

### *Supply*

I want to take you back, Mr. Speaker, to the excellent and far-reaching report of the Dryden inquiry. The commission chair, Justice Virgil Moshansky, was extremely thorough in his investigation of Transport Canada, as well as the airline involved in that tragic accident of March 10, 1989. In volume 3 of the report it states: "Throughout the hearings of this inquiry into the Dryden accident, I heard repeatedly concerns expressed by Transport Canada witnesses regarding their inability to respond effectively as regulators to an increased demand for air carrier certification, inspection and surveillance services". According to the witnesses, the certification inspection and surveillance workload created by a rapidly changing air carrier industry was not matched by a commensurate increase in resources for Transport Canada's regulatory agency.

• (1120)

The resource squeeze stems from the almost simultaneous introduction of two federal government policies in 1984, namely economic regulatory reform of the air carrier industry and deficit reduction, a program imposing fiscal restraint on federal government services. The combined effect of these two policies created a difficult set of circumstances for Transport Canada personnel responsible for air carrier safety.

At the time of deregulation, under the former Minister of Transport who is now Deputy Prime Minister, it was called a freedom to move. There was concern over what the government was trying to achieve under deregulation. The Official Opposition sounded the alarm bells but was continually assured by the then Minister of Transport that everything was going to be okay. He stated back in 1984: "I would like to indicate unequivocally that the government will neither propose nor permit any economic regulatory reform that might be detrimental to safety standards".

That was not what his deputy minister was saying. I want to quote again from the Moshansky report on page 874. This is what his deputy minister said:

You can't talk about it—

That is, economic regulatory reform.

—without talking about another government policy because while I said a moment ago that, yes, we would implement the policy laid

down to us by the Minister of Transport, one is essentially saying in these major policy initiatives, that one is implementing the policy of the government, of the Ministry, of the decisions, the policy decisions of the government.

Yet, another high priority policy decision of the government was deficit reduction. And the first blush of deficit reduction measures hit in Mr. Wilson's economic statement of November 1984. And these—these measures that were in that impacted upon the department.

The department took a second blow in terms of deficit reduction targets in the May 1985 budget, which was, in financial planning terms, hard on the heels of November '84.

That was back in 1984 from the then Minister of Transport's deputy minister. Clearly the department was struggling within itself, wrestling with two diametrically opposed points: safety and saving a buck. We all know and we all can appreciate, and we have all stated it time and time again in this House, that you cannot fudge on safety.

By 1985 the department realized this problem and undertook to investigate the experience of deregulation in the United States. There was a trip. The purpose of the trip south of the 49th parallel was to obtain the experience of officials from the Federal Aviation Administration, the FAA in the United States, which had six years of deregulation behind it. That trip proved to be a turning point in Transport Canada's awareness of the huge expansion required in the United States of additional safety inspectors. They realized that if the object of deregulation was to increase business in air transportation, they would need to have safety resources commensurate in order to keep up. In the United States, the number of inspectors increased rapidly.

The Canadian delegation was headed by Donald Douglas, then Transport Canada's director of licensing and certification.

I have, for the consideration of this House, a memorandum from that very crucial meeting. I want to read into the record some of those concerns made by the Canadian delegation when it returned from FAA headquarters in Washington back on December 20, 1985: "The FAA has just announced that they would be hiring 500 new inspectors over the next three years to keep up with the effects of deregulation. The FAA is also planning to hire 1,000 new air traffic controllers".