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—
Chair

Mr. Gerald Keddy

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• (1105)

[English]

The Chair (Mr. Gerald Keddy (South Shore—St. Margaret's, CPC)): I call the meeting to order.

We have a reduced quorum and it is time to start. We won't keep everyone waiting. It's supplementary estimates.

From the Department of Fisheries and Oceans we have Mr. Larry Murray, deputy minister; George Da Pont, Commissioner of the Canadian Coast Guard; David Bevan, assistant deputy minister, fisheries and aquaculture management; and Sue Kirby, assistant deputy minister, oceans and habitat.

Do we want to go directly? Our witnesses really don't have to present anything.

The Clerk of the Committee (Ms. Miriam Burke): They do have a presentation.

The Chair: They have a presentation?

Go ahead, gentlemen.

Mr. Larry Murray (Deputy Minister, Department of Fisheries and Oceans): Thank you very much, Mr. Chair.

It's a pleasure for me and the officials to be here today to discuss supplementary estimates. As you know, the minister will be back next week to carry on the discussion.

With your permission, Mr. Chair, Cal Hegge, who is the acting assistant deputy minister for human resources and corporate services, and the department's senior financial officer, will give a very brief presentation on the supplementary estimates to provide some background.

[Translation]

And as always, we will be pleased to answer any questions you may have.

[English]

Mr. Cal Hegge (Acting Assistant Deputy Minister, Human Resources and Corporate Services, Department of Fisheries and Oceans): Good morning.

I'm speaking to a deck that's entitled "Overview of the 2006-2007 Report on Plans and Priorities and Supplementary Estimates". I'll go right to slide 3.

What we're attempting to do through this deck in terms of context is relate the main estimates to the report on plans and priorities, which the committee discussed the last time we were here, and of

course the supplementary estimates. The main estimates identify the main spending authorities of Parliament, and for this particular year the main estimates were tabled on April 25, 2006. The report on plans and priorities, which we discussed briefly last time, provides our anticipated spending plans by our strategic outcomes and our program activities and expected results.

This year was an unusual year, in that the RPP wasn't tabled until September 26, 2006. As we identified last time, the RPP reflects what we anticipate we're going to spend, and it is accurate as of that particular time. As we discussed at our last meeting, there have been some changes, which we'll get into a little bit later on in the deck.

The supplementary estimates, which is the main purpose for our presence this morning, were tabled on October 30, 2006, and they're currently going through the parliamentary process for approval. The final step in the process is the departmental performance report. It will be tabled some time this month, but that will speak to our performance for 2005 and 2006, obviously, given that this year is not finished yet.

On slide 4 we have a representation of main estimates over main estimates. As you can see from 2005-2006 to the current year, just based on a comparison of main estimates, our departmental estimates have increased roughly by 5%, or \$73 million.

On slide 5 we get into a representation of how we track from the main estimates to the report on plans and priorities. Again, this chart is by program activity. Our department has nine activities. They're listed in the left-hand column of the chart. And as you'll note, we've broken out "science" separately, which supports each of our three strategic outcomes. So if you go to the third-last column, going from right to left where we have the total main estimates figures, in the next column to the right you see the adjustments, which total \$162.4 million, which gives us the adjusted figure of \$1.6758 billion, which is reflected in the RPP.

The next slide identifies the supplementary estimates. Again, you'll note that going from our main estimates figure, which has been approved, we are requesting through supplementary estimates roughly \$217 million, which, if approved, would bring our revised spending authority to \$1.7308 billion. You will note that is higher than the report on plans and priorities figure.

The meat of the presentation is reflected on the next slide, page 7, and there we track again from the main estimates figure, the planned adjustments we considered in putting together the report on plans and priorities. So there you see in that first column to the right the \$162.4 million, which was the additional amount we had anticipated spending as reflected in our RPP. The far-right column reflects the amount of money we're asking for through the supplementary estimates.

You will note that for many of the items we had anticipated spending through the RPP, we are requesting the funding through supplementary estimates. So the big ticket items like the Atlantic salmon endowment fund and our additional funding of \$99 million through the transformational plan are in both columns, and we are asking for the amount of money through the supplementary estimates.

You'll see some additional amounts we're also requesting through supplementary estimates that we did not consider or did not know the figures at the time of the RPP. I would draw to your attention the carry-forward that combined with the Marshall carry-forward is roughly \$65 million. So that's a fairly substantial figure we did not have defined at the time of the RPP.

It takes you to the bottom line of what we are requesting through supplementary estimates. Again, if approved by Parliament, that would give us a revised spending level of \$1.7 billion, approximately.

I won't dwell on the next few slides for very long. They basically take the revised spending figure and slice and dice it in a number of different ways. For example, on page 8 we have the revised spending by program activity.

As I said, against our strategic outcomes, we have nine activities within the department. To help you with some of the acronyms, HAPAE is "healthy and productive aquatic ecosystems". That's one of our strategic outcomes. The SFA is "sustainable fisheries and aquaculture", and SAW is the "safe accessible waterways".

That basically shows the spending, by activity. We have grouped the science together, because science supports each of those strategic outcomes.

On slide 9, we have the same total amount divided by sector. The main difference here is that what we call "program enablers" are shown separately. The categories across the top of the chart, such as communications, corporate services, etc., are all part of the enablers.

On slide 10, we have the planned spending. Again, it's the same figure, by region. You will note the figure for national programs is fairly large, but that includes an amount of money that in most cases is actually transferred to the regions through the course of the year.

Finally—and I won't speak to this unless there are any questions—as annex A, we have our revised planned spending by program subactivity. In other words, it includes the nine activities and subactivities in support of those, for each of 2006-07, 2007-08, and 2008-09. Again, recognizing that 2007-08 and 2008-09 is planned spending, those figures are obviously going to adjust over time.

That completes my presentation, Mr. Chair. We'd be pleased to answer any questions from the committee.

• (1110)

The Chair: We appreciate the brevity. I'm certain our members will have a lot of questions on estimates.

Mr. Cuzner.

Mr. Rodger Cuzner (Cape Breton—Canso, Lib.): Thank you very much for being here today, and for the testimony.

I have a couple of questions. I probably won't use all the time, but I guess it depends on the answers.

The first question is about the Atlantic salmon endowment fund. Can we get a bit of a ramp-up as to where that is now and if that fund is ready to roll out?

Mr. Larry Murray: As I think you probably know, Mr. Chair, the minister did announce that. We are in the final stages. There is a recipient group, if I can describe them as that, that has been put together. We still need the appropriation act to go through, and then it will be ready to move forward.

David, I don't know whether you want to add anything to that.

Mr. David Bevan (Assistant Deputy Minister, Fisheries and Aquaculture Management, Department of Fisheries and Oceans): I think a lot of the work has been done to date. We are ready for that final stage, the approval, and then we will move the money to the group. They will then be able to start the process of administering it.

Mr. Rodger Cuzner: Could you walk me through the genesis of that? There was an announcement today in the Fredericton paper, *The Daily Gleaner*, about that money. That money had initially been announced in budget 2004, or the fiscal update in 2004, I think. Are we announcing money that was already announced before? What was the purpose of the announcement yesterday?

Mr. Larry Murray: The announcement yesterday confirms that this government supports the implementation of a \$30 million Atlantic salmon endowment fund. In fact, this committee has been fairly active on this file, as you know, for a number of years. I'm not sure whether the previous government announced it, Mr. Chair, and I don't know whether we can confirm that.

The announcement on Tuesday was effectively in the context of expenditure reviews and all of that. Everything has been reviewed. Following that review, it was determined that the Atlantic salmon endowment fund will go forward. That was confirmed by Minister Hearn in Fredericton.

There has been a fair amount of work going on behind the scenes, in the sense that whilst activity was under way with reviewing expenditures and all of that, the effort carried on. In any case, we still needed a recipient group, because this is a trust fund that is arm's length from government. I don't think a bunch of time was wasted, but I take from your question that you have a kind of an impatience to get on with it.

•(1115)

Mr. Rodger Cuzner: Mr. Murray, all I'm trying to get at is just the steps. It was in the budget document, as I understood it, and I think it was 2004 that it would have been announced.

In terms of the budget, is that money peeled out and allocated at the time? Is there a set-aside provision or something like that?

I understand fully, with the committee being operated as a trust at arm's length, that it be imperative that those things take place. But had the money been peeled out and allocated before, set aside until we were ready to go? Is that how it worked?

Mr. Larry Murray: It was never my recollection...and I would have to confirm whether it was in the public domain. I believe it was in the public domain in the previous government. It was, I think, supported by all parties. But like other announcements by former governments that had not yet gone through the entire approval process, it was something that still had to be considered by the new government. The new government, following its consideration, has determined that this project will go forward. It is formally moving forward, approved by this government, the final step being the appropriation act, one presumes, shortly.

In the meantime, work was going on. Unlike departmental funding, this did require, and does require, a credible group of folks prepared to step up to the plate, take the money, and cause it to be expended appropriately.

Mr. Rodger Cuzner: Just on that final point, they're ready to pretty much outlay for their goal, their mandate, to actually engage in doing some of the work now. Are we that close?

Mr. Larry Murray: I wouldn't really want to speak for them. In other words, once we have the appropriation act, they probably would be a good group for the committee to talk to. I'm sure they would be pleased to outline their plans. It is at arm's length to government, and I'd be a little bit uncomfortable situating where they might go with the trust.

Obviously we have ideas, as I'm sure you do, and I suspect there'll be some congruence there since it's all about Atlantic salmon, the preservation of Atlantic salmon, enhancing Atlantic salmon, and so on. But I think it would be more appropriate to have that body speak for themselves when they're ready to do so.

Mr. Rodger Cuzner: How much time is left, Mr. Chair?

The Chair: You have about four minutes left.

Mr. Rodger Cuzner: I know that my colleague is going to pursue some small craft harbour stuff, but perhaps I can ask you what the overall budget for small craft harbours is for this year.

Mr. Larry Murray: It's \$97.6 million, with \$20 million sunseting next year.

Mr. Rodger Cuzner: That was the \$20 million for five years—

Mr. Larry Murray: Correct.

Mr. Rodger Cuzner: —that's sunseting next year?

Mr. Larry Murray: That currently is sunseting next year. The minister obviously has views on that, but at the moment, yes, it's sunseting next year.

Mr. Rodger Cuzner: Over and above that, is there a ministerial reserve?

Mr. Larry Murray: The ministerial reserve is part of the \$97 million. As the committee would be aware, we have in the past moved money to small craft harbours at the end of the year, when we could or as opportunities presented themselves, because of the urgency of the program. From the \$99 million increase to our A-base, \$11 million of that goes to small craft harbours.

But that program is still under significant pressure, no question.

Mr. Rodger Cuzner: So the value of the reserve would be...?

Mr. Cal Hegge: It would be \$5 million.

The Chair: Mr. Matthews or Mr. MacAulay.

Hon. Lawrence MacAulay (Cardigan, Lib.): You say in slide 4 that \$73 million has been added to the main estimates. Is that correct?

•(1120)

Mr. Cal Hegge: Yes, that's the increase, main over main.

Hon. Lawrence MacAulay: And slide 8 shows more or less how that's going to be spent?

Mr. Cal Hegge: Yes. Basically, that's the notional distribution of how the funds will be spent. But that, of course, relates to the higher amount, which includes the supplementary estimates, still not appropriated.

Slide 8, for example, shows the expenditures for the additional amount of the \$250 million or \$260 million that we're requesting through supplementary estimates. But the distribution of how the funds are spent would be roughly the same.

Hon. Lawrence MacAulay: It would be roughly as indicated on slide 8?

Mr. Cal Hegge: That's correct.

Hon. Lawrence MacAulay: And that indicates that you're going to spend \$96.6 million on small craft harbours. That's on repairs.

Mr. Cal Hegge: That's right, except, as the deputy alluded to, whenever there's capital slippage, as there is occasionally in a budget the size of ours, small craft harbours can take additional money towards the end of the fiscal year. So this is our planned spending at the moment, but my guess is it will probably be higher in the final analysis.

Hon. Lawrence MacAulay: What was it last year?

Mr. Cal Hegge: What was it last year? That's a good question. I don't have that. We can find that out for you.

Hon. Lawrence MacAulay: I'd like to know. It's my recollection that the minister indicated there was a substantial sum of money added to small craft harbours. Was it \$20 million or something like that?

Mr. Larry Murray: Eleven million dollars out of the \$99 million was added. In other words, when we got the \$99 million increased or A-based, we tried to move the majority of it to enforcement, to science, to things like the coast guard vessel time and small craft harbours. So \$11 million of the \$99 million went to small craft harbours.

Hon. Lawrence MacAulay: More or less, then, considering the estimates that I see before me, the motion that came before the House and was supported by the Prime Minister and the Minister of Fisheries has absolutely no bearing on these estimates.

Mr. Larry Murray: At the moment, that is correct. As for other activities of this committee, I think your views and the views of the House on funding would be something that obviously would be taken into account as we try to move the yardstick forward in a variety of areas, including that of small craft harbours. I think the difference would be that from the perspective of the department's estimate, we believe that to do an adequate job of maintaining the core harbours, our estimate is that it would require the \$96 million—in other words, not sunseting the \$20 million—and an additional \$35 million.

So there are two \$35 million pieces in play that we confuse ourselves on: one is the \$35 million that was passed in the House, which I think expressed clearly the concerns about this program. We believe, because of inflation, construction costs, and various other things, that \$130 million would be a more appropriate funding level for this program to adequately cover the capital, personnel, and all that stuff.

The Chair: Thank you, Mr. Murray.

You're out of time, Mr. MacAulay.

Hon. Lawrence MacAulay: This is an important issue, Mr. Chairman. You could have given me another five minutes.

The Chair: I would agree, and you should have taken the entire ten minutes on it, instead of splitting your time.

Monsieur Blais.

[*Translation*]

Mr. Raynald Blais (Gaspésie—Îles-de-la-Madeleine, BQ): I would invite Mr. MacAulay to listen closely because that is probably the issue I will address.

Good morning, lady and gentlemen.

To continue in that vein, as far as small craft harbours are concerned, I will try to proceed methodically. On the one hand, the \$20 million funding comes to an end this year; on the other hand, a supplementary budget of \$11 million has been announced.

You know as well as I do that the numbers presented by your department show that an additional \$470 million are needed. Money is also needed for the Small Craft Harbours Divestiture Grants Program, which has run out of money.

Let me proceed point by point.

First, as far as the divestiture program is concerned, the supplementary budget does not contain any additional funds. Or am I mistaken and additional funding is indeed provided? If so, how much? What do you intend to do with the divestiture program?

Lastly, unless I'm mistaken, you already mentioned that the program needs an additional \$60 million.

•(1125)

Mr. Larry Murray: As far as the divestiture program is concerned, I think that for now we are trying to make do with the current budget. Over the last few years, about \$1.5 million were provided for the program to reduce the number of small harbours for which the federal government is responsible. Our position is that we will need about \$82 million over five years to settle the issue. I think there is a business case to justify what we want to do.

Mr. Raynald Blais: What does "business case" mean?

Mr. Larry Murray: It means that if we manage to achieve our goals within five years, taxpayers will save money in the long run.

Mr. Raynald Blais: Fine. Does the amount of \$82 million which you have just mentioned represent the amount to be spent each year, or is that the total amount for the five years? Is it the five-year total?

Mr. Larry Murray: That would be \$82 million over five years, it would be for a five-year period.

Mr. Raynald Blais: So that would amount to \$400 million, correct?

Mr. Larry Murray: No, no, that is the total amount. It represents a one-time investment.

Mr. Raynald Blais: I was dreaming.

Some hon. members: Ah, ah!

Mr. Larry Murray: It would be a one-time amount.

Mr. Raynald Blais: I was day-dreaming.

Mr. Larry Murray: Me too.

Mr. Raynald Blais: Sometimes I have to pinch myself, just to be sure.

The divestiture program is one thing. Then there is the program to reinvest in repairs and restoration. That program has a budget of \$20 million which ends this year. I don't know if I understood correctly what was said a little earlier, but do you intend to renew the funding for this program, or perhaps take some money over the next five years from the small craft harbours program? How much would that be in total?

Mr. Larry Murray: Based on our estimates, we would need \$20 million. We need that specific \$20 million, plus an additional amount of \$35 million, for a total of approximately \$130 million per year for that program.

Mr. Raynald Blais: One hundred and thirty million dollars compared to the current \$97 million? Are you saying that the funding would go from \$97 million to \$130 million?

Mr. Larry Murray: That's exactly right.

Mr. Raynald Blais: And the additional amount per year would be about \$40 million?

Mr. Larry Murray: Yes, approximately that.

Mr. Raynald Blais: All right. Forty million dollars per year over five years amounts to \$200 million. Is that right?

Mr. Larry Murray: Yes. The total amount, including Nunavut, etc., would be about—

Mr. Raynald Blais: You will admit that \$200 million is still far from enough. Five years down the road, we might realize that the amount should have been \$470 million instead of the estimated amount of \$400 million.

Don't you think that we might ultimately fail, that this might be a *Band-Aid* solution, if I may use that expression, because we would not have repaired and restored the harbours? If we invest an additional \$200 million, and if in five years we realize that the amount should have been higher, it may end in failure. I feel that, given the long delays, we should invest more.

Mr. Larry Murray: Based on our estimates, and perhaps Mr. Hegge would like to add a few words, we believe that \$130 million per year are enough: \$82 million to complete the divestiture program and \$40 million to establish five small harbours in Nunavut. In our opinion, this is adequate funding for the program.

• (1130)

Mr. Cal Hegge: Perhaps I can add a few words. With the \$200 million over five years, based on our analysis and a report—I believe the committee is aware of a study which was done five years ago—we could end up with 750 small craft harbours in fairly good condition. Today, for example, about 20% of our small craft harbours are in disrepair. The \$200 million will help us generally address the issue, and we would then end up with 750 small craft harbours which will be in fairly good condition. Afterwards, we would need—and this is what we are trying to explain to you—more money than what we are currently receiving for the maintenance of these harbours.

Mr. Raynald Blais: How much time do I have left?

[*English*]

The Chair: You have gone over by ten seconds.

Mr. Manning.

Mr. Fabian Manning (Avalon, CPC): Thank you, Mr. Chair.

Just to continue in the same vein as my colleagues across the way, am I correct in saying that out of small craft harbours, \$22.5 million is used for capital? Is that the plan here? Is \$22.5 million used for capital out of the \$96.6 million?

Mr. Cal Hegge: The amount we use for maintenance of our harbours is the bulk of our budget—around \$80 million, I believe. That includes both major and minor capital.

Mr. Fabian Manning: Out of that, \$22.5 million....

Mr. Cal Hegge: The \$22.5 million—

Mr. Fabian Manning: There's \$22.5 million here under capital. When I look at small craft harbours—that's \$78 million—part of that is used for operations. That falls under operating here, and then there's \$22.5 million under capital. I'm just trying to determine out of your \$96.6 million how much is actually used for infrastructure in a particular harbour.

Mr. Cal Hegge: Out of our total budget, out of that \$96 million or \$97 million, roughly \$80 million is spent on the maintenance of the harbours.

Mr. Fabian Manning: Okay.

Mr. Cal Hegge: I'm not sure if I'm following you.

Mr. Fabian Manning: I may not be asking the right question. Could you explain to me the difference between operating and capital? There are two headings here. There is \$78 million under operating and \$22.5 million under capital. I was taking this capital to mean extra infrastructure.

Mr. Cal Hegge: I'm sorry, I wasn't on the same page you were, in more ways than one. The \$22 million is what we define as major capital, so that means expenditures of over \$1 million.

Mr. Fabian Manning: Okay, so there's \$22.5 million in expenditures over \$1 million, whereas the \$78 million would be—

Mr. Cal Hegge: Yes, the \$78 million would include minor capital plus salaries, etc., and that sort of thing.

Mr. Fabian Manning: If we could just zero in on Atlantic Canada for a moment, including Quebec, do you have an approximate value or amount for the number of dollars needed to bring the small craft harbours up to par?

Mr. Cal Hegge: I don't have the information by region, if that's your question. The other figures we've just been discussing are our estimates, based on that study, of what we would need for the whole program to bring the harbours up to par.

• (1135)

Mr. Fabian Manning: I wasn't sure if I was following Mr. Blais and his questions, but would I be correct in saying that you people believe that you would need \$42.5 million per year for capital under small craft harbours, for the next five years, to address the concerns about the harbour infrastructure? Would that be correct?

Mr. Cal Hegge: Yes, it's in the range. That would include maintenance funds, without making a distinction between major and minor, but yes.

Mr. Fabian Manning: Okay. So that would be \$42.5 million added on to the \$96.6 million.

Mr. Cal Hegge: Yes. Right now the figure in our budget includes the \$20 million, which, as we've discussed, is due to terminate at the end of March 2007.

Mr. Fabian Manning: That will be on March 31, 2007.

Mr. Cal Hegge: Yes. That's right, so there will be \$20 million off. But our figure right now—let's round it to \$100 million—includes that \$20 million. Over and above that, we estimate that we would need somewhere between let's say \$35 million and \$40 million. The study I referred to earlier was a 2002 study. The estimates have gone up due to inflation, etc., so it's roughly in that ballpark, yes.

Mr. Larry Murray: In terms of what the minister is going forward with to his colleagues, I really can't get into specific details. Obviously there are a number of propositions in play, and certainly the minister himself I think has shown a great deal of concern about the state of small craft harbours, so I think it would be reasonable to assume that he would be trying to move something ahead on that. But in terms of details, it would be kind of inappropriate for me to get into that, I think.

Certainly in terms of where the department might be coming from, you probably have a reasonable idea of the kinds of numbers necessary, which tie in with your report of a few years ago, actually.

Mr. Fabian Manning: In Canada, when you say core harbours, are these harbours that are under the jurisdiction of DFO?

Mr. Cal Hegge: Yes, those are the harbours I'm talking about.

Mr. Fabian Manning: Do you have any idea of the number of harbours you're responsible for?

Mr. Cal Hegge: Right now our figure is much higher, of course, because it includes harbours that we are hoping to divest.

Mr. Fabian Manning: That's what I'm trying to get at.

Mr. Cal Hegge: We have over a thousand harbours we're still responsible for.

Mr. Fabian Manning: How many of those are you planning to divest? I realize that you need funding to divest them, but how many are you hoping to divest?

Mr. Cal Hegge: Roughly 350.

Mr. Fabian Manning: So the plan is to get it down—

Mr. Cal Hegge: Those would be recreational and non-core harbours, for example.

Mr. Larry Murray: Part of this program that came into play a number of years ago, I think falling out program review, was to try to get to 750 core fishing harbours. There are also other harbours that aren't part of our program that come to us for funding—which in some cases have a fairly good story—but effectively we are trying to get to a core of 750 fishing harbours. The additions to that would be Nunavut, the impact of aquaculture, first nations and so on. But the bottom line that we're trying to get to is about 750 core fishing harbours properly funded and properly maintained.

Mr. Fabian Manning: In regard to the divestiture program, I'm trying to see the dollars you've had in the past and what you would be looking at to fulfill the hope that you have to divest of these harbours. What would the figure be to be able to do that?

Mr. Larry Murray: We think with a figure of about \$82 million we could successfully complete the divestiture in five years, and as I said in response to Monsieur Blais' question, we think there is a good business case for doing that in terms of long-term saving to Canadians.

Right now, because of the pressures on the program we can really allocate only about \$1.5 million a year to the divestiture. If you work out the mathematics, we will successfully finish the divestiture in something around 65 years, which is a while. We think we need to do it more expeditiously. We find ourselves in the situation now where in some cases we are fundamentally looking after safety by fencing the recreational harbours that are no longer safe.

So it is a problem, but we think a properly funded divestiture program would solve the problem within five years.

Mr. Fabian Manning: So let's say \$85 million or so, give or take, would be the total cost of the divestiture.

Okay, that's all I have.

• (1140)

Mr. Randy Kamp (Pitt Meadows—Maple Ridge—Mission, CPC): Okay, I'll start out. Could you just explain to us what A-base funding is?

Mr. Cal Hegge: A-base is what we essentially have in our reference levels that exist forever and a day. For example, the \$99 million that the minister has spoken of before has been added to our A-base. That's going to stay in our reference levels. That's as opposed to funds that come in that have a sunset timeframe attached to them, whether it be two years or more. That's funding that will reduce over a period of time. It's sometimes referred to as B-base funding. In other words, it's there for a particular period, for a specific purpose. After the program has been delivered, that then comes out of our reference levels—which is why you see, for example, ups and downs with respect to our plans and priorities document.

Mr. Randy Kamp: So you refer to the main estimates, planned adjustments, and now supplementary estimates. Am I right in thinking that the supplementary estimates include the planned adjustments that were referred to in the RPP?

Mr. Cal Hegge: If I could just refer you again to page 7, you can see where we had our planned spending adjustments under the RPP, and in most cases, but not all, they have been picked up through the supplementary estimates and additional ones have been added.

Mr. Randy Kamp: So what happened to the ones that weren't? Did they not get spent? They're not part of what you planned to spend?

Mr. Cal Hegge: They didn't get spent and they obviously aren't going to be spent this year, so they may have been what we call re-profiled to a future year. As I look at the figures, though, there are only very small variations between what we put into the RPP and what we're actually asking for through supplementary estimates.

The Chair: Thank you, Mr. Kamp.

Thank you, Mr. Hegge.

As witnesses can see, there's a lot of interest in small craft harbours. It's a never-dying interest.

Mr. MacAulay.

Hon. Lawrence MacAulay: Thank you.

On the divestiture program, that comes out of the \$96 million, right?

Mr. Larry Murray: It would currently be funded out of the \$96 million.

Hon. Lawrence MacAulay: About \$16 million of that funding is for administrative work or work other than small craft harbour repair, which I think you indicated is about \$80 million. Is that correct?

Mr. Larry Murray: We try to spend as much as we can on bricks and mortar and actually making a difference.

Hon. Lawrence MacAulay: Of course.

The projected fund is for \$96.6 million. But if the \$20 million sunsets, that means it's \$76 million instead of a \$96 million if there's nothing added. Is that correct?

Mr. Larry Murray: That's correct.

Hon. Lawrence MacAulay: Then with the \$15 million, as Mr. Blais' motion and mine indicated, that would more or less give you the figure you need to accomplish what you need to accomplish over the next five years. Is that correct?

Mr. Larry Murray: That's correct if you assume that the \$20 million doesn't sunset.

Hon. Lawrence MacAulay: That's right. It would only add \$15 million.

Mr. Larry Murray: If the \$20 million doesn't sunset, our estimate is that \$35 million is the right number. We actually confuse ourselves by talking about \$35 million, but it's \$35 million with the \$20 million in. In other words, if the program stays at \$97 million, our estimate is—

Hon. Lawrence MacAulay: You'd need another \$40 million.

Mr. Larry Murray: I would say \$35 million. We're throwing numbers around here and probably confusing ourselves as well.

Hon. Lawrence MacAulay: It's also important that the motion is adhered to by the minister and the Minister of Finance when the budget is put in place.

I'll turn it over to Mr. Simms.

Thank you.

The Chair: Thank you, Mr. MacAulay.

Mr. Simms.

Mr. Scott Simms (Bonavista—Gander—Grand Falls—Windsor, Lib.): On the \$35 million to \$40 million, we talked about one thing and the other. Can you explain again the \$35 million to \$40 million you just mentioned?

Mr. Larry Murray: The program is currently funded at about \$97 million, of which \$20 million sunsets this year. Our estimate relates very closely to the study that was done under the auspices of this committee a few years ago. In order to properly fund the program at 750 core fishing harbours, we believe that in 2106 consideration, that would require about \$130 million annually. With the \$20 million not sunseting and \$35 million more to reach about \$130 million, that's our estimate of what's required to run the program.

We are currently also funding, as best we can, divestiture out of that \$97 million. We're saying we could effectively complete divestiture in five years if we had a one-time allocation of \$82 million.

I apologize for the confusion.

• (1145)

Mr. Scott Simms: That's all right. I apologize for not clicking in at the beginning.

I also want to talk about revised planned spending by region. In the national capital region alone we're looking at \$218 million. I

assume it's not for small craft harbours, so what is the bulk of that spending for?

Mr. Larry Murray: I'll start, and then I'll ask Mr. Hegge to add.

The bulk, I suspect, is for salaries. The department has about 10,300 people, and 87% to 88% of those folks are in the regions; 1,000 to 1,300 or so are in the national capital region in the headquarters. Some of them do headquarters roles, but with the hydrographic service, for example, because of the co-location with the Geological Survey, a number of the people in the national capital region aren't doing headquarters functions. But the bulk of them are on Kent Street.

Mr. Scott Simms: They're not necessarily in the capital region, but some of the salaries that are appropriated to people in the regions come from this national capital region spending. Is that correct?

Mr. Larry Murray: Yes. There are some national capital programs as well, which I'll ask Cal to talk to. Things like the fisheries surveillance program and the aerial surveillance program have traditionally been funded out of the national capital region.

Cal, do you want to talk to that?

Mr. Cal Hegge: On the national capital region, as the deputy said, it's basically the salaries of all of the headquarters people and all of the enabler functions that we talked about. It also includes, though, some capital spending as well, because capital spending, for example, on IMTS, real property, etc., would be included in that figure.

Mr. Scott Simms: I'm sorry, could you clarify that? You said IMTS and—

Mr. Cal Hegge: I'm sorry, that's information management technology services, or informatics, essentially.

The Chair: I'm sorry, Mr. Simms, but we're out of time.

Thank you, Mr. Hegge.

Mr. Cal Hegge: We could provide a detailed breakdown on that, Mr. Chair, before the minister's appearance.

Mr. Scott Simms: Can I make that request, Mr. Chair?

The Chair: Consider it made.

Mr. Scott Simms: Thank you.

The Chair: Monsieur Carrier.

[Translation]

Mr. Robert Carrier (Alfred-Pellan, BQ): Thank you, Mr. Chairman.

Good morning, ladies and gentlemen.

If I have any time left, I would like to share it with my colleague.

I represent a riding in Laval, north of Montreal, and I do not have any small craft harbours in my riding. However, there is a project underway which does concern your department: it's the construction of a new highway overpass which will link highway 25 from Montreal to highway 440 in Laval. There has been intense discussion in Montreal and Laval about the project.

In June of last year, your department said that the federal government has some responsibility with regard to the construction of the overpass, since it would be located close to a sturgeon spawning ground in the rivière des Prairies. However, your minister and the Department of Transportation at the time said that they could not become involved because the plans for the overpass were not yet available. However, it was clearly understood that you would monitor the project closely and that there might be public hearings at the federal level on the issue.

In the meantime, the project has advanced. Public consultations were recently held and the plans for the overpass were unveiled. Since the project involves the extension of the highway, it will also include the construction of interchanges to access highway 440 in Laval, which is also located close to a spawning ground for fish. The region's environmentalists are very concerned about the project. As the federal member of Parliament, it is my responsibility to make sure that our government is monitoring the construction and that it is assuming its responsibilities.

Since the file was submitted to your department over a year ago, do you plan on studying the project and to hold public hearings at the federal level? Is there money set aside in your budget, since the project is already well advanced and the promoters are already working on their plans?

I had the impression this might be included in your habitat management budget and that money have been set aside for the study, but I would like you to specifically tell me what is being done.

• (1150)

Mr. Larry Murray: I am personally not aware of the project, but perhaps Ms. Kirby could address it.

Ms. Sue Kirby (Assistant Deputy Minister, Oceans and Habitat, Department of Fisheries and Oceans): Indeed, these types of projects are taken into account under the Fish Habitat Management Program. I don't have the details with me today as far as the project is concerned, but we can provide you with a written response by next week.

Mr. Robert Carrier: Am I to understand that you will give me a more specific answer on that issue?

Mr. Larry Murray: That's right.

Ms. Sue Kirby: Not today, but we can send you a written response by next week.

Mr. Robert Carrier: Please understand that this project involves several hundred millions of dollars. I just want to make sure that your department is aware of it. You don't seem to know what I'm talking about right now. But this issue is very important to people in Laval and Montreal. Since the federal government has a responsibility in this area, I would like to at least be able to say that the government, or your department, is fulfilling its responsibilities.

Mr. Larry Murray: I agree. I will send you a letter some time next week.

Mr. Robert Carrier: Thank you.

Do I have any time left?

[English]

The Chair: You have 30 seconds, Monsieur Blais.

[Translation]

Mr. Raynald Blais: Regarding small craft harbours, which priority areas will the additional millions of dollars be invested in? Will the same priorities still apply, the same analytical grid we now use?

Mr. Cal Hegge: If I understand the question, yes, we have an analytical grid which applies to the divestiture of harbours. I believe the starting point is harbours which pose health and safety problems, which are a danger to the public, for instance. I imagine that will be one of our priorities.

Mr. Raynald Blais: I would just like to take a few moments to tell you that in the past I have already expressed my disagreement with the analytical grid. In some places, including Quebec, people have done their homework, that is, Quebec has a divestiture program which works. We now have fewer small craft harbours than before in comparison with other places. That is why I would not want Quebec to be penalized for having done its homework because of one of the criteria you apply, which I believe affects the number of small craft harbours. I will ask questions on a different subject later on.

Thank you.

[English]

The Chair: We appreciate that, Monsieur Blais. Thank you.

We'll go to Mr. Kamp.

Mr. Randy Kamp: I'd like us to take a brief break from small craft harbours, although I'm sure we will be back there soon.

I'm feeling a little sorry for Mr. Da Pont, who hasn't answered any questions yet.

Mr. George Da Pont (Commissioner, Canadian Coast Guard, Department of Fisheries and Oceans): Thank you, sir.

Mr. Randy Kamp: On page seven of the deck, bearing in mind that the Canadian Coast Guard actually spends the bulk—the single biggest amount, I think—of the DFO budget, we see the figure \$21 million under Canadian Coast Guard fleet renewal, and under the revised planned spending, a figure of \$3.8 million. So I'm just wondering.... Most of the figures ended up in the supplementary estimates, but there is quite a large reduction there. We'd be curious to know what the difference is.

• (1155)

Mr. George Da Pont: The expenditure, when we did the report on plans and priorities, was a planned expenditure for the acquisition of the two new offshore science vessels that were reconfirmed in budget 2006. We are a little behind on that project.

When the minister took office he received a number of questions from a variety of people about whether we were adopting the right procurement strategy. So we reviewed all the available procurement options, and that took a little bit of time. What will happen is that we will not be able to spend the money this year as we had planned, but it will be carried forward to be spent in future years.

Mr. Randy Kamp: Okay.

We see the figure of \$97.5 million to sustain and stabilize and so on. We've also heard of something called the transformational plan for \$99 million. Can we assume that this is the same thing? Could you give us a bit more explanation on that?

Mr. Cal Hegge: It is the same. The \$97.5 million is adjusted for an employee benefits package. They're both related to the transformational plan.

Mr. Randy Kamp: Okay.

The question of what we're spending on science and how that relates to previous and future years has been asked in the past. Can you give us a bit of a summary of that?

Mr. Cal Hegge: In terms of the transformational planned funding that we...?

Mr. Randy Kamp: No, just in general: what do we plan to spend on science as part of our vehicle operation?

Mr. Larry Murray: I'll kick it off, and maybe Cal or Monsieur Paradis may wish to join.

The minister's direction on science has been pretty clear, and in that context a portion of the transformational funding was put to science, around \$9 million or so. The minister has also directed that the ERC reductions relative to stock assessment not happen. That's \$6 million, so that's \$15.5 million or something.

The minister also directed that the two new fisheries research vessels Commissioner Da Pont referred to will not be online soon, so the minister also directed we not pay off the *Templeman*, so that's effectively another \$3 million to science. As well, a portion of the money out of the transformational funding that went to the coast guard helps address science and conservation and protection vessel availability.

In terms of the overall impact, I would say that under this minister there is clear direction to spend more on science in the order of magnitude of probably \$20 million a year. At the moment that may mean new money coming into the department or it may mean reallocation internally within the department to ensure that's what occurs.

The additional complicating factor is the Laroque court decision, which has impacted on how we interact with the fishing industry in terms of how science is funded in joint projects with the industry, and there's a fair amount of analysis going on on that as we speak, Mr. Chair. The exact number is difficult to come up with, but I probably could do a better job than I've just done if you would like a more precise estimate. In other words, the year-over-year science funding number doesn't necessarily do justice to the amount of money that will be spent on science based on the minister's direction around ERC and so on, but I don't know.

Cal, do you want to add to that?

Mr. Cal Hegge: No, I think you've adequately dealt with it, except to point out we could provide what the deputy's alluded to, but we'd have to go back and put it together. We don't have the information readily available today.

• (1200)

Mr. Randy Kamp: Okay.

The Chair: Thank you, Mr. Hegge.

Mr. Cuzner.

Mr. Rodger Cuzner: Mr. Murray, if you could walk me back, before I came to Ottawa, the government's response to Marshall—was that a special envelope of money, or would that have come out of the regular moneys for an integrated management plan?

Mr. Larry Murray: No, that was a special program. I can ask Mr. Bevan to give details, but funding was the result of a memorandum to cabinet dedicated to Marshall—

Mr. Rodger Cuzner: Has that wound down now, Mr. Bevan?

Mr. Larry Murray: Why don't you run through the history of that, David, because it is quite relevant to some of the pressures at the moment.

Mr. David Bevan: The history of that is after the decision work was done to look at the response. We determined we would have to create the capacity to negotiate, to consult with first nations, to manage additional fisheries, and to provide fisheries access. An additional initial allotment was provided and then, after going back to government, a further allotment composed of operating money to allow us to have people who could consult with first nations and to allow us to operate fishery officers, etc., in those areas.

It provided money for capacity-building within the first nations in terms of things such as mentoring programs, etc., and it provided us with the opportunity to find retiring enterprises and then making those enterprises available to first nations as part of the agreements.

That money was there as a bridge to treaties. Originally the hope was that by the end of this fiscal year we'd be at that stage. Clearly we aren't, but the money does wind up at this point on April 1. So government will have to consider what to do about that particular issue. Clearly the work won't go away, and we aren't quite ready for the treaty process, so there's going to have to be some consideration of how to respond to that.

Mr. Rodger Cuzner: I'm sure you're familiar with the situation in St. Peter's and the St. Peter's area. Whatever resolve we find in the St. Peter's area, would that come out of the integrated management plan? The Marshall stuff is long gone, is it?

Mr. David Bevan: No, the Marshall stuff is not long gone. We still have the operating capacity. We still have that, and we still have moneys available this year for wrapping up the process of obtaining access for first nations, as part of their current crop of grievances, and providing that to them in this fiscal year. We still have those funds. As of April 1, those will not be available, with the exception of whatever carryover we have for that program into the next fiscal year.

Mr. Rodger Cuzner: As that winds down, as well, there will probably be an in-depth assessment of the successes and drawbacks of that initiative.

Mr. David Bevan: Some of that has already been done in terms of there being evaluations of the program. There has been work done, not just by the government, but also by first nations. There has certainly been a tremendous impact on the economies of a number of the first nations communities—jobs created, hope provided in terms of employment, and so on. A lot of that has been done. Of course, if there were going to be a reconsideration of how government responds to the current sunseting, there would have to be some evaluation of whether or not that's a good way to spend taxpayers' money.

Mr. Rodger Cuzner: How long do I have—about two minutes?

The Chair: You have 54 seconds.

Mr. Rodger Cuzner: With some of the investments that were made in the initial years—harbour centralization, navigational aids, stepping back from lighthouses and investing in navigational aids—obviously there has to be money within the budget now from the savings realized from those types of investments. Where do we see those moneys turning up now? Are they being re-profiled into other areas? Are we seeing savings on those, as expected?

Mr. Larry Murray: I think what you're referring to is the coast guard modernization. Certainly part of the argument for the \$99 million, if I can put it that way, was that in fact we hadn't rolled resources from.... We took \$84 million out of our administrative overhead, for example, and those kinds of things. On the coast guard modernization, I'll ask the commissioner to say a few words.

We are making headway. We have made savings, and it has bought credibility in order to get the first phase of the fleet recapitalization program for the coast guard moving forward—the types of vessels, how many vessels, and that kind of thing. It's a work in progress, but those savings have been put to good use, in my view, although we still have a way to go. As you would appreciate, a number of those things are quite difficult, as well, because there are cultural aspects to some of them.

George.

• (1205)

Mr. George Da Pont: I wouldn't have a whole lot to add. For us, it is an ongoing effort to modernize our operations and take advantage of new technologies, as they become available, that change how we do and deliver some of the services. Often those things require pretty significant up-front investment, but once we have it in place, it can generate savings for us.

If I look back over the last five, six, or seven years, for part of that period we have been able to keep those savings and reinvest them in other things to offset higher fuel costs and various other things. Some of them did become some of the expenditure review committee reductions that were announced, so it's a mix of having been able to keep some of them and some having gone to general funding.

The Chair: Thank you, Mr. Da Pont.

Thank you, Mr. Cuzner.

If I could just ask our witnesses to bear with us for a moment, we have two motions, orders of business, that we need to look after, gentlemen. I'm afraid we're going to lose quorum, so could we deal

with those? They have been distributed. You've had a chance to read them.

The Clerk: Just the budget has been distributed.

The Chair: Both of them are budgetary. If we can deal with them now, we will deal with them.

Motion number one is that the clerk be authorized to make the necessary arrangements for a working lunch at the Parliamentary Restaurant following the meeting with the European delegation on Thursday, November 23, 2006.

Is that approved?

Some hon. members: Agreed.

The Chair: Motion number two is that a proposed budget for the study on the Canadian seal hunt, in the amount of \$11, 600, be adopted.

Some hon. members: Agreed.

The Chair: Thank you, gentlemen.

Could we have our next questioner? Monsieur Blais.

[*Translation*]

Mr. Raynald Blais: Thank you very much. Of course, since I knew we would be meeting with you today, I prepared questions on small craft harbours, but I also prepared questions on other issues.

I am also pleased to say that I prepared myself by turning to the work done by our excellent research analyst, François Côté, from the Science and Technology Division of the Parliamentary Information and Research Service on the issue of shrimp.

Rather than summarizing the question I have in mind, I will read you the one contained in the document prepared by the Parliamentary Information and Research Service.

In 2001, the committee issued a report discussing the situation facing shrimp harvesters and processors primarily in Newfoundland and Labrador in relation to the 20% tariff imposed by the European Union on Canadian imports of cooked and peeled shrimp. The committee supported at the time the elimination of the tariff so that Canadian producers could compete fairly on a level-playing field with their non-EU competitors.

The issue resurfaced in September 2005 during the committee's hearings in St. John's, and this is also a matter of concern for Quebec, as you know. In the Atlantic provinces, and in Quebec in particular, the shrimp industry is in crisis because of the price we pay shrimp harvesters today. It is now about 42.5¢ per pound, but it was much higher in the past.

As far as the 20% tariff imposed by the European Union is concerned, I know that things are happening. However, can you tell us what exactly you are doing to address the situation?

• (1210)

Mr. David Bevan: We know there is a huge problem with the shrimp industry in the Arctic. It does not only affect cooked shrimp, but also other products.

We worked in collaboration with the provinces. In fact, we have studied the situation to find ways of helping the harvesters. Further, we also worked with a special team to study the issue of tariffs imposed by the European Union. Fortunately, as far as that is concerned—the European market situation—we have found a way to increase our seafood exports without an increase in tariffs. I believe there is a vote on the subject in Europe this month. That will not be enough, but at least it will provide some respite to harvesters.

As well, as I've already said, we have studied the situation and the policies regarding the shrimp fishery to see whether there is anything else we can do to improve the situation. We also received recommendations from the team studying the matter. Indeed, we also spoke with the ministers and provincial officials. We are now trying to implement the recommendations as they apply to the shrimp fishery sector.

As you perhaps know, there was a workshop in Newfoundland and Labrador entitled "Fishing Industry Renewal". We are now holding consultations. There will be a meeting in Quebec City this Friday where the issue will be discussed.

We might be able to implement measures to improve the fishery by the spring of 2007.

Mr. Raynald Blais: But in the meantime, the damage is done—which you know as well as I do—as far as the tariffs imposed on shrimp exports to the European market.

As a retaliatory measure, have you looked at the possibility of Canada imposing an import tariff on large shrimp?

Mr. David Bevan: Unfortunately, large shrimp come from Asia or elsewhere, and we usually don't import large shrimp from Europe.

We are trying to improve the market here in Canada, and imposing a tariff on shrimp imports really does not help Canadian fishermen.

Mr. Raynald Blais: Why do you say that it's not—
[English]

The Chair: Thank you, Mr. Bevan. I appreciate your answer.
[Translation]

Mr. Raynald Blais: I'll come back to the issue later.
[English]

The Chair: Mr. Kamp.

Mr. Randy Kamp: I have a couple of final short questions.

It appears that historically the amount of the supplementary estimates is increasing, at least as a percentage of the main estimates. Is there a reason for this, in your opinion?

Mr. Larry Murray: I don't know, but I'd ask Mr. Hegge to respond. It may be related to the transition this year, in terms of the change of government and that process. I'm not sure.

Cal?

Mr. Cal Hegge: That would be the answer I would give as well. This has been an unusual year in that regard.

Mr. Randy Kamp: So just for this year, it's a bit of an anomaly. Okay, I'll accept that for now.

We're going to spend a little more than \$1.7 billion this fiscal year, if I'm reading the figures. How does that compare to previous and future years, as you know it now? The question is, if we were to graph the amount of money that we're spending to meet our obligations to manage fisheries and oceans in Canada, are we spending more or less as time goes on?

• (1215)

Mr. Cal Hegge: The quick answer is that we are spending more money. Over time our budget has generally grown. For example, we have a chart here that shows, compared to other departments and the government as well, the 5%.... And again I'm talking mains over mains. In order to really give due justice to your question, we would have to look at what we actually spent last year, which is the information we don't have right now, vis-à-vis what we're planning to spend this year.

As an aside, you're quite right that what we're planning to spend this year is augmented by the supplementary estimates. There's also a second supplementary estimates, supplementary estimates B, which will likely increase our budget again, although not in a very significant way, compared to the supplementary estimates this time.

Our mains over mains, from 2005-06 and 2006-07, have increased by about 5%. We have a chart here that shows how we compared to other departments. I'm not sure that's terribly informative because of the different mandates, etc., but generally speaking, our budgets have tended to increase.

It's an in-and-out exercise, because as I alluded to earlier, some of our funding—for example, the Marshall funding, which Mr. Bevan spoke to—is coming out of our reference levels now, at least at the moment. We've talked about small craft harbours, so it could or will change from one year to another.

Mr. Randy Kamp: How does this compare to five or ten years ago?

Mr. Cal Hegge: I have a chart here going back to 1996 showing that with the exception of a slight dip from 1996-97 down to 1998-99, it's been steadily increasing.

Mr. Randy Kamp: I guess where I'm going is that we have the impression that this department, and maybe every department, is being sort of forced into reduction mode and looking for places to save money. I know there are exercises you go through to look for places to cut. I'm wondering what the truth is there. Do you have enough money to do the job that you need to do effectively, or are there continual pressures for you to find ways to cut corners?

Mr. Larry Murray: I'll kick that off, and others may want to leap in.

I think it depends on the department. When I was in defence, as I find here, it was more challenging because it was very capital-intensive and very operational. We're running a major fleet. I think the impact of inflation on acquisitions and on O and M in a large capital-intensive organization and the impacts of fuel costs and so on are more severe in a department such as this one than what I found when I was in Veterans Affairs. That's not to say that there aren't challenges there as well.

In order to have a look at the kind of chart Cal's doing, it would be interesting to take inflation out and look at some of those things. For large capital-intensive departments, it is more challenging, but do we do everything we could or should to cut administrative costs, and so on?

We've just gone through a major exercise for a couple of years, but this doesn't mean that we don't need to continue doing it. This a good and valid question. My own sense is that we need to have our feet kept to the fire as well. There will always be some healthy tension there, but at the moment we find ourselves fairly challenged around some of the programs, particularly those with a capital intensity, whether it's the coast guard, small craft harbours, or whatever.

Mr. Randy Kamp: Do we have that chart, by the way?

Mr. Cal Hegge: We can certainly get that to you.

Mr. Larry Murray: It's in a book, so we can get it for you, and we could actually have a bit of a look at it with inflation removed, maybe, and see what it looks like.

The Chair: Mr. Matthews.

Mr. Bill Matthews (Random—Burin—St. George's, Lib.): Thank you, Mr. Chairman, and thank you to our witnesses for coming.

I have just a couple of quick questions, and I apologize if I ask a question that someone else already raised while I was out for a few minutes.

This is a question for the commissioner. Your planned spending on the Canadian Coast Guard fleet renewal was \$21 million, and your revised planned spending is \$3.8 million, I believe, so you're going to spend a total of \$24.8 million? Am I right on that, or have you revised downward?

• (1220)

Mr. George Da Pont: No. We are going to revise downward for it, the reason being that when we planned the spending, we expected to be on a bit of a faster track to replace the offshore science vessels that were reconfirmed, as I'm sure the committee's aware, in the last budget.

When the minister took office, a number of people from throughout the country raised with him the question of whether or not we were pursuing the right procurement strategy in getting those vessels, so we did take a pause. We reviewed all of the procurement options, and as a result we're a little behind schedule. So this year we won't spend all of the money we anticipated, but we obviously will be reprofiling that money and spending it in future years. We believe we can still get the first vessel around 2011, as we had planned originally.

Mr. Bill Matthews: Do you mind sharing with the committee what the perceived problems were with procurement?

Mr. George Da Pont: The problem with the procurement was whether or not we should be relying on a proven design for the science vessels or whether we should also be competing the design. That was the primary issue. After reviewing the options, we have maintained the proven design procurement process.

Mr. Bill Matthews: So you anticipate the first vessel in 2011?

Mr. George Da Pont: Yes, that's what our planned expected date is.

Mr. Bill Matthews: And that vessel will do what?

Mr. George Da Pont: It will replace one of the current science vessels. The vessel will do primarily scientific research.

Mr. Bill Matthews: After that, when do you expect another?

Mr. George Da Pont: We hope it will be the year after.

Mr. Bill Matthews: Okay.

In aquaculture management, I see two figures: one \$3.4 million and another \$4.3 million, I believe. I'm wondering why there is a difference. My basic question is what the money is spent on. Is it on paying salaries in the department that does the aquaculture departmental stuff? Could someone explain that for me, please?

Mr. David Bevan: It's used predominantly for paying salaries. We have been looking at what we call A-basing the budget for aquaculture. We've been trying to stabilize it, because it's been a program that has, in the past, been funded through a number of temporary measures. It's now on a more stable footing. That money would then be spent for salaries. Their primary job is to work with the provinces and work with the industry to ensure that we have in place the right kind of approval process for new sites, and the right kind of program support for the regulatory elements of the program. It's small for that reason. It's focused on what has to be done in terms of the actual requirements the industry has to meet. It doesn't get into support programs, etc.

Mr. Bill Matthews: Do you anticipate that the department might, at a future time, get into some kind of a support program, with aquaculture taking on the role that it's taking because of our wild fish stocks being in trouble? Do you anticipate some role for the department in support measures, or are you going to leave that to other departments and agencies?

Mr. David Bevan: Clearly the department has recently been involved in support. If you look at the announcement regarding Cooke Aquaculture's move into the south coast of Newfoundland, you'll see that there were some contributions from this department and other departments to help facilitate that.

We have been in consultations with the provinces regarding what might be included in an aquaculture framework agreement to help streamline the regulatory process in Canada. We have to try to remove some of the red tape that is preventing the aquaculture industry from expanding as it needs to in terms of sites and particular support programs that will help the industry. We have had those discussions, but the final decision has not yet been made.

Mr. Bill Matthews: Would you mind telling me how much departmental support you gave to the Cooke Aquaculture situation and where that money came from?

Mr. Larry Murray: It was \$4.3 million, I think—and somebody may correct me—and it came out of our science development money. We have an aquaculture development program within the science budget. It was \$4.5 million or \$4.3 million.

• (1225)

Mr. Cal Hegge: \$4.5 million.

Mr. Larry Murray: \$4.5 million.

Mr. Bill Matthews: So there's more money than above and beyond the \$4.3 aquaculture management money in the department for aquaculture purposes?

Mr. Larry Murray: That's correct, and in terms of the \$4.3 million or the \$3.4 million, the \$4.3 is the right number; the \$3.4 million was the RPP number. The actual number for supplementaries is \$4.3 million, and that is separate from science support or funding.

The Chair: Thank you, Mr. Murray.

[Translation]

Mr. Blais, do you have any questions?

Mr. Raynald Blais: Thank you, Mr. Chairman.

There are two other subjects: research and development and the seal hunt.

My first question, the shorter one, is about the seal hunt. Based on what I have observed, the Department of Fisheries and Oceans does not have additional funds to fight the current and growing campaign against the seal hunt in Europe.

Is that because there is not enough money? Is the matter included in your plans and priorities? What is the department's position on this?

Mr. David Bevan: It is a priority, and the department has to work with the provinces to redouble its efforts in Europe in order to convince Europeans to keep their market open for our products.

The director of the Resource Management Directorate and the director of the International Affairs Directorate are currently both in Copenhagen. They are at a meeting with Greenland and Norway to coordinate Canada's efforts with those of other countries to convince the European community to keep its market open to the sale of products from the seal hunt.

We have therefore increased our number of visits and our efforts. Indeed, in August, ministers attended a meeting with members of the European Parliament. It is one of our priorities, and we have spent the necessary funds to meet that challenge.

Mr. Raynald Blais: May I humbly propose an idea? As a committee, we will have to make recommendations at some point. Nevertheless, I would like to submit my idea to you right away.

There is a Seal Interpretive Centre on the Magdalen Islands. This centre has an exhibit which allows visitors to understand the seal hunt. In fact, the centre might need additional funding to update its exhibit, which began in 1994. The centre also has a travelling exhibit. In other words, if we invested in this exhibit, which shows

images and projects undertaken by people who hunt seals and sea cats, and who live off the hunt, it could be an opportunity to educate the Europeans or a way to show Europeans what really happens during the seal hunt.

I would therefore humbly submit that the Seal Interpretive Centre on the Magdalen Islands could become the cornerstone of your campaign in response to those who oppose the seal hunt.

Mr. David Bevan: That's recommendation. Of course, we are doing various things to convince the Europeans to keep their market open to our products.

But you have given us something else to work with.

Mr. Raynald Blais: May I therefore assume that you might want to contact the centre?

Mr. David Bevan: Yes, that's possible, it's a good idea.

Mr. Raynald Blais: Fine. With Mr. Bevan or Mr. Murray?

[English]

Mr. Larry Murray: Both.

[Translation]

Mr. Raynald Blais: That's great.

Thank you for allowing me this brief advertising break.

Now, regarding research and development, I would like to understand how the money on R&D is spent. I was disappointed and surprised when I visited the Institut Maurice-Lamontagne in Mont-Joli and found out some things about the lobster industry. Indeed, I was told that the institute does not have enough money to help the lobster industry by, for instance, creating artificial reefs or such things. In Newfoundland and Labrador, I remember hearing witnesses tell us that they had not studied the cod situation enough and that they did not even know exactly why it had disappeared or almost disappeared.

So I would like to understand how the money is spent on research and development. How do you perceive your mandate? Do you intend to spend additional money on the research and development program because that might help address some of the crises we are dealing with today?

• (1230)

Mr. Larry Murray: I will ask Mr. Sylvain Paradis, from the Ecosystem Science Directorate, to answer your question. Thank you for responding to the questions.

Mr. Sylvain Paradis (Director General, Ecosystem Science, Department of Fisheries and Oceans): To begin, we have a very large program which has several parts to it. We have just ended a science renewal program whose objective was to give an ecosystem approach to most of the research. Historically, the research was conducted in silos: fisheries, aquaculture, endangered species and habitats. There often was a lack of crossover.

Our strategy is to adopt a more ecosystemic approach to ensure greater integration of our programs. Of course, we don't have money for everything, but there generally is a strategic funding for various research programs which are evaluated on a sectoral priority basis. In this context, the department created a Scientific Management Committee, which is chaired by Mr. Murray, and which has the mandate to account for the entire program and to establish priorities with regard to our specific activities.

The program has many goals, including taking an approach based on four major principles. First, there is an enhanced accountability program which will address the department's regulatory policies and priorities. Historically, people were not happy with the fact that we had researchers who conducted scientific and traditional studies which should have been done through universities. But now, we have developed partnerships to make sure that all the bases are covered.

Second, we were aiming for a more efficient program. We therefore began recruiting more strategically. We are recruiting young researchers working in state-of-the-art fields. We also brought in our more experienced researchers to act as leaders of more integrated research teams. We also want to develop a more sustainable funding program.

Third, we want to create partnerships in the fisheries industry. We have a fishery collaboration program. We also have a fisheries research collaboration program for aquaculture. We are working with several research institutes. So we now have many ongoing partnerships.

Lastly, we also intend to create a special program to specifically meet the needs of the public.

Mr. Raynald Blais: If I may, Mr. Paradis, you know that we cannot review everything in 15 seconds, but would it be possible to —

[English]

The Chair: We're out of time. You're already two and half minutes.... I tried to allow our witness to answer.

[Translation]

Mr. Raynald Blais: Fine. My I revisit the issue later on?

[English]

The Chair: We will have time to come back.

[Translation]

Mr. Raynald Blais: All right.

Don't go anywhere, Mr. Paradis. I'll be back.

[English]

The Chair: Mr. Matthews.

Mr. Bill Matthews: On your slide entitled "The Differences", you have, by nature, a small item—Conne River harbours. I'm asking a question about that because I believe the Conne River is in the riding I represent. You have a transfer from Indian and Northern Affairs Canada. What's that about? Do you mind informing me, please?

Mr. Cal Hegge: That is actually to construct a harbour in Conne River. This has gone back and forth. We actually transferred money to Indian Affairs, but the approach has changed. So essentially we

are prepared to construct a harbour. Through Public Works, they've picked the winning bidder. There are still a couple of issues to sort out with the first nation. Once those details are attended to, then we hope to start construction actually this fiscal year, if possible.

Mr. Bill Matthews: So that money is coming to you from Indian and Northern Affairs?

Mr. Cal Hegge: Yes.

Mr. Bill Matthews: Is it because they're participating in the project with you? My understanding is that you, being the small craft harbours program, have budgeted money over the past two or three years for Conne River.

Mr. Cal Hegge: Yes.

Mr. Bill Matthews: I know you have. So why the transfer? Is it because they're cost-sharing the program?

Mr. Cal Hegge: No, it's because, as I said, they were originally going to oversee the construction of the harbour. The harbour was actually going to belong to the first nation. I'd have to get—

Mr. Bill Matthews: So now they want to go with a harbour sort of thing?

Mr. Cal Hegge: Now they want to go as a DFO harbour, so the money has come back to us for the construction and we will own the harbour. Hopefully, it will be managed through the harbour authority.

• (1235)

Mr. Bill Matthews: I believe you said a tender has been awarded.

Mr. Cal Hegge: That's my understanding, yes.

Mr. Bill Matthews: Is that all straightened out now and things are ready to go?

Mr. Cal Hegge: I think it's straightened out in terms of who has been awarded the contract, but there are issues in terms of access in one or two other deals.

Mr. Bill Matthews: So that's still in limbo.

Mr. Cal Hegge: As far as I know, although it could have been resolved by now. But the last time I checked, which was about a week or so ago, they were still working on that.

Mr. Bill Matthews: Thank you.

Mr. Larry Murray: We could provide a more detailed update by phone this afternoon.

Mr. Bill Matthews: No, that's okay. Thanks.

The Chair: Monsieur Blais, I know you have to finish that last question.

[Translation]

Mr. Raynald Blais: Thank you very much, Mr. Chairman.

Mr. Paradis, I will let you finish your answer. However, I would ask you to provide us with much more detailed information on the research and development conducted in the last few years, as well as the potential budget repercussions of the analysis you are currently undertaking, which is much more over-arching than a silo-by-silo analysis.

I will now give you the time to complete your answer.

Mr. Sylvain Paradis: We carried out this analysis in order to define the guidelines for the science program. We are also in the process of developing a five-year strategic research program that will allow the department to establish emerging sectors that will be better integrated than the traditional sectors, which are those programs we were talking about.

I will give you an example. We have the National Aquatic Animal Health Program, the invasive species program and one dealing with aquatic biotechnology. All these programs require risk assessments, for example in order to approve the moving of living fish or other measures of that nature. In the past, we had three risk evaluation programs that existed side by side. We are in the process of developing a more integrated approach in order to have a single window through which to request risk assessments before acting.

Overall, the majority of the programs are very stable. For example, the Cooperative Program of Research and Development on Aquaculture was not affected. We have a very stable program with the industry, the provinces and the stakeholders. The Fish Habitat Management Program includes different research sections on oil and gas, for example. We have the program dealing with hydroelectricity.

We reorganized these programs under centres of research expertise, with the objective of allowing for a national integration, which will help us significantly. In the past, each region would have its own hydroelectricity or oil and gas research program. From here on in, we will have centres of expertise that will play a leadership role and will determine the sectoral priorities of the science sector in the area of research.

I do not know if I answered your question well. There remains much to be done at a very macro level in order to better target the sectors and settle the crises that are more—

Mr. Raynald Blais: I understand what you just said, but as I was saying earlier on, I am hoping to receive more details on the manner of proceeding in a letter.

You have stated that the risk assessment is an evaluation grid. The risk assessment is completely different from the precautionary principle, is it not?

Mr. Sylvain Paradis: No, not at all.

Mr. Raynald Blais: Is it the same thing?

Mr. Sylvain Paradis: The risk assessment is carried out according to the precautionary principle. We must assess the biological risks of certain activities, mainly in the science sector. Let us take the example of the Asian carp, which has entered Canada and which represents a risk for the Canadian ecosystem. We have carried out a comprehensive study on the impact of four species of Asian carp, on its introduction into Canada. Following that, the Ontario government decided to establish regulations to ban the introduction of these species.

Mr. Raynald Blais: On the other hand, I could mention an issue that I am well aware of and that the department knows relatively well: Bennett Environmental Inc., in Belledune. This company will be building a toxic waste incinerator that will soon be operational, according to plans. Fortunately, it is not yet so, but that is another story.

Like the people in that area, we maintain that no independent environmental assessment has been carried out. When asked about this at the beginning of the project, the Department of Fisheries and Oceans said that, according to its analytical grid, the polluting emissions coming from the chimney will not cause any new problems for marine species. However, lobster in the Belledune sector is not harvested for consumption, but rather to eliminate it from the food chain.

There is already a problematic situation in Belledune, in the baie des Chaleurs. There are plans to install an incinerator, there is the precautionary principle and so on. The marine resource is already at risk in this sector, because lobster is harvested only to eliminate it from the food chain, and not for human consumption. We are under the impression that there is a problem.

•(1240)

Mr. Sylvain Paradis: I will try to answer quickly.

The problem is that we are talking on two different levels. On the one hand, there are the risk assessments which are of a biological nature, and on the other hand, there is the more comprehensive environmental assessment program that Environment Canada applies to all big projects.

My work deals with risk assessments concerning specific species, on the introduction and movement of the species and activities of that kind. You are talking about a much broader strategy that covers several other lines of business and that would normally be piloted by the Canadian Environmental Assessment Agency.

Mr. Raynald Blais: All right. Thank you.

Mr. Larry Murray: Ms. Kirby could perhaps respond.

Ms. Sue Kirby: We have discussed this issue several times. You are certainly aware of the fact that we asked the promoter to change the plans, which was done. The change makes an environmental assessment by DFO useless.

Following discussions between various departments, including Environment Canada, it was determined that the changes brought about to the plans eliminated the possibility of major repercussions. We know that there are several causes for the pollution in the baie des Chaleurs. There is also a scientific aspect, that is to say whether or not the pollution has an impact on the species. As far as the environmental assessment is concerned, we accepted the project following the change in plans.

[English]

The Chair: Thank you, Ms. Kirby.

Mr. MacAulay or Mr. Simms, do you have a question?

Yes, Mr. Murray.

Mr. Larry Murray: Mr. Chair, it's good to have questions about science and funding and what we are up to, and we have recently come through a major science renewal initiative, so if it would interest the committee, when time permits, we could have Dr. Wendy Watson-Wright and some of us come and give a presentation and kick around the science question at length. I think the kinds of questions that were asked are good questions. I think we've tried to improve the overall program, but that might be a stand-alone session for the committee down the road that you might want to consider.

The Chair: A very good idea, Mr. Murray. It would be beneficial.

Hon. Lawrence MacAulay: I agree, Mr. Murray. It would be a good idea.

Sometimes there are inshore fishermen who might have some concern with the science at DFO. You've probably heard some things over the years that might lead you to believe there was some doubt. You have to have science and you have to know where you're going, but this new proposal that you are going to bring before the committee.... I think if you involve the fishermen more in what you're trying to do, then you would have a little more success with DFO. Is that the intent? I think there's more money going into science—there has to be—but also, for your own credibility as members of Parliament and government, I think it's essential that the fishermen have more input so they respect what they're told.

Personally, I have had a number of issues, like the herring fishery and other things, where science wasn't always on my side, but the fishermen were. Things like that have to be addressed and they have to be dealt with.

Is this what you're planning or going to try to do?

Mr. Larry Murray: I would say, as Mr. Paradis said in response to the last question, partnership is a key element of the science renewal. I think in some areas we have more challenges than in others. Certainly the minister is seized of the point you made. In fact, we invested, I think, \$1.2 million this year in a shared project between fishermen and scientists to get a better handle on what is the state of the inshore versus offshore northern cod scenario, following actually a number of hearings by this committee.

I think the issue of cod in the northern gulf, in particular, is a challenging one, where there is a gap between what scientists believe and what fishermen believe, and we have been trying to work together on that to reach a common understanding. Certainly the place of traditional knowledge of both fishermen and first nations and so on is a part of where we're trying to go.

I'm not sure we'll always or ever make everyone totally happy, but I take your point. It's a valid point, and we need to try harder in that regard.

•(1245)

Hon. Lawrence MacAulay: May I ask you one more question, sir? How much money is spent on science?

Mr. Larry Murray: About \$216 million.

Hon. Lawrence MacAulay: Not to criticize, but I point out that you tell me that \$1.2 million of the \$216 million was shared with fishermen, so I would hope there would be an attempt made to involve fishermen and first nations people more. There's really very

little or no involvement at the moment. I know \$1.2 million is a large figure, but over the whole scope of \$216 million, it's not very much.

Mr. Larry Murray: I was using one example of something that didn't exist previously but does exist or did exist this year. There are a number of partnership initiatives, but I don't want to sound defensive, and I don't want to give the impression that I think we're doing enough of it.

I don't disagree with your point that we probably need to do more; I think we are trying to do more. Part of the science renewal has been reaching out to all sorts of partners, including the fishing industry. I don't know whether Mr. Paradis—

Hon. Lawrence MacAulay: I'm not criticizing you, sir, and I'm not criticizing the Department of Fisheries. That you have more respect for what you do in the end is my concern—it's for all of us, government included, and members of Parliament.

Mr. Sylvain Paradis: We've had a series of collaborative programs, like the fisheries science collaborative program, where the money is shared in partnership with industry people and fishermen to collect the scientific data to improve the validity of our scientific advice. For example, we have the sentinel fisheries, where data collection is done by fishermen and brought forward.

One process that the department has put in place is the Canadian science advisory council, which is very particular to this department. All the scientific information is brought to workshops with industry, universities, and NGOs, to look at the status of the fisheries. We can certainly have more emphasis on the status of the fishery when we do those assessments. But we're trying as much as we can to improve the data collection process jointly with the fishermen to ensure the quality of the information.

The Chair: Thank you, Mr. Paradis.

Mr. MacAulay.

Hon. Lawrence MacAulay: Thank you, I'm done. I'm not done, but I'm done for today.

The Chair: Before we adjourn, two items were raised. I just want to make sure we get some response from our officials.

You mentioned that annex A is not in the deck. Can that be supplied?

Mr. Cal Hegge: Certainly. I can leave that here.

The Chair: That will be perfect, thank you. We appreciate that.

Mr. Cal Hegge: I apologize for that.

The Chair: The other question was on a breakdown in funding. I wasn't sure if it was going to be supplied or not for the national capital region. Can we also get that?

Mr. Larry Murray: We'll do that before the minister's appearance.

We also have some questions that came up in the last meeting, and we'll get those to the clerk before the next meeting.

We also have a response to Monsieur Carrier's questions about the overpass. We'll do that before the minister appears as well.

The Chair: I appreciate that.

Thank you very much for appearing. It was a good discussion today. I thought we might have talked a little more about small craft harbours, but....

The next meeting will be on Thursday, November 23, 2006, from 9 to 11, in Room 701, Promenade.

The meeting is adjourned.

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