**Notes on CATSA Restructuring to the House Transportation and Infrastructure Committee**

April 30, 2019

*Section 1: Daniel-Robert Gooch, President, Canadian Airports Council*

    Madame chairperson, members of the committee.  Thank-you for the opportunity to appear before you today, as well as for your ongoing support in our efforts to improve the experience at airport screening.

    The Canadian Air Transport Security Authority (CATSA) is led by a hard-working team of professionals but the organization’s structure and funding as a crown corporation is simply not responsive to the demands of a fast-growing air transport sector and the millions of additional travellers we’re seeing at Canada’s airports each year.  This should not be seen as a negative reflection on CATSA staff or screening officers, who remain committed to keeping air travel safe.

    This is an essential service for commercial aviation today.  But while Canada’s airports have confidence in the security value delivered by CATSA screeners,  the reliance on an annual political process to fund a service travellers are already paying for through user fees, simply doesn’t work in a fast growing, volume-based business centered on the care and comfort of real human beings.

Moreover, this reliance on tight annual funding decisions hampers the organization’s ability to plan long term or invest in innovations that can deliver improvements in both security outcomes and faster processing times.  The organization has not been able to deliver service levels that are acceptable to the industry and our air travellers, nor does it have the prospect of being able to as long as it's structured the way it is today.

This has frustrated travellers, industry and government alike, which is why Canada’s airports have worked with our air carrier partners for several years through an industry-led Screening Working Group in a bid to improve the service for travellers.

These efforts culminated in a December 2015 submission to government on the need for internationally competitive service level standards for screening, a letter that was signed by the CAC and Canada’s two-largest air carriers.  We recommended a service standard of 95% of passengers being processed through high volume check points in under 15 minutes and no passengers waiting more than 20 minutes.

Having worked for years to convince government of the need to reform CATSA, Canada’s airports are pleased to see the commitments made in Budget 2019 to transition CATSA to a not-for-profit entity, using the nonshare capital corporate model developed to similarly transfer NAV Canada and 21 privately-operated National Airports System Airports in the 1990s.

We are pleased with the direction that government has chosen with this corporate model, which has been a success.  But this effort is different, given that CATSA is traveller facing, and there is a lot to get right in the governance.

*Section 2: Stephen Hankinson, Vice President of Planning and Innovation, Vancouver Airport Authority*

While we are still in very early days and success is not guaranteed, the transition to a not for profit entity for CATSA represents a rare opportunity to improve an important part of the travel experience.  With this move, Transport Canada would continue to regulate aviation security in Canada, but operational responsibility for this critical part of the air traveller experience would be transferred out of government to an organization whose mandate would be continued high security, delivered more efficiently, effectively and with leading standards of professionalism.

Whatever service level standard is ultimately set by this new designated screening authority, our goal is to improve on the rough service target averages followed today and for wait times calculated on an hourly basis to more accurately reflect what travellers experience at Canada’s airports.  The organization also will be self-funded -- both for operations and the investments needed in innovations to get ahead of growth.

After 2016, when Transport Minister Marc Garneau first committed to looking at the governance of CATSA, and to hold it accountable to international service standards, our industry working group submitted a series of additional recommendations for a new designated screening authority, which continue to be valid:

* The new designated screening authority should be structured to the highest standards in corporate governance, and public accountability
* Screening must be effective and efficient, responsive to threats, while becoming more innovative, entrepreneurial and enhancing Canadian aviation competitiveness.
* The organization must be able to raise its own funds, in a transparent and predictable manner, to support consistent national standards across the organization’s full mandate to screen air travellers and their bags and airport workers.
* The new designated screening authority must have the flexibility to innovate, not only in terms of financial flexibility but also in the ongoing regulatory relationship with Transport Canada.  For example, it must be able to trial and deploy new screening technologies when they make security and business sense.  Safety and security are priorities that industry and government share, and it is important that the new designated screening authority be empowered to work hand-in-hand with Transport Canada  regulators on identification and mitigation of security risk.  After all, they are in the best position to understand the operational impacts of security decisions on Canada’s air travel system.
* The new screening authority should set internationally competitive service standards that improve on today’s performance by CATSA.  With high security outcomes, these standards must also carefully balance professional customer and short wait times with cost to travellers.

    In 1996, Transport Canada made similar moves to “commercialize” air traffic control, forming Nav Canada.  There are distinct differences to be accomodated, most notably Nav Canada manages airplanes in the sky and out on taxiways, while CATSA works inside Canada’s airports, directly with our nation’s air travellers.  Nevertheless, NAV Canada today is a world respected leader in its field, and its 23-year history has brought an entrepreneurial spirit and greater operational vigor to air traffic control, removing taxpayer responsibility to fund the system and ultimately lowering costs to users.

The model also mirrors the transfer of 21 of Canada’s major airports to local, private nonshare capital corporations with mandates to serve users, including air carriers, our shared travellers and other stakeholders in the community.  As with air traffic control, airports are independent, operate without shareholders and are fully responsible for covering the costs of operations and capital investment at these airports.

The proposed timing for transitioning CATSA is more aggressive than the transfer of NAV Canada or airports, with a stated goal of having the new organization up and running within a year.  Canada’s airports are ready to engage with air carrier partners and government toward ambitious goals on CATSA, but we will also be taking the time to get this right.  We are building something important here, so while airports are in the business of “on time performance,” we won’t cut corners.

It is with the memory of these earlier endeavours in air traffic control and airport management, and a shared conviction that we can do so much better for travellers, that Canada’s airports seek to work together, with air carriers and the federal government to transition CATSA into a new more efficient, innovative and accountable organization that serves the needs of travellers with a motivated team of professionals who understand that high security and professional service are not mutually exclusive, but rather go hand in hand.