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Vice-Chair

Mr. Hoang Mai

Standing Committee on Transport, Infrastructure and Communities

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•(1535)

[Translation]

The Vice-Chair (Mr. Hoang Mai (Brossard—La Prairie, NDP)): Good afternoon, esteemed colleagues.

Today, from 3:30 p.m. to 4:30 p.m., pursuant to Standing Order 108, the committee will hold a briefing with officials from the Department of Transport on the implementation of the recommendations in chapter 7 of the Fall 2013 Report of the Auditor General of Canada.

We are hearing from department officials Laureen Kinney, Brigitte Diogo and Nicole Girard. I believe you have a brief presentation to make, which will be followed by a question period.

Please proceed.

[English]

Ms. Laureen Kinney (Assistant Deputy Minister, Safety and Security, Department of Transport): Thank you for the opportunity to speak to you today, Mr. Chair, and members of the committee.

As you are aware, Transport Canada developed an ambitious and comprehensive action plan to address the recommendations in the Auditor General's fall 2013 report. Implementing the plan has been a departmental priority. On April 30, 2014, when departmental officials appeared before the Standing Committee on Public Accounts to discuss the OAG's report, the Auditor General said he was encouraged by the department's response to the report. Today, a little over one year later, I am pleased to provide this committee with an update on our progress. I hope that you will agree it has been significant in the five areas the OAG examined.

With respect to the regulatory framework, most noteworthy is that Transport Canada accelerated the development of a suite of regulations to respond to the OAG's recommendations. These also respond to outstanding recommendations made by the 2007 Railway Safety Act review and the 2008 study by this committee. We are now well under way in implementing these significant regulations to further strengthen the railway safety regulatory regime.

To that end, the grade crossings regulations, which came into force on November 27, 2014, establish comprehensive and enforceable safety standards for grade crossings. They clarify the respective roles and responsibilities of railway companies and road authorities, and ensure the sharing of key safety information between railway companies and road authorities. The railway operating certificate regulations, which came into force on January 1, 2015, are fundamental in requiring that baseline safety requirements be met

in order for a railway to obtain a railway operating certificate and begin operations.

As of April 1, 2015, the following regulations also came into force. The railway safety administrative monetary penalties regulations, or fines, encourage regulatory compliance and deter safety contraventions of the Railway Safety Act, regulations, rules, and engineering standards made under the act. The transportation information regulations improve data reporting requirements to identify and address safety risks. This will provide the department with comprehensive information on the state of railway safety in Canada, allowing for more focused audits and inspections, and targeted programs that address specific safety issues.

The railway safety management system regulations of 2015 respond to recommendations from the 2007 Railway Safety Act review and the 2008 study by this committee related to improving the implementation and effectiveness of railway safety management systems. These regulations are based on more than 10 years of lessons learned in providing regulatory oversight of safety management systems. Key new regulatory requirements include: identification of an accountable executive responsible for the company's safety management system; a process for employees to report to their railway company, without fear of reprisal, a safety hazard or contravention; and the use of fatigue science principles when scheduling work of certain railway employees.

I should also point out that as of May 2015, of the 56 recommendations made by the Railway Safety Act review, all recommendations have been addressed, with work ongoing for five of these. These remaining recommendations will be complete with the coming into force of either legislative amendments or new regulations that are currently in progress.

All 14 of the recommendations made by the the Standing Committee on Transport, Infrastructure and Communities have been addressed, with work under way to address the one remaining recommendation.

To respond to the Auditor General's recommendations to improve planning for rail safety oversight activities, Transport Canada has reviewed its risk-based planning process to ensure its audit and inspection activities are focused on the areas of highest risk. With the coming into force of the transportation information regulations, as noted, the department has identified the key safety risk and performance indicators and the specific safety performance information that it requires from railway companies, and has developed regulatory requirements outlining the specific safety performance information that is required. By allowing us to analyze and include information from railway companies when preparing annual oversight plans, this will address the OAG's recommendations.

In terms of conducting oversight activities, Transport Canada's data system—the rail safety integrated gateway—provides inspectors with the tools they need to document and analyze the results of oversight activities. This system, together with additional tools, processes, guidance documents, and training, ensure that oversight activities are conducted consistently.

● (1540)

These include a management review process for rail safety oversight activities, which defines roles, responsibilities, and accountabilities for both managers and inspectors; performance expectations, which will be included in managers' annual performance agreements; follow-up procedures for audits, inspections, and follow-up activities included in the database system; and updated audit procedures to define clear expectations.

Training and guidance on all new initiatives have been provided to managers and inspectors to ensure a consistent and comprehensive national approach to conducting oversight.

On human resources planning, Transport Canada has a highly dedicated and professional corps of inspectors. To maintain and build on this and to ensure the rail safety program has the required staff with the skills and competencies it needs to plan and implement its oversight activities, a needs assessment was conducted last year. As a result, our comprehensive human resources strategy includes the inventory of skills and competencies required by inspectors in order to perform effectively in a systems-based approach to oversight. This forms the basis for inspector training, recruitment, and retention strategies.

Mandatory training is taken within planned timeframes and is monitored regularly to ensure that compulsory training for inspector credentials is taken in a timely manner. By spring 2014 all inspectors and managers received the appropriate training to become safety management system auditors.

In terms of quality assurance, in a program such as rail safety, work is accomplished through many cross-functional activities—for example inspecting, auditing, and enforcement of rules, regulations, and engineering standards. The challenge is to ensure consistency in the way we deliver our program.

That is why, in 2004, we put in place both a comprehensive quality management system as well as the quality assurance program to verify that the rail safety program's activities are conducted as intended. We have a three-year plan in place to conduct risk-based quality assurance assessments, which involve periodic evaluations of

oversight activities, including audits and inspections. For example, in 2014 the rail safety program conducted a quality assurance assessment of its inspection procedure. As a result, the procedure is being further revised. As well, for 2015-16, we have two internal assessments planned that will examine the procedures for issuing notices and orders, and the quality, input, and accessibility of the database system's data.

We continue to improve the rail safety program. As you know, in addition to the above measures, Minister Raitt has announced the multiple decisive actions that Transport Canada has taken to address the Transportation Safety Board of Canada's initial and final recommendations into the investigation of the tragic events at Lac-Mégantic, actions that Mrs. Fox, chair of the Transportation Safety Board, has recognized as significant progress.

We are confident that these actions, together with the progress we have made and presented to you today, respond to the OAG's recommendations and demonstrate the department's commitment and action to ensure Transport Canada's strong, risk-based rail safety program continues.

Thank you, Mr. Chairman and members of the committee. I look forward to your questions.

[*Translation*]

The Vice-Chair (Mr. Hoang Mai): Thank you very much, Ms. Kinney.

Mr. Sullivan, the floor is yours for seven minutes.

[*English*]

Mr. Mike Sullivan (York South—Weston, NDP): Thank you, Mr. Chair. Thank you to Ms. Kinney and the rest of the panel.

The Auditor General, in his review in 2013, identified that the department planned on conducting many more audits than it actually completed. As well, those audits it did complete were in fact limited in scope, and as per the report of the Transportation Safety Board on Lac-Mégantic, were not adequate and were not in keeping with proper risk assessments because there was considerable risk attached to the way the MMA railroad was working.

How many audits have been conducted since 2012? How many have been missed, and of which railroads?

• (1545)

Ms. Laureen Kinney: If I can start with the answer in regard to the audits that were not completed, we have accepted all of the recommendations of the Auditor General. We have implemented a new system to look at the scheduling of audits on a broader basis, looking at full-scale audits over a cycle of three to five years. In previous years we had decided to do focused and targeted audits. We've accepted the recommendation to change that process.

We have a new schedule of audits that have gone forward from that date. I'll ask Ms. Diogo to outline the numbers.

Ms. Brigitte Diogo (Director General, Rail Safety, Department of Transport): We would need to provide this in writing to the committee, given that you asked for the list of companies that we audited. There is also the *chevauchement*, in that all the audits don't happen within the same timeframe. So I think it would be safer to provide this in writing.

Mr. Mike Sullivan: Thank you.

The other concern was the physical number of inspectors. We've learned over the course of the last couple of years that there has been exactly one new inspector in the system. Can you please tell us how many inspectors there are in total in the department and where they are assigned? Are they assigned to rail inspections? Are they assigned to audits? Are they assigned to inspections of the safety management systems? What are they assigned to and what are they doing?

Ms. Laureen Kinney: Thank you for the question.

The answer is a little bit complicated, because we have a large number of people in the department who perform oversight functions. Amongst those are inspectors who are actually classified as inspectors and perform inspections primarily, but other activities as well. Then we have engineers who perform inspections too. I can tell you with absolute certainty that we have increased our staff in all modes. I believe the number is 1,600 total people who provide oversight functions, which include the inspection function. We don't track specifically by the classification of inspectors anymore.

In rail safety, for example, we were running normally at around 102 positions associated with oversight. As of April 1, 2015, we were at 122 oversight personnel in rail safety. As I said, that includes some other types of positions aside from pure inspector classified positions, but they do take part in the oversight process. We've had a net gain of 20 in rail safety alone. Certainly we've been in an active recruitment process across all the modes, and I can give you more details, if you'd like.

Mr. Mike Sullivan: In terms of risk assessments, one of the things the minister asked the railroads to provide—certainly the two class I railways, CN and CP—was a risk assessment, in particular related to travelling through densely populated areas. At one point Transport Canada told us we couldn't have it because it was the property of the railroads. We've since had the railroads say that, yes, we can.

We haven't seen it yet. Can we get an undertaking to see it? Can you tell me how your plans have changed, given these risks?

Mr. Jeff Watson (Essex, CPC): Mr. Chair, I have a point of order. The orders of the day are with regard to the implementation of the recommendations in chapter 7 of the Auditor General's report. I

understand that matters arising from, let's say, the TSB's report or other items that might be of interest are certainly of interest not only to that member but to other members of the committee. However, the officials are here today to speak on the recommendations and members should be seeing whether there was any progress made by Transport Canada on the recommendations in the Auditor General's report.

The Vice-Chair (Mr. Hoang Mai): Mr. Sullivan.

Mr. Mike Sullivan: Page 4 of their document refers to planning for oversight activities on the basis of risk. I'm trying to get at exactly what those risk assessments have done in terms of their planning for oversight activities. Can they tell us something more about it?

The Vice-Chair (Mr. Hoang Mai): I'll let Mr. Sullivan continue his question.

Ms. Laureen Kinney: If I can just touch back to the beginning of the question, Mr. Chair, one of the responses the minister made to the interim recommendations on the terrible events at Lac-Mégantic included the issue of risk assessments. One of the things that was produced was an emergency directive and a ministerial order that responded to that recommendation. It directed those railways that were carrying any substantial amount of crude oil to carry out a risk assessment of their particular routes. There was a list of 28, or so, factors that were to be included in the analysis of their risks in their transportation of these dangerous goods.

One of the things we have done, as that process continued and as that information was incorporated into their plans, which has already been done.... The Transport Canada role has been to review those risk assessments, to look at what lessons were learned, whether they were similar across different companies, and what kinds of lessons could come from that process to more broadly look at the risk management of the network and the oversight system. They are not directly related to providing oversight input. We have a separate system that includes other processes for establishing the annual risk-based inspection plan that we develop each year. The two are linked, but they are not directly linked in terms of driving our oversight process.

• (1550)

Mr. Mike Sullivan: Can we get a copy of the risk assessments the railroads provided?

Ms. Laureen Kinney: The risk assessments that the railways have provided for us, in terms of assessing that, are the proprietary information of the railways. They are their information. It would be most appropriate, as we have said before, Mr. Chair, to go to the railways for the information. It would be up to them to provide it.

The Vice-Chair (Mr. Hoang Mai): You have one minute.

Mr. Mike Sullivan: In terms of the human resources issues, under “Railway Safety Management System Regulations”, you talk in terms of a process for employees “to report to the railway company, without fear of reprisal” a “safety hazard” or “contravention” and the use of “the principles of fatigue science”, yet the minister has now changed the act to remove “fatigue science”. How are you going to manage it now?

Ms. Laureen Kinney: Mr. Chair, if I may, I'll speak directly to the SMS—safety management system—regulations. Those regulations were promulgated. They came into force on April 1, and the companies are now in the process of converting their systems and establishing some of those new elements that I touched on in my introductory comments.

Our staff will be going out over the next few months, initially making sure that the railways understand how to incorporate these many changes and these many additional requirements, one of which is the process you've just touched on. We will get more information as to how they are approaching that. But the onus is on the railway company to develop a policy and a system to accomplish those objectives in terms of the first issue.

In terms of fatigue science, there's a very extensive section of the regulation that outlines what factors railway companies need to take into account in scheduling work. That is where the fatigue science principles and a broader set of additional parameters have been added to the regulations and are in place now, and they are responding to those now.

[Translation]

The Vice-Chair (Mr. Hoang Mai): Thank you, Mr. Sullivan and Ms. Kinney.

Mr. Dion, you now have the floor for seven minutes.

Hon. Stéphane Dion (Saint-Laurent—Cartierville, Lib.): Thank you, Mr. Chair. I also want to thank my colleagues for welcoming me to this committee.

[English]

Thank you so much. I am replacing Mr. McGuinty, who had urgent family reasons not to be here.

[Translation]

I want to welcome the witnesses appearing before us today.

I have a question about the Administrative Monetary Penalty Regulations and about some other regulations.

Would you say that your ability to conduct audits has improved since the 2013 report? Are you really getting results?

[English]

Ms. Laureen Kinney: I would absolutely say, Mr. Chair, that the changes we've made to the program since 2013, and in particular since the recommendations of the Auditor General, have made a significant difference to the program. We do see that difference to the degree each day as we see more information coming forward and more reporting.... That was one of the key underlying elements, as the Auditor General recommended that we make sure we had better documentation and better awareness of details like that. So yes, that is the case.

Hon. Stéphane Dion: He was concerned about the lack of enforcement, as I read in his report. For enforcement, companies must have an obligation to send you the information. Otherwise, he said, it's not very effective. Is this enforcement really enhanced?

Ms. Laureen Kinney: The administrative monetary penalty regulations came into force on April 1, 2015. There is a very significant and robust plan to implement those and to train our inspectors on how to apply them, and there is a process on how to approve them in a formal method so that we make sure we have the appropriate documentation to sustain those penalties. Those penalties will be used in any cases where there is significant non-compliance with the regulations. We're very prepared to do that.

• (1555)

[Translation]

Hon. Stéphane Dion: Can I ask you for a concrete example? I am thinking of VIA Rail because it's a company I really like. VIA Rail was not audited between 2010 and 2013. Have any audits been carried out since 2013?

[English]

Ms. Laureen Kinney: Just a moment, please.

Ms. Diogo, do you know?

[Translation]

Ms. Brigitte Diogo: Yes, I believe so. I will check the date in my notes.

Ms. Laureen Kinney: Yes.

Hon. Stéphane Dion: So an audit has been carried out since 2013. I am not talking about a simple inspection, but an actual audit.

Ms. Brigitte Diogo: Yes.

Hon. Stéphane Dion: Thank you.

The statistics on the number of inspectors seem a bit worrisome to me. Your deputy minister, Louis Lévesque, also used to be my deputy minister. Could you say hello to him for me? I admire him very much.

He testified before this committee on March 10, 2015. I was not in attendance, but I read the transcript. He said: “On the transportation of dangerous goods and rail safety, we currently have, as of the end of December, 117 rail safety oversight personnel...”. I believe our chair said that there were 116 of them when the Lac-Mégantic incident happened. That's only one more employee. The statistic is clear, as it came from the deputy minister. You understand why we are worried.

What happened in Lac-Mégantic was a huge disaster, and 47 lives were wiped out. Have all the financial costs of that disaster been estimated, including the cost of cleanup and rebuilding? Can a figure be put on it?

[English]

Ms. Laureen Kinney: No, I wouldn't be able to speculate on those costs. I think there were very substantial costs at the municipal and the provincial level, as well as at the federal level, but I have not seen any accumulation of those costs.

Hon. Stéphane Dion: In other countries when a catastrophe happens they are able to put a number on it. Is there somebody responsible for assessing the amount of money that it represents?

Ms. Laureen Kinney: I don't know that anybody has that responsibility. I couldn't speak to that. It's certainly not within my responsibilities, but I would say that in general these figures are always subject to substantial change and do take several years in most cases to finalize.

Hon. Stéphane Dion: When I went to Fukushima, there was an assessment done. It was questionable, but at least they had the magnitude. I wonder if this committee has investigated.... Somebody is responsible for assessing the amount of money it represents. It's important for this country to know.

[Translation]

It is massive, after all. I don't know whether this is true, but according to the deputy minister, one inspector has been added. However, the Auditor General has noted many shortcomings and asked that the regulations be strengthened. You are telling us that you have strengthened the regulations, but that you need resources to implement them. In this case, one of the indicators is definitely the number of inspectors. According to the deputy minister, one inspector has been added since 2013.

[English]

Ms. Laureen Kinney: Mr. Chair, it's a somewhat complicated and sadly bureaucratic answer to get to the details of the staffing levels over that time, so we've tried to generally report to committees and other interested parties on a quarterly basis on the level of staffing because it does change substantially. As I mentioned earlier, I can say there has been an increase. Since the spring of 2014 we have increased by 20 inspectors, net. Again it's complicated because we lose inspectors through attrition. We are facing the same demographics as many other industries and government departments, so this number fluctuates constantly.

However, if I may just add one more line to that, we do actually go through an annual process. We look at the needs, we look at the risk-based inspection plan and the other requirements of the program, and we go through a budgeting process within the department. We allocate the appropriate funds each year as required to do that work. That is an ongoing process and it's very thorough.

Hon. Stéphane Dion: I don't understand why the deputy was so clear, yet today you say it is very complicated. I'm a bit lost because it's essential to know how many inspectors we have. Did you say you increased by 24?

Ms. Laureen Kinney: It was 20 total oversight personnel in rail safety.

Hon. Stéphane Dion: Twenty, so we are not at 117. We are at what then?

Ms. Laureen Kinney: As of April 1, 2015, we were at 122 oversight positions staffed in rail safety. That includes people who

are dedicated to inspections. Some of them do inspections and audits. Others do just audits, and others are engineers or have other types of capacities to do specialized types of inspections.

•(1600)

[Translation]

The Vice-Chair (Mr. Hoang Mai): Thank you, Mr. Dion. Unfortunately, your time is up.

Thank you, Ms. Kinney.

I now give the floor to Mr. Watson for seven minutes.

[English]

Mr. Jeff Watson: Thank you, Mr. Vice-Chair.

Welcome to the officials and also welcome to Mr. Dion today at committee.

We have you back to look at the implementation of the recommendations contained in chapter 7 of the 2013 fall report of the Auditor General of Canada. To refresh our memories, the period or the timeline that was under audit by the Office of the Auditor General if I'm correct was April 1, 2011 to March 31, 2012. That now represents a period over three years ago from where we are at right now today, so your ability to make progress or not against your action plan is important not just for the interest of the committee but obviously for public safety and the public at large.

We'll begin with recommendation 7.26. The Auditor General had recommended that:

Transport Canada should complete the implementation of the recommendations raised in the Railway Safety Act review and relevant recommendations of the rail safety review conducted by the House of Commons Standing Committee on Transport, Infrastructure and Communities [and] integrate the changes into the regulatory framework for federal railways to comply with and for the Department to oversee.

Now going back to the period under the audit, there were 32 of 56 recommendations from the RSA review completed and 10 of 14 from the review by the Standing Committee on Transport, Infrastructure and Communities, which were completed at that time. You've given us an update on that today. Your action plan was released subsequent to November 2013. In terms of your actions, as I understand them now, the coming into force of railway operating certificates and the ability to, as a compliance mechanism if necessary, remove their right to operate was in November of 2014. Am I correct on that timeline?

Ms. Laureen Kinney: If I may...?

Mr. Jeff Watson: Yes.

Ms. Laureen Kinney: It was January 2015.

Mr. Jeff Watson: I'm sorry. That's right. It was January 2015 for railway operating certificates. They were published in November and came into force in January.

The coming into force of the administrative monetary penalties regulations was in April 2015, correct?

Ms. Laureen Kinney: That's right.

Mr. Jeff Watson: That's an additional compliance mechanism for violations.

The safety management system regulations came into force in April 2015. The transportation information regulations, the information you require federal railway companies to submit to Transport Canada for purposes of evaluating their safety, came into force in April 2015. As well, of course, in terms of the grade crossings regulations, I believe that was in November of 2014, and they're all complete as well—very good progress.

On recommendation 7.32, monitoring and mitigating safety issues, in terms of the annual risk-based plan to address and track long-standing safety issues, I think you indicated in your statement that it has been undertaken. That was in January of 2014. Is that correct, Ms. Kinney?

Ms. Laureen Kinney: That's correct.

Mr. Jeff Watson: Can you briefly tell us about the rail safety integrated gateway data system? That was implemented in July of 2014. How do oversight personnel at Transport Canada use that system and what are they tracking?

Ms. Brigitte Diogo: The data system, or RSIG, is a mandatory tool for all inspectors across the country to first identify the risk areas that the inspection and audit will focus on. At the beginning of the planning year, all the data is entered into the system. There is tracking in terms of what mitigation has been put in place, either by the company or in response to an enforcement action by the department.

We track in the system whether the response by the railway company is sufficient and whether additional action is required. Then we close the system in terms of all action in risk areas having been addressed. There are two components to what we track in the system. They are the compliance-to-rules regulations and the safety concerns or safety risks that have been identified through either inspection or audit.

• (1605)

Mr. Jeff Watson: So when inspection turns up a violation, it's logged in there, as well as what action was required of the railway to comply, what the railway company itself then did or didn't do, and also, if it didn't do something, what further enforcement action could be taken, for example. You literally track it from the inspection through to correction or the additional compliance to force a correction. All of those items are taken into account.

Ms. Brigitte Diogo: Yes.

Mr. Jeff Watson: Very good.

On recommendation 7.42, which deals with risk-based planning for oversight activities, you've indicated already that you've reviewed your planning methodology and have identified the key performance indicators and approaches. That was in January 2014.

You've now finalized the industry performance data that's required. The transportation information regulations that we talked about are complete. You have a tracking system as well, and now the information is also being used to.... You're at the point now where you're compiling, based on the regulations—or you should be receiving information in the fall of this year, I believe, or you're at the stage of receiving information from federal railway companies—that additional information through the transportation information regulations. Is that correct?

Ms. Brigitte Diogo: As of January.

Mr. Jeff Watson: Okay. I presume additional analyses will be done of that information and incorporated into your systems, which will help you plan subsequent inspection activities and oversight activities. Is that correct?

Ms. Brigitte Diogo: That's correct.

Mr. Jeff Watson: On recommendation 7.58 about the improved inspector tools and identification and following up on deficiencies, we've already talked about the new rail safety integrated gateway system that's allowing you to track from start to finish, until issues are resolved.

In terms of your new planning and oversight methodology, have you been able to now make consistent the types of information across all of the regions in regard to what information they have to consider in their risk-based planning activities? I think the Auditor General had suggested that it was uneven. Has that now been addressed by Transport Canada?

Ms. Brigitte Diogo: Yes, that has been completely addressed by Transport Canada.

Mr. Jeff Watson: So there is a comprehensive and common number of mandatory items that they must consider at one time?

The Vice-Chair (Mr. Hoang Mai): Thank you.

Ms. Brigitte Diogo: Yes.

The Vice-Chair (Mr. Hoang Mai): Thank you very much, Mr. Watson.

Mr. Komarnicki, go ahead for for seven minutes.

Mr. Ed Komarnicki (Souris—Moose Mountain, CPC): I'm just wondering a little bit about the railway safety management system regulations with regard to the various recommendations to improve the implementation and the effectiveness of railway safety management systems.

Do you have sort of a core baseline of what you want to see in a safety management system? Do you have a core set of circumstances you expect to see in the implementation? Can you maybe tell us about those and about what those objective standards might be in each of those cases? Can you give me a summary?

Ms. Laureen Kinney: Just to introduce that, perhaps I can give you a summary and Ms. Diogo could speak in more detail.

Fundamentally the regulations were designed to lay out a very much more prescriptive set of regulations than was previously the case. There are various categories of issues that must be addressed by each company, and there are also requirements in the regulations so that they can be enforced, such as the specific types of evidence that they have to provide on each of those categories.

Ms. Diogo can speak to the categories, but they are very thoroughly laid out in the regulations.

Mr. Ed Komarnicki: With regard to how you want to see it implemented, do you have that set out as well?

Ms. Brigitte Diogo: Yes. The new regulations came into force on April 1 and laid out in much more detail the requirements of a safety management system, including the elements that class 1 federal railways need to comply with. They include things like accountability. As was mentioned earlier, for the first time the railway company is required to identify an accountable executive responsible for anything related to safety management systems who the department could communicate with. Companies are required to have a safety policy in place and to demonstrate to Transport Canada that the policy has been developed and has been communicated to employees. As well, they have to ensure that mechanisms, processes, and procedures are in place to ensure compliance with rules, regulations, and the Railway Safety Act.

They are required to analyze what is happening in their company with regard to occurrences, so for any elements related to the slowing of trains, they have to look at the reasons some of the steps were taken. They need to do an analysis and demonstrate that they are managing those types of railway occurrences

They are also required to do risk assessments. Every time the railway company makes changes to its operations, it is required to conduct a risk assessment and, upon the request of the department, it is required to submit that risk assessment to the department.

• (1610)

Mr. Ed Komarnicki: You might carry on. I suppose when you send inspectors in, you have them trained to look for each of these with regard to whether they are there and whether they are being processed or complied with.

You might answer that and finish up what you were going to say.

Ms. Brigitte Diogo: During the inspection we have to see whether those elements are present, whether they are communicated to staff, whether they are implemented, and whether they are effective. The new regulations now require the department to do an assessment of the effectiveness of the SMS regime, which will be done through the audit that we'll conduct.

Mr. Ed Komarnicki: Okay. I don't have that much time and I'm trying to squeeze a lot in. You also want to see if there is a process specifically to encourage employees to report to the railway, without fear of reprisal, a safety hazard, or a contravention. What are you specifically looking at in that process? Have there been any examples of reports being made because of that or previously, and how do you ensure that is happening?

Ms. Brigitte Diogo: This will be done by the company providing us with information about what this process is and how they have implicated their employees and their unions in the development of this process. There are mechanisms in place now, especially through the Transportation Safety Board, for employees to raise safety concerns with the department.

Mr. Ed Komarnicki: You have to ensure that the employees buy into this, and so does management. Have you had any indication that this has been working, or is it too early yet for that to be the case?

Ms. Lauren Kinney: I think in terms of that formal process, it's too early, because that's just being implemented now. But we can say that there have been reports made by employees to Transport Canada of issues that they wish to have pursued. Those reports have been

made. We pursue them and follow them up. That's been quite effective.

We're quite confident that the new processes will be effective, but that will be something to be determined.

Mr. Ed Komarnicki: You've set up this objective safety management system that should address the many objectives you've discussed, and there should be a process to involve the employees. I gather, then, you have in your regulation an audit on both your inspectors and the railway company to be sure that when you've gone through an inspection, it actually accomplishes what it set out to do. Maybe you can talk about that.

Ms. Lauren Kinney: Maybe I'll just jump in here.

I think there are two processes you're speaking about. One is that in the safety management system itself, we do audits of that process to make sure that's working. We do inspections of the actual other regulated activities of the railway company. We follow up in the SMS process as well that the companies are doing their own supervision role, if you will, in ensuring that their employees follow the rules.

In our additional area of work, we do quality assurance reviews on our own inspectors' work, which I think is what you were getting at, in terms of making sure that our inspectors are properly following the procedures for inspection.

• (1615)

The Vice-Chair (Mr. Hoang Mai): Thank you very much, Mr. Komarnicki. Your time is up.

If my colleagues will accept this, I'll take the next round, even though I'm the chair. No one objects? Okay.

Just to follow up on what Mr. Komarnicki raised about reports for employees, you mentioned, Ms. Kinney, that employees are able to report to Transport Canada. Has a 1-800 number been set up so that employees know where to call? I think that was raised before. If not, where are we at?

Ms. Lauren Kinney: Yes, this is something that has come up in the past. It's been discussed at some length. What exists right now is Securitas, which is a confidential reporting system to the Transportation Safety Board of Canada. That system has been in place for a considerable length of time. We feel that it does meet a considerable part of the needs. There will be this additional requirement in the safety management system regulations to have a process internally to the company to address the issues we've just spoken about.

We certainly would respond, and do respond, to any informal reports that come to us. It's not evident what we would be using a 1-800 number, separately from the existing processes, to do.

[Translation]

The Vice-Chair (Mr. Hoang Mai): Thank you very much.

Earlier, Mr. Watson asked a question about administrative penalties, which only came into force in April 2015.

Can you tell us whether those penalties, which were a long time coming, will be made public? Mr. Watson also talked about the process as a whole. Will it be made public?

[*English*]

Ms. Laureen Kinney: If I may turn to the initial part of that, yes, when we do take enforcement action of that nature or of any significant nature, that will be published on our website. It will be open to the public.

I would have to defer to Ms. Diogo on what level of detail would be published automatically or what processes might be used if people wanted more details.

Ms. Brigitte Diogo: Currently we envisage having the amount and the name of the company posted on the website.

[*Translation*]

The Vice-Chair (Mr. Hoang Mai): If the penalty amount is published initially and then—correct me if I'm wrong—the Minister of Transport uses his power to reduce the amount, will it be published?

Ms. Brigitte Diogo: Under the regulations, only an enforcement officer can issue a penalty. So a penalty is not issued by the minister. The amount cannot be modified by the minister or by anyone else once the penalty has been issued.

The Vice-Chair (Mr. Hoang Mai): Okay. If I understand correctly, once a penalty is issued, an officer can later change the amount.

Would that change be made public?

Ms. Brigitte Diogo: Companies can go to court, but once the penalty has been issued, it is final. The final decision is published.

The Vice-Chair (Mr. Hoang Mai): You said that, at Transport Canada, you assessed risk based on the necessary inspectors or auditors according to the changes.

Do you think the increase in the transportation of dangerous goods—more specifically oil—means that Transport Canada needs more inspectors or a bigger budget?

[*English*]

Ms. Laureen Kinney: In terms of the staff on the transportation of dangerous goods side or the number of oversight personnel, as of last year on April 1—let me just check the numbers—we were at 59 oversight personnel in transportation of dangerous goods, and as of April 1, 2015, we were at 98 oversight personnel, which includes inspectors. As I said, we have increased the number within rail safety, so those numbers have been adjusted.

If I may, Mr. Chair, just to correct the record, I spoke earlier about the total number of oversight personnel in Transport Canada and I misspoke. That number should be somewhat over 1,220 safety oversight personnel, if I could just put that on the record, please.

• (1620)

[*Translation*]

The Vice-Chair (Mr. Hoang Mai): Thank you, Ms. Kinney.

I have used up my time. I now give the floor to Mr. Watson, for five minutes.

[*English*]

Mr. Jeff Watson: Thank you, Mr. Chair.

I think I was at recommendation 7.58, but allow me to back up for just a moment to recommendation 7.42.

I had mentioned the transportation information regulations having come into force and that we were anticipating information from federal railway companies this fall to analyze next year. The commitment to the Auditor General was that by early 2016 the revised regulations would be introduced. That's a substantial step forward, to be at the stage of analysis in the same time period. That information obviously is critical to oversight activities.

Going back to recommendation 7.58 now, Transport Canada had agreed that by mid-2014 it would complete implementation of the rail safety integrated gateway system audit and inspection modules, including training for Transport Canada staff on documentation and communication of oversight activity findings and follow-up requirements.

That was completed in July 2014, so it's a commitment made and a commitment kept on that one.

You also committed that by spring 2014, Transport Canada would develop a follow-up procedure and provide all inspectors with training on the procedure to enhance the consistency of follow-up activity.

The training of inspectors on new follow-up procedures was completed in June 2014. Is that correct?

Ms. Brigitte Diogo: That is correct.

Mr. Jeff Watson: Okay, so that's another commitment that has been made.

Moving to recommendation 7.70, it states:

Transport Canada should identify and develop a strategy to ensure that it has the needed number of inspectors with the necessary skills and competencies required to plan and conduct the oversight of federal railways, including oversight of safety management systems.

Transport Canada, in its response, committed to developing a human resource strategy. That was completed in June 2014. Is that correct?

Ms. Brigitte Diogo: Yes.

Mr. Jeff Watson: You committed to training, recruitment, and retention strategies that would be updated. When was that completed? I understand that was in June 2014 as well.

Ms. Brigitte Diogo: That was completed earlier, in December 2014.

Mr. Jeff Watson: December 2014, okay.

You had also suggested that you would complete a skills and competency assessment by December of 2014. When was that completed?

Ms. Brigitte Diogo: In June 2014.

Mr. Jeff Watson: Okay, so I have them backwards, then. So I had a schedule on that one.

We've already heard that the number of oversight positions is significantly up in rail safety and dramatically in TDG in terms of oversight, and I think Canadians can be better assured that the human resource capacity and the resources to support those people are firmly in place to assure public safety.

You continue to hire, is that correct, with respect to inspections?

Ms. Laureen Kinney: That's correct.

Mr. Jeff Watson: Okay.

We clearly see, Mr. Chair, that with respect to the period that was audited over three years ago, Transport Canada has fulfilled the commitments it made in late 2013. There are a couple of matters, as you've indicated, that are still to go ahead, including the analysis of the safety data that will be coming from railway companies, and others. I would suggest that Transport Canada's implementation of its response to chapter 7 of the Auditor General's report has been largely successful, Mr. Chair. I think we can all feel a larger sense of reassurance that Transport Canada has taken the Auditor General's recommendations seriously on behalf of Canadians. We thank them for that effort.

Thank you.

• (1625)

The Vice-Chair (Mr. Hoang Mai): Okay. Thank you very much, Mr. Watson.

We still have a bit of time before the end of this meeting, so maybe we will have a short question from Mr. Sullivan, then another short question from the Conservatives, if we have time.

So a very short question.

Mr. Mike Sullivan: On the issue of risk-based assessments, risk-based inspections, risk-based analyses of safe management systems, I'd like to get an example of how Transport Canada would modify its inspections and its analysis of the safety management systems based on an incident. For example, there were two significant crashes near Gogama, Ontario, by CN that involved explosions and fire, a long-burning fire of oil. What has Transport Canada now done as a result of that to change how it will manage CN, who in this case was the culprit or the affected party?

Ms. Brigitte Diogo: On this point about the accident, Transport Canada was on the ground in deploying inspectors—track inspectors, and bridge inspectors. The company has submitted a risk mitigation plan of the actions they were taking to deal with this situation at the time, but also to mitigate the issue going forward.

Part of our response had been to complete a track inspection of the entire subdivision. On the basis of what we learned there and what we see happening, we will look at what amendments we want to make to our risk-based planning, which has led to the identification of the areas of focus of our inspection plans for the year. We have had internal discussions with our regional officers to discuss what amendments, if any, we need to make to the plan that was originally set at the beginning of the year—whether there were changes that would affect the plans, not only for the Ontario Region but also other regions across Canada.

The Vice-Chair (Mr. Hoang Mai): Sorry, Mr. Sullivan, you don't have time.

Mr. Komarnicki, the last question.

Mr. Ed Komarnicki: Okay, I actually had two, but maybe I will ask one in a general sort of way.

Obviously, there are regulations to conduct the operations, but on top of those you have the safety management system. In my understanding of it, it's something additional that required a period of maturation and a culture to develop to eventually come into implementation, where you can actually see results.

Where are we in that continuum, when you're looking at the safety management systems and the regulations you've put in place?

Ms. Laureen Kinney: I think it would be a little bit difficult when you're in the middle of the evolutionary process necessarily to be too specific speculating on that, Mr. Chair, but I would say that the initial phase was very much a learning one. There was a new type of regulation put in place that's really intended to drill down below the known causes of accidents and the evident issues that are out there, to find root causes and create the safety culture, etc. From the first 10 years or so of putting this in place, we now have a much more rigorous regulation in place. That will be reviewed for its effectiveness over the next few years. We'll be able to judge then whether we've reached a relatively mature stage with the industry or whether there are more requirements, and that will be demonstrated by the effectiveness.

The Vice-Chair (Mr. Hoang Mai): Thank you very much, Mr. Komarnicki.

I'd like to thank the officials from Transport Canada for coming here to testify and to give us information, and also for the work that they have been doing. Thank you very much.

We will suspend.

[Proceedings continue in camera]

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