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Chair

Mr. Tom Wappel

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•(1105)

[English]

The Chair (Mr. Tom Wappel (Scarborough Southwest, Lib.)): I am calling this meeting to order.

There are two items of business, committee members. We first want to welcome our witnesses, but before formally introducing them we're going to deal with the first item of business, which pertains to a letter we've received from the deputy minister. What I'd like to do is give members of the committee an opportunity to read that letter. I'll give you two minutes to read it; it's one page long. Then I want to make a suggestion as to how we'll proceed. This is in connection with the request for the Melvin report.

What came with the letter, committee members, is this material. I've reviewed the material, and I'm in agreement with the deputy minister that there are sensitivities in this material. In my view, these would require us, at least initially, to review it in camera and then have discussions in camera as to what if anything we want to do and how.

Because we haven't been given authorization to travel by the Liaison Committee, we have next week open for our meetings. I am suggesting we schedule next Tuesday's meeting to be in camera to deal with this particular report that has been sent to us. We'll take a look at it, discuss it, and then make whatever decisions we decide to make at that time. I have a specific procedure I'm going to invoke for giving out the documentation, but I'll discuss that with you on Tuesday.

If there is time at the end of that meeting on Tuesday...and there may not be; it looks voluminous, but then, it's in both official languages. If there isn't time, then on Thursday, since we have two meetings, I'd like to see if we can come to some resolution on whether or not we want to issue a further report and/or recommendations with respect to aquatic invasive species and also to what if anything further we want to do in respect of Mr. Robb's testimony regarding the Rouge River and the draining of the aquifer in and around the Toronto area.

With your permission, that's what we'll do on Tuesday and Thursday of next week.

Mr. Cummins.

Mr. John Cummins (Delta—Richmond East, CPC): I have just a couple of points, Chair. One is that it would be appropriate if some arrangements were made so we or our staff could view that documentation before the meeting on Tuesday so we have some idea of what it is we're going to be dealing with.

The Chair: No. I don't believe it should be given out except in this committee room.

Mr. John Cummins: Well, what I was suggesting was this. Is there not a secure area where it could be viewed, where you could visit—

The Chair: That's right here on Tuesday, and we'll take as much time as we need to read it. We can read it line by line, no problem. That doesn't mean we're going to deal with it Tuesday and it doesn't mean we're going to be finished with it Tuesday, but that's when we're going to start with it.

Mr. John Cummins: The second point, Chair, is that there were other reports mentioned during these Williams hearings that may be of use. They were promised, but we didn't receive them. One was a statistical analysis the department apparently undertook of the size of the illegal sockeye harvest in 2004. It would be helpful if the committee had those documents as well.

The Chair: Mr. Cummins, I wonder if you'd bring that up on Tuesday, when we have our minds focused on the issue.

Mr. John Cummins: Well, you may just want to make that request in advance. If it's available, then it would be helpful.

The second one, Chairman, is that there was a catch monitoring report by Colin Mason that was referenced as well—

The Chair: Referenced by whom? Williams?

Mr. John Cummins: It was in the Williams hearings, and DFO at that point indicated to the chair of the hearing the report would be made available. It wasn't. Again, it may be something of interest to us.

The third one was a report, again mentioned in the Williams hearings. This one was mentioned at the time by Mr. Melvin. He said he was going to be producing one report and there was a fisheries officer by the name of Nicole Gallant who was going to be producing another report.

Again, I think those three reports would add considerably to the committee's knowledge base, and I think we should request those reports, Chair.

The Chair: To be fair to the committee and to me, I think, I'll say the last time you were here and made a request you only requested the Melvin report.

Mr. John Cummins: That's correct. I understand that, Chair. It's just that in looking through that data again, I refreshed my memory about those reports being asked for at the Williams hearings. I've brought it up here at the earliest convenience; I thought it might be appropriate for us to ask for them.

The Chair: I'll ask Mr. Latimer to contact your office for the details so he'll know exactly what to ask for. Given that today is Tuesday, they may not be available for us by next Tuesday, but we'll certainly have enough work in reviewing the report itself.

• (1110)

Mr. John Cummins: I think that would be reasonable.

The Chair: Thank you.

That takes care of item one.

Pursuant to Standing Order 81(4), we're considering the main estimates 2005-06, votes 1, 5, and 10 under Fisheries and Oceans, referred to the committee on February 25, 2005.

On vote 1 we have the following witnesses today: Mr. John Adams, commissioner, Canadian Coast Guard; Dr. Wendy Watson-Wright, assistant deputy minister, science, Fisheries and Oceans Canada; Kevin Stringer, director general, resource management directorate; and George Da Pont, assistant deputy minister, human resources and corporate services. Welcome today.

I believe there is an opening statement. Mr. Da Pont, you're going to give an opening statement?

Mr. George Da Pont (Assistant Deputy Minister, Human Resources and Corporate Services, Department of Fisheries and Oceans): Yes, Mr. Chairman, and I believe we had distributed, for the committee's information, the document I'll be using. I'll turn right away to page 2.

I know the committee is completely familiar with the elements of the estimates documents. I'm certainly not going to cover those, but I did want to make three general comments about the material you have.

As you know, this is different from previous years in that it is now organized along the lines of the new program activity architecture structure, which we shared with the committee last year. It is now organized around three strategic outcomes and nine program activities, and if you look in the report on plans and priorities, you will see it is also further broken down into 40 sub-activities. Hopefully, this will give the committee more detailed information than they had in previous years.

You will also find as an addition to this—again, in the report on plans and priorities—a clear indication of the number of people who are attached to each of the general functions.

This is the first year we've moved to this type of detailed reporting, and I can't say we've necessarily gotten it entirely right. There are a couple of things we will be adding in future years I know the committee has a strong interest in, particularly regional breakdowns. I am providing you with some information on regional breakdowns today as part of the presentation, but in future years we will be making sure that is part of the report on plans and priorities.

Page 3 provides you with a general overview of the budget of the Department of Fisheries and Oceans, broken down by the various votes. It also provides you with the budget as it existed last year. As you can see, in a year-over-year comparison, the budget for this fiscal year is \$30.7 million less than the budget for last year.

We have itemized the major changes that explain this in annex A, and essentially it's made up of a number of new programs that have increased funding and a number that have decreased. On the increased funding, you will see there is a \$15-million addition—I'm running through annex A at the moment—for enhancement on water presence and air surveillance.

The second main item is an addition of \$13.5 million to support aboriginal groups in the management of Fisheries and Oceans resources.

There's also a third item, an addition, and this is a typo in your document. Instead of "\$12 million" it should read "\$13.4 million" for "Foreign over fishing". The minister, actually in the past few days, made an announcement of an extra \$20 million for three years over and above that figure.

There's \$2.9 million for northern pipeline development, and there's \$2.6 million being accessed under the federal contaminated sites action plan.

There's also an adjustment—I skipped over that—a \$6.4-million increase due to the costs of collective bargaining.

In terms of the decreases in the budget from last year, as we explained to the committee last year, \$42 million in major capital-related costs had sunsets, so that is a decrease in the budget.

In addition, the next biggest significant decrease is \$21.1 million. That reflects the transfer of responsibilities to Transport Canada. Again, we covered this with the committee last year, but this is the first time it's actually reflected clearly in the estimates.

The department, like all other departments, has made a contribution to government-wide reallocation, a contribution of \$14.2 million. That is over and above the \$3.1 million we briefed the committee on last year, so the total departmental contribution is \$17.3 million.

There is a decrease in the employee benefit plan of about \$8.2 million, and that's just for adjustments in how the provisions work.

Finally, there was a \$2 million decrease as a result of the end of a special seal population study that was funded for a number of years.

If you do the math, all those ins and outs explain the difference, a decrease of \$30.7 million.

There are also two important things I wanted to draw to the committee's attention. These figures do not include the new funding the department is receiving under budget 2005, nor do they include the decreases that are going to result from the Expenditure Review Committee announcements. I will touch on both at the end of the presentation.

On page 4 the budget of \$1.4 billion is broken down into the nine different activities that are now part of the program structure. As I mentioned, a further breakdown of all these figures is in the report on plans and priorities. They get broken down into about forty sub-elements.

There are again two things I wanted to draw to your attention here. The figures for all of these areas are probably a bit higher than those some of the committee members would recognize. The reason for that is, in accordance with direction from the Treasury Board, all of the funding for areas like human resources, corporate services, policy, communications, and legal, things that support the entire activities of the department, has been distributed among these areas in accordance with a formula. That's the reason the figures for some of these are probably higher than what you would recognize.

In the report on plans and priorities, though, we've given you a clear split on which part is for program activity and which part is for these other corporate functions. We can come back to that later if the committee would like.

On page 5 the same information is summarized for you but with a bit of a different look. This shows you the ins and outs of the budget by each of the nine program activities.

• (1115)

So this is the effect of the items I went through, the increases and the decreases, and how they land up at \$30.7 million.

I do want to flag the Canadian Coast Guard, which shows up on this with a very large decrease, \$33.9 million. The primary reason for that, of course, is the transfer to Transport Canada of \$21 million. That is reflected in the number, and the rest is the coast guard's portion of the major capital decrease.

I can run through some of the others later, if the committee would like.

On page 6, we take the same information but we display it for you in a different way. This is according to the organizational structure of the department. There, for instance, you see broken down the funding for human resources and corporate services, for policy, and for the executive, which in the previous pages was distributed among all the other activities.

Page 7 takes that same information—and this is probably a bit of new information for the committee, something I hope will become a standard piece in future years—and it breaks that funding down by the department's organizational structure as to the various regions of the country. As you can see, the biggest single block is something we've called national programs. That is money that is managed centrally but is spent in the regions. It gets allocated early in the new fiscal year according to investment plans, and the allocations to each region can vary from year to year.

In annex C of the material we distributed we have provided a full list of the items under national programs that make up that amount of money.

• (1120)

The Chair: Excuse me, Mr. Da Pont. Thank you very much.

I don't want to ruin your train of thought, but I'm going to ask you to help me here a little bit. Do you remember we tried to get this so it would be more understandable for committee members?

Mr. George Da Pont: Yes.

The Chair: You have broken down these things in different ways. There are a lot of figures here, and I can't keep up with you. Just as an example, on page 4 you have the main estimates by program activity, and it shows the Canadian Coast Guard at \$597 million being 41%. On page 6, you said, you broke the same thing down in a different way, and using the same total amount, you have the Canadian Coast Guard now at \$100 million less and 35%. Why is that?

Mr. George Da Pont: That is because in the second slide we've taken out and shown you separately the funding that goes for human resources, corporate services, policy, communications, and legal. In slide 4, all that money is distributed among those various program activities according to a formula, as we have been directed to do by the Treasury Board. I appreciate that this does cause some confusion when you're trying to follow the figures, which is—

The Chair: Does that mean that of the \$193 million in the pie for human resources and corporate services on page 6, \$100 million is for the coast guard?

Mr. George Da Pont: Yes, it would be attributed to the coast guard.

As I said, we tried to provide the exact breakdowns in the report on plans and priorities. The program enablers would be about \$101.4 million.

• (1125)

The Chair: Sorry for the interruption. You were just talking about annex C.

Mr. George Da Pont: Yes, and I appreciate that, Mr. Chairman. I sometimes find it difficult to follow this as well.

So I'm going back to annex C. That is basically a complete breakdown of the national programs. As I said, those are programs where the money is managed centrally but spent in the regions.

On slide 8 we have essentially taken that same information and basically broken it down into a bit more detail, again in accordance with the department's organizational structure. Those are the regional figures as they stand now for each of the main activities. That essentially gives more detail but is similar to the previous slide.

On slide 9 we've taken the same information, the same figure, and we've broken it down among salary costs, other operating, capital, and grants and contributions, and again we've given you the regional breakdowns for that same amount of money. The only thing I would point out is that under "National Capital Region", it includes both the national capital region and all of the national programs. We were not able to break it down to this level of detail this time, but we will do that for future years.

Slide 10 shows that this year there's only one difference between the figures in the main estimates and the figures in the report on plans and priorities. It's essentially an increase, as you can see, of \$5 million for the three items that are set out there under "Carry Forward", and that is money we were allowed to carry forward from last year to put to these three particular items. That's the only difference between the figures in the estimates and the figures in the report on plans and priorities.

Slide 11 attempts to give you an overview—

[Translation]

Mr. Jean-Yves Roy (Haute-Gaspésie—La Mitis—Matane—Matapédia, BQ): I have a fairly straightforward question for you, Mr. Da Pont.

Where is the Quai de la Reine located? Where is that particular item located?

Mr. George Da Pont: I believe it's located in the Quebec region.

[English]

What we're trying to do in slide 11 is give the committee a sense of the impact once we are able to factor in the budget announcements—the new funding that would come as a result of the budget—and the impact of the decreases that would come from the expenditure review announcements. Again, we've tried to show you that information according to the main organizational areas of the department.

Slide 12 provides you with a summary of the funding that would come from the budget announcements. As you can see, we've shown it out for a three-year period, but a number of them obviously extend beyond that. The one I did want to draw to the committee's attention is the set of figures for the procurement, operation, and maintenance of coast guard vessels. That is part of a \$276 million allocation over five years, and as you can see, it starts low in the first three years and then ramps up in subsequent years as vessels are acquired. We've provided a brief description of all these items in annex D.

Finally, Mr. Chairman, on slide 13 we've provided a table itemizing the program reductions that are part of the expenditure review committee announcements. As you can see, most of these items are going to be implemented over a three-year period, which is the reason the figures vary from year to year. They would result in full savings of \$34.7 million by year three, once they're fully

implemented. Again, we've provided the committee with a brief description of those items in annex E.

I think, Mr. Chairman, that's pretty well it for the presentation.

The only thing I would like to conclude on is, as we asked or offered the committee last year, if the committee has any comments or changes on the program activity architecture they would like us to take into consideration, we would certainly welcome them. We have, though, been given a mid-June timeframe as the limit for being able to put them forward for this particular fiscal year.

With that, Mr. Chair, we'd be happy to try to answer any questions you may have.

The Chair: Thank you very much, Mr. Da Pont.

Certainly from my perspective, it seems as if the department is making an effort to put things in such a way the committee can at least make some attempt to digest them. It's certainly not easy, and I'm glad we have four meetings because there's no way we'd get this done in one meeting—no way we'll get it done in four meetings.

Before I go to Mr. Hearn, I want to ask, where did the \$20 million come from? The minister just made the announcement. I'm looking for the press release. I had it right in front of me and I can't find it now.

You said that's new money over and above the money for foreign overfishing in the northwest Atlantic. If it's new, where did it come from?

• (1130)

Mr. George Da Pont: It's new. It would come from funding you would deal with through supplementary estimates in the fall.

The Chair: So it's not shown here?

Mr. George Da Pont: It's not shown in any of these figures.

The Chair: So it's money spent prior to authorization?

Mr. George Da Pont: No, it was authorized in the sense that it went to cabinet and we have gotten cabinet concurrence with and authorization for the expenditure, which is why it was announced. But it was not done in time to get into the report on plans and priorities or into the estimates, so it would be dealt with by this committee through supplementary estimates.

The Chair: And what rubric is it under, did you say?

Mr. George Da Pont: It would be under foreign overfishing. Fisheries and aquaculture management would be the program area.

The Chair: Thank you.

Sorry, committee members.

Mr. Hearn, 10 minutes.

Mr. Loyola Hearn (St. John's South—Mount Pearl, CPC): Thank you very much, Mr. Chair. Let me also thank the people who are here this morning to answer our questions and satisfy, I'm sure, all our curiosities about the numbers.

I just have so many questions; I'm sure everyone else does also. I'm going to try to confine mine to three general areas, with a question on each one.

The first two, Mr. Chair—I say to you and the committee members, many of whom have been around this table for a while—we can talk about in some positive sense because of the work of this committee, sir, and your own work.

The first one is the coast guard. Here I will also publicly give credit to the commissioner, who has done an extremely good job, I think, certainly in pushing for some of the resources that are needed.

Did we get enough? Of course not, and he'll say that. Everybody will say that, because the area has been neglected for so long.

I don't think the funding we see today would be there—I don't think, I know—without the work of this committee and the push from both coasts in particular and all those involved, certainly the people from Quebec and elsewhere. We have seen some funding. The question is, how quickly will we see this money spent, how far will it take us in relation to our needs, and will it protect and, hopefully, enhance the employees of the division?

My second question—I'll throw them all out and then they'll have time, Mr. Chair, to answer—deals with the other topic. I remember the morning I gave notice of a motion I would introduce concerning overfishing on the nose and tail of the Grand Banks. You and most members around the table looked at me and said, where's that? Again, three and a half years later we at least see a lot of money going into the area, and the committee can take full credit for seeing some notice being paid to overfishing.

We hear commitments, including when the Prime Minister was making commitments on the weekend that something has to be done about overfishing. He said exactly the same thing last year and has continued to say it, and not a darn thing has been done except to create a presence that might be having some effect. But this year already we've seen 15 violations, more than all last year in total, and there was an incident just this past short while, a week or so ago, where a Spanish boat was boarded. There were three or four violations and obstruction of our people. I'd certainly like to know how we're getting our money's worth with these investments.

The Chair: I'm sorry to interrupt. The deputy minister will be here on Thursday. He's at that international conference, and he may have some better information.

Mr. Loyola Hearn: The other one ties in with that in relation to what's going on at sea. One of the biggest problems we have is not knowing what's going on out there, not getting the proper reporting in order to be able to do what we do. It shows the extreme importance of a good observer program. We see now, again, the passing of the buck in relation to paying for observers. Whether they are protection officers on the rivers looking after our salmon, which have been decimated, or officers looking after our resources at sea, these people are crucial and essential. Top-quality people are needed, not some guy you can buy for a few bucks to go out so you can say you have somebody on the boat. We have qualified people who have been doing it for quite some time, and we're playing around with professionalism. I'd certainly like to know where you plan to go with the observer program.

I'll leave it at that, Mr. Chair.

• (1135)

The Chair: Commissioner.

Commr John Adams (Commissioner, Canadian Coast Guard, Department of Fisheries and Oceans): Thank you, Mr. Chair.

I'll start on the first one, and there were three parts.

Thank you very much for the positive comment with respect to where we've managed to go in the last several years with respect to coast guard.

The increases you're seeing this year are primarily capital increases, although they did come with additional O and M. We managed to convince the centre that bringing new ships into the system without additional O and M would be wrong because we clearly do not have sufficient O and M now to run the ships we have. Bringing more new ones on will not make the situation better. They agreed with that, so they did inject some O and M money, but the vastly greater part of the new moneys will be capital moneys.

That's a five-year allocation, so we have the five years to spend that capital money. It came in two parts. The \$276 million Mr. Da Pont made reference to was for what I call the traditional CCG or DFO-CCG vessels, the two offshore science research vessels and four midshore conservation and protection or fisheries patrol vessels. There was an additional \$124 million, but some of that was for interim measures, so in round figures there was \$100 million for an additional four patrol vessels for maritime security on the St. Lawrence and the Great Lakes.

Those two sums of money, in the rough magnitude of \$350 million to \$400 million, were for ten vessels, six to replace existing vessels and four new maritime security vessels. Those will be brought into service as quickly as the procurement process will allow us to bring them, but the intent is that all of them will be in service within the next five years.

Now, the question was, how far will it go? The fleet recapitalization program is a 25-year program, because we're looking to recapitalize all of what I would refer to as our watch-keeping vessels or our big ships, the non-shore-based vessels. The government over the past five years has appropriated sufficient moneys to replace the shore-based search and rescue vessels. That work will be completed by 2008, so the small shore-based vessels will be replaced almost in total by 2008.

Now what we're beginning is the longer-term replacement of the large vessels. This first five-year tranche will see the first ten replaced. We're looking for four more five-year tranches to replace the remainder of that big fleet over the next 25 years. We're only partway there, but what we will replace immediately are the most critically urgently needed vessels, science and patrol vessels, and then in the succeeding tranches we'll address the remaining vessels in their turn.

Will it protect people? Yes, it will in the sense that we'll continue to have a fleet and will therefore continue to employ both the program people the fleet supports—scientists, for example, and fishery officers—and my own mariners, who operate the vessels.

Is it sufficient in fact for us to continue to do all we would want to do, as you pointed out? It never is, but it's certainly sufficient that we do not anticipate any pink slips. In other words, we will not, with any luck at all, have to issue surplus notices to our people. If there are reductions, they will be done through attrition.

So that's the three parts.

I think we'll turn now to Kevin to take a run at the second series of questions, if we may, Mr. Chair.

By the way, might I seize this opportunity to express the deputy minister's regret in not being here. Obviously the east coast was very important, and he will be here on Thursday.

• (1140)

The Chair: Thank you.

Mr. Stringer.

Mr. Kevin Stringer (Director General, Resource Management Directorate, Department of Fisheries and Oceans): Thank you.

As John said, the deputy minister is indeed attending to the issue of foreign overfishing, the subject of one of the two questions.

Let me start with observers. Certainly, the department's view is that observers are very important to the effective management of the fishery. We will continue to be in that business and will insist on observers. The program for the past while has been paid for one-third by DFO and two-thirds by industry, and the change is to make it fully paid for by industry. The change will be phased in and won't take effect for a couple of years, so we will have time to work with industry on how to do that.

The sense is that the role of the department will change from one of supplying the observers or funding the observers to one of working with industry to establish standards and to establish standing lists of people who could be observers for different fisheries. We've already started discussions with some industry folks about how we would do that, what the standards would look like, and those types of things. We do have some time, but we certainly take the issue of observers very seriously.

With respect to overfishing, we would say we share with you the frustrations sometimes about the speed of the progress in moving to curb foreign overfishing. I think it's fair to say, as you point out, we have seen some progress, certainly with an increased presence on the waters, and you could argue that the number of violations is a result of the effect of the increased presence. That being said, we might

argue that if it was down, geez, they're not there because they know we're there. That's a difficult one to call, but we are catching them. I think the world knows we're out there more, and that's significant.

I think we also agree that it's not just about presence and that more needs to be done. That's why you saw in the announcement...further action in addition to presence. Last year's announcement was mostly about increased presence on the water, which was the most urgent need and continues to be an urgent need.

We see work in the areas of science and international diplomacy. One thing that is a real focus of the St. John's conference—and this is not to steal the deputy minister's thunder, because I'm sure he'll have much to say about it on Thursday should he be asked—is the importance of effective regional fisheries management organizations, where they have some teeth. It's looking at the decision-making processes, the compliance mechanisms, and all of those types of things in dealing with sovereign nations.

It's not easy to move forward, but our sense is that St. John's was an important watershed and kicking-off point to further that discussion. Some investment has been made and I think it's paying off. It is a long-term initiative but a vitally important one, one we're going to continue with.

The Chair: Thank you.

[*Translation*]

You have seven minutes, Mr. Blais.

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

Before we go to questions and answers, I'd like some clarification as to our agenda for the coming days. What day has been set aside for a discussion of small craft harbours?

[*English*]

The Chair: For small craft harbours, I believe it's Thursday, May 19.

The deputy minister will be here on Thursday, and the minister will be here, we hope, on May 17.

[*Translation*]

Mr. Raynald Blais: I'm going to get into the subject quite a bit today in light of what may transpire in the days and weeks ahead. Therefore, it should come as no surprise that I want to talk about small craft harbours.

First of all, I'm trying to get a grasp of the figures in front of me. Unless I'm mistaken, at some point, there was talk of \$95.6 million for the 2005-2006 budget. These were the latest figures that I saw. Today, I see here a figure of \$102.1 million for the 2005-2006 estimates. Furthermore, different figures appear on pages 5 and 6 of the budget papers. The amount allocated for small craft harbours has increased from \$95.6 million to \$102.1 million, judging from the numbers on page 5. On page 6, however, the figure quoted is \$86.1 million.

I'm trying to understand all of these figures, before I ask any questions.

• (1145)

[*English*]

Mr. George Da Pont: Yes, Mr. Chairman, I can explain the figures. On page 5, the reason it shows those figures for small craft harbours as higher is that they include the portion for legal, communications, human resources, and corporate service functions that was attributed to the program, as I explained, due to direction from the Treasury Board. The figures on page 6 are the correct figures for the actual program budget, \$86.1 million this year. That is at the moment a decrease of \$5 million from the comparable figure last year, because that was part of the overall \$42 million decrease in major capital I explained in the presentation.

The minister has asked us to look internally to try to see what we could do to restore some of that funding, and we have succeeded so far in finding an extra \$1.5 million. But regardless, the actual figure for the program is \$86.1 million. The \$100 million figure is when you factor in those other functions.

[*Translation*]

Mr. Raynald Blais: Thank you.

So then, the budget for small craft harbours is being increased by \$20 million per year over five years. That all comes to an end next year, that is in 2006-2007, if I'm not mistaken.

I hope that you can alleviate some of my concerns. I'm afraid that the \$20 million allocated over a period of several years... It was assumed at the time — perhaps naively, but I hope not — that over five years, the budget would increase by \$100 million. However, based on what I'm seeing, I get the impression that we're likely to see \$75 or \$80 million of that new money, not the anticipated \$100 million. If that's the case, then it will be a bitter pill to swallow. Can you alleviate my concerns about this matter?

Mr. George Da Pont: Last week, the Minister met with national representatives of small craft harbour administrators. He informed them that he planned to make a proposal to his Cabinet colleagues calling for the program budget to be maintained at its current level.

Admittedly, a loss of \$20 million has been projected over two years, but there's still enough time to make a proposal to Cabinet. That is what the Minister stated last week. I'm confident that he'll have more to say on the subject when he appears before the committee in two weeks' time.

Mr. Raynald Blais: Moving along, still on the subject of small craft harbours, in 2001, as everyone knows, departmental officials related to us a series of horror stories about how the government needed to invest \$400 million in small craft harbours, not to upgrade them, but to rehabilitate them. By last year, the \$400 million figure quoted in 2001 had risen to \$500 million. The horror stories continue.

I can well understand coming up with this plan at the last minute, but I think it could have been presented earlier, in light of the situation. I'd really like to understand. When the times comes to unveil a plan like this, with this kind of horror story...

I'm happy the Canadian Coast Guard has managed to obtain some additional funding and I support Mr. Hearn's position. However, the small craft harbour fiasco has resulted in a \$100 million increase in spending, from \$400 to \$500 million. Moreover, this figure could go up again this year.

What justification is there for cutting the budget when needs are increasing? The gap is widening. We're swimming against the tide. That's why I have trouble believing that we're finally going to see some light at the end of the tunnel. So, can you reassure me in some way?

• (1150)

Mr. George Da Pont: Mr. Chairman, the department did this analysis several years ago to establish a clear basis for developing a proposal to improve conditions at all small craft harbours. I trust this analysis was taken into consideration. We realize that there are obstacles to overcome. That's why the minister announced last week that one of his priorities would be to try and maintain the current budget and if possible, to seek an increase.

Mr. Raynald Blais: I'd like to close on a positive note, Mr. Chairman.

I want to congratulate Mr. Da Pont on improving his mastery of the French language. I understand that he toured the province of Quebec and even spent some time there. Bravo! His efforts have clearly paid off. Thank you.

[*English*]

The Chair: He took the whole time for congratulations.

Mr. Stoffer, welcome back.

Mr. Peter Stoffer (Sackville—Eastern Shore, NDP): Thank you, Mr. Chairman, and my apologies for missing the presentation this morning.

I have a few questions concerning fisheries enforcement officers on the Prairies and on the west coast. I don't have anything to back this up, so I'm just going to ask this and you can tell me if it's true or not. Are fisheries enforcement officers in the prairie provinces being cut or eliminated? If they are, what is to replace them? Also, I'd ask the same question for the west coast.

Mr. Kevin Stringer: My colleague Paul Cuillier, who is the director general of conservation and protection, may be able to respond to that one specifically.

The Chair: Mr. Cuillier.

[*Translation*]

Mr. Paul Cuillier (Director General, Conservation and Protection Directorate, Department of Fisheries and Oceans): My name is Paul Cuillier and I am the Director General, Conservation and Protection Directorate for DFO.

[English]

Through the ERC proposals there will be an adjustment to the number of fishery officers over the next three years in the prairie area as well as in Ontario and on the west coast. We have been looking at how the habitat management program has been functioning and how we've addressed the compliance issues within that particular program. It has been proposed now through the ERC—and we will be implementing that over the next three years—that there will be a reduction for the central and Arctic regions as well as the Pacific region of a total of 80 fishery officers over the next three years.

Mr. Peter Stoffer: For the record, then, there will be a reduction of 80 fisheries enforcement officers in the next three years?

Mr. Paul Cuillier: That's the plan, yes.

• (1155)

Mr. Peter Stoffer: May I ask why?

Mr. Paul Cuillier: This is a change in the habitat management program. I'm not part of that program, but in habitat what they intend to do is replace a good part of those positions with monitoring and stewardship positions. They would be working very closely with industry, the people who are regulated through that particular program, and they would be working with them a proactive way to address the compliance issues.

Mr. Peter Stoffer: Sir, I appreciate your being straightforward in your answer, but I couldn't disagree with you more. To say there's going to be monitoring of fish habitat and fish stocks.... I've said this many times: the role of the Department of Fisheries and Oceans is for the protection of fish and fish habitat; it's not to monitor fish and fish habitat but to protect them. To reduce it in any way is simply, I think, not on, but that's a point we'll take up with the minister and the deputy minister.

My other question is regarding the observer program, especially on the east coast. My understanding is that it's a pretty good program as it is now. I'm wondering why the government would fiddle or finagle with it in any way unless you're going to improve the public aspect of it. Correct me if I'm wrong, but it appears you're going to allow industry to determine the role of that program and who is on board those ships, for example, and what type of information will be presented.

If we don't have enough time to go through it, would you be able to send us whatever information there is as to why the government is looking at the observer program in terms of changes, what the pros and cons are of those changes, and why specifically we are doing it? Is it because of cost reduction?

Mr. Paul Cuillier: Part of the answer is of course that it is part of the expenditure review process for the federal government. We would like to improve the program. I know this is challenging for us, but it's part of the process in terms of allocating funds to government priorities. We will be reducing it.

We met with the contractors two weeks ago, the contractors who provide at-sea observers, and we had initial discussions with them on how the program could function and operate in the future. We had a very interesting discussion when we met with them, and they made a number of proposals to us. We also hope to be meeting with the

fishing industry shortly to have further discussions on how that particular program will function in the future.

We intend to work cooperatively with everyone to see we have not reduced but improved coverage. We also want to make sure the coverage of the fishing industry is focused on where there should be coverage. Over the next year and a half we will have many discussions with the fishing industry and with the contractors, and of course we want to make sure we end up with an improved program with at-sea observers.

But right now, yes, it is part of the program to reduce the expenditures with regard to at-sea observers.

Mr. Peter Stoffer: Sir, as we all know, there's a possibility of a very early election. If indeed that is the case and the budget is more or less thrown out the door, I assume the estimates will go with it. Will the department be carrying on regardless of an election in terms of what you just discussed, in terms of cuts to the fisheries officers on the Prairies and the west coast as well as to the observer program? Will that continue on?

Mr. George Da Pont: It's a little difficult for us to speculate on exactly what would happen in that scenario, Mr. Chairman. Should that type of scenario develop, the department would have to seek direction from the Privy Council Office on how to deal with both items that were announced, additional funding in the budget and items that were announced as ERC decisions. We would have to take central direction in a consistent fashion with all other government departments.

Mr. Peter Stoffer: But Mr. Da Pont, it is correct that if in the budget it was stated there'd be \$275 million for the coast guard and \$30 million for the Atlantic Salmon Endowment Fund, as some examples, and if the budget is defeated or the election is called, then those are no longer on the table. Is that correct?

Mr. George Da Pont: That would be my understanding, sir.

Mr. Peter Stoffer: Thank you.

The Chair: Thank you, Mr. Stoffer.

Committee members, there's a vote. There are 30-minute bells. Apparently it's on a procedural matter. I'd like to give Mr. Cuzner his 10 minutes at least, and then perhaps after that we can go to the vote.

Mr. Cuzner.

Mr. Rodger Cuzner (Cape Breton—Canso, Lib.): I'd like to thank the witnesses for being here today.

The Chair: Sorry, Mr. Cuzner.

We could go at least another 10 minutes. If we have a procedural vote at 12:30, it'll take 12 minutes to vote at least. By the time we get back here, it'll be one o'clock, so we'd have to adjourn after that, after Mr. Cuzner, I think.

Go ahead, Mr. Cuzner.

Mr. Rodger Cuzner: A number of weeks back we had representatives from the Atlantic salmon industry, advocates and those who have been driving the industry for a number of years, and they flagged some concerns. We were certainly encouraged by the allocation of funding for the salmon endowment fund in the budget, and hopefully that will find its way to those who can certainly utilize those resources. But what they brought to committee was their concern about cuts that were made immediately following the announcement of the \$30 million investment. There was a 40% reduction in the budget of the science branch out of Moncton, and they thought it was more than coincidental that those cuts were made in the wake of the salmon announcement.

If I could, I'll put this question. Is there a correlation between the investment being made and that you, DFO, are looking at this as an opportunity to step back from funding some salmon-related initiatives? Are there any guarantees? What we see is that this money is incremental and over and above. Perhaps I could get comments on that.

• (1200)

Dr. Wendy Watson-Wright (Assistant Deputy Minister, Science, Department of Fisheries and Oceans): Perhaps I'll answer, Mr. Chair.

The Chair: Yes, Madam Watson-Wright.

Dr. Wendy Watson-Wright: The announcements were all made at the same time, so there is no correlation between the announcement of the salmon endowment fund and any of the expenditure review decisions.

Did you say 40% for the science budget?

Mr. Rodger Cuzner: They identified a 40% cut to the science budget in....

Dr. Wendy Watson-Wright: That's not accurate, though I can't give you the percentage immediately. Actually, the cut to the gulf region is about \$600,000. I'll have to do the arithmetic, but it's not anywhere near 40%.

The two are unrelated and—

The Chair: Doctor, I'm sorry, we were talking about the head biologist's budget in Moncton being cut by 40%. They were fearing that this was done after the money was allocated for the salmon fund, so basically you're giving and taking at the same time. That's their concern.

Dr. Wendy Watson-Wright: They would be unrelated, but I'll have to check on the actual specifics of the head biologist in Moncton.

Mr. Kevin Stringer: The funding for the Atlantic Salmon Endowment Fund, as was announced, is for habitat, water stream groups, monitoring, and conservation projects.

I think we've been able to talk to some of the folks in the salmon community and allay their fears a little bit. We'll find out next week. There's an Atlantic Salmon Advisory Committee meeting, and everybody will be there to talk about how the ASEF is going to be established. We'll be working with representatives from the community groups, with provinces, and with the stakeholders on how to set that up. We've heard some of the same issues and have

been responding along the lines Wendy and I have just been following.

Mr. Rodger Cuzner: I'm looking at the corporate service aspect of the budget, where corporate service is no longer identified as a line item. We've talked about expenditure review. I'd like to get your comments; let's talk about expenditure review, and then we'll talk about corporate services.

Where do you see the cuts that will have to be made as a result of expenditure review, about \$20 million a year? Where do you see those cuts coming from? Are we able to find efficiencies within the system wherein we can draw that, or do you see program cuts as a result of expenditure review? Let's start with that.

Mr. George Da Pont: I'll start with the expenditure review cuts. They are coming from the items that are listed on page 13 of the deck I distributed. On that list there's basically one item that would be corporate services in general. That's the planned procurement saving, which for the first year is \$2.2 million. We are working with Treasury Board and Public Works and Government Services to identify what those figures would be for future years. The figures we tentatively have for future years would be \$7.6 million for 2006-07 and \$22.2 million for 2007-08, but those procurement savings would affect essentially the entire department, not just human resources and corporate services.

The department did make major cuts in its administrative and overhead costs in the last two or three years and has in fact permanently reallocated about \$70 million from money that was previously spent on administrative items to program items. That's partly why you see a relatively small amount of administrative savings here, because we had already realized them and reallocated them internally in the department.

We can, if the committee wishes, provide a bit more detail on that.

• (1205)

Mr. Rodger Cuzner: Yes, I think that would be worthwhile and of benefit to the committee.

The Chair: Will you make a note of that, Mr. Da Pont?

Mr. George Da Pont: Yes, I will.

The Chair: Thank you.

Listen, folks. Here's what the motion is about. During debate on the concurrence motion in the fourth report of the justice committee, a government member has moved that the debate, presumably on the concurrence motion, be now adjourned. That's the vote.

I'm in your hands. Shall we adjourn or shall we proceed?

Mr. John Cummins: I think we have time for questioning, Mr. Chairman. It's only five after 12.

The Chair: Well, the vote is at 12:30. We can go another five minutes at least, and then we'll adjourn.

Mr. Cummins, go ahead. You have five minutes, and I'll be strict.

Mr. John Cummins: Mr. Adams, you talked in your response to Mr. Hearn about ongoing expenses. One ongoing expense from the budget of last fall was \$23.4 million for the acquisition of a hovercraft in the Quebec region. In British Columbia you put in place a 20-year-old hovercraft with 14,000 hours on it at a cost of under \$10 million, and now you're going to spend \$23.4 million for a new one in Quebec. I wonder how those decisions were arrived at.

Commr John Adams: The question with respect to the west coast was one of time. We needed something as quickly as we could get it. It's a very difficult resource to get one's hands on, and there are very few reputable manufacturers that can produce the type of hovercraft we need. We went to the source and managed to get, as has been pointed out, a used hovercraft, and we had it basically rebuilt from the metal out. That is what is now in British Columbia.

The other thing to remember is that the craft in British Columbia is a backup to the *Siyay*, which was a brand new hovercraft when it was brought into service. As it was to be a backup, we felt we could go the route of a refitted hovercraft, the *Penac*, which is now in service and has been meeting all the requirements as specified.

Now what we're doing is replacing the hovercraft in Quebec with a new hovercraft, because it's not a backup.

Mr. John Cummins: Let's look at "new", Mr. Adams. I inquired with Hoverworks about adding a hovercraft to my fleet, and they tell me they could build new for between £4.2 million and £4.8 million, which I understand to be somewhere around \$10 million.

In the United States, in Seattle, they're currently building a new hovercraft for service in Alaska. This is the newest version of a 24-year-old design and is similar to the existing hovercraft in British Columbia, not the old one you bought but the other one. This is the newest upgrade of the hovercraft. It's a 95-foot vessel, it'll float over six-foot seas on a cushion of air, it'll carry 50 passengers, two wheelchairs, and 23 tonnes of inbound groceries or outbound fish, and it's able to haul an ambulance. They're building that in one year and they're doing it for \$8.8 million U.S.

It took you over two years to get the *Liv Viking* to British Columbia. Why didn't you build new for \$8.8 million rather than spending \$23.4 million or rather than spending less than \$10 million for this used baby?

• (1210)

Commr John Adams: We have to be careful. We must compare apples to apples as opposed to apples to oranges. If you looked at the pure build costs, you could compare those, and that's what you'd have to do. What we of course have built into our numbers is everything from training through to spare parts through to cost of delivery, etc.

Frankly, what we'll do is go to trade. What you've quoted is what we have in the budget protected in order to procure a new hovercraft. We will go to trade, and whoever can build the hovercraft that can meet our specifications at the best price is where we'll go.

Now, the challenge we have is, when I say best price, we have to look at life cycle costs. What we're looking at in that regard is, we'd like to have comparable hovercraft; in other words, the spare parts are interchangeable, the training is identical, etc. All of that will be factored in, and in fact, when we go to seek final approval to procure, that will all be taken into consideration. It'll be a sum total.

Mr. John Cummins: You're telling me this \$10-million new vessel built in the United States is not comparable to what you're trying to do with \$23.4 million. In other words, with \$23.4 million you're going to buy spare parts for this \$10-million vessel and some training.

Well, these guys are already trained on a vessel that's similar to the new one being built in the United States. Training isn't an issue here, and I can't imagine that you're going to spend more money on spare parts than you would for new.

Why is it you can't build for \$8.8 million U.S. on the west coast in Canada? They're building this thing in Seattle, 150 miles down the coast from Vancouver. Why can't you do it if the Americans can do it, and why is it going to cost \$23.4 million?

Commr John Adams: I can't answer that, because in the Americans' case they could be building a line of them and that might be the quote they got.

Mr. John Cummins: No, they're not.

Commr John Adams: But frankly, if that vehicle meets our specifications, there's no reason we can't go there, but I want to compare construction cost to construction cost, and I want to take into consideration late life cycle costs as well.

The Chair: That's it.

Thank you very much.

I just want the witnesses to be aware that the committee is exceedingly distressed to hear about the reduction in the numbers of enforcement officers, particularly given its very strong first and second recommendations in its unanimous B.C. salmon report. That, I'm sure, will be the subject of some questions for the deputy and for the minister.

I'm really sorry we lost 45 minutes, but it's beyond our control. We will not be returning.

Yes, Mr. Cummins, quickly.

Mr. John Cummins: Mr. Chairman, I certainly have questions on this enforcement, and I'd like to see the enforcement people back, at least.

The Chair: Well, we'll have whoever we can over the next three meetings.

We're adjourned. Thank you very much, folks.

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