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Chair

Mr. Gerald Keddy

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•(1100)

[English]

The Chair (Mr. Gerald Keddy (South Shore—St. Margaret's, CPC)): I call the meeting to order.

Pursuant to Standing Order 108(2), we are continuing our study on small craft harbours.

Welcome to our witnesses, Mr. Goulding, Mr. Kathan, and Mr. Bouchard. Welcome, gentlemen.

Mr. Goulding is going to start.

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

The Chair: Do you have a brief presentation?

Mr. Bill Goulding: I have just a few opening remarks.

The Chair: That would be fine.

Mr. Bill Goulding: Okay. Great.

I certainly want to thank members of Parliament for extending this invitation to us to be here and contribute to your review of the small craft harbours program. We certainly value and appreciate your interest in the program.

In Newfoundland and Labrador, the fishing industry accounts for almost one-half of the fishing vessels. And almost one-third of the landings in the entire Atlantic fishery are in Newfoundland and Labrador. We've got 26,000 people employed in the province in the harvesting and processing sectors.

With respect to small craft harbours, there are 376 fishing harbours and one recreational harbour in Newfoundland and Labrador that are under the responsibility of the small craft harbours. A total of 246 of these are being managed by 204 harbour authorities. This represents fully 35% of the harbour authority-managed harbours in Canada that are located in Newfoundland and Labrador.

As another point of interest, within four ridings in Newfoundland and Labrador—of which Mr. Matthews' is one—fully 33% of the harbour authorities in Canada are in these four ridings.

We know that small craft harbours is a valued and important program in many coastal communities. It serves as an important and visible aspect of the federal government's presence in those communities. I don't need to tell members that.

I know there are a number of national program challenges that were outlined for you on Tuesday and I won't go through those. I'll just focus on perhaps one that's of particular significance in Newfoundland and Labrador, and that's that we certainly have a large number of small and medium-sized harbours. This is very much the product of our geographically dispersed fishery over a large coastline where it's not always practical, reasonable, safe, or economically viable for that matter to insist that a small group of fishermen move their operations even 10 kilometres or 20 kilometres to a different location.

Vessels are getting larger and that's certainly placing demands on the program in Newfoundland and Labrador for new and enhanced infrastructure, for harbours with deeper bottoms as well. But at the same time, we still have, and need to maintain, our large number of smaller harbours.

One thing that's unique about rural Canada is that MPs certainly have to be closer to their constituents, as the federal level of government touches rural citizens very closely. And I guess we see that with the role small craft harbours play in coastal communities.

We're certainly pleased to be here to have this opportunity to participate in your review.

I'll just ask my colleague Mr. Gervais to make a few remarks.

•(1105)

[Translation]

Mr. Gervais Bouchard (Regional Director, Small Craft Harbours, Quebec Region, Department of Fisheries and Oceans): Mr. Chairman, thank you very much for giving us an opportunity to comment on the program and on the issues facing Quebec.

Quebec is divided into four main regions. We have a network of 55 core harbours, 27 fishing harbours where there is little or no activity and 32 pleasure craft harbours that we have to divest over the next few years. Our budget for 2007-08 is \$8.9 million for the Quebec region. Approximately 93 per cent of the commercial fleet in Quebec uses the Department of Fisheries and Oceans harbours, and approximately 2 per cent of the fleet uses the Transport Canada ports for commercial activities.

We are facing some very significant challenges regarding core harbours in Quebec. The weather and the age of the infrastructure—on average between 25 and 35 years—mean that there has been significant deterioration of our facilities and a very low rate of recapitalization. So we have some rather significant problems, particularly as regards safety.

There is no doubt, in light of our current financial resources, that we are having a very hard time keeping operations safe in all locations. With respect to core harbours, there are problems with investments and coordination, and some of these harbours cannot be closed down. We are having a great deal of difficulty coordinating the closing of non-core harbours because of investment capacity difficulties. So we face many problems, including user dissatisfaction because of safety and accessibility issues in inactive harbours. This is a result of the low rate of recapitalization.

I would like to turn now to another important issue for Quebec—pleasure craft harbours. We have 32 of them to divest. The socio-economic considerations are extremely important. These harbours are located between Quebec City and Montreal and require significant investment. The municipalities, particularly those located between Quebec City and Montreal, are more and more interested in taking over these facilities, but it is very difficult to finalize the agreements because of a lack of funding.

There are 42 harbour authorities in Quebec that are quite viable. We maintain good, harmonious communication with these harbour authorities. Some 500 volunteers work in the fishing harbours in Quebec. Although these volunteers are quite dissatisfied with the level of investment, I can tell you that communication between them and the department is very effective.

That is the situation in Quebec.

Thank you for your attention. I would be pleased to answer any questions you may have.

[English]

Mr. Al Kathan (Acting Regional Director, Small Craft Harbours, Central and Arctic Region, Department of Fisheries and Oceans): Thank you very much. I appreciate the opportunity to address this committee.

I am the acting director for central and Arctic region. Although I am acting at this time, I have worked in the program for 18 years. I had a lead role in the development of the “Nunavut Small Craft Harbours Report”.

The region consists of four provinces and two territories. In 1995, the central and Arctic region had 516 harbours. Today, we have 218. Of those, 165 are recreational or non-core and 57 are commercial fishing harbours.

Our challenges can be grouped into four primary areas. Firstly, our fishing harbours are located across a large geographical area, in often remote, aboriginal communities. Due to the travel distances and timing to fly into some of these communities and shortage of staff, the small craft harbours program has a limited capacity to provide adequate service to the harbour authorities and the consistent level of service that others expect. This is a major contributor to the fatigue of harbour authorities in the central and Arctic region.

Secondly, less than half of the commercial fishers in the region are supported by small craft harbours' facilities. Consequently, many of these fishers are required to use unsafe infrastructure. Small craft harbours has identified approximately 16 sites where there would be at least 25 or more fishers who could use a harbour facility.

Thirdly, and this has been on the agenda for more than 15 years, there's an existing significant commercial shrimp fishery in Nunavut and there's a very significant emerging turbot fishery. Nunavut has asked the small craft harbours program to construct harbours in seven communities. These harbours would provide the people in Nunavut with the opportunity to pursue a commercial fishing business, their fisheries, and other economic opportunities. An independent study concluded there would be significant socio-economic benefits if these harbours were constructed. Very importantly, this would provide the boaters in Nunavut safety for their vessels and for their lives.

Fourthly, the region has a large number of non-core harbours to divest, primarily in Ontario. Many of these harbours are large. They're located in waterfront communities. As a consequence, they're often the focus of the community and they provide the only or the primary access to the waterfront. The costs are increasing because many of these facilities have not received any repairs since the early 1990s and many of the facilities, and by that I mean the floating docks or some wharfs, are at the end or nearing the end of their useful life. Costs are increasing as municipalities are also concerned with the long-term affordability of these harbours.

In addition, the remaining harbours to be divested are a little more complex because there are some property issues that we haven't dealt with or are difficult to deal with. Increasing consultation with first nations community interests as a result of Supreme Court decisions is making it a little more time-consuming. Some of these harbours are former industrial harbours and they have some contamination and liabilities with it.

Thank you very much for letting me give you this brief introduction.

● (1110)

The Chair: Thank you, gentlemen.

We'll go to our first questioner, Mr. Matthews.

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

I want to welcome our witness this morning, and especially welcome Mr. Goulding, from the Newfoundland region.

Good to see you here, Bill.

I want to say to you what I said on Tuesday, when the other witnesses were here, that in my time in Ottawa representing a rural riding of coastal Newfoundland and Labrador, I found you and your staff to be exceptionally good to work with, understanding full well the pressures you're under regularly.

You alluded to the changing fishery and the number of harbours and harbour authorities we have in our province. On the changing fishery that we've seen big-time in our province in the last 10 or 15 years that is demanding greater tie-up space, deeper harbours, and so on, have we caught up with the requirement that's been caused by a changing fishery or are we still a ways away from meeting that demand because of the larger vessels being more mobile and so on?

Mr. Bill Goulding: I think that certainly some progress has been made in that regard, but there's still a lot of work that's left to be done. There are some big harbours on the northeast coast—Old Perlican is one that comes to mind—where the depths in the harbour are not adequate to meet the.... It's turning to be very much a centralized harbour where the larger vessels are going, but it still doesn't have the adequate water depth to be able to safely access it in all seasons.

Progress is being made, but there still are some very significant gaps. As much as there is a need for resources to fulfil our life cycle management responsibilities, there still are a significant number of enhancements and improvements that are needed within Newfoundland and Labrador just to give fishing vessels a safe and accessible place at which to berth.

Mr. Bill Matthews: Thank you.

One other thing Mr. Manning and I talked about on Tuesday was the need to get the projects rolled out as early as possible because of our short construction season. We get into bad weather and so on. Then we talked about the engineering component. I know from personal experience with harbour authorities and your people that we rely pretty heavily on other engineering services from other departments, like Public Works.

Do you find in Newfoundland and Labrador that your work sometimes is slowed down because you rely on another department for their engineering expertise? Would it be better if you had your own engineering shops that could move things along for you?

• (1115)

Mr. Bill Goulding: I think it's an issue of having an appropriate balance. Public Works and Government Services Canada provides specialized engineering construction project management services, and I think they do that very effectively. I think it's a matter for us as the program managers to make sure that we're applying them to the tasks that they're best equipped and most able to do. In that regard, there still is a piece of the project spectrum, the low dollar amounts, the less technically complex projects, that we should be able to do quite effectively in-house without the need for significant resources from external third parties.

So I think it's about having a balance. We're working in the small craft harbours program on a functional review at this time, and one of the things that I think is going to emerge from that is the idea that perhaps it's not one or the other, but it's about having the appropriate balance and that each of us in our regions find the right place for that. I think there's room in Newfoundland and Labrador for us to grow and become involved in project implementation ourselves, and at the same time have Public Works focus on the more technically complex and the more challenging work, which is still quite significant.

Mr. Bill Matthews: Thank you, Mr. Chairman.

The Chair: Mr. Cuzner, would you like to take the rest of the time?

Mr. Rodger Cuzner (Cape Breton—Canso, Lib.): Thank you very much. And I'm thinking as Billy was throwing the bouquets there's a dredging project somewhere has to get done.

Do you find there's an increase in the number of derelict boats being abandoned in some harbours because of the cost of having them disposed of, the implications with environmental liability? When Mr. Murray was here, I had asked the question as well about a specific incident, an issue in my riding.

Generally, do you see that, and where can we go with that? In two different harbours now boats have been abandoned. They're a bit of a risk to navigating the harbour and they're unsightly and what have you, but it's trying to get the action and trying to have them dealt with. I'd like your comments as to where we are with it now. And do you see it as being an increasing concern?

Mr. Bill Goulding: Well, it's my experience—I'm somewhat familiar with what's going on across the country in addition to my own region—that it seems like a problem that is emerging more often. We have a case in our region now in Bay Roberts in Mr. Manning's riding where there are two Lithuanian trawlers, 180 feet long, 750-tonne vessels, that have been abandoned there and they've been there for a period of five years. We have exhausted and used a fair amount of resources trying to get the owners to take some responsibility. We reached the point of examining the options. There are legislative powers, in our case in the Fishing and Recreational Harbours Act, that allow for the seizure of those vessels, which is what we eventually did. But it was something that was done with some reluctance after all other avenues had been exhausted.

I see it as an emerging issue. Ultimately, the vessel owner is responsible, so we work on a smaller scale with harbour authorities to ensure they have berthage agreements, that there are provisions in there that the insurance can be in effect that could allow for if these things are abandoned.

We are seeing it as an increasing problem, and I think it probably requires some coordinated effort between a number of departments to really, truly address the matter. I'm speaking probably out of my area now, but there's a Receiver of Wreck who has responsibilities under Transport Canada. There's a legal issue. There are environmental issues related to ocean dumping. It's not as simple as just scuttling a vessel any more, perhaps as it was sometime back, which is all a good thing. There are implications for these things, so it is a complex issue with legal ramifications.

• (1120)

Mr. Rodger Cuzner: I find the small craft harbour guys on the ground want to deal with the problem as well, but they don't have that stick to get it done. They've come in, taken out any of the fluids, and tried as best they can to contain any kinds of impact that it might have, but they just don't have that stick to get it done and get it dealt with. I was just wondering if you guys experienced the same and if you see an increase.

The other question I want to ask is on centralizing the harbours. I still think there are a couple of harbours that may have been divested that, in retrospect, even small craft harbour personnel believe should still be in the mix. In the scoring system that you use, if the number of boats in the harbour is not high, then the chances of getting access to work and money becomes more and more of a problem. Still, just the sheer placement of some harbours as being a safe haven or a safe harbour.... I'm just wondering how the scoring can be changed to better accommodate the smaller harbours. How can it be better weighted to accommodate some of the small harbours? Many of the small harbours are still essential, necessary for safety reasons or what have you. The big harbours seem to get the lion's share of the attention in our riding.

Mr. Bill Goulding: I'm not sure that I would agree that smaller harbours are necessarily neglected.

Mr. Rodger Cuzner: Not neglected.

Mr. Bill Goulding: Not neglected, but there probably could be more attention paid to them. For instance, there's a priority ranking system with respect to projects, and certainly harbour activity is a factor there. And the smaller ones, without as much activity, would perhaps not rank as highly. Once again, it's about balance. Sometimes if the activity is not that high, but if the needs are relatively modest or enter in the big scale of things, then perhaps a business case can be made.

We have cases where a harbour perhaps has facilities that are at the end of their life and there's an alternative nearby. You probably won't be familiar with the Frenchman's Cove and Garnish situation. I know it's a big stretch to move to another location, but when you look at the.... If the needs of the harbour that was divested were relatively modest compared to the level of activity there, maybe there would have been a business case for retaining it in the inventory. So I think—

The Chair: We have to balance the time, Mr. Goulding, so we're going to have to revisit this at the next questioner.

We'll go on to Monsieur Blais, *s'il vous plait*.

[Translation]

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

Good morning, gentlemen. I will start with the easy questions. Mr. Bouchard, you said that the budget for 2007-08 was \$8.9 million. What was it last year?

Mr. Gervais Bouchard: The budget was slightly higher than \$8.9 million. It varies from year to year, chiefly because of the capital budget. The amount can vary. The operations and maintenance budget remains relatively constant, if we include the dredging budget. In the case of capital projects, the amount may vary from year to year. I can give you the exact figure. Last year, the budget was \$9.8 million. This year, it is \$8.9 million.

• (1125)

Mr. Raynald Blais: There is always the forecast amount in the budget and the amount that is actually spent. If I look at a chart covering the period from 2000 to 2006, I see there was an increase each year. For example, in 2005-06, the estimated budget was \$10.9 million and expenditures totalled \$12.1 million.

Does this mean that the same thing will happen in 2006-07? You say that the budget was \$9.8 million last year, and the actual expenditures were \$12 million. This year, the figure we see is \$8.9 million. Why is it the number increases during the year? How does it work?

Mr. Gervais Bouchard: The amount forecast at the beginning of the year does not include all the capital projects. The variation between the figures at the beginning of the year and at the end of the year is due to capital projects that are approved during the year. So the money for them is added later. That is why we often compare budgets at the beginning of the year with those at the end of the year, because funds are regularly added for capital projects that are approved during the year.

As I was saying earlier, the operations and maintenance budget remains relatively constant, because it is based on the program allocation, which is fixed and determined according to a budget allocation formula. This amount remains relatively constant.

Mr. Raynald Blais: In the case of the major capital projects, if we look at the breakdown, I would say that the percentages seem quite random in nature. I see here 30 per cent for the department's contributions, accomplishments and outcomes, 20 per cent for strategies, 15 per cent based on the needs of outside clients, financial performance, deadlines, and so on. Apparently there are two calculation methods. One is for projects up to \$1 million and the other is for projects worth \$1 million or more, what you referred to as major capital projects. Do you think this system is fair for Quebec?

Mr. Gervais Bouchard: With respect to the current system, we should remember that the regions are very much involved in the Small Craft Harbours Program. Most of the major capital projects, those involving large investments, are determined according to merit, because they are evaluated using set criteria. In addition, they are evaluated by peer review committees, where all the regions come together to discuss national priorities. Subsequently, regional directors come to an agreement on the major capital projects. I think that all the regions can put forward their priorities. These people can see which project can be carried out and when, within the budget available, which is always the major issue.

Mr. Raynald Blais: Let me ask the question differently. If you could change the current way of allocating the budget, would you like that to be done? What changes would you like to see?

Mr. Gervais Bouchard: As Mr. Hegge said on Tuesday, we will undertake a review of the budget issue. He made a commitment to do that. I cannot really answer your question.

Mr. Raynald Blais: That was my most difficult question.

Mr. Gervais Bouchard: It is a somewhat more difficult question, but I can say that there is good cooperation among the regions and genuine openness to reallocating budgets when national priorities are on the table.

Mr. Raynald Blais: I imagine there is a type of competition among the regions. Whether we like it or not, when there are two allocation systems, that marks are awarded based on some figures that cannot be changed, that percentages may be allocated depending on the way a project is viewed by head office, I imagine that there is competition among the regions to get more money. You say—and everyone has said the same thing—that there is not enough money. So I assume there is some conflict among the regions.

• (1130)

Mr. Gervais Bouchard: Yes, but I think the regions are locked in a friendly struggle. And it is very important that all the regions balance their projects. In other words, we evaluate our regional criteria, and then, we do a national consolidation. We talk about all the criteria, and then we adjust the various regional priorities to come up with a national plan. In the course of these discussions we develop the investment plan for the Small Craft Harbours Branch. That is also when we can make a pitch for our priorities, when that is necessary.

Mr. Raynald Blais: How much is the initial 2007-08 budget for your region, Mr. Goulding?

[English]

Mr. Bill Goulding: The current budget for small craft harbours, Newfoundland region, is \$26.5 million.

[Translation]

Mr. Raynald Blais: So the budget is \$26.5 million.

What is your budget, Mr. Kathan?

[English]

Mr. Al Kathan: It's \$6.3 million.

[Translation]

Mr. Raynald Blais: That was the easy question. Now I will turn to the more difficult one.

Mr. Goulding, if the allocation of the budget has to be changed, would you be in favour of reviewing the process, in light of what Mr. Hegge told us on Tuesday? Would you be in favour of reviewing assumptions and objectives? At the moment, there is a review under way of how the system works. Would you be in favour of that, even if it meant that ultimately you had a little less money?

[English]

Mr. Bill Goulding: Well, I think it's always positive for government and departments to review their policies and approaches towards things, so it's difficult to argue that a review wouldn't be of value just to make sure that it's still on the mark. Just in the Newfoundland region context, you have approximately a third of the fishing vessels in Canada in Newfoundland. You have a quarter of the small craft harbours asset base in Newfoundland, the core asset base that's used by the fishing industry. Our share under the budget allocation formula, Newfoundland's share, I think right now is 28%, so it lands somewhere in the middle. I think it's always appropriate that we review and look at these things.

[Translation]

Mr. Raynald Blais: But you understand—

[English]

The Chair: We'll have to continue this line of questioning in the next round. We are over by a minute and a half. I know Mr. Stoffer wants to get his question in.

Mr. Stoffer.

Mr. Peter Stoffer (Sackville—Eastern Shore, NDP): Mr. Chairman, thank you. I apologize for being late this morning.

Gentlemen, I have one question for you, more or less. In Nova Scotia we have a continuous problem with the Digby wharf. The problem down there is whether or not it's the responsibility of the small craft harbours program, Public Works, or Transport Canada. The place is mess. The divestiture of that wharf was an unmitigated disaster by any account. I guess we're trying to prevent that from happening anywhere else in the country.

I know the Atlantic person may not necessarily be here this morning, but I'm wondering if you could tell me. A couple of weeks ago in the newspaper there was a big picture of guys chaining parts of the wharf together, just so they could have some stability on that wharf. They're arguing, well, it's either Transport Canada's responsibility or small craft harbours' responsibility or the harbour authority's responsibility.

I was wondering if you could help us out. Are you aware of the Digby problem? Can you tell us what plans are afoot in order to correct the problem they have down there in Nova Scotia? Of if you can't, is it possible to take this question to the people responsible directly for that, either here or in Transport Canada, just so we can tell those fishermen in the community of Digby that help is on the way to get this thing straightened out once and for all?

Mr. Bill Goulding: Mr. Stoffer, our colleague from the Maritimes gulf region is scheduled to be here next Thursday. Maybe it would be better addressed at that time.

Mr. Peter Stoffer: Next Thursday, okay, great. Thank you.

I have another point, and it's sort of a chicken-or-the-egg question. When in a fishing community the fishing opportunities die down and people lose their ability, like Canso for example and other communities, and they have a wharf but there won't be any fishing activity at this particular time, yet that harbour needs repairs to be done in order to attract other opportunities, how does small craft harbours look at that situation? When a quota has been moved from one community to another, and the boats are moved or the boats are sold or the people have gotten out of the industry, you have a small craft harbour that really isn't being utilized any more, and the people are saying, well, look, if we can get it back up to snuff, maybe we can attract something. What is the approach of the small craft harbours program in that particular type of situation?

• (1135)

[Translation]

Mr. Gervais Bouchard: I can try to answer your question. In most cases, when a port has little or no activity, the department's mandate is really to provide services to support the commercial fishery. In some cases, there are social considerations involved in the closing down of a wharf. Most of the time, fishermen are offered options to relocate to places where there is an acceptable level of service and where they can continue their commercial fishing activities in an efficient manner. This is how it works. We always work with the communities. We also try to optimize the essential facilities, that is to centralize most of the fishers in order to give them the best possible service. It is much more economical for the department to function in this way. At the same time, in some cases we also have to take into account social considerations or matters of community interest. Each case is different. Each one needs to be looked at individually.

[English]

Mr. Peter Stoffer: Thank you.

The Chair: Thank you, Mr. Stoffer.

Mr. Manning.

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

Welcome to our guests here, and I'd like to say hello to Mr. Goulding from Newfoundland and Labrador, who I've had many conversations with. I'm looking forward to having many more. And from the Newfoundland and Labrador perspective, as I said to Mr. Blais, we're always looking for more money, not less.

With that, I want to follow up on the questions from Mr. Blais on the budgeting and distribution of funding. Criteria have been in place, it's my understanding, since 2001-02. Did I hear you correctly when you said that in Newfoundland and Labrador we have one-third of the fishing fleet of Canada, or whatever it is, plus the number of harbours that we have?

If I look at the allocation form that's in place, it's based on replacement value of core fishing harbours, the commercial fishing fleet, the number of harbour authorities, the number of core fishing harbours, and the number of harbour sites. I believe those are the five criteria in place. That brings us out to around 28.4%. Is that the process, the same allocation form, that's used right across the country?

Mr. Bill Goulding: The same formula is used across the country.

Mr. Fabian Manning: Okay.

If you were to look at the replacement value in Newfoundland and Labrador today—and I'm just going to specify Newfoundland and Labrador—that addressed the concerns we have.... You mentioned that we have around a \$26 million budget. Is that what you said?

Mr. Bill Goulding: This year it's \$26.5 million.

Mr. Fabian Manning: I know there are five-year plans in place, but is there a dollar figure that your office has to address the overall concerns?

What we're trying to get at, I guess, is part of our process here is trying to show Treasury Board that we need more funding in this

particular department, and more specifically in small craft harbours. There was a request, a passage of a motion in 2006 in the House—unanimously, I understand—to look for an increase in the budget. Can you give us an idea of what exactly we need in Newfoundland and Labrador to address the concerns we have?

Mr. Bill Goulding: When you look at the budget for \$26.5 million there this year, you have to recognize that \$19.9 million of it is for major projects. That's projects over \$50,000. There's also \$2.4 million in there for minor works. So you're looking at \$22.4 million going into the infrastructure. The additional amount there goes into things that are not necessarily targeted at a specific harbour, whether it's harbour operations and overhead and salaries and the costs related to the administration of the program. If you just use the \$20 million figure—call it the project business volume that's going on in the Newfoundland and Labrador region forecast for this year—that's a part of the total budget. In small craft harbours, \$82 million this year is going into projects.

There's been a life cycle management study done that suggested that \$114 million is needed to properly maintain the asset basis there. That would be an additional \$32 million. I look at Newfoundland as being a quarter of that. I would say we went from \$20 million to \$28 million; that would be our portion of this. You could say a major project budget of \$28 million in Newfoundland and Labrador would put us on a better track with respect to maintaining and keeping up the inventory.

• (1140)

Mr. Fabian Manning: Addressing the concerns that we have.

Mr. Bill Goulding: Yes.

Mr. Fabian Manning: Thanks.

On the information I have, and we discussed it here before, in relation to dredging, what does that fall under? In my riding, there are always several requests for dredging. I know in a lot of cases over \$50,000.... Should we be looking at...? With regard to divestiture, and I'll get to that in a moment, there's always the ask, that we have a separate fund for divestiture, because we take it out of the regular fund now, and we have a lot of divestiture concerns. In regard to dredging, should we be looking at a fund in itself to address the dredging concerns? It doesn't seem to fall in under.... It just seems to be dealt with—when it comes, it has to be dealt with—but that's taken away from actual construction.

Mr. Bill Goulding: I always more or less look at dredging as just another investment that you need to make to either maintain or construct a harbour in the first place. I like looking at it in the context of the overall picture, and when each of us does our priority setting for the year, dredging is usually the first thing that is looked at. There's maintenance dredging, in other words, infilling. I know you have a number of harbours in your riding where there's some periodic infilling that can occur. And there's capital dredging, as we call it, to actually accommodate larger vessels that are more centralized and use harbours that are not accessible right now. Dredging is very much the first order of business, I would think, when we put together our project plans, knowing that if you can't get into a harbour you're not going to get very far.

I know Quebec has significant dredging. We're maybe somewhat blessed in Newfoundland that our dredging needs are not as extensive as they are in other regions.

Mr. Gervais Bouchard: Maybe I could add something to that.

We have a very big problem in Quebec region with dredging because we spend between 30% and 40% approximately of our maintenance budget on dredging. That's had a very bad impact on maintenance projects. But we receive from the small craft harbours program at the national level a special allocation—I think it's \$400,000 each year—to manage that problem in the region. Dredging is a very large problem, and we realize that dredgings are increasing and the costs are increasing too. That's another financial pressure for us.

Mr. Fabian Manning: I want to get back, Mr. Goulding, if I could, to the timing, and I think Mr. Matthews raised it, in relation to contracts. Right now this year's plans haven't been announced yet and we're heading into June. I'm not putting the blame on anybody for that. I'm just saying that we're looking at projects being announced some time in the next month, hopefully, and contracts being awarded well down the road. Then we get into a case of most of the construction going on pretty well in the wintertime.

I'm sure, and you can elaborate on this, that by working on a wharf in the months of July, August, or September, it would save us a considerable amount of money, rather than trying to work on that wharf in January, February, and March. We're looking at a \$20 million budget for Newfoundland. If we could save \$2 million a year, which would be a small amount.... Having the projects coming out earlier in relation to when the work would be harder—even in September, three or four months before Christmas—could save considerable dollars. Are there any suggestions on how we could go about addressing that concern, or at least trying to correct it, even if it does cause some short-term pain until we get things straightened out?

• (1145)

Mr. Bill Goulding: To contribute to that, I think it points to a need for good planning. You can't overemphasize the need for having good planning—having the upfront work done; recognizing that the fiscal year cycle and the project conception to implementation cycle doesn't really all fit within one fiscal year. So any project has multiple fiscal years almost inevitably. You need emphasis on doing the necessary field work; understanding user requirements as effectively as we can; having the necessary structural condition

work, soil work, geotechnical surveys, sounding surveys, wave studies, and all that stuff done upfront.

You have to remember too that significant time is inserted into the project implementation cycle by the regulatory process—I'm not speaking ill of it, but it's a fact of doing business—whether it's the required environmental screenings, approvals under the Navigable Waters Protection Act or the Fisheries Act, habitat provisions that have to be complied with. There could be ocean dumping in a permit. There could be gazetting in the *Canada Gazette*, public notices on certain things, provincial regulations that we comply with. So the lead time into a project is very significant.

Mr. Fabian Manning: We'll never get a wharf in.

Mr. Bill Goulding: Right, and let alone the tendering process, the NAFTA requirements, and the whole project cycle. That's one thing I know.

Let me get back to a point that was made earlier, why sometimes your projected budget is off from your final expenditures. Small craft harbours is very much significantly running a marine civil infrastructure construction program, and there's public tendering involved, so there are so many....

When we put our best estimates forward, and I think somebody here would be familiar with it, sometimes projects—and we don't like seeing this—can emerge without a lot of planning necessarily having been done up front. Sometimes the need to make the public announcement means the back-end work may not necessarily have been done, so we have to try to.... It all comes down, in my mind, to having good planning. With good planning we can manage these constraints to make sure the work is done.

The Chair: Thank you for that, Mr. Goulding.

It's a big job to build a wharf, but you only have a short time to answer the question.

We have to go to Mr. Cuzner.

Mr. Rodger Cuzner: Bill had to excuse himself; he had a dredging project he had to announce.

My colleague Peter had asked a question about Canso. I thought Mr. Murray put forward the case for Canso. I want this to be on the record that Canso was a community that was built on the groundfish industry, and when the groundfish dried up it had a tremendous impact on that community. The union at the fish plant continues to hold 200-and-some-odd names, 225 names at the plant. For the last however long I can remember, the most they've had working there is about 70 people.

But Bill Barry is not looking at processing any fish there this year because he'll play that "we need more quota" game, and we're all aware of that. As far as being a healthy, vibrant, viable, and successful inshore fishery, Canso continues to have that. They're working now with small craft harbours people in doing a significant project at the Canso wharf. That's a very active fishery and a very successful fishery, and will continue to be so.

Colleagues around the table, don't get the impression that there is no fishery in Canso. What is happening is that Bill Barry owns the plant there and he's not processing any fish there. And for the 70 people who have worked there part-time over the last number of years, it doesn't look as if there's going to be work there, so they've been pursuing work elsewhere. Would we love to have some fish there to process? Absolutely. Still, the fishery within Canso remains a very healthy and vibrant fishery.

I'm going to pass that over to my colleague.

• (1150)

The Chair: Mr. MacAulay, do you want to pick up on the Canso question?

Hon. Lawrence MacAulay (Cardigan, Lib.): No.

Thank you very much, and welcome, gentlemen. Truly, if attending to your interests would help us get more funding, I intend to do all I possibly can.

I understand the department intends to re-evaluate the formula for allocating funds to the different regions. Are you people involved in this? I'll ask Mr. Bouchard this question: Are you involved in this, and what difference do you think it will make? I would like to offer my services to help in any way possible, if you change the formula.

Mr. Gervais Bouchard: We are involved in a process to....

Hon. Lawrence MacAulay: Do you think it will change much?

Mr. Gervais Bouchard: We don't know at this point. I think we have to work on that to find what criteria there are, maybe the good ones for the future of the program, and in which way we are going to allocate the funds in the future.

But you know the challenges are very big. We have a lot of challenges to face, and that's why it's very important to look at the formula and to address this problem. As Mr. Hegge said on Tuesday, he said in a few months, I think, but we have to work on that. We work on that as a team; a team is preferable, and each region is involved in the process.

Hon. Lawrence MacAulay: But you don't see a big change?

Mr. Gervais Bouchard: We will see at the end of the process.

Hon. Lawrence MacAulay: If there were any big changes, I would be very interested in hearing about the big changes before they take place, for sure.

Mr. Goulding, you have been involved in this for quite a period of time. I heard Bill talking about the engineering aspects and Public Works, and I thought it would give you an opportunity, which you didn't grasp, to capture more for your department, but you didn't do that, which is wonderful.

You've been around during the changes that have taken place, when the harbours went to harbour authorities. I would like you to spend a moment and indicate how you feel about the harbour authorities, what part they have played. Has it made a difference in the costs of repair in small craft harbours when you put the harbour authorities in place? There was a lot of opposition to that when it took place—and I have to say I wasn't on the plus side of that ledger either—but obviously, in my opinion, for what it's worth, I think it's a lot better. I'd just like you to elaborate a bit on that.

While you're at it, you could indicate, as Mr. Manning mentioned, there was a motion put through the House that I think would re-establish the \$20 million—I don't want you to elaborate too heavily—plus \$15 million, and all members supported that. Has that motion been fully adhered to? I'd like you to answer that question.

Thank you very much.

The Chair: I appreciate that question, Mr. MacAulay. I'm sure when you get your next round they would be pleased to answer, but they'll have to hold, because we're 30 seconds over time now, and I know Monsieur Asselin has a very important question he's trying to ask.

[*Translation*]

Mr. Gérard Asselin (Manicouagan, BQ): You are quite right, Mr. Chairman.

The committee has been studying small craft harbours for several weeks now. Unfortunately, we will be adjourning for the summer break soon. We will resume our work in the fall and we will be hearing from witnesses from all over Canada. We will also have to travel to see the situation for ourselves and to consult with fishers, volunteers and harbour authorities.

Mr. Bouchard, Mr. Blais and I need you to help us to do a good job in our work on the committee. As Mr. Manning was saying, we are also going to have to convince the minister. He thinks he does not have enough funding for small craft harbours. I am quite sure that you know as well that you need money to bring small craft harbours up to standard in Quebec.

How much should we be investing for the next five years? The minister expects an answer from us. We will be submitting a written report to him on our consultations. So, before starting our tour of Canada and Quebec, I would like to have this information.

I represent the riding of Manicouagan, which extends from the Betsiamite River to Blanc-Sablon, close to the Labrador border, and includes Anticosti Island. I can also add Fermont and Schefferville, but that is not relevant here.

For my personal enlightenment and that of the committee, I need an accurate picture of the situation facing small craft harbours in Quebec. I don't want one that dates back to 2004. I want an accurate picture that is as up-to-date as possible for the committee's benefit. I would like to know which small craft harbours will be repaired, divested or demolished in 2007. I want to know what the situation is regarding the ports that will be repaired, those that will be divested and those that will be demolished. I do not know whether it is difficult for you to provide us with that information by sector. I don't think the problem exists in Hochelaga-Maisonneuve, in Montreal, but I would like to know what the situation is in the Gaspé, on the North Shore, in the Magdalen Islands and on Anticosti Island.

Consider the following example. There is a small craft harbour owned by Fisheries and Oceans Canada in my riding. For four years running, departmental officials have come to Rivière-au-Tonnerre and announced that the plan and specifications are ready and that some tenders have been received. However, the work has not been done, despite the fact that this year there is money in the budget. We are trying to get some answers about the status of the work on the wharf in Havre-Saint-Pierre. The same thing is true on the North Shore, between Kégashka and Blanc-Sablon. You know, these are fishing villages. Wharves are critically important to the region.

Mr. Bouchard, for my own information and for that of the committee, can you tell us what is going on in my region? Is there a three-year plan? What is going to happen this year? What will happen next year?

I have been quite brief and quick, Mr. Chairman, because I want to leave some time for Mr. Blais. I'm appealing to your considerable generosity.

• (1155)

The Chair: Thank you very much.

Mr. Gervais Bouchard: To answer Mr. Asselin's specific questions, we take a very transparent approach with port authorities and users when it comes to sharing the information we have about the facilities, the priorities and the reasons why we sometimes make one decision rather than another. This can also be done in the context of the committee's study. The department will have to see how it can coordinate everything to give you specific answers to your questions.

As far as I am concerned, the information is known. There is no doubt that we are very familiar with our territory and the state of our facilities. We are able to explain the direction we want to take for the benefit of commercial fishers, to give them the best possible service.

In the case of projects such as the one at Rivière-au-Tonnerre, in my opening remarks, I said that the maintenance deficit was increasing all the time. The crux of the problem is the rate of recapitalization and it is a problem we face at various levels in Quebec. With respect to the rate of recapitalization, that is the money available to the department for major investments of over a million dollars, given that our facilities are between 25 and 35 years old and are at the end of their useful lifespan, it is going to take several decades to do all the reconstruction work required in Quebec.

If we keep the current rate of recapitalization, we will definitely experience more and more safety and accessibility problems. They are going to increase, because the infrastructure does not necessarily deteriorate in a linear fashion. The process speeds up over time. These are factors that need to be taken into account. If arrangements are made with the department, we can discuss some of these situations and explain them in detail for the benefit of committee members.

Mr. Gérard Asselin: Will you be preparing the report for us on—
[English]

The Chair: Thank you for that, Monsieur Bouchard.

Mr. Calkins.

Excuse me. I bypassed Mr. Stoffer. That was a mistake on my part, and I apologize for that.

Mr. Stoffer.

• (1200)

Mr. Peter Stoffer: No worries, and I was going to congratulate you. On Saturday it is your tenth anniversary as a member of Parliament, sir. Congratulations.

The Chair: Yours as well.

Mr. Peter Stoffer: I just have one quick question, and then for the remainder of my time you could answer, in the spirit of parliamentary cooperation, Mr. MacAulay's questions as well.

My question for you is this. In Nunavut, would the discussions—I'm not even sure there are discussions—regarding building facilities to help those communities develop fishing opportunities fall under your purview, or does it fall under someone else's department to answer those types of questions? If there are discussions ongoing, how are they going, and where would the money come from to build those types of facilities?

If you could take the time to answer Mr. MacAulay's question in the remainder of my time, that would be great. Thank you.

Mr. Al Kathan: Constructing harbours in Nunavut would fall or could fit within the small craft harbours mandate, which is to support the commercial fishing industry. As we all know, this is a new emerging fishery and therefore there is no infrastructure in Nunavut.

The next part was....

Mr. Peter Stoffer: Are there any discussions about that, ongoing?

Mr. Al Kathan: There are active discussions. Most of the discussions at this time are happening in headquarters. I understand that the department is discussing this issue with Industry Canada to see if there are some other opportunities to get some funds.

Mr. Peter Stoffer: Thank you. And Mr. MacAulay's question....

Mr. Bill Goulding: The first part of the question related to the value of harbour authorities. First, I should say I haven't been around that long. I've been around a while, but I haven't been around since the beginning of the harbour authority program.

The Chair: Since the beginning of time?

Mr. Bill Goulding: That's right, that was in 1987. In any event, harbour authorities are providing more effective delivery of the services the ultimate the customers of the program receive. The fishers, the small-boat and the large-boat harbour users, have over 600 non-profit organizations out there, making the local decisions about the operational aspects of the individual harbours. You can't have it any better than that. These decisions can't be made in a centralized, public-servant kind of environment. So we've got those. In terms of the operations and the level of service, yes, the users are paying for those services and the level of service is being tailored to the resources each individual harbour authority is able to generate from users. So I think it's certainly been a success on the operations side.

On the infrastructure side, when it comes to performing maintenance and repair work, we've got a special authority that the minister's granted to the program through Treasury Board, where we can sole-source construction contracts to harbour authorities up to \$40,000. This is used quite effectively in all regions. We've spoken about the fact that you don't necessarily need the full weight of a large government common-service organization at play. You can sole-source the work directly to the harbour authorities, and they can find the most effective way to do it and they can partner with and get funding from HRSD and other sources.

The Chair: It's the NDP time, Mr. MacAulay, and he's answering the question.

Mr. Bill Goulding: That was your question, I think.

I think we are satisfied that there's a lot of value in the harbour authorities.

The \$20 million has been added to the program for this year and on an ongoing basis. Is that what the...? I'm aware of that. Can you restate the question, to help me out?

The Chair: Go ahead, quickly, please. You've got a minute left.

Hon. Lawrence MacAulay: A motion was put through in the House that the \$20 million that was there would become part of the base funding, plus \$15 million more, which would mean the \$20 million plus \$15 million was \$35 million. All I wanted to do was find out if the \$35 million was put in your base funding.

Mr. Bill Goulding: The information I have is that the \$20 million was put into base funding.

Hon. Lawrence MacAulay: And the \$15 million was not.

Mr. Bill Goulding: That's correct.

The Chair: Thank you, Mr. Goulding.

Mr. Calkins.

I'm being generous today.

Mr. Blaine Calkins (Wetaskiwin, CPC): Thank you, Mr. Chair.

Thank you, gentlemen, for coming in today. I'm going to be directing most of my questions to Mr. Kathan because I am a member of Parliament from the central and Arctic region, and in the spirit of "if you build it they will come", if we built some small craft harbours in my riding maybe the waterfront property would come with it eventually, because I have to drive a long way to get to the beach these days.

When you were giving your presentation at the start, you said 16 sites were identified in the region where 25 or more fishers could access a harbour. Could you give me a synopsis? Do you know where those particular places are? Do you have a list you can provide to me?

• (1205)

Mr. Al Kathan: I don't have a list, and we have not done a comprehensive analysis of each one. The fishery has evolved in a number of these sites. On the back-side of Lake Winnipeg they have remote sites that are only fly-in or by-vessel access. They're trying to relocate their fish plants where there is road access, of course to reduce their costs and increase their viability. In other cases, there has never been any infrastructure, or very limited infrastructure. No

other provincial or municipal government provides that infrastructure. Small craft harbours is a significant player in harbours in the prairies. Other than maybe parks, there's very limited infrastructure.

We looked at locations where there are at least 25 or more fishers. Of course there are other locations where there might be say 15 fishers who would be interested in a harbour as well. But if we were to prioritize, we looked at those that were over 15.

I want to mention that relative to the cost in some regions where there are high tides, our costs are relatively low on a per-fisher basis or per-job-created basis.

Mr. Blaine Calkins: Most of these sites would be coastal sites, then.

Mr. Al Kathan: They're all in the prairies or the Northwest Territories.

Mr. Blaine Calkins: From that perspective, I'm not sure if... You mentioned Lake Winnipeg and some of these places in Manitoba and out on the prairie provinces. They would seem to be some of the larger ones, but most of the commercial fishing that happens in Alberta happens in the wintertime. I think there are some opportunities out there, but from a sense perspective... Do we have a lot of commercial fishing going on in the prairie provinces during the summertime?

Mr. Al Kathan: We do, and we have some in Alberta, but you're right—among a lot of the fisheries around Lesser Slave Lake, some are summer and some winter. Most of the sites are identified in Manitoba and Saskatchewan.

Mr. Blaine Calkins: That's interesting.

I believe you were asked a direct question about the actual budget for the central region. I didn't hear what your answer was. Was it \$6.2 million?

Mr. Al Kathan: It's \$6.3 million.

Mr. Blaine Calkins: Okay.

I'm going to change the line of questioning now, and anybody can take this if they feel like it.

I'm getting the sense from the discussions here that the money you get on an operational basis on a yearly basis is more of a budgeting issue. If you don't use the money in that particular fiscal year, I don't know if it gets clawed back or if you're able to keep that money, but obviously these projects span more than one fiscal year. To give me a sense, is this money allocated for small craft harbours mostly a maintenance type of thing? How do you get that into a capital budget? Capital budgets, of course, are provided for three or four years over the life of a capital-intensive project. How does that happen, from a budgeting perspective?

Mr. Bill Goulding: Small craft harbours as a program is quite to the contrary of having a track record of lapsing money. We're more likely to be the recipient sector in the department when other sectors have trouble meeting their expenditure plans. We don't necessarily suffer too much from lapsing or having funding clawed back, but certainly it points to the whole aspect of public financial administration; there is a capital budget and an O&M budget, and you're trying to mix and move between and make sure that the projects fit within what the allocation has precisely been provided for. We don't lapse much funding and we're usually pretty accommodating when it comes to using the resources of other sectors.

• (1210)

The Chair: Mr. MacAulay, I know you want to pick up where you left off.

Hon. Lawrence MacAulay: Mr. Goulding, or anybody, do you find a difference in the costing for repairs? There was always a major concern about small craft harbour repairs, the cost of the repairs, and the engineering requirements, and I don't suspect that the engineering requirements have changed. To go back to the question of lapsed funds, I could use them all in our area for sure. Do you find that there's much difference in the actual cost of the repairs now?

Probably none of you were around here before these harbour authorities came into play, but I would suspect there has probably been more input given by the fishermen who use the wharves, and probably that has helped in the cost of small craft harbour repair in general. Is that a fact or not? It's to whoever wishes to answer. I don't know if you have any facts or figures, or any thoughts on it.

Mr. Gervais Bouchard: I think your question is very important. It's very important for the department to count on their work to do the job. That's why it's very important for us to delegate some of the maintenance work to the harbour authorities. It's very important because I think we can save a lot of money by doing that.

Hon. Lawrence MacAulay: Do you mean because the harbour authorities are involved?

Mr. Gervais Bouchard: They are involved in the process and they can manage minor projects. For example, in the Quebec region we delegate a lot of work to the harbour authorities. It's clear to us that we saved a lot of money in doing that. They don't always have the knowledge to manage these types of projects, but minor projects below \$400,000 are a good range for them to manage. The department has to find a way to enable them to manage work.

Hon. Lawrence MacAulay: They're not constructors and they're not contractors; they're fishermen. And whatever help you can give would be great. I don't think they would be offended if you said you were helping. But sometimes they have felt that the requirements, when they were not involved, were a lot more.

Now, I don't believe—and you can elaborate on it—that the engineering requirements would change, but it seems to me the overall costs probably have changed some. I don't want to dwell on that, but....

Mr. Gervais Bouchard: Another thing is, we have to meet a lot of standards. Very often they don't know exactly what the impacts are to do a job. But we have to explain and we have to teach them how we have to realize these types of projects.

Hon. Lawrence MacAulay: But I expect they have input. And also, you mentioned under \$400,000, but they would still have the engineering requirements as if it were a \$1 million project too, would they? Or is there a difference there?

I'd also like you to touch on.... Mr. Goulding mentioned \$40,000 and under, and I understand we've used \$50,000 and under for emergency repair in different areas a lot of times. Are those two different things? I'm just not straight on that.

Mr. Bill Goulding: The \$40,000 is a contracting authority. The President of the Treasury Board delegates to the department construction contracting authority. That's the authority to enter into a contract with a harbour authority.

The project authority of \$50,000 is precisely that, the project approval authority within the department. So we would find it useful if those two figures were the same, but they're not. So one is \$40,000 for entering into a contract, and \$50,000 is the level of authority that's been delegated to me, as the regional director in Newfoundland, for initiating works.

Hon. Lawrence MacAulay: But can this \$50,000 be contract too? No, it's just general repair.

Mr. Bill Goulding: It's not a sole-source contract to a harbour authority.

Hon. Lawrence MacAulay: No.

We had the harbour authority people here a few months ago. One of their major problems—and all parties can take credit for this—is that there's not enough money in the small craft harbours budget for them to do what needs to be done. They, and I'm sure everybody here, are concerned. And it didn't just happen today. But a lot more money is needed in the small craft harbours budget for these people to be able to do their job. No doubt you've heard a lot of this.

What kind of money is required to put what you have authority for in certain areas? You have three different regions represented here. So how much money is needed to put these wharves in reasonable shape?

The problem I think we have with the wharves is that we're always playing catch-up. We're always putting up barricades. And you talk about estimating what it's going to cost for the year. You can't estimate storms, though I know this emergency funding can be put in place, but things happen that you can't account for.

I'd like you to comment on that. We're always playing catch-up. What needs to happen? You have a good view of the whole situation. What needs to happen, and what dollars are required to put these wharves in decent shape so we could be maintaining wharves in reasonable shape instead of taking down barricades?

•(1215)

The Chair: Thank you for that question, Mr. MacAulay, but you will have to wait for the answer. It took you nearly a minute and ten seconds to ask that question, and you are over by a minute.

Monsieur Blais is anxious to ask another question.

[*Translation*]

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

[*English*]

The Chair: You're going to have to answer when we get to the next round, gentlemen. I'm sorry to do that to you.

Hon. Lawrence MacAulay: You're not a bit.

[*Translation*]

Mr. Raynald Blais: Perhaps I can help you a little, Mr. MacAulay, because your question is similar to the one I wanted to ask. But first I would like to clarify one point. Earlier, Mr. Bouchard mentioned a figure that is different from the one I have.

You say that in Quebec, 30 to 40 per cent of the annual budget is for dredging operations.

Mr. Gervais Bouchard: That is 40 per cent of the operations and maintenance budget.

Mr. Raynald Blais: I think it is about a million dollars a year.

Mr. Gervais Bouchard: On average, the figure is \$1.5 million a year for dredging. In the operations and maintenance budget, which varies slightly, the figure is approximately \$3.5 million.

Mr. Raynald Blais: It gets increasingly difficult to follow, and I'm not referring to you in particular. We hear about the capital budget, the operations budget. People use terms that are completely different from one time to the next, and in every case, we are talking about different budget envelopes. It becomes incredibly difficult to follow. And I'm not even referring to the table we received on Tuesday about the divestiture program, salaries, port activities and program administration. These are all different budgets established for each region. However, that is a different matter. We can come back to that later.

I'm going to carry on along the same lines as Mr. MacAulay. I assume that small craft harbours are like a leaky roof. The leak is getting worse and worse, and there could be a collapse. In other words, the repair costs are getting higher and higher, and since they cannot be paid, the solution has been to put up fences. These places are not safe. I would like to hear from the three of you on this.

My impression is that while the problem was initially one involving money, it has become much more serious over time. Even with the funding you received, the facilities did not last until the end of their useful lifespan. I would like to know how the problem of a lack of funding has evolved over time, and to what extent it is responsible for the deterioration of the infrastructure.

Mr. Gervais Bouchard: I could begin, and then allow my colleagues to talk about the problems in their regions.

In Quebec, the facilities have deteriorated quite substantially. As I said earlier, the average age of the facilities is between 25 and 35 years. The problem is that we are at a stage where a great deal of money would have to be invested to bring the facilities up to standard. When there is an inadequate rate of recapitalization—and that is what we were saying in different words—obviously each year there is an accumulated maintenance or recapitalization deficit. It becomes very difficult to get on top of things later. Mr. Hegge said that a substantial amount of money would be involved. This week, Mr. Bergeron talked about a figure of between \$400 million and \$500 million, taking inflation into account.

At the same time, all the construction costs have increased. In most cases, weather problems have hastened the deterioration, because these facilities are now very old. Our main concern is to make sure that fishers are safe. Every year, engineers inspect the sites. When we are told that a wharf is not safe, we have no choice but to take steps to limit access to it. We always try to minimize the impact of these measures and to offer the fishers temporary solutions. As managers of these facilities, it is always a challenge for us to invest in a project at the right time. Because of a shortage of funding, we are often out of step.

•(1220)

[*English*]

The Chair: You're out of time. Six seconds is not enough time for another question. It really isn't.

Mr. Stoffer.

Mr. Peter Stoffer: Thank you, Mr. Chairman.

Sir, \$6 million doesn't seem to be all that much for central and Arctic region. You have responsibility for the Great Lakes region, I believe, as well. Are most of the harbours there that are for commercial fishing harbour authorities now? Or do they still fall under your jurisdiction in terms of your responsibility to maintain them?

Mr. Al Kathan: Even harbour authorities fall under our jurisdiction to do the major works and so on. There are three harbour authorities on the Great Lakes at this time. There are a few other harbours that could potentially be harbour authorities, and we should look into that in the near future.

Mr. Peter Stoffer: In terms of the \$40,000 that is discussed that harbour authorities have to use for maintenance workers who work on it, when they do that, who oversees that the work actually gets done? Is there a peer review system that says here's \$35,000, now let's see the work that you've done, and somebody from small craft harbours directorate actually goes down there to make sure that the taxpayers' money was spent in accordance with your guidelines?

Mr. Al Kathan: I would like to make maybe a bit of a preamble.

Because our budget is rather small, Public Works and Government Services Canada doesn't have perhaps we'd say the economies of scale to have a good network of marine engineers on staff. So this is posing a particular problem to our region. Of course, if our budget were increased, that would help.

So that gives us an incentive to work more with the harbour authorities. In all cases of course we make sure we have good plans and specifications and contract documents in advance, and we enter into a contract and we treat them as a contractor. So if you do the job, then we pay you. And we'll help them, using whatever means appropriate, in-house staff, if we have to hire a consultant or even Public Works to go out and make sure they're doing the job right. We do not pay them until the job is done to the plans and specs.

Mr. Peter Stoffer: Thank you.

The Chair: Thank you, Mr. Stoffer.

Mr. Kamp.

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

Thank you, gentlemen, for coming. I appreciate the good information we're receiving.

Let me just start with a clarification, because I know this committee wants to be well informed. The concurrence motion that was passed in the House of Commons was a report from this committee in May of last year. Just so it's on the record, because we may have forgotten what that actually said, and it's been referred to a couple of times this morning, it said: "that the government consider the advisability of raising the current budget of \$86.6 M contained in the 2006-2007 budget by \$15 M for the fiscal year 2007-2008." You can find that in Dr. Côté's recent briefing note.

Later in that document it reminds us that the small craft harbours budget now stands at \$109.2 million for this year. So it looks like we actually did better than \$15 million if you do the math. But my question isn't related to that.

The small craft harbours vision statement says:

The existence of a critical national network of harbours, in good working condition, capable of meeting the principal needs of the commercial fishing industry. These harbours will be operated and managed by strong professional and independent Harbour Authorities (HAs). These HAs, representing users and local communities, will assume full responsibility for all activities at their harbours, including the management and conduct of minor maintenance activities, and provide significant financial contributions to funding their harbours.

I want to start there with that last clause. In terms of the revenue sources for doing what needs to be done at small craft harbours, what does this mean, "providing significant financial contributions to funding their harbours"? Is that referring only to these minor maintenance activities they take responsibility for?

Related to that, in terms of the model that we're using, have there been any discussions, or should there be any discussions in your opinion, about industry—let's call it that for now—or other fishing stakeholders and users having a greater responsibility for funding the small craft harbours?

•(1225)

[*Translation*]

The Vice-Chair (Mr. Raynald Blais): It is your turn, Mr. Goulding. You can take advantage of your time to answer the question I asked earlier. You might as well!

[*English*]

Mr. Bill Goulding: I'll use my time carefully.

I think it wasn't in your question, but maybe there needs to be a separate discussion relating to the numbers. I don't think it's accurate to say that the motion has been respected. I think one issue is the program enablers, which is the corporate services of the department. When you can say \$109 million, you're including \$12 million basically for the overhead of the department. We've got to be careful when we're making comparisons there that they're accurate.

With respect to revenue sources, harbour authorities are making a significant contribution in revenue. I think the last time I looked, in the Newfoundland region, harbour authorities were generating something like \$4 million from non-Fisheries and Oceans sources, and putting that right back into the harbours. They're generating this from user fees, from charging for offloading services, collecting revenues for rentals of property and that sort of thing. So for harbour authorities there are significant revenue sources that are coming into the program. We're seeing these revenues going into operations, and to an extent it's going into maintenance, and we'd like to see the amount that's going into maintenance increase, because it obviously would allow the maintenance resources that the department has to go a little further.

Certainly when it comes to industry and other stakeholders contributing, it goes back to harbour authorities being given guidance and direction from small craft harbours directorate to make those properties work for them, to generate the revenues, whether it means charging market-based rents to anyone who's using the property, or charging licence fees, charging off-loading services, or whatever other revenue sources are available to them, plus berthage, of course, and harbour authority membership fees, anything of that nature to generate revenue.

The real strength of the harbour authority has been that harbours have been able to tap into revenue sources that would otherwise not be there for the Department of Fisheries and Oceans. We all know about other public revenue sources in terms of ACOA in Atlantic Canada, and HRSDC, Service Canada, making contributions. So it's enabled the harbours to play on a number of fronts when it comes to revenue collection.

[*Translation*]

The Vice-Chair (Mr. Raynald Blais): Thank you, Mr. Goulding. Thank you, Mr. Kamp.

Before giving the floor to Mr. Cuzner, I would like to take advantage of the fact that I am sitting in this chair to ask you whether you could answer the question I asked earlier, Mr. Goulding, because I have to leave at 12:45 p.m.

My question was this: given that a leaky roof eventually leaks more and could collapse, what is your view of the situation in your region over the years, regarding small craft harbours and the budget shortfall?

• (1230)

[English]

Mr. Bill Goulding: I think important progress has been made and continues to be made. When you have in excess of \$2 billion in an asset base that is exposed to harsh conditions in a marine environment, from depreciation and wear and tear alone, the money we're putting in is just to try to keep that asset base whole and safe and usable for our clients. When Mr. Hegge and Mr. Bergeron were here on Tuesday, they gave you the figures related to a life cycle management study, and said we really should be spending \$114 million a year on projects directing the infrastructure. Now we're spending \$82 million, I think it is, this year. So there's this gap, the \$32-million gap, and that's there even with the \$20 million of the IRP that's just been reinstated. So there is a significant gap, and this means we're not really keeping up with keeping the asset base whole and spending what some would argue a good custodian of these properties should be spending.

[Translation]

The Vice-Chair (Mr. Raynald Blais): Would you like to add something, Mr. Kathan?

You have the floor, Mr. Cuzner.

[English]

Mr. Rodger Cuzner: I recall one of the first projects that went on when I was first elected in 2001. It had been delayed for a period of time because a significant breakwater was part of the project. There had to be some kind of restorative initiative for the habitat that was being disturbed, or they were taking over. That project had been tied up almost a year because of that.

It seems now that the people on the ground are almost banking those habitat credits. Is that a nationwide practice now? Is that a national move?

Mr. Al Kathan: I don't want to speak for another region, but I believe a bit of that happens in Pacific. We are having some challenges in our area to find a project to restore the habitat when we build harbours in our more remote areas. So at this point, we're meeting with our habitat colleagues to see if there's a way we can. It's a little bit innovative, in that we want to find a way to get other partners, i.e., the Manitoba government or hydro or whatever, and collectively pool our resources and find a project we could do that might be a little farther away.

Along with that might be, along the line of banking, we'll pool our resources and we can either build a project or restore a project in advance for future credit or vice versa.

Mr. Rodger Cuzner: So that's more and more an accepted practice now?

Mr. Bill Goulding: That's correct, pretty much. In the Newfoundland region, we're more or less just starting. We've worked with habitats over the years, but most of our projects have not resulted in a harmful alteration or destruction of fish habitat. However, on closer look, perhaps it has happened in some cases, so

now we're moving with developing monitoring plans and getting the necessary authorizations if fish habitat is going to be destroyed or altered with one of our projects.

Mr. Rodger Cuzner: Are you finding it more and more of a challenge too? In some of the dredging projects, is the disposal of the dredgings driving up the cost of harbour projects? Can you comment on that? Is it tougher to get rid of? At one time, you used to be able to dredge and dump it in the ocean. You're not allowed to do that any more.

Mr. Bill Goulding: I think our colleagues at Environment Canada don't say you're not allowed to do it, but you have to do it by the provisions of the Canadian Environmental Protection Act and the ocean dumping regulations.

Certainly in a lot of the dredging we've been doing in most cases in Atlantic Canada now, very little is being ocean-dumped any longer because of the regulatory regime, and a lot of it's being land-filled. I know in the Newfoundland and Labrador region, for example, we get permission from the provincial authority to bring our dredged spoils, if they're not contaminated, to municipal landfills. And it's working out pretty effectively, because the provinces are trying to consolidate their landfills, so ground cover is welcome in many respects. But the trucking costs as they consolidate their landfills—and there are few of them—and the cost of dredging are going up, and it's likely to be the case in the future, I would think.

• (1235)

Mr. Rodger Cuzner: Is that the same in the other regions as well? Is that similar, municipal landfills?

Mr. Bill Goulding: Yes.

Mr. Gervais Bouchard: We have the same situation in Quebec.

Mr. Al Kathan: We don't use municipal landfills. Our dredging is a lot smaller than my colleagues', but we have to find other ways of dredging and putting our disposal back a little way. Usually it's off-site, above the high-water line.

Mr. Rodger Cuzner: Okay.

The Chair: Thank you, Mr. Cuzner.

Monsieur Asselin.

[Translation]

Mr. Gérard Asselin: In this committee, Mr. Chairman, we are used to requesting certain documents, but often our request falls on deaf ears. In other words, it takes too long to get what we asked for.

Mr. Bouchard, I'm sure you made careful note of my three questions about the wharfs that will be repaired, those that will be demolished and those that will be divested. Could we possibly get an accurate picture of the situation facing harbours in Quebec by September 15, when Parliament resumes?

Mr. Gervais Bouchard: There's no problem getting the specific information you requested. If, later on, you want more details, information and explanations, we would have to look at the situation with you and with the departmental authorities to determine how we can respond to your request.

Mr. Gérard Asselin: Fine, that is all I had.

[English]

The Chair: *Merci, Monsieur Asselin.*

Go ahead, Mr. Calkins.

Mr. Blaine Calkins: Thank you, Mr. Chair. I just want to go back to a few more items in regard to the central region.

I got a deck on Tuesday that basically outlined.... In your presentation, sir, you mentioned how many core fishing and non-core harbours or recreational harbours have been identified. Could you just go over those numbers again for me, please?

Mr. Al Kathan: Do you mean regionally?

Mr. Blaine Calkins: I'd like the percentages per region.

Mr. Al Kathan: At this time, there are 57 fishing harbours and 165 recreational or non-core harbours.

Mr. Blaine Calkins: Of those—of both the 57 and the 165—how many are slated for divestiture?

Mr. Al Kathan: It is all of the 165. Of the 57, there may be a few undecided. Those would be fishing harbours, so we may have to do some consultation with the fishermen to decide if we're going to keep them or not.

Mr. Blaine Calkins: In the last little while—the last five or six or ten years, whatever it may be—how many divestitures have there been from central?

Mr. Al Kathan: Initially there were 516 harbours, so if we were to subtract 218, it would be almost 300.

Mr. Blaine Calkins: I would imagine there's been a divestiture agreement for each of those 300. Is that correct? It would be on a one-off basis, one by one. Is that correct?

Mr. Al Kathan: Sometimes we remove the infrastructure and revert the land back to the province.

Mr. Blaine Calkins: Okay. In other cases, if it's in a municipality or something like that, it might have gone to the municipality or to a special interest group that wanted to maintain it. Is that the case?

Mr. Al Kathan: I'm not precisely sure of all the Ontario harbours, but in the prairies all of them have gone back to the province or the municipality. In Ontario I think most of them have gone to the municipality.

Mr. Blaine Calkins: Of the \$6.3 million that's in the operational or maintenance or the ongoing small craft harbours budget for central region, I would imagine a subset of it is obviously going to the prairie provinces. Is any of that going to any of the small craft harbours that have been divested, or once a harbour has been

divested, does all funding from the Department of Fisheries and Oceans stop?

• (1240)

Mr. Al Kathan: Once the harbour is divested, we don't spend any more at that site.

Mr. Blaine Calkins: Of the 57 fishing harbours that are still operational, how many have a harbour authority? Do you know? How many of them are represented by a harbour authority?

Mr. Al Kathan: There are 30 harbour authorities managing, I believe, 34 harbours; there might be one or two almost ready to sign up.

Mr. Blaine Calkins: I believe you said as well in your presentation that in the central region—not the prairies, but the central region—there are plans to build more, and that there's a demand for up to seven in the Arctic region. Is that right?

Mr. Al Kathan: There are two additional requests on the table. There are maybe about 16 harbours in the prairie provinces, in the freshwater part of Canada, and seven in Nunavut.

Mr. Blaine Calkins: Sorry—you said seven in Nunavut...?

Mr. Al Kathan: In the prairies it's 16 freshwater harbours.

Mr. Blaine Calkins: It's sixteen freshwater ones. Okay, that clears it up for me.

I can share my time with Mr. Kamp.

The Chair: Yes, Mr. Kamp. You have a minute and a half.

Mr. Randy Kamp: Wow, I don't have to be that quick, then.

How do you see our role or responsibilities changing, if at all, as aquaculture becomes more of an industry in certain of your regions?

Mr. Bill Goulding: Well, I think there's certainly going to be a demand placed on the small craft harbours as aquaculture emerges more as a part of the fishing industry. In small craft harbours directorate we've given a fair bit of thought to aquaculture and how it might be best approached, and we're thinking that perhaps there is a role for small craft harbours branch in this area of provision of basic services that the aquaculture industry needs. We would have small craft harbours directorate rather involved in the provision of facilities that are needed for basic services; those kinds of facilities that are needed for specialized purposes—biosecure or high security zones with specialized equipment and that kind of thing—would not be a part of small craft harbours.

There are certainly some challenges throughout the country related to aquaculture. The marine infrastructure needs of the aquaculture industry are quite different from the needs of our traditional client base. In terms of how we can accommodate these users within existing harbours, congestion and user conflict issues are arising in certain locations as a result of the emergence of aquaculture.

I think there's definitely a role for small craft harbours in the future in this area. As is the case with so many things, some additional financial resources will be needed to really and truly provide the infrastructure and services this industry requires, so it will be another funding demand emerging from aquaculture, I would think.

Mr. Randy Kamp: I'm interested in maybe the more philosophical question of whether we feel taxpayers should be funding that to the same level as they do commercial fishing in the more traditional sense.

The Chair: It's strictly philosophical.

Mr. Bill Goulding: I think there is a way that a reasonable policy framework could be set up to allow what would be appropriate for our program, which is small craft harbours, and what would best be left to industry.

The Chair: Is there anyone else? If not, Monsieur Asselin requested the information on small craft harbours from his particular riding. If we could extend that information to all the committee members, it would be helpful. We can get you the list of the ridings of the other committee members.

I think the basis of the question from Monsieur Asselin was the work that is either under way or proposed.

[*Translation*]

Mr. Gérard Asselin: Mr. Chairman, I would certainly appreciate it if Mr. Bouchard could provide us with that for each riding. I do not represent just the interest of my riding on the committee, I represent the interests of Quebec as a whole, together with Mr. Blais.

We want to have the true picture of the situation facing small craft harbours in Quebec, because the committee will be travelling, and we would like to know which regions we should visit. In addition,

we would like to know among other things what the situation is before we leave.

Second, I think that a member of Parliament for a riding such as Manicouagan, which is on the North Shore, never has too much information about the state of the harbour infrastructure owned by the federal government. I'm having trouble explaining to the association of volunteers that there is no money, that the wharf is deteriorating, and things are getting worse and worse, when the Auditor General's report states that this year the government has a surplus of \$15 billion. I'm having a hard time understanding that.

● (1245)

Mr. Gervais Bouchard: I have noted your questions. They are quite specific. We can provide that information for you. Subsequently, we can provide you with explanations about what the figures mean so that you will be well informed when we visit these sites.

[*English*]

The Chair: Merci.

I'd like to thank our witnesses for appearing today. It's always an interesting discussion on small craft harbours around this table in this committee. I appreciate your time and the effort you brought here. Thank you very much.

The meeting is adjourned.

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