



House of Commons
CANADA

Standing Committee on Fisheries and Oceans

FOPO • NUMBER 057 • 1st SESSION • 39th PARLIAMENT

EVIDENCE

Tuesday, May 29, 2007

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Chair

Mr. Gerald Keddy

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• (1110)

[English]

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

Pursuant to Standing Order 108(2), we are continuing the study on small craft harbours, which is a typical subject around this committee. I'm sure there'll be lots of questions.

We'll ask our witnesses to go ahead.

Mr. Cal Hegge (Assistant Deputy Minister, Human Resources and Corporate Services, Department of Fisheries and Oceans): Thank you, Mr. Chair.

It's a pleasure to be here again this morning to talk about the small craft harbours program. I know that this is of considerable interest to this committee and has been for several years.

I am joined today by Robert Bergeron, the DG of small craft harbours, and Micheline Leduc, the director of harbour operations and engineering.

If you wish, Mr. Chair, I have a very short deck to go through. I don't think it contains a lot of information the committee isn't familiar with, so I won't dwell on every line. But if the committee would indulge me for a few minutes, I suggest that we start with that.

Obviously we welcome the committee's interest, as I said. We're well aware that you have a couple of other sessions scheduled for Thursday of this week and next, I believe, when you'll be meeting with our regional directors of small craft harbours. So I commend you again for taking the initiative to engage our regional people in this very important discussion. Obviously we will continue to pledge our support throughout your investigation—not investigation, but your review.

Some hon. members: Oh, oh!

Mr. Cal Hegge: It was a Freudian slip. We'll pledge our support to you in any way we can, in order to provide any additional information you might want throughout the conduct of your study.

If I could go quickly to slide 2, there you see the budget represented, and we've tried to take out some of the mystery, in terms of what is the actual budget figure. So you'll see that the actual budget, which is the first figure there for 2007-08, is roughly \$96.8 million. The higher figure results from adding in the enablers. We attribute the internal services, if you will, right across the program areas, but the more relevant figure is the \$96.8 million.

On slide 3 we talk about some of the key program issues. This is not an exhaustive list, as you know, but in terms of our priorities, we tried to establish them on this slide. We all know that additional funding is required to maintain our core harbours. That's been a subject of considerable discussion at this committee in the past.

Our harbour authorities, whom we could not do without, have made representation to this committee recently, and you know that as good as they are, they are suffering from a bit of fatigue in some of the program challenges.

We also have a number of non-core or inactive fishing harbours, recreational harbours, that we are trying to divest. That continues to be a priority of the program.

And last but not least, this committee is familiar with a public report arguing for the creation of seven harbours in Nunavut.

On slide 4, we put forward a vision, if you will. Every organization should have a vision, so this is our attempt at a vision for the program, which I don't think will surprise you. We are looking to create a national network of harbours, obviously in good working condition. We think that the operation of these harbours through the harbour authorities is the most cost-effective way to do this.

Ultimately, we hope that the funding will be secured and the harbours improved, to the extent that the harbour authorities can generate more revenue and take more ownership, or responsibility, I should say, for the maintenance of the harbours.

Moving to slide 5, where we talk about the maintenance of the core harbours, again the information on this slide is quite familiar to you. We've actually done a considerable study on the state of the core harbours, and we've updated the study results, both in 2004 and 2006. The bottom line is that based on this analysis, there is still a shortfall this year of \$32 million, and that will go up to \$35 million next year, when the \$3 million of the transformational plan funding drops off.

With respect to harbour authorities, we would like to strengthen the harbour authority model. We think this is the way to go. It has proven to be an effective and quite responsible way to operate the core harbours. We are concerned, as they are, about the long-term sustainability of the harbour authority model, the low turnover of some of the harbour authorities, and the fatigue factor.

On slide 6, we acknowledge that if we could improve the harbour conditions, which we are working to do, it would put the harbour authorities in a better state to generate additional revenue and contribute more to the maintenance of the harbours. But until that happens, obviously we're not going to walk away from our responsibilities.

I might add that we have an excellent relationship with the harbour authorities. I think they made that point when they were in front of this committee. I have personally attended several regional harbour authority conferences over the last year, and through these mechanisms and means we try to provide additional training and respond to the harbour authority concerns. So the relationship continues to be very positive, not to understate the issues of fatigue, and so on.

Moving on to divestiture, which is on slide 8, I think the committee is aware that we have a little over 350 harbours that we still need to divest. That program is really dependent on additional funding. Right now, we're only able to divert about \$1.5 million out of our annual budget to divest of those harbours, which means we're divesting roughly 15 to 25 harbours per year.

As you are aware, we have tabled to the committee the figure of \$82 million in the past, which is our estimate of what we would need over five years to divest of the remaining harbours. The timeframe within which we could divest those harbours, if we had the money, would likely extend over a period greater than five years.

Moving on to the Nunavut harbours, as I think the committee is aware—in fact, you were provided with a copy of the report, which argues for the creation of seven small craft harbours in Nunavut—there are no harbours up there at the moment.

On the next slide you'll see that while that would be within the mandate of the small craft harbours program, given the budget shortfalls that we are faced with, we would need an additional \$40 million, roughly, with some ongoing maintenance funding to do that. Those figures are based on the 2004 estimate.

Finally, with respect to internal management of the program, we are working towards making sure that our resources are distributed equitably across the country to each of the regions. We have been working very closely with the Department of Public Works with respect to reducing engineering costs and project management fees. We can elaborate on that, if the committee wishes, during the question period.

As I believe you heard me state, we are going to be looking at the allocation methodology that we use, over the next few months. I believe we've invited this committee, at your suggestion, to participate in that review.

On slide 13, we make reference to our function review, which I think you've heard us speak of before. This is a study that's under way that we hope to conclude this year, at least in terms of the recommendations, which will put the program on the most cost-effective and efficient delivery that we can within the department.

Finally, we have attached several annexes, which I won't speak to. It's essentially information with respect to the distribution of the harbours and a report on the rationalization of the non-core harbours.

You can see the figure of 447 there, broken down—the 447 representing the non-core harbours that are reflected on the first annex. In annex D, we have the regional breakdown of this current fiscal year's base budget.

That's a fairly quick run-through of the deck, but as I said earlier, I think most of the information is generally familiar to the committee members. I and my colleagues would be quite pleased to do our best in answering your questions.

• (1115)

The Chair: Thank you very much, Mr. Hegge.

We'll go to our first questioner, Mr. Matthews.

Mr. Bill Matthews (Random—Burin—St. George's, Lib.): Thank you, Mr. Chairman.

I'd like to thank our witnesses for appearing.

When can we expect the rollout of this year's approval? We're approaching June. My understanding is that until the program is announced things really won't begin to happen, because quite often, on an annual basis, projects don't get approved until late, and then we don't get the work done and there's carryover. So when can we expect the announcements to be made for this fiscal year?

Mr. Cal Hegge: We actually have, I believe, made some announcements this year, but more to your question, we are still working with the minister's office to secure approval of the proposed budget. So we haven't quite achieved that yet. We expect that will happen, quite frankly, within the next few days.

Mr. Bill Matthews: Okay, I appreciate that.

On the maintenance and repair budget, you say you have a gap of \$32 million in this fiscal year, and then \$35 million, I guess, for ongoing fiscal years.

Mr. Cal Hegge: Yes.

Mr. Bill Matthews: Over how many years? Is that going to be forever that you're going to need that amount to keep against the erosion, or whatever, of the infrastructure?

Mr. Cal Hegge: Based on life-cycle management principles, about which we could get into more detail, our estimation is that we would need this \$32 million—

Mr. Bill Matthews: Ongoing.

Mr. Cal Hegge: —ongoing, to arrest the deterioration and replace the harbours, etc.

Mr. Bill Matthews: You talked about the request from Nunavut for seven harbours. Is that realistic? My question is, they don't have any now, so are they going to need seven harbours? If you had the money today, would you undertake to do seven harbours in Nunavut?

• (1120)

Mr. Cal Hegge: I can ask Mr. Bergeron to speak in more detail, but my quick response would be yes. The study was done over a period of time with considerable consultation, and the rationale provided for the seven harbours was fairly sound.

So it's a matter of the funding at this point. If we have less funding—for example, if we receive only \$20 million or \$25 million—we have discussed this with the Nunavut government, and we would have an approach in terms of the priority of the harbours that we would build.

Robert, did you want to add on that?

Mr. Robert Bergeron (Director General, Small Craft Harbours, Department of Fisheries and Oceans): Yes. What I would add is that in fact their needs are for many more than seven harbours. They have 26 communities that would require some harbour infrastructure, but the Government of Nunavut has decided that its priority is for seven specific harbours.

This is what we discussed with them in the past. In the report, we focused on the seven harbours that were determined by the GN as their top priorities.

Mr. Bill Matthews: Thank you. That pretty much takes care of my questioning.

I look forward to the directors arriving on Thursday.

Having served on this committee since I came here some ten years ago, I want to say that I can only applaud the work of your officials in Newfoundland and Labrador. They are a superb group of people to work with. They can't make dollars out of nothing, but I've found them to be very good to work for. I want to go on the record in front of my colleagues to say this about them, and I certainly look forward to Mr. Goulding in particular, who will appear on Thursday, because they've done a marvellous job.

We've made progress, I must say. You don't hear that very often. In the riding I represent, we've made significant progress in ten years. There's still a nice bit of work to be done, but we're getting there.

The Chair: Thank you very much.

Mr. Dhaliwal, there are a few minutes, if you want a quick question.

Monsieur Blais, I'm certain you will have a question.

[*Translation*]

Mr. Raynald Blais (Gaspésie—Îles-de-la-Madeleine, BQ): Thank you very much, Mr. Chairman.

Good morning, ladies and gentlemen.

First of all, I'd like to address the theme of budget allocation. You have a first allocation for work under \$1 million and another for work over \$1 million. When I look at the budget allocation for work worth \$1 million or less, I note that one-quarter of the allocation is based on the number of harbour administrations, the number of essential harbours, the number of wharfs in general, etc.

I find that frustrating in a way. I've previously mentioned that on a number of occasions, but I'm coming back to it today. I find it frustrating because a divestiture effort has been made in Quebec, as far as I know. In other words, the number of wharfs has declined. Knowing what I know today, a few years ago, I would probably have advised the people working on divestiture not to work on it, to

abandon it entirely and keep a large number of harbours. That's why I'm saying that the effort is not being rewarded.

What do you think of that?

Mr. Cal Hegge: As I mentioned at our last meeting, we intend to evaluate our budget allocation process. That will take a few months, perhaps more. We've been using this method for six or seven years. So I think it's time to evaluate it. We were waiting for the amount stated in the 2007 budget. As you know, we will be receiving \$20 million more. The budget isn't big enough to cover the program's needs. So some regions will be winners in this and others will be losers. That's the challenge, and we're ready to face it, but I'm beginning at the beginning.

I'm going to ask Robert to explain a little more in detail how the formula we've used was created.

• (1125)

Mr. Raynald Blais: First I'd like you to be able to speak. Do you share my frustration or not?

Mr. Cal Hegge: Do I agree with the formula? As I said, it's time to evaluate it. It's true that, when I visit the regions, people everywhere tell me that it's time to evaluate the process. That means that not all the regions agree on the formula. That means something. If we change the method or formula—and that's possible, as I said—some regions will be winners and others losers. It is absolutely necessary that we evaluate this issue with a great deal of attention if we want to find a better formula than the present one.

Mr. Raynald Blais: Unfortunately, I must tell you that I am apprehensive. In view of what has happened and what's being done, I am firmly convinced that those who have done their homework have been penalized. What could assure me today that the new formula that you find will be fairer than the old one?

Mr. Cal Hegge: It's very hard to answer that today, since we haven't had the time to do the evaluation. I can say that, if the facts suggest that it's time to change our methodology, I imagine we'll change it in order to have a fairer system.

Mr. Raynald Blais: In the evaluation you're currently conducting, do you intend to take into consideration the fact that some regions, including Quebec in particular and possibly others, have made a divestiture effort. I think, without necessarily rewarding them, that should be taken into account in the new evaluation that you'll be conducting. Are you going to take that factor into account?

Mr. Cal Hegge: Yes, absolutely.

Mr. Raynald Blais: How?

• (1130)

Mr. Cal Hegge: There are a lot of factors, and I can't clarify that exactly, but I can mention, for example, that I get the impression the formula we're using today isn't consistent with the conditions of the harbours in each region. That's a factor that we obviously have to consider, as well as the other factor that you just referred to.

Mr. Raynald Blais: At the same time, allow me to emphasize, Mr. Chairman, that it is unfortunate that we've come to this kind of debate, because it's a false debate. The major problem is the lack of financial support from the department on the small craft harbours issue. If enough money were paid to your directorate, we wouldn't have to criticize the allocation... Perhaps we could do it, but let's say that this debate would be much less important. You understand that every \$1,000 that we manage to obtain, based on the allocation, corresponds to an amount of work that can be done for wharfs that are in terrible condition. This becomes a false debate, but unfortunately we are forced to conduct it. I wanted to emphasize that the current allocation, in my view, is harmful to Quebec. I'd like this evaluation to be taken into account in 2007-2008.

Does Mr. Bergeron have something to add on that?

Mr. Robert Bergeron: I would add that I'm a bit surprised by your criticism of the current formula. In fact, only one of the criteria used in our formula takes into account the harbours remaining to be divested. It's the last criterion, to which only 5% is attributed. You mentioned earlier that that criterion concerned all wharfs or harbours in each region, but it's the last criterion, to which only 5% is attributed. All the other criteria are based more on essential harbours. They are the ones we want to preserve in the long term.

Mr. Raynald Blais: Does that concern a number?

Mr. Robert Bergeron: Yes, it concerns a number. It's the allocation of all the harbours in the program, but only 5% of the allocation is attributed to—

[*English*]

The Chair: I appreciate that, Mr. Bergeron, but the time allocation is over. Somehow I missed that.

So we'll go to our next questioner, Mr. Manning.

Mr. Fabian Manning (Avalon, CPC): Thank you, Mr. Chair, and welcome to our guests.

First, I want to echo the comments of Mr. Matthews from Newfoundland and Labrador in relation to the dealings we had with the local personnel. Mr. Goulding and company have been second to none. I've only been here less than two years, and in my riding of Avalon I have 227 communities and 68 harbour authorities, so needless to say that file alone is a very busy file in my office, and we get great cooperation there. I guess it's like everything else, there's never enough money to deal with the situations you have out there.

If I could, I'd just like to ask this. In 2007-08, the report from the department on plans and priorities listed things such as fisheries renewal, international governance, aquaculture governance, oceans action plan, science renewal, Canadian Coast Guard rejuvenation, and environmental process modernization. It doesn't appear small craft harbours fits into any of these program priorities, so I'm wondering if you could elaborate for us why small craft harbours has not been identified as a stand-alone program priority.

Mr. Cal Hegge: Thank you very much for the question.

As our deputy expressed the last time we were here, he was open to considering the addition of small craft harbours to this list, so the point I would want to emphasize is it's not that small craft harbours isn't considered an essential program.

One thing I would add is that during the 2006-07 fiscal year, the last fiscal year, when we developed our list of priorities that are going to be reflected in our individual performance accords, one of the departmental priorities was to put small craft harbours on a more solid footing. That was contained in the deputy minister's performance accord and in my own and Mr. Bergeron's, etc., so it is a program that receives a lot of attention. It is a high priority. You're right, it's not listed in the report on plans and priorities along with those other priorities. It is, however, indirectly referenced.

We have another priority called departmental renewal, and it's more on the management side. The internal work we're doing with respect to the effective and efficient delivery of the program is part of the departmental renewal. The functional review that's under way, the work we're doing with Public Works to reduce costs, that is all part of the broader departmental renewal priority, so it's being picked up in that regard as well.

Mr. Fabian Manning: When we look to Treasury Board for increased funding, the fact that it's not listed as a priority as such, does that not help the case? It seems as if it's a struggle all the time to try to get the message to Treasury Board, and I'm just wondering, would that be part of that?

Mr. Cal Hegge: I think any effort to raise the visibility of a program in this context would be a good thing, but to be honest, I don't think listing it as a priority would influence Treasury Board beyond how they're already influenced. They know this program is underfunded in many respects, and having it listed as a departmental priority, we still would have to go through the normal process for acquiring new funds, and the fact that it's highlighted in the report on plans and priorities would not be a major factor in their consideration.

• (1135)

Mr. Fabian Manning: One of the issues you raised in your opening remarks, and as a matter of fact it's on the list for our committee to have a look at, is harbour authority fatigue and the fact that, as I mentioned earlier, we deal with 68 harbour authorities in my riding. Tremendous volunteers are providing the service. It seems as if the fatigue comes from trying to address the concerns of the fishermen and having the communities in relation to the wharfs and so on and so forth.

One thing I would say that would alleviate some of that fatigue would be extra money to assist them so we could address more of their concerns. I'm just wondering, in the harbour authority organization itself, what efforts have been made within the department to address over and above that? I know there are some other issues there too, with regard to harbour authorities themselves. They provide an invaluable service to the people in my riding.

Mr. Cal Hegge: As I said, they're absolutely essential, the volunteers we depend on to run the harbours. That's a question you may want to get into, as well, when the regional directors are here, because they can speak more effectively than I can with respect to their individual regional situations.

What we do, given our funding constraints—I alluded earlier to the conferences we have—is constantly work with them and provide additional training or provide manuals, whether that be on environmental issues they need to be sensitive to or on contracting procedures and so on. We continue to do that. We work very closely with each of the harbour authority associations in the regions as well as with the executive committee you met with. We do what we can.

Having said all that, we also acknowledge, however, that this is another area, although it doesn't stack up in terms of the size of funding required to breathe a little bit more life into the harbour authority program. Again, if and when we get some additional funding, we would certainly earmark, probably, somewhere in the range of \$2 million to \$3 million in support of the harbour authorities.

Mr. Fabian Manning: That's just for training or whatever they want.

Mr. Cal Hegge: Exactly.

Mr. Fabian Manning: On the divestiture side of things, would I be correct in saying that there is no set amount in dollars in the budget for divestiture? Is that correct? I know that you take some from here, but we don't have a line item saying "for divestiture".

Mr. Cal Hegge: We do have it within how we break down our budget, but I don't think you would necessarily find that in main estimates, for example.

Mr. Fabian Manning: You take from your core budget, and you have to take the divestiture from that.

Have efforts been made in relation to this? We've had a serious problem in Newfoundland and Labrador, as an example, with divestiture. We have a tremendous amount of harbour infrastructure that has fallen into the water, and in a lot of cases, there is a safety issue. You go down to the wharfs and there are blockades, and it's a liability.

I'm just wondering. We're looking for more dollars to go into the budget. Is part of that a request to have an amount specified for divestiture, or would you still want to lump that in and decide among yourselves? I'm just trying to get to the point of how to deal with divestiture, because it seems to be creeping up on us more and more.

Mr. Cal Hegge: As the deck indicates, we have roughly over 350 that we still need to divest. And you're quite right. In terms of priority, obviously, we would argue that the maintenance of the core harbours is critical, because as you know, we're slipping behind in that regard. However, we cannot ignore the number of harbours to divest. So we carve out, on an annual basis, roughly \$1.5 million.

As an aside, you may know that we had some special Treasury Board funding back in about 2000-01 to help with that. Our estimate is that we still need this \$82 million to divest of these harbours.

I think we have a pretty good priority system that we use to evaluate which harbours need to be divested in terms of a number of

criteria we apply. But if you have 350 and are only able to do 15 to 20 or 25 a year, it becomes a bit of a juggling game. We don't do it on an ad hoc basis. We actually look at those harbours that are most in need of divestiture, if I can put it that way. We have to divest of these harbours. The longer we have them in the inventory, if you will, the more we have to invest some of our limited maintenance funding to keep them in reasonably safe condition. We are conscious of that.

Mr. Fabian Manning: Under your present allocation formula... I notice with any formula that's been put in place and used for the past number of years, there are strengths and there are weaknesses. I'm more concerned about the weaknesses, as you would see them. Would you want to elaborate on those? Would that not be fair to put that to you today, in regard to some of the weaknesses you perceive in the present allocation? In order for us to address them, it would be nice to know from you people exactly some of the things you may see as concerns.

● (1140)

Mr. Cal Hegge: I'll ask Mr. Bergeron to say something about that.

Mr. Robert Bergeron: There are two key criticisms that we heard on the formula. This is why I was a little bit surprised by the earlier comment.

The first criticism is the fact that the formula does not recognize the need to maintain the non-core harbours that we want to divest, pending their divestiture. If you look at the formula right now, there is nothing in that formula that really recognizes that some regions have a large number of these non-core harbours to maintain, pending their divestiture. So they get nothing for that, and this is an issue for those regions.

Actually, the two smaller regions that we have, Central and Arctic and Quebec, are the two most affected by this. This is where they would require an in-flow, an additional budget, in order to maintain these non-core harbours. This is the first criticism that we've had about the formula.

The second one is the fact that it does not recognize recurring dredging. As you know, each year in the spring we do have to dredge several harbours in order to provide access to the harbour. The formula, as it stands right now, does not recognize this need for additional dredging. In fact, one of the regions that is probably the most affected by this, because of the need to dredge annually in proportion to the budget, is Quebec. The formula does not recognize that need.

So these are the two main criticisms that we've had over the years with respect to the formula.

The third criticism is more technical. We're using five criteria right now, and all of these five criteria are correlated with one another. If you have a large number of core harbours, you also have a large number of harbour authorities, and you also have a large number of harbours in total. It's quite likely that the size of the fishing fleet in your area is also very high. Therefore, if you have one region, a big region, that scores high on one variable, it also scores high on all of the others. Therefore, the formula tends to advantage the larger regions to the detriment of the smaller regions.

These are the three key criticisms that we've heard about the formula so far.

The Chair: Thank you very much, Mr. Bergeron.

Before I go to Mr. Matthews, I will remind my colleagues, again, if we use our Blackberrys in the room, it's very annoying—and I'm being polite—to the interpreters. I realize that turning them off probably is not an option, but if you're getting a message on your BlackBerry and you want to return that message, I ask members to leave the room to do that.

Until we change the electronics to adapt to the new technology, it's all picked up on the mike. What happens to the interpreters is that they're getting a constant beeping in their ears and it's very difficult for them to hear properly.

I'm attempting to save people's lives here, at the end of the day. The interpretation will revolt and it will be very difficult.

An hon. member: Duly noted, Mr. Chair.

The Chair: Now we'll go to Mr. Matthews.

Mr. Bill Matthews: Thank you. Yes, it is very annoying.

The Chair: Well, I pick it up myself.

Mr. Bill Matthews: I pick it up regularly. Anyway, you've dealt with that, hopefully.

Harbour authorities, I want to talk about them for a bit. I guess the principle with the establishment of going to the harbour authority model is that at some point you want them to be self-sufficient. Am I correct in that, or is that a pipe dream, from your point of view?

I work very closely with them. I sort of know the revenue average that they're able to take in by the number of vessels that use their facilities, the fees collected and so on. Is it still your objective that some day harbour authorities will be self-sufficient and you would sort of be out of the business, or is it your objective or your aim or I guess the feeling of the department that there'll always be a mix of your involvement?

I'm trying to understand what your thinking is on that. When I look at the harbour authorities I deal with, the harbours, their revenues, their potential for revenues and so on—

• (1145)

The Chair: Excuse me.

We really have to watch our BlackBerry use, here, gentlemen, and that goes for staff as well, because you can pick it up in the microphone.

Thank you.

I apologize for interrupting you, Mr. Matthews.

Mr. Bill Matthews: That's all right.

I'm wondering where you are with that, or is it a pipe dream?

Mr. Cal Hegge: I don't think it's a pipe dream, and it is part of our longer-term vision. We can all kind of guess when we might reach that ultimate vision. To be fair, I think it's quite a few years into the future.

As I said earlier in the presentation, we believe that this is the direction to go. We believe quite forcefully that the harbour authorities are in a much better position to, quite frankly, do a better job in terms of dealing with the issues in supporting the fishers in their regions.

It's a bit of a Catch-22 situation that we find ourselves in today, however. Part of their increasing independence, if you will, relies on having fairly sound or fairly safe reliable harbours. It's very difficult for us, nor would we push them, to generate higher revenues when the core harbours are not up to the condition we would like. If and when we achieve that state—and we have some examples of this—then they will be able to generate additional revenue; they will be able to contribute more and obviously take more pride in being able to do that, in at least the minor maintenance of their harbours.

Ultimately, and this really is kind of a stretch into the future, could we see a day when some of them might actually own the harbours? I think that anything is on the table. We'd have to look at that very closely. We certainly wouldn't want to walk away from a commitment. We'd want to make sure that the scenario and the context were proper and the conditions were proper for that kind of situation to evolve.

Mr. Bill Matthews: That's sort of my own view as well. I don't think I'm going to have to worry about too many self-sufficient harbour authorities in my time, not only in politics, but in life. It's a good objective.

I guess there are demands on your budget—and the same is true when I look at my own province. In addition to the natural erosion of infrastructure, etc., and insufficient funds over the years to keep things up to par, one of the biggest impacts on your budget that I want to ask you about, which has caused additional pressure, has been changing fisheries. In our own province, we had the cod fishery collapse. People went to bigger vessels and became more mobile. I look at harbours that a number of years ago were not all that active. At certain periods in the year, you could walk across the full harbour on the decks of vessels because they moved the fish. What impact has that had on your budgets? All parts of the country can have impacts similar to what we've had, and that must be a tremendous strain on your resources, I would think. I know in my own case it has been.

Mr. Cal Hegge: I think that's a fair comment. The evolution, if you can put it that way, of the use of the harbours has put additional budgetary pressures on the program. Just to name one example—and you may be alluding to this—with some of these changes and increased usage of the harbours by first nations, or the aquaculture industry, or the fishers themselves, in some cases an overcrowding have been created. We're cognizant of that.

In an ideal world, we would have sufficient funds to address that, and hopefully some day we may, but in the meantime our priorities rest, quite frankly, with getting the core harbours up to a safe reliable condition and divesting the non-essential harbours. We are aware of the changes that are coming about through increased usage, just as one example. It is in that way putting even more pressure on our limited budget.

Mr. Bill Matthews: What I found in a number of my harbours is that in addition to the deterioration of existing infrastructure, we've got larger vessels and more of them. Then there's the demand for additional tie-up space. So you've got two problems. One is that what you have you want to keep up to scratch and keep in fairly good condition, but in addition to that, the harbour authorities are crying for expansion and extensions. It's very difficult to deal with. I'm wondering what your thoughts are on that. How do you deal with that?

The Chair: You're going to have get those thoughts next round, Mr. Matthews.

We'll go to Mr. Carrier.

• (1150)

[Translation]

Mr. Robert Carrier (Alfred-Pellan, BQ): Good morning, ladies and gentlemen. I'm not a usual member of the standing committee; that enables me to ask questions that are simplistic, but that must nevertheless be asked.

What strikes me in your presentation is that, for a country whose motto is "From sea even unto sea," the fishing harbours issue is very important. Furthermore, you admit at the outset that additional funding is necessary to maintain essential harbours. So I immediately see an inconsistency.

There are essential harbours, but we lack funding to maintain them. You moreover show that a little further on. On page 5, you emphasize that there is a funding gap of \$32 million for harbour maintenance as established in 2006.

Is the fact that you don't have the necessary funding a recent phenomenon, or has that always been the case? Did the change in government in 2006 alter the situation? Why is there currently a funding gap? When you compare \$32 million to all spending on weapons and overseas military intervention, you wonder why we don't maintain essential harbours, particularly if you consider the economic consequences for the country and the social consequences being experienced by my colleague in the Magdalen Islands and Gaspé. I don't have that problem, being a member from the Montreal region, but I feel all the pressure that must be on our members in areas where there are a number of fishing harbours that have not been adequately maintained by our government, which does not lack for money, because it has been posting unbelievable surpluses for a number of years now.

I would like to hear your explanation. Have the ministers of Fisheries and Oceans applied the necessary pressure to obtain that funding? I'd like to have your viewpoint on that.

Mr. Cal Hegge: Thank you for your question.

I can say that the funding gap problem has been around for a long time. I would say it's been about 10 years, even more. We evaluated the situation of our small craft harbours in 2002. That analysis showed that there was a genuine lack of resources. The percentage of small craft harbours in poor condition was 20%. The figure has declined since 2002. The problem has been around for a long time. We don't know the exact amount necessary, but, as you mentioned, it's between \$32 and \$35 million. There is no connection with the government in power, because there have been a number in recent years.

As our minister has mentioned on a number of occasions, this program is very important for him. We're working in close cooperation with the Treasury Board and the Department of Finance in order to find additional funding for the program. I think that, in general, it's a question of government priorities. You are correct: we are convinced that the program needs more funding, but that decision is in the government's hands. We are happy that \$20 million has been added to our permanent budget. In addition, \$11 million was added to our budget last year, and we are entitled to that amount this year. However, there will be a small \$3 million reduction next year.

We received funding last year, but it wasn't enough. I don't determine the government's priorities. Officially, we are working very hard to prepare arguments in support of new funding.

• (1155)

Mr. Robert Carrier: I can see that. Thank you. That will definitely be part of a recommendation by the committee following its study.

I wanted to talk about your vision for small craft harbours, which appears on page 4. There's no timetable anywhere. It's as though it were a long-term vision. Wouldn't it be useful to have a timetable? You usually set a timetable for the purpose of achieving an objective. I'd like to know why there is no timetable or scheduled target date for the vision of efficient and professional harbour administrations that you want to establish.

Mr. Cal Hegge: Our vision is based on the budget required for the program, but we currently don't have enough funding. So it's impossible to establish any kind of timetable.

[English]

The Chair: Thank you, Mr. Hegge.

Mr. Lunney.

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

I am trying to reconcile some figures, looking back at the standing committee's report of 2001 on the number of harbours that were in existence versus what we're reporting today. I see from the Library of Parliament document that was provided for us....

Do you have a copy of the document the Library of Parliament has produced for us?

A voice: No.

Mr. James Lunney: Can they have a copy of that?

It has figures in it, anyway.

Going back to 2001, the committee report stated that we had about 1,300 harbours in total at that time, and about 800 were active fishing harbours.

I'm looking at annex A in the titles you have today—that's a nice picture of the country. We're looking at 1,189 total harbours, with 742 and 447. Are those numbers correlating with the 2001 numbers of 1,300 and 800?

Mr. Cal Hegge: I would say probably they are, given that we've divested of some harbours since the earlier timeframe.

Mr. James Lunney: Yes, and it seems from what I've seen in this document that we're divesting about 15 to 25 harbours a year.

Mr. Cal Hegge: Yes.

Mr. James Lunney: I see that it was recommended by the committee in that day that it would probably take \$400 million over five years to bring the harbours up to snuff. I see the government's response from the day was that they had put in about \$20 million a year for each of the next five years plus \$40 million for rust-out, or about \$8 million a year, I guess, over five years. So the government's answer was about \$28 million a year to address that problem?

I suppose it's hard for you to answer that because you don't have those numbers in front of you.

Mr. Cal Hegge: I was just handed something. I don't know whether that's...

Mr. James Lunney: I'm looking at page 4 of the Library of Parliament document.

Mr. Cal Hegge: Okay, I have that now, yes.

Mr. James Lunney: You'll see in the bottom recommendation: that the federal government allocate \$400 million over the next five years to address the rust-out problem in remaining core small craft harbours so that they be brought up to speed. I think we're currently, if I remember what was said earlier in the documents, at about \$97 million per year.

But it looks as though the response of the government of the day was about \$28 million per year, if I read those figures right—or am I missing something there?—to address that problem in the interval between 2001 and the current time.

Mr. Cal Hegge: I think I'd have to look at this in a little more detail, but the \$28 million, for example, somewhat compares—and perhaps for different reasons—to the \$35 million that we say we're short now to address the rust-out or the poor condition of the harbours. But we'd have to factor in the....

We did get the \$20 million, which was to be sunsetted and is now continued. I'm not sure how it plays into this, because I see it's referenced here as well.

Mr. James Lunney: It may be a little challenging comparing the years against these figures, but I think we can all agree that there was certainly a big shortfall for quite a period of time here.

I'm looking at page 5, "Maintenance of Core Harbours", and here you mention the \$82 million, leaving a funding gap of \$32 million in 2007-2008, increasing to \$35 million in 2008-2009, and ongoing. Maybe it was on the previous page, page 4, but somewhere I saw that even with that \$82 million....

• (1200)

Mr. Cal Hegge: That would be under divestitures.

Mr. James Lunney: That's another page; that's page 9. "Even with adequate funding of \$82 million", based on estimates, a reasonable pre-divestiture, harbour repairs over five years.... Which years are we referring to there? And is that \$82 million the current funding?

Mr. Cal Hegge: No. That's what our estimate would be of one-time funding over five years that would assist us in divesting of the 354 ports, I think it is, that are left to divest.

Mr. James Lunney: Okay, so we'd need an estimated \$82 million over five years?

Mr. Cal Hegge: Yes.

Mr. James Lunney: Okay, I appreciate seeing those figures, because they maybe give the committee a target to encourage the Governor in Council to come up with the money to actually deliver the goods in this file. Thank you.

I was trying to reconcile some of these figures. It is correct that in our current budget we're stabilized at about \$97 million, going down to \$94 million, to address these concerns.

I guess all I can say is that it seems as if a disproportionate number of these harbours in the older part of the country—my colleague from Avalon has many small craft harbours in his riding—are in need of repair. We have a lot on the west coast as well in need of repair, though not nearly the same numbers. The communities certainly are dependent on these harbours.

The dredging issue I think was mentioned earlier, and I know there's been a lot of frustration with some of our harbour authorities over it. I may be confusing this with some recreational harbours just being able to dredge their harbours, and even getting permission to dredge, because of eel grass, siltation, and so on. I'm drifting now into another issue of habitat management, which I think we did raise before when other officials were here. It may be hard for you to answer this, because our habitat person isn't here today. But it's certainly an issue where they're not getting authority or permission to clean out their harbours so they get can access to the small craft harbours.

There's a sense that DFO is just letting them die, or that the impact on these harbours is not being taken into consideration for recreational use and the people who depend on them.

I'll just leave that as a comment. I don't know whether you can comment on that, Mr. Bergeron, or maybe you'd be willing to take a shot at that, Mr. Hegge. I know that finance is more your department.

I wonder whether anybody would care to comment on this.

The Chair: We may have to wait until the next round. That took almost a minute and a half to wrap up your questioning there.

Mr. Matthews.

Mr. Bill Matthews: Thank you, Mr. Chairman.

Just on the dredging issue, you still do some dredging, is that correct? So do you have a limit on how much you will do, or the cost of a dredging project, or does it have to be tied in with something else? What percentage of your budget would you allocate in a year to dredging requirements?

Mr. Cal Hegge: I don't know if we'd have that information, but we could certainly pick a year and give you that information. It would be a bit of a guess. I don't know.

Did you want to say something?

Mrs. Micheline Leduc (Director, Harbour Operations and Engineering, Department of Fisheries and Oceans): I'd prefer to go back into our historical records to provide you with that information, but dredging is certainly part of our mandate. It's providing access to our harbours, so it's fundamental. We are doing maintenance.

Dredging is a priority. Capital dredging falls into the category of expanding our harbours, but maintenance dredging certainly is a priority for us, and it's usually contained in our expenditure line.

Mr. Bill Matthews: No, I realize it's an expansion of a harbour or a widening or deepening of a basin, or something like that.

I don't know if Mr. Hegge alluded to this, but in some cases you almost have an annual requirement for cleaning out an area because of what happens with wave action and other things. Quite often it becomes a problem for the local officials to get approval to do it in time for a season. Sometimes there are problems with the budget process. So it is an ongoing problem that I've encountered over the years.

It seems to me that it's probably another area where there is a requirement for more money. As a matter of fact, when we were alluding to dredging, I said to the chairman it's something we should take a note of, because I'm sure we have all come across this in our various jurisdictions, that there's inadequate money for dredging. Oftentimes fishers can't leave the port if certain channels are not cleared, or whatever. So it's an issue.

But I want to go on. You're into the engineering piece, I believe, Ms. Leduc. Do you have engineering expertise in small craft harbours? Is that part of your shop? Because my understanding of it is that you pretty much engage Public Works, I think, to do a lot of your work. Do they do all of your work, or is it a mix between you and them?

• (1205)

Mrs. Micheline Leduc: I'd say it's a mix at this point. It depends on the region; the involvement of Public Works Canada differs from one region to another. For example, in Newfoundland there was high reliance on Public Works for all of the works that were executed for the program.

More and more we are distancing ourselves from Public Works—at least for the smaller works. We're finding it is more cost-effective to do it either from the small craft harbour office, or through private consultants, or with the involvement of harbour authorities. Actually that's part of the initiative we are engaged in with Public Works, in trying to find more cost-effective ways to achieve efficiencies and to lower the cost of projects and therefore to be able to do more projects.

In some regions, for example the Pacific, they are pretty much disengaged completely from Public Works. They have a larger technical unit within the small craft harbour office in that region, allowing them to do more in-house work. So they have a larger in-house capacity in that region.

Mr. Bill Matthews: My sense would be that the Public Works officials have their own departmental responsibilities and work to do. If small craft harbours is expecting to do their work, it probably slows down the process somewhat. I'm not sure if that's correct, but that would be my sense of it. You almost need your own people.

Every year we run into a problem, particularly in climates that are not conducive to doing work later in the fall. If we don't roll it out in my province now, a lot of the work is not going to get done again this year. Then we have the carry-over problems. To make it more efficient and to work the way we want it, you would almost need that expertise within small craft harbours, Newfoundland and Labrador region.

Of course you can't make the minister announce before he's ready to announce, but you know what I'm saying. If the minister is a bit late announcing the program, getting the press releases out, and small craft harbours has to engage Public Works engineering expertise for the projects, then we have too many carry-overs. I'm sure you're aware of that. I'm not saying that to be overly critical, but those are the facts of life. Every year there are projects where funding is approved but we don't get the work done.

Are you considering building up your own expertise so you don't have to rely on Public Works?

Mrs. Micheline Leduc: It is one recommendation that came from the joint initiative we've been involved in with Public Works over the past year: to build more in-house capacity. It is also linked to the functional review that our ADM was mentioning earlier. Right now we don't have internal capacity to be able to take on all the work that Public Works is doing for us. That wouldn't be feasible for us at this point.

Certainly it's something we would seriously consider. Given that Public Works is charging a mark-up rate, we would gain on that aspect. However, there are the larger projects for which we will probably always want to keep in touch with Public Works for their expertise. They are very professional and they have the technical basis for the types of work we're doing.

There are other ways to streamline our fees by engaging them earlier in the process so our projects are done in a more thought-out way. Let's plan this year and be ready early in the next year so we don't encounter situations where it's too late in the year and we can't deliver on our projects.

We're doing a lot more planning and pre-planning so that we don't find ourselves in these sticky situations. Multi-year planning has become more important, especially for the larger projects.

• (1210)

The Chair: Thank you.

Monsieur Blais.

[*Translation*]

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

Has an evaluation been conducted to determine how many wharfs are now in such poor condition that they are no longer repairable?

Mr. Cal Hegge: I think I mentioned the evaluation we had already done. I believe we have a good assessment of the harbours that need repairs.

Did you ask whether there were any harbours in such poor condition that they can't be improved? Did I understand the question?

Mr. Raynald Blais: I remind you that there are a lot of wharfs in my riding. I imagine that's the case elsewhere as well. Fences have been installed for safety reasons. That means not only that we can't repair them, but that they are in such poor condition that they can't be used. So I wonder whether an evaluation has been done of that situation.

Mr. Robert Bergeron: We know that approximately 28% of our structures in the country, in our essential harbours, are in poor condition. A large majority of those structures must therefore be fenced or their use must be restricted in order to ensure people's safety. Those structures need to be rebuilt.

Mr. Raynald Blais: You're talking about essential harbours. What about non-essential harbours?

Mr. Robert Bergeron: As for non-essential harbours, their situation is probably worse than that of our essential harbours. That said, we don't have any specific evaluation in terms of figures on the condition of non-essential harbours. But we know that their general condition is not as good, perhaps with the exception of certain recreational harbours that we want to divest, but that are still very active. In view of the use made of active recreational harbours, we nevertheless have to ensure that those structures remain safe enough.

Mr. Raynald Blais: Another aspect that must increasingly be considered is storms. The budget contains no provisions for storms or exceptional situations that might occur. In view of what we know about climate change, high tides and so on, and in view of the condition of certain wharfs, as you mentioned, I imagine that a storm and much stronger than average winds might make a wharf already in poor condition deteriorate further.

When I asked the question the first time, no provision had been made. I don't mean within the small craft harbours budget, but elsewhere. I was afraid that, if a provision was made there, it might eventually be possible to cancel it, but I get the impression that storm situations are quite exceptional. In view of anticipated climate changes, I feel they may perhaps occur more often than in the past. Has that aspect been evaluated?

Mr. Cal Hegge: Yes. We have a small reserve in our budget for the situations you mentioned. So we check the amount of the reserve

during the year to see whether we need funding. If not, we spend the funds in another way.

Mr. Raynald Blais: How much money does that represent for 2007-2008?

Mr. Robert Bergeron: In principle, the reserve is set at \$5 million at the start of the year. But a certain number of projects have been funded out of the reserve in previous years. So, at the start of the year, we have to deduct the cost of continuing those projects from the amount of the reserve. In principle, it's \$5 million. Subsequently, if the reserve isn't used for emergencies or unforeseen situations, we distribute it in three amounts in the course of the year: first in June, second in September and third in November. So they are one-third segments at a time. Those segments are granted to each of our regions, and we use that money for regular projects.

• (1215)

Mr. Cal Hegge: I'd also like to add that if we don't have funding to address a serious situation—I'm speaking hypothetically—we can look at the budget allocated to slippage to see whether we can use funding from other programs. That sometimes happens.

Mr. Raynald Blais: What does slippage mean?

[*English*]

The Vice-Chair (Mr. Bill Matthews): Your time is up.

Mr. Calkins.

Mr. Blaine Calkins (Wetaskiwin, CPC): I believe it's Mr. Manning's turn.

The Vice-Chair (Mr. Bill Matthews): I was recognizing you since he had already spoken.

Mr. Manning.

Mr. Fabian Manning: Thank you, once again.

I just want to get back to the thought process, I guess, of going into multi-year planning and the tendering process. As I understand it, and correct me if I'm wrong, the budget will be passed some time in the next number of days, hopefully, and the minister will make the announcements into the month of June. And then we have July and August, which is a holiday period for a lot of people, and trying to coordinate some things then.... And then we're into the fall of the year. By the time the tenders are awarded, we're pretty close to Christmas. By the time you start in Newfoundland and Labrador, it will be in January.

I travelled around my riding in January and visited three or four project locations. As a matter of fact, every day I went to visit, for some reason or another, they were shut down that day—too much wind, too much snow, too much hail, whatever the case might be. It's very, very difficult.

This, in my view, drives the cost up of doing the project. I'm just throwing this out and asking for some.... If you have extra insurance that has to be carried, or extra time that has to be allotted to have those projects done, I realize it will cause some concern, but let's look at a multi-year process or at a possibility of doing something that would slow down one year but would hurry up the process for future years in regard to putting some things on hold to some extent. That may not be the right word to use, but what I'm trying to get at is approving the projects that will be approved, getting them approved either in late fall or early winter, to be ready to go to tender, so the construction would start in June.

I'm just wondering if that is a possibility of something that you have been discussing, because this is a serious problem. And I'm sure there's a serious cost associated with it if you add it all up. I just wanted to throw that by, just to get some feedback.

Mr. Cal Hegge: I'll make a general comment. I think you've pretty adequately described the challenge we have with respect to trying to manage an annual budget, although it's a multi-year process, because we get it every year. But trying to manage an annual budget based on projects that often have not slippage, but delays in them, and trying to juggle the budget so we don't have any amount that we're going to lapse at the end of the year....

And I must say, as an aside, that the small craft harbours budget, given the demands on it, never has a lapse of funds. We utilize the full budget. In fact, we often take slippage, which I referred to earlier, which is money that another program can't spend, and we put it into small craft harbours.

Juggling this to make sure we don't have any lapses and to address the urgent ones keeps Micheline up at night trying to do this properly, or as effectively as she can.

That is a general comment that basically just confirms it is a challenging situation.

Micheline, you could probably add a little more around how you do this.

Mrs. Micheline Leduc: Certainly we're trying to accelerate the whole budgeting process, so we're engaging our regions earlier in the year to start planning for the projects for the next year. We are limited by a fiscal framework that prevents the department from allocating the funds until a certain time of the year.

But what we are doing now—and again, it's as a result of the joint work we've done with Public Works—is engaging them and engaging ourselves sooner in the game to do the planning work earlier, such that we're ready to roll once the project is approved right at that point.

Also, we must take into account at all times the regional particularities, and Newfoundland certainly comes to mind with respect to a shorter construction season, so that needs to be taken into account. Also, what we're finding is we're coming across more property issues and environmental issues, things that are just complicating the planning process.

So we're giving ourselves a little more time to do that right so that we do it more cost-effectively and therefore we're able to deliver more quickly on our projects. But your point is certainly well taken.

● (1220)

Mr. Fabian Manning: I know the \$20 million that was due to sunset this year now is part of the A-base only. It seems we're doing things on an annual basis, and I understand that's the budgetary process. But in my riding, as an example, I may have a major harbour with 150 boats that will need constant improvements, where others are small repair, group repair—maintenance jobs, we call them.

Say I'm looking at a harbour that needs a \$3 million or \$4 million project. If I go to the minister I don't expect for a second that I'm going to have that done in this particular fiscal year, for the simple reason of fiscal restraint. So I would say to the minister, maybe if we're around, we'd look for it three or four years out, and we'd do so much a year for three years. And then when I sit down with that harbour authority it's not this constant struggle to make sure we're going to get some extra funding a couple of months down the road.

Is it possible, even in your discussions, to look at something where we could say we're going to do this over a three-year period? Is that possible the way the budget is set up now? Can we do that? Because I know it would certainly alleviate some of the concerns that some of the harbour authorities have in my riding if I could get commitments from the department that we were willing to do this.

Mr. Robert Bergeron: Many of our projects are multi-year, especially major capital projects, projects over \$1 million. It's rare that we'll do one project into one year fully completed. It's done over several years, sometimes three, four years, or whatever. Even with the smaller projects, we have a fair number that overlap two fiscal years.

Mr. Fabian Manning: This is a political question, and if you can't answer it, I understand.

The Chair: That was the last question, Mr. Manning. We need to go to Mr. Dhaliwal.

Mr. Sukh Dhaliwal (Newton—North Delta, Lib.): Thank you, Mr. Chair.

Thank you, panel members, for coming.

I am very new, actually. This is probably the second meeting I have attended. I'm not very familiar, but you have touched on the dredging issue, and Mr. Lunney might be very well aware. In B.C. it's a key issue in our part of the riding.

What is your mandate to do the dredging, specifically when it comes to your department's mandate?

Mr. Robert Bergeron: The dredging we do is on our property. We will dredge the access channels to our harbours and we will dredge the basin, but we don't dredge outside of that. Our mandate with respect to dredging is limited to the water lot that we hold.

Mr. Sukh Dhaliwal: When we look at the port authorities taking advantage of those situations as well, what is your opinion on whether they should be contributing to the dredging part of the budget that you have?

Mr. Robert Bergeron: If it's minor dredging, and especially recurring dredging, to the extent that the harbour authority can contribute, we are going to encourage them to do it, but usually we are referring to very small amounts. We don't necessarily require that they contribute to dredging.

Mr. Sukh Dhaliwal: How much would be the budget in B.C.?

Mr. Robert Bergeron: The budget...?

Mr. Sukh Dhaliwal: For dredging.

Mr. Robert Bergeron: For dredging, I'm not sure. I can tell you the overall budget for small craft harbours in B.C. This year it's slightly over \$12 million. For dredging in particular, I'm not sure if we have this information here. We could make it available.

Mrs. Micheline Leduc: We can make it available. What comes to mind is the dredging that we do at Steveston, which is pretty much a regular feature each year when we spend some money there. We do a bit of dredging also in the Fraser River. This year in particular, given the flooding situation, we are still waiting to see but we may have to intervene and do some dredging in the Fraser River.

It depends from one year to another, but generally those are the two areas where we would be involved in dredging.

• (1225)

Mr. Sukh Dhaliwal: That means you have not allocated any money for this year for those situations in the Fraser River.

Mrs. Micheline Leduc: Oh, yes, absolutely, and actually an announcement was made not too long ago. Mr. Randy Kamp made an announcement to address the flood control mitigation in the Fraser River. I think it was for \$550,000, of which some portion of the money was going to repair the shear boom and do some dredging at Steveston and the Fraser River.

The Chair: Mr. Carrier.

[*Translation*]

Mr. Robert Carrier: Thank you, Mr. Chairman.

On page 5, you talk about budgets totalling \$114 million a year for maintenance and recapitalization. If I understand correctly, this is for essential harbours. Does that mean that you have no budget for harbours deemed non-essential?

Mr. Cal Hegge: No amount is set aside for non-essential harbours, but, depending on the situation, if matters of health or safety are involved, for example, we can allocate a portion of our budget to non-essential ports.

Mr. Robert Carrier: So you evaluate the situation on a case-by-case basis to determine whether there is really a critical need.

You talked about an update going back to 2004 and 2006, designed to reflect the increase in the value of assets and construction materials. Was an evaluation also conducted in the field? As my colleague emphasized earlier, repairs that are not made for lack of a budget necessarily result in additional damage. So, from year to year, your evaluation of maintenance costs should take that into account. You yourself say you want to stop the deterioration.

Are you aware of that situation, and are you trying to establish the required budgets taking into account the deterioration that is ongoing?

Mr. Cal Hegge: I think so, but—

M. Robert Bergeron: The \$114 million amount is a budget that is necessary for us to maintain, from year to year, all the essential fishing structures included in the program. If we had that \$114 million tomorrow morning, we would be able to stop the deterioration, but we wouldn't be able to repair all the facilities that are in poor condition from one day to the next. In 2001, we stated that it would be necessary to make repairs totalling \$400 million. We haven't really done a case-by-case breakdown since then to determine whether that amount has increased to \$500 or \$600 million. We've only done updates to reflect inflation.

Now we're in a position to say that approximately \$500 million would be needed tomorrow morning to really restore all our facilities to good condition. The \$114 million would enable us to have a self-sufficiency budget. We could stop the deterioration and subsequently maintain all our facilities properly, repair them as necessary until they reached the end of their economic life. Perhaps all our infrastructure has to go through a full life cycle before we can repair all our facilities.

Mr. Robert Carrier: It was determined that certain harbours were non-essential. Did the department determine that they were non-essential or did users contribute to that evaluation? Have you received a lot of requests, without however granting them, from those local administrations that would like to be included on the list of essential harbours?

• (1230)

Mr. Robert Bergeron: Recreational harbours are included in non-essential harbours. In 1995, the government decided that the harbours program would divest itself of all those recreational facilities. That decision was communicated to everyone. I believe that people in all the communities that have recreational harbours know that we want to divest the facilities in question.

As regards the fishing harbours that we consider non-essential, I would say that the vast majority of the 172 harbours that we must still divest have been the subject of discussions with the communities concerned. People know that we want to divest ourselves of them. The problem we're currently facing is that we don't have enough funding to expedite the divestiture of those facilities.

However, in the case of a certain number of communities, we haven't yet really spoken with users. So they don't necessarily know that we intend to divest those facilities. Note that we're talking here about facilities where the activity level is really very low. In general, they are facilities that are in quite poor condition.

Mr. Robert Carrier: You said that 172 harbours were considered non-essential?

Mr. Robert Bergeron: Yes, and we want to divest them.

Mr. Robert Carrier: To your knowledge, in how many cases do the people from the community not approve of that evaluation and would like to convince you to consider their harbour essential?

Mr. Robert Bergeron: In a little more than 50 cases, the decision to proceed with divestiture is not necessarily final. We intend to do so, but we haven't really started discussions with the communities with a view to making a decision. The divestiture of a harbour is a decision that we make together with the communities concerned.

[*English*]

The Chair: Merci, Monsieur Bergeron.

We ran out of time about a minute ago.

If we could have a point of clarification before we go to our next questioner, you stated that the harbour maintenance program was funded in 2007-2008 for about \$82 million, and we would require about \$114 million in order to really do all the maintenance we need to do. If we did more maintenance, would it also increase the other numbers for the salaries and benefits plan, the harbour operations program administration, and the divestiture dollars? Would they automatically increase proportionately?

Mr. Robert Bergeron: No.

The Chair: Okay. That was my point of clarification. Thank you.

Mr. Lunney.

Mr. James Lunney: Thank you, Mr. Chair.

I'm still working on these figures, trying to reconcile them and understand them. I think there's still some confusion around the table about these \$82 million, \$114 million. The \$82 million is on the wish list—that's not there, right? That's what I asked the last time. The \$82 million would be to top up what we're short in the small craft harbours budget. Is that just to meet operational?

Mr. Cal Hegge: There's a coincidence of numbers here. The \$82 million on slide 2, for example, represents what our harbour maintenance budget is for this year. There's a second \$82 million figure at play, and that's what we figure we would need over five years to divest of the non-essential recreational harbours. So they're totally distinct figures.

Mr. James Lunney: Okay. So that's \$82 million a year—

Mr. Cal Hegge: This is \$82 million a year—

Mr. James Lunney: —times five, for the \$400 million, roughly.

Mr. Cal Hegge: No, this \$82 million in our base budget would continue on—well, it drops a little bit for next year and subsequent to that, but that's in our A base. That's what we currently have for maintenance in our budget. It's not enough, as we've said, but that's what we have.

The \$82 million would be a one-time amount over five years; \$82 million would be the total. Correct me if I'm wrong, but it's \$82 million over those five years that we would use to divest of the 354 harbours. But we don't have that. Because we don't have that, what we're doing is picking away at it piecemeal by diverting \$1.5 million out of our existing budget for them.

• (1235)

Mr. James Lunney: Mr. Bergeron a few moments ago referred to an estimate in 2001 of \$400 million over five years to complete the divestiture program. No? That was to bring the harbours up to operational standards.

Mr. Robert Bergeron: Yes, it's to bring in all the core harbours up to standard. We would have required, back in 2001, \$400 million in order to do this.

Mr. James Lunney: If I understand what you said to our colleague opposite here, it sounds as if we've been losing ground on that. It could be \$500 million now, or maybe even \$600 million.

Mr. Robert Bergeron: Back then, about 20% of our core facilities were in unsafe to poor condition at the time. Now we are much closer to 28%, so of course the situation has somewhat deteriorated.

If we wanted to bring everything back to good condition today, it would definitely require more than \$400 million. I think in 2004 we estimated that the \$400 million was \$475 million. So given the inflation in the construction sector and the conditions that have slightly worsened since that time, we would probably require in excess of \$500 million now to be able to bring, all of a sudden.... We say over five years, because we know that it's unrealistic to think that it can be done in one year. Really, this is what we would need in order to repair everything back to standards.

Mr. James Lunney: Are steps being taken to secure that money? Have requests gone in to the last budget, for example, to Treasury Board and they've been turned down? That's what you asked.

Mr. Cal Hegge: As I said earlier, we have been in discussions. We continue to engage in discussions with central agencies around the needs of the program, and we will continue to do that.

Mr. James Lunney: Thank you.

[*Translation*]

The Chair: Mr. Blais, please.

Mr. Raynald Blais: Thank you very much.

Now I'd like to address another component that I've previously mentioned on a number of occasions. I'd like to take advantage of the fact that we are starting a new study to update this subject.

Have you previously assessed how it might be useful to you for the department to accept the multifunctional aspect of a small craft harbour or wharf? Earlier Mr. Matthews said that the fleet had changed, but certain facilities are still considered as recreational harbours or marinas. In some cases, they are used for commercial, tourist and marine purposes. That's the situation that Anse-à-Beaufils, which is located in the riding I represent. So these are multifunctional facilities. In some cases, we're talking about two uses. Have you considered that way of looking at things, in order to eventually make it possible to provide funding? Multifunctional wharfs could increase harbour administration revenues.

Mr. Cal Hegge: I'm going to answer, and then I'll hand over to Mr. Bergeron.

We currently have examples of multifunctional harbours in certain regions. That's thanks to the efforts of the harbour administrations, that is to say that there have been commercial developments that have made it possible to make the harbours multifunctional.

But to answer the second part of your question, whether we have money or can invest money in that kind of initiative, I would answer that the situation is the same as in the past. The problem is that we don't have enough resources to keep the essential harbours.

Mr. Raynald Blais: Couldn't that be one way of submitting an additional funding request to Treasury Board? Usually, when you request additional funding from the department, it's for better maintenance in view of needs, of what you mentioned earlier. But it would be a new way of requesting additional funding, by presenting the situation in a different light. That might make it possible to inject additional money, but in a completely different way. Ultimately, we might manage to improve the situation in a more beneficial way because the idea wouldn't be to maintain a harbour facility, but rather to enable it to gain access to additional funding in order to diversify its product, and thus to increase its share of revenue. That's the point of my question.

• (1240)

Mr. Cal Hegge: I think it's a good idea to combine that perspective with our vision because, eventually, with the transfer of small craft harbours to the private sector, for example, greater emphasis could be placed on commercial developments. That could put requests and resources in a slightly different context. That's a good idea, but have we thought of that or is that reflected in our discussions with the Treasury Board or the Department of Finance? Not directly, because—and I'm repeating myself—we put the emphasis on the need to maintain essential harbours. However, in view of the fact that that could be part of our vision, I think it's an idea that deserves further consideration. I agree.

Would you like to add something?

Mr. Robert Bergeron: We're aware of the fact that a number of users are not commercial fishermen. When we present the program to our central agency colleagues, we definitely emphasize the fact that we are serving not only commercial fishermen, but also another commercial clientele, including agriculture, tourism and so on. So we definitely emphasize that factor when we have occasion to do so.

We also encourage the development of that clientele by the harbour administrations because it contributes to funding for the facilities. So it's beneficial for the viability of the harbour administrations. Where we hesitate somewhat is in investing in new structures specifically intended to serve a new clientele. We've just discussed the shortfalls for maintenance of the facilities we already have. So when it comes to making new investments, we are even more reluctant about the idea of serving another clientele than commercial fishermen.

[English]

The Chair: Merci, Monsieur Bergeron.

Mr. Calkins.

Mr. Blaine Calkins: Thank you, Mr. Chair.

Being from Alberta, I don't have a whole lot of questions pertaining to my particular region in regard to small craft harbours. I think they're all on Lesser Slave Lake, if memory serves me correctly. We do most of our commercial fishing in the wintertime, when the water is a little harder.

I do have some questions for you, though, in regard to small craft harbours on the coast, just as clarification for me. I envision, obviously, these small craft harbours being places that a boat of up to 40 or 50 feet in length could probably pull up to. I'm just wondering if you can tell me what's done at these small craft harbours from a security perspective. With a 40-foot boat, are we getting foreign vessels pulling up to these small craft harbours at times? Is there any scrutiny of what's being brought in? Do we have smuggling activity in some of these small craft harbours that are close to other nations' small craft harbours, for example, in the U.S. and so on, and obviously, some of the ones across from the fresh water?

I'm just wondering if you could tell me about some of those issues.

Mr. Cal Hegge: I personally don't have any information on that, but I don't know if Robert does. It's not an issue, or hasn't been. I would expect that the harbour authorities are looking after security in different ways, but we've not had any major issues of smuggling or drug running, or anything like that, that we're aware of.

Mr. Robert Bergeron: No specific cases have been brought to our attention. As Mr. Hegge just mentioned, the fact that we have harbour authorities at very many harbours is a real strength from that perspective, because these people are volunteers for the community, and the wharf, the facility, is very important to them. So they really check to make sure that they know what's happening at the wharf.

We now have close to 670 sites across the country that are managed by harbour authorities. There's no way in the world that the program could get that many people in order to have on-site attendants to watch the situation. So from that perspective, I think the harbour authority program is very useful.

• (1245)

Mr. Blaine Calkins: That's what I expected. We don't obviously have a manned DFO or a customs person there. Obviously we don't probably get a whole lot of international traffic; these are locally used. But in reality it could, in theory, happen. But like you say, there is obviously a vested interest from the local communities to make sure that their small craft harbour doesn't get turned into something that's a nuisance for the community.

The Chair: I have a point of clarification on customs, Mr. Calkins. Any foreign boat entering Canadian waters is supposed to hail in to customs and go through customs prior to tying up at any wharf.

Mr. Blaine Calkins: Understood, and I would imagine that there are specific ports of entry where foreign vessels are supposed to tie up. I'm just saying from a legal perspective or from a national security perspective, I guess it's always possible that somebody with the wrong intentions could utilize one of these. It's just a question I have. I'm not suggesting that it is happening or anything like that. I appreciate it. It's just a curiosity question, Mr. Chair.

The other question I have is maybe about getting a little bit more clarification. I know Monsieur Carrier brought it up. I was just curious about how you define a core fishing harbour versus a non-core. I'm just wondering, is it based on usage and is it based on commercial fishing? Or is it based on the needs of the aquaculture industry in the area? Is it based on the needs of sport fishing or recreational fishing, getting goods and services out to lodges and so on?

I'm wondering from that perspective if you could give me a little more clarification as to how the department has made the determination.

Mr. Cal Hegge: I'll ask Robert to add, but principally it's to support the commercial fishing industry. But there are of course other users.

Do you want to add something?

Mr. Robert Bergeron: Yes. Essentially we focus on commercial fishing, and a core harbour would be a harbour where there is a need to support commercial fishing. Also, usage is important. If there is a small number of vessels at one site and it would be possible to provide services to that small fleet from another facility that we have close by, that would be another consideration in deciding whether this site is going to be considered core or whether we're going to try to encourage the fishers from that community just to migrate to the facility next door.

But as I said before, we never take a decision just by ourselves. We will do this in consultation with the fishers involved.

In a situation like this, where there is very little activity, it's likely that the facility is in poor condition, and we'll have a frank discussion with the fishers from that community and say, "Look, given the funding of the program, we cannot really afford rebuilding a wharf just for the level of activity that it is right now. We can provide you a much better service if you accepted to migrate to the community next door."

So the bottom line is that we serve commercial fishing, and the level of activity is a consideration.

Mr. Blaine Calkins: Thank you.

The Chair: Are there any other questions?

Monsieur Blais.

[Translation]

Mr. Reynald Blais: Further to what Mr. Calkins just said, I'll give you a very specific example.

The wharfs of Shigawake and Port-Daniel-Ouest are located 2 km from each other. The Port-Daniel-Ouest wharf is considered non-essential, whereas Shigawake is deemed essential. The Port-Daniel-Ouest wharf might be used by eight fishermen, which might represent approximately \$1 million in landings a year. Unfortunately, the Port-Daniel-Ouest wharf is so deteriorated that it has been virtually unusable for a number of years now. There's a different way of doing things. If we allocate less money to a non-essential wharf, we ultimately force fishermen to go elsewhere. That's also part of the game. So the Shigawake wharf is overworked. We recently installed floating bridges there to receive all those people.

We had two harbour facilities, one deemed essential, the other non-essential, and there was a change in clientele. In actual fact, the two wharfs are not enormous. We're not talking about harbour facilities requiring investments of several million dollars, as is the case in other locations. In that sense, I think the evaluation whereby one wharf is declared essential or not could sometimes be reassessed. I understand that sometimes the evaluation is sensible, and that's good in the medium or long term. In other cases, however, in the very specific case I referred to, for example, I get the impression that there the matter should be re-evaluated. The people who use the Port-Daniel-Ouest, or Marcil, wharf and the people at the Shigawake wharf are different. It's possible to do a re-evaluation because these aren't big amounts. The Shigawake wharf would be under less pressure, and the Port-Daniel-Ouest wharf could be usable again without investing a major amount of money to overhaul it.

In that sense, we can find solutions that don't necessarily cost a lot of money, but that would make it so we have two essential wharfs. We would be pleasing everyone without having to invest large amounts of money. I've had the opportunity to write to the minister about this matter, and I mention this example to you to show what the story of an essential wharf can be. Are you open to those kinds of proposals?

• (1250)

Mr. Robert Bergeron: In principle, decisions should be made based on the most economic way to provide good service to the commercial fishery. If it is more economical to maintain two small sites with quite limited facilities, and if we are able to provide good service to the commercial fishery in that way, perhaps it's more advantageous to do that. I think we have to ask ourselves what the cost of the repairs is, in the case of Port-Daniel-Ouest, among other things, and what the cost is to add pontoons at Shigawake in order to provide good service to the commercial fishermen in that area.

Mr. Reynald Blais: Now I'd like to talk about this dredging issue. People tell me things, and the conclusion is as follows: if the breakwater were extended, dredging wouldn't have to be done year after year, or after a few years. Have you evaluated that? I know that dredging is less expensive than installing a breakwater, but if there were no more dredging to do, the breakwater could eventually be a financially viable operation, but spread over a few years.

Mr. Robert Bergeron: Micheline can talk about that. We're considering these matters, but the cost to acquire, build or extend a breakwater is often very high. In addition, it's not always a solution to recurring dredging. The investment is costly, in view of what could be avoided year after year in terms of recurring dredging. It is often more economical to continue dredging than to extend to breakwater.

• (1255)

Mrs. Micheline Leduc: We are aware of the costs of recurring dredging, in view of the fact that we get the impression that it's like throwing money into the water. So we're very sensitive to that; that's for sure.

Last week, a group of engineers met and analyzed the situation in an attempt to see whether there were other ways of doing things. Obviously, each case is different. Climatic conditions and geography differ from place to place. We are sensitive to the fact that that's expensive. You have to look at the costs and benefits of breakwaters before determining whether maintenance dredging should be set aside. It's a case-by-case issue.

We also have to say that, for each case, we conduct technical analyses, wave disturbance analyses and analyses of the technical costs associated with that approach. They have to be considered among the overall costs. That's what we do when we study each case, in order to determine the best long-term option for serving the fishing clientele.

Mr. Raynald Blais: Thank you very much.

[*English*]

The Chair: Very good, sir.

I'd like to thank our witnesses for appearing today. It was a very good discussion.

Certainly this committee has always been interested in small craft harbours. It's a committee that's tried to work proactively with this government, other governments, and other chairs before me.

If there's anything we can do to assist you folks in getting more funding, it's our wish to attempt to do so. We're trying to be helpful.

Thank you very much.

The meeting is adjourned.

Published under the authority of the Speaker of the House of Commons

Publié en conformité de l'autorité du Président de la Chambre des communes

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