

The sale of travel documents is the sole source of revenue. Under a fee structure recommended by Treasury Board for approval by the Governor in Council, fees are, in principle, set for a four-year period. They were most recently revised in January 1992.

The volume of business is determined fundamentally by demographic and economic factors. Historically, there has been a correlation between the rate of growth in the number of Canadian international air passengers and the rate of growth in the demand for passports. To estimate demand we therefore employ forecasts of passenger traffic prepared by Transport Canada and published as *Aviation Aggregate Demand Indicators*.

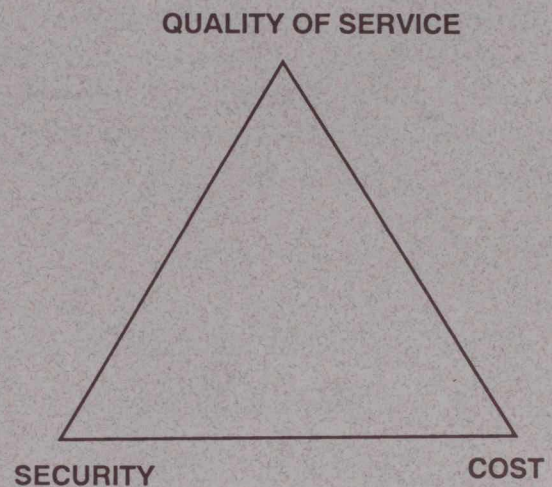
Transport Canada develops its forecasts taking into account such factors as demographic data, immigration trends, the international political situation, the economy, personal disposable income per capita and fuel.

As shown in *Graph 1*, the most recent statistics issued by Transport Canada, in January 1993, point out sustained and progressive increase in the number of Canadian international air passengers. Transport Canada estimates that the

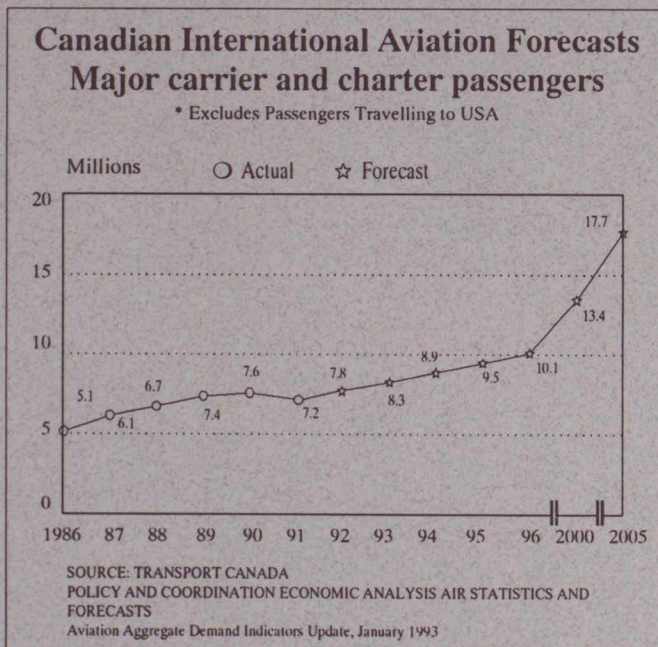
number of Canadian international air passengers will increase in 1993 by 6.4% over 1992 and in 1994 by 7.2% over 1993. According to Transport Canada's statistics, Canadian international travel will continue to grow well into the next century.

2.6 Our Challenge

To achieve the performance targets agreed upon for the Passport Office as an SOA, while delivering an effective product at an acceptable level of service, calls for the constant balancing of the variables of security, service and cost.



GRAPH 1



For example, increased security measures might lead to a reduced level of service and additional cost to the Passport Office. Conversely, enhanced levels of service might jeopardize security while keeping costs high. Cutting costs could seriously hamper our efforts to ensure a high-quality product, efficiently delivered.

Decisions related to these variables have an impact on the productivity rates set by the Passport Office.