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Chair

Mr. Merv Tweed

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Standing Committee on Transport, Infrastructure and Communities

Monday, April 23, 2007

• (1530)

[English]

The Chair (Mr. Merv Tweed (Brandon—Souris, CPC)): Good afternoon, everyone. Welcome to the Standing Committee on Transport, Infrastructure and Communities, meeting number 45. Pursuant to the order of reference of Tuesday, November 7, 2006, we are studying Bill C-6, an act to amend the Aeronautics Act and to make consequential amendments to other acts.

Joining us today we have Mr. Cannon, Minister of Transport, Infrastructure and Communities. Also joining us we have members of the department: Mr. Marc Grégoire, Mr. Merlin Preuss, and Mr. Franz Reinhardt.

I know the minister has an opening comment, and I would ask him to make it. Then we'll move on to committee questions.

Please proceed.

Hon. Lawrence Cannon (Minister of Transport, Infrastructure and Communities): Thank you, Mr. Chair.

[Translation]

Dear colleagues, I am pleased to have this opportunity to appear before the committee regarding amendments proposed to Bill C-6, an Act to amend the Aeronautics Act.

I would like to start by pointing out that Canada has one of the safest air transportation networks in the world. Moreover, allow me to draw the attention of committee members to the fact that over the last 10 years, Transport Canada on two occasions voluntarily agreed to have Canada submit to comprehensive International Civil Aviation Organization audits. The most recent audit, undertaken in 2005, showed that Canada had a rate of compliance of 95.5% compared with an average of 68% for other countries. Moreover, Canada was singled out as a model for the 190 other signatory countries.

[English]

Safety management systems in particular are an international initiative recognized as the most significant advancement in aviation safety in recent years, and Transport Canada is considered a world leader in this area.

The proposed amendments contained in Bill C-6 are not before Parliament for the purpose of seeking authority to establish SMS. They are intended to maximize the effectiveness of the existing SMS safety framework and to facilitate the implementation of SMS for certificate holders. This would be done by allowing me, as the Minister of Transport, to require, by order, certificate holders to

enhance their SMS or take corrective measures regarding the systems when I consider these systems are deficient. As well, the proposed amendments would provide protection provisions for individuals regarding internal reporting of safety information.

SMS is not self-regulation. I repeat: SMS is not self-regulation. It is not deregulation and it has never been about reducing the number of inspectors involved in safety oversight. The number one priority for resource allocation has been, and will continue to be, to ensure effective safety oversight of the industry.

As I have said on many occasions, SMS regulations are an additional layer above and beyond the existing regulations, requiring certificate holders to be more proactive in identifying hazards before they lead to accidents. SMS implementation does demand changes in how some aspects of safety oversight are delivered.

A new SMS enforcement policy has been established by stating clearly that all intentional violations will be vigorously enforced, and we have proposed in Bill C-6 that the maximum level of sanction be significantly increased, as you have seen. If certificate holders are unwilling to develop appropriate corrective measures, or are unable to implement these measures, enforcement action will be vigorously pursued.

The cancellation of the national audit program is also of concern to some and has been used as an example supporting the belief that we are curtailing safety oversight under SMS. In fact, the safety oversight of large operations will continue to be subject to thorough and rigorous safety assessment and validation processes. For the operations outside the SMS safety framework, such as those other than large air carriers, nothing has changed.

• (1535)

[Translation]

Finally, Mr. Chairman, colleagues, I would like to clarify parts of the bill dealing with reporting programs.

As you know, there are two types of voluntary reporting schemes under Bill C-6. They offer different types of protection. The first scheme is a universal and voluntary reporting program which would not involve disciplinary action. All aviation industry stakeholders have access to it and may use it to issue safety-related reports. Individuals are assured that all reports remain anonymous and that the information will not be used against them for law enforcement purposes.

The purpose of this protection is to encourage comprehensive data reporting on safety-related matters, which Transport Canada could not obtain otherwise. I should point out that this protection would not apply when there are accidents of course, criminal offences, or voluntary violations.

The second scheme is directly related to the safety management system and deals with information which could be obtained by Transport Canada when a certificate holder's internal reporting system is being evaluated or audited. This scheme encourages individuals to voluntarily declare safety-related data and provides employers and employees protection against access to information, as well as the assurance that the information will not be used against them. This type of protection also covers data collected from flight recorders.

The purpose is to promote a culture of trust among employers and employees as well as to amass as much safety-related data as possible. Both schemes are based on the same principle. Moreover, once data has been depersonalized, it becomes accessible to all for the purpose of additional analysis and distribution.

That said, safety monitoring reports will, of course, be subject to the provisions of the Access to Information as well as the Privacy Act. Transport Canada has endeavoured to strike a fair balance, to encourage individuals to regularly report data which will serve to enhance air safety without compromising accountability, while maintaining the right to pursue law enforcement action where needed.

[English]

Some witnesses have advocated the creation of whistleblower protection. This possibility was studied, but we realized this approach could not be adopted inside the SMS framework if we want to nurture a safety culture. However, whistleblower-like protection exists in the proposed voluntary non-punitive regime described above, and it already exists in the civil aviation issues reporting system, which is open to everyone.

Finally, it's important to mention that these protections will never prevent enforcement action for deliberate and wilful commission of violation for which Transport Canada would have obtained evidence through its own investigations.

In conclusion, I would like to note that we have listened to the testimony provided by various witnesses and the concerns raised by the members around the table. I am happy to inform you that the government will be bringing forward amendments to address these concerns, specifically on the issues I have outlined here today.

• (1540)

[Translation]

I would be pleased to work with this committee in a positive and responsible manner in order to contribute to the consideration and passage of air safety-related legislative provisions in Bill C-6.

I thank you for your attention. Departmental officials and I are now prepared to answer your questions.

[English]

The Chair: Thank you, Mr. Minister.

We'll have Mr. Volpe.

[Translation]

Hon. Joseph Volpe (Eglinton—Lawrence, Lib.): Thank you, Mr. Chairman.

Thank you, gentlemen. I would also like to thank you, Minister; your presence is much appreciated.

I would like to start with a very direct question.

[English]

How much money does your department put aside for regulatory oversight? Since you talked about the national audit program—and you indicated that there was no diminution—how much is available for that?

Hon. Lawrence Cannon: Thank you, colleague.

My officials will be able to either instantaneously give you that answer or—

Mr. Marc Grégoire (Assistant Deputy Minister, Safety and Security, Department of Transport): We thought the main estimates discussion was on May 7, but should you want this earlier, we can write you again with that. I don't have the specific answer, especially for regulatory oversight, on the way we split our budget, but it's a good chunk.

Hon. Joseph Volpe: We asked for it about two months ago, actually, and we weren't anticipating waiting until the estimates, because the issue—and it's been raised by several witnesses, Mr. Minister, especially after your letter to the *National Post*—is the safety of airlines in Canada.

We have had several witnesses here—Judge Moshansky, Greg Holbrook, from the Canadian Federal Pilots Association—and I have before me a letter, which I think has been circulated among all committee members, from an owner of a private airline, DaxAir, and they all say, among other things, that this safety management system cannot function properly unless there is a continuation of regulatory oversight and that you and the department have already cut the national audit program.

So the issue of funds is absolutely crucial to understanding where the truth lies. Have you, in fact, cut those programs? Is Judge Moshansky out to lunch? Is Greg Holbrook telling us a lie? Is DaxAir out in left field?

Hon. Lawrence Cannon: The fact of the matter, colleague, is that the Canadian Federal Pilots Association welcomes the SMS.

You will recall, also, that when the witness, Mr. Moshansky, I believe, came here, my colleague, Brian Jean, asked the question as to whether, had this system been in place at the time it would have been something that would have been welcomed and would certainly have contributed to the fact that we were a little lax at that time in safety management issues. The answer to that was yes; clearly, safety management systems would have been a godsend had they been in place.

Now specifically to your question, my officials will be getting back to you very shortly so you can have the full information regarding the costing for oversight so you can have a clear appreciation of what—

Hon. Joseph Volpe: I had a pretty clear appreciation, because when Mr. Jean asked Judge Moshansky the question to which you made reference, I immediately followed it up. I have this according to the Hansard. Judge Moshansky said, "I think it would be very good". My response was to immediately ask whether he thought it would be very good because he understood that there would be no diminution of funds for the audit program and the regulatory system. And he said that, yes, he took it for granted that of course the government would continue its oversight.

The other witnesses who came before us, Minister, all gave us an indication that the SMS would be useful, provided the government inspectorate would not be diminished.

The issue is not so much that there would be a systems-wide plan for safety, but that the operational component of airline safety would be monitored, regulated, reported on, and appropriately dealt with when there was non-compliance. Nobody has so far been able to give us an indication that this is in fact what's going to happen. I dare say, Mr. Minister, that your departmental officials, who must know what the funds are, because it all relates to dollars and people, still have to do the research on it, by your admission.

• (1545)

Hon. Lawrence Cannon: Well, the fact of the matter is that I've heard you going around and indicating that there has been a decrease in the number of inspectors. As a matter of fact, that's not the case. The number of inspectors has been maintained at a regular level. For the year 2006-2007, the number of allocated inspector positions is 873. It was the same for 2005-2006. For 2004-2005, it was 876. Basically, if I go back to 2001-2002, it was 866, so contrary to the affirmation that the government is in the midst of—

Hon. Joseph Volpe: Let me interrupt for a moment, because I've only got a second.

You're repeating numbers—

Hon. Lawrence Cannon: No; I'm sorry. If you want to persist down this road, I am saying you were giving information that is not correct, so I'm reading the correct information into the record.

Now, I've indicated to you, colleague, that regarding the information in terms of the expenses and in terms of what is going to be allocated for oversight, we will get that to you as quickly as possible.

Hon. Joseph Volpe: I appreciate that.

What I wanted were the figures for 2006-2007. You haven't been able to give us those. What I'd like to do is—

Hon. Lawrence Cannon: Colleague, I can quote budget figures —

Hon. Joseph Volpe: You know, Judge Moshansky...

Mr. Marc Grégoire: The budget has not changed in the last five years for civil aviation. It is about \$140 million, which is the biggest share of safety and security.

Hon. Joseph Volpe: Monsieur Grégoire, I must protest. Not a few minutes ago you didn't have the numbers, you didn't have the figures, you didn't have the personnel, you didn't have the dollars.

Good heavens.

The Chair: Order.

Hon. Lawrence Cannon: Mr. Chair, the colleague here asked for specific dollars for oversight.

Hon. Joseph Volpe: And people.

Hon. Lawrence Cannon: My officials are responding, saying to him that the budget for civil aviation security has not changed over the past years. It's at \$140 million. That's the response.

Now, you cannot come back and say we weren't able to answer the question before. You asked for specifics; we will give you the specifics, as requested. We will send them to the chairman's office.

Hon. Joseph Volpe: I will not be chided, Mr. Minister. The figure of \$140 million is pretty darn specific, and if he couldn't give it to me three minutes ago, how does he come up with it now?

Now, let me—I still have another minute—

The Chair: No, you're out.

Monsieur Laframboise is next.

[Translation]

Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ): Thank you, Mr. Chairman.

Minister, I tend to believe that you are a man of good will. However, you do not have control over all the services provided by your department. This is where we have some reservations. When the International Civil Aviation Organization representative came to speak with us, he said he had done an audit in 2005. So, you are right on that point.

However, with respect to regulatory oversight and inspection, clearly, according to these people, you must maintain the same inspection regime you've always had. When they hear that the inspection regime may be scaled back they start asking questions. I believe the next audit will be quite a bit harsher than the last. And that's fine by us.

However, Mr. Moshansky said—and figures would tend to support him—that there were 1,400 inspectors before 1992. Indeed, when the Liberals took office they reduced that number to 870. Without 870 inspectors, you are in compliance. The Liberals are the ones who reduced the number of inspectors.

At a safety and security convention, Mr. Preuss declared that by 2013 half of the inspection services would be reduced by attrition and that there would be fewer resources earmarked for regulatory enforcement. At the time we already believed that there would be fewer resources and that that would effectively lead to fewer inspections. Moreover, the 870 remaining inspectors are not all check pilots. In 1993, there were 450 of them. Today there are 400 of them. If, by 2013, you cut the inspection services by half, there will be fewer and fewer check pilots. That is why companies like DaxAir Inc., and even ICAO safety representatives, are of the view that we should not decrease the regulatory oversight program, the inspection service.

With respect to Mr. Preuss, he repeats his rhetoric, but at the same time, he pressures witnesses not to appear before the committee. You may choose to put up with him, but as far as I'm concerned it's a problem.

• (1550)

[English]

The Chair: Mr. Fast, on a point of order.

Mr. Ed Fast (Abbotsford, CPC): Mr. Chair, Mr. Laframboise has made an allegation that has not been proven at this table. In fact, Mr. Preuss has made it very clear that whoever heard those remarks, the secretary in the union leader's office in fact misunderstood those remarks, and he never had any intention of implying what Mr. Laframboise has just suggested he implied.

The Chair: Monsieur Laframboise.

[Translation]

Mr. Mario Laframboise: Mr. Chairman, documents, witnesses' affidavits, letters and newspaper statements have reported on Mr. Preuss' conduct. It is wrong to say that there are no documents to that effect. I will not dwell on the matter, but I do want to stress that this gentleman has made statements. He has delivered speeches on safety—

[English]

The Chair: Monsieur Laframboise, I'll just suggest that it's not a point of order, but I do think we do have to be very careful when we're making suggestions that they're not allegations without any proof.

Please continue.

[Translation]

Mr. Mario Laframboise: Suffice it to say that we are far from certain, minister, that you will not be scaling back regulatory oversight. You say that you are prepared to make amendments to the bill. Would you be prepared to make some which would guarantee regulatory oversight is maintained in the safety management system?

Hon. Lawrence Cannon: Thank you, Mr. Laframboise.

In fact, I don't want to stand here today and defend the previous regime. However, I would like to make a clarification on the 1,400 inspectors you mentioned earlier on. I simply want to point out that the reduction in this number is the result of organizational changes within the department. With the creation of NAV Canada, a number of inspectors went there. Moreover, another group went to airport services. So, in a general sense, the number of inspectors has not decreased, colleagues.

Am I in a position to specify the nature of the amendments currently being considered? No. However, I am perfectly prepared to listen and work in collaboration with the colleagues around this table to meet the objectives you shared with me here today and at other times. With respect to the number of inspectors, I believe it is indeed incumbent upon us to make sure there is some continuity.

The theory according to which the management system will, in 5, 6 or even 10 years, replace what has existed and should normally continue to exist is, in my view, incorrect. As I mentioned a few moments ago, the objective is to sustain civil aviation safety and make sure these standards are complied with and well understood throughout the country, and that they are a source of pride for us throughout the world. The goal here is not to rob Peter to pay Paul. On the contrary.

• (1555)

Mr. Mario Laframboise: All the more so since according to ICAO regulations you must conduct regulatory oversight. So, you don't have a choice.

Hon. Lawrence Cannon: Indeed.

Mr. Mario Laframboise: That is why, when the trend is to maintain and enhance safety, it is difficult for us to listen to officials say that they want to see cuts to staffing.

With respect to the reduction in the number of inspectors, Judge Moshansky is the one who referred to that, and I tend to believe him. We cannot forget that there are more aircraft in the sky, and far more people flying. As has already been stated, there have been no employee cuts, but the risks have increased. We want to make sure that regulatory oversight is maintained.

I would suggest to you that you look into this matter with your officials and include all of these recommendations in the bill, so that we can all agree, and so that the bill not only suit officials, but also politicians, Minister.

Hon. Lawrence Cannon: Your concerns are perfectly justified, Mr. Laframboise, and I've already said that. We need to look into drafting an amendment which would reflect these concerns.

Mr. Mario Laframboise: With respect to companies like DaxAir Inc., have you taken note of their concerns? You probably know that these companies, these small corporations, feel they've been left to their own devices because they feel there is less oversight on the ground. They want to respect the law, but they see the competition not doing so. Have you noticed their concerns? Someone wrote to us claiming to be fearful of reprisals from Transport Canada. It would seem to me that that says volumes, for a company to decide to write to the committee, given the pressure being brought to bear on witnesses that they not appear before us. This person claims to be concerned about the industry. You could offer reassurance by saying that you've heard the message and that no one at Transport Canada will unduly put pressure on these people—these rare people—who have come forth to tell the truth.

Hon. Lawrence Cannon: Far be it from us to want to intimidate people, Mr. Laframboise.

Mr. Mario Laframboise: Tell that to Mr. Preuss, Mr. Minister.

Hon. Lawrence Cannon: You know that neither the department nor I would wish to do such things; you know me well enough by now. I would ask Mr. Reinhardt to respond to that specific question.

Mr. Franz Reinhardt (Director, Regulatory Services, Civil Aviation, Department of Transport): We contacted DaxAir Inc. several years ago. We received information from the company concerning allegations of misconduct on the part of other small air carriers. We inquired with the regional office in Toronto, which covers the Ontario region, and very vigorous monitoring was done following DaxAir Inc.'s requests. Recently, in fact, when we received a letter from DaxAir Inc.—it was the first contact between us since the previous time—we wrote to the co-owner, Ms. Brazier. We expressed our interest in the information, or evidence that she or her company may have concerning the other carriers, so as to pursue law enforcement action.

I think that if you were to speak to DaxAir Inc. representatives they would say that we have been in frequent contact with them. Moreover, I would like to say that this company is not subject to the SMS, the Safety Management System, for the time being. This type of company will not be subject to the SMS for a few years because we first want to progressively establish the system for large carriers and move to smaller ones thereafter.

[English]

The Chair: Mr. Julian.

Mr. Peter Julian (Burnaby—New Westminster, NDP): Thank you, Mr. Chair.

Thanks for coming forward today.

I have a couple of comments to start.

First, Mr. Minister, I think you've confirmed in a very real sense that there has been a diminishing number of safety inspectors. If we have more and more airlines and more and more air miles being travelled, essentially by holding the line at the same number of inspectors there is diminished ability to follow up with the inspections. There's no doubt about that. My concern is that the figures you've cited include positions, but they don't actually include bodies who are filling those positions on a full-time basis.

Second, you said very specifically in your comments that this isn't about reducing inspections. My concern is that every single witness who supported SMS in theory was also very clear that inspections, audits, need to be carried out.

When Mr. Preuss appeared before this committee, I requested that the risk assessment around SMS, which was done prior to putting SMS in place, be released to this committee. We know through requests for information that this risk assessment has now been released. It says very clearly that there is potential to reduce safety and that we need a focused inspection program to ensure there is not an increased safety risk. Mr. Preuss signed off on that risk assessment. It did not allow that mitigating factor to be brought in, did not allow that extra protection for Canadians.

I want to ask, Mr. Minister, do you support not having that focused inspection program that your department's own risk assessment indicates is extremely important to not reduce safety?

• (1600)

Hon. Lawrence Cannon: First of all, I thank you for your comments, colleague.

Mr. Julian, you spoke of attrition. Clearly, we are responding in terms of replacing those people who will leave the service of the Government of Canada because they are at the retirement level. I think you should be reassured from that perspective.

In terms of the risk assessment, I'm going to let Mr. Preuss respond to that. I think he's better—

Mr. Peter Julian: Well, my question was to you, Mr. Minister.

Hon. Lawrence Cannon: I know it is, but I'm going to let him respond to it. It's my choice, colleague.

The Chair: Mr. Preuss.

Mr. Merlin Preuss (Director General, Civil Aviation, Department of Transport): Thanks, Mr. Minister.

There's been a general theme throughout the sessions that I've either been sitting on as a witness or listening to; it's an underlying belief that this is about reductions. The budgets haven't changed, as the minister has said.

The speech to which Mr. Laframboise referred was about our expected retirements. The fact that we even know we're looking at a 46% potential retirement by 2013 is enough indication for us to start taking action to make sure we replace the people we need.

On focused inspections, risk assessment is a rather technical document, and the recommendations in that—as Mr. Julian rightly said—have been signed off by me and will be put into effect. In fact, the whole protocol we're using as we transition to the SMS—and as I mentioned before, it's a three-year program and we're doing this very cautiously—is well developed right now.

If I had the full staff instruction in French I would be presenting it today, but this gives you an idea. No, I didn't pad it. It's a very in-depth approach. We're going to be questioning officials and individuals in the companies, and if there's any doubt about what's going on we'll be following up. If there is any indication that we need to get more information from doing the classic inspection programs, we are more than equipped and able to take that into account, and we will be doing it.

This is a more rigid regime than the one before.

Mr. Peter Julian: That does not reassure me. The reality is that the risk assessment from the department says there's increased risk. The mitigating factor that was recommended was rejected, and that is on the record. I think it's very important that we stress that the risk assessment from the department indicated increased safety concerns.

I have two other questions for you, Minister Cannon. In your opening speech you made reference to assuring that we meet all the requirements of the International Civil Aviation Organization, which requires annual safety audits. We don't have annual safety audits; we don't even have biennial or triennial safety audits for certain airlines. So how can you say we're meeting the requirements, when very clearly we are in violation of ICAO's most important requirements?

Second, in November 2006, while you were minister, you signed off on what was essentially a directive to close all enforcement investigations into safety violations being committed. How many files were closed? What is the extent of the safety violations? What broken safety rules were swept under the carpet? What is the extent of what was simply swept under the carpet last November?

Hon. Lawrence Cannon: On the second question, I'll get Mr. Reinhardt to answer.

Mr. Franz Reinhardt: On closing enforcement cases, this is not exactly what happened. We had enforcement files with the new enforcement policy. We developed a new policy that states clearly that intentional violations will be seriously pursued. For other types of error-based violations we will be working with the companies, with the certificate holders, to allow them to prepare proposed corrective measures. If they do prepare corrective measures that are acceptable, then we will carry on with those measures.

The thing is, we close specific files in order to convert them into other types of files to be carried out by other inspectors in Transport. If you look at tab 39, which was referred to many times here—and it's on the web—there are policies, procedures, and even bridging documents to explain how those things are done.

Clearly, if people say we closed the file—yes, it looks dangerous.

•(1605)

Mr. Peter Julian: How many are there?

Mr. Franz Reinhardt: I could get the numbers, but all those files that were—

Mr. Peter Julian: Are there 100, 200, 500, or 1,000?

Mr. Franz Reinhardt: There are probably 100 files of companies that are governed by SMS, and those files were converted through the new SMS enforcement policy for only those companies. There are not many companies now, because it's only the 705, the big carriers, and the part V servicing the big carriers. So there are not that many files. I'd be surprised if there were 100.

Mr. Peter Julian: So perhaps 100 files were marked “no further action to be taken”. These were safety violations that were in the process of being investigated by Transport Canada.

Mr. Franz Reinhardt: They were investigated by enforcement inspectors and were transferred to offices of primary interest—people accountable, managers responsible for those certificate holders under SMS, to continue the other type of SMS enforcement investigation.

That's not really closure of a file.

Mr. Peter Julian: They were marked by Transport Canada “no further action to be taken”. Transport Canada is not taking further action on any of those 100 safety violations, no matter how serious those safety violations were. Canadians are travelling on these planes, so it's not something you should treat superficially or lightly.

Hon. Lawrence Cannon: This is not being treated superficially. You are deliberately leaving the impression here that because the files are closed there's no action being taken. That is not correct. Action is being taken through a systems management security program. That's what we're doing and that's where we're shifting.

Your first question, regarding risk assessment reduction of regulation, is a highly technical one. I will let Mr. Preuss answer that. But I want to reassure people around here that we are not closing files that haven't been completed—that's not true.

Mr. Peter Julian: Testimony indicates the contrary, Mr. Minister.

Hon. Lawrence Cannon: That's not the case.

Mr. Preuss.

Mr. Merlin Preuss: I'm going to remark on the focus inspection program, which is a selected final risk control measure. The implementation part of that, to define the focus inspection program, was due January to March of last year, with implementation March 31. The personal accountability implementation team—and to my knowledge this is where it's applicable—is already being used.

The Chair: Mr. Fast.

Mr. Ed Fast: Thank you, Mr. Chair.

Thank you, Minister, for attending.

The testimony around this table and the discussion that we've just heard seems to focus almost exclusively on the number of inspectors that Transport Canada has to do enforcement to ensure that we have a safe civil aviation program. I'm not sure that is the prime or the only factor to consider. I'm not sure, and I'm going to get your answer on that.

I'd like to use an analogy. Back 50 years ago, when I was a very young child, when an automobile mechanic wanted to fix a car they would do so almost exclusively by manual means. Today, 50 years later, you bring your car into the shop and they have all of these electronic diagnostic tools. In many cases it takes much less time to figure out what's wrong with the car and to fix it.

Somehow the impression that's been left by the opposition members at this table is that the only thing that drives safety management levels is the number of bodies we've got employed. First of all, Mr. Minister, you and your staff members have been saying very clearly that in fact the number of inspectors has not gone down. But even if it had, I'd like you to answer whether or not that is the sole factor we should consider when we're determining air safety in our country.

Hon. Lawrence Cannon: The answer is that the changes we're proposing will greatly improve aviation safety in the country. Safety management systems, I've said it before, were put in place to add an additional, an extra—I don't know how to say it differently—layer of regulations above and beyond the existing regulations. This is the issue that's at hand.

We are not, I repeat, taking away from what is already there. We have indicated we are going to correct attrition. We have indicated that, yes, we have the same level and the same number of people carrying out inspection. We are looking at amendments to reassure the committee members to that effect. We've got the Canadian pilots association, who welcomed SMS. The airline industry officials have come here and they've welcomed the safety management systems that are put in place.

The accident rate continues on a downward trend, and it's expected that SMS will further reduce the accident rate. We're committed not only to maintaining, Mr. Fast, but also improving upon the record, and accident prevention continues to be the primary focus of Transport Canada's safety efforts. That's the long and the short of it.

• (1610)

Mr. Ed Fast: It's not just the number of bodies you employ to do inspections that drives whether we have a safe aviation system.

Hon. Lawrence Cannon: That is correct.

Mr. Ed Fast: Thank you.

I've read through Bill C-6, and there's been a suggestion around this table on numerous occasions that somehow Bill C-6 is taking away from the current regulatory oversight that is there. I've read this bill through a number of times, and I don't see that in there.

I'm wondering, first of all, whether you believe Bill C-6 takes away from the current regulatory oversight. Secondly, Mr. Minister, the amendments you intend to bring forward, are they specifically going to address that concern that's been raised by a number of members of this committee?

Hon. Lawrence Cannon: I certainly don't believe that's the case as I propose the bill, but if we need to be able to specify our intention, we're open to that, to be able to make sure that there is, as we say in French, *aucune équivoque* as to the government's intention in this regard. Safety is uppermost.

Mr. Ed Fast: Thank you.

Several months ago there was a discussion around this table regarding the difference between the immunity provisions of Bill C-6 and whistle-blowing legislation, and I believe the inspectors' unions felt that whistle-blowing legislation was more appropriate. Your staff made it very clear that the immunity provisions are essential to ensure that SMS works. You touched on that earlier in your discussions. Could you clarify again the distinction between the two: immunity and whistle-blower? And why is it that we prefer immunity to whistle-blowing legislation?

Hon. Lawrence Cannon: Before I pass it over, the general feeling here is that as we are not personalizing these issues, other than the exceptions I've mentioned before in my intervention, we want to be able to have full divulgence of any incidents that take place to be able to have our data bank and be able to draw the information that is essential to be able to continue to pursue our safety measures. So we feel that this culture has to be instilled. It's not a whistle-blowing way of doing things, clearly; you're absolutely right on that. But we feel if we can get that information, if we're in a position to make sure our database contains information that comes

from everybody in the industry, everybody in that community, it will only better safety, aviation security, in the coming months.

Mr. Reinhardt.

Mr. Franz Reinhardt: Under SMS, we believe if we want the employees and the employers to work hand in hand and obtain the information necessary to be proactive, do trained analysis, and prevent further or bigger accidents or occurrences, we want them to report. So it would be counter to the philosophy of SMS to adopt whistle-blowing legislation.

What is a bit ironic is that members of the Canadian Federal Pilots Association will be covered by whistle-blowing legislation because they are federal public servants working for Transport Canada and they have their own disclosure bill. So I don't think they'll have any more problems with respect to whistle-blowing legislation. And also there is the CAIRS, which we call the civil aviation issues reporting system, which allows everybody to report, ask everything they want, and retain anonymity at the same time.

Mr. Ed Fast: You're suggesting we've got the best of both worlds?

Mr. Franz Reinhardt: We believe so.

Mr. Ed Fast: All right.

The Chair: Thank you, Mr. Fast.

• (1615)

Mr. Ed Fast: Thank you, Mr. Chair.

The Chair: Monsieur Bélanger.

[Translation]

Hon. Mauril Bélanger (Ottawa—Vanier, Lib.): Thank you, Mr. Chairman.

Minister, my first question has to do with clause 12 of Bill C-6 which includes subsection 5.31(1) which reads as follows:

5.31(1) The Minister of Transport may designate, from among organizations that meet the conditions prescribed by regulation, one or more organizations whose activities relate to aeronautics to exercise or perform any of the powers, duties and functions set out in subsection (2). The Minister shall give a designated organization a certificate of designation...

Subsection 5.31(2) sets out the functions: the establishment of standards for the certification of persons, the establishment of rules governing the prescribed aeronautical activities and the establishment of standards for the issuing of approvals and authorizations, etc.

This brings us to subsection 5.31(3) which I will quote because I would like to hear your reaction to this:

(3) A designated organization has all the powers necessary to monitor compliance with the standards and rules that it establishes.

Minister, I want to know whether you fully agree with that.

Hon. Lawrence Cannon: Do I fully agree? If I've understood the opinion of colleagues around this table I think we need to further clarify this provision. There is a need to strengthen the legislation, to clarify this provision so that it is very clear who issues the certificates, under what conditions, etc.

Honourable colleague, I would put the question to you and say that I am open to the idea of making sure there is no confusion and that we are fully operational—

Hon. Mauril Bélanger: Minister, I am not a government member, you are.

Hon. Lawrence Cannon: In closing, once again this involves risk assessment. When you are transitioning—

I'm answering, sir. Go ahead, Mr. Bélanger, if you absolutely want to speak, go ahead. I thought I was here to answer your questions, but go ahead. If you absolutely want to have the floor, go ahead.

Hon. Mauril Bélanger: Minister, I am trying to be brief and specific. The question I'm asking is the following: Would you agree with the idea of having one agency designated to establish rules?

Hon. Lawrence Cannon: Well, had you given me a chance to finish, I would have said that it depends on the level of risk and the field of activity.

Hon. Mauril Bélanger: My second question is to follow up on the comments made by one of our witnesses, whom I will also quote. His testimony was in English. He was the representative of the Air Line Pilots Association International.

[English]

The quote is as follows:

ALPA would like to comment on one other provision of this draft legislation, and that's clause 12, the power of the minister to designate organizations to act on the minister's behalf in certain areas. ALPA is of the strong view that this designation power must not be granted for commercial passenger and cargo operations. We note that the legislative language is quite broad, subject to regulations on which stakeholders are to be consulted, through the Canadian Aviation Regulation Advisory Council, or CARAC. We have been advised by Transport Canada officials that this provision is meant to address only low-risk, non-air-transport areas of the aviation industry. We recommend that the committee obtain, for the record, such an undertaking from the minister.

When asked, the witness confirmed that this had been given to them by Mr. Preuss. When Mr. Preuss came here, I couldn't ask that question. It will be my first question for him today.

Is this an accurate statement from the representative of ALPA?

Mr. Merlin Preuss: Yes, it is. And I think I've actually spoken to the committee about it, that it's envisioned to be applicable to low-risk areas of the industry, and specifically targeting areas where there is no regulation today.

Hon. Mauril Bélanger: Thank you.

Mr. Minister, would you agree that if this is the intent of the legislator, it should be reflected in the proposed legislation?

[Translation]

Hon. Lawrence Cannon: I am prepared, sir, to amend the bill to make that clear.

Hon. Mauril Bélanger: Good, we have an amendment on that. Thank you.

Third—

Hon. Lawrence Cannon: See how nicely we get along!

Hon. Mauril Bélanger: I have never had any difficulty, Minister, treating people well when they reciprocate, never.

This is my third question. In his response to your parliamentary secretary, Judge Moshansky said that he believed that if Bill C-6 included a statement specifying that Transport Canada must maintain regulatory oversight, the bill would comply with international standards. He believed that in his opinion it did not.

I would like to hear your comments on this point, Mr. Minister.

• (1620)

Hon. Lawrence Cannon: You know more than I do on that, I could read the comment but I will let Mr. Reinhardt summarize it and give you the specific reference so your researcher may obtain the information.

Mr. Franz Reinhardt: I'm simply quoting the most recent ICAO audit conclusion, and I will read it in English:

[English]

The results of the audit indicate that Canada has developed appropriate specific operating regulations to enable it to effectively meet the regulatory requirements for safety oversight. The TCCA has developed the requisite regulatory functions, objectives and safety policies to implement its mandate to carry out safety oversight responsibilities. The TCCA has introduced regulatory changes to further improve the safety performance of Canadian air operators and increase accountability. The proposed changes would require air operators to implement safety management systems in their organizations, which could lead to the early identification and resolution of potential problems and safety risks. The expected result of this initiative would be the improvement of safety practices fostering stronger safety cultures within the civil aviation industry.

[Translation]

I find that this is a very good endorsement from the ICAO.

Hon. Mauril Bélanger: Perhaps, but that is not Judge Moshansky's opinion.

The Chair: Mr. Carrier.

Mr. Robert Carrier (Alfred-Pellan, BQ): Good afternoon, Minister. I'm pleased that you and your deputy are here with us today.

As members of Parliament, we need to look at the entire issue of safety. The idea is not to oppose a bill just for the sake of opposing it. Being involved in drafting a bill enables us to convince people that it is the right thing to do.

I am going to be speaking again about the designated organizations that will be responsible for most safety procedures. It has been demonstrated that with the main carriers, the system was effective, and the ICAO report is along these lines. However, since this system was introduced, your inspectors have been checking and evaluating the systems that have been implemented rather than doing the inspections themselves. The fact that designated organizations establish safety management systems for other carriers will mean that inspections by our federal inspectors will be replaced by inspections carried out by these designated organizations.

Personally, I do not find that reassuring. On the contrary, I am very concerned that fewer inspectors will be required and that their job will be to check on the systems established by a small validation company. I am very concerned about that. I would like you to tell me whether you are still determined to set up these designated organizations?

Hon. Lawrence Cannon: I would say that we intend to continue to move in this direction. However, we should perhaps review one historic aspect of aviation. The Liberals are always relying on the report by Mr. Justice Moshansky, which dates back to the 1990s, but the situation has changed since that time. Jets have virtually replaced turboprop aircraft, and there has been a spectacular reduction in aircraft accidents since that time. It must be acknowledged that we are now at a different level in terms of safety. As I was saying, the aviation industry has integrated this increase in safety by means of the Safety Management System. It is recognized not only by almost all of the witnesses who appeared before the committee, but it is also the way in which most countries in the international civil aviation community deal with this issue.

This is in fact the direction in which we are heading. As I said earlier, we are not talking about removing anything at all as regards safety. What we are doing is moving to a different level. That is why I am quite prepared to discuss with you possible amendments to the legislation to ensure that it deals better with your concerns.

• (1625)

Mr. Robert Carrier: You have often said, Minister, in the House and elsewhere, that safety management systems strengthen safety. In cases where the system was introduced in large companies, the direct inspections that were formally carried out by our federal inspectors have been replaced by validation of the system in place. We are not adding any checks: we are replacing inspections by our federal inspectors with inspections of systems you consider acceptable and good.

So we have a third party looking after our safety, and we have to rely on this third party. That is the danger of the system, in my opinion, particularly in the case of small companies. I know that there have been changes in aviation and that we now have large jets, but the small companies are not necessarily at this point. However, they still need to have their safety system checked.

Hon. Lawrence Cannon: I certainly understand what you are saying, Mr. Carrier. Mr. Laframboise said the same thing. I looked into this myself, and I can tell you that we are not substituting what used to be done with a different practice. However, it must be acknowledged that the situation has evolved in a fair and reasonable way. However, that does not mean that those doing the inspection today will be replaced by the director of safety at a particular company, the maintenance superintendent, the president or the executive director. That is not correct. That is not what is happening. Once again, I can assure you that that is not the objective of this bill.

The objective of this bill is also not to abolish jobs. Rather, we want Canada to maintain its leading position in the area of aviation safety. It has an international reputation, and this has been confirmed by the ICAO. That is why, I would say in closing that many countries are interested in finding out about the techniques Canada has used. We should be very pleased and proud of the way in which Transport Canada does its job. It has an international reputation.

Mr. Robert Carrier: We are more concerned about the future.

[English]

The Chair: Mr. Storseth.

Mr. Brian Storseth (Westlock—St. Paul, CPC): Thank you very much, Mr. Chair.

Thank you very much, Minister Cannon, for coming forward once again today to help answer some questions on Bill C-6.

Hopefully this committee can continue to work together in the great progress that we have made. Soon we can be moving into clause-by-clause on Bill C-6, so that we can get on to some other important issues, like shippers' issues, that we're all aware of.

Minister Cannon, one of the storylines that we've really gotten in this committee from the start, with our witnesses, has been an endorsement of the safety management system and overlaying that on our current regulatory system.

In fact I can't recall a witness who hasn't come forward and said that safety management systems are great in theory. In fact, while we're reading quotes into the record, I would like to read a quote from Captain Dan Adamus of the Air Line Pilots Association:

Putting "Safety Management Systems" in place at aviation companies regulated and certified by Transport Canada would be an extremely promising step forward in safeguarding Canada's passengers, crew, and cargo. If it is passed, Bill C-6 would set the stage for a quantum leap in safety that will help detect safety threats long before accidents occur. ALPA strongly urges the Parliament to pass this important legislation.

Now, also Judge Moshansky, who was here, talked about SMS and the importance it would have. He actually claimed to have been one of the founders to start the conversation around SMS. Everybody is clearly in favour of SMS, as long as the current regulatory system and process remains in place. And from conversations with you and the department, I believe that those systems are not only going to stay in place, they're going to get a little bit stricter.

I would like to give you the opportunity to set the record straight for this committee on what we will be doing with the existing regulatory system.

Hon. Lawrence Cannon: Thank you for your question. Once again, I think it's an opportunity to be able to reassure everybody around this table that our objective is not to walk away from our responsibility. Our objective is not to deregulate.

Once again, the Government of Canada, through its legislation, and Transport Canada regulate this sector. This is an umbrella approach. It is another tier, another layer of security and safety that is being put forward.

When I was first introduced to this system, I asked exactly the same questions as a lot of the colleagues here around the table, and I wanted to know whether or not this was diminishing Canada's ability and Transport Canada's ability to perfectly regulate the industry and regulate it in terms of safety. We—or at the very least, I—came to a conclusion. When we have somebody who is working on a manufacturer's level and who is looking at the way they're going forward in terms of assembling a plane, when we have somebody who is with a recognized and well-known airline association, who says they are extremely conscious of the role they play with their pilots and with the industry, and when they are able to come forward and issue certificates, people take this extremely seriously. I think that at the end of the day, we have to be able to have confidence in the men and women who do this as a job. This is their daily bread, and they're extremely not only conscious but *sensible*, sensitized to these important issues. So we're not trying to walk away from our responsibilities.

I mentioned before in French that Transport Canada is a world leader in aviation safety. We've always been a world leader. We do not want to walk away from that. We still want to maintain our number one position. If we need to bring forward amendments that are going to reassure the members of this committee, we will do so, but our intention is to continue with the progress that we've established over the last number of years. It's not a question of being partisan or non-partisan. We're looking at the way Canada has made progressive and important moves in the past, and we want to be able to support and sustain that.

So any idea of walking away from that responsibility would be contrary to what the principles are and what the objective of this piece of legislation is.

• (1630)

Mr. Brian Storseth: Thank you, Mr. Minister.

The Chair: Thank you, Minister.

Your timing is impeccable. That was the full five minutes. The hour has passed us through, and I would like to thank you for attending today.

Perhaps we'll take a two-minute break while the minister and others choose to leave the room, and then we'll come back with our next witnesses.

• _____ (Pause) _____

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• (1640)

The Chair: Order, please.

Welcome back to the continuation of meeting 45. We still have the Department of Transport people here with us.

I would ask Mr. Bell to please continue.

Mr. Don Bell (North Vancouver, Lib.): Thank you.

I had hoped to get a chance to ask the minister this question.

I noticed one of the key amendments or proposals outlined in this bill, which I gather is really an updated version of Bill C-62, under the previous government's introduction. One of things that I noticed

in the outline, and it was mentioned in the discussion, was the provision to encourage employees of Canadian airlines to report safety concerns voluntarily, without fear of legal or disciplinary action.

On the question of the safety management system and the issue of getting employees to be able to report things in an open or protected way, when we originally started discussing this, I was somewhat impressed with some of the proposals under the SMS, safety management system, for the airline industry.

We had the experience of the reports that came through on the railway. Mr. Grégoire, I guess this would be overlapping your area. These two gentlemen specifically focus on the airline, and I'm going to keep to that.

The connection was that in the safety audit we had done and the safety management system appraisal we had done on CN's operations in rail safety, it indicated that although a safety management system was supposedly in place, one that was supported and advocated by management or even extolled by management, it wasn't necessarily enforced and followed through on. There was a disconnect between management and the employees, the supervisors and the mainline employees. It was something that was in fact reported in the audit and in those reports as being a serious flaw.

In fact, there were instances when employees almost lived in a culture of fear. If they reported things too often, they would be penalized in promotion, even to the extent of being able to maintain their jobs. That concerned me. It concerns me coming back now to Bill C-6 and the proposals.

What do you see as being able to prevent the kind of problem we saw for CN, with its safety management system and the ability of employees to feel they were able to do their jobs and report the deficiencies? How do you see it being covered in the case of what's being proposed here?

Mr. Marc Grégoire: What is being proposed here is enforceable. There are a number of provisions in Bill C-6 that would make the situation quite different from what it is in rail.

The Railway Safety Act does not provide for very stringent enforcement action. For instance, there are no monetary penalties, and there's no way to lift an operating certificate. The Railway Safety Act is under review now, and we'll have the chance to bring forward all the amendments we wish.

To come back to aviation, if a similar situation occurred in aviation, our inspectors, who would be in the numbers we discussed, would go in. But rather than do the inspection in the way they are doing it today or in the way they used to do it, they would specifically look at a detailed analysis of the safety management system. On the basis of the report, it would indicate that the SMS is not well implemented, and a number of enforcement actions could be taken, or we could decide to go in to do inspections and audits in the usual manner.

All the options are open, and we could lift a certificate or set a huge fine. You will have noticed that in Bill C-6 we are proposing to significantly increase the fines we would be able to set for airlines. All of those avenues and enforcement tools could be used.

It is fundamental in the SMS culture we want to implement that employees must report. It's a reporting culture. We really want to encourage everybody to report problems before they arise and before they become more serious problems. We think it's the best way to improve safety.

But if an employee is fired the first time he makes such a report, the system obviously doesn't work and must be fixed. It wouldn't meet the intent of the actual regulation, but we have all the provisions to address the problem.

• (1645)

Mr. Don Bell: Do you think, then, as you're moving into this kind of system now with the aviation industry, it makes sense to have some standards during the initial period, whether it's for however many initial years you want to consider it, and to have something as to the frequency and intensity, or the detailedness or quality of the federal inspections? You ramp that up so that as it starts there's a protection, a feeling that it's being done, and then as it proves itself, you back off on the—

Mr. Marc Grégoire: All the provisions to do that are there. And it's not only during the first years, but forever. If in ten years we found out that a company has not applied the SMS properly, we would take action. We could still go back there and do regular inspections, as we did ten years ago, or we could do a full audit of the company, because all of the regulations stay there.

The SMS regulation is truly an umbrella that goes above. If the company is very serious about implementing SMS and has truly implemented it, we need fewer old-fashioned inspections, because they will take the steps themselves.

It's like the certification. Any company that gets self-certification will tell you that the certification process will bring about significant improvements in the management. But if a company does not play the game, we can go and suspend a company based on the SMS or we can go back with the regular inspection or audits—both. And those are specified today for the SMS implementation that we recently started.

The Chair: Mr. Watson.

Mr. Jeff Watson (Essex, CPC): Thank you, Mr. Chair.

Thank you to our witnesses for appearing today.

I've been listening to the testimony on Bill C-6 for a while here. Bill C-6, as a bill, is no surprise. What surprises me are the last-minute allegations that have been coming in the last couple of weeks or so.

Bill C-6 was preceded by Bill C-62. We already heard that in the last Parliament. As I understand it, there were pretty lengthy consultations prior to Bill C-62 as well, before it was introduced. No one raised concerns during that whole process about the inspectorate or the safety issues. The previous government, now the official opposition, didn't raise any caution flags.

As somebody listening to this and following this along and participating in moving Bill C-6 forward, I'm now confronted with hearing the "ifs" or the "might haves" or the "could" or "possibly". I'm still waiting for some solid evidence that somehow SMS is either

going to be a bad thing or that Transport Canada's not fulfilling its obligations, and I'm not hearing that.

SMS—and I've said this before to the committee—is not theory in Canada; it's actually in practice. We have something to look at, at least the beginning of a track record on that. Are we teaching others around the world about SMS? Are we showing others how SMS works? Can you tell us who? What other countries are learning from our experience? Because we have experience in it now; it may not be a lot, but we have experience in it now. Can you enlighten us a bit on that?

Mr. Marc Grégoire: Yes. Everybody is stuck in the same situation as we were a few years ago; that is, the rates of accidents have been going down significantly, as the minister mentioned, since the sixties, but in the last five to ten years or so, or since the mid-nineties, the rates of accidents have been virtually flat. Everybody is concerned that if the traffic picks up again significantly, the number of accidents will increase, because the rate will not have changed.

So the question was this. As everybody is for more safety, what can we do to reduce the rates? The answer was risk management and safety management systems.

We did not invent this. This started in the chemical industry after the Bhopal accident in India. This is really where the SMS concept was started, and it was implemented with great success in the chemical plants around the world. So we said, why don't we move into implementing this in aviation, in rail, and perhaps in other modes, and that's precisely what we're doing.

Given our experience over the last few years, yes, a number of countries are quite impressed and interested in what we're doing to improve safety, and they are calling upon our experts to deliver courses. We cannot be everywhere, but we are going where it makes a difference. We have attended and given courses in China, for instance, where you have the largest volume of growing aviation industry.

I don't know about other countries.

• (1650)

Mr. Merlin Preuss: I can add a few more. Certainly we have a policy of the western hemisphere first, plus specific areas in ICAO that we support with our limited resources. What we're talking about there is an aid program called COSCAP, which operates out of Beijing. It has both Korea, and Manchuria in China, in it. So we've been focusing there.

As Marc indicated, China is looking for a way to cope with it, with around 20% growth, and they're implementing it. In fact, I'll be going there again at the end of May to participate in an SMS workshop with their carriers.

We've done the same thing in providing courses for Colombia most recently through that GEASA, the Group of Experts on Aviation Safety, Security and Assistance, under the WHTI, Western Hemisphere Travel Initiative. We're working closely with the FAA, now that they're in the process of putting together their package to meet the ICAO requirement. And of course we've been working hand-in-glove with ICAO on this for many years now. Almost every week there's an official request for us to participate in some program or other around the world, now that ICAO has made it their future framework. Again, we do what we can.

Mr. Jeff Watson: The inspectorate captures a certain amount of information. In addition to that, SMS is designed, if I understand it correctly, to try to capture information the inspectorate itself may not necessarily capture. Human decisions occur in the context of real-life or real-time conditions in a highly competitive industry. So SMS is designed, as I understand it, to add those types of things not normally captured by the inspectorate, so we can get an idea before an actual problem occurs of what safety threats there may be, such as what corners are being cut, and is the pressure of delivering or being on time forcing us to bypass a step here or there—the things that may not necessarily be captured by an inspectorate.

What types of data or information are you hoping SMS will capture that the inspectorate doesn't capture?

Mr. Merlin Preuss: Frankly, I'm not hoping, but can give you examples from preliminary implementation. In fact, this is not full implementation yet.

Companies who are embarking on this path can expect somewhere in the order of a 400% to 500% increase in reports. Assuming they follow up these appropriately—in other words, determine what the causes are and put appropriate corrective measures in place—we've seen a 60% reduction in occurrence reports. An occurrence report is for somebody who has actually been hurt, metal that's been bent, property that's been damaged and money that's been lost.

So that's the type of preliminary data we're starting to see in our industry already, and the system is not anywhere close to being mature.

I think you heard a couple of examples from ALPA, in terms of exactly what they're seeing, such as a bunch of data that doesn't make any sense, with incidents repeating—minor though they are—with indications of something more important. And when you go back there with all of that information, including potential violations, or potentially where someone has made an error, you fix those things before the error becomes fatal.

So again, the preliminary data is already there; it's not a speculation. Where it's implemented correctly and appropriately, we're seeing results already.

The Chair: Thank you.

Mr. Zed has given his five minutes to Mr. Volpe.

Hon. Joseph Volpe: Thank you very much.

I'm sure that the honourable member opposite, Mr. Watson, had no intention of indicating that the opposition in the last Parliament wasn't doing its job when he complimented us on actually doing today what wasn't being done then. But that wasn't his intention, and

I'm sure it's nobody's intention around the table to take words out of context.

But I didn't have an opportunity to remind the minister, as I'm sure you as the senior staff will, that Judge Moshansky, in a response to a question by Mr. Jean regarding whether if they'd had the SMS they were proposing—and I quote him—“plus the existing regulatory oversight, the incident at Dryden would not have taken place”. Of course, Judge Moshansky said that it's very unlikely it would have.

There's been a campaign, I think, of trying to get at where this SMS fits into the spectrum of trying to do the right thing for Canadian safety, and people are asking some very pertinent questions. I indicated earlier that I had a letter here from DaxAir that was to the attention of David Bayliss, acting regional director, civil aviation. I think you probably have that.

If you'll permit, I'll just read a couple of lines in here, and I think when you read it you'll understand why some of us have to ask some of those very tough questions. It's not an issue about whether it's bodies that count and moneys that count, or whether the new computer systems give you a sense of greater safety. Maybe Mr. Reinhardt is right, you're trying to build a reporting culture. But a reporting culture without the operational audit that actually has teeth causes people some concern. I know that if I'm travelling at 5,000 feet or 35,000 feet, I don't want to be comforted just by the fact that there is a reporting culture.

Here's what DaxAir has to say, and I hope you'll be able to respond:

Transport Canada senior management are becoming rather free and careless with their use of statistics to justify our safety record and Canada's supposed “safest aviation system in the world” status. —

Existing reports show operator deficiencies, which are not being followed up with enforcement action. —

Many of your own inspectors know where the problems lie; yet they do nothing.

What's the value of a reporting culture if the regulator does nothing when the operational issues are raised and when non-compliance is underscored with impunity?

Then just some more:

You speak of more in depth oversight, yet in conflict with your promises, inspectors are being retired without replacement, training budgets cut and the national audit program cancelled.

DaxAir actually signs this letter.

Monsieur Grégoire, you and I had a bit of an exchange earlier. These are people who are in the business, and they're saying, “Are you trusting us to do the job that you're not doing yourselves?” That's really what they're saying.

They finish off with:

Based on our experience to date, change does not appear to be forthcoming from within Transport Canada.

You have to expect that whether it's members of the loyal opposition or others, we have to ask the tough questions.

So Mr. Reinhardt, Mr. Preuss, Mr. Grégoire, we asked this before. Is the SMS stand alone, without continued inspectorate, without the continuation of a very rigorous regulatory and consequential program, a valid way to go?

•(1655)

Mr. Franz Reinhardt: Let me answer.

With respect, I'll just go back to the beginning of your question, Mr. Volpe. Regarding DaxAir, first of all, this is a level carrier that is not part of the national audit program and they're not governed by SMS. That's the first thing.

With respect to taking enforcement action against other carriers that may have been observed by DaxAir carrying out activities that were untoward, we asked DaxAir to provide us with evidence, because like anybody else, when we go to the tribunal, when we go to court, we need evidence. Our inspectors need something to use, and we were not provided with that evidence. So absent evidence, we cannot go to the aviation tribunal with those cases. We have conducted enhanced surveillance there.

With respect to the national audit program, I'm happy to cover this, because this is only covering six or seven carriers, bigger carriers. That's it. All the others are not under the national audit program. When the national audit program was cancelled, there were other staff instructions given. Mr. Preuss showed you the one-inch thick document there, but there is more than that. We have established program validation. We have established assessment. People who are actually monitoring the establishment of SMS are there with the certificate holders more than they were ever there before. Before, we had a frequency of inspection policy stating what the frequency of inspection would be concerning that type of carrier, depending on the nature and risk of the operation. We still have this under the implementation of SMS. We have not changed that.

When people do validation, do not think they're just sitting at their desk looking at papers. Yes, they will start by looking at papers regarding systems, but then they'll travel on site. I have all the staff instructions there, and I could quote for you what they have to do to validate on site.

This is more than we used to do under the old audit program.

•(1700)

Hon. Joseph Volpe: I know you want to assure and reassure everybody who is watching and following this, but I imagine that what has crossed everybody's mind is, if you're at 5,000 feet, 10,000 feet, or 30,000 feet, you have to be asking yourself a question: Why does Mr. Reinhardt think that my flight, up here, isn't one of those six that's going to be covered by this? What's the difference? Why shouldn't he cover everybody who is up in the air?

Mr. Franz Reinhardt: As I mentioned to you, everybody is covered. The SMS system deals, for now, with bigger carriers. There will be a progressive implementation, on a piecemeal basis, for smaller carriers later on, and it will be commensurate with the size, nature, and risk of the operation. Everybody will be covered.

For those who are not currently covered, we of course have the old inspection and audit system that is still working, and inspectors are there to do the inspections. We have evidence of this, regarding smaller carriers, on incidents that happened lately, where we took enforcement action.

The Chair: Mr. Jean.

Mr. Brian Jean (Fort McMurray—Athabasca, CPC): Thank you, Mr. Chair.

I want to go back a little bit, to the beginning of this whole system.

I understand that the old system was one of physical inspection, in essence. The inspector would go out and inspect the plane. They would do up a report and they would submit that report, and if there was any suggested deviance from what was necessary to be done, that would be fixed, and then the report would come back and it would look good.

The new system is a system of checking the system itself. Is that fair to say?

Mr. Marc Grégoire: Yes.

Mr. Brian Jean: Okay. So my question to you is, how in the world could these inspectors inspect a plane? I don't know how many planes are in the air at any one time, or in Canada at any one time, but I can imagine it would take one person probably three months to inspect a plane, how many nuts and bolts could go wrong, how many different pieces of that aircraft. Would that be fair to say?

Mr. Franz Reinhardt: You're right. It was the same in the past. We didn't have enough people to do all the planes all the time. We had to inspect the program; we had to inspect aircraft maintenance organizations and take cross-section samples of what they were doing. Now we're going further, because on top of this we're asking the company to prove to us that their systems will catch the problems before they get into the airplane.

Mr. Brian Jean: That was my question. If there's a loose nut, let's say—of which there are many on this Hill—if there is a loose nut on the plane, and I'm talking of the physical kind rather than the political kind, how would they find the loose nut? How would you be able to possibly find that nut unless it was obviously visible under the old system?

Mr. Marc Grégoire: Under the old system, I would say that there would have had been a remote chance that one of our inspectors could find a loose nut. He would have had to fall on it by pure accident, so to speak. The chances of that loose nut being observed by a mechanic and the mechanic signing before the aircraft had to go to meet the schedule were far less than with the SMS, because he would fear reprisal because he would delay the plane. The plane would be late an hour or two so he could fix this loose nut, maybe. With SMS, all those little problems will be reported without fear of reprisal by the mechanic or anybody who sees it.

•(1705)

Mr. Brian Jean: For instance, if there were a series of loose nuts on that particular plane or in that particular maintenance schedule for that group of people for a plane, that would come forward well before, because the person responsible for tightening those nuts and not doing the job would be identified through other methods before there could be a catastrophe.

Mr. Marc Grégoire: Exactly, and it would be without fear of reprisal throughout the company. That's very important. Before, in this situation, and I'll use the same example, if somebody found a loose nut, they would try to find whose fault it was. Then it would be, "It's Joe's fault. Let's fire him." Therefore, nothing would be reported.

What we had before was not encouraging reports, because you always feared, as an employee, that there could be reprisals.

Mr. Brian Jean: Would it be fair to say that this would actually be better for the employees, as well, because when they are found to have—

Mr. Marc Grégoire: Companies that have implemented SMS, like Air Transat, for instance, have seen a major increase in the number of reports. At the same time, they have told us that they have seen a significant increase in the morale of employees, because you encourage people to talk to each other. You encourage people to report what they see. You encourage people to suggest safety improvements in a transparent and open manner.

Mr. Brian Jean: You're suggesting that if we maybe implemented SMS in the political sphere, we'd have fewer nuts on the Hill, as well.

Mr. Marc Grégoire: I haven't suggested anything, sir.

Mr. Brian Jean: Thanks for your answers.

The Chair: Go ahead, Monsieur Bélanger.

[Translation]

Hon. Mauril Bélanger: Thank you, Mr. Chairman.

I would like to come back to what Mr. Preuss said about the real intention of clause 12 of the bill.

[English]

Thank you for confirming that what was said by ALPA was indeed an accurate reflection. Would you please elaborate on what you meant, which is not in the current edition of the proposals before us?

Mr. Merlin Preuss: Do you mean what I meant by low risk? I'll give you an example of what I meant, and there are probably a few of them out there.

Right now, if you and I decide we are going to get into the ultralight business, we would find a relatively benign regulatory environment. In other words, we haven't taken the initiative to put in a firm, elaborate regulatory system, because frankly, it is a low-risk area. However, the growth in that area would indicate to us that if there's anything we can do to put the ultralight operators on a more professional basis, we should do that. One way to do that is to encourage an organization out there to take it upon itself to develop some standards they can work with, to develop some procedures, to perhaps even create a regulatory framework wherein they can control some of the activity. Because right now it's not regulated.

You would find the same, perhaps, in the unmanned vehicles area. You could find it in the air applicators in this country, the ones that are in there doing it.

Hon. Mauril Bélanger: In all air transport areas?

Mr. Merlin Preuss: That was never the intention. The closest thing would be the delegation system we have put in place for non-paying passengers in home business aviation.

Hon. Mauril Bélanger: What he said was that they had been advised by Transport Canada officials—that's you—that this provision is meant to address only low-risk, non-air-transport areas of the aviation industry.

Mr. Marc Grégoire: The minister has indicated that he is ready to table an amendment to the legislation you have in front of you.

Hon. Mauril Bélanger: I haven't seen that amendment. Until I have, I can't really judge.

Mr. Marc Grégoire: Well, no, but he made an offer to you to put this.

Hon. Mauril Bélanger: I'm aware of that, but as I've explained, my difficulty with it is that if indeed something should end up in front of the judicial system, it might be very important for the intention of the legislators at the time to be put in play. If that was the intent in the drafting, it's not reflected in the act, or certainly not in the bill we have.

That's not my intent. I'm trying to probe here to understand what is meant by that. That is my responsibility as a legislator. I want to understand what you meant—or what they meant, which you say is not accurate—by non-air-transport areas.

•(1710)

Mr. Merlin Preuss: I didn't say it wasn't accurate. What I said was that as the minister has indicated, we would be more than pleased to work on something for the minister to present here, which would put some box around that title.

Frankly, it's not a new provision. It's been there for the five or six or seven years that we were looking at it, and we never looked at it the way you gentlemen have looked at it. This is something that wasn't deliberate.

Hon. Mauril Bélanger: Is there a report on the matter brought up by another witness on the SMS in small businesses, and the special focus that Transport Canada was to give on how to introduce SMS in small businesses? Is there a report available?

Mr. Merlin Preuss: The pilot project report is available. It's on our Internet.

Hon. Mauril Bélanger: Thank you. I'll go get it.

Second, is there a schedule of introduction of SMS in these low-risk, non-air-transport areas?

Mr. Merlin Preuss: With respect, you're mixing up the designation clause with SMS. They're totally separate.

Hon. Mauril Bélanger: Okay; is there a schedule of introduction of designated...?

Mr. Merlin Preuss: Not at all. It's ad hoc, totally. First of all, you have to have a partner willing to take on some responsibility. Then you have to have a need, and then you'll go forward. We are discussing with air applicators and we are discussing with COPA, as was mentioned earlier.

Hon. Mauril Bélanger: What are high risks that will never be designated?

Mr. Marc Grégoire: ATAC, airline passengers; that's the obvious example.

Hon. Mauril Bélanger: Are there any others?

Mr. Merlin Preuss: Off the top?

Mr. Marc Grégoire: That's the highest risk.

Mr. Merlin Preuss: Yes, that's the area of highest risk. They cover about 98% of the passenger miles flown.

The Chair: Go ahead, Mr. Laframboise.

[*Translation*]

Mr. Mario Laframboise: Thank you very much, Mr. Chairman.

Mr. Justice Moshansky, the pilots, the inspectors and the ICAO are in favour of the SMS. I am too. The only problem is that even the ICAO expects there will be adequate regulatory oversights. That is where we disagree.

Mr. Grégoire, I even had an opportunity to ask you at a committee meeting whether you could guarantee that there had been no budget cuts for pilot training. For two years now, I have been getting complaints from pilots whose hours of training have been reduced. I will tell you quite humbly that I thought this was a labour relations matter. I sometimes have trouble getting involved in labour relations issues. After two years, I realized that they were right: the nature of their work has been changed by the introduction of the Safety Management System.

The fact remains that for small companies such as DaxAir Inc., for example, pilots must be familiar with these systems. I agree with Mr. Jean that issues having to do with bolts will be easier with the SMS. However, there are some companies I cannot trust. I cannot trust new companies that will only be around for a year or two and which, for various reasons, because of a lack of money, even if they have a good SMS—The employees of companies of this type might be reluctant to file complaints, because they fear they will not get paid at the end of the week.

There must be an inspection system that will allow for random checks of any company at any time to see whether everything is in order. We should not have to wait one, two or three years—depending on the schedule you will introduce—before checking the SMS system. This is a service we need. And the ICAO has said the same thing.

After hearing Mr. Preuss, the pilots told us that by 2013, their numbers will be reduced by half. Today, you tell me that will not happen. Do you have any budget forecasts? As a manager, have you analyzed how much money you will need over the next five years to replace the pilots, or are you going to wait until the budget is introduced to tell us that?

Mr. Marc Grégoire: The minister has already said that there are no plans to reduce staff in civil aviation. You asked whether we have

any budget forecasts? We do budget forecasts for a five-year period for this type of budget. However, we do have a human resources plan for the next three years. My team has a human resources plan for civil aviation, as for all other modes of transport. We have no intention whatsoever of making any cuts. You are concerned because some pilots or pilot inspectors have talked to you about a reduction in the number of hours of flying time. As I explained to you during the conservation—

• (1715)

Mr. Mario Laframboise: That was just an example I gave you.

Mr. Marc Grégoire: I understand that, but I am having trouble making the connection between the number of hours of flying time of an inspector and the Safety Management System or the future inspection system.

Will inspectors have to do different jobs in the future? Of course, because we will have to give them a lot of training so that they can visit a company and do a proper evaluation of the Safety Management System. However, if at any time an inspector wants to conduct a traditional inspection or an audit, he will be able to do so, provided he has some doubts about the way the company operates. If the inspector is perfectly satisfied with what he has seen and if the company has mechanisms in place regarding the Safety Management System, he will not have to do that. If the inspector has the slightest doubt, he will be able to go to the company, as was pointed out in the training we gave our inspectors and as is stated in the instructions Merlin showed you earlier.

Mr. Mario Laframboise: You understand why we will be ensuring that the bill contains a provision that states that the regulatory audit authorities will remain. There are all sorts of reasons for this.

Mr. Marc Grégoire: Absolutely.

Mr. Mario Laframboise: You probably started your modernization work before the bill was ready. I am quite convinced of that, because you had already undertaken the Safety Management System and you had started making some changes before the bill was ready. This gave rise to a syndrome. Mr. Reinhardt is quite convinced that all of this will... Personally, I am having a great deal of difficulty—

Mr. Marc Grégoire: Mr. Laframboise, I am so convinced that this is the right thing to do that we are introducing it into all the modes of transport. As I explained to you in June—and we will be putting out a document next week that—

Mr. Mario Laframboise: The Canadian Transportation Safety Board was unable to confirm that the SMS had helped reduce the number of accidents in the rail sector. Be careful of what you say. I have no problem talking about the other modes—

Mr. Marc Grégoire: The safety management systems are a philosophy. We are thoroughly convinced that this is the way to improve safety and reduce accidents.

Mr. Mario Laframboise: Yes, but you no longer have any inspectors for rail transportation. No one is overseeing these individuals. We will have a debate about that some day.

Mr. Marc Grégoire: We are always prepared to discuss issues. We are implementing the SMS for all modes of transport, rail, marine and others.

Mr. Mario Laframboise: You have been in the rail transportation sector longer than in the other modes of transportation.

[English]

The Chair: Mr. Julian.

[Translation]

Mr. Peter Julian: This is not about beliefs. I am very uncomfortable hearing officials who are supposed to be introducing effective safety systems talk about beliefs. I am very disturbed when I hear people say that they believe something when the data we have demonstrates that the opposite is true.

[English]

I'd like to come back to the issue of the 100 or more files of serious safety violations that were closed with no further action to be taken. Previous to that, the national audit program had been killed.

Our concern, of course, is that we avoid the kind of carnage we're seeing on the railways. For members of this committee to say there's no evidence as long as there are no bodies is completely inappropriate. We've seen what happened in the railway industry, and we want to avoid the same thing happening with the airlines.

So we had 100 or more files of serious safety violations, and they were closed. The national audit program was axed, so there is no way of following up with those companies. My question is around the safety files. How many aircraft were impacted by this, and how has it been tracked by Transport Canada after the files were closed?

Mr. Franz Reinhardt: First of all, I can tell you that I'm answering your questions in good faith. I already answered a question earlier, telling you that the files were not closed. They were transferred to other inspectors, under the SMS system to determine whether there were corrective actions taken by those companies to ensure that the problem would not reoccur. That's what they did.

We have a database of old enforcement cases. In that database, yes, the files were closed. Then it was transferred to other inspectors, under the SMS policy, to determine whether there were corrective measures.

Mr. Julian, I'm in good faith. I've told you twice. I don't know what more to tell you. We did not close them. There is CAD 39 published on the web, which you can view. It has the policy, the procedures, and a bridging document explaining the transition on enforcement.

Everything was open and transparent, and they were not closed. The national audit program was cancelled. That was an administrative constraint. The way we did big audits in the past was to call upon the regions and HQ to work together. We've decided to eliminate that, because it was easier to implement SMS and ensure safety by eliminating this and putting more resources through the transition process.

There were staff instructions given. As I told you, we're in good faith. We're telling you that we have more safety oversight now, through the establishment of SMS, than we had ever before through the old NAP, and the NAP is only for six or seven carriers.

I don't know where you got your facts, but I'm giving you the straight goods, the facts in the proper context, in which you should have gotten them when you got them.

• (1720)

Mr. Peter Julian: You are saying that none of those files were closed, that all of those files were transferred to other inspectors. Then you can tell us, for each one of those 100 files, exactly what the compliance mechanism is. And would you release that to this committee?

Mr. Franz Reinhardt: We'll look at the information, and we will release all the information we have as to the disposition of those cases. There were cases for which there were corrective measures, and there may have been other cases for which there was no evidence or there was no significant evidence to prosecute. But there's always a rationale. When something is closed, there is a rationale.

Mr. Peter Julian: I will look forward to getting each and every one of those files brought forward to committee, because we are very concerned about this, as you can imagine.

We're also concerned about the fact that we are not complying with ICAO requirements, and that is something that's very clear and has come out with testimony.

My next question is for Mr. Preuss, because we weren't able to ask this last time you came forward, Mr. Preuss.

I was interested in knowing under which authority, in December 2005, while all of us around the table were engaged in a federal election campaign, an authorization—civil aviation directive 39—was put out. As well, at that time, the risk assessment for the reduction of regulatory audit activity during SMS implementation was done.

This was in December 2005. It was an issue, of course, that we were concerned about in this committee during the last Parliament, so I am very concerned about an agenda that seemed to be pushed forward during an election campaign.

Mr. Merlin Preuss: An agenda put forward during an election campaign? Those two items that you referred to were regular business, forecasted and processed for months in advance.

If you're asking me whether I even recognize the timing, I would have to say I did not recognize the timing. I'm a public servant. I do what I need to do, as quickly as I can do it.

Mr. Peter Julian: So under whose authority was it, then?

Mr. Merlin Preuss: Under whose authority were they issued?

Mr. Peter Julian: Yes, that was my question.

Mr. Merlin Preuss: It was solely mine.

Mr. Marc Grégoire: But that was supported by me, without any issue, because this had been discussed for months, if not years, before.

Mr. Peter Julian: Certainly it had been, and with a great deal of controversy.

Do you feel it was appropriate to push it forward during an election campaign, in retrospect? Do you feel it was appropriate?

Mr. Marc Grégoire: It never crossed our minds. We never saw it.

Mr. Merlin Preuss: It never crossed our minds. Forecasts and risk assessments were done—all this work was done months and months before. The fact that it came out in December was just the fact that it came out in December. We were ready to put it out.

The Chair: Mr. Fast.

Mr. Ed Fast: Mr. Chair, I never cease to be amazed at Mr. Julian's sense of imagination. Now we're dealing with conspiracy theories.

We need to get back to the facts. What's the evidence?

I'd like to back to Mr. Moshansky's evidence. Based on what you've told us here today, it appears that he may have been speaking under a misunderstanding of the facts.

First of all, regarding the national audit program, he decried the fact that it had been cancelled, but all of you have confirmed that indeed, the national audit program was replaced with a process that is even more rigorous and that is going to lead to improved safety.

The second aspect is still this issue of the 1,400 inspectors we supposedly had back in the late 1980s, of which there are now 873. You addressed that briefly earlier, but I'd like you to touch on that again. Exactly what happened to all of those supposed inspectors that have been let go or have retired and not been replaced?

• (1725)

Mr. Marc Grégoire: First of all, this 1,400 number includes three kinds of inspectors. They include inspector pilots, as referred to by Mr. Laframboise; they include technical inspectors, TIs; and they include engineers. In the early 1990s, the time Judge Moshansky referred to, or at the time when we had 1,400, the 1,400 were the 1,400 inspectors in Transport Canada. Since then, we have transferred the air navigation system to Nav Canada. A number of people, especially the civil aviation inspectors who flew aircraft, went to Nav Canada and continued to do the work they were doing, but that significantly reduced the 1,400 number.

Another big bunch of people counted are still with us, but they're not counted in the 866 because they work under another one of my organizations, the aircraft services organization located at the airport. These people teach the inspectors how to fly and they teach them how to do maintenance on the aircraft. So these people are still with Transport Canada, but they're located elsewhere in the organization.

So the core number of 866 we're talking about now, I could say without hesitation, was smaller in the nineties, because since the mid-nineties we have added. I know because I was the original director of civil aviation in the Quebec region, and I saw the number of inspectors I had increase between 1994 and 1997 and then further increase. When I took charge of civil aviation, I had about 130 inspectors in the Quebec region. When I left, I had 174 employees in total, so I had seen an increase.

The same thing occurred elsewhere, because after the Moshansky inquiry, the government decided to allocate additional resources to the regulatory program, as it was called before.

Mr. Ed Fast: Can I get you to deliver those numbers to the committee, so we can see them directly?

Mr. Marc Grégoire: We cannot find the exact numbers. We did look recently, before I wrote to you, to find the exact numbers we

had in the early nineties and we cannot find them in the documentation we have in the department.

Mr. Ed Fast: All right. If you can do at least an approximation... I tell you why. This has been a point of significant confusion at this table. In fact, Justice Moshansky made this statement about the aviation system: "Except for limited focused audits, it is being systematically dismantled under Bill C-6". He relied on two assumptions, which now appear to be incorrect. One is that the national audit program had been cancelled. It had not been replaced with anything else. Now you've debunked that myth. Now we're hearing that the number 1,400 is an inappropriate comparison to the numbers we're showing today, being around the 860 or 870 mark in terms of inspectors, because other inspectors are performing their obligations in other organizations or divisions or departments. Am I correct in saying that?

Mr. Marc Grégoire: Yes, you are. I really cannot remember, but we have looked for those numbers in the last few months and we just cannot find those exact numbers from the history of the department and we didn't want to induce the committee to error by providing approximates. But I can tell you that after the Moshansky inquiry, we did receive a significant number of additional FTEs—full-time equivalents—who were progressively implemented in the department in the nineties.

Mr. Ed Fast: And they've been maintained?

Mr. Marc Grégoire: Yes.

The Chair: Thank you, Mr. Fast.

Mr. Volpe, last question.

Hon. Joseph Volpe: I want to thank Mr. Fast for attending one of my creative language classes.

Mr. Chairman, I have two very brief comments.

First of all, Monsieur Grégoire, the numbers you've given and the historical pattern of what has happened in the department might have been a very constructive way to start the hearing earlier. I don't mean to reprimand you on this, but it's certainly a little bit more instructive, now that we're closing off the meeting, than it was at the very beginning, because you're tracing for us where people are and what they do.

I'm looking forward to the report that you want to give, not only to Mr. Fast but I guess to all committee members.

Secondly, I remain a little bit confounded by the use of the word "closed". Mr. Reinhardt, with all due respect—and this is why I think my colleagues and I have a little bit of doubt in our minds—on two separate occasions in answering questions to Mr. Julian, earlier in the afternoon and just a few minutes ago, you said that the files were not closed, and then you proceeded to say that the files were closed.

On the first occasion, I think it was Mr. Preuss who talked about files having been closed. On both occasions, I asked my colleague seated beside me whether I was hearing things or whether the word "closed" actually meant what I thought it meant in English.

I know that you gave a detailed explanation, and I compliment you on it. But you'll forgive parliamentarians and legislators for the confusion that arises when in one breath you say the files are not closed but are transferred for this kind of attention, and then you finish off by saying that when a file is closed, it goes someplace else.

The only place a file that's closed goes in my office is the shredder.

• (1730)

Mr. Ed Fast: That's the Liberal way.

Mr. Franz Reinhardt: It's a little bit like the cancellation of the national audit program with no additional facts. One might believe that we're no longer inspecting. This is not true. It's been changed to another process.

It's the same for enforcement. Yes, enforcement files in the enforcement management database, EMS, were closed and, yes, transferred to other types of inspectors under SMS to be pursued.

I'm sorry if there was some confusion. But if people who gave you the information had properly read on the website—

The witnesses who came first to say that files were closed actually—As Mr. Bélanger said, there are many sides to a coin.

Hon. Joseph Volpe: Mr. Reinhardt, it's you who used the words.

Mr. Franz Reinhardt: There are three: there's one side, there's your side, and then there's the truth.

The Chair: Thank you, Mr. Reinhardt.

I'd like to thank our guests for being here today and for providing us with some information.

I will advise that there's a very brief subcommittee meeting immediately following this meeting.

I thank you and wish you a good day.

The meeting is adjourned.

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