Transport Canada Transports Canada

Transport Canada

Departmental Performance Report

2011-12

The Honourable Denis Lebel, P.C., M.P.
Minister of Transport, Infrastructure and Communities

Canada

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MINISTER'S MESSAGE

I am pleased to present the *Departmental Performance Report* on Transport Canada's progress on the goals set out in our *2011-12 Report on Plans and Priorities.*

We have many accomplishments to be proud of. The Government's top priority remains a strong economy, and our Department has a vital contribution to make as we keep Canada's transportation system efficient, clean, safe and secure.

Transport Canada has played an important role in supporting the next phase of our Government's Economic Action Plan. We are modernizing Canada's infrastructure with unprecedented investments: from new passenger rail stations, to better roads and transit, to airport and marine projects. These investments in efficiency and innovation support the economy, create jobs and growth, and enhance trade.

A project that is particularly dear to my heart is the new bridge for the St. Lawrence. This vital corridor for the movement of people and goods will create thousands of jobs and benefit, not only the Montreal region, but Canada as a whole for years to come. I am also proud of the progress we have made in our strategy to ensure that modern and efficient infrastructure is in place at Windsor-Detroit – Canada's busiest trade corridor. We are making major funding available for a new Detroit River Crossing, and for upgrades to the Windsor-Detroit tunnel area.

Another highlight of the past year was Transport Canada's work on ballast water. This highly successful clean water initiative was achieved through close coordination with several agencies and our U.S. counterparts. Transport Canada led the way forward to ensure both smooth trade flows and protection of our waters from polluting discharges and alien species.

Our Department is constantly working to keep Canadians safe. Fatalities from accidents are down, and the risks from the transportation of dangerous goods are being reduced. New tools include more rigorous and consistent training and shared planning and expertise. New marine safety regulations require certain large passenger and cargo vessels to have voyage data recorders. Similar to an airplane's black box, the equipment captures critical information that will aid accident investigations and enhance safety.

From specific programs to wide-reaching operations, Transport Canada has strengthened its regulatory and oversight role in security of all transportation modes. For example, significant progress has been made in the security of air cargo, working with international partners.

In keeping with Transport Canada's role in building a stronger economy, we have continued to promote and expand our international Gateways, to boost trade and bring more prosperity to the country. This spirit of international cooperation is also seen in our Beyond the Border Action Plan, which features joint initiatives with the United States to ensure the security of our borders while facilitating trade.

As Transport Canada celebrates its 75th anniversary, we can be proud of the progress outlined in this report; we will continue to build on this solid foundation for the future.

The Honourable Denis Lebel, P.C., M.P.
Minister of Transport, Infrastructure
and Communities

SECTION I – DEPARTMENTAL OVERVIEW

1.1 SUMMARY INFORMATION

1.1.1 Raison d'être and Responsibilities

Parliament has declared that "a competitive, economic and efficient national transportation system that meets the highest practicable safety and security standards and contributes to a sustainable environment and makes the best use of all modes of transportation at the lowest total cost is essential to serve the needs of its users, advance the well-being of Canadians and enable competitiveness and economic growth in both urban and rural areas throughout Canada".[1]

Transport Canada's mission is to serve the public interest through the promotion of a safe and secure, efficient and environmentally responsible transportation system in Canada, one that provides access to markets for natural resources, agricultural products and manufactured goods, and supports service industries. It meets the challenges posed by topography and geography, linking communities and reducing the negative effects of the distance that separates people. These vital roles reflect transportation's interdependent relationship with all sectors of the economy and society.

OUR VISION
A transportation system in Canada that is recognized worldwide as safe and secure, efficient and environmentally responsible.

Our vision of a sustainable transportation system integrates and balances social, economic and environmental objectives. It is guided by these three principles:

1. the highest possible safety and security of life and property, supported by performance-based standards and regulations when necessary;
2. the efficient movement of people and goods to support economic prosperity and a sustainable quality of life, based on competitive markets and targeted use of regulation and government funding; and
3. respect for the environmental legacy of future generations of Canadians, guided by environmental assessment and planning processes in transportation decisions and selective use of regulation and government funding.

[1] *Canada Transportation Act,* section 5.

Many organizations at several levels of government, as well as transportation service providers and users, play their part in Canada's transportation system. Transport Canada develops the federal Government's Canada-wide transportation policies and programs. We directly administer over 50 laws related to transportation, and we also share the administration of many others. We use various policies, programs, legislative measures, regulations and guidelines to meet the expectations of Canadians, and we ensure compliance through appropriate enforcement systems.

The federal Government, with Transport Canada in the lead, has sole responsibility for matters such as aviation safety and security; for other matters we share responsibility with provincial, territorial and municipal governments. We must also work with trading partners and in international organizations to understand and harmonize policy and administrative frameworks, so as to protect Canadian users of the global transportation system while encouraging efficiency.

In areas for which Transport Canada does not have direct responsibility – for example, for building and maintaining road networks – we use strategic funding and partnerships to promote safe, efficient and environmentally responsible movement of people and goods into and across the country. In this way, we play a leadership role to ensure that all parts of the transportation system across Canada and world-wide work together effectively and efficiently. We also report on the state of transportation in Canada, as required under the *Canada Transportation Act*.

Transport Canada is part of the Transport, Infrastructure and Communities Portfolio which includes:

- the departments of Transport Canada and Infrastructure Canada;
- 43 shared governance organizations, for example, 21 airport and 17 port authorities across Canada, the St. Lawrence Seaway Management Corporation, NAV Canada and the Buffalo and Fort Erie Bridge Authority;
- 11 Crown corporations, such as the four Pilotage Authorities, VIA Rail Canada, the Canadian Air Transport Security Authority, and Canada Post Corporation; and
- three administrative tribunals/agencies - the Transportation Appeal Tribunal of Canada, the Canadian Transportation Agency, and the Ship-source Oil Pollution Fund.

Together, these organizations contribute to Canada's competitiveness by ensuring an efficient transportation system to make the economy stronger; keeping our transportation system safe and secure; protecting the environment; and improving the quality of life in our cities and communities.

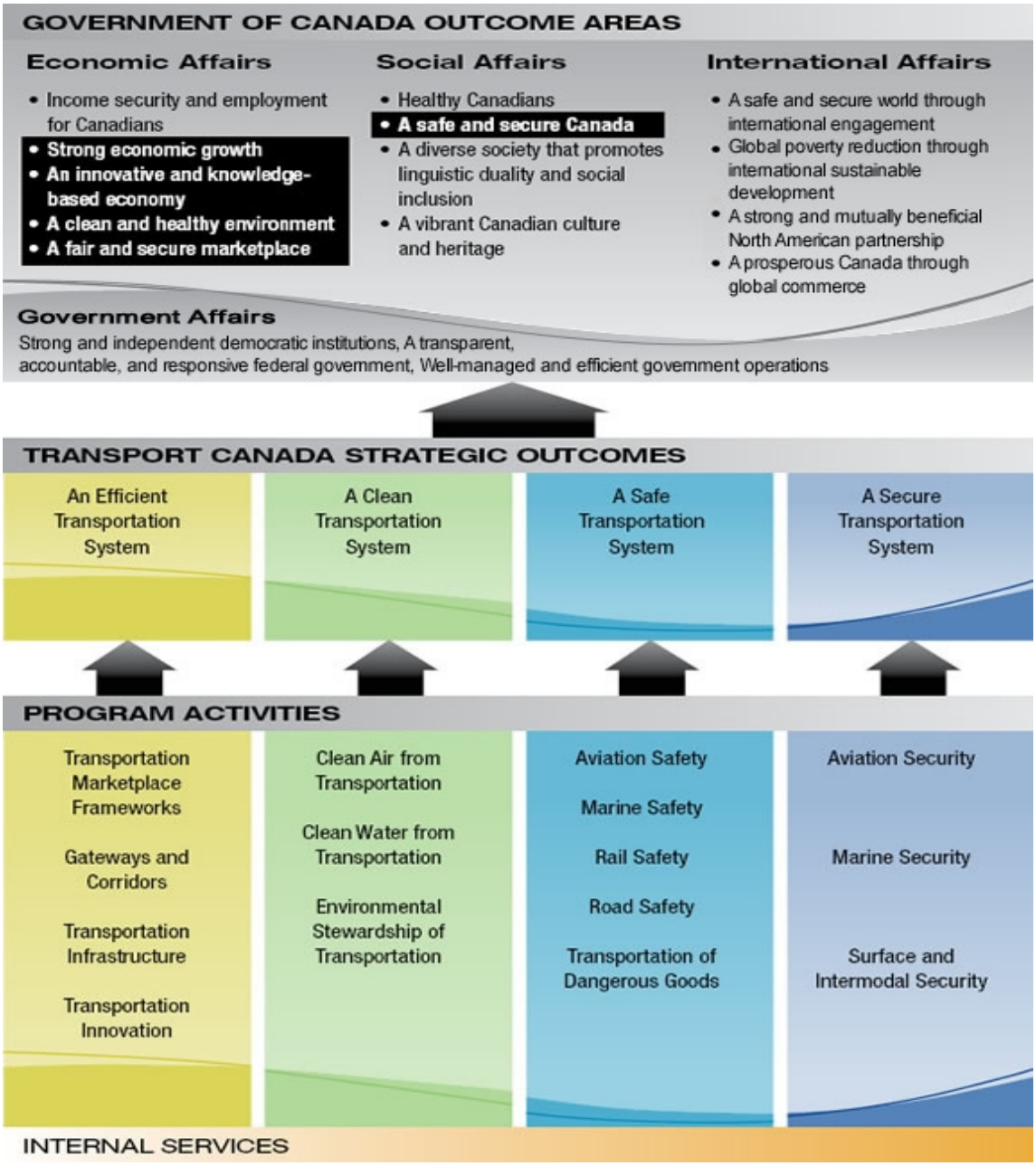
1.1.2 Strategic Outcomes and Program Activity Architecture

As illustrated in Figure 1, Transport Canada's Program Activity Architecture includes 15 program activities that contribute to achieving the four departmental strategic outcomes:

1. an efficient transportation system;
2. a clean transportation system;
3. a safe transportation system; and
4. a secure transportation system.

The sixteenth program activity, Internal Services, supports all four strategic outcomes. These four strategic outcomes specifically contribute to five Government of Canada[2] outcomes. Section II of this report explains how Transport Canada's strategic outcomes and program activities contribute to these outcomes areas.

Figure 1: Transport Canada Program Activity Architecture



[2] Source: Treasury Board of Canada Secretariat – Whole-of-Government Framework.

1.2 CONTRIBUTION OF DEPARTMENTAL PRIORITIES TO STRATEGIC OUTCOMES

Transport Canada identified three operational priorities[3] and one management priority[4] for 2011-12. These priorities are aligned with the department's Corporate Risk Profile.[5] Each priority relates to one or more of Transport Canada's Strategic Outcomes, which collectively describe our mandate and core business. The 2011-12 operational and management priorities are aligned with Government of Canada commitments.

Accomplishments in support of these departmental priorities are described in the following tables.

This report labels first-time priorities as "new," priorities committed to in the first or second fiscal year before this report as "previously committed to", and older commitments as "ongoing".

[3] Operational priorities improve Transport Canada's ability to achieve better results for Canadians through improvements to how programs are delivered.
[4] Management priorities focus on improving Transport Canada's management practices, controls or systems in such areas as human resources, risk management, and real property management.
[5] The Corporate Risk Profile helps Transport Canada establish a direction for managing departmental risks. The profile presents a snapshot of the Department's risk status at a particular point in time.

Priority	Type	Linkages Strategic Outcome(s)
Create an oversight framework that will ensure Transport Canada's legislation, regulations and regulatory initiatives are modern, streamlined and effective	New	All Strategic Outcomes

Summary of Accomplishments

- Transport Canada strengthened its planning and priority-setting process for regulatory drafting by creating a new Committee on Legislative and Regulatory Affairs, which provides senior management peer review to ensure sound, effective and efficient regulatory practices. The Committee also developed a risk-based regulatory file management system.
- Resources were focussed on the federal *Red Tape Reduction Commission* (launched in winter 2011), and input to the Canada-United States Regulatory Cooperation Council.
- Transport Canada contributed to a whole-of-government approach to the environmental assessment and regulatory review of 74 major resources projects in Southern Canada, and 22 projects in Canada's North.

Work in Progress

- Transport Canada is participating in the Government response to the *Red Tape Reduction Commission's* recommendations to the federal regulatory system, which included 12 recommendations for the department.
- Transport Canada is leading the implementation of 11 of the Canada-United States Regulatory Cooperation Council's 29 initiatives to harmonize selected approaches across the transportation modes to maintain safety and security, while streamlining the regulatory burden on industry.

Priority	Type	Linkages to Strategic Outcome(s)
Assess the transportation policy framework	New	All Strategic Outcomes

Summary of Accomplishments

- Transport Canada conducted a scan of the emerging trends likely to have the greatest impact on Canada and its transportation system in the next 10 to 15 years. We also undertook analytical studies and research to deepen our understanding of the major challenges, opportunities and implications for Canada's transportation sector, in order to optimize our renewed policy framework.

Work in Progress

- Transport Canada continues work to renew our policy framework to ensure that policies, programs and regulations can respond to existing and emerging challenges and opportunities over the next 10 to 15 years.
- We are assessing current air and marine policy frameworks, and reviewing other policy and regulatory frameworks, to ensure their responsiveness and ability to meet the long-term needs of the transportation sector.
- Work will continue to advance our innovation strategy to drive the next generation of transportation sector productivity gains and improve system performance.

Priority	Type	Linkages to Strategic Outcome(s)
Increase security for air passengers, air cargo and airport workers	Previously Committed to	A Secure Transportation System

Summary of Accomplishments

- Amendments to *Security Measures Respecting Air Cargo* came into force on September 30, 2011.
- Mutual recognition of air cargo security programs with the United States came into force on March 31, 2012.
- We worked with the International Civil Aviation Organization (ICAO) and the World Customs Organization to strengthen international standards, and to ensure that the Air Cargo Security program complies with such standards.
- The first set of regulatory amendments for increased security at airports (Phase I) was published in the *Canada Gazette, Part II* on January 4, 2012.

Work in Progress

- A second set of regulatory amendments for airport security (Phase II) is being prepared, as well as air carrier requirements. Target deadlines are delayed due to other departmental priorities.
- Transport Canada regularly exchanges information through ICAO, multi-lateral and bilateral partner meetings to promote Canada's regulatory approach, and to pursue opportunities for mutual recognition.
- We have consulted with federal and industry partners on the draft National Civil Aviation Security Program, and the approval process will continue.

Priority	Type	Linkages to Strategic Outcome(s)
Continue to improve governance within Transport Canada	Previously Committed to	All Strategic Outcomes

Summary of Accomplishments

- Transport Canada launched a new Integrated Planning Process in September 2011 to plan for fiscal year 2012-13. Our financial and non-financial planning and reporting information were fully integrated in a one-pass approach.
- We established the Centre of Expertise on Transfer Payments as a permanent organization within the department to support design and delivery of grant and contribution programs. Essential training has been undertaken, and all new and continuing programs are using program design tools developed by the Centre.
- We strengthened portfolio management through systematic and ongoing engagement of chief executive officers of the portfolio Crown corporations and key agencies.

Work in Progress

- A program excellence toolbox became a key source of information for departmental transfer payments practitioners, with additional tools to be added in 2012-13.

1.3 RISK ANALYSIS

1.3.1 Operating Environment

Transportation connects all of Canada's social and economic activities. It provides market access for suppliers and consumers of natural resources and agricultural goods, manufactured products and services, and it provides access to work and leisure activities for Canadians and visitors. Transportation links communities across Canada, in diverse and sometimes extreme conditions. Because of the extensive scope of Canada's transportation system, it is potentially vulnerable to serious challenges, which could have uncertain or even catastrophic impacts.

Furthermore, risks are introduced into the transportation system because of its complex structure, including multiple jurisdictions interacting with private-sector stakeholders and users. Such complexity requires Transport Canada to manage risk effectively – to the extent possible to identify and analyze risk, and to develop suitable mitigation strategies – in order to achieve its strategic outcomes.

1.3.2 Risk Management Approach

Transport Canada continues to adopt a strong risk management governance structure, as outlined in our Integrated Risk Management Policy. It is an important tool for making informed decisions and arriving at realistic analyses of how to address risk. Its objective is to promote the systematic integration of risk management practices in order to respond to known risk and uncertainty.

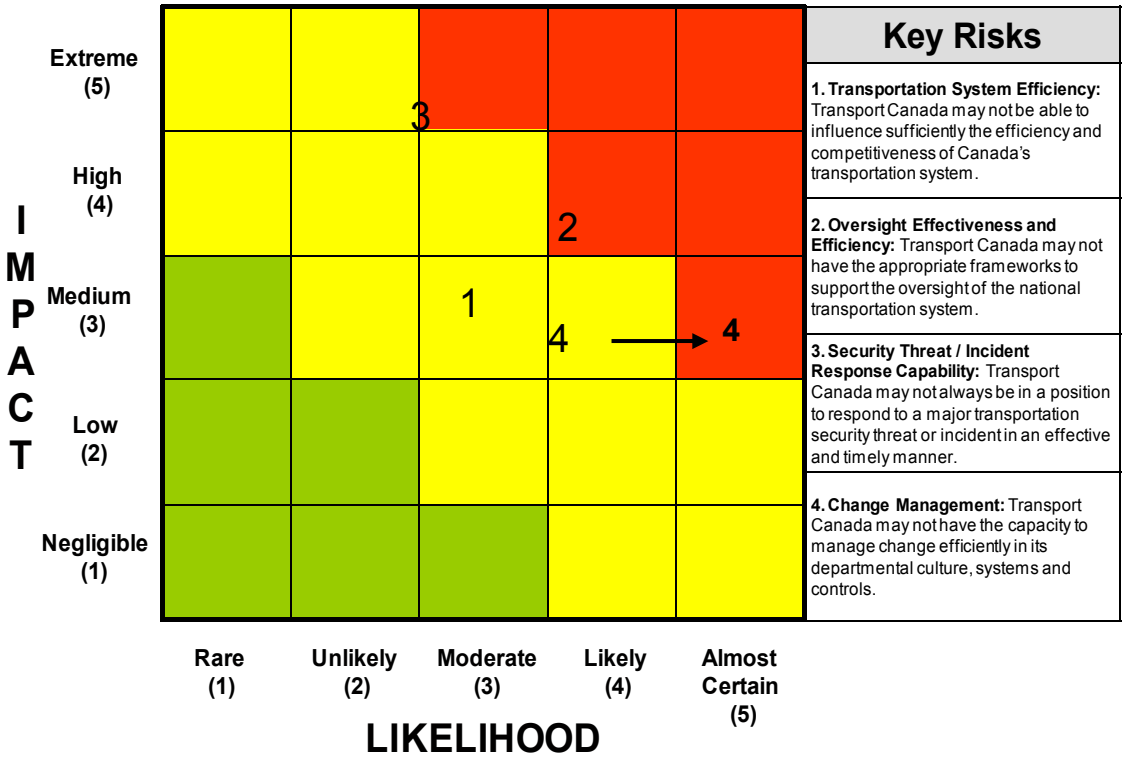
Sharing of risk information between the different strategic planning and functional sectors is done through the Departmental Risk Management Working Group, which has representation from all groups and regions. This forum also serves to review, contribute to and promote department-wide integrated risk management initiatives. A Centre of Expertise in Risk Management has been established to provide ongoing support to management and employees in promoting a consistent approach to risk identification, assessment and response. The integrated analysis of risk for the department in turn builds confidence within the department and among stakeholders.

The Corporate Risk Profile provides a clear snapshot of our key risks. It focuses management attention and action on what matters most, and identifies potential areas of opportunity. We currently review it twice per year, at the start of the planning process and at mid-year. We also adjust the Corporate Risk Profile, as appropriate, to reflect the consequences of risk response activities and changes in our operating conditions as they arise.

1.3.3 Key Risk Areas and Risk Responses

Through an environmental scan and department-wide consultations, Transport Canada identified four key risk areas for our 2011 Corporate Risk Profile. We assessed these risks based on the likelihood of occurrence, combined with their potential impact on our capacity or ability to achieve our strategic outcomes. We identified mitigation measures that are being implemented. The four key risk areas are: (1) transportation system efficiency; (2) oversight effectiveness and efficiency; (3) security threat/incident response capability; and, (4) change management.

Figure 2: Transport Canada's Corporate Risk Profile (as revised in February 2012)



The specific risk responses associated with the 2011 Corporate Risk Profile are all on track. A number of the risk responses are fully implemented or have now become ongoing activities.

(1) <u>Transportation System Efficiency</u>: Transport Canada may not be able to sufficiently influence the efficiency and competitiveness of Canada's transportation system.

Canada's transportation system operates under many public and private-sector jurisdictions. It must be safe and secure, yet efficient and reliable, because Canadians rely on it to move people and goods across vast distances and to world markets by air, sea and land.

To respond to efficiency risk factors, Transport Canada supports significant strategic investments in transportation infrastructure through extensive engagement with stakeholders, innovative partnerships and rigorous review processes. Risk-based analysis of projects reduces the administrative burden within the department and on low-risk recipients. In addition, work continues to renew the Transportation Policy Framework.

(2) Oversight Effectiveness and Efficiency: Transport Canada's oversight of the national transportation system may not be sufficiently flexible and adaptable to address ever-changing conditions.

Transport Canada is the sole regulator for safety, security and protection from pollution for several transportation modes, and it shares regulatory responsibilities for other modes and in other fields. It is also a significant funding partner. To meet the needs of Canadians, Transport Canada's policy, program and regulatory mechanisms must respond to current operational realities, as well as international trends and obligations.

We have put in place a governance structure and clear lines of accountability, roles and responsibilities to respond to risks affecting regulatory oversight activities. The senior Committee on Legislative and Regulatory Affairs has been established, supported by a risk-based regulatory priority management system. We have drafted or applied several regulatory adjustments. We are also developing guidance procedures for monitoring and surveillance, and updating the regulatory framework with partner jurisdictions. Significant improvements to safety management systems continue through the Inspectorate Advisory Board, and technical training tools are being developed. Management Action Plans to address findings of risk-based audits and evaluations are in progress. For example, an audit of Marine Safety Delegated Programs, completed in January 2011, found that a better-structured and rigorous system of functional direction and compliance oversight should be implemented. The audit recommended that specific initiatives being undertaken and their key elements be documented, and that a monitoring framework be implemented. Some 60 percent of the deliverables of the Management Action Plan were completed in 2011-12. We expect to complete most of the remaining work in the coming year.

(3) Security Threat/Incident Response Capability: Transport Canada may not always be in a position to respond to a major transportation security threat or incident in an effective and timely manner.

International and public confidence in the security of Canada's transportation infrastructure is critical, and requires the cooperation of many different participants to achieve. Risk factors include unclear or misunderstood roles and responsibilities for third-party organizations on which Transport Canada relies for intelligence and time-sensitive information, and the complexity of potential national and international security events.

To respond, Transport Canada is continually improving how we assess, monitor and define priority risks and evolving threats. We are also clarifying roles and responsibilities with external partners by developing incident and emergency plans, and by participating in joint exercises. For example:

- we developed a departmental Strategic Emergency Management Plan;
- we put the Aviation Security Incident Management Plan into effect;
- we are enhancing the Air Cargo Security Program;
- we are developing a National Civil Aviation Security Program;
- we are developing measures for the security of transportation of dangerous goods by rail and truck; and,
- we are strengthening the security of higher risk international bridges and tunnels.

(4) Change Management: Transport Canada may not have the capacity to manage change efficiently in its departmental culture, systems and controls.

Transport Canada must manage change effectively and respond to rapid change to achieve our strategic outcomes. Major risk factors include changing demographics, and constrained financial and people resources. In fact, senior management changed the likelihood of the Change Management risk from "Likely" to "Almost Certain" in February, 2012, in light of growing constraints on resources.

A key response to the challenge of managing change is to build confidence and coherence between our new governance structure and current functional and regional practices, while encouraging results-based management. Transport Canada improved governance by enhancing our capacity to make the best use of resources. Our new Integrated Planning Process, introduced in September 2011, now fully incorporates financial and non-financial information in a one-pass approach that provides better support for efforts to achieve departmental priorities and strategic outcomes. Human Resources tools are being developed for change management in the context of demographic transition and funding pressures.

1.4 SUMMARY OF PERFORMANCE

In 2011-12, Transport Canada's progress in achieving departmental priorities has made Canada's transportation network safer, more secure, efficient and sustainable. We enhanced security for air passengers and cargo, as well as for airport workers. The oversight framework for all modes and regions of Canada is more robust and responsive, and the transportation policy framework is being renewed.

Since 2006, almost $6 billion has been committed to Canada's gateways and trade corridors from a variety of sources, including Transport Canada, leveraging significant public and private investments. These infrastructure investments across the country enable fast and efficient movement of goods into the world marketplace, and they will strengthen Canada's long-term economic competitiveness. Improved infrastructure at airports, ports and railway crossings also provide an immediate and long lasting improvement to the well-being of Canadians and international travellers.

1.4.1 Financial Resources

To support its mandate, Transport Canada received and used the following resources:

2011-12 Financial Resources ($ millions)

Planned Spending	Total Authorities*	Actual Spending*
1,590	**1,694**	**1,281**

* Excludes amount deemed appropriated to Shared Services Canada

Note, variance explanations are provided in the Summary of Performance Tables, by Strategic Outcome and Internal Services, below.

1.4.2 Human Resources

2011-12 Human Resources (Full-Time Equivalents)

Planned	Actual	Difference
5,346	**5,045**	**301**

1.4.3 Transport Canada's Contribution to the Federal Sustainable Development Strategy

The Federal Sustainable Development Strategy outlines the Government of Canada's commitment to improving the transparency of environmental decision-making by articulating its key strategic environmental goals and targets. Transport Canada ensures that consideration of these outcomes is an integral part of its decision-making processes.

Transport Canada contributes to the following themes: I - Addressing Climate Change and Air Quality; II - Maintaining Water Quality and Availability; III - Protecting Nature; and, IV - Shrinking the Environmental Footprint – Beginning with Government, as denoted by the visual identifiers and associated program activities below:

	Program Activity 1.4: Transportation Innovation Program Activity 2.1: Clean Air from Transportation
	Program Activity 1.4: Transportation Innovation Program Activity 2.2: Clean Water from Transportation
	Program Activity 2.2: Clean Water from Transportation
	Program Activity 2.3: Environmental Stewardship of Transportation.

During 2011-12, Transport Canada considered the environmental effects of initiatives subject to the Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals. Through the strategic environmental assessment process, departmental initiatives were found to have positive and/or negative environmental effects on goals and targets in all four of the Themes. Further information on the results of the strategic environmental assessments is available at Transport Canada's Strategic Environmental Assessment page.

For further information on Transport Canada's activities to support sustainable development and strategic environmental assessments, please visit Transport Canada's Sustainable Development Strategy site. For complete information on the Federal Sustainable Development Strategy, please visit Environment Canada's website.

1.4.4 Summary of Performance Tables, by Strategic Outcome and Internal Services

Strategic Outcome 1: An Efficient Transportation System						
Performance Indicators		**Targets**		**2011-12 Performance**		
Transportation sector productivity level (Index)		Increase by 2.5 percent to 5 percent relative to 2009 baseline (Productivity Index > 113 in 2014)		Transportation business-sector productivity increased by 3.9 percent from 2009 to 2010. (For-hire trucking was not included, as figures are being updated). This was primarily due to an increase in transportation output as demand returned following the reduction in economic activity in 2009.		
Transportation sector cost level (Index)		Growth in unit costs does not exceed 11 percent over a 5-year horizon (Cost Index < 111 in 2014)		Unit costs for the same subset decreased by 1.1 percent. The decrease was due to a reduction in the unit cost of capital as well as other materials and services.		
Program Activity	**2010-11 Actual Spending ($ millions)**	**2011-12 ($ millions)**				
		Main Estimates	**Planned Spending**	**Total Authorities**	**Actual Spending**	**Alignment with Government of Canada Outcomes**
Transportation Marketplace Frameworks	10	9	9	10	10	**A fair and secure marketplace**
Gateways and Corridors	243	541	544	542	200	**Strong economic growth**
Transportation Infrastructure	282	291	334	384	366	**Strong economic growth**
Transportation Innovation	11	14	14	15	11	**An innovative and knowledge-based economy**
Total*	**546**	**854**	**901**	**951**	**587**	

*Due to rounding, columns may not add to the totals shown.

Information on Significant Variances (between Total Authorities and Actual Spending)

Gateways and Corridors: Delays in Asia-Pacific Gateway and Corridor Initiative projects accounted for $257 million of the variance. The major contributing factors for the delays include complex project approvals, the difficulties private sector recipients faced in proceeding after the economic recession, and challenging multi-stakeholder collaboration.

Delays in Gateways and Border Crossings Fund projects accounted for $61 million. Many factors influenced these delays, including challenges in project design, property acquisition difficulties, complex environmental approvals and adverse weather conditions.

In addition, challenges in negotiations with the industrial property owners of land parcels within the Detroit River International Crossing plaza footprint have delayed property acquisition. This caused Transport Canada to delay several utility relocation studies until the negotiations are further advanced which accounted for a variance of $23.7 million.

Transportation Infrastructure: The variance of $18 million is due to many factors, including delays in negotiating contribution agreements, as well as lower costs for the appraisal and disposal of assets and real property. In particular, the Highway 5 project delays caused by technical challenges and design changes under the Outaouais Road Agreement accounted for $12.7 million. These funds will be moved to future years to complete the projects.

Transportation Innovation: The $3.6-million variance is primarily due to delays in approving and signing contribution agreements with recipients under the Security and Prosperity Partnership program, which accounted for $2.1 million, and a variance of $1.4 million related to various intelligent transportation systems projects under the Strategic Highway Infrastructure Program.

Strategic Outcome 2: A Clean Transportation System						
Performance Indicators		**Targets**		**2011-12 Performance**		
Transportation sector greenhouse gas emissions (tonnes of CO_2 equivalent)		Greenhouse gas (GHG) emission levels from the transportation sector consistent with Government of Canada targets in "Turning the Corner"		Based on the most recent available information, transportation-related GHG emissions decreased slightly in 2010 compared to 2005 (from 170 megatonnes (Mt) of CO_2 equivalent in 2005 to 166 Mt in 2010).[6]		
Percentage of transportation sector air pollutants reduction		Level of air pollutants from the transportation sector reduced consistent with targets to be established under the "Clean Air Agenda"		Between 2005 and 2010,[7] transportation-related emissions of air pollutants have shown a steady decline, mainly due to on-road vehicle regulatory initiatives and vehicle fleet renewal. During that period, emissions decreased for fine particulate matter (by 10 percent), sulphur oxides (by 14 percent), nitrogen oxides (by 10 percent), volatile organic compounds (by 17 percent), and carbon monoxide (by 8 percent).		
Program Activity	**2010-11 Actual Spending ($ millions)**	**2011-12 ($ millions)**				
		Main Estimates	**Planned Spending**	**Total Authorities**	**Actual Spending**	**Alignment to Government of Canada Outcomes**
Clean Air from Transportation	17	5	5	16	14	**A clean and healthy environment**
Clean Water from Transportation	8	6	6	6	7	**A clean and healthy environment**
Environmental Stewardship	40	7	7	34	23	**A clean and healthy environment**
Total*	**65**	**18**	**18**	**56**	**44**	

*Due to rounding, columns may not add to the totals shown.

[6] Environment Canada, Analysis and Modeling Division, May 10, 2012.
[7] Environment Canada, National Pollutant Release Inventory, 2012.

Information on Significant Variances (between Total Authorities and Actual Spending)

Clean Air from Transportation: A variance of $2 million is primarily attributed to delays in adopting the Next Generation of Clean Air measures that were approved in 2011-12.

Clean Water from Transportation: The $1-million variance is mainly due to Transport Canada's decision to continue to deliver the National Aerial Surveillance Program (see section 2.2.2), and the advancement of the Hazardous and Noxious Substances Regime, as well as the Environmental Response Risk Assessments.

Environmental Stewardship of Transportation: The $11 million variance is attributed to delays in environmental remediation activities funded from the Federal Contaminated Sites Action Plan due to factors such as challenges in investigative work, project design, weather conditions and tendering delays. These funds have been moved to future years to complete the projects.

Strategic Outcome 3: A Safe Transportation System						
Performance Indicators		**Targets**		**2011-12 Performance**		
Number/rate of accidents or fatalities by mode		Maintain or improve accident/fatality rates by mode, based on each mode's strategic objectives		All modes maintained or improved their accident/fatality rate based on their baseline data. There was a 3 percent increase in reported accidents and there were no deaths relating to the transportation of dangerous goods. Additional data can be found in the *Transportation in Canada 2011* report.		
Program Activity	**2010-11 Actual Spending ($ millions)**	**2011-12 ($ millions)**				
		Main Estimates	**Planned Spending**	**Total Authorities**	**Actual Spending**	**Alignment to Government of Canada Outcomes**
Aviation Safety	211	249	253	244	222	**Safe and secure Canada**
Marine Safety	83	72	74	75	76	**Safe and secure Canada**
Rail Safety	31	37	38	38	33	**Safe and secure Canada**
Road Safety	42	24	24	26	24	**Safe and secure Canada**
Transportation of Dangerous Goods	14	13	13	14	14	**Safe and secure Canada**
Total*	**381**	**395**	**402**	**397**	**368**	

*Due to rounding, columns may not add to the totals shown.

Information on Significant Variances (between Total Authorities and Actual Spending)

Aviation Safety: The variance of $22 million is largely the result of a $16.1 million surplus in the Airports Capital Assistance Program, mostly due to delays in signing the agreement with the Province of Quebec, as well as delays in project start-ups. A further surplus of $3.8 million is due to lower-than-expected operating costs.

Rail Safety: A $3.9-million surplus in the Grade Crossing Improvement Program is due to delays in completing various projects and lower-than-expected project costs.

Strategic Outcome 4: A Secure Transportation System		
Performance Indicators	**Targets**	**2011-12 Performance**
Number of Canadian Regulatory Framework adjustments	Two	Two in Aviation Security: - *Canadian Aviation Security Regulations* amendments to create Airport Security Programs; and - amendments to strengthen air cargo security measures
Percentage of Canadians reporting to be confident in the security of the transportation system	Maintain or improve confidence in the security of the transportation system, based on the strategic objectives of each mode	Transport Canada did not collect public confidence data in 2011-12.

Program Activity	2010-11 Actual Spending ($ millions)	2011-12 ($ million)				
		Main Estimates	Planned Spending	Total Authorities	Actual Spending	Alignment to Government of Canada Outcomes
Aviation Security	43	50	51	46	43	**Safe and secure Canada**
Marine Security	20	22	22	20	18	**Safe and secure Canada**
Surface and Intermodal Security	7	6	7	6	6	**Safe and secure Canada**
Total*	**70**	**78**	**80**	**73**	**67**	

*Due to rounding, columns may not add to the totals shown.

Information on Significant Variances (between Total Authorities and Actual Spending)

Aviation Security: A $3.5-million surplus resulted mainly from delays under the Air Cargo program in testing screening equipment with the U.S. Transportation Security Administration, and a reduced requirement for professional services.

Marine Security: A surplus of $2.1 million is due in part to a surplus in the Marine Security Coordination Fund.

Program Activity: Internal Services						
Performance Indicators		**Targets**		**2011-12 Performance**		
Satisfaction rate of Internal Services clients		Satisfaction rate equal or superior to 85 percent		**Actual Results** 89.1 percent of respondents agreed or strongly agreed that they are satisfied with the timeliness of responses. 87.5 percent of respondents agreed or strongly agreed that the quality of service met the needs of their organization.		
Program Activity	**2010-11 Actual Spending ($ millions)**	**2011-12 ($ millions)**				
		Main Estimates	**Planned Spending**	**Total Authorities***	**Actual Spending***	**Alignment to Government of Canada Outcomes**
Internal Services	227	185	189	217	215	
Total**	**227**	**185**	**189**	**217**	**215**	

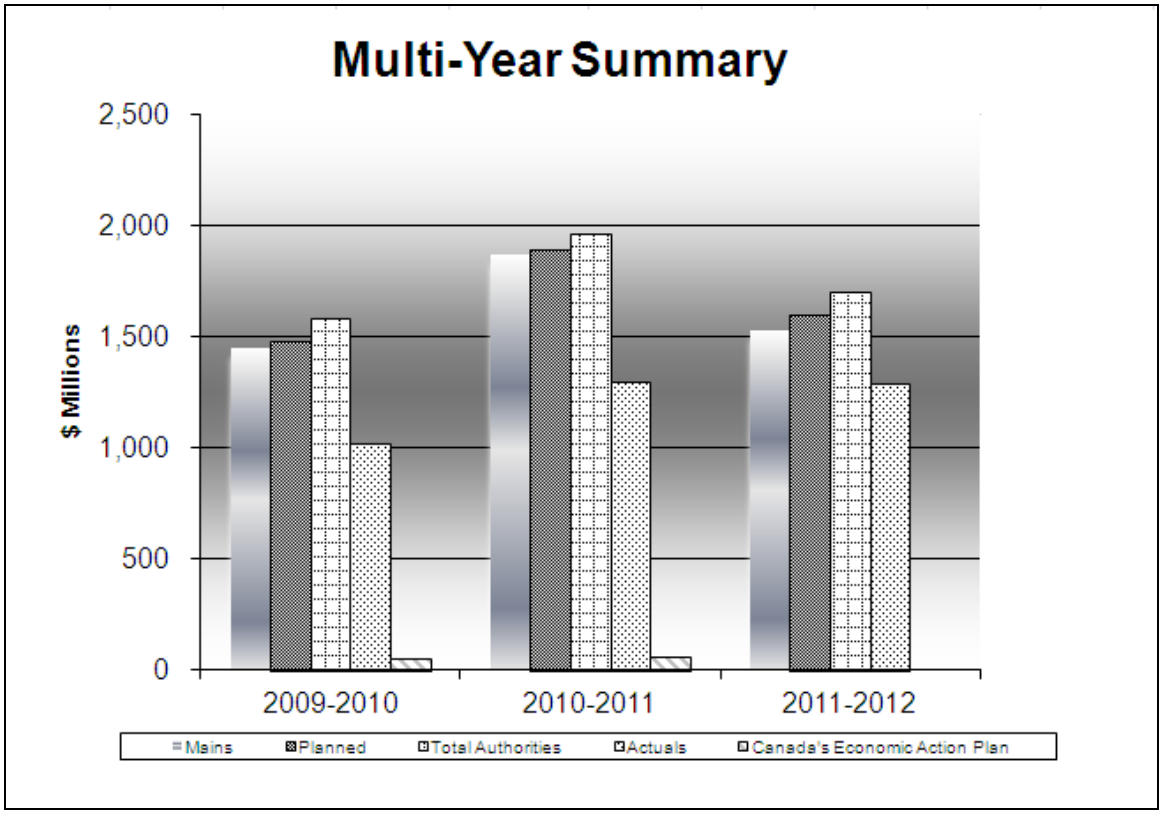
*Excludes amount deemed appropriated to Shared Services Canada.
**Due to rounding, columns may not add to the totals shown.

1.5 EXPENDITURE PROFILE

Figure 3 shows Transport Canada's expenditures (planned, authorized and actual) from 2009-10 to 2011-12. The difference in actual spending, from $1,012 million in 2009-10 to $1,281 million in 2011-12, is attributed in part to a change in the method of accounting for Airport Authorities lease payments. This change does not, however, affect the overall gross amount available to the department.[8] The rest of the increase in actual spending is the addition of major initiatives within the department over the same period, such as the Asia-Pacific Gateway Corridor Initiative and the Gateways and Border Crossings Fund.

[8] Airport Authorities' lease payments were first deposited directly into the Consolidated Revenue Fund in 2010-11, instead of being credited to vote-netting revenue. In compensation for this change Transport Canada received a permanent increase to its reference level.

Figure 3: Spending Trend for Transport Canada



1.6 ESTIMATES BY VOTE

For information on Transport Canada's organizational votes and statutory expenditures, please see the Public Accounts of Canada 2012 (Volume II). An electronic version of the Public Accounts 2012 is available on the Public Works and Government Services Canada's website.

SECTION II – ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME

Transport Canada's four strategic outcomes reflect the long term and enduring benefits to Canadians arising from our mandate and vision, and support our obligations. These are as follows:

1. an Efficient Transportation System;
2. a Clean Transportation System;
3. a Safe Transportation System; and
4. a Secure Transportation System.

The department's efforts to achieve these outcomes are measured by progress in relation to expected results,[9] performance indicators[10] and targets,[11] as set out in Transport Canada's Program Activity Architecture structure for 2011-12.

This section explains how we met our expected results, and presents the financial and non-financial resources dedicated to each program activity.

2.1 STRATEGIC OUTCOME: AN EFFICIENT TRANSPORTATION SYSTEM

An efficient transportation system requires a strong and modern marketplace policy framework and infrastructure to strengthen Canada's long term economic competitiveness. Canada makes strategic infrastructure investments to ensure that funds are spent where they are most needed to support economic growth and improve the quality of life of its communities and better position Canada in the rapidly changing global marketplace. Transportation infrastructure initiatives create jobs, support trade and tourism, connect Canadians and attract investments. Canada promotes innovative financing arrangements for transportation infrastructure through public-private partnerships to spur innovation, better manage risks and leverage public investments to the greatest extent possible, given tight fiscal constraints in most jurisdictions.

[9] *Expected result* is an outcome towards which Transport Canada is contributing through various activities in its Program Activity Architecture.
[10] *Performance indicator* is a statistic or parameter that, tracked over time, provides information on trends in the condition of an activity.
[11] *Target* is a specific performance goal tied to a performance indicator against which actual performance will be compared.

Building on Canada's geographic and transportation system advantages, we are developing three gateway and trade corridor strategies. Gateways link Canada to its trading partners. Corridors, in turn, link gateways to each other and to major North American markets. Targeted gateways and corridor strategies encourage public and private sectors to work together to address policy, regulatory and operational impediments to efficient, secure, safe and sustainable transportation. They also increase international partnerships through outreach and marketing to strengthen Canada's competitiveness in the global marketplace.

Changing global trade flows, growing and aging populations and the effects of climate change all create challenges that demand new solutions to keep Canada's transportation system efficient, accessible and productive. International collaboration, investments in research and development, and application of new innovations and advanced technologies can make our transportation system more efficient. Innovation can also address accessibility, safety and security issues, and help to reduce the environmental impact of transportation.

This Strategic Outcome is supported by three of the four departmental priorities described in Section 1.2, above, and contributes to three Government of Canada outcomes: *A Fair and Secure Marketplace*, *Strong Economic Growth*, and *An Innovative and Knowledge-based Economy*.

The following four Program Activities[12] support this Strategic Outcome:

2.1.1 Transportation Marketplace Frameworks;

2.1.2 Gateways and Corridors;

2.1.3 Transportation Infrastructure; and

2.1.4 Transportation Innovation.

The sections below explain how we met the commitments presented in the planning highlights in Transport Canada's *2011-12 Report on Plans and Priorities*. Actual results achieved against expected results, with performance indicators and targets, are also included below.

DID YOU KNOW?

Canada's rail network is the third largest in the world and handles the fourth largest volume of goods. Forty percent of Canada's exports rely on rail transportation.

[12] A *Program* is defined as a group of related resource inputs and activities that are designed and managed to address specific needs, achieve intended results, and are treated as a budgetary unit. The *Program Activity* represents the largest identifiable program(s) that the Department manages.

2.1.1 Program Activity: Transportation Marketplace Frameworks

Description: The Transportation Marketplace Frameworks Program Activity encourages transportation efficiency by fostering a competitive and viable transportation sector. Program activities include setting the regimes governing the economic behaviour of carriers in all modes of transportation; setting the rules of governance for all the transportation infrastructure providers falling under the authority of Parliament; monitoring the transportation system; and representing the interests of Canada in international transportation fora and other international bodies.

2011-12 Financial Resources ($ millions)			**2011-12 Human Resources (FTEs)**		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
9	10	10	62	76	14

2011-12 Performance		
Expected Results	**Performance Indicators**	**Targets**
A competitive and financially viable transportation sector through effective transportation marketplace frameworks	Percentage of founded Canadian Transportation Agency competitiveness complaints	Five percent reduction of complaints by 2011
Actual Results This indicator is under review.		

Performance Summary and Analysis of Program

Canada's Blue Sky international air transportation policy provides a framework that encourages long-term, sustainable competition and new and expanded international air services. Since introducing the Blue Sky policy in 2006, the Government of Canada has negotiated air transport agreements covering over 60 countries. We now have "open" air transport agreements that cover 43 countries accounting for approximately 72 percent of our overall international air traffic.

Specific progress in 2011-12 included: expanded agreements with Mexico, Japan and China, a first-time agreement with Colombia and Open Skies-type agreements with Honduras, Nicaragua, Curaçao and Sint Maarten.

Transport Canada did a comprehensive analysis of the issues and pressures that affect the competitiveness and efficiency of the marine transportation system. Discussions with stakeholders took place in Vancouver, Montreal and Halifax.

An amendment to the *Coasting Trade Act* was included in Budget 2012, tabled on March 29, 2012, to support increased demand for resource exploration, development and production, as well as vessel resupply/maintenance and inland services (vessel use, seafarers and maintenance). The proposed amendment would allow foreign and non-duty paid vessels to perform seismic activities above Canada's continental shelf without a coasting trade licence.

The Government is following through on its response to the Rail Freight Service Review recommendations and its commitment to enhance the effectiveness, efficiency and reliability of the entire rail freight supply chain.

On October 31, 2011, the Government announced the appointment of Mr. Jim Dinning to lead a six-month facilitation process to develop a template service agreement and streamlined commercial dispute-resolution process. The Stakeholder Facilitation Committee met six times between December 2011 and the end of March 2012. The process was completed in April 2012 and the Facilitator's Final Report is now available. While the parties were ultimately not able to reach consensus on all issues, stakeholders can build upon that progress by using the template service agreement and commercial dispute resolution process proposed by Mr. Dinning in his report. In collaboration with Agriculture and Agri-Food Canada, Transport Canada is leading an in-depth analysis of the grain supply chain to focus on issues that affect the sector and help identify potential solutions. This report will be completed in early fall 2012.

Lessons Learned

Canada's transportation system must be well-positioned to respond to future challenges and opportunities that might affect the competitiveness and efficiency of the transportation system. Transport Canada has established a best practice to cooperate closely with other federal departments and agencies with related responsibilities, the private sector, and public partners in developing policies that will support efficiency.

2.1.2 Program Activity: Gateways and Corridors

Description: Guided by the National Policy Framework for Strategic Gateways and Trade Corridors, the Gateways and Corridors Program Activity aims at supporting Canada's international trade and international supply chains by creating more efficient, reliable and seamless trade-related transport systems in Canada. The Program Activity sets strategies and frameworks for improving and integrating transportation networks in key regions; fosters partnerships between all levels of government and the private sector; supports and oversees projects that contribute to the increased capacity and efficiency of gateway and corridor infrastructure; develops and puts in place measures that remove impediments to the effective development of gateways and corridors; and promotes the use of gateways and corridors.

2011-12 Financial Resources ($ millions)			2011-12 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
544	542	200	63	74	11

2011-12 Performance		
Expected Results	**Performance Indicators**	**Targets**
Enhanced level of trade through Canada's strategic gateways and trade corridors	Volume of trade through Canada's strategic gateways and trade corridors	To be determined once baseline trade projection from the Department of Foreign Affairs and International Trade Canada or the Trade Commission is obtained 5 years after project completion

Actual Results

This indicator is under review.

Assessing the impact of gateway project investments and other measures on trade volumes and values is a long-term undertaking that the department can assess only when projects are complete and operational. For fiscal years 2010-11 to 2011-12 the value of Canada's international trade grew by 10.3 percent, surpassing pre-recession trade levels. In particular, from fiscal 2010-11 to 2011-12, the volume of TEU[13] containers through British Columbia ports increased 4.6 percent. The value of trade through key corridors increased as follows: through British Columbia by 11.3 percent; Ontario by 7.6 percent; Quebec by 7.2 percent; and the Atlantic provinces by 9.2 percent.

Performance Summary and Analysis of Program

In 2011-12, Transport Canada advanced the Government's competitiveness agenda. Through each gateway – the Asia-Pacific Gateway and Corridor Initiative (APGCI), the Ontario-Quebec Continental Gateway and Trade Corridor, the Atlantic Gateway and Trade Corridor Strategy – Transport Canada worked with other federal departments and agencies, provinces, municipalities, and private sector stakeholders to strengthen Canada's competitiveness in global commerce, improve efficiencies, attract new investments and contribute to sustained long-term economic growth as the following achievements show:

- Five Asia-Pacific Gateway and Corridor Initiative (APGCI) infrastructure projects were completed, including part of the Roberts Bank Rail Corridor in the Lower Mainland of British Columbia. In addition, four contribution agreements comprising seven APGCI projects were signed. Construction of two of these seven projects began in 2011-12.

[13] Twenty-foot equivalent units.

- In the North American context, Transport Canada led the development of the official Government of Canada submission to the U.S. Federal Maritime Commission Notice of Inquiry, which, at the request of members of Congress, launched a formal study of factors contributing to the "diversion" of U.S.-bound containerized cargo through Canadian (and Mexican) ports. It was important for Transport Canada to ensure that the Commission had accurate information about the Canadian transportation system as part of its study and report. The report was released in July 2012.
- Transport Canada continued APGCI outreach and engagement with international partners, most notably with China, by hosting a successful Canada-China Policy Forum on Trade Logistics in Vancouver, British Columbia in March 2012. This event was a key deliverable under a broader cooperative arrangement with China. Gateway engagement was also undertaken with visiting delegations from the Republic of Korea, Indonesia and China.
- The Department's Evaluation and Advisory Services conducted an interim evaluation of the APGCI, to assess its performance and inform decision making regarding its prolongation. The evaluation concluded that completed infrastructure projects were contributing to intended outcomes, such as reducing congestion and minimizing interaction between freight, private vehicles and rail traffic. The evaluation also found that the Department and external stakeholders are using knowledge gained through studies, conferences and other competitiveness initiatives to inform decision making and to better understand gateway competitiveness and supply chain performance. Research supported through the APGCI has been used to establish a technical basis for performance measurement and to analyze trends in other jurisdictions.
- Important steps were taken to put the Atlantic Gateway and Trade Corridor Strategy to work. Key achievements for 2011-12 included starting infrastructure projects, implementing strategic international marketing initiatives, and consulting with the Atlantic Gateway Advisory Council on policy and regulatory issues. In partnership with industry, marketing plans for air cargo, containers, and break-bulk cargo guided a successful year to increase awareness of the Atlantic Gateway and Trade Corridor as an option for moving international cargo.
- Transport Canada continues to work with stakeholders to improve the transportation system that supports international trade in Canada's Continental Gateway. For example, Transport Canada committed up to $55 million for the construction of a new multi-user deep water dock at the Port of Sept-Îles, up to $15 million to support the construction of a national rail system link and intermodal rail yard at the Port of Saguenay, and up to $15.6 million to modernize the Port of Montreal and the St. Lawrence River navigation system.
- Transport Canada also continues to prove its commitments to efficient international trade and travel flows by investing in strategic infrastructure initiatives through the $2.1-billion Gateways and Border Crossings Fund (GBCF). In 2011-12, a total of 10 GBCF contribution agreements were signed for a variety of infrastructure improvement projects.

- With respect to the Detroit River International Crossing project, most of the properties required for the Canadian border inspection plaza and the bridge have been acquired. Environmental management and mitigation plans for each component listed under the Environmental Assessment report have been developed. The Government of Canada continues procurement planning for the project in Canada and is working with its U.S. partners to move the project forward in Michigan.
- The Canada-U.S. Perimeter Security and Economic Competitiveness Action Plan was announced on December 7, 2011. Among the Plan's initiatives are two that Transport Canada is co-leading. These will entail significant upgrades to physical infrastructure at the border, and installation of border wait-time measurement technology at key crossings (as well as innovation activities described in Section 2.1.4, and security-related measures outlined in Sections 2.4.2, and 2.4.3, below).

Lessons Learned

It is important to conduct a thorough analysis of the transportation system, the freight flows it supports, its overall capacity, and associated bottlenecks. This can only be carried out with considerable and well-planned stakeholder consultation, collaboration among various groups within the department and with other government departments, and from a modally integrated "systems" approach. This analysis supports recommendations for infrastructure investments and other initiatives to optimize the transportation system. Furthermore, the results guide the development of new initiatives and programs in support of freight movements.

2.1.3 Program Activity: Transportation Infrastructure

Description: The Transportation Infrastructure Program Activity looks after transportation infrastructure for Canada to improve efficiency and provide service. It acts as the steward of certain commercial transportation assets operated by third parties on behalf of the federal government (for example, airport authorities, port authorities, federal bridges, VIA Rail, Seaway, Marine Atlantic Inc.); provides funding for Canada's strategic transportation infrastructure, targeted to support federal objectives; supports essential services in some remote communities; manages legacy commitments; and divests assets and contracts out operations, where needed.

2011-12 Financial Resources ($ millions)			2011-12 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
334	384	366	276	242	34

2011-12 Performance		
Expected Results	**Performance Indicators**	**Targets**
Modern transportation system	Average age of transportation infrastructure (years)	By 2014, average age of highways and roads reduced by 0.5 years over 5 years. (In 2008 the average age of highways and roads was 14.4 years).
	Value of road and highway assets (percentage)	By 2014, value of gross capital stock[14] increased by 2 percent over 5 years.

Actual Results

From 2010-11, the average age of transportation infrastructure decreased from 13.4 years to 13.0 years, which represents a reduction of 0.4 years.

The value of gross capital stock at the end of 2011 was $188.9 billion (in 2002 dollars), which represents an increase of 2.9 percent from $183.6 billion in 2010 (2002 dollars).

Performance Summary and Analysis of Program

The Crown corporations in the Portfolio, including VIA Rail Canada, Marine Atlantic Inc., and the companies administering certain federal bridges, manage their own operations autonomously to contribute to Transport Canada's priorities and strategic outcomes. Transport Canada encourages their transformation and infrastructure renewal by supporting targeted strategic funding.

VIA Rail Canada is well on its way to transforming its operations by renewing train equipment, expanding track capacity, modernizing passenger facilities and stations, and upgrading technology. This transformation was made possible through a $923 million investment towards VIA's capital infrastructure and equipment by the Government of Canada, including $407 million from Canada's Economic Action Plan, as announced in Budget 2009. As projects are completed, VIA is able to operate more trains, deliver shorter trip times, offer more frequent departures, and provide better quality of service to Canadians.

In 2010-11, Transport Canada established an oversight body to monitor Marine Atlantic Inc's. (MAI's) implementation of its fleet renewal plan and shore-based upgrades. MAI's fleet renewal initiatives resulted in improved delivery of services during the summer of 2011. MAI is also well-positioned to deliver its improved and enhanced shore-based facilities projects.

[14] *Gross capital stock* is the value of all fixed assets still in use, at the actual or estimated current purchasers' prices for new assets of the same type, irrespective of the age of the assets.

Repair work and construction continue for Montreal area bridges. Major work on the Champlain and Honoré-Mercier bridges is on schedule and within budget. In particular, in the case of the federal portion of the Honoré-Mercier Bridge, steel repairs and strengthening, as well as the re-decking of the access ramps, are complete. Collaboration between Transport Canada and its partners remains strong. In October 2011, the Government of Canada announced that it would build a new bridge to replace the existing Champlain Bridge in Montreal. Studies and preliminary work are underway, and the environmental assessment was launched in January 2012.

With respect to constructing the new North Channel Bridge in Cornwall, the water-works were completed and the second major contract for the construction of the bridge itself has been awarded.

Other federal investments in transportation infrastructure progressed. Transport Canada effectively managed the delivery of several projects under the Outaouais Road Agreement, the Building Canada Fund, the Border Infrastructure Fund and the Canada Strategic Infrastructure Fund (the department delivered some of these projects with its portfolio partner, Infrastructure Canada).[15]

An evaluation of Transport Canada's Port operations and divestiture programs was conducted in 2011-12. It concluded that port divestiture has been a long-term success for Transport Canada, and most of the Department's surplus and legacy marine sites have been disposed of in a way that has benefited local communities. In recent years, opportunities for divestiture have been scarce. Some ports and harbour beds still owned and operated by Transport Canada have lost their relevance, and they represent a significant and costly set of risks and obligations that the Department has continued to manage. Many Transport Canada regional/local and remote ports require significant investment, and most will operate at a loss over the next five years. Evaluation findings and conclusions supported the Department's efforts to develop a long-term strategy to deal with these legacy obligations.

Lessons Learned

In-depth knowledge of the business issues faced by federal Crown corporations within the Transport, Infrastructure and Communities portfolio is required to support their activities. Transport Canada has therefore established strong communication and information-sharing best practices. This active stewardship of federal resources also enhances validation efforts when assessing and forecasting future funding needs.

[15] See Infrastructure Canada - Reports for Infrastructure Canada's *Departmental Performance Report* for 2011-12.

2.1.4 Program Activity: Transportation Innovation

Description: The Transportation Innovation Program Activity helps to make the Canadian transportation system more competitive by identifying opportunities, entering into research partnerships, and developing and implementing forward-looking solutions to challenges facing the Canadian transportation system. The Program Activity sets policy and strategic direction for research and development; develops, designs, negotiates, and manages research programs for breakthrough technologies, including Intelligent Transportation Systems; advances the development and dissemination of scientific knowledge and the application of technology; partners and collaborates with other federal departments, provinces and territories, the academic community and many other national and international stakeholders here and abroad; and supports skills development for a highly qualified transportation workforce.

2011-12 Financial Resources ($ millions)			**2011-12 Human Resources (FTEs)**		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
14	15	11	30	24	6

2011-12 Performance		
Expected Results	**Performance Indicators**	**Targets**
An innovative transportation system	Number of partnership projects with external stakeholders stimulating innovation - Intelligent Transportation System projects	Number to be set according to annual plan
	Number of partnership projects with external stakeholders stimulating innovation - Research and Development projects	Number to be set according to annual plan

Actual Results

In partnership with external stakeholders, 17 projects were initiated, ongoing or completed. This is approximately 32 percent fewer than in 2010-11, as expected, given the significant resources required to develop project work and to negotiate funding agreements. In addition, the funding programs are in their final phases, with limited funding available for new project work.

A total of 77 research and development projects with external partners were funded in 2011-12, about 13 percent fewer than in 2010-11. The decrease is due to completing several projects and decreasing research and development spending.

Performance Summary and Analysis of Program

Over the course of 2011, Transport Canada engaged in a series of consultations with shippers, transportation operators, industry associations, academia, and governments. These consultations helped to identify the barriers to transportation innovation, and opportunities for the private and public sectors to better foster innovation in the sector.

The Department aligned key strategic research and development projects or initiatives with three main priorities: longer-term safety and security, cold-climate technologies, and accessibility to the transportation system. Research in these priority areas is highly leveraged with industry and academia in areas such as preventing aviation ground-icing, improving security screening at ports and airports, and minimizing the effects of permafrost degradation on northern infrastructures.

Through the Northern Transportation Adaptation Initiative, Transport Canada established two science-based research networks: the Network of Expertise in Northern Infrastructure Research in Permafrost Regions, and the Network of Expertise on Transportation in Arctic Water. These networks enable close collaboration with other government departments, academia and the private sector, and serve as tools to identify which priority areas of innovation to address. This includes preserving northern infrastructure in the face of harsh and changing climatic conditions.

We continued to work with our major trading partners to harmonize Intelligent Transportation Systems approaches and technology to address Canada's transportation priorities, including supporting strategic gateways and trade corridors, and sharing information for improving the flow of traffic at Canada–United States border crossings.

Other ongoing Intelligent Transportation Systems projects include the following:

- expanding existing border wait time measurement systems to more British Columbia-Washington State border crossings;
- introducing a wind-management system for the Confederation Bridge that manages high-sided, commercial vehicles during bridge closures; and
- exploring best practices that can be implemented at inland ports.

Lessons Learned

There is a need for more in-depth, sector-specific understanding of innovation, including challenges and opportunities by mode of transportation. This need was identified through discussions with stakeholders, and a number of cross-cutting themes emerged.
The themes include the following:

- encouraging greater uptake of innovative practices and technologies that will help operators improve system performance;
- targeting and coordinating research activities to address Canada's unique requirements and challenges; and
- promoting a deeper sector-specific analysis of innovation performance through data collection, analysis and measurement.

2.2 STRATEGIC OUTCOME: A CLEAN TRANSPORTATION SYSTEM

With the transportation sector producing approximately 24 percent[16] of Canada's total greenhouse gas emissions, it is important that Transport Canada takes a leadership role in ensuring an environmentally responsible transportation system while balancing safety, security and economic efficiency. This means playing a key role in furthering the transportation sector components of the Government of Canada's environmental agenda by helping reduce pollution and emissions from transportation sources; protecting the marine and freshwater environment; and fulfilling an important stewardship role of making sure that Transport Canada's lands, facilities and activities comply with environmental legislation and that an environmental management system is in place.

Transport Canada also exercises a strong leadership role as we engage with national and international partners to limit the environmental impacts of transportation. We also make contributions to the Government of Canada's initiatives to improve the federal regulatory system for major projects while ensuring improvements to our own regulatory, consultation and review processes for transportation-related projects.

This Strategic Outcome is supported by three of the four departmental priorities described in Section 1.2, above, and contributes to the Government of Canada outcome: *A Clean and Healthy Environment*.

The following three Program Activities support this Strategic Outcome:

2.2.1 Clean Air from Transportation;

2.2.2 Clean Water from Transportation; and

2.2.3 Environmental Stewardship of Transportation.

The sections below explain how we met the commitments presented in the planning highlights in Transport Canada's *2011-12 Report on Plans and Priorities*. Actual results achieved against expected results, with performance indicators and targets, are also included below.

[16] Canada's National Inventory Reported attributed 28 percent of Canada's total greenhouse gas (GHG) emissions to transportation activities in2010. However, when GHG emissions are allocated by economic sectors (for example, pipeline emissions to the oil and gas sector), the transportation sector share of Canada's total GHG emissions is 24 percent.

DID YOU KNOW?

Metrolinx, a Government of Ontario agency, implemented the "*Stepping It Up*" project in the Greater Toronto and Hamilton areas. This project, co-funded by Transport Canada's ecoMOBILITY Program, identified the possibilities for enhancing and encouraging the use of active and sustainable school travel options, such as walking and cycling, for students and staff. The project helped reduce the number of kids driven to school in the morning by 7 percent and the number being driven home after school by 2.5 percent. This reduced travel by a total of 190,000 kilometres for the 20 schools that participated in the project.[17]

2.2.1 Program Activity: Clean Air from Transportation

Description: Transport Canada's Clean Air from Transportation Program Activity advances the federal government's Clean Air Agenda in the transportation sector and complements other federal programs designed to reduce air emissions for the health of Canadians and the environment for generations to come. The Program Activity regulates air emissions from the transportation sector; oversees Transport Canada's clean air program obligations and commitments; demonstrates and promotes clean transportation technologies; promotes environmentally responsible best practices and behaviours; and builds stakeholder knowledge and capacity to reduce air emissions.

[17] For more information on the project, please visit www.metrolinx.com/schooltravel.

2011-12 Financial Resources ($ millions)			2011-12 Human Resources (FTES)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
5	16	14	24	73	49

2011-12 Performance		
Expected Results	**Performance Indicators**	**Targets**
A transportation system that is less intensive in its emissions of greenhouse gases and air pollutants	Freight and passenger transportation emission intensity[18] (tonnes of CO_2 equivalent per passenger-kilometre)	An intensity improvement that is consistent with targets established under the federal government's horizontal approach for clean air
	Freight and passenger transportation emission intensity (tonnes of CO_2 equivalent per passenger-trip)	
	Freight and passenger transportation emission intensity (tonnes of CO_2 equivalent per tonne-kilometre (freight))	

Actual Results

Based on the most recent available data (2009) for such performance indicators, emission intensity in the passenger sector decreased from 142 grams of CO_2 equivalent per passenger-kilometre in 2005 to 133 grams in 2009. [19] This decrease reflects greater energy efficiency in passenger modes. Within the freight sector, we noted an increase in emission intensity from 84 grams of CO_2 equivalent per tonne-kilometre in 2005 to 100 grams in 2009. This increase is the result of more freight being carried by trucks and the recent recession, which had an impact on average load factors of freight carriers.

Performance Summary and Analysis of Program

In 2011-12 Transport Canada continued to draft the proposed Locomotive Emissions Regulations. The original timeline has been revised, and we expect pre-publication of the regulations in *Canada Gazette, Part I* to take place in 2012-13.

Transport Canada consulted industry stakeholders about developing amendments to the Vessel Pollution and Dangerous Chemicals Regulations, which set out the new marine air emission regulations under the *Canada Shipping Act, 2001*, to reduce air pollutant and greenhouse gas emissions.

[18] Emission intensity is the amount of a pollutant emitted per unit of activity.
[19] Natural Resources Canada, Comprehensive Energy Use Database Tables, 2009.

The Department continued to lead the Government of Canada's participation at the International Maritime Organization to advance the adoption of technical and market-based measures to reduce greenhouse gas emissions caused by ships, including the adoption in 2011 of energy efficiency design standards for new ships and energy efficiency management plans for existing ships.

Transport Canada led the development of an Action Plan to address greenhouse gas emissions from aviation with Canadian industry stakeholders. We continued to participate on various committees at the International Civil Aviation Organization (ICAO) to develop environmental standards for new aircraft. For example, Transport Canada continued to work on the ICAO Committee on Aviation Environmental Protection to develop a CO_2 standard for airplanes, and to develop an Aerospace Recommended Practice for an eventual particulate matter standard for aircraft engines.

Transport Canada completed its ecoTRANSPORT Strategy programs as scheduled. Information on green technologies and Transportation Demand Management best practices these programs generated was posted on Transport Canada's website and disseminated through learning events. We also provided a comprehensive collection of urban transportation best practices and technology results to the Federation of Canadian Municipalities (Green Municipal Fund), so that this information will continue to spread even though the ecoTRANSPORT programs are completed.

Lessons Learned

External factors can impact timelines for projects that may otherwise be on track. For example, the planned timeframe for pre-publication of the proposed Locomotive Emissions Regulations in the *Canada Gazette, Part I* was not met because amendments to the *Railway Safety Act*, the enabling authority for the proposed regulations, were delayed. We have improved our regulatory development planning process and expect to make progress in 2012-13.

2.2.2 Program Activity: Clean Water from Transportation

Description: Guided by the *Canada Shipping Act, 2001*, the *Arctic Waters Pollution Prevention Act*, the *Marine Liability Act* and international conventions, the Clean Water from Transportation Program Activity helps to protect the marine environment and the health of Canadians by reducing the pollution of water from transportation sources. The Program Activity regulates and monitors the impact of discharges from marine vessels into the marine environment; regulates ballast[20] water; and contributes to setting domestic and international rules that govern limits to liability of marine pollution incidents.

[20] Ballast is defined as any solid or liquid that is brought on board a vessel to increase the draft, change the trim, regulate the stability or maintain stress loads within acceptable limits.

2011-12 Financial Resources ($ millions)			2011-12 Human Resources (FTES)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
6	6	7	15	14	1

2011-12 Performance		
Expected Results	**Performance Indicators**	**Targets**
Canadian waters protected from discharges of transportation pollutants	Percentage of ship source pollution spills[21] identified per total pollution spills detected by National Aerial Surveillance Program aircraft	Two percent reduction in ship-source pollution spills annually from the previous year, from the 2003-2004 baseline
Transfer of alien aquatic species into domestic water through ship ballast water prevented	Percentage of vessels in compliance with ballast water control and management regulations reporting rules	Ninety-five percent compliance subject to revision once baseline is established

Actual Results

In 2011-12, there were 135 pollution sightings, of which 10.4 percent were identified as ship-source, down from the 13.1 percent recorded in 2010-11 (11 ship-source per 84 pollution sightings). Only 18 of these discharges exceeded ten litres. If a ship is identified as being the source of a spill then action can be taken consistent with the measures within Part 9 of the *Canada Shipping Act, 2001* and the associated Pollution Prevention Regulations. A reduction in ship source pollution sightings shows that the National Aerial Surveillance Program has a positive impact in reducing the harmful effects of shipping by deterring potential polluters transiting Canadian waters.

100 percent of ships comply with reporting rules for ballast water in the Great Lakes and St. Lawrence Seaway System, and preliminary data indicates that 96 percent comply at the national level.

Performance Summary and Analysis of Program

Transport Canada keeps a watchful eye over ships transiting waters under Canadian jurisdiction through its National Aerial Surveillance Program (NASP). The NASP surveillance aircraft discourage illegal discharges of pollution at sea. In 2011-12, the NASP made 135 pollution sightings, of which 14 were of a known source. The remaining 121 were mystery spills. Of the total, only 18 discharges exceeded ten litres. The commercial shipping industry is more aware of Transport Canada's surveillance activities, which has had the effect of reducing the volume and significance of pollution incidents. These results show a reduction in the quantity of oil pollution, which was the lowest of the past five years. Evidence that the NASP crews gather is forwarded to the appropriate individuals to enforce Canadian legislation that applies to illegal discharges from ships.

[21] Ship source pollution spills refers to a spill that has been detected and linked directly to a known vessel.

By relying on the NASP's state-of-the-art remote sensing systems, every hour in the air can be focussed as much as possible on patrolling. During the 2011-12 patrols, 12,032 vessels were flown over and checked visually by senior technologists to ensure there was no oil in the wake of the vessel. There were, on average, seven vessel over-flights per hour – exceeding the 2011-12 target of 4.4. This indicates increased program efficiency because the more vessels we fly over, the greater the deterrence.

In addition, NASP aircraft recorded information on a total of 73,315 vessels in 2011-12 (27,349 more than in 2010-11), using an automated system that captures vessel identity and voyage information. This information is provided to the Marine Security Operations Centre every 15 minutes – while the aircraft is flying – to help build a picture of all vessel traffic in Canadian waters.

Ballast water regulations around the world will move from management procedures to a numerical performance standard. Transport Canada continued to play a leading advocacy role in Canada, the United States and abroad, seeking compatibility in standards and timelines to ensure continued marine transportation through navigable boundary waters. In particular, Transport Canada advocated strongly with officials in New York State to oppose uncoordinated and unachievable ballast water requirements that could have caused significant damage to the Great Lakes economy while delaying environmental protection. New York later withdrew its requirements in favour of a national approach to environmental protection.

In November 2011, Ballast Water Control and Management Regulations were published in the *Canada Gazette, Part II*. These regulations impose measures to further protect the environment from the introduction of invasive species into Canada's waters from vessels operating both domestically and internationally.

Under a joint program with the U.S. Coast Guard, the U.S. St. Lawrence Seaway Development Corporation and the Canadian St. Lawrence Seaway Management Corporation, 100 percent of vessels transiting the St. Lawrence Seaway and the Great Lakes were inspected to ensure that they were compliant. Fully 97 percent of the vessels were compliant, and corrective action was taken for any non-compliant vessel before entering the St. Lawrence Seaway and the Great Lakes.

Transport Canada held national consultations on the development and implementation of a national ship-source hazardous and noxious substances (HNS) incident preparedness and response regime from November 2011 to February 2012. (See also section 2.3.5 for analysis of the transportation of dangerous goods program). In his fall 2010 report on Oil Spills from Ships, the Commissioner of the Environment and Sustainable Development noted that there is currently no national regime to deal with ship-source chemical spills. To support the development of such a regime, the Commissioner recommended that Transport Canada work with key partners, such as the Canada Border Services Agency and the Canadian Coast Guard, to advance the development of a Marine Transportation Data and Reporting System for HNS. We are therefore developing a pilot project for tracking and reporting on the movement of HNS carried by ship on the West Coast of Canada, contingent upon receiving data from the Canada Border Services Agency.

Transport Canada further advanced its work towards establishing a liability and compensation regime for marine incidents involving hazardous and noxious substances. In October 2011, Canada signed – subject to ratification – the *2010 Protocol to the International Convention on Liability and Compensation for Damages in Connection with the Carriage of Hazardous and Noxious Substances by Sea, 1996.*

Lessons Learned

When advancing the adoption of an international convention, it is important for Transport Canada to work closely with domestic and international partners, including other like-minded states, to ensure a coordinated entry-into-force process.

2.2.3 Program Activity: Environmental Stewardship of Transportation

Description: The Environmental Stewardship Program Activity fulfills Transport Canada's responsibilities in working towards a cleaner and healthier environment for Canadians, with regard to its own operations. These responsibilities include managing contaminated sites and fulfilling environmental responsibilities at Transport Canada owned or operated ports and airports. The Program Activity develops and implements programs for Transport Canada activities that further environmental objectives and promote sustainable transportation; provides functional support for environmental assessments, including for major resource projects; and promotes compliance with environmental laws, federal government policies and best practices in Transport Canada's stewardship activities.

2011-12 Financial Resources ($ millions)			**2011-12 Human Resources (FTEs)**		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
7	34	23	52	71	19

2011-12 Performance		
Expected Results	**Performance Indicators**	**Targets**
Transport Canada aware of, and responsive to environmental impacts of its activities	Compliance with applicable laws, regulations and guidelines (percentage)	One hundred percent compliance by 2011

Actual Results

Transport Canada was 100 percent compliant with applicable laws, regulations and guidelines.

Performance Summary and Analysis of Program

Transport Canada worked horizontally with other departments to develop a coordinated and efficient project review process as outlined in the Government's Responsible Resource Development Plan, which was announced in April 2012.

Our department also contributed to a "whole-of-government" approach to the environmental assessment and regulatory review of 74 major resources projects through the Major Projects Management Office in Southern Canada. To date, 42 project agreements have been signed, meeting service timelines. Transport Canada also initiated 22 project reviews through the Northern Projects Management Office in Canada's North.

We updated our National Environmental Management System to include the Greening Government Operations targets found under Theme IV of the Federal Sustainable Development Strategy, as well as the conduct of environmental assessments and contaminated site evaluation and mitigation activities.

Transport Canada created its first departmental Sustainable Development Strategy under the *Federal Sustainable Development Act*, which outlines how we will meet our commitments under all four theme areas. In particular, Transport Canada developed implementation plans for all of the Greening Government Operations targets and made them available to the public.

Lessons Learned

Transport Canada's National Environmental Management System allowed us to highlight our successes in meeting our environmental protection and Greening of Government targets. By posting them on the Internet, the Department was able to demonstrate accountability and transparency to Canadians, which is a fundamental tenet of the *Federal Sustainable Development Act*.

2.3 STRATEGIC OUTCOME: A SAFE TRANSPORTATION SYSTEM

Transport Canada supports a safe transportation system across all sectors and modes of transportation. We operate in an ever-changing environment. So, as a federal regulator, Transport Canada must be in a position to address changes to the Canadian transportation system by amending and proposing legislation and regulations in a swift and efficient manner. While Transport Canada regulates the Canadian transportation system, it is up to companies and individuals to ensure that they comply with transportation regulations. While enforcement is effective at ensuring companies comply on the day of an inspection, enabling a safety culture seeks to make safety a part of a company's every action.

The aim of a safe transportation system is the safe passage of people and goods across Canada. Transportation safety is further enhanced by harmonized and streamlined regulatory regimes that are informed by the expertise of multiple countries. Sharing best practices and cooperating in research during the regulatory development stage results in effective and efficient regulatory frameworks, which are a significant benefit to transportation safety.

This Strategic Outcome is supported by three of the four departmental priorities described in Section 1.2, above, and contributes to the Government of Canada outcome: *A Safe and Secure Canada.*

The following five Program Activities support this Strategic Outcome:

2.3.1 Aviation Safety;

2.3.2 Marine Safety;

2.3.3 Rail Safety;

2.3.4 Road Safety; and

2.3.5 Transportation of Dangerous Goods.

The following sections explain how we met the commitments presented in the planning highlights in Transport Canada's *2011-12 Report on Plans and Priorities*. Actual results achieved against expected results, with performance indicators and targets, are also included.

2.3.1 Program Activity: Aviation Safety

Description: The Aviation Safety Program Activity develops, administers and oversees the policies, regulations and standards necessary for the safe conduct of civil aviation within Canada's borders in a manner harmonized with the international aviation community.

2011-12 Financial Resources ($ millions)			2011-12 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
253	244	222	1,816	1,633	183

2011-12 Performance		
Expected Results	**Performance Indicators**	**Targets**
A safe civil aviation system	Number of accidents per 100,000 hours of flight for Canadian registered aircraft operating under the Canadian Aviation Regulations	Maintain 2000-2009 average: 6.4 accidents per 100,000 hours flown
	Number of accidents for training and recreational flights	Maintain accident numbers using 2007 baseline: 29.6 accidents for Flight Training; 277.8 accidents for recreational aviation

Actual Results

The 2011 aviation accident rate (preliminary data) was 5.3 accidents per 100,000 hours flown, a decrease of 21 percent compared to the target of the 2000-09 ten year average of 6.7.[22]

In 2011, there were 135 accidents involving recreational aviation and 27 accidents involving flight training.

Performance Summary and Analysis of Program

Over the past five years, Transport Canada has undertaken some of the greatest changes in its approach to aviation safety since the first powered flight in Canada in 1909. The accident rate has declined considerably since 2000, from nearly eight to fewer than six accidents per 100,000 hours flown in 2011.

In 2011-12, Transport Canada made great strides towards completing the internal reorganization of components of its Aviation Safety Program to be even more successful in today's operating environment. Transport Canada also advanced modern management concepts, practices and processes to strengthen internal systems and advance aviation safety.

Externally, Transport Canada continued overseeing the implementation of Safety Management Systems (SMS). SMS regulations require companies to put in place proactive and systematic processes to identify, eliminate or mitigate risks to aviation safety. To date, Transport Canada has overseen the implementation of SMS by Canada's largest air passenger carriers (accounting for 90 percent of passenger kilometres) and certified Canadian air navigation service providers. Canadian airports are at various phases in their implementation of SMS – this is expected to be completed in 2012-13.

[22] The 2000-09 ten-year average target of 6.4 was based on preliminary data. Based on final data for hours flown, the actual target should be changed to 6.7.

In 2011-12 Transport Canada also strengthened its surveillance program, which verifies the safety of aviation companies, by establishing consistent minimum surveillance levels, recruiting new talent and continually improving training. Most inspectors had completed the key components of Transport Canada's mandatory training program by the end of March 2012.

In developing a focused and adaptive regulatory framework, Transport Canada prioritized regulatory initiatives related to Transportation Safety Board recommendations. We made progress on the requirements for one such initiative related to installing Terrain Awareness Warning Systems. We created focus groups with key industry stakeholders to assess regulatory responses to some recommendations of the Transportation Safety Board. In addition, we completed risk assessments on protective breathing equipment, and expansion of crew resource management requirements for commercial operators.

To improve the Aviation Safety program, Transport Canada engaged in international harmonization efforts such as:

- contributing to international aviation safety working groups;
- supporting implementation of the Canada-European Union Treaty; and,
- concluding product validation technical arrangements with Russia, Vietnam and China.

To expand recognition of the Canadian Aviation Regulatory Framework internationally, Transport Canada worked to strengthen safety relations, with its counterparts in the United States and Mexico, the European Aviation Safety Agency, the International Civil Aviation Organization, and with China.

In 2011-12, the Airports Capital Assistance Program funded 29 new safety-related capital projects at 23 airports, for a total estimated cost of more than $21 million. The funding of these projects has contributed to continued safety at eligible airports.

Lessons Learned

In 2011-12, Aviation Safety was subject to internal and external audits assessing the management of its program.[23] Transport Canada developed effective Management Action Plans to address the recommendations, culminating in a comprehensive action plan that will bring about strategic improvements to the program by March 2013. The outcome will further improve the Aviation Safety Program.

[23] For example, in spring 2012, the Auditor General of Canada reported on Oversight of Civil Aviation (Chapter 5)

2.3.2 Program Activity: Marine Safety

Description: The Marine Safety Program Activity protects the life and health of Canadians by providing a safe and efficient marine transportation system. This Program Activity derives its authority from a number of Acts, the *Canada Shipping Act, 2001*, the *Navigable Waters Protection Act*, the *Safe Containers Convention Act*, the *Pilotage Act*, the *Coasting Trade Act* and the *Arctic Waters Pollution Prevention Act*, to develop and enforce a marine safety regulatory framework for the domestic and foreign vessels, as well as pleasure craft; enforce international conventions signed by Canada; and protect the public right to navigation on Canada's waterways.

2011-12 Financial Resources ($ millions)			**2011-12 Human Resources (FTEs)**		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
74	75	76	652	617	35

2011-12 Performance		
Expected Results	**Performance Indicators**	**Targets**
A safe marine transportation system	Number of commercial marine accidents (includes shipping accidents and accidents aboard ship for both domestic and foreign vessels)	Five year target represents a 5 percent decrease in accidents. Interim targets are linear towards this final target (Interim target: 457 by December 2012)
	Number of commercial marine fatalities (includes shipping accidents and accidents aboard ship for both domestic and foreign vessels)	Five year target represents a 15 percent decrease in fatalities. Interim targets are linear towards this final target (Interim target: 19.6 by December 2012)

Actual Results

The 2007-11 five-year average for commercial marine accidents was 390. This figure was 7.1 percent below the previous five-year average of 420, and down 16.5 percent from the baseline 2004-08 average of 467.

Commercial marine fatalities for the 2007-11 period (18.6) were down compared to the 2006-10 five-year average of 19.2. The 2007-11 figure was also lower than the 2004-08 baseline of 22.4, by 17.0 percent.

Performance Summary and Analysis of Program

Transport Canada is committed to providing high-quality service within a framework of transparency and accountability. Service standards represent an important management tool for measuring, assessing, communicating, and improving service performance. In 2011-12, Transport Canada made good progress in developing and modernizing national service standards for marine safety programs. In August 2011, we conducted a small-sample client survey, and the feedback we obtained was useful for developing the newly proposed service standards. This initiative was announced at the Canadian Marine Advisory Council meetings in fall 2011.

Transport Canada published several proposed regulations in the *Canada Gazette Parts I* and *II*. We also developed a number of policies, procedures and work instructions for using modern business practices and tools to help achieve effective and consistent implementation of regulations across Canada. These regulatory instruments were put in place to help ensure that Transport Canada is well positioned to deliver programs that are up-to-date, streamlined and that effectively support safe marine transportation and the well-being of Canadians. For example, regulations were introduced in November 2011 requiring large Canadian vessels to acquire voyage data recorders that capture critical information and help investigations into accidents at sea. The new regulations are consistent with international norms and respond to recommendations of the Transportation Safety Board.

Canada's domestic marine fleet is highly varied in terms of vessel sizes, vessel types and operations. Transport Canada has therefore grouped vessels into three categories for its proposed Safety Management Systems regime, taking into consideration the risks involved, the compliance burden to the industry and Marine Safety's capacity for oversight. As part of a risk-based inspection approach, Transport Canada developed a national domestic vessel inspection and certification plan for 2011-12 and a monitoring plan that meets International Safety Management Code certification standards.

Lessons Learned

Significant benefits are derived from having formalized service standards. Ensuring that stakeholders who receive the service have an opportunity to contribute to the development of service standards can reduce any negative impact once implemented. Active monitoring and quarterly performance reporting of service standards provides the opportunity for meaningful program analysis and timely corrective action to be taken.

Communicating regulatory obligations is key to ensuring compliance and safety of the marine industry and the travelling public. For small vessels, this translates to a program that is focused on increasing levels of compliance by educating vessel owners about their regulatory obligations.

2.3.3 Program Activity: Rail Safety

Description: Under the authority of the *Railway Safety Act*, the Rail Safety Program Activity develops, implements and promotes safety policy, regulations, standards and research. The Program Activity provides oversight of the rail industry and promotes public safety at crossings and identifies the risks of trespassing. It also provides funds to improve safety at grade crossings.

2011-12 Financial Resources ($ millions)			2011-12 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
38	38	33	209	173	36

2011-12 Performance		
Expected Results	**Performance Indicators**	**Targets**
A safe rail transportation system	Number of rail accidents (Accidents that occur on railways under federal jurisdiction. Reportable accidents include main-track collisions, derailments, non-main track derailments and collisions, fires/explosions and others).	Five percent reduction by 2015 in the number of accidents based on a five year average starting in 2011 (Interim Target: 1,326 by December 2012)
	Number of rail incidents (Incidents that occur on railways under federal jurisdiction. Reportable incidents include main-track switch in abnormal position, movement exceeds limits of authority, dangerous goods leaker, crew member incapacitated, runaway rolling stock, signal less restrictive than required and unprotected overlap of authorities).	Five percent reduction by 2015 in the number of incidents based on a five year average starting in 2011 (Interim Target: 228 by December 2012)

Actual Results

There were 1023 accidents in 2011, down from 1076 in 2010, and down from the five-year average of 1198.

There were 204 rail incidents in 2011, up from 160 in 2010, but down slightly from the five-year average of 205.

Performance Summary and Analysis of Program

Transport Canada made significant progress in 2011-12 to adopt risk-based business planning and quality management procedures to ensure that we address the highest safety risks and strengthen and standardize our approach to safety oversight. We launched the first phase of a national data collection system, which will help us better analyze safety risks and measure safety performance. Transport Canada also advanced the national training program for our inspectors by adding new and updated courses on auditing, Safety Management Systems and a revised Rail Safety Inspector course.

Transport Canada also made progress to resolve issues raised through the Transportation Safety Board Watchlist, related to:

- the operation of longer, heavier trains (a 29 percent decrease in main track derailments);
- Safety Management Systems (through the implementation of new Safety Management Systems guidance material); and,
- Data recorders (locomotives have been retrofitted with new crashworthy recorders).

Transport Canada invested nearly $14 million under the Grade Crossing Improvement Program to make safety improvements at 810 railway crossings across the country.

Lessons Learned

External factors can affect timelines and resources available to projects that are otherwise on track. The Department had planned to develop new regulations related to the legislative amendments to the *Railway Safety Act*, but the amendments received Royal Assent after the end of the fiscal year (in May 2012). Development of the regulations was therefore delayed. We have improved our regulatory development planning process and expect to make progress in 2012-13.

2.3.4 Program Activity: Road Safety

Description: Guided by the *Motor Vehicle Safety Act* and the *Motor Vehicle Transport Act*, the Road Safety Program Activity develops standards and regulations, provides oversight and engages in public outreach in order to reduce the deaths, injuries and social costs caused by motor vehicle use, and improve public confidence in the safety of Canada's road transportation system.

2011-12 Financial Resources ($ millions)			2011-12 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
24	26	24	114	90	24

2011-12 Performance		
Expected Results	**Performance Indicators**	**Targets**
Safe roads	Fatality Rate (Number per billion vehicle kilometres travelled)	Achieve directional downward trends in the rate based on the number of fatalities and serious injuries.
	Injury Rate (Number per billion vehicle kilometres travelled)	

Actual Results

Progress is measured by comparing the latest three years of collision casualty information with comparable data from the 1996-2001 baseline period.

The most current casualty data indicated that the absolute[24] number of fatalities and injuries in the 2008-10 period were 22.4 percent and 26.3 percent lower, respectively, than comparable figures from the baseline period.[25]

Performance Summary and Analysis of Program

A draft of the Transport Canada action plan to address the federal-provincial-territorial Road Safety Strategy 2015 was developed in 2011-12. It is undergoing review based on recent program changes, which focus efforts more closely on respective core mandates.

Transport Canada published proposed amendments to motor vehicle safety standards affecting tires and occupant protection. These amendments reduced any significant differences with the equivalent standards in the United States. Transport Canada also engaged in an on-going dialogue with its U.S. counterpart on electronic theft prevention requirements as part of both countries' efforts under the Canada-United States Regulatory Cooperation Council action plan. We expect that harmonization will reduce manufacturers' certification and compliance costs and improve their global competitiveness. The cost savings would in turn be passed on to Canadian consumers.

During the year, the department also conducted crash avoidance, crashworthiness, and child seat safety research testing in support of harmonized regulatory development under the auspices of the Canada-United States Regulatory Cooperation Council.

[24] Vehicle-kilometres travelled information is unavailable for 2010, so the absolute fatality and injury counts were used instead of fatality and injury rates.

[25] The data for 2010 are preliminary and subject to revision, once more complete data are received by Transport Canada.

As part of Transport Canada's commitment to safe transportation options for the road-traveling public, we conducted testing on several large vans and buses and have posted the findings on our web-site. The results show that the various vehicle types tested are safe for road use but that they do not handle like smaller, mainstream light vehicles. These results form the basis of advice for users, to operate such vehicles carefully and conduct proper maintenance to prevent collisions and casualties.

In support of the Year of Road Safety, Transport Canada, the Canadian Global Road Safety Committee (of which Transport Canada is currently the chair), and other road safety partners focussed on several awareness initiatives. These included a media campaign (News Canada articles) and development of six publications on a range of road safety topics. A website was developed to provide Canadians with access to road safety materials. In addition, in partnership with other organizations, Transport Canada conducted a Winter Driving Campaign, and updated and distributed a video (*iDRIVE*) to high schools on the importance of driving safely. These activities are aligned with and support the national and international road safety strategies, Canada's Road Safety Strategy 2015 and the United Nations Decade of Action for Road Safety 2011-20, respectively.

Lessons Learned

The measure of Vehicle Kilometres Travelled was unavailable for 2010 and 2011 from the Statistics Canada Canadian Vehicle Survey. This information may not be available in the future, so Transport Canada is reviewing the performance indicator. A combination of measures, such as other rate-based and numerical counts, would allow for national and international comparisons of fatality and injury rates. Being able to make such comparisons would result in improved performance measurement, which in turn supports improved policy and regulatory development.

2.3.5 Program Activity: Transportation of Dangerous Goods

Description: Required by the *Transportation of Dangerous Goods Act, 1992*, the Transportation of Dangerous Goods Program Activity, based on risk, develops safety standards and regulations, provides oversight and gives expert advice (for example, through the Canadian Transport Emergency Centre) on dangerous goods incidents to promote public safety in the transportation of dangerous goods by all modes of transport in Canada; identify threats to public safety, and enforce the *Act* and its regulations; guide emergency response and limit the impact of incidents involving the transportation of dangerous goods; and develop policy and conduct research to enhance safety.

2011-12 Financial Resources ($ millions)			2011-12 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
13	14	14	125	113	12

2011-12 Performance		
Expected Results	**Performance Indicators**	**Targets**
Public safety during the transportation of dangerous goods	Number of releases of dangerous goods from means of containment during normal conditions of transport per trillion dollars of Gross Domestic Product	Five percent reduction per year based on 2008 value (Interim Target: 5.9 by September 2012)
	Number of reportable releases of dangerous goods per trillion dollars of Gross Domestic Product	Five percent reduction per year based on 2008 value (Interim Target: 221.1 by September 2012)
	Number of reportable releases of dangerous goods, which caused injuries or deaths per trillion dollars of Gross Domestic Product	Five percent reduction per year based on 2008 value (Interim Target: 3.8 by September 2012)

Actual Results

7.1 releases per trillion dollars of Gross Domestic Product, which is above our target of 5.9. Although this was slightly above the target, it is important to note that five reported accidents involved the same means of containment.

262.9 releases per trillion dollars of Gross Domestic Product, which is above our target of 221.1. Over 55 percent of these releases were classified as reportable based on the regulatory requirements. They were all classified as minor accidents based on Transport Canada's accident severity ranking system.

2.4 releases per trillion dollars of Gross Domestic Product, which is below our target of 3.8. The number of reportable releases of dangerous goods that caused injuries or deaths is below target.

Performance Summary and Analysis of Program

In December 2011, the Commissioner of the Environment and Sustainable Development reported on Transportation of Dangerous Products. Transport Canada developed tools to strengthen the oversight activity, which respond in part to the audit recommendations, and the new tools made it necessary to update the training program for Transportation of Dangerous Goods inspectors. For example, Transport Canada developed and delivered training on the Inspectors' Risk Prioritization Tool as part of the Transportation of Dangerous Goods strategy to address the increased complexity of the dangerous goods environment.

Transportation of Dangerous Goods inspectors received initial teaching through rigorous and consistent training on the *Transportation of Dangerous Goods Act* and regulatory requirements. We identified the core competencies required for Transportation of Dangerous Goods inspectors. We also created a competency model that will serve as a valuable reference tool in setting training and education objectives, hiring and staffing protocols, and performance evaluation and oversight. We convened a working group to develop an Incident Response Manual.

Transport Canada helped develop a memorandum of understanding with the Transportation Safety Board of Canada that sets out roles and responsibilities and allows for information sharing. Transport Canada engaged provinces, territories and government organizations to collect data on compliance and enforcement activities, agreed to set out criteria to ensure that data would be consistent and uniform, and set up a File Transfer Protocol to share compliance and enforcement guidelines.

Transport Canada and the Canadian Nuclear Safety Commission began harmonizing the transport of radioactive materials in Canada. An action plan was put in place to resolve inconsistencies in regulations regarding transport and to ensure that the Transportation of Dangerous Goods Regulations and the Packaging and Transport of Nuclear Substances Regulations that apply to international shipments are consistent with each other. Work is also underway to enhance the Memorandum of Understanding between the Canadian Nuclear Safety Commission and Transport Canada, to avoid omissions, duplications and conflicts.

Transport Canada worked with the U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration to develop a four-point action plan. A Memorandum of Cooperation Arrangement is being finalized that will provide a framework for continued collaboration for the mutual recognition of containment standards between both countries, provided that an equivalent level of safety can be maintained.

To develop a systematic awareness program, we made improvements to the Transportation of Dangerous Goods web presence by identifying, developing and posting Frequently Asked Questions. The Inspectors' Manual was updated to integrate a formalized and standardized approach for responses to public enquiries.

Lessons Learned

Recommendations made in the report of the Commissioner of the Environment and Sustainable Development on Transportation of Dangerous Products raised other important issues, such as the need for better planning of inspections, and Transport Canada redirected its efforts to address these issues. In particular, new tools have been developed for planning, monitoring and documenting oversight and compliance activities. This redirection of efforts resulted in discrepancies between planned commitments and results for 2011-12. The program also reviewed the performance measurement framework and indicators to support the Management Action Plan in response to the Commissioner's recommendations.

2.4 STRATEGIC OUTCOME: A SECURE TRANSPORTATION SYSTEM

A secure transportation system supports a strong Canadian economy and the country's competitiveness in global markets. As a trading nation, Canada must move people and goods across vast distances to world markets, and the number of people travelling by air, sea and land increases every year. International and public confidence in the security of Canada's transportation infrastructure is critical.

Transport Canada promotes a holistic approach to security. We develop policies, programs and regulations, and enforce these regulations in response to emerging security risks. Our role is diverse and complex, as reflected in the many activities that include enhancing the security of urban transit systems, railways, ports and airports across Canada. Through these activities, we work with both our national and international partners to advance a shared and effective transportation security agenda.

This Strategic Outcome is supported by all four of the four departmental priorities described in Section 1.2, above, and contributes to the Government of Canada outcome: *A Safe and Secure Canada.*

The following three Program Activities support this Strategic Outcome:

2.4.1 Aviation Security;

2.4.2 Marine Security; and

2.4.3 Surface and Intermodal Security.

The following sections explain how we met the commitments presented in the planning highlights in Transport Canada's *2011-12 Report on Plans and Priorities*. Actual results achieved against expected results, with performance indicators and targets, are also included.

DID YOU KNOW?

Transport Canada processes approximately 45,000 applications for security clearances annually under the Aviation and Marine Transportation Security Clearance programs.

2.4.1 Program Activity: Aviation Security

Description: The Aviation Security Program Activity develops, administers and oversees policies, programs, regulations and standards necessary for a secure Canadian aviation system in a manner harmonized with the international aviation community.

2011-12 Financial Resources ($ millions)			2011-12 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
51	46	43	375	354	21

2011-12 Performance		
Expected Results	**Performance Indicators**	**Targets**
A secure aviation system	Aviation Security Index	Composite index of level of aviation security in development
Level of credibility of aviation security internationally	Number of aviation security regulatory framework adjustments to achieve international acceptance	Two adjustments by March 2012
Public confidence in the security of the aviation transportation system	Aviation Security Survey Rating (percentage)	Ninety percent of respondents in a national survey reporting confidence in the security of Canada's aviation system

Actual Results

The Aviation Security Program Activity is moving from a prescriptive approach to one more focused on performance and risk. We know that the security index no longer accurately measures the security of aviation transportation in Canada, so we have adjusted the performance indicator to reflect this new operating environment.

Two changes made are[26] that we replaced the old regulations with the new Canadian Aviation Security Regulations 2012 and we introduced a minor update to the regulations.

Transport Canada did not commission any public opinion polls during the 2010-11 fiscal year, and the indicator is being reviewed.[27]

[26] In addition to these changes, there were also three adjustments made by the Air Cargo Security Major Crown Project, in order to accelerate the Project's implementation and to allow for the mutual recognition of the security of foreign cargo.

[27] In August 2011, the Canadian Air Transport Security Authority commissioned a Harris Decima survey, in which a majority of Canadians expressed confidence in the security of Canada's aviation system.

Performance Summary and Analysis of Program

In 2011-12, Transport Canada made adjustments to the Canadian Aviation Security Regulations and measures for the Air Cargo Security Major Crown Project to bring Canada further in line with international standards.

Changes to the Canadian Aviation Security Regulations came into effect on January 1, 2012, including the creation of Airport Security Programs. These changes are intended to help airports and their partners manage and support aviation security in a way that is comprehensive, integrated, coordinated and risk-based.

Three sets of amendments to strengthen Air Cargo Security measures came into force in 2011-12. These changes included a mechanism to allow for the mutual recognition of the security of foreign cargo. On March 31, 2012, this mechanism was used to bring into force an agreement on the mutual recognition of air cargo security programs between Canada and the United States. Screening cargo shipped on passenger aircraft only once improves screening efficiency and reduces the burden on industry.

Transport Canada monitors and responds to risks and evolving threats. In 2011-12, the Aviation Security Program continued to develop and evolve its inspection regime to address the coming into force of the regulatory changes described above, and to prioritize resources on activities identified as having higher levels of risk. Industry representatives were invited to participate in risk management training – proof of our commitment to working with partners to encourage compliance and promote a security culture.

Lessons Learned

Transport Canada needs a more cost-effective means of collecting data for developing indicators and measuring its aviation security performance. This will lead to more stable indicators and allow for better comparability of data over time, thereby strengthening the methodology of applying risk to inspections planning and operations.

2.4.2 Program Activity: Marine Security

Description: The Marine Security Program Activity, with partners, enforces the *Marine Transportation Security Act* to protect Canada and Canadians in a way that respects Canadian values. It safeguards integrity and security, and preserves the efficiency of Canada's marine transportation system against unlawful interference, terrorist attacks, or from being used as a means to attack our allies.

2011-12 Financial Resources ($ millions)			2011-12 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
22	20	18	174	139	35

2011-12 Performance		
Expected Results	**Performance Indicators**	**Targets**
Increased public/industry confidence in marine transportation security	Marine Security Survey Rating (percentage)	Target to be established in 2011, following the collection of baseline data
Increased international acceptance of Marine Security Program	Number of regulatory framework adjustments to meet international standards (regulations and policies)	Target to be established in 2011, following the collection of baseline data

Actual Results

No public or industry confidence data was collected in 2011-12. However, a Marine Industry Stakeholder survey was completed in 2010-11, in which 93 percent of stakeholders agreed that Canada needed a Marine Security program. Stakeholders further agreed that their organizations were prepared to detect and prevent marine threats and incidents (79 percent), and to respond and recover (93 percent).

No adjustments were made to the marine security regulatory framework to meet international standards in 2011-12.

Performance Summary and Analysis of Program

Transport Canada continued to work on resilience planning, outreach and awareness at the ports of Montreal, Halifax and Hamilton, as well as with other stakeholders and smaller ports across Canada.

The bill, Protecting Canada's Immigration System Act, was tabled in Parliament on February 16, 2012. It includes amendments to the *Marine Transportation Security Act* to give new powers to the Minister related to ministerial directions to vessels that may pose a threat to security, and to increase penalties for non-compliance with ministerial directions.

Transport Canada developed an amendments package for the Marine Transportation Security Regulations, including amendments that would further harmonize marine security requirements with those of the United States and international conventions. The package is ready for pre-publication in *Canada Gazette, Part I*.

We worked with Government of Canada partners towards achieving full operational capability for both the Coastal and Great Lakes Marine Security Operations Centres. This project will improve Canada's maritime domain awareness and help ensure the security of the marine transportation system.

Lessons Learned

Transport Canada continues to work towards achieving full operational capability of the Marine Security Operations Centres. Despite some delays, addressing the challenges of sharing information among federal partners has provided valuable information that we will apply to future marine security-related projects.

Transport Canada also participated in a series of maritime commerce resiliency exercises with the ports of Montreal, Hamilton and Halifax. We will use the information and lessons learned from these exercises in regard to logistics, roles and responsibilities, and communications protocols to help complete the Program Activity's deliverables under the Canada-U.S. Perimeter Security and Economic Competitiveness Action Plan.

2.4.3 Program Activity: Surface and Intermodal Security

Description: Guided by the *Railway Safety Act*, the *International Bridges and Tunnels Act*, the *Transportation of Dangerous Goods Act* and the federal Government's transportation security mandate, the Surface and Intermodal Security Program Activity enhances the security of surface and intermodal transportation such as rail and urban transit and international bridges and tunnels. Working with partners to protect Canada and Canadians in a way that respects Canadian values and preserves the efficiency of the transportation system, the Program Activity provides federal leadership, and develops and enforces regulatory and voluntary frameworks (regulations, codes of practice, memoranda of understanding).

2011-12 Financial Resources ($ millions)			2011-12 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
7	6	6	41	36	5

2011-12 Performance		
Expected Results	**Performance Indicators**	**Targets**
Urban transit operators adopt Codes of Practice	Percentage of Category 1 Urban Transit Operators who adopt the Codes of Practice (Category 1 is 11 operators in 6 major urban centres)	Interim Target: 25 percent by March 2012
	Percentage of Category 2 Urban Transit Operators who adopt the Codes of Practice (Category 2 is operators outside 6 major urban centres)	Interim Target: 10 percent by March 2012
Rail transportation operators (passenger and freight) implement the requirements of the voluntary framework	Percentage of Rail Transportation Operators who implement the Voluntary Security Framework (under the terms of the Memorandum of Understanding between Transport Canada and the Railway Association of Canada on rail security)	100 percent adoption by March 2012

Actual Results

Codes of Practice are recommended best practices to help operators of all sizes enhance the security of their surface transportation operations. Since 2007, Transport Canada has worked with rail and transit operators and their primary associations to develop voluntary Codes of Practice on security. For urban transit operators, four Codes of Practice have been developed and distributed, but Transport Canada was unable to measure their adoption due to the multi-jurisdictional nature of the transit sector. As a result, these performance indicators are currently under review to ensure relevance and measurability.

The main elements of the Memorandum of Understanding between Transport Canada and the Railway Association of Canada on rail security have been implemented by the signatories, but Transport Canada was unable to measure the level of implementation. This performance indicator is also under review to ensure relevance and measurability.

Performance Summary and Analysis of Program

Transport Canada is implementing its five-year strategy, which established the future activities of the Government of Canada in surface and intermodal transportation security. We continue to work with industry to identify the appropriate policy instruments to enhance the security of transportation of dangerous goods in Canada for rail and road.

Transport Canada took a voluntary approach with its Memorandum of Understanding on Security with the Railway Association of Canada. We are enhancing and engaging in the existing oversight activities related to compliance with the Memorandum of Understanding to increase the security posture of the industry. An evaluation conducted by the Department's Evaluation and Advisory Services confirmed the continued relevance and cost-effectiveness of the voluntary approach to railway security. The evaluation found that while Transport Canada and the Railway Association of Canada met their commitments, compliance by operators has not been consistent. The evaluation recommended that steps be taken with stakeholders to address outstanding compliance issues.

Transport Canada continues to engage our key industry stakeholders in the surface modes, including intercity bussing. A joint Transport Canada-industry steering committee, which includes transit and intercity bus operators and their primary associations (Canadian Urban Transit Association, and Motor Coach Canada) developed the Code of Practice on Public Security Awareness Programs. Transport Canada also distributed and promoted existing Codes on Security Exercises (2011) and Employee Training and Awareness (2011) through presentations at different stakeholder conferences over the past year.

The Department is pursuing a voluntary approach to enhance security at international bridges and tunnels through bilateral Memoranda of Understanding to achieve a consistent approach to security at these critical facilities.

Transport Canada actively engages the United States in surface security issues. We meet our counterparts at the Transportation Security Administration at the yearly meeting of the Transportation Security Cooperation Group Surface subgroup, to discuss surface security concerns and to align surface security efforts. We also:

- participate in the International Working Group on Land Transport Security, an international group in which the United States is an active member. This forum allows Canada to promote and share surface security best practices and information with international partners.
- continue to engage with the U.S. government on surface security issues through the Canada-U.S. Action Plan on Perimeter Security and Economic Competitiveness. In particular, we are involved in the development and implementation of the Integrated Cargo Security Strategy and its related trucking and rail pilot projects, by providing policy support and security assessments to inform the initiative.

Lessons Learned

By developing security assessments, our Department has increased its situational awareness related to supply chain security issues and trucking, which yielded useful lessons for current and future policy development. We are also strengthening relations with stakeholders and building capacity related to the transportation of dangerous goods security. Lessons learned will help ensure a transportation of dangerous goods regime that provides the appropriate balance between security and efficiency.

2.5 PROGRAM ACTIVITY: INTERNAL SERVICES

Description: The Internal Services Program Activity includes activities and related resources that are managed to support all strategic outcomes and program needs, as well as other departmental obligations. Only activities and resources that apply to the entire organization, and not those allocated to a single program, are included. Governance and Management Support Services include Management and Oversight Services[28], Communications Services and Legal Services. Resource Management Services include human resources management, financial management, information management and information technology services. Asset Management Services include real property, material and acquisition services.

2011-12 Financial Resources ($ millions)			2011-12 Human Resources (FTEs)		
Planned Spending	Total Authorities*	Actual Spending*	Planned	Actual	Difference
189	217	215	1,317	1,315	2

*Excludes amount deemed appropriated to Shared Services Canada

2011-12 Performance		
Expected Results	**Performance Indicators**	**Targets**
Internal Services groups provide efficient services to the Department	Satisfaction rate of Internal Services clients	Satisfaction rate equal or superior to 85 percent
Actual Results 89.1 percent of respondents agreed or strongly agreed that they are satisfied with the timeliness of the response. 87.5 percent of respondents agreed or strongly agreed that the quality of service met the needs of their organization.		

[28] Management and Oversight Services include the following service groupings: Strategic Policy, Economic Analysis, Government Relations, Executive Services, Corporate Planning and Reporting, Programs and Services Management, Internal Audit, Evaluation and Crown Corporation Governance.

Performance Summary and Analysis of Program

Activities supporting the senior management executive committees ensured that consultation with all elements of the Transport, Infrastructure and Communities portfolio, and other portfolio organizations, together with efficient dissemination of information, resulted in more integrated and effective coordination in 2011-12.

Continuing its commitment to Public Service renewal priorities in 2011-12, our Department focused on talent management and employee engagement. Transport Canada and other departments worked with the Government of Canada's Office of the Chief Human Resources Officer to create an automated talent-management system called the Executive Talent Management System. This tool supports the ongoing development and retention of executives, in accordance with our current and future business goals. It helps build sustained excellence in Public Service leadership by maximizing the contribution of every executive. Transport Canada has also developed and launched a renewed Employee Performance Management Program, which aligns employee results with broader organizational goals and objectives. Including key leadership competencies will also encourage employees and managers to identify competencies they need to achieve specific objectives. The complete process positions managers and employees to clearly identify what is required to achieve both business and personal goals.

Internal audits and reviews provided the Audit Committee, the Deputy Minister and senior management with independent and objective assurance and advice on all important aspects of risk management, management practices and controls. Two audits in particular – the Information Management/Information Technology Project Life Cycle Controls Audit, and the Follow-up Audit of Vehicle Fleet Management – made important recommendations to improve governance and oversight processes to help ensure that Transport Canada optimizes its investments in these areas. The department is introducing the necessary improvements. The independent Departmental Audit Committee, which has members from outside the federal public administration, continues to play an active role as advisor to the Deputy Minister on departmental risk, control and governance issues.

The Evaluation branch made progress on its plan to assess the continued relevance and performance of direct program funding and contribution programs on a five-year cycle. Evaluation findings and conclusions informed decision-making regarding the management of major policy initiatives and the renewal of contribution programs. Evaluations and advice provided also supported the efforts of the Department to develop and implement strategies to measure the performance of its programs and activities.

The report Transportation in Canada 2011: A Comprehensive Review was tabled in Parliament by the Minister of Transport, Infrastructure and Communities in conformity with section 52 of the *Canada Transportation Act*. The report provides an overview of macroeconomic indicators and their incidence on the transportation sector, and it presents public expenditure in and revenues from the transportation sector. It covers each mode of transportation, presenting highlights from 2011, a five-year retrospective of the industry and an analysis of the industry under an economic, environmental, safety and security lens.

Lessons Learned

The rapidly changing operational environment can cause shifts in senior management priorities, complicating short to medium-term planning and coordination efforts. For instance, successfully delivering on departmental priorities and maintaining departmental operations required high levels of flexibility.

Section 52 of the *Canada Transportation Act* requires the *Transportation in Canada 2011* report to cover specific themes, such as the reach and scope of transportation and the role the sector plays as an economic enabler. The report must also present each mode of transportation in a balanced way, and transportation issues and trends must be supported with data and factual evidence in order to paint a complete and accurate picture of Canada's transportation system. The number of jurisdictions and private businesses involved in the delivery and maintenance of transportation infrastructure and transportation services poses editorial challenges.

2.6 CHANGES TO GOVERNMENT STRUCTURE

Shared Services Canada was established as a department on August 4, 2011. The control and supervision of certain Transport Canada resources related to information technology infrastructure services were transferred to the new department as shown in the following tables.

Impacts on Financial and Human Resources Resulting from the Establishment of Shared Services Canada

2011-12 Financial Resources ($ millions)	**Planned Spending**	**Total Authorities***
Net transfer post Orders in Council (OIC)** to Shared Services Canada (SSC)	18	18
* Pursuant to section 31.1 of the *Financial Administration Act* and Orders in Council P.C. 2011-0881, P.C. 2011-0877 and P.C. 2011-1297, this amount was deemed to have been appropriated to SSC, which resulted in a reduction in the appropriation for Transport Canada. ** Total authorities, as presented in the "2011–12 Financial Resources" table (and other relevant tables) in the "Summary of Performance" section, is the net of any transfers to SSC. Actual spending does not include expenditures incurred on behalf of SSC as of the OIC date.		
2011-12 Human Resources (Full-Time Equivalents)	**Planned**	**Actual**
Deemed to SSC	25	25

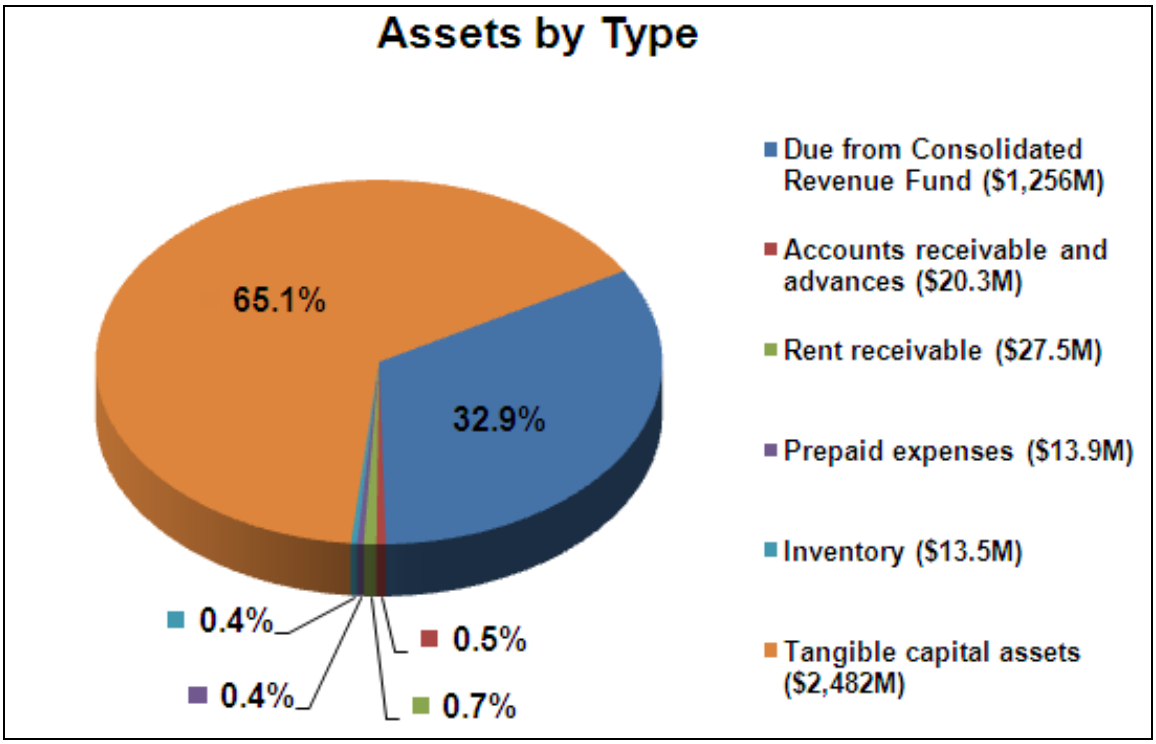
SECTION III – SUPPLEMENTARY INFORMATION

3.1 FINANCIAL HIGHLIGHTS

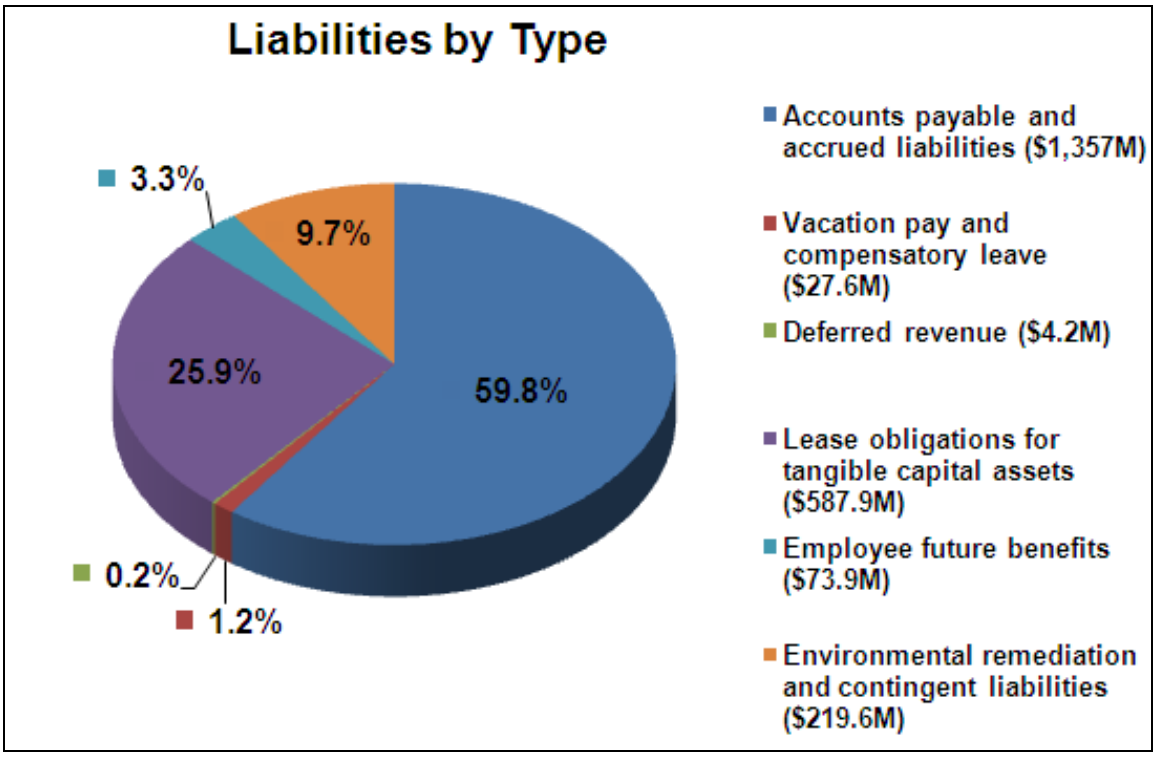
The financial highlights presented in this *Departmental Performance Report* are intended to serve as a general overview of Transport Canada's financial position and operations. The Department's financial statements can be found on Transport Canada's website. The presentation of the statements has been updated to reflect the new requirements in the Treasury Board Accounting Standards 1.2.

Condensed Statement of Financial Position (Unaudited) As at March 31, 2012 ($000's)			
	Change %	2011-2012	2010-2011 (Restated)
Total liabilities	11.2%	2,269,691	2,040,786
Total net financial assets	15.3%	1,303,861	1,130,988
Departmental net debt	6.2%	965,830	909,798
Total non-financial assets	-5.2%	2,509,430	2,648,171
Departmental net financial position	**-11.2%**	**1,543,600**	**1,738,373**

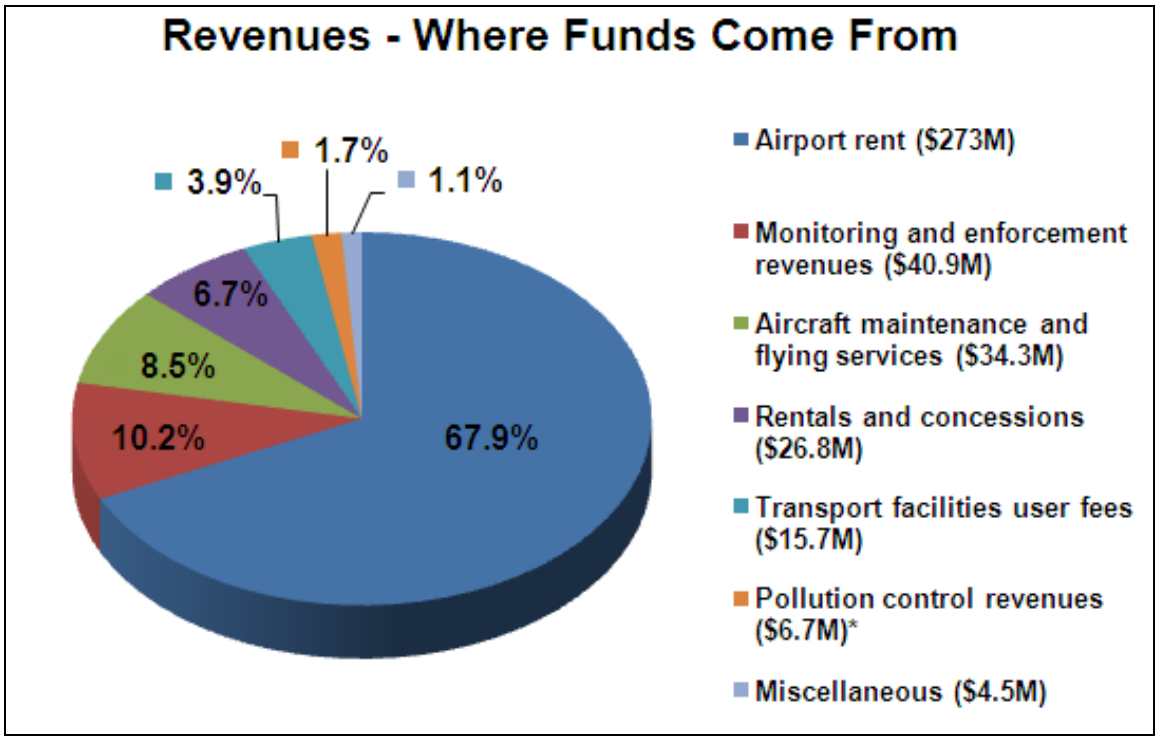
Condensed Statement of Operations and Departmental Net Financial Position (Unaudited) As at March 31, 2012 ($000's)			
	Change %	2011-2012	2010-2011 (Restated)
Total expenses	-0.3%	1,555,154	1,560,290
Total revenues	-2.4%	88,399	90,569
Net cost from continuing operations	-0.2%	1,466,755	1,469,721
Net cost of transferred operations	-66.1%	3,997	11,788
Net cost of operations before government funding and transfers	-0.7%	1,470,752	1,481,509
Government funding and transfers	-8.9%	1,275,979	1,400,199
Net cost of operations after government funding and transfers	139.5%	194,773	81,310
Departmental net financial position - Beginning of year	-4.5%	1,738,373	1,819,683
Departmental net financial position - End of year	**-11.2%**	**1,543,600**	**1,738,373**



Total assets were $3,813 million at the end of 2011-12, an increase of $34 million (0.9 percent) over the previous year's total assets of $3,779 million. Tangible capital assets represented the largest portion of total assets at $2,482 million or 65.1 percent of total assets.

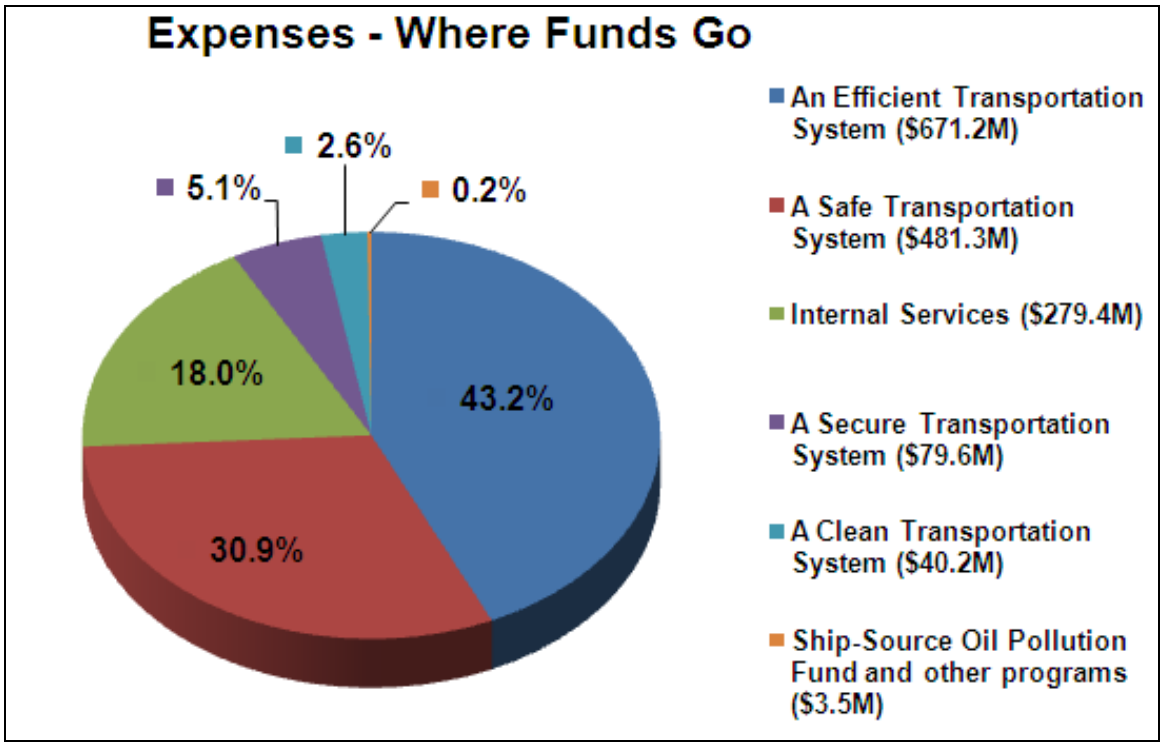


Total liabilities were $2,270 million, an increase of $229 million (11.2 percent) over the previous year's total liabilities of $2,041 million. Accounts payable represents the largest portion of liabilities at $1,357 million or 59.8 percent of total liabilities.



* The Revenues from Pollution control are earmarked under legislation for specific expense purposes and are not available for Transport Canada spending.

The Department's total revenues amounted to $402 million for 2011-12. There was an increase of $15 million (4 percent) from the previous year's revenue. Most of Transport Canada's revenues were derived from airport rent, which was deposited directly into the Consolidated Revenue Fund.



Total expenses for Transport Canada were $1,555 million in 2011-12. There was a decrease of $5 million (0.3 percent) from the previous year's expenses. The majority of funds, $1,153 million or 74.1 percent, were spent on transportation efficiency and safety while other programs represented $403 million or 25.9 percent of total expenses.

3.2 SUPPLEMENTARY INFORMATION TABLES

The supplementary information tables listed in the 2011-12 *Departmental Performance Report* are available in electronic format on Transport Canada's website.

Details on Transfer Payment Programs

Greening Government Operations

Horizontal Initiatives

Internal Audits and Evaluations

Response to Parliamentary Committees and External Audits

Sources of Respendable and Non-Respendable Revenue

Status Report on Major Crown/Transformational Projects

Status Report on Projects Operating With Specific Treasury Board Approval

User Fees Reporting

SECTION IV – OTHER ITEMS OF INTEREST

4.1 ORGANIZATIONAL CONTACT INFORMATION

We welcome your comments on this report

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Phone: 613-990-2309 Toll Free: 1-866-995-9737
Teletypewriter (TTY): 1-888-675-6863
Fax: 613-954-4731

Mailing Address:

Transport Canada
330 Sparks Street
Ottawa, ON
K1A 0N5

4.2 URL ADDRESSES OF WEBSITES CITED IN THIS REPORT

The URL addresses are listed in the order they appear in the document.

Section I

Transport Canada – Organization
http://www.tc.gc.ca/eng/aboutus-department-overview.htm

Laws related to transportation
http://www.tc.gc.ca/eng/acts-regulations/acts.htm

Transportation in Canada 2011 – Report on the state of transportation in Canada
http://www.tc.gc.ca/eng/policy/report-aca-anre2011-index-3010.htm

Canada Transportation Act
http://laws-lois.justice.gc.ca/eng/acts/C-10.4/

Transport, Infrastructure and Communities Portfolio
http://www.tc.gc.ca/eng/aboutus-abouttic.htm

Transport Canada – Home Page
http://www.tc.gc.ca/eng/menu.htm

Infrastructure Canada – Home Page
http://www.infrastructure.gc.ca/index-eng.html

St. Lawrence Seaway Management Corporation
http://www.greatlakes-seaway.com/en/index.html

NAV Canada
http://www.navcanada.ca/NavCanada.asp?Language=en&Content=ContentDefinitionFiles%5Cdefault.xml

Buffalo and Fort Erie Bridge Authority
http://www.peacebridge.com/

VIA Rail Canada
http://www.viarail.ca/en/about-via-rail

Canadian Air Transport Security Authority
http://www.catsa.gc.ca/page.aspx?id=27&pname=AboutCATSA&lang=en

Canada Post Corporation
http://www.canadapost.ca/cpo/mc/default.jsf?LOCALE=en

Transportation Appeal Tribunal of Canada
http://www.tatc.gc.ca/index.php?lang=eng

Canadian Transportation Agency
http://www.cta-otc.gc.ca/eng/home

Ship-source Oil Pollution Fund
http://www.ssopfund.gc.ca/english/index.asp

Whole-of-Government Framework
http://www.tbs-sct.gc.ca/ppg-cpr/frame-cadre-eng.aspx

Transport Canada – Audit of Marine Safety Delegated Programs
http://www.tc.gc.ca/eng/corporate-services/aas-audit-864.htm

Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals
http://www.ceaa-acee.gc.ca/default.asp?lang=En&n=B3186435-1

Transport Canada – Strategic Environmental Assessment
http://www.tc.gc.ca/eng/programs/environment-environmentalassessment-sea-669.htm

Transport Canada – Sustainable Development Strategy
http://www.tc.gc.ca/eng/policy/acs-sd-dsds-2615.htm

Environment Canada – Sustainable Development
http://www.ec.gc.ca/dd-sd/

Transportation in Canada 2011 – Report on the state of transportation in Canada
http://www.tc.gc.ca/eng/policy/report-aca-anre2011-index-3010.htm

Public Accounts of Canada 2012
http://www.tpsgc-pwgsc.gc.ca/recgen/txt/72-eng.html

Section II

Section 2.1

Transport Canada's 2011-12 Report on Plans and Priorities
http://publiservice.tbs-sct.gc.ca/rpp/2011-2012/inst/mot/mot-eng.pdf

Transport Canada – Rail Freight Service Review: Facilitator's Final Report
http://www.tc.gc.ca/eng/policy/acg-acgb-menu-3011.htm

National Policy Framework for Strategic Gateways and Trade Corridors
http://www.tc.gc.ca/eng/policy/acg-acgb-menu-3011.htm

Transport Canada – Gateways and Corridors Program Activity
http://www.tc.gc.ca/eng/innovation-gateways-and-corridors.htm

Asia-Pacific Gateway and Corridor Initiative
http://www.asiapacificgateway.gc.ca/index2.html

Ontario-Quebec Continental Gateway and Trade Corridor
http://www.continentalgateway.ca/index2.html

Atlantic Gateway and Trade Corridor Strategy
http://www.atlanticgateway.gc.ca/index2.html

Gateways and Border Crossings Fund (GBCF)
http://www.tc.gc.ca/eng/policy/acg-acgd-menu-infrastructure-2170.htm

Detroit River International Crossing
http://www.tc.gc.ca/eng/mediaroom/backgrounders-menu-5912.htm

VIA Rail Canada
http://www.viarail.ca/en/about-via-rail

Marine Atlantic Inc.
http://www.marine-atlantic.ca/about.asp

Montreal area bridges
http://jccbi.ca/

Transport Canada – Transportation Innovation Program Activity
http://www.tc.gc.ca/eng/innovation-menu.htm

Infrastructure Canada – Reports
http://www.infrastructure.gc.ca/pub/index-eng.html

Section 2.2

Transport Canada's 2011-12 Report on Plans and Priorities
http://publiservice.tbs-sct.gc.ca/rpp/2011-2012/inst/mot/mot-eng.pdf

Metrolinx – School Travel
http://www.metrolinx.com/en/projectsandprograms/schooltravel/school_travel.aspx

Canada Shipping Act, 2001
http://laws-lois.justice.gc.ca/eng/acts/C-10.15/index.html

Arctic Waters Pollution Prevention Act
http://laws-lois.justice.gc.ca/eng/acts/A-12/index.html

Marine Liability Act
http://laws-lois.justice.gc.ca/eng/acts/M-0.7/index.html

Auditor General of Canada – Oil Spills from Ships
http://www.oag-bvg.gc.ca/internet/English/parl_cesd_201012_01_e_34424.html

Transport Canada – Sustainable Development Strategy
http://www.tc.gc.ca/eng/policy/acs-sd-dsds-2615.htm

Federal Sustainable Development Act
http://laws-lois.justice.gc.ca/eng/acts/F-8.6/index.html

Section 2.3

Transport Canada's 2011-12 Report on Plans and Priorities
http://publiservice.tbs-sct.gc.ca/rpp/2011-2012/inst/mot/mot-eng.pdf

Transport Canada – Aviation Safety Program Activity
http://www.tc.gc.ca/eng/civilaviation/opssvs/aviationsafety-menu.htm

Canadian Aviation Regulations
http://www.tc.gc.ca/eng/civilaviation/regserv/cars/menu.htm

Auditor General of Canada – Oversight of Civil Aviation
http://www.oag-bvg.gc.ca/internet/English/parl_oag_201204_05_e_36469.html

Transport Canada – Marine Safety Program Activity
http://www.tc.gc.ca/eng/marinesafety/menu.htm

Canada Shipping Act, 2001
http://laws-lois.justice.gc.ca/eng/acts/C-10.15/index.html

Navigable Waters Protection Act
http://laws-lois.justice.gc.ca/eng/acts/N-22/index.html

Safe Containers Convention Act
http://laws-lois.justice.gc.ca/eng/acts/S-1/index.html

Pilotage Act
http://laws-lois.justice.gc.ca/eng/acts/P-14/index.html

Coasting Trade Act
http://laws-lois.justice.gc.ca/eng/acts/C-33.3/index.html

Arctic Waters Pollution Prevention Act
http://laws-lois.justice.gc.ca/eng/acts/A-12/index.html

Railway Safety Act
http://laws-lois.justice.gc.ca/eng/acts/R-4.2/index.html

Transport Canada – Rail Safety Program Activity
http://www.tc.gc.ca/eng/railsafety/menu.htm

Grade Crossing Improvement Program
http://www.tc.gc.ca/eng/railsafety/publications-46.htm

Motor Vehicle Safety Act
http://laws-lois.justice.gc.ca/eng/acts/M-10.01/index.html

Motor Vehicle Transport Act
http://laws-lois.justice.gc.ca/eng/acts/M-12.01/index.html

Transport Canada – Road Safety Program Activity
http://www.tc.gc.ca/eng/roadsafety/menu.htm

Transport Canada publications – Large Vans and Buses
http://www.tc.gc.ca/eng/roadsafety/tp-tp2436-rs200808-p5-1211.htm

Transport Canada publications – Advice for Users
http://www.tc.gc.ca/eng/roadsafety/tp-tp2436-rs200808-menu-202.htm

Transportation of Dangerous Goods Act, 1992
http://laws-lois.justice.gc.ca/eng/acts/T-19.01/index.html

Transport Canada – Transportation of Dangerous Goods Program Activity
http://www.tc.gc.ca/eng/tdg/safety-menu.htm

Canadian Transport Emergency Centre, CANUTEC
http://www.tc.gc.ca/eng/canutec/menu.htm

Auditor General of Canada – Transportation of Dangerous Products
http://www.oag-bvg.gc.ca/internet/English/parl_cesd_201112_01_e_36029.html

Transportation of Dangerous Goods – Frequently Asked Questions
http://www.tc.gc.ca/eng/tdg/faq-319.htm

Section 2.4

Transport Canada's 2011-12 Report on Plans and Priorities
http://publiservice.tbs-sct.gc.ca/rpp/2011-2012/inst/mot/mot-eng.pdf

Transport Canada – Aviation Security Program Activity
http://www.tc.gc.ca/eng/aviationsecurity/menu.htm

Air Cargo Security
http://www.tc.gc.ca/eng/aviationsecurity/asc-41.htm

Transport Canada – Marine Security Program Activity
http://laws-lois.justice.gc.ca/eng/acts/M-0.8/index.html

Marine Transportation Security Act
http://laws-lois.justice.gc.ca/eng/acts/M-0.8/index.html

Railway Safety Act
http://laws-lois.justice.gc.ca/eng/acts/R-4.2/index.html

International Bridges and Tunnels Act
http://laws-lois.justice.gc.ca/eng/acts/I-17.05/index.html

Transportation of Dangerous Goods Act, 1992
http://laws-lois.justice.gc.ca/eng/acts/T-19.01/index.html

Transport Canada – Surface and Intermodal Security Program Activity
http://www.tc.gc.ca/eng/railsecurity/menu.htm

Section 2.5

Transport Canada – Follow-up Audit of Vehicle Fleet Management
http://www.tc.gc.ca/eng/corporate-services/aas-audit-949.htm

Transportation in Canada 2011: A Comprehensive Review
http://www.tc.gc.ca/media/documents/policy/Transportation_in_Canada_2011.pdf

Section III

Financial Reports of Transport Canada
http://www.tc.gc.ca/eng/corporate-services/finance-fs-791.htm

Treasury Board Accounting Standards 1.2
http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=18830

Transport Canada's website - Departmental Performance Reports
http://www.tc.gc.ca/eng/corporate-services/planning-628.htm