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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)): We'll call the meeting to order for the main estimates 2007-2008, votes 1, 5, and 10 under Fisheries and Oceans.

Our witnesses will be from the Department of Fisheries and Oceans: Larry Murray, deputy minister; George Da Pont, Commissioner of the Canadian Coast Guard; David Bevan, assistant deputy minister, fisheries and aquaculture management; Cal Hegge, assistant deputy minister, human resources and corporate services; Wendy Watson-Wright, assistant deputy minister, science; and Michaela Huard, assistant deputy minister, policy. Welcome.

We have an opening statement from Mr. Murray.

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

I have no opening statement. I thought the committee would probably prefer to get on with questions. So we'll just pick up where you left off last week with the minister. We're at your disposal, and it's great to be here. Thanks.

The Chair: Thank you for that.

We don't have our questioner list yet, but I assume that the Liberal member, Mr. St. Amand, will start off.

Mr. Lloyd St. Amand (Brant, Lib.): Thank you, Mr. Chair. The Liberal member will start off.

I'm here this morning attempting to take the place of Mr. MacAulay. I see that Mr. Cuzner has arrived, and I will defer to Mr. Cuzner, if you'll allow him 45 seconds to take his place.

The Chair: Monsieur Blais, are you ready?

Mr. Raynald Blais: *Oui.*

The Chair: Go ahead.

[Translation]

Mr. Raynald Blais (Gaspésie—Îles-de-la-Madeleine, BQ): That means I will therefore have 10 minutes instead of seven. Thank you very much.

Good morning, ladies and gentlemen. The first point I would like to raise with you is on small crafts harbours. In his presentation to the committee last week, the minister described an administrative exercise the objective of which was to review the budgetary allocation system for small crafts harbours. I know that we have already had the opportunity to address this issue several times, but I

would like to know what will be done differently on the administrative front over the next few months. What is the timeframe for action on small crafts harbours?

• (1110)

Mr. Larry Murray: Thank you, Mr. Chairman. I will ask Mr. Hegge to answer that question.

Mr. Cal Hegge (Assistant Deputy Minister, Human Resources and Corporate Services, Department of Fisheries and Oceans): Thank you for your question. We intend to re-evaluate the formula that we are currently using to allocate funds. In fact, we are waiting to see if we will be receiving more funds. As you know, we did receive \$20 million, but we are still working with our colleagues from the central agencies to see if we cannot obtain more resources. Over the next four months, we will re-assess our formula in order to see whether or not it is still the best way to allocate funds.

Mr. Raynald Blais: So the central point of this review is therefore the distribution of funds.

Mr. Cal Hegge: Yes. We assess all of the fund allocation criteria in order to see whether the percentages are still in effect or if there are any reasons to change the formula. That obviously could change the current distribution of funds to the regions.

Mr. Raynald Blais: You clearly understand that this is a very, very sensitive point. I would like to know what process is going to be put in place. How could we—and when I say we, that does not exclude the person speaking, it includes him—collaborate on or contribute to this process? I would not want to find myself facing a done deal, where the allocation formula might change completely.

Mr. Cal Hegge: We will work with and consult the regions, as well as the port authorities. I also suggest consultation with the committee. We are open to all ideas as far as reviewing the current formula is concerned.

Mr. Raynald Blais: Are you planning a consultation with our committee?

Mr. Cal Hegge: Not at the moment, but I am open to ideas or to a consultation with the committee.

Mr. Larry Murray: Given the committee's support for and interest in this issue, the department would certainly want to be aware of your position before finalizing this approach. After all the meetings you have had, you are practically the best experts in the field. I believe the department will certainly support your participation.

Mr. Raynald Blais: Is that a guarantee, or a possibility?

Mr. Larry Murray: Yes. Absolutely.

Mr. Raynald Blais: It is a good idea to re-assess the allocations to small crafts harbours, but handing out next to nothing is a far cry from being a good solution. You have said it and so as everyone else: the solution will be found through a massive reinvestment in this area, because the more we wait, the more overwhelming the amounts will be. Over the last few years, your estimate of the funding requirements has increased. Unfortunately, I have the impression that today, it is increased once again compared to yesterday.

Therefore, the main point is that a massive injection of funds is needed. In that regard, in some way, I am rather disappointed to hear that the administrative review will deal only with the allocations. I would have thought that the assessment would have allowed you to go to Treasury Board with more arguments and an even more substantial file to demonstrate the importance of increasing the budget.

• (1115)

Mr. Larry Murray: The minister definitely shares the perspective of the committee as to the importance of this issue. As Mr. Hegge said, he continues to make efforts to increase the budget. I know that he greatly appreciates the continued interest of the committee.

Mr. Raynald Blais: You say that we are allies of sorts, and that is true. But we are also the adversaries of those who are not making progress on this file. How can you better plead your case to Treasury Board if you do not bolster this file? Do you intend to make it a stronger case? If so, in what way?

Mr. Larry Murray: We are continuing our efforts in this regard; the minister is as well. As he said last week, the budget provides certain resources for infrastructure. There are some possibilities there. We are not entirely certain of it, but we continue to take the fact into account. As the minister stated, there are all sorts of priorities, of which small crafts harbours is one. He's making every possible effort, and we give him our support when necessary.

[English]

The Chair: Thank you, Mr. Murray.

We'll go to Mr. Stoffer, and we'll come back to Mr. Cuzner.

Mr. Peter Stoffer (Sackville—Eastern Shore, NDP): Thank you very much, Mr. Chairman.

Thank you, ladies and gentlemen, for appearing today.

You probably read the other day a letter to the editor of our *Chronicle-Herald* newspaper by Captain Stewart Klebert, who has just about 35 years experience within the coast guard, and he is also one of my constituents. I just want to make a brief statement on his concerns. He has addressed some very serious concerns about the reallocation of the *Terry Fox* and the *Louis S. St-Laurent* to Newfoundland, as have the Canadian Coast Guard alumni. They have made assessments of their opinion regarding this move to Argentia and to Newfoundland.

Mr. Da Pont, when you were here last time you indicated a cost of about half a million dollars in terms of relocating the staff and everything else over the five years of going back and forth. I'm just wondering if you have now had a chance to estimate the total cost to the Canadian taxpayer to move those vessels from Nova Scotia to Newfoundland, including everything: administration, dredging, any

dock work, anything that needs to be done in order to have the same type of access they had in the maritime region.

Mr. Larry Murray: Maybe I'll begin the answer, and then I'll ask Mr. Da Pont to carry on.

I guess I'd just like to say that certainly the captain in question is a very distinguished employee of the coast guard, and certainly we value the input from the coast guard alumni.

All of that being said, as the minister said last week, this decision was made for operational reasons. It was made for reasons related to saving money on infrastructure in order to spend money at the sharp end. In terms of the people involved, a five-year plan was put in place to look after the interests of all the people involved, including term employees. It was not made for political reasons, as the minister indicated. He was responding to a recommendation from the department and from the coast guard.

With that by way of background, I'll ask Mr. Da Pont to carry on.

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

First of all, I do want to say that I also have tremendous respect for Captain Klebert. In fact, I met with Captain Klebert. I met with all of the commanding officers of the two vessels to explain the move personally, and I met with the crews as well. The half-million-dollar figure that I talked about at the last session was the extra cost involved in providing for crewing to continue out of Halifax for the five-year transition period. Regarding our total cost, our expectation—and we have done soundings on this and we have had a report again from another of our best captains, the captain of the *Henry Larsen* on Argentia—is that we will not incur any dredging costs there. In Argentia there will be a \$30,000 per year fee for using the port.

As for the crew relocation costs, I don't think we can determine those without having some significant discussions with the crew. That's one of the reasons we staggered this move over a two-year period, before it even starts, and made the commitment to do the crewing out of Halifax for a five-year period. We want to be able to sit down with each crew member and assess with them how they would like to proceed. We have given people the commitment that there will be no job loss for any individual. We've also given them the commitment that no one will be forced to move. Over that five-year period, some people will choose to retire, as in the normal course of events. Some people will choose to move to other vessels in the maritime region, and some people may choose ultimately at the end of the period to relocate. They obviously have an entitlement to do that. Aside from dealing with the people issues in this, which we've tried to handle, I think, in the most responsible way possible, we're not anticipating any significant expenditures from the move in terms of infrastructure or other issues, which was the main reason for having made the change.

• (1120)

Mr. Peter Stoffer: If I'm not mistaken, a review of this nature back in 1997 indicated at that time that it would not be a good thing to do, and that's why the *Larsen*, if I'm not mistaken, was sent up to St. John's. So I'd like to know what changed.

Also, because Mr. Klebert is my constituent, I'm asking this question as a request to you that in no way, shape, or form will he face any disciplinary action regarding his openness. I say that because many people of the coast guard have called me and they're worried about this man's future in the coast guard. I just want your assurances that he won't be disciplined or reprimanded in any way.

Mr. Larry Murray: I'll hand off to Mr. Da Pont in a minute.

The last question is not a question we can answer here. It's a privacy issue between the department, the coast guard, and Captain Klebert. It's not an issue—

The Chair: We're going to leave it there. Mr. Stoffer's time is up. He can continue it on his next round if he wishes.

Mr. Cuzner.

Mr. Rodger Cuzner (Cape Breton—Canso, Lib.): Thank you very much.

I'll finish up with the line of questioning that my colleague Mr. Stoffer was pursuing. On the transfer of these ships, these assets, after the release of the initial draft business plan, with no indication there, give us the rationale that prompted this fairly significant departure in business as usual at coast guard.

Commr George Da Pont: Mr. Chairman, we've had several draft versions of the business plan. We've been using that as a document to consult with clients, stakeholders, and others before finalizing the plan. We did not include it in those drafts because the announcement had not yet been made. We were respecting that, just as, for example, coming out of the last budget we did not include any more detail on the procurement of new vessels other than what was in the actual budget documents pending the announcements. That was really simply the reason. It will obviously be in our final version, but we were respecting the protocol around announcements.

Mr. Rodger Cuzner: Just to switch gears, I have three almost unrelated questions.

Could I get some clarification on the salmon enhancement program? The line item is \$29 million. Mr. Bevan, could you elaborate on that? Is that primarily west coast salmon?

• (1125)

Mr. David Bevan (Assistant Deputy Minister, Fisheries and Aquaculture Management, Department of Fisheries and Oceans): The \$29 million is for the salmon enhancement program on the west coast.

Mr. Rodger Cuzner: So the Atlantic salmon endowment fund was for all intents and purposes a one-time \$30 million allocation to be managed at arm's length. However, with the enhancement fund on the west coast, there was an initial endowment and then there's \$30 million annually.

Mr. David Bevan: No. There was an initial endowment on the west coast for a fund that's similar to the east coast program. However, there is a separate program, which at one point was much

larger, that is now being stably funded at \$29 million a year. That program runs various hatcheries on the west coast. It is now being reviewed with a view to determining what role it can play in the wild pacific salmon policy.

Mr. Rodger Cuzner: Is there a departure in the national policy...? We can fund and support the hatcheries on the west coast, yet we have walked away from the hatcheries on the Atlantic coast. Is there a discrepancy in the approach?

Mr. David Bevan: Certainly the programs are much larger on the west coast than they ever were on the east coast. Both sets of programs were reduced under program review. The salmon enhancement program on the west coast is now a little over 50% of its previous high level. There has been a cut in both, but the program on the west coast is much larger and obviously is funded at a higher level.

Mr. Rodger Cuzner: Yes. There's no core funding on the Atlantic coast, is there?

Mr. David Bevan: There's money being spent by the department in hatcheries on the Atlantic coast, but not on the same scale, and certainly not through a program that's A-based the way it is on the west coast.

Mr. Rodger Cuzner: Is there any kind of rationale for that? Can you throw me a line here?

Mr. David Bevan: On the west coast there are a number of coastal communities and industry groups that are reliant on the salmon. The enhanced salmon do provide fishing opportunities ranging from Prince Rupert down to the south coast and—

Mr. Rodger Cuzner: I apologize for interrupting you, but is it that the salmon industry—more so in the maritime provinces—is more recreational as opposed to commercial?

Mr. David Bevan: That's correct.

On the west coast we have a commercial element that doesn't exist any more on the Atlantic coast. We have on both coasts, of course, aboriginal and recreational fishing; it's just that the scale is much larger in British Columbia. The value for coastal communities is reliant on salmon in many cases, where it's not in Atlantic Canada. That's the reason for the funding of the salmon enhancement program in British Columbia.

Mr. Rodger Cuzner: Thank you.

The next disjointed question is with regard to Larocque and the review of the Larocque decision. Can we get an update on that and the perceived costing on that?

Mr. Larry Murray: I'll start, Mr. Chair, and then ask Mr. Bevan or Dr. Watson-Wright to leap into the fray.

Basically, the department has done an awful lot of analysis on that. We have a policy framework that we will be taking to industry and will be bringing to this committee. I think next week is the plan to bring forward the policy framework.

It's complicated; it's challenging. And as part of the money in the budget we did get some additional funds to enable us to deal with at least the science elements of some of the arrangements that existed before the Larocque decision and a subsequent decision similar to Larocque in Quebec. I think the funding in the budget is in the order of \$10 million in the first year and \$12 million in subsequent years.

That's obviously a work in progress. It's fairly challenging, and we have tried to make fair and reasonable decisions while putting together a policy framework, since the fishery, as every member on this committee knows, is ongoing. We've tried to deal with the issue since the decision in an appropriate way. I think half or so of the session next week is dedicated to this subject and it is a subject of great importance. We welcome the committee's interest.

• (1130)

Mr. David Bevan: We reviewed this, and there are about 170 fisheries that had some kind of use of fish involvement, and that would include everything from test fisheries on the west coast for salmon, to sentinel fisheries, to arrangements that were used to fund science and other activities. We've set up a policy to review all of those 170 fisheries relevant to the budget that we received. We are making allocation decisions based on conservation coming first and what's in the greater public good. If it ends up being something that is supporting an individual benefit, or a benefit to individual groups of fishermen, then those become lower down on the priority list.

We'll be going out to consult with the fishing industry on the policy that surrounds these decisions to ensure they have input and understand what is in place. We have had to make decisions, though, as we've opened up fisheries throughout the country relevant to what gets funded and what doesn't get funded using this policy. It's not the ideal, where you usually take time to develop it in consultation with industry. We had to come up with a tool to use in making decisions on how to allocate the money and how to be fair to fishing interests. We'll take that out, and these decisions can be reviewed once we've had input from the industry.

Mr. Rodger Cuzner: We are hearing from the industry, and the number they are floating is about \$27 million. There's a significant gap between what we're hearing in the industry. I understand fully there has to be a framework from which this thing flows.

Mr. Larry Murray: If I can add, the science side of it is \$10 million to \$12 million, but when we looked at all the arrangements that exist out there, I think around \$23 million would be the number we could find. We could try to explain that to the committee next week.

Wendy, do you want to say anything on this one?

Dr. Wendy Watson-Wright (Assistant Deputy Minister, Science, Department of Fisheries and Oceans): I think you've pretty well answered most of it now. What Mr. Bevan has said about the principles for how we go forward and consult with the industry is the important thing. But in terms of the actual numbers, the deputy is correct, the science portion we were able to analyze down to around \$12 million, and the others were of a different category.

Mr. Rodger Cuzner: Do I have more time?

The Chair: No. You were actually slightly over—but not very much over, of course. Thank you, Mr. Cuzner.

Perhaps I could ask for two points of clarification here.

With respect to Mr. Stoffer's statement, I appreciate the confidentiality and the privacy aspect. However, when the minister was at committee, the minister said there would be no jobs lost due to the move of the coast guard vessels. He was very emphatic and very clear about that. Has there been any change in that?

I appreciate what you said, that there would be some attrition. Some people would be ready to retire, some people may choose to move to Newfoundland, and others would simply be based out of wherever they live now, whether they live in Ontario, New Brunswick, or Nova Scotia, and be flown back and forth.

Is there a difference between what the minister said and what you're saying?

Mr. Larry Murray: There is absolutely no difference, Mr. Chair.

It probably wouldn't surprise you to know, either, that this was probably the minister's first question. It's certainly of great interest and great concern to him. He has been assured that there will be no job losses, that the employees who are presently the crew on those two vessels will continue to be the crew on those two vessels.

No job losses: that is the right answer. He has been very clear with us on that from day one. That certainly is the direction that has been provided and that is the direction that will be executed.

• (1135)

The Chair: Just quickly, on the Larocque decision, and in relation to Mr. Cuzner's question, when you speak to fishermen there's always a discrepancy here. The people who used to get fish from DFO in order to do science thought it was a great thing; all the rest of the fishermen who didn't get fish to do science thought it was a terrible thing. We are looking at that issue as a committee.

Can you tell me what information you get from directing a fishery in an area where there's no fish—something that the fishermen can tell you before you send them—versus the information you get from keeping proper logbooks on species distribution and having an on-site observer or fisheries biologist on board?

Mr. David Bevan: Obviously we have to obtain information relative to distribution, and past patterns of distribution are proving to be remarkably unreliable in today's environment. We're seeing fish move into areas where they haven't been in the past, and they're not in areas where they have been. We need to keep information current by having those sets take place.

That is one reason why we have sentinel fisheries, where you direct people on where to go. Even when the fishermen are fairly convinced—and most of the time, they are right—we still need to be able to ensure that we have credible information on the distribution.

Logbooks are one source, but with sentinel fisheries you get the catch over time, through a series of data. You also get the samples, etc., that you need. The test fishing on the west coast is absolutely essential.

The Chair: Okay, thank you.

Mr. Kamp.

Mr. Randy Kamp (Pitt Meadows—Maple Ridge—Mission, CPC): Thank you, Mr. Chair.

Thank you to the deputy and to the officials for appearing.

I want to change gears a little bit. It appears to me there's a train coming down the track that could have a very serious impact on the Canadian fishing industry. I'm talking about the whole issue of eco-labelling; more particularly, the work of the Marine Stewardship Council.

It's my understanding, for example, that basically we'll be shut out of the European market unless we find some way to comply with the Marine Stewardship Council provisions. I understand that practically every retailer in the U.K., for example, will not be willing to sell our sockeye salmon and perhaps our pink salmon if we don't find some way to address this issue. The same is true of Germany, Holland, and Switzerland. That will have a significant impact for our west coast fisheries, but I'm guessing it will have a major impact on the east coast as well, before too long.

In terms of the sockeye and the pink, Alaska, which I think is a test case for the Marine Stewardship Council, does have certification at this point. We don't. So we know, I think, who will be selling the fish into those markets.

What can you tell us about that in terms of the department's approach and in terms of what it plans to do to reach those goals? Where in the estimates does it show the money that we're going to be devoting to this issue?

Mr. Larry Murray: Mr. Chair, that is an extremely important issue and is becoming a fundamental issue in the fishery in this country and in other countries. It is really a significant element of the change in philosophy that the minister outlined in his "Ocean to Plate" announcements in Newfoundland on April 12, and it's something we're trying to come to grips with in quite a meaningful way.

But I might ask Mr. Bevan to go into the details in response to Mr. Kamp's question.

Mr. David Bevan: Clearly, the Marine Stewardship Council or some other version of eco-labelling and attestation to the sustainability of fisheries is going to become a key factor in gaining access to markets. Wal-Mart has made its views known on this; they're going to require eco-labelling on all the products they handle. They're a major retailer in seafood in the United States. We already have the situation, as you noted, in Europe.

We have a number of fisheries that are going for certification or have achieved certification. The sockeye and pink salmon certification in British Columbia has been a very long process. While we've had certification of other fisheries much more rapidly and much more quickly in some areas of the country, that one has been very demanding. And while the Alaskan fishery has been certified, it's up for recertification. We are certainly hopeful that it will have the same kinds of criteria applied to it as are being applied to the Canadian fishery.

We are working with the industry to try to respond to the Marine Stewardship Council's demand for information. Moreover, we're also looking at putting in place a checklist for Canadian fisheries whereby we look at all the factors for sustainable fisheries in Canada, whether scientific knowledge, management objectives and regimes, or socio-economic factors. All of those will be evaluated in Canadian fisheries.

That will form a way for industry to provide an attestation to their markets that they are subject to sustainable fishing practices. If they seek Marine Stewardship Council or some other eco-labelling certification, that will be the foundation from which they can work. They'll have at hand a lot of the information that would be required to respond to these demands.

We're doing that for all fisheries over the course of the next year or two. And we are making sure that the public will be aware that we are introducing the precautionary approach and ecosystem-based management in these fisheries, and that there's a checklist to demonstrate what we have by way of our science knowledge, our management objectives, etc.

It's going to be a significant change for the industry in Canada. It used to be focused on TAC and quotas, and that was it. Now an awful lot more is going to be required to respond to these demands from the marketplace, and we're going to work with the industry to meet those demands.

• (1140)

Mr. Randy Kamp: Is the lead taken by industry to receive certification? Obviously the role of the managers is a big factor in whether certification is possible.

Mr. David Bevan: The decision to get or not to get certification should be one taken by the industry. What we need to do, though, is provide a lot better foundation from which all sectors of the industry can work. That's what the checklist is about. That's why we're working closely with science and with industry to move ahead with this kind of approach.

Mr. Larry Murray: To answer your question—and I'd ask Mr. Hegge or David to correct me—in terms of the estimates, fundamentally the money or the resources we're putting into this are largely A-base. In other words, we're changing how we do business over time.

Having said that, moving to an ecosystem science approach, which a portion of the new science money in the budget is all about, and some elements of the health of the ocean stuff, one could argue, move us in that direction. But the more precise answer, I think, is that it's part of what we have to do to do business, part of our A-base, and we need to figure out how to organize ourselves to do it.

Mr. David Bevan: We received some incremental money—I can't recall the amount—for science, for resource management. We got \$1.6 million extra because of the added complexity these fishing plans are now going to have to encompass.

Mr. Randy Kamp: Could you tell me if the department is optimistic about the industry receiving certification for sockeye, for example?

I've seen some of the requirements the managers need to meet. Some seem pretty daunting to me. There is one with respect to relations with aboriginal groups, for example. There is one for a guarantee of all the funding necessary to meet the obligations, which seems a hard thing to guarantee.

Are you optimistic that in the future we're going to get past this and be able to sell fish into markets that require this certification?

Mr. David Bevan: The short answer is yes. The big question is on timing, and we're hopeful that it's going to come in time for this season.

Mr. Larry Murray: If I could piggyback on that, that is the one that I think really informed us, though, in the sense that it's kind of a moving target and we don't think it should be a moving target. We think the Canadian sockeye industry seems to be subject to much more stringent certification than Alaska the first time around. As David said, we're interested to see Alaska the second time around. But the reason we're doing this checklist is to arm industry with a way of doing business. We think if we do it appropriately and we work with industry appropriately, it should be, for a reasonable certification process, seven-eighths or nine-tenths of the way there so that we don't keep chasing these targets set by somebody else. So I think your question is bang on. We really need to figure out how to deal with this in a professional way.

• (1145)

Mr. Randy Kamp: Okay, if I can go in a different direction again, in the next few weeks we'll probably know whether the Fraser River is going to be in flood conditions or not. There's some confusion out there—I can tell you this for sure—on the department's role with respect to gravel removal. I don't see Ms. Kirby here, but can someone tell me what you view your role there to be in terms of gravel removal, and how have you discharged any responsibility that you think you might have?

Mr. Larry Murray: I'll start, and if someone else wants to leap in....

This is an area of considerable controversy. On this one, as usual, there is a view that gravel removal is essential to flood control. There are also great concerns about gravel removal in terms of salmon habitat.

In the context of some of these pressures, we've actually worked with the province and came up with an MOU a year or two ago—a little more than a year ago, in any case—to ensure that in fact we did address both of those concerns in an appropriate and professional way.

As far as I'm aware, for this year, from a DFO perspective, we were ready to move on some 800,000 cubic metres. Ultimately, I think a good portion of it didn't happen because of the economics of it, but the other point that the department has made consistently is

that if there is a real flood risk, we're certainly prepared to put public safety first.

I do think there now is effort under way in looking at a flood control plan. I think dikes, and so on, from a flood perspective, are probably more important than gravel removal, as I understand it.

That said, we do have an MOU, we're prepared to work with the province, and we have been prepared to move on it this year. As I say, I think that will have a flood control plan superimposed on it shortly, and that would be quite helpful to everyone. I think governments also have to look at the economic aspect of this and figure out, is the gravel removal about flood control and therefore is it about the economics, or is it about flood control and therefore we figure out how to deal with the economics?

The Chair: Thank you.

Mr. Cuzner.

Mr. Rodger Cuzner: I'm going to start off with an unprecedented action here, okay? I'm going to say something nice about DFO. And Bill Casey, if you repeat this to any of the fishermen in Cape Breton—Canso, I'll have to deny it.

Mr. Bill Casey (Cumberland—Colchester—Musquodoboit Valley, CPC): Just speak a little louder.

Mr. Rodger Cuzner: The action to take the crabbers out of area 18 and put them into area 12 I thought made all kinds of sense. It has played out that it was the right thing to do, and I want to commend DFO for taking that action in 2004.

Obviously, with the ever-changing industry, the outside line on area 19 was pounded pretty significantly, certainly with the additional access through the Marshall decision and then again with area 18 going into area 12. We know there were suggestions as to how to deal with the additional activity on the outside line. To start with, could I get an update as to what's going on with the outside line on area 19?

Mr. David Bevan: This year we had a number of proposals for that. We could leave it alone or also go to a buffer zone of some substantial size. The minister's decision was to make a compromise and put in place a one-nautical-mile buffer on that zone, which would remain until the end of the month of May. That was done to try to take some of the pressure off the crab that was on its way into area 19. It was less than what was requested by area 19 and more than was desired by other fishers. But that's the compromise.

• (1150)

Mr. Rodger Cuzner: Is it one on either side, Mr. Bevan?

Mr. David Bevan: I'll have to get back to you with the details on that. I think it's one mile in total.

Mr. Rodger Cuzner: It's only up until a certain point, just to alleviate....

Mr. David Bevan: It is up to a point in time, yes.

Mr. Rodger Cuzner: Now, will there be additional monitoring, as well, to see what the impact is?

Mr. David Bevan: We have VMS. We have the facility to monitor where the vessels are, and that's done in near real time in terms of getting the signals from the vessels and having that analyzed. So that, plus normal air surveillance and patrols, would be the key for monitoring.

Mr. Rodger Cuzner: I think that after the first year of 18 going into 12, that's when we really started seeing the additional activity on the line. There was a call first—correct me if I'm wrong—for increased access to the southern line on 19. There's a five-mile buffer between 19 and where the old 18 was. There was initially a call to shrink that to three miles.

Mr. David Bevan: It's all a matter of access. Obviously, the people who used to fish there want to follow the fish, and if the fish are crowding up against area 19, that's where they want to go. We didn't have a consensus on a lot of these issues because of the interests of the fishers on whatever side of the line they were on. Area 19 wanted more buffer, and others don't want any. So it's just a compromise by the minister to try to respond to the needs of—

Mr. Rodger Cuzner: Would this be your pilot?

Mr. David Bevan: We haven't come to a conclusion on the next steps, but I think we have to have further talks with crab fishermen over the course of the fall, because I think there's also a need to evaluate how the fishery is doing. We had moved to oceans to plate. One of the problems we've had in the crab fishery has been glut and waste, and we have to monitor what happens this year. We've heard of 45,000-pound landings, and if everybody comes in with that kind of load, it's going to be another problem.

So we're looking at the need to get all the players together at some point over the course of the early fall to evaluate how things have been going and to look at how to maximize the value of this fishery.

Mr. Rodger Cuzner: So the directive is initially just for this year.

Mr. David Bevan: That's what the decision was for this year, but we need to look at longer-term solutions for all of it, whether it's improving the value or trying to work out these issues.

The Chair: You have 20 seconds.

Mr. Rodger Cuzner: No, go ahead.

The Chair: We'll go to Monsieur Asselin.

[Translation]

Mr. Gérard Asselin (Manicouagan, BQ): Thank you, Mr. Chairman.

We often say that the more things change, the more they stay the same. In 2006, Canadians and Quebecers decided to change governments, and did so because of a certain level of frustration. The fishermen in my riding, the port authorities and the population in general decided to vote new elected officials and a new government into office. It was the only power they had. They did not have the power to change the public service or the departments.

You seem somewhat uncomfortable with Mr. Blais' questions. What we are talking about here is applying a band-aid solution to a problem. We are behaving as though the country is bankrupt, and yet, the government's budgetary surpluses are in the order of \$13 to \$15 billion per year. It is easy to accumulate a surplus: all you have to do is plan for it in the budget and not spend the money.

Federal facilities, including small crafts harbours, are our property and the responsibility of the department. The government decided—and the more things change the more they stay the same, both for the Conservatives and for the Liberals—to pay down the mortgage rather than invest in maintenance. Personally, if I pay down my mortgage but let my house deteriorate to the point where it falls apart, I'm going to have trouble selling it.

I would now like to talk about the Port Divestiture Program for Small Crafts Harbours. You are going to have difficulty selling these wharves to port authorities. In fact, they are having problems keeping up their maintenance. We are talking about exhausted volunteers who are not getting the necessary support to manage these harbours. These people are as fragile as a house of cards today. In some areas, we wonder if it is the boat that is holding up the wharf or the wharf that is holding up the boat.

I can see that the Conservative members are looking at me, but I am anxious to see if the Conservatives will distinguish themselves from the Liberals. The only investments that have been made, through Fisheries and Oceans, affected certain wharves on the North Shore and in the Gaspé. The improvement amounted to a fence with a sign indicating that the wharf was dangerous and was no longer accessible. As I was saying, we are talking here about exhausted and disgusted volunteers, who soon will abandon their efforts altogether.

How much would it cost to properly refurbish all of Canada's small crafts harbours? If the work is spread over too long a period of time, the first harbours to be refurbished will no longer be in good shape in 10 years' time, for example. That is why I was talking about a five-year time frame.

I would like to know if the department is going to assume its responsibilities and make a recommendation. If you do so, I would like to have a copy. From that moment on, we would be able to put pressure on the minister in the House of Commons to act on your recommendation, that is to allocate a given sum of money for the work to be done over the next five years. Your work would be done and you would have assumed your responsibilities. The ball would then be in the minister's and elected officials' court.

● (1155)

Mr. Larry Murray: Thank you, Mr. Chairman.

I think I should repeat what the minister said about this last week, that is, that the government and the minister succeeded in upping that budget to \$11 million two years ago. This year, under the most recent budget, there was a \$20-million increase. That is an improvement. As I said, and as the minister also said last week, we continue to press forward with this important file.

With regards to estimates, I'll ask Mr. Hegge to give you the numbers we currently have.

Mr. Cal Hegge: Thank you, Mr. Asselin.

We conducted a study on the state of our ports. I believe the committee is aware of this. According to our estimate, an additional \$35 million per year will be required over the next five years.

[English]

The Chair: Thank you.

Mr. Stoffer.

Mr. Peter Stoffer: Thank you, Mr. Chairman.

Mr. Da Pont, as you're aware, this committee moved a motion that was eventually moved into the House regarding the northern fees, north of 60, especially for Nunavut areas. We had asked quite clearly that those fees be removed, and the word "immediately" was in there.

It has been a few months now. You had indicated that there would be a study group of various people from industries and that. I didn't see it in the budget, unfortunately, so I'm going to ask again. When can we expect those fees to be removed? Because, as you know, the shipping season starts very soon, and this would have a huge benefit to our northern communities.

Commr George Da Pont: Mr. Chairman, what we've done on that is we have set up a working group between ourselves and the shipping industry, including representation from northerners, to try to find a mutually satisfactory solution to the issue of marine service fees. That group has been working for a number of months. It has been exchanging ideas.

I hope that through that work we can find an option that works both for the shipping industry and for government. The approach we're taking is to try to find a global solution and not to do any one-offs in one particular part of the country or another. So far those discussions are going well, but I anticipate it will take a few more months yet to arrive at a solution.

We didn't anticipate any changes for this year, but we do have a process in place looking to find a sustainable long-term solution that works for everybody to the marine service fee issue.

•(1200)

Mr. Peter Stoffer: Okay. On a different tack now, the Pacific Salmon Treaty, when it was signed by a previous minister, Minister Anderson, indicated there would be funds coming to habitat restoration in British Columbia. From my information, there has been about \$11 million, I believe—I could be wrong on that—from that fund for habitat restoration. I just glanced through, and I've read the plans and priorities before. Can you tell me where it would be? Would that be in plans and priorities, or where would that money be?

Is there an estimate or a survey of where the money went and what projects were enabled to have been done by this money from the Pacific Salmon Treaty?

Mr. Larry Murray: Mr. Chair, I'll ask Mr. Bevan or Dr. Wendy Watson-Wright to augment this, and I think we'll probably have to come back with details on paper to the committee.

I was in the department as the associate deputy minister when.... It wasn't a direct relationship with the Pacific Salmon Treaty, but it was in the same timeframe as we were negotiating the Pacific Salmon Treaty. I think it was about a \$400-million overall scenario that played out, with second post-TAGS playing out east, and a good chunk of that money was dedicated to habitat restoration. I think a good bit of that has sunset, but certainly we're continuing to invest in habitat west.

In fact, next week at this committee I think we're providing a presentation on the environmental process modernization thing, which is related to how we do that in the most effective way possible.

I'll ask my colleagues to flesh out the answer, but I think I would like to go back to the decision in the timeframe that the honourable member's asking about, because that was then and now is now. But there is a story that we do owe the committee, and it's a really good question, actually.

The Chair: Perhaps, Mr. Murray, you could get back to the committee with that information.

Mr. Larry Murray: Absolutely.

I think to be accurate, we'd probably be better.... In fact, we could bring it next week. For sure, we'll bring it next week.

Mr. Peter Stoffer: My last question before I'm cut off is about the trust agreements. I understand the minister and the department are trying to work on some sort of a plan to move forward on that. But about the agreements that are already signed, that are already out there, called controlling agreements, I guess, what is the department's plan to stop those? And if you already have one, can you legally stop it from continuing? And what is the game plan to prevent them from happening in the future?

Mr. Larry Murray: This was, again, part of the "Ocean to Plate" series of announcements that the minister made. It was Atlantic-wide, but the announcement was made in St. John's during the last break, on April 12. The independence of the inshore fleet, which is what the honourable member is referring to, was part of that.

Individuals who have a controlling agreement do have seven years to get out of it. We believe that the capital gains up to \$750,000 that are unlimited within a family helps people to do that.

I'd ask Mr. Bevan to give a more detailed response, because I suspect coastal members are going to be hearing or have already heard from fishermen about forms and that kind of stuff. So it's a very topical question.

Mr. David Bevan: We're in the process of sending out letters to all the licence-holders. Those letters will have a form that will be an attestation from the fishermen that they're not subject to a controlling agreement. They'll have to make the declaration to a person who will be designated as a fishery officer. The declaration has to be accurate. Otherwise, an individual making a false declaration to a fishery officer could be subject to legal action.

There will also be consequences in terms of flexibility for people who are in controlling agreements. The licence can't be transferred, except to an independent core fisherman. Anybody who makes a false declaration, and we find out about it after the fact, would be subject to actions that could include not having the licence continue to be issued.

There are a number of steps that are now being outlined to fisheries. We can bring some of those packages to the committee for your information next week.

•(1205)

The Chair: Thank you.

Mr. Lunney.

Mr. James Lunney (Nanaimo—Alberni, CPC): Thank you, Mr. Chair.

My first question goes back to what Mr. Kamp raised earlier on gravel extraction in the Fraser River. It was obviously a really big concern, with the snow pack in the mountains of British Columbia this year. It looks like the weather is going to be coolish for the next two weeks. That's good news.

On the issue of gravel extraction and the MOU, earlier you mentioned a memorandum of understanding and an issue of economies.

I understand that Mr. Cummins and the department had advised there was a company willing to extract the gravel with barge-based equipment for the value of the gravel. It might have relieved some of the pressure on the water coming down the river. Obviously, if we don't go down to make room for the water, it's going to come up, and we could have problems with flooding.

Could you comment on that? Has the department considered whether or not the value of the gravel itself might have covered the cost of extraction?

Mr. Larry Murray: To be clear, Mr. Chairman, our role in this is really related to our role around habitat protection.

On our engagement or our involvement in this, the committee may recollect that last year there was a problem with a structure that was put in place on the Fraser River. It was a fairly detailed study, and a number of salmon were lost. We did a very detailed review of this. This issue plays out both around the habitat side and the flood side of it, and my comments on the economics may have been confusing.

What has driven whether or not the gravel gets removed to date has been on whether or not it is an economically viable proposition for the gravel remover, whether it's the contractors or the first nations who pay for the gravel extraction to achieve some level of profit by removing the gravel. From our perspective, our concern is merely that the technical protocols are in place and that the amount of gravel being removed in a particular location doesn't pose a major habitat problem.

Our role in this is to ensure those protocols and those processes are in place so that we in no way impede the timely removal of gravel should the province or in some cases the cities decide to proceed with gravel removal. We had a meeting with the province this year. There were concerns about this, and we were pretty sure we hadn't held anything up, but we went back to square one and went through it all again.

My point is that this year I think we had provided approvals for up to 800,000 cubic metres, but I wouldn't mind checking that number.

My point is that our role in this is to ensure the process is done in a timely manner so that the gravel can be removed. The economics of it is usually between the province and whoever is removing it.

My point on the economics of it is that if this is actually all about flood control and not about whether or not somebody can make money removing gravel, then it would probably be a good idea to sort it out. If the gravel needs to in fact be removed for flood control,

among the various levels of governments involved, we can sort it out so that the gravel is removed and whoever is removing it makes money, whether a portion of it is from the gravel or a portion of it is because the gravel has to be removed.

Having said all that, as I said, you have to remove an awful lot of gravel to have an impact, based on my layman's understanding, versus dikes and that kind of thing. I think we need a flood control plan. Certainly I know our department and the federal government would then respond in a meaningful way to whatever needs to be done for public safety.

Mr. James Lunney: Actually, it has been a problem that's been going on for years. I certainly hope we get a plan and get it implemented *tout de suite*, because it's not going to look good on us if we end up with flooding.

I want to move on to another issue, and that is the review of chapter 4 of the Auditor General's 2007 status report on managing the coast guard fleet and marine navigational services. We're talking about navigational aids, the right mix of aids, with new aids coming in and traditional aids.

I'm looking at the budget item, the line item. It is \$95 million for Canadian Coast Guard aids and waterway services. I see that for 2007-08 it is at \$95.3 million, dropping in the next year to \$90.7 million. Where we are on the coast, there are foghorns and there are lights, the traditional aids, there. Frankly, in view of some people using GPS, that doesn't always work. Does the department have a position on how we are going to manage this? Are we going to maintain both traditional and the newer systems? How will we be managing that?

• (1210)

Commr George Da Pont: That's an excellent question, because that has actually been our challenge with different users being at various different stages in terms of their adaptation to new technology. We are in the situation now, and will continue to be in the situation for a while, of having to manage more than one system through the transition.

Our challenge, as I think the committee knows and as the Auditor General noted, is we have had significant difficulty being able to discontinue some types of services and some types of aids that in our view, quite frankly, no longer contribute at all to safe navigation, issues of foghorns, issues of staffed lighthouses or things that this committee is very well aware would fall into that category.

What we have done is to launch a program that we're calling aids to navigation for the 21st century. We announced that in January. A part of that program will be to develop a vision for electronic navigation. We have a pilot under way now in the St. Lawrence on that issue, but we hope through that to develop a longer-term vision and to engage the various users of our services in it.

Mr. James Lunney: It's an important issue, certainly, in coastal areas.

I have a quick question on aquaculture—

The Chair: Excuse me, Mr. Lunney. You were out of time on your last question in the five-minute rounds.

Mr. Simms.

Mr. Scott Simms (Bonavista—Gander—Grand Falls—Windsor, Lib.): Five minutes, is it?

The Chair: It's 4 minutes and 59 seconds for you, Mr. Simms.

Mr. Scott Simms: Understood. I deserve that.

I have two questions. The first one deals with the fact that we have a heck of a situation off the northeast coast of Newfoundland, as you know. I would, for the record, very quickly congratulate Mr. Da Pont and your department for the fantastic job the Canadian Coast Guard did for the trapped sealers off the coast.

Some hon. members: Hear, hear!

Mr. Scott Simms: Indeed. They were quite exemplary in their professionalism and in their jobs. Please pass on my congratulations.

The other issue at this point is that we have the crab season open in northeastern Newfoundland and we have a big problem with the ice. As the coast guard points out, it is the worst they've seen in over 15 years. In the past there has been a precedent to extend EI claims. I know it is not your department, but there was some involvement, from what I understand, with DFO in the past about extending EI claims for fishermen affected by the amount of ice.

Do you have any comment on that?

Mr. Larry Murray: Maybe a couple of quick comments.

It might be useful for the committee, George, if in 15 seconds you want to outline the situation on the northeast coast now and the number of vessels still....

Commr George Da Pont: The situation in terms of the numbers of vessels that are beset has improved considerably. As of this morning we only have seven, and we expect in the next day or two to free all of those vessels. We expect it will still be at least a couple of weeks before that ice breaks up. The winds haven't been in our favour in the last two or three days, but they've shifted again. I would hope that within a couple of days there will be no more vessels beset.

Mr. Larry Murray: We still have five of our vessels there.

In terms of the question on EI, I think the honourable member has discussed this with the minister as well. Certainly the minister has instructed us to work with other involved departments on this, and we are doing a fair amount of leg work.

The precedent referred to was 1991, when ice actually lasted into the June timeframe. It apparently wasn't EI, although it was administered by HRSD, or HRSD was involved, so certainly it's understandable in the minds of fishermen and so on that there is some confusion. It was called ice compensation. We are basically working with other involved departments whilst keeping an eye on the weather and the ice and figuring out at some stage of the game if this is the same as 1991 or not. But as I said, in 1991 the letters and so on from the minister of the day indicate it was in early June, I believe.

In any case, people are working on this so that the government would be in a position to respond should that be necessary.

• (1215)

Mr. Scott Simms: Wasn't there something in 2005 as well?

Mr. Larry Murray: I don't think so. In 2003 there was some discussion of this, because I came back to the department in 2003, and then the ice cleared. As you said, the ice is still there, and we'll see what happens in the next week or two.

Mr. Scott Simms: Switching gears for a moment to the freshwater fish marketing issue, I'm a little confused. There was an article a while ago about the Treasury Board being compelled to do a study on the dual marketing issue—whether it's single-desk or dual marketing.

We had some input from the Manitoba Commercial Inland Fishers Federation about one species remaining single-desk and other species not. There seems to be a bit of angst toward the system. On the other hand, there are others who fully support single-desk. And we can play the on-the-other-hand game all day.

I just want to clarify the situation with Treasury Board and their study.

Mr. Larry Murray: The study is part of a broader Treasury Board initiative, and it happens to be playing out coincidental with the minister going to that neck of the woods and hearing from a variety of stakeholders in Manitoba and Saskatchewan. I think the debate within the industry there isn't dissimilar to what's playing out on the coast. It's the high dollar, high fuel costs, and those kinds of things. Understandably, the folks there are saying, "If we could market elsewhere, could we make a better go of it?" In any case, the minister listened to all those folks and agreed....

I should also say that the FFMC is a federal-provincial institution, not a federal-only institution, so whatever we do has to be done in cooperation with the provinces.

Mr. Scott Simms: Does it have corporation status?

Mr. Larry Murray: It's a crown corporation. This has to be looked at, but as the minister mentioned a week or two ago in the media, this is about figuring out how to make the FFMC the most effective organization it can be. He doesn't have an agenda here at all, and it really is responding to what he's heard.

We're in the process of launching an arm's-length study to have a look at this. At the same time, the new head of the FFMC, which is arm's length, is having a look at their strategic plan, and so on. David has more details. But we would simply be working with the provinces to figure out if there is a place for dual marketing in that structure or not. There's no intention to do anything fundamental.

Mr. David Bevan: There are four elements. One is whether to have the independent study on the dual marketing or not. The other is the FFMC doing its review. We're looking at working with the provinces in that context—that's the third element. Finally, they're looking at having another review or poll of the fishermen involved to find out their view and whether they are satisfied or not. They do that every few years. The last time there was a high degree of support for the FFMC from the fishermen, but they want to check that now to help inform the strategic review.

Mr. Scott Simms: Single-desk.

The Chair: I don't know how Mr. Simms managed to get six minutes and 42 seconds. I apologize to Mr. Blais for having to take that off his time.

Some hon. members: Oh, oh!

The Chair: Monsieur Blais, *s'il vous plaît*.

[Translation]

Mr. Raynald Blais: I accept your apology and I expect that in return I'll get a little more time.

In terms of licences, for example, for shrimpers, you recently announced a review of licence fees. The relative costs of licences for the various fisheries throughout the country will be reviewed with a view to increasing fairness.

How long will this review take? I have had an opportunity to put this question to several individuals but I have not been given a specific answer to date. The first person to respond to this was from your department. Unfortunately, I cannot recall their name. The statement was made during a radio interview in my riding. The individual stated that the review would take two to three years.

Had I been standing or sitting down at the time, I would have fallen over. That doesn't make any sense. This situation, especially that of Quebec shrimpers, has been known for a very long time. I would like you to tell me how long the review will take.

• (1220)

Mr. Larry Murray: The review doesn't take very long but finalizing the results can take two to three years, yes. Unfortunately, that is the case.

Mr. Raynald Blais: You understand that this makes no sense. I'll explain why. If I were to ask you about something today, I understand that this would trigger a process that would take some time. However, we are talking about licence fees and the cost to Quebec shrimpers. I'm giving you one example but there are others. From what I understand, this request was made two years ago. I repeatedly raised this issue last year. We met with department officials and the minister to discuss this situation. The time this is taking is unacceptable because the situation is not new. The problem is well known.

What could possibly justify a two- to three-year time frame? And can you give me reason to hope that this review will proceed more quickly?

Mr. Larry Murray: I would like to say that it will, but to be honest, the reality is that this will take two to three years. I'll call on Mr. Hegge to explain why. There is new legislation and that makes a complex situation even more complex.

Mr. Cal Hegge: As the deputy minister stated, the review itself doesn't take long but under the new User Fee Act we are obliged to consult extensively, to hold discussions with clients, to undertake comparisons, even with other countries. That takes time. For example, if we want to adjust the fees, then we have to wait two to three years to implement those changes given that there have to be consultations.

Mr. Raynald Blais: Yet the situation is so urgent that we may end up finding a cure to the disease once the person is dead. I'm using an analogy. However, by the time we have a solution, there may be no shrimpers left, because they're going to disappear one way or another. In the end, jobs will be lost. That is why I am looking for an immediate solution. I understand that the process is long, and that it is relatively complicated, but at the same time there are shrimpers who wonder year after year if they will be able to take their boats

out. This is a terrible worry for people who make a living from this industry, and who work in processing plants. That is the situation. If the administrative response is too long in coming, then there should at least be a way of sparing those people who are affected by the fact that the review takes too long. I imagine that personally, you would like to solve this issue here and now but that there is a process you are required to follow. Given the circumstances, I'm looking for an immediate solution.

• (1225)

Mr. Larry Murray: Thank you. We share your concerns. Fortunately, the price of shrimps went up this year. From what I understand, our fees are 3¢ cents a pound. Previously, in Quebec, the price of shrimp was 38¢ a pound; it is now 49¢. In Newfoundland, apparently the price ranges between 50¢ and 57¢ a pound. That's why I think that this year, the problem is being resolved. However the minister has asked us to continue looking into the particular circumstances of the Gulf shrimpers.

[English]

The Chair: Thank you, Mr. Murray.

In a magnanimous display of goodwill, I'm about to give Mr. Stoffer seven minutes and Mr. Casey seven minutes, because everyone else has taken that much, and then we're going to try to go back to five minutes, gentlemen.

Mr. Peter Stoffer: It must be my birthday or something. Thanks very much.

I also wanted to say to the members of the Department of Fisheries and Oceans that once in a while this committee does get together and do something that's pretty significant. I've been here since 1997, and we've done 26 reports, I believe, 21 or 22 of them unanimous.

At a press conference the other day the Chair introduced the new seal harvest plan. One of the concerns we're hearing is that in Europe, countries such as Germany are getting a tremendous amount of pressure from various organizations such as the animal rights groups in the United States and IFAW. They're putting in significant concerns to harm, really, our seal harvest in Canada, and the harm is especially to our first nations and Nunavut sealers.

When they were here before the committee, the Nunavut people said very clearly that you can't separate the two of them. If you put a ban on sealing products and a ban on seals, then you affect their culture and their way of life.

I know it's too early to offer any questions regarding the recommendations. I basically wanted to let you know that you have another tool in your tool box, and we would encourage everything possible that the government could do, working through your agency and other groups like foreign affairs, to promote and enhance our seal harvest capabilities on the Atlantic coast.

Mr. Larry Murray: Thanks very much, Mr. Chair.

I know the minister would want me to express his heartfelt thanks to the committee for the great work that the committee has done in relation to the seal hunt. He would agree with everything Mr. Stoffer just said, and I know he looks forward to the report, but before the report came the effort of the committee in getting European parliamentarians here and telling them like it is and the effort of the committee in going out and visiting the hunt, and those efforts the minister really appreciates.

Mr. Peter Stoffer: May I also ask that if there are more continual delegations coming from Canada to Europe, would it be possible to have the cost paid for Nunavut sealers and Nunavut people to go with you to tell their story? They have a remarkable story to tell, and if European parliamentarians heard more of their culture and way of life, maybe they would have a change of opinion on this issue.

Mr. Larry Murray: I think the minister would heartily endorse that as well. In fact, I was at a meeting at which he met with the Premier of Nunavut, who went on the last trip with Ambassador Sullivan, and certainly the presence of the Premier and folks from Nunavut was really important in bringing some reality to this. I know the minister would consider that recommendation quite favourably.

Mr. Peter Stoffer: On a different tack, in 2004 the Fraser River fishery wasn't a banner year for everybody, to put it mildly, and those runs—or lack of runs—may be coming back in 2008.

We were supposed to have an inquiry. I remember the Prime Minister saying there'd be an inquiry on that issue. I still haven't seen it; I suspect we're probably not going to get one.

That's not that far away, and I'm just wondering what plans or measures are being taken now to address the concerns of the fishermen and people who will be affected by what may be a very poor year for 2008.

• (1230)

Mr. Larry Murray: In fact 2007 will be much more challenging than last year as well, but 2008-09 will be more challenging than 2007. I'll ask Mr. Bevan to speak about the plans for this year and the continuation of our go-forward for Pacific fisheries reform.

Mr. David Bevan: We have enhanced the enforcement presence on the Fraser River. We are looking at changes to the fishing process this year. Changes would include better monitoring, control, and surveillance of both the commercial and the first nations fisheries; an attempt to negotiate with first nations on the amount for FSC, with a separate amount for their commercial; and having both the commercial fishery and the aboriginal commercial fishery subject to the same kind of monitoring, control, and surveillance, as well as the same landing requirements and reporting requirements.

Those initiatives are under way in consultations and negotiations with first nations as we speak, and we will see how that unfolds. We are expecting to have some fish come back for the commercial fishery this year. The amount will remain to be seen. The 50% probability is around 6 million; the 75% probability, the amount you'll probably get 75% of the time, is about 3 million.

We have had some difficult oceanographic conditions and we had a very strange herring season this year, so there's an indication that the oceanographic conditions and the productivity in the north

Pacific haven't been normal. We'll have to see what that does to runs this year.

Mr. Peter Stoffer: This is my last question for you.

There are demands on our oceans, and not just from the fishing industries. There are demands to have marine parks, demands for seismic testing and oil and gas exploration, and so on. I noticed, from the Library of Parliament, in the estimates for 2006-2007, that oceans management is \$33.1 million, but in the main estimates and the adjusted ones for 2007-2008, it is \$21.2 million, which is a reduction of \$11.9 million. I'm just wondering if you can explain, with all the demands on our oceans and with the need for more information and better enforcement and habitat protection and so on, how there can be a justification of the loss of almost \$11.9 million for that particular aspect of your department.

Mr. Larry Murray: Thanks very much for the question.

In terms of the reduction, I'll ask Mr. Hegge to respond, perhaps more accurately. But it reflects a change from the ocean action plan phase one funding, which was about \$14 million a year, to the announcement in the budget of a number of health-of-the-ocean initiatives at, I think, \$19.2 million over two years, which is some \$9 million a year. So there is a reduction.

That being said, we were pleased to see the elements announced in the budget for health of the oceans. And that includes continued funding for marine-protected areas and for some issues that I know have been of great concern to this committee—ballast water and so on and so forth.

Certainly within the department, as well, we are looking at what we have done on integrated oceans management in five large ocean management areas, and we are striving internally to ensure that we don't lose momentum in that area. In terms of bilateral relationships with the Americans, I think it continued funding for the work that has been going on in the Gulf of Maine.

So although the overall numbers went down, in the areas that have been highlighted in the question, there is money there. Certainly the program does have momentum and it does have an absolute need to continue to move forward, because it's part of the answer to the fishery. It's part of the answer to a lot of things. We're taking an ecosystem approach, and an integrated oceans management approach is what's required.

I would also say that the provinces are there. British Columbia has reorganized for this. Newfoundland is there, in the same sense. So we're working very closely with provinces. In terms of the funding, we'll certainly take maximum advantage of the new funding we have. We will look carefully at our A-base to ensure that this priority gets the attention it needs, to the best of our ability.

●(1235)

The Chair: Thank you, Mr Murray.

We'll go to Mr. Casey.

Mr. Bill Casey: Thanks very much.

I have an issue I want to put on the radar screen. I don't know if you're familiar with it or if you have an answer, but I mostly want to make sure it gets on the radar screen.

I have an aquaculture project in my riding that is a complete aquaculture project. I'd say it's state of the art. It has 20 tanks, and it's empty. It's being held up for approval from DFO for a licence in Debert, Nova Scotia.

Some of the problem, I think, is because Nova Scotia does not have a containment policy yet. New Brunswick does. If it were in New Brunswick it could go ahead, but in Nova Scotia they don't have a policy. DFO does play a role here, because they license it.

It has just been an incredibly frustrating process. Every time I call, the meeting that was supposed to take place didn't take place. The inspection that was supposed to be done wasn't done. The report, when I called last week, is held up because somebody is off work. But meanwhile, the proponents have these empty facilities and can't get an answer. This has been going on now, I think, for five or six months.

I don't know how much of it is the responsibility of the provincial fisheries department, but I would just ask you to make an inquiry and find out if there's anything more that can be done, just to treat the people fairly, the proponents who are sitting there with an empty facility and going broke while people are, I feel, not putting a focus on it.

Does anybody know anything about that?

Mr. Larry Murray: Yes. Perhaps I will just give a quick answer.

Certainly I'm aware of it. I became aware of it when I met one of the people involved in it in P.E.I. at a separate thing a couple of weeks ago. The minister, thanks to the honourable member's intervention and my conversations with him, is aware of it.

Certainly we're fully engaged in trying to figure out how to move this thing forward. I would say that the complications that have been mentioned.... I'm not sure where the challenge is, but one other challenge that's in play is species at risk and no impact on Atlantic salmon. That's part of this. So we're trying to figure out how to work our way through it.

Everybody is fully engaged. And I thank the honourable member for his engagement on this file. Certainly we're working on it, and we'll keep the honourable member in the picture as we land somewhere, hopefully positive, and hopefully soon.

Mr. Bill Casey: Thank you very much.

Well, we'll go on from there.

The other side of my riding is the Northumberland Strait. In that area, we've seen an incredible decline in the lobster stocks. Fishermen there have gone to work in Alberta in the oil fields to help pay their grocery bills and buy their fuel for their fishing boats.

I notice in the notes here that the Department of Fisheries and Oceans has recently announced several significant amounts of research money—\$61 million, and a little while ago \$39 million. Is there a focus on the problem in the Northumberland Strait, where the lobster fishery has virtually evaporated?

Mr. Larry Murray: There is indeed a focus. In fact, among the various summits that the minister has co-chaired with various provinces was one in Charlottetown—I forget when, but a few months ago—co-chaired between the provincial minister and our minister, and the focus was the Northumberland Strait. A fair amount of work on the science side had been ongoing but got a real focus coming out of that, and a number of working groups have been formed and are reaching the point of making recommendations. I suspect there will be a continued focus on science, because it has a lot to do with things besides fishing, whether it's runoff from agriculture, golf courses, or whatever. So there's a fair amount of work going on. There is a focus on it.

I might ask, David, if you want to talk a little bit to the detail, and maybe Wendy has something to add too.

Mr. David Bevan: There has been a real problem with siltation, and there could be some fishing causes, such as scallop dragging. There's more to it than that, obviously, and that doesn't therefore lead to one's having a very simple solution.

There are lots of discussions under way right now. They'll be coming out with recommendations some time in the next number of months that will then allow for a response from governments and from the industry to the crisis that exists there. There may be some response relevant to the ecosystem, but there also has to be a look at the way we manage fisheries in this area, given what's happening. It's no longer the case that a very small area relative to the total Atlantic used to support a very large number of fishing enterprises way out of proportion to its size. We're going to have to look at what kind of response we can look at with the fishermen and with the provinces involved.

●(1240)

Mr. Bill Casey: First of all, I just want to comment that the fishermen on my side of the Northumberland Strait, to their incredible credit, established their own carapace size limits, which were more stringent than DFO required. They actually for years threw back legal lobsters. It's just like throwing money back into the water, but they did that in the interest of conservation. It seems ironic that now they have to pay a huge price because of the conservation measures or whatever has happened there. They've evaporated.

When do you think you might have a response on that?

Mr. David Bevan: There are a couple of things on lobster. There's going to be a report from the FRCC coming out over the course of the summer. We hope that will help inform the minister and the department as to what steps could be taken with respect to lobster conservation. The other reports that are being developed by the regional director general, in consultation with the deputy ministers, should be out in the next number of months. They won't be there for this fishing season, but they will hopefully be there to inform our decisions relevant to the next season.

Mr. Bill Casey: Would you put me on the mailing list for that?

I have just two other quick questions here. Just as a matter of curiosity, I looked in the main estimates form and it says that we're spending \$12 million more on air cushion vehicle reprofile and \$20,000 less on active fishing harbour sunset. Could you tell me what those are?

Commr George Da Pont: I can explain, Mr. Chairman.

The air cushion vehicle is a replacement for an existing air cushion vehicle in Quebec. It's been delayed, actually, two or three years, primarily because there were propeller issues that had to be resolved with some of the other air cushion vehicles in that design. We've had to reprofile the money from year to year, and I'm happy to report that all the issues have been settled and that air cushion vehicle is under construction. We're expecting delivery of that vehicle next year.

Mr. Bill Casey: And on the final point?

Mr. Cal Hegge: The second point refers to the \$20 million for small craft harbours that were to have sunsetted at the end of last fiscal year. This is now going to continue, but at the time of the documents, of course, it was assumed that it was going to sunset. So that \$20 million is actually going to continue on.

Mr. Bill Casey: So it's not gone; it's still there. Okay.

The Chair: Thank you, Mr. Casey.

Mr. Bill Casey: Thank you for the seven minutes.

The Chair: If I could have just a point of clarification on Mr. Casey's question, which lobster fishing area is it?

Mr. David Bevan: It's LFA 25.

The Chair: How many licences are in LFA 25?

Mr. David Bevan: Several hundred, but I don't have the number off the top of my head. I'll have to send that to you.

The Chair: Has that increased in the last ten years?

Mr. David Bevan: No, it's been stable for the last number of years, ever since we brought in a restricted entry back in the seventies.

The Chair: Okay, but all the licences are being utilized?

Mr. David Bevan: That's been a mainstay of that area, so most, if not all, were being utilized.

The Chair: Thank you.

Are Mr. Cuzner and Mr. Simms going to split their five minutes?

Mr. Rodger Cuzner: I'm just going to ask a first question off the top.

I think, as has been indicated, the report put forward by the committee and tabled by our chairman yesterday will hopefully be a great aid to the industry as well as to DFO in allowing the industry to go forward.

One thing that the committee was really taken by was the intensity of resources that go into monitoring the seal hunt. When we look at the total fishery and we see what it would take to monitor the crab fishery or the lobster fishery or whatever, are we able to extract what the cost might be for the seal fishery? Some of the costs that are incurred there are to monitor protesters, and hopefully we've put forward some recommendations that will look at trying to see some of that money returned.

Are you, as a department, able to extract the costs of the harvest?

● (1245)

Mr. Larry Murray: Since we're at main estimates, I would say yes, Mr. Chairman, but how quickly we could do that, I'm not sure.

Mr. David Bevan: We don't have activity-based accounting. What we do have is proxy, so we know how many hours our fisheries officers would spend on the seal hunt. The seal hunt has been very intense, in particular in the last couple of years. The hunt on the front was very short. All the quota was taken in a very short period of time, a day or so, and that means you have a lot of people involved for a very short period of time, whereas other fisheries go on for weeks and take different kinds of resources.

We could give you some proxy in terms of the number of hours spent versus the total number of hours of patrol, and that would give you an idea of the relative cost of monitoring. I think, though, the fact that the officers have to be on top of very large ships is another big factor in the costs. They aren't on program boats or in cars. They have to be deployed in very difficult conditions, obviously.

We may not be able to get all that—

Mr. Rodger Cuzner: That may be something that will come out in the department's response to the study, as well.

Mr. Larry Murray: I would say the other part of our response to the seal hunt, as with a few fisheries—it's certainly enforcement and reassuring the world that we are monitoring that one—is a big search and rescue component, so that we're immediately available. It's not just fisheries enforcement.

The Chair: Mr. Simms.

Mr. Scott Simms: Very quickly, on the area 4Vn, we had input from a fisherman who talked about 340 tonnes of cod in 4Vn being allocated to draggers. They're wondering...in this particular submission. It says:

A meeting is going to be held in Quebec City at the end of the month to make a final, by district, allocation of groundfish between mobile and fixed gear. DFO says this will be final—in other words, not a reversible decision for 15 years, they say. The division will be based on historical catches.

What is the latest on this? Will the draggers end up with 80% and the longliners with 20% in 4Vn? And is this a 15-year window?

Mr. David Bevan: We made a commitment to try to divide the quotas in the gulf among the various fleets. We want to do that because of the ability then of the fleets to manage the quotas they have, to maximize value. We haven't gone to the minister yet with any recommendations. We are looking at doing that shortly.

The key areas outstanding are in the southern gulf and 4Vn is included, but 4T, 4Vn, where we have quotas that are still competitively fished, and that makes it very difficult to manage. It also makes it impossible for fleets to manage their own activities to maximize the value. We had poor quality landed because we had a fishery opened with gillnets on feedy fish in August, and it's very difficult to process into a reasonable product.

I can't speak specifically about the 4Vn's share, but we are looking at something that is to be locked in for a period of time so that people—

Mr. Scott Simms: Fifteen years?

Mr. David Bevan: I'm not sure about 15 yet. That hasn't come to the minister either, or through us. A share usually is something that is established and not subject to review except as specified. For example, in the tuna we had share for a number of years, etc., but whether it's 15 or not remains to be seen.

The Chair: Thank you very much.

Mr. Blais.

[Translation]

Mr. Raynald Blais: Thank you, Mr. Chairman. I would now like to broach another issue, and that is science. I'll give you a brief preamble and then I would like to hear what the department's priorities are and discuss financial aspects.

It is becoming more and more apparent that climate change is affecting aquatic resources. We don't know what shape these climate changes will take. I was listening to a program recently where they were talking about the deviation and quasi-disappearance of the Gulf stream. Ice is melting. I imagine that for scientists this is a terrible puzzle that requires coming up with scenarios that are relatively reliable and that will allow us to forecast what is going to happen to our resources.

I would simply like to understand what your perception is of a situation that is becoming more and more problematic and that, based on the evidence, will become a topic of discussion over the next few years that will be just as important as small craft harbours.

• (1250)

Mr. Larry Murray: Quite honestly, that is an excellent question. Our budgetary response clearly shows that this is a top priority for

our minister. We are also attempting to take a more ecosystemic approach in the scientific sector and even in the ocean sector. Next year, the government will be investing \$150 million in the International Polar Year. So I think your question certainly raises a key issue.

I'll ask Wendy to say a few words.

Dr. Wendy Watson-Wright: Thank you for your question, Mr. Blais. You are quite right—climate change is one of the most important priorities for Canada and the world. The department has actually been studying climate change for quite a long time. Increasingly, we are trying to carry out research projects about the impact of climate change on the resources, on the fish and on the oceans. This year, as the deputy minister said, we will have specific ecosystemic science projects including the effects of climate change on the resource. Of course, projects like this take time, but we are trying to do more and more in this area.

Mr. Raynald Blais: What is the main problem you face in your efforts to better understand what will happen and to make some projections about the resource? There are periods of glaciation and periods of global warming as well. I imagine this happened in the past. There were marine resources in the past as well, and they evolved, and so on. What is your major problem with respect to all these matters?

I am wondering whether the future will be better in some marine areas and worse in others. Will we see catastrophic events in some areas and improvements in others? What will happen to the resource? There are all types of questions, but ultimately, very few answers. How will it all unravel?

Dr. Wendy Watson-Wright: You are quite right when you say that there are all sorts of questions. We are trying to answer a number of types of questions. Oceanographers, biologists, and chemists have been called upon to provide answers to a range of questions. There is not a single priority or problem in the context of ecosystems. We must try to obtain all kinds of information and to carry out sensible projects, but projects that are specific enough to deal with certain focused issues. This scope of this issue is extremely broad.

We could come back to the committee to discuss a number of projects and have a longer discussion about climate change and the role played by the oceans in climate change.

• (1255)

Mr. Larry Murray: Mr. Chairman, there is another aspect of interest to our department. Our responsibility is not confined to understanding what is going on, but also to see how we should be adapting to these changes. This is a very broad issue: how should we be responding to this change in the case of small harbours, the fishery, the Coast Guard, and so on. These are matters of genuine interest to our department.

[English]

The Chair: I appreciate that, and I thank all of our witnesses for appearing today.

I do have a final question, and it's fairly complicated. I'm certain the department hasn't thought it through, but I do want your opinions on it. I've spoken to the minister about it, so you may have had a heads-up on this question of the owner-operator policy.

No one is questioning that we want independent fishermen to own their rigs, and we understand that the trust will be shut down, but the lobster fishery in LFA 34 and LFA 33, both of which are represented in my riding, is going to be unfairly hit compared to other fisheries. In all other fisheries you're allowing fishermen to combine enterprises. Newfoundland is treated differently than Nova Scotia; different sectors in Nova Scotia are treated differently than the lobster sector.

I want to put this scenario out. I don't think it has been considered. I'm going to make a guess, and since you folks have no way of knowing, my guess is as good as yours in this case.

In LFA 34 there are at least 300 licences held in trust in the lobster fishery. In LFA 33 there are at least 100 licences in trust. I'm being very conservative in my estimates. Due to DFO rules and regulations and the Marshall decision in particular, in that fishery the cost of that licence in LFA 34 and LFA 33 has more than doubled in the last 10 years.

I know individuals who have bought licences for \$900,000 and \$1.2 million. But let's say that's on the high end of the scale. Let's say the average licences are worth \$800,000. You have 300 licences held in trust, which is \$240 million in that fishery. By this act, you've just devalued those licences by half. They're on the market today for \$400,000 to \$500,000. You're taking \$120 million out of the fishery, which is struggling anyway, in the riding I represent, and in West Nova, the riding that Mr. Thibault represents. In LFA 33, the majority of which I represent, there's \$25 million tied up in licences, and that has been devalued by half.

Now, if you take another 300 or 200 or 150 licences of fishermen who have been waiting to retire because we're bringing in capital gains legislation, you put into that mix another \$170 million in the industry and you devalue that by half. That's a lot of money. That's nearly half a billion dollars that the industry has been devalued in South Shore—St. Margaret's and West Nova areas of Nova Scotia.

We don't have time to debate all the parameters here. Somehow or another, if you're going to treat this sector differently—and I'm not disagreeing with the owner-operator policy at all—there needs to be dollars put in place for fishermen to buy one another out. In this seven-year period we have flooded the market with licences. There are licences waiting to be sold, and there are another 400 minimum that are going to hit the marketplace, but there are not 600 fishermen with the financing to take them over.

Whether the period of time needs to be twenty years instead of seven years or it needs to be a fisheries loan board with real dollars to advance, I don't know, but I think we have a problem.

• (1300)

Mr. Larry Murray: Thanks, Mr. Chair.

I'll start off and then ask David to say a few words.

Certainly this is an area the committee might like us to come back and talk about, the whole range of announcements. The minister is open to propositions from other fleets around combining and all that kind of stuff. He hasn't closed the door on that at all.

I would also say that the \$750,000 capital gains thing is \$180,000 or so in the pockets of folks who are wanting to get out of the fishery. In terms of the access to capital, a combination of the capital gains and the changes that are in place we believe will give banks a greater sense of confidence in the industry. That would also have been part of the reason we would argue for Bill C-45, or some version of it. There are elements there that could bring longer-term reassurance to fishermen and bankers and others.

Having said that, it is a challenging scenario. To the extent that it was possible, I think the minister, in a very difficult area, which this committee has been talking to successive ministers about, came up with a solution that tried to walk the fine line between flexibility and moving forward for the majority of the industry.

Mr. David Bevan: We did actually have some discussions around this kind of issue and the influence on prices. I think what we saw around the Marshall decision was a very small entry of the government into the market. It set off a process where the escalation in inflation and prices was enormous, and we were not in that market at that point. When they went into \$1 million for a lobster licence, we were not there.

Having said that, I agree that there is a real potential impact on people's wealth here. What I think we need to do is get into more conversations with the fleets involved and find out if they are interested in any kind of combining process. If so, what would it look like and so on and so forth.

The other issue that will be coming out is the FRCC report. They're going to presumably have some suggestions and recommendations for change, and I think we have to start looking at all of that in these areas to determine if there's a way forward that can provide compromise and where some of these folks can more openly, on the table, deal with these things.

Some people have five, six, seven, or eight licences, and that's going to be an issue. That wasn't what was intended and that's not where we want to be in terms of independent operators. So we'll have to have lots more discussion on these issues.

Mr. Larry Murray: If I could say on the loan guarantee thing in terms of access to capital, in the Newfoundland case the provincial government, which has a program on the basis of all the changes, is quite comfortable extending that program for the new policies. We're engaged in discussions with other provinces. I don't know actually where Nova Scotia is at on that, but there may be something there as well.

The Chair: I appreciate that, Mr. Murray.

I realize this is a subject that is fairly complicated, and the committee has in many instances discussed the owner-operator principle and I think basically supports that principle. But we have a particular situation that's occurred in a single part of this industry, which is a very profitable part of the industry, and the access to capital to put all these licences in poor fishermen's hands.... I don't see it. It's simply not there. I think that somehow or another we have to adhere to the policy that the minister has set out. But I'm not sure that the way forward is there, without causing major disruption in the industry. It needs to be raised. It's not a matter of going against policy. It's a matter of finding a way to make it work.

Right now, I can assure you that in the short term it's really not going to work. People who had planned to retire are now suddenly looking at licences that five years ago they paid \$700,000, \$800,000, \$900,000 for, and it isn't there in the marketplace today to sell them. So to find fishermen, poor fishers, to fulfil those 500 or 600 licences, it's going to be a challenge. I do think it needs to be looked at again.

With that, I thank you. We have gone over time here.

I thank our members for coming today. It was a productive discussion.

The meeting is adjourned.

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