



House of Commons
CANADA

Standing Committee on Fisheries and Oceans

FOPO • NUMBER 059 • 1st SESSION • 39th PARLIAMENT

EVIDENCE

Tuesday, June 5, 2007

—
Chair

Mr. Gerald Keddy

Also available on the Parliament of Canada Web Site at the following address:

<http://www.parl.gc.ca>

Standing Committee on Fisheries and Oceans

Tuesday, June 5, 2007

•(1105)

[English]

The Vice-Chair (Mr. Bill Matthews (Random—Burin—St. George's, Lib.)): I'll call the meeting to order pursuant to Standing Order 108(2), a study on small craft harbours.

I'm filling in for our chair, Mr. Keddy, who has another commitment.

I'd like to welcome our committee members and to welcome our witness this morning, Matthew A. Bol, director, Jacobs Consultancy Canada Inc. Apparently, you did a study a number of years on small craft harbours and infrastructures in other countries. I'd like to welcome you here this morning. We look forward to hearing what you have to say, and we look forward to the question and answer period that follows. I understand you have a statement to give first, sir.

Mr. Matthew Bol (Director, Jacobs Consultancy Canada Inc.): Yes, but I'd first like to thank the committee for inviting me here to talk about the report we produced in 1999 for the small craft harbours program. I think you were given a summary. It's entitled *Small Craft Harbours in Foreign Countries*.

At the time we did the study I was both fortunately the lead consultant and a partner with a firm called Sypher:Mueller. We had done some other port work and maritime-related work over the previous 20 years, so we were successful in winning the proposal. Our firm at that time, Sypher, was more concentrated on airports and aviation, and since that time we probably have even focused more on airports and aviation. Our firm has been purchased by a very large U.S. organization called Jacobs, and therefore you see a name change from the original report.

In the consulting business we produce a lot of reports, and unfortunately many of them end up on shelves and gather some dust, so it was a very pleasant surprise that I received a call and was asked to be a witness here. I hope today I can be of some assistance to the members of the committee.

It was suggested that I give a brief summary of our report, and I'll try to do that.

The objectives of the report were threefold. One was to compare small craft harbours in Canada with those in foreign countries, and we ended up with I think nine foreign countries and three U.S. states. When we said "comparison", we meant what was the importance of the small craft harbours to the economy of that country; a profile of the small craft harbours in terms of size and number; ownership; who was conducting or responsible for management, operations, and

repairs; fees and charges; and of course, very important to any small craft harbour, capital budgeting and funding.

The second objective was to determine the importance of government support to all these harbours.

And then the third objective was to discover or identify some of the new ideas for the small craft harbours program from what we learned from doing this review.

We conducted the review through a collection and a review of relevant documentation either provided by the department or that we found on sources like the Internet, etc. Then we contacted various transportation departments and fisheries departments in the countries concerned and made a lot of phone calls until we found the right people, and we had long interviews by telephone with them.

So those were the objectives and that's how we conducted the study. In our report we identified a number of themes that emerged, and I'll quickly discuss those themes.

The first one is that ownership of small fishing harbours is at the local level. That came through in all of the countries, I think, except for perhaps one, which was Australia. So local ownership was the first theme.

The second theme was that central governments continue to fund small but strategically significant harbours. That's a lot of language in one sentence. Small fishing harbours in other countries are, by Canadian standards, relatively large, much larger than the average size of 45 boats per fishing harbour in Canada. By "strategically" we meant that the governments were supporting, fostering, funding ports and harbours that not only had fishing, but also they wanted to promote export and trade, whether that was in oil or goods. They wanted to support tourism, for example, in Maine. So that was a second theme: central governments continue to fund small but strategically significant harbours.

Then a third theme: central governments are not involved in small harbours. In many cases, after pressing very hard, the people we talked to might not even know how many small craft harbours there were in a country. They just weren't that concerned with them, and that was true for Norway, Denmark, Sweden, New Zealand, and Australia, which was a bit surprising.

●(1110)

Getting back to this theme, the fourth point is that the small but strategically significant harbours are much larger. They're fewer in number, and they're much more multi-purpose than small craft harbours in Canada.

The fifth theme is that local governments and authorities have a high degree of self-reliance to operate and manage their facilities. They're at least expected to cover operating repair costs and contribute to or pay for all of the capital developments.

Sixth, where central governments do get involved with harbours they work in a number of partnership arrangements with local governments and authorities. It could be dredging, for instance, in the United States; capital planning and development systems, and Iceland stands out there as a very good one; revolving funds, which I think were in Maine; collection of taxes; and of course grant funds.

Those were the themes.

On my last notes, we were asked to look at lessons learned or ideas for DFO. We concluded that there was no single approach or right answer to funding and management. We looked across the spectrum of the countries. They all have a different history, a different geography, different demographics, definitely a different culture. There is also a difference in the relative importance of the harbours to their economy and in the role of the central government in their economy.

Some approaches clearly won't work in Canada, such as privatization, which we saw in Australia and I believe New Zealand. We suggested a third point here that you need long-term assurance for third-party investors. So that would be long-term leases as compared to the small craft harbour programs, where they had very short-term leases. I think it was five years at the time; it may have changed.

We suggested that DFO consider some innovative financing, direct loans, loan guarantees, revolving funds. We also thought, based on a model of airports—we were very familiar with small airports and large airports—that we would encourage local municipalities if they're not already doing so to provide administration and operational support services.

The sixth point is not a very large one, but it was true in the U.K. There should be a mechanism to ensure the board of directors is openly accountable and effective in providing management.

That concludes my summary. I hope I can answer any questions you might have.

The Vice-Chair (Mr. Bill Matthews): Thank you very much for your opening remarks. We appreciate that.

We'll now go to our first round of questioning, and we begin with Mr. Cuzner.

Mr. Rodger Cuzner (Cape Breton—Canso, Lib.): Thanks very much. I appreciate your presentation.

When you embarked on the study, were your consultations more with the federal officials in those countries or did you actually deal with some small craft harbour authorities?

●(1115)

Mr. Matthew Bol: That's a good question. We did both. We talked with officials in various central government departments, sometimes state-type departments. We also tried to get a harbour master in one or two harbours in each country, to understand how fees were collected and how a port was managed and operated. We went to local level harbour masters and the official level within a government department.

Mr. Rodger Cuzner: I can fully appreciate the different variables here from country to country. Is there one that's closest to what we're doing here in Canada now? Is there one that best reflects what we're doing here in Canada?

Mr. Matthew Bol: I was impressed, yes, with Iceland, because there the central government is involved in funding. The trouble is they have a lot fewer harbours than we do. I thought they had a very good mechanism for planning and allocating funds. I was quite impressed that the federal government in Iceland provided capital funding—but up to a certain percentage. I think it was a sliding scale.

In countries that I expected to be similar to Canada, like Norway and Sweden, because they have long coastlines, and they do have lots of small fishing harbours and wharves and moorings, the central government isn't involved.

Maine is more recreationally oriented. Oregon is more recreational/trade oriented. Japan is hard to get any information from at all.

Mr. Rodger Cuzner: Yes, I could well imagine.

Really, the fleets and their operation would be completely different from our fleets here, I would think.

One of our greatest concerns with our small craft harbours, and with continuing to try to maintain harbours, is the harshness of the climate. Ice is devastating to a lot of exposed harbours. Would Iceland be more aligned with Canada than the other countries, as far as conditions go?

Mr. Matthew Bol: I would think their climate is rather harsh, yes. Iceland would have a harsh climate. Norway would have issues of icing and snow. To some degree, Denmark, on its west coast, made strategic harbours, and only a few harbours to serve fishing and other multi-purposes because of the harsh westerlies coming in from the Atlantic. I can't really speak for Australia. New Zealand, no, I don't think they have our kind of climate.

Mr. Rodger Cuzner: No, I wouldn't think so.

The other thing would be just the amount of coast we have I think would be far greater than most of the countries you looked at as well.

Mr. Matthew Bol: Most countries, yes.

Mr. Rodger Cuzner: So these are all very significant factors, where you can see that Canada wouldn't... I can see where we can take some aspects of what they do in other countries, and best practices, and apply them in our situation, but just because of the harshness of the climate, the amount of coastal exposure we have, they would stand out from many of the other countries as well, I would think.

Mr. Matthew Bol: I would agree with that.

Mr. Rodger Cuzner: You talked about privatization, and you rule that out. Perhaps you could just elaborate on that.

Mr. Matthew Bol: Privatization has many meanings to many people. Privatization, where I see the private sector owning and operating a port...it may or may not have issued shares. I think we only saw that in New Zealand and Australia, and it was for large, multi-purpose ports that could make a go of it. We're talking equivalent to the ports of Halifax and Vancouver. It was hard in our report to try to distinguish between large versus small versus fishing versus multi-purpose. We had to dig to find the right people to talk to and eventually get down to small craft harbours.

• (1120)

Mr. Rodger Cuzner: You mentioned in your presentation some of the smaller harbours that were locally owned. Would they still be eligible to receive federal moneys for project development or dredging?

Mr. Matthew Bol: Yes.

Mr. Rodger Cuzner: In most countries?

Mr. Matthew Bol: Again, I said in most countries the federal government is not involved in small craft harbours in any way.

Let me just try to find out from my notes. If you can just excuse me, it's been a while since I wrote this report.

The central governments are not involved in very small harbours, so that's harbours of 20 or less. Where they are involved are in the more strategic harbours, which are fewer, larger. Their governments are involved, and I think there are nine governments involved in those more strategic ports. There's a central government role in most of them.

Mr. Rodger Cuzner: Have you seen where, in some countries, either provinces or even municipal units might be involved in the operation of harbours?

Mr. Matthew Bol: Yes. I think what we saw in the report is that the management and ownership was at the local level, and the local level was typically a municipality.

Mr. Rodger Cuzner: As opposed to a harbour authority.

Mr. Matthew Bol: Yes, but there was a mixture. When I said "local level", it was local harbour authorities in some countries, it was the municipalities in other countries, and I think in some organizations it was a state type of organization. When I say "state", I mean equivalent of a province.

Mr. Rodger Cuzner: With your presentation here and your report, I don't know if we're going to do justice to this. You have so much information compiled here. We look forward to reading the report. I haven't read it yet.

It's been discussed at committee here that this committee could possibly travel abroad to try to get some sense of this. You've obviously done some work and you've done that.

The report was tabled in 1999, was it?

Mr. Matthew Bol: Yes, 1999.

Mr. Rodger Cuzner: Do you see merit in the committee travelling to some countries? And is there a country or two that you think would have practices that we should have an opportunity to see up close? New Zealand, because we're so similar...

Mr. Matthew Bol: If I could come along, yes, I'd really recommend quite a few.

Some hon. members: Oh, oh!

Mr. Matthew Bol: And I'd really love to get to New Zealand. I'm a recreational sailor.

I was very impressed with the organization and the planning mechanisms that Iceland used. There they have harsh climates. There the fishing is important to the economy. I thought they had some novel ways to fund their harbours.

I was very impressed by their officials. I recall talking to both harbour masters and government officials and thinking, wow, these guys really know what they're doing. In some sense, they don't have as many harbours, of course, as we do, but it's important to them. They have really harsh climates and weather conditions.

So if you were in the region of Iceland—well, I guess it's not really a region—I think Denmark and Norway are interesting, but again, the central governments are only dealing with larger harbours there.

The Vice-Chair (Mr. Bill Matthews): Thank you very much.

Mr. Blais.

[*Translation*]

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

Good morning, sir.

My first question is about the political aspect of small craft harbours. In your experience, from what you have seen abroad and from the analysis that you have done, I wonder if you can tell us, on a scale from 1 to 10 or from 0 to 100—pick the one you prefer—whether the subject of small craft harbours is not politicized, sufficiently politicized, or too politicized.

• (1125)

[*English*]

Mr. Matthew Bol: I think you asked me to rate something on a scale of one to 100, and then I heard a question about the degree to which it's politicized.

For an observation on "politicized", if that's the right term, I can give some general impressions from what I have seen not only in small craft harbours but other capital-intensive endeavours that governments get involved with, whether that's at a federal or a municipal or a provincial level.

Typically, for geographically dispersed requirements for capital projects, the process is onerous, and I do believe it has been, at least in the past, very politicized. It's people trying to make sure their harbour, their port, receives the appropriate priority for funding. It may or may not always be the most rational approach.

I guess I would prefer a system I saw in Denmark, I think, one that allows for longer-term financial funding.

[Translation]

Mr. Reynald Blais: As you well know, Canada is a federation: we have a provincial level and a federal level. The federal level acts as the arbiter, and, in the final analysis, it is the central government that decides on funding allocations. Here is the question I was wondering about. Is it not possible to come up with another formula that would take a little bit of the politics out of the choices? These should be based to a greater extent on something other than political considerations, which can, when you come right down to it, muddy the decisions that are made.

[English]

Mr. Matthew Bol: I would agree with you strongly. I think harbours development should be based on good, rational principles of cost and benefits and less involvement of government, as our report hinted and suggested, and we talked about local ownership, whereas today the federal government owns it.

I would strongly encourage local ownership and operation with a clearly defined process that spans a number of years on funding primarily capital developments. Whether that's done through the federal government or at a provincial level, it needs to be somehow broken away from a yearly cycle of appropriations where the poor small craft harbour manager doesn't know what money he's getting at the end of the year. He doesn't know what the long-term funding might be, so how can he make good decisions on the long-term viability of any harbour? That could be changed at a central level.

I would agree with your statement on depoliticizing it.

[Translation]

Mr. Reynald Blais: Does Iceland come closest to this management or funding model? Is there a country with a formula that approaches it?

• (1130)

[English]

Mr. Matthew Bol: Iceland reassured me it was done at the local level. Then they had a process of regional associations.

Let me back up. The various harbours would identify what development they would need for the next two to five years. This was then presented to regional fishing associations and harbour associations, and this was eventually all rolled up to the central government against very clear standards and criteria. Once at the bureaucratic level it was all organized and then presented to their parliament. I got the impression it was approved at a very high level. It usually was not changed. The priority didn't change because of political considerations.

[Translation]

Mr. Reynald Blais: Is it your impression that the first step to take, the first thing to do, is to commit sufficient funds to rehabilitate the

infrastructure? You can have a wonderful management model, but if what you have to manage is completely dilapidated, the model is not worth a lot.

[English]

Mr. Matthew Bol: I would agree with that. If there aren't sources of funding, particularly for infrastructure like small craft harbours, to get sources of capital funding to ensure you had your facilities, then it's a rather frustrating exercise.

The Vice-Chair (Mr. Bill Matthews): Thank you, gentlemen. We'll continue in the next round.

Mr. Lunney.

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

Thank you all. Welcome to our committee. We appreciate your coming today to share your expertise and what you learned.

I want to go back. Your report was originally prepared in 1999, a few years ago. At the time you investigated various other countries, did you also visit harbours in Canada as part of that, or did you just go on briefings provided by the department to prepare?

Mr. Matthew Bol: The study was all done out of our offices here in Ottawa.

Personally, I have visited harbours in Canada even when I was a youth. I grew up in southwestern Ontario, so I knew the fishing harbours at Kingsville, Leamington, and Wheatley quite well. I used to go swimming there and jump off fishing boats, and I have visited the east coast a number of times. I'm a recreational sailor, so one of my hobbies is if there's a harbour, I want to go to see it—in Grand Manan and places like that, in fishing villages around P.E.I. and Nova Scotia. But it was more for personal interest than anything else.

Mr. James Lunney: Okay, I appreciate that.

In your earlier remarks you mentioned something about the average of 45 boats per harbour. I just heard that go by, and maybe I didn't quite grasp it, but were you talking about the Canadian average? Is that what we currently have with our small craft harbour program? Is that the Canadian average?

Mr. Matthew Bol: The Canadian average in 1999 of small craft harbours used for fishing was 45 fishing vessels calling those harbours home.

Mr. James Lunney: Do you have any idea how that would compare with today? Obviously, your study was done a few years ago, but do you think it's changed significantly—or would those figures still be somewhat relevant?

Mr. Matthew Bol: I don't know that.

Mr. James Lunney: Fair enough.

One of your recommendations was that small craft harbours should consider innovative financing schemes for capital projects, including direct loans, loan guarantees, and revolving loans. Could you expand on that? Or do you feel that any of those recommendations were implemented?

Mr. Matthew Bol: I don't know about implementation of loans. The other governments had mechanisms for loans, and those were typically state-level governments in, say, Oregon or Maine. The applicability to Canada at the federal level may be more problematic, but we thought it might be worth exploring. I'm not sure, in the present context of the federal government, whether loans would be an option or not, but I think they could be explored.

Again, I think the British essentially had a semi-removed fund from government, set up with a large pot of money, and loans were distributed from that. Then, as loans were repaid into what I would call a revolving fund, there could be some separation from the annual tyranny of capital funding. Going back to the annual tyranny of capital funding, I see it happen at the federal level, the provincial level, and the municipal level, where our priorities are not for capital but something else, and capital budgets get cut and maintenance isn't done—or the O and M budgets or capital budgets get cut, which are usually separate.

• (1135)

Mr. James Lunney: So one vision, you're saying, might be that the government could establish a base fund, call it a trust fund or something—a harbour trust fund, for example—

Mr. Matthew Bol: That's right.

Mr. James Lunney: —and make loans available, which would be repaid and go into other... And qualifying harbour authorities could draw on those resources and perhaps use them to leverage funds?

Mr. Matthew Bol: Yes, that would be a good idea, to leverage funds.

Mr. James Lunney: Is another possibility that the government would simply back loans or—what's the word?—co-sponsor them or co-sign?

Mr. Matthew Bol: Loan guarantees.

Mr. James Lunney: Loan guarantees, yes, which again would provide leveraging.

Mr. Matthew Bol: They would provide leveraging, yes. I'm not sure the current Treasury Board would be in favour of those.

Mr. James Lunney: There was some discussion about airport modelling, and I think your report looked at the way airports are managed. I wonder if you'd care to describe or compare and contrast that for us, so we can see what benefits there might be in a model applying to small craft harbours. Or do you see that as applicable?

Mr. Matthew Bol: I'll try first with the United States, where one would think that private industry is heavily involved. But the real facts are that the U.S. Federal Aviation Administration provides a high level of funding to airports at all levels, and that's probably to over 400 airports.

They are owned and operated at a local level through quite a few different models. So there is local-regional ownership and operation.

On airports in Canada, we have a little bit of a similar situation I think as we have for harbours and small craft harbours in that the larger airports, under the national airports system—Toronto to Vancouver to Calgary to Winnipeg—are on long-term leases. They are 50 years or longer. Again, small craft harbours are for only five years.

So airports have long-term leases. They are free to raise their own capital through debt, not equity. They're not-for-profit. Of course, the larger ones can make money. They have enough traffic, so they're all right.

Once we get into smaller airports, I think you would have two classes of airports. One can exist and can generate enough revenue to meet its operational needs, but in the long term it may not be able to meet all its capital needs. There is some aviation funding available through Transport Canada for certain capital projects, but not all. It is usually for things related to safety—the runways, the navigation equipment, the snow-clearing equipment.

Then you get another group of much smaller airports. There, as you know, the government has divested itself of smaller airports and given responsibility to local municipalities. There are some benefits to that, because the local municipalities can provide some tax space and can do some borrowing, yet at the same time there are a lot of those smaller airports that are struggling and will continue to struggle. They're not going to make it in the long term.

• (1140)

Mr. James Lunney: We were talking about a trust fund being available. I know that our preceding committee a few years ago did a report. What year was that report? Does anybody remember offhand?

A voice: It was 2001.

Mr. James Lunney: It was 2001. They recommended I think at that time that about \$400 million over five years be made available to help with infrastructure for small craft harbours. I guess that was the estimate of the day.

If the federal government were trying to help with some kind of harbour fund, we could call it—we're having some experimenting with ideas today—that they could draw on, how much money would be necessary to give the harbours a fighting chance to recover if harbour authorities were able to leverage money from other sources? Would you need that much money, or would you need a smaller amount that they could leverage if they were getting money from other sources?

Mr. Matthew Bol: I really wouldn't know. I couldn't answer that question. I don't have enough information. Even at the time of the study, I probably couldn't have answered that one.

Mr. James Lunney: Okay, that's a—

Mr. Matthew Bol: My gut reaction is that \$400 million seems like a goodly amount of money.

Mr. James Lunney: Yes. That's a lot of money by anybody's standards, I think.

Harbours seem to be pretty good at spending money, though. I guess the cost of wharves and breakwaters and so on....

Mr. Matthew Bol: Any type of a trust fund.... I also think the harbour authority and municipality should put up a certain percentage of the capital funds—

Mr. James Lunney: Because there are local—

Mr. Matthew Bol: —because there are local benefits. I think if people have to put up their own money, they treat it very seriously, instead of thinking that the feds are going to cover all of that.

The Vice-Chair (Mr. Bill Matthews): Thank you, gentlemen.

We will now go to Mr. MacAulay.

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

Just on that point, fishermen do have an input and do put dollars into the small craft harbours repairs. They're involved in what's taking place. I think that has worked quite well.

First of all, Mr. Bol, welcome. We're glad to have you here. We need your expertise to try to make the thing better.

How do we compare worldwide? You were given some briefing on what the situation was back in 1999. How would you compare us to other places around the world that are like Canada? Are our wharves in a lot worse situation, or are they not as bad?

Mr. Matthew Bol: That's difficult for me to comment on. I didn't get into trying to address the physical condition of the wharves at all.

It did come up in several countries where the conditions of the wharves were a concern. I think it was Australia and New Zealand where the central government was no longer involved in small craft harbours. So that did come up as an issue. They were concerned about safety issues.

In other countries, again because the central government really isn't involved, the people I talked to really didn't know the condition of small craft harbours. They are all locally owned and operated. It really depends how much the fishers want to put into the harbours, how much the local municipality wants to put into it. They didn't know where they were or what was happening to them or their state.

• (1145)

Hon. Lawrence MacAulay: Thank you very much.

You're telling me that they're all pretty well localized. There's no funding from the federal system in most of the other governments you looked at. It was mostly the province, the state, the fishermen, or the community itself that took care of the wharf. Is that correct?

If so, would you recommend that centralizing could be a way we could go? Did I understand that you felt the decisions could be made better here in Ottawa than by the five different regions across the country. Or did I not understand you correctly?

Mr. Matthew Bol: I think decisions can be better made at local regional levels than at a central level. I think that is the experience in the other countries, even where there was central government involvement.

In Iceland there was a very strong regional organization involved in the planning and funding. I thought the central government was acting much less in a control role. They said that everyone who had gone through this process met the criteria and the criteria were good.

They gave them the money. They were not heavily involved at all in small craft harbours.

Hon. Lawrence MacAulay: Do you feel then that the minister should be involved? It's pretty hard to take the politics out of politics when you're in politics.

I'm wondering where you're going with the decision-making process on this. Should it all be handled by the bureaucracy? Should the minister not have input at all? I mean, if he has input, then he's going to have decisions on where dollars are spent.

If I understood you correctly, did you tell the committee that in some places they changed this and the decisions weren't much different after?

Mr. Matthew Bol: You asked me a question about whether the minister should be involved, and I think the answer would be no. I don't think the minister should be involved. It's probably my own personal bias. I'm not a politician who has to worry about who I'm representing in a riding. I would think decision-making should be moved as close as possible to where the action takes place.

Hon. Lawrence MacAulay: I think it's fair to say in small craft harbours in this country that the decisions are all submitted through the regional offices. Of course, it comes back to the dollars. The fact is that it's questionable right now if \$400 million would even put us back on an even keel, with the wharves being in the situation they're in. We have a major problem.

You were also indicating that there should probably be other ways of creating income from the wharves.

Mr. Matthew Bol: If it's at all possible, yes. It's more difficult in Newfoundland than in Maine to have recreational boaters. In Maine there are a lot of recreational boaters, so you can generate a lot of extra revenue.

Hon. Lawrence MacAulay: But you still feel the dollars should come from the federal system.

Of course, I'm concerned about the funding of small craft harbours. Listening to what you've had to say, I heard you talk about local involvement, and in other areas you had provincial or state involvement and the federal government pretty well removed. You would never be suggesting that would take place here.

Mr. Matthew Bol: I think the federal government in Canada has to, if it wants to continue with what I would call "small" small craft harbours, although maybe not in the same numbers, because it's a lot of money to maintain a lot of small harbours, as opposed to rationalizing and consolidating them....

Probably the federal government should continue to play a role in funding. As much as possible it should be long-term funding, such as a trust type of fund that is depoliticized as far as possible and for which the local authorities have to put up some of the capital funding. I know that's going to be difficult for some of them, but maybe then at the local level there will be some pressure to consolidate the numbers of harbours. I have travelled on the east coast and have been on one side of the bay and there's a small harbour and a jetty; I drive less than a mile and there's another little jetty and a little fish thing, and I think, "Oh, both of those are DFO's; why do we have two, when one would do?"

• (1150)

The Vice-Chair (Mr. Bill Matthews): We will end it on that interesting observation.

Hon. Lawrence MacAulay: You would suggest we take one of them out, probably.

The Vice-Chair (Mr. Bill Matthews): I'm not going to suggest we take one out; the member who represents the two might want to decide which one to take out.

Mr. Matthew Bol: It's very difficult to do in Canada. Airports face that when we have competing airports close by. Stephenville and Deer Lake are two examples.

The Vice-Chair (Mr. Bill Matthews): That's absolutely right, and we should shut down Deer Lake.

We'll go to Mr. Asselin.

[*Translation*]

Mr. Gérard Asselin (Manicouagan, BQ): In 1999, through the Department of Fisheries and Oceans, the federal government hired you as a consultant to see what was going on in Australia, in Denmark, in Iceland, in Japan, in New Zealand, in Norway, in Sweden, in the United Kingdom and in the United States. Your mandate was to go and see how those other countries were handling small craft harbours and compare that to what we have in Canada. That mandate certainly cost several thousand dollars, you will agree.

Of course, you wrote a report in which, of course, you made recommendations. Do you feel that your report has done little more than sit on a shelf in the department library? Has it been read, has it been used, have your recommendations been put into effect?

Forgive me if I have grave doubts, because since 1999, even though the harbours belong to the government, it has invested little or no money to maintain its own harbour infrastructure.

Did you provide recommendations in your report? Do you feel that they have been followed? If so, which ones?

[*English*]

Mr. Matthew Bol: I think I can answer those questions.

The first question you had was on the cost of the study. At the time, it was \$25,000. In our thinking, that's not a large study. We did not make recommendations. The report you see is what we produced; we did not produce any management letters or anything else. It was a fairly quick study and it probably took less than six weeks.

There was a high level of interest by the department because the department at that time said it was reviewing its role in small craft harbours. I do recall having a meeting with a director general. I looked in my files today, but I don't recall the name. What they did with the report, you probably know that better than I do; I don't really know. I have not followed it.

[*Translation*]

Mr. Gérard Asselin: I have one last question.

Did officials from the Department of Fisheries and Oceans come with you on the trip to the countries you visited?

[*English*]

Mr. Matthew Bol: Well, I wish we had visited the countries, but unfortunately, we didn't visit any countries. This was all done through collection and a review of relevant reports and documentation and by identifying and then contacting people in these countries. So it was all done by telephone.

[*Translation*]

Mr. Raynald Blais: I would just like to come back to that answer you gave just now on the local role in the financial management of small craft harbours.

I will add to Mr. MacAuley's comment that, with local port authorities and the involvement of volunteers, there is already a form of volunteer financial management at the local level. But the problem is in the lack of funds. The goodwill, the priority-setting and the effort at the local level all seem to be relatively good. On the other hand, when the time comes to actually do something, there is not enough money.

• (1155)

[*English*]

Mr. Matthew Bol: Yes, I appreciate that a lot of volunteer work is being done. I read some of the transcripts of the committee, and I was very impressed by that. I also saw there was volunteer burnout.

My thinking concerning ownership of the small fishing harbours, hopefully, at a consolidated level—and this would be a long-term view of some consolidation—is that if I were on a board of directors for an organization, I think I'd want to have more say and control over the long-term development and capital plans of that organization. If at all possible, if I were a large enough organization, then I could go to get some funding outside of federal or provincial levels, and that's an airport model.

So I think if it is at all possible—it may not be possible with the very small craft harbours—and then if you have local ownership, you can raise local funds and get away from the tyranny of lack of capital financing that airports used to see in the past. Now we see that for airports they can raise money and get more revenues, and they're modernizing Canadian airports.

The Vice-Chair (Mr. Bill Matthews): Thank you very much.

Mr. Kamp.

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

Thank you, Mr. Bol, for your good presentation and your previous work.

I don't have a lot of questions for you, but in those countries you looked at that have a federal system—you referred to central government—in some cases, is it a federal government that takes responsibility for this, or in other cases, is it a state or provincial government? By “central government”, are you referring to both of those or only a federal government?

Mr. Matthew Bol: In some countries they had three levels of government. They had a central government, a state or provincial type of a government, and then local governments or municipalities. In all countries there's a central government, so I use that term.

I think in places like Iceland there's a central government—a federal government—and then local municipalities. I don't believe there's an intermediate level. That's what I was referring to.

Mr. Randy Kamp: In a case like Canada, with a federal system, did you do any thinking about whether there's some value in having, say, the provincial governments, as opposed to the federal government, take some responsibility for small craft harbours?

Mr. Matthew Bol: I didn't give it a lot of thought at the time. We recognized there was a difference between our system and systems in other countries. I really haven't given it a lot of thought.

Mr. Randy Kamp: Okay.

On some of the briefing figures we have, I don't know if this figure is currently accurate, and I don't think it matters too much, but the replacement value of small craft harbours in Canada—what I saw—was \$1.8 billion. Let's just use that figure. The department I think determined that approximately 4% should be spent on maintenance, which at that time was \$72 million per year.

Did you do any look in these other countries to determine whether they knew the replacement values of small craft harbours in their jurisdictions and whether a certain amount of the replacement value percentage was spent on maintenance, for example?

Mr. Matthew Bol: No, we didn't get into that kind of detail.

Mr. Randy Kamp: I just have a final question.

In Canada, as pointed out already, we have an interesting system where the federal government takes responsibility, but we don't centralize that. We decentralize into the five regions, but we continue to maintain ownership by the federal government of the core small craft harbours. We expect the harbour authority to manage those on our behalf as best they can. I'm curious as to what you personally think of that model.

I think on the one hand you could say it's the best of all worlds, but perhaps you could also make a case that it's the worst of all worlds. We give the responsibility but not the ownership to the harbour authorities. Perhaps the argument could be made that they might approach the job differently if they actually had to own it. I'm wondering what you think about that.

• (1200)

Mr. Matthew Bol: We found, in our work, that ownership of the harbours was at the local level. It could be a local municipality, a local authority. So that model is prevalent in all the countries we looked at.

My personal idea is that it's pride of ownership, with more involvement in development, operation, because it is now our harbour as opposed to a federal harbour. I personally think that is an important consideration, an important factor, particularly if you can couple it at a local or regional level with the idea that yes, there are moneys available from the federal level for part of our capital cost, but not all of it. I think, therefore, there's even more interest in good, rational plans for developing and maintaining the port. If someone else comes up and says, every once in a while we're going to provide 100% of your capital, then I think there's less interest in maintaining that as well as it should be. That's a personal view I've seen in other consulting assignments.

The Vice-Chair (Mr. Bill Matthews): Thank you for that, gentlemen.

I'll now switch to Mr. Simms, please.

**Mr. Scott Simms (Bonavista—Gander—Grand Falls—Wind-
sor, Lib.):** Thank you, Mr. Chair.

I'd also like to express my sentiment in your passion to protect Stephenville Airport. Could you please extend the same courtesy to Gander? We would appreciate it, sir, and put you on a pedestal for it.

I want to ask a question that ties into airports as well as small craft harbours. The government divests these properties for the sake of local ownership and so on, but the constant complaint we get is that the government doesn't pay when it continues to use those services. For example, the coast guard arrives in Botwood. It anchors up for a couple of days and it doesn't pay the fee you would put upon the private sector. A military plane lands in Gander and it doesn't pay. The government is compelling these people to search for revenue streams but at the same time is a customer that is, if I could put it mildly, delinquent.

There are other countries, from my understanding, that do provide grants to, say, airports, marine infrastructure—I don't know—for the sake of the emergency services they provide, or for whatever services are required in operations. Are there other countries that do this in small craft harbours, that provide money to them whenever a government boat pulls up to a small craft harbour, or a government plane, a state-owned aircraft, lands?

Mr. Matthew Bol: On the question—

Mr. Scott Simms: I'm mixing two industries, I understand, but...

Mr. Matthew Bol: Yes. On whether government users of airports or small craft harbours should pay, I think absolutely, yes, of course, they should pay. Why not?

Mr. Scott Simms: Why don't they?

Mr. Matthew Bol: I don't know. Good question. I don't have the answer.

I was aware of it at airports, but it hasn't been an issue that someone has raised with me recently. But, yes, I would see no reason why they should not pay, just because the federal government is an owner of the facility. The collection of fees and the daily operations have been delegated to the authorities, so I think they should pay, whether that's an airport or a harbour.

• (1205)

Mr. Scott Simms: Do other countries have mechanisms by which to provide support?

Mr. Matthew Bol: They have mechanisms, and we describe those in the report. Whether they charge coast guard, ambulance service, Medevac service, I don't know about that.

Mr. Scott Simms: My understanding is if a NATO aircraft lands at, say, Gatwick airport, the government of the U.K. will provide a grant to Gatwick airport through the department of transportation, not necessarily for that particular landing, but support money, because they provide a service.

Mr. Matthew Bol: That could be the case. I don't know.

Mr. Scott Simms: Going back to the pride in ownership issue, do you know of an example where the more invested by the local group...? I know you favour the concept, but are there examples in this country or others where you've seen that in practice, where because they have more ownership in this particular venture or they provide more of the money, you can see the fruits of their labour more so than the wharf across the bay that doesn't do that?

Mr. Matthew Bol: I can't give examples for small craft harbours. I can give some general examples in smaller airports, where small airports have done a remarkable job of improving their facilities. And I'm talking small airports; I'm not talking the large airports, like Ottawa or Toronto or Montreal. I could talk about some of the airports. Deer Lake comes to mind. I'm quite impressed with what they've done and how they've managed to improve their operations.

We helped them back in the days when they were considering taking over the airport, and we came up with some recommendations on how they should staff and organize. I had an opportunity to talk to them just last week on another study, because I was looking at staffing an organization at another small airport, and they're running a very efficient, lean operation that under the federal government would have been unheard of.

Mr. Scott Simms: What do you credit that to?

Mr. Matthew Bol: I think financial pressures, the pressures of financial viability, ingenuity to do those things. I was really impressed. I didn't think it could be done. They reduced their workforce probably by a third.

Mr. Scott Simms: But that wasn't the only reason why. They chased revenue, I'm sure.

Mr. Matthew Bol: Yes, they were chasing revenues.

Mr. Scott Simms: But what about from government? Was there less reliance on government programs?

Mr. Matthew Bol: I think less reliance on government and more reliance on making this operation work at a local level, and they're doing it.

Mr. Scott Simms: I wholeheartedly agree.

The Vice-Chair (Mr. Bill Matthews): Excuse me, Mr. Simms, but we have to switch you off. You're well over.

Mr. Asselin.

[*Translation*]

Mr. Gérard Asselin: I would like to continue for the committee's benefit and for mine.

You told the committee that, in 1999, your consulting firm received a contract from Fisheries and Oceans Canada for about \$25,000. You prepared a report in which you made no recommendations. You also told the committee that you did not travel, that you did not go and see the state of harbour infrastructure in the countries mentioned, their level of management and how they run their small craft harbours. As I understand it, everything was done by telephone, and the report then reflected your telephone conversations.

Here is the question that concerns me. At that time, in 1999, what was Fisheries and Oceans Canada's interest in having a telephone survey done to find out about small craft harbours in other countries? Could an official from the department not have done the same work? I have a hard time understanding that. I was sure that you had visited those places and that you had met people there, because in your presentation you mentioned that you had been impressed by officials and by harbour managers. I had the impression that, as a reputable company mandated to see what was happening in other countries, you would have gone to them.

Mr. Chair, I see that this is absolutely not what we were expecting this morning. Personally, I expected that the company had gone overseas to observe, but now I see that this was done by telephone. That takes away a lot of the report's credibility; in terms of this committee's work, we can take it or leave it.

• (1210)

[*English*]

Mr. Matthew Bol: As I said before, it's done on the phone. The budget did not allow for travel. It was of high interest to DFO officials at the time. They were very pleased with what we had done within the limited budget, and yes, I can be impressed by someone on the phone after I've had probably a half-hour or maybe one-hour conversation with them. They answered questions well. They understood their funding mechanisms, and some of them gave me very positive general impressions.

[Translation]

Mr. Gérard Asselin: Would you agree with me that one of the priorities of an official from the Department of Fisheries and Oceans, which is charged with managing small craft harbours in Canada, would be to see what is happening overseas? Could this task have been done by someone inside the Department of Fisheries and Oceans? Did an official simply hand over his authority when he handed over a \$25,000 contract?

[English]

Mr. Matthew Bol: Yes, that's right. It depends. You'd have to talk to the department. They were very interested in having the study done. There may have been a lack of resources internally to do the study. For all kinds of reasons, they hired us. They wanted to review their role at that time, and it was one piece of information that they were using in their deliberations and planning. We were just a very small part of that.

The Vice-Chair (Mr. Bill Matthews): Are you finished, Mr. Asselin?

Okay. We'll go to Mr. Calkins.

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

I have just a quick question for you, Mr. Bol. I appreciate your coming here today and helping us with our study.

I'm very curious. Could you just elaborate more for me on the way the system is set up in Norway and in the Scandinavian countries? I believe you said that the small craft harbours were not owned by the central government. Were they privately owned? Were they owned by municipalities? Is it a mixture of those? Could you just elaborate on that a little bit for me and give me a clear picture?

Mr. Cuzner asked a few questions in regard to the amount of coastline we have in comparison, but the reality is that we're only dealing with populated coastlines, and when you look at the amount of populated coastline we have in Canada versus the populated coastline in Norway, it would seem to me that would be our logical most comparative country out of the ones you've analyzed in your report. Could you just verify if that's true, if my hunch is correct on that, and just provide me any other information that you think might be helpful for the model that's used there and how we should be doing things here in Canada?

Mr. Matthew Bol: Let me look at our report where we had an exhibit that tried to summarize all this information we collected, and I'll refer to Norway. What we said there was that the fisheries were important to that country but declining in importance. In that country there are 14 large, multi-purpose harbours and many local fishing harbours of unknown size—the people I talked to in the central government in various departments did not know.

Regarding the ownership of those 14 large, multi-purpose harbours, I described them as semi-autonomous authorities. Then I described that local fishers owned the small fishing harbours. The operation and repair would be the same as the ownership. Fees and charges were set by the local harbours, the larger ones. In the small boat fishing harbours, they might have been set by fishers. But the central government focused on only the 14 large harbours and they really did not know what was going on in the other harbours.

●(1215)

Mr. Blaine Calkins: So there was no discussion of a cooperative or anything like that between fishers and processors? Did you ever find anything like that in any of the places you looked at?

Mr. Matthew Bol: Norway was the worst case. I was most surprised that I couldn't find the information, and if I did find someone, they didn't know about what was happening at a local level. I came to the conclusion, after a lot of phone calls, that the central government wasn't involved and didn't know what was going on.

In Iceland there are 60 harbours, quite large—200 to 300 boats per harbour; 13 large, multi-purpose harbours. The ownership is local government; operations and repair are local government; fees and charges are set nationally, collected locally based on tonnage. On capital funding, central government does fund 60% to 75% of the capital funds, and they have a very centralized capital planning system.

I think I described it in more detail, because I thought that was important. On page 6 of the report it says the federal government, through the Icelandic Maritime Administration, plays a major role in funding harbour works. It reviews the financial statements of each harbour annually as part of funding requests by the municipalities. A four-year capital plan is prepared every two years. So it's forward looking.

Municipalities submit project proposals, which are evaluated against a set of well-defined standards through the use of a computer program. The plan is submitted to the Althing, which is the parliament in Iceland, for approval. The use of specific evaluation criteria and a transparent review process apparently results in few changes in the list of projects provided to the parliament, according to our interview. Only five of 130 projects were changed in the last plan, according to my contact.

So you go from one extreme, Norway, which is not involved, to a very elaborate system.

Mr. Blaine Calkins: I guess it might be fair to say—I'm not sure what the tax system is like in Norway—that one could assume that these docks, you say, in these small craft harbours were owned by the fishers. Is that the conclusion you came to, or is that an assumption you made based on the fact that there was no federal government involvement?

Mr. Matthew Bol: No, it was very clear from the people I talked to that the ownership was local, by the municipality. And I would think there are probably only two layers of government in that country—municipalities and the central government.

Mr. Blaine Calkins: Being owned by fishers and being owned by the municipality are quite different things, though.

Mr. Matthew Bol: I'm sorry. I think for Iceland it's the municipalities that own the harbours.

Mr. Blaine Calkins: Thank you.

The Vice-Chair (Mr. Bill Matthews): Thank you, Mr. Calkins.

Thank you, Mr. Bol.

Mr. Matthew Bol: Could I make one more comment on Iceland?

I had commented there, because we had looked at policy challenges and changes where possible, that in Iceland

...the fishing industry is not directly subsidized. The federal government is developing a policy whereby the larger harbours would be provided more autonomy to set fees, subject to government regulations. In turn, they would have to fund a greater share of capital funds. Therefore, there would be increased funding for smaller harbours.

The Vice-Chair (Mr. Bill Matthews): Thank you.

With the indulgence of my colleagues, I'll ask if you referenced in your opening comments that you're a recreational boater.

Mr. Matthew Bol: Yes.

The Vice-Chair (Mr. Bill Matthews): You mentioned you've been to the east coast, I believe?

Mr. Matthew Bol: Yes.

The Vice-Chair (Mr. Bill Matthews): I think you've gathered by now that I may represent Stephenville. You may have determined that. I represent the great southwest and south coast of the province. I've felt for some time that we need some strategic harbour facilities for people like you.

Mr. Matthew Bol: Right.

• (1220)

The Vice-Chair (Mr. Bill Matthews): I'm just wondering what you look for as a recreational boater, say, that a fishing harbour wouldn't have, because when we had our director in the other day, I thought he said we have one recognized recreational harbour in Newfoundland that falls into small craft harbours inventory.

What do you look for that's different, say, if you're out sailing about somewhere? Just so I understand, if you're going to Newfoundland, what would you be looking for?

Mr. Matthew Bol: It would be an easy way to get there.

The Vice-Chair (Mr. Bill Matthews): Yes, but you're going on the ocean, so that doesn't bother people like you.

Mr. Matthew Bol: Yes, right. I'm a bit of a fair-weather sailor.

The Vice-Chair (Mr. Bill Matthews): Okay. All right.

Mr. Matthew Bol: What would I look for coming into a harbour?

The Vice-Chair (Mr. Bill Matthews): Yes.

Mr. Matthew Bol: First, that it has good protection from the elements. It has, for a recreational sailor, probably good facilities so I can go and shower. Next is probably that I can get some good provisions nearby. Third is probably that it has a couple of nice restaurants and maybe a good bookstore I can go to.

Kingston is a good example of a good destination because it has many amenities. To me, it has become too noisy, and I don't go there that often.

The Vice-Chair (Mr. Bill Matthews): I raise the question because I've felt strongly for a number of years, representing that area of the province, that there should be....

Everyone can't have a good recreational harbour—it wouldn't sustain itself—but strategically, you referenced Maine versus Newfoundland; you said Maine has a great recreational boating industry or whatever, and you compared it to Newfoundland. If we had those kinds of facilities, regardless of how they were funded, would we see an increase in the industry?

Mr. Matthew Bol: I think Maine has the advantage of being much closer to large populations of people who can afford expensive boats. A lot of those boats you'll see in a marina are parked there most of the season, and a lot of those boats do not do long-distance journeys; if they do long-distance journeys, they typically go south for the winter.

The coastline around Newfoundland I think would be extremely interesting for a sailor, as interesting as Maine, but getting there is the issue.

The Vice-Chair (Mr. Bill Matthews): I've thought about trying to promote strategic development for a number of years, maybe in conjunction with small craft harbours and ACOA or others.

Thank you for that.

I think we've pretty much exhausted our questioning, have we, colleagues? Is everyone satisfied?

We thank our witness for coming. We thoroughly enjoyed your presentation and the interaction during our questions. Thank you once again.

The meeting is adjourned.

Published under the authority of the Speaker of the House of Commons

Publié en conformité de l'autorité du Président de la Chambre des communes

**Also available on the Parliament of Canada Web Site at the following address:
Aussi disponible sur le site Web du Parlement du Canada à l'adresse suivante :
<http://www.parl.gc.ca>**

The Speaker of the House hereby grants permission to reproduce this document, in whole or in part, for use in schools and for other purposes such as private study, research, criticism, review or newspaper summary. Any commercial or other use or reproduction of this publication requires the express prior written authorization of the Speaker of the House of Commons.

Le Président de la Chambre des communes accorde, par la présente, l'autorisation de reproduire la totalité ou une partie de ce document à des fins éducatives et à des fins d'étude privée, de recherche, de critique, de compte rendu ou en vue d'en préparer un résumé de journal. Toute reproduction de ce document à des fins commerciales ou autres nécessite l'obtention au préalable d'une autorisation écrite du Président.