



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

**CHAPTER 7, OVERSIGHT OF RAIL SAFETY —
TRANSPORT CANADA, OF THE FALL 2013
REPORT OF THE AUDITOR GENERAL OF
CANADA**

**Report of the Standing Committee on
Public Accounts**

**David Christopherson
Chair**

JUNE 2014

41st PARLIAMENT, SECOND SESSION

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THE STANDING COMMITTEE ON PUBLIC ACCOUNTS

has the honour to present its

SEVENTH REPORT

Pursuant to its mandate under Standing Order 108(3)(g), the Committee has studied Chapter 7, Oversight of Rail Safety — Transport Canada, of the Fall 2013 Report of the Auditor General of Canada and has agreed to report the following:

CHAPTER 7: OVERSIGHT OF RAIL SAFETY – TRANSPORT CANADA

INTRODUCTION

Canada's railway system supports the nation's economic growth and the ability of its population to move from place to place. According to the Office of the Auditor General (OAG), each year, federal railway companies¹ transport more than half of all goods and more than 4 million people across Canada. The *Railway Safety Act* prescribes the safety requirements for federal railway operations. Under the Act, federal railway companies have primary responsibility for ensuring the safety of their operations, and the Minister of Transport is responsible for the regulatory framework required for the safe operation of railways in Canada and for the oversight of regulatory compliance by federal railways. As the volume of rail transport is expected to increase in the future, Canadians expect the federal government to ensure the existence of the highest possible standards of rail safety regulation and operation in order to minimize the human and financial costs of railway incidents.

Transport Canada (TC) oversees rail safety in Canada through its Rail Safety Program. TC exercises its oversight of the federal railways primarily by conducting audits and inspections, and through enforcement actions. There are 31 federal railways in Canada's railway network, including the three national railways: Canadian Pacific Railway Limited, Canadian National Railway Company and VIA Rail Canada Inc.

In 1999, the government added a provision to the *Railway Safety Act* in relation to safety management system (SMS) regulations. The *Railway Safety Management System Regulations*, which came into force in 2001, require federal railways to integrate a systems-based approach to safety management into their day-to-day operations; in 2010 and 2012, TC published guidance on SMSs. In addition to improving safety performance, the adoption of these regulations was expected to reduce costs by preventing accidents. On 1 May 2013, with amendments to the *Railway Safety Act*, non-federal railways operating on tracks owned by federal railways became subject to the Act. Consequently, according to the OAG, TC's oversight role was expanded to include responsibility for overseeing 70 federal and non-federal railways.

In its *Fall 2013 Report*, the OAG released a performance audit that examined whether TC had adequately overseen the management of safety risks by federal railways during fiscal year 2011–2012. Specifically, the audit focused on whether TC:

1 Federal railway companies are companies that hold a certificate of fitness from the Canadian Transportation Agency.

- a. had a regulatory framework that is responsive, in a timely manner, to significant safety issues and emerging high safety risks;
- b. had conducted its oversight activities of federal railways according to its plans and had adequate methods in place for that purpose;
- c. had the right number of qualified staff to deliver its Rail Safety Program; and
- d. had an adequate quality assurance program.²

The OAG's audit did not focus on the safety of Canada's rail industry or of the railway companies' operations, and nor did it examine any aspect of recent rail accidents, such as that at Lac-Mégantic.

The House of Commons Standing Committee on Public Accounts (the Committee) held a hearing on this audit on 30 April 2014.³ From the OAG, the Committee met with Michael Ferguson, Auditor General of Canada, and Régent Chouinard, Principal. From TC, the Committee met with Louis Lévesque, Deputy Minister; Laureen Kinney, Associate Assistant Deputy Minister, Safety and Security Group; and Luc Bourdon, Director General, Rail Safety.

REGULATORY FRAMEWORK

In 2001, TC began implementing a systems-based approach to railway safety oversight. Louis Lévesque, Deputy Minister of TC, elaborated on the characteristics of SMSs, explaining that:

[An SMS] is a formal framework that helps railway companies integrate safety into their day-to-day operations. It encourages the development of a safety culture throughout all levels of an organization and ensures that safety is considered a factor in all decision-making in the business. The [SMS] approach is not [one of] regulation or self-regulation. In fact it helps organizations comply with regulatory requirements and demonstrate their commitment to the safety of their employees and obviously their whole operation. Key elements of [SMSs] for railways include the development of safety goals and performance targets; risk assessments; clarification of rules, responsibilities, roles and authorities in respect of safety; and development of rules and procedures in monitoring and evaluation processes.⁴

Following the 2001 tabling of regulations to require SMSs, the next important step taken was a review of the *Rail Safety Act* initiated by the current government in 2007.

2 Auditor General of Canada, "[Oversight of Rail Safety – Transport Canada](#)," Chapter 7 in *2013 Fall Report of the Auditor General of Canada*, Ottawa, 2013.

3 House of Commons Standing Committee on Public Accounts, *Evidence*, 2nd Session, 41st Parliament, 30 April 2014, Meeting 23.

4 *Ibid.*, 1540.

This was followed by recommendations delivered in 2008, the dedication of a \$71 million investment into railway safety – including \$43 million to improve the regulatory framework and TC’s oversight of the federal railways’ SMSs, and \$28 million to fund grade crossing improvements that would promote rail safety – in 2009, and the finalization of a railway SMSs guide in 2010 as an important, necessary step.⁵

The OAG found that TC had in fact, by the time of its 2011 audit, implemented a SMSs approach to identify, analyze and respond to rail safety risks. Also by the time of the audit, TC had already made progress in working with federal railways to implement SMSs and had made significant progress in addressing many recommendations from the 2007 *Railway Safety Act* review.⁶

The Auditor General also confirmed that there was no undue delay in TC’s acceptance of the recommendations delivered by the OAG in June 2013 and that TC had in fact delivered its Action Plan response within six months of receiving those recommendations.⁷

To continue that arc of improvement, TC has pre-published two further proposed regulations in the Canada Gazette, one on grade crossing regulations in February 2014 and one on railway operating certificate regulations in March 2014. This will be followed by the pre-publishing of further regulations of top priority before the end of June 2014.⁸

In the OAG’s view, rail safety issues are usually resolved when TC has made the necessary changes to the regulatory framework to mitigate risks to an acceptable level.⁹ Partly due to a number of high-profile rail accidents between 2005 and 2007, the *Railway Safety Act* Review Advisory Panel (the Panel) published – in November 2007 – a report that contained 56 recommendations;¹⁰ in May 2008, the House of Commons Standing Committee on Transport, Infrastructure and Communities supported the Panel’s recommendations and provided 14 additional ones.¹¹ In its *Annual Report to Parliament for 2012–13*, the Transportation Safety Board of Canada outlined TC’s progress in responding to 131 recommendations on rail safety that it had made since 1990.¹² Additionally, the OAG selected and examined six rail safety issues that have been raised by stakeholders in the past 20 years: trespassing; grade crossings; bridge safety

5 Ibid., 1555.

6 Ibid., 1600.

7 Ibid., 1610.

8 Ibid.

9 Office of the Auditor General of Canada (2013), para. 7.17.

10 Transport Canada, [Stronger Ties: A Shared Commitment to Railway Safety](#), November 2007.

11 Standing Committee on Transport, Infrastructure and Communities, [Report of the Standing Committee on Transport, Infrastructure and Communities on Rail Safety in Canada](#), May 2008.

12 Transportation Safety Board of Canada, [Annual Report to Parliament 2012–13](#), 19 June 2013, p. 7.

management; environmental protection; collection of safety performance data from federal railways; and implementation and oversight of federal railways' SMSs.¹³ Michael Ferguson, Auditor General of Canada, indicated that TC has made progress in addressing many of these issues and in implementing recommendations, but concluded that:

despite discussions with the industry and progress over the past 20 years, a number of long-standing and important safety issues remain [unresolved,] including trespassing, grade crossings, and the implementation and oversight of [SMSs]. It is taking too long to resolve them.¹⁴

Mr. Lévesque agreed with the OAG's conclusion that more work needs to be done to monitor safety issues, implement outstanding recommendations and integrate the changes into the regulatory framework. He indicated that:

[TC is] accelerating the development of several regulations to further strengthen the rail safety federal regulatory regime. Our intent is to pre-publish the proposed regulations of top priority in the *Canada Gazette* Part 1 before Parliament rises for the summer break in June 2014. In fact, as part of [TC]'s accelerated plan, the department has already pre-published two proposed regulations in the *Canada Gazette* Part 1: the [G]rade [C]rossings [R]egulations on February 8, 2014 and the [R]ailway [O]perating [C]ertificate [R]egulations on March 15, 2014. The department has also established a formal process to assist with addressing safety issues on an accelerated basis. The department's [R]ail [S]afety [I]ntegrated [G]ateway data system will track and monitor progress on safety issues from the time they are identified to the point they are mitigated to an acceptable level. In addition, the department will continue to work with the Advisory Council on Railway Safety and its working groups to mitigate safety issues. As a matter of fact, following Lac-Mégantic we have already had specific meetings and follow-ups with them to address safety issues.¹⁵

To ensure that the regulatory framework for rail safety in Canada is managed and updated on an ongoing basis in order to provide the highest-possible level of assurance that safety risks in the operation of railways are mitigated adequately, the Committee recommends:

RECOMMENDATION 1

That, by December 2015, Transport Canada reports to the Standing Committee on Public Accounts on its progress in addressing unresolved rail safety issues, implementing outstanding recommendations and updating the regulatory framework accordingly.

13 Office of the Auditor General of Canada (2013), para. 7.29.

14 Meeting 23, 1535.

15 Ibid., 1545.

PLANNING FOR OVERSIGHT ACTIVITIES

According to the OAG, TC must rely on a risk-based planning approach to identify areas where its oversight activities can be deployed effectively.¹⁶ Prior to the introduction of SMS into the regulatory framework for rail safety in 2001, TC relied on a traditional oversight method based on inspections. It now undertakes a combination of inspections and audits. Mr. Lévesque explained the difference between inspections and audits of SMSs, indicating that:

inspections are typically inspections of either tracks or specific operational procedures. They're inspections of activities or assets to note whether they're compliant with regulatory requirements This is a traditional method of surveillance of safety. SMS is about saying it's not good enough to just look at the activities and the assets, because we will never have enough people to look everywhere all the time. We need to ensure the operators take charge of security. ... [T]hen it becomes the role of the department to audit those systems to see whether the systems have been established as adequate and whether they're implemented adequately by the operators.¹⁷

Mr. Ferguson commented on TC's progress in transitioning from the traditional approach to the systems-based approach to railway oversight, stating that: "[14] years ago, [TC] recognized the need to shift from an inspection-based oversight approach to one that integrates the oversight of [SMSs]. This shift is still ongoing [and] much work remains to be done."¹⁸ Mr. Lévesque agreed with the OAG's assessment in this regard, noting that "[c]learly, we have fallen short on the speed of implementation of SMS."¹⁹

The collection and use of adequate risk and performance information are integral parts of TC's planning of oversight activities. Although TC collected data to identify what it should oversee, the OAG found that some of this information was incomplete or outdated.²⁰ Mr. Ferguson also remarked that TC "is missing key performance and risk data to target higher-risk railways and the most significant safety risks."²¹ According to Mr. Lévesque, TC takes a number of factors into account in assessing whether a risk is high and requires priority oversight; these factors include "the types of operations, where they go through, the size of the operation, [and] the nature of what they transport."²² Laureen Kinney, TC's Associate Assistant Deputy Minister, Safety and Security Group, elaborated further on TC's process for collecting risk data, stating that:

16 Office of the Auditor General of Canada (2013), para. 7.33.

17 Meeting 23, 1620.

18 Ibid., 1535.

19 Ibid., 1605.

20 Office of the Auditor General of Canada (2013), para 7.35.

21 Meeting 23, 1535.

22 Ibid., 1645.

[t]here are three basic components. One component is proactive, functional program inspections where we look at the sampling process and go out to sample and survey across the industry to see where we're finding some non-compliance issues that may indicate a higher risk. ... The second part is responses. That's where you get a complaint. [Y]ou get an issue raised [by] ... unions, as well as the companies themselves, so we will get information through that [channel]. We'll get information from the U.S., etc. Then, finally, there are the actual emerging issues that arise from an incident or an accident and something that needs to be addressed. ... That tells you where we should focus, where the higher risk inspection priority should be. There are other factors that come in from the regional inspectors, such as if there's a major change in the company, if there's a major change in the operation, in the way that they operate, the area where they operate, they're going into new territory, those kinds of things. There are many factors like that.²³

TC uses risk and performance data to assess risks and plan its oversight activities. The OAG determined that, in their risk assessments and oversight planning, management and inspectors across railway companies and regions did not follow a standard assessment process, did not use uniform risk and performance indicators to identify potential compliance deficiencies, and did not cover a number of important risk factors.²⁴ In its report, the OAG recommended that TC review its methodology for planning oversight activities to identify and collect safety risk and performance indicators, and develop an approach to make better use of this information in its annual oversight plans.²⁵ Mr. Ferguson commented on the importance of using a uniform oversight planning methodology, indicating that:

[w]e found that the way that risks were being assessed and risks were being used was different across the country. We feel it's important, of course, that there be a uniform methodology so all of the inspectors understand what types of things they're supposed to consider when they're considering risk, and how they're then supposed to build that into either their inspection or their audit plans.²⁶

Mr. Lévesque agreed with the Auditor General's statement and observed that "[w]e didn't have a uniform methodology to both assess risk and deploy the resources. We are not in such a good position, not having that, because if we had that we would be deploying our resources to maximum effect to reduce the risk."²⁷

In commenting on TC's action plan to address the OAG's recommendation in respect of improving the department's risk assessments and oversight planning methodology, Mr. Lévesque said:

[b]y fall 2015, according to our plan, the department will have identified key safety risk and performance indicators and specific safety performance information that it requires

23 Ibid.

24 Office of the Auditor General of Canada (2013), paras. 7.38–7.40.

25 Ibid., para. 7.42.

26 Meeting 23, 1650.

27 Ibid., 1640.

from railway companies. It will have developed the regulatory requirements outlining the specific safety performance information required from railway companies, and will have communicated this information to federally regulated railways. It will also collect risk and performance information on an ongoing and systematic basis. In that respect, we have regulatory initiatives to ensure we have the instruments to do that. It will review the information to ensure it is both reliable and complete, and analyze information gathered and taken it into account when preparing annual oversight plans.²⁸

According to the OAG, TC is supposed to set minimum requirements for its oversight of federal railways;²⁹ TC uses a three-year cycle for conducting audits of the SMSs of each federal railway. The OAG found that, between 2009–2010 and 2011–2012, TC completed or substantially completed 14 audits; however, the OAG determined that this number was 26% of the minimum requirement identified by TC.³⁰ Mr. Ferguson concluded that, “at that rate it will take many years [for TC] to audit all of the key components of [SMS] regulations, including the key safety systems of each of the 31 federal railways.”³¹ Mr. Ferguson also indicated that “the audits that [TC] did complete were too narrowly focused,”³² and said that “the findings indicate that [TC] does not have the assurance it needs that the federal railways have implemented adequate and effective [SMSs].”³³ In this regard, Mr. Lévesque acknowledged that the gap between TC’s minimum requirement for the planned number of audits and those actually conducted “[i]s not acceptable.”³⁴

Regarding the appropriateness of TC’s use of a three-year cycle for conducting audits of the railways’ SMSs, Luc Bourdon, Director General of Rail Safety at TC, indicated that “three years was maybe a bit ambitious, especially now with the amendment to the [A]ct whereby we’re getting 46 more key elements in the system, so now we’ve gone up to 76. With the amount of inspections we conduct on a yearly basis, that provides us with a lot of information on the railway. So we could have more distance between the audits as long as we still conduct our inspections on a regular basis to get information and the compliance profile of that railway.”³⁵ He also noted that TC plans to extend the auditing cycle to five years,³⁶ and clarified that railways will still be required to perform internal audits of their own safety systems on a regular basis, in conformity with SMS regulation.³⁷

28 Ibid., 1545.

29 Office of the Auditor General of Canada (2013), para. 7.43.

30 Ibid., 7.45.

31 Meeting 23, 1535.

32 Ibid.

33 Ibid., 1600.

34 Ibid., 1625.

35 Ibid., 1705.

36 Ibid., 1635.

37 Ibid., 1705.

Regarding inspections, the OAG determined that TC conducted more than 20,000 inspections in 2011–2012,³⁸ but deemed that the methodology used to establish the minimum number of inspections required for each region has not been updated since 1994 to account for a number of changes in the rail environment. It also concluded that updating the methodology might result in more audits and fewer inspections, and recommended that TC review how it allocates resources, conduct the minimum level of oversight, and reassess the number of its planned audits and inspections so that TC takes into account the new SMS environment.³⁹ In this regard, Ms. Kinney indicated that:

we obviously need to look at the areas of risk that you find, both with audits and inspections, and look at which areas you should do more of one versus more of the other in an analytical way. We're in the process of doing that and we will come up with a new system of balancing the two.⁴⁰

Mr. Lévesque indicated TC's agreement with the OAG's assessment regarding its planning methodology, and spoke about measures in TC's action plan that address the OAG's findings in relation to its oversight planning process. He said:

[TC] is undertaking a review of its risk-based planning process with a view to ensuring our audit and inspection activities are focused on areas of highest risk, including railway companies' compliance with the regulatory framework. From the results of the review, the risk-based planning process will be enhanced and will provide the basis for the number of annual audits and inspections. Resources will be allocated accordingly, keeping in mind the need for the [R]ail [S]afety [P]rogram to complete a sufficient number of audits and inspections to provide assurance that the federal railways have implemented adequate and effective [SMSs] to comply with the regulatory framework.⁴¹

In order to ensure that TC obtains the assurance it needs that federal railways have implemented adequate and effective SMSs to comply with the regulatory framework, and that they manage safety risks effectively on a continuous basis, the Committee recommends:

38 Office of the Auditor General of Canada (2013), para. 7.44.

39 Ibid., paras. 7.48–7.49.

40 Meeting 23, 1625.

41 Ibid., 1545.

RECOMMENDATION 2

That, by December 2014, Transport Canada provide the Standing Committee on Public Accounts with its re-assessed minimum oversight requirements resulting from its enhanced risk-based planning process and with the results of its review about the resources needed to enable it to conduct this level of oversight.

RECOMMENDATION 3

That, by December 2015, Transport Canada report to the Standing Committee on Public Accounts on the results of its review of its risk-based oversight planning methodology.

CONDUCTING OVERSIGHT ACTIVITIES

According to the OAG, a lack of proper and consistent documentation of oversight activities can hinder management's ability to review and follow up on findings with the federal railways.⁴² The OAG found that the audit reports that it reviewed lacked an assessment of whether the SMSs were effectively implemented.⁴³ It also found that most of the inspection files it reviewed showed that inspectors had found defects but did not assess whether they were caused by deficiencies in the railways' SMSs, did not include this information in reports to the railways and did not follow up to verify that corrective actions had been implemented.⁴⁴ The OAG recommended that TC provide better documentation tools to inspectors, have inspectors assess the quality and effectiveness of the railways' SMSs, require railways to take corrective actions to address safety deficiencies, and conduct timely follow-up on these actions.⁴⁵ The OAG also found that TC had developed an oversight methodology, but recommended that the methodology be improved to set clear expectations for planning and conducting audits and inspections, and for drafting and communicating findings to the federal railways.⁴⁶

Mr. Ferguson indicated that TC "needs to address the significant weaknesses we found in each aspect of the Department's oversight of the [SMSs] implemented by the federal railway companies."⁴⁷ He also emphasized that:

[w]hat's important is to make sure that [the conduct of] all of the inspections [and audits] that are necessary ... to make sure that the regulations are complied with, are at least as

42 Office of the Auditor General of Canada (2013), para. 7.54.

43 Ibid., para. 7.52.

44 Ibid., paras. 7.56–7.57.

45 Ibid., para. 7.58.

46 Ibid., paras. 7.63–7.64.

47 Meeting 23, 1535.

important as having the regulations themselves in place. Again, there's no question that this is an important area that deals with safety and security, so making sure that those inspections and audits are done and are done appropriately is very important.⁴⁸

Mr. Lévesque acknowledged the deficiencies identified by the OAG regarding TC's oversight documentation and follow up on oversight activities,⁴⁹ stating that "[f]or us, the basic message from the Auditor General is to have uniform, clear, and systematic documentation and instructions to our staff in the field in order that we maximize the consistency and the effectiveness and efficiency. That message is heard loud and clear. ... We are not there yet, but we have a plan to get there."⁵⁰ He described TC's plan to address the OAG's recommendations regarding TC's conduct of oversight activities, indicating that:

[TC] will use its Rail Safety Integrated Gateway data system to address the Auditor General's recommendations on conducting oversight activities. This system was developed to provide inspectors with the tools needed to document, analyze and report on the results of their oversight activities. To enhance its systems-based approach to oversight, [TC] will amend the current Railway Safety Management System Regulations. That is in keeping with the new *Railway Safety Act* that was passed and came into effect last spring. In addition to existing measures requiring a railway company to address deficiencies within its [SMS], the amendments would also require the railway company to document the results of the activities undertaken to implement and monitor the corrective actions taken.⁵¹

In order to ensure that TC attains consistency and efficiency in the documentation and follow-up in relation to oversight activities, the Committee recommends:

RECOMMENDATION 4

That, by December 2014, Transport Canada report to the Standing Committee on Public Accounts on the progress attained in updating its follow-up procedures for oversight activities, and in training inspectors on these procedures and on the Rail Safety Integrated Gateway data system.

HUMAN RESOURCE PLANNING

According to the OAG, TC determined – in 2009 – that it needed 20 system auditors to audit each of the 31 federal railways once every three years; at the time of the audit, it had 10 qualified inspectors available.⁵² The OAG recommended that TC develop a

48 Ibid., 1615.

49 Ibid., 1700.

50 Ibid., 1645.

51 Ibid., 1545.

52 Office of the Auditor General of Canada (2013), para. 7.67.

strategy to ensure that it has the required number of qualified inspectors to plan and conduct the oversight of federal railways' SMSs. The OAG also found a lack of adequate training courses related to SMSs concepts and principles, and low rates of staff training on SMSs and audit methodology.⁵³

Mr. Lévesque emphasized that "safety is priority number one"⁵⁴ for TC, but acknowledged that "[i]t's clear in the [OAG's] report [that we] do not have as many people as we should have at this point in time trained to do audits."⁵⁵ In this regard, Mr. Lévesque confirmed that the deficiencies found by the OAG's audit are not linked to any budgetary consideration; they relate solely to an issue of human resource management.⁵⁶ According to Mr. Bourdon, as of the date of the Committee's hearing, five people out of a staff of 105 were not trained to conduct SMS audits; TC anticipates that all staff will have received proper training on conducting SMS audits by June 2014.⁵⁷

TC developed a Human Resources Strategy in September 2013. According to Mr. Lévesque, this strategy:

will identify the inspector skills and competencies required in a systems-based approach to oversight. It will also include an assessment of skills and competencies found in its current workforce and an assessment of the gaps, if we find any. The assessment will form the basis for inspector training, recruitment, and retention strategies that will ensure the [R]ail [S]afety [P]rogram has the required staff with the skills and competencies it needs to plan and implement its oversight activities.⁵⁸

According to the OAG, in addition to ensuring that TC has sufficient staff to conduct its planned oversight activities, TC needs to ensure that inspectors carry out their responsibilities objectively and without any conflict of interest. In its audit report, the OAG noted that TC hires its rail inspectors and managers mainly from federal railways; it also found that TC assesses potential conflicts of interest for inspectors during the hiring process but does not reassess that information afterward; it recommended that TC put a process in place for doing so.⁵⁹ In response to the OAG's recommendation, Mr. Lévesque indicated that TC had instituted measures requiring all inspectors to update their conflict of interest declarations every two years and to submit new declarations whenever circumstances change.⁶⁰

53 Ibid., paras. 7.72–7.73.

54 Meeting 23, 1605.

55 Ibid.

56 Ibid., 1635.

57 Ibid., 1630.

58 Ibid., 1550.

59 Office of the Auditor General of Canada (2013), paras. 7.75–7.76.

60 Meeting 23, 1550.

In order to ensure that TC has an adequate level of staff and that its staff receives the proper training to conduct the planned level of oversight activities effectively, the Committee recommends:

RECOMMENDATION 5

That, by December 2014, Transport Canada report to the Standing Committee on Public Accounts on the progress made in implementing its Human Resources Strategy, including the identification of inspector skills and competencies required in a systems-based approach to oversight, an assessment of its staffing requirements to carry out oversight activities, and actions planned to address any gaps.

QUALITY ASSURANCE

According to the OAG, in addition to addressing and resolving known operating issues, TC needs to ensure that it implements an adequate quality assurance program to achieve operational and safety improvements on a continuous and proactive basis. The OAG noted that TC implemented a quality management framework for its Rail Safety Program in 2009, one element of which is periodic internal reviews of oversight activities to assess how well the activities conform to established methodologies and to identify opportunities for improvement; since 2009, TC has performed three internal assessments. However, the OAG concluded that TC had not assessed whether its oversight methodology met best practices, and recommended that TC develop a detailed quality assurance plan to do so.⁶¹

Responding to the OAG's audit findings, Mr. Lévesque spoke about TC's action plan regarding quality assurance, indicating that:

[i]n terms of quality assurance, [TC] Rail Safety has a comprehensive quality management system that includes directives, procedures and processes and a quality assurance program to identify any gaps and best practices. [TC] Rail Safety has developed a risk-based approach to prioritizing internal assessments as part of its established quality assurance plan, which includes regular evaluations of audit and inspection procedures. A three-year plan for conducting quality assurance assessments, based on risk, has been established and includes periodic assessments of oversight activities, including audits and inspections.⁶²

61 Office of the Auditor General of Canada (2013), paras. 7.77–7.81

62 Meeting 23, 1550.

CONCLUSION

Rail safety is a complex and constantly evolving issue. While the number of railway accidents has been declining,⁶³ the Committee acknowledges that the OAG deemed that the resolution of a number of rail safety issues and deficiencies in TC's oversight activities was "moving too slowly."⁶⁴ That said, the Committee recognizes that the OAG is encouraged by TC's agreement with all of its recommendations in the *Fall 2013 Report* and by its intention to resolve the issues identified in it.⁶⁵ According to TC's action plan, TC expects to complete the measures contained in that plan by the fall of 2015.

As the volume of rail transport is expected to increase, and as TC's oversight mandate was expanded in May 2013 to include non-federal railways, Canadians expect TC to obtain an appropriate level of assurance that rail safety in Canada is managed adequately in order to minimize the risk of incidents. The Committee expects TC to resolve – in a timely manner – any outstanding rail safety issues, to integrate their resolution into the regulatory framework for rail safety, and to improve its ability to plan and conduct oversight activities adequately.

63 Office of the Auditor General of Canada (2013), Exhibit 7.2, p. 6.

64 Meeting 23, 1605.

65 Ibid., 1600.

APPENDIX A LIST OF WITNESSES

Organizations and Individuals	Date	Meeting
Department of Transport Luc Bourdon, Director General, Rail Safety Laureen Kinney, Associate Assistant Deputy Minister, Safety and Security Group Louis Lévesque, Deputy Minister	2014/04/30	23
Office of the Auditor General of Canada Régent Chouinard, Principal Michael Ferguson, Auditor General of Canada		

REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the Committee requests that the government table a comprehensive response to this Report.

A copy of the relevant *Minutes of Proceedings* ([Meetings Nos. 23, 28 and 30](#)) is tabled.

Respectfully submitted,

David Christopherson

Chair

