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—
Chair

Mr. Larry Miller

Standing Committee on Transport, Infrastructure and Communities

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• (0845)

[Translation]

The Vice-Chair (Mr. Hoang Mai (Brossard—La Prairie, NDP)): Good morning everyone. Welcome to the 25th meeting of the Standing Committee on Transport, Infrastructure and Communities.

Today, we are continuing our study on the transportation of dangerous goods and safety management systems.

Our witnesses represent the Canadian Fertilizer Institute, the Chemistry Industry Association of Canada and the Canadian Association of Chemical Distributors.

You will each have 10 minutes to make a presentation. Following that, we will move on to questions from committee members.

I will give the floor to Mr. Larson, from the Canadian Fertilizer Institute.

You have 10 minutes.

[English]

Mr. Roger Larson (President, Canadian Fertilizer Institute): Thank you for the introduction, Mr. Chairman.

Good morning, members of the committee.

I am the president of the Canadian Fertilizer Institute. CFI represents the manufacturers of nitrogen, phosphate, potash, and sulphur fertilizers, as well as the major retail and wholesale distributors of fertilizer materials in Canada. Our members produce 25 million metric tons of fertilizers annually, 75% of which is exported to the United States and to 60 countries around the world. Canada accounts for about one-third of world potash production and 45% of the world's potash trade. Canadian farmers purchase 3.5 billion dollars' worth of fertilizer each year to grow their crops.

We welcome the opportunity to present our industry's views on Canadian transportation. As a major rail customer our member companies make significant use of Canada's railways and are dependent on the railways to safely transport our products to farmers in Canada and around the world. Safety is at the core of the fertilizer industry's operations from production to loading and unloading of all railcars.

Two of our products, anhydrous ammonia and ammonium nitrate, are classified as dangerous goods under the TDG Act. Our members transport about 1.5 million tonnes of ammonia, and 1 million tonnes of ammonium nitrate annually.

Given our industry's experience, I will highlight three key points today. First, the fertilizer industry exercises a high level of diligence to ensure the safe transport of our products. Second, the fertilizer industry is committed to safety and security through mandatory industry-led programs. Third, railways must be held fully accountable for the safety of the operations over which they have control.

First, our member companies assume full responsibility for incidents related to activities within their care and control, and take very seriously policies and initiatives that facilitate the safe handling and transport of our products. To this end the Canadian fertilizer industry has two codes of practice for anhydrous ammonia and ammonium nitrate, which are mandatory for our members.

Ammonia is safely used by farmers across the country, but it must be handled with care. Our industry has implemented the ammonia code of practice to set requirements for distribution, storage, and handling. The ammonium nitrate code of practice is a tool for operators of storage and handling facilities to provide their employees with training and information needed to comply with federal and provincial regulations regarding this product. These codes are regularly reviewed to incorporate new technologies and procedures and include independent third-party audits of all facilities that handle and store these fertilizers.

CFI has developed resources available online for employees, transportation workers, first responders, agri-retailers, and farmers. These help to train personnel to manage fertilizer products through their life cycle and inform the general public.

As mandated by the TDG Act, some fertilizer products require an ERAP, emergency response assistance plan. These plans are established by shippers to assist first responders and carriers in managing an incident. CFI members are also involved in mutual aid programs where an individual company's ERAP resources can be deployed most effectively to respond to an incident regardless of which company shipped the product. Our industry also has an intensive maintenance schedule to ensure that our railcars meet the highest standards of safety and security.

As you are aware, the government recently announced a mandatory retrofit program for all DOT-111 tank cars used to transport dangerous goods. Our members will comply with this retrofit. However, we will ask Transport Canada to confirm that the capacity of the railcar maintenance sector is sufficient to handle both this retrofit program and the critical ongoing maintenance of the existing railcar fleets. Any lack of capacity in the maintenance sector could have a serious impact on our members' ability to deliver fertilizer to farmers.

Turning to the railways themselves, it is the view of our industry that these companies need to be accountable for the safety of their operations and their networks. Once a shipment is turned over to a railway, it is the railway's legal responsibility to ensure it arrives safely at its destination. This responsibility is clear in the Canada Transportation Act.

● (0850)

Allowing railways to unilaterally transfer liability for rail accidents to customers will do nothing to enhance the level of protection available to compensate third parties. Railway efforts to transfer liabilities to customers runs contrary to the public interest as it reduces incentives for railways to minimize the risks of incidents within their care and control, and to improve safety.

Furthermore, railways must meet their level of service obligations under the CTA. Since 1903 these obligations have prevented railway companies from discriminating between types of traffic. This is an increasing concern for our industry as we hear reports mentioned recently by the Mining Association of Canada to the Standing Committee on Agriculture and Agri-Food that CP is planning to refuse to ship uranium.

Unreasonable measures taken by railways to discourage particular commodities from being shipped, including the transfer of liability to rail customers, are discriminatory and exactly the type of barrier to commerce that common carrier obligations are meant to avoid.

The fertilizer industry is committed to investing in Canada's economic growth as well as maintaining global competitiveness. Our member companies have invested over \$15 billion over the last 10 years to increase our production capacity. Continued domestic investment by the fertilizer industry relies in part on safe and effective transportation systems, especially railways. This includes competitive and cost-effective rates and tariffs, and a fair liability regime.

To that end, and given the mandate of the committee's current study, we wish to highlight two recent actions that caused the fertilizer industry concern.

First, CP recently issued a tariff that attempts to shift third-party liability to shippers. While the Canadian Transportation Agency's jurisdiction to address this issue is currently under appeal to the Federal Court, if upheld, the CP tariff would essentially transfer responsibility to the shipper even when the products are under the control of the railways.

Second, CP has unilaterally issued new standards for TIH railcars. These actions usurp the role of Transport Canada to establish regulatory policy regarding safety and level of service obligations.

In closing, I want to thank the members of the committee for this opportunity to present our views. We hope we have made three key points: one, the fertilizer industry exercises high levels of diligence to ensure the safe transport of our products; two, the fertilizer industry is committed to ensure safety and security through mandatory industry programs; and three, railways must be held fully accountable for the safety of their operations over which they have control.

The safe and cost-effective transportation of our products is essential to farmers, the 12,000 Canadians who work in the fertilizer industry, and the security of Canada's food supply.

We welcome the opportunity to continue this dialogue and I'm pleased to answer any questions that you may have.

Thank you.

● (0855)

[*Translation*]

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

I now give the floor to the representatives from the Chemistry Industry Association of Canada.

You have 10 minutes.

Ms. Fiona Cook (Director, Business and Economics, Chemistry Industry Association of Canada): Thank you, Mr. Chairman.

[*English*]

Thank you to the committee for the opportunity to present to you here today.

Transportation safety is a top priority for Canada's chemistry industry. Our member companies support this committee's review of rail safety and safety management systems, as well as the many other processes that are under way to ensure that Canada has the strongest transportation safety standards in the world.

I'm here today with a member company representative, Marty Cove, who is manager of logistics with Canexus. Marty will give you a first-hand account of how a responsible care company—and I will go into a bit more detail on responsible care in a moment—prioritizes and practises transportation safety. He will share some views on recent developments concerning liability and compensation, and tank car standards.

First, as a brief introduction, our association represents chemistry companies from across Canada that produce a diverse group of products with a wide range of applications and customers. What unites our member companies and guides them with a common goal is responsible care.

Responsible care is more than a safety management system. It is our industry's commitment to sustainability, a requirement for membership in our association, and a true Canadian success story.

It is recognized by the UN and now practised in more than 62 countries worldwide. Its ethic and principles compel companies to innovate for safer and more environmentally friendly products and processes, to be accountable to the communities in which they operate, and to work to eliminate harm throughout the entire life cycle of their products, including their transportation. In fact, the catalyst for responsible care's development was a derailment in Mississauga some 30 years ago.

Ensuring community safety and security is in our culture and our members are committed to transparency. That is why we have programs like TransCAER and TEAP III. Through these programs responsible care companies scrutinize and carefully select their transportation business partners, so that they continuously improve their performance, and inform citizens and first responders about the hazards and risks of the goods travelling through their communities.

We do this in partnership with the railways, including CN and CP, and we're hoping to welcome more sectors into these programs in the upcoming months.

To summarize, we believe in continual improvement, sharing information, best practices, and minimizing risk wherever possible. We believe that everyone has a role to play in ensuring the safe and secure transportation of dangerous goods.

I'll now turn things over to Marty.

Mr. Marty Cove (Manager, Logistics, Canexus Corporation, Chemistry Industry Association of Canada): *Merci. Bonjour.*

My name is Marty Cove. I'm the manager of logistics for Canexus Corporation. We're a medium-sized chemical manufacturer headquartered in Calgary, and we have plants in B.C., Manitoba, and Quebec. We produce chlorine, hydrochloric acid, caustic soda, and sodium chlorate. These chemicals are primarily used in the water treatment, oil and gas, and pulp and paper industries. We also operate a crude oil railcar loading facility just northeast of Edmonton.

All of the chemicals Canexus ships are dangerous goods. In addition, Canexus leases a fleet of about 2,200 railcars, of which about 1,500 are tank cars, and about 1,100 of those are the DOT-111s that you have been talking about. Of the 1,100 DOT-111s that are in our fleet, however, almost 900 are in hydrochloric acid and caustic soda service, not crude oil.

As you can imagine, with a fleet of this size, about 90% of what we produce moves by rail. So we feel that we have a vested interest in a number of the rail safety issues the committee is exploring today. Accordingly, I'd like to thank the committee members for inviting me here to speak today in conjunction with the CIAC.

If you'll bear with me, I wanted to make two points before I turn the floor back to the chairman for questions.

First, I note the committee members have been asking about safety management systems. Canexus, as a member of CIAC, espouses the principles of responsible care, which my colleague Fiona has spoken about. We often describe responsible care as an ethic exemplified by

either doing the right thing or going beyond what is required, and to a large extent it is the means by which we go about securing a social licence to manufacture the chemicals we do. Our safety management system, if you will, consists of a number of related parts covering manufacturing, research and development, warehousing, product stewardship, and transportation, to name a few.

From the transportation perspective, and without getting too far into the detail, our transportation safety management system consists of about seven subcomponents including hazard and risk assessment, carrier selection, emergency response, security, incident reporting and analysis, regulatory compliance, and community outreach. Most of the seven subcomponents are made up of policies, procedures, processes, checklists, databases, training methodologies, decision matrices, assessments, and evaluations.

The integrity of our management systems are re-verified every three years by a CIAC audit team who examines our systems for evidence of a robust management system, holistic integrity, and to ensure that we are constantly improving.

I thought I'd try to bridge the gap between the theory of responsible care and some practical examples to help illustrate how responsible care works at Canexus, and I have two examples.

In the first, in about 2007 Canexus recognized that there were a number of parties within the transportation industry who believed that with improvements in engineering and construction methods, a new TIH—which is toxic inhalation hazard—car design could provide a potentially safer means of transportation. However, the new car was roughly twice as expensive as the existing car design. Despite these costs, Canexus put the money where its mouth was and began a program to convert all of its chlorine cars to the new safer design. At present, almost 80% of our chlorine fleet is made up of the new cars, and we plan to complete our conversion program within the next two years. By the way, the Canexus chlorine cars are U.S. DOT-105J600, if you want the precise technology, so they're not DOT-111s.

A second example relates to the routing of chlorine. Several years ago the railways began to express concerns to us about the risk of moving chlorine, and especially the added risk of handling chlorine that other railroads could more safely handle or might more effectively handle. After consultation with the railways, Canexus made a decision to modify its transportation decisions to ensure that we minimize the number of rail carriers handling a shipment, and to work with all rail carriers to ensure the routing of our traffic over its lines took into account a number of safety criteria. What this meant was that our costs of shipping increased, and in some cases, quite substantially.

Secondly, I'd like to speak briefly about liability, a matter which has come up a number of times in the committee hearings to date. Mr. Creel from CP stated in his testimony that the only way to provide additional liabilities is for shippers of those products to share in that liability. From my reading of it, he leaves one with the impression that shippers don't bear any liability today, and in fact, nothing could be further from the truth.

• (0900)

Shippers are responsible for loading the railcars safely. Shippers must ensure that the railcar has been properly inspected and maintained prior to shipment. Shippers must provide a railcar that has the right markings. Shippers must provide the correct billing to the railways and if any of these factors and others contribute to a product release, the shipper bears the liability for that incident. In addition, I hope my foregoing examples demonstrate in a concrete way how a shipper may take on a greater share of the risk than is immediately apparent.

Conversely, it's the railway that bears liability if a product release occurs while in its care, custody, and control. In the last three major TIH incidents, all three resulted from railway causes. The shipper doesn't decide how to maintain the track, which crossings should be protected, how to police trespassing, which employees to hire, how to train them, what shift work and hours those employees are asked to work, whether to install fencing, nor on a myriad of other factors that may play a role in a derailment and subsequent release.

The railways would have the committee members believe that because they cannot decline to handle TIH shipments, the railways should somehow be excused from bearing certain liabilities while the railcar is in their possession. If the railways struggle to protect themselves from those liabilities, how could one expect that they wouldn't be even slightly less zealous in protecting the shipper from the same liabilities? Is there even a small chance that TIH shipment safety would be compromised?

I make my preceding comments not to try to argue that change isn't necessary. I think the unfortunate events related to Lac-Mégantic demonstrate that change is not only necessary, it's inevitable. Canexus recognizes the conundrum short lines, in particular, face in gaining access to large insurance caps. We would merely point out that the devil is in the details. My two examples above demonstrate where there may already be shared responsibility between the shipper and the railway to minimize risk, and therefore, insurance premiums.

Another example of the complexities of the issue is this. We would argue that our chlorine freight rates today already include a substantial risk payment. CP charges us, in ballpark terms, about \$25,000 to move a carload of chlorine from North Vancouver, where it's manufactured, to Minneapolis. This is easily double, or perhaps triple, at least, what non-TIH commodity charges would be over the same origin-destination pair. Could we expect the railways to give us this premium back if we agreed to fund a pooled insurance arrangement, and if not, why not?

I won't pretend to have the answers for you today to this question, but Canexus is willing to discuss potential solutions so that we can be part of a solution and not part of the problem. Again, I'm merely

pointing out that this is isn't an easy solution and there are many considerations to take into account.

Thank you.

• (0905)

[*Translation*]

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

I now invite the representatives from the Canadian Association of Chemical Distributors to take the floor.

You have 10 minutes.

[*English*]

Mr. Jim Bird (Environmental Health and Safety Manager, Univar Canada Limited, Canadian Association of Chemical Distributors): Thank you, and on behalf of the Canadian Association of Chemical Distributors, we welcome this opportunity to share with the committee today. I'll just say right off the start here that I think all of the associations represented here today are on the same page.

The Canadian Association of Chemical Distributors comprises 48 Canadian companies that distribute chemical products to manufacturing end-users in Canada. We operate from 160 sites across Canada, employing 3,600 people. Our member companies receive, store, handle, and offer for transportation over 100,000 chemical products of every hazard class, with the exception of radioactive materials and crude oil. These substances range from commodity substances to complex proprietary mixtures. In addition to what I'll call straight distribution members, we have 90 members that are part of the chemical supply chain made up of transportation, brokerage, and warehousing companies.

Our member companies commit to conducting their business in strict adherence to the code for responsible distribution. Our members are passionate about responsibly distributing chemical substances in a manner without negative impact to individuals, communities, and the environment that we share with all living things. Each member company receives an on-site verification that each site they operate from complies with the responsible distribution code. Verification is done through a third party, SAI Global, Canada's largest registrar of management systems such as ISO 9000 quality, and ISO 14000 environmental.

With over 700 safe shipments made last year, our membership received a transportation incident measurement, TIM, of 1.71. This was made up of 12 incidents, of which 10 involved dangerous goods and two involved non-dangerous goods. Since statistics are somewhat limited in putting things into perspective, I can say that the 10 dangerous goods incidents were far from catastrophic. They were more along the lines of the reportables within Transport Canada's dangerous goods regulations, where five kilograms of a corrosive may have been released into containment on a site, etc., or 250 litres of a flammable. Again, there was no permanent environmental impact. A lot of these incidents happen not in transportation but in the handling and offering for transport, and that is reportable.

This is not to downplay a release, as for CACD members no release is acceptable. Prevention measures are an integral part of the responsible distribution code. Our registrar's auditors examine a site's release-prevention measures, as well as response measures. CACD member companies typically hold emergency response assistance plans registered with Transport Canada if they're offering for transport those substances identified under the regulations as requiring a plan.

We use the services of contractors belonging to the Canadian Emergency Response Contractors' Alliance, CERCA—and I apologize for all the acronyms creeping in here. Regular exercises are held with the contractor to ensure readiness and response. Member companies participate in regional TransCAER—transportation community awareness and emergency response—together with the chemical manufacturers; transportation companies, road and rail; regulators at all levels of government; and community responders. We seek to communicate with and educate the communities that our products are passing through or are being delivered to.

You Be The Chemist is a very well-received program that CACD has partnered together with local schools to stimulate an interest in chemistry. We've also participated with the B.C. Ministry of Environment in the process that they are going through to produce a world-class, land-based, spill prevention response regime, and have appreciated being able to be part of that.

While our members as a whole tend to ship in packaged containment via road, there is a significant number of bulk road shipments and road tankers. As well our larger member companies do have tank-car rail fleets for shipping, while many member companies may only receive in rail tank cars, and then from their storage they ship via road.

Again, I would echo the same concerns as have already been expressed, and I look forward to answering your questions surrounding our business and our concerns.

Thank you very much.

• (0910)

[Translation]

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

We will now move on to questions from members. We will start with Mr. Sullivan.

[English]

Mr. Mike Sullivan (York South—Weston, NDP): Thank you, and thank you to the witnesses.

When I heard somebody say they only have 900 cars transporting hydrochloric acid and caustic soda, and not very much crude oil, it was meant to be a sigh of relief that it wasn't crude oil. It brings home exactly how far we've come with this transportation conundrum. However, I am interested in knowing more about the materials that are transported that cause death by inhalation or are toxic by inhalation, such as chlorine. They're in a different style of tank cars, which are safer by design, I understand.

Mr. Cove, essentially the thing that interested me the most in your suggestion is that you actively seek safer railroads and safer routing so that even if it costs you more, you're going to find a way to get the product to the destination as safely as possible. Can you give me some examples of what you mean by that?

Mr. Marty Cove: Sure. In the example I discussed of Burlington Northern railroad, we agreed to ship our chlorine with them over a slightly longer route than the normal shortest route possible. The reason we agreed to do that was that it allowed the railway to avoid high-threat urban areas, which is the U.S. description of large cities, and also it allowed them to route our traffic over sections of their track that were already... I'm trying to come up with the correct technical term.

Mr. Mike Sullivan: In better condition...?

Mr. Marty Cove: It's the situation where they have proper traffic control on their lines, as opposed to having dark territory.

Those are some small examples. Then there would be other issues that the railway would take into account such as grade, condition of the track, that kind of thing. We agreed to pay them on the basis of a longer haul to facilitate the safe movement of a product.

Mr. Mike Sullivan: Is this operation done in conjunction with the railroads or is it something you undertake unilaterally and then ask the railroads how much it would cost?

Mr. Marty Cove: No, it's done in conjunction with the railroads.

Mr. Mike Sullivan: So does the same thing happen routinely in Canada?

Mr. Marty Cove: I wouldn't say routinely. From a unilateral perspective, we certainly look at where our traffic moves in every instance, in every single origin-destination pair, and we evaluate whether we think it's the safest possible route.

Mr. Mike Sullivan: For example, if you're transporting chlorine through the city of Toronto or from one part of Ontario to the other, there's a railroad that goes through downtown, right through the densest residential neighbourhoods, and another that does not. Would you deliberately choose the other railroad or would you not have that option?

Mr. Marty Cove: In the example of Toronto, we don't ship that far, and I don't want to talk about where we do ship. We don't ship much chlorine in Canada, to be honest with you. The vast majority of our chlorine goes to the U.S. By nature of the railway network, there are not many options for us to ship via CN or CP and avoid certain residential or urban areas.

Mr. Mike Sullivan: What about the speed of the railroad? If the railroads or you decide that shipping at normal speeds is too dangerous, given the possibility of rupture or the possibility of an accident or the consequences of a possibility, what does speed do to your industry, if anything?

• (0915)

Mr. Marty Cove: I'm not sure we're the experts on rail operations, but with every action, there's usually an equal and opposite reaction. If you slow down traffic in urban areas, there are opposite responses such as, I think one of the railway representatives mentioned the blocking of crossings for longer periods of time. There are also impacts on staffing levels for the crews, on having to acquire more railcars to a very small extent, and acquire more power to operate them, so I'm not sure.

Mr. Mike Sullivan: In terms of the industry itself, your issue is getting something safely from A to B. They don't have a shelf life. It's not like they're going to expire before they get there, so the amount of time it takes to get from A to B is not your primary concern, is it?

Mr. Marty Cove: No.

Our primary concern is more the comfort that we have that the product will arrive within a certain delivery parameter. If it's consistently arriving in that timeframe, faster transit times versus slower transit times aren't really the major issue.

Mr. Mike Sullivan: As long as you know when it's going to get there.

Mr. Marty Cove: Exactly right.

Mr. Mike Sullivan: Getting it shipped is the most important thing, and then the speed with which the railroads move it is of no consequence to you, as long as you know on Monday it's going to arrive in wherever it's going to arrive.

Mr. Marty Cove: Getting it shipped safely is by far our biggest concern.

Mr. Mike Sullivan: Okay.

You are responsible for creating the emergency response assistance plans for your chemicals.

Mr. Marty Cove: Yes.

Mr. Mike Sullivan: Or the industry is responsible, I guess.

Mr. Marty Cove: My organization is responsible for creating the ERAPs for our products.

Mr. Mike Sullivan: Have you been asked by the railroads to come up with those for crude oil?

Mr. Marty Cove: We don't ship crude oil.

Mr. Mike Sullivan: No, but the distillates that are in crude oil are part of what you do ship.

Mr. Marty Cove: We don't ship any distillates. Our customers ship those. We're just a transloading operator.

Mr. Mike Sullivan: In Edmonton...?

Mr. Marty Cove: Yes.

Mr. Mike Sullivan: As I understand it, that facility is for shipping condensates to the oil fields, which are then mixed with the crude oil so they can be either piped or distributed.

Mr. Marty Cove: That's correct. We also ship crude oil outbound to refineries.

Mr. Mike Sullivan: I'm running out of time.

Thanks.

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

Next, Mr. McGuinty, please, you have seven minutes.

Mr. David McGuinty (Ottawa South, Lib.): Thank you, Mr. Chair.

Good morning, everyone. Thanks for coming.

I'll begin by asking whether all of you have read chapter 7, on rail safety, of the report of the Auditor General. Have you seen the report? Have you read the report? You may want to read the report in detail and look at it very closely.

I want to open my line of questioning based on the numerous conclusions in the report, which indicate that the Auditor General is not capable of saying whether there is a coherent safety management system in place in Canada. That's the conclusion of the report. You might want to go through it and look at it with regard to the problem with inspectors, the problem with qualifications, and the problem with audits performed.

I raise that not because it's your responsibility as industry representatives but because the SMS system for most Canadians is a partnership. That's what it's supposed to be, a partnership between industry and the regulator, Transport Canada, with responsibility for safety.

On behalf of Canadians now, I'm saying the Auditor General is telling Canadians it's basically not working. The capacity isn't in place at Transport Canada, and it's not happening. The resources aren't in place; the inspectors aren't in place, etc. It's all there in black and white. It's undeniable.

Then we watched the horrible tragedy of Lac-Mégantic where the costs for cleanup are unknown. We would agree; the costs are unknown. Canadians hear this and they watch this and they say, "What's happening?" Then they begin to understand that by 2024 we're going to have a million barrels a day of excess diluted bitumen coming onto our railways. That's within a decade. That's if every pipeline that has been contemplated is built and is in full usage. So they get even more worried. Then they begin to understand that so much of our rail transport is through municipalities where they live, within proximity of their homes, schools, hospitals, and businesses. Now they are even more worried.

I want to go to the question of liability, because I think two of you raised liability specifically.

We have heard testimony that says that in Quebec, liability is already shared. Since 1978, under Quebec law, environmental cleanup costs have been shared. If we're going to shift liability, because there is a reasonable call to examine the liability regime among the railway companies and those who are shipping and those who own the dangerous goods, I don't for the life of me understand, given some of the testimony I've heard, how sharing liability would not drive up compliance.

In another life, I used to be a corporate lawyer. My job was to ensure compliance. My job was to make sure risk was minimized on behalf of the corporation.

If I'm an owner of dangerous substances—as are many of your client companies, member companies—and I am putting those dangerous substances into the hands of railways, why wouldn't I then be compelled, as the owner of those materials, to make darn sure that what's happening with those railways is fully compliant and top-of-the-line safe and secure, if I'm now, as someone sharing the liability, on the hook?

I'm not saying there isn't an existing regime in place. There's a deal here. Railways have to carry whatever we give them to carry, but there are privileges that go with that. Member companies, member owners of materials who are shipping, have to take your stuff, but you get quid pro quo as well.

Clearly, though, given the existing system, with what we know is coming down the track—with a 31,000% increase in shipping of oil by rail, for example—we have to change something. Canadians are really worried.

What's the problem here? What's the real problem with both parties being responsible for any risks or accidents?

Mr. Larson.

• (0920)

Mr. Roger Larson: Thank you, Mr. McGuinty.

There is shared liability in the sense of the parties being each individually responsible for the parts of the operation under which they have care and control. There is shared liability in the concept that our member companies are paying substantially higher freight rates for TIH products. We've done an analysis that would show that Canadian shippers of anhydrous ammonia fertilizers are paying a \$55-million premium per year on our freight rates. This compares to the total insurance premium of the class I railroads in all of North America of \$150 million to \$200 million.

Third, the challenge with your proposal is that the railways have already purchased all of the third-party liability insurance that's available in the world. One of our member companies had Marsh and McLennan do an assessment of the ability of a producer of ammonia to obtain third-party liability insurance. First of all, the insurance company wasn't prepared to issue insurance to a producing company for the operations over which they had no care and control. Second, the pool had already been purchased by the railways. There's a lack of capacity in the insurance system to provide more than \$1.2 billion to \$1.5 billion in third-party liability insurance pools.

Mr. David McGuinty: Let's put it this way. The dispute between the railways and those that own the dangerous goods that are being transported boils down to two things. One is money, who pays. Correct?

Mr. Roger Larson: Yes.

Mr. David McGuinty: Two, you're testifying that, in the international markets, the railway companies in Canada have exhausted all third-party liability to cover risk associated with the transportation of dangerous goods. We can't contact Lloyd's of London and bring them in here to testify that there are no secondary or tertiary markets that will ensure or reinsure these risks.

• (0925)

Mr. Roger Larson: There are only two or three insurance pools available in the world, and the North American railways have purchased all of the third-party liability insurance from Lloyd's. You could ask Marsh and McLennan, or somebody like that, to come in.

Mr. David McGuinty: Thank you.

[Translation]

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

Mr. Watson, you have seven minutes.

[English]

Mr. Jeff Watson (Essex, CPC): Mr. Vice-Chair, thank you very much.

Thank you to our witnesses for appearing today.

Mr. Larson, you just mentioned that an outside company was hired to do an investigation with respect to whether or not third-party liability can be purchased. Can the results of that study be shared with the committee? Could you seek the permission to have that tabled with the committee?

Mr. Roger Larson: I will seek permission from that member company to bring that to the committee.

Mr. Jeff Watson: I appreciate that very much.

In the marine sector there is additional liability beyond that of the shipper itself.

Mr. Larson, you almost suggested that any type of shared liability would lead to lower safety outcomes, if I understood your intervention correctly. Is that happening in the marine sector? Is its safety performance dropping?

Mr. Roger Larson: I have no experience in transporting dangerous goods in the marine sector.

Mr. Jeff Watson: Is most of what you ship by rail versus by truck?

Mr. Roger Larson: Our products do generally move to final destination by truck, but 85% would start on rail.

Mr. Jeff Watson: It's 85%, okay.

What factors go into the decision surrounding what mode of transport is selected? Maybe anyone on the panel could answer that briefly.

Mr. Marty Cove: As an example, our organization doesn't ship chlorine by any mode other than rail. We looked at it, and we've concluded that from a safety perspective trucking is far too risky. We limit ourselves to shipping chlorine by rail.

I'm not sure I can really say much more than that.

Mr. Jeff Watson: Does anyone else want to answer the factors that go into decisions, rail versus truck?

Mr. Jim Bird: With our member companies it largely depends on the ability of the destination, what they can receive. Some of our member customers do not have rail siding. Some are only able to receive in contained factory packages. For us, it's largely what the end user is capable of safely handling.

Mr. Jeff Watson: The main origins and destinations for the products that your members ship, are they fairly static? Could you name for this committee the top five TDG products that your members ship in terms of destination, or origin and destination? Is that something that you could easily prepare for us? Do you know that offhand by any chance?

Mr. Roger Larson: We have an analysis that's about that thick that we've already supplied to Transport Canada on distribution of anhydrous ammonia in Canada and the United States. I'd be happy to share that with the committee.

Mr. Jeff Watson: Let's go back to liability for victims of unfortunate accidents involving dangerous goods. Is it the position that anything beyond the general liability of a company should give victims access to funds? We heard one witness who suggested that there should be a pool of funds accessible to victims of these accidents. Is that something that your members would support, or should victims recover their damages in court?

Mr. Roger Larson: It would be our strong preference that there are no victims. With the reality that there have been victims, they need to be properly compensated and looked after without more trauma in their lives. If you look at the history of insurance claims over the last 10 years, there have been no problems within the existing insurance pools involving availability of compensation. The most expensive accident was something in the order of \$900 million.

• (0930)

Mr. Jeff Watson: Your member companies, we haven't really gotten into the details of this other than that Mr. Cove shared some numbers with respect to DOT-111s. How many DOT-111s, both what we call the old legacy cars and the newer DOT-111s, do your members own? Do you have a sense of that? Can you provide a list of your member companies and how many DOT-111s they have?

Ms. Fiona Cook: It's something we're currently preparing, and we'd be willing to share it with you when we have that available.

Mr. Jeff Watson: I'd appreciate it if you'd table that with the clerk of the committee for the benefit of the committee. This is our last meeting with respect to the rail mode of transport in our ongoing study. We will have to proceed to an interim report in June that will be tabled, and that's a report of findings. Additionally, we'll have a final report with recommendations at the end of the year on all modes of transport. At some point we'd like to see some of that information provided to the committee.

There's been a lot of discussion around this committee table about transload facilities. There's a concern that, given the lack of national

fire safety standards for such facilities, they may represent a risk. Is this something, Mr. Cove, that you're concerned about? For the organizations here, are your member companies concerned about that?

Mr. Marty Cove: Certainly from our perspective.... We do have transload facilities, not only the oil transload facility I mentioned northeast of Edmonton, but we also have some hydrochloric acid transload facilities in Alberta. We do take into account their locations within the rural or urban areas. That's part of our product assessment prior to starting to ship.

Mr. Jeff Watson: What agencies, provincial or federal, do you report to with respect to safety, and for what aspects?

Mr. Marty Cove: There's quite a few, and I don't have that information handy.

Mr. Jeff Watson: Can you prepare that for the committee?

Mr. Marty Cove: Sure, there's quite a litany of them

Mr. Jeff Watson: Thank you, that's good.

Thank you, Chair.

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

Thank you, Mr. Cove.

Mr. Komarnicki you have seven minutes please.

Mr. Ed Komarnicki (Souris—Moose Mountain, CPC): Thank you for appearing before the committee. I might mention that Mr. Larson comes from northwestern Saskatchewan. It's good to have you here today.

I want to pursue the two points you raised. You talked about the insurance aspect and the DOT-111 capacity to produce if you're going to replace them within the time requirements that have been specified.

With respect to insurance, I understand you are saying that the party that has the care and control of the product gets the insurance to appropriately cover their aspects of the operation. I take it from what you're saying that the maximum amount of insurance is obtained by each of the parties for their respective areas.

Mr. Roger Larson: Exactly.

Mr. Ed Komarnicki: One of the suggestions was that in addition to that there should be an additional fund that shippers would pay into to cover catastrophic or other events. You're saying that's not possible, not probable, not reasonable.

Mr. Roger Larson: No, I think what I was trying to say is that our companies' view is that we're already paying it. We've been contributing about \$55 million per year for the last 10 years to a special fund called the railways.

In terms of higher freight rates, our analysis showed, to get technical, the freight rate for ammonia over long-run variable cost is 445%. For urea, which is another fertilizer that's not a Transport dangerous good, it's 249%. That difference in freight rates is approximately \$55 million a year, from Canadian shipments only.

• (0935)

Mr. Ed Komarnicki: It's interesting because what you're saying is that you're actually paying into something by the tariff or the special rate that's not common to other products. That's being paid to the person that's transporting the product that's already insured to the max, so you paying in there doesn't provide any additional coverage. It just provides what they already have.

Ms. Fiona Cook: One thing we haven't talked about here is self-insurance. The two major railways in Canada have significant amounts of self-insurance, \$1.2 billion to \$1.5 billion. Our member companies, too, self-insure to a certain extent. These rate premiums we've been paying have gone into what I would call self-insurance.

Mr. Ed Komarnicki: Right, but it still goes back to the company charging you for insuring at the highest level—

Ms. Fiona Cook: Or it's going to the shareholders.

Mr. Ed Komarnicki: —but it doesn't provide any additional coverage beyond what the insurance already in place is.

Ms. Fiona Cook: We don't believe so, but we think it should. It should be used to fund future liabilities and not go to the shareholders.

Mr. Ed Komarnicki: So you're saying that it could be rerouted—which would provide, then, additional coverage to what's already insured.

Ms. Fiona Cook: That is correct.

Mr. Ed Komarnicki: What about short lines? I know there are an increasing number of short lines that are operating, and the circumstances may be quite different than class I rail transportation. They, of course, may have a little lower risk, as they operate at lower speeds, but there are other issues and they're not able to acquire the max insurance that other rail lines might. What's the answer to that?

I know some have said that there should be perhaps—I'm trying to find the wording they use there—a hybrid approach, in which short line railways would pool their risk and have access to a fund made up of shipper contributions, if damages exceeded the insurance coverage that they might have, just as it is done on the marine side, which you're not too familiar with.

But what are your thoughts about the short line aspect, which is different because they don't carry the amounts of insurance that others might?

Ms. Fiona Cook: We've supported that view. We made a submission to the Canadian Transportation Agency earlier this year on third-party liability insurance requirements. It's clear that the short lines cannot insure to the level that the class I railways can. We suggested some kind of pooling. We didn't necessarily say how it would be funded. I would think the class I railways would have a role, as well, because the short lines are part of their—

Mr. Ed Komarnicki: Tie into the class I...?

Ms. Fiona Cook: Exactly.

But there has to be a solution, and there needs to be one found, absolutely.

Mr. Ed Komarnicki: So you're saying that it could be the rail company, the shipper, and the short lines in some fashion?

Ms. Fiona Cook: There's the receiver in there, too, right?

Mr. Ed Komarnicki: And the receiver...

Okay, so you're saying just broaden the base.

I suppose the consumer will pay for all of that or ultimately the taxpayer. Correct...?

Mr. Larson, you had comment. Go ahead.

Mr. Roger Larson: Ultimately, some of the cost gets passed to the consumer. The competition and market forces will determine exactly how that cost is shared out, but it doesn't disappear by waving a magic wand.

Mr. Ed Komarnicki: But the insurance is a concept. I don't want to get caught away as to where it ends up. But in terms of the concept of multi-level contribution to a pool, when you're dealing with short lines, is that something that you see as a reasonable approach?

Mr. Roger Larson: I think there's probably a solution there that doesn't unduly interfere with market forces. I think it's going to be very important exactly what the details of that discussion are. We have to remember that, first of all, short lines is a generic label. There are some short lines...an example is Genesee and Wyoming. The CEO of Genesee and Wyoming publicly made a statement that they had third-party liability insurance that was not significantly different from the class I railways. There are short lines and there are short lines.

Mr. Ed Komarnicki: There are short lines in Saskatchewan that we're familiar with and I'm certain they won't be able to access that kind of insurance.

Mr. Roger Larson: I think you're probably right about that, but there are other circumstances. Are those primarily grain-only lines? Do they all transport dangerous good products?

Mr. Ed Komarnicki: Well, crude will be hauled on those.

Mr. Roger Larson: Yes.

Mr. Ed Komarnicki: Another question—

The Vice-Chair (Mr. Hoang Mai): You have 30 seconds.

Mr. Ed Komarnicki: It's pretty tough to frame this in 30 seconds, but the replacement of DOT-111 cars... Now, I know that it's fairly costly to do that and the capacity to produce those cars is limited because there are only so many people that do that. In your view, (a) what will be the issues regarding capacity, and (b) who ends up paying for those 100,000 or 80,000 replacements?

• (0940)

Mr. Roger Larson: In our case it's the shipper. We supply our own railcars.

Ms. Fiona Cook: Same here. We either own them or lease them. We support any safer standard, but we want certainty and the issue right now is that there is no new standard yet to look at investment decisions around retrofitting and buying new cars. We need that first to really have a good analysis of what the capacity issues will be and what the cost will be. We want to see a standard.

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

[Translation]

Ms. Morin, you have the floor for five minutes.

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

Thank you to the witnesses for their presentations.

Ms. Cook, in the document that you handed out at the start of the meeting, you assured us that when it comes to transporting chemical products, which includes dangerous goods, the Chemical Industry Association of Canada does more than what is required under Canadian legislation. You state that under your commitment to responsible management, which is one of your association's sustainable development initiatives recognized by the UN, your members must choose the safest means of transportation, itinerary and carrier when transporting their products. I congratulate you on making this choice.

Do you not think that regulations like those should be imposed on everyone? In his remarks, Mr. Cove told us that would involve higher costs. You are paying more than others because you place greater importance on safety. Do you not think we should strengthen our regulations so that the costs are the same for everyone?

[English]

Ms. Fiona Cook: I'll answer in English.

Ms. Isabelle Morin: Yes, no problem.

[Translation]

Ms. Fiona Cook: I could reply in French, but I will reply in English so that everyone understands.

[English]

Yes, we would love to see more people become part of the responsible care program. We did have a TransCAER event out west, I think about a month ago. We had the petroleum people attend, so I think there's recognition that these are good practices. The more people we have out in the communities—

[Translation]

Ms. Isabelle Morin: Do you think the government should impose regulations like that? Why should we have a self-regulatory system instead of national regulations, if you think that is the thing to do?

[English]

Ms. Fiona Cook: Well, I think that would be the way you would have it recognized as a standard, yes.

[Translation]

Ms. Isabelle Morin: Perfect. Thank you very much.

Mr. Cove, you told us about the long hauls that you do in the United States, but you were unable to give us examples for Canada. Is that because American regulations are stricter and require you to take safer roads? Why is that done in the United States, but not in Canada?

[English]

Mr. Marty Cove: Primarily because of the railway networking infrastructure. There is quite a large number of alternative routings available in the U.S., whereas in Canada the alternative routings are very minimal.

Ms. Fiona Cook: That's also, I guess, because about 80% of our shipments do go to the U.S.

[Translation]

Ms. Isabelle Morin: Thank you.

My next questions are for all three witnesses.

When the insurance policy does not cover a significant part of the residual risk, shouldn't there be more investment in prevention?

What avenues will you explore with a view to improving the safety management system?

[English]

Ms. Fiona Cook: As I mentioned earlier, our responsible care program is a continual improvement SMS system. We believe, yes, the focus should be on prevention. Insurance is your last line of defence, and there could be improvements, we believe, on the safety side that need to be looked at. But again, continuous improvement is the way to go.

[Translation]

Ms. Isabelle Morin: Thank you.

[English]

Mr. Roger Larson: I would agree and add that in our case our member companies have replaced their entire anhydrous ammonia railcar fleet since 2002. They've developed the first responder training program for first responders across Canada. They've invested in mutual aid response. They've completely reworked their processes.

Since 2002 we have imposed two codes of practice on our industry with independent third-party audits to ensure that our products move through the entire supply chain with the highest level of safety. We fully agree that prevention is much more important.

• (0945)

[Translation]

Ms. Isabelle Morin: That was your own initiative. The government would have never asked for that.

[English]

Mr. Roger Larson: Some of that is regulatory requirements, such as CEPA section 200 compliance with ERAPs, but a lot of it is voluntary industry initiatives.

[Translation]

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

I now give the floor to Mr. Toet.

[English]

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

Thank you to our witnesses today. It's great to have you here and very helpful.

I want to start with you, Ms. Cook.

You talked, and Mr. Larson has talked a little bit too, about responsible care. In fact, Ms. Cook, you said that responsible care was mandatory for members. I'm just wondering how you actually measure that or how you audit that. It's great to say responsible care is a requirement, but how do you actually know that your members are following it? There must be some sort of protocol that you're going through for that.

Ms. Fiona Cook: Our member companies are verified by a third party every three years. The third-party verification is not just the typical auditor, you also have community members who come in as well as members from environmental groups. It's a full-scale—we call it a verification, not an audit. It can take up to a week depending on the company and the nature of the operations. These results are published on our website. They are publicly available.

Mr. Lawrence Toet: When you say it's a verification and you talk about continuous improvement, what are they looking for specifically to see that they're actually following through on a continuous improvement program? What are they verifying? I guess that's kind of the key element as far as I'm concerned, especially on the safety aspect of things. It's verification, but what are they actually looking for?

Mr. Marty Cove: First of all, they're checking to make sure that we are doing what we say we do.

We have, as I mentioned in my opening remarks, processes and policies and that kind of thing, and they're wanting to see documentation and evidence that we are doing exactly what we say we are doing.

Beyond that, they are constantly challenging us to ask what we are doing differently now that we didn't do before. They're presenting best practices to us from other organizations and asking whether we might consider incorporating those into our procedures and policies.

Those are just a couple of examples.

Mr. Lawrence Toet: So they are not necessarily auditing exactly what you've done or verifying what you've done, but also verifying if you are pushing yourself to that next level. They are comparing you against other member companies. I'm imagining then that other member companies need to share those practices with others also, so that each member company knows what other member companies are doing so there can be an ongoing challenge amongst each other to bring that forward also.

Ms. Fiona Cook: Yes, we have committees called leadership groups. We have something called a share committee, which looks at health and safety within the workplace. That's the whole point of those committees, to get around and have round table discussions of what companies have learned and what they're doing, what they're striving for.

Mr. Lawrence Toet: I just wanted to touch very briefly on the liability question. I know it's been talked about several times here. My sense is that in your opening statements it was said that you feel you shouldn't share in third-party liability. Yet, to some degree, as the questions have gone this morning I get more of a read on it that

you actually feel you already are, and you'd actually like to see that pulled out and separated and clearly distinguished as going to some kind of pool or fund.

Maybe correct me if I'm wrong, but my read over the questioning period has become slowly that your associations would be much more inclined to say that you'll share in that, but you already believe that money is being put forward by you. You just want to make sure it's put on a clearly defined pool that this is actually what it's going to. Would that be a fair assessment, Mr. Larson and Ms. Cook?

Mr. Roger Larson: Yes, I think that would be a fair assessment in a market-based rate negotiation between the railway and their customer, where rates are commercially established. I'm probably having trouble figuring out how—but you're the government and I'm not—the government is going to create that allocation. Yes, that would be our view.

● (0950)

Mr. Lawrence Toet: So you're not afraid of doing the allocation; you just don't want an additional fee. You feel that you're already paying an additional insurance, so to speak, and you just don't want another additional fee.

Mr. Roger Larson: I would be hesitant to say that any further increases are going to be passed on to our customers, the farmers in Canada, but the reality is that if our member companies' costs are increased, somehow that's going to have an impact on our marketplace and our customers as well, yes.

Mr. Lawrence Toet: Very good.

I also want to touch quickly on the transload facilities. Do you have any interactions with municipalities, and especially municipal governments, as to the location of those transload facilities?

Are you also talking to them as far as development goes? I have a chemical company in my riding, and I know that one of the concerns they have right now is that there's talk about moving a residential neighbourhood very close to the location where they've been for almost 100 years now. They were intentionally away from everybody, and now people want to move to them. Are you having any dialogue with municipalities and really encouraging them to look at their zoning as far as these types of facilities go?

Ms. Fiona Cook: There are a number of cases, particularly in Ontario at the moment, where we are trying to get municipalities to recognize the existing buffer zones, as we call them.

Mr. Marty Cove: Maybe I'll add to that. I can tell you that our oil transload facility is in a town called Bruderheim, which is north and east of Edmonton. I've been at some of the community consultation outreach programs, and they are very well attended. We are very open with exactly what we're doing and how we're doing it. We're seeking feedback not only from the community as a whole, but also obviously from the representatives of the townships or the municipalities.

Mr. Jim Bird: I would say the short answer to that question is yes. There's a lot of interaction with the first responders, the fire chiefs, and also with the municipalities, those that have the code. Yes, we need to look at how response is going to happen. We need to consider the impact. We have to consider all the environmental aspects of things that could possibly go wrong, so the short answer is yes. There's a lot.

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

Mr. Sullivan.

Mr. Mike Sullivan: Thank you, Mr. Chair.

We started to get into a discussion earlier of risk assessments when you are deciding what route to use and how. The rail industry has had an explosive increase, to use a bad term, in the amount of dangerous goods it ships, now that crude oil has been reclassified as a dangerous good. CP suggested that they used to move 300 carloads annually and they now move 2.7 million.

If that kind of an increase were to happen in any of the shipments of dangerous goods that you folks make, how would you conduct a risk assessment? What would you do? How would you create safety if you went from 300 carloads of chlorine a year to 2.7 million carloads by train? What would you do?

Ms. Fiona Cook: We would continue to do what we're doing at the moment, but obviously those efforts would be focused on where they'd be needed, depending on where those shipments were going. We already have the structure in place to deal with the communities and to make sure there's a first-response capacity there, and also that we make sure our providers are verified to carry those products and have the safest way of carrying those products.

It would be responsible care, but again, perhaps focused on those products that had significant volumes. I'd love to see those increases in our sector.

Mr. Mike Sullivan: Yes, I bet you would.

Mr. Marty Cove: Would you like me to answer a little bit on that?

Mr. Mike Sullivan: Sure.

Mr. Marty Cove: I don't have a Canadian example, but I do have a U.S. example. Canexus moved some chlorine into a storage facility in Washington state for a period of time. Before we did that, we undertook extensive consultation, not only with the community—I think Mr. Watson was asking about it before—but also, we went through an extensive regulatory approval process, so we dealt with the U.S. Environmental Protection Agency, for example, and OSEA. There was a huge number of regulatory bodies that we went through to do that.

That's a small example, but I hope it helps answer your question a little better.

• (0955)

Mr. Mike Sullivan: But the regulators had a big part to play in how that was done, in how that risk was managed.

Mr. Marty Cove: It's not just the regulators who have their existing regulations, but it's also the consultation process with the community. We had three separate consultation processes with the community where we were describing what chlorine is, its properties, and we were working very closely with emergency responders—ambulance, fire, police—to make sure that they were very aware of what we were doing and knew how to respond to those incidents if one should ever occur. Obviously, our goal was that it would never occur.

Mr. Mike Sullivan: When you provide ERAPs to communities through which your product travels—that's sort of a road map of

what to do in the event of a spill—do you provide human or other resources in the event of a spill?

Mr. Marty Cove: We don't provide ERAPs to the community. We provide that to Transport Canada.

We do supply education, training, and in the event of an incident, in the unlikely event of an incident, we have a technical adviser who is available immediately by phone. Then we have our own emergency response team that we would mobilize and put into place should the incident be severe enough.

Mr. Mike Sullivan: You mentioned Mississauga. I lived through it and was one of those who was evacuated. I actually saw it take place from my window.

It changed the way dangerous goods are transported in Canada. It's no longer permitted.... For a long time it was not permitted to travel at more than 15 miles per hour in residential areas with dangerous goods on board. That has changed and we're now up to 40 miles per hour, but it also changed the way cars are stacked, if you will. You're not allowed to run chlorine next to propane, for example.

What other lessons are you using that were learned from that? What lessons can we apply to the Lac-Mégantic experience going forward?

Ms. Fiona Cook: Again, coming back to one of the key tenets of responsible care, it's community awareness. Obviously at that time there were no systems in place to have advised the community of what to do in the event of an incident.

We hope, perhaps, with the Lac-Mégantic tragedy as well, that the shippers or receivers of those products involved in that incident would be building that kind of awareness around what to do in the event of an incident, and again, hopefully, the unlikely event of an incident.

Mr. Mike Sullivan: One of the things we're studying here is how we transport this stuff safely if we're going from 300 carloads to 2.7 million carloads. How do we do it in a manner in which the public feels safe, the liability is managed? One of the things you're always talking about is that you don't want to have to pay for their liability, and they don't want to have to pay for your liability.

Do you have any recommendations for how we go forward safely, with regard to the transportation of dangerous goods, in particular, through large, dense communities?

Mr. Roger Larson: I don't have any advice on what you need to do with regard to the petroleum and oil industry.

If you look at what we did in Mississauga, it was: better tank cars, better first responder training, strong mutual aid agreements between companies to enhance emergency response, working very closely with the railways as they deliver their first response, better capacity. There were a whole host of measures in addition to the yard procedures and the number of cars, where you put them on the train, which you've already mentioned.

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

Ms. Young, you have five minutes.

Ms. Wai Young (Vancouver South, CPC): Thank you very much for being here today. What you had to share with us was very interesting.

I just want to ask a question because we've had previous witnesses in previous sessions, obviously. In hearing from the Teamsters and the workers of the railways, they said that often, one, they did not know what was in the cars; and two, if an accident happened, they would not know how to respond, that the training was virtually non-existent, etc.

Could you clarify that for me? That was something you talked about today. Is there training for the workers? How do they know what's in the cars?

I want very short answers because I have a number of other questions.

• (1000)

Mr. Jim Bird: Well, I can't speak exactly for railroad training.

Ms. Wai Young: Can you talk about first responders?

Mr. Jim Bird: First responders are something that, as I shared, for our distributors, we are working with to provide education. For example, we have a website, TDGER, and we—

Ms. Wai Young: You said that you have a first responder training program. Did you say that just a few minutes ago?

Mr. Jim Bird: No, I hadn't said that.

Ms. Wai Young: No, okay.

Go ahead.

Mr. Roger Larson: I did.

I'm not familiar with the training that the railways provide to the Teamsters union. CN and CP can answer that.

We have a first responder training program that we've made available to every fire department in Canada where our products move. We go to the Canadian Association of Fire Chiefs every year and do a presentation on our first responder training program. We are going to the annual meeting of the Federation of Canadian Municipalities at the end of May. We're going to again make our training programs available, try to increase awareness of the training programs.

Ms. Wai Young: May I ask you, how aggressive is that training program? Do you have targets? For example, are you going to put 300 railway workers through it every year or every month, that sort of thing, or do you just offer it and it's sort of a laissez-faire, "people sign up whenever they want to" kind of situation?

Mr. Roger Larson: We don't directly train railway workers. The railways train their employees. We train first responders.

Ms. Wai Young: Exactly, but the first responders, are they all adequately trained? Can you sit here today and say that you have a targeted outreach program for them?

Mr. Roger Larson: We don't keep track. I'd have to ask the fire chiefs how many of their employees they've trained.

Ms. Wai Young: Right.

Mr. Marty Cove: If I might add just very briefly, we do have very specific outreach programs and targets that we try to achieve, but I

can say with confidence that it's a massive marketplace. It's almost impossible with the resources that are available to cover everybody off adequately, so there are always gaps. People come to us—

Ms. Wai Young: We have also had the firefighters here and they have said that of course they have some training. I just want to know how aggressive or how proactive that training program is. Is it one of those, "Oh, yes, you can sign up for this thing," or is it one of those things where each first responder must go through this training program? Is it a requirement?

Mr. Marty Cove: Again, it would be up to the fire chiefs, I guess, to determine how they require their employees to respond. We do offer the training. We do that often in conjunction with the railways, and it's very aggressive.

Ms. Wai Young: Thank you very much.

That is very good to know, because they came here and they said they don't really have that. Knowing that you have a training program, perhaps it is up to this committee in some recommendations down the line for us to say that they need to all get this training. Is that correct?

Ms. Fiona Cook: It's the TransCAER program, which is referred to in some of the documentation.

Ms. Wai Young: Right, yes.

Now I was very impressed with your responsible care program. You have impressive statistics here. You've reduced discharges to water by 98%, reduced emissions of toxins targeted by the Canadian Environmental Protection Act by 89%, and substantially reduced emissions of air pollutants such as nitrogen oxides by 61%, and sulphur dioxide by 85%. Those are very impressive statistics.

In addition to that, most Canadians, I don't think, understand or recognize that the chemistry industry in Canada is so vast and has such a substantial impact on the Canadian economy.

So just for the record, I'm going to read it here. Your literature states that you are a \$47-billion-a-year enterprise, and that you directly employ more than 87,000 Canadians and support another 435 Canadian jobs in other industries that are downstream industries, so that you are Canada's third-largest manufacturing exporter, shipping 30 billion dollars' worth of Canadian goods internationally every year.

Now my question to you is this. Given our expansion and work in trade, do you anticipate that to grow substantially or just a little bit?

Ms. Fiona Cook: We'd like to see it grow. We call ourselves an enabling industry. We feed into all different areas of the manufacturing sector in Canada—pulp and paper, mining, pharmaceuticals—so we are dependent on growth in those industries in Canada. But we also export a lot, about 80% of our production goes to the U.S., and the U.S. is undergoing a manufacturing renaissance right now so we hope to capture some of that growth, definitely.

• (1005)

Ms. Wai Young: So, given some of the testimony—oh, are we out of time?

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

Ms. Wai Young: Okay. Thank you very much.

The Vice-Chair (Mr. Hoang Mai): Mr. Braid, you have five minutes.

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

Mr. Larson, I wanted to start with a question for you, please.

As you know, Transport Canada has very strict requirements for companies to properly classify and label materials that are shipped, the transportation of dangerous goods. I wanted to ask if you could just elaborate on how your member companies are involved in this process or walk us through these steps.

Mr. Roger Larson: In terms of the labelling of transport of dangerous goods, we have two products that are classified as TDG, anhydrous ammonia and ammonium nitrate. We worked with Transport Canada in the definition and the classifications, such as exactly what the MSDS requires, whether it's this level or another level.

I should probably qualify my first answer to say that there are a couple of other products that our member companies do either use or produce and ship and bring in. There's ammonia solution, which is related to anhydrous ammonia. There are things like caustic potash. There are some other dangerous goods. In all the cases, our member companies have safety divisions that actively work with the regulators to define what the parameters are for the classification.

Mr. Peter Braid: Okay. Thank you.

Mr. Cove, in your opening presentation you talked about where from your perspective responsibility should be assigned to ensure the safety of Canadians, the safety of communities. Could you just elaborate a little bit on your initial thoughts? From your perspective, what is the role of the chemical company to ensure the safety of Canadians, and what is the role of the railway company?

Mr. Marty Cove: Wow. How long do we have?

Mr. Peter Braid: You have four minutes.

Mr. Marty Cove: I'll try to do it in less.

Our role is to ensure that we are doing everything we reasonably can to ship safely. I listed a bunch of those, and I won't go over them again. It also goes beyond just shipping. It also goes to product stewardship. So, it's a cradle-to-grave concept where we even go out to qualify our receivers and make sure that they have the appropriate equipment, training, and technology. We go to the railroads and we speak with them about their safety management systems and processes. So we do absolutely everything we can throughout the supply chain. We don't have the resources to get too far into how the railway operates. You know, we ultimately have to, at some point, say that we've done our due diligence and the railway looks like it's doing the appropriate things.

From the railway's perspective, in my view, they have care, custody, and control of that product when they're shipping it. They are professionals. They make a tremendous amount of money, and they have a very effective safety management system in place—I would hope. So their responsibility is to make sure that they move that product safely when they have control of it.

Mr. Peter Braid: So, elements of this are shared, are collaborative, then, between the originating shipping company and the railway shipping company.

Mr. Marty Cove: Yes.

Mr. Peter Braid: Okay. Very good.

Another question I wanted you to touch on is that we've spent some time in this committee talking about the importance of having information shared with municipalities so that municipalities are aware of the various goods that are being shipped through their communities. We have, I think, currently a very appropriate communications protocol that involved railway companies, the Federation of Canadian Municipalities, to ensure that municipalities, generally speaking, are aware of the goods that are being shipped through so they can properly train their first responders. Could you speak to the importance of the balance between transparency on the one hand and security on the other, from your perspective as a chemical company?

Is this an appropriate balance, and does the current communications regime strike the right balance?

• (1010)

Mr. Marty Cove: I think there's probably always room for improvement, and yes, there is always the concern that you're providing information to people who will use that information inappropriately. Ultimately, though, as it was pointed out in the discussion I had yesterday, when the railcar is moving through that community, it's placarded. Anybody who wants to get on the Internet can look and see what that placard number is and realize what the car type is and what it's carrying. I think in terms of our role, really, more information is better than less information.

I'm not sure if I've answered your question.

Mr. Peter Braid: That's fine.

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

We'll have a last round of five minutes each.

Madame Morin.

[*Translation*]

Ms. Isabelle Morin: Thank you very much.

I want to go back to what I was talking about in my remarks, the safety culture.

Mr. Larson, you said earlier that in your view, safety represented an economic threat, because safety costs are passed on to your clients. I understand. That is the principle of paying and passing on the costs.

Currently, you have the choice between safety and your viability. In my view, self-regulation has limits, despite what you mentioned having done in this regard. I asked you in what proportions, respectively, the choices you made flowed from self-regulation and regulations that are imposed upon you. A larger number of things are imposed by regulation, and therein lies the problem.

If we keep saying that basic regulations that apply nationally do not go far enough, some companies will prefer to invest a great deal in safety, since the safety culture exists. A professor came to talk to us about that specifically. However, other companies or associations will not want to invest in safety, because if they do so, they will have to pass the costs on to their clients.

If there are no national regulations so that everyone pays the same amount for common safety measures, companies will have to choose between viability and safety. Unfortunately, I am not convinced of your willingness to go farther.

Once you have respected the rules that are already established, how do you determine what additional safety measures are warranted given the costs and your concern with not wanting to pass them on to your clients? What are these decisions based on?

[English]

Mr. Roger Larson: Madame Morin, those are good questions.

First, I think we want to be very cautious about saying that costs are passed on to customers. The costs have to be absorbed within the company's economic structure, and if they can't be globally competitive after absorbing those costs, then they don't continue to operate in Canada. Their business fails. They have to close down their plant. That's the reality. Those costs are built into their structures, and to some extent it affects everybody in the system.

I think we want to be very careful when we look at adding on additional costs in terms of the impact on competitiveness. Canada's a trading country. We had a question on trade a little bit earlier. We export 75% to 80% of our production, and it's not just to the United States. It's also to 60 countries around the world. We are competing with producers from other countries for that business.

I'd like to add that we applaud the trade initiatives. Canada-Honduras was just announced. We're thrilled to see the government moving forward with trade negotiations. TPP is also very important for our industry.

• (1015)

[Translation]

Ms. Isabelle Morin: Since I do not have much time left, I would like you to answer my question about transportation.

[English]

Mr. Roger Larson: I think companies need to be able to develop their own safety management systems and their own way of fitting safety within their business models. When you have a blanket safety requirement that is national and broad, it tends to be a blunt instrument as opposed to when companies are able to incorporate safety systems within their operations.

[Translation]

Ms. Isabelle Morin: Can you explain what you are doing as an association, in this case, to evaluate your safety management system? How do you evaluate it internally? You say that you make your own plan because the one put in place nationally is too broad. How do you evaluate it? What exactly do you measure? How do you determine that it is the best plan for you?

[English]

Mr. Roger Larson: I think, as Fiona indicated earlier, there are broad verification systems for responsible care where other industry programs—

[Translation]

Ms. Isabelle Morin: Can you name them, please?

[English]

Ms. Fiona Cook: I talked about responsible care for the chemical industry, but I believe in the fertilizer industry you have your own program.

Mr. Roger Larson: Yes.

Ms. Fiona Cook: That's verified.

I think to answer your question, we believe a strong regulatory framework is essential. So if changes are needed there, fine. Our companies go beyond regulation and that's what they're verified on as well.

[Translation]

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

Mr. McGuinty, you have five minutes.

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

[English]

Thank you very much.

Mr. Larson, can I go back to a comment you made in your opening remarks? You talked about the effects of the government's recent announcement on the capacity of the railcar maintenance sector.

We know that the minister made a fictitious announcement about the replacement of 3,000 DOT-111 cars. We know it because one of the most prominent companies in Canada came to this committee and testified, and here is the testimony from the vice-president of the company involved. I quote:

Right now, all of our manufacturers [of cars] are at the highest capacity ever. This is what it is. If you come to NSC and put in an order for a car, you have to wait until 2015. With other car builders, it's getting to 2016. So we are talking about a big backlog right now.

So the minister—smoke and mirrors—came out and issued this directive, but we all know, based on facts and evidence, that the capacity of the industry to meet those standards is not there, not just in the Canadian context, he testified, but also in a North American context.

I'm going to ask about the effects of this announcement on the important sector you alluded to. Can you help us understand?

Mr. Roger Larson: We're still trying to get a hard number on the number of DOT-111s our industry has. We're roughly estimating it at about 10,000 cars. Many of those cars are not in TDG service. They haul non-TDG goods, and I think that's an important distinction.

Our member companies do use DOT-111s for some TDG movements that I've mentioned before—sulphuric acid, caustic potash, etc. We are at the point of asking Transport Canada to confirm their assessment of the capacity of the railcar maintenance system to move that hundred or so thousand DOT-111s that need to be retrofitted, as well as doing ongoing maintenance on the other cars in the fleet.

Mr. David McGuinty: I wish you luck with that request to Transport Canada because the Auditor General tells us that the capacity within Transport Canada to do anything of that kind may not even exist. Transport Canada, under this government, says it needs 20 qualified audit inspectors. They have nine, maybe 10. They're not our numbers. It's Transport Canada's numbers.

In a three-year period they only conducted 25% of the audits that they said they had to conduct in order to ensure that rail was safe in this country. So we have a capacity problem at Transport Canada, and need I remind Canadians that the government spends more on economic action plan advertising every year than it does on rail safety.

But I want to go to another issue raised by a colleague across the way here earlier, about the new sampling, testing, and classification of the products. I want to ask you about your members and whether they are in fact conducting the sampling, the testing, and the classification of the products, because *The Globe and Mail* broke a series of stories, saying that even after the directive had been issued, it's not happening. It wasn't happening in Bakken, and it's not happening.

Can you assure Canadians now that at the very least all of your member companies are in full compliance with those requirements?

Ms. Cook.

• (1020)

Ms. Fiona Cook: Mr. McGuinty, I can say yes. I think we need to differentiate between sectors. You're talking about the petroleum sector. We're chemical manufacturers. A lot of our products are quite uniform and need to satisfy customer requirements as well. Regular testing is going on, and we ensure that we classify our products as per TDG regulations. We supported the new regulations on classification that were gazetted early this year.

Mr. David McGuinty: Let's go back to my earlier comments in the last round, just quickly, because I have about a minute left.

Let's just say that the SMS is an agreement between industry and government. For Canadians watching and listening that's what it is. We agree we're going to have a joint approach to safety, right? Responsible care is one manifestation of it and there are others. Different companies have different approaches but it does require that the regulator, Transport Canada, with ultimate responsibility for safety, has the resources it needs to do its job. Would we all agree with that?

Can you tell us from your perspective, based on what you're hearing from your members right across your sectors, does Transport Canada have the resources it needs to do its job right now?

Mr. Jim Bird: No. For example, when it comes to ERAPs and the processing of ERAPs, and now there will be additional ERAPs required under the directive, there already was a holdup on getting

ERAPs processed and now there's going to be a burden of many new ERAPs so—

Mr. David McGuinty: A big backlog....

Mr. Jim Bird: Yes.

Mr. David McGuinty: Mr. Larson.

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

Are there any last comments from other witnesses?

Mr. Roger Larson: CFI has not done an assessment of Transport Canada so I'll have to get back to you on that.

Yes, our products do meet the classification.

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

Mr. Watson, you have five minutes.

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

It might be instructive in light of Mr. McGuinty's lines of questioning to have at some point Transport Canada, perhaps before the summer, appear and update us on their action plan in response to the Auditor General's reports. At public accounts last week we had some considerable update on a number of the recommendations that are partly or fully fulfilled. They made very detailed commitments both in the Auditor General's report and in their action plan follow-up. It may be good for the committee to hear that and get a sense of the progress and/or any lack of progress by Transport officials in meeting their stated targets.

Back to our witnesses though for a moment.

Mr. Larson, just getting a sense on the shape and scope of TDG shipments your member companies would make, do your members ship unit trains of compressed ammonia? How many cars would be in such a train? We hear about the big trains for crude but let's talk about your particular sector.

Mr. Roger Larson: No, we don't ship unit trains of ammonia. We actually did a study on this and the maximum number of railcars of ammonia that we would typically have in a train is 36. The average number is 12 cars. The average distance is 525 miles.

As a point of interest, less than 1.1% of our total domestic and export rail shipments go on short lines.

Mr. Jeff Watson: Mr. Bird, do your members move unit trains of dangerous goods regularly? Are we likely to see a 50-car train of sulphuric acid or ethanol through populated or non-populated areas of the country?

•(1025)

Mr. Jim Bird: No. That's not a scale that we operate on.

Mr. Jeff Watson: Mr. Cove, I want to go back to transloading facilities for a moment.

Are there any circumstances under which a transload facility might fall under a municipal jurisdiction in terms of its location? Do municipalities have any say in where a transfer site can or cannot be located?

Mr. Marty Cove: I think municipalities do have a say in that. I'm not an expert in that area so I can't answer your question specifically. Certainly, we have a very proactive consultation process so we believe the communities do have a say in it.

Mr. Jeff Watson: They have a say but they can't necessarily zone you out of their community, for example.

Mr. Marty Cove: They may be able to do that. It depends on the council.

Mr. Jeff Watson: Regarding provincial regulations, is there a lot of variability from province to province for transload facilities in terms of the requirements they have to meet?

Mr. Marty Cove: Again, I'm not an expert in that area. My expertise is logistics.

Mr. Jeff Watson: Okay. Very good, then.

You do transload crude. One of the areas under consideration is the variability of product. With respect to classification, should all crude oil be classified as the same product or should there be some distinction, say, with Bakken crude, which has a different volatility? As Alberta has diluted bitumen, for example, should there be some differentiation in the classification that way?

Mr. Marty Cove: Well, I've seen the Bakken crude. I've toured a couple of the transload facilities in the Bakken, and that is a greenish, very light, very viscous product, whereas the product we're moving is almost like road tar. It definitely has very different properties.

I'm not a chemist, so I won't go beyond that.

Mr. Jeff Watson: Okay. So I'll continue to grapple with that particular question, then.

I don't know if I have any further questions, so I'll end my round.

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

Mr. Komarnicki, you have five minutes.

Mr. Ed Komarnicki: Thank you for that, Chair.

I have a couple of questions regarding safety management systems. I know you were saying you had some outreach programs for first responders, and you weren't exactly responsible for what the railway does. Your reach might go that far but it's not your primary responsibility. But for the areas that you are primarily concerned, before it gets to the rail company, how many employees might there be involved? You are responsible for safety management systems in that regard, would you agree?

Mr. Marty Cove: Yes, we're definitely responsible for everything that happens up to the point where we release the cars.

Mr. Ed Komarnicki: How many employees might be involved in that sphere?

Mr. Marty Cove: There is a fair number. There are the people who are overseeing the development of the programs, there are the people who actually do the loading, there is a second group of people who check the cars after 24 hours to make sure they're in good shape. We do inspections of the cars when they're arriving and when they're leaving, so there is quite a number. I couldn't give you an exact number.

Mr. Ed Komarnicki: I know Ms. Cook mentioned that the ethic you try to instill is doing the right thing and going beyond what's required. That's kind of interesting because it's a matter of trying to keep that ethic. How do you motivate people in that regard? One of the comments made earlier was that in a safety management system you need a safety culture, one in which safety values are firmly entrenched in the minds of managers and employees at all operational levels and respected on a daily basis in the performance of their duties. It requires employees to engage and be part in the development of the companies' safety management systems, and to be able to escalate their safety concern to the highest levels in the organization without fear of punishment, and receive appropriate supervision and training to ensure that errors lead to improvements in safety.

When we had the Teamsters here, they seemed to suggest—at least to my mind—that the employees were not part, and did not engage, and were not part of the solution.

How do you engage employees in the manner I have indicated, (a) where their concerns get raised to the highest levels of management, and (b) the concerns they might raise do not result in any kind of punishment or detraction from their contribution? How do you motivate employees, and managers as well, I suppose, to be part of a system that is not only adhering to regulations but dealing with safety beyond that?

Who wishes to tackle that?

•(1030)

Mr. Jim Bird: It falls right into my area of daily work, safety culture.

It starts with leadership. Once an organization has the leadership, you have to be able to go out and set examples. You have to talk to people. You have to talk to the people involved in the process and reassure them that somebody's listening, somebody's acting on these things. For example, if I go to a site and somebody tells me there is a safety concern here, I have to act on that immediately to show them that we have credibility.

So it's leadership and talking to people so they feel they have a voice, a buy-in. If you don't have that, you're never going to arrive at a safety culture. You can have all the programs and processes and documentation in place that you want, but unless you get that leadership, unless you get that interaction with people—

Mr. Ed Komarnicki: You can have the right paper and the right concept, but you might not actually have it effectively carried out—

Mr. Jim Bird: Exactly.

Mr. Ed Komarnicki: —unless you get the buy-in from all levels, I suppose.

Mr. Jim Bird: Exactly. What I look for is what the leadership is doing, because I'm a watchdog on the safety culture side. You need to look and see what the leadership is actually doing. I actually measure how many times the senior manager will go on site and talk to people about safety, for example.

Mr. Ed Komarnicki: I guess it's not something that just happens. It's something that happens over time.

Mr. Jim Bird: It takes a while to develop a safety culture. It's not going to happen instantaneously. It's a discipline. You have to invest in it.

Mr. Ed Komarnicki: I know, Mr. Larson, you might want to make a comment.

I know that many are concerned with the fact that maybe you don't have enough regulations. You can have a lot of regulations, but things evolve and you need to have a system that deals with that.

Go ahead with your comments.

Mr. Roger Larson: I think to be philosophical, the best regulation is the responsibility of the chief executive to protect the assets the shareholders have paid for. When you look at safety cultures, you go to a potash mine in Saskatchewan and you'll see a huge billboard on the outside of the potash mine saying how many thousand or million person hours that mine has had without a single workplace incident.

One of our member companies motto is "Safety Today", not "Safety Tomorrow" but "Safety Today". They drive this safety philosophy all the way through their corporate structure and that's a responsibility to their shareholders. I think that is more effective than regulation by government in terms of a cost-effective way of improving safety.

Mr. Ed Komarnicki: Ms. Cook, did you have a final comment on that?

Ms. Fiona Cook: I want to say that's why we call responsible care an ethic. To not report a safety incident would be the wrong thing to do. That's taken years. Sometimes with new companies that come in, it can take years to get up to that level of performance and that trust within the organization that reporting on another employee is seen as the right thing to do and will be rewarded, not punished.

The Vice-Chair (Mr. Hoang Mai): Thank you, Mr. Komarnicki.
[Translation]

I want to thank the witnesses for their presentations and for having answered our questions.

Mr. Watson, you have the floor.

[English]

Mr. Jeff Watson: Thank you, Mr. Vice-Chair, noting that it's the month of May, we served notice of motion and I'd like to move:

That, pursuant to Standing Order 108(2), the Committee undertake a study, as suggested by the Standing Committee on Finance in their motion adopted on April 29, 2014, of the subject matter of clauses 212 to 233 and clause 375 of Bill C-31, An Act to implement certain provisions of the budget tabled in Parliament on February 11, 2014 and other measures; and that the meeting on Tuesday, May 13, 2014, be dedicated to the study.

Should I read it in French as well?

• (1035)

The Vice-Chair (Mr. Hoang Mai): No, that's okay.

I think everyone has received the notice of motion. Is there any debate?

Mr. Sullivan.

Mr. Mike Sullivan: It's a question. Will we be calling witnesses? If so, will we need more than one day? Will we be actually undertaking a vote on any of these clauses or are we just conducting a study and reporting back?

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

Mr. Jeff Watson: I know that in terms of witnesses, obviously government officials would be present for such a study to answer on these particular elements—both Transport Canada and Infrastructure officials. If there's a desire to have other witnesses, obviously that's something you've probably been considering for the last 48 hours. With our notice of motion we should probably make that known to the clerk as quickly as possible to see what we can accommodate with respect to the meeting.

We don't have a lot of meetings available, if you will, with respect. We have a study that we're largely seized with and there's a reasonable timeframe in terms of when this would have to be examined by this committee. The standard, as I understand in these typical cases, is that unless there are amendments that are proposed by the committee there's a response that's made back to finance committee regarding the fact that the committee has looked at these particular measures.

The Vice-Chair (Mr. Hoang Mai): Right now we don't have anything planned for the next meeting on Thursday. That's in terms of committee business.

Mr. Mike Sullivan: So is your suggestion that we move this study ahead to Thursday as well as next Tuesday?

The Vice-Chair (Mr. Hoang Mai): I'm not making any recommendations.

Mr. Mike Sullivan: Is that acceptable to Mr. Watson?

Mr. Jeff Watson: Thursday we'll have other committee business, particularly in light of the completion of the rail segment of the study before us. There will be some opportunity to give some direction to the analyst with regard to compiling the interim report such that we could have it back in a reasonable time for the committee to consider the interim report on findings as well. We also have other modes of transport to commence for that particular study.

The proposal is that we use this particular meeting next week to take a look at the budget elements. I believe they relate to the "beyond the border" measures for regulatory compliance or harmonization of the Champlain Bridge, which we're looking at.

The Vice-Chair (Mr. Hoang Mai): Are there any comments?

Is there anything else?

Would you like to vote on this?

Mr. Mike Sullivan: Before we do, can I ask Mr. Watson if he's amenable to this. We apparently have until Thursday, May 15 to report back to finance.

The Clerk of the Committee (Mr. Philippe Grenier-Michaud): You have till 9 a.m.

Mr. Mike Sullivan: I have a question for the clerk. Other committees seem to have found more time to do more intense work. Why is this committee limited to the times that are set in spite of the fact that we seem to be running out of time, as we've now run out of time to do the rail portion of the study before we've heard from any of the insurers, etc?

The Vice-Chair (Mr. Hoang Mai): I think the committee can make recommendations or decide and vote on how it wants to use its time. I haven't heard any recommendations or any suggestions in terms of changing it. There's no decision from the committee with respect to the time that it has been taking.

Mr. McGuinty.

Mr. David McGuinty: I'd like to make another point if I could, Mr. Chair, but it is unrelated. Let's deal with the motion first, and I'll come back to it.

The Vice-Chair (Mr. Hoang Mai): All in favour?

(Motion agreed to)

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

Mr. David McGuinty: Mr. Chair, this is something I've perhaps not raised before in this committee, but today was a wonderful example of powerful testimony. I think the clerk is put in a difficult situation because a number of the witnesses have briefs prepared to distribute in one language only. In my view, this is an impediment to members being able to perform properly at committee. Can we perhaps bring forward to next Thursday a discussion about how we can ensure that when witnesses show up here, their briefs have been submitted in advance and have been translated and distributed properly?

This is an ongoing challenge for committees, I know, but I think it's a basic courtesy at a minimum. Witnesses can submit their briefs earlier; they can be translated; and they can be distributed. It really means that each of us now has to go back and have our staff reread the testimony, or do it ourselves, in order to fully catch all of the testimony, which doubles the workload frankly. It's easier, and more efficient for us to have it in front of us. Maybe it's something we can take up on Thursday. It's just a suggestion for all of us to consider.

•(1040)

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

Ms. Young.

Ms. Wai Young: I agree with Mr. McGuinty. I would just like to know, because I'm new to this committee, whether they can submit their briefs regardless afterwards. We're always asking people to submit additional information.

The Vice-Chair (Mr. Hoang Mai): They can submit their brief afterwards, but then it has to be translated so we can all have it in both official languages.

Ms. Wai Young: But eventually we do get that information?

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

Ms. Wai Young: Are they told to submit their brief?

The Vice-Chair (Mr. Hoang Mai): If it's being tabled by witnesses, then it will be translated and distributed.

Ms. Wai Young: Is it a standing protocol that they are told they can submit their brief and that we want it?

The Vice-Chair (Mr. Hoang Mai): That's a question you might ask the clerk. Your question is whether or not they're being informed.

Ms. Wai Young: That's it exactly, and also that we want the briefs.

The Vice-Chair (Mr. Hoang Mai): The clerk has confirmed that they are told.

Ms. Wai Young: Thank you.

The Vice-Chair (Mr. Hoang Mai): You're welcome.

Mr. Watson.

Mr. Jeff Watson: Mr. Chair, those are questions that will obviously be relevant for the discussion on Thursday. I think we'll want to have a sense from the clerk about everything from how much advanced notice they have in terms of bookings, whether they were advised up front, and what the obstacles are to getting these in advance. I think we can explore that fully as a committee with a view to improving that as much as possible. If there are some structural factors we can move out of the way to allow that to happen, we should be examining those.

[Translation]

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

Mr. Sullivan, do you have a question?

[English]

Mr. Mike Sullivan: Mr. Chair, in terms of process, is Thursday a subcommittee, a committee...or what's the agenda? Do we know?

The Vice-Chair (Mr. Hoang Mai): We don't have any instructions. That's why I said the committee could choose its own schedule.

As I don't hear anything from the committee right now, eventually what will happen is that the clerk will work with the chair, and then we'll come up with a schedule.

Mr. Mike Sullivan: With an agenda for Thursday....

The Vice-Chair (Mr. Hoang Mai): An agenda.

Mr. Mike Sullivan: But there are no witnesses for Thursday.

The Vice-Chair (Mr. Hoang Mai): There are no witnesses being called for Thursday.

[Translation]

Ms. Morin, do you have something to add?

Ms. Isabelle Morin: I don't know if this will be done at the subcommittee or the committee level, but we should talk about reducing our use of paper documents. I know that many committees have adopted this approach. It would be a good idea for us to do the same thing.

The Vice-Chair (Mr. Hoang Mai): No one has introduced a motion today on that subject, but based on what I understand and based on what Mr. Watson has said, the full committee will discuss committee business. All of these issues will be open for discussion during that meeting.

I want to clarify that shortly, perhaps by Thursday, we will be receiving a letter of information on transshipment sites. So we will be able to discuss that on Thursday as well.

The meeting is adjourned.

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