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Chair

Mr. Gerald Keddy

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•(1105)

[English]

The Chair (Mr. Gerald Keddy (South Shore—St. Margaret's, CPC)): I call the meeting to order pursuant to Standing Order 108 (2), the study on the issues of the new rules of boat stability and, in particular, the matter of the fishery boat length requirement.

I would like to welcome our witnesses: David Bevan, assistant deputy minister, from fisheries and aquaculture management, Department of Fisheries and Oceans; from the Department of Transportation, Mr. Victor Santos-Pedro, director of design equipment and boating safety, together with William Nash, director general for marine safety.

Welcome, gentlemen.

If you have a presentation, Mr. Bevan, you know the drill. You've been here enough times. I'll let you go ahead.

Mr. David Bevan (Assistant Deputy Minister, Fisheries and Aquaculture Management, Department of Fisheries and Oceans): Mr. Chair, we'll be looking at vessel length and safety. Vessel length rules came into play in the 1970s. They were put in place in an attempt to limit the capitalization of the fleet and the capacity of the fleet. They gradually became criteria for defining fishing fleets on allocation and access. So we have a 45-foot limit, a 65-foot limit, and so on.

After the demise of groundfish in the 1980s and 1990s, we saw that the fisheries changed significantly. We went from groundfish to shellfish fisheries. We went from single-species to multi-species licence holders. The main fleet of small vessels evolved to hit the limits that were imposed. Then they changed their shape at those limits and went from fishing on the inshore areas to fishing farther afield.

The changing conditions led to small fishing vessels with different gear, contrary to their design. The vessels were fishing multi-species when they were designed to fish groundfish. Small vessels were fishing farther offshore, particularly in the crab fishery, and as a result may have been exposed to unsafe conditions. Vessel owners opted for vessel design modifications to accommodate these new conditions within the constraints of the size limits.

Flexibility of vessel replacement was provided to fishers operating under self-rationalization systems, like ITQs. You'll see a completely different shape of vessel in those fleets. They are more fuel efficient and sea kindly.

We saw that the number of search and rescue incidents and fatal accidents rose during this period. This led DFO in 2000 to review, in collaboration with Transport Canada, the root causes of safety at sea. They weren't simple. They were a combination of many elements, including human error, loading stability, vessel size, weather, training, vessel maintenance, and economic viability.

Economic viability has an impact on vessel safety. When people don't have the money to reinvest, it seems the safety equipment goes first, certainly before the ability to catch fish. So gear for fish harvesting is the priority for fishermen. It takes precedence over safety when economic viability is in question.

What is key is that a vessel, whatever its size, has to meet Transport Canada's stability requirements. It has to be used in a reasonable way for the purpose for which it was built or for which it has been modified. It can't be used for purposes inconsistent with its design.

We've incorporated vessel safety considerations into the fishery management planning process. We have flexibility on opening and closing dates, allowing people more time to get gear out of the water, if it is warranted. We've taken weather into consideration, for example, in the Pacific as the result of a tragic herring season back in the 1980s. The weather is a key consideration in opening or closing, and we've also changed how those fisheries are prosecuted, to allow more reasonable fishing practices.

We're reviewing the regulations and policies on safety at sea, and we're looking at the vessel size limitations, taking safety into consideration.

In 2003 we offered fleets more flexibility with respect to vessel replacement policies. Provided they met a number of principles, they would be given flexibility to move beyond the size limitations that were imposed. These principles include no compromise of conservation, and no need to accommodate larger vessels by moving quota allocations from one fleet to another.

I would say, however, that few fleets have actually taken advantage of this flexibility. There's resistance to moving ahead with changing fish management. People are comfortable with the management regimes they're under, and they haven't taken advantage of the changes in those regimes to avoid the current vessel replacement rules, or rather, the old length restrictions.

We have seen some modifications in the Maritimes region where there's been movement beyond the 65-foot vessel. A small portion of fishers are currently affected by the 45- and 65-foot barriers, mostly in Newfoundland.

I would point out that the problem has been particularly acute in Newfoundland since the shift from inshore groundfish to crab fisheries. You use the same vessel, but different gear, obviously, and different configurations, and they have bumped up against the limits, more so than many of the other fleets. We've seen size limitations in lobster, but they don't lead to the same kinds of concerns as we have had in the Newfoundland fleets.

On the Atlantic fishing industry's viability, initiatives are under way to review and renew the Atlantic fishing industry. We see that as an opportunity to perhaps consider different ways of approaching the management, which might allow that flexibility we provided in 2003 to actually be used by the fishing fleets. We are looking at ways to work with the industry in terms of putting the fishery back on an economic footing, which will help with vessel safety, not just because of the opportunity to reconsider replacement rules, but also because if people are making a reasonable living, they'll be able to recapitalize their vessels and to ensure the vessels are suited to the fishing they're undertaking, as well as having the proper safety equipment.

In conclusion, the size of fishing vessels is one of many factors that can affect safety at sea. We're factoring safety at sea into our fish management plans, and are expecting our fish managers and fishery officers to exercise judgment in implementing fishing plans, so they can avoid pushing people out into dangerous conditions. We're looking at managing the fisheries, while Transport Canada regulates safety. We're cooperating on improving the safety of fishing vessels and have developed a memorandum of understanding that will be signed shortly, with a view to having more cooperation and more opportunities to have Transport Canada and Fisheries and Oceans work together with the fishermen to improve safety at sea.

Thank you.

• (1110)

The Chair: Thank you.

Mr. Bevan, do any of your other presenters have anything to say, or is there just one overview?

Mr. William J. Nash (Director General, Marine Safety, Department of Transport): Mr. Chair, my name is Bill Nash. Following on from the DFO presentation, I'd like to give a brief overview on the stability requirements for small fishing vessels. I'll be covering the following points during my presentation: the current stability requirements, the application of risk factors, and the proposed new requirements. And then I'll end with a brief summary.

What is ship stability? Simply put, ship stability is a measure of a vessel's ability to remain upright in a seaway. A stability booklet sets

out the various flotation and stability requirements to be used to instruct the master and crew about the safe limits under which a vessel can load and operate—in other words, they would be calculations for when the vessel is fully loaded, full of fish, or in a light condition, or has ice accretion in the upper deck—all of which would provide information on the characteristics of the vessel and its ability to remain at sea safely.

All fishing vessels over 150 gross tons—we refer to them as large fishing vessels—are required to have stability calculations and a stability booklet. Small fishing vessels that are between 15 and 150 gross tons also require stability booklets if they are carrying capelin or herring, as these fish react like fluid in the fish hold and can cause stability problems. For other vessels, it's dependent on the attending marine safety inspector whether the vessel requires a stability assessment or not.

There is no requirement for small fishing vessels under 15 gross tons to have a stability assessment, as most traditional small fishing vessels that constitute the bulk of the inshore fleet are not expected to have stability concerns associated with their design and would therefore not be required to have a stability booklet. However, Transport Canada recommends that all fishers assess the stability characteristics of their vessels, including those under 15 gross tons.

As you may be aware, the Transportation Safety Board has identified stability as a contributing factor in many small vessel incidents and accidents and, as a consequence, has made recommendations to us that all fishing vessels be subject to a stability assessment. In response to this and to clarify our policy for marine safety inspectors in requiring a stability assessment for those vessels between 15 and 150 gross tons, Transport Canada issued a ship safety bulletin in May of this year outlining what would allow a marine safety inspector to require additional stability tests where seaworthiness may be questioned.

A self-assessment form was provided that outlined six risk factors that could affect the stability of a vessel. In other words, stability assessments would only be required when one of the following at-risk factors exist: there's an anti-roll tank fitted to the vessel, a carriage of liquid cargo or live wells, substantial top weight, a vessel operating in an area and time of year where icing to the upper structure may occur, vessels with significant windage—in other words, high-sided vessels—and those that have made structural modifications or have had a change in their fishing operations.

The bulletin was distributed to all owners of small fishing vessels, even those below 15 gross tons, and it was done to raise their awareness of the risks and encourage them to obtain stability booklets where the risk factors are present.

We're in the process of developing new fishing vessel safety regulations applicable to vessels under 150 gross tons. Requirements for stability booklets may be extended to all new and existing vessels more than 15 metres in length, and vessels from 9 to 15 metres that have specific risk factors. A phase-in period, which is yet to be determined, would apply.

• (1115)

Under the proposed regulations, vessels that are more than six metres in length and do not require a stability booklet must pass a simplified safety assessment and have an indicator, such as a hull marking to indicate minimum freeboard, in other words, a loading mark to which the vessel could be loaded. Vessels six metres or less must meet flotation and swamping requirements and will be required to have a capacity plate to indicate the maximum load the vessel can carry.

I would add that during consultations, the fishing industry has indicated it feels the cost of implementing these proposals may put fishers out of business. In general, it believes that the proposed stability requirements are not warranted and that education would be more effective in terms of reducing incidents.

From a current status perspective, in order to address the industry's concerns, Transport Canada has undertaken to research and develop a statistical analysis of fishing vessel risk factors and relate these to the proposed requirements. Using this information, a cost-benefit analysis will also be undertaken.

Our overarching principle is to apply stability requirements where there are identified risks. This principle is in fact being used today as per the ship safety bulletin that I mentioned earlier. The proposed regulations will be reviewed and amended based on the results of the analyses, and we expect to pre-publish these new regulations in the *Canada Gazette Part I* late in 2007, with a view to bringing them into force some time in 2008. We continue to consult and support education and training programs for the industry as well.

In summary, the Transportation Safety Board has identified stability as a contributing factor in fishing vessel incidents, and capsizing and foundering are among the most frequent causes of fatalities. Stability requirements are in place for fishing vessels over 150 gross tons and for those between 15 and 115 gross tons, based on risk factors.

The new proposed fishing vessel safety regulations under development are, as I mentioned, forecast to be pre-published in late 2007 and will cover some sort of stability requirements for all fishing vessels. We continue to support the education aspect, and I'd like to point out that safety is a shared responsibility and all vessels are safer when operated correctly and the stability characteristics are understood and are used for their designed purpose.

Mr. Chairman, that concludes my brief overview on what exists and what we're planning with respect to fishing vessel safety.

• (1120)

The Chair: Thank you, Mr. Nash.

Mr. MacAulay.

Hon. Lawrence MacAulay (Cardigan, Lib.): I'll ask Mr. Nash a question. On the requirement, you're talking about the six-metre

vessels, that there could be new requirements and booklets required. That would apply to most of the lobster fleet in my area. Is that correct?

Mr. William J. Nash: Victor, maybe you could give details on that.

Hon. Lawrence MacAulay: It's only 18 ft.

Mr. Victor Santos-Pedro (Director, Design, Equipment and Boating Safety, Department of Transport): That's right.

Hon. Lawrence MacAulay: What requirements do you plan to put in place, and will the committee be aware of what requirements are going to be in place? On new regulations, what new regulations do you expect will be put in place, or what requirements would be put in place for these boats?

Mr. Victor Santos-Pedro: Right now, for the vessels under six metres, we are intending to use what we call capacity plates, such as are now used for the calculations of, for example, pleasure craft, recreational boats. As part of that, it could be simply that the stability is established by the fact that it has sufficient flotation or that the vessel, if filled with water, would not sink. For the smaller vessels, it would be a minimum type of requirement, and not a stability booklet. The stability booklet is reserved for the larger vessels.

Hon. Lawrence MacAulay: Okay. Most of that would be over 34 feet 11 inches. Am I correct? Most of the lobster boats are less than 35 feet long.

Mr. Victor Santos-Pedro: May I make a comment about this? I know the connection between stability and length is that the fishing vessel safety regulations do not tie in with the cut-offs, the lengths that are used by DFO. They have been established simply for regulatory convenience and they do not tie in to those same lengths. It's one of the reasons we put the feet in the presentation, because it is different from what the Department of Fisheries and Oceans uses for fisheries management purposes.

Hon. Lawrence MacAulay: So you're telling me that there wouldn't be any new requirements for boats under 35 feet long used for the inshore fishery.

Mr. Victor Santos-Pedro: No, I'm not saying that, sir.

Hon. Lawrence MacAulay: If there are new requirements, are we going to be aware of the new requirements before they're put in place and imposed upon the fishermen?

Mr. Victor Santos-Pedro: Absolutely. We have been discussing the new requirements. The consultation has been, even up to now, quite extensive, including the fishermen from.... You're from P.E.I., sir.

Hon. Lawrence MacAulay: That's correct.

Mr. Victor Santos-Pedro: They insisted that I come down and see their boats first-hand, and I have. We're very aware of the type of boat used in P.E.I. for lobster and the kinds of safety requirements. We're taking that into consideration in the proposal. It does depend on the size of the vessel.

Hon. Lawrence MacAulay: You, of course, are aware of the size of what the inshore lobster fishermen use.

Mr. Victor Santos-Pedro: Yes.

Hon. Lawrence MacAulay: What you're telling me in fact is that I and the committee will be aware of what requirements, if any, are going to be put in place for these fishermen, and that there will be consultation with them before it will be done.

I'm just thinking of some of the things, like the rafts and so forth, that were put in place. We don't want requirements for the inshore fishermen under 35 feet that would be required for boats that go out a lot longer and out a lot farther. That's what I'm concerned about, and that's what the lobster fishermen are concerned about.

Mr. Victor Santos-Pedro: And that is very well understood. Those vessels that are specifically designed for the lobster inshore fishermen are also used for other purposes and for other fisheries, and they go out for caplin and herring, and those vessels will have a different requirement.

Hon. Lawrence MacAulay: Does anybody else have anything?

Thank you.

The Chair: Mr. Byrne, you have about five minutes.

• (1125)

Hon. Gerry Byrne (Humber—St. Barbe—Baie Verte, Lib.): Thank you, gentlemen, for coming forward again, and a special welcome to officials from the Department of Transport.

On the dynamic between Transport Canada requirements and DFO requirements, simply put, Transport Canada is strictly involved in safety and has no lens to view this issue from a fisheries management point of view; and Fisheries and Oceans views the issue strictly from a conservation and management point of view, with some reflection on safety. However, the requirement for fishermen to actually work within both sets of guidelines and work within an economic environment causes fishermen to adhere to vessel length and volume requirements of DFO and then try to match safety requirements as an afterthought—well, not as an afterthought, that would be improper—as a test of their skill as boat designers and builders.

When this particular strategy was developed by DFO in terms of putting in place both length and volume requirements back in the 1970s, there were no dockside monitoring or onboard observers. In fact, there were no quota requirements in most fisheries back in the 1970s.

Given the fact that we have a whole bunch of rules to enact fisheries management and conservation requirements, why is regulation of boat length and volume still such a critical factor for DFO in a management and conservation regime?

Mr. David Bevan: For any fishery that's ITQ, IQ, or any of those types of fisheries, we don't occupy ourselves with limits on the vessels. Where we are concerned is in terms of overcapitalization,

bad use of capital, and creating the situation where people are pushing themselves to further invest in capacity when they don't have enough fish to make it pay. There's pressure on the stocks as a result of that. And it does turn it into an economic and conservation concern. In fisheries that are competitive, we don't have those other incentives to get the balance right.

In an ITQ fishery, the incentive for the head of the enterprise is to get the right boat for the amount of quota they have so they don't have excessive costs and they don't have poor economic or fuel efficiency.

Where we've seen it go in the other direction is in terms of vessels that were designed for competitive groundfish fisheries. You'll see them. They're at the limit. They're 44 feet 11 inches. They're very wide in the beam and deep. It is unfortunate that they've gone that way. It's a big capital investment in something that costs a lot of money to run, that's uncomfortable, and that isn't necessarily the best choice for the fishery. But they're the best choice for those individual fishermen in light of the way we manage the fishery.

We would like to see different incentives in place, and that's why in 2003 we offered fishermen the opportunity to choose different types of management regimes so they could get away from these vessel replacement rules. Many fleets have not chosen that kind of approach.

Where you have other management strategies, we don't need these replacement rules. It's where we have a competitive fishery and the incentive is to build bigger and bigger boats, and more and more capital is spent to get a bigger share of the TAC for your enterprise, that you have the tragedy of over-investment. And eventually you end up with extreme pressure on the minister and the government to make more fish available. We have to avoid that, if possible, and find other ways to deal with these capacity issues.

Hon. Gerry Byrne: David, the view of the department would be that that is a greater incentive to comply with fisheries management regulations and licence conditions than having on-board observers, dockside monitoring, and surveillance. Is it the point of view of the department that control of capacity, in terms of boat length and volume, is an absolute, paramount conservation tool?

•(1130)

Mr. David Bevan: Where you have a competitive fishery, where there is no individual limit, and the amount of fish being caught by an enterprise is open within the constraints of the fishing plan and the TAC, then what you would have in the case of no limits on capacity is an increase in capacity that will eventually have an impact on conservation. Clearly, if you have an individual quota, that can take the place of observers, dockside monitors, and vessel monitoring systems. But if you don't have some limit, and you allow open-ended capitalization, you'll end up with people who are economically stressed. We have that already within the constraints. We see it in some of the lobster fisheries, where people are putting in such large boats that they are now pressed to catch every pound of fish they possibly can in order to pay the bills.

Fishermen will, by nature, not go bankrupt before they push the envelope on compliance. If you allow open-ended investment, and they can't make enough money legally to pay for those investments, and they have to pay bills, they'll do whatever they have to do to deal with that. And that may mean that there's a compromise on conservation at some point.

Hon. Gerry Byrne: If I'm reading it correctly, to capture what you're saying, there's no immediate concern, but there is a long-term concern, and the long-term concern is a political concern in that pressure will be brought to bear on the minister and the department to over-allocate fish resources based on the fact that they have to meet the payroll.

The Chair: We're going to leave that as a statement, because you're two minutes over time and we might get a chance to come back to that question.

Hon. Gerry Byrne: It's not a statement, because it's not necessarily something I would agree with. I'm testing the witnesses as to exactly what their point of view on this is.

The Chair: We can get that opportunity in the next round.

Monsieur Blais.

[*Translation*]

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

I would like to approach the issue from a fundamental and not technical standpoint. In the explanations given by Mr. Bevan and Mr. Nash, my understanding is that there is no consensus and that we don't speak with one voice. You'll tell me if I'm wrong.

Mr. Bevan seemed to say that boat stability is not a big factor in the accidents or incidents which happened.

My understanding was that what Mr. Nash said was much more qualified, namely that in fact boat stability is an important enough factor to warrant a study, a check, an analysis of what happened over the last few years, even in consultation with the industry, to finally come out with new regulations.

I would like to give Mr. Bevan and Mr. Nash the opportunity to tell me whether they speak with one voice or not.

M. David Bevan: We established the vessel length rules to avoid overcapacity for a type of fishery. We don't aim at increasing the safety of fishermen, since this is the responsibility of Transport

Canada. On our side, we have established these limits for the viability of the fishing industry. It is the responsibility of the master and of Transport Canada to ensure that operations are safe.

Mr. William J. Nash: For us, what matters, is the safety of vessels. Masters and crews should be well aware of the capacity of their vessel in different conditions.

In my opinion, the most important thing for a fisherman is to know when his vessel is at risk at sea. This is the reason why we have requirements on the stability of the vessel as well as on some other aspects.

•(1135)

Mr. Raynald Blais: I understand that the mandates of Transport Canada and of Fisheries and Oceans Canada may be different. However, in as much as safety is concerned, I think we should be better equipped and that we should be on the same wavelength.

I must have misunderstood. It would seem that the events of the recent years bring you to make a study or an analysis on vessel stability. However, I imagine that there were enough accidents to have a control and monitoring program to be able to check what happens day-to-day, month after month, season after season, as is the case, for example, for traffic accidents.

As far as vessels are concerned, the road is made of water. I thought that statistics were always present and that there was always an examination, an analysis, a particular attention on this.

It looks as if the events of the last few years would force you and would bring you to make the work you are making now. Wasn't this work done previously?

Mr. Victor Santos-Pedro: What you are saying is true. As a matter of fact, no change had been made to the rules for more than 25 years. Moreover, across Canada, the fishing industry went through big changes.

This is one of the big problems we are facing today. The situation may be different if amendments had been put forward at the time the situation was changing in the fishing industry across Canada.

Now, the rules remained the same for 25 or 30 years. We went through many changes and we know that accidents do happen. It is what we are analyzing now, to give us the means to prevent such a high accident rate from reoccurring. This is what we want to change.

Mr. Raynald Blais: I suppose you are all committed to safety.

What happened? Why didn't we necessarily make this examination of the situation, considering the very rapid pace of change? Is it because you didn't have enough money earmarked for these analyses? Didn't you have enough resources? What can justify that this work we are doing today wasn't done, in conditions where traffic is different, bigger, more varied and where accidents happen?

Mr. Victor Santos-Pedro: Several factors can explain the delays in the changes to the rules, but there was a big change earlier, at the time we made a reform. It is called safety rules reform. This is one of the reasons of these delays.

Other priorities arose from time to time, and it is then that we brought in these changes. Since we have done nothing for 30 years, some changes will have more effect. The other reason is that, during that time, many changes occurred in the fishing industry. Modifications are made to vessels which are designated for a new function. They undergo so many modifications that they end up being more at risk because that type of vessel isn't really designed for the kind of fishery it is in now.

• (1140)

[English]

The Chair: *Merci, monsieur Blais.*

Ms. Bell.

Ms. Catherine Bell (Vancouver Island North, NDP): Thank you.

I am substituting for Mr. Stoffer today, and I would like to thank the committee and the presenters for their presentations. Mr. Stoffer has always been interested in shipbuilding. Unfortunately, he's missing his opportunity to ask some questions.

I know you are reviewing the regulations. You say that boat length and size is an issue, but is it the only one? What are some of the other significant reasons for accidents?

Then I have a question about the regulations and the ability to enforce them for inspection. That's been an ongoing concern of fishermen, boat builders, and people in the industry in my riding and across Canada. Is there any review of the personnel requirements with respect to enforcing regulations once you have made your decisions?

Mr. David Bevan: The Department of Fisheries and Oceans has put in limits because we need to avoid overcapitalization. In the long term that leads to pressure on the resource as a result of pushing to have the quotas high, but also as a result of the need for people to pay the bills. They'll do what's needed to pay the bills if they're pushed economically. That's why we have those in there.

There are concerns about stability, etc. When some vessels hit the limit, they get wide but they don't get high. Therefore you don't have the same kind of concerns as you would if you had something like a small dragger in the shrimp fishery or the groundfish fishery.

I'll have to turn it over to Transport Canada to talk about what happens when you hit those limits and you have vessels that are 64 feet 11 inches, by 30-some feet wide, by 50 feet from the keel to the deck head. That's what we have in reality, and that's what people are using in these fisheries.

Mr. William J. Nash: Yes, we can talk about that.

From an inspection and enforcement perspective, fishing vessels between 15 and 150 gross tons are required to be inspected and certified every four years. This has been going on for quite some time. Currently we haven't looked at reviewing our inspection requirements.

There are some triggers that would require us to go to a vessel. If there's a change in fishery or to the vessel—if top weight was added to a vessel, for example—then it would be incumbent upon the owner to come to us and say this has happened, and our folks would look at it from a safety perspective.

For the future, we are looking at the possibility of expanding our vessel monitoring program, which we started several years ago to cover passenger vessels, small commercial vessels—other than fishing vessels—to include vessels under 15 gross tons.

That's what we do with respect to the enforcement and inspection of small fishing vessels.

Ms. Catherine Bell: Mr. Bevan, I'm glad to hear your comments on capacity, on the issue of larger boats and overfishing, and on how you sort of see it as a control. I think that's good.

I'm wondering how much pressure there is from the fishing fleets because of the quota holders. Quite often fishermen hold a number of licences and want to increase their capacity. How much pressure is there from the industry to maintain a larger boat?

• (1145)

Mr. David Bevan: We get pressure from individuals to go to larger vessels when they're replacing. They may find a vessel that exceeds the size limit and want to use it. They may have a mix of licences, as you pointed out, with a larger size limit for one licence than another. We get pressure from individuals.

If you look at fleets as a whole, even in areas such as southwest Nova Scotia, where a lot of people were building very large boats and trying to push the size limit, the majority still want to maintain the size limit. Individuals have a tendency to want bigger boats, but as for the fleets, the collective view may be to maintain the size limits. It depends on the circumstances, and to a large extent it would also depend on the nature of the fishery.

For example, when we switched from competitive to ITQ fishing in Nova Scotia, people had more freedom to choose the vessel they wanted. They had a tendency not to go to very large vessels, because they were making the right investment for the amount of quota they had.

There's pressure, but it depends on the fleet and the circumstances, and often it takes the form of individual requests.

The Chair: Thank you, Ms. Bell.

I have a quick point, and then I'll go to our next questioner.

As a point of clarification, and to Mr. Bevan's remarks on southwest Nova Scotia, there's quite a discussion among fishermen who fish the near inshore, with the 34-foot 11-inch boats, and the fishermen who fish the offshore, from roughly the 15-mile to the 50-mile line, and that's where the difference lies.

I'd like a point of clarification on the statistics on boat accidents from 1980 to the present time, because we've not received them. Have accidents gone up or down, and what's the cause? Is it a question of icing, equipment failure, or overloading? I think this very much pertains to the discussion we're having, and it's a piece of information that hasn't been forthcoming.

Before we go to our next questioner, the other point is the issue surrounding boat length. Is it the intent of Transport Canada to do hull types? Most of Atlantic Canada, and I would assume British Columbia is similar.... You could literally test a 34-foot 11-inch hull in P.E.I., and the majority of those would be Northumberland-built boats, which are similar in type.

Are you going to re-test that hull? Fishermen are concerned about cost, and they've been told it's \$10,000 to \$15,000 per vessel. Do you have to test that vessel again, if you have been using it for the lobster fishery, and then decide to put a rake on it to engage in the scallop fishery?

Could you quickly answer that, and then we'll go to our next questioner.

Mr. Victor Santos-Pedro: I'll try to very quickly touch on two points, the statistics and the issue of similar vessels.

On the statistics, in fact, if you simply look at absolute numbers, the fatalities on fishing vessels have been reduced over the past 20 years. But of course, when you look at the number of vessels operating, you also see the same decrease because there are fewer vessels operating. What has not changed, however, over those 20 years is that 50% of the commercial fatalities are from fishing vessels and the rate of fatalities has not changed. That is a consideration.

Those are the overall statistics.

In fact, on the aspect of stability, there is a concern with the cost of getting that information to the master. Ultimately, stability is giving information to the master and the crew that the vessel can operate with a particular load under certain conditions.

I think one of the things that we have to think about on cost is amortization. A stability booklet may require \$3,000 to \$6,000 for a particular vessel. As you said, fishermen indeed have similar vessels. If they are in the same fishery and have the same type of loading conditions, they could get together to have a series of booklets done. That could be done. With the demand, we're hoping that market forces will also reduce the price.

These days the most difficult thing about having a stability booklet is what the plans for the vessel are. Some of these vessels don't have plans. With the new technology for laser beams, you can actually get the form of the vessel very quickly, and perhaps that will also bring the costs down.

• (1150)

The Chair: I think if you could provide for the committee the list of accidents and the average from 1980 up to the present time—I mean, this is not complicated—it would be helpful in our pursuit of this.

The next questioner is Mr. Manning.

Mr. Fabian Manning (Avalon, CPC): Thank you, Mr. Chair.

Welcome to our guests.

I want to get back to Mr. MacAulay's question with a follow-up in regard to notification of the changes to the committee and to public consultations.

When the department decides on a new list of regulations, is there going to be a full consultation process with the industry? Is that what I'm hearing from you? Are there any time limits on that? Are we going to find out about it the day before? Can you give us some indication of what your plans are in relation to the consultation process with the people in the industry?

Mr. Victor Santos-Pedro: We have in fact been engaged in a very extensive and comprehensive review of a number of regulations, in particular the fishing vessel regulations that are part of the Canada Shipping Act regulatory reform process. Not only have we engaged in the regular process, which is through a consultative body in which we meet twice a year, both in the capital and in all of the regions, but we recognized that although some of the fishermen organizations attend those meetings—this is an open forum meeting that is our regular meeting, every six months—there are certain areas where we would have to go to the fishermen in order to have the consultations.

We have had meetings from one end of the country to the other. Altogether nearly 2,000 fishermen have attended those meetings in various places, from Campbell River, to Charlottetown, to a number of smaller communities like Prince Rupert, and on the east coast as well, there are several communities where we've had town hall meetings. Part of the issue is that there is a tremendous awareness of the consultation, I believe, across the country.

The schedule we are now on continues to allow us to do the further risk analysis that we're doing on the stability aspects, to further consult and make proposals, and to again gain feedback before what is now scheduled to be the first official publication, which would be by the end of 2007, by the end of next year.

Mr. Fabian Manning: A lot of our fisheries now are under the ITQ system.

In my riding in Newfoundland, there's always the question of the fact that a fisherman is fully aware of his quota for his vessel, but he's concerned about the fact of safety. I'll just give you an example that happened to me about a year ago in my riding, where a fisherman lost his boat due to a storm, and he picked up another boat that was two feet longer than what the regulation called for under his licence. He went to DFO and asked whether he could use that. It wasn't the middle of the summer, it was September, but he had a fair bit of fishing left, and he asked DFO whether he could use this boat to finish out his season. They refused to do it because she was two feet longer than what she was supposed to be. Instead of 34 feet 11 inches, she was 37 feet. So he had to take her out of the water—he had bought her from somebody else—saw two feet off, and put her back in the water for an extra three weeks of fishing.

Now, down there they call that stupidity. I don't know what you call it up this way. Those kinds of regulations frustrate fishermen, number one, but also in a lot of cases they play around with the safety issue.

So I'm wondering, in the consultation process that's ongoing, if there is some thought process that's been given to the fact that a fisherman has a quota, regardless of size. I'm not talking about adding on 20 feet to a 30-foot vessel; I'm talking about adding on four or five feet to make that vessel safe on the water. Again, I'm not an expert—I'm far from it—but it seems to me that the fishery has changed so much over the past decade, and certainly two decades, but the regulations haven't. There seems to be a conflict here, and in a lot of cases the conflict is causing the safety issue.

•(1155)

Mr. David Bevan: There are informal ITQ systems in place in Newfoundland, so they're not formal. The reason they've done that is that they want to share the quota amongst themselves, but they don't want to pay the extra licence fee that is required if you have an ITQ fishery. That's something we'd have to consider in any review of licence fees in the future: why would we create a disincentive to having what works out for us to be an easier to manage fishery? In general, there are an awful lot of those arrangements in place, in Newfoundland, in particular, where it's not a formal ITQ, and therefore the vessel length requirements still persist.

We did, as I said, offer in 2003 the flexibility to move to that, but I guess what's happened there is the informal arrangements are better for the fleet in general because they can avoid the current extra licence fees that would be encumbered if they were to go there.

We also have some exercise of flexibility or judgment in the case of vessel replacements on a temporary basis, but I'm not quite sure about the specifics of this one that you mention.

Mr. Fabian Manning: Can you elaborate a bit on the informal and the formal IQ system?

Mr. David Bevan: What you have is the total allowable catch set by the department; and perhaps the FFAW, in conjunction with local fleets, have made arrangements whereby each individual gets a share. That's an informal IQ; it's not in-licence conditions and things like that. So it—

Mr. Fabian Manning: It's not individual for the boat, it's overall, you're saying.

Mr. David Bevan: Officially it's overall, but what happens is the FFAW, working with the individual vessel, says, you have x tonnes, and you have y tonnes. But it's not on the licence conditions, so we aren't involved in enforcing it.

Mr. Fabian Manning: On the stability issue, you mentioned there's some testing being done now on stability. You might be fully aware that the *Melina & Keith II*, which capsized in Newfoundland last year, was one of four vessels in the province that had the same design and had sunk in the last nine years. My understanding was that at Memorial University there was an engineering professor by the name of Don Bass, who was testing the stability of fishing vessels for two decades, and he was preparing a proposal for Transport Canada when the *Melina & Keith II* sank.

Was his work sanctioned by your department? Vessel stability has been ongoing over the past while. Why are we still at the point today of discussing vessel stability?

Mr. Victor Santos-Pedro: It's a never-ending topic, I'm afraid. We have done quite a lot of work at the National Research Council facilities in St. John's, Newfoundland, at the oceans technology institute, but the particular study you mentioned that the professor was working on was not sanctioned by Transport Canada.

We have done several studies. Our latest one, in fact, was on the vessels in the Great Lakes, which are a quite different type of vessel, and we've done some analysis there for consideration under the proposed regulations. However, the work that is done there is available to us and it's part of what we have used to make proposals.

•(1200)

Mr. Fabian Manning: In regard to the vessel replacement rules, is there concern within the department about consolidation of quotas in regard to vessel replacement, and about fewer boats catching just as many fish or more fish? Is there a concern in the department in regard to vessel replacement?

Mr. David Bevan: We're looking at vessel replacement in particular as a result of the initiative that was launched in May between the province of Newfoundland and the Minister of Fisheries and Oceans. The premier was involved directly in that.

It's clear that this overcapacity in harvesting and overcapacity in processing in that area, along with the existing resources and how they're being used, are not going to be adequate to provide people with a reasonable living and to attract workers and prevent the out-migration of crews and other workers to other parts of Canada. So there needs to be some process to rationalize a number of vessels and to reduce the capacity, as well as to make better use of labour and better use of capital and to make jobs that attract people instead of convincing them to leave.

So we aren't concerned about looking at vessel replacement rules or about the possibility of consolidation of quotas on fewer enterprises. What we are concerned about—and that's being expressed by the fishers themselves—is the desire to maintain the independence of the inshore fleet. They don't want to become vertically integrated, through backdoor arrangements or through change of policy, with the processing companies. They want to remain independent businesses and not be employees of a processing operation.

So that's a concern we have to keep in mind when we go about any examination of how to change policies, how to change the way we deal with vessel replacement rules, and how to put the fishery on a stable basis in conjunction with the provinces, in that area and throughout Atlantic Canada.

Mr. Fabian Manning: I know over the past couple of years there were several accidents. If I can go back to Newfoundland and Labrador, there's been a concern about the length of the boat versus the height, because of the strict rules about the length they're allowed to be.

To address some of the concerns that the owners have had with capacity, they've made them a little bit wider and much higher. And they say that in a couple of the instances we had, *Ryan's Commander* as an example, there was some thought given to the fact that the restrictions on the length of the boat created a safety issue because the fishermen believed they had to build the boat higher.

I'm sure this isn't the first time this issue has been raised in your discussions. Has a concern been raised in your consultations in regard to looking at the length of the vessel to make it more stable on the water?

Mr. Victor Santos-Pedro: If I could put it this way, the only concern is with a vessel that has, as Mr. Nash said, high windage, that has been perhaps made higher than a traditional type of vessel or that has been made wider. In fact, being wider gives it more stability, but then because the vessel becomes very stiff, they will put on an anti-roll tank. You have to then know exactly how to operate that anti-roll tank. Sometimes as a misnomer they call it a stability tank. It's not a stability tank; it's a convenience so that the vessel will roll more smoothly. That creates the need to operate the vessel more carefully and know exactly what is happening.

So that becomes a risk factor. What I would simply say is that that kind of vessel requires an inclining test to be done and requires a stability booklet. The master must have on hand information on the capability of the vessel. It's as simple as that.

• (1205)

The Chair: Thank you, Mr. Manning.

Mr. MacAulay, go ahead, please.

Hon. Lawrence MacAulay: There's talk about consistency in inspection, and there's the request from the community builders and the operators of the boats. In that context I'm not only concerned, but concerned about the boats under 45 feet long. And you talk about the costs of \$3,000 to \$6,000 and what costs could be put in place when these boats are built.

Will any of this apply to the boats under 45 feet long? And if so, will the requirements come back to this committee before they're put

in place? I was just thinking about when the large male lobsters were thrown back. I wasn't on the committee, but I can tell you it created quite a furor, not in my district but in other areas of Prince Edward Island, as you're well aware. And what I don't want to see happen is for these regulations to be put in place before we hear about them then.

And that's the end of my questions.

Mr. Victor Santos-Pedro: I'm nodding yes, because we certainly can provide them, and they will not be put in place before the information is provided.

Hon. Lawrence MacAulay: Do you expect an increase in cost?

Mr. Victor Santos-Pedro: There is likely to be a cost.

Hon. Lawrence MacAulay: I am very concerned about the cost, because I can assure you that my fishermen are going to be very concerned about the cost.

Thank you.

The Chair: Thank you, Mr. MacAulay.

Mr. Byrne.

Hon. Gerry Byrne: Thank you, Mr. Chair.

David, you've mentioned the cornerstone of controlling capacity. Control of economic overcapacity and overcapitalization in the industry has been maintaining the rigid standards in terms of vessel length and volume. There has not really been a substantial change in the policy other than the revisions in 2003, which have been adapted by some.

There have been instances in which there have been significant capacity increases in the industry. Could you describe, for example, the consequence of the decision to allow a very large segment of the fishing fleet in northern Quebec and on the northeast coast of Newfoundland to convert from basically a fixed-gear fleet to a mobile-gear fleet? How many vessels? Given the fact that there was no change whatsoever in the DFO requirements for adjustments to vessel size or to volume, there have been very significant capitalization issues in that particular fishery. Could you describe for this committee exactly how many vessels underwent dramatic changes in capacity? What do you think was the net investment into that capacity, to create that situation?

Mr. David Bevan: First, limited entry was obviously our first attempt at controlling capacity. That took place thirty years ago. The second thing that was observed was that the vessels started to grow, so there were limitations placed on vessel length and volume.

Have those worked really well in terms of controlling capital investment? No, because people have invested more and more. There are bigger engines. There is more equipment. They are pushing the limits of vessel design to fit within the rules that exist, so that they're getting the biggest possible vessels within the rules that exist. We've seen horsepower go up dramatically. In P.E.I., there is one vessel with a 1,000-horsepower engine in it when 125 horsepower might be a more sensible choice. But that's what people have been doing in order to keep ahead and get the maximum opportunity.

So we've seen investment, notwithstanding the rules. We've certainly seen a huge investment in the Atlantic—many millions of dollars, and probably hundreds of millions—in terms of capitalizing the shrimp fleets and those fleets that are mobile-gear, to drag for shrimp and to deal with some of those opportunities. We've seen a lot of investment, and we're now seeing the consequences. People are having a hard time making ends meet with the higher dollar, lower prices, and higher costs. Those things are a big concern, which is why we're reviewing policies and looking at the way we manage both harvesting and, with the provinces, the processing.

I'm not sure of the specific fishery that you were questioning.

•(1210)

Hon. Gerry Byrne: It was the northern shrimp fishery.

Mr. David Bevan: It's been many millions in that one. I'd have to come back with a clearer estimate, and that's all we could give you because we don't track that. It would probably be in the vicinity of or over \$100 million.

Hon. Gerry Byrne: I think it's of interest to this particular committee.

The Chair: You are probably out of time.

Monsieur Ouellet.

[*Translation*]

Mr. Christian Ouellet (Brome—Missisquoi): Thank you, Mr. Chair.

I would like to talk about provincial and federal jurisdictions. You all know the joke about the fact that when a fish is caught, the head coming out of the water is provincial and the tail is still federal.

Is it the same for vessels? When they sink, they belong to the federal government because they are in the water. Is there an overlap of jurisdictions? I have mainly Quebec in mind.

My second question is as follows. Do you feel that the federal government would possibly wish to dispose of part of the security of small vessels, as it did for harbours? If a vessel catches fire when entering the harbour — which is now under provincial jurisdiction — does it come under provincial or federal jurisdiction?

Mr. William J. Nash: The rules and requirements under the Marine Act apply to vessels. This federal requirement applies across Canada. Vessel masters have to meet these requirements, to obey all the safety rules, and so on. Even if a vessel is docked in the harbour, there are also requirements to ensure its safety.

Mr. Christian Ouellet: Do you feel there is a tendency to give part of safety over to the provinces?

Mr. William J. Nash: No, I don't think so.

Mr. Raynald Blais: When we have our country, we'll be able to take care of it.

In the study you are beginning, considering the fact that vessel length was the main factor in determining the fleets, the access to some fisheries or to others, have you contemplated studying other factors? The size of the vessel alone may not be enough to determine the capacity for one fishery. Some inshore lobster fishermen fish very close to the shoreline whereas others, in the Magdalen Islands for example, go several kilometres away from the coast before starting fishing. A bigger vessel is automatically necessary, whether we like it or not.

Is this also part of the analysis you are making now?

Mr. Victor Santos-Pedro: It is not really specified. It says the following:

[*English*]

“fishing vessel stability regulations”, “proposed stability requirements”.

[*Translation*]

We took this into consideration. It depends on the length in a certain way. For longer, bigger vessels, we obviously request a stability booklet. It is natural. For vessels of a certain size which operate close to the coast, we talk about simplified stability. The stability booklet is not necessary. The tests we make are less costly. In fact, it depends on the risk. If vessels stay closer to the coast, there is less risk. If they go farther, there is more risk.

•(1215)

Mr. Raynald Blais: Another factor should also be considered, namely multi-purpose fishing. Some lobster fishermen fish very close to the shoreline. On the other hand, considering that the resource and revenue are not sufficient, they make another use of the same vessel. So they go further away from the coast, then.

Mr. Victor Santos-Pedro: As risk...

Mr. Raynald Blais: Is this also part of your analysis?

Mr. Victor Santos-Pedro: Yes. For example, we made recently an analysis to know how much time the fisherman is at sea, how much time he is exposed to risks. We made a thorough analysis to make really sure to know whether we should require a stability booklet or if the simplified stability is sufficient, and where we should draw the line. We draw the line taking risk into account. The fishermen agreed readily to have rules. If two vessels are in the same place and if they take the same risk, it is not anymore the size but the capacity which matters. Risk is paramount.

[*English*]

The Chair: Thank you.

Ms. Bell.

Ms. Catherine Bell: Thank you. It's a very interesting discussion.

Yes, I agree that safety is of paramount importance. I understand that there is some level of risk in any occupation, and especially in the fishing industry. I would suppose that risk is a little greater, and I'm sure you're taking into account that level of risk for weather and for seas and all kinds of things.

After you're finished your study and evaluation and you come up with regulations—I notice that in both of the documents, there's a little more on the Atlantic fishing industry—will the rules apply across the board, Pacific, Atlantic, northern, and everything? Also, I think there's a special section for commercial fishing for eastern Canada, for the policy. Will the new regulations affect that policy at all?

Mr. Victor Santos-Pedro: From the safety perspective, the rules will apply equally across the country. What we are taking into consideration is dependent on the risk that the fisheries are in. The requirements in that case may be different, but in terms of the requirements for a similar vessel on the east coast that is more or less doing the same operation as one on the west coast, if it doesn't go more than two miles offshore, the regulations also apply.

Take aquaculture, for example. There are vessels that are operating around aquaculture farms. The requirements would be the same across the country. They're the same everywhere, depending on the risk.

Ms. Catherine Bell: I can't remember who it was, but somebody said there would be a cost savings with these new regulations because they're more simplified. I'm not quite sure what you meant by that.

Mr. Victor Santos-Pedro: I think what I said was that there would be a cost, rather than a cost savings.

•(1220)

Ms. Catherine Bell: I think you said “less costly”.

Mr. Victor Santos-Pedro: “Less costly” means that depending on the size of the vessel and depending on the type of operation—if they go very far offshore or if they are close to inshore—the requirements will be tailored to that type of risk. Therefore, if we have a vessel that doesn't go very far offshore, the requirement may be a simplified stability requirement that is not as costly.

Also, we are already doing some of this with the ship safety bulletin, which is like a directive. What we are trying to do is say that if an existing vessel, as opposed to new.... It's a lot easier to build a new vessel, because the cost is a lot lower when amortized over a certain amount of years. It's the existing vessels that actually give the fishermen the most problems. If your vessel was designed for a certain fishery, if you have been in that fishery, and if you don't have any of these risk factors—you don't go out when there is ice accretion, or you don't have tanks that you added have afterwards—then we are leaving your vessel alone. We're not asking you to do anything else.

There will be no cost for a lot of fishermen. There will be no cost whatsoever for existing vessels. If they build a new one, there may be an additional cost, but for new vessels it's usually a much lower cost.

The Chair: You have forty seconds.

Ms. Catherine Bell: A number of fishermen have older boats. I'm just curious to know if you can foresee an appetite for new boats if they're not going to be able to conform to the new regulations and if there are going to be any issues around those regulations.

Mr. David Bevan: On new vessels, that's usually a decision made by the fishermen, relevant to what they have licences for and what they need to prosecute the fishery that they're involved in. There are some people recapitalizing, but in a lot of fisheries in some parts of the Atlantic right now, there's not enough money being made to recapitalize. That's a pressure that they have, and it will be a problem for people to respond to new programs.

In other areas, we've seen quite a big recapitalization in the vessels. It's done either to maximize your share of a catch in a competitive fishery or to get as much opportunity as you can. In the lobster fishery, it's done to get the biggest possible catch that you can under the current rules or it's being done in response to a change in business practices of the fishery. For example, with ITQs, they may decide to change from large boats that are expensive to operate, to smaller, more streamlined ones that are cheaper.

The Chair: Thank you, Mr. Bevan.

Mr. Lunney.

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

It's been a very interesting discussion. It's certainly germane and appropriate, and it's of concern to people in the coastal communities that most of us here represent.

I guess my first question would be about the vessels and the recapitalization that's happening. Are you concerned that the move in some of the commercial fisheries towards IVQs, ITQs, and IQs is actually a driving incentive in the other competitive fisheries towards creating larger capacity to capture that, anticipating that you're going to go to IVQs eventually in all the fisheries?

Mr. David Bevan: That would presuppose that they know there is going to be a catch history or something like that. But clearly, we've seen a big recapitalization in the lobster fishery, and that's been driven by an attempt to maximize catch, not by concern about going to quotas or anything like that. In some of the other ITQ fisheries, we just had extraordinarily extreme situations.

For example, look at the black cod and halibut on the west coast, when they went ITQ. In the last competitive fishery they had—one was nine days and the other was fourteen days—they glutted the markets and they had bad outcomes. So when they went to ITQ, they were looking at it from the point of view of a different approach to get out of a very unacceptable situation.

I don't know that I can recall where you've seen capitalization in front of going to ITQ in anticipation of getting a bigger boat or a bigger share of the quota. I don't think that's been the case, because it's pretty risky, obviously. If you end up with less than you need to run that vessel, you have a problem. We've seen that actually happen in the past, where in some locations they went to ITQ and then the vessels changed over time. They ended up leaving the ones that were fat and very hard to push through the water. Over time they were replaced by more reasonable units.

● (1225)

Mr. James Lunney: I think we all have an interest in and concern for safety at sea. I certainly feel compassion for those fishers who go out when the wind is blowing on the coast and it's cold. A lot of us just like to find a fireplace and stay where it's a little safer and warm. But when they're going out to sea, you have to have a lot of compassion and admiration for those people, particularly, I'd say, on the east coast, where they have icing conditions. I have to admire those fishers who earn their living that way.

So we all have an interest and concern with icing and with capacity, and top-heavy wind events that you mentioned—"wind-age" is the term you used. But I want to come back to a question that was raised earlier.

First, I'd just like to mention that we did have an issue on the west coast, a nasty capsizing, the *Cap Rouge II*, which went down. The issue of the day then was the fact that the coast guard rescue were not allowed to enter. We've addressed that through the coast guard now.

Would these new regulations have an impact in terms of improving the safety of a vessel like that? Are you able to comment on that?

Mr. Victor Santos-Pedro: Yes, it would have an impact, because first of all, one of the aspects of the *Cap Rouge II* is that there had been some significant modifications to the vessel. The vessel was not being operated for the purpose it was designed for. There had been a much bigger net attached to the vessel. There were some other operational issues. The master of that vessel really was not aware of exactly what the capabilities of the vessel were, and with no checks at all, unfortunately there was that very big tragedy—which could have been prevented, frankly, if there had been checks on the stability and what the capabilities of the vessel were.

Mr. James Lunney: Thank you. Certainly, we want to avoid further accidents like that and the tragic loss of life at sea.

On the same footnote, we appreciate the new lifeboats that have been implemented for search and rescue in the coast guard. We certainly are glad to see those going into service. They're state of the art and able to handle tough weather to effect rescues at sea.

I'll just come back to the question about vessel replacement rules. If the effect is that it allows for larger vessels—one of my colleagues addressed this, but I'm not sure I heard it fully answered—are we not

concerned that it may lead to a consolidation of smaller, more capable vessels being replaced and the exodus of more small fishermen from the industry?

That's a concern on the west coast as well as the east.

Mr. David Bevan: That's one reason the vessel replacement rules were in there in the first place, in Atlantic Canada at least. A lot of the fisheries in British Columbia switched to ITQ fishing. Therefore, there has been a consolidation, there's no question about that, and there has been an accumulation of quotas on some of the vessels such that they're doing very well, etc. It has had an impact on participation rates and has reduced the participation in those fisheries.

In Atlantic Canada we have the vessel replacement rules in order to try to prevent overcapitalization and the bankruptcies that lead to consolidation. We also have policies in Atlantic Canada, which have been in place for a number of years, that prevent licence holders from buying each other out and accumulating quota under one licence holder. Where we have not gone to ITQs and we have competitive fisheries, or IQ fisheries, there are policies that don't allow consolidation.

This has led us to the current situation we have, which is an economic crunch in Atlantic Canada in many of the fisheries, where people haven't been able to change how they fish because of the policies and can't make a living because they can't get enough income to cover their expenses. That's a serious concern, obviously, and has led to federal-provincial discussions in Newfoundland and around the Northumberland Strait involving Nova Scotia, P.E.I., and New Brunswick.

We haven't seen what your concern is, unless fleets have decided they wanted to go down that route by changing to individual transferable quotas.

The Chair: Thank you, Mr. Bevan.

● (1230)

Mr. James Lunney: I have one more quick question.

The Chair: We'll pick it up later. I think there's going to be time for another quick round, but I have a couple of questions that I think need to be asked.

You have some contradictory statements. On the one side you say that a small portion of inshore fishers are currently affected by the 45-foot and 65-foot barriers, mostly in Newfoundland. On the other hand, under risk factors which will require a stability test, they include modifications, changes in fishing operations, anti-roll tanks, liquid cargoes, live wells, operating in icy conditions, significant windage. Under those risk factors, I don't know of a boat, very few in eastern Canada, that would be excluded from a stability test.

Hon. Lawrence MacAulay: Absolutely.

The Chair: I want to make a quick point.

Mr. Bevan, you said several times overcapitalization can lead to overfishing. I think we all understand that, but I think we should be clear and respectful of the industry. These people are business people. They'll not go out there and build a half-million-dollar boat that they can't afford to run, any more than a farmer is going to buy a \$250,000 piece of agriculture equipment when he can do the same job with a \$50,000 piece. The issue has come up because we set these arbitrary limits of 34 feet 11 inches, 44 feet 11 inches, 64 feet 11 inches. The fishermen have got around that by going wider and deeper. All of those things have led to boat safety being compromised.

On the issue of overfishing, if you have an ITQ system and the fishermen are limited to how much they can catch—and you addressed this earlier, I think—what's the difference if they catch it in a 50-footer or in a boat that's 44 feet 11 inches? That same boat may be fishing inshore for lobsters. We have people with boats that are 34 feet 11 inches fishing on Georges Bank. We're not recommending they do it, but they have a licence for inshore lobster. They can't afford to have two boats, so they're on Georges Bank with a small boat built for the inshore.

I don't envy you your job, but at the same time I think you have to spread the net a little wider, because there are some other issues here.

On overcapitalization, I'd appreciate an answer, because it's a business decision.

Mr. David Bevan: Clearly, if it's an ITQ fishery or an IQ fishery, you don't need to control the business decision. Where we get into a problem is that most enterprises have a lot of licences. If they're fishing actively in more than one fishery and there's a size limit—for example, the lobster fishery—of 44 feet 11 inches, and the guy has an ITQ groundfish, then that becomes an issue. Clearly, the design of most lobster boats in Nova Scotia that I've seen recently wouldn't be suitable for dragging anyway. But when you have a multiple-purpose situation, it does get a bit more complex in how to figure that out.

The Chair: In the lobster industry in particular, you have a restriction to 44 feet 11 inches. Fishermen have got around that by putting a four-foot extension—some are bolted on, and some are only a platform—on the end of it, and then they make them up to 26 feet wide, so they have a whole other stability issue.

What would be the difference in allowing that boat to be 50 feet, have a normal depth of keel, and be 22 feet wide? You may have a slight ability for more capacity, but it's not going to be extreme in the lobster industry, where you're limited by traps.

Mr. David Bevan: We did polling of the licence holders. Most of them want to keep the 45-foot length restriction. They're concerned

about the fact that they're not able to move the traps as fast and not able to....The more capital you put in there, the bigger the boat, the faster and farther you can go, and the more fishing pressure.

They're fishing now in a completely different pattern, hauling day and night and moving their traps in season, and doing things they never did before. That's an increase of pressure on the stock. It's an increase of pressure economically as well, because they're investing so much in their licence and gear that even with big catches they're having a hard time making ends meet. That's the kind of problem we had originally hoped to avoid.

I agree with you that with a 45-foot limit, but seeing vessels that have actually gone to more than 27 feet wide, with huge engines—700 to 800 horsepower—and lots of cost, lots of expenses, they need a lot of fish to keep that thing going. If there's any downturn in price, any upturn in expenses, or any change in abundance, there are going to be lots of problems.

That was the kind of thing we were trying to avoid with these limits, but clearly we need to look at other ways of achieving the same outcome. As an individual, if you're in a competitive fishery you will invest for your own benefit more than perhaps you would collectively want to do if you had ITQs and things like that. You wouldn't want to have the same investment there as you would if you had a chance at more fish. People behave in a way that's reasonable from their own perspective.

● (1235)

The Chair: We have another question from Mr. Simms. Then we'll try to do a quick round, if people have individual questions.

I would like to make one more comment on that individual fisherman with that boat of 44 feet 11 inches, with a four-foot extension, or a bolt-on extension, on a keel of 44 feet 11 inches. You keep coming back to the fact that if they have to invest the capital, they're going to try to get it back out.

The restrictions are all still there, and they have basically a 50-foot boat now. The difference would be that if they make that boat 22 feet or 21 feet or 20 feet wide, they're going to use five litres an hour instead of 40 to 50 litres an hour. They're going to actually save money, and it would be more economical to build a boat that works on the water instead of one that's been compromised by some rules.

I'm taking a lot of the committee's time, so I'll go to Mr. Simms.

Mr. Scott Simms (Bonavista—Gander—Grand Falls—Wind-sor, Lib.): You said the flexibility built into the system—back in was it 2003, Mr. Bevan?—was not taken advantage of. Could you give me more details on that? In what way was it not, and what are the precise rules that provided the flexibility?

Mr. David Bevan: There is a series of ten principles, and we could send the committee a copy of the documentation. Essentially, they're not allowed to increase overall capacity, they're not allowed to create more need for fish, they're not allowed to do a number of things. Some of these are in our deck. The difficulty was that this would require their going to an IQ or an ITQ or some kind of fishery of that nature.

As I mentioned earlier, we have a disincentive for doing that, because our licence fee structure is such that it's cheaper to buy a licence for a competitive fishery than it is to buy one for an IQ or an ITQ fishery.

They didn't want to make the change, and they're running those informal systems I described earlier to achieve the same outcome but without getting the cost. But that didn't allow us to move ahead with changes to the vessel replacement rules, and there's just been a lot of inertia. They didn't want to make the fundamental changes in how the fishery was managed.

I think that's now coming to an end, since we are forced, given the economic performance of the fisheries right now in light of the global macro-economics, to take a look at all of these issues.

Mr. Scott Simms: I'm loath to do this, because I hate it when people paraphrase me, but perhaps I could paraphrase you; maybe it's retribution to a certain degree. When you talk about the issue of conservation and fleet size, would it be safe to say that instead of protecting the species here we're protecting the harvesters from themselves?

Mr. David Bevan: It's a bit of both. If we leave it wide open, with no vessel limit, somebody will make the big investment, the others will feel pressured to compete, and they will all end up in a situation where there's not enough legal catch to support the investments they've made, to pay the bills. Therefore people will have to do what they have to do to pay those bills.

Mr. Scott Simms: I'm just trying to get around the mindset of it.

I don't have a lot of time, but I have a few more things. For instance, you say that for 2007 we published in the *Gazette* the new rules about the smaller boats. Is that correct?

● (1240)

Mr. Victor Santos-Pedro: Yes.

Mr. Scott Simms: To what degree have you received input from the fishers and harvesters affected?

Mr. Victor Santos-Pedro: We have received a lot of input. I don't recall the exact number, but upwards of 2,000 fishermen have been at the meetings we've had. We have had comments on the proposals over the past two to two and a half years.

So we have had a lot of input. One of the significant aspects to come out has been this issue of the stability requirements.

Mr. Scott Simms: Do they also tell you about costs, as in the concern that was expressed very well here by my colleague Mr. MacAulay?

Mr. Victor Santos-Pedro: Absolutely.

Mr. Scott Simms: I have one final thing. You have the photo here, but I guess a lot of people, certainly in Newfoundland and Labrador, are looking for closure on the situation with the *Ryan's Commander*. Can you update me on that, in the time I have left?

Mr. Victor Santos-Pedro: The information we can give you is that the Transportation Safety Board will be releasing the final report on November 23. We will then have the final report and their recommendations.

Mr. Scott Simms: Can you give some more details on that with regard to your involvement in that particular situation?

Mr. Victor Santos-Pedro: I can only tell you that it's an inspected vessel. Our involvement is that the vessel is an inspected vessel. The vessel was operating....

I can't tell you anything about what the report might contain. Our involvement is that it was an inspected vessel, therefore plans were submitted. Transport Canada approved the plans.

Mr. Scott Simms: Are you in a position to comment on the ballast system it used, and the controversy surrounding it?

Mr. Victor Santos-Pedro: No, partly because I don't even know what ballast system was in place.

Mr. Scott Simms: That's fine. Thank you.

The Chair: You're out of time, Mr. Simms.

Go ahead, Ms. Bell.

Ms. Catherine Bell: I'd like to go back to the last part of my previous question, about costs for fishermen who have aging vessels and who may not be able to modify them to conform to the new regulations. Will there be anything for them in the way of loans or any grants or any kind of assistance so that they can stay in the industry?

For a lot of the fishermen in my area, that's their life, that's their way of life, and they've been doing it for generations. They've inherited boats from past generations. It's sometimes the only thing they know. I'm just wondering if there is any consideration of any kind of support for those people to stay in the industry.

Mr. Bevan, I know you said it may be unfortunate that some of them won't be able to meet the commitments, or meet the standards. I'm just curious to know if any consideration has been given to that aspect of it.

Mr. David Bevan: I think I made the comment that currently in some fisheries people are not making enough money to cover more than their variable costs. That is the cost of fuel, food, bait, and equipment. They're aren't making enough to recapitalize. They're running older vessels and they don't have the wherewithal to recapitalize them. That's an issue we are looking at in terms of some of these collaborative studies with the provinces and the consultations that are under way in Newfoundland and Labrador and that we are going to have as well in other parts of Atlantic Canada.

In the west we haven't had the same degree of problems in the fisheries, other than the salmon fishery, where we've run ITQ fisheries. There has been reasonable economic performance allowing for recapitalization as required, and it's not the same.

We're not contemplating at this point any kind of assistance program, and certainly not contemplating anything that would look like federal money going to reinvent the fisheries at this point. But there are discussions under way, and we'll have to see where they all end up.

• (1245)

Ms. Catherine Bell: Thank you.

The Chair: Mr. Kamp.

Mr. Randy Kamp (Pitt Meadows—Maple Ridge—Mission, CPC): Thank you for the good information. I'm not completely sure what a stability booklet is. Could you enlighten me a little bit on that and tell me how, if at all, it relates to training? I would assume—it seems logical to me at least—that you can have the most stable of all boats, but if you have somebody who doesn't know how to operate it, you're going to be in an unsafe-at-sea situation. Are there any safety requirements or training requirements that are built into the system as it is now?

Mr. Victor Santos-Pedro: The most important aspect of a stability booklet is in fact how the information in the stability booklet, which can be in a very foreign language to a fisherman, is translated in a manner that it does give the information to the person using it as to the conditions of the vessel in relation to loading, in relation to how the vessel leaves port, how much they can load, where they should put the gear, etc.

We are paying a lot of attention to that aspect in several ways. One is that we're very convinced that regulations alone are not going to reduce the accident rate, and one of the stability aspects is that we are, first of all, trying to educate the naval architects who prepare the stability booklets to make it so that they are explained to the fishermen. We're making it part of the requirement that the naval architect actually explain the booklet to the fishermen. We are putting a standard type of requirement in the stability booklet that will make it simpler to understand what is in there. At the same time, we're also looking, for those who take the training for fishing vessel masters, at having the syllabus reflect the knowledge required to read a stability booklet that is made accessible for all intents and purposes; and we're all very supportive of any training that is related. There is a pilot project, for example, in British Columbia by an organization called Fish Safe BC, in which they have hands-on training of fishermen on stability issues. Many who have been fishing for years leave there saying they have learned something.

We're also looking at those aspects because they are indeed very important.

The Chair: Thank you.

Do you have a quick question? Go ahead.

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

I appreciate that answer. When I first entertained this discussion, I thought you were talking about a standardized booklet on stability, a one-size-fits-all, but what I am hearing here is you are talking about a booklet with standardized features but specific information for a particular vessel.

The quick question I have goes back to the incident related by Mr. Manning, I believe, where a fisherman lost his vessel mid-season and his replacement vessel was two and a half feet too long or something, and he had to saw off a few feet in order to fish his last few weeks. When we establish regulations, is there going to be some flexibility or latitude for recognizing circumstances? In zoning in a municipal environment we have "legal non-conforming". You might allow somebody to finish his season with a non-conforming vessel that's not dangerous but would allow him to at least complete his season. Could you allow a little bit of flexibility in there, an escape clause, for unusual circumstances?

Mr. David Bevan: We have some flexibility for the temporary replacement of vessels. I'm not sure of the circumstances that were described there, so I can't specifically respond to that particular case. If vessels are lost, either offshore or inshore, there's some flexibility allowed in terms of replacing those on a temporary basis while you're getting things more permanently worked out.

I'm not sure what happened here. It may have been that he made a purchase of a vessel to permanently replace the other one and had to therefore modify it, but I can't really go back on the specifics there.

• (1250)

Mr. James Lunney: We don't want the regulations to have the effect where people take a course that would actually increase the risk by modifying a vessel and decreasing its stability in order to satisfy a regulation. Anyway, I appreciate there's some flexibility built in.

Thank you very much.

The Chair: Thank you.

Committee members, I have one quick question. I'm going to ask you to stay. I want to quickly review this letter, if we could.

To our witnesses, do we have the same vessel length restrictions on the west coast as we have on the east coast?

Mr. David Bevan: No, we don't have the same vessel restrictions.

Obviously in the gulf it's a 42-foot vessel size for lobster. In Southwest Nova, it's 45 feet. We have 65-foot barriers that are common in the Atlantic. But where you have ITQ fisheries in British Columbia, it's much less of an issue. There's a variety.

The management measures reflect the decisions and choices made by stakeholders and reflect what's needed to try to put the fisheries on an economic basis. When you have ITQs, vessel size isn't really a big issue.

The Chair: I'm well aware of the ITQ system.

My question is this. Is there a length restriction for vessels on the west coast?

Mr. David Bevan: There is for some of the vessels. I'd have to come back with more specifics on that, but for some of the fleets, there would be a size restriction. As I recall, it would be for gillnet fisheries, etc.

The Chair: Most of the seine fleet in Atlantic Canada is 64 feet 11 inches. Is that the type of size restriction that's on the seine fleet in the west coast?

Mr. David Bevan: On the seine fleet, I can't recall what it is.

But certainly, for the gillnet fleet, when you have an opportunity to fish salmon, it's an opening of close to 12 hours or whatever, and you have size restrictions on those kinds of fleets.

The Chair: My point is this, Mr. Bevan. Without length restrictions on the west coast, has it led to overcapitalization? Have the fishermen spent more money on their vessels, and therefore increased their fishing efforts, and not been able to keep up?

Will they meet it? Although it's not a government regulation, is there a line somewhere that crosses profitability? Although some fishermen may make the mistake of crossing that line, will the majority of them stay underneath it?

Mr. David Bevan: When you're dealing with salmon, and previously with the herring fishery, for vessel replacement, you couldn't get a bigger boat to replace the one you had. It didn't have a limit. It only said you couldn't go any bigger.

Those are for fisheries where there is an opening. You would have motivation to get a bigger vessel to take maximum advantage of a two-day opening, a one-day opening, 12 hours, or whatever it might be, for things like salmon or herring.

Where you don't have that and you're dealing with ITQs, it's then up to the vessel owners to figure out what they want to do. For those competitive fisheries, there are size limits in B.C. as well.

The Chair: Thank you.

To our committee members, has everybody had a chance to read the letter? Do you see what we're asking? There are a couple of questions on hearings the other day with the minister, and they're "hearings" and not "herrings".

An hon. member: They're red herrings.

The Chair: I think they're pretty straightforward "herrings" and they're schooling in the right direction.

Do we have agreement to send this draft letter to get some more information?

Mr. James Lunney: Mr. Chair, I have a quick comment.

I agree. I certainly think we could agree on the intent of the letter. But your last sentence reads: "This documentation should be provided at least two weeks prior to your officials appearing next before the Committee on the departmental estimates."

The Chair: And we have to work with that as well.

Mr. James Lunney: Yes, which is fine. We wouldn't want to draft a letter by committee, I suppose. It might be nicer to just say, "we would appreciate the documentation being provided at least two weeks in front". It's less of an order to the minister and more of a—

The Chair: I have no difficulty with that. *D'accord?*

Some hon. members: Agreed.

The Chair: Okay, agreed.

• (1255)

Hon. Gerry Byrne: Mr. Chair, I had asked officials three questions some time ago.

The Chair: I thought we received that and we gave it to you at the last meeting.

Hon. Gerry Byrne: No, I didn't receive it at the last meeting.

The Chair: We'll make sure you get it, because it was received, and I thought we gave it to you. I'm sorry about that.

This meeting is adjourned.

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