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—
Chair

The Honourable Shawn Murphy

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•(1105)

[English]

The Chair (Hon. Shawn Murphy (Charlottetown, Lib.)): I'd like to start the meeting.

First of all, I'd like to extend to everyone a very warm welcome.

Bienvenue à tous.

Colleagues, the meeting today has been called pursuant to the Standing Orders to deal with chapter 3, "Oversight of Air Transportation Safety—Transport Canada" of the May 2008 *Report of the Auditor General of Canada*.

The committee is very pleased to have with us this morning, from the Office of the Auditor General, the auditor herself, Sheila Fraser. She is accompanied today by Mark Watters, assistant auditor general, and, Alain Boucher, principal. From the Department of Transport, we have Mr. Louis Ranger, deputy minister and accounting officer. He is accompanied by Mr. Marc Grégoire, assistant deputy minister of safety and security, and, Mr. Merlin Preuss, director general of civil aviation.

On behalf of the committee, I want to extend to everyone a very warm welcome.

This morning, colleagues, we will go until about a quarter to one. I will adjourn the meeting at that point in time to deal with two motions of committee business, and then we'll adjourn by one o'clock.

Without any further delay, I'll now call upon the Auditor General, Sheila Fraser, for her opening comments.

Ms. Sheila Fraser (Auditor General of Canada, Office of the Auditor General of Canada): Thank you, Mr. Chair.

We thank you for this opportunity to present the results of chapter 3 of our May 2008 report, entitled "Oversight of Air Transportation Safety—Transport Canada".

As you mentioned, I am accompanied today by Mark Watters, assistant auditor general, and Alain Boucher, principal, who are responsible for this audit.

Transport Canada is responsible for promoting air transportation safety, developing regulations, and overseeing compliance. The department is now adopting a new approach to oversight, based on the implementation of safety management systems, or SMS. The International Civil Aviation Organization recommends that all member countries adopt this approach by 2009, noting that the rapidly expanding aviation industry and the limited resources for

oversight make it difficult to sustain the existing approach. Transport Canada will shift its primary focus from traditional oversight, such as conducting inspections and audits, to assessing the safety systems that companies have in place.

[Translation]

The audit looked at how Transport Canada has managed the transition to the new approach to oversight to date, with respect to the first sectors implementing SMS: airline operators and associated aircraft maintenance companies. We did not examine the level of air transportation safety in Canada, but rather, the management of the initiative.

It is important to note that oversight based on SMS (in other words, evaluation of a company's SMS, as opposed to oversight based on traditional inspections) will not begin until companies in the first sectors have SMS fully in place. That will be this fall at the earliest.

Once implementation is complete in those sectors, other sectors of the industry, including 2,000 small operators and related aircraft maintenance companies, will begin their transition. The transition process is still in its early stages.

[English]

Transport Canada is the first civil aviation authority to put in place regulations requiring companies to introduce SMS. The department deserves credit for this, and for conducting pilot projects and developing a timeline for implementation. However, in planning for the transition, Transport Canada did not forecast overall expected costs and did not formally analyze risks associated with implementation, such as the impact of the transition on other oversight activities. Although resources have been shifted to activities related to SMS implementation, the department did not measure the impact of this shift. It did not set objectives or a threshold for adjustments to be made to its traditional oversight activities during the period of transition. This means that Transport Canada could not demonstrate to us that it is carrying out a sufficient number of inspections during the transition.

Related to this is the need to develop an integrated human resources plan. With only regional plans and no overall human resources plan, Transport Canada has not identified how many inspectors and engineers it needs, both during and after the transition, and what competencies they should have. A reorganization is under way to determine these needs, but it is not expected to be completed until December 2009. Delays in hiring pose the risk that the department will not be able to recruit the people it needs in a timely manner.

[Translation]

Transport Canada has indicated that its development of a national human resources plan will depend on the Department's revised Program Activity Architecture, scheduled to begin in 2009-2010. We recommend more immediate action. For a transition of this scope, best practices call for planning for human resources needs well before implementation begins. But at Transport Canada, implementation is already underway.

Mr. Chairman, Transport Canada has agreed with our recommendations. Action is important to enable Transport Canada to successfully manage the transition in other sectors of the industry, including 2,000 smaller companies. The committee may wish to ask Transport Canada how it plans to address the issues we have raised in our report.

That concludes my opening statement. We would be pleased to answer the committee's questions.

[English]

The Chair: Thank you very much, Mrs. Fraser.

We'll now hear from Mr. Ranger, the Deputy Minister of the Department of Transport.

Mr. Louis Ranger (Deputy Minister, Department of Transport): Thank you, Mr. Chair and members of the committee. Thank you for the opportunity to meet with you today. As you mentioned, I'm accompanied by Marc Grégoire and Merlin Preuss. I should perhaps say that both are engineers and both also hold a pilot's licence.

At the outset, I would like to say I welcome the opportunity to explain how Transport Canada is improving its approach to the oversight of aviation safety in Canada and to answer any questions you may have regarding the report of the Auditor General.

Mr. Chair, I did read carefully the transcript of the exchange that took place in this committee when the Auditor General appeared on May 8, and I would like to clarify a number of points.

First of all, Transport Canada is not transferring or delegating its responsibility, be it to airline companies or maintenance companies. As the Auditor General explains very clearly in her report, the department is adopting a new approach to oversight based on the implementation of what we call safety management systems. The approach requires aviation companies to have in place a system for managing safety risks linked to their operations. Transport Canada's oversight is changing from one focused only or solely on conducting inspections and audits to one of assessing the process that companies have in place to ensure safety. The department's overall accountability, however, remains unchanged.

Second, I want to assure you that Transport Canada has no intention of stopping its inspections of aircraft and aviation activities. The department will continue to conduct direct inspections and audits when required. It will continue to set regulations and standards and to apply enforcement measures such as fines and licence suspensions, and we do do that.

Actually, as Mr. Christopherson said on May 8, "...we haven't transferred any of that responsibility. We've actually built a

secondary area of responsibility." This is precisely what safety management systems are expected to achieve. They are bringing an additional layer, an additional level, of assurance that safety objectives are being met.

Third, ICAO, the International Civil Aviation Organization, strictly speaking, does not prescribe the approach that sovereign states should take in meeting their aviation safety obligations. Having said that, ICAO, which is certainly the uncontested world authority on civil aviation matters, has stated unequivocally that member states should establish an acceptable safety management system by 2009 in light of two considerations: expected growth in air traffic, and limitations we are indeed encountering with traditional approaches to civil aviation oversight—and we can elaborate on that later, if you wish.

Fourth, we believe the transition to safety management systems in Canada has been successful to date. It's important to mention that chapter 3 of the Auditor General's report—and Mrs. Fraser repeated earlier—does not question the safety of the travelling public. The audit evaluated, from an administrative perspective, how Transport Canada is managing the transition to a safety oversight approach based on safety management systems.

Fifth, Canada has the safest air transportation system in the world and our safety performance continues to improve. The accident rate in the commercial airline sector, which accounts for more than 95% of fare-paying passengers in Canada, is very low. Between 2002 and 2006, the rate of accidents was 0.31 per 100,000 hours flown. Take a one-hour flight, say, between Ottawa and Toronto: you would have to fly between Ottawa and Toronto more than 300,000 times before being involved in an aviation accident.

● (1110)

[Translation]

The implementation of aviation SMS is well advanced and we are applying lessons learned to each subsequent stage. In that context, Transport Canada welcomes and accept all nine recommendations contained in the Auditor General's report.

All responses to each recommendation on planning for the transition, monitoring of compliance and human resources planning and training are outlined in the Auditor General's report and we will be pleased to elaborate on any of them, if need be.

Regarding human resources, I would simply like to bring to your attention that the number of inspector positions at Transport Canada has actually increased from 866 in fiscal year 2001-2002 to 871 today. I chose this period, because it is the one covered in the audit. However, over 15 years, the number of inspectors at Transport Canada has increased by 295 since 1992.

However, we do have a normal number of vacancies. Ms. Fraser is correcting pointing out that not all positions are staffed. This is as a result of open staffing actions and all the procedures that have to be followed. I shall also point out that we are having trouble finding qualified candidates who are willing to accept the pay rates offered by the government.

Human resources planning is now more tightly focused on recruitment and retention issues. We need to identify the skills and resources required to deliver the future programs.

Finally, I would like to take this opportunity to recognize the level of cooperation that has prevailed throughout the audit between Transport Canada's aviation professionals and the Office of the Auditor General. We do believe that our safety management systems and the safety of the traveling public will benefit from this audit.

Thank you.

• (1115)

[English]

The Chair: Thank you very much, Mr. Ranger.

I'm going to go to the first round of seven minutes.

Monsieur Bélanger, sept minutes.

[Translation]

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

Good morning, Ms. Fraser. We see you almost twice a week. It is wonderful. I would also like to welcome Mr. Ranger and Mr. Grégoire to our meeting.

[English]

Sir, welcome.

I'm not trying to haunt you, gentlemen. The reference here is that I was on the transport committee temporarily, Mr. Chairman, when we were looking at the entire matter—so was Mr. Julian, by the way—of safety management systems and the revision of the Aeronautics Act. This is not intended, but since I'm here, I might as well go at it.

[Translation]

Mr. Ranger, from 2001-2002 to the present, has there been an increase in air traffic in this country, and if so, what is the percentage increase?

Mr. Louis Ranger: There has definitely been an increase in air traffic. I do not know whether we have the exact figure.

Hon. Mauril Bélanger: Give me a rough figure.

Mr. Louis Ranger: The air traffic has probably increased by 3 to 5%. I cannot...

Hon. Mauril Bélanger: Between 3 and 5%?

Mr. Louis Ranger: Per year. There is an increase in air traffic each year.

Hon. Mauril Bélanger: Could it be said that air traffic will increase between 20 and 25% over six or seven years?

Mr. Louis Ranger: Possibly.

Hon. Mauril Bélanger: We are expecting a 40% increase in air traffic over the next five or six years. Let us say that it will increase by about 20%. With all due respect for my colleagues opposite, this may be a reasonable figure.

Why is it, then, that the number of inspectors has only increased by 0.5%?

Mr. Louis Ranger: I am glad you ask your question in this way. That is precisely why we need to establish different management systems. When I spoke about the two reasons mentioned by the ICAO, I said that the main one was the exponential increase in air traffic. The situation is such that we could have an inspector on every plane and it would not do that much to improve safety. So we have to find other ways of managing safety.

Even if we keep the rate at 0.31 per 100,000 hours of flight time, if the number of hours of flight increases significantly every year, there will be one accident a week throughout the world.

Hon. Mauril Bélanger: When we were on the transport committee — and again today — we were told that the Safety Management Systems, the SMS, were not designed to replace inspections, but were to be in addition to them. If they are in addition to the inspections, that means that they are not at the same level.

You say that normally, you cannot manage to maintain the number of inspectors. In addition, air traffic in this country could increase by 40% in the next few years. In that case, we are not simply just opposing the SMS and the inspections. One of the two will be less important.

Mr. Louis Ranger: There will be more risk management. As we say in our statement, we do not need an inspector to check the tire pressure and the landing gear for each aircraft.

However, we want our inspectors to inspect the company's books and make sure that systems are in place so that when someone checks off the box beside "tire pressure", this is done methodically. That is something we are checking randomly through our inspectors.

In other words, we have more confidence in the airline companies themselves. Very often, we are dealing with very sophisticated companies. We will be spending less time with those that have an excellent record and more time with those for which the risk is higher. That is our philosophy.

Hon. Mauril Bélanger: The Auditor General did not review the whole issue of safety and security. Since that is not what she was auditing, I hesitate to continue along these lines. However, I do have a few questions that come to mind.

One of the Auditor General's conclusions is that you did not have a human resources plan. You acknowledge that and you will be implementing one. Could you tell me when the plan will be implemented?

• (1120)

Mr. Louis Ranger: I will let Mr. Grégoire and Mr. Preuss give you the details on that. We have definitely made some progress in this respect since the audit was completed.

Like all departments, we did not want to have a human resources plan in isolation. It must be connected to the business plan, to the way in which we want to conduct our operations.

We have just gone through a major housecleaning in the department, something known as the new program architecture. Our business plan is now much tighter as a result. There is no doubt that work is already under way on a human resources plan.

I do not know which of you would like to begin.

Mr. Marc Grégoire (Assistant Deputy Minister, Safety and Security, Department of Transport): I will begin and Merlin will finish.

Hon. Mauril Bélanger: Then I would like to briefly raise another issue concerning safety.

Mr. Marc Grégoire: We thought about applying that recommendation once the program activity architecture audit is completed. We expected the audit to take longer. It was completed sooner than we thought, and is now pending Treasury Board's approval. Civil aviation was therefore able to move towards speeding up the introduction of a plan.

[English]

Merlin, maybe you could explain when the HR plan will be completed.

Mr. Merlin Preuss (Director General, Civil Aviation, Department of Transport): With respect to civil aviation, the regional plans have been done, but they have not been coordinated, which is, of course, an essential recommendation from the auditor. With respect to finalization, it will take some time to identify each and every part that's required. We have no road map to follow, since we're leading this type of implementation globally. We would expect to have a lot more detail by the fall.

Hon. Mauril Bélanger: You would be in a position to update the committee and the Auditor General by the fall of this year.

Mr. Merlin Preuss: Yes, sir.

The Chair: Mr. Bélanger, your time is up.

Hon. Mauril Bélanger: If my colleagues don't have questions, I would like to come back.

The Chair: Sure, definitely.

Monsieur Lussier.

[Translation]

Mr. Marcel Lussier (Brossard—La Prairie, BQ): Thank you, Mr. Chair. Ms. Fraser, in your document, you identify four major sectors of the aeronautic industry and you talk about two of them, those being air operators and maintenance companies.

Did you look into the third and fourth sectors, namely aircraft manufacturers, and airports and air traffic control?

Ms. Sheila Fraser: No, Mr. Chair, we did not look into those two sectors.

Mr. Marcel Lussier: You reviewed the first two phases in implementing the safety management system. In 2007, the second phase was underway.

Are you aware of indicators pointing to progress on the completion of the third and fourth phases? Is implementation going well?

Ms. Sheila Fraser: We did not review these other aspects, Mr. Chair, but that question could be put to departmental officials who can tell you how the transition is going.

Mr. Marcel Lussier: Mr. Ranger, you were to complete a phase by September 2008. How can you guarantee that the four phases will be completed.

Mr. Louis Ranger: I will refer you to the experts. They can answer that question.

Mr. Marc Grégoire: I will begin by answering the first part of your question, regarding manufacturers and air traffic control. With respect to air traffic control, we've just published the regulations in January 2008, which includes airports and air traffic control. The process has therefore begun.

With respect to aircraft manufacturers, the regulations will not come into effect for about another two years.

With respect to the deadline of September 2008, Mr. Preuss can provide you with further details on that.

Mr. Marcel Lussier: I would be particularly interested in knowing what would be the possible consequences if the four phases are not completed by September 2008.

• (1125)

[English]

Mr. Merlin Preuss: The deadline is imposed through an exemption to the rule, which has been in place since 2005. If we need to modify that implementation period based on whatever risks appear before us, then we're more than willing to do that.

At this point in time, we have no indication that the industry involved in this particular implementation will not be ready and will not pass the evaluations that are the final step in the implementation plan.

[Translation]

Mr. Marcel Lussier: I'm also concerned over training for technicians and engineers. Under point 3.47, it states that:

[...] 15% of inspectors and engineers had not completed the required recurrent training; moreover, we noted that another 15% had not completed their initial training.

Now that several years have passed since the evaluation, what are today's statistics?

Have the numbers improved?

[English]

Mr. Merlin Preuss: In terms of improvement, the latest numbers I have show we've reduced that to 12%, but let me assure you all that our inspectors are not asked to carry out any duties for which they are not trained. That is the policy. If they are in a position where they are not ready to carry out a task, you'll probably find them under some sort of on-the-job training protocol.

The way this is controlled is through the delegations they are asked to participate under. Again, the percentage is high, and we're working on trying to reduce that, but its impact on their ability to perform their duties on the day has been totally controlled.

[Translation]

Mr. Marcel Lussier: In the document, the initial rate is stated to be approximately 8%, but the figures Mr. Ranger provided earlier are a bit contradictory.

Is the fact that several private companies are in the process of implementing safety management systems, does this lead to raiding between the federal government and private companies?

Mr. Louis Ranger: I'm glad that you asked that question.

I visited the Atlantic region, yesterday...

Mr. Marcel Lussier: How many employees have you lost?

Mr. Louis Ranger: Our director of human resources tells me that in the last two weeks, one of our boat inspectors was approached by the owner while he was carrying out his inspection. He was offered a job on the spot, at twice his current rate of pay.

In my introductory statement, I referred to the fact that we are competing with an expanding sector. We invest considerable amounts of money in training. Our people are finally ready, and now they are being solicited.

Those who remain with us despite those very attractive offers, are close to retirement and thinking about their pension. The ones who remain are not the ones we have to train. We need to train newcomers who are still young and who will remain with us for another 10 years. The challenge is significant.

In this context, I cannot give you figures on how we fare in comparison with other sectors, but 8% is not so bad given the circumstances. I am not saying that this is justified; it is just a fact.

Mr. Marcel Lussier: Does the public service impose any rules calling for a two-year waiting period between two jobs?

Mr. Louis Ranger: Are you talking about rules on conflict of interest? Would those rules apply?

Mr. Marc Grégoire: It applies to managers and assistant deputy ministers, but not to employees.

Mr. Marcel Lussier: Therefore, a technician can go from one job to the next.

Mr. Marc Grégoire: That has always been the case. Ever since I joined Transport Canada, twenty-five years ago, I regularly see aviation, navy, or railway people go from one sector to the other, switching from Industry to Transport, and vice versa.

Mr. Marcel Lussier: The regulations on implementation which have been in effect since May 31, concern air operators and maintenance companies. It affects approximately 74 companies, as is indicated in the documents, and those companies are exempted until September 2008 because implementation will only officially begin in 2008. It is called the transition.

Mr. Marc Grégoire: Rather than telling companies that they have to comply with regulations that will come into effect in three years, we introduced the regulations they will have to comply with, stating that they would be exempt during the transition period which lasts three years. As Mr. Preuss explained, if our assessment of the situation and events lead us to conclude in September that certain sectors or companies are simply not ready, we will extend the exemption period. However, there is no indication at this time that we will take that route.

• (1130)

Mr. Marcel Lussier: Departments have the responsibility of setting out performance measures, and indicators need to be established. I read in the documents that having uniformed indicators throughout all regions of the country is causing difficulties.

Did you deal with this problem?

Mr. Louis Ranger: I will answer that.

Recently, Treasury Board has encouraged us to completely rethink our Program Activity Architecture. Our department, which is rather large, had 184 programs. We did a major housecleaning and managed to reduce that number to 65. Now in terms of managing the programs, we have achieved much greater clarity on who is responsible for what. In some cases, not one single manager has sole responsibility. But at least we know who is accountable. This is referred to the governance of this Program Activity Architecture.

In fact, for each of the programs, the setting of targets and indicators has become much tougher. As Mr. Grégoire said, we submitted a very comprehensive submission to Treasury Board, which will truly give direction to our program management for the next 10 years.

Mr. Marc Grégoire: On a higher level, one of our main objectives is to lower the accident rate and the other is to maintain and increase public confidence. Under these programs, we have established specific targets. The fact remains that everything stems from these two main objectives.

[English]

The Chair: *Merci beaucoup*, Mr. Lussier.

Mr. Sweet is next for seven minutes.

Mr. David Sweet (Ancaster—Dundas—Flamborough—Westdale, CPC): Thank you, Mr. Chairman, and thank you to our witnesses.

You have an extraordinary task of responsibility, with 99 million passengers in 2006, and of course you're talking about that increasing exponentially.

Whenever the Auditor General takes a sampling of files, we usually find some very interesting things written, so I would like to give credit where credit is due. In paragraph 3.25, 21 files were assessed. I won't read the whole paragraph, but it appears you had some glowing results from that. You followed up where you found problems. So that's good.

I think the Auditor General has also done a good job of explaining that you are pioneers in this. You began the process before the rest of the member states or the OECD countries. Are the rest of the major OECD countries well on their way in this process as well?

Mr. Louis Ranger: They're well on their way. Mr. Preuss is too humble to say this, but we are truly world leaders. We're not only recognized by the ICAO; we're recognized by many countries that actually come here by the busload to get presentations on how we do things.

We have an incredible partnership with China, for example, which has been here repeatedly. Mr. Preuss has become a great friend of China. Because of Mr. Preuss, we now have Chinese pilots being trained in Canada and learning from us how to manage safety management systems.

So it was not perfect, and I think Madam Fraser has recognized that, but we're honestly quite proud of the leadership we're showing in this area.

Mr. David Sweet: I trust we're getting some cost-recovery on that training.

Of course, the key thing is, are the others along the way to the point where we're actually getting something out of the exchange, where benchmarking is taking place and we're getting some reciprocity as far as some benefit in helping us with the SMS process is concerned?

Mr. Louis Ranger: I will let Merlin answer that, but I think there are probably more commercial impacts of this than we can imagine. The fact that we're showing leadership as a regulator probably makes our manufacture of simulators much more attractive to those countries and makes our airlines more accessible to those countries.

Maybe Merlin wants to elaborate a bit on the co-benefits of all this.

• (1135)

Mr. Merlin Preuss: The co-benefits, I guess, would be in the area that this is where the aviation industry globally is going, and any part we can play in making that move is very important to us, to our reputation. We have somewhere around \$25 billion of industry, and not one aeronautical product or service moves across our borders or is used in our country without some sort of safety certification. So we're very cognizant about our reputation as we take a leading role in this area, and we continue to be recognized.

I've just returned from an SMS-focused conference. It's now in its 25th year of operation, sponsored by the EASA, which is a European group, and the FAA. I chaired a panel discussing issues associated with SMS. Just the very fact that we're invited to participate at this level indicates, again, the respect the world has for us, but more importantly, my staff and I take back an awful lot of information, listening to other countries and other organizations in the industry move towards this approach to managing safety risk.

Mr. David Sweet: I'm glad we happened to get on that, because I didn't know there was a lot of public and private spinoff coming from it.

On page 9 of the Auditor General's report, there is a paragraph that is worrisome, and I'd like you to address it:

However, the Department did not document risks, such as the impact of the transition process on oversight of air transportation safety, or prepare mitigating actions. It also did not forecast overall expected costs for the transition.

And I could go on.

But particularly around the costs, one of my concerns is that if you haven't forecast properly, that means tough decisions often are made that certainly should not be made when it comes to the safety area. Going back to Mr. Bélanger's concern, this juxtaposition of two systems without the appropriate resources available may mean a give or take in one or the other.

Because I know my time is running out, I'll leave it to you to answer in aggregate.

Then bouncing over to paragraph 3.29, it seems there's no standard on individual inspectors. They're going to do inspections at their own judgment. I have a real concern about that as well.

Could you answer those two concerns for me, please?

Mr. Louis Ranger: I will try to answer in the aggregate, as you said, and then my colleagues can elaborate.

Because it is truly a second layer, it is true, we acknowledge, that there was no formal assessment of risk. You used the word "formal". It doesn't mean that we did not assess the risk, but we did not document it properly. But in our mind, because it's clearly an additional layer, we took a lot of comfort in the fact that everything that is there remains there, the accountability is there, and the responsibilities of individuals are clear.

On the comment about not being clear how things are managed from one region to another, there's a clear comment on that. We are managing risk. We've always managed risk. So the standards we've set for inspections are kind of a range. A certain inspection needs to be done between six months and 36 months, which is a huge difference, I grant you. But if you're in a region and you have two airlines—company A and company B—and company A has come up to the six-month required inspection and you know that company B offers more risk, why would you spend the next two weeks on company A when you know that company B should require more attention? So we do move to company B, which is why there is some latitude within a range.

Should we document that more clearly? I think we've acknowledged that we should, but there is some discretion as well.

Mr. Marc Grégoire: If I may, on the cost issue, the OAG is right to say that we have not assessed the exact cost of the transition. However, we told the deputy minister that it would be costly to make the transition period, and that for a while we would need more money. He has given us, for civil aviation, \$9.8 million over the last years to help us in the transition.

Of course, now he wants us to drop this requirement. We're not quite ready to drop it because we're in a critical phase in the transition, but we have a plan to reduce this extra need of \$9.8 million to zero over the next three years. That was very helpful, and that allowed us to use that money, for instance, to train people, to hire consultants to help us train, and to set up a lot of things within the SMS transition.

It has allowed us to continue the normal work. We have stats on the number of inspections we have been doing during the transition over the last few years, and we have introduced a number of inspections.

• (1140)

The Chair: Thank you.

I believe you have a comment, Ms. Fraser.

Ms. Sheila Fraser: Mr. Chair, I was just going to make the point that during the audit we were certainly concerned that there were no additional human resources put in to manage this, which we interpreted as meaning that there were resources taken from the traditional oversight to do the transition. We would have expected the department to have analyzed the effect of that.

Presumably there was a decrease in the number of inspections, and we were certainly not given any documentation to indicate that was not the case. There would have been an assessment of what risk was involved in that, and we did not see any documented business case or assessment of that being done.

The Chair: Thank you very much, Mr. Sweet, Mr. Ranger, and Ms. Fraser.

Mr. Julian, you have seven minutes.

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

I'm very glad that you've started to look into SMS, Ms. Fraser, because of course we know the controversy around implementation of SMS in the railway system and escalating derailment rates. It has been a real problem.

Your report is very much a wake-up call to parliamentarians. You talk about the department not managing areas satisfactorily, no short- or medium-term indicators, no identification of human resource requirements, and the department did not document risks. Very clearly, there's a problem. It's a bit of a mess—the implementation of the first two phases—which certainly would mean I think that the government should be taking a step back from further implementation.

But I'm interested, now that you've had that first look into SMS... You didn't look into delegation of licensing. You didn't look into the oversight by industry lobby groups, and we know there's a problem. We've had a very safe business aircraft industry up until recently. We've now had a very high-profile crash with three people dead from A.D. Williams. Now that people are starting to die, I think it's incumbent to look into this whole question of delegation of authority. Clearly we're starting to see the first signs of what we saw happen in the railway industry.

You did respond to my letter about why you didn't choose to look at delegation in the first stage, with the Canadian Business Aviation Association. Now that you've seen that there are some significant problems, I'm interested to know if your next step will be to look into delegation of authority, and to look into the CBAA, particularly, in light of the loss of life.

Ms. Sheila Fraser: Mr. Chair, that is not currently in our audit plans. We will certainly consider it, but I do believe that in fact there was an audit done by the department, if I read the newspaper article correctly. In fact, the newspaper article was actually reporting the results of this audit that the department itself had done.

Perhaps the member might wish to ask the department the steps that they themselves are taking, and for the results from that internal audit that was done.

Mr. Peter Julian: I'll certainly be getting to them, but my question is very much in light of what has emerged over the past few months.

Ms. Sheila Fraser: We will certainly consider it in our planning process.

Mr. Peter Julian: What can we do to encourage you to move further?

Ms. Sheila Fraser: The committee can always suggest audits, and we will try to accommodate committee requests, but as you can understand, we also have to look at our planning and the issues that we are looking at, and we have a limited number of audits that we can do in each year.

Mr. Peter Julian: I think there's a great need to expand funding to the Auditor General's department. There's no doubt about that.

Ms. Sheila Fraser: I'm not sure about that, but I don't want to get into that discussion today.

Mr. Peter Julian: Let me come to the department officials. We have had problems with business aircraft, so I'm wondering if a safety audit has been performed on A.D. Williams in light of the recent accident and the recent loss of life.

● (1145)

Mr. Merlin Preuss: A specific audit on A.D. Williams? To my knowledge, not in the terms you're describing. We've gone back to the oversight requirements that were in place at the time, and we're still reviewing that particular part of the work.

We have to keep in mind that what we have in place in Canada doesn't exist anywhere else in the world. We have put additional requirements on our business aviation community and in the process have engaged the association as partners, and that particular delegation's scheme, if you like, continues to provide extraordinarily good safety performance, especially when you consider the fact that this organization has grown from somewhere around 120 operators to over 300.

So given that type of growth and the safety performance of that sector, although we are concerned with any loss of life, we will be managing those risks as we go forward.

Mr. Peter Julian: I'm going through you, Mr. Chair, to the department officials. If a number of years are accident-free and then we enter 2008 and there is loss of life, in the past that would have triggered a safety audit of the company. What I hear you saying, Mr. Preuss, is that there has been no safety audit. This accident happened in March. No safety audit has been done. Is that correct?

Mr. Merlin Preuss: If the assumption is that we would automatically do a safety audit after a loss of life, then I would have to disagree with you on that point.

The process is that we take a look at each individual occurrence and decide on appropriate action. At this point we are reviewing this accident with the association, and we are also participating with the safety board as they go through their process.

Mr. Marc Grégoire: I have to add something, though, because you have made the assumption, Mr. Julian, that we are doing a safety audit or that there will be zero accidents. I think people would be wrong to think there will be zero accidents. This is just not possible. It's all about risk management. Accidents will continue to occur, it's obvious, but the reason we want to implement SMS in aviation and in the rail sector is to reduce the rate of those accidents—in other words, to save lives in the future.

So that's why. But we can never say zero lives will be lost. It's just not possible.

Mr. Peter Julian: Coming before Transport last year, you were very specific. Department officials were very specific about the fact that we had had essentially accident-free years in business aircraft. That is no longer true, so the accident rate has skyrocketed from a very safe record to a record where there are definite problems now. It concerns me greatly that there was a high-profile accident with loss of life three and a half months ago and there was no safety audit. That is I think a matter of concern for all Canadians.

What would that mean for commercial aircraft? The same kind of thing, where essentially a fly-by-night aircraft carrier has a high-profile accident and there's no safety audit? I'm not asking you a question; I'm making a comment.

But I would come back to the issue that Mr. Ranger—

The Chair: Mr. Julian, just a very brief question. You're out of time. We'll come back to you.

Mr. Peter Julian: I'll just ask my question.

How many unfilled flight inspector positions are there in the country right now?

Thank you, Mr. Chair.

Mr. Louis Ranger: The quick answer is that the Auditor General has identified 8%. I will only qualify this by saying...

Mr. Marc Grégoire: She said an 8% increase in the number of vacant positions.

The Chair: If you can't give an exact answer, you can get back to him, let's say, within two weeks, Mr. Ranger, to give exact information and to lay out what the statistics are.

Mr. Marc Grégoire: On that point, if I may, we are in a constant staffing process. So we are staffing people every week, everywhere, at any given time in the country.

[*Translation*]

The Chair: Mr. Bélanger, you have seven minutes.

[*English*]

Hon. Mauril Bélanger: For the officials of the department, can one make the following assertion: the purpose of safety systems is basically, first, to mitigate, to try to reduce the risk to the travelling public, and secondly, to learn even further? If I make that assertion, would you be okay with that?

•(1150)

Mr. Marc Grégoire: Yes.

Hon. Mauril Bélanger: Okay.

I want to zero in on one chapter of the report of the Auditor General, which for me is the most problematic. I'll quote a good part of it here. It's paragraph 3.30, and I'm sure you focused on it too:

Each region, however, uses different risk management techniques and processes to assess risk. Managers do not always analyze all of the risk indicators listed in the Frequency of Inspection Policy Document and may use other indicators that are not listed. Methods range from formal to informal: Some regions have created their own risk indicator databases, some document the decisions made in the risk analysis process in detail, and others make decisions without documenting details, such as the rationale.

The last sentence I want to quote is the most troubling one:

The use of different indicators and methods increases the likelihood of reaching different conclusions for similar situations.

Now, you've responded to that and you have agreed. I'm very glad you have. You've also said that you created the working group in May of 2007 and it has to have a final report in April of 2008. My first question: is that report completed?

Mr. Marc Grégoire: The report has been submitted. First of all, we—

Hon. Mauril Bélanger: Is that the one submitted to Treasury Board?

Mr. Marc Grégoire: No. It has been submitted to Merlin and is now under review. It will be finalized soon after it has been reviewed.

Hon. Mauril Bélanger: Once finalized, will it be available to this committee, or even before it's finalized? Can we see what has been done?

Mr. Merlin Preuss: Certainly. That's not a problem. The documentation is there; the review is there.

Hon. Mauril Bélanger: Good. Then I expect we'll get to see it.

To bring you back, though, if the purpose is to mitigate and to learn, then I really have a hard time understanding how the department can allow, when it's trying to implement an SMS, a safety management system, over top or underneath—whichever—the regular inspection capacity of the department...how can it allow for this kind of variety across the country?

If you've agreed with the criticism that it's right, that it shouldn't be the case yet we did it, how can that be? How do you explain, Monsieur Ranger, that we have different methods of evaluation of the risk factors in different parts of the country? It boggles the mind a bit that when the department would set out to implement an SMS, a safety management system, throughout the industry to further mitigate risk, it would allow a situation where one could draw different conclusions from the same set of circumstances. It simply doesn't add up.

Mr. Marc Grégoire: We're talking about—

Hon. Mauril Bélanger: No, no. Monsieur Ranger.

Mr. Louis Ranger: I accept the findings and the recommendations, and we are acting on that. I'm not going to say here that I don't take that seriously, but I think we need to be cautious about any suggestions that we've proceeded with SMS in a cavalier way. This is well documented here.

We announced our intention in 1999 and waited until 2005 to introduce regulations. During that time we did pilot projects, and I think the report observes that this was done reasonably well.

We didn't go into this saying, "Okay, now we're ready; thousands of companies are subject to that." We picked 74. Not any 74, but some of the most mature companies in the country—*ceux qui ont déjà fait leurs preuves*—those who already have a record, and we then phased that over four phases. And we're not at the end of that.

So I think it's fairly prudent. I acknowledge that there were discrepancies for one reason or another. I am taking that seriously and we're addressing that.

Hon. Mauril Bélanger: In the planning stages, was it not concluded, was it not obvious that the criteria for assessing risk should be the same across the board? Similar circumstances should yield a similar conclusion. The laws of physics and thermodynamics will apply the same way, presumably, to the same claim and the same circumstances.

Yes, different claims, different applications, and that's why you'd have the range of 6 months, 36 months, or whatever, because of different circumstances, but under similar circumstances, if our inspectors cannot draw a similar conclusion, then we have a mishmash.

• (1155)

Mr. Louis Ranger: Maybe Madam Fraser wants to comment on that. We accept the findings, but I don't think the Auditor General is suggesting that this is widespread and that this is the rule rather than the exception. There are cases, indeed, and I don't contest it, in which some indicators were unique to a particular region, but I don't think the suggestion is that this is a widespread situation.

Hon. Mauril Bélanger: And I'm not suggesting that either; I'm just quoting the Auditor General. My question is, how is it that in the planning we let that happen?

Mr. Louis Ranger: Mr. Preuss may want to comment on that.

Mr. Merlin Preuss: In the planning for SMS, did we let that happen? Is that your question?

Hon. Mauril Bélanger: Well, it was in the planning somewhere.

Mr. Merlin Preuss: With respect to the SMS implementation, it's a different regulatory regime. The observations are made against risk assessments using the compliance-based system that's there.

Are there regional differences? I would expect there should be, because the environments are different. It's different flying in the Rockies, as it is different flying in the fog-laden parts of eastern Canada, as it is different flying out of Regina.

One would expect regional approaches to take into consideration those facts. As to whether or not we have problems with that process, I would suggest not, because the accident statistics indicate so.

Hon. Mauril Bélanger: With all due respect, if the department that is in charge of aviation safety knows there may be different circumstances in different areas, then why would those not be included in our criteria, rather than leave a situation wherein—and I'm rereading the sentence here from the Auditor General—"Managers do not always analyze all of the risk indicators...and may use other indicators that are not listed".

If you're telling me that we know that flight conditions differ in certain areas, because of height and whatever, shouldn't we be listing those? Shouldn't we have a consistency? How do we know which indicators the managers may be using if they're not listed anywhere?

It seems to me there's a

[Translation]

shortcoming, Mr. Ranger, in the implementation process. I am pleased to see that you noticed this shortcoming and I look forward to seeing how you plan to address it.

[English]

The Chair: Thank you.

[Translation]

Mr. Louis Ranger: I accept these comments, but I do not believe we said additional indicators were inappropriate. We are dealing with very well trained inspectors who have a great deal of experience. Some were recruited from within the private sector. If additional observations come up, above and beyond the criteria, we accept them, but that does not mean the criteria were ineffective, contradictory and all aimed at ensuring greater security.

Mr. Marc Grégoire: Our inspectors are well paid. They are professionals who have a great deal of experience in the industry. They do have some leeway.

Hon. Mauril Bélanger: The danger here is that similar circumstances may lead to different conclusions. That would be dangerous.

Mr. Marc Grégoire: It is not an automatic conclusion, but a possibility. This is the reason why we accepted the recommendation. We will be producing a report which will change the inspection policy.

[English]

The Chair: We're going to move on.

Mr. Fitzpatrick, you have seven minutes.

Mr. Brian Fitzpatrick (Prince Albert, CPC): I'm sure Mr. Julian didn't intend this, but I want to try to clarify something. There was some sort of suggestion that the aircraft incident that occurred—I believe in Alberta, the Williams incident—was somehow connected to the SMS system, and the implication is that there are some inherent defects in this system and that these might have been the effective cause of this accident.

Just to clear the air on this thing, do you see any connection between the SMS implementation and that particular accident?

Mr. Marc Grégoire: Absolutely not.

Mr. Merlin Preuss: It's a different system. In fact, one of the things we should point out is that SMS has now become a buzzword, like Kleenex. And guess what? There are different brands of Kleenex. The brand that's in Biggar and being used in the CBAA is not nearly as demanding as—

Mr. Brian Fitzpatrick: Thank you very much. I accept your point, too, that part of life is risk and that you can't have a zero position; accidents will happen. I walked across the bridge this morning, and there was a good four- or five-car pileup across the Alexandra Bridge. Things happen; I don't think anybody plans them. I'm not going to blame the SMS system for that accident, but maybe some people would.

Just for the sake of clarification, if we're talking to the general public, what do we mean when we're talking about this SMS system? What is it? Could somebody, in a few words, describe basically what it is?

• (1200)

Mr. Louis Ranger: In a very simplistic way, instead of our kicking every tire, we want to make sure that the airlines themselves kick their own tires. And we will make sure they do. Every company has an accountable executive. It comes from the top—making sure that everybody in the organization is sensitized. It's not just Joe Blow's responsibility; everybody is responsible for safety.

Mr. Brian Fitzpatrick: I assume it's an international standard that is being put in place with the industry?

Mr. Louis Ranger: That is correct.

Mr. Brian Fitzpatrick: I'm sure some of my old-style socialist friends, sovereigntists and nationalists, would see this as some sort of conspiracy by the globalization people to undermine safety and create unnecessary risks.

What's your view on this system? Is it a good thing to have a standardized international safety management system or not?

Mr. Louis Ranger: In my introductory remarks I talked about the limitations of the traditional method. If we're kicking the tires, as soon as we turn our back, human nature being what it is, nothing will happen once the inspector is gone. If you make the management responsible for it, they'll make sure that things are done properly. The inspectors cannot be there at all times, so we need to make them more accountable. We're going to check their books. We're going to do sporadic inspections ourselves. It's not a game here—they have to be accountable themselves.

Mr. Brian Fitzpatrick: If management wants to take that approach, there's another check on things. It's called lawsuits and tort law. If you want to create deliberate, unreasonable risks in the marketplace, it can be very expensive for companies. That's another factor.

Mr. Louis Ranger: We amended the Aeronautics Act a couple of years ago, and we can now impose fines that are much steeper than....

Sorry, I'm informed that it's not yet amended. We're trying to do that now. In my mind, it's been there for so long that I feel it's already been done.

Mr. David Sweet: I'd like to go back to a statement you made right at the end of the last round of questioning. You were talking

about different inspectors coming up with possibly different conclusions. Mr. Grégoire, I believe right at the end you said you were taking action to modify the inspection model to reduce the risk of variation by inspectors.

Did I catch that correctly? Is that what you said?

Mr. Marc Grégoire: Yes.

We've always had differences between regions. Whenever we found them, we addressed them. This is not new to SMS. We've had differences of interpretation before, and that's quality assurance. We will put in more quality assurance from headquarters, and we will modify the inspection policy.

Mr. David Sweet: Help me to understand that. I understand that there are different levels of risk in the elevation of mountains. I understand there would be different levels of risk in high winds, like we have on the east coast. You talked about fog as well. We have a lot of fog, by the way, at Munro International Airport. It's adjacent to my riding.

Is that going to create a huge disparity in aircraft maintenance and aircraft safety inspection? Is that going to create a lot of disparity between regions?

Mr. Marc Grégoire: No.

Mr. David Sweet: You had mentioned that \$9.8 million in extra resources were appended to the transition. I'd like to ask you so we have it on the record, are you saying that there is no risk now with these added resources, that neither the traditional inspection process nor the transition to SMS will be, for lack of better words, robbed of resources, even temporarily, as this transition goes on?

Mr. Louis Ranger: The current situation now is in addition to the base budget that Mr. Preuss has. In recent years, I've authorized an additional \$9.8 million. But where does the money come from? It actually comes from other programs, and we have sources of revenue as well. Over time, as we implement SMS, I'm hoping I can reallocate some of that money to either rail safety or other areas. We will use our best judgment to determine where the highest risk resides. Over and above the base budget, I've allocated \$9.8 million.

• (1205)

The Chair: Thank you very much, Mr. Sweet.

Colleagues, that concludes the first round.

I have just a couple questions.

The first one is for you, Mr. Ranger, just to follow up on the last question by Mr. Sweet. This is on the whole area of resources. This is a very serious issue, and I'm sure every member of Parliament considers it to be very serious. Can you as the accounting officer and deputy minister give us assurances? You're going from a regime of traditional oversight to the SMS, but you're keeping the traditional oversight too. It seems to me, from a common-sense point of view, that you will need Parliament to allocate additional resources so you can do your job.

Are you giving assurance to Parliament that you have sufficient resources to continue your traditional role of regulatory oversight while implementing in an effective way the SMS, and that you have those resources available at your disposal?

Mr. Louis Ranger: I think we have appropriate resources to assume our responsibilities. There's never enough money. But when we've identified problems and we've been given proper resources, the issue for us—and we have to answer that question all the time—is whether we are making the best use of the resources we have. I believe we are meeting our responsibilities with the resources we have now. We feel that as traffic grows, instead of adding inspectors directly in proportion to the increase in traffic, there's a way of maintaining and actually improving safety with the same budget, or possibly less. We'll monitor that, based on observations and performance.

The Chair: Over to Mr. Preuss.

One of the issues I just want to clarify for my own knowledge is the whole operation of the SMS. We're dealing with a very competitive industry, one in which it seems every company that operates is either going into bankruptcy or coming into bankruptcy or operating under chapter 11. We have had a number of high-profile bankruptcies here in Canada over the last 10 years, so obviously with the increase in the price of fuel oil, I'm sure it's tight for each and every company operating in this sector. My own suspicion would be that after they take away the food, the second thing to go would be safety.

Could you take me through what happens if you do an analysis on the SM system being implemented by one of the companies and it's not up to date? Do you lower the boom immediately? To give an example—and I don't know if these media reports are accurate or not—there's been some high-profile media reporting about some of the incidents involving First Air. If your inspectors go in and you see that everything is not up to par, do you immediately and automatically shut them down until they can show the regulatory authority that everything is above board and that they do have proper and efficiently operating systems to ensure the safety of passengers?

Of course, my biggest fear is the cozy relationship, which is not perhaps in the airline industry, but we've seen it in Westray, we see in the crane operation in New York, and we've seen it in a whole host of others. A cozy relationship develops between the regulators and the people who operate in industry, and—I believe Mr. Grégoire has said—there's a lot of movement back and forth. This is a pretty important issue, especially for those of us who travel back and forth every weekend. We're very interested in it.

So could you assure us that if there were a situation in which your employees felt that the SMS was not operating properly, that airline would be shut down until the corrections were made?

Mr. Merlin Preuss: With respect to the process, if there's an immediate threat to safety discovered by any means, through the compliance-based means or the systematic risk management process, we'll take immediate action as required. The situations we come across are not, obviously, black and white. When they are, we take the appropriate action. As time goes on, though, when we follow through the process, we're discovering more and more of what is actually at the root cause of the accidents. Therefore, with the

reporting processes in place right now and the requirements of this additional regulatory framework, we're catching these problems before they get to be the catastrophes to which you're referring. But, yes, if there's a question of safety, they are on the ground right away.

• (1210)

Mr. Louis Ranger: Mr. Chairman, I think it's a very good question. It's something we're very much aware of. On the one hand, we're asking our inspectors to know the companies very well—who are the managers, what is their background?—to have a very personal understanding of that operation. Yet we don't want them to get too close. We have different ways of monitoring that. Whenever something is brought to our attention, we just deal with it, but it's part of our challenge. It exists in different sectors, as you indicated, and certainly it exists in our sector.

Marc alluded earlier to the fact that sometimes they come from the private sector, and they're also well trained, but we're very mindful of the consequences of that. We'll definitely try not to assign those people to the companies where they worked before, obviously.

Mr. Marc Grégoire: It's all about risk and it's all about managing this risk. We have never hesitated—never—in the past to shut down an airline, to pull an airline operating certificate and to ground a company, and we will never hesitate in the future if we have any doubt about the safety of the operation. But it's not black and white. It's something that has to be assessed and judged by inspectors, and also by us when you talk about a big company.

The Chair: Okay, colleagues, we're going to start the second round of four minutes.

Mr. St. Denis.

Mr. Brent St. Denis (Algoma—Manitoulin—Kapusking, Lib.): Thank you, Mr. Chair.

If there's time in my round, I'll give it to my colleague Mauril.

Thank you very much for being here, all of you.

I had a couple of thoughts, among many, while I was listening to the presentations. One was ISO. The other was what the Mike Harris government did in Ontario with forestry. Here's the relevance. In the forestry sector the province, in the mid-nineties, transferred responsibility for silviculture to the companies. They cut back Natural Resources staff. So in a way they were oversight, and companies were responsible for delivering all the elements of sustainable forestry. There's still some debate and the jury is out on whether that has worked.

First of all, does the ICAO certify when you implement SMS in a country? For instance, ISO will certify if you want to be an ISO company or agency. You seek, apply for, and get certified eventually. Do you get ICAO certification that your SMS is compliant with a set of parameters?

Mr. Louis Ranger: I personally love the example of ISO. I guess some of our people who are closer to it find that there are flaws in that comparison, but certainly ISO resonates with me. In a sense, as I understand the processes, we are the ones doing the certification, whether for Air Canada, WestJet, or Air Transat. We are the ones that are certifying it. In fact, the four phases that are identified in the Auditor General's report indicate the different phases of acceptance of the process.

Mr. Marc Grégoire: You mentioned ICAO. We're very lucky in Transport Canada, because not only are we being audited by the OAG, but we're also being audited by ICAO. So we have been audited twice in the past by ICAO. The second time, I believe, was right at the beginning of the implementation of SMS, and we expect to be audited again in the future by ICAO. Those safety audit reports done by ICAO are actually published. We publish those reports on our website. So ICAO, in their next audit, will audit us against their standard. I should mention, though, that our standard for SMS goes further; it goes beyond the minimum requirements imposed to all countries by ICAO.

Mr. Brent St. Denis: It is a quasi-certification. If you pass their audit, then you are—

Mr. Marc Grégoire: It's not certification. It's more a validation than certification. They would validate that Canada is meeting the ICAO requirements, but it's not a certification per se.

• (1215)

Mr. Brent St. Denis: Is there a break point below which an airline, say, a small charter company or a medivac company, is below the radar for SMS? Or does it apply from the very large to the smallest commercial company?

Mr. Marc Grégoire: The vision is that SMS will apply to all the stakeholders eventually, but we're not there yet. For now, it only applies to the larger companies.

Mr. Brent St. Denis: Is there time for me to give...? I'm sure there will be time anyway for Mauril.

Finally, then, there is this emerging obligation on the airline industry, so it's an additional layer of oversight. Do I take it that your inspectors will not be doing as much? You'll be more like CRA, where you do the "by exception" audits.

Mr. Louis Ranger: Just to use your earlier example, if there's a fairly new operator, two years in business, as Marc said, we would want SMS to apply to all, but we probably would do more spot-checking on that company, being new, for which we have no history. That's where more inspection time would be spent, and probably less on one that's been in business for 30 years with a very good record.

Mr. Marc Grégoire: But when we assess SMS in a company, we can also do a normal inspection on an as-required basis, which we will do when the inspector feels it is required once he's on site.

Mr. Brent St. Denis: Thank you.

The Chair: Thank you very much, Mr. St. Denis.

Mr. Sweet, four minutes.

Mr. David Sweet: Thank you, Mr. Chair.

I'd like to clear up a couple of last things. To the casual reader, it looks as though there could possibly be some disagreement between the department and the Auditor General.

Let me just get to the first one, paragraph 3.44, which talks about training. I understand the complexity of the training, because you were pioneers in this. But the Auditor General points out that there's no regular recurrent SMS training. In your response following her recommendation on the same page, page 17, you state that "Employees implementing the SMS regulatory framework are trained and kept current...".

Is there some dispute about this fact that there was a recurring...or has the environment changed that much that you can make that vehement statement?

Mr. Merlin Preuss: The formal recurrent training you will find in other sectors of our oversight mandate does not exist in the same way under SMS. The main reason is that we are still very much in a learning phase as we go through this. So to package the recurrent training as a broadly targeted training is probably not very efficient or effective at this time.

For example, there are some comments in there about the validation process that also indicated that after we went through this, the reports came back and some issues had to be dealt with. We dealt with them. The information was passed on through the pre-evaluation briefings, the pre-validation briefings, through a network of inspectors that are directly tuned in to any changes. It's almost like a fact sheet that comes out all the time, and the inspectors who are working in the SMS world... And understand, not everybody is working in the SMS world. The vast majority of the oversight is still done the old way. But these people have kept up through the network on an as-required basis.

At the end of the day, once we come to a good knowledge of what's needed, you'll find the same framework for recurrent training as you have for all the other activities we do.

Mr. David Sweet: You're building a base for training right now, and there's training going on with the knowledge that you currently have?

Mr. Merlin Preuss: Yes, absolutely.

Everybody has the basic training. It's updated as we find new requirements. And at the end of the day, we will be formalizing the recurrent training.

Mr. David Sweet: The next point is on training as well.

Again, to the casual reader, it would appear there's a contradiction here. The Auditor General stated, in paragraph 3.47:

We noted that about 15 percent of inspectors and engineers had not completed the required recurrent training.

It goes on to say that the real problem is that it's not documented. It's documented regionally but not nationally, so there's no way of tracking it. In your response to her recommendation, you say training requirements are well documented.

Has that changed now? Is there a human resource file clearly stating what the training has been for the people who are involved in SMS and that inspections can be accessed nationally?

• (1220)

Mr. Merlin Preuss: If I were to put some interpretation on what the audit report says, it would say there is no centralized repository and quality assurance on the training, categorically. The responsibility rests with the accountable managers in the regions. As I mentioned before, the policy is quite clear. If you're not trained, you're not assigned or you're assigned through some sort of on-the-job-training mechanism. In the regions, I think a lot of that would be found properly documented. There is no centralized oversight, and I believe that's the gist of what was being pointed out to us.

Again, this comes under quality assurance, which is something we have to improve.

Mr. David Sweet: ICAO demands that one of the requirements be that an executive is identified. In our case, who is that?

Mr. Merlin Preuss: It is an executive for what, exactly?

Mr. David Sweet: It is for oversight of the SMS. Did I get that wrong? Is it not the case that one executive has to be...?

Mr. Merlin Preuss: The accountable executive has to do with the industry. Inside, what we do find right now, is one-to-one accountability. The deputy is also the accountable executive for our operations.

Mr. David Sweet: Okay, I just wanted to confirm that.

Mr. Louis Ranger: I'm the accountable executive for what we operate ourselves, including a number of aircraft.

Mr. David Sweet: Thank you, Mr. Chairman.

The Chair: Thank you, Mr. Sweet.

Monsieur Plamondon, quatre minutes.

[Translation]

Mr. Louis Plamondon (Bas-Richelieu—Nicolet—Bécancour, BQ): I have a brief question and then I will be handing over the floor to Mr. Lussier.

Canada chose to pass regulations and to implement the management system. Apparently, in Australia and the United Kingdom, the management system was implemented but without adopting regulations.

What have you learnt from that? Have you compared the two methods?

[English]

Mr. Merlin Preuss: Yes, we've been working especially with our Australian confreres for many years and with our New Zealand

confreres as well. What we learned from the Australians early on, and it applies more generally to almost any regulatory framework, is that if you choose to take the voluntary approach, which the Australians did, in the hopes that you're going to get full compliance, then what you probably get, and that was their experience, is a situation in which the 80% of the industry that thought this was a good idea and could benefit from it put it in place. Unfortunately, in my opinion, the regulator is responsible for 100% of the industry. So if you don't have the tools in place to deal with the 20% who aren't wanting to buy into the new contract and the new approach, you'd better be able to deal with them.

I've just met with the manager in charge in Australia, and they are promoting as rapidly as they possibly can the regulatory framework to put the SMS in place there. Right now it's voluntary. Where it's working, it's working extremely well. And then there are some issues, I guess, with those who are outside, who aren't wanting to buy into the process.

So yes, we learned that early on, and that's why we took the approach we did.

[Translation]

Mr. Marcel Lussier: My question is either for Mr. Ranger or Mr. Grégoire.

The issue of accidents has been very well covered. We are also aware of all measures taken to guarantee passenger safety.

I would now like to turn to employees, especially because of what was discovered at Pierre Elliott Trudeau airport regarding Cara employees. The incident must certainly be under investigation by the RCMP, which discovered there were drug traffickers there.

Do you have access to these RCMP reports, to find out about the employees' connections and how they went about obtaining passes to access restricted areas?

Mr. Louis Ranger: You are referring more to a security issue rather than a safety issue.

Mr. Marcel Lussier: Does that fall within your purview?

Mr. Louis Ranger: Yes, certainly, Mr. Grégoire is responsible for the safety and security of Canadian transportation. Of course, we are aware of yesterday's incident, which is currently under investigation. We will try to determine what happened, who held restricted access cards, etc.

Mr. Marc Grégoire: There are over 100,000 people working in airports, and a very large number working in ports. Each staff member must get security clearance from CSIS and the RCMP. Transport Canada, CSIS and the RCMP assess the individual. If he or she seems fine, a security clearance is issued. This clearance allows the employee to obtain a biometric airport pass containing an iris scan and fingerprints. Once an employee receives an airport access card he or she may access restricted areas.

Of course, it may occur that, over the five-year period, certain people who seemed not to pose any threat at the time of their assessment could go over the wrong side. In this case their security clearance would have to be revoked or suspended. If an investigation is underway, the security clearance is suspended and their access cards are suspended by the airport. The airport issues the access card and we grant the security clearance. In this case, the individuals concerned no longer have access cards.

• (1225)

[English]

The Chair: *Merci, beaucoup, monsieur Lussier.*

Mr. Lake, four minutes.

Mr. Mike Lake (Edmonton—Mill Woods—Beaumont, CPC): Thank you, Mr. Chair.

I just want to turn my attention to the Auditor General's comments in paragraphs 6 and 7 of her opening statement, where she talks about human resources. Contrary to what we hear from time to time in the House, I think the biggest problem we're facing in this country—and it's going to get worse—is labour shortages, especially of skilled labour. It seems to me that there's potentially a real challenge here for your organization, which I'm not sure, from what I'm reading here, is being addressed as seriously as it needs to be addressed.

I note here that the Auditor General says that “Transport Canada has not identified how many inspectors and engineers it needs both during and after the transition, and what competencies they should have”. Then in paragraph 7, she mentions that “Transport Canada has indicated that its development of a national human resources plan will depend on the Department's revised Program Activity Architecture, scheduled to begin in 2009-10.” And she recommends more immediate action. I would concur with that. It seems almost as if you have a plan to plan, when it comes to human resources. I think if you wait, you're not going to be able to get the staff you need, based on what we're seeing in the labour market right now.

I notice that in your own statement—the paragraph at the end that you seem, in a sense, to have tacked on—you say, “Human resource planning is now more tightly focused on recruitment and retention issues. We need to identify the skills and resources required to deliver the future program.” But there's nothing concrete there; it's just a statement that we need to do this. It doesn't say when or anything like that.

Is there some more concrete information available within your department in terms of how you're going to staff the needs you have? I understand that you may not yet know what those exact needs are, but surely you can identify that you're going to need more staff than you have right now, and surely you can begin to start to address that potential in a preliminary way.

Mr. Louis Ranger: Just to repeat what we said earlier, fortunately we're a bit ahead of schedule compared with what we thought we could do when we actually responded to the report. The PAA is now much more advanced and is about to be approved. So we are well advanced now and are being much more precise with the kinds of competencies we require.

Merlin, why don't you elaborate on that just a little bit.

Mr. Merlin Preuss: Okay, just to make sure the committee understands what my response to Monsieur Bélanger was, because of the advancement of the PAA, we're ready to do an awful lot more a lot sooner. I don't expect the full implementation of the plan will see much light of day before the fall of 2009, but by this fall of 2008, we should have a pretty good idea of some of the details, which are being fleshed out even as we speak.

We do know already or have already identified—and this, of course, is based on the fact that we're leaders in this, as no other regulatory authority has taken this approach to the extent, and down the timeline, that we have—that we're going to need a lot more inspectors with a human factors background, with an organizational factors background, and with analytical background. What we've seen is an increase of 500% to 600% in the number of reports out there. That's an amazing amount of data compared with what's there today. And it's that data that we must get at, as we must understand how the operators are dealing with it. To do that we're going to need to add those types of competencies to our inspectorate.

As far as recruitment and retention go, those are problems that go well beyond civil aviation, and of course we're doing our part the best we can to deal with them.

• (1230)

Mr. Mike Lake: You've identified, though, that you know you're going to need a lot more?

Mr. Merlin Preuss: No, we're going to need different competencies.

Mr. Mike Lake: Different competencies.

Mr. Merlin Preuss: If you're in a compliance-based system, a checklist is basically all you need. “Is the tire pressure right?”, the deputy minister has asked many times. But what happens if you want to understand why you found or why it appeared that all of the tires had low pressure? That goes beyond that. It goes beyond that, to maybe something the organization isn't doing correctly. Maybe it goes to some human factors elements.

Mr. Mike Lake: Regarding this integrated human resources plan, the way we typically operate, we'll come out with a report and probably ask for a timeline on that. When will that plan be ready? We need a specific date, as opposed to saying we need to—

Mr. Merlin Preuss: Specifically, it will be the fall of 2009 when we'll have a comprehensive document; that's our forecast right now. What I'm saying is that by the fall, I could come back here and say, here are the types of things that we've already identified more concretely, now that we have a PAA to work under.

Mr. Mike Lake: Okay.

The Chair: Thank you, Mr. Lake.

We're now back to Mr. Julian, for four minutes.

Mr. Peter Julian: Thanks, Mr. Chair.

Let's come back to the flight inspectors. How many positions exist across the country—not actual physical bodies, but positions?

Mr. Merlin Preuss: There are 871.

Mr. Peter Julian: So there are 871 positions.

I had asked earlier—and I hope you've had time to check this—for the actual numbers of bodies of full-time flight inspectors currently in their positions, as of now. I ask this because the Auditor General's report didn't give precise numbers, though there was a table basically dating back to last fall. So if we talk about today or this month or the last figure available—maybe it's last month—how many of those positions would be filled with somebody who is actually actively working, not on leave?

Mr. Louis Ranger: Do you have that?

Mr. Merlin Preuss: The latest data I have that's relatively fresh is that there are 134 vacancies right now.

Mr. Peter Julian: So we've gone down to about six....

Mr. Merlin Preuss: I would also point out that all vacancies aren't created equal, so in the high-risk area where you're dealing with airlines and large severity implications if you have a problem, our numbers there are more like 6%.

Mr. Peter Julian: They are fewer than 650, right now, of the full-time flight inspector positions.

Mr. Merlin Preuss: Isn't it 871 minus 134, which is 700-and-something?

Mr. Marc Grégoire: It's 737.

Mr. Peter Julian: Okay, it's 737 flight inspectors, and that has not changed, in fact—

Mr. Marc Grégoire: They are civil aviation inspectors; they are not all flight inspectors.

Mr. Peter Julian: Civil aviation inspectors.

Over the last five years, the number of commercial flights would have grown by what percentage?

Mr. Louis Ranger: We've covered that already. I would say 3% to 5% a year, easily.

Mr. Peter Julian: So up perhaps 15% over a five-year period.

Mr. Louis Ranger: Absolutely. Traffic is going up.

Mr. Peter Julian: This is an important point. I have some sympathy, because what we've essentially seen is the government's starving Transport Canada of resources. It's kind of a foolish logic. If you don't provide adequate funding in the health care system—you don't hire nurses and doctors—you don't go off and say, “Well, patients, you go out and operate on yourselves.” You provide adequate funding to actually support that system. Here we have a systemic problem that is in a sense obliging Transport Canada to try to implement a system that, to many people's minds, is fraught with problems.

I'd like to come to the issue of safety audits then. Over the past 12 months, there's been no safety audit done on A.D. Williams, even though there was loss of life in that crash, and I think there would be concerns. In the past, there certainly would have been a safety audit. How many safety audits on Canadian airlines have been performed in the past 12 months?

•(1235)

Mr. Louis Ranger: First of all, Mr. Chair, I do not accept the statement that the government is starving us of resources to do our job.

What the government has asked us, what the Auditor General asked us, is whether our programs are cost-effective: is this the best way to spend the dollars we have? The professional answer is, over time, no. There's a better way of achieving that objective. Actually, we could improve on that objective if we do things differently, and we have the world authority on civil aviation matters supporting us on that and validating that process. It's very different from saying.... We're not being starved by the government.

Mr. Peter Julian: You made the point that this was an additional system. I am making the point that there is no additional overlay of SMS on top of a well-functioning inspector system. There have been dramatic cutbacks in the number of flight inspectors, at the same time as there have been significant increases. So I think we'll have to agree to disagree. To many people's minds, there simply isn't the type of support of the system that we've had, which has functioned well.

I come back to my question on safety audits. How many safety audits have been performed in the last 12 months, full safety audits with civil aviation—

Mr. Marc Grégoire: Before that, though, it's important—

Mr. Peter Julian: Could you please answer? I'd like you to answer that question.

Mr. Marc Grégoire: We will answer, but we have not cut back. We have not been given cutbacks by the DM or by the government. We simply have a number of positions vacant, higher than what we would like to have. We are staffing those positions. Everywhere in the country, we have managers in staffing processes right now. What was the vacancy rate five years ago, or what will it be in two years, in five years? I don't know, but the goal is to be staffed at 100% at any point in time.

Mr. Merlin Preuss: Just to comment on the growth versus inspections, first of all, growth in industry does not necessarily directly result in more inspections.

For example, there's an audit cycle for Air Canada. If Air Canada grew by 20%, we would still only do the audit in accordance with the cycle. So it's not a one-to-one relationship. Is there going to be an increased requirement under the old sample-based plan? One would say intuitively, yes.

In terms of numbers, I do not have today's numbers for the last year. What I do have is going back to 2002-03. The title of that document is *Civil Aviation: Number of Entities Inspected and Audited*. According to my numbers, in 2002-03, it was 10,998; 2003-04, 10,984; 2004-05, 10,591; 2005-06, 10,441; and 2006-07, 11,775. These are inspections or activities at the coalface.

Mr. Peter Julian: Could I ask you then to table that information for the past year with the committee, please?

Mr. Merlin Preuss: We will, whenever it's available. It's not something that's...it's just done on a fiscal year basis. But yes, it's possible.

The Chair: Thank you very much, Mr. Julian.

Just to clarify that last point, there's going to be an undertaking to provide...? Has that been clarified?

Mr. Peter Julian: It's the information over the number of full safety audits that have been done in the past 12 months, basically from June 1, 2007.

The Chair: Okay.

Within two weeks, Mr. Ranger? Is two weeks fine?

Mr. Merlin Preuss: We'll provide you with available numbers, for sure, within the next two weeks.

The Chair: I believe you have a comment, Ms. Fraser.

Ms. Sheila Fraser: Mr. Chair, I want to be sure that the committee does not think we are raising any concerns about the move to safety management systems and knows that we really looked at the administration of the process.

I'd like to draw a parallel with our work in financial audit—this is really all about auditing. In the world of financial audits we moved to reviews of systems many years ago. When auditors first did the audits of the Public Accounts of Canada, way back 100 years ago, they would look at every single expenditure. Today, quite honestly, there isn't enough money in the world to have enough auditors to look at every expenditure in government. We have to look at the systems the government itself has in place to make sure the expenditures are appropriate and duly authorized.

We document the systems, we test the systems, we do spot checks, and if the system is working well, then we can use our resources to focus on higher risk, which is really what is happening in this instance. To draw a parallel, it is a more efficient way of doing it, and it is also a much better audit, because you're actually focusing where there is greater risk.

I take the example of our office. We are actually doing more work now with fewer people than we were 10 years ago, and probably we can conclude better audits, because we're really focusing on the issues of higher risk rather than looking at every single transaction.

The Chair: Thank you very much, Mrs. Fraser.

That, colleagues, concludes the second round. We have a couple of motions too that the committee has to deal with.

First of all, on behalf of the committee, I want to thank you very much for your attendance here today. It's an element of government that's extremely important. I believe there is in excess of 100 million Canadians and non-Canadians who get on a plane each and every year, and safety is of paramount concern to every Canadian.

Certainly the Government of Canada has had a great record, and for that I want to congratulate you and thank you for the job you've done. We've had a good hearing today, and I wish you all the best in the future.

I would now invite the Auditor General and you, Mr. Ranger, to make any closing comments you have.

• (1240)

Ms. Sheila Fraser: Again I'd like to thank the committee for their interest in the work of the office. I look forward to seeing you again—at a hearing next week, I think.

Mr. Louis Ranger: As I said earlier, I think our system will be improved as a result of this audit.

Thank you very much.

The Chair: Thank you very much.

We'll suspend for 30 seconds, and then we'll come back to deal with two motions.

• _____ (Pause) _____
•

The Chair: At this point in time, I'd like to call the meeting back to order.

We have two motions to deal with, colleagues. The first is a motion on *ex gratia* payments, and the second issue is the report of the steering committee held on Monday.

The motion on the *ex gratia* payments is coming in the name of Mr. Sweet.

Mr. Sweet, that motion has been circulated. Is there anything you want to say on it?

Mr. David Sweet: No, Mr. Chair, other than that what is written is for the privacy of those people who are getting these *ex gratia* payments, and that it's necessary, for them to continue.

The Chair: Let me add to that, colleagues, that this is a matter that comes before the public accounts committee each and every year. Under our regulations, in the preparation of the *Public Accounts of Canada*, should a waiver not be granted by Parliament, the Treasury Board would have to include the names of all these individuals, which in some cases, such as that of the heating and fuel oil, would be logistically impossible. In some cases, such as that of the claims for hepatitis C, it would be against the public interest.

We have a motion. Is any...?

Mr. Bélanger.

Hon. Mauril Bélanger: Thank you for that explanation. It helps me. I'm new at the committee and I wanted to know. Indeed, I can understand in some cases its being virtually impossible, and in some cases it may not be.

But the question I had, in order for us to do some due diligence—and I'm not suggesting this is necessarily the case here—is this. In your recollection or the clerk's, has the committee in the past invited the officials to at least discuss this matter in camera—this or preceding ones? There is, as you know, on page 3 of the letter to you from Monsieur Monette, an offer that in the case of the names that are to be withheld from publication, they would also propose to provide the names to the committee in camera on a required basis. The question that flows from that is, who determines what's "on a required basis"?

The Chair: I don't know the answer to that question, Mr. Bélanger. By agreeing to this motion, this does not sanction the integrity of the process. If we have any concerns at a later date as to the integrity of the payments, or if people are getting payments that they shouldn't be getting, we certainly can delve into it. All this motion does is allows the Treasury Board, in the preparation of the financial statements, not to have to list these individuals. That's all it does. If we felt, after deliberation, that we wanted to pursue it further or ask the auditor, we could, but these are fairly well-known programs. They're being looked at and debated by other committees. Certainly the Indian residential school system is well known.

Hon. Mauril Bélanger: Mr. Chairman, the reason I bring it up is the following. Over decades parliamentarians have ceded ground to the executive, sometimes, sadly, by laziness, if you will. I'm not suggesting this is the case here; I just wanted to make sure it isn't. I've sat on Treasury Board, and whenever the officials were asking for authorities not to publish information, the information was provided; therefore, the determination was done in full consciousness of the information itself. This is not the case here.

The question I'm asking is a very serious one. Who determines what is "on a required basis"? If it's us, I'm fine; I'm comfortable with that. Then all I'll say is that at some point, as a committee, with some special responsibilities of due diligence, perhaps we should invoke that authority and use it so it doesn't disappear over time. If it's not us, then I might have a problem with that and test the system. I think that's part and parcel of our work, to make sure that parliamentarians don't let go of any oversight capacity over time by not exercising it. That's the reason I'm bringing this up.

• (1245)

The Chair: I'll make a comment, and then I'll invite Mr. Williams to comment. It would be as required by us. Parliament can get anything it wants unless it's a cabinet document. This would be a list of names, which would be out there. If we wanted it, we could certainly get it, but then we'd have to make the determination when we wanted it.

Mr. Williams.

Mr. John Williams (Edmonton—St. Albert, CPC): Thank you, Mr. Chairman.

This has been around on an annual basis for quite some number of years. I can't remember the first year it came to the attention of the public accounts committee, but I made a determination that we would only grant the waiver on an annual basis. Initially they asked for a blanket waiver that they wouldn't have to do it, and I refused to provide that, which is why we're discussing this today.

The key, of course, is this. Go back to the heating fuel rebates of 2000. There would have been millions of names required to be published, each one in the *Public Accounts of Canada*. At that point in time I thought about perhaps having it on the website rather than having a document a mile high, because they just asked that they publish the total gross amount. The amount that's spent is reported in the *Public Accounts of Canada*, but the names of the beneficiaries are not there because these are grants and *ex gratia* payments and they are required by the Financial Administration Act to be reported individually in the public accounts.

It's only Parliament that can provide the waiver. We've given the waiver on the detail but not on the amount, and you will find it in the public accounts committee. When we talk about the heating fuel rebates, which you may recall was an emergency situation in 2000, here we are in 2008 still paying out because it was attached to your income tax return. So if you're only filing your income tax return now for the year 2000, you will qualify for a heating fuel rebate, believe it or not. That is why the numbers are still showing up on the tax return.

The merchant navy and veterans situation was different. The extraordinary assistance one for tainted blood.... Personally, I would never want to call for names there, Mr. Chairman. Having the total amount, absolutely. Agent Orange problems and the residential school system.... Again, I would be very careful about calling for names, but absolutely, the total amount has to be and must be reported in the *Public Accounts of Canada*.

The Chair: Mr. St. Denis.

Mr. Brent St. Denis: Thank you, Mr. Chair.

I'll admit not being an expert on this, but I have, for example, in my northern Ontario riding hundreds, maybe thousands, of residential school payment recipients. There have been some sad cases reported where somebody was robbed or taken advantage of because somebody else knew they were getting something. I think just on the basis of security alone, that would be sufficient for me, as a single member, to agree that names and amounts not be included. They're available to us on a confidential basis, when the offer is made. That would certainly be my view. I would agree with not including names and individual amounts.

The Chair: We'll go to Mr. Fitzpatrick.

Mr. Brian Fitzpatrick: I wasn't going to get involved with this, but you've stirred something up in my mind. The Liberal person I am referring to is someone the Liberals know very well. He's a lawyer from Regina by the name of Tony Merchant. He would be under the claims related to the Indian residential school system. That's a huge, significant payment. Does that mean that Mr. Merchant and his law firm are not going to be listed with the amount of payment they've received?

A voice: That's what he said.

Mr. Brian Fitzpatrick: I'm definitely going to have my eye out for that one.

• (1250)

The Chair: Go ahead, Mr. Bélanger.

Hon. Mauril Bélanger: My sense is that it is not an *ex gratia* payment. It is an actual fee payment, and that's another thing.

Mr. Brian Fitzpatrick: That's debatable.

Hon. Mauril Bélanger: Well, that's not at issue here.

The Chair: Let's stick to the topic, shall we?

Hon. Mauril Bélanger: On the topic, Mr. Chairman, I would never suggest—and if I've been misunderstood I want to correct it—that we ask that all these names be made public and printed. No. That's not the question. However, for the extraordinary assistance plan for Health Canada, there's a number given: three. There are no numbers given anywhere else.

I understand that for the heating fuels it's hundreds of thousands, but by now it could be quite a bit less. For Agent Orange, which is a fairly contentious issue, I'm not looking for the names. But it would be useful to know how many.

Mr. John Williams: I have an amendment, Mr. Chair.

Hon. Mauril Bélanger: Mr. Chairman, I go back to my first point. The first point, and my concern, is that this balance of authority between the executive and the legislative is, in my mind, paramount. I would not want, down the road, to have contributed to the erosion of our ability to oversee by not exercising, once in a while, that authority. So if it requires having someone come to talk to us, once, in camera, about this, I think it would be worthwhile. That is the spirit in which I'm questioning here. It's nothing more than that.

The Chair: Go ahead, Mr. Sweet.

Mr. David Sweet: I simply wanted to say, and Mr. Williams' amendment may just reflect that as well, that I agree entirely in principle with Mr. Bélanger. Occasionally, if not exercised, you can lose that. And our schedule, of course, up until the end, is full. I have no problem if you want to deal with this one in September and have them come then, or if it's always June, then let's be proactive and schedule it for next year so that we actually exercise our full capability. Let's bring somebody before the committee in camera.

The Chair: We'll have Mr. Williams.

Mr. John Williams: We have had people before the committee to explain this in the past, Mr. Chair.

My amendment is to continue on, after “the Public Accounts of Canada”, but that it report the number of payments and the total paid under each category. I thought, Mr. Chairman, that we always had that in here.

With regard to Mr. Bélanger's point about the balance between the executive and the legislative branch, they have tried to slip this through every year. They start off by saying to just give them a blanket “forever” authorization, to which we have responded that there is no possible way that is ever going to happen; we'll give it to you on a year-by-year basis. As you see, this is getting watered down to less and less, and therefore we have to be vigilant.

The Chair: You agree with that amendment, I assume, Mr. Sweet.

Hon. Mauril Bélanger: I have a subamendment.

The Chair: You're making a subamendment?

Hon. Mauril Bélanger: It may be friendly. It's about the range. I mean the highest and lowest. Give the range without identifying whom.

Mr. John Williams: You had better set out the range then.

Hon. Mauril Bélanger: Have the range, the highest and the lowest. Just have the range.

Mr. John Williams: Okay, that's fine, that it report the number of payments and the total amount paid under each category within the range of the highest and lowest payment.

The Chair: Do you agree with that, Mr. Sweet?

Mr. David Sweet: Yes.

The Chair: Okay.

We'll go to Mr. Lussier.

[*Translation*]

Mr. Marcel Lussier: Mr. Chairman, we will also support the friendly amendment moved by Mr. Williams. I would simply like to add a small correction to the French version. The word blood is spelled *sans* and should be spelled *sang*.

The Chair: Thank you very much, Mr. Lussier.

[*English*]

I think we've had a debate.

Colleagues, we're through here in two weeks. I would expect that when we come back on September 15, within two or three weeks—maybe a month—we will be having a meeting on the public accounts. I will bring it up with the steering committee and we will follow up. This will be part of the so-called public accounts meeting, to have an examination on this.

All in favour of the motion, as amended and subamended, please raise your hands.

(Motion agreed to)

●(1255)

The Chair: The final item, colleagues, is to review and approve the minutes of the steering committee that was held on Monday this week. That has been circulated, and it basically sets the schedule for the next four meetings this year.

I'll review it very quickly. Next week, on June 10, we have draft reports. We're going to spend the first hour dealing with the CAIS program. Hopefully we'll conclude it in less than an hour. Then we're going to go back to the acquisition of leased office space. Then on June 12—

Mr. John Williams: Is there any end to that thing?

The Chair: I don't know, Mr. Williams. That's entirely in the hands of the committee.

There are draft reports again on the 12th. On the 17th, we have scheduled “support for overseas deployment”, from the May report, and then on the 19th, which of course is somewhat speculative, we're back to draft reports.

We've also circulated the schedule for the first month or so in September. Again, these were chapters that the steering committee recommended: aboriginal affairs; surveillance, detention, and removal of individuals. You can see that there.

Mr. John Williams: Mr. Chair, it says the committee resumes consideration of the study of the Office of the Parliamentary Budget Officer on October 21. What are we resuming? I thought we were finished with that.

The Chair: We didn't really close it off, Mr. Williams. In fact, there was some talk of calling some other people. Again, that would be somewhat speculative, but at the time we actually talked about continuing that debate.

Mr. John Williams: I would move that we delete that.

[Translation]

Hon. Mauril Bélanger: Mr. Chairman, if I am not mistaken, the last time we had a report from the subcommittee, when someone asked about the number of existing draft reports, I thought I understood that there were about 10 of them.

[English]

The Chair: I'm going to ask the analyst to answer that question. They're not all done, but I'll get a quick answer from the analyst.

Alex.

Mr. Alex Smith (Committee Researcher): We have prepared the CAIS program and Place Victoria for next Tuesday. We also have completed, and it is in the process of translation, a report on human resources at DFAIT, Foreign Affairs and International Trade, and the estimates. We had a hearing on the OAG report on plans and priorities and DPR.

We have not yet completed reports on the management of user fees. The report on securing government information will have to be amended. We also have the greening of government operations, which will have to be written. So we have a few outstanding reports.

[Translation]

Hon. Mauril Bélanger: Do these reports have to be dealt with in any particular order? Basically, what is the order? How do we establish the priorities?

Hon. Mauril Bélanger: I am asking this question because we cannot avoid the fact that the Place Victoria report could be a long one, because of the way it started out. However, I have no problem with this, but if you want...

[English]

Mr. Brian Fitzpatrick: It's an old one.

[Translation]

Hon. Mauril Bélanger: I understand why, given the amendments that the government proposes.

Nevertheless, if we want to clear the ground, to move ahead and reduce the backlog of reports, has the subcommittee envisaged tabling the ones that you mentioned this morning? At least three of these reports may be ready for tabling and they could probably be adopted much more promptly.

If such is not the case, I agree that we should do what was proposed. Nonetheless, Mr. Chairman, let me emphasize that if we carry on in the same way as we did during the most recent attempt to adopt the report on chapter 7, things could get very drawn out.

• (1300)

[English]

The Chair: You're quite right, Mr. Bélanger. I should point out that the steering committee also agreed that we're going to meet every day during July and August on Place Victoria. Is that agreed?

Some hon. members: Oh, oh!

The Chair: I take your point, Mr. Bélanger.

Mr. Lake, then Mr. Williams.

Mr. Mike Lake: Further to Mr. Bélanger's point, I don't understand, when we have other reports we have to do, why we have chapter 2. Why are we going to undertake a new study that we're not going to get to? It's going to be four months before we get to the draft reports on it, but on June 17 we have this chapter 2.

I would move that we move that to draft reports. Let's work on draft reports, clear our backlog, and come back with a fresh agenda in the fall.

Hon. Mauril Bélanger: Let's understand that the order in which we deal with them might be of some significance, in terms of getting through the backlog.

The Chair: We may do better than we think.

Mr. Williams, and then I'll adjourn.

Mr. John Williams: Item 12, Mr. Chair, "That on October 28, 2008, the Committee commence consideration of a study on Performance Pay in the Federal Public Service." What's going on here?

The Chair: That's one item, Mr. Williams. As you know, this has come up before and we want to have a look at it. This is an issue that is ill understood by parliamentarians. They have this at-risk pay; they have bonuses. It comes up at every hearing. Every time we have a problem, either you ask the question or I ask the question, or someone asks the question, "Did you get your at-risk pay? Did you get your bonus?" The answer is always yes. We thought it would be good some time in the fall, if we had the time, to—

Mr. John Williams: I'm fairly sure that the system has been revamped. So rather than setting our sight at a meeting...because what are we going to study? We have no documentation. I would ask that Treasury Board submit a report of the current policy and we take a look at that, and then if we think it's appropriate, we can have a hearing. But to simply say we'll have a hearing based on...what? What's the point?

The Chair: Well, the point, Mr. Williams.... You've been on this committee a long time and you've seen this procedure in action. This is a system we have in the federal government, and you're quite right, there have been announcements made that they're looking at revamping, but I don't think the system has been revamped at all.

Mr. John Williams: I thought it had.

The Chair: No, it hasn't, as far as I'm aware. This system has been around for seven or eight years. It's a system where there is no transparency at all. People have a salary, and then they have another salary that is called "at risk", and most people earn their "at risk".

In the private sector if you're at risk, you get fired. This is not well explained to parliamentarians.

On top of that "at-risk" level there is a bonus level.

As a member of the public accounts committee, I certainly think it would be in Parliament's best interest to have a look at this and explain, if nothing else, to parliamentarians exactly how it works. I don't think there would be too many people out there who can explain this. It's well hidden, because when we ask the question to members at that end of the table, basically all we get is mumbling under their breath.

You know and I know that we've asked the question of Mr. Guité and every person who came into this room, "Did you get your at-risk pay?" They replied, "Oh yes". When asked, "Did you get your big bonus?" they replied, "Oh yes, I got my bonus". It has no bearing on performance or results.

Mr. David Sweet: On a point of order, we're obviously not going to exhaust all the conversation. We're at 1:05 p.m. and I have other obligations.

The Chair: You have another commitment.

We can come back and review it in September. We'll put it back to the steering committee.

Mr. John Williams: What we can do, Mr. Chairman, is get a report from the Treasury Board and then decide if we'll have a meeting.

The Chair: Yes, we'll get a report.

The meeting is adjourned.

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