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Chair

Mr. Larry Miller

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•(0845)

[English]

The Chair (Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC)): We'll call our meeting to order. I'd like to thank Mr. Tweed, Mr. Therien, Mr. Marit, and Mr. Demers for joining us today to participate in our study on rail safety and the transportation of dangerous goods.

With no further ado, we will turn it over to SARM and Mr. David Marit for 10 minutes.

Mr. David Marit (President, Saskatchewan Association of Rural Municipalities): Thank you, Mr. Chairman, for this opportunity to appear before the committee.

I'm the president of the Saskatchewan Association of Rural Municipalities, and we've appeared before the committee in the past and appreciate the ongoing relationship we have with the members.

Today, I'd like to provide you with a summary of the current and future challenges facing rural Saskatchewan regarding rail safety. These issues are of great importance to SARM and our member municipalities. Rail transportation service is an issue of vital importance to our province. Our small, yet growing population, large volume of agriculture, and oil and potash production right in Saskatchewan mean that a significant amount of our products are exported. The distance to ports and the landlocked nature of our province make rail the only mode of transportation currently available to haul our products to export position.

As a result, our province's economic advantage is very much dependent on a competitive rail transportation system. The recent rail disasters have clearly raised questions about the safe transport of dangerous goods via railways through our municipalities across Canada. We'd like to begin today with comments on grade crossing regulations.

Proposed changes to rail crossings currently being consulted through part I of the *Gazette* raise issues of concern about both safety and cost for municipalities. SARM supports the intent of the proposed grade crossing regulations; however, their current direction is unclear. SARM is concerned with safety and emergency service access to communities and the length of trains. We understand that there will be a move to two-mile trains and this will block crossings and cause unintended consequences for communities. The continuous obstructions of grade crossings by trains is a large concern for municipalities.

SARM recommends that guidance be provided by the Department of Transport to municipalities on how to address these issues at the local level to increase safety.

The costs for municipalities to upgrade crossings are unknown, and the long-term maintenance can be expensive. It is required that all crossings be upgraded to meet the indicated standards. There remains a possibility that smaller municipalities will face significant costs, ones they cannot afford. Not maintaining crossings will result in closures as a result of municipalities being unable to meet the expense for upgrading sight-line requirements. This would have tremendous impact on local ratepayers and the rural municipalities.

SARM recommends that additional funding be provided to ensure municipalities can comply with the requirements.

It is our understanding that there will be some flexibility in meeting the requirements within the final regulations. SARM recommends that a reference guide be developed that outlines the flexibility that local authorities have to comply with the regulations.

In consultation with the Saskatchewan Shortline Railway Association, SARM has made a submission to the Canadian Transportation Agency on third party liability insurance coverage regulations. The Lac-Mégantic tragedy was a rare case in which no reasonable requirements for third party liability insurance would have provided adequate coverage. After an internal review and consultations with industry stakeholders in our province, we don't believe there should be additional or different third party liability insurance requirements related to the transportation of certain commodities such as dangerous goods.

Our recommendations include the following.

Provincially regulated short lines are a lot different from the high volume, high speed railways that are federally regulated. If minimum requirements for liability insurance are imposed, SARM recommends that the short-line railway requirements be less than those of class I railways.

We also recommend that adequate consideration be given to the level of risk posed by provincially regulated short lines and that, if regulations are imposed on them, they correlate with the level of risk. Because railway operations vary in terms of the volume of traffic, commodity mix, scope of operation, and number of crossings, minimum requirements should be less on shoreline railways and based on individual risk assessments, past history, and length of service.

Short lines have become integral to the transportation network, moving Canada's mining resources to local and regional markets. Our concern is in regard to increased liability and whether or not the requirements for class I railways will be downloaded onto short lines. The shoreline sector is essential for providing a continuous railway network across federal and provincial jurisdictions; therefore, additional costs in obtaining higher third party liability insurance could be detrimental to their business. SARM recommends that these additional costs remain with the class I railways.

With respect to rail shipments, SARM has always advocated that an effective rail transportation system is critical to the competitiveness of our agriculture sector and other rural-based industries in Canada, including oil and potash, which we will see being transported via rail more regularly as pipelines hit capacity and potash production increases.

● (0850)

The poor level of rail service for the grain industry has been affecting grain profitability across Canada. The rail capacity to handle increased grain exports is vital to supporting the Canadian economy and to the competitiveness of our agriculture and food sector.

SARM supports the efforts the federal government has made to improve grain movement throughout our province, and supports the amended version of Bill C-30, the fair rail for grain farmers act. We are, though, disappointed that the legislation did not include more substantial penalties on the railways and failed to increase the number of grain cars that railways are required to deliver.

With regard to stiffer penalties and minimum grain cars, in order to ensure that a similar backlog does not reoccur in future years, SARM recommends that mandatory levels of rail service agreements be legislated, with much stiffer penalties imposed when levels of service are not met, and that legislation be implemented to ensure that the railways move a minimum of 13,000 cars.

In closing, SARM recommends the following to ensure that rail transportation service continues to sustain Saskatchewan's growing economy.

If costs for municipalities to meet the proposed grade crossing requirements prove to be too expensive, additional funding should be provided to ensure that municipalities can comply. Guidance should be provided to municipalities to address safety concerns regarding obstruction of grade crossings, and a reference guideline should be developed that outlines the flexibility that local authorities have while attempting to comply with the regulations.

Second, third party liability insurance requirements should be lower for short-line railways than for class I railways, and additional costs should remain with the class I railways.

Finally, to improve the overall current level of rail service for the shipment of products, stiffer penalties should be imposed when levels of service are not being met to ensure that the minimum cars will be moving grain.

Thank you very much, Mr. Chairman, for this opportunity.

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

We will now move to OmniTrax Canada.

Mr. Tweed, welcome back to the committee.

Mr. Mervin Tweed (President, OmniTRAX Canada): Thank you, Mr. Chair. It is a pleasure to be back here.

I think probably one of the reasons I'm here is that in the last several months, OmniTRAX Canada has put forward a proposal to move sweet crude through the Port of Churchill. Obviously that raises some of the concerns that I think are being addressed by the committee.

I'll give you just a brief overview. OmniTRAX is a North American operation. We run 17 rail companies and two ports in North America. We're the largest independently owned private rail company in North America.

In Canada we have three basic rail assets — the Hudson Bay Railway that runs from The Pas to Churchill, the Carlton Trail into Saskatchewan, and a little piece of the Kettle Falls in southern British Columbia. I think it's important I'm here with Dave today, because Hudson Bay, our railway to Churchill, is federally regulated, and yet our Carlton Trail is regulated provincially, so we do see both sides of it.

We're a full-service provider into northern Manitoba and, indeed, northern Canada. We provide freight services. We provide fuel resupply. We obviously handle a lot of grain, and we are also the resupply area for the Nunavut-Hudson Bay area, so we have lots of interest in part of the discussions that are taking place today.

Through our freight services, basically we offer our clients road, rail, port, and marine. We are working on an air agreement with one of our contractors in the north.

We do run a marine tank farm at Churchill. Basically with the resupply we do into the northern communities and into Nunavut, we have four tanks with ten million litres of capacity each, and the commodities we deal with are gasoline, diesel, heating oil, and aviation fuel.

Obviously when people look at the Port of Churchill in particular, they look at the benefits of distribution. Although I don't have a chart I can share with you, I can tell you shipping out of the Port of Churchill to places like Rotterdam, Liverpool, and Oslo can create as much as three to three and a half days' savings for the exporter, so that's a substantial amount of money to them, and that also provides us with a greater opportunity to the bigger market.

To review quickly, last year we shipped 640,000 metric tons of grain through the port. People ask me about the impact of the Wheat Board. We have gone from basically having two shippers into the Port of Churchill to having five. We're hoping this year we'll have seven. That has created some interest for other shippers to take a look at us and see what we can do and are prepared to do.

We obviously have lots of opportunity for diversification, but I think, with regard to the study, I'm going to focus on crude oil through the north, and obviously on where we're situated with the Bakken development in southeast Saskatchewan and Manitoba.

Something I didn't realize until I got involved in this is that when we talk about shipping east or west or north or south, Canadian oil companies don't get the full value by shipping into the U.S. They only get the full value by shipping export into the world markets. I'm told that about \$30 billion is missed over a five-year period simply because we have to accept a price that is different from the world price. So it does make a substantial change in people's thinking as far as how they can ship and how they can benefit going through the Port of Churchill.

Our proposal was to do a test pilot in which we would load a million barrels of oil. For economic development, doing that creates about 25 new jobs as well as 20 in construction. Over the years, through our company, we have shipped a total of 2.354 million barrels of petroleum product, and I'm proud to say that we've done it without any incident. I think that's something that speaks to our safety record. In the last three years, on any of our products that we are moving to the north, we've had no derailments on our main line.

● (0855)

So to talk about the safety parts, obviously, we've had an eye-opener. I think it's interesting, the safety culture in Canada, and in particular, I believe, in the rail. We don't start a meeting, even in our executive offices, anymore without somebody being appointed the safety supervisor. We identify somebody who has CPR. We identify the exits. We believe that if we can set that pattern for our employees, then it creates an atmosphere where everybody feels comfortable. It's something that I've seen as an important part of our issue as we move forward. No matter what we try to ship, we're going to have to do it safely, and we have to have a culture that promotes that.

With the oil in particular, and the volatility, we do have plans in place to address the emergency and security issues. We have investigated and are looking at the necessary equipment required for prevention and response, we are training staff on transfers to oversee the process, and we have oil spill response and fire emergency equipment ready to be deployed.

One of the things...and it's happened, unfortunately, since Lac-Mégantic. You know, everybody has to review their safety procedures and their standards. And looking back at what we have done and how we do it... We will not leave unattended trains on a main track. We will lay over in protected terminal areas only. We reduce our speeds through communities. I know in provincial legislation they have a maximum speed for going through a community. From discussions with the communities that we serve, we now go through the communities at five miles an hour. I'm told that should something ever happen, at that speed it would just

basically be a car going off the rail. It wouldn't be anything quite as tragic as we've seen.

One of the challenges we have, being a northern community and a northern operation, is getting material and people should there ever be an incident. In working with professional people who study this on a daily basis, we are proposing to put an initial response car on every train that we ship oil on. Basically the equipment would travel with the engine, so that our only challenge after that would be to get the people there. We recognize that moving material in an isolated northern area in northern communities does become a bit of a challenge, so having that equipment on site works to our advantage.

With the new railway regulations in regard to tank cars, we've always maintained at least two individuals on our locomotives. No locomotive is attached to one or more loaded tank cars transporting dangerous goods, and they're never left unattended. A specific number of handbrakes are always applied, and all main brakes that are on a locomotive are attached.

Now, we've engaged people who give us advice on our plans. We basically develop a business plan, an economic plan. One of the benefits that we have in Churchill is that we have a third-party organization comprising federal, provincial, and company... When we're trying to validate our safety plans, we farm it out to a third party to come back and tell us. We believe that because it's a third party and not hired by us directly, we're getting an honest and fair assessment of what we are doing, and I think the governments feel very much the same way.

I won't go too much further. We do have a couple of recommendations, and I would suggest that although OmniTRAX is a North American company, we are Canadian-owned and operated. We're run by Manitobans. We currently in our peak season will run up to 300 employees. In northern Manitoba we're one of the major employers and more than half of our employees are first nation, Métis, or Inuit.

You've probably heard something similar to a couple of the recommendations we'll make. I respect the changes the government has proposed and brought forward. I think they're doing them for the right reasons, the right purposes.

• (0900)

The challenge that you have to some degree when you're working with two countries is that you have to make sure that your regulations are compatible. If they're not then it creates a real problem not only for us as a company but also, I would suggest, for all the companies that are moving product of any kind back and forth. Following up on what Dave said, we are short lines. I think based on what I've seen of other short lines and our company in particular, we do try to do things in a professional way. Obviously, because of our lack of size and lack of capacity we rely on those short runs and those short hauls. That's our investment and that's where our profit centres are.

I encourage the government. I think what you're doing is correct, but we have to be very cautious about limiting or eliminating what short-line rail companies can do for the people they serve. If we're limited in the number of our rail cars like we are this year for wheat, which to me is kind of a strange issue because we have a glut on the market but our challenge is going to be to get cars, the same could apply into the volatile products that we're looking at moving. We want to be safe, obviously, first and foremost, but we also have to be reasonable, in the sense that things happen for a various set of reasons and sometimes it's not the machine that's creating the problem but sometimes it gets blamed for it, and that's where we address the issues first.

Those would be our couple of recommendations. I look forward to any questions from the committee.

The Chair: Thanks, Mr. Tweed.

We now move to Mr. Jacques Demers, the Mayor of Sainte-Catherine-de-Hatley.

You have ten minutes or less, please. Go ahead.

[*Translation*]

Mr. Jacques Demers (Mayor, Municipalité de Sainte-Catherine-de-Hatley, As an Individual): Thank you very much, Mr. Chair.

I am proud to be here as a mayor and as the person responsible for the Eastern Townships region.

I would like to discuss several points with you today.

I quite agree with the previous speakers who said that what we were resolving was not the Lac-Mégantic tragedy. It occurred in our region, on our land, and it affected friends and relatives who were there, but it goes beyond that. I view the tragedy as an accident that was caused by several factors, as we will see once the investigation report is made public. We have already seen that several factors were involved. Beyond the report, however, this is an opportunity to look at the state of Canada's railway system, some parts of which have not been upgraded in many years. The system must be examined, and that is what we are doing. I think everyone is devoting a lot of energy to it.

The task for municipalities will be to equip people so they know what is being transported on railway lines in real time. This is very important for us. We are told that the same goods will be transported on rail lines as in previous years. That is fine with me, but, where

major changes are made, we must know in real time so that we can make sure people are aware. The elected representatives or mayors of a municipality do not necessarily need to know what is happening on the line, but the chief of the fire department or the director of risk assessment must know so that they can prevent accidents. They need to know where the goods are in the event they have to take action.

More qualified people than I could tell you what standards would be appropriate. Should goods be located 50, 100 or 200 kilometres from one another? I do not know. There are various risk levels. We have to accept the fact that certain risks can be mitigated and that it is harder to do so for certain other goods. It is essential for us to know where we can find those goods and who has the skills to use them. The people who must take action also have to have the necessary skills. That is essential.

Costs are associated with that, and they must not fall directly to the municipalities. If rail transport is selected, the costs must be charged to the railways.

The same is true of insurance, which we discussed earlier. I quite agree that insurance needs will have to be looked at based on risk levels, not in overall terms. Some sections of track are less dangerous than others, and the same is true of the goods that circulate on them.

Perhaps we should take out group insurance. I am not a specialist in the field, but I believe there are ways to protect oneself from risks in the marine sector. Depending on the level of risk involved in transporting certain goods and volumes, there should be a way to establish ratios so that everyone pays a fair share in the event of an accident. It is essential for us that a fund and terms and conditions be established so that we can bear the costs if a tragedy occurs.

Now I am going to talk about train speeds, which are the main reason why I am here today and which I have been discussing since last July in particular.

We make rail lines safer by lowering speeds. Rails are checked, most of the time together with the railway, and speeds are often reduced. Limits are 10 miles an hour in several places on very important sections of track. We agree here that 10 miles an hour is not fast enough to make transportation profitable.

If we believe in Canadian railway transportation, we should do something about it. We reduce speeds to 10 miles an hour, but we should require the railways to upgrade rails and restore trains to what is considered a normal speed. Is the normal speed that a railway can support 30, 40 or 50 miles an hour? Once again, I leave it to the experts to determine what a normal speed is, but it is essential that we resolve that aspect.

Let us stop lowering train speeds. Rail transport is not economically viable if speeds are reduced. A region cannot attract businesses that require rail transport if no work has been done to its railway in 10 years and trains are restricted to 10 miles an hour on most sections of track.

• (0905)

Furthermore, to improve safety, people need to see that work is being done on those rails. There are rotten wood and loose spikes on some sections. It is all well and good to say that 10 miles an hour is a safe speed, but people want the work to be done. If we believe in rail transport, that work has to be done.

It obviously has to be done from an economic standpoint. Everyone would gain from it. Some will say that small companies may encounter problems and risk bankruptcy. I think that is completely false. If there is a risk of bankruptcy when railway speeds are limited to 10 miles an hour, that means people are taking a short-term view of their business.

If we keep using the rails at that speed, they will continue to wear out, and work will cost more when it is finally done. I think it is essential to do minimum maintenance on the rails. We absolutely need to make progress on this issue, or else we will not have done our job.

Thank you.

• (0910)

[English]

The Chair: Thank you very much.

Now we'll go to Mr. Emile Therien, past president of the Canada Safety Council.

Mr. Emile Therien (Past President, Canada Safety Council, As an Individual): Good morning, Mr. Chair, and thank you very much for having me.

For you people who are not from Ottawa, I apologize for our weather.

In light of that terrible tragedy at Lac-Mégantic last July, Transport Canada was taken to task in many quarters regarding its commitment to rail safety in this country. That awful train accident, the worst in the history of our country, took lives, injured others, caused extensive property damage, and basically decimated a proud and vibrant community.

I have been a long-time critic of rail safety in this country, often being severely critical of Transport Canada and the railway companies. There were very serious problems. Between 2003 and 2007, the average number of main-track derailments in this country was 103, or two a week. That did not include the number of non-main track derailments, mainly in yards or terminals. In the year 2007, then Transport Minister Lawrence Cannon stated in the House of Commons that "rail safety in this country has gone down the tube."

As regulator, Transport Canada, with overall responsibility for railway safety, conducts audits of how a railway company maintains its safety management systems. It does not engage in the inspection of tracks and switches. The companies' safety responsibilities include day-to-day safety and inspections. However, Lac-Mégantic, Plaster Rock, and other serious rail incidents aside, I sense that there has been a monumental shift, albeit spearheaded by legislation, in how Transport Canada and the industry approach safety, with very encouraging and positive results.

Since 2007, train accidents in this country have decreased by 23%, and passenger train accidents by 19%. In addition, there were 16 main-track derailments for the first quarter of 2012, representing a significant decrease from the 2011 total of 38 and the total five-year average of 34. In addition, from January to March 2012, total accidents by million train miles are 11.33, down from 14.29 in 2011 and the five-year average of 14.3. Why is this happening?

Transport Canada does, indeed, take railway safety very seriously and continues to take action to ensure that rail safety is a high priority. Only a few years ago, the government increased the rail safety directorate's financial resources by over \$72 million in order to enhance railway safety oversight, and an additional 25 inspectors were hired. Additional resources were also assigned to education and awareness, such as the operation lifesaver program, a joint program of the Canada Safety Council, the Railway Association of Canada, and Transport Canada. I won't go into details on this program but it's in my presentation.

Transport Canada also promoted amendments to the Railway Safety Act through Bill S-4, which received royal assent in May, 2012. These amendments will strengthen Transport Canada's oversight and enforcement powers to ensure compliance with all safety regulations by the railway companies. These important changes can only encourage rail companies to create, maintain, and enhance a culture of safety.

One important category that has also shown significant improvement when it comes to rail freight is the discharge of dangerous goods. Statistics show an ongoing downward trend. The Lac-Mégantic and Plaster Rock incidents aside, most leaks, fortunately, are small. Organizations and individuals attribute this decrease in incidents involving dangerous goods to the proactive stance and leadership over the years by the Transportation of Dangerous Goods Directorate, which falls under the authority of the Minister of Transport.

The TDG General Policy Advisory Council has played and continues to play a large role in this success. This council, which meets twice a year, brings together stakeholders—police, fire-fighters, industry, including rail, provincial governments, unions, safety interests and others—with very different interests and agendas. But at the end of the day, through consensus and thoughtful discussion, decisions affecting the movement of dangerous goods are made in the best interests of the health and safety of all Canadians.

The next meeting of the council will be held here in Ottawa on May 15. I have represented the Canada Safety Council on that important committee for many, many years. I mention some of the activities here, and I'll bypass them in the interest of time, but they are the objectives or the activities of that directive, and here I think that things are going well.

Regarding SMS and the railway industry, the amendments to the Railway Safety Act in 1999, many years ago, gave railway companies the authority to implement safety management systems, or SMS, defined as a framework for integrating safety into day-to-day railroad operations. SMS includes safety goals and performance targets, risk assessment, responsibilities, rules and procedures, and monitoring and evaluation processes.

● (0915)

With SMS, companies were supposed to identify risks before they became even bigger problems. With SMS, many critics said Transport Canada largely gave up its safety oversight role.

Since its introduction it has been very controversial. The friction it caused between management and employees of railway companies led to an acrimonious work environment, which in and of itself has a very bad effect on safety.

Proponents have long claimed that SMS is not self-regulation or deregulation, and has not fundamentally changed the way the companies operate. Railway company management say that SMS has enhanced both safety and the culture of safety in the industry.

Opponents of SMS claim otherwise. Railway workers feared that allowing the companies to oversee the government's safety standards and regulations was a conflict of interest. They pointed out that along with SMS came a reduction in the number of inspectors, thereby eroding the authority and function of the regulator. With SMS, spot audits, historically regarded as critical safety checks, came to an end. Workers were also concerned that SMS gave companies the responsibility to evaluate and manage risks, based on the level of risk they were willing to accept. A risk threshold set by the industry may not be as demanding as one set by Transport Canada. The question must be asked, is transferring the determination of risk levels to the industry, in effect, a deregulation of safety?

Concerns have also been expressed that SMS allows companies to regulate themselves, in the process removing the government's ability to protect Canadians and their environment and making it possible for the industry to hide critical safety information from the government and the public.

I recognize that SMS is not restricted to Canada. But in view of the poor safety record that accompanied its implementation here, going back to 1999, a critical assessment of its impact on rail safety at this time is in order. The government must take firm action with respect to problems, perceived or not, to maximize safety for Canadians and the protection of our precious environment.

In December 2006, then-transport minister Lawrence Cannon set up an advisory panel to review the Railway Safety Act. The panel came up with 50 recommendations to improve rail safety in Canada. The panel's report recognized that SMS had not resulted in the overall safety improvements that were expected. The panel called for a strong and proactive role for Transport Canada's rail safety directorate and a strong commitment to funding and staffing.

I understand there is currently a lack of protection for railway workers who report safety violations to Transport Canada. They are not allowed to bypass their company's SMS. If that company has already accepted the complaint as a tolerable level of risk, nothing can be done, and Transport Canada will never know about it.

Whistleblower protection must be incorporated into the Railway Safety Act, and soon.

I'm almost done, Mr. Chair.

Safety is not a frill. The railway companies are a very important industry, and we've all alluded to that. They employ thousands of Canadians from coast to coast and some in the United States. The products they move—agricultural, industrial, commodities, etc.—are an integral and important part of our economy responsible for a large part of our prosperity.

That being said, Canadians must be assured that rail safety is not being compromised in the interest of profits. It is false economy to cut back on safety. Costly, preventable catastrophes happen because potential risks in the system are accepted as normal.

When the space shuttle Columbia was destroyed in February 2003, seven astronauts died. The report on that disaster revealed that it was a result of flawed safety practices. Even after Challenger blew up in 1986, also killing seven astronauts, NASA did not improve its safety systems. The August 2003 Columbia accident investigation report found that managers accepted flaws in the system as normal and frowned on dissent.

I would not like to think this is the kind of atmosphere that has developed and continues to simmer undetected and unknown to the government and the public in some segments of railway companies until one day other unspeakable tragedies, not unlike those in Mississauga in 1977, and Lac-Mégantic last July, occur.

Just one last thing. I think as an ongoing discussion, especially in this city and across the country, the terrible and tragic collision between a VIA train and an OC Transpo bus in Ottawa last September 8, which left six bus passengers dead and 30 injured—many seriously—has raised many concerns about the safety of railway crossings in this country.

● (0920)

Transport Minister Raitt announced recently that under the grade crossing improvement program, Transport Canada would inject over \$9.2 million for improvements at over 600 railway crossings across the country. I would hope a large part of this money focuses on public education and enforcement.

Let's put the facts into perspective. As reported by the Canada Safety Council there were 169 rail/highway crossing crashes in this country in 2011. Of those, 25 people were killed and 21 were seriously injured. It is suspected that some of those killed were suicides, very much a mental health issue. A motorist is 40 times more likely to die in a crash involving a train than in a collision involving another motor vehicle. Most collisions occur within 40 clicks of the motorist's home. The principal cause of the level-crossing collisions is a failure of the motorist to stop or exercise due care and caution or to observe and comply with existing laws and regulations. Roughly 50% of all rail/highway crossing crashes occur at crossings equipped with flashing lights, bell or flashing lights, bell or gate, or whatever goes along there.

Many of these collisions can be reduced by driver behaviour combined with enforcement and common sense and at a very modest cost. In the grand scheme of things, should this not be the priority?

Thank you very much.

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

We'll now go to questions.

Seven minutes, Mr. Sullivan.

Mr. Mike Sullivan (York South—Weston, NDP): Thank you, Mr. Chair.

And thank you to the witnesses, it's been an interesting set of discussions here today. I'm learning a little bit every day that we talk about this.

I first want to talk to Mr. Tweed about the plans for Churchill. I'm assuming that you don't now have a facility to transfer large amounts of crude oil to ocean-going ships in Churchill, or do you?

Mr. Mervin Tweed: No, we don't.

Mr. Mike Sullivan: But that's part of the plan, to build one?

Mr. Mervin Tweed: The plan is to do a pilot test which would involve setting up a loading facility and if we can prove that it makes sense, then we would add to the investment to make it a full-time project.

Mr. Mike Sullivan: So....

Mr. Mervin Tweed: As of today we're not transporting....

Mr. Mike Sullivan: You're not in that position. So those 2.354 million barrels of petroleum product are for storage and for shipping via other means from Churchill into the north essentially; it's not a world market facility, but that's what you hope to become.

Mr. Mervin Tweed: Exactly. What we do is supply into the Hudson Bay area by barge. We load it from train onto barge at the port, move it out from there, and then move it by truck to the airports in the surrounding area.

Mr. Mike Sullivan: I was very interested to learn of your speed limit through communities of five miles an hour. Is this dangerous goods only or all commodities?

Mr. Mervin Tweed: We do it with everything. We met with a lot of the communities and one of the biggest concerns they raised with us was the speed that we went through their community. I think at the time we were doing 10. But in consultation with them, we just

felt it was the right thing to do. It doesn't impede our ability to deliver on time, so it's something that we just do.

Mr. Mike Sullivan: The minister last week announced that you will have to have an ERAP when you transport crude oil. Do you already have one in place or is that something you're going to have to develop?

Mr. Mervin Tweed: That would be something that we would develop. And we're in the process of doing that.

Mr. Mike Sullivan: You have a safety management system obviously, because you're a federally regulated railroad.

Mr. Mervin Tweed: We have a safety system that we implement and I can tell you that it seems to evolve almost daily, in the sense of reports back that we get from our employees.

I sat in on one of the meetings that we had in The Pas recently and it was pretty enlightening for me to listen to what the people out there actually on the tracks doing the work had to say. And we encourage them to do that simply because we're the lone rail company out there and we're watched very closely by the communities we serve.

• (0925)

Mr. Mike Sullivan: I bet you are.

Mr. Mervin Tweed: So it's in our best interest to do that.

Mr. Mike Sullivan: Would you be willing to share that system with the committee?

Mr. Mervin Tweed: I don't have it with me, but I can check with my COO to see. As I said we have nine, basically, key core competencies that we review on a daily and weekly basis with our employees. I can ask to see what's available for public consumption.

Mr. Mike Sullivan: Thank you.

As long as it's available to you, it's available to us essentially?

Mr. Mervin Tweed: If I can find a document.... I'm sure I can, but I'll advise the committee.

Mr. Mike Sullivan: Once you build a transload facility in Churchill, would you be operating the ships? These would be ships that would be—

Mr. Mervin Tweed: No. The vessels are sent to us by exporters. They are inspected at the port by federal regulators. It takes about two and a half days. They do it with our grain now. They would actually give us the approval that the vessels were safe and secure to move into the bay for loading purposes.

Mr. Mike Sullivan: How big would these vessels be in the oil sense?

Mr. Mervin Tweed: Well, we're talking about a million barrels per vessel.

Mr. Mike Sullivan: Per vessel, a million barrels. Okay.

At this committee, in the form of a bill that went through not too long ago, we dealt with insurance issues and funding issues concerning the way that oil in marine waters is insured. That would be up to the shippers. It's not up to you, right?

Mr. Mervin Tweed: Yes.

Mr. Mike Sullivan: Okay. There was some discussion from other panellists about the insurance issues. Is that a big concern of yours if you're getting into the transport of Bakken crude?

Mr. Mervin Tweed: No, not at this point it isn't. We're in compliance with all the regulations on insurance. To move forward, we recognize that those regulations are there for a purpose, and if we decide to move with a pilot project, we'll meet those regulations.

Mr. Mike Sullivan: Okay.

Mr. Marit, Mr. Demers, and Mr. Therien, thank you very much for being here.

Mr. Marit, some of your recommendations had to do with insurance, assessment of risk, and who is going to end up bearing the burden of those risks, whether that's the municipalities, the rail companies, or the shippers. Essentially, as I understand it, you want to make sure that short-line companies are not put out of business by having to absorb enormous risks, but the short-line companies are going to be the ones transporting the dangerous goods. How do we square that?

Mr. David Marit: I think there has to be that discussion about who is going to cover the liability insurance. Right now in the province of Saskatchewan—and I can only speak to that—the short lines have to carry the same liability as the class I railways. That's a recommendation that the class I railways say to them.

Now, when you come into the transporting of dangerous goods, it's a different issue, so I think what we really need to have a discussion about is who should be covering those costs. Should it be the shipper? Should it be the carrier? Who should be covering it? At some point in time there's going to be a cost to it, and at the end of the day there's going to be one payer, and that's going to be the consumer. The costs are going to be put onto the product at the end of the day. I think we need to have some real discussion on what that number would be. Or should it even be raised? In the province of Saskatchewan, there's no history of a claim ever exceeding or reaching the \$25 million.

I think that when you look at short lines and the regulations that the province has put onto them with speed limits and the movement of dangerous goods...because the short lines still fall under the federal regulations in the transportation of dangerous goods, and then they control everything else provincially with speeds and access to communities. I think there has to be a bigger discussion. I know that Lac-Mégantic was an anomaly that we never want to see again, but before we do knee-jerk reactions, we really should have a discussion and a focus on what we're trying to achieve here at the end.

The Chair: Your time has expired, but does any other witness want to comment on that same question?

Okay. With that, we'll move to Mr. McGuinty for seven minutes.

Mr. David McGuinty (Ottawa South, Lib.): Thanks, Mr. Chair, and thanks for your indulgence and your patience as well.

Good morning, gentlemen. I want to pick up on a few specific points.

I think it was Mr. Demers who made the point about advance notice of dangerous goods in saying that your municipality ought to know in advance. That's the position the Liberal Party has taken since we heard about the discussions between the government and the Federation of Canadian Municipalities. It didn't seem to make any sense to advise municipalities after the fact, 90 or 120 days after the fact, that dangerous goods had circulated through municipalities.

Have you made your views known to the FCM and can you give us some insight? I haven't been able to get any insight from the FCM with regard to their positioning on this.

• (0930)

[*Translation*]

Mr. Jacques Demers: I also belong to FCM. I sit on its board. I represent the Fédération québécoise des municipalités to FCM. The Fédération québécoise des municipalités represents more than 1,000 municipalities.

What exactly is your question?

Mr. David McGuinty: My question is simply this: why has FCM decided to allow the municipalities to be informed after the fact that dangerous goods have been transported across their land?

Mr. Jacques Demers: David Marit is also an FCM member and he may have his own views on the matter.

In my opinion, the problem is not that FCM has agreed that information may be communicated to us after trains have passed through. What FCM said about this issue was that we had just taken a step in the right direction with regard to the railway sector. We were previously not given that information. We felt that knowing what the cars contained was already a good thing. Before that, the information was not disclosed to us, but now this helps us plan.

We are generally told that the same goods are supposed to be transported on those sections year after year. What we are asking is that we be informed before the fact when different goods are being transported across our land, particularly when quantities have been increased. That is our request.

FCM is grateful that we finally know what is going on in our region, which was not previously the case.

[*English*]

Mr. David McGuinty: Mr. Marit, could I go to some of your last comments about sharing liability?

We had the Canadian Association of Petroleum Producers testifying here some two weeks ago before we broke for our riding weeks. I'm not going to put words in their mouths but it looked and appeared and sounded to me as if they were extremely reluctant to have their member companies share in the third party liability responsibility.

I don't know if you have any experience or insight in this regard, but wouldn't it seem to average Canadians to make sense that if the importing or transporting owner of the dangerous materials, an oil company for example, were to be forced to have third party liability insurance, wouldn't that company necessarily have to make pretty darn sure that the safety management system in place with that railway, the due diligence they would have to perform, would be pretty onerous given the risks for them?

I say that in the context of the Auditor General's rail safety report, which I don't know if you four gentlemen have read. If you haven't, you really should because the Auditor General has concluded without any kind of prevarication that he cannot say to Canadians whether safety management systems are in place.

Mr. Marit, could you give us some of your insight or thoughts in this regard?

Mr. David Marit: Thanks for the question.

I echo your concerns, and we've done the same thing. I think that's our focus in this discussion today: who is going to bear the cost and what is going to happen? I think we've always said that. Our organization has taken the position, should we just be looking at raising the liability insurance to offset any risk or should we look at the process and how we could maybe implement some safety regulations that would help in the movement of?

We know we can't slow down the trains on the class I's. The product is moving through. You're just going to have a backlog. There's been discussion about splitting trains as they go through. Now all of a sudden you've got twice as many trains.

I think we have to look at the rail management system. I'm also a president of a short-line operation in our province. We look at the ongoing maintenance of the rail line too. I think the class I's do a very good job of that.

I think it's the product that we have to move. At the end of the day, if governments decide that increased liability is the way it's going to go and will continue to do that, there's only going to be one payor at the end of the day, regardless of who's being charged. If you're paying \$1.30 a litre for fuel today, you might be paying \$1.50 tomorrow, if you're going to be doing things like that.

I think we have to look at some risk management. My colleague, Jacques, made some good comments about safety and the concern of communities and cost to communities in the movement of goods, training your firefighters and your volunteer firefighters, having the equipment in place, having access to railway property—

• (0935)

Mr. David McGuinty: Sorry, but I have to cut you short. I get all of that.

Mr. David Marit: Okay.

Mr. David McGuinty: The question is, should the owners of the dangerous substances share the liability?

Mr. David Marit: I think it has to be shared because once they put the product on the line they've lost control of the product.

Mr. David McGuinty: Okay.

Mr. Tweed, I go back to a comment I think you made earlier about what I think was a fairly novel idea: making sure the railway cars or railway shipments have inherent in them, somehow, the safety.... And by the way, it's good to see you again. I think you said something about safety substances being made available on the cars themselves in the event of more isolated accidents, for example. What did you mean by that?

Mr. Mervin Tweed: Our interpretation of that would be the fact that for us, again, because of our isolation in certain parts on the rail, the biggest challenge is to get people and product to the spill, accident, or whatever incident it might be. So, we're recommending, particularly with volatile products—crude oil, for example—that we would have a response car attached. It would run directly behind the engine and carry all the retardants—all the products we would need if there were an incident.

Mr. David McGuinty: Would they be able to get to it if there was an accident?

Mr. Mervin Tweed: Definitely.

Mostly, as I follow these things, I'm told it's not usually the engine or the first few cars behind it that tend to derail. Therefore, the product would be there to work with the cleanup and environmental issues. Again, our biggest challenge, where we work, is getting that product there if there were an incident. So, this would just basically be a travel-along car that would look after that. Helicoptering people to the site is not a big issue.

The Chair: Thank you. Your time has expired, Mr. McGuinty.

Mr. Komarnicki, you have seven minutes.

Mr. Ed Komarnicki (Souris—Moose Mountain, CPC): Thank you, Mr. Chair.

Welcome to this committee, and your testimony has been insightful.

We have heard, though, with respect to safety management systems, that regulations are important. Of course, you deal with them as you can, but it's important to have an ongoing culture within the company to have both the highest level managers and employees involved in a continuing, ongoing assessment of what needs to be done. It was good to hear Mr. Tweed open his remarks by saying that's vital in every meeting you have, and it's uppermost in the mind of management, and it should be in workers. So, the idea is to ensure there is a culture of safety, because of what we're dealing with.

I'd also like to especially welcome Mr. Marit, the president of the Saskatchewan Association of Rural Municipalities, and who also hails from Souris—Moose Mountain. It's good to have you here as you make your comments known. One of my questions, of course, would be this. Is the grain starting to move in southeast Saskatchewan?

I'd also like to welcome Carmen Sterling, who's from Weyburn, Saskatchewan, and who I understand is a director of your association. Of course, Weyburn has been in the news a lot lately, maybe not in absolutely the best way; but welcome, Carmen, as well.

First of all, with respect to grain, is it starting to move in southeast Saskatchewan?

Mr. David Marit: Yes, it is.

Mr. Ed Komarnicki: It is. Well, that's good to hear. I noticed in your comments that you said we're facing some new challenges. We have, of course, increased grain production. We have the Bakken oil field in southeast Saskatchewan, which is producing a lot of oil. It needs to be shipped somehow, either through pipelines, rail, or truck; and each has its own issues. Of course there's potash, as well.

So, you said it's resulted in two-mile trains. I understand we also have transload facilities appearing, not only in cities but in RMs. So, two things result. One, it increases the risk and safety to the public, so that needs to be attended to. The second issue you pose is who pays. Mr. Therien said we do have a program for grade crossings, and annually there's a significant amount, and it's distributed to those areas that most need them.

What do you see as some of the safety issues, particularly with two-mile trains and transload facilities in communities where cars actually tend to block roads, RM roads, many times during the night? What do you see as some of the safety concerns, and what might need to happen? Of course you can make your comments about how we handle the extra cost occasioned by necessity, given the increase in the movements of commodities.

● (0940)

Mr. David Marit: Thanks for the question. I guess our biggest concerns in Saskatchewan with the trains and the length of them is their travel through communities and access to communities and access to emergency services in the event of something happening.

We have had communities report that trains going through have cut off access in excess of 20 minutes and greater. We have concerns about that side of it. We understand why they have to go to that, to move that type of product.

The other issue we have with the movement of dangerous goods through communities, regardless of shoreline or class I, is that in many rural communities across this country, there are volunteer fire departments. It's the training of those volunteer fire departments for the movement of dangerous goods. My colleague, Monsieur Demers, made a good comment about where we house that equipment and how the training is going. In many cases in Saskatchewan, the Railway Association of Canada is doing that now. I think it's important and vital that we do that.

I think there are things that we can do through the equipment and through the emergency preparedness in working that side of it. There

has to be some discussion. On the transloading facilities in Saskatchewan, we're getting an average of just about one a week being approved. So that is definitely becoming an increase with the movement of oil on rail. It's going to continue to increase.

I think right now rail is much safer than putting it on the road. We definitely don't want to do that. So we have to work with the system that we have to mitigate all the risk and to work with all parties to make this work right.

Mr. Ed Komarnicki: It seems to me that when you're dealing with rural municipalities, their capacity or their ability to provide equipment or what may be necessary in the event of a disaster is limited, and of course training as well. But Mr. Tweed mentioned one of the things they're doing is of course having some essential equipment on board so to speak.

Any thoughts about that or how the issue can be addressed in terms of capacity, what's required and the cost related to that?

Mr. David Marit: In our provinces, we've looked at it whether it has to be on the train or whether it has to be in the community. I think access to it is the big thing. Mr. Tweed's concern is of course the same as it is in rural Saskatchewan. It's getting the people to where the incident is at that time anyways.

So I think we have to logistically look at what the right time frame of access to emergency services is and look at that side of it.

I know the Railway Association of Canada made comments about what type of product you have and what you need and sourced. We have heard. The foaming agent to put out a petroleum fire has to be kept at a room temperature. It has to be stirred. Things have to be done to it. It does have a shelf life. So you have to look at things like that.

So I think there's more to it than just saying we'll put it on the train and there it is. I can understand the equipment side. You can do some things like that in remote communities. But I think it's working with the communities. I can only speak for Saskatchewan and having access to that within a very limited timeframe. That's what I think anyway.

Mr. Ed Komarnicki: It seems to me that there are probably many moving parts in this and many partners who need to be involved in this process. Your thoughts in terms of having an emergency response plan in place in all the facilities is something that certainly RMs can not handle on their own I wouldn't think. Would you agree then that the shipper has a part to play, the transportation company, the municipality, and the regulator?

• (0945)

Mr. David Marit: I agree with you. I think it's a partnership that has to happen. I think communication will be the key. I think that's very important when you have an incident on the communication strategy and working with the first responders in those communities and having them have the equipment and also have the training that is required to do that. So I think it's a process that probably should have been done a long time ago. Maybe it has to some degree because there's still access to the property that you have to work with too.

Mr. Ed Komarnicki: Of course, knowing—

The Chair: Can we have just a quick closing comment? I'll allow it.

Mr. Ed Komarnicki: Thank you for appearing today. We really appreciate it.

The Chair: Thank you.

Mr. Watson, seven minutes.

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

Thank you to all of our witnesses for appearing today.

I know that my colleague from Saskatchewan here mentioned potash, but I note that last week there was a major agreement with Bangladesh to substantially expand potash exports. That's welcome news, I'm sure, in the province of Saskatchewan.

Mr. Demers, let me start with you. We appreciate your participation here today. I understand you've had some conversations with Minister Raitt. As we hear by your comments today, you raised the issue with her of track-bed maintenance. For those who have been watching the troubling issue of signals misfiring here in the Ottawa region, it's been determined that one of the three root causes has been the poor condition of track-bed. I think that's causing a vibration problem. That's part of the misfire of the signal, so the condition of track-bed, its maintenance, is an important issue.

Can you expand a little bit on your concerns for the committee? Who should be fiscally responsible, if you will, for the maintenance? Is that the railway companies, be they class I or be they short-line railways? Have you raised that issue with FCM? Let's start there.

[Translation]

Mr. Jacques Demers: It is clear in my mind that railways are not part of the local road system. The situation has to be considered from a provincial or Canadian standpoint. We want the railways to be significantly upgraded because we believe in the railway sector over the long term. If we remove trucks from the roads to promote rail transport, we may wonder whether we should stop investing in the Trans-Canada Highway. Since transporting goods by rail helps reduce the number of trucks on the roads, I think the provincial and federal governments could provide their share of assistance.

However, I am not necessarily in a position to say where the resources for those upgrades should come from. The essential point, in my view, is that it be done.

If we believe in the railway sector, we must spend time upgrading the railways rather than think we can avoid it by reducing speeds to 10 miles an hour. We do not lower speed limits on inadequate roads; we do the necessary work. However, we have not reached that point in the railway sector. We still consider reducing speeds on one section, then on the next section, and that ultimately extends over kilometres.

I am also somewhat uncomfortable with the idea of characterizing a railway as being of different sizes depending on who owns it. Since Canada borders on the United States from one end of the country to the other, a line is often characterized as short, whereas I do not think that is appropriate. The MMA line running from Montreal into the United States should not be called a short line. It was not considered a short line when CP owned it, but that is what it is called now that MMA is the owner. Something is not right here. This is not logical. The line cannot be characterized as long or short depending on its owner. That is not right. It should all be on the same level.

People bought houses knowing that CP's rails passed through the place and that there was a given level of safety. However, the value of those houses fell the day a financial transaction took place. Valuations can even decline because the level of safety is no longer the same. However, that is not right.

That is a point that should be considered in connection with lines and people's safety.

[English]

Mr. Jeff Watson: Speaking of development along rail lines, one municipal councillor in the City of Windsor, Ontario, used the terminology that communities were “snuggling up” to the rail lines, if you will. That was said in the context of the federal government needing to do more to mitigate the risks to communities that have snuggled up. I want to flip it on the other side, because we have representatives of SARM and FCM here.

Are your municipal organizations taking up the question of municipal land use planning in sufficient ways so that you're not in future snuggling up, if you will, to rail lines? Is that issue being talked about, and what level are we at on that particular issue?

Perhaps Mr. Demers can start.

• (0950)

[Translation]

Mr. Jacques Demers: I entirely agree, as does the Federation of Canadian Municipalities. When regulations are made, the principle of reciprocity should always apply. If we do not want railway lines to be closer to houses, those houses should not be located near railway lines. There is no justification for granting permission to move them closer, particularly in the case of buildings that may be at risk.

You are absolutely right. As municipalities, we are responsible for keeping those buildings away from railway lines.

[English]

Mr. Jeff Watson: Are FCM or others talking about this? SARM, you may want to weigh in here. Are they providing guidance to municipalities? Are they working with railway companies in terms of developing that?

I went to a school that was built alongside of a railway back in the day, and that was a number of years ago, and they did that knowingly. So how are we avoiding situations like that? Are your organizations talking about that?

Mr. Marit, perhaps you want to weigh in on that.

Mr. David Marit: Yes, thank you.

FCM is, and I think they have their railway proximity committee that does a lot of work on this, talking about the whole liability issue and concerns about development getting closer to the railway system. So there has been some good discussion. I think there have been some good recommendations come out of FCM on that side of it.

Mr. Jeff Watson: Mr. Therien, I want to clarify your comments that whistle-blower protection should be in the Railway Safety Act. Bill S-4 granted the authority. I think the statement was that the regulation should be in place.

Mr. Emile Therien: I agree with you. The regulation is not in place yet.

Mr. Jeff Watson: Okay, very good. I just want to be clear about that because the government has created the authorities for it. However, more in line perhaps with what the Auditor General said, some of those recommendations now need to be put in, so it's the regulation that's the issue here right now.

Mr. Therien, while we're on the subject of improving safety management systems, in terms of safety culture we've had witnesses who have been here before talking about one of the important components being worker perception of safety surveys. Some of our union representatives testified that it happens, and some said it doesn't happen with their membership. But none of this is mandatory in a safety management system, as I understand it. Should this committee be recommending that those types of surveys for measurement be a mandatory component of a safety management system?

Mr. Emile Therien: I think it's time to review SMS and whatever goes along with that review. I would agree with you.

Again, as I said, it's very controversial and there are a lot of questions about it.

Mr. Jeff Watson: Mr. Tweed, welcome back to the committee. You're not swinging the gavel this time. I haven't had a chance to grill you. I'll try to be as tough as I can on you—no, not actually.

The initial response car that you raised is an interesting concept. Perhaps it's one that Transport Canada should examine. You've said that it would be located directly behind the engine and carry retardants.

We did hear from the Canadian Association of Fire Chiefs, though, that there could be literally dozens of particular means of combatting fires. How would one decide what goes on the car? You may not even have a uniform train in terms of the dangerous goods that are on it, so how would you handle multiple different chemicals, or possible means of—

The Chair: We'll let Mr. Tweed answer that and then your time is up.

Mr. Mervin Tweed: I think what we do is that we put together a proposal of what should and shouldn't be on that particular car and then we take it out to the private sector and ask them if they would agree with it, based on what we are carrying now, and what we're proposing to carry into the future.

We recognize that we're not the experts on this and we would ask the experts to make those recommendations based on the product that we carry, and on each product.

We carry aviation fuel, which is very volatile, and fortunately we've done it safely for the last 15 years. But we also want to know that we can make better arrangements or improve that situation should it ever occur.

• (0955)

The Chair: Thank you.

Ms. Morin, for five minutes.

[Translation]

Ms. Isabelle Morin (Notre-Dame-de-Grâce—Lachine, NDP): Thank you very much, Mr. Chair.

Thanks to the witnesses today.

What interests me in particular are grade crossings. You talked a lot about that. They are really a problem in my riding.

In Montreal West, for example, there is a grade crossing right beside a school. Consequently, there are a lot of children nearby. I understand what you said, that we should increase awareness among young people. However, this is a primary school. So it constantly takes in new students. I think it is good to invest in prevention, but the awareness approach has to be renewed every year, since there are new students every year.

The minister has announced a budget for that. However, it is an ad hoc budget; it will not last. It will provide help for one year, but this will have to be done again the following year.

Mr. Marit, you said that some aspects of the regulations were a little less clear. Apart from prevention, what do you think we should do about grade crossings? For example, since the crossing I mentioned in Montreal West is very dangerous, they would like to build a tunnel or a trench. However, Montreal West cannot afford to do that.

What do you think we should do to make these grade crossings safe?

[English]

Mr. David Marit: I can only speak from Saskatchewan's perspective, and I know issues in higher-density population areas are a lot different than those where we are. What we've been talking about in our province for regulations at crossings is that there has to be community engagement and community involvement on what type of crossings are wanted; whether it is lighted gates or whether it's a stop sign that does it for some communities.

I think that's the comment we're trying to make. There's a cost that comes with that, a cost shared by the municipality and the railway. There's ongoing maintenance on those crossings and any other upgrades that have to be made are also cost-shared. The community has to be engaged on what type of crossings are wanted because there will be a cost attached to them.

[Translation]

Ms. Isabelle Morin: Do you think the federal government should have a role to play in this area, or should we assign that role solely to the owners and municipalities?

[English]

Mr. David Marit: I think that's between the municipalities and the companies.

[Translation]

Ms. Isabelle Morin: All right, thank you very much.

Mr. Demers, I very much enjoyed your analogy with highway speeds. You said that speeds were not lowered on highways in poor condition. I thought that sentence clearly explained the situation to us.

Do you have a timetable? When we notice that a section of track is damaged or that repairs are necessary, how much time should they take? Do you have an idea of the time it should take before the repairs are made? What should be done before they are made? Do we reduce speeds? What kind of leeway should be allowed in this area?

Mr. Jacques Demers: I still think it is too bad that was a joke. I use that analogy to make people laugh, but it is unfortunate. You are right. It is so illogical to think that way.

Roads are used by cars, vehicles that are far less dangerous, present fewer risks and can brake more quickly, and yet we do the necessary work on them. On the other hand, we think differently about railways and trains 12,000 feet long. Rebuilding rails almost seems like a crazy thought.

You asked me some questions about how long it should take, but I cannot really say. My impression is that some sections require extensive work and that it will all take time, although I cannot say exactly how much. In any case, it has to start. What we need is a plan that shows us that improvements are being made.

It is a bit like for the question we were asked earlier about goods. We would like to know in real time. That is not yet the case, but we nevertheless think this is a step forward. We would like to be able to do the same thing in this case. We can talk about the time it will take once we are on the same page. I think the problem is that we are not starting from the same place. Then perhaps we can say it will take three months, six months or a year.

I find it hard to understand how the speed limit on certain rail lines can be kept at 10 miles an hour for five years. I am thinking of certain sections, but I know there are many others in Canada where the speed limit has been 10 miles an hour for about 10 years. That is unreasonable.

● (1000)

Ms. Isabelle Morin: Who do you think should bear the repair costs, the railway owners or the municipalities?

They often toss the ball back and forth. We saw that in New Brunswick. The minister said she would not allocate money to repair a section of track owned by a company already making millions of dollars in profits.

You have to set up detours at that point. To whom do you send the bill for those repairs?

Mr. Jacques Demers: We already know there was a plan. For the line I am talking about, the MMA line, there was indeed a plan. The third party was subsidized at the time, but the company did not even take that money to do the work. That is what I resent.

It is all the more shocking to think that the company has subsidies but is not required to spend the money. It is not even a matter of cost allocation. First there should be an obligation. Once that obligation is established, we can consider allocating costs. Is it advantageous at the provincial or federal level to have rail lines, to have new companies that can join them? Perhaps we can debate that question. However, first we have to admit that it makes no sense to allow rail lines or sections to fall into complete disuse.

Ms. Isabelle Morin: That is fine. Thank you very much.

[English]

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

Now we'll move to Mr. Braid for five minutes.

Mr. Peter Braid (Kitchener—Waterloo, CPC): Thank you very much, Mr. Chair.

Thank you to all of our witnesses for being here today and for providing excellent presentations and contributing to this important study.

Mr. Marit, it's good to see you again.

I thought I would start with a question or two for you, and I regret, unlike my colleague down at the end of the table, I'm not from Saskatchewan.

Mr. Marit, one of the many measures that Transport Canada and our government has taken since the terrible tragedy at Lac-Mégantic is to ensure that shippers who are rail companies and shippers who are transporting dangerous goods test those goods and properly label them before shipment.

Could you comment on that more recent requirement?

Mr. David Marit: Thank you.

We have heard that. I think it's very important that they've done that and that we look at it, because even in the province of Saskatchewan with petroleum, we're finding that there are three really different types of petroleum being exported from Saskatchewan. We have the Bakken formation, the heavy oil, and the crude coming out of the Shaunavon play that you can virtually throw a flame into and it won't ignite. I think that's a good point to make, Mr. Braid, that we really have to look at the labelling of the goods so that the communities know what's on those cars when they're going through.

Mr. Peter Braid: So, this is an initiative that your member communities have welcomed?

Mr. David Marit: Yes.

Mr. Peter Braid: That's excellent.

We've had some discussion this morning about the agreement that involved the Federation of Canadian Municipalities and rail shippers to ensure that municipalities are aware of the types of goods that are being transported through their communities. Could you weigh in on the adequacy of the current arrangement, whether there's room for improvement, what that improvement may look like, and whether you were involved specifically through the FCM with discussions on this arrangement?

Mr. David Marit: Thank you for that. Yes, actually my colleague, Jacques and I both sit on the FCM national safety review committee, so we have been engaged on this side of it.

Forgive me—the first part of your question was about...?

Mr. Peter Braid: Could you comment on the adequacy of current arrangements in terms of ensuring that municipalities and first responders are receiving the information they need so they can adequately train and prepare?

Mr. David Marit: What we have done—and I know there have been some questions about the products moving through—is to be very respectful of the industry and also of the communities. We have said that if you know the product is going through or what types of product are going through, you can train your firefighters and you can have the equipment you need to look after that. If new products are going through, then we ask the railways to let the communities know. I think if there's a past history on those rail lines that is not changing, they can ramp up. I think the process we followed was correct. I wouldn't want to go to where you would want to know daily, because I think that could bring in other very serious concerns.

• (1005)

Mr. Peter Braid: So, am I hearing from you that from your perspective, in your belief, the current arrangement is adequate and provides municipalities and first responders with the information they need to ensure that first responders are properly trained and properly prepared?

Mr. David Marit: Yes.

Mr. Peter Braid: Okay. Thank you.

Mr. Tweed, it's great to see you and great to have you back in the nation's capital.

I have a quick question about the initial response car. There's been good discussion about that this morning already. I'm curious to know

when your company put this in place. Was this a recent initiative or has it been some time, Mr. Tweed?

Mr. Mervin Tweed: It is relatively new, and we don't do it on every shipment that we make. It's based on what product we're carrying. But the real initiative was our proposal to move crude oil. That was one of the recommendations we took from not only the communities but also the professionals who said that to do what we have to do in the type of environment we work in, they would strongly recommend it. So, we've just included it in our business plan.

Mr. Peter Braid: Great. Are you aware of whether any other rail companies in Canada or North America take a similar approach?

Mr. Mervin Tweed: I'm not. I'm sure some do. If I may just make a comment, we talked about reducing speeds through communities, and we're doing that because we've had discussions with those communities, and it's a feel-safe thing for them. But the reality is, whether you're fixing a road or an airport or a highway, you reduce speeds until you get it fixed. That's the reality. You can say that's not the answer. It's not the whole answer, but you just have to drive down any major highway that's under repair and, basically, everybody slows down.

Mr. Peter Braid: That's great. Thank you.

Mr. Tweed, I want to ask you about DOT-111 cars. Are you using any now?

Mr. Mervin Tweed: We are. We basically take the supply that's given to us by CN. We're on the CN line switch. But again, we aren't moving crude at this point in time. We're moving strictly fuel petroleum, aviation diesel.

Mr. Peter Braid: How many DOT-111 cars are you using, approximately?

Finally, could you also comment on Minister Raitt's recent announcement that those DOT-111 cars will be phased out over a period of three years?

Mr. Mervin Tweed: We basically use what's allocated to us at the time, but I support the decision to do that. The only caution I have is that it's no different than supply and demand, in that when you take the supply away you create another consequence, that being, how do you get the product to people at any risk if you don't have the capability of moving it? That's the challenge I think we all face.

I would just make the comparison that David mentioned about transloading. We've had lots of opportunity to set up transloading facilities along our rail line. Our biggest challenge is getting the rail cars to move the product. If we don't get the rail car allocation we need there is no point in setting up a transload facility because there will be no product moving. That's our biggest challenge going into the new year right now.

The Chair: Thank you.

Mr. Tweed, you talked a number of times today about your response car. Just for clarification, your company is proposing to do this because you're planning on moving crude oil. Once you have that infrastructure and the response car, is your plan to use it as well when you're moving, say, aviation fuel, and other things or is it strictly for the crude oil?

Mr. Mervin Tweed: Right now it's based on our crude oil proposal. But I think as we move forward you're going to see regulations that are going to require or at least suggest that's part of the process that you need.

The Chair: Thank you.

Mr. Mai, five minutes.

[Translation]

Mr. Hoang Mai (Brossard—La Prairie, NDP): Thank you, Mr. Chair.

Thanks to the witnesses for being here today.

I will begin with Mr. Demers and then move on to Mr. Marit.

Mr. Demers, you raised some important points. To be very clear, I want to point out that you are here as an individual, but you are nevertheless a member of the Fédération québécoise des municipalités and of FCM.

As you clearly stated, the fact that municipalities are now getting information is a step in the right direction. The previous minister said you should inquire under the Access to Information Act about what goods were being transported in your region. We also approve of that improvement.

However, you also said you wanted to get information in real time. The Canadian Association of Fire Chiefs appeared before our committee at our last meeting. The witnesses asserted that it might not be necessary to obtain information in real time but that it would be a good idea at least to get the information in advance. They also said they were not yet getting all the information. They asked the government to do more to ensure that municipalities know in advance what is circulating on their land so they can plan the necessary resources more effectively. As Mr. Marit and the Canadian Association of Fire Chiefs said, there are a lot of voluntary firefighters. Consequently, we should focus on prevention.

Could FCM's next recommendation be, for example, that the municipalities should receive information in advance? We have not yet heard that request. Mr. McGuinty mentioned it, and we in the NDP also encourage efforts in that direction because we know that is what the municipalities want. And yet we are not hearing that from FCM. Can you tell me whether that is a clear position of the Fédération québécoise des municipalités?

• (1010)

Mr. Jacques Demers: The Fédération québécoise des municipalités is definitely requesting it.

It may also be a good idea to define what is meant by "in real time". The point is not necessarily to know that the train will be coming through in five minutes and that it is transporting a particular quantity of such and such a product. We will not be calling out the

fire trucks and stationing them alongside the rail line in the event an incident may occur.

When we say real time, that means we would like to know what goods will be transported across the region over the next few days or months. That way, we can determine whether we are ready and whether our equipment is adequate should something happen. Being ready does not mean that every village should equip itself in the same way as New York. What I want is for us to know what we really can expect.

When the accident occurred in Lac-Mégantic, I asked myself a few questions as mayor. If a similar tragedy occurred in our community, what would I do? How would I react? I realized I did not have the necessary tools.

Having the information in real time means being certain we have accurate knowledge of the risk our region is exposed to. I believe we are extrapolating when we say that means requesting information on every train that passes, the time at which it passes and in how many minutes it will be passing. I think that would constitute a risk because people might misuse that information. That is not what we are seeking. What we want is to be informed about the goods concerned, the quantity of goods and the level of risk they present in our region. That is what we are after in requesting information in real time.

As I said a little earlier, we especially want to be informed if the transported goods vary. There is no problem if they are the same goods as those that passed through last quarter or last year.

[English]

The Chair: Do you have any comments on that?

Mr. David Marit: No. I think my colleague has hit it right on the head. The concern I have and I think a lot of us have had, even at the SARM, is that if you start talking real-time and knowing ahead of time what's going through, it brings other risks into play and you have to be careful.

[Translation]

Mr. Hoang Mai: All right.

In addition, one of the recommendations that the Transportation Safety Board made following the events in Lac-Mégantic was that railways consider options for bypassing more densely populated areas, that is to say urban areas. Do you think that is possible in practice?

I know that requests of that kind have been made in the case of Lac-Mégantic. However, that is not an option in Amqui, where the railway lines pass through the town. That is not what people want. That is what I was told when I went there.

Is it possible to do that? We have heard nothing from the government on this point.

Mr. Jacques Demers: I am going to be frank on this question: I think it is very difficult.

We know that our communities, in many places, were built around the railways. It is hard to imagine how the railways could be made to bypass them.

Even in the extraordinary case of Lac-Mégantic, if you manage to establish a line that bypasses the city, that will be done in order to connect to plants and businesses. Since the rail line has to be built, perhaps it will be diverted slightly.

However, I do not think it is a realistic idea to move other railway lines out of the communities. They are part of our history.

Mr. Hoang Mai: In fact, the purpose of the recommendation by the Transportation Safety Board was more to have the railways consider options for other lines.

Whatever the case may be, I will not go any further on this point.

• (1015)

[*English*]

I have a question for Mr. Tweed and, unfortunately, I haven't been on the transport committee before, but I heard some great things about you when you were on the committee.

An hon. member: That was hogwash.

Mr. David McGuinty: That was his brother.

Mr. Hoang Mai: Obviously, after Lac-Mégantic, some people were concerned about the short lines or some smaller companies that are not class I, saying that they're not fulfilling their safety issue, that safety is not first; that money, like profit, is more important than safety.

You're saying that your company has come up with moving at five miles an hour through communities. You're against—well, you never use just one operator and you're not leaving your trains unattended.

One of the questions I have is that you're implementing things that are more stringent or more safe than what the regulations are. Is that correct?

Mr. Mervin Tweed: In a lot of cases, yes.

Mr. Hoang Mai: My question also is do you think that the safety regulations are too low? If your company is exceeding the safety regulation because you think it's safer, shouldn't other companies bring the safety level to a higher standard?

Mr. Mervin Tweed: I think whenever you have regulations, obviously that's the standard that's set for the general population to deal with it.

In our situation, one of the reasons is isolation; there are times when quite often we need two crews on our train, so we would have four people, not necessarily all working at the same time, but now that we've increased our times and our delivery times, we can run with two and we've just made that decision as a company.

For us, it's about creating an atmosphere of safety among not only your employees but also the people that you travel through. As I said earlier, we made the decision to go to five miles an hour after discussions with the communities. They felt that they would be safer should something happen, and it didn't actually interfere with our deliveries.

The Chair: Thank you.

Ms. Young, you have five minutes.

Ms. Wai Young (Vancouver South, CPC): Thank you very much.

I'm going to be splitting my time with Jeff, and Jeff's going to go first I think. Thank you.

Mr. Jeff Watson: I have a matter of correction for the record, Mr. Chair.

With respect to the provision of advance warning, the Canadian Association of Fire Chiefs were questioned earlier this week on that particular issue. They said that such information is and I quote, "futile and unrealistic".

Further, they went on to suggest, unlike what has been misrepresented across the way, that it was unnecessary for proper planning for first responders and that the protective direction No. 32 in fact was adequate along the lines that Mr. Marit has suggested.

I encourage members to check the blues on what CAFC actually said.

Mr. Chair, I'll defer back to the member.

Ms. Wai Young: Thank you gentlemen. I'd like to thank you for coming.

Welcome back, Mr. Tweed.

Thank you, Mr. Demers, for being here and for sharing your horrible experience with us.

I wanted to not talk about the railcars and SMS, because I think we've covered that quite adequately. But one of the things we did not talk about—and certainly it is in your rebuilding, Mr. Demers—is this whole transload facility issue.

We heard recently from other witnesses that there was no standard across Canada, that these transload facilities were being built sort of wherever they were required, but there was no zoning, no planning, no emergency response training, or even plans around some of these transload facilities, some of which are quite basic and others of which can be quite complex.

Maybe you can each share with me your knowledge and/or your thoughts around what can and should be done around some standardization or rules and regulations or safety around that, because often they are in communities or quite close to communities.

Maybe Mr. Demers could start, because of your recent experience.

[*Translation*]

Mr. Jacques Demers: I do not think that question, which concerns transloading, should be addressed to me. Mr. Tweed is in fact the safety expert. Your question seemed to focus more on that point.

We, both FCM and the municipality, have not worked on the principle of transloading. That file does not concern us.

•(1020)

[English]

Ms. Wai Young: Let me be a bit clearer then.

In the rebuild of Lac-Mégantic, or in the consideration of building new transload facilities across Canada near or in communities, do you think that you or FCM should have a role in having some zoning, having some safety standards, insisting on some ERAP, emergency response assistance protocols, around that because that is where apparently there is a weakness and some safety concerns.

[Translation]

Mr. Jacques Demers: Pardon me, but I did not clearly understand your first question.

Yes, you are absolutely right: we are making good progress. There has to be communication between the government and the railway industry, which was not previously the case. We all have to be able to speak to one another. That is our responsibility at the municipal level. You are absolutely right. When we discuss the development plan, when we safely locate the resources in our region, everything absolutely has to fit, and we have to be able to discuss it together. We have to do that based on an overall vision of our region. That is essential.

[English]

Ms. Wai Young: Exactly.

My concern is that we've been spending a lot of time talking about the DOT-111s and the safety of the tracks, and these things are of course very important. I think equally important is this troubled transload facility issue. And please, if you could bring it forward in the different committees and the different work that you're doing, I think that would be very important.

Please go ahead, gentlemen, if you maybe want to make a comment on that.

Mr. Mervin Tweed: We are obviously looking at developing some transload facilities. In fact, we opened one on Monday and we spent the better part of seven to ten days training the employees who are there.

Quite often what you'll find...and it was our decision at this point to put the facility on our property, so basically we assume the responsibilities and the liabilities that go with it. Therefore, it's important and imperative for us to have our employees trained and ready to go.

In other locations we're looking at, they are going to be producer car driven, and the people who are going to provide the supply of grain are the ones who will invest in the transload. It's not fancy, just a basic auger system that can handle the capacity a little more than most. We will go out and work with those communities that choose to go that route and provide our safety advice and our safety training. Again, when it's on our property, we take the full responsibility and the liability that goes with it.

Ms. Wai Young: May I ask you an additional question, Mr. Tweed? You have stated here and on the record that the safety standards and the protocols you use for OmniTRAX are higher than what you have seen across the board. Given that the tracks basically interrelated, as you know, and you shuffle trains off to other

companies, etc.—because we do have an integrated rail system in Canada—how do you respond as a company when you know or notice that another company with which you work closely has lax standards, or no SMS in place, or weak protocols?

Mr. Mervin Tweed: We don't notice that, simply because we are responsible strictly for our property, our line. We run our own engines and trains.

Everybody has a responsibility, and we have a big enough challenge keeping track of our own. We have over 600 miles of track that run in very difficult circumstances in the north. We run a car up there every second day, a high rail car that basically measures the steel, the wood, and advises us where it needs repair.

When we say that we meet or exceed, in a lot of cases, the new regulations that came out after Mégantic, what we have found is that we are exceeding eight or nine of the 10 recommendations. For us it's probably more out of necessity, because of where we are. We can go a long way without seeing people or living things, so it's imperative that we do it right.

Ms. Wai Young: Thank you.

The Chair: Thank you.

Mr. Toet, you have the last questions of this first round.

Mr. Lawrence Toet (Elmwood—Transcona, CPC): Thank you, Mr. Chair.

Thank you all for being here today, I do appreciate it.

Just to reinforce Mr. Watson's intervention a little bit, it is very true that the chiefs, when they were here on April 29, did say that what's of paramount importance is what goes via what route, rather than knowing what is going on each shipment. I think the key issue is that using that real-time expression is somewhat misleading about what you're really trying to accomplish. Maybe some rephrasing might be helpful so that we don't have this confusion about what we're really asking for. Obviously what you're essentially saying by "real-time", Mr. Demers, is not needing to know exactly at what point.... You've been very clear on that, but real-time does kind of imply that. Maybe we have to come up with new terminology so there's no confusion on that. But it's good to have that point clarified.

Mr. Marit, I'm from Manitoba where there are many rural communities, and so I just wanted to ask you the following, given that you are from a rural community in Saskatchewan. In your opinion, why were most of those communities established and built where they were built?

•(1025)

Mr. David Marit: The railroad.

Mr. Lawrence Toet: Exactly. That comes back to the point. We talk so often about having to re-route the railroads around towns, communities, and cities, etc., the reality that we have to understand is that the railway opened the west and towns were developed around the railway. So we have to be somewhat realistic in our expectations here. Yes, safety is paramount. We need to have those rail lines maintained properly, and it comes a little bit to my question to you, Mr. Demers.

There seems to be some implication in your statements—and I'm hoping you can clarify it—that there's no maintenance happening on rail lines.

Is that what you believe? Or do you want to see enhancement on the maintenance work that's done.

[Translation]

Mr. Jacques Demers: I am not saying there has been no maintenance, but there has been virtually none on the section I am talking about. That can be checked.

The issue since July has been the MMA line. Speeds have had to be reduced to 10 miles an hour on increasing numbers of lines over the past 10 years. It has been said that maintenance has been done on that line, but if you ask people who live in the region, they will tell you there has been none. If you ask people who work there, they will tell you there has been no maintenance. CP sold the line to MMA because it needed investment; that is clear.

We are not saying that no maintenance is being done on Canada's railways. We are talking about specific lines. We are asking that those lines be upgraded so that the speed limit is no longer 10 miles an hour.

Someone said that speed limits are lowered when work is being done on highways. That is true, but that is because people are at work. For the lines we are talking about, however, speeds are reduced when no one is doing any work. There is currently no obligation to do work when speed is limited to 10 miles an hour. It is important to mention that.

You asked a question about getting information in real time. I clarified that earlier. In fact, we really want to know what is going on in our region. The idea is not to learn one year later what goods were transported across our region. We want to know what the situation is now.

We could use another term; you are definitely right. However, when we talk about getting information in real time, that means that we want to know what goods are currently being transported around our region. It does not mean knowing what goods are being transported right now, but it could mean knowing in advance what goods will be transported next week or the following month. In this way, we can anticipate what is coming and determine whether we are ready to take action.

That is what I mean by the expression "in real time". We are responsible at all times for knowing whether we are able to take action in our region and how we can do that.

[English]

Mr. Lawrence Toet: Thank you. Thanks, also, for the clarification on the maintenance aspect. So you're saying that we have to look at certain areas of rail and ones that may not have kept up for a period of time and maybe put some parameters on that. That's very good and we appreciate that being brought forward.

Mr. Marit, I wanted to pick up on the line of questioning regarding the recommendation that FCM has put forward or may have put forward. You've said there were some recommendations put forward in regard to the proximity of development to communities. Could you maybe give us some idea of what some of those recommendations have been? Even as an MP, I deal with it all the time. I'm kind of in a rail town, and I have CP and CN lines running through. I have new residential areas being built in my city that are in very close proximity to the rail lines; they're brand new houses and people buy them and a year later I'm the one getting phone calls complaining about the noise from the trains. That's not my role. How are the municipalities going to start dealing with this? I think you are building too close to rail lines, especially residential.

Mr. David Marit: I don't bring that expertise to this table because I don't sit on that proximity committee. I know that FCM has that committee, and if you want those recommendations and that discussion, I can sure have somebody from FCM get back to you on it, Mr. Toet.

•(1030)

Mr. Lawrence Toet: So there are recommendations being brought forward by them?

Mr. David Marit: Whether it's recommendations or guidelines that they're looking at, I don't formally know that process, Mr. Toet, but I can sure get it for you.

Mr. Lawrence Toet: That would be very much appreciated.

The Chair: Okay, you're out of time, Mr. Toet. There's never enough time, I know.

We are getting down to the end and I'm going to suggest that I'll go to Mr. Mai and Mr. Sullivan combined and Mr. McGuinty and then two over here. You will have about three minutes each, including the answers, so use your time wisely.

Mr. Mai.

Mr. Hoang Mai: In my case it will be more clarification, because Mr. Watson came up with, in quoting the blues....

[Translation]

I would simply like to reassure you, Mr. Demers. The representatives of the Canadian Association of Fire Chiefs who appeared before our committee said it was not necessary to get information immediately or to be informed about all cars passing through. Consequently, they do not intend to set up trucks beside the railway tracks in case an incident occurs. However, they said they wanted to know what was happening so they could determine whether they had all the necessary resources. We agree on that. We agree with you.

In addition, I did a railway safety tour of Quebec. The rail maintenance situation is pathetic. We were told about loose spikes and bumps in the rails that caused people to panic. That is really the way it is.

[English]

Mr. Tweed, you're confirming what we've been saying, that it is self-regulation in terms of the rail companies. Because the safety standard is a bit low, companies that have more concerns about safety standards will bring them up. That's what we've been saying, that it's where the government has not been doing its work.

Those are just some comments. I'll let Mr. Sullivan go.

The Chair: Mr. Sullivan you have a little less than two minutes.

Mr. Mike Sullivan: Thank you.

There was another fire involving DOT-111s yesterday in Lynchburg, Virginia. The river was on fire. The issue of the DOT-111s is occupying a lot of our time because of Lac-Mégantic, but one of the things that the Transportation Safety Board told us is those vehicles are unsafe even at 20 miles per hour; that they will break and open and spill and catch fire even at 20 miles an hour. CP told us they're not prepared to go slow.

When we asked the ministry at a town hall in my riding last week—the minister's chief of staff was there and representatives from Transport Canada—what is the appropriate speed, their answer was that they've asked the rail companies to do a risk assessment.

I'm going to come back to you, Mr. Therien, because you made this part of your presentation. Is it appropriate for the rail companies themselves to do the risk assessment about how fast they should go through communities or whether they should re-route around communities given that it's a conflict of interest for them. They may be prepared to take a risk but the public isn't.

Mr. Emile Therien: You're absolutely right, and I think I made that point in my presentation.

Let me tell you about phasing out the tank cars that don't come up to speed. I commend the minister's announcement that she wants 5,000 gone within three years. I think we've got to put that in perspective. By the time you order one, a new car takes two years before you get delivery, if you're lucky. If you take 5,000 cars out of service within three years, I don't know if the replacements will be there. First of all, these cars are not owned by the railway companies, they're owned by the customer, the leasing companies and others. I think it's a major challenge. I hope it happens, but I'm a cockeyed optimist on it.

The Chair: Thank you.

Mr. McGuinty, you have three minutes.

Mr. David McGuinty: Thanks, Mr. Chair.

Thanks for that, Mr. Therien. In fact, it's interesting to hear that you can't predict and clearly conclude that those cars will be available in the next three years, nor can the minister. Despite the fact that she's been asked repeatedly for the evidence or the analysis that backstops her claims that she can do it, she hasn't provided anything for Canadians.

Mr. Marit, I want to go back to your assertion. On two occasions you said that if municipalities were advised in advance of dangerous materials going through their municipal jurisdictions, this would be fraught with risk. What are the risks?

Mr. David Marit: I don't know how to say it, but I think it opens itself up for risks of someone doing something—

Mr. David McGuinty: Do you mean security risks?

Mr. David Marit: Yes, that's right. Yes, it could open some big security risks.

In talking to and listening to communities in our province and to the firefighters and that regime, if they know the history of what's been going through their community, then they know.... I think the issue comes about where, if there's an incident, it's that communication strategy of knowing at that time what's on that train and communicating that to the fire departments so they know. I think that's where this really has to get to in order to do what it has to do.

• (1035)

Mr. David McGuinty: So what you're saying is that the reason why the Government of Canada has an agreement with the FCM to inform municipalities after the fact is that there are security risks involved?

Mr. David Marit: I'm saying that, not the FCM.

Mr. David McGuinty: What is the FCM saying? You're both members of the board—

Mr. David Marit: Yes.

Mr. David McGuinty: —the advisory board. For the FCM, what's their rationale? Because I asked them that question.

Mr. David Marit: Their rationale probably is just how soon and what would be the timeline as far as...? How soon would you want to know? The day before? It's really logistically impossible, because what community do you tell and which community do you not tell? Are you going to tell them all?

Mr. David McGuinty: You tell the communities through which the train is going.

Mr. David Marit: That's right. Well, in many cases in Saskatchewan, that train, within a 10-hour period, could go through hundreds of communities—

Mr. David McGuinty: Sure.

Mr. David Marit: —and you're going to let them all know?

Mr. David McGuinty: And by 2024—

Mr. David Marit: If they don't have the resources, then you have to make sure that somebody has those resources. It also becomes an issue of liability, then, and I think somebody has to have that discussion.

Mr. David McGuinty: I think municipalities in Canada at any size are mature enough and wise enough—

Mr. David Marit: They are—

Mr. David McGuinty: —to hear this, aren't they?

Mr. David Marit: Yes, they are, to some degree, but the issue will become an issue about liability. They're going to say, "Then if you know, you should have everything in place." If something happens, the municipality may be liable for any incident. I have a concern with that.

The Chair: Thank you, Mr. Marit.

Your time's up, Mr. McGuinty.

We'll now move to Mr. Watson.

Mr. Jeff Watson: Thank you, Chair.

I'm not sure I can say this enough, but on protective direction 32, which is the information-sharing one—and maybe it's good that we're having some clarification and discussion around the table here—the Canadian Association of Fire Chiefs was also part of the ongoing dialogue that was part of the consultation on this. They were clear at this committee that they didn't need, for purposes of planning, to have advance warning or advance knowledge of what's coming through.

The protective direction provides two things, not only the yearly aggregate information. The second requirement is that significant changes are provided as soon as practicable after the fact or immediately after the fact if a change is occurring. It also sets up, as I understand it, a registry, if you will, of the first responders in communities, who are the ones to be contacted and the information circulated to. It has requirements about how that information is used and not disclosed, etc.

The Canadian Association of Fire Chiefs was here this week, and they said they have what they need with respect to protective direction 32, and that advance notice was, and I quote again, "futile" and "unrealistic".

Additionally—and this too is just to clarify for the record—companies' risk assessments are also auditable as part of their safety management systems by Transport Canada. For those who were at the public accounts committee yesterday and who were reviewing chapter 7 of the Auditor General's report that we looked at back in December, Mr. Chair, the department now has...instead of having 40% of their inspectorate untrained in doing SMS audits, they're down to 4%. The remaining five are a question of the availability of workers to be trained, so they're on track to have that completed, as I understand it, by June of this year.

I'll leave it at that, Chair.

The Chair: You have another three minutes on this side, if anyone cares to....

Ms. Young, go ahead.

Ms. Wai Young: Just because some of them didn't get a chance to answer my question around the transloading issue, maybe I'll just give Mr. Marit and Mr. Therien each a minute and a half to respond.

Mr. David Marit: The transloading issue is something that we're also concerned about in the province. As I said, we're getting a lot of approvals on almost a weekly basis, but these have to go to the Ministry of Municipal Affairs for approval, and then there is the communication with the municipality on that.

As Mr. Tweed said, all of the transloading facilities are on the railway right of way on that property. It's just to let the municipalities know that there's one coming into their municipality.

Ms. Wai Young: Is there a standard, a response plan, and all of that stuff as part of that?

• (1040)

Mr. David Marit: No, there isn't. But the industry in the province of Saskatchewan, and I'm talking about the oil industry, seems to be working very well in the oil resource areas with the transporter of their product by having the resources available in the event of an incident.

Ms. Wai Young: Thank you.

Mr. Emile Therien: I'm a member of the general advisory council on the transportation of dangerous goods. If my memory serves me correctly, this was an issue for the council going back years. I forget exactly what happened, but you might want to refer to that council in terms of the discussion or the determination, whatever came of it.

Ms. Wai Young: Okay.

Mr. Chair, maybe that's something we can follow up on. That would be a very interesting study.

The Chair: How would you like to follow up?

Ms. Wai Young: Just to get information on this whole....

The Chair: On transloading?

Ms. Wai Young: Yes.

The Chair: Actually, the analyst during the meeting told me that she's working on something.

Ms. Wai Young: Oh, great. Fabulous.

The Chair: She was reading your mind, I guess.

Gentlemen, thank you very much for being here.

Mr. Demers, coming from a municipal background, I always find it refreshing to see a politician at any level with what I would call a common sense approach. I appreciate that.

I appreciate the comments from all of you.

Thanks for being here.

The meeting is adjourned.

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