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## **Standing Committee on Fisheries and Oceans**

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**EVIDENCE**

**Thursday, November 25, 2004**

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**Chair**

**Mr. Tom Wappel**

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## Standing Committee on Fisheries and Oceans

Thursday, November 25, 2004

• (0935)

[English]

**The Chair (Mr. Tom Wappel (Scarborough Southwest, Lib.)):** Pursuant to Standing Order 81(4) and the special order made October 5, 2004, we're considering the main estimates 2004-05, votes 1, 5, and 10 under Fisheries and Oceans, and supplementary estimates, votes 1a, 5a, and 10a under Fisheries and Oceans. This is the last scheduled day for studying these estimates.

Our witnesses today from the fisheries department are Mr. Larry Murray, Deputy Minister; John Adams, Commissioner of the Canadian Coast Guard; David Bevan, Assistant Deputy Minister of Fisheries and Aquaculture Management; George Da Pont, Assistant Deputy Minister, Human Resources and Corporate Services; Serge Labonté, Director General, Fisheries, Environment and Biodiversity Directorate; and Sue Kirby, Assistant Deputy Minister, Oceans and Habitat.

Folks, I just want to let you know that we have quorum. If you don't mind sitting there, I just have a little bit of business to conduct about questioning the order of questioning of witnesses.

Colleagues, your steering committee met yesterday afternoon. We looked over the motion we passed earlier with regard to the order of the parties in questioning witnesses. We compared it to what we have done in the past. Upon examining it, I note that the current order of questioning of the witnesses by the parties is not the same as it was in the past. I did not pick this up when the motion was put forward. Accordingly, the steering committee was of the view that the old method of questioning of the witnesses is fairer and should be what we do.

Mr. Keddy, are you in a position to move a motion in this regard?

**Mr. Gerald Keddy (South Shore—St. Margaret's, CPC):** Yes, absolutely, Mr. Chair. I move that the committee's order of Wednesday, October 13, 2004, regarding time limits for witness statements and questioning be rescinded, and that witnesses be given ten minutes to make their opening statement; and that during the questioning of witnesses the time allocated to each questioner be as follows: ten minutes for the Conservative Party, followed by five minutes for the Bloc Québécois, ten minutes for the Liberal Party, five minutes for the Conservative Party, five minutes for the Liberal Party, five minutes for the New Democratic Party; and if there is a subsequent round, that the rotation be the same except all questioning will be for five minutes.

**The Chair:** Thank you for moving that motion.

I want to assure everybody that we looked very carefully at this. This is in fact the wording that was passed in the third session of the 37th Parliament upon which we operated.

Are there any questions on the motion?

(Motion agreed to)

• (0940)

**The Chair:** This will be the order of questioning.

I take it we don't have any opening statements today, or do we?

**Mr. Larry Murray (Deputy Minister, Department of Fisheries and Oceans):** We have no opening statements, Mr. Chair. I understand we did make the commitment to answer a number of questions. If you so choose, we could start by responding to those questions, or we can provide the written response.

**The Chair:** That would be a good idea. If you have the answers to some of the questions we've put, we'd appreciate those answers to begin with.

**Mr. Larry Murray:** I'll start there, then, Mr. Chair.

I think the first question was raised by Mr. Cummins. It was on whether the department was aware of the allegations that Mr. Cummins raised against former justice Brian Williams, and on whether the minister was made aware of these charges.

You would appreciate, Mr. Chair, that I'm here speaking on behalf of the minister. The minister's response to that question is that he has every confidence in his appointment of Brian Williams as chair of the committee to review the 2004 salmon season. He was chosen based on his competence and his ability to perform this job.

Mr. Williams was chosen based on his background as a skilled negotiator with vast experience in all forms of alternate dispute resolution, including mediation and arbitration. After serving for one year in the Court of Appeal for the province of B.C., he was promoted to Chief Justice of the Supreme Court of British Columbia. Mr. Williams' extensive involvement in a variety of boards and committees dedicated to finding balance between economy and environment and sustainable development will bring value to this committee and the issues it has been tasked with.

The second question was in relation to providing the committee with the number and names of members of the independent group that will look into the 2004 salmon harvest, in other words, the committee in support of Justice Williams. I'd ask David Bevan to respond to this question.

**Mr. David Bevan (Assistant Deputy Minister, Fisheries and Aquaculture Management, Department of Fisheries and Oceans):** We do have a translated list. It is still tentative, as there are further consultations on membership underway at this time, but we can provide the committee with the list of members.

**The Chair:** Will we have it today?

**Mr. David Bevan:** Yes.

**Mr. Larry Murray:** The third question was in relation to terms of reference for the independent group's work and the date by which it will have its final report ready. Again, I'd ask David Bevan to speak to that.

**Mr. David Bevan:** The terms of reference are coming now. They will be provided to you. The current version of the terms of reference, however, will be revised. The minister has asked us to further emphasize work on the enforcement element of the terms of reference and to have a bit more focus. As those terms of reference are further developed, we can provide copies to the committee.

**Mr. Larry Murray:** Thank you.

I think the next one, Mr. Chair, was a request that the committee be provided with a copy of the Savoy report that looked at the impacts on nine aboriginal communities of the fisheries access program. We have this report. We're just in the process of translating it. Once we have it translated, we will forward it to the committee as soon as possible.

**The Chair:** Thank you, sir.

**Mr. Larry Murray:** The next question was in relation to our responsibilities for a cleanup project in Richelieu.

I would ask Sue Kirby, the ADM for oceans and habitat, to respond to this question.

**Ms. Sue Kirby (Assistant Deputy Minister, Oceans and Habitat, Department of Fisheries and Oceans):** Thank you, Deputy.

We're still finding some details and don't have the specific project, but as I understand it, there is a general question here about how we worked with Richelieu and other municipalities. As a strategic response, we are working through the Federation of Canadian Municipalities to review how we can streamline our regulatory reviews under the Fisheries Act, such as through operational statements and making sure the statements developed for low-risk activities are integrated into community projects and plans and incorporate best management practices.

If municipalities follow those operational statements, it will allow them to be in full compliance with the Fisheries Act. They will not need to come to DFO for project-specific authorizations for activities covered by those operational statements. However, we don't have the details of the specific cleanup project referred to here. If we could get some additional information, we will do some further work and provide a written response, if necessary.

**Mr. Larry Murray:** The next question was, again, an oceans and habitat question. It was in relation to details of the compensation sought by the department from the local community for the sinking of decommissioned naval vessel HMSC *Nipigon* to be used for recreational scuba diving in the Rimouski area. We were asked to

provide examples of other compensation demands for similar projects in other parts of Canada.

Again, I'll ask Sue to speak to this question.

• (0945)

**Ms. Sue Kirby:** I don't have examples of specific projects that would be similar. However, in the specific case of the sinking of this navy vessel, the reason we declared a harmful alteration or destruction of fish habitat was that we identified a commercial fishery of sufficient value, especially with regard to snow crab. It is normal that when we identify a commercial fishery of that kind of value, with the kind of habitat impact that was experienced in this case, we would seek compensation. In this specific project, the compensation sought was with a salt marsh, and that's not unusual. I don't have specifics, but it's in line with normal practice.

**Mr. Larry Murray:** My understanding was that it was with the promoters,

[*Translation*]

namely, the Société des récifs artificiels de l'Estuaire du Québec, and not with the community.

**Ms. Sue Kirby:** That is true.

[*English*]

**Mr. Larry Murray:** The final question that I'm aware of, Mr. Chair, was this: will science on the passage of the right whale be taken into account in the study of possible impacts of mining at Digby Neck and the development of a facility at White's Cove?

Again, I'd ask Sue to respond to this.

**Ms. Sue Kirby:** Yes, absolutely, science on the passage of the right whales will be taken into account. The concern in this instance is the possible interaction between the whales and the increased number of vessels moving through the area. It is part of what we will be looking at in doing the environmental assessment.

**Mr. Larry Murray:** I believe, Mr. Chair, those were the questions from Tuesday that we had made a commitment to the committee to come back and respond to.

I should say that there have been, over the course of the four sessions, or the three sessions, to date, a number of technical questions. To the best of my knowledge, we have the technical details to provide to the committee later today or tomorrow.

**The Chair:** Well, I'd like to say on behalf of the committee that we very much appreciate the promptness of the response to the undertakings. It's very heartening to see that the department has taken seriously our questions and has attempted to provide answers. Whether the committee members are satisfied with the answers is another issue, but certainly we do appreciate the speed with which you've gotten back to us on these outstanding matters.

Thank you very much.

All right, we're going to get right into questioning.

We'll start with Mr. Hearn, for 10 minutes.

**Mr. Loyola Hearn (St. John's South—Mount Pearl, CPC):** Thank you very much, Mr. Chair.

Once again, thank you to the deputy minister and the officials for being here.

In relation to coast guard, the committee recommended quite some time ago that coast guard be looked upon as a preferred client of the department, that it be given the funding that it needs to upgrade its capital assets and also to do the job that it has to do, rather than being tied up in port, etc.

Can the department guarantee that more emphasis will be placed on an agency that does what we consider to be, certainly on the east coast—and I'm sure the west coast feels this way also—a pretty good job in protecting our resources and our coastline and our people, more importantly?

**Mr. Larry Murray:** Thank you, Mr. Chair.

Certainly I know the minister and the department very much appreciate this committee's interest and concern relative to the coast guard. We have in the past year or so tried to move internal resources to the coast guard to enable it to do the type of job that Canadians expect of it. Indeed, in the offshore we have moved a fair amount of money to continue to do that. That's not to say that we're out of the woods and we are continuing to work on that. The minister is continuing to work on that.

I would also say that we believe the move to a special operating agency, both in terms of a degree of autonomy as an institution within DFO and indeed in relation to hopefully some of the financial flexibilities, may help in that regard as well.

But I'd ask Commissioner Adams to expand a little bit.

**Commr John Adams (Commissioner, Canadian Coast Guard, Department of Fisheries and Oceans):** Yes, if I may. Thanks very much, Deputy and Mr. Chair.

Just to add a little bit, I have a few numbers to make you feel a little better, I think, and a little more confident that we are headed in the right direction. First of all, the government did increase our major capital allotment, specifically to the coast guard, to the tune of \$47 million on an annual basis. That was for two years, but now they have extended that into the future, which is good news. Over and above that, in response to the increased demand being placed upon the coast guard in support of maritime security, the department as a whole has received on the order of \$87 million, and all but \$10 million of that in fact was aimed toward the coast guard.

I think those are indications that they are taking seriously the requirement for funding for coast guard, and we continue to work the issues with respect to additional capital to allocate to the declining asset base in the form of our vessels and in fact our shore-based infrastructure.

• (0950)

**Mr. Loyola Hearn:** That's good new, Mr. Chair. I presume from the answers that when all of us retire one way or another from politics, we can always go look for a commission at the coast guard. I'm just kidding. Be careful what you say on record.

I want to talk about crab outside 200. Crab stocks are relatively healthy. There is some concern expressed in the few areas. You do get a cycle, of course, in crab. Properly managed, everything should be okay. I've been told that outside 200, where we have had some

experimental work done, we haven't scratched the surface at all and there could be a lucrative resource there.

The over-65 fleet is not looked upon with great favour in the industry, according to the participants. The emphasis has been on the probably 35- to 65-footers. They feel that they could easily do much better if they were allowed to catch more crab outside.

In connection with that same question, we have one case in particular where somebody did a lot of the spade work for the department under a licence, in the department's words and in writing. However, basically they were told afterwards it was only an experiment. The courts have said clearly that it was a licence, but the department is still hesitating. And I've had at least two cases where the courts have made a ruling in favour of the fisherman involved at two entirely different levels, to have the department really procrastinate afterwards. Once they gave in under a fair amount of pressure. This other issue is still up in the air.

Once objective decisions have been made, why does the department dig its heels in? But more specifically, what is the status of crab outside 200 and where are we going with it?

**Mr. Larry Murray:** Maybe I'll begin the answer, Mr. Chair, and then I'll ask Mr. Bevan.

On the general subject of crab, certainly we share the committee's concern about this resource. It's obviously vital, and in fact the minister has asked the Fisheries Resource Conservation Council to do a detailed examination of the crab resource. The minister and I just met with Jean Guy d'Entremont this morning. The report on that study is going very well. It will bring forward some very useful recommendations on the way ahead for this resource, which I'm sure will be of great interest to this committee.

In terms of the specific question relative to the offshore, I will ask David Bevan to respond to that.

**Mr. Loyola Hearn:** Mr. Chair, I know that when we talk specifics, it may not be fair to the officials.

If you wish, I could follow up on the specifics. Perhaps you only want to make a general observation.

**Mr. David Bevan:** If you could follow up on the specifics, it's difficult for us as we have thousands of fishermen and we don't know all the files.

On fisheries outside 200 miles, we don't have surveys on those stocks done by DFO science, so what we have to do is use experimental licences to provide an opportunity for vessels to go out and determine the availability of stock such as crab outside of 200 miles. We do have surveys, obviously, on NAFO-managed stocks or on some stocks such as shrimp and all the groundfish, etc. outside the 200 miles, but not on crab. That's a Canadian resource and we haven't had the survey done there. We've concentrated on the inshore zones.

In recognition of that, we have sent vessels out or let vessels go out on exploratory fisheries, and there's a policy that outlines how those are to be conducted and who gets the licences afterwards. The people who are engaged in the fishery, in the development of it, are the ones who are supposed to have first refusal on the licences that may be issued as stocks are found to be able to sustain commercial activities. We'll have to see what the specific issues were regarding this particular case.

• (0955)

**Mr. Loyola Hearn:** Thank you very much.

Sometimes we wonder in what direction the department is headed, because if you look at some of the major issues in the country.... On the east coast we have severe concerns over what's happening on the nose and tail of the Grand Banks and on the Flemish Cap. Even though we see bits and pieces and we're told fewer boats, etc., a lot of that ties into the time of year the quota is being caught. Really, no action has been taken that would be substantive in light of keeping the foreigners from overfishing. In Nunavut there's a dispute. It depends on which side of the coin you look at. There are two groups saying good move, terrible move—games are being played. In P.E.I. and New Brunswick there is a major dispute over resources, particularly herring, a 25-fathom line that seemed to disappear. On the Fraser River there are real concerns that the fishery might be headed the same way as the cod off Newfoundland. Even within the fishery there is aquaculture versus commercial fishery.

Where do you see it all going? Is it because of scarcity of resources and everybody is more conscious? Is it because we haven't done a good job in putting protective measures in place in the beginning? If we don't plan and look ahead, if we don't learn from the offshore in Newfoundland, places like the Fraser River certainly could easily end up in the same place. Where do you see us headed in those directions?

**Mr. Larry Murray:** I'll start and then I'll maybe ask David Bevan to talk to that one, Mr. Chair. In fact, I think the minister made it clear he would welcome committee activity in this area.

I could deal with each of the individual issues, but I take the point as being all of these issues and where and how we are trying to move forward. We do have a variety of initiatives in trying to move forward, but I think this one would be largely around fisheries renewal and how we can actually move the agenda forward in a manner that makes the process more effective, more transparent, more sustainable, more ownership, if I can put it that way, by stakeholders, by the industry, and how we actually affect this industry. This is so important, not only to the commercial fisheries but the recreation fishery and first nations and so on. It is an area that really does require some attention. I think the question is how much, how far, how fast, legislative policy or whatever.

The Atlantic fish policy review set the scene, I think, in terms of four principles that are hard to argue with, but where does the rubber hit the road and how do you move that forward?

I think on the west coast the timing is optimum with the Pearce-McRae report. Obviously, pressure is on the resource and Species at Risk Act on both coasts. And it really is imperative that we do try to move forward in a coherent way, Mr. Chair.

I think that fundamentally would be one of the messages the minister would want to bring to the committee as well and to solicit your involvement and advice on as we try to do this.

But I'll ask David to give a response specifically around this.

**Mr. David Bevan:** I think it is a very important question. We're using a tool that is 136 years old, the Fisheries Act. We've lost a lot of our ability to do other things, such as impose sanctions; they're gone now as a result of court cases. We can't use quota reconciliation to deal with the overharvest of some groups. We can't enter into the kinds of agreements we want, because we have to preserve the absolute discretion of the minister to make decisions on every aspect of fishing: who gets the fish, how they fish, where they fish, when they fish, how much they fish, and with what gear they fish. All those decisions rest with the minister under the current act. That has had a tendency over time to mean that as abundance goes up and the cycle is on the positive side, we have pressure to put more people into fisheries, and that creates problems on the way down.

That kind of governance also creates an environment where fishermen concentrate on dealing with the volume. They can fix their problems by getting a few more fish from somebody else. That has resulted in very poor performance for fisheries, because instead of making the most of what they have by cutting their harvesting costs and maximizing the value of their product, they end up fighting over access. You've mentioned a few of the fights over access, and they are widespread. They occur continually.

Our focus has been on those kinds of questions and not on how to make the most out of what we have. If you look at the price of Canadian fish on the international market compared to that of some of our competitors, you'll see we are not making the most of what we have. The minister has put it to the committee that we need to consider some significant changes, and I think we are going to have to evaluate that.

In the past we had a single-species focus. We'd look at cod and only at cod, and we'd try to maximize our take of cod while forgetting about the ecosystem, forgetting about the productivity of the ecosystem. We see where that got us. We've had a drop in the productivity of the ecosystem and we've still kept fishing at a certain level. Then when we found out we had a problem, we couldn't stop fishing fast enough to save the biomass necessary to have that stock rebound.

We're going to be pushed to have ecosystem considerations put in our fishing plans. We are being pushed to deal with bycatch of species at risk, etc. We have a whole different dynamic in what we have to do in response to SARA, in response to the Oceans Act, and in response to pressures that are mounting in international organizations to manage differently. That means we're going to have to have better targets in our fisheries. We're going to have to have limits, where we start changing from fishing to maximize the benefits, and to start looking at conservation.

Where does that happen? We've done that with seals, for example, where we've set a limit that says once you hit 3.85 million animals, you'll start switching from socio-economic drivers into higher tension on conservation, and when you hit 1.8 million, you will stop harvesting. Those are rules that are in place to prevent that stock from being decimated. We need that in more fisheries, and we need to have a much different relationship with the industry and with licence holders.

Right now we've lost all tools except charging people and taking them to court, and that is not the kind of relationship we think should be there with respect to licence holders. We can't talk to them about joint management. We can't talk to them about entering into agreements that might fetter the minister's absolute discretion. We can't use sanctions. We can't use quota adjustments to deal with the problems. All we can do is talk to them, consult with them on a fishing plan, and then use the courts to maintain individual compliance. It's highly inefficient, it's expensive, and it's not working adequately. So we do recognize that those problems you've outlined are in need of a substantial change, and we need to transform how we do our business with the fishing industry.

I would just note, on the nose and tail of the Grand Banks, that it's not just the time of year. We have half the vessels out there that we had this time last year, so we've seen a drop by half. We also have new quota requirements that are going to apply in January in the NAFO regulatory area, and I believe that will have further impact in reducing the fleet in that area. We've seen a real change in behaviour as a result of the increase in both the at-sea presence and our presence in terms of bilaterals with various NAFO parties.

•(1000)

**The Chair:** Thank you.

Just for guidance purposes—

**Some hon. members:** Oh, oh!

**The Chair:** —I might point out that was an unusually long answer, but in this case I think it was well worth it, and I appreciate the frankness of the answer.

Everybody wants to get some questions in. We're going to Monsieur Roy for *cinq minutes*.

[*Translation*]

**Mr. Jean-Yves Roy (Haute-Gaspésie—La Mitis—Matane—Matapédia, BQ):** Thank you, Mr. Chairman.

I would like to respond to Ms. Kirby, who spoke a little earlier about the Upper Richelieu. We will give you the relevant information. In fact, we sent it to Mr. Bouchard yesterday, as well as to the minister's office.

The problem is much greater than it might seem. I have no questions to ask you, but I would simply like to describe the situation. You say that you are negotiating with the Federation of Canadian Municipalities. There are negotiations underway between the Quebec government and the federal government at the intergovernmental affairs level to try to settle this problem. This involves not only Quebec but all Canadian provinces. The enforcement of the Canadian Environmental Assessment Act by the Department of Fisheries and Oceans will lead to astronomical

costs for certain projects. We have to determine who will be paying the bill. Will it be the municipalities or the provincial governments?

The Quebec Department of the Environment admits that, if the requirements are followed to the letter, the costs will be enormous whenever a project is undertaken that will in any way affect a fish habitat. I want you to understand the context. We will be sending you this information.

The simple implementation of this act could lead to much greater problems than can be foreseen at this time. In any case, Mr. Bouchard has the information, as does the minister's office. The Quebec Department of the Environment is currently working on this file.

I have a question on another file. There are currently problems between the four associations representing the crab fishers in New Brunswick and Quebec and the Department of Fisheries and Oceans. Every year, after the fishing season, there are usually meetings to assess how things have gone and prepare for the following year. It would appear that the department responded—the crab fishers' associations have stated this—that there was no money this year for consultations and the aforementioned meetings. However, the crab fishers tell us that the department has invested \$1.7 million by taking part of the resource. That is what the department is doing. So, in these zones, \$1.7 million has been collected from the resource, for outreach purposes, among other things. The associations are saying that the department told them that they had no money to meet with them. Of course, they are wondering what the department has done with the \$1.7 million.

Secondly, they are working with five-year plans and will soon have to renegotiate the joint management of the crab in that sector. Can you tell us when the negotiations with the crab fishers will begin? If what the associations are saying is true, what happened to the \$1.7 million that was taken? Should this money not be used to promote relations between the government and the fishers?

•(1005)

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

I would like to ask Ms. Kirby to answer the question on the environment. She can tell you about our modernization project and the references made in the Speech from the Throne.

I will ask David Bevan to answer your questions on the crab fishery.

**Ms. Sue Kirby:** We know that the environmental assessment costs can be quite high. I have explained what the department is trying to do in order to update our process. Can we work with the municipalities and the provinces to try to adopt a more streamlined process, particularly when the impacts are not too serious? There are regular projects, particularly in municipalities, that can affect the environment, but the impacts are not great. We can work with the municipalities and the provinces to try to find a better way. That is what we are doing now.

This was discussed with all of the provinces at the last fisheries ministers' meeting. All of the ministers, including Quebec's, expressed their support for a streamlined process. This is not yet complete, and we are working with the provinces and municipalities. A committee has provided regulatory advice to the government. One of the recommendations involved stepping up the modernization process that was begun at Fisheries and Oceans. We are trying to implement this recommendation because we also feel that there could be a problem. We are taking care of it. There are other discussions underway between the provinces and Environment Canada. There have been broader discussions within the government involving not only Fisheries and Oceans, but other departments. The modernization process has begun at Fisheries and Oceans and we think this could be useful in this area.

• (1010)

**The Chair:** Mr. Bevan.

**Mr. David Bevan:** Of course, there have been problems between the Department of Fisheries and Oceans and the crab fishers. It is essential that our department restore good relations with the crab fishers.

Unfortunately, I can't tell you anything about the \$1.7 million. I will have to speak to the regions before I can answer that question. I would like to emphasize that we intend to restore good relations with the crab fishers, if possible before the 2005 season.

[English]

**The Chair:** Merci.

Mr. Matthews.

**Mr. Bill Matthews (Random—Burin—St. George's, Lib.):** Thank you very much, Mr. Chairman, and let me thank the deputy and officials for coming this morning.

I just want to ask a few questions to get an opinion from the DFO officials on fish stocks, fish resources, and ownership. I'm sure you're all very much aware of the company, Fishery Products International, and its history. Just in the last few days it has announced the closure of another groundfish operation at Harbour Breton, throwing 300 people out of work. There was another decision yesterday that's going to negatively impact the groundfish operation in a town called Fortune. In this case it's not good fortune.

In my view, the fish stocks that are managed by DFO are a common property resource owned by the people of Canada and managed by the Government of Canada on their behalf. In this case, again, the corporate decision is to shut down an operation that has been in existence for more than fifty years. My view is that Fishery Products International doesn't own the quota; it doesn't own the fish in the water. It owns them once the fish are aboard the vessel, like an individual fisherman does. It only operates under a permit or a licence from the minister to catch a certain amount of that fish we own.

What's your opinion on that?

**Mr. Larry Murray:** David, can you talk to the specifics around this?

**Mr. David Bevan:** As noted in my previous response, the minister can decide who gets the fish and what volume of fish they get to

catch. He has to exercise that absolute discretion with some restraints. There are not many, but he can't be capricious in his decisions, issuing licences and opportunities to fish and then removing them and giving them to somebody else. He has to have some reasons for those kinds of decisions. Those are the legal circumstances.

Now, who owns the fish? Yes, the Canadian public owns the fish; they pay us to manage it; and in some cases there's a longer-term tenure between the fishermen and the quota, such as in ITQ fisheries—individual transferable quota fisheries—while in other cases it's less secure.

But if we had a situation where there's no policy framework around those kinds of decisions, you might appreciate that it would be very difficult for anybody to invest in the fishery, because they wouldn't know when they were going to have access and when they were not.

In the case of FPI, they've had quota—they hold the vast majority of the yellowtail quota, for example, in the Grand Banks—they've invested a great deal of money in the ships necessary to catch that product, and they have crews working there. If we were, say, to take that away from them because of the closure of a fish plant, who else would have the capacity to invest that money and catch that fish?

We can't be capricious in our decisions. There has to be some stability if we're going to have any opportunity for people to make wise investment decisions.

**Mr. Bill Matthews:** Mr. Bevan, there has to be some stability for people as well, because it's obvious that the plan for Fishery Products International is to get totally out of the groundfish processing industry in Newfoundland and Labrador. There's no doubt that's their intent. Inside of five years, they will not own one processing plant in our province.

Are you telling me, then, that they should still own a quota, even though they're not processing? That's where we're headed, I'm telling you, and you can believe me this morning, or in five years time, if we're here, you'll say I was right.

They are not going to be in the groundfish processing industry, yet they have a quota. You and I and others in your department over the last number of years have had a discussion about accessing a redfish quota for the community of Burgeo, in zone 3-O particularly, for small redfish. FPI and NatSea, really, traditionally have owned, if you want to say "own".... I don't believe they own anything; I think they fish with a permit, or the blessing of the minister. We own the fish.



Some years they catch that fish and process it; more years they don't. There are hundreds and hundreds of tonnes of that redfish that have not been caught by NatSea and FPI. But as soon as someone indicates an interest in utilizing the fish they're not catching, all of a sudden there's a big uproar: "You can't do this; this is ours". Well, it's not theirs. Why should companies like FPI and NatSea sit on redfish quota, even if it's small, that someone else wants to take advantage of? Yet you, DFO, managing the fishery on behalf of the people I represent, think that's all right.

There's something radically wrong with this, and I tell you, I think—and I'm going to be involved—we're heading for a showdown on this, in light of what's happening to the people along my coast. We're heading for a showdown on it.

This is a common property resource. Derrick Rowe of FPI doesn't own those bloody fish. You already talked in your response to Mr. Hearn about the minister and his authority. In my view, that's right where it is. I want to hear how you respond to this, because it is an issue that right now in my province is raging, in light of the company's decision of the last 72 hours.

I want to hear you respond to it, because it's not their fish. They don't own them until they get them aboard their vessel. They've traditionally processed a percentage of those fish in Harbour Breton for over 50 years—they or some company that's led to Fishery Products International. Why should they be allowed to walk away—and tell those people to go to hell—with something that's ours?

• (1015)

**Mr. David Bevan:** The law makes it clear that there's a common property resource, that it's the minister's decision who gets the fish and how much and so on, and that we provide advice to the minister making those decisions. There are policies as well that help frame that advice and those decisions, such as the Atlantic fish policy, licences, etc.

Having said that, there's also a need to have some stability in the access I mentioned earlier. I think there are two dimensions to this issue. One is who has the privilege to catch the fish, and the other is the whole crisis in processing.

Clearly, we sell fish on the world market. It's a commodity we sell, and we're in competition with other people who do it, and if the costs in Canada are so high that the price does not cover the costs, there's going to be pressure on companies to seek other means of getting their fish to market.

The problem the companies are having on groundfish in particular is competition out of Chinese fish processing operations. It's actually cheaper for some companies to catch fish, ship it to China, have them process it, and then ship it back to the market. That's the pressure these companies are under.

**Mr. Bill Matthews:** Do you foresee that in the future, then, that Fishery Products International will go completely out of the groundfish processing business and end up selling their quota to some company in Nova Scotia, such as Clearwater, or somewhere else around the world? Is that where you're telling me we're headed with this business; that as Newfoundlanders and Labradorians who have fished this for hundreds of years and benefited it from it, we as the Government of Canada, and you as a department, can allow that

a corporation like FPI can end up doing this? Are you telling me they will have a quota in the waters off our shores that we, as a people, will never benefit from? That's really what you're telling me indirectly.

**Mr. David Bevan:** I'm saying that in law right now the decisions are made by the minister. That is not property that they own, and they can't therefore sell it. They can't—

**Mr. Bill Matthews:** They didn't pay for it, either.

• (1020)

**Mr. David Bevan:** They paid for a licence.

**Mr. Bill Matthews:** That's right. They didn't pay for the fish.

**Mr. David Bevan:** I can't recall all the details of how the quotas were met, off the top of my head.

**Mr. Bill Matthews:** Yes, but you know that Fishery Products International didn't pay the Government of Canada, say, \$5 million for the allocation of fish they have. You know they pay for a licence and a permit to fish it. Isn't that correct?

**Mr. David Bevan:** That's correct.

**Mr. Bill Matthews:** Right.

**Mr. Larry Murray:** Let me just add, in relation to the earlier question about where we're at and where we're going, the issue of how we tie in processing with harvesting in a more effective way in this country. That is something else that needs to be examined as part of the solution.

**The Chair:** What about Mr. Matthews' question about the company that has a certain allocation and doesn't use it? If somebody else wants to use it, then they raise an issue: "No, you can't use it, because it's ours, but we're not going to use it". I don't think anybody answered that question.

**Mr. Bill Matthews:** Mr. Chairman, if I may, just before Mr. Bevan answers, I'd say traditionally in Harbour Breton there has been a redfish quota processed—mostly redfish, with some cod and other stuff. The company is indicating today that the fish that's traditionally been processed in Harbour Breton will probably be left in the water.

I represent three processing plants. When I heard about Harbour Breton, I said it was terrible for Harbour Breton, but maybe the company plan would be to take that redfish over to Fortune or Marystown just across the bay, so even though it's terrible news for Harbour Breton, it might be a little better news for the people over there.

But they're indicating now that they may even leave that fish in the water, which ties back to the small redfish in zone 3-O. There are tonnes a year that are not taken by those companies, and the only time they have an interest in it is when someone else expresses an interest in utilizing it. We have to stop that nonsense, in my view. We have to stop it. If you're not going to use it, you should lose it.

**The Chair:** Could we have an answer to that?

**Mr. David Bevan:** We've avoided going to use-it-or-lose-it policies because of the perverse incentives it creates. It makes people fish when it's not profitable, it damages companies, and it also creates more pressures on stocks when we don't always want to have them there. We have not had that as a policy. Clearly, we have a whole series of issues that we have to deal with in fisheries licence policies and in our policies around how we manage the fishery, but in this case that's not been our practice.

**The Chair:** Okay, but just to push that a little bit, if a quota is issued for a certain species of fish, then DFO must think it is all right to take that number of fish out of the water in that particular year, and if a company or a fisherman does not exercise the quota, then why not let someone else do it since, based on the fact that a quota was issued, there would be no harm to the stock that particular year? This would be in contrast to leaving it in the ocean for no one to use because the particular company or person given the quota didn't exercise it.

**Mr. David Bevan:** That's an issue that has to be dealt with in terms of reviewing the policy we mentioned earlier. A lot of these kinds of issues have to be reconsidered as we go through our fisheries renewal process.

We haven't exercised that option, since usually nobody's fishing it because it's not profitable to do so. If there is an opportunity to have somebody else fish it, I'm sure there could be a business arrangement reached. We have not tried to intervene with business decisions, because we are there to manage the fishery, not manage the internal workings of various businesses.

**The Chair:** Well, it's not an easy issue; that's for sure.

Mr. Keddy, finally.

**Mr. Gerald Keddy:** I'll just continue this matter for a few more seconds, not too long

On the whole issue of quota, I know DFO has struggled with it for a long time and I don't think it actually handled it very well, or the minister hasn't handled it very well, or the Parliament of Canada hasn't handled it. Maybe we'll all take the blame.

But on redfish in particular, if the company has already caught their quota—and I listened to your answer closely, Mr. Bevan—the cost has already been incurred. Shipping it to China to be processed, where it's a mechanized processing application anyway.... Redfish is almost 100% mechanized when you process it, so no one is touching it. The labour and the cost aren't incurred at the processing end; the labour and the cost, I think, would be incurred in the process of catching the resource. So I don't know how you would square it, to ship it to China.

So it's not quite as simple as saying it's always cheaper to go offshore. Maybe that's more of a comment than anything else.

The other issue is that we, or you guys, DFO officials especially, have a responsibility to somehow wrestle the whole issue of quota to the ground, because it simply does not work. I represent, as does everybody else at the table here, a big fishery riding, and you can go up and down the south shore, southwestern Nova Scotia, and I can show you dozens, if not hundreds, of people who own quotas, haven't had a fishing boat for ten years and have no intention of buying one tomorrow, and they sell that fish to somebody else. They simply move it, and they take their 10¢-a-pound profit—or 30¢, or 40¢, or whatever it is. Meanwhile, some guy is trying to make an honest living. This year the haddock prices are falling through the floor, so haddock is worth 50¢. A lot of guys sold their haddock quota for 60¢, and some guy is trying to catch it and make a living selling it for 50¢ or 55¢—or 45¢, or whatever they get. It's a mess.

I'm just making a statement: it's a mess. I don't know how it can be fixed, but it has to be fixed.

I have one other issue that I want to bring to your attention, because I'm sure that none of you have seen the information, and it's just another example of where we get bogged down on fairly simple issues here.

This is about inshore clams and the recreational clam fishery, which has been shut down in Shelburne, Queens, and Lunenburg counties essentially since 1993. As you are probably aware, they changed the quota in 1993 for the recreational clam fishermen. They went from 300 clams to 100 clams.

There are all kinds of arguments being made by the commercial harvesters. The resource isn't threatened. The little recreational guy never hurt it, yet they cut the quota back and said, look, if you want to catch clams, buy a licence. But they don't have a quota system for the commercial harvester. It used to be that they could catch 80 pounds, but they got rid of that in 1995, or 1996, or 1997, and there's no quota whatsoever for the commercial harvester. Yet the guy going out for a weekend to try to get enough clams for a clam bake can't dig more than 100. So you take three guys and you dig 300 clams, which used to be your quota for the day. We're spending money to regulate the recreational clam fishermen.

I just don't see the common sense. I don't understand it. If you guys are aware of this, how do you square it? This is a very small part of the fishery, but I think it's typical of some of the things that are happening in the fishery.

I know you've been approached by the Queens County Fish and Game Association on behalf of the recreational clam fishery. It's not a matter of hurting the resource, or disturbing the clam beds, or destroying the resource; this is simply a matter of common sense.

• (1025)

So can you explain to me why over 11 years ago we said to the guy out there for a recreational afternoon or an hour of digging clams that we're going to reduce his limit and we're going to enforce it and actually charge people for having more than a hundred clams, yet we don't have any limitations whatsoever on the commercial fishery inshore?

**The Chair:** That was a five-minute-and-16-second question.

**A voice:** It was five minutes too long.

**The Chair:** Mr. Bevan.

**Mr. David Bevan:** On that one, the clam issue was dealt with after consultations with commercial and with recreational. Also, we had a problem at the time with illegal sales of clams coming out of the recreational fishery, and there are other adjoining areas with that limit. So that was part of the rationale for that decision a number of years ago.

**The Chair:** Do I understand correctly that the recreational clam fishery is regulated and the commercial is not?

**Mr. David Bevan:** Well, the commercial have a licence, obviously, but they don't have a limit. But the stocks are looked at to make sure there's no danger to the stocks. The problem with the recreational was that with the high bag limit per person per day, there was essentially an unlicensed commercial fishery underway. That's one of the reasons the limit was reduced.

• (1030)

**Mr. Gerald Keddy:** The other difficulty with this whole situation is that 300 clams is roughly a bucket. So if you're a fisheries officer and you see a guy with a bucket of clams, you know he's roughly within his limit. Yet for a hundred, you have to have some sense of measuring. We have fisheries officers hiding in the woods trying to catch guys. And by the way, every other recreational fishery...you're allowed 10 halibut but you're allowed a hundred clams.

I'm simply not satisfied with the science or the rationale or the reasoning behind this limit that's set without too much consultation. There are two recreational guys on the committee.

And I'll clam up.

**The Chair:** We can get back to that.

Mr. Cuzner, for five minutes.

**Mr. Rodger Cuzner (Cape Breton—Canso, Lib.):** Mr. Chairman, it's good to see my colleague Mr. Keddy coming out of his shell a little bit.

I wasn't going to go with this one, but, anyway, Gerald's got me a little wound to it. It's with regard to a recreational fishery in my own community and it's the thickest file in my constituency office. It's frustrating the hell out of me and it's frustrating the hell out of the recreational smelt fishers in my community.

DFO in the late 1990s granted four commercial nets in a very small Lingan Bay recreational fishery. In January and February, the place would be dotted with the ice houses and so on, fishing smelt. They put the commercial nets in and there's no more ice houses and no more smelt fishers. They've devastated the recreational fishery there. These guys who got the commercial licences are lobster fishers and have crab share. They're doing extremely well and they come in and do the smelt fishing and devastate it.

The guys in the local office of DFO are doing the smoke and mirrors kind of thing. They've got the recreational fishers on the committee. The fact is, when the nets came, the smelt went and the recreational guys aren't getting them anymore. We're running out of places to fish recreational smelt, and it was a way of life in Cape Breton. It's really tough and it doesn't make any sense.

I've spoken to senior officials about it, and it goes up and it comes back down and it goes up and it comes back down. It's like we need a bulldozer to move a marble here. There is zero application of common sense applied. I didn't even want to talk about that, but....

They're saying now that there's an historical association with the fishery, but the history goes back to the late 1990s and it was contested right afterwards. The decimation of the recreational stocks was identified by the recreational fishers shortly thereafter.

So I don't know what we can do with this one, but anyway, perhaps you could look at it. That'll be the question. Could you guys look at that and see if we can't find some kind of resolve? It's an obvious one that sticks out.

I want to find out about the hatcheries, because in Atlantic Canada we stepped back from the hatcheries. What about the situation with the hatcheries on the west coast? Are we still continuing to fund hatcheries, and could you enlighten me as to the justification? If we are, why, and why not on the Atlantic?

**Mr. Larry Murray:** If I could just say, Mr. Chair, the minister shares the concern of this committee relative to the recreational fishery and has asked us to try to bring greater coherence to it.

In relation to the smelt fishery, we will look into it, and I'd ask Mr. Bevan in a minute if he has any specific information relative to it.

In terms of hatcheries, it was a program review decision, as I understand it, to get out of the hatchery business. In relation to the west coast, we are still in it relative to salmon enhancement programs. I think there was some reduction after program review. Certainly, the Species at Risk Act and some of the challenges with various stocks out there have us taking another look at it out there to determine what is appropriate, what is necessary, and what makes sense.

Maybe I'd ask David to follow up on both the hatchery scenario, since you were in the department....

• (1035)

**Mr. David Bevan:** I don't have specific knowledge of the smelt, so I'll just lay that one aside.

**Mr. Rodger Cuzner:** And I wouldn't expect you to.

**Mr. David Bevan:** On the hatcheries, it was part of a program review in 1995 to reduce hatcheries on both coasts. There was a larger program in B.C. in terms of salmon enhancement, so it was reduced substantially, but not eliminated, whereas on the Atlantic coast the intention was to reduce and essentially eliminate it.

The concern was that having hatcheries can distort.... It can have a conservation impact on both coasts; if we enhance one run and it co-migrates with other runs and they're all fished, it can become a problem. It was less so in terms of some of the hatcheries in Atlantic Canada. But that was one rationale we had for reducing the hatcheries in B.C., and it's something that's of graver concern now as we're moving towards dealing with SARA and dealing with co-migrating weak stocks, which we have to pay attention to in terms of conserving them. If we enhance the stock and it's then targeted by a mixed-stock fishery, it becomes a real problem that we have to address now.

I really can't recall all the details of the decision on why it was decided to eliminate the hatchery on the Atlantic coast and why it was only a reduction in British Columbia.

**The Chair:** That's it, Rodger. I can come back to you.

Mr. Kamp has been waiting patiently, meeting after meeting. So it's your turn, Mr. Kamp.

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

Thank you, Mr. Murray and colleagues, for being here.

I just want to return briefly to the post-season review in British Columbia. I don't want to talk specifically about the appropriateness of Mr. Williams being appointed the chair. I think there will be time to do that at a future date—although, for the record, let me say that I have some serious concerns about that choice as well.

These questions may have been asked already, and I have some others I'd like to ask. I apologize if they have been asked by Mr. Cummins.

One of the members of the integrated harvest planning group, which I guess is making up the bulk of this post-season review committee, has said they didn't get any consultation really on the terms of reference of this group. In fact, the terms of reference were released to the public before they even saw it. So not even were they not consulted about what might be a good thing for this group to do, but the public was basically told what they were going to do before the group was. I wonder if you could just comment on that—if that in fact is true.

Let me just give one or two others relative to that. I think you said earlier that you were going to give us a list of the names of the people involved in that and the terms of reference, which may yet be revised. I think the question was also asked at a previous meeting about when that final report was due, but I didn't hear you say anything about that this morning. So perhaps you could address that again for me.

The third question is about its budget. What is its budget, and does it include a per diem for the committee members?

**Mr. Larry Murray:** I'll start, Mr. Chair, and then I'll pass it to Mr. Bevan.

As to the terms of reference and the overall announcement, I'm not certain, but I would suspect that your understanding may be correct, given the speed with which we did put out the terms of reference. The focus of the membership, as Mr. Bevan said, is actually on moving forward with the recommendation from the 2002 review, with an independent chair.

The terms of reference, as Mr. Bevan said, haven't been totally finalized, and the intent of the minister is certainly to get to the bottom of whatever happened. I believe the terms of reference are fairly broad and all-encompassing, but if the chair were to suggest, based on consultations, some changes to the terms of reference, I suspect the minister would certainly be prepared to consider them. That would be my opinion.

In terms of names, I think we have most of them and are prepared to leave them here. I think the budget is still being finalized, but certainly we would be paying the costs of the members for their efforts.

In terms of the final report, I'm not sure we have a final date, but I'll ask David to talk to that.

• (1040)

**Mr. David Bevan:** The final date is March 31, 2005.

**Mr. Larry Murray:** You may want to elaborate, David, if I've got some of that wrong.

**Mr. David Bevan:** No, I think you're basically correct.

As you recall, this is a body that was suggested as a result of a previous review in 2002, which was accepted. In terms of the normal consultations regarding fish planning and looking at the past season and what to do about the following season, the normal process would not involve per diems, etc., because that's the normal consultative process, which we don't necessarily subsidize.

In this case, however, we're asking for specific terms of reference and a review. That whole debate on how much money it will cost and what's going to be covered is still underway between us and the independent chair. Obviously there will be some meetings shortly with members of the planning committee, and they will then have to work out some of the details. We are not getting everything finalized and then imposing that process on this review; we want to hear from the chair and the members to work out the final details. But we have very little time. We want a report in time for the 2005 season, and that means we have to get right at it.

**Mr. Randy Kamp:** Can you tell me what powers this committee will have, particularly with respect to witnesses?

**Mr. David Bevan:** They would have no special powers of subpoena or anything like that, but they would obviously be able to call upon whomever they felt had the information they wanted. They would not actually have the power to subpoena people and take evidence under oath; that would not be part of the process. This is not a judicial review; that's clear.

However, it is a review, and we want to get to the answers before next season. If we had a more formal process, our concern would be that it would take a lot longer; we wouldn't have the answers and would have to go into next season not knowing what happened this year. Not knowing what happened this year means we could be doomed to repeat next year whatever it was this year.

**Mr. Randy Kamp:** What about with respect to departmental officials or employees? Will they appear and be protected in any way if they give information that would not reflect well on the department, for example?

**Mr. David Bevan:** I think it's been pretty clear, particularly in British Columbia and the Pacific region, that people have had a long history of providing information in a very open and transparent way. That would be expected again this time. As to special protection or legal protection, no, that's not the case, but we haven't had a history in that region in particular, and in the department in general, of having people feel they can't provide information to the public.

**The Chair:** Thank you, Mr. Kamp.

*Monsieur Blais, s'il vous plaît.*

[Translation]

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

I would first like to say that my questions have nothing to do with the small craft harbours. That is not a reflection on the importance of the file, and we will come back to it over the next days and months, and may possibly achieve something.

Generally speaking, my questions concern Fisheries and Oceans, and the services that they provide in the regions. I don't mean the greater region of Quebec, but a region like the one that I represent, namely, Gaspé and the Magdalen Islands. That is how I define a region. I have the feeling that the services that are currently provided by Fisheries and Oceans are in jeopardy, and I hope that you will dispel those impressions.

Whenever there is a budget cut or a reorganization, it seems like it is the regions—according to the definition that I have given—that bear the brunt, that are the first ones to experience these cuts; the regions always seem to be the hardest hit by any budget cuts or reorganization programs. That is the impression that I have, and I would like you to tell me that I am wrong so that I will be able to sleep at night. I would be most grateful if, in Gaspé and the Magdalen Islands, the riding that I represent, we could stop worrying about whether or not the Coast Guard and Fisheries and Oceans will continue to provide services, so that we can turn our attention to development. Does the Department of Fisheries and Oceans still have enough resources to cover its responsibilities in regions like mine?

•(1045)

**Mr. Larry Murray:** I share your concerns and I must tell you that we intend to keep a close eye on the services in the regions. When I began this job, 18 months ago, we tried to do certain things. There is no doubt that the Coast Guard and Fisheries and Oceans are having a hard time maintaining the appropriate level of service. We have taken steps to minimize the cuts at a regional level and to try to

provide services. Have we been successful? I am still not satisfied. We will continue to do whatever it takes.

I would like to ask Mr. Da Pont to give you a few figures and tell you, not necessarily about our successes, but about our efforts.

[English]

**Mr. George Da Pont (Assistant Deputy Minister, Human Resources and Corporate Services, Department of Fisheries and Oceans):** Thank you very much. Yes, as the deputy minister indicated, the cuts we've been making and the restraint measures we put in place financially have in fact had the intent of trying to preserve, to the best of our ability, the front-line services in the field. So the vast majority of those cuts have actually been on our administrative end and on our internal services. We've tried, to the greatest extent possible, to protect the actual services in the field.

As for some specific examples of that we've done, we've reduced our budget for IT expenditures, for example, by about \$10 million. We reduced a whole series of administrative expenditures by about \$29 million—things like reduced travel, reduced hospitality, reduced furniture, and reduced consulting. Those moneys were basically taken out of administrative expenditures to allow us to cope more effectively with some of the pressures on the various program budgets.

We think we've done as much as we can in these areas, although we continue to look to see if we can do any further reallocation from administrative areas to program areas. But I think we realize generally that we certainly haven't alleviated all the on-ground pressures.

[Translation]

**Mr. Raynald Blais:** You will have to do something much more concrete to ensure that the front-line services will not be affected. The only word that comes to mind is “moratorium”, a moratorium on cuts in the regions, as I define them, of course. I'm thinking of a region like the Gaspé and Magdalen Islands, or another region in British Columbia, or elsewhere. These remote regions have the feeling that, as history, unfortunately, has shown, they are the ones that are bearing the brunt of these cuts. A moratorium would be a meaningful sign, a guarantee that the service that they now have will not be cut out, in a few months or three years, so that they can make plans and have a little breathing room.

•(1050)

**Mr. Larry Murray:** Once again, I share your feelings, but I cannot make that type of promise because I am governed by the act. There are other priorities, for example overfishing by foreign vessels. We need to find the money that it will take to do more in this sector. However, I can understand where you are coming from. The committee has supported some of our initiatives. For example, the modernization of the Coast Guard and upgrading the fishery to reduce our costs. I am convinced that it is a good idea for the committee to examine what we are doing at headquarters, here in Ottawa, as well as in the regions. I agree with you wholeheartedly, but it would be difficult for me to promise that there will be no further cuts in one region or another, because of regional pressures, whether it be on the east or west coast. But we have taken steps to try to improve certain things. In view of the efforts made by this committee and by the department, I have every reason to believe that we will make progress over the coming months.

The Coast Guard Commissioner and David Bevan might want to add something.

[English]

**The Chair:** I'm sorry, Commissioner Adams, I think the answer was fulsome. If you don't mind, we'll go to Mr. Simms.

**Mr. Scott Simms (Bonavista—Gander—Grand Falls—Windsor, Lib.):** My question is concerning the gathering of all the science on the east coast. There are several individual harvesters who are sentinel fishers in my riding, and the comment they give to me is fairly unanimous among all of them. There seems to be a disconnect between the information that you want to gather and the information that they say is relevant to the situation.

I'm going to give you an example. One particular individual in Bonavista Bay, a harvester in the sentinel fishery, is going into certain areas to gather information on behalf of the department. What he's saying is that you're going to the wrong place; you're going into an area where the fishers for hundreds of years have always known that at a certain time of the season there are no groundfish in this particular area. Now, everybody knows that except DFO. What happens is you are getting inaccurate information based on a stock that they know. It's a very meticulous thing in the inshore fishery, and this is the message they want to give to DFO by saying you're not getting sound information.

My question is in regard to this, and I'm sure you may have heard as well. There is a disconnect when you use harvesters for science reasons and you're not listening to the concerns coming back.

**Mr. Larry Murray:** Thank you very much, Mr. Chair.

The minister would like to thank Mr. Simms for the workshop recently that did give an opportunity for at least an exchange of views on this subject in coastal Newfoundland, which the department felt was useful.

In relation to the specific question, I'd ask Mr. Labonté to respond on the science. And David, perhaps you have something to add if there's time enough.

**Mr. Serge Labonté (Director General, Fisheries, Environment and Biodiversity Directorate, Department of Fisheries and Oceans):** Thank you, Mr. Chairman. In the context of the sentinel

fisheries, that program basically covered the whole coast of Newfoundland and the Gulf of St. Lawrence. There are different components to the program. First, I would like to say that this program works...in close relationship with our scientists and our biologists and the fisher who does the work. So they work together in trying to achieve a specific goal.

There are different components to the sentinel fisheries program. I'm not too sure which one you're referring to, but there's a mobile gear survey with trawlers, for instance, that is done in a very methodical way, basically in the same way as we run a research survey ourselves. You see a green colour in an area where there is no fish. This is basically like sampling the population of Canada. If you were to take your sample where you know that people live and try to estimate what would be the population, but you cannot see it, it's well hidden under water, and you sample only in Montreal, Toronto, and Vancouver and try to extrapolate that to the size of the country, we would probably have a few billion people in Canada.

•(1055)

**Mr. Scott Simms:** Mr. Labonté, sorry, but let me clarify it this way. I understand what you're saying with the extrapolation of population, but the population of Montreal tends to stick to Montreal. In this particular area, where they're sent out to fish and there are no fish there, in two weeks' time it's filled with fish, because they're far more mobile than we are. So to extrapolate on the population that moves around in a certain area... I guess what they're saying is, instead of sending us out to this area now, wait two weeks and you'll find a better illustration of what the inshore stock is.

**Mr. Serge Labonté:** It would be difficult to go through all this in a few minutes, but I can tell you that if the fish are not there now, they're somewhere else and somebody else is sampling them. It's part of a grid pattern to sample the population.

I can spend time with you, Mr. Simms, if you want to go through the process. It's very open and transparent. We have a website where we show when those things are happening, who's involved, and how it's done. The information that is gathered by the fishermen is brought into our assessment process. A fisher and internal experts from DFO and from the outside participate to review that information. It's wide open and transparent, and all the information is taken into consideration.

The fact of the matter is that what you see in front of your pier is real, all the fish that are in the water, but the overall picture needs to be taken into consideration in order to assess the stock. So it's part of a well-established process in which people can fully participate.

**Mr. Scott Simms:** I'm going to change gears. On the UN resolution, what has been the feedback since that time?

**The Chair:** Which UN resolution, the one that Mr. Hearn was referring to about the bottom trawling?

**Mr. Scott Simms:** Yes.

**Mr. Larry Murray:** Mr. Chair, I would say quite positive. The 140 nations voted for it; two abstained and one voted against it. It reflects world opinion in terms of industry's concerns. We have committed to work with them in terms of the future.

Again, from our perspective the resolution and the minister's speech at the UN seem to have been reasonably well received by most parties, and certainly the resolution reflects current Canadian practice. Do we need to work with the industry to ensure that we engage them more fulsomely and in a more timely manner on the broader oceans governance, the high seas governance initiatives? Absolutely, and we are committed to do that.

I think it has been generally positive.

**The Chair:** I'm just intrigued, Deputy Minister. Which nation voted against it and which two abstained?

**Mr. Larry Murray:** Turkey voted against it for historical reasons, which someone else may be able to elaborate on. I'm not sure it had to do with this particular resolution.

We can get the second one, Mr. Chair, but I think it was Colombia and one other nation, and I can't remember which.

**The Chair:** Did China and the U.S. sign on?

**Mr. Larry Murray:** Yes, 140 for and....

**The Chair:** Thank you.

Mr. Hearn.

**Mr. Loyola Hearn:** Thank you very much, Mr. Chair.

First, let me ask about what is always a very aggravating situation for a lot of the people: DFO involvement in the work of mining companies, construction crews, farmers, and municipalities. I'm talking about drains, in some cases, or small rivers where once somebody saw a trout. We have had a list of complaints from small municipalities wanting to put in culverts, from farmers trying to get access to their fields in the prairies, in particular, and certainly mining companies. Every time we go to develop a mine, there is a rush of DFO people trying to make sure there isn't going to be a trout affected.

We have absolutely no problems where we're talking about salmon rivers, trout streams, or you name it, generally. But quite often these are minuscule streams where it would be questionable if any fish exist or how many.

I had one personal experience that I might have quoted one time before. Here's how idiotic the whole thing is.

We had a major flash flood because of heavy rains in a short period of time. The flood in the river completely took out the large steel culvert and brought it actually some miles down country. That gives you an idea of the force of the river. When Highways went to replace the culvert, they were held up for almost a week before somebody called me. It wasn't a federal issue, but they were frustrated. I went to the area. They had the road blocked with two big piles of clay on either side of the river and another bypass made, without any concern around it, at a 90-degree angle. Four accidents had occurred because it happened to be in the foggiest place in North America that this happened. Highways had gone up in the daytime and said, yes, visibility is great, and a sunny day it is. A foggy night

it was, and there were four accidents, the last one almost a fatality. The next day, of course, the culvert went in.

They were held up because DFO had concerns that as the culvert was put in the silt and everything else might be stirred up. We had just gone through a major flash flood when the whole river, basically the riverbed and everything else, was just washed down the country.

This is a major aggravation, and it happens without perhaps any direction from the top, but quite often by somebody at the local level throwing around their weight. Is there some way we can avoid having people trying to get their work done being held up for days or weeks through some, although very major aggravation for them, minor incident that seems to not be a part of the total picture whatsoever?

• (1100)

**Mr. Larry Murray:** Thank you very much, Mr. Chair.

This is, for a change, something about which I can't tell you what we're going to do. I can tell you what we are doing. In fact, this has been a concern of the minister, and we have launched a major environmental modernization process, it's fair to say.

I have met with the B.C. Cattlemen's Association, we met in Ontario, and this is certainly an irritant. There are also resource issues around this to get the maximum amount of money for our work in this area.

I'll ask Sue Kirby to talk to it in just a second.

I think we have made significant progress. We were at the Canadian Electrical Association yesterday. We have an MOU with them. They're very pleased with the progress in the past year or so. A few weeks ago the minister signed, actually on the basis of positive feedback, an MOU with the seven major natural resource industry association presidents, and in fact, in the recent arm's-length smart regulation process, we started out in the corner that I think has been described. Once we made them aware of where we were going.... As I think Sue Kirby alluded to in an earlier answer, there's a one-pointer in that report using what we're trying to do here—we're not at the finish line—as an example of where smart regulations should go.

So I think we are heading in the right direction. We haven't got there yet. It's a big organization. There is a requirement for training consistency and all of those things. Certainly the concern as expressed is absolutely valid, but I think this is one where, rather than telling you what we are going to do, we're actually heading in the right direction.

Sue, you might want to add to that.

**Ms. Sue Kirby:** Thanks, Deputy.

We've alluded a couple of times now to this environmental process modernization plan, and it does have five parts to it. The first one of those is a risk management framework, because in the past we realized we have treated all habitat as though it was of equal value and importance. You're right, it isn't. There are times when we're looking at things as being very important that we know are not, so we're developing a risk management framework in consultation with provinces, with stakeholders, and that will help us to put our emphasis on the major areas of impact, not on the minor ones.

The second piece is something we call streamlining. We had heard from, in particular, the natural resource associations. You mentioned mining; mining and forestry were among the ones that had been pushing us early on to put our initial efforts into dealing with those low-impact projects and getting them away from the irritants that you've described. We've heard those from farmers, we've heard them from municipalities before. I was talking to Mr. Roy earlier about the Canadian Federation of Municipalities, and I'd put that in that category as well.

Where we're at now is we have taken 14 areas, we have issued operational statements, and we have said that if those statements are followed, it will give you a bottom-line sign-off that you're in compliance with the Fisheries Act, which is something we've never done before. We've done that in consultation with municipalities, with the farmers, with resource industries.

So we think it's an important step in the right direction. It's not perfect, there's further to go, but we are working on it.

The third piece of the plan is on major projects, because part of what we are trying to do the streamlining in aid of is not only getting out of the irritants, but also making sure that when we really are dealing with threats to the fishing resource, we are looking at major projects in an appropriate way. Under the major projects model, we are doing some internal changes to our management structure so that there will be greater and earlier involvement of the deputy himself when appropriate, that of senior management. We have changed our sign-off process between levels within the organization for major projects so they will get the attention they need. The third one is on consistency, and a lot of that has to do with training. The final one is around partnerships, and it's things like the memorandum of understanding that the deputy referred to.

I'd be happy to provide additional information to the committee on this if there is further interest, because we have, we believe, over the last year made significant progress. When the minister met with his provincial and territorial colleagues, they were unanimous in saying that over the last year they have seen the start of real change. It isn't at the finish line, and we all know that. We have a long way to go, but we think we've started in the right direction, and they believe so, which is more important than our saying it.

• (1105)

**The Chair:** That's it, Mr. Hearn.

Ms. Kirby, thank you. Could you provide us with a list of the 14 areas that you had mentioned?

**Ms. Sue Kirby:** Yes.

**Mr. Loyola Hearn:** And could you give us your response to the question—more or less what you gave us—in writing so we'd have it?

**Ms. Sue Kirby:** I'll give you the 14 areas again, if you like.

**Mr. Larry Murray:** Yes, we'll give you a complete outline of this process.

**The Chair:** Thank you.

Mr. Stoffer, your timing is impeccable. I was just about to take your slot. Mr. Murphy is first? Then your timing is even worse.

Mr. Murphy, five minutes.

**Hon. Shawn Murphy (Charlottetown, Lib.):** I may not even be five minutes, Mr. Chairman, and thank you very much.

I want to thank the witnesses for being here this morning.

I have a question to you, Mr. Bevan. You gave what I thought was a very good talk earlier about the lack of sanctions and some of the challenges that the minister faces in enforcing the Fisheries Act and the fact that you're dealing with an instrument that's now 141 years old or whatever.

The sanctions that you had were taken away by a court case. Are there any plans or any movement to reintroduce them through legislation, and if so, is there anything this committee can do to either help the department out or speed up the process? I think this is very important.

**Mr. David Bevan:** Thank you.

As you pointed out, we had sanctions back in the early 1990s and lost them through a series of court cases. It's clear now that we need to change the Fisheries Act in order to allow us to move ahead with sanctions. That would obviously require the cooperation of the committee, and of course, it's not the only issue that perhaps should be considered for change. We have very archaic order powers; they're very cumbersome to use. We don't have the ability, as I mentioned earlier, to enter into any kind of really formal agreements with fishing communities, etc. So those are all limitations. I think what we could do is bring to the committee at some point proposals on some of these issues.

**Hon. Shawn Murphy:** Would it not be helpful to do it sooner rather than later? I'm looking for a timetable here.

**Mr. David Bevan:** Yes, I think it would be better to come sooner rather than later, obviously. The sooner we get at some of these issues, the sooner we can change the relationship that we have with the fishing communities to get better compliance.

One thing is that the sanctions really did work. They were very effective, very efficient, and I think there is right now a fairly strong consensus around the need to find a way to reintroduce them. We'll try to come back to the committee as soon as possible.



**Hon. Shawn Murphy:** If I could leave one message, I agree with you 100%. I'm rather shocked that if a fisherman out there violates the Fisheries Act, 30 days later he or she is back out there fishing on a licence issued by the Minister of Fisheries and Oceans. I think I speak for all the committee that we're certainly prepared to work with that and try to do that as quickly as possible.

The second area is for either Mr. Bevan or the deputy minister. I know it's not directly a fisheries matter, but it has been brought to my attention. I'm a little disturbed by it and I have no way of knowing whether the information is correct or incorrect, as this all comes from anecdotal evidence. Again, this is related to sanctions, and it is the amount of unreported catches we have there. I was given a number in the Bay of Fundy lobster industry and I was given some, not statistics, but somebody's guesses on the Acadian crab industry. Does DFO have any mechanism to monitor that? Would this be part of the sanction process?

Again, as a person involved in public policy and as a parliamentarian, I would certainly be disturbed if there was a fisher out there making a good living pursuant to a licence issued from the Government of Canada by fishing a resource that's owned by the Government of Canada and (a) not reporting that catch, (b) not paying the income taxes that ought to be paid on it, and (c) perhaps just as importantly, not providing the DFO the information on the catch that is being caught. Is that an issue that has been looked at by DFO?

• (1110)

**Mr. David Bevan:** Yes, as a matter of fact, in terms of the fisheries renewal, we have an element that looks at our compliance programs. They are actually meeting as we speak, looking at some of these issues.

The Bay of Fundy lobster, of course, is not a TAC-managed fishery; it's managed by effort controls. But if you're referring to the illegal fisheries, then there is a significant concern there. We've had an increase in patrols in the area to try to bring that under control.

**Hon. Shawn Murphy:** Mr. Bevan, if I could interrupt you, I'm talking about the illegal fishery, which I'm aware of, but I'm also talking about the legal fishery that's not reported.

**Mr. David Bevan:** Well, it's not legal in that case.

**Hon. Shawn Murphy:** It's legally caught. There is a difference here. When they take it out of the water, it's legal. But when they take it to shore, they don't—

**Mr. David Bevan:** No, that is a significant concern for us. As you've perhaps heard, we have numerous charges laid in the crab fishery where we're alleging collusion among the fishermen, the dockside monitors, and the processors. Those are significant problems. We've seen that where we have evidence, but we also understand that we haven't been able to catch everybody who's been doing that. So it's a significant problem.

To put it into perspective, however, we do now have 100% dockside monitoring on most fisheries. We have observer coverage and we have VMS, vessel monitoring systems, so we have a lot more information that we can start to look at in terms of bringing it all together and trying to get a better appreciation of the behaviour of fishermen. But for me to say to you here that it's working with 95% or 99% accuracy, I would be misleading you. It's not. I can't give you

the number because we don't know it, but it's not an insignificant volume of fish that could be involved in these kinds of unreported activities. It's a big concern for us.

One of the reasons we're looking at changing our approach is, first, to try to manage fisheries so that we don't create perverse incentives for people to cheat; and second, to get the tools that we collectively need—we and the fishing industry—so that we can get this kind of thing under control. We've had really good results in some fisheries; for example, west coast halibut, where the fishermen are paying for further monitoring control surveillance. They're really going the whole distance to make sure that everybody in the fleet adheres to the rules. We've got to do a lot more of that in other fisheries.

**The Chair:** Thank you.

Colleagues, we have 14 minutes. I'm going to give Mr. Stoffer an opportunity. That will have given everyone an opportunity to ask questions at least once. I'm going to take a slot and that will be it, because I'd like to spend just a couple of minutes on the upcoming potential visit to British Columbia.

Mr. Stoffer. Five minutes.

**Mr. Peter Stoffer (Sackville—Eastern Shore, NDP):** Mr. Chair, and to our guests and the committee, I apologize for being late. I had assumed the meeting started at 11 a.m. I'll make sure I don't make that mistake again, so I apologize.

First of all, I thank you for setting up a meeting the other day with Richard Wex and others regarding the Tulsequah Chief mine. But one of the disturbing things was that if you want to be as transparent as possible, if you want the process to be as open and as fair as possible, my suggestion is to use every tool in the toolbox in order to allay the fears of the Tlingit people of the Taku. One of those would be to involve the services of the IJC and Herb Gray.

Richard seemed very reluctant to do that. I'm just wondering, you may not be able to answer it now, but perhaps you could take it back. The Tlingit people are split on that mine developing. It's not just the mine that they're upset about. They could probably live with that if the materials were barged out. It's the road going into the mine, a 160-kilometre road through their virgin territory, which they believe will affect salmon habitat and the salmon runs in the Taku River.

Because it's shared waters with the people of Juneau and the fishermen there, I don't see why the DFO would be so reluctant to formally ask the IJC for any advice that they may give on this quandary we're in.

So that's just a statement. You may comment in a second. But another one of the concerns I have is, in speaking to the Atlantic Salmon Federation, they're very concerned over a recent salmon allotment given to people up in Labrador. I believe it's the Innu people in Labrador. Do you believe that the Atlantic salmon—the wild salmon—is at a bit of a risk, and if it is, then how can you justify allowing a certain allotment of salmon to a particular group of people in the Labrador area? I was wondering if you could explain how that decision came about, please.

• (1115)

**Mr. Larry Murray:** Thank you very much, Mr. Chair. In terms of the IJC, I might ask Sue to say a word, and certainly we'll take it as a statement, look at it, and perhaps get back to the committee. I would say that it is a foreign affairs decision more than a DFO decision, but certainly we can look at it.

I don't know, Sue, whether you want to say anything else on that.

**Ms. Sue Kirby:** I think the information, as I believe Richard provided to you, is that because we're still in a domestic process that's been going on for 10 years, we think we should finish the domestic process, and we're nearly at the end of that. There have been a lot of bilateral discussions with Alaska along the way, but having said that, we will take it back. And we appreciate the comment.

We did specifically request that this briefing take place and include you as a result of your comments at the last meeting, so I hope it was helpful. We're certainly prepared to continue the dialogue.

**Mr. Larry Murray:** In terms of the second question, I think it's actually the Labrador Métis that we're talking about.

**Mr. David Bevan:** That's correct, Deputy. The fact is that Atlantic salmon are in trouble in certain parts of the range. In Nova Scotia, for example, a number of the rivers are acidified to the point where they can't support the eggs hatching, etc., so there's no question that there are concerns. It's one of the reasons why over time we have shut down the commercial fishery. That's why we've gone to river-by-river fish management plans based on the local abundance—in some cases no fishing, in some cases hook and release, and in some cases bag limits, depending on the abundance of salmon that return to the rivers.

We are concerned about salmon. Having said that, there has been a subsistence fishery conducted over the last number of years in Labrador. Before, it was not managed through a communal licence. We did not have a communal licence tool that we wanted to use in that circumstance; there was instead an all-residents fishery, which essentially meant that it was a Labrador Métis fishery. But it was all residents, and that fishery was directed towards sea trout with a bycatch of salmon in the range of about 10 tonnes.

So that fishery was underway for a number of years, and what we've done now is we've decided to use the tool of the communal licence to manage that instead of having it managed the way it was previously. So the catch hasn't changed, hasn't been augmented; we've just changed the tool that we use to manage the fishery. It's not a new fishery; it's the fishery we had before, but with a different regulatory tool, and that fishery is at that level, around eight to ten

tonnes. That's about similar to the subsistence fishery that's currently taking place off Greenland.

We had also done a lot of work collaboratively with groups in the last number of years to try to increase our understanding of the salmon, etc., in working with NASCO on conservation measures to do that as well.

**The Chair:** I'm sorry, we're rapidly losing our time.

I'm going to allow Mr. Keddy to correct a couple of things and make one very brief statement. I'm watching my second hand.

• (1120)

**Mr. Gerald Keddy:** I stated that the soft-shell clam licences were changed in 1993, but actually they weren't changed. In 1997, a variation order was brought in. I mentioned that recreational fishery can keep 10 halibut, but in actuality it's 10 groundfish. I'm sure the folks are aware of that.

You talked about illegal sales, yet there are some tools available to DFO that you don't use. You allow fishermen who have outstanding licence violations and fines not paid to renew their licences. Why?

**Mr. David Bevan:** That's the interpretation of the courts in the sanctions cases. Any attempt by us to not issue the licence due to past violations is deemed to be a sanction, and that's not permitted under the current act. We've had certain fishers with many offences, some very serious, yet we have to reissue their licences.

**The Chair:** Mr. Bevan, on that issue, did the department acquiesce in those decisions, or were they all taken to the Supreme Court?

**Mr. David Bevan:** I can't recall all the decisions. I believe they went to the Supreme Court.

It's not just one set of decisions either. It's not one court case. There was a number of court cases, and we are unable to now use either quota, reductions, or sanctions to keep people out of the fishery for a period of time as a tool to gain compliance.

**The Chair:** Unbelievable. That's really too bad.

I have a couple of questions on hydrography. I wonder if somebody in the department could explain to me what hydrography is. Who runs it, and what is it doing?

**Mr. Larry Murray:** Thank you, Mr. Chair.

Hydrography is the making of charts. We do various things in various regions, but fundamentally it's making charts for Canadians. The Canadian Hydrographic Service has a background and a pride very similar to the Canadian Coast Guard. It's resonant in the science portion of the department.

I can go on, but certainly the work they do in the St. Lawrence, for example, is essential to marine shipping. They survey the water depth on a real-time basis so shippers in Rotterdam know what level to load their ships to.

**The Chair:** So who's in charge of that?

**Mr. Larry Murray:** It's the director general of the Canadian Hydrographic Service.

**The Chair:** And who's that?

**Mr. Larry Murray:** We've just had a recent change in that. There's an acting person, Savithri Narayanan.

**The Chair:** Would that include digital maps?

**Mr. Larry Murray:** It does include digital maps. We have an arrangement with a private company, NDI, in Newfoundland on data and so on.

**The Chair:** Okay, I'll be watching that. I might be interested in it in the new year.

• (1125)

**Mr. Larry Murray:** A lot of people are interested in that one.

**The Chair:** Okay. That's it, folks.

I just want to thank the department for coming. We've had four meetings on the estimates, and I think the committee is quite dedicated to doing the best it can to understand the estimates and help you put them into a format that makes it more understandable for us. We certainly appreciate the cooperation of DFO in trying to do that.

We're going to give you some recommendations on the chart, Mr. Da Pont and Deputy Minister. The minister himself, the deputy minister, and the assistant deputy minister have asked this committee

to continue to input and help the department move forward. I've heard that loud and clear. I think we all have. I'm sure you can rest assured that we will do the best we can.

On one thing that is somewhat frustrating to the committee, while this may be a broad generalization, we get the feeling that when we issue a report there's more effort put into telling us why our recommendations can't be implemented than there is in implementing the recommendations. This causes us some frustration, as I'm sure you are frustrated in the department. We certainly heard that from Mr. Bevan today. But we'll continue to do our best to try to give you the best advice we can. Hopefully you can use it to better the department and better the resource, which is owned by the people of Canada, as we all agree.

So thanks again very much for all your efforts in helping us understand the estimates this time around. We look forward to working with you in the future.

Just for the committee's knowledge, as of this second I do not believe that the House has yet approved the travel of the committee—they have? Has it been approved, or is it going to be approved?

**Mr. Gerald Keddy:** The House leaders have approved it.

**The Chair:** The House leaders have approved it, but I don't know if the actual House of Commons has agreed. If it is approved, I would very much appreciate your immediate confirmation to our clerk as to whether you'll be attending or not, so we know precisely how many tickets to order and how many rooms to reserve.

We have a very extensive witness list and it's going to be a very busy three days, so we would really appreciate your telling the clerk as quickly as possible whether you'd like to go or not. There will be room to accommodate everybody who wants to go, I believe, up to a maximum of 10 out of the 12 committee members.

Thank you very much.

The meeting is adjourned.

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