it provides unavoidably influence the business of running an airport. In a business that is largely focused on facilitating the safe and efficient movement of passengers and their bags on and off aircraft, CATSA's functions represent a key element of airport operations that airports must have the opportunity to influence in a significant way.

CAC members were asked to complete a comprehensive survey on a wide variety of issues under consideration by the Review Panel, and the CAC has attempted to summarize the survey results and put the issues in an operational context below.

### 1. Governance

#### Background

While there is a general sense in the airport community that change is needed in the way CATSA operates, it also is felt that this should be accomplished within the "Crown Corporation" structure, which is perceived as being more adaptable than that of a government department or agency.

While calls for improvements in performance are frequent, few airports want CATSA's functions subsumed within Transport Canada, Canada Border Services Agency (CBSA) or Public Safety and Emergency Preparedness (PSEP).

Airports indicated that they believe the separation of regulator and implementer has benefits. It precludes the conflict of interest that arises when a single entity has the ability to define security requirements to suit the budget and management capabilities available to it.

Airport expertise on the CATSA Board was highlighted as an important factor in ensuring a more responsive organization, and should be maintained or strengthened going forward.

Airports have had major concerns with the lack of appropriate and timely consultation from Transport Canada relative to security issues, and therefore do not believe that a “formal special advisory committee” to Transport Canada would function any differently than the existing TC Security Advisory/Consultation groups that have been used for consultation in the past. Historically, consultation using the Advisory Group on Aviation Security (AGAS) has been sub-optimal; however, movement to a new, more formal consultation process for security-related regulatory change has the potential to improve this situation. A formal, special advisory committee was not seen as something that would be as effective for airports as the current CATSA Board Model although airport involvement with other key stakeholders on the former Minister’s Security Executive Working Group (SEWG) was viewed very positively.

Airports agree that the CATSA Board is best placed to appoint the CEO, rather than a politicized Order-in-Council process like at many other Crown Corporations. The recent issues concerning the governance of Crown Corporations have only reinforced this viewpoint.

There is a sense that Canadians like the attachment of aviation security to government – and the arms-length relationship through CATSA (and perhaps airports, which in most circles are still viewed as quasi-public entities) is the best way to achieve this. There is no significant call for private involvement in the overall management of aviation security, but for greater clarity, airports still favour the current type of service delivery (i.e. a contracted security presence rather than direct federal or airport employees).

#### Recommendations:

- a. The CAC believes CATSA should retain its “Crown Corporation” structure, however, airports recommend changes with respect to the funding model, which are discussed later.
- b. Transport Canada should continue to be the regulator of CATSA’s functions.
- c. The CAC is strongly opposed to CATSA becoming an agency of Transport Canada and strongly opposed to CATSA reporting to Public Safety and Emergency Preparedness (PSEP).
- d. Airport expertise on the CATSA Board is essential to maintain a perspective that is responsive to airport issues, and should remain strong.
- e. A formal Special Advisory Committee on Security, outside the new Advisory Group on Aviation Security (AGAS), and the new Technical

Committee consultation process is considered unnecessary, except under special circumstances.

- f. The CATSA Board should continue to appoint its CEO.
- g. Airports believe CATSA should continue as an “aviation security service delivery” organization and should not expand its role to other modes, or expand its mandate otherwise inside aviation without full consultation with airports. Airports are adamantly opposed to CATSA assuming responsibility for airport policing or intelligence gathering. These issues are dealt with more fully elsewhere.

## **2. Funding: ATSC & Operations**

### Background – ATSC Funding

Airports strongly believe that aviation security is a “national defence” issue and as such should be funded from general revenues.

There is also a sense that CATSA currently has little flexibility to meet the changing needs of an ever-changing industry.

In the absence of a fundamental shift to fund aviation security from general revenues, the ATSC fee should be set or adjusted by the federal government in a timely way to provide sufficient funding to cover all costs related to CATSA mandates/initiatives. For example, CATSA should be required to pay for its space and ancillary facility usage, as well as fully reimburse airport policing costs from the ATSC. The ATSC fee should be set to balance CATSA's expenditures; this approach would allow CATSA to become more reactive to changes required to meet both its needs and airport needs, and to respond to new threats or new requirements. That said, a system needs to be put in place that brings full “accountability” to CATSA to deliver its mandated services. CATSA's funding model should be cost-based and transparent to the stakeholder community, and funding should not cross-subsidize other modes of transportation. Monies collected from airline passengers should not be used for other security costs, e.g. at ports or in urban transit. Furthermore, the service should be delivered within predetermined performance standards, and this system of accountability must include representation from airports.

The federal government has shown no inclination to give up the benefits conferred by the collection of the ATSC. Historically the federal government has collected far more money through the ATSC than CATSA has required to conduct its business, although airports acknowledge that the amount of the ATSC has been reduced in recent years.

Airports are strongly opposed to the proposition that airports should be responsible for funding CATSA's operations directly and then charging those costs back to airlines/passengers.

Airports generally are in agreement that, after appropriate consultation with airports, if CATSA were to take on new roles that these must be fully funded. Moreover, reference has been made to ICAO Doc 9082.6, which states that "... any taxes or charges levied by the State must be directly related to the cost of the security service provided ..."

To implement many of its programs since its inception, CATSA has expected airports to design, manage and implement work on CATSA's behalf prior to a formal Funding Agreement being established. Subsequently airports have experienced considerable pushback in obtaining full cost reimbursement from CATSA, resulting in a lengthy period in which the airport is exposed, and "out of pocket". Airports frequently articulate the concern that they are caught between a looming regulatory deadline to move forward with a CATSA project, and an incomplete or unclear discussion with CATSA with respect to the allocation of costs.

As an example, CATSA developed its budget for the Restricted Area Identification Card (RAIC) program with minimal input/consultation with airports; with the result that CATSA did not understand the full scope of the project nor the complexities associated with interfacing RAIC with existing airport systems. CATSA attempted to fast track the implementation of this project (i.e. mass enrolment, cabling for readers and interfaces between RAIC and Access Control/Pass Control) without a formal funding agreement. As-of the date of this submission, there is still no written RAIC Funding agreement between CATSA and most airports, or Transport Canada regulations in support of the program.

There should be more stability and predictability in CATSA's funding to enable a consistently managed risk-based approach over the long term. As many of CATSA's responsibilities have significant infrastructure implications – the cost for which currently is largely borne by airports – this stability is a priority.

As for CATSA's flexibility for funding to meet new aviation demands in a timely manner, CATSA repeatedly has told airports that it cannot approve new projects or increase funding for existing projects in excess of its approved budget without going back to the federal government/Cabinet for approval. This makes it very difficult to implement new projects or make necessary changes to existing projects.

While there are some in government who argue it is a federal department "entitlement" that CATSA's capital and operational infrastructure requirements be funded by airports, this is something against which airports react strongly. There is a serious transparency and accountability disconnect with any funding model that suggests airports should fund elements of CATSA's operations. Furthermore, Canada's airports contend that Bill C-49 does not alleviate CATSA of responsibility for building infrastructure when expansion/redevelopment is required to accommodate CATSA's mandated functions. There is no support among airports to fund this CATSA obligation. Airports also believe that the federal government through CATSA should be paying for operational space and for 100% of policing costs.

### Recommendations:

- a. Airports believe that aviation security is a “national defence” issue and they strongly recommend that it should be funded from general revenues.
- b. Our members are strongly opposed to the proposition that airports should be responsible for funding CATSA’s operation through airport fees charged to the carriers.
- c. Airports are in agreement that after appropriate consultation with airports, if CATSA were to take on new roles they would have to be fully funded.
- d. CATSA should have the ability to re-profile funds across its funded mandate.
- e. CATSA should have in place formal, written project funding agreements and the requirements of Transport Canada regulations should be clear prior to project design, management and implementation.
- f. In the absence of a fundamental shift to fund CATSA’s mandate from general revenues, airports believe that the ATSC fee should be set or adjusted by the federal government in a timely way to provide sufficient funding to cover all costs related to CATSA mandates/initiatives. CATSA’s funding model should be cost-based and transparent to the stakeholder community and it should not cross-subsidize other modes of transportation.
- g. CATSA should be required to pay for its space and ancillary facility usage and 100% of policing costs.
- h. The ATSC fee should provide sufficient funding to cover ALL costs related to CATSA mandates/initiatives.
- i. There should be more stability and predictability in CATSA’s funding to enable a consistently managed risk-based approach over the long term.
- j. The CAC believes the current funding arrangement does not adequately address the needs of CATSA – or by extension, those of airports. As a general principle, aviation security should be fully funded by the federal government. Airports should not fund CATSA’s capital, operations/management or operational infrastructure requirements.

### Background - Funding for Operations

Airports do not believe they are fairly compensated by CATSA for essential policing/aviation security functions, and are concerned that government departments such as Finance/Treasury Board may seek to further push down costs onto an already overburdened industry. Airports strongly agree that they should be

reimbursed for 100% of all policing costs incurred to meet federal regulatory requirements.

Moreover, it has been the experience at smaller airports – those with the least capacity to fund non-budgeted expenses - that CATSA has not provided any financial compensation for the systems being implemented, particularly with respect to maintenance and policing.

CAC members believe that CATSA should always pay for non-operational areas. Moreover, there is similar support for the concept that CATSA should not continue to receive rent-free space for its operational areas.

As a result of funding concerns, CATSA front-line staff has been reduced, which has resulted in operational impacts and reduced customer service levels. CATSA provides no allowance for seasonal peaking or traffic growth and has indicated that it requires a minimum of six months advance notice in the event that additional resources are required.

#### Recommendations:

- a. CATSA should make a commitment in writing to pay more of its own way at airports, particularly for expenses like electricity and other operational costs.
- b. Furthermore, CATSA should include a commitment in writing to pay for all O&M costs, for example life-cycle costs, software upgrades, all project management costs (for example, where airport personnel are used for integration) etc.
- c. The federal government, through CATSA, should pay 100% of policing costs.

### **3. Consultation**

#### Background

Key stakeholders (Transport Canada, airlines and airports) must all be involved in assessing the success of CATSA; otherwise, any assessment program will fail to capture fully the perspective of all the stakeholders in the security screening operation. There is a general sense among airports that CATSA has little incentive at present to engage with airports. CATSA's interpretation of its mandate often is considered to interfere with an airports' right to manage their own facilities.

CATSA's operations at an airport have two distinct aspects that define its success: the screening process to keep out undesirables (people and things), and the efficient use of resources.

The first element, ensuring security, can be measured absolutely by the regulator with CATSA by testing the effectiveness of the screeners and screening methods.

While CATSA and/or Transport Canada have a program in place to measure CATSA's effectiveness, airports have never been asked formally to participate in such a program. Airport security management should be seen as key *security-cleared* partners who are actively engaged in the process.

CATSA also provides a service at the airport that is a component of the overall passenger experience and as such must be measured in conjunction with the entire operation.

CATSA directly affects the level of service provided to the travelling public. This is a different measure of success – operational effectiveness – and requires the active engagement and participation of airports. It is impossible to assess operational efficiency without planning criteria, performance standards and published benchmarks, which brings back the issue of the development and use of both security and operational efficiency standards. The members of CAC's Security Committee have been urging CATSA to clearly articulate a service standard and site-specific performance metrics for a number of years. CATSA instead has chosen to identify a "target" or "working performance standard" that is not used as a benchmark for site-specific performance metrics.

CATSA cannot independently identify the scope, timelines, parameters and budget requirements for projects/programs without consultation with the airport operators who are more familiar with the site, issues/constraints, etc. CATSA's track record shows it often expects airports to design and implement projects without formal funding agreements, legislation or project parameters. This has resulted in considerable unpredictability and financial exposure for airports, particularly when CATSA-requirements (space, limited throughput etc.) are key elements in airport planning (i.e. capital planning, available retail space etc.). Furthermore, program delivery has not been as timely or as effective as it could be – particularly in complex or retrofit situations facilitated through a clear and effective consultation process.

CATSA must effectively manage its operation and assume full responsibility for addressing deficiencies, concerns or issues associated with the provision of the service. However, standards are required for CATSA to be able to measure its performance and be accountable to the Transport Minister (and indirectly to airports). It is proposed that defined security screening standards – against which CATSA's performance would be measured - should be published as part of this process. It is difficult to design facilities without service standards and it impossible to monitor and evaluate operational effectiveness without formally articulated service and performance standards.

CATSA's local consultation on local issues is generally seen as adequate by Canada's airports. On issues of national importance, there has been a tendency for CATSA to consult independently with airports or with clusters of airports. By design or effect, this has resulted in airports being played off one against the other. This "divide and conquer" approach seems to be counterproductive in meeting the objective of a consistent national standard of security screening at all airports.

As an alternative approach, recently, at the request of CAC's Security Committee members, the CAC has started consolidating comments from member airports for submission to CATSA (i.e. RAIC Funding Agreement). The resulting document can then be used as the starting point for site-specific negotiations between CATSA and airports.

Airports also do not believe that the current CATSA financial and operational performance data available to them is adequate. Many get no feedback at all. Generally, airports feel there should be a level of accountability to the airport stakeholder, particularly as CATSA's planning and operations impact critical elements of the airport facilities – but this does not exist at present.

#### Recommendations:

- a. There should be a requirement for CATSA to improve its consultation with airports on its planning and operational performance data, both on a site-specific, and national basis.
- b. Airports should be engaged in the process for assessing CATSA's effectiveness from a screening perspective, and of its ability to effectively use its resources.
- c. Airports strongly believe that CATSA should clearly articulate national performance standards, and site-specific metrics against-which CATSA's performance can be evaluated.

## 4. Risk Management

### Background

The current commercial air security system is unsustainable in the long run and its "one size fits all" approach wastes precious resources. As commercial aviation continues to grow at 3 – 5% a year, it is not possible to build adequate screening space and hire additional screeners in a linear manner. The system will be overwhelmed.

There is strong support for CATSA moving to a standard that allows different levels of screening at sites and between sites based on risk assessment criteria. CATSA should be permitted to apply a risk assessment approach to security, provided that such an approach is based upon a strong and defensible assessment and is consistent with the minimum level of security required by both Transport Canada and the aerodrome operator.

There should be a reasonable, justifiable threshold for a CATSA screening requirement at airports, such as a combination of aircraft size and passenger volume. No such criteria were used to determine the 89 existing CATSA sites and we expect that this review would result in a smaller number of airports requiring CATSA services. Airports should be fully consulted by Transport Canada on any change to the designation criteria.

CATSA should also be more forward looking to ensure that it considers future needs associated with anticipated growth in travel in order to ensure that adequate facilities, equipment and resources are planned, funded and available to meet future demands.

A “Registered Traveller” program should be developed as soon as possible, in consultation with the CAC and ATAC. Such a program has the potential to facilitate the movement of some travellers through PBS while at the same time enhancing security.

The parameters of a Registered Traveller program would need to be explained so all passengers understand it is open to them. Premium service lines exist in many other areas of our day-to-day lives, such as at grocery stores and many travellers would be able to join if they were willing to provide the requisite background data.

Labour action by screeners has the potential to shut-down airport and air carrier operations, and to cause serious and immediate harm to the public. Airports believe that screening services should be identified by the government as “essential services” to avoid disruption to air carrier and airport operations.

#### Recommendations:

- a. The CAC strongly supports the position that Transport Canada and CATSA should move to a risk-based approach to aviation security.
- b. CATSA should move forward expeditiously with a “Registered Traveller” program in consultation with Transport Canada, CAC and ATAC.
- c. CATSA should be funded to explore new, and more efficient mechanisms (i.e. the application of new technology) to fulfill its mandate in a more cost-effective manner.
- d. There should be a reasonable, justifiable threshold established by Transport Canada for a CATSA screening requirement at airports, such as a combination of aircraft size and passenger volume.
- e. Airports believe that screening operations should be identified by the government as “essential services”.

## 5. New Roles for CATSA

### Background

Airports believe that CATSA’s performance to date has been erratic – better at some times than others – but that the organization needs to improve its performance in its current mandate before being allowed to take on new roles. Already the organization is seen as being “spread thin” and not able to manage its current roles and responsibilities effectively. Improving its efficiency and cost effectiveness have been identified as goals that are more important.

CATSA's implementation of RAIC and NPS are frequently cited as clear evidence that CATSA is not as effective as it could be, particularly in roles beyond its core PBS and HBS responsibilities. Access on the secure-side is seen as core to many airports and not something that was generally seen as being amenable to delegation. Airports also have commented that CATSA should not duplicate functions that already are undertaken by airports, such as video-surveillance. There is strong opposition to CATSA's role being expanded in these areas.

With the possible exception of cargo screening, Canada's airports have no appetite for CATSA to expand its role beyond that of its current mandate. Larger airports, in particular, are most strongly against an expanded role for CATSA. There is no support for a cradle-to-grave Transportation Security Administration (TSA) or Department of Homeland Security (DHS) type of organizational structure.

CATSA's role also should not be expanded to include intelligence gathering or "Threat & Risk Assessment" as this would simply add one more opportunity for the fragmentation and miscommunication of security intelligence and counter terrorism activities. There is no need for CATSA to become involved in these activities, as these functions are already well covered by Transport Canada, the Canadian Security Intelligence Service (CSIS), the Royal Canadian Mounted Police (RCMP), etc.

Policing is another example of an inappropriate role for CATSA, but one in which it is understood that CATSA would like to play a role. Currently, airport policing is generally a responsibility of local police, which generally have proven better able to oversee the function than a national force. Significant operational improvements have been realized in moving from the RCMP to local police jurisdiction and airports generally do not want to see that reversed.

There is a strongly held view that any increase in CATSA's mandate would represent a direct threat to the ability of airports to manage their facilities to meet their own mandates, as outlined in their bylaws and articulated by the federal government in the devolution process.

While CATSA may talk about new roles, airports consider that it is an abrogation of its current project management responsibilities for discrete tasks (such as implementation of Explosives Detection Systems (EDS)) when other core elements of its mandate are under funded.

One general exception to the view that CATSA's role should not be expanded is in support of CATSA taking on responsibility for cargo screening. This is seen as an adjunct to its current responsibilities. Even so, funding must be adequate and airports have to be fully consulted in formulating policies supporting an expanded role in this area.

There is support for CATSA continuing to manage screening operations through third party contractors. Larger airports do not support the idea of CATSA directly employing screeners. Some airports would like to take on the screening function

and airports generally believe that the *option* of contracting-out screening services to airports should be available.

Recommendations:

- a. CATSA should be constrained broadly within its current mandate. With the possible exception of cargo security, CATSA should “stick to its knitting” and not build empires. CATSA should *not* be expanding its mandate to include other modes of transportation. Under such a scenario, airports are concerned over the potential for a loss of focus on aviation, and the potential for cross-subsidization between modes.
- b. CAC members recommend that CATSA should *not* assume direct responsibility for policing or access control at Canadian airports – either locally or nationally.
- c. The federal government should be paying for *all* policing costs at Canadian airports.
- d. Airports must be fully consulted by the federal government and CATSA before any other new responsibilities are transferred to CATSA.
- e. CAC members believe that the option of contracting-out screening services to airports should be available and exercised by CATSA for interested airports.

## 6. Increased Role for Airports

### Background

Security screening is seen as just one link in the chain of physical security services that start as a passenger or vehicle enters the airport property. Some airports suggest that they have the size and the experience to best integrate PBS and HBS screening delivery into a wider security organization, which would be both more efficient and more effective. Airports of all sizes believe that they should have the option of being considered to carry out these functions. Such a capability at some airports could report through the airport management structure.

Some airports would be willing to take on some other CATSA “non-screening” functions, such as NPS or maintenance of CATSA systems/equipment provided that appropriate agreements are established and programs are adequately funded – this latter issue is becoming even more important as the currently funded programs are not being renewed. Airports need better certainty from the federal government with respect to their liability for providing this service.

Recommendation:

- a. Airports should have the legislated option to take over or share CATSA functions at their airports, and to receive adequate funding to carry out

those responsibilities. There are positive precedents for this model in Australia and the UK.

### Conclusion

CAC members are generally pleased with the governance and board structure at CATSA, however, the existing business and financial model does not adequately address the close working relationship that is essential between CATSA and airports.

Our members feel that the relationship between the airport operator and CATSA are so inexorably intertwined, that its mandate should not be expanded to include other security roles without a strong airport role in CATSA's governance structure, and consultation with airports. CATSA should remain a security service provider, and should focus on its core services. Expansion of CATSA's role has the potential to threaten the authority of the airport to control its business.

The CAC would like to thank the Panel for the opportunity to make submissions. We would be pleased to entertain any questions that members of the panel may have.

## ANNEX A

### SUMMARY OF RECOMMENDATIONS

#### 1. Governance

- a. The CAC believes CATSA should retain its “Crown Corporation” structure, however, airports recommend changes with respect to the funding model, which are discussed later.
- b. Transport Canada should continue to be the regulator of CATSA's functions.
- c. The CAC is strongly opposed to CATSA becoming an agency of Transport Canada and strongly opposed to CATSA reporting to Public Safety and Emergency Preparedness (PSEP).
- d. Airport expertise on the CATSA Board is essential to maintain a perspective that is responsive to airport issues, and should remain strong.
- e. A formal Special Advisory Committee on Security, outside the new Advisory Group on Aviation Security (AGAS), and the new Technical Committee consultation process is considered unnecessary, except under special circumstances.
- f. The CATSA Board should continue to appoint its CEO.
- g. Airports believe CATSA should continue as an “aviation security service delivery” organization and should not expand its role to other modes, or expand its mandate otherwise inside aviation without full consultation with airports. Airports are adamantly opposed to CATSA assuming responsibility for airport policing or intelligence gathering. These issues are dealt with more fully elsewhere.

#### 2. Funding: ATSC & Operations

##### ATSC Funding:

- a. Airports believe that aviation security is a “national defence” issue and they strongly recommend that it should be funded from general revenues.
- b. Our members are strongly opposed to the proposition that airports should be responsible for funding CATSA's operation through airport fees charged to the carriers.

- c. Airports are in agreement that after appropriate consultation with airports, if CATSA were to take on new roles they would have to be fully funded.
- d. CATSA should have the ability to re-profile funds across its funded mandate.
- e. CATSA should have in place formal, written project funding agreements and the requirements of Transport Canada regulations should be clear prior to project design, management and implementation.
- f. In the absence of a fundamental shift to fund CATSA's mandate from general revenues, airports believe that the ATSC fee should be set or adjusted by the federal government in a timely way to provide sufficient funding to cover all costs related to CATSA mandates/initiatives. CATSA's funding model should be cost-based and transparent to the stakeholder community and it should not cross-subsidize other modes of transportation.
- g. CATSA should be required to pay for its space and ancillary facility usage and 100% of policing costs.
- h. The ATSC fee should provide sufficient funding to cover ALL costs related to CATSA mandates/initiatives.
- i. There should be more stability and predictability in CATSA's funding to enable a consistently managed risk-based approach over the long term.
- j. The CAC believes the current funding arrangement does not adequately address the needs of CATSA – or by extension, those of airports. As a general principle, aviation security should be fully funded by the federal government. Airports should not fund CATSA's capital, operations/management or operational infrastructure requirements.

#### Funding for Operations:

- a. CATSA should make a commitment in writing to pay more of its own way at airports, particularly for expenses like electricity and other operational costs.
- b. Furthermore, CATSA should include a commitment in writing to pay for all O&M costs, for example life-cycle costs, software upgrades, all project management costs (for example, where airport personnel are used for integration) etc.
- c. The federal government, through CATSA, should pay 100% of policing costs.

### 3. Consultation

- a. There should be a requirement for CATSA to improve its consultation with airports on its planning and operational performance data, both on a site-specific, and national basis.
- b. Airports should be engaged in the process for assessing CATSA's effectiveness from a screening perspective, and of its ability to effectively use its resources.
- c. Airports strongly believe that CATSA should clearly articulate national performance standards, and site-specific metrics against-which CATSA's performance can be evaluated.

### 4. Risk Management

- a. The CAC strongly supports the position that Transport Canada and CATSA should move to a risk-based approach to aviation security.
- b. CATSA should move forward expeditiously with a "Registered Traveller" program in consultation with Transport Canada, CAC and ATAC.
- c. CATSA should be funded to explore new, and more efficient mechanisms (i.e. the application of new technology) to fulfill its mandate in a more cost-effective manner.
- d. There should be a reasonable, justifiable threshold established by Transport Canada for a CATSA screening requirement at airports, such as a combination of aircraft size and passenger volume.
- e. Airports believe that screening operations should be identified by the government as "essential services".

### 5. New Roles for CATSA

- a. CATSA should be constrained broadly within its current mandate. With the possible exception of cargo security, CATSA should "stick to its knitting" and not build empires. CATSA should *not* be expanding its mandate to include other modes of transportation. Under such a scenario, airports are concerned over the potential for a loss of focus on aviation, and the potential for cross-subsidization between modes.
- b. CAC members recommend that CATSA should *not* assume direct responsibility for policing or access control at Canadian airports – either locally or nationally.

- c. The federal government should be paying for *all* policing costs at Canadian airports.
- d. Airports must be fully consulted by the federal government and CATSA before any other new responsibilities are transferred to CATSA.
- e. CAC members believe that the option of contracting-out screening services to airports should be available and exercised by CATSA for interested airports.

## **6. Increased Role for Airports**

- a. Airports should have the legislated option to take over or share CATSA functions at their airports, and to receive adequate funding to carry out those responsibilities. There are positive precedents for this model in Australia and the UK.