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## Standing Committee on Fisheries and Oceans

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**Chair**

Mr. Gerald Keddy

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• (0905)

[English]

**The Chair (Mr. Gerald Keddy (South Shore—St. Margaret's, CPC)):** Good morning, gentlemen.

Pursuant to Standing Order 108(2), we are studying small craft harbours.

I'd certainly like to recognize our witnesses here this morning: Cal Hegge, acting assistant deputy minister, human resources and corporate services; Robert Bergeron, director general, small craft harbours directorate; and Bill Goulding, regional director, small craft harbours, Newfoundland and Labrador region.

Welcome, gentlemen. I would ask you to bring your presentation to our committee, and then we'll open the floor to questions. You have ten minutes, if that works for you. I'm sure you can say it all in ten minutes.

**Mr. Cal Hegge (Acting Assistant Deputy Minister, Human Resources and Corporate Services, Department of Fisheries and Oceans):** Yes, I'll respect the timeframe, Mr. Chair.

Thank you very much. It's a pleasure for me and my colleagues to be here this morning to talk about what we think is a very successful program, albeit an underfunded one, and I think that will become clear through my presentation.

We will do our best to address any of your questions. If there are any detailed ones we don't have immediate answers to, we'll be certain to get back to the committee as quickly as possible.

I believe a deck has been circulated to the committee members, and I will go through it fairly quickly. I'm not going to read word for word but will try to hit some of the highlights as I go through.

Obviously we're here to talk about the interests of this committee, and particularly the management of core harbours and the divestiture program, which I think is an aspect of the program of interest to the committee as well.

On slide 3 we talk about some of the key milestones around the program, going back to its beginning in 1977. The small craft harbours, as you're aware, provide multi-purpose infrastructure to hundreds of communities right across the country. It has its statutory base in the Fishing and Recreational Harbours Act. In 1987 the harbour authority concept was approved, and I'll come back to that a bit later on.

If you move into the 1990s, particularly with respect to program review, decisions focused the program on core fishing harbours and

at the same time directed the divestiture of recreational and non-core harbours.

On slide 4 we have a summary of the current inventory. You often hear the department speak of approximately 750 core fishing harbours. Those are the core activities our budget essentially supports, and we have roughly 347 non-core fishing harbours, 182 of which are recreational harbours. These are all to be divested, and an additional 108 harbours are virtually in the final stages of divestiture.

The second bullet on that slide refers to the harbour authorities. There are over 500 harbour authorities; they do their work with the aid of 5,000 volunteers and approximately 100 hired staff.

Moving on to program funding, we have a breakdown of our budget, which is somewhat in excess of \$86 million. You'll note that 82% of that is essentially directed to harbour maintenance.

A study the committee is well aware of, going back to 2001, indicated that actually \$106 million was required to maintain and repair facilities, compared to the \$71 million we have currently available for the maintenance of harbours.

It will get a little bit worse with the cessation of \$20 million that has been an ongoing program. That money will expire on December 31, 2007, which will exacerbate the funding pressures of this particular program.

A bit of good news, however, is reflected in the last bullet on this page, in that we are anticipating some additional funding. I must highlight that subject to Treasury Board approval, some additional funding of approximately \$11 million this year will go into the small craft harbours program.

On slide 6 we talk about the harbour authorities, which are volunteer-based, independent corporations. The harbour authorities are expected to raise revenue where they can to offset operations and minor maintenance. Any major maintenance remains the responsibility of the department. They have raised about \$11 million in fees, and this does contribute to their particular harbours.

On slide 7, continuing with the harbour authorities, the fees could be raised in accordance with prevailing market rates. On the other hand, because of the state of the harbours, it's very difficult to raise fees until we can improve their condition.

The harbour authorities are relatively small and volunteer-dependent, with very little turnover. They're a very dedicated group of people, but they are suffering some fatigue, and they need additional attention.

With respect to divestitures—I'm on slide 8 now—as I mentioned earlier, we have been directed to divest the recreational and inactive or low-activity fishing harbours. Basically these are transferred at a fairly nominal value with the understanding that the transferee will maintain the harbour or at least keep it open to the public for a five-year period.

Since 1994-95, when the decision was made to divest ourselves of the harbours, we have divested, at a cost of \$61 million, 663 recreational and 382 inactive or low-activity fishing harbours. Most of these harbours have been transferred to local municipalities or not-for-profit community organizations.

We still have an inventory outstanding. Our estimate of the cost to divest ourselves of those 347 harbours I mentioned earlier is roughly \$82 million. At the moment, because of other budget pressures, we can only devote roughly \$1.5 million to harbour divestitures.

That, Mr. Chair, completes the quick summary of the presentation. We'll be pleased to answer any questions the committee may have.

• (0910)

**The Chair:** Thank you, Mr. Hegge. That's an excellent presentation. It was brief and to the point—everything we like to see.

The first questioner for the opposition is Mr. Cuzner.

**Mr. Rodger Cuzner (Cape Breton—Canso, Lib.):** I think I'll split with Bill.

To the two gentlemen, thanks very much for the presentation.

I found there's a continuum of success with the individual harbour authorities. Some have been able to embrace it and really run with the harbour authorities, while others have their own particular challenges. Can we go back in, on divested harbours? Are there opportunities to help with aspects of authority operation—i.e., governance—and is there any kind of training? Sometimes we get the deal done with the divested harbours and then we let these people loose; some of these divested harbours still have commercial viability, but they're struggling to make it on their own.

Let me ask two questions past that. Some of these divested harbours continue to have a fair amount of commercial activity. Is there any possibility that a fund may be developed, or an envelope of money allocated, to go back and look at divested harbours that continue to be commercially viable? That's the first question.

Again, I think the broad swipes of this program have been very well managed and have been done well, but I can think of one in particular in my riding that may cause DFO to look back and see that it has taken out of service a harbour that, while not essential, would still be a key harbour. It's on a very exposed section of the coastline. It is L'Archeveque Harbour, as a matter of fact, on the east side of Cape Breton; it may have been an error cutting that one loose. Is there a process whereby we may be able to go back and reassess, to see if we can get engaged in a harbour that's been divested already?

So those are the two questions: first, is there an envelope of money for divested harbours? Second, is there a process through which a divested harbour might become operational again? I'll let those two questions go.

**Mr. Cal Hegge:** Thank you, Mr. Cuzner. I would just make a couple of general comments and ask Mr. Bergeron to respond in more detail.

As you may be aware, we do have an excellent relationship with the harbour authorities. We meet with them on a regular basis. In that way, we provide to them a bit of a training opportunity. We've also recently been able to provide them with some insurance coverage; I know that was a major irritant, and has been outstanding for some time.

**A voice:** Is that cost sharing?

**Mr. Cal Hegge:** No; I think we're basically funding that from departmental resources.

With respect to the fund, as you saw from the funding presentation, this is a cash-starved program, if I can put it bluntly, so there isn't any kind of fund available to perhaps look at divested harbours that may still have commercial viability—although, at the same time, we're trying to promote more synergy with local industry and municipalities to try to increase the economic value of divested harbours, so in that regard there may be some potential in the future.

**Mr. Robert Bergeron (Director General, Small Craft Harbours, Department of Fisheries and Oceans):** As you know, our policy is that once a harbour has been divested, we stop providing a support unit to that harbour. This is a policy. In the last several months we've been looking at the situation and we are aware that there are several active commercial fishing communities across the country where we're not providing support at the moment, and this is a concern, of course, for the program because we're providing support elsewhere and not at those sites.

So we are thinking of maybe doing something about this, but for the time being the policy has not changed; the policy is that we don't provide support to a divested harbour. The rationale for this policy is that we don't have enough funding to support our own facility, so if we were to start diverting some funding towards these harbours that were divested some years ago, this would add some pressure on an insufficient budget. That is the situation.

We are also aware that there have been some requests that the training we provide now to harbour authorities should be also provided to these other communities where a harbour has been divested. I know, for instance, that in your area, the Coastal Communities Network, in its latest report, has come up with this recommendation that maybe the training we're providing to our own harbour authority could be extended to these other communities. This is definitely something we are examining at the moment, but no decision has been taken with respect to that.

• (0915)

**Mr. Rodger Cuzner:** I think that would prove very worth while.

Let me go back. The fishing industry and where the harvesters have to go to harvest the stock is fluid. A lot of the times they'll go farther offshore. It changes. The industry changes. Is there enough latitude in the program so that you can go back and assess?

We've seen an increase in commercial viability in one particular harbour, and again, I think if they had to do it over again, they would not have divested this particular harbour because it's on an elongated stretch of coast and it's a safe harbour.

Is there latitude to go back? Has it been done before, where you've gone back and re-engaged a harbour? Do you know a case of that?

**Mr. Cal Hegge:** No.

**Mr. Rodger Cuzner:** Is there latitude in the program to go back and look at that again? Not really?

**Mr. Cal Hegge:** Well, I would only go back to what we said earlier in terms of available funding. When you have over 20% of the core fishing harbours that aren't maintained to a certain standard, in our judgment that's where the attention needs to be focused.

**Mr. Rodger Cuzner:** Thank you.

**The Chair:** Thank you.

Mr. Matthews.

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

Thank you for coming, gentlemen.

I have an observation or two first. In my riding in Newfoundland and Labrador, we've made some significant gains in the last few years through small craft harbours, even though we realize that funding is inadequate. The big worry that I have, along with other members of the committee, is this \$20 million that we've scheduled for five years. I guess it's due to lapse at the end of this fiscal year. That money has been insufficient, but if that lapses and we don't get it replaced or increased, then we're going to have real problems. I give you that observation.

Looking at a public accounts schedule, going from fiscal year 2003-04 up to the present fiscal year, in 2003-04 your operating budget was \$62.8 million and your capital was \$34.1 million, and going to this fiscal year, what's projected is \$78 million in operating and \$22.5 million in capital. Why has your operating budget gone up by about \$16 million and your capital decreased by about \$12 million? That's what this public accounts chart shows me. I'm wondering if you could comment on that first.

I realize that we're pushed for time. Looking at a chart of the number of fishing and recreational harbours by region in Newfoundland, we're showing one recreational harbour. That seems very low. I'm wondering if you can answer why there's only one recreational harbour in Newfoundland and Labrador, and where it is, and how it became the only recreational harbour that we have, if this chart is correct.

**Mr. Cal Hegge:** Let me try to address your earlier question on the funding.

I believe, if we look at the capital, first of all, we lost \$42 million of program integrity funding, part of which was dedicated to small craft harbours. As I mentioned in the presentation this morning, we are cautiously optimistic, subject again to Treasury Board approval, that we're going to get additional capital, which will put the small craft harbours program back up to where it was in the period you referred to.

I need to confirm this with Robert, but I think the increase in the operating was largely attributable to the \$20 million IRP fund we receive, which is due to sunset, as I said, this year.

In summary, all things being equal, the capital should go back up to where it was this year. The operating has increased because of the IRP funding, which is due to sunset, so the operating will take a dip next year as things currently stand. I think that's the difference in the give and take of the funding.

With respect to your question, Mr. Matthews, on the recreational harbour in Newfoundland, perhaps Robert or Bill could speak to that.

● (0920)

**Mr. Bill Goulding (Regional Director, Small Craft Harbours, Newfoundland and Labrador Region, Department of Fisheries and Oceans):** Thank you.

Before I get into that, I would just make a comment about the O and M and capital. Keep in mind that's major capital. That's, generally speaking, for projects over \$1 million. I think most of you would be aware that we can do a lot of things up to \$1 million. So even though it's operating, it's all in vote 1 and it's minor capital, so there's a fair bit of room in having a solid level of operating resources.

The one recreational harbour in Newfoundland is Long Pond, Manuels. Small Craft Harbours has been in control of the water lot in the inner pond of Long Pond Manuels where some of the major leasehold interests would be—for example, the Royal Newfoundland Yacht Club and a number of property owners adjacent to the water lot that Small Craft Harbours leases to.

So basically we're in a land administration function there. If we could come to an agreement with the province, we would like to see them assume that role. But we've never been able to get to the point where they would accept that as being their responsibility.

That's the only deemed recreational harbour in Newfoundland and Labrador. As you know, there are a lot of incidental recreational uses at fishing harbours, but the important thing is that they're primarily classed as fishing harbours.

**The Chair:** Mr. Blais, for seven minutes.

[Translation]

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

I would like to raise another issue. Do you believe that the Small Craft Harbours Branch has control of the situation or has lost it?

Figures show that, when we started to increase the budget by 20 million dollars per year for five years — period that expire next year — what was supposed to cost 400 million dollars ends up costing today close to 500 million dollars. I believe that the Branch has lost control of the situation and I would like to know if you share that view.

**Mr. Cal Hegge:** Thank you, Mr. Blais.

First of all, I have to say that the program is underfunded. You are right. However, it is well managed. We are trying to do our best with the money we have. I would not say that we have lost control of the situation — those are your words — but that it is obvious that we are underfunded. We have had discussions with the minister to try and find some solutions to this problem. I cannot promise anything today but the minister is aware of the problem and of our need for additional resources.

We believe that we have just enough money to manage the program and to answer the most urgent situations. It is true that we need more money and that is what we try to explain to the committee each time we appear.

● (0925)

**Mr. Raynald Blais:** I still say that you have lost control of the situation. Indeed, that is what you yourself are saying, in so many words, when you say that 20% of the core harbors are not properly maintained because of a lack of money. What is that if not a loss of control of the situation? By the way, how many dollars does this 20% represent?

**Mr. Cal Hegge:** From our studies, we believe that we need more than 35 million dollars per year in order to carry out all the repairs. And, obviously, the situation will worsen year after year if we have a deficit of 20 million dollars.

**Mr. Raynald Blais:** Would I be mistaken to say that, without a massive injection of dollars to allow you to maintain and repair wharves and core harbours — and there are some that may not be core to you but are so for their communities — if we do not immediately correct the situation at a cost of about 500 million dollars, according to the estimates, the amount will increase constantly in future years because the deterioration of the structures will accelerate? When you don't maintain your house for a year or two, that may be acceptable but, if you don't do it during 20 years, it will deteriorate very quickly.

**Mr. Cal Hegge:** Generally speaking, I agree with you. I will ask Robert to add to my answer. We may be in agreement but we have already developed plans to correct the situation. We have received the support of the minister. This does not mean that we will get all the money that we need, but we are looking at strategies to solve the problem.

**Mr. Raynald Blais:** Could we say that one of the strategies might be for a committee to help you by putting more pressure on the minister and on the department? Would that be useful?

**Mr. Cal Hegge:** The support of your committee might help us. I believe that your committee did play a small role when we went received an additional 100 million dollars, or 20 million dollars per year over five years. So, that might help.

**Mr. Raynald Blais:** Excuse me, could you explain something very quickly?

I see at table one that the 2005-06 budget was increased by 16.3 million dollars through what is called here "Program enablers". What does that mean? There is 16.3 million dollars for 2005-06 and 16.2 million dollars for 2006-07. In the French version, I read "facilitateurs du programme". What do they do?

**Mr. Cal Hegge:** Is that from our presentation?

**Mr. Raynald Blais:** You have submitted a table entitled "Departmental Spending, Small Craft Harbours, 2003-2008".

**Mr. Robert Bergeron:** Are you alluding to the value of human resources and financial services that we receive from the department?

**Mr. Raynald Blais:** No.

**Mr. Robert Bergeron:** No?

**Mr. Raynald Blais:** No. I could show you the table. It is a table showing that the budget has increased by 100 million dollars, and this appeared in 2005-06 under "Program enablers". I remember that Mr. Da Pont had mentioned that additional money would be received, when he appeared before the committee. Is that the amount he was referring to? What is this amount?

● (0930)

**Mr. Robert Bergeron:** it is a different way to report Fisheries and Oceans expenditures. There are some support activities for the programs of the department. You have the human resources group, as well as the financial analysts and the information technology groups, among others.

When we report to Parliament, we report the amount spent for administrative and financial support, as well as for human resources support. Those amounts are allocated to each program of the department, Small Craft Harbours being one. So, the 16.3 million dollar amount represents the value of the services that the program has received from the department. It is not really money that we would have received to set up maintenance programs or to repair harbours.

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

[English]

Mr. Stoffer, you'll have five minutes.

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

Gentlemen, thank you very much for your presentation this morning.

As you're probably aware, those of us from Nova Scotia have been following the Digby fiasco quite closely. I'm going to ask you various questions, if you could jot them down and answer at the end.

What measures are in place to prevent another Digby wharf fiasco again?

The other concerns are about Nunavut. We've been talking a lot to folks up in Nunavut about the possibility of infrastructure money going into wharf development. Would that fall under your purview, or would it be under the Department of Transport, or another department of that nature?

Also, the third bullet on page 7 of your document says: "Most HAs are small and volunteer-dependent, with little turnover and suffering fatigue, thus jeopardizing the model." Yet before that you say: "There is room for HAs to raise more fees."

As someone who has been representing fishing communities for a while, I've always looked at wharves and docks as people look at highways in cities. When tolls and service fees are put on these, they put a further burden on people trying to make a living from the sea. I'm wondering how you could say that most HAs are volunteer-dependent and fatigued—because you're absolutely correct on that—then turn around and say they can raise more fees. The last thing fishermen need now is additional fees to cover the cost of their operating.

The last one I want to mention is that I really appreciate the fact you've said on several occasions here this morning the word “cash-starved”. You don't often hear people from departments say that in committee. This \$8 million is not going to be enough, obviously, to suit your needs. If you could write yourself a cheque from Treasury Board to meet the needs of small craft harbours in this country, how much money would you like to see added to your department to meet the needs of Canadians?

**Mr. Cal Hegge:** Thank you, Mr. Stoffer, for those questions.

I will defer to Robert. Hopefully he can answer the one on Digby. I'll come back to your other questions.

**Mr. Robert Bergeron:** A situation such as Digby, from the perspective of Fisheries and Oceans, would not happen, because we don't divest core fishing harbours; we maintain those harbours. Had we owned Digby in the first place, we would not have divested Digby.

Another guarantee we have, when we divest ourselves of harbours—and as I said, we don't divest core harbours—is that we normally do business with non-profit organizations representing local stakeholders. I understand this may be part of the explanation of the problem at Digby; that the corporation to which the port was divested did not represent the local stakeholders. That is a situation we try to avoid in Small Craft Harbours when we divest ourselves of harbours. Either we divest to the local municipalities representing the local users, or we divest, as I said, to a non-profit organization representing the local stakeholders. That's how, at least in the perspective of Fisheries and Oceans, we would prevent a situation such as Digby happening within the portfolio owned by Small Craft Harbours.

**Mr. Cal Hegge:** With respect to your other questions, your first one on Nunavut harbours, I believe our deputy spoke to that briefly last year during one of the hearings. I don't mind telling you that we have been working closely with Nunavut officials on the requirement for small craft harbours in Nunavut. Through a joint report that is not quite yet finalized—but once it is I do not see why we wouldn't share it with the committee—a requirement for seven harbours is identified.

As recently as last week, we had a meeting with the Nunavut officials. Our deputy was there, myself, Robert, and others with the Department of Transport that you alluded to in your question, because they have infrastructure funding. We are going to continue to have discussions with the Department of Transport on how we might collaborate with Transport and perhaps other government departments, either in the context of a northern strategy or more specifically to address the harbour requirement in Nunavut. So that is

a bit of an update, and we should have additional information in the not too distant future.

I should perhaps qualify the comments with respect to harbour authorities, because you're quite right. What the presentation indicates is that the harbour authorities as a group are fairly small, dedicated, and working very hard to do what they can. The way the deck presents the situation is that in accordance with prevailing market conditions there is potential there to raise additional revenue. But your point, which I think is quite valid, is that by raising fees this would certainly be seen to be a negative aspect by the fishing industry, which is suffering.

So when you make that linkage I can fully understand your point. What we were saying is simply from a strict prevailing market situation, there would be the potential to raise fees, which could be directed back into the maintenance of the harbours. I think we have to make that distinction in terms of the linkage there.

Your other question is quite intriguing in terms of if I had the authority to write a cheque for the department. We have done some estimates. I alluded to a figure earlier, an additional \$35 million that we could use on an annual basis. There are also additional funds we could use quite effectively, I think, to divest the remaining harbours. So we have figures in mind that we are going to be pursuing with the minister and within our department.

One comment I would like to make, as I think this committee is well aware, is that the Department of Fisheries and Oceans has a very vast and important mandate in terms of service to Canadians. I would not want to suggest that the small craft harbours program, as short of funds as it is, is not being looked at in terms of priority with all of our other departmental priorities.

• (0935)

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

Mr. Manning, ten minutes.

**Mr. Fabian Manning (Avalon, CPC):** First of all, welcome, and thank you for coming before the committee this morning.

On the divestiture of harbours, before I get into my main topic, I am sure you have laid out some goals and targets you'd like to reach over a certain period of time in relation to divestiture. Can you enlighten us with regard to meeting those goals and targets over the past several years and how you are doing with that divestiture?

**Mr. Cal Hegge:** As you saw in terms of our budget situation, I think we have made considerable progress in divesting harbours. The numbers are in the presentation since 1994-95. Obviously, we have a number of harbours yet to divest, which we could move more quickly on if we had more money.

In terms of the strategies we are looking at to address some of the funding problems of the program, we think we have a pretty strong case, if we had the money, to increase the pace of divestiture. This would then create a situation, I guess, of cost avoidance, which in itself would help the funding situation within the program.

Given the funding restrictions we have or the funding in the budget we have to deal with vis-à-vis other priorities for the department, I think we've made considerable progress in the divestiture program. It is quite a successful initiative, but one that could benefit from and be advanced by additional funding.

**Mr. Fabian Manning:** In relation to the comment on the cash-starved program, I think all of us around the table representing areas that are dependent upon small craft harbours would agree with that.

Last year during the hearings the deputy minister stated, and you alluded to it a few moments ago, that basically we need an extra \$30 million a year to run an appropriate program to maintain the core harbours. In relation to the operation and maintenance of small craft harbours in the budget, can you enlighten us again on the progress that you've achieved in relation to finding permanent funding for small craft harbours?

As we all know, as of March 31, 2007, the program as we know it now, for all intents and purposes, will end. However, I am more concerned about what happens beyond 2007. Can you give us some indication of how your efforts are being met within the department at the present time?

● (0940)

**Mr. Cal Hegge:** There has been considerable progress in terms of addressing various strategies to put this particular program on a more solid funding foundation. That has to be looked at—and I've alluded to this several times already—in conjunction with other funding pressures that this department is experiencing, whether related to the fishing industry or to other aspects of our mandate.

We have had at least one discussion with the minister on some general strategies we have developed. We are continuing to work with the minister and are getting his guidance in terms of how to proceed.

I think it's fair to say, however—and I'm not ruling this out as an option in terms of reallocating within the department—that the budgets right across our mandate are stretched, so it would lead one to the conclusion that logically the department needs new funding for this program. That is one option we will be looking at, but that of course would have to be subjected to the normal process.

**Mr. Fabian Manning:** With the divestiture of harbours, low-activity harbours, inactive harbours, the merger of harbours, the mandate of small craft harbours at the present time, under the present arrangements, funding has been used basically to repair and maintain harbours.

I know in my own riding there are several communities where new developments are required, not necessarily repairs to existing wharves, but new developments, larger boats, different types of fishing activities. If we build a wharf going out here, instead of just adding on 150 feet to a wharf, we may need to develop something over here on the other side of the harbour. But with the restrictions of the current program, we can't accomplish that.

I'm just wondering, as you put your proposal forward to the department this time around, has that been considered under small craft harbours, perhaps as part of a new funding arrangement?

**Mr. Cal Hegge:** Yes, we have looked at the increasing usage of the harbours, for example, with respect to the aquaculture industry,

first nations users, and other users of our harbours, which are creating increased demand on the infrastructure itself and in some cases arguing for increased infrastructure. So yes, we're well aware of the increased interest, and we are factoring that into the development of our options.

**Mr. Fabian Manning:** I'd like to go back to the subject of harbour authorities, if I could for a few moments. I know how they're arranged now and how they're set up. Is there any thought being given to changing the mandate? I know I run into the problem—and I refer back to my own riding—of having harbour authorities that are made up of people who in a lot of cases are not involved directly in the fishing industry. Now, I realize the harbour authorities look at a broader scope of things, but is there any thought being given to...? Or I should ask if you are satisfied with the setup as it is now, in relation to the structure of the harbour authority itself and the role they play.

**Mr. Cal Hegge:** Taking into consideration some of the comments we've touched on in our presentation and in the discussion this morning, we're quite pleased with the contribution we get out of the harbour authorities. For one thing, it certainly saves us a number of employees that we would have to direct to the management of the harbours otherwise.

We have been giving some thought to how we could enhance the contribution of the harbour authorities. That would probably require some additional funding as well, but we have some ideas on extending their mandate. We obviously wouldn't go and add to their burden already when they're tired and trying to keep up with a heavy workload, but we have been giving some thought to being able to extend their mandate if we get some additional funding support. I'm really not at liberty to get into some of the details of that yet, but the committee should be aware that we are factoring in those considerations in the development of our options.

● (0945)

**Mr. Fabian Manning:** I know in some conversations you'll hear the idea being floated of multi-purpose fishing harbours. I guess that has to do with expanding the mandate—I don't know—of the harbour authority, but indeed of small craft harbours themselves. Could you give us some idea of your guess in these costs and exactly what that entails?

**Mr. Cal Hegge:** I think it goes back to my comments earlier in terms of the increased activity, if you will, at the fishing harbours and how we can best adjust to that increased activity. It does link into the role of the harbour authorities, and in fact the particular role of the department, so all of those considerations again are being reflected on in terms of developing various strategies we would like to go forward with.

**Mr. Fabian Manning:** On the breakdown of the funding, in Newfoundland and Labrador we receive, I think, 28%. Is that based on the number of harbours, or is it based on population? As a newcomer here, what exactly is that? How do you decide what the breakdown in funding is?

**Mr. Cal Hegge:** The breakout of funding is based on a formula. There are five criteria, and I'm sure if I try to go through them, I'll miss one or two. I don't know if Robert has them at his fingertips, but I have them in another document here if he doesn't.



**Mr. Robert Bergeron:** There are five criteria. The most important, which gets 50% of the weighting, is the replacement value of the core facilities in one region. The second most important variable is the fleet size—25% is attributed to fleet size. Then it's the total number of harbour authorities in the regions, for 10%. You have all the core harbours in the region, again with a weight of 10%, and finally, it's the total number of harbours in the region, for 5%.

So essentially, the most important variable, which to a large extent explains the 28% that Newfoundland and Labrador receives, is the replacement value of the core facilities in Newfoundland. Newfoundland and Labrador has 22% of the replacement value of all the core assets of small craft harbours, while the size of the fleet in Newfoundland is about 36%. So the combined effect gives about 28%.

**Mr. Fabian Manning:** Could I get a copy of that for my own purposes?

**A voice:** Sure. Yes.

**The Chair:** Okay?

**Mr. Fabian Manning:** I'm done. Thank you, Mr. Chair

**The Chair:** There's one minute left, if you want to take a quick question. We're on a timeframe here, so go.

**Mr. John Cummins (Delta—Richmond East, CPC):** The revenue issue on these harbours is interesting. Just as an example, we have the Steveston Harbour Authority, which is a very successful harbour authority in British Columbia and is in my riding. They generate a fair amount of revenue and maintain the facility fairly well, but they can't afford the dredging to keep the harbour open. That's the case in Ladner harbour, also in my riding; it's also the case in the Annieville harbour, which is adjacent to my riding.

It's fine to talk about downloading responsibility to the harbour authorities, but if the department simply walks away from its obligation to keep those harbours open, it doesn't do a hell of a lot of good. I have instances and can document where vessels have had to wait until high tide to unload because the harbour is in dire need of dredging, and where ships and fishing vessels continually go aground, again because of lack of dredging.

What is the intention of the department to deal with that very critical issue?

**Mr. Robert Bergeron:** Annual dredging is a part of the maintenance and repair obligations of the program. It's considered on the same footing as any other urgent repairs. Actually, we do spend a fair amount of our budget each year on dredging to make sure that the facilities are operational. As with everything else, and this was mentioned earlier, we don't have enough money to do everything. We have to make choices. Sometimes dredging is postponed because we don't have enough funding to do it. If it's considered absolutely essential to maintain a harbour operation, this is usually the first priority at the start of the year.

● (0950)

**Mr. John Cummins:** I'll hold you to that.

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

Mr. Byrne.

**Mr. Gerry Byrne (Humber—St. Barbe—Baie Verte, Lib.):** Mr. Chair, we've got limited time left.

We'll start with the premise that DFO is indeed underfunded, specifically and especially from a capital point of view. DFO maintains very significant capital budgets, not only within small craft harbours but also within its fleet management system, informatics, and other things.

I have three very important questions. I'll try to make them brief, but I'll be very specific. I am asking about regional allocations. Has there been any change in regional allocation policy in recent years? Have you maintained adherence to your regional allocation policy in recent years, and has there been flow of capital budgets?

The first question pertains to regional allocations. Have you maintained and upheld your own policies on regional allocations, and have there been changes, or are changes currently being contemplated, to regional allocations?

Second, is there capital budget movement within DFO, specifically out of small craft harbours? For example, Parliament and this committee encourage the appropriation of specific funds for small craft harbours, but as we know, capital funds, once within a department, can flow if there is a situation in which fleet management requires an increase in capital appropriation. Has there been movement out of the small craft harbour envelope to other areas of the department? If so, has that money moved back in the spirit, quality, and quantity that was originally ascribed to the small craft harbours branch? We are not here to make subjective arguments as to what is more appropriate or what is higher priority. Parliament approves a particular appropriation based on an understanding, and this committee supports a particular appropriation for the small craft harbours branch; we'd like to know if that is being upheld.

My last question is on the role of Public Works. Public Works is a monopoly provider of engineering services to harbour authorities on all capital projects. Is there any proposal to allow harbour authorities to engage the services of independent private engineering firms to conduct engineering projects on their own capital projects within their own harbour authorities, as we do with municipal governments? Is the harbour authority—the independence and expertise and professionalism of the harbour authority—such that we would be prepared to engage in that and potentially get lower-cost solutions to harbour authority capital projects, and in the same instance create greater service value for money? As we know, Public Works has a limited budget; they have limited personnel and limited timeframes in which to conduct activities, and those factors sometimes limit or reduce the quality of service harbour authorities receive.

Those are three questions. If we don't have time to answer them today, I'd like to follow up on them, and I probably will within this committee.

**The Chair:** Actually, for our witnesses and committee members, I know this is an important issue and I know everyone would like to ask a number of questions. If you have a very short and succinct answer, we could hear that, or you could get back to the committee with the answers to those questions. The latter would probably be more appropriate, given our timeline today; we have three other members who would like to get questions, as well as a motion that's going to come up before the committee, so I'm going to try to move it along.

**Hon. Gerry Byrne:** I'd be happy with a written answer.

**The Chair:** Okay.

**Mr. Cal Hegge:** Could I just seek clarification, Mr. Byrne? In the preamble you talked about the large capital budget the department has, but is your question specifically to small craft harbours, or...?

• (0955)

**Hon. Gerry Byrne:** No, my question would be specific to small craft harbours. The main estimates outline the specific allocation for the small craft harbour branch and its projects; often capital flows mid-season into other capital projects, at the discretion of the deputy minister.

I am of the general opinion that the budget is normally maintained wholly, but that's not always the case.

**Mr. Cal Hegge:** Maybe I can give a quick general response. In fact, the small craft harbours program more often than not benefits from additional capital throughout the year, because with a large capital budget, as you can anticipate, there is often slippage in some of the major projects, and as we identify slippage throughout the year—and we monitor this very closely—small craft harbours is usually the first in line to be able say that because of the demand in the program itself, they can use additional capital.

I can pretty well guarantee to this committee that there is no slippage whatsoever away from the small craft harbours budget in the capital area. In fact, it's a beneficiary.

We will respond to your other points.

**The Chair:** Thank you very much.

We have Mr. Roy, Mr. Stoffer, and then Mr. Lunney, with a quick question, please.

[*Translation*]

**Mr. Jean-Yves Roy (Haute-Gaspésie—La Mitis—Matane—Matapédia, BQ):** Indeed, we can see that the Small Craft Harbours budget will decrease over the next few years.

The government has announced budget cuts for all the departments. Generally speaking, what would be the size of the cuts for your department over the next few years?

**Mr. Cal Hegge:** I cannot give you a precise answer at this time but I could send you the answer in a few days. I'd have to look at the Estimates. Some money would be allocated on the basis of Treasury Board submissions. It was different last year because of the situation of the government in general was different. We were operating with the warrants process and it was not a normal year. So, I will have to get the figures for this year and for last year and next year to be able to answer your question.

**Mr. Jean-Yves Roy:** Will you send us your answer?

**Mr. Cal Hegge:** Absolutely.

**Mr. Jean-Yves Roy:** Thank you very much.

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

[*English*]

Mr. Stoffer, briefly, please.

**Mr. Peter Stoffer:** Yes, sir. Thank you very much.

My question on Digby wasn't completely answered. What I was hoping was that you could provide us in writing with DFO's analysis of the Digby divestiture. By any account, it was a complete and utter failure, with millions of tax dollars going into people's hands, and the wharf is in a mess. The community itself certainly was up in arms for quite a while over this.

So could you please provide us with a complete analysis of DFO's Digby divestiture and what procedures are in place to make sure that something like Digby doesn't happen again in this country?

**Mr. Cal Hegge:** Yes, we'll do that.

**Mr. Robert Bergeron:** If I could just clarify, this Digby divestiture is a Transport Canada divestiture, not a DFO divestiture, because the port was owned by Transport Canada. DFO was never involved and was never close to this divestiture. So it would be difficult for us to provide the departmental point of view on that divestiture. I think the question should be directed to Transport Canada.

**The Chair:** Thank you very much.

Mr. Lunney, very quickly, please.

**Mr. James Lunney (Nanaimo—Alberni, CPC):** My question is again related to the west coast. You're talking about Transport Canada here briefly now, but I'm wondering about Tofino.

They have a main wharf there that recently went through the divestiture program. It's not used as much for fishing now, but it's a major transportation hub for first nations communities, coming and going from this little community, in transition from a large industrial fishing base at one time to more recreational and tourism.

We have communities such as Ahousat, an aboriginal community of 800 people, which uses this wharf as a main access point for the whole community, as well as others like Opetchesat and Hesquiaht. So it's a transportation hub.

When this was divested recently, there was some discussion and we wrote to the previous minister about this. It was a fixed amount of money—I think it was maybe half a million dollars—but they had to spend it all within five years or give it back to the department.

Can you clarify the rationale for that? In these small communities, a lot of work is donated by local contractors, and so on. They could stretch that fund a heck of a lot further.

First of all, is there consideration for needs beyond fishing by DFO, for transportation needs, as we might have had more of a transportation corridor in a wharf like this one?

A second point I'd like to throw in is about eel grass and small craft harbours related to resorts. There is a rapid tidal flow at Tofino harbour and it silts in. Just to get permission to do any dredging, even if they're paying for it, is nearly impossible, because eel grass has grown and somebody in their wisdom has decided that of the hundreds and hundreds of hectares of eel grass out there, a little bit has grown and therefore they can't touch it without planting some more somewhere. That may not be your department, but it's a huge problem for small operators.

So those are two questions.

• (1000)

**The Chair:** Very quickly, please, if you could, gentlemen.

**Mr. Robert Bergeron:** Concerning the situation in Tofino, I'm not too sure that you're referring to one of our facilities. We do have a facility in Tofino. I am not aware that it has been divested, but I'm going to look into that. Based on the way you're describing it, that the contribution fund is going to expire in five years, or whatever, it looks to me more like a Transport Canada one. But again, we'll check on that and answer you in writing.

With respect to eel grass, it is a situation we are running into. Each time we want to dredge or do any other work in our harbours, we have to be very careful not to affect the fish habitat, and sometimes in order to be able to do this we have to do work elsewhere to compensate for the destruction of fish habitat. It's getting very costly nowadays.

**Mr. James Lunney:** Just as a quick response to that—

**The Chair:** No, I'm sorry.

**Mr. James Lunney:** Please, Gerald, just a brief one.

**The Chair:** You got one interjection and you're already over time. We really do have to stay on schedule.

To our witnesses, thank you for appearing here today. A couple of points came out of the discussion. In response to Mr. Manning, you mentioned a DFO document for criteria for keeping small craft harbours open. We would appreciate it if you could present that documentation to the committee. You also mentioned other documentation in relation to the seven harbours that will be recommended in the Nunavut zone. You say that will be ready any day now, or in the very near future.

I would like to remind you, Mr. Hegge, that Mr. Murray appeared before the committee in May of 2005 and said exactly the same thing. We are still waiting on that report from him, so if we could have it a bit sooner from you, we'd appreciate it.

Thank you very much, gentlemen.

Before we move on to our next witness, we do have a motion. Just for the benefit of the committee, the motion is in order. You are able to put a motion forward without 48 hours' notice if it's dealing with the business of the committee.

Mr. MacAulay.

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

Everybody at the committee clearly indicated that, far from needing a cut, small craft harbours funding is in desperate need. The

motion I present to the committee is that the committee report to the House recommending that the government consider the advisability of increasing the current budget of \$86.6 million to a minimum of \$101.5 million, contained in the 2006-07 budget, by having an increase of a minimum of \$15 million; also, that we have the small craft harbours study.

**The Chair:** I will mention to committee members that the motion is in order. We double-checked that.

We can certainly get sidetracked on committee if we bring a lot of motions before it. We do have other witnesses to hear. But the motion is on the table and it is up for discussion.

Any discussion?

[*Translation*]

Mr. Blais.

**Mr. Raynald Blais:** There have been some preliminary discussions about this motion but I want to make sure I understand. I was expecting our committee to ask for a very substantial increase in next year's budget. It would be impossible to increase the budget this year. I would like to have an explanation for next year, that is to say 2007-08. If not, we would have to move an amendment to the Estimates in the House and you know what that would entail.

• (1005)

[*English*]

**Hon. Lawrence MacAulay:** No, no; a mistake.

**The Chair:** Are you making that an amendment, Monsieur Blais?

[*Translation*]

**Mr. Raynald Blais:** I would like to move an amendment. I move that we request a budget increase from 2007-08. Then, I would like the committee to start a study relating to the situation of small craft harbours.

[*English*]

**Hon. Lawrence MacAulay:** The study is in the motion. I added it to the motion when I spoke.

**The Chair:** A question from Mr. Manning.

**Mr. Fabian Manning:** Am I following correctly, Mr. MacAulay, that you're asking for a \$15 million increase in next year's budget?

**Hon. Lawrence MacAulay:** Yes—minimum.

**Mr. Fabian Manning:** Okay. Because people from the department are talking about a \$30 million to \$35 million increase to meet the demands they have. So really, we're only asking for half of what the departmental officials are asking for.

**Hon. Lawrence MacAulay:** What you have is a \$20 million decrease in next year's budget, in this paper that's been presented, and I'm adding a minimum of \$15 million to that, which is the \$35 million.

**Mr. Fabian Manning:** Okay. I only wanted clarification.

**Hon. Lawrence MacAulay:** It's a minimum of \$35 million, because I'm fully aware, as you are, of the needs of small craft harbours. We don't have enough, even with this, but it would be a start.

**Mr. Fabian Manning:** I just wanted to see if it was in line with what the department people are looking for.

**The Chair:** Mr. Byrne.

**Hon. Gerry Byrne:** I'd like to address the question or the issue of whether or not a report from this committee to the House to augment the budget of the DFO's small craft harbours branch would be an amendment to the budget. I don't think it would be. Such a decision could be a cabinet decision and performed through supplementary estimates.

Therefore, in terms of balancing, Mr. Manning had a very valid suggestion that we should not lowball this and we should actually ask for what is required. Mr. MacAulay's issue is that we need to act, and act quickly, to resolve the capital deficit.

I think we could suggest to the House that in this fiscal year the government appropriate additional funds and, on advice, use the process of supplementary estimates to do so, as opposed to suggesting a budgetary legislative amendment.

**The Chair:** Gentlemen, we are still debating the motion. We have witnesses waiting who we've invited to committee. The motion's been made and the motion's in order, the words of the original motion. We are certainly getting sidetracked by the motion, and we can debate it all day.

I'm going to read the original motion. It uses the word "recommending". We're recommending; that's not asking and that's not debatable. It was my understanding that we're not telling the House they have to add money. We're simply recommending that they put more funds into the budget for small craft harbours.

I don't know the procedures. I do not believe there's any onus on the government to accept the recommendation or not, but it is a recommendation from committee that we certainly have a deficit in the funding of the budget for small craft harbours and we would increase that budget.

Monsieur Blais, you had your hand up a moment ago.

[*Translation*]

**Mr. Raynald Blais:** I am not sure I understand. You can correct me if I'm wrong but you seem to be saying that asking for an amendment to this budget would not lead to an amendment of the Estimates. Is that what you're saying?

I understand that the committee can decide to deal with any issue such as the situation of small craft harbours — that is my fondest wish — in order to report to the House with recommendations if necessary. That's what I want.

However, I don't think that we can ask today to amend the 2006-07 Estimates. We could send a letter to the minister to tell him that we would like that some monies be reallocated but, if we send him a motion to amend the 2006-07 budget, that will require a vote in the House, I believe

• (1010)

[*English*]

**The Chair:** Obviously the committee can't amend the budget, but the committee certainly operates of its own volition.

The motion reads: "That the committee report to the House recommending that the government consider the advisability of raising the current budget...."

We're using numbers here. We can debate whether we should have regular numbers plugged in:

That the committee report to the House recommending that the government consider the advisability of raising the current budget of \$86.6 million contained in the 2006-07 budget by \$15 million for the fiscal year of 2007-08.

We're saying it's for next year, because this budget's already there; it's for the fiscal year of 2007-08.

*Ça va?*

**Hon. Lawrence MacAulay:** A minimum of which, Gerry, it gives the government.... Certainly, if they take heed directly from us, which I expect they will, they can put the money right in any time. We'll take it at any time, but it certainly leaves the door open to shove in \$15 million if they wish, right away.

**The Chair:** Mr. Roy, very quickly. We do have witnesses waiting.

[*Translation*]

**Mr. Jean-Yves Roy:** I second the motion, Mr. Chairman, and I call the question.

[*English*]

**The Chair:** We will vote.

(Motion agreed to) [See *Minutes of Proceedings*]

**The Chair:** We will move along briskly here, gentlemen, without a break.

Pursuant to Standing Order 108(2), I would like to recognize our witness for our study of grey seals. The group is the Grey Seal Research and Development Society, and the witness is Denny Morrow.

Denny, welcome to committee. I know you've appeared here on several occasions, I believe, in the past. You certainly are aware and very much an advocate of fisheries issues straight across the board, not just grey seals. It's nice to have you back again.

**Mr. Denny Morrow (Secretary Treasurer, Grey Seal Research and Development Society):** Thank you, Mr. Chairman, and also the members of the committee, for the opportunity today.

To give first of all a bit of introduction, I work as the executive director of the Nova Scotia Fish Packers Association, which is an association of over 60 processing companies and exporters on the mainland of Nova Scotia. Our combined export value last year exceeded \$400 million. The companies I represent are involved in exporting almost all the varieties of seafood we have on the market in Nova Scotia. I would also remind the committee that Nova Scotia is the number one exporter of seafood in Canada, with over \$1 billion exported last year.

The industry is under extreme pressure right now, as is the industry in Newfoundland for the very same reasons: the American exchange rate, fuel prices, electricity rates, and Chinese competition in our markets.

I would like to express a plea to the minister today to come to Nova Scotia as soon as possible, hopefully this summer. We need the same kind of summit as was recently held in Newfoundland, where the minister gets to meet with the industry leaders and understand what the issues are. Perhaps by putting our heads together we can come up with some effective strategies.

I have to underline the urgency of this. I live in an area of Southwest Nova where right now there are boats that are on a cash basis for fuel, where one of the big auto and truck companies is repossessing trucks from fishermen, where we're facing very soft markets, especially in the United States. I hope the minister will hear this plea and that we can get to see him, hopefully this summer.

Now on to grey seals. I'm the secretary-treasurer of the Grey Seal Research and Development Society. We have a number of processing companies and fishermen's organizations that form the board of directors of this organization.

Starting off, what is happening with grey seals from a commercial fisheries perspective? In 1980 the estimated herd size was about 30,000, with a concentration around Sable Island and few seen in western Nova Scotia or Cape Breton waters. In 2006 the estimate of a year ago was about 350,000 to 400,000, with new breeding-pupping areas and concentrations from Cape Breton to coastal areas around the Gulf of Maine.

Unlike harp seals, which remain in the Gulf and off coastal Newfoundland and Labrador for a few months before moving north to the Arctic and Greenland, grey seals are in our commercial fishing waters and around our coast for 12 months of the year. These animals average between 600 pounds to 1,200 pounds as adults and they are eating large amounts of fish and seafood from our shallow fishing banks and coastal waters. They live in a cold water environment that requires more caloric intake on a yearly basis than that of the entire Nova Scotia population of nearly one million people.

While the grey seal population has increased more than ten-fold since 1980, our cod and other groundfish populations continue to decline or disappear off eastern Nova Scotia and Cape Breton. A commercial fishing moratorium has been in place for cod in these waters since 1993, yet the stocks continue to decline because of unexplained high natural mortality and the seeming disappearance of whole year classes before they become large enough to spawn.

This decline in cod and some other commercial groundfish stocks is spreading westward, to areas where fishing and fish processing has until now been able to survive.

The few cod that are harvested for science and analysis from eastern Nova Scotia and Cape Breton are infested with seal worm parasites and seem stunted in growth. This phenomenon is spreading westward, and our industry fears that we will soon be facing a complete shutdown of the groundfish industry.

Grey seals may not be the only factor, but the ecosystem impact of the more-than-tenfold increase of these large predators is in our view poorly understood and greatly underestimated.

●(1015)

World demand for wild-caught ocean fish is increasing, so we do have an opportunity; this is not a dying industry. Our competition in Norway, with an annual cod quota exceeding 200,000 metric tonnes, in Iceland, with a cod quota exceeding 150,000 metric tonnes, are reaping the benefits through fresh, frozen, and salted exports. By the way, the Atlantic Canada cod quota is less than 25,000 metric tonnes when you add Newfoundland and Nova Scotia together.

Fishing communities are thriving in those countries while we increase our export of young people from our fishing communities. Both Iceland and Norway manage their seal herds at fewer than 20,000 animals and make no apologies for doing so. Norway even licenses foreign hunters to harvest seals as a part of tourism.

A fish-processing industry continues to exist in southwest Nova Scotia, where a modest fishery for haddock, cod, and pollock has survived until now. This industry is under tremendous competitive pressure due to less attractive exchange rates with the American dollar, declining fish stocks, Chinese competition in frozen and added-value products, fuel price increases, and a shrinking supply of labour. The continued increase in the grey seal population and the growing numbers along coastlines and on islands in western Nova Scotia endangers the modest amounts of fish available for harvest. Increasingly, this fish is infested with seal-worm parasites that make it uneconomical to process and export.

Impact Issues: Grey seals eat cod and other commercial species. In Iceland, where there is abundant cod, scientists estimate that cod makes up between 20% and 25% of the seal diet. Our fishermen have observed that grey seals prefer to eat the soft bellies, liver, and gonads of large cod, so the tonnage killed far exceeds the tonnage eaten. Grey seals also prey heavily on the small numbers of juvenile, immature cod and other groundfish species in this region before the cod are old enough to spawn.

When I did this presentation before the committee on natural resources in the Nova Scotia legislature, I circulated pictures of cod with the bellies ripped out of them that fishermen have sent to me at the office.

Fishermen feel it is unlikely cod or other groundfish species are able to spawn successfully on the shallow banks while large numbers of seals are present. Fishermen have observed seals breaking up schooling fish and chasing them. Spawning requires fish to aggregate on certain shallow banks in the ocean. Scientists have wondered since the mid-1990s why whole year classes of cod seem to have disappeared. Fishermen believe that these year classes were never born. I would remind the committee members again that, unlike harp seals, these seals are in our waters 12 months of the year, especially during the reproductive time.

Grey seals chase fish off the best feeding grounds during the summer months and into less productive, colder, darker, deeper waters. Scientists and industry are observing thinner fish in poorer condition, and this phenomenon is spreading from eastern waters to the west as the grey seal herd spreads. Grey seals are the necessary, warm-blooded animal host for a parasite, pseudoterranova, that is responsible for an alarming infestation of cod, cusk, haddock, and flatfish to the point where one DFO parasite scientist in the late 1990s concluded that mortality of the most heavily infested fish was likely occurring.

DFO scientists continue to wonder what is causing the high levels of natural mortality of cod and other species in areas where a moratorium on commercial fishing has been in effect since 1993. I would mention the funding for that research work on the seal worm, pseudoterranova, was cut off around 2000, just after the report by the scientist at Moncton was released with the conclusion of high possible natural mortality.

Infestations of seal worms sap nutrition from fish, and the worms excrete ketones that have been observed to make fish sluggish. This is something I learned from a scientist when I was in Iceland three years ago. The impact of the parasite infestation is making it uneconomical to process our own fish. One processor last summer reported that cod fillets were literally walking across the work tables. Another salt fish processor reported he can no longer do skin-on dried and salted fish from local landings due to parasites and the cost of removing them. That processor now imports ling cod from Iceland.

• (1020)

Grey seals are destroying gillnets and longline fish before they can be brought on board. Fishermen in some areas have given up their inshore herring and mackerel bait fisheries. Halibut and groundfish longline fishermen are seeing good fish stripped and ruined before they can be landed.

The prognosis for Nova Scotia is more pressure on crab and lobster fisheries, fewer fishermen, fewer processing plants and jobs, and more people from coastal communities leaving for Alberta. Some plants and fishing captains are reporting difficulty in finding crewmen and workers. Fishing is a business, and in Nova Scotia the impact of grey seals is adding to other factors in stressing these businesses.

I will conclude with some facts about the Grey Seal Research and Development Society.

The society was formed in the fall of 2003 by some concerned industry representatives. The society requested a grey seal quota or allocation from DFO and received a two-year allocation of 10,000 animals for 2004 and 2005. That allocation was extended through to the end of 2006. The society has been able to harvest 460 juvenile grey seals in 2005 and about 800 thus far in 2006. It is estimated that 50,000 grey seal pups were born on Sable Island alone this past winter.

Grey seal products differ from harp seal products, and the society is breaking new ground in how to harvest these animals for best-quality pelts and meat. Products and markets must be developed. We

are having some success in these efforts, but significant challenges remain.

Sable Island and other key breeding and pupping locations are off limits to the society for harvesting due to provincial regulations and the DFO allocation restriction. There is no recognition by either the Nova Scotia government or DFO of the impact that the grey seal herd expansion on commercial fish stocks is having on the fishing and seafood business and the marine ecosystem that has supported fishing communities in this region for hundreds of years. This is in marked contrast to governments in Iceland and Norway, which have maintained viable fishing industries and have managed their seal populations to avoid an increase.

Rather, we see DFO and the Nova Scotia government approach this with a head-down, quiet support for the development of a small commercial grey seal harvest with numerous restricted areas.

I'll end with that. You have the rest of my report, and I will entertain questions.

• (1025)

**The Chair:** Thank you very much, Mr. Morrow.

Mr. Matthews.

**Mr. Bill Matthews:** I have just a quick question, Mr. Chairman.

Thank you very much for coming this morning, by the way.

As the document reads, I guess the greatest population of grey seals in the world is around Sable. Yet, as you've said, it's considered a protected zone by both the Government of Nova Scotia and DFO. Why is that?

**Mr. Denny Morrow:** I think there's a feeling by some people that Sable Island should be a kind of Garden of Eden, without any human intervention in it, even though I had a birder in Southwest Nova tell me that he's very concerned. For example, the grey seals have taken over some of the islands where you find puffins and other fairly rare birds, and of course puffins don't stand a chance against them. So what we're really seeing is the transformation of Sable Island to grey seals. There used to be a harbour seal colony out there—these are smaller, the common seal—and I understand they've pretty well been driven off the island.

What has happened in other parts of the world when the population gets to the saturation point is that disease breaks out. So the people who think they're doing something really great for Sable Island may not be.

**Mr. Bill Matthews:** Is the commercial value of the grey seal somewhat diminished compared to the other seals?

**Mr. Denny Morrow:** As I said, it's a new product. Just to give you an example, Mr. Matthews, the first year we got \$37 a pelt. As you know, from Newfoundland, that's not the average. This past year we got \$50. So we're improving the quality of the pelt as our sealers....

Newfoundlanders are very experienced in sealing; in Nova Scotia we're not. So we're training fishermen. We're learning, and we're getting better at it. The company that bought the pelts told us that it's a new product, it's a good product, and the more of it we can put on the market, the better the price will be.

We're also establishing a market for meat. We have a standing order from China for two frozen containers. That's 40,000 pounds. We've sent samples over. And those would be adult seals, not the beaters. The samples were well received.

**The Chair:** Thank you.

Mr. Byrne, and then Mr. Cuzner, if you have a quick intervention.

**Hon. Gerry Byrne:** I have a quick comment first, and then a question.

In 1987, in the entire seal harvest in Newfoundland and Labrador, as a result of the moratorium, or the ban on young seals, fewer than 5,000 animals were killed and marketed. Today, it's well over 325,000 per year. That's indicative of what sustained marketing and a commitment to an industry can provide. So if someone were to criticize that you received a quota of 30,000 animals but only killed and marketed 1,300, it would be my response to them that it requires sustained marketing and sustained political initiative to support it. I applaud your presentation.

One question I did have, though, is this. Grey seals also occupy, of course, the other side of the Atlantic, where cod populations are very healthy. What's the status of grey seal populations on the other side of the Atlantic, and what management measures are being taken to either control or harvest those populations? Do you have any data on that?

• (1030)

**Mr. Denny Morrow:** Yes. In the U.K., I understand the grey seal population—this is from a report I have from the High North Alliance of about a year ago—was somewhere around 100,000 animals. In Norway, the estimate was there were 6,000 to 7,000 grey seals. They thought that was a bit low, but their target is to try to keep the grey seal population below 10,000, I understand, in Norway. When I was in Iceland three years ago—they won't give you the figures on their seal population over there, because they do an aggressive control program—some fishermen told me there were probably fewer than 3,000.

**Hon. Gerry Byrne:** Over the course of time, you have appeared before this committee, and I'd appreciate it if you'd come back again as we conduct further analysis on the seals and sealing in Canada. If you were able to do a little further research about the European situation, in particular about their management or control measures, I think it would be very helpful for the committee to find more information about that.

Thank you.

**The Chair:** Mr. Cuzner.

**Mr. Rodger Cuzner:** I also thank you for your presentation.

This concerns the utilization of the seal itself. You said in Iceland they keep the population down significantly. Do they try to utilize the meat and the pelt as well, the entire animal? Are they further ahead than we are with that kind of stuff?

**Mr. Denny Morrow:** You have to bear in mind the seal numbers in Iceland. We're talking about 300,000 harps harvested in Newfoundland. In Iceland, as I said, they talk about 3,000 or fewer seals. What I did see over there is that they feed seals to mink. The

carcass is frozen, and it's mixed in at about a 20% level. There is some pelt.

By the way, I ate seal meat in two Reykjavik restaurants. It was sautéed with a mushroom sauce. I talked to the chef about how he prepared it. It was excellent. So if you know what you're doing with meat—and we understand from our shipments to China that the Chinese now have a process.... They see it as an exotic wild species, a high-end product, not a low-end product.

**Mr. Rodger Cuzner:** It's been discussed at this committee on a number of occasions. Whenever the discussion around seals arises, we speak about a great opportunity. It's recognized as being a great source of protein, of the omega-3s.... There are so many aspects of the harvest that are good.

You've made reference to trying to encourage fishers to go out and engage with the harvest. Could you give us an idea where the fishers are and where the packers are? That's a whole industry in itself.

As well, are we getting support from DFO with regard to the overall harvest and marketing and the research and development around marine animal products in general? Could you give us sort of view on that?

**Mr. Denny Morrow:** We've had a couple of training programs for sealers. I think we're in the neighbourhood of 20 to 30. Most of them are from your area, the North of Smokey group, but we do have some young fishermen from the South Shore area, Mr. Keddy's riding, who participated in the harvest this year. They have to do some apprenticeship.

We intend to expand, as we train people carefully, because we realize that it's a sensitive issue. If you simply have people going out and killing seals in a not humane way, it could backfire on the industry.

I think we are in a take-off position here, because \$50...the sealers-fishermen told me that this winter they made good money doing that. So they're encouraged.

We do have one processing company that handled the meat, the samples, that's interested in expanding that business. Right now we have a request out for proposals to sealers and to processors—I expect a response back by mid-June—regarding the shipment to China.

If there are additional processors who want to get involved, they have to develop a protocol with the Canadian Food Inspection Agency for handling and processing the meat. They also have to develop a partnership with the sealers.

I'd say we're in a take-off position with this. The people involved did make money last winter.

• (1035)

**Mr. Rodger Cuzner:** I guess this would be more directed to the Province of Nova Scotia, with processing being a provincial jurisdiction. Have they rolled up their sleeves at all with the issue?

**Mr. Denny Morrow:** Nobody has rolled up their sleeves. DFO hasn't. The province hasn't. It's been left to the industry.

We have some resources. Fishermen's organizations contribute processors, and we have a lot of volunteer work. It's been very difficult.

Nobody wants to deal with this issue. And without DFO recognizing that there is an impact on our fish stocks and on our commercial fishery by these 12-month-a-year grey seals, we'll never get there.

**The Chair:** Thank you very much, Mr. Cuzner and Mr. Morrow.

The next questioner is Monsieur Roy.

[*Translation*]

**Mr. Jean-Yves Roy:** Thank you, Mr. Chairman.

In your presentation, you stated that grey seals live around Sable Island 365 days per year. Do they have any predator at all, apart from humans?

[*English*]

**Mr. Denny Morrow:** First, to clarify, this is the grey seal pupping area. The population of grey seals arrives there in the winter time. They do their pupping, their breeding, and then they disperse. There are also new pupping areas around the Bay of Fundy and around Cape Breton, and into the gulf as well.

In terms of predators, some species of sharks are predators. Outside of that, I think the main predator over the last 300 years or 400 years has been human beings. I read Mi'kmaq history, stories from before the arrival of Europeans, that seals were a favoured species to harvest among the Mi'kmaq for the fat, the oil, and the meat.

[*Translation*]

**Mr. Jean-Yves Roy:** I will ask another question and then I will yield to Mr. Blais.

If such a big herd — and it would be the same for common seals — did not have enough predators, it would reach a point when it would start declining because of a lack of food that would lead to a decrease in the size of the herd and the size of the animals.

Have any studies being carried out by Fisheries and Oceans showing that we might be close to the point of no return as far as the capacity of the ocean to feed the herd is concerned? If there an exponential increase of the herd, there would be a lack of food on Sable Island and the seals would begin to leave the area.

[*English*]

**Mr. Denny Morrow:** The grey seal is a very intelligent animal. It's an opportunistic feeder that feeds on what is most available. It can certainly displace commercial fishermen, taking the food that we take out of the ocean, especially groundfish. We feel that this is taking place. We're seeing it in western Nova Scotia now.

You're right that at some point the animal starts to decline in health, weight, and also fertility. That hasn't happened yet. I understand from the scientists that the grey seal is doing very well.

The DFO scientists are experimenting with a lipid analysis, in which they take a piece of blubber from some of the seals around Sable Island and analyze it to see what DNA traces there are in the food. They're finding that the seals around Sable Island are

concentrating on redfish and sand lance now. It's no surprise to me, because the cod is pretty well gone off Sable Island Bank, Western Bank, and so on. Anybody familiar with fishing in those areas can tell you that you can't find them any more. So it's not surprising that you don't see much cod in the lipid analysis.

I understand that in Iceland, where they have lots of cod, they find about 25% in their seals.

Also, fishermen in Cape Breton and other areas report that they find grey seals following their lobster fishing boats, the same way that seagulls do. Only lobsters too small to meet the measure are being thrown back.

There's no doubt in our mind that the grey seal is opportunistic, and there's still lots more to eat. But will there be any commercial fishing business left after they're done?

Eventually they will hit the wall, and a disease will set in. Then maybe they will collapse.

• (1040)

**The Chair:** Monsieur Blais, you have three minutes.

[*Translation*]

**Mr. Raynald Blais:** Thank you, Mr. Chairman.

One of the reasons you have appeared before the committee was to make the Minister of Fisheries and Oceans aware of a serious problem. Did you have another objective, such as trying to get answers to the questions you have, and that we also have relating to another species, the common seal? We don't know the precise impact of grey seals and of common seals on cod stocks. If those were your two objectives, did you have any others?

[*English*]

**Mr. Denny Morrow:** Thank you for that question.

My objective today, and something I'd like to leave the committee with, is I'm hoping DFO will continue to give the allocation to the Grey Seal Research and Development Society. I would like to see a scientific forum with industry on ecosystem and commercial fisheries impacts. I don't think they are well understood. We need to bring in scientists from Norway, Iceland, and other places where they're dealing with this issue. We need to ask the right impact questions. In my view, they're not being asked, especially the seal worm issue. I think that's a huge one. The scientists in Iceland pointed me in that direction regarding the waste material, the ketones, excreted by the worms. If the committee members could just see some of the fish we take off the Scotian Shelf now and how lousy it is with worms.... In that moratorium area, where we do some scientific research on the fish off the eastern shore of Nova Scotia, processors will open fish and find it's only fit for the trash can. That cannot be healthy fish. No questions are being asked about that.



We need to establish a target population level for that herd based upon its ecosystem impact. We need to review the restricted areas, and they are numerous. We need to look at harvest methods. For example, one of the difficulties we have concerns the great difference between harvesting harp seals. Newfoundland sealers can go out on the ice, there are no restricted areas for them, whereas we have to harvest grey seals on islands and on coastlines. For meat, if we shoot an adult—and that's the way we kill them—if there are 12 of them there, we get one, the rest hit the water, and they're gone. Now that's not an economical way to harvest. We'd like to be able to use a net to catch some of them, so we can harvest an economical group. We've asked DFO for permission, and it hasn't been granted. Right now, we can't fill the order to China, and we want to target adults, because the harvest method is very difficult.

I'll just point out that elephants in South African parks are managed. They're culled when the numbers get too high because of the destruction of the vegetation. Wild animals in Australia are managed the same way. When I was down in Washington, D.C., in December, for a conference, in *The Washington Post* and *The New York Times* I was reading about a cull: We need more deer hunters around suburban areas in Maryland, Virginia, and New Jersey, because the deer herds see the suburban yards and gardens as one big salad bowl, and destroy the landscape, the flowers. For some reason, seals have become sacred and we'll allow this devastation to happen to an industry and to our coastline, and do nothing about it.

• (1045)

**The Chair:** Very quickly, Mr. Blais.

[*Translation*]

**Mr. Raynald Blais:** At the end of your answer, you referred to the international context.

In Europe, the sealing issue is again coming back to the forefront, which is not to our benefit. What are the reactions internationally? What should be the department's strategy — which might also be ours — to improve our image in the world? What steps should we take?

[*English*]

**Mr. Denny Morrow:** The biggest problem we have in seafood processing and exports in Nova Scotia is not enough raw material. We could export more fish, more shellfish; we just don't have it. We're not going to have fish either.

As far as the U.S. humane society's boycott, our members are not seeing a great effect from it. In fact, it's just the opposite. We could sell a lot more fish if we had it and it was good quality. I guess that's the first comment. I think we respond and think too much about these media campaigns with the celebrities that take place every spring.

I've asked people in the Norwegian industry, because they export a lot of salmon and a lot of other seafood products to Europe; they manage their seal herd, and they harvest them. They've said they've been targeted in Europe before, and the result was not even a blip in their sales. I think we, as Canadians, are a little too worried about the media and our public image. I think we have to look after our self-interest in that regard.

[*Translation*]

**Mr. Raynald Blais:** I don't agree with you.

[*English*]

**The Chair:** Thank you.

Mr. Stoffer, you have five minutes.

**Mr. Peter Stoffer:** Mr. Morrow, thank you very much for your presentation today, sir.

Your analysis of elephants in parks and deer in cities may not go over well as a conclusive argument because as man has encroached upon their territories these animals have not had many places to go, whereas the ocean is a big area, and they have lots of places to go. So I do not know if that would be a compelling argument to government.

But you do make one point about Norway. As this committee knows, the people of Norway are fully supportive of their fishing industry and understand why seals need to be managed. In Canada there is still a huge amount of popular opinion against the commercial seal hunt, and this is among Canadians themselves.

Government has failed, I think, over the years to properly explain to Canadians why a commercial seal hunt is important for the economy and for the management of our east coast stocks. I would like to know if you would verify that statement.

Also—and I would like to thank our researchers for this—in 2001 the eminent panel of seal management stated that there is no scientific consensus on the effects that grey seals are having on the recovery of cod stocks, which means that scientists differ on the effect that grey seals have on cod stocks. I am just wondering if you could elaborate further on that.

The last point is this. You probably read in the *Chronicle Herald* newspaper last week an article by a woman named Debbie Mackenzie, who is from Mr. Keddy's riding, I believe. She was talking about diseases that seals carry, like brucellosis, tuberculosis, and so on. She made the allegation that CFIA or DFO is not doing a complete health analysis of the seal meat when it is being exported overseas.

I am just wondering if you could comment on that particular article, because I have not heard a countervailing argument to what she has stated about the handling of the meat, and the concern that fishermen should have for handling seal meat, and also about the various diseases that seals do carry, if indeed they carry them at all.

• (1050)

**Mr. Denny Morrow:** Thank you, Mr. Stoffer. You will have to keep me on track. There are several questions that you asked.

I would just like to comment, first of all, that seals have lots of places to go in the ocean. Radio transmitters have been put on some grey seals from the Sable Island herd. What we find, not surprisingly, is that they hang around the fishing banks and the coastal waters. They are not out there in the deep water because the energy feedback is not good. If you've got to dive deep in dark, cold water and find your food, it's not nearly as productive as being in a shallow fishing bank or around the shoreline where the population of feed is greater as well. With my farming background, I know animals like the easy lunch. That is what we find with seals as well.

With regard to the article in the *Chronicle Herald*, brucellosis was mentioned. Again, with my farming background—and Mr. Keddy, perhaps you can help with this—I know that brucellosis is a disease that cattle and bison get. It affects their reproductive system and causes abortions. I understand from raising cattle that the main way that human beings can get the disease or suffer some effect from it is to drink the milk of infected cows. Eating the meat doesn't transmit it.

I understand it is spread by the bulls. So I am not sure what her reference is to here, how it is going to spread, whether there is going to be interbreeding of seals and cattle, or what. I'd hate to think of that.

In any event, I am unaware of any evidence showing that the disease is present in grey seals. If it were, their pupping wouldn't be very productive. We know it is on Sable Island. There hasn't been a fall-off in the pupping out there. So I don't think they are experiencing a lot of abortions.

If there is some impact of this, somebody had better tell the Inuit of Canada and Greenland, because they eat a lot of seal meat, and we don't hear any reports of any bad things happening.

But there is a danger in allowing the herd to expand to the point where you do have distemper or other diseases that have developed around the world in any wild animal population or seal population. We are developing a protocol with the Canadian Food Inspection Agency for meat inspection in the exports that are being developed. We are working carefully with them.

I guess I would finish with that issue by saying that the opponents of the seal harvest have adopted a strategy of attacking markets for seafood and seal products in particular. I would expect more such attacks to take place in the future. I would hope that when these people make these kinds of allegations, and put articles in the newspaper—and I am surprised that the *Chronicle Herald* never asked for evidence.... This is hurting the industry. It is hurting our economy.

You asked a question about the media. Could you remind me?

**Mr. Peter Stoffer:** In 2001 the report of the seal management panel indicates there's no scientific consensus that grey seals are having an effect on the recovery of cod stocks. That means there's a difference of opinion among scientists on that.

I'm wondering if your organization had an opinion, or when that came out did you indicate an analysis of your own? Obviously, by your presentation here—

• (1055)

**The Chair:** You are a minute over time, so perhaps Mr. Morrow could give a quick answer on that.

**Mr. Denny Morrow:** That's a good question and it certainly deserves a full answer.

**Mr. Peter Stoffer:** There you go.

Thank you, sir.

**Mr. Denny Morrow:** I'm well aware of the eminent panel. I was asked to appear, but was unable to do so. One of our processors took a tray of cod and haddock in that was loaded with worms to show one impact. I think that deserved about a paragraph in the eminent panel report. I understand one of the comments from some of the people on that was that it was just protein. There was nothing about the impact.

I realize that as fishermen and processors we don't have PhDs, but I've written a letter to *The Navigator* magazine in Newfoundland with some of these science questions on impact that we feel should be answered, that were not covered by the eminent panel. I believe that's because of the bias of the people on the panel.

I'll go over a couple of those questions. What is the impact on cod and other species of the growing infestation of seal worms that the industry is observing in fish caught in areas of high grey seal concentrations? What is the impact of the defensive behaviour of cod and other groundfish species in trying to avoid grey seal predation? If these species flee grey seal predation to deeper, colder, less feed-productive waters, what is the impact on the nutritional health of the fish? How can cod and other species spawn successfully on the shallow banks where there is a heavy concentration of grey seal predators present?

There are other questions that the eminent panel did not look at. The main thing they looked at was just how much cod they are consuming now that we have very few cod.

**Mr. Peter Stoffer:** A point of order, Mr. Chairman.

**The Chair:** Mr. Stoffer.

**Mr. Peter Stoffer:** I just wanted to clarify for the witness that in 1999—and Mr. Nixon will verify this—the committee made a recommendation that the netting of seals, especially for the north shore of Quebec, be permitted. I can't see why this committee can't look at that again, if indeed Mr. Morrow is asking for that recommendation premise.

**The Chair:** I appreciate that.

Mr. Kamp and Mr. Manning, ten minutes, abiding your time.

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

I just have a few questions for Mr. Morrow. Before I ask those, let me just indulge the committee and say that I did pass on from our last meeting some of the concerns the committee raised about the at-sea observer program to the minister. The decision to proceed on that is now under review. I thought you might like to know that.

Mr. Morrow, could you make it clear to me what you want DFO to do, or what you want to see? What would be the good outcome from this meeting? What do you want?

**Mr. Denny Morrow:** I want the allocation that we have for 10,000 grey seals over two years, which will expire. We need that continued and perhaps increased if we're able to supply the market. I anticipate that we'll handle the problems that we have with harvesting the animals.

We need a scientific forum where we can discuss the grey seals in particular—not harp seals, but grey seals—and what their impact on the ecosystem and the commercial fishery is. The industry needs to participate in that. The eminent panel called a few industry people, but very few. It was mostly scientists and the scientific community, but no foreign scientists.

When I was in Iceland, the people basically laughed at what we're doing. We're allowing our industry to be destroyed. They would never do that over there. A scientist said that if they managed their fishery the way we do, they'd be living in mud huts.

In a review of the restricted areas, you have to realize that harp seals and grey seals are different. We don't harvest grey seals on ice. They have to be harvested on islands and coastlines. They're going to be harvested differently, so we need some help with that.

We're in the process of outfitting a boat for harvesting large animals. You can imagine the problems with shooting an 800-pound to 1,000-pound male. We have a couple of sealers or fishermen who do this, and then we have to get that animal on the boat off an island, we have to eviscerate it, and we have to put it in cold storage. It's going to take a special configuration of a boat for that harvest.

We need the province and DFO to work with the industry. This meat thing is a big opportunity for us. I was told that because of avian flu in China, they are looking for other forms of meat protein. The possibility is there. We could do 20 to 100 containers, and that's times 40,000 pounds of meat.

Finally, in the management of the grey seals, we need a target level for the population that we're trying to attain. I think it's about 50% of the population level that we have now. Over five years, we'd like to see the population reduced by 50% so that the impact on the ecosystem, the commercial fish stocks, and our commercial fishery would be less severe.

• (1100)

**Mr. Randy Kamp:** It's my understanding that you haven't requested an extension or an increase to your allocation. Is that true or not?

**Mr. Denny Morrow:** That's true. We're meeting with DFO in the Maritimes region in another week.

**Mr. Randy Kamp:** Do you intend to make that request?

**Mr. Denny Morrow:** Yes.

**Mr. Randy Kamp:** In the potential biological review, they say that the hunt can only sustain an annual harvest of 2,100 grey seals in the Gulf of St. Lawrence and 8,300 in the Scotian Shelf. Do you agree with that?

**Mr. Denny Morrow:** Absolutely not. If the goal of DFO is to have the herd expand, then that's a good harvest level. If the goal of DFO is to hold the herd at the level it is now, it's questionable. But at that level of harvest, as I said, 50,000 pups were born on Sable Island

alone. If you harvest 10,000, you're not cutting into the population growth.

**Mr. Randy Kamp:** What do you think it should be?

**Mr. Denny Morrow:** I think that we need to have commercial markets. I don't think the Canadian population nor the government have the stomach for a cull, although in other countries they do cull the animals, but we need to build the markets for meat and pelts. We can do that.

I think we need to have an annual quota that is going to exceed by a considerable amount the number of pups born each year. It was 50,000 on Sable Island.

By the way, there are other pupping areas; there's Scatarie Island, and there's Hay Island. We're now finding some islands in western Nova Scotia as well.

There are 50,000 on Sable Island, and that's not counting the gulf. You have to get the annual TAC above 50,000. It's probably up around 100,000, if you're going to reduce the herd.

**The Chair:** Mr. Manning.

**Mr. Fabian Manning:** I'm going to give my time to my colleague.

**The Chair:** Okay, go ahead.

**Mr. Randy Kamp:** John may have some questions here as well.

It always should give us pause, I suppose, if there's a witness who has a number quite different from the DFO scientists on what is a sustainable harvest. I just don't know how we resolve that.

I know you sincerely believe this is the right figure, but do you bring any other evidence to us to convince us that DFO scientists are wrong on this?

**Mr. Denny Morrow:** A herd can be sustainable at numbers other than the number you have now. The number 350,000 is one number. You could have a herd, as the U.K. has, of 100,000, and you could sustain a herd at 100,000. The sustainable number depends on what your population target is.

Again I would say that we from the industry don't have PhDs, so when we talk to government people or to the media and a scientist talks to the government or the media people, I guess we're not received with the same credibility, but we see it every day. We see the spread.

I have processors in my association who tell me that they used to direct fishermen to certain areas to catch cod, haddock, flounder, and other groundfish species because they were clean from those areas and we could process them economically. Those areas don't exist any more. We're seeing that. The scientists don't see it.

• (1105)

**Mr. Randy Kamp:** Finally, are you saying that you think you should hunt on Sable Island as well?

**Mr. Denny Morrow:** Yes, I think with proper monitoring it can be done so that it's sensitive to the ecology of Sable Island. I also think—and there are a lot of people in the industry and among the general population who feel this way—we used to have a common seal herd out there that has now been driven off the island. There are islands—and I assume Sable Island would be the same—where bird populations are threatened by the expansion of the seal herd. Allowing one species to take over is not good ecoscience.

**The Chair:** I would like to thank our witness very much for coming.

I'd certainly like to recognize Clifford Hood, who was not here as a witness today but was at the panel.

I'd like to remind our committee members, just before Mr. Morrow leaves, that the steering committee will meet immediately following this meeting.

Mr. Morrow, a couple of questions came up, and I will be very brief.

For the benefit of the committee, what we're seeing off southwestern Nova Scotia with the increase in the grey seal population has been an expansion of their territory outside of where we would normally have seen them. By that I mean at 35 and 40 miles out into the ocean, where they're following the fishing boats.

Certainly you're familiar with the letter—and I think it has been presented to the committee—from John Levy, where he was out at the 35-mile line and the grey seals were simply taking the fish off his longline gear faster than he could haul it in. So we do have a serious problem.

My specific question is on the netting of seals. Mr. Stoffer brought it up. It seems to be an issue that DFO has not acted on. It's certainly a humane way of harvesting. It looks after the extreme difficulty of recovering the seal. It looks after the issue of trying to hunt them on the islands, where after the first shot they're all in the water and gone. It's certainly carried out in Norway; they net them in Norway. They net them in Iceland. They net them in other parts of the world, and it's a humane source of hunting. What seems to be the holdup on the netting process?

**Mr. Denny Morrow:** I wish I knew the answer to that. DFO is the regulatory body, and a lot of the management of the seal hunt is based upon the harp seal. I was in St. John's in November for the seal forum, and we received the booklet of questions and issues from DFO. There was very little on grey seals and almost everything on harp seals. And that's a well-established hunt. But again, and I can't emphasize this enough, it's a different animal, a different place, and it's a different type of hunt. We're developing something here.

I've talked to a number of fishermen who have said that if we could set up some kind of a beach seine in shallow water—so if we

go on an island and there are 12 adults and we shoot one, maybe we can take two or three more in the beach seine—that makes it an economical process. We're open to monitoring. We want to do this humanely. We're also open to the directions given to us constantly: utilize the entire animal. Let's make this a commercial industry.

**The Chair:** Certainly part of that would entail being able to fill your orders to China for containers of seal meat.

I would like to say, on behalf of the committee—

• (1110)

**Mr. John Cummins:** Could I ask a quick question, Mr. Chair?

**The Chair:** Yes, Mr. Cummins; it's going to be a quick question.

**Mr. John Cummins:** Yes, it will, because the summation has already been delivered.

Is there a possibility that this seal meat could be utilized for fish farm use or for poultry? Is that a possibility?

**Mr. Denny Morrow:** Yes. We're having talks with the Nova Scotia Agricultural College in Truro about doing research for different kinds of feed.

We're more excited about the report we received from China saying give us bigger animals, butcher them like a hog, send us loins, ribs, and so on. The Newfoundland export has been the beater, the small juvenile, which is really not a good product. You need the larger animals. I understand from our Chinese importer that they have a method of processing this meat to make it highly desirable.

**The Chair:** Thank you very much, Mr. Cummins.

Thank you, Mr. Morrow.

In closing, I would like to state that in the past, the committee has come out in support of a sustainable seal hunt. We recognize some of the obstacles facing your industry, and we are working on them.

One of the items for discussion will be to take another look at the seal hunt on the east coast. Whether we do that as a committee study has not been approved yet, but it's something that's under discussion. That includes some direct interaction with the Parliamentary Assembly of the Council of Europe, which has been extremely problematic in their understanding of how the hunt is carried out in Canadian waters. They've been very much against the Canadian seal hunt. We feel that's perhaps an avenue where we can work, parliament to parliament, to overcome some of those obstacles that the industry faces on a regular basis.

Thank you again for appearing.

This meeting is adjourned.







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