



House of Commons
CANADA

Standing Committee on Fisheries and Oceans

FOPO • NUMBER 002 • 2nd SESSION • 40th PARLIAMENT

EVIDENCE

Tuesday, February 10, 2009

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Chair

Mr. Rodney Weston

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• (1135)

[English]

The Chair (Mr. Rodney Weston (Saint John, CPC)): All right, we'll begin.

Ladies and gentlemen, I'm pleased to welcome this morning the Honourable Gail Shea, the Minister of Fisheries and Oceans, and her delegation from the department.

We're here to review the supplementary estimates. The minister will be with us for one hour. The officials, I believe, will be staying for the balance, until one o'clock. I'm going to ask that everyone please adhere to the timeframes allotted and try to maximize the time as best as possible.

I'm going to ask Minister Shea if she wants to begin with some opening comments.

Minister.

Hon. Gail Shea (Minister of Fisheries and Oceans): Thank you, Mr. Chair, and good morning.

Good morning to the honourable members. I want to thank this committee for the opportunity to appear before you today.

I want to introduce the people with me. To my right is Deputy Minister Michelle d'Auray. We're very sad to be losing her from DFO, unfortunately, in the next couple of weeks; she's been a very good deputy minister. However, to my left is Associate Deputy Minister Claire Dansereau, and she will become the deputy minister in a couple of weeks. We congratulate Claire on that.

Also with me is the Canadian Coast Guard Commissioner, George Da Pont; the Assistant Deputy Minister for Corporate Services, Cal Hegge; and the Assistant Deputy Minister for Fisheries Aquaculture Management, David Bevan. There are several other officials in the room as well.

I will begin by saying how pleased I am to have been appointed the Minister of Fisheries and Oceans. It's certainly a very exciting and important mandate. Coming from a fishing family and community, I understand the importance of fisheries to coastal communities and to this country's economy. I know how important it is to focus on the economic viability of the fishery.

As this is my first appearance before the committee—I'm sure it won't be my last—I want you to know that I'm eager to work with all of you. The committee has been a strong advocate on behalf of the fishing industry and its stakeholders, and I want to hear your perspectives. I hope that this is the first of many productive meetings

in terms of working together. I do look forward to frank discussions in the months ahead about important issues facing our fisheries and oceans industries and our stakeholders. I think together we can make a difference in the lives of Canadians all across the country.

Today I'd like to talk to you about DFO's accomplishments in the months since I was appointed and where we'll be going in the months ahead. I'd also like to touch on budget 2009 and what it means for fisheries and marine sectors as well as coastal communities across the country.

As we all know, the global economic downturn is impacting the fishing industry. Already we have started to see slowdowns and downturns in activities across Canada. For example, last month we saw the impact that the U.S. recession is having on parts of the Atlantic lobster fishery. Looking forward, it's hard to predict the state of seafood markets for this coming spring and summer, but we can expect that times will be difficult.

Fishing enterprises from the inshore owner-operator to the large integrated firms are facing a credit crunch from institutional lenders. Maritime services are slowing down. Oil and gas and mining projects are scaling back. Organizations that work with us in restoring habitat and enhancing fish stocks are finding it more difficult to raise funds.

Our government recognizes the urgency of this situation. That's why we've invested in public infrastructure, construction, businesses, and communities. As all of you know, our government is making strategic investments to strengthen Canada's financial system and to stimulate spending so that Canadians can ride out this economic storm. It's a plan focused on supporting development and growth.

In pre-budget consultations with harvesters and processors, the one issue that came up time and time again was access to credit. I travelled to the gulf, Newfoundland and Labrador, and Pacific regions to hear what people had to say about fishery issues. In my discussions, I heard deep concerns about access to capital and the need for marketing and market diversification. I listened, and our government is already taking action.

We created a business credit availability program that will help our seafood enterprises and harvesters gain access to credit so they can ride out a challenging season. Support for workers is another key component of our economic action plan. By extending EI benefits by five weeks, providing additional funds for training, and extending support for older workers, our government will help ships' crews, plant workers, and harvesters through these difficult times.

For those in the industry who are hardest hit by the decline in our markets for fish, the \$1 billion community adjustment fund will help address the adjustment pressures felt in the many fishing and coastal communities. Working with regional development agencies, such as ACOA and CEDQ, my colleagues and I will be able to invest in initiatives that will help our fishing industry weather the storm and adjust to new market demands.

• (1140)

DFO will deliver some direct support to the fisheries and marine industries and the coastal communities that they support. Through budget 2009 the government is working to revitalize these sectors with about \$400 million for vital infrastructure such as small craft harbours and the Canadian Coast Guard fleet. We are investing in these areas because they offer the most direct benefits to the Canadian economy. Our strategic investments will help our fisheries and marine sectors survive the economic crisis and be stronger as we emerge from it.

My department will boost marine safety and security through significant investments in the coast guard fleet. Funding will be used to procure 68 vessels and 30 environmental barges and to repair 40 older ships. New lifeboats will improve our search and rescue capacity, while the refurbishment of five multi-purpose vessels will enhance our fishery conservation and patrol capacity. This substantial investment will allow us to support shipbuilding across Canada. Work will be conducted in Canada and, where possible, by shipyards located within the regions of the vessels' home ports. We have vessels in every region across the country, from Victoria to Newfoundland and Labrador. Our long-term investments will renew our vital assets that save lives and support science. These investments will ensure that Canadian waters are safe, accessible, and secure.

We will continue to invest strategically in small craft harbours. As you all know, in coastal communities where fisheries are the mainstay of their existence, residents depend on these harbours to survive. Commercial fish harvesters need safe and functional harbour infrastructure to do their jobs, and coastal communities need sound harbours to survive. Our communities have been waiting a long time for this funding, and I am pleased to deliver it.

I would like to take this opportunity to thank the committee for all its efforts over the years on behalf of small craft harbours. Through your work you have focused more than one government's attention on the importance of these harbours to Canadians.

Let's not forget our government's investments in science and the north. Budget 2009 includes funding for northern research facilities in the High Arctic, and I'm pleased to report that DFO will contribute, through a special allocation of funding, to help speed up the construction of a small craft harbour in Pangnirtung. Not only will this bring vital job opportunities to northerners, but it will help

expand and grow commercial fisheries in the north. Investments such as these in key areas will help minimize the impact of the economic downturn as much as possible, and that's what Canadians want.

I truly feel that the only way to achieve economic prosperity and conservation and sustainability objectives is to engage our stakeholders. No one organization should work in isolation. Constant communication and engagement is the way we work today, and we must excel at it. When communicating, we will be clear about our resource management objectives, we will make our science accessible, and we will involve our partners. I can't emphasize enough how important it is to have all the players at the table. Those voices will be heard.

Likewise, I want to hear from this committee about the issues that matter to people in your provinces. You have the pulse of this country and you know what's important to Canadians with regard to fisheries and oceans.

My department will support our goals by working with harvesters on renewing our policies, policies that will allow them greater flexibility in managing their enterprises. We will continue to work on the stability and predictability of our fisheries management. We will improve our regulatory framework, and we will work with financial institutions to provide greater certainty.

These are just some of the steps we will be taking to ensure the sustainability of the resource. Economic prosperity can't be achieved without sustained and sustainable resources.

Environmental issues increasingly have an impact on our markets. For example, we all know that certification and traceability are key to ensuring access to international markets. DFO will work with industry to help demonstrate the sustainability of Canada's fish and seafood products. Our cooperative efforts will help protect and expand access to domestic and foreign markets.

On the international stage, we will continue to work with other countries to stop overfishing and illegal fishing, and we will use our conservation and protection resources wisely while encouraging our own harvesters to be better managers of our public resources. Our efforts in working with other countries are paying off. As a testament to this, we recently ratified an agreement on changes to the Pacific Salmon Treaty with the U.S., which will help ensure long-term sustainability of the Pacific salmon stocks.

•(1145)

Also on the international stage, we will continue to defend the Canadian seal hunt. Senator Fabian Manning recently led a Canadian delegation to the European Union to fight a proposed ban on our country's seal products. The group laid out the facts about Canada's seal hunts to the Committee on Internal Market and Consumer Protection of the European Parliament. Our presentation was based on science, sound management practices, and actual harvesting practices. We will be watching closely as the European Union makes decisions, which could come as early as April. Under my leadership, Canada will continue to defend sealers and harvesting practices. We will dispel myths and promote the truth.

Canada's aquacultural sector will also offer new opportunities for coastal communities. DFO will continue to work with the aquacultural industry to develop a sustainable sector that encourages growth. Looking forward, DFO will focus on bolstering the economic viability of our fisheries and marine sectors. Budget 2009 and our departmental priorities will ensure that these sectors continue to provide economic benefits for Canadians. Together we will help these sectors to become even more resilient, effective, and competitive.

I look forward to guidance from this committee to build the strongest sustainable fishery as possible with jobs for Canadians from coast to coast.

Thank you very much for having me here again. I'll be happy to take your questions, and hopefully we'll have your answers.

The Chair: Thank you very much.

We will begin this morning with the Liberal Party. I believe it will be splitting its time three ways.

Hon. Gerry Byrne (Humber—St. Barbe—Baie Verte, Lib.): Mr. Chair, I'll be splitting the time with my colleagues, but I did indeed want to take a quick opportunity, as the official opposition critic on behalf of the Liberal Party of Canada, to simply to say to the minister, thank you very much for appearing before our committee in such an early tenure as minister. It's very much appreciated. There are a lot of very important, urgent questions that I think do indeed need to be asked. I'll simply say that your continued good judgment and swift action on those questions is of benefit to each and every one of our constituents. So we truly do wish you all the very best. We'll continue to hold you to account, but we think the best of you, certainly no less.

With that said, my colleagues do indeed have some very important questions they want to ask, so I'll pass my time over to Mr. MacAulay.

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

Minister Shea, congratulations on your election victory and being appointed to cabinet. You have a very important portfolio for the Atlantic region and for the area that I represent. I can only echo what my colleague had to say. We certainly hope things go well.

I may as well give you the questions and then you can answer them.

I think you're fully aware that there's quite a suspected problem in the price of lobsters in Prince Edward Island this year. I think you were involved, in a previous life, in amalgamation of processing plants. How do you feel that worked? How do you feel about the consolidation of the lobster fishery?

I would like you to deal with issues such as, if fishermen have 300 traps, two of them can go together and fish 500 traps. This is one of the pilot projects. I would like you to deal with that.

Also, what is your view of the points in the 10-point plan? There are a number of things in the 10-point plan that are of great concern to fishermen.

There's a lot of money being spent. We're going into deficit in the federal government, and I believe rightly so, to assist industries across Canada, but the fisheries are also an industry, and a very important industry, where I come from. Looking at the south side, area 26A in particular, and other areas around Prince Edward Island, is there an intent to put in place a buyout for the lobster industry in Prince Edward Island? That would allow the people left in the industry to survive and would give a decent retirement to the people who leave.

In any time left you can indicate what you plan to do on the financing, looking at the situation where our processors dealt with banks in Iceland and now they can't do that. Where are they going to get their financing?

Thank you very much.

•(1150)

Hon. Gail Shea: Thank you very much for those questions. Of course, they are all important.

Many of you know that Mr. MacAulay and I are from the same province.

I'll start by responding to your question on the stacking of lobster licences. I do believe that industry consultation is key to what happens in the industry. All of us around this table will still have a paycheque next year, or next week, or next month, no matter what changes are made to the fishery. I believe that changes that are made should come from the fishers themselves. I believe they will better take ownership of the management of the fishery.

Stacking is a policy in place available to those who fish out of Southwest Nova. One element of that policy, which has been in place for quite a while, is that two fishers can share one boat but fish 150% of the traps as opposed to 200% of the traps, so it actually takes some traps out of the water.

As a measure, I guess, to help with the viability of fleets, there were a couple of other situations proposed, which some of the fishers have taken up. One is that one person could actually own two licences and fish 150% of the traps. That's currently in place in Southwest Nova. There's a third option whereby one captain could fish on his licence and another person's licence, with 150% of the gear, but the second captain did not need to be on the boat. Those measures were put in place to help with the economic viability. At the time, fuel prices were very high. Those are options that were available in Southwest Nova, and they're currently not available anywhere else. They're not available in P.E.I. simply because they haven't been discussed with the fishermen in P.E.I.

On the 10-point plan, I will say—and this is the same thing as I said about stacking—I believe the changes and the conservation need to come from the bottom up. I believe the fishermen need to be consulted. A number of items were put on the table for consideration. I have said to the different fisheries groups that it's up to them to go through these different items that were put before them for consideration, and they would come up with what was doable for them.

The issue of rationalization has come up, particularly right in the Northumberland Strait, on both sides of the strait, in LFA 25 and LFA 26A. There are a number of different ways that rationalization can take place. Some of it has taken place on both sides, both in New Brunswick and P.E.I. out of LFA 25 in past years. I have said that I will work with the different groups. There is the community adjustment fund to help industries such as the fishery, and I hope we'll be able to take full advantage of that fund.

When it comes to the processors, difficulties in getting financing have been addressed in the budget under a measure called the business credit access program, which is basically a government guarantee that would allow private banks and private lenders some security in what they may see as otherwise a more risky venture when it comes to lending. So it should make credit more accessible to processors.

● (1155)

The Chair: Thank you, Minister.

Mr. Andrews, you have two minutes left.

Mr. Scott Andrews (Avalon, Lib.): Thank you, Minister.

It's a pleasure to be at one of my first committee meetings. I'm learning the ropes as we go.

Congratulations to you, Madam.

I have two questions. First is that in budget 2009 you committed \$200 million for small crafts and harbours. If you look in the estimates, there is only \$100 million to be spent over 2009-10 and 2010-11. Where is this other \$100 million, and how will that be outlaid? With regard to small crafts and harbours, there is a challenge to the staff managing these projects and getting work started right away. How is the money going to be allocated to the different regions? We have 987-odd harbours, so is it going to be done on a per capita basis? Where exactly will it be, and how is that funding going to be allocated in the regions?

The second thing is on the coast guard vessel plan. Last year the Conservative government shelved the patrol vessel. After that, Minister MacKay said it was a cost overrun on the estimates and that we were basically going back to the drawing board. It's been eight months now. The new economic updates are all shovel-ready projects. This is a project that should be ready to go if the work has been done. What work exactly has been done since that tender was cancelled? Shouldn't we be ready to call for tenders again on that particular work?

Hon. Gail Shea: I'll start with the new funding in the budget for small craft harbours. I can assure you that it is an additional \$200 million over two years. The numbers you have seen in the budget apparently are accrual versus cash, so it's an accounting number. But there will be an additional \$200 million spent over two years on small craft harbours, in addition to our current budget.

On how that will be rolled out, I would expect it to be in a similar fashion as our regular program, which is that the harbours most in need of repairs would be looked at first. Of course we also have to take into consideration those that are shovel-ready. On the larger jobs, it will take a period of time to have the engineering done and to be ready to go.

I don't believe there will be any problem spending the two years' budget. To answer your question on where it will be allocated, it will be similar to what has happened in the past. We'll try to get it first to the harbours that need the most upgrades.

On the coast guard issue, that is correct; there was a cost overrun. The prices that came in last year apparently were much higher than predicted. The department didn't feel they would get the best bang for their buck and decided to pull the RFP. That being said, prices are probably considerably lower now than they were last year for a number of things, so the process for the RFP is under way with Public Works and Government Services Canada. I'm not 100% sure when we can expect the RFPs to be out to the public, but the process is under way.

● (1200)

The Chair: Thank you, Minister.

Monsieur Blais, will you take the whole time yourself?

[*Translation*]

Mr. Raynald Blais (Gaspésie—Îles-de-la-Madeleine, BQ): That will depend on the questions and the answers.

Thank you, Mr. Chair.

Good morning, Madam Minister, ladies and gentlemen.

First of all, I want to offer you my congratulations and our complete cooperation. I have done the same with the other ministers who have come here. The cooperation will be ongoing in the various areas that I consider to be priorities for coastal communities. The future of the fishery is at stake. I see positive things in our future, but, unfortunately, I also see negative ones. I feel that we are going to be able to work together to meet all these challenges.

Let me start with a relatively easy question. In 2009-2010, what will be the budget for small craft harbours across Canada?

[English]

Hon. Gail Shea: That \$198 million will be the budget for this upcoming year.

[Translation]

Mr. Raynald Blais: And what will be the amount for 2010-2011?

[English]

Hon. Gail Shea: And for 2010-11 it will be \$202 million.

[Translation]

Mr. Raynald Blais: OK. First, why has the greater part of the budget not been spent or invested. I prefer “invested” because I see money for small craft harbours to be an investment rather than an expense.

Why is the amount more or less the same from year to year? After all, we are experiencing the economic crisis and the recession at home just as people are elsewhere. I would go so far as to say that we are experiencing it more at home because this situation has been going on for a long time. Why is the largest part of the new money, the \$200 million, not being invested mostly in the first year so that it has a greater impact?

I suspect that you have probably got a whole list of requests on your desks, from us as well as from others, and perhaps they all add up to \$475 million or \$600 million in projects. Why spread the funds over two years when we could be spending most of the money on work in the first year?

• (1205)

[English]

Hon. Gail Shea: I guess that's the way it was rolled out in the budget. The economic stimulus package is over two years, but I think also as important is that there will be a number of harbours that we would like to get to because of their condition, and it will take some engineering work and some planning work, so to be fair we couldn't do all the shovel-ready ones and maybe all of the ones that are not in as severe need. We're going to be able to tackle some of the bigger jobs with this additional funding. They will take some time to have the planning done.

[Translation]

Mr. Raynald Blais: Let us move on to the seal hunt. You surely must be aware that this is of great concern to me, as well as to the people I represent. The question today is this. What is the department's action plan to address the current challenge of making up for the complete lack of action on the seal hunt in recent years?

In your opening statement, you indicated clearly that it is a critical matter for you. I assume that, by describing it as such, you also have an action plan. Would it be possible to share it with the members of the committee, because we are soon going to be working on it? Can you provide us with your action plan so that we can, at least, not just criticize it—I do recall what I said at the outset—but also improve it, make it better, so that we achieve the goal of getting rid of the rabble-rousing and misinformation that have gained the upper hand in recent years?

[English]

Hon. Gail Shea: I do appreciate your willingness to help with this file.

I can say that the Department of Fisheries and Oceans, since I have been here, which is not very long, has put a lot of emphasis on the seal file, a lot of resources and a lot of time on the seal file, and certainly I feel it is unwavering in its support for the seal hunt.

What I do want to do is extend an invitation to the committee perhaps to deal with the people who are working on this file from my department, because I believe there is a role for the committee to play. I wonder if, at some point in time—sooner rather than later—you could schedule a session to talk to the people in the department who are dealing with this file particularly.

We could talk about the seal hunt, but it would probably take most of the hour.

With regard to talking about the plan, we would prefer to have an in camera session with the committee.

[Translation]

Mr. Raynald Blais: How much time do I have left?

[English]

The Chair: You have less than a minute.

[Translation]

Mr. Raynald Blais: I am going to make one short comment and ask one short question, and you can answer in detail. In November 2006, if I am not mistaken, there was a very important forum in Quebec City about the future of the fishery and aquaculture. Loyola Hearn was a participant on that occasion and he committed to help the industry in Quebec to face its great challenges.

Since then, has the file appeared on that nice big list of nice big challenges that you have to deal with?

[English]

Hon. Gail Shea: I'm not aware of the forum that took place back in 2006, but I have met with my provincial counterpart in the province of Quebec and we have discussed several issues around the fishery that are important to Quebec.

The Chair: Thank you, Minister and Mr. Blais.

Mr. Stoffer.

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

Madam Minister, congratulations not only on your election but on your selection as fisheries minister. You're now the sixth minister I get a chance to question. I see David Bevan here. It's good to have some continuity here. I have many questions to ask you, but the chair will cut me off on a lot.

First of all, congratulations. It's not an easy task that you have. It's very difficult with all the various wheels in your department.

There are several issues. If possible later on, I'd like you to set up a meeting on the Pacific Salmon Treaty. We were advised during last year that we would have a full and open debate in the House of Commons on the treaty before it was signed. Unfortunately, due to timing and the election, that wasn't possible, so I'd like to be able to do that.

Regarding the coast guard, page 10 of the estimates shows forecast spending for 2007-08 at \$739.5 million. Then it increases, but in 2010-11 it goes way down to \$698 million. That's a loss of \$41 million to the coast guard. As my colleague the Liberal counterpart suggested, we've been asking successive governments for years for the midshore vessels, and we keep getting disappointed. Yes, we appreciate the small amount for the smaller vessels. We appreciate the fact that it will assist some of the yards. But the reality is that \$22 billion was required for all of shipbuilding, not just for the coast guard but for naval vessels as well. So in the planned spending for the coast guard, shown on page 10, why is there a reduction? That's my first question.

Second, as you may be aware, the government is planning to have the British Columbia Pacific north coast integrated management area host the PNCIMA forum in March. Various groups are concerned that there may not be adequate funding to host that event and get it off the ground properly. I'm just wondering if indeed the department will fund it adequately to ensure that the process already set will carry through.

I have two other quick questions for you.

The Supreme Court of British Columbia's decision on aquaculture the other day is going to have far-reaching effects if this thing stands, not just in B.C. but across the country. I know you have to have time to study these things, so I'd like your comments on that.

Last—although there are many more, of course—the report on the Freshwater Fish Marketing Corporation of Winnipeg was supposed to be ready. I'm wondering if it's possible to have that report and what the conclusions of the department would be on that report.

Thank you, Minister. I have more, but I'll be cut off, and apparently you have to leave. Again, congratulations on your post.

• (1210)

Hon. Gail Shea: Thank you.

I may ask George to respond to the coast guard question, if you don't mind.

George, you can go ahead.

Mr. George Da Pont (Commissioner, Canadian Coast Guard, Department of Fisheries and Oceans): Thank you very much, Minister.

The estimates and the profile of the funding are attributable to the planned major capital expenditures for the acquisition of the midshore patrol vessels. We had envisioned, as reflected in the estimates, acquiring the vessels and spending the money in the next two or three years. So the drop-off that you see was the planned end of acquiring all of the midshore patrol vessels. That's essentially the difference. It's not a drop-off in operating funding.

Hon. Gail Shea: The Pacific Salmon Treaty, of course, will be tabled in the House, so it will be available for discussion.

On PNCIMA, the department will ensure that the financing will be in place to host that event.

We haven't had sufficient time yet to go through the Supreme Court decision on aquaculture, but we do realize the ramifications that it may have for us.

The Freshwater Fish Marketing Corporation study is complete, and it is available. So we will make that available for you.

Mr. Peter Stoffer: Thank you.

Hon. Gail Shea: We'll have someone send you a copy.

The Chair: Mr. Stoffer, you're a star this morning. You have 30 seconds left.

Mr. Peter Stoffer: I could cram a lot in 30 seconds.

The Chair: We'll move now to Mr. Calkins.

I believe you're splitting your time with Mr. Weston.

Mr. Blaine Calkins (Wetaskiwin, CPC): That's correct, Mr. Chair.

I certainly want to pass on my congratulations as well, Minister. As a caucus colleague, I certainly wish you all the best in your role, and long may you serve as our Minister of Fisheries and Oceans in a Conservative government.

Furthermore, I'd also like to extend my best wishes to Michelle and also best wishes to Claire on recent developments in your careers. I want to thank you for what you do on behalf of fishermen across our great country.

Minister, I'm going to ask you some questions in regards to the Freshwater Fish Marketing Act and the Freshwater Fish Marketing Corporation. Before being accompanied by Dave Van Kesteren, I used to be the only member of this committee who actually represented a riding that was inside the jurisdiction of the Freshwater Fish Marketing Act, and I believe I still am. I don't think Dave's actually in the area, although he does represent an Ontario riding.

In the last session of Parliament we talked extensively about small craft harbours, and part of our study took us to Gimli, Manitoba. We spoke with fishermen there. I took that opportunity to ask questions not only about small craft harbours but also about what the effect is of the Freshwater Fish Marketing Act. Furthermore, in the last session of Parliament we did instruct the George Morris Centre and had a report commissioned where we had some feedback, and if you take a look at the media that's happened since then, it came to light to the committee that there were lots of opportunities. I think the jury is out on whether the Freshwater Fish Marketing Act is good or bad. I think there are some positive things there and I think there are some places where some improvements could be made.

In light of the fact that the testimony we heard resulted in fishermen actually bushing fish or throwing fish away, in light of the fact that we have media releases coming from Transcona or from the Freshwater Fish Marketing Corporation that we've shut down the delivery of walleye or something like that simply because of increased stocks.... We have orderly marketing of fish, but fishermen don't have orderly catching of fish, which is one of the issues.

So I guess my question to you, Minister, is this. What are your plans or what objectives do you have in light of the fact of that report that came in? Some of the recommendations that are in that report and some of the testimony we've heard here at this committee would certainly lead us to believe that there could be some improvements made, and I'm just wondering what your plans and priorities are for the next little while in regard to the Freshwater Fish Marketing Corporation and that act.

● (1215)

Hon. Gail Shea: Thank you very much.

I will say that my experience since I've been at DFO is that there are people on both sides of this issue, whether it's good or bad, and I'm going to ask my deputy to answer that question, if you don't mind. Michelle is much more up to speed on freshwater fish marketing than I would be.

Ms. Michelle d'Auray (Deputy Minister, Department of Fisheries and Oceans): Thank you, Minister.

I think the study revealed that changing the single desk, because of the market and the way it was constructed, was probably not the most optimal way, but it did allow the FFMC and pointed out that a number of pilot projects could be tried with different organizations. And we have been working with the organization to see if there are some pilots that could be undertaken, so that we can test some of the different market options.

The other thing, too, is that we have and will shortly engage the provinces, because they're the ones that actually have the seats on the board. If they don't initiate the discussions and the changes.... We're not the ones who direct the structure of the organization. It really is up to the standing members of the board, which is made up of the provincial and territorial representatives. We will engage in more formal discussions with them and the FFMC to get a better sense.... We hear anecdotally, but we would really want to get a sense from the provincial representatives and territorial representatives, and the harvesters as well who also sit on the board, where the direction should be at this point.

So we've had a variety of views, but we haven't had a formal process, if I can put it that way. We've had reports, we've had the FFMC strategic plan; the next step for us is to work with the FFMC, with the jurisdictions and the harvesters who are on the board.

Mr. Blaine Calkins: Do you have a timeline for that?

Ms. Michelle d'Auray: It will be throughout the course of the year, depending on the availability of our provincial counterparts.

Mr. Blaine Calkins: Have any of the provinces provided any impetus into speeding up this process, and if so, which ones are they?

Ms. Michelle d'Auray: Specifically, I think there are a couple of provinces and territories who have written to the minister, always I

think with the view of encouraging us to engage. I think it's opportune now to actually get all of them together rather than separately.

Mr. Blaine Calkins: Thank you.

The Chair: Mr. Weston.

[Translation]

Mr. John Weston (West Vancouver—Sunshine Coast—Sea to Sky Country, CPC): Thank you, Mr. Chair.

I congratulate our new minister and I thank her for coming to visit our committee today.

[English]

Madam Minister, you mentioned in your opening remarks your commitment to bolster the aquaculture sector. In my west coast riding there are many ports and many fishermen and fisherwomen, and there are also many fish. We have several aquaculture farms that are a growing source of controversy. *Maclean's* magazine reported on this last week, and there was yesterday's decision of the B.C. Supreme Court, which gives the governments a year to respond to the decision that the province doesn't have at least sole jurisdiction over aquaculture.

Advocates believe that fish farms create a viable source of food and that it's a lucrative industry for investors, employment is created, and government officials appreciate the tax revenue. At the same time, critics claim that natural fish stocks are decreasing in proportion to the increase in farmed fish.

Madam Minister, I have four related questions.

First—and you've already answered this to some degree—in light of yesterday's decision, what do you see as the federal government's jurisdiction in aquaculture?

Second, do you have any legislation in mind that would affect fish farming?

Third, what plans do you have to investigate the relationship between aquaculture and natural fish stocks?

Fourth, I understand you were in British Columbia in the last few months. I wonder if you can tell us something about the findings from your trip as those findings relate to aquaculture.

● (1220)

Hon. Gail Shea: Thank you very much.

I will say that on my trip to B.C. I found out that salmon is king, and very important. There is, as you said, the division between those who promote aquaculture and those who don't. I would have to say that I think we have to find a balance, because the aquaculture industry has grown tremendously over the last number of years and it's an important source of food for the world.

I think we can find a balance. Our department is putting significant resources into science around aquaculture versus the wild fishery and whether or not one affects the other. I will be honest, I haven't read the court decision yet. But there was also another report that came out, I believe last week, from B.C. to do with aquaculture. I do believe there are lots of opportunities in aquaculture, and we're going to do whatever we can to ensure that they can survive and grow side by side with the wild fishery. We are investing resources in research around this issue to try to get the facts of what is actually happening.

Mr. John Weston: Madam Minister, is there a timeline in terms of what's happening? Are there any specific developments that you foresee over the year to come?

Hon. Gail Shea: I guess I can say yes. We probably didn't expect this development that happened yesterday. Things are changing all the time, so I wouldn't want to put a timeline on it, but I do want to make it quite clear that we do support aquaculture development and support it in a sustainable manner.

I don't know if any of my colleagues would like to jump in and add anything to that.

Ms. Michelle d'Auray: If I may, Minister, there is an increased interest, obviously, in making sure there are good baseline data. We have a very extensive program, as the minister said, in terms of aquaculture research and looking at the impact of aquaculture on wild stocks.

For this particular year we will also be doing a very extensive baseline study. Some of the harvesters are going to put certain parts of the system in fallow, so we will be able to track the wild stock going through. We will have a baseline of what is, in fact, the state of the stock without an impact from aquaculture in particular areas. So then we'll be able, when the fallow period ends and the fish pens become active again, to measure the difference between one year without and one year with. I think that will be a very important study from the perspective of being able to tell what the balance is.

The Chair: Thank you very much, Minister.

Do you have any closing comments you'd like to make? We appreciate your coming here this morning and taking the time to meet with your committee. I will leave the final comments to you.

Hon. Gail Shea: First of all, thank you again for inviting me here today.

I was very sincere in saying that I appreciate any suggestions that you have to improve the fishery. We do realize we're probably going into a bit of a more difficult time than we have had in the past. There are a lot of difficult decisions to be made, not just with possibly some suffering markets coming up in the next year but also with declining stocks.

I will say that three principles that are very important to me are economic viability, sustainability, and consultation. That is how we will try to operate the Department of Fisheries and Oceans.

Again, thank you very much.

The Chair: Thank you, Minister.

Some hon. members: Hear, hear!

The Chair: We're just going to take a five-minute recess and then we'll return with our second round, which will be for the officials.

Thank you.

- _____ (Pause) _____
-
- (1225)

The Chair: We are ready to begin a second round. Each party will have five minutes with the officials.

We will start off with Mr. Byrne.

- (1230)

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

One of the key issues facing the fishing industry is access to capital, but as well they're struggling with this point: how can we minimize our costs without compromising conservation and get through this credit crunch?

One of the solutions that have been suggested is the concept known as the buddying-up system. There is a provision, a course of action being taken by the Department of Fisheries and Oceans and supported by many fishermen. It is an exercise called "combining", whereby one enterprise would buy out another enterprise, and the value of those licences or the quota attached to them could be combined into one enterprise.

I'm not hearing any particularly strong dissent to that particular issue. I think people welcome it, generally speaking. One of the major points that have been raised is to the department's reaction to a parallel system called buddying-up, whereby instead of actually formally buying each other out, enterprises would simply act in partnership with each other and buddy up. They'd use one boat, expend less in capital, less in cost, take exactly the same amount of fish out of the water as they normally would, but simply at a reduced cost. That seems to make an awful lot of sense.

I understand that there's a division between the less-than-40-foot vessels and the over-40-foot vessels. The department is prepared, I understand, to allow vessels less than 40 feet in length to continue the practice of buddying up, but it would be significantly restricted. The leasing provisions would be eliminated, and only two enterprises would be allowed the buddying up. Normal practice has been that up to four enterprises would buddy up, and in fact because of the availability of this option, in several instances an enterprise of core fishermen may have actually structured the business operations so that they could continue. Four fishermen, four enterprises would structure their business operations to allow them to continue buddying up.

By suspension of this option, what the department is effectively doing is forcing now, in the middle of a financial crisis, for fishermen to go out and buy a 40-foot vessel in order to properly... He can still use his speedboat, but now he has to buy a 40-foot vessel. Fishermen just do not see the logic in this. They see it has no impact whatsoever on conservation, but a huge impact on their bottom line.

Perhaps, Mr. Bevan, you could explain this a bit further. What exactly is the intention of the department? In regard to the vessels larger than 40 feet, why are you preventing vessels larger than 40 feet from participating in any buddying-up exercise whatsoever?

Ms. Michelle d'Auray: Perhaps, Mr. Chair, I could just begin before I ask Mr. Bevan to respond to your specific questions.

We are and have been on the receiving end of a lot of the comments around buddying up and combining. There are views that are encouraging us to maintain our existing policy. As well, there are those who are encouraging us to diverge from the policy. The original intent when we started off on this was in fact to encourage those to combine with a view to buying each other out, to completing the transaction. We recognize that in the current circumstances there may be some financial pressures that may not allow everybody to complete what they had intended to start. So we are looking at all of the components of the issue at this point. There's not a uniform set of views on this, but we are weighing all of the pluses and minuses.

The decision we will make will also put it in such a way that we do not penalize those who have undertaken the first steps towards combining their enterprises. That, too, is something we're aware of, so that people who have made significant investments do not begin to lose them.

Perhaps, David, you would comment on the specifics.

• (1235)

Mr. David Bevan (Assistant Deputy Minister, Fisheries and Aquaculture Management, Department of Fisheries and Oceans): On the specifics, as the deputy mentioned, people have gone ahead with the combining process, and in a number of cases enterprises have been combined. We don't want to penalize them, nor do we want to create an unfair advantage on others. We are looking at different rules that would apply this year, compared to last year, that would be geared toward a balance between those who have combined, those who wish to reduce their costs through buddying up, and make sure that in the process of it there's not going to be an opportunity for somebody to extract resource rent and not be a fisherman, or an opportunity for people to create a buddy-up arrangement, break it down, go competitive fishing in another fishery, and then recombine. Again, we feel it's not something that would be fair.

There are some changes being contemplated, and we are looking at taking that to the minister for her approval in the very near future and then we will be coming out to make announcements. We have discussed this with fishermen and are trying to get the right balance.

Hon. Gerry Byrne: But you're not pronouncing yourself one way or the other.

Mr. David Bevan: There will be buddying up in both fleets. We have to seek the approval of the minister on what the specific arrangements will be.

The Chair: Thank you very much.

Monsieur Lévesque.

[*Translation*]

Mr. Yvon Lévesque (Abitibi—Baie-James—Nunavik—Eeyou, BQ): Thank you, Mr. Chair.

Ms. d'Auray, let me take this opportunity to thank you for your fine cooperation for all the time that you have been in this position.

Welcome to Ms. Dansereau and to these gentlemen.

In her presentation, the minister mentioned something about Employment Insurance to which I have to object. Five additional weeks are being added to the end of a period of Employment Insurance for the workers, the fishers and those in the plants that depend on the fishery, but these people do not benefit at all.

When the Employment Insurance period starts, the fishers have accumulated some small savings so that they can do their work, but they have to use it waiting for benefits because of the two-week waiting period. We asked for the two-week waiting period to be eliminated so that the fishers can put some savings aside in order to maintain their standard of living. I am not even asking the question, because you cannot answer it. But I see the situation as deplorable.

On another matter, the Coast Guard is apparently receiving \$25 million to make up for the rise in the price of petroleum products. Those costs are now dropping significantly. Is the Coast Guard going to keep this money for other activities, or, if there is a surplus, does it have to return the money to the public purse?

Ms. Michelle d'Auray: I will let my colleague answer that.

Mr. George Da Pont: Thank you.

Our normal budget for fuel is about \$41 million annually. Under the provision before the committee, we received \$25 million to cover the increased fuel costs. Most of these costs are incurred at the beginning of the year, particularly when all the icebreakers are in the Arctic. We have already spent \$53 or \$54 million. We forecast that we will use most of the \$25 million, but if the money is not spent on fuel, we have to return it to the Department of Finance.

Mr. Yvon Lévesque: Thank you.

[*English*]

The Chair: You have 45 seconds left.

[*Translation*]

Mr. Yvon Lévesque: Turning to aquaculture, you are going to be receiving about \$10 million for a new program. Can you tell us about that program?

• (1240)

Ms. Michelle d'Auray: There are four aspects to the program. The first is in the supplementary estimates under Aquaculture Innovation and Market Access Program. So its purpose is to support the development of the industry and new production techniques, to test measures designed to increase capacity or reduce costs, in some cases.

The second aspect, which is quite important for most producers, seeks to reduce the duplication and overlap in federal and provincial regulations. Regulations are not always compatible. This is to harmonize the regulations, in a way.

The third aspect deals with regulatory science. We need a scientific basis from which to help the sector to observe the regulations imposed by all levels of government. We have already had some programs and initiatives, but this is in order to strengthen our capacity.

The final aspect deals with the certification and traceability of products. It will be announced in a year and has not been launched yet.

So in summary, the four aspects are innovation, regulation, regulatory science and product traceability.

Mr. Yvon Lévesque: Thank you, Madam.

[English]

The Chair: Thank you.

Mr. Stoffer.

Mr. Peter Stoffer: Thank you very much.

I go back to an earlier question I had asked the minister regarding the west coast and the Pacific north coast integrated management area, about the funding for it. I should have elaborated a bit more. There are many stakeholder groups that would like to attend the event and may not be able to afford it: fisheries, industry, tourism, conservation, and governmental groups. The question should be, in order to get this March forum off to a good start and get all the information we require, would the government consider funding those various groups to attend that event?

Ms. Michelle d'Auray: We work very closely with a number of the organizations. I know we did have some discussions as to where this would be best located in terms of the event, and in the end, for a number of reasons, for a range of participants, it was felt that holding it in Vancouver was the most opportune. If there are some organizations, we could easily talk to them, but I think the goal here is to be able to get the initiative off the ground and, frankly, focus our resources on the work that needs to be done by the organizations around PNCIMA.

The launch is important—I understand that—but we would also like to focus the resources on getting the plan and the management plan done, because that's really important for the future of PNCIMA.

Mr. Peter Stoffer: Okay. I have a couple of other questions.

Last year there were discussions about seven possible harbours for the Nunavut area. We notice in the budget that there was more development for Pangnirtung, and I'm sure that's greatly appreciated. But I spoke to a Nunavut representative yesterday and he asked me to ask you about the other six. I know you're working with Aboriginal Affairs and Northern Development regarding that. Where is that process now for the additional six wharves in Nunavut?

As well, as you know, I've been quite critical of previous and current governments regarding schedule 2 of the mining act, which basically puts the Fisheries Act to the side and allows certain mining companies to destroy perfectly healthy aquatic systems, as we see in Sandy Pond and Trout Lake in Newfoundland, and there are other lakes across the country that are slated, and some in Baffin Island have already been destroyed. With everybody now talking about the so-called shovel-ready projects, if I were a fish, a shovel would make me very nervous because it disrupts my habitat.

But I notice on page 55 of the report on plans and priorities, in regard to conservation and protection of fish habitat, for this year it's \$32.8 million, but it's dropping to \$28.8 million, so there's a loss of \$4 million there.

As well, on page 52, the human resources for oceans management, habitat, science, and program enablers are scheduled to have 1,389 full-time equivalents, and you're going down to 1,324. That would lead somebody to believe that habitat and oceans management may be taking a bit of a hit financially on this one. Can you explain why those two areas are coming down?

Also, what is the government planning to do regarding schedule 2? I've been to Sandy Pond, and in my view, what they plan to do to that beautiful aquatic system is simply not on. Yet the department's role is the protection of fish and fish habitat. We hear the department constantly say that's what we need to do, yet we see evidence where some habitat is allowed to be destroyed for other reasons. Can you comment on that, please?

By the way, Michelle, thank you for the work you've done. Good luck on your move to where you're going.

To the associate, you can get rid of "associate" and just call yourself the deputy minister now. So there you go. Congratulations.

•(1245)

Ms. Michelle d'Auray: Thank you, Mr. Chair and Mr. Stoffer.

I'll tackle a number of those and I may ask a couple of my colleagues.

With regard to the harbours in Nunavut, I understand the pressures and the interest of the Nunavut government, but it is the first time that we would be building one harbour or one wharf in the north. The costs and techniques around that are quite significant, so our goal is to get one done and to get it done as quickly as we can.

It's important because around Pangnirtung there is commercial fishing activity, not that there wouldn't be as a result of the others once they were built, but this one is a pretty important one, and we want to get it right and get it done as quickly as possible. As you know, construction season and airlifting the equipment and all of that takes a fair amount of time and organization. It's not that we couldn't handle all seven, but we'll start with the one. It doesn't mean that the others won't get done, but we'll focus on this one to begin with.

With regard to the question of habitat and the schedules for the MMERs, as we call them, and the tailings ponds, it's always a balancing act of having development and, at the same time, what is the best way in which to deal with tailings effluents and results. A number of techniques are used in different parts of the world, but every time we come up with the assessment of the cost-benefit and the security around enclosing tailings, the most effective way is to do it in an existing water body. We don't make those decisions and recommendations lightly. We always have extensive discussions with the companies involved in order to be able to make sure there is a significant compensation plan around them.

There are a number of these. At this point, there are seven. We have a fairly significant number of other developments that are not using tailings ponds as a means of addressing the issue as a result of mining waste disposal. But every time we do an assessment of some of the most significant impacts of tailings and we look at what is the most effective way of containing them, putting the tailings in a water body is, in fact, one of the most effective and secure ways of making sure the tailings do not seep. For example, if we put some on land in containment, we've often found that they seep into the water tables, which is a worse case scenario than putting them in a natural water body that is self-contained.

The Chair: Mr. Kamp.

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

We're just going to ask a series of short questions, moving down the line here until we run out of time.

I was pleased to see, in budget 2009, investment in federal laboratories. As part of that announcement, there was a line about the salmon enhancement program having access to that \$250 million announced there. Where I'm from, the salmon enhancement program in British Columbia is very important. It's my view that the budget hasn't increased for decades, I suppose, so the amount of work they can do has been decreased.

The budget refers to deferred maintenance, so I wonder if you can tell us if we know yet how much of this \$250 million the salmon enhancement program in B.C. might have access to. Then I have a specific question. Is this only for DFO-owned hatcheries, for example, or DFO facilities, or is it for the community-owned and community-operated ones as well? Would they have access to some of this money?

• (1250)

Ms. Michelle d'Auray: Perhaps I'll be brief in my response.

In terms of how much the salmon enhancement program will be receiving out of this initiative, we have just begun discussions with the Treasury Board Secretariat, which is responsible for overseeing the initiative. The proposals we have put forward include refurbishment of DFO and community facilities, but the way in which the program is designed at this point is really to focus on government-owned facilities. The nature of the refits are in terms of buildings, water access, and water treatment, of the filtration, if I can put it this way, so there are some specific refurbishments that need to be done.

Mr. Randy Kamp: Thank you.

Mr. Dave Van Kesteren (Chatham-Kent—Essex, CPC): Thank you, Mr. Chair.

I am indeed from Ontario, and some might ask about the southern shore of Canada. My riding is the southernmost shore of Canada. We also have the largest freshwater fishing port in the world, in Wheatley, so I was quite pleased when I was asked to serve on this committee because it was amazing how many concerns were brought forward from that small fishing community.

The specific question I want to ask today is for Mr. Da Pont, as he is in charge of the coast guard.

We also have in that fishing harbour a substantial shipbuilder, and he's expressed some real frustration with the procurement that takes place. In the past he's built some hovercraft and some other vessels for the coast guard. Are you involved with that? I know there was a large gathering. The shipbuilders all came together. Are we working toward a solution there on your end?

Mr. George Da Pont: Thank you very much.

With regard to the question, we have begun discussions with the shipbuilding industry in general, particularly through our colleagues in Public Works, but we have focused more on how best to implement the various procurements that are under way.

I would say two things. All of our vessel procurements are within Canada's shipbuilding policy, which indicates that the vessels will be built in Canada. Secondly, all of the procurements are through competitive processes, so whether they are large vessels or small vessels, the same approach does apply. All shipbuilding companies do have access to bidding on contracts for the procurement of assets.

Mr. Dave Van Kesteren: I want to be sure you understand what I'm saying.

The frustration is just with some of the requirements. Are you aware of that?

Mr. George Da Pont: Yes, I am, and in fact I probably share some of the frustrations with aspects of the process. I'm sorry, I should have been clearer in my answer. Those are things on which we are in discussion with the Department of Public Works and Government Services, to try to find approaches and ways to make some of those procurement processes simpler and a little less onerous.

Mr. Dave Van Kesteren: Thank you.

Mr. Mike Allen (Tobique—Mactaquac, CPC): Mr. d'Auray, I have just a really quick follow-up to your comments when the minister was here. You were commenting about the study that was going to be done with respect to the impact of aquaculture on the wild stocks and you talked about leaving some of these fallow so that you could assess that. Is that going to be on the west coast or the east coast, or both?

Ms. Michelle d'Auray: The west coast.

Mr. Mike Allen: The west coast only. Okay.

The Chair: Thank you very much.

I'd like to take this opportunity, on behalf of the committee, to thank the department officials for coming today to meet with the committee. We really appreciate your time.

I really do appreciate all members cooperating with respect to time. It certainly makes my job a lot easier here as well.

• (1255)

Hon. Gerry Byrne: You're far better than the last chair.

The Chair: I'll reserve comment on that.

Now I have a couple of questions for the committee with respect to the supplementary estimates. There are three votes required on the supplementary estimates.

FISHERIES AND OCEANS

Ministry Summary

Vote 1b—Operating expenditures, and (a) Canada's share of expenses of the International Fisheries Commissions, authority to provide free accommodation for the International Fisheries Commissions and authority to make recoverable advances in the amounts of the shares of the International Fisheries Commissions of joint cost projects; (b) authority to make recoverable advances for transportation, stevedoring and other shipping services performed on behalf of individuals, outside agencies and other governments in the course of, or arising out of, the exercise of jurisdiction in navigation, including aids to navigation and shipping; (c) authority to expend revenue received during the fiscal year in the course of, or arising from, the activities of the Canadian Coast Guard; and (d) the payment to each member of the Queen's Privy Council for Canada who is a Minister without Portfolio or a Minister of State who does not preside over a Ministry of State of a salary not to exceed the salary paid to Ministers of State who preside over Ministries of State under the Salaries Act,

as adjusted pursuant to the Parliament of Canada Act and pro rata for any period of less than a year – To authorize the transfer of \$1,546,173 from Fisheries and Oceans Vote 10, \$1,305,000 from Transport Vote 1, \$549,800 from Environment Vote 1, \$42,500 from Canadian Heritage Vote 5, and \$15,000 from National Defence Vote 5, Appropriation Act No. 2, 2008-2009 for the purposes of this Vote and to provide a further amount of..... \$33,273,217

Vote 5b—Capital expenditures and authority to make payments to provinces, municipalities and local or private authorities as contributions towards construction done by those bodies and authority for the purchase and disposal of commercial fishing vessels.....\$12,954,945

Vote 10b—The grants listed in the Estimates and contributions – To authorize the transfer of \$1,722,500 from Fisheries and Oceans Vote 1, and \$34,000 from Canadian Heritage Vote 5, Appropriation Act No. 2, 2008-2009 for the purposes of this Vote and to provide a further amount of.....\$4,843,100

(Votes 1b, 5b, and 10b agreed to)

The Chair: As chair of your committee, shall I report the supplementary estimates to the House?

Some hon. members: Agreed.

The Chair: All right. Thank you very much for your attention today. We'll meet again on Thursday at 11 o'clock.

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

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