

CIVIL AVIATION

2001/2002 Service Line Plan and Resource Options

October 22, 2001

PURPOSE

To provide an update on:

- the status of Civil Aviation's review
- the review process and
- the options/strategies to deal with resource shortfalls.

RESOURCE REVIEW AND PLANNING PROCESS

- The Civil Aviation 2001/2002 Service Line Plan identified 70 FTEs and \$17.3M to address the increased safety oversight workload
- As directed by TMX, a detailed review of 2001/2002 Civil Aviation workload requirements undertaken by all Managers
- ARASS used as foundation for workload planning
- Decisions on Frequency of Inspection, tasks, task times reviewed on an annual basis
- ARASS process serves as annual A-Base review (priorities, directions, risk management – integrated into annual review)
- Process responds to Moshansky Recommendation 122
- NCAMX met to determine strategies to develop longer-term strategies/options to deal with resource shortfalls

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CURRENT RESOURCE SITUATION

- 2001/2002 SLP identified a need for 70 FTEs and \$17.3M for priority safety oversight requirements
- 2001/2002 Operating Budget Delegation remains relatively unchanged at 1433 FTEs and \$127.7M
- 2000/01 Operating Expenditures exceeded the budget delegation (\$129.8M)
- Gap between the number of funded positions and employee strength is only 4%
- Inability to recruit and retain to full extent provides funding flexibility

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SAFETY OVERSIGHT CHALLENGE

Over 120,000 Canadian Aviation Document holders including:

- 88,000 Licensed Personnel**
- 28,000 Registered Aircraft**
- 2,200 Domestic & Foreign Air Operators**
- 680 Certified Airports**
- 1,000 Aircraft Maintenance Organizations**
- 150 Aeronautical Product Design & Manufacturers**
- 130 Air Navigation Service Providers**

Civil Aviation A-Base consists of 1433 FTEs and \$127M distributed across 41 locations

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PROGRAM FUNDING PRESSURES

- Moshansky Commission recommendations (CARs rewrite)
- Sustained growth in commercial aviation traffic and aircraft manufacturing (5th largest with sales in excess of \$19B)
- Major restructuring of the domestic air services sector
- Shift to technologically complex aircraft types
- Increased media attention to aviation safety issues
- International obligations (harmonized standards, procedures)
- Recruitment and Retention issues (Inspectors, Engineers and Medical Doctors)
- Transport Canada Centres increased operating costs
- Operating Budget shortfalls
- Program Management (new central agency/departmental initiatives and increased program growth)
- Impact Resulting from September 11, 2001 Events

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IMPACTS RESULTING FROM SEPTEMBER 11, 2001 EVENTS

Communications

- public safety and security complaints/concerns and suggestions
- briefing material

Regulatory and Vulnerability Issues

Aviation Emergency and Contingency Planning

- increased focus on internal and external coordination activities
- updating of Emergency Plans
- awareness exercises

Increased Safety Oversight Activities

- Air Operators, Maintenance, Aerodromes and Air Navigation Services facilities

Certification Design Activities

improved cockpit security (doors)

- other security design issues; such as:
 - modified transponders
 - cabin crew system/equipment (i.e., wireless communication)

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WHAT HAS BEEN DONE TO DEAL WITH THE SHORTFALL

- Streamlined safety oversight processes
- Negotiated reciprocal arrangements with foreign authorities
- Pursued self-regulation and industry delegation opportunities
- Enhanced the performance of aircraft type training assignments to pilot inspectors
- Funded new (Flight 2005) initiatives through internal re-allocations

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OPTIONS

1. **Accept the approved resource base with current risk levels (status quo)**
2. **Increase the resource base to meet current safety oversight and service delivery requirements**
3. **Significant program changes to maintain safety oversight with decrease in level of service delivery**

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OPTION #1: Accept the approved resource base with current risk levels (status quo)

Impact on Safety

Program delivery targets will continue to be adversely affected resulting in:

- Level of Service issues
- Industry complaints
- Deferral of audits and inspections
- Reduced level of surveillance
- Reduced level of safety promotion and education
- Fewer investigations of complaints

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OPTION #1: (cont'd)

Impact on Program Support

- Recruitment and Retention issue has consistently resulted in 86 vacant inspector/engineer positions
- Gap between number of vacant positions/strength is only 4% indicating:
 - Salary dollars being reprofiled into high profile program support requirements
 - Examples of increased unfunded program costs (\$10.6M) include:
 - Operational overtime/training/travel (\$4.9M)
 - New Treasury Board requirements to implement improved internal monitoring including Quality Management Systems, Performance Measurement and LOS (\$400K)
 - Processing of Regulations (\$325K)
 - Communication - briefing material, cell phone, public enquiries (\$480K)
 - IM/IT - Development and maintenance of 16 national and 21 WEB applications to support the Safety Program (\$3.8M)
 - Publishing/translation (\$710K)

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OPTION #2: Increase the resource base to meet current safety oversight and service delivery requirements

Priorities for 2001/02 SLP funding:

- C&BA and M&M safety oversight activities, enforcement, aircraft certification services
- Other operational workload
- Overtime, training, travel, flying hours
- Internal program support

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OPTION #3: Significant program changes to maintain safety oversight with decrease in level of service delivery

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STRATEGIES FOR DEALING WITH ONGOING SHORTFALLS (highlights)

- Eliminate/reduce some services which will impact on Industry and Departmental revenue
- Reduce low risk safety oversight activities in order to focus resources on areas of higher risk
- Continue with delays of certification-related activities including document approval services to stakeholders
- Reduce level of safety promotion and education
- Reduce number of investigations of complaints
- Implementing performance measures, performance agreements, LOS standards
- Supporting adoption of Safety Management Systems in Industry (eventual reduced regulatory burden, crown liability, oversight requirements)

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PROPOSED STRATEGIES

Commercial & Business Aviation

Reduced Requirement: 27 FTEs and \$2,700K

Loss of Revenue: \$750K

- **Withdraw Pilot Proficiency Check (PPCs) Service to the Industry**
 - Frequency of Inspection for Pilot Proficiency Checks will be reduced from 100% (where no delegates exist) to 10% monitoring of pilot populationImpact:
 - Reduced safety oversight - no expected impact on safety
 - Level of service will be an issue during the initial transition until new delegates are appointed by the Industry
 - Loss of Revenue to the Department approximately \$750K
 - Reduced Requirement of 22 FTEs and \$2,200K
- **Eliminate Airline Operations (705) Ramp Inspections**
 - In-flight inspections and check lists to be updated to include critical ramp inspection tasksImpact:
 - Reduced safety oversight - no expected impact on safety
 - Reduced Requirement of 1.5 FTEs and \$150K
- **Eliminate Aerial Operations (702) Audits**Impact:
 - Reduced safety oversight - no expected impact on safety
 - Reduced Requirement of 3.5 FTEs and \$350K
- **Dangerous Goods**
 - Current program to be rationalized to remain within existing resource baseImpact:
 - No known safety impact

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PROPOSED STRATEGIES

Maintenance & Manufacturing

Reduced Requirement: 9 FTEs and \$810K

Loss of Revenue: \$660K

- **Eliminate Aerial Operations (702) Audits**Impact:
 - Reduced safety oversight - no expected safety impact
 - Reduced Requirement of 4.5 FTEs and \$405K
- **Delegate Issuance of Certificate of Airworthiness (C of A) and Export Certificate**
 - Issuance of C of A when importing aircraft will be delegated to Minister's Delegate-Maintenance (MD-M)
 - Issuance of C of A for new aircraft will be delegated to Minister's Delegate – Production
 - Issuance of Export Certificate will be delegated to MD-MsImpact:
 - Reduced safety oversight – no expected safety impact
 - Level of service will be an issue during the initial transition
 - Loss of Revenue to the Department approximately \$660K
 - Reduced Requirement of 4.5 FTEs and \$405K

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PROPOSED STRATEGIES

General Aviation

Reduced Requirement: 5 FTEs and \$500K

Loss of Revenue: \$400K

- **Reduce On-site Monitoring of Airshows**
 - Resources will focus on preparatory work leading to authorization
 - Impact:
 - There will be minimal FTE savings, however, no likely impact on safety as, with the application of risk assessment, high risk airshows will be attended
 - Some savings may accrue in overtime and travel
- **Eliminate Base Inspections of Flight Training Schools**
 - Impact:
 - Low risk, resources will be refocused to higher risk and more vigorous audits
 - Reduced Requirement of 2 FTEs and \$200K
- **Delegate Delivery of Private/Recreational Pilot Examinations to Approved Schools**
 - Impact:
 - Less safety oversight
 - Initiative desired by Industry
 - Savings may be offset by cost associated with managing new delegation
 - Potential Loss of Revenue to the Department \$400K
 - Reduced Requirement of 2 FTEs and \$200K
- **Delegate Renewal Flight Tests to Industry**
 - Impact:
 - Less safety oversight – low risk based on risk assessment
 - Initiative desired by Industry
 - Savings may be offset by cost associated with managing new delegation
 - Reduced Requirement of 1 FTE and \$100K

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PROPOSED STRATEGIES

Enforcement

Reduced Requirement: 7 FTEs and \$700K

- **Eliminate Enforcement Surveillance Requirement**
 - Impact:
 - Reduced safety oversight
 - Other functional areas will be required to focus more attention on broader surveillance activities as part of their mandate and report detections to Enforcement for investigation. Enforcement will refocus resources on increased investigations, CAT involvement, promotions and education activities

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PROPOSED STRATEGIES

Aerodrome Safety

Reduced Requirement: 2 FTEs and \$452K

→ Eliminate Registered Aerodrome Inspection Program

- Impact:
- Reduced safety oversight – potential for some reduction in safety level
 - Reduced Requirements of 2 FTEs and \$180K

→ Withdraw Twin Engine Helicopter Service for Inspection Requirement

- Impact:
- Nil as inspection requirement remains
 - Added cost to Industry if required to supply crewed aircraft for heliport certification and inspection purposes
 - Reduced Requirements of \$272K

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PROPOSED STRATEGIES

System Safety

→ Current Program to be Rationalized to Remain within Existing Resource Base

- Impact:
- National Training Workshops to Industry on Pilot Decision Making, Crew Resource Management, Company Aviation Safety Officer and Human Performance in Aviation Maintenance will be eliminated
 - Multi-media packages of existing National Training Workshops will continue to be offered to industry at a nominal charge of \$100
 - Topics from National Training Workshops will be incorporated into Regional Safety Briefings
 - Resources will be refocused on safety evaluation and education related to safety management concepts and principles and on initiative to prevent Runway Incursions
 - Reduced level of service to Industry - No known safety impact

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POTENTIAL IMPACTS ON....

→ Safety

- Minimal safety impact identified
 - Decrease low risk audit and inspection requirements by 7%
 - Increase high risk audit and inspection activity by 13%
- Accident rate lowest in 2000

→ Aviation Community

- Withdrawing services, i.e. ceasing PPCs may result in initial complaints from aviation community

→ Civil Aviation Inspectors

- Change to current way of doing business (may impact on retention)
- Shift surveillance responsibility to other areas within Civil Aviation, will add to workload pressures

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POTENTIAL IMPACTS ON...

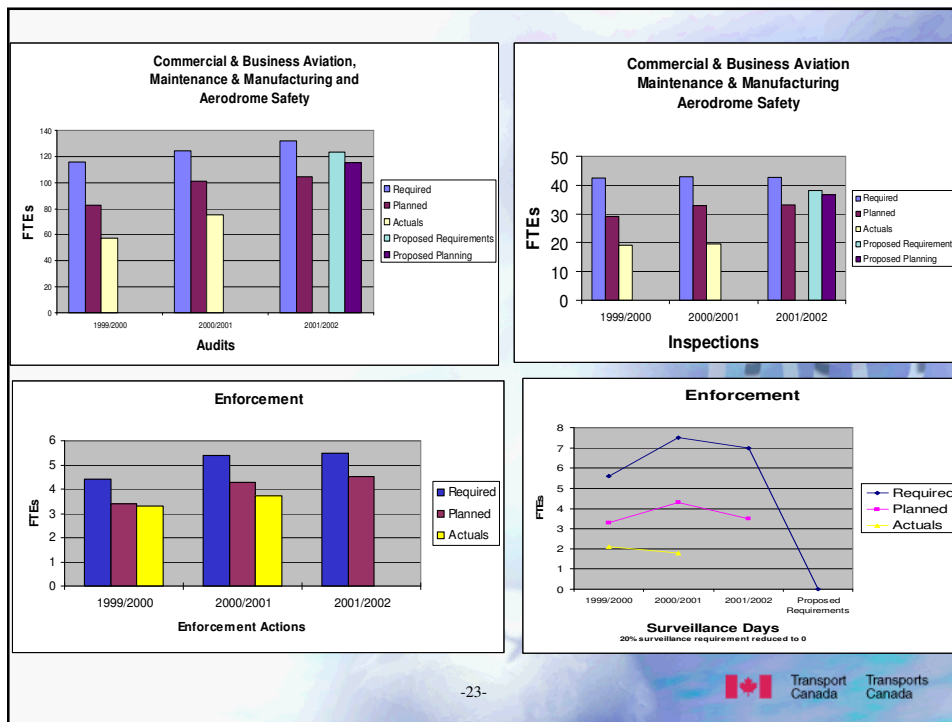
→ Departmental Revenue

- Reduction in Revenue of \$1.8M

→ Resource Requirements

- Proposed strategies will reduce the resource requirement by 89 FTEs and \$9.1M, and allow the re-profiling of resources to close the audit and inspection gap

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PERFORMANCE MEASUREMENT

→ A Civil Aviation plan for Performance

Measurement has been developed which:

- is consistent with Group and Departmental plans for developing a performance framework
- will improve our capability to measure the impacts and outcomes of our work both on stakeholders and the public at large
- recognizes the need to provide a means to track and understand the impact of initiatives identified in *Flight 2005*
- sets out the steps for developing and implementing 3-tiers of performance measures by the end of fiscal year 2001-02

Levels of Service (LOS) Standards

- A CAD has been finalized which establishes the principles behind developing LOS standards (in keeping with TB guidelines)
- Work on developing LOS standards will proceed in tandem with our performance measurement initiative

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Safety Management Systems

- long term resource benefits of supporting the adoption of Safety Management Systems in Industry (through regulation, education, promotion etc) will eventually reduce:
 - regulatory burden
 - crown liability
 - oversight requirements

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CAR 104 FEE PROPOSAL

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|----------|--|
| OPTION 1 | Status Quo |
| OPTION 2 | Resolve anomalies & inconsistencies
Remove fee caps on aeronautical product approvals
Forecast Increased revenue \$1.2M |
| OPTION 3 | Same as Option 2, but also:
Extend hourly rates to current STC/LSTC/RDC flat fees
Introduce new fees for aeronautical product post-certification activities, processing of medical certificates for student pilot permits, rocket launch authorizations & airport/heliport certificates
Forecast Increased revenue \$2.8M |

Recommend Option 2 to stay consistent with TMX Decision

Note: Revenue impact of Program Integrity reductions not included (\$1.8M)

2000/01 BUDGET: \$10.3M

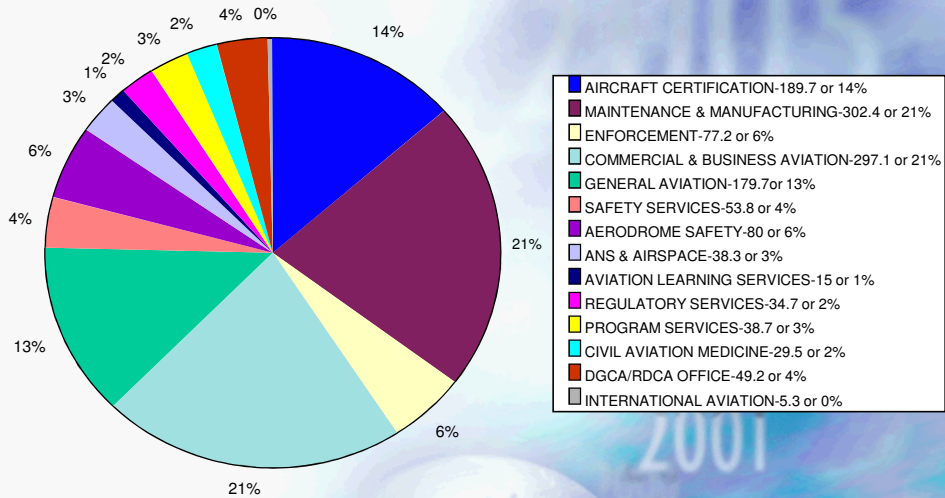
2000/01 ACTUAL: \$10M

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**The following slides are available if detailed
resource questions are raised**

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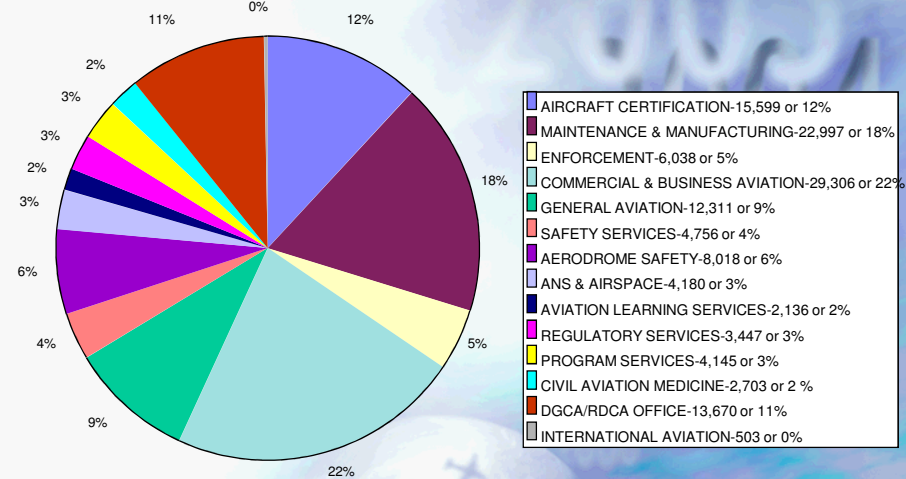
CIVIL AVIATION 2000/01 FTE UTILIZATION BY FUNCTION - 1390.6 FTEs



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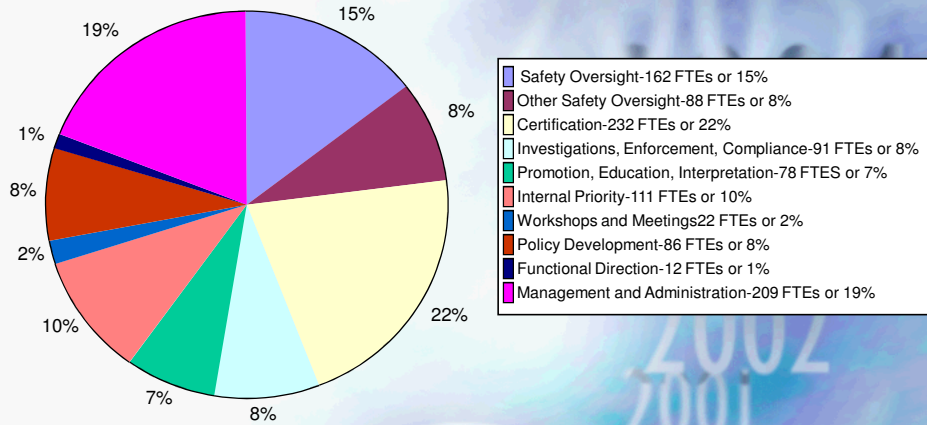
CIVIL AVIATION 2000/01 OPERATING EXPENDITURES BY FUNCTION-\$130M



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Categories Nationally 2000/2001 Actual FTEs Reported in ARASS

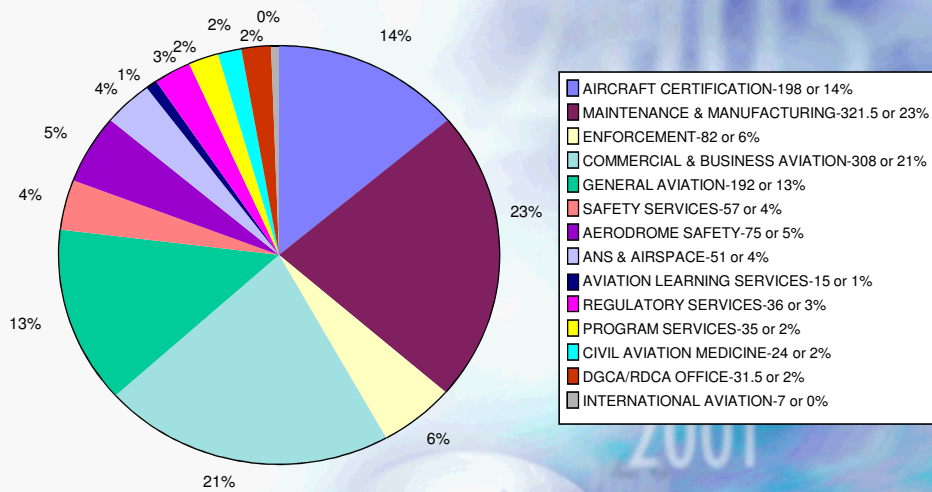


NOTE: The following Functions do not report in ARASS: Aviation Learning Services (15 FTEs), Regulatory Services (35 FTEs), Program Services (39 FTEs), Civil Aviation Medicine (30 FTEs), DGCA/RDCA Office (49 FTEs), International Aviation (5 FTEs), Headquarters System Safety (13 FTEs) and Headquarters Aerodrome Safety (28 FTEs)

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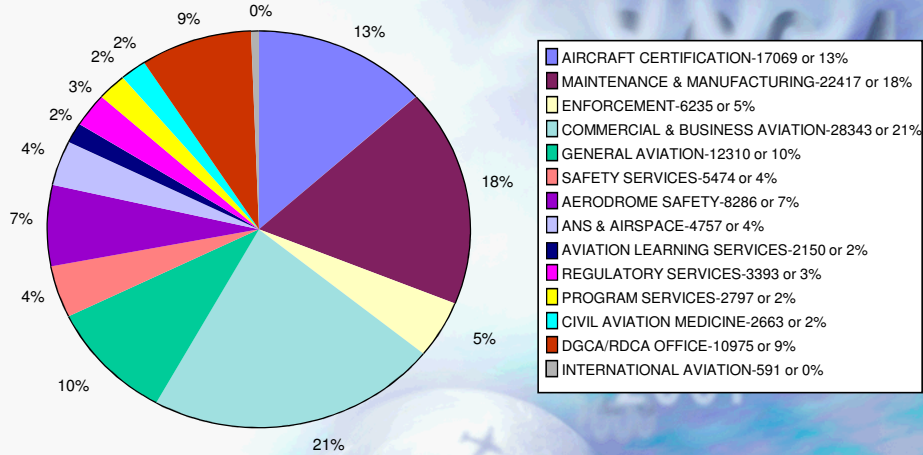
CIVIL AVIATION 2001/02 FTE ALLOCATION BY FUNCTION - 1433 FTEs



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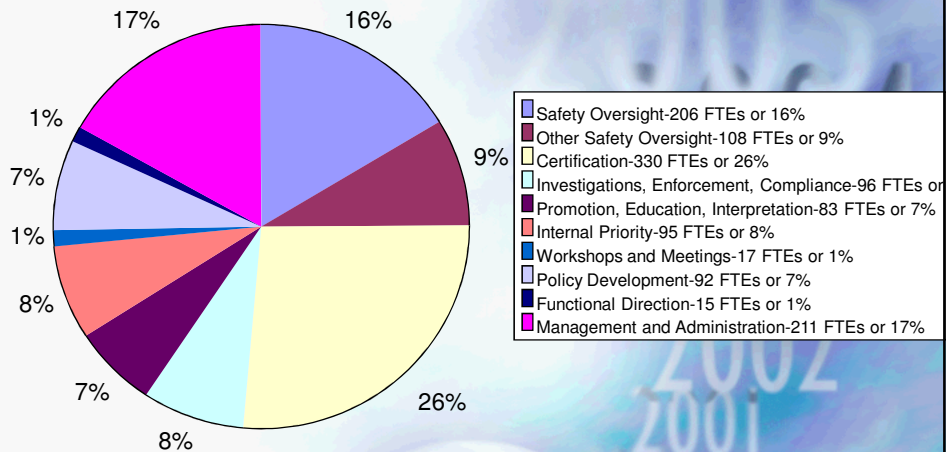
CIVIL AVIATION 2001/02 OPERATING BUDGET BY FUNCTION - \$127M



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Categories Nationally 2001/2002 Planned FTEs Reported in ARASS



NOTE: The following Functions do not report in ARASS: Aviation Learning Services (15 FTEs), Regulatory Services (36 FTEs), Program Services (34 FTEs), Civil Aviation Medicine (24 FTEs), DGCA/RDCA Office (32 FTEs), International Aviation (7 FTEs), Headquarters System Safety (15 FTEs) and Headquarters Aerodrome Safety (28 FTEs)

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