



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Fisheries and Oceans

FOPO • NUMBER 027 • 1st SESSION • 41st PARLIAMENT

EVIDENCE

Wednesday, February 29, 2012

Chair

Mr. Rodney Weston

Standing Committee on Fisheries and Oceans

Wednesday, February 29, 2012

• (1615)

[English]

The Chair (Mr. Rodney Weston (Saint John, CPC)): I call this meeting to order.

I'd like to thank you gentlemen for joining us this afternoon. Hopefully, you can hear everything all right.

I believe the clerk filled you in. We generally allow about 10 minutes for presentations and opening statements, and then we move into questions and answers. If I interrupt you, please don't be offended. Our members are constrained by certain time limits for both questions and answers, and in the interest of fairness, in order to try to get as many questions in as possible, I may have to interject every now and then.

Mr. Mayor, I'd like to thank you for being here today, and I'd like to ask you to make any opening statements or comments, and to introduce your associate, if you don't mind.

The floor is yours whenever you're ready to proceed.

Mr. Gerry Furney (Mayor, Town of Port McNeill): Very good. Thank you very much.

Greetings from the Town of Port McNeill in the Regional District of Mount Waddington, British Columbia. I thank you for your invitation to make this presentation.

My associate for this presentation is Neil Smith, who is the manager for economic development for the Regional District of Mount Waddington. I am the mayor of Port McNeill and one of nine directors of the Regional District of Mount Waddington. The regional district has kindly supplied a supplementary information brief to my presentation, which Neil will present.

In our respective roles, we represent our regional district, which is the senior level of local government responsible for, and dedicated to, the economic activities that enable our citizens to enjoy living in this most beautiful area of northern Vancouver Island and the nearby area of the British Columbia mainland. The area of our regional district is about 20,000 square kilometres, which is three and a half times the area of Prince Edward Island. There are four municipalities in the district: Alert Bay, Port Alice, Port Hardy, and Port McNeill, with a combined population of about 7,700 people. There are a significant number of rural settlements as well, including many first nations communities throughout the region, with a total population of about 4,000 people.

Our economy is dependent on our resource industries such as forestry, mining, fishing, aquaculture, and tourism. All, except

tourism, are generally active throughout the year. Tourism is limited to the summer season, in which we enjoy many visitors from other parts of British Columbia, the Canadian mainland, the nearby U.S. states, and even from Europe and Asia.

Our population is relatively stable and we have learned to live with the fluctuations that so many areas of our country experience in being dependent on these resource industries.

The aquaculture industry is relatively new to our province and to our region. It has been developing gradually over the past 30 years, and has concentrated the majority of its activities to the farming of Atlantic salmon, with some production of Pacific Chinook salmon as well. The natural environment throughout our region is ideal for aquaculture. Our sparsely populated region provides an ideal environment for producing a magnificent quantity of fish, and on a year-round basis.

Many first nations people have taken advantage of the employment opportunities that have arisen due to the development of the aquaculture industry. They have been slow to get involved due to anti-aquaculture campaigns sponsored by environmental groups that are funded by wealthy U.S. foundations to the tune of millions of dollars over the past 20 years. These are the same foundations that followed the same practices to fund the anti-mining and anti-forestry campaigns that almost brought those industries to their knees. This steady pattern of funding anti-development activities in British Columbia is difficult to understand, especially when it is funded by foreign organizations.

In one conversation that I had with one of our senior provincial cabinet ministers, I urged him to take some meaningful action to offset the damage that was being done to our resource industries by these foundations and their disciples. His answer shocked me when he told me the reason we couldn't fight them was that they had more money than we do. In retrospect, what my friend the cabinet minister described to me was the worst type of bullying. The rich guys were using their money to bully those less fortunate. The real victims of these bullies were not the provincial or federal governments, but the ordinary people who were being stymied in their efforts to make a living in industries such as forestry and aquaculture.

Aquaculture is an ideal way in which to employ people who wish to work in isolated communities. The pristine conditions that are naturally available in these rural areas make it desirable economically for the industry and for those who wish to live in these areas. Many who live here are first nations people who have traditionally earned their livelihoods from fishing.

Fishing has changed over recent years through improved technology with larger, faster boats. It does not provide the number of jobs that it did in the past. For isolated native bands, such as the Kitasoo on the northwest coast, aquaculture has proven to be a real boon to the members of the band there, where the majority of the population is actively and proudly engaged in producing farmed fish for market.

There are many other places along the coast that could be just as successful as the Kitasoo, and where all the conditions exist for successful natural aquaculture to develop. These areas would not benefit from closed containment systems as all the natural conditions are there already. Closed containment, with the huge capital investment that it requires, could not be justified in these isolated areas. Any businessman who is prepared to invest in closed containment facilities is going to build such a system as close as possible to the marketplace to lessen transportation costs and avoid the cost of housing for employees.

Different attempts to develop closed containment have been tried over the years, and have not proven to be viable. Currently, there is an experiment under way near Campbell River, which represents a huge investment—the kind of investment that would be difficult to justify on the basis of a normal business decision.

There is another project in the planning stages for an experimental, land-based, closed containment system near the Nimpkish River, close to Port McNeill. There is only limited information on the project, which involves the participation of the Namgis band on whose land it will be situated. This is a major opportunity for the band and for the industry. There is a well-worn cliché that “if it ain’t broke, don’t fix it”. We presently have an efficient and financially effective system of salmon farming along our coastline, which grows salmon in closed containment for the first one-third of the fishes’ lives and transfers them to net pens for the next two-thirds of their lives. This has proven to be a tried-and-true system. It is beneficial to the individual employees, and it contributes to the provincial economy on a year-round basis. It provides a first-class quality of fresh fish that is welcomed by chefs and diners everywhere.

In summary, I take a very positive approach to any activity that produces a high-quality food and provides employment for people who enjoy living in rural coastal communities. I have observed fish farming operations in Norway, Scotland, and Ireland, as well as here in British Columbia. Fish farming is a boon for the people in each of these places and continues to develop and improve its methods and its products with fish produced by the more natural process of open-net pens.

Year-round, family-supporting, aquaculture jobs, and the spinoff-service jobs they provide, are a crucial part of the north of Vancouver Island. Because of this we feel DFO should be granting additional permits and licenses to allow for an increase in the number of fish-farm sites and the allowable capacity of each. Aquaculture is a very important part of our economy and an industry that could employ many more people, if given the opportunity to expand.

I’ll introduce Neil Smith.

I’ll answer any questions that may come up on the basis of my presentation so far.

• (1620)

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

We’ll move into questions at this point in time.

Ms. Davidson.

Mrs. Patricia Davidson (Sarnia—Lambton, CPC): Thanks very much, Mr. Chair.

Thanks very much, gentlemen, for joining us this afternoon.

We’ve been doing this study for quite some time, and I’m sure that you’re aware of some of the information that we’ve been hearing from different witnesses.

Mayor Furney, I’d like to say congratulations to you on your long run as mayor of your community. Certainly it sounds as though you’ve contributed a great deal, so congratulations on that.

Mr. Gerry Furney: Thank you.

Mrs. Patricia Davidson: One of the things that we’ve been hearing quite a bit about from some of the witnesses concerns the issue of employment in isolated coastal communities and then the opportunities, and that if we go to closed containment aquaculture, these areas may not be the preferred site. I think you talked a little bit about that. Could you just expand upon that a little bit and tell me what it has meant to your rural coastal communities, and what a change to containment might mean if they’re moved to different sites?

Mr. Gerry Furney: The logical position to take on this is that the closer to the marketplace that fish farms can be created, the less the cost of transportation of the product to the customer. Sadly, if the system of closed containment was the only system acceptable to us all, provincially and federally, then there would be very little, or fewer and fewer, opportunities to employ the people in the areas that are far away from the transportation routes and from the areas in which the product is being consumed.

Plain logic says that if you’re going to do something like this and spend millions of dollars in creating an on-land system, that land system is going to be as close to the marketplace as possible, which takes away the opportunities from the people who otherwise would be employed, if they were living in an isolated area and utilizing the natural conditions in that area to produce the product.

• (1625)

Mrs. Patricia Davidson: Are there other things that could take up that slack of unemployment in your areas?

Mr. Gerry Furney: The sad thing is that there is very little that can make up the kind of employment that is available, or that would be available, if we continue with the regular forms of salmon farming.

The ideal situation.... As I mentioned in my presentation, the Kitsoo area of the mainland coast—a couple of hundred kilometres beyond the end of Vancouver Island—has no other opportunities to employ people. There are people who previously would have been in the crew on fish boats, gillnetters, and seine boats, which, in past years, were quite heavily labour intensive. The average crew on a seine boat would have been about seven people. They've been able to reduce that down to three or four people with the faster methods of fishing that they've developed today. It's the same with gillnetters. Gillnetters have virtually disappeared on the coast. There are very few of them left, and very few trawlers left. They all had high-employment capability, but unfortunately, that doesn't exist anymore.

With the pressure on other industries, such as mining exploration and forestry, in particular, there are fewer opportunities in the forestry industry or mining industry to employ people along the coast north of us.

Mrs. Patricia Davidson: Thank you.

In the brief you presented to us, you mention a little bit about what you call bullying. Today is supposed to be anti-bullying day, and here we are hearing about bullying in the aquaculture industry. You mentioned employment opportunities that have arisen. You said that many first nations have been slow to get involved due to anti-aquaculture campaigns.

Can you talk a little bit more about that?

Mr. Gerry Furney: I can, and I took off my pink sweater so that I could actually present in a more respectful set of circumstances to you. I'm very conscious of bullying and I have watched it exerted by these organizations that have been funded by money from outside the country, in most cases.

I've seen it happen in the forest communities of British Columbia, and particularly on Vancouver Island in areas such as Ucluelet and Tofino on the west coast, and areas around Campbell River north. The amount of land that has been taken away from the forest industry is astronomical. It is shocking to see so much land untouchable in the future because of the various designations for purposes that have been imposed on those areas.

They are areas where we would normally have had hundreds of other people working. At one time, when I was working in the forest industry, we had something like 30,000 members in our union—the loggers' local. They made one that covered our area here. That union today is represented by the steelworkers because, by themselves, the loggers didn't have enough numbers to justify a national union. I think the membership is down to something around 10,000 people from the original 30,000, which was the number when I started working as a logger.

Mrs. Patricia Davidson: Thank you very much, Mayor.

I'd like to ask a question of Mr. Smith, if I may, please.

We had a supplementary brief sent through and in it you mention local economic impacts. You note that there was a marine economic study done in partnership with the Living Oceans Society, and with Environment Canada resources. A copy of that report was provided in person to a member of Parliament when the member visited Port Hardy on February 25 of this year.

I wonder, could you circulate that to the staff because I don't believe the rest of us have seen that report. You're encouraging us to read it, so if you could see that it gets to the clerk of the committee, the rest of us would like to read that, please.

Mr. Neil Smith (Manager, Regional Economic Development, Town of Port McNeill): It's no problem at all.

The Chair: Thank you.

Mr. Donnelly.

Mr. Fin Donnelly (New Westminster—Coquitlam, NDP): Thank you, Mr. Chair.

Thank you to both our guests. Mr. Mayor, welcome to the committee. I appreciate you both being here and taking the time to give us your testimony.

Mr. Mayor, I wonder if you could talk a little bit about the local situation in terms of the local reaction to open-net aquaculture. Could you provide a bit more insight on how the commercial fishers, the sport and recreational fishers in the area, those who are in the tourism industry, the first nations, and those concerned about the Broughton Archipelago feel about aquaculture? Are a large majority supportive, or are they largely opposed to open-net aquaculture? What's your take on that?

• (1630)

Mr. Gerry Furney: I would say that the biggest problem we have is that the number of campaigns and the money spent on those campaigns have been very effective in denigrating the potential that aquaculture has as an employer in our area. Some fishermen are actively against aquaculture, and I can understand why. They see it as a challenge to their own product and marketplace. However, there are many fishermen who have managed to overcome their initial distaste for the industry, and are now working with the industry transporting fish, among other things. Many of the crew are working in a processing plant in Port Hardy, which is just about the largest employer in Port Hardy, and I might add, is a steady year-round employer.

As far as the environmental situation goes in Broughton, it is a beautiful area, and I believe the effect of aquaculture has been greatly exaggerated by the proponents of the anti-aquaculture campaigns. We don't have the funds or the expertise to counter that in any way. There are organizations like the Living Oceans Society that are funded very well. They're probably the largest employer in some of our communities because they have so many people working for them. How they can generate that kind of funding, I have no idea. I understand that the majority of the funding comes from outside our province, and mostly from the United States.

That's a very difficult thing for ordinary people like ourselves to stand up to. There are many people who would love to see aquaculture given the kind of credit that it should be given as an employer and a contributor to our whole economy—not just the local economy, but the economy of British Columbia.

Mr. Fin Donnelly: Mr. Mayor, you are on record as being a very vocal supporter of aquaculture expansion. You mentioned in your opening remarks that you feel that open-net fish farming is an effective and efficient system.

I'm wondering if you can tell the committee how many new fish farms have come online in the last two or three years in your area.

Mr. Gerry Furney: As far as I'm aware there have been no new fish farms in the last couple of years.

I should emphasize that I'm not involved in the aquaculture industry whatsoever. I have absolutely no investment in it. I've carefully separated myself from any activity that could be seen as being supportive or benefiting in some way from the aquaculture industry. I think it's worth clearing up that point right at the beginning. I should have included it in my brief.

I believe that the aquaculture people themselves have the statistics on it. Neil may have some details on it that I'm not aware of. I don't follow it day by day or hour by hour, the way that Neil has probably kept an eye on it.

I'll ask Neil to elaborate on my response.

Mr. Neil Smith: There are no new farm sites in the Regional District of Mount Waddington, but there are two existing farm sites. I believe they're known as Duncan and Doyle, in either electoral area A or B. They have undergone a significant expansion of their capacity in the last 18 months.

Mr. Fin Donnelly: If the Namgis project proved successful, moved into the area of closed containment aquaculture, and increased the number of jobs in the area, would you be supportive of that endeavour?

• (1635)

Mr. Gerry Furney: I would, as long as it could be done economically and practically on a continuing basis. There have been a couple of situations in the south end of Vancouver Island where on-land aquaculture was started, but didn't succeed in the long run. It was mentioned that there is one operation in Campbell River right now. At some time next year, they'll be able to harvest fish from it.

I'm very interested in how that works out and who's actually paying the bills. It must involve a huge investment of money in capital costs and operating costs until there is a reward or payback from the product that's produced. In the case of the Namgis band close to Port McNeill, I'm totally supportive of it. I think the Namgis people have a long record of involvement with the fishing industry. Some of them have actually changed and are now beginning to look at fish farming in a practical sense.

Again, the funding is a question. If the funding continues for it, regardless of whether it's making a profit or not, it will function and employ people. I think that will be wonderful. Jobs are very important to every single one of our communities. Unless there is long-term funding that can overcome the other costs involved in on-land fish farming, I don't believe it can succeed.

The Chair: Thank you.

Mr. Leef.

Mr. Ryan Leef (Yukon, CPC): Thank you, Mr. Chair.

And thank you, Mr. Mayor.

I noticed on the last page of your submission you said you were supportive of fish produced by the more natural process of open-net pens. I wonder if you're specifically referring to that as being a more

natural process for the salmon, or if you're referring, as well, to it being a more natural process for the people involved in the industry as a cultural and traditional way of life.

Mr. Gerry Furney: I'm not an expert on what the cultural desires or leanings of all the people would be. I can only judge it as a person who functions in the area, as first nations people and non-first nations people have done for the last 50-something years. Because of that, my understanding of it is that I would like to see us maintain, as much as we can, a natural environment for people to work in, similar to the one they have already grown up in—in other words, as deckhands on fish boats and as owners of smaller fish boats.

I think it would be wonderful if we could keep those people employed one way or the other, but I am aware that to do it economically will be a real test. I will be one of the strongest proponents of on-land fish farming if it proves to be economically viable. That's the key point. It has to be economically viable. In some of the areas that have the potential, such as in the Kitasoo, where most of the employment in the community is in fish farming and processing fish, if they could do that, then I believe they could continue to function as a group in a healthy way. The thought of putting an on-land system up there is probably very impractical just because of the sheer cost of it and the fact that the amount of employment would probably drop if that were created there.

Mr. Ryan Leef: Thank you. I think the committee's very interested to see what happens with the Namgis project, in particular, because we've heard about that, and certainly the results will be telling.

If we were to move to closed containment systems in that region, maybe you could give us some perspective on private land, crown land, and first nation land, and whether that would not be an issue or whether that would be an inhibitor to the successful development of closed containment systems locally.

• (1640)

Mr. Gerry Furney: I don't think there would be a problem in finding additional land. All sorts of land is available that has different designations. Some of it is parkland, some is industrial land, and some is zoned for forestry and will probably continue to be forestry associated. There would be no problem whatsoever because we have not had the kind of development on the west coast that we have seen and you have seen in other parts of Canada, where there has been a lot of private ownership.

Relatively speaking, there is very little private ownership on the coast of B.C., mainly because most of the activities in the past have taken place as a result of a forestry operation or a mining operation. Once forestry is finished in an area, it takes a long time for that area to produce wood again. In the meantime, the land is owned essentially by the provincial government. As well, the first nations people will have a considerable amount of that land available to them all over the north island and the adjoining coastline.

Mr. Ryan Leef: Okay, thank you. Yes, I wasn't sure what the provincial permitting requirements or licensing requirements for land access were like, and I wondered if that was going to be an issue.

Mr. Smith, on the supplemental report from 2009, you have \$178.3 million in revenues generated from the impacts of aquaculture. Did I hear the population for that region right at around 7,000 people?

Mr. Neil Smith: That's just the municipal population. The regional district's overall population, including unincorporated and first nations, is 11,500.

Mr. Ryan Leef: That's still fairly significant for that region: \$178 million in revenues for 11,000 people.

Mr. Neil Smith: Yes, it is significant. The bulk of that value is retained through the processing plant that Marine Harvest Canada holds in Port Hardy. I will pass that report along to your clerk.

The value that's produced from our region is shared with neighbouring areas as well. We don't have a lot of employment in farm site work, for example, by local residents at this time. However, there's a lot of transportation that is of value to the local area.

We're still in the process of—through our labour market partner agreement with the Province of B.C.—trying to maximize employment and economic opportunities in our region through our communities that are producing half of British Columbia's farmed salmon. We're not quite there yet. We have our 400 person-years of local employment, as you can see there, but there are many more person-years, arguably, that we should have in our region from that industry.

Mr. Ryan Leef: Do you see room for growth in that area? If so, what's preventing it right now?

Mr. Neil Smith: There's a distinct problem in farm site employment. Marine Harvest Canada has made significant efforts in the last couple of years to boost the number of local workers that manage their farm sites in the Broughton Archipelago, the Quatsino site, and elsewhere.

However, we have companies like Mainstream Canada with a number of farm sites that offer little in the way of local employment, mainly due to the fact that commute workers operate the sites and the fish harvested from those sites are delivered to Campbell River instead of our region for processing. The benefits are somewhat muted from their activity in our communities. However, those benefits do accrue to central Vancouver Island instead.

There is a belief by my board that we do need to boost the employment from the existing farm sites and support any new technologies that will increase employment in the first nations and the communities. We're only really scratching the surface at this time.

The Chair: Thank you very much.

Mr. MacAulay.

Hon. Lawrence MacAulay (Cardigan, Lib.): Thank you very much, Mr. Chair.

Welcome, gentlemen.

Your Worship, you indicated that groups like Living Oceans and others, which are sponsored by foreign dollars, have created a negative atmosphere. Is that in the fish farming areas?

•(1645)

Mr. Gerry Furney: Yes, certainly. They've done it in the major centres as well, with articles in the *Vancouver Sun*, *The Province* and the *The Globe and Mail*. The only really positive newspaper that covers the area in a practical sense is the *National Post*. I believe they have a good handle on what actually happens in British Columbia and its economy.

I don't feel there's a way of handling anything while the campaigns that are being waged against fish farming, as it stands, continue to succeed. I don't believe there is a possibility of increasing the number of people employed in fish farms until such time as these people face reality.

I'm hoping that the amount of support the Namgis will have on their land base operation will let people know, and let those organizations understand, that it's not practical for them to denigrate the product. That's one of the areas in which the opposition has been fairly difficult to deal with—creating a negative image about the product.

The product is an absolutely beautiful product. In fact, in most of the good restaurants in Vancouver that's the product that is presented as fresh fish. For that reason alone I believe these groups should back away, and let the economy and the nature of the people take effect on it, carry on the way they should be able to carry on, and increase the number of jobs they have in production, transportation, and processing.

I believe there is tons of potential there. Its footprint on Vancouver Island and the coast north of here is minute. There's no reason in the world why it shouldn't be allowed to expand at the level the economy would justify.

Hon. Lawrence MacAulay: Thank you.

Just so I fully understand, you mentioned in your presentation that you would like the government to approve more sites. Just to get a better understanding, are there farming groups that want to expand and are not given the go-ahead to expand, or has the climate been poisoned by outside interests that want to tell people that this fish farming is so bad for the sea, killing the land underneath the farms, and all this stuff? You've heard it all; we've heard it all. Is that what you see?

Are there people looking to expand and the government is not approving it, or are people not looking because of the negative advertisement on farms?

Mr. Gerry Furney: That's a question that needs to be answered.

My take on it is that the potential is there as long as the regulations were widened enough to allow new fish farms. But as Neil has pointed out, there has been very little activity in the creation of new fish farms over the last few years. That's a reality we're facing. If I went and applied for a licence right now to take on an area and create a fish farm in the ocean, I'd probably be told, "We'll get back to you in a year or two, once the dust has settled on this situation." That's the way it has been for the last couple of years.

That's unfair, especially for the people who have the greatest potential to benefit from it, and that's the first nations people and others who live in the isolated areas in which there is very little alternative employment. So there's a situation here.

I'm not too sure whether your committee has actually toured any of the west coast areas, but I believe you have a pretty fair understanding. Our MP, John Duncan, has been an extremely strong proponent of the industry in any way he can safely do it, as a politician trying to represent all the people on the north island. He does a great job, and I would hope he will manage to get some information across to you along these lines as well. I haven't copied him with my presentation yet, but I intend to.

Hon. Lawrence MacAulay: Thank you very much.

Also, you indicated when you were responding to one of the questions that you would accept closed containment if it would create the jobs. When you gave your presentation you indicated quite clearly, as I could see would happen, that the closed containment sites will end up very close to the market. Do you not feel that? Then the jobs would not be there at all. I just wonder where you're going with that. You're not very strong on closed containment, I would say.

•(1650)

Mr. Gerry Furney: Like anything else, any other business decision we make in life, any political decision we make in life, you have to show me that it's working, and if they can show me that it's working, I'm not going to resist it. I don't take a Luddite approach to anything. If there's a way of improving it, and we can improve employment and we can improve the product or produce more product, there's no way we should tell people they can't build it near a processing plant or near one of the major centres farther south.

I don't believe the economy would allow all of it to function, say, on the borders of Vancouver. The climate, the availability of water, and the availability of areas in which to disperse the water from the fish farms would be limited.

Our area has very little other activity in it that would inhibit having a neighbourhood turn into a fish farming area, and if it's on land, great; it will employ people as well in the processing, transportation, and other activities. But until such time as we can understand what the economics are—the real economics, not the economics of the force-fed, foreign money coming in and interfering with the normal transition of an industry on land or off land.... I believe until we see that proven in hard numbers, it's very hard to make that kind of a decision. I don't believe we should be putting fish farms or any other activity so far away that they can't be done economically. Whatever we do in the long run has to be economical, and has to be justified to the investors and to the people in terms of their interest in the continuity of the industry.

The Chair: Thank you.

Mr. Kamp.

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

Thank you, Mayor Furney. It's good to see you again.

Mr. Smith, I'm glad to have you here. I think you bring an interesting and much-needed perspective to our study, so we thank you for that.

Is it fair to say—both of you, I suppose, but particularly you, Gerry—that you're neither for nor against closed containment?

Mr. Gerry Furney: That's correct. I'm a businessman. I was a logger. I was a miner. I did a lot of work. I've never worked as a fisherman—that's about the only thing I could've worked in that I didn't.

As a businessman, I understand that you have to be able to pay for your costs, and that the costs have to be held as low as possible, in the interest of providing an economical end product. I do not stand in the way of any practical, viable method of growing food. I believe in certain instances we have to do that, with chicken, pigs, and other farm animals.

In the case of fish, the natural environment here should make it possible for us to produce fish at less cost than they'd be produced in a land-based containment system, and honest numbers will soon prove that. In the meantime, I don't think we should be shutting off the expansion of the water-based fish farming. I believe we should be encouraging it.

Your committee, with its influence, will be able to encourage the fisheries to be more optimistic and more helpful in developing new sites. In fact, the ultimate test of your whole work, and my little bit of a contribution, will be if we see any new sites at all. I'm not optimistic about it, but I'm an optimist generally about the north island, the coast, and the people who live here.

I'd love to see it happen. I'd love to see lots of employment, with advertisements for transportation jobs, processing jobs, and jobs in the management of the fish farms in the ocean. I'd love to see that, but I'm also practical. If someone can prove to me that there's a cheaper way of doing it without free dollars being introduced, then great. I'd support it either on land or off land.

•(1655)

Mr. Randy Kamp: That's a good point. It seems to me that the separation between the status quo open-net farm technology, and the RAS, or the closed containment system, is a false dichotomy.

Mr. Smith, in a section of the report you state that really what we want is the ability to provide fish protein in a way that's environmentally sustainable and responsible, and that there are other technologies available to us as well. There's open ocean farming, which I think the report refers to, and multi-trophic aquaculture.

Are there any comments on that?

Mr. Neil Smith: The only comment I'd make is to echo what you've just said. We're not dealing with an either-or situation. The north island is very well positioned to maintain open-pen operations. We also need to look at closed containment technologies and their potential for niche sectors in domestic and international markets. There have been a number of successful RAS projects done with coho, and a Washington State company has secured a contract in the last year or so with the Overwaitea supermarket chain.

I think a number of different applications are possible, and anything that assists the region in diversifying its aquaculture is to the region's strength. A diverse rural economy is a strong rural economy, even within one sub-sector like aquaculture. From a regional perspective, it's a good-news story to be exploring all these options without throwing anything out.

Mr. Randy Kamp: Some people on the industry side say they're so tied up with fighting the anti-aquaculture campaign and the whole social licence issue, that they just wish they could take their resources and put them into things like the new research in Europe and elsewhere that your report refers to. But because it's become a polarized issue, this has been a challenge for them.

If you have a final comment, I'd be glad to hear it.

Mr. Neil Smith: I think it's important when talking about the private sector—I assume that you've had or will have presentations from the private sector—to bear in mind, as I indicated in my report for Mayor Furney, that there are other research and development activities going on in the global industry, focusing largely on much larger open-pen activities further out to sea. Marine Harvest Scotland, for example, is in the process of doing something just like that.

The rural job dimension can actually be lost a little bit with those models. It's important to bear in mind what the private sector is doing in research and development elsewhere, because Canada could get lost in the crowd if it's focusing on only one area of R and D.

Mr. Randy Kamp: Thanks very much.

The Chair: Thank you.

Mr. Donnelly.

Mr. Fin Donnelly: Thank you, Mr. Chair.

Mayor Furney, you mentioned the Living Oceans Society in previous comments. I'm wondering if you're aware that they are working with an organization called CAAR, the Coastal Alliance for Aquaculture Reform. Within that alliance, they've been working with Marine Harvest Canada, including working together with them on a pilot project that Marine Harvest is looking at in terms of closed containment. I'm wondering if you're aware of that and if you have any comments about it.

Mr. Gerry Furney: I'm aware of this, and I'm also aware that Marine Harvest could spend its time and efforts much more profitably if it were handling new sites and also the expansion of the population in the existing sites, which is an important request of theirs. They'd like to increase the population of their sites by about 20% in each of their farms because they've proven that this can be done economically and practically, but they haven't had that permission yet.

It's still set at the lower number. I believe that it's 400,000 units per fish farm as a maximum at the present time. They feel that they could go to 500,000 quite easily, without any negative effects. Anything whatsoever that we can do to make their time more productive when they're on the water, or available to go on the water and actually manage their business the way they should be able to without having to participate in strange practices with other organizations that are avowedly against them....

I find it very hard to believe.

I saw it happen in the forest industry. Some of our major companies just folded up and went away. We have one major forest company now on Vancouver Island, Western Forest Products, and at one time we probably had half a dozen that were melded into that one company on a much smaller level, strictly because of the pressure that was brought to bear by these people from the outside influencing our ability to farm normally and log our area in the way that we should be entitled to.

• (1700)

Mr. Fin Donnelly: So you are aware that this environmental organization is working with the aquaculture industry.

I'm just wondering why you think—I think you alluded to it before—the open-net aquaculture industry hasn't expanded.

Mr. Gerry Furney: I'm aware that the only way that aquaculture can expand is by developing new sites and/or getting permission to increase the volume, or the population, in their existing sites. If they're spending most of their time negotiating with other organizations that are against their existence, that's their choice. They probably have a gun to their heads, and they have to do what they're doing with Living Oceans and any other environmental organization that is committed to the destruction of the aquaculture industry.

I can see where they're almost prisoners of the situation. I think it's very unfortunate that any environmental organization, especially when they're funded from outside our country, should interfere in the normal development of an industry that is perfectly legitimate and perfectly capable of functioning safely and employing a lot of people.

That's the basis for my whole involvement in this thing. I want to see our communities develop. I want to see first nations people and young people developing in their capabilities and working in the areas they were brought up in, so that they can benefit from the beauty of the area and its ability to provide solid, steady jobs on an economical basis year-round.

That, to me, is worthwhile. This is why I'm involved to this extent with you folks today. I really appreciate your committee doing what it's doing. I appreciate the quality of the questions that we've had. I wish we had another couple of hours. I'd much prefer to do this over a coffee or a beer in Port McNeill, or Port Hardy, but maybe another time we'll be able to do that.

Mr. Fin Donnelly: Thank you for the invitation. I would certainly love to do that, Mr. Mayor.

The Royal Society of Canada recently released a report. I'm not sure if you're aware of this or have heard of it. It was called "Sustaining Canada's Marine Biodiversity: Responding to the Challenges Posed by Climate Change, Fisheries, and Aquaculture". Certainly, the panel of scientists note the inherent uncertainty of scientific data. In the report, they basically conclude that it's accepted that the open-net fish farms can cause infections of salmon louse, can contribute to infections in native salmonids, and that these infections can increase juvenile salmonid mortality rates. That's essentially a quote out of this report. The report authors expressed concern over the potential spread of other salmon disease. I know there was concern from the ISAB—and it has been contentious—about parasites and sea lice in the ocean coming from aquaculture and affecting wild salmon. That has been the source of a fair amount of controversy.

I'm wondering about the findings of this new, national report. It has international implications, in fact—the Royal Society of Canada's report. I'm wondering how that plays with you, and how that might affect, for instance, areas like the Broughton Archipelago, the wild salmon fishery, or other areas—the things that you described that are quite amazing and beautiful in your part of the world.

• (1705)

Mr. Gerry Furney: It's a very tough question to answer from a practical standpoint. I'm aware there were various studies done. There was one study a couple of years ago that came out of the University of Alberta. It was proven by people who looked at the results of that particular study that it was erroneous. It was wrong. It should have never been publicized and given any credit. Unfortunately, it was. I wrote to the University of Alberta at the time objecting to the method in which it was done. It involved some extremists who were involved on a pseudo-technical basis, utilizing a lot of exaggeration and misinformation to try to denigrate the industry.

That kind of thing is continuing to happen. This Royal Society of Canada report I am not aware of. I'm sorry, I can't elaborate on that. Again, if there are any negative activities against aquaculture, I'm very suspicious of who the proponents are, where they are getting their funding from, and why they are doing what they are doing. It's not a practical, honest, and decent way of running a country, province, or an industry in that province. We should have the freedom to do these kinds of things in the proven areas that we have.

We have already proven that this industry works well. It works well in Scotland. I know it works well in Ireland. It works very well in Norway. I've made two different trips to Norway at my own expense to see exactly what was happening in aquaculture there. I went there about 30 years ago. I went again about three years ago. I was very impressed by the industry there. They have had their problems. We've had our problems. There will be problems no matter where we go with any method of fish farming or any other kind of farming. It's up to whatever is the best way possible to fund the kind of proper research that will make sure we don't screw up in the future and harm that industry in any way, whatsoever.

The Chair: Thank you.

Mr. Sopuck.

Mr. Robert Sopuck (Dauphin—Swan River—Marquette, CPC): Good afternoon.

Robert Sopuck is my name, Mayor Furney.

On a personal note, I think our paths crossed many years ago when Prime Minister Mulroney appointed you to the National Round Table on the Environment and the Economy. I was staffed to the Honourable Glen Cummings, who you may remember was a Manitoba member of the round table—

Mr. Gerry Furney: I certainly do.

Mr. Robert Sopuck: —and I was the young staffer at the time with him.

It's wonderful to see you again, and I'm so impressed that you've continued, for these decades, your advocacy for rural B.C., and indeed for all of rural Canada. It's a testament to your tenacity and dedication that you are here in front of us today. Hopefully, I will be in Port McNeill one of these days to have that beer with you, because I will take you up on that. I'm buying, by the way.

We just had some questions here. We had a presenter from Overwaitea Foods, and he talked about their decision, which I think is dubious science, at best, to decline to buy farmed salmon in favour of wild fish. There was very little evidence presented, but it's obvious his corporation caved in to the pressure that was placed upon it before they really thought it through.

Can you comment on the behaviour of corporations like this that cave in to pressure without really thinking things through?

Mr. Gerry Furney: I can. I think it's very irresponsible of any organization or any individual to jump into something like this and make flat statements that can harm an industry or harm the people who work for that industry, and harm the whole province that we have here, depending on the resource industries. I don't believe there is any organization that should have the right to come in and raise spurious facts or questions about a situation that is proven and well proven, in the majority of cases, in other countries, which we've already discussed.

I believe that as much as possible we should take people like that with a grain of salt. It's very sad, but they're motivated by other forces, far beyond my understanding, and unable to appreciate what the hell they're doing to us.

As far as the arrangement with Overwaitea goes, I have a certain friendship with the main man in Overwaitea, and I'm going to have a chat with him and tell him to get these people off our backs. There's no way they should continue to be doing that kind of thing just in the interest of making an extra buck out of salmon that is no different from the salmon produced by all the other activities.

Incidentally, if you're going to come to Port McNeill, you might arrange to do it at election time, and then I will have you work on my election, which will be in three years.

• (1710)

Mr. Robert Sopuck: You can count on that, Mr. Mayor. You can count on that.

Mr. Smith, you talk about 400 person-years of employment in the local area now. If net pen aquaculture were fully developed, what would be the potential job impact in your region?

Mr. Neil Smith: If you sell more net pen development, firstly, you would be looking at maybe some more employment opportunities in the processing area based in Port Hardy. You wouldn't necessarily be looking at any great increases in farm-site worker employment, given the current industrial model of eight days on and six off.

That's a bit of an inhibitor to local recruitment. We really do need to have that discussion with industry to allow the open-pen industry to fulfill its true potential up here, because as I said earlier, we're not at the level of employment we should be, even at its current size.

Mr. Robert Sopuck: Given the length of time, Mayor Furney, that you've been in your community, you've probably been following the state of the wild salmon stocks. What is your view in terms of the effect that net pen aquaculture may have on wild salmon stocks and wild salmon fisheries?

Mr. Gerry Furney: I don't believe there is any negative effect. The flow of fish up and down will continue to be up and down over the years. Last year we saw one of the biggest runs of fish ever in the Fraser River, fish that were not expected there, and I'm sure there were lots of so-called environmentalists worried about the fact that we had a huge return on the Fraser River.

Other areas of the coast are managing to hold their own fairly steadily. The increasing capability of the fishing industry has been very surprising to me. The mechanization that has been developed in seine boats means that seine boats are down to sometimes just a couple of hours of fishing in an opening. They're no longer as labour-intensive as they used to be now that so much mechanical improvement is available to them in handling their fishing challenge.

There's another aspect too, one that I'm only peripherally aware of, and that is the effect of the Alaskan salmon on our fish and the amount of fish that are actually swimming back and forth through the same area. There are Japanese fish. There are Chinese fish. There are Russian fish. There are American fish. There are the semi-wild fish that are produced by the Alaskans, where they have their own particular form of fish ranching and are fairly capable of maintaining a big industry in Alaska. But all those fish are eating in the same area. They're on the same timetable, if you like. Obviously there will be fluctuations in the way the fish survive, whether they're in a food area or not in a food area. There are also factory ships working on the ocean that have an effect on runs. I believe some of them are probably taking a lot of our salmon on their way home.

It's a very complicated business. I'm not a technician. I'm not a scientist. I'm just a practical person who tries his very best to understand the ebb and flow of the whole argument. Unfortunately, I see people motivated for the wrong reasons—whatever those reasons may be—interfering with the normal process of a good industry that has tons of potential for the people of coastal British Columbia.

• (1715)

Mr. Robert Sopuck: My time is up, but it's been great to cross paths with you again. Thank you very much.

Mr. Gerry Furney: Thank you very much for taking our presentation.

The Chair: Mr. MacAulay.

Hon. Lawrence MacAulay: Thank you very much.

I want to thank both of you gentlemen for appearing before the committee today.

Mr. Mayor, just from listening to the conversation, I'm not sure we're on the same political team, but if I were to look for somebody to organize or to speak for me, I would certainly like to have you. You gave a very capable presentation here today, and made it very interesting. And you might say you're not this and you're not that, but you're a lot of things. You certainly made it interesting.

I have a couple of questions. First, do you have much tourism in your area? And has this foreign negative advertising that has taken place affected your tourism?

I'm not sure if this has been asked—with all the questions, it probably has been—but is there a great ill feeling between the commercial fishery and the fish farmers?

Mr. Gerry Furney: I'll ask my technical expert to answer that. I'll supplement, hopefully, anything he misses.

Mr. Neil Smith: Yes, the regional district has a significant tourism sector. We have quite a number of hotels in our communities, and the municipalities largely serve the resource sector most of the year. However, a significant number of lodges in the Broughton Archipelago and elsewhere rely on recreational sport-fishing clientele and ecotourists for their income.

It would be very hard to judge whether or not over the last three or four years the debate over finfish farming has had any impact on the tourism industry, given the overwhelming impact of the recession and the changing exchange rates with the U.S. dollar and elsewhere. That would be an interesting study.

I don't think I could comment further.

Mr. Gerry Furney: I'd prefer if he didn't comment any further. I don't want to try to participate in an economic discussion at that level. However, I believe that tourism is a wonderful industry for all of us in British Columbia, and not just on northern Vancouver Island. Overall, it's a wonderful industry.

I have, however, one little comment about it, and that is that it's seasonal. It's very seasonal in our area. We don't see many people from the outside on the northern half of Vancouver Island during the winter. During the late fall, it tapers off, and in the early spring it begins. There's a peak in July and August.

Neil touched on one particular group which is very active in the Broughton, and that's the people who run the very high-level lodges there at \$1,000 a day for people to stay there, and that kind of thing. They have taken a very anti-aquaculture position, and I think it's very unfair of them. The people on the practical side of life have not criticized their ability to go out and catch fish, and I'm delighted that they're there doing their thing. They employ a very small number of young people from our communities—Port Hardy, Port McNeill, Alert Bay, and Campbell River, as examples—but not very many. They don't have a big effect. Once the end of August rolls around, they're gone, and we don't see them again until the beginning of June the following year.

So tourism is wonderful, it's great, and I love to see many tourists, but I'm also very much aware that we couldn't live on tourism alone. I did a little study years ago because I had my questions about tourism, and some information that was being bandied about regarding what a wonderful organization and industry it was. I think it's great, but it is not 12 months a year, and it has a very limited effect in the high season, and that's about the extent of it.

It's very unfortunate that the people who participate in it at the high-level lodges, the \$1,000 a day lodges, have taken the position of questioning the continuation of fish farming and the way that it is. They even question the amount of fish that sports fishermen from Port McNeill or Port Hardy want to fish. They question that kind of activity. They have big money behind them, there's no question about that, but they're not a great help to the area.

As far as the rest of the community goes, I had our office call each of the businesses in Port McNeill a few years ago to ask how many employees they had at the height of the tourist season, and how many employees they had at the depth of the winter season when there were no tourists. The numbers came out that there were about 15% to 20% extra employees in the high-season months of June, July, August, and September. Beyond that, those people were gone, but the basic population of managers, mechanics, accountants, and other people working in the normal industries twelve months a year were still there in the middle of winter. But the drop in the overall population was around 15% to 20% of the people employed.

We can't kid ourselves into thinking that tourism is the be-all and end-all. It's great. It's a good industry, but it has its limitations. People shouldn't base all their decisions on the viability of tourism because of the potential that it has for having a negative effect on the industries that are year-round industries.

• (1720)

Hon. Lawrence MacAulay: Being from Prince Edward Island, sir, I fully understand what you're saying. Thank you.

The Chair: Thank you very much, Mr. Mayor, and Mr. Smith. I'd like to take this opportunity on behalf of the committee to thank you for taking the time out of your busy schedules to appear before our committee today to answer our many questions, and to make your presentations. It has been greatly appreciated by all committee members. Thank you once again.

Mr. Donnelly, do you have a question?

Mr. Fin Donnelly: Not to do with this.

The Chair: We'll excuse our witnesses.

Mr. Donnelly, go ahead and make your point.

Mr. Fin Donnelly: Thanks, Mr. Chair.

I just wanted to serve notice of motion. Do you want me to just read this into the record?

That, because fleet separation and owner operator policy is critical to coastal communities and protecting independent fishers in the inshore fishery, the Committee reaffirms its support for fleet separation and owner operator vessels in the inshore fishery and oppose any move to eliminate this policy

I service notice.

The Chair: Thank you, Mr. Donnelly.

Mr. Donnelly is serving notice of motion. The clerk will distribute the text of the motion.

There being no further business, this committee stands adjourned.

MAIL  POSTE

Canada Post Corporation / Société canadienne des postes

Postage paid

Port payé

Lettermail

Poste-lettre

**1782711
Ottawa**

If undelivered, return COVER ONLY to:

Publishing and Depository Services
Public Works and Government Services Canada
Ottawa, Ontario K1A 0S5

En cas de non-livraison,

retourner cette COUVERTURE SEULEMENT à :
Les Éditions et Services de dépôt
Travaux publics et Services gouvernementaux Canada
Ottawa (Ontario) K1A 0S5

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

SPEAKER'S PERMISSION

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Additional copies may be obtained from: Publishing and
Depository Services
Public Works and Government Services Canada
Ottawa, Ontario K1A 0S5
Telephone: 613-941-5995 or 1-800-635-7943
Fax: 613-954-5779 or 1-800-565-7757
publications@tpsgc-pwgsc.gc.ca
<http://publications.gc.ca>

Also available on the Parliament of Canada Web Site at the
following address: <http://www.parl.gc.ca>

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

PERMISSION DU PRÉSIDENT

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la *Loi sur le droit d'auteur*. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la *Loi sur le droit d'auteur*.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

On peut obtenir des copies supplémentaires en écrivant à : Les
Éditions et Services de dépôt
Travaux publics et Services gouvernementaux Canada
Ottawa (Ontario) K1A 0S5
Téléphone : 613-941-5995 ou 1-800-635-7943
Télécopieur : 613-954-5779 ou 1-800-565-7757
publications@tpsgc-pwgsc.gc.ca
<http://publications.gc.ca>

Aussi disponible sur le site Web du Parlement du Canada à
l'adresse suivante : <http://www.parl.gc.ca>