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Chair

Mr. Rodney Weston

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•(0840)

[English]

The Chair (Mr. Rodney Weston (Saint John, CPC)): I call this meeting to order.

Ladies and gentlemen, thank you very much for joining us here this morning. It's great to be in Cape Breton. Thank you on behalf of the Standing Committee on Fisheries and Oceans for taking time out of your busy schedules to come to meet with us today, share with us your thoughts, and hopefully answer some questions that members will have. I'm sure you're all anticipating the questions, and the members of the committee never disappoint in that respect.

Ladies and gentlemen, we do have some time constraints we work within, in the interest of fairness to all and to try to ensure we are able to hear as many as possible and the different points of view when we meet with guests. So if you hear a beeping noise up front, it is a little timer that the clerk has. That alarm will sound and your time will have come to a close. I won't cut you off, but I ask that you please respect our timeframes and try to bring your remarks or your thoughts to a conclusion shortly after. We allow four minutes for opening comments, and the members also have certain time constraints, which they are fully apprised of.

We will begin. I'm not sure who we have first.

Hon. Gerry Byrne (Humber—St. Barbe—Baie Verte, Lib.): May I interject just for a quick second? On a point of order, there was a request that two witnesses appear before the committee and I don't see them on the witness list. One was a Mr. Tim Rhyno, and there was a Ms. Joan Reid, who is a Department of Fisheries and Oceans employee. Would you be able to report to the committee on the status of that? Was the request made for them to appear? What was the response?

The Chair: Mr. Byrne, the Ms. Reid you are referring to is a DFO official. She will be appearing tomorrow in Moncton. Mr. Rhyno is not on any list that was submitted to the clerk or myself or the analyst of people to ask to appear. On any list that was submitted by all members, Mr. Rhyno's name did not appear, so he was not asked to appear as an official guest of the committee.

All members were asked repeatedly to submit names, and Mr. Rhyno's name did not appear on any of those lists that were sent in.

Hon. Gerry Byrne: There appears to be an error then, Mr. Chair, if that is the case. It's unfortunate. I will check my records. I'm pretty sure, pretty confident that Mr. Rhyno's name was indeed submitted. In actual fact, the list was submitted at the committee itself, so the committee records will actually indicate that Mr. Rhyno was to be

invited as part of the testimony. It is part of the record, the transcript of the committee itself. If that is an issue—

The Chair: We will check the record, but that is what the clerk has advised me at this point. I will ask the clerk to go back and check and find out.

Concerning your inquiry, that's the reason neither of those two people appear on today's list.

Today we will proceed with the meeting. We have guests with us here today. We will begin. I'm sure you are all aware that the committee is studying the snow crab industry in Atlantic Canada and Quebec, and we're looking at the various issues throughout the region that face the snow crab industry. Interest in this topic was brought forward by the members of our committee because of concerns that were raised by the sector.

As we open it up for opening comments, I'd ask again that you hear the signal at the four-minute mark.

We will proceed. Ms. Richardson, do you want to begin with your opening comments?

Ms. Norma Richardson (President, Eastern Shore Fishermen's Protective Association): Thank you very much.

Good morning, honourable members. We would like to discuss today the 2009–2010 snow crab sharing arrangements for crab fishing areas 24 and 23. My name is Norma Richardson, and I'm president of the Eastern Shore Fishermen's Protective Association. With me is Nellie Baker Stevens, our coordinator and snow crab representative on the snow crab advisory board, along with two other members for CFA 24.

As I said, we represent the Eastern Shore Fishermen's Protective Association, and we're located along the eastern shore of Nova Scotia. Our membership consists of 230 fishermen from Canso and Guysborough County to Halifax Harbour. This area's considered region 3, and we are accredited under provincial legislation with the Fisheries Organizations Support Act. We also have local fish plants and buyers as associate members.

We are here today to speak on behalf of over 300 fishermen, who include us, Halifax West Commercial Fishermen's Association, Guysborough County Inshore Fishermen's Association, and Richmond County Inshore Fishermen's Association. These fishermen come from communities from Sambro, west of Halifax, to Cape Breton. There are over 300 more fishermen affected in Cape Breton, so basically it is 600 fishermen from all of eastern Nova Scotia.

With reference to past negotiations, for years we, the quota holders, and the traditional fleet could not agree on how to share the quota. DFO finally came up with thresholds to determine how to divide the quota. For example, for this year's total allowable catch we, the quota holders, would have had 269 tonnes per core company, or approximately \$45,000 per fisherman. The traditional fleet would have had 55 tonnes each, not the 115 tonnes that they got this year. The threshold model gave us equal shares per fleet, 50:50, when the quota was 3,000 tonnes. At anything over that, we got 90%.

At this time we were considered temporary entrants. DFO did not expect the quota to remain at levels to support both the quota holders' fleet and the traditional fleet. As you are aware, because landings and science had proved continuing strength and sustainability of the stock, a permanent arrangement bringing all of the licence holders under one regime was sought through the establishment of an independent panel to adjudicate the settlement. Everything in place today is a result of those recommendations.

One recommendation made by the panel the minister deferred to a later date; that was the recommendation for 50:50 sharing between these two groups. A commitment was made at that time by the minister that when science supported a 9,700-tonne total allowable catch, then the permanent 50:50 sharing would be triggered, removing the last obstacle to becoming fully integrated. The 50:50 sharing arrangement would see the traditional fleet having 50% of the TAC and the quota holders the other 50%. This would bring the traditional fleet to their 2004 levels, or even above that amount, as recommended by the independent panel.

In 2006 DFO made the quota holders permanent, with a licence made up of the amount of individual quota per quota holder needed to meet or exceed the traditional fleet licence. In 2006 that meant 20 quota holders in CFA 24; therefore, we only made up 16 licences, not the 31 licences that the panel showed in their appendix B fishery statistics table for the future.

Today, this is the second year that the fishermen have been denied their rightful share of the snow crab quota. For just one year, 2009, we're talking about at least \$6 million that has been handed to the traditional fleet to be divided among 74 traditional licence holders. Those are \$80,000 bonuses, in our mind. This was on top of the \$228,178 that they were supposed to get, so in 2009 the approximate gross revenue was \$310,852 each, with an allocation of 94 tonnes for the traditional licence holder in the singular form. This same amount was divided among 20 individual core fishermen and a snow crab company, meaning \$15,543 gross each, which is 4.7 tonnes.

The DFO management plan states on page 42, table 4, that the quota holders' core companies would each get 6.234 tonnes when the quota reached 9,700 tonnes. With the change that the minister made to the sharing arrangements, we now have less of the quota—30% versus 32%. This clearly was not the intent of the panel.

The independent panel had recognized the discrepancy between the two fleets and acknowledged that 40 to 60 tonnes is indeed viable and sustainable. That would mean \$140,000 to \$200,000 for one licence holder.

We are here today to try to figure out what happened. We clearly see lack of consultation and communication on the part of DFO.

● (0845)

This was not an agenda item at our snow crab advisory meeting, but after that meeting everything went backwards for the 600 fishermen and their communities that were affected. We have asked repeatedly to meet with the Minister of Fisheries, to no avail. Like a thief in the night, Minister Shea stole millions from the pockets of small inshore fishermen and their communities in eastern Nova Scotia. She announced on Friday, June 12, 2009, at 4:33 p.m. the change to the sharing arrangement, with the fisheries set to begin the next Monday morning. Does this sound like someone who is interested in consultation? There was no consultation with the quota holders before this announcement. We were not aware that DFO had even considered discounting the independent panel's recommendation. After all, we had many DFO correspondents just stating the opposite.

We have seen very low and unstable lobster prices due to the economic downturn in the last two years. Our lobster fishermen could have used the extra money from the snow crab to get by, but it was unfairly taken from them. The minister with this decision and others has hurt small inshore fishermen and their communities in many ways, not just in the snow crab fishery. If we have more time later we would like to identify some of these, such as scallop and so on. Just last year most of our fishermen were not eligible for the package on lobster that was announced, since the minister would not take advice from industry on the criteria.

We recommend that the minister consult directly with the quota holders to mitigate any further injustice due to her unfair and arbitrary decision made in 2009 negatively affecting over 600 inshore fishermen of eastern Nova Scotia. We would like to see you, the standing committee, speak directly with Minister Shea and DFO personnel who give her advice. We cannot understand her rationale for such a decision. In the past number of years we had a very good working relationship with DFO, but in the past two years communication and consultation have been lacking. They seem to have reverted to telling us what they will do, not asking for input and taking all views into consideration.

Again we ask, what happened?

Thank you for your time.

• (0850)

The Chair: Thank you very much.

Ms. Kennedy.

Ms. Josephine Kennedy (Representative, Eastern Nova Scotia Crab Fishing Area 23, Multi-species Crab License Holders): Good morning. My name is Josephine Kennedy, and I represent multi-species licence holders in eastern Cape Breton.

I'm also speaking on behalf today of fishermen from Gabarus to Cape North, part of the quota holders, which we are now known as.

First off the rail, I want the panel to know that I am a Liberal. I've run under the Liberal ticket, so I don't want any partisan politics to play a role in this, because several times I have contacted the minister's office and that's what I've been asked: "Are you Josephine Kennedy, the Liberal?" We have got that out of the way.

Norma filled in the gaps from 1999 up until 2005. In 2005 Geoff Regan had convened an independent panel that was to bring stability and sharing into the snow crab fishery in eastern Nova Scotia. We had a lot of disharmony. There were a lot of separate groups. We were all sharing different quotas, and the time was right for this to be put to bed, to bring harmony back into the fishery. So an independent panel consisting of three individuals heard testimony from everybody who was affected by the snow crab fishery.

The panel came back with nine recommendations. The minister accepted all nine recommendations, but with one recommendation he chose to put a timeframe in for when it would be implemented. That was the most contentious recommendation, the sharing formula. The panel had recommended a 50-50 split from day one. It was 50-50, and that is where the problems lie. The 50% meant the pre-existing fleet, prior to 2005, would receive 50% of the total allowable catch. That meant that if there were a 5,000 tonne allotment for area 23, the pre-existing fleet would take 2,500 tonnes and the remaining 2,500 tonnes would be divided up among the quota holders who came into place.

In 2005 there was a little unrest. As a matter of fact, I led some protests, because we had heard rumours that the licensed fleet, the pre-existing fleet, would never allow it to go over 9,700 tonnes, thereby ensuring that they would enjoy a 60%-40% split forever and a day. We protested and we protested, and we were given assurances that, yes, at 9,700 tonnes the split would happen. So from 2005 to 2008 the fishery continued on. There was harmony. People started talking to each other—at one point even brothers hadn't been talking to brothers. It had got that bad within the snow crab fishery.

In 2009 the minister announced that we were going to have the 9,700 tonnes. We thought finally our prayers had been answered. Joan Reid, the acting area manager at DFO in 2009, sent out a letter in February to all licence holders giving them a heads-up that science was looking at approving the 9,700 tonnes. Therefore, and in her words, which I will repeat,

It is expected that due to the strong recruitment of TAC, exceeding 9,700 metric tonnes may be approved in 2009 thus triggering the permanent 50%:50% sharing

arrangement recommended by the Advisory Panel on Access and Allocation in 2005.

We thought that was great; it was happening and nothing was going to be said. On March 25, 2005, we attended our advisory meeting, which normally dealt with traps, season opening and closing, and soft shell. With that we went on and the sharing formula was put on that agenda and we just automatically assumed, because we weren't consulted on anything—we had no idea what was taking place behind the scenes—that this was just going to be reiterated that the 9,700 tonnes was going to be surpassed and the permanent sharing would kick in.

Mr. Gordon MacDonald stood up at that meeting and in his statement he confirmed what we all knew, that this permanent arrangement would take place—you have the documents I passed out for the file—that they were aware of it. Claire MacDonald also stipulated that an exploitation rate of 20% would trigger the permanent sharing of 9,700 tonnes, 50-50.

• (0855)

So when we went to pick up our conditions, as we did the numbers we said we were shortchanged. So this is where it started.

We've tried and tried and tried to speak to the minister. We've requested: 350 fishermen first, then the guys in Guysborough requested also. To this day, over a year later, we have not received a response from the minister other than she is sticking with her decision.

But she has made a decision based on erroneous information. What we found out was that Gus van Helvoort, who was the area manager during this whole independent panel process, and who was involved in writing the management plan that was to be our bible, put his own personal briefing note into it, which should never have happened.

We want to know where this went off the rails, why we lost the 50%-50%. It's not equal; it's 50%-50%. This side of the table would take 50% of the quota and this side would take the remaining. There are no discrepancies in what's in these DFO documents. How it went off the rails, what took place behind the scenes, what the minister said in the House of Commons.... The minister said at standing committee that she was advised by stakeholders, through consultations and that; but we're a case in point. We weren't consulted and we didn't know until after the fact and then we had to start the fight. We had Andy Mooney, who was sent in from the minister's office. We were dragged around. He called us in December 2009 and told us that we were getting our crab back and to be expecting a letter. The next we found out he was pulled off the case.

Then they sent David Wells and we travelled off to Antigonish. That was a waste of time. We got another letter stating we weren't getting our crab back and the minister was sticking by her position.

Then when everybody basically thought we were going to give up the ghost that's when we contacted the standing committee and I got hold of Mr. Byrne, and this is the end result.

What we want the panel to know today is that we are not giving up on this. This is a contract no matter which way. Whether it's verbal, written, there was an offer and there was an acceptance. We abided by it for four full seasons. The fifth season, when we were supposed to benefit, it went off the rails, and we want to know how it went off the rails. Who got to who? Who was consulted?

I've tried through freedom of information, and they sent me out a couple of e-mail correspondences between Gordon MacDonald, the president of Area 23 Snow Crab Fishermen's Association; Mike Eagles, who was the senior advisor on snow crab; and Gus. I have some of those e-mails here. When they got wind of what I was up to, the freedom of information stuff was cut off. But those e-mails confirm that there was no misrepresentation, as Gus Van Helvoort tried to tell us, and that DFO misinterpreted their own documents for four full seasons and in the fifth season they decided to dust it off and go through it. We want to know how it went off the rails, why it went off the rails, and in the end we want our 50%-50%.

The Chair: Thank you, Ms. Kennedy.

Mr. MacDonald.

Mr. Bernie MacDonald (President, Port Morien, False Bay Fishermen's Association): Hi. I'm Bernie MacDonald and I'm the president of the Port Morien, False Bay Fishermen's Association and I'm also a member of the Area 23 Snow Crab Advisory Board.

First, I'd like to thank the committee for coming. It's a good opportunity for us to be able to talk. But I also want you to know that I'd much rather be out fishing today. I don't like being in here doing this in a short season, but it's very important to us.

My colleagues have pretty well taken care of the sharing arrangement. I want to talk about DFO's much talked about and touted co-management of resources.

There is no co-management as long as the minister can change a plan that's been in effect for four years without consulting the full fleet; as long as a bureaucrat in Halifax can write a briefing note that the advisory board is not allowed to see—no matter how much we ask for it; and as long as an advisory board for a fishery requests the minister to come down and meet with them and for a year she never even dignified it with a response. She never even said no; she just never came. The same minister got on the media two or three times saying everybody was happy with the sharing formula except a small minority of the fleet, 600 core fishermen. I don't know how anybody can call that a small minority.

So until there are some changes in DFO and the way they work with fishermen, the way they communicate, this is what we're going to have, and it's just getting worse.

That's pretty well everything I've got to say.

● (0900)

The Chair: Thank you very much, Mr. MacDonald.

Mr. Byrne.

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

I want to follow up, Josephine, something you referred to, and you referred to it as well, Norma.

You understood that there was an actual management plan, a “contract”, as you referred to it, from 2005 to 2009. Is that correct? I specifically want to zero in on Ms. Joan Reid's letter, dated February 18, 2009. It was addressed to all snow crab licence holders in crab fishing area 23. It reads much like a newsletter. It talks about different officials with the Department of Fisheries and Oceans being reassigned to different tasks. It talks about Tim Rhyno's licence, for example, and the minister's decision there. But it also specifically states—and you quoted this, Ms. Kennedy—that “It is expected that due to the strong recruitment, a TAC exceeding 9,700 tonnes may be approved in 2009”. Just as an aside, I understand that 9,700 tonnes was a trigger point under the management plan to go to a revised share structure. The letter continued: “thus triggering the permanent 50:50% sharing arrangement recommended by the Advisory Panel on Access and Allocation in 2005”.

I really think this is relevant, because the senior area director for eastern Nova Scotia was informing the industry that a change was afoot, and that for the last four years when the management plan was put in place—not in 2009 but in 2005—there was a broad and general understanding, if not a specific one, as to exactly what that management plan was. It was a change—not the status quo, but a change to a 50-50 sharing split.

Ms. Kennedy, would you be able to explain whether there was an interpretation or understanding on anyone's part that the share structures would basically stay the same, or was Joan Reid seriously wrong in her judgment? Or was she correct in her judgment that for the last four years a management plan was in place, understood by all to be in place, and that a change would occur in 2009? From the date of this letter, February 18, 2009, when was the actual management plan announced for that particular year, indicating a change, if indeed it did occur?

Ms. Josephine Kennedy: From what time?

Hon. Gerry Byrne: From February 18, 2009, to the date the actual management plan was announced by the minister, how long a period was that exactly?

Ms. Josephine Kennedy: Well, on February 18, 2009, this letter came out from Joan Reid informing everybody with a heads-up, and that triggering number was going to come into effect. On March 25 we had our advisory meeting and we spoke, and the last statement was concerning this 50-50 split. We did not know. We received a letter and it just had a TAC written on it for the different areas. It just said that licences were to be divided equally. So we automatically assumed, because the letter was so obscure—and I shouldn't even call it a letter, because it was just a little thing they sent out—and there was no mention of 50-50 and no mention of 60-40, which was throughout all the documents.... We had lived with the 60-40 split until 2009 and it was supposed to go to a 50-50 split.

So in reality, to this day we really haven't been notified that the document has been shredded. In trying to get that information and explanation, this has been the end result.

As far as Joan Reid is concerned, I can honestly say that she is the only lady—and excuse the language I'm going to use—who has the balls in DFO. She stood up. She knew what the management plan meant and what we were supposed to get and she notified everybody. But apparently, behind the scenes, there had been discussions to change it without telling us.

• (0905)

Hon. Gerry Byrne: If I could interrupt you there just to ask, if you were to categorize the current management plan, is it basically the status quo? Is the current management plan as amended by the minister or as currently in place by the minister basically the same as what was there before? The numbers are different, but is it the same, or is there an amendment here? How do you rationalize this?

Ms. Josephine Kennedy: The body of it is basically the same. The only thing—

Hon. Gerry Byrne: So is there no change? That is what I'm getting to.

Ms. Josephine Kennedy: The only thing that has changed is what they've done to the sharing, which is the most important issue in this whole document.

Hon. Gerry Byrne: Forgive me, though, for interrupting, Ms. Kennedy, but what I want to get to is the point that the newsletter from Ms. Reid indicated that a change was about to take place, that there would be a difference. She clearly outlined that a change was going to occur in the sharing structures as per the agreed management plan.

Bernie, you might be able to jump in here, but it seems to me that if there's the status quo, there's a contradiction here.

Mr. Bernie MacDonald: There's no status quo. It went from our part of the fleet. We were getting 40% of the overall TAC, the total allowable catch. It would have changed to where we would share 50%, and in reality it went down to 38%. So we went from 50% to 38%.

Hon. Gerry Byrne: For practical purposes, that's status quo, in other words.

Mr. Bernie MacDonald: Yes, except we lost.

When we found out about this change our season had already started. We'd been fishing a month. We'd started fishing a month earlier under an interim quota. So when I got the fax stating we

weren't getting our 50%, the boats were in the water. Just then the fax came and said the TAC went up to 10,800 tonnes, and we weren't getting what we thought we were going to get.

Hon. Gerry Byrne: I see. Okay.

I think one of the principles we're dealing with here is stability. We're always recognizing the importance of stability. Could I ask your opinion? If someone has a plan in place for you, a management plan, a contract, for four consecutive years, and then at the last minute, before the season starts, as soon as the TAC goes over 9,700 tonnes they change it without notice, is that stability? Does that add stability to your industry?

Ms. Nellie Baker Stevens (Coordinator, Eastern Shore Fishermen's Protective Association): I can answer that for you.

I was totally flabbergasted when at 4:33 on a Friday afternoon—I work from home, and what saves the day for me is I get it late when DFO comes out with announcements—I read this, and it said “equal”. That's okay, 50-50. The quota went up over the 9,700, so it's 50-50. As I was telling Peter MacKay, I did the lotto dance. I thought, finally we got it. I was so excited. I even sent an e-mail to the snow crab fishermen saying we got it.

Then I kept reading it, and I said to Norma.... Norma said she didn't think that's what it meant. I read it again, because it wasn't very straightforward, not really. And I said I needed to talk to somebody. I couldn't wait till Monday morning.

So I started making phone calls to DFO. Nobody's there. Nobody's there. I had to look up Mike Eagles's home number and torture that poor man at home on a Friday afternoon and ask Mike to please explain it to me because I didn't understand.

He said there was new information, and this was the first I understood anything was even going to be changed. I asked what he meant, because this plan's been in place for four years. The new information was appendix B. It's supposed to be equal licences.

I was in total shock. I had to send out e-mails: I was wrong. It was a terrible evening.

Another representative from Halifax West called me and asked if I understood what that meant. I said I didn't know. The two of us read it together because this is the way it was worded: it was supposed to say 50-50 shares, but it said “equal”. So does equal mean 50-50? We said we didn't think this meant 50-50. It said equal licences, which is a totally different interpretation.

So this is how we found out. It was on a Friday afternoon, and they started fishing Monday. I'm quite upset with that, because if you're going to take a plan, and it's been in place for four years, and stability was wonderful.... We were sitting down with the traditional, permanent fleet, discussing science, discussing the best ways to look after the resources, discussing how many traps, the season. It was a very good working relationship because we were in it together. We were integrated.

● (0910)

Hon. Gerry Byrne: Can I interrupt you just for one second on that? To get to the point that if you have four years of an understanding, there are four years to correct that misunderstanding—if it's there. The test of a reasonable person would be that after four years there's an opportunity for DFO to correct a misunderstanding. Also, the point here is that if a change is being announced and if it's simply the status quo, what happened in 2005 in revisionist history is that there was never any change to the management plan; it was the 2004 plan rolled over again. Would that be a correct interpretation?

Ms. Nellie Baker Stevens: I don't know if I would say the status quo, because I'm sure that others would argue that. They would say no, it is not status quo. We went from 32%, and you were lucky if you hit 38%. We were 32% and we're down to 30%. It went to equal licences, so they're going to say yes, there was a change. It is equal licences now instead of having 30% here and.... They no longer look at percentages; it is equal licences. But I'm sorry, I look at percentages, because we lost 2%, so that is important to me.

Be careful with saying status quo, because I'm sure you're going to hear arguments that it isn't status quo. Actually it has changed, because now it's equal licences.

The Chair: Thank you.

Monsieur Blais.

[Translation]

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

Good morning, ladies and gentlemen. In a way, I am very happy to see you again.

I would like you to explain or clarify several points for me. The first thing concerns appendix b, in the famous letter we discussed earlier. Did you finally figure out what it was?

[English]

Ms. Nellie Baker Stevens: Actually we all have copies of the independent report, so I dragged it out, and I wondered what he was talking about. I went to it. It's a table. I started going through it and asking what he was talking about. It very clearly shows that 50% of the quota goes to us and 50% goes to them. The only thing that didn't quite compute is that based on the future, when we would have 31 licences and the traditionals would have 31 licences, if you shared 50% of the quota with each of us—guess what? It would mean you would have equal licences. Do you see what I'm saying?

The problem was because they held off that 9,700 thing, when we became permanent we put our licences together to make what a traditional permanent licence was—let's say 55 tonnes. It took 20 of our individual quota holders to make up 55 tonnes, because they were sharing—I don't know—for tonnage or whatever, so we got only 16 licences. We didn't end up with 31 licences. They had a master plan. They had decided how they would like things to be: we'd share things equally, 50-50. To me, I put a ribbon on the bow: why don't we make them both exactly the same number of licences? That way, it's much simpler. You give out the quota, and it's the same amount per.

I've been staring at this for the longest time, having discussions with DFO on this, and this seems to be the thing that's holding them back. I shouldn't say that. This is their excuse for not going forward with what was in the plan.

● (0915)

[Translation]

Mr. Raynald Blais: I imagine that if the document in question has not been tabled, you will table it so that we can apprise ourselves of it. You only have to give it to the clerk as well as any document you have or any document you may wish to provide to us following today's meeting. If you believe that the members of the committee would be interested in such and such a document, do not be shy. Sometimes we think of certain things in the moment and the next day, we think of something else. Please do not hesitate in this regard.

There's another point I'd like to raise with you which is the minister's discretionary power, the 100% power. Certain people may say that this is interesting because it allows one to correct a mistake right up to the last minute. However, there are all sorts of levels of lobbying, of power. I wonder, in the final analysis, if there shouldn't be a type of power-sharing. We wouldn't want the minister or the people surrounding him or her to be able to do whatever they please. The same thing is true concerning the people who could possibly influence that person.

There could be a sort of multilateral committee where the people concerned by a particular problem could sit. I am raising this with you because this could eventually be one of our recommendations. I would like to know your opinion. Do you see this favourably, or not? If you think this is a good idea, why?

[English]

Mr. Bernie MacDonald: I'd like to answer that. One of the biggest problems we've got down here—and I referred to it before when I was talking—is that we have all these advisory meetings and we spend a lot of time in advisory meetings. I know I do, and everybody here does. But when push comes to shove, what we come up with in advisory meetings we have no way of knowing if that's what the minister is getting to read, because a bureaucrat writes a briefing note, and because it's interdepartmental communications we're not allowed to see it.

I think the advisory board should be involved in writing the briefing notes to the minister, and then, when the minister makes a decision, we know she made her decision on the facts she read or it's just a personal decision.

I'd like to just let you know another consequence of this decision, and it's too bad. This whole fleet has a great rapport with science and we work with science well and we fund science. But because of this decision that the minister made of all the core licence holders, we're not paying for science any more. There was a bit of money from the Larocque decision that's been going into science, but as far as I can see, when that's done, science is done for this snow crab fishery down here, because until we get equal sharing, there are a lot of people who are going to say they're not paying for science—they're not getting enough out of it, so why should they pay to get other people more crab. It's too bad.

Ms. Josephine Kennedy: Just to go back to this appendix B, here in area 23, the future that the independent panel saw for area 23 at the time was that the permanents had 37 licences. There were to be 37 licences created for area 23. That would make everybody equal. But instead they created 21 licences. So that threw the numbers off. We are not equal. So appendix B doesn't hold water.

All through these documents, everywhere—all DFO documents, DFO minutes—it goes back to how the sharing formula was to break down at the 50-50 in the eastern Nova Scotia snow crab management plan, which DFO told us was the bible. This is how we were to abide, and the only things that would change would be traps or season opening and closing, soft-shell protocol. On page 41 it states the approach:

When the TAC reaches 9,700mt the distribution of quota will be calculated as follows. The permanent licences existing prior to 2005 will equally share 50% of the TAC and all licences converted to permanent status in 2005 will share the remaining 50%. Of the 50% provided to the licences converted....

The slope edge comes into effect, which is another story in itself.

But it clearly states through every document, from the independent panel's recommendations and acceptance by the Minister, Geoff Regan, completely through until we found out that DFO stole our crab. We are wanting our crab back—nothing short of the 50% that was mandated in this document that cost the people of Canada probably hundreds of thousands of dollars.

To touch on whether the people at DFO misinterpreted it, whether they found something different, this document goes from 2007 to 2011. The reason it was late getting into our hands—and this is DFO's statement—was that it took DFO's lawyers, French and English, DFO policy advisors, French and English, to make sure it was translated and that everything was followed in the way it was set down through the independent panel by the acceptance, everything, so there would be no misinterpretation. Then lo and behold, in 2009 there was a misinterpretation. They dusted it off and found a word, and they refer to the word “equity” several times. They picked up on that in the independent panel's report. But as they picked up on the “equity” word, they left out the meaning of the word “equity”, which had two points to it: procedural and substantive. Without both you can't go on the equity principle. As it states here:

At the procedural level, the equity principle requires fair and consistent application of access criteria through a decision-making process that is open, transparent and accountable and that ensures fair treatment for all. At the substantive level, the equity criterion is premised on the concept of the fishery as a common, public resource that should be managed in a way that does not create or exacerbate excessive interpersonal and inter-regional disparities. Failure to respect both requirements of the equity principle will generate widespread perceptions of unfairness and exclusion.

That's exactly what they did. They excluded us. They broke an agreement.

● (0920)

The Chair: Thank you, Ms. Kennedy.

Mr. Donnelly.

Mr. Fin Donnelly (New Westminster—Coquitlam, NDP): Thank you, Mr. Chair.

I'd like to say that I'm very happy to be here in Cape Breton, and that I'm from the west coast. I'm the MP from New Westminster—Coquitlam, just outside Vancouver. When I heard there was a motion to look at the snow crab issue on the east coast, I thought this was an important issue that this committee should be looking at. I thought it was really important that this committee come to the Atlantic provinces and hear first-hand from you.

I do appreciate your taking the time out of your busy schedules to come to talk to us and tell us what you feel are the issues. I appreciate the background information, the clarifying information. I do get a sense of the frustration of the last number of years, where you felt agreements were in place and contracts had been broken. Agreements have been broken and aren't being implemented as all that work that was put into those arrangements should be implemented.

Could you mention in a minute what your recommendations would be, and if you could, try to be specific? I know there are the history and the issues, but I've already picked up a number of things from Bernie, for instance, a comment about not paying for science until there's equal sharing. That's the kind of thing I would like to hear. If there are some specific things that either you foresee or that you want to see happen, if you could each mention those things, maybe starting with....

Ms. Nellie Baker Stevens: Josephine is correct. They are correct. We have been let down and robbed, and that doesn't leave a very good taste in your mouth, I'm sorry.

We had been stable. We had been working very well together. We were putting our money toward science because we were integrated. We were working together as one because we had an agreement. Now, with what the minister has done, we're not feeling that any more. We're feeling we went back to the old days, when we sat across from each other and sparred. We're not stable any more. I don't know where she got that, but if she had that written somewhere that this was going to make us stable, no, not when you break an agreement.

So there will be discord with the fishermen on the science, on everything. In the past, and you would have had to be there.... When we first started sitting down at advisory meetings with the other fleet, it wasn't a good thing. We weren't getting along at all. So now we're going back to that day, and that's a terrible thing after having all these years of trying to get....

Look at our fleet. Look at our quota. Look how well we're doing. When we were stable look at how well we're doing. We never saw levels this high, and the quota looks good for the next few years. We're working as a unit and toward one purpose: to stabilize the resource to be sustainable for all. Now she has taken that away from us again.

We spent this whole year trying to get attention to what was done to us. How much time? We didn't log it, but we've been spending a lot of time trying to get attention for this to get changed. That isn't what we should be spending our time on. We should be spending our time on working together as one fleet, as we had in the past four years. I'll tell you what: it doesn't take as much energy when you're all getting along and everything's coming together.

So now we're back on opposite sides, and it's them and it's us. That is not a good place to be. We had thought we resolved that with the independent panel. That was why it was put in place. It took the politics out of the fishery. Now the politics are back in the fishery, so this is why we have you here. Apparently, they don't want to listen to an independent panel where a decision was made and implemented for four years; we have to do this the political way.

You were asking, is there a better way for decisions to be made? There has to be a better way, because this is terrible. This is a terrible way for the Minister of Fisheries to make decisions on different species. Whatever she just did was so wrong on so many levels.

I don't have the answer for you on what we need, but we need something different.

Was that more than a minute?

• (0925)

The Chair: Please be brief, Ms. Kennedy.

Ms. Josephine Kennedy: We are one of the ones who are holding out from paying science. As Bernie said, why should we pay for science? When we do find extra crab, we don't get the agreement and the amount of crab we're entitled to. We worked hard for this management plan. Back in 1998, when we first were temporaries and shared on crab, we were mandated to go at least 80 miles from shore. We did the science work. We proved the crab were out there. This led to an increase in TAC. We've done this every year. As Nellie said, we sat around the table and bit and barked at each other. DFO ministers had enough of that and they mandated the independent panel. There was acceptance of the recommendations, the management plan was put in place, and we abided by it for four full seasons. We never went back to any of the ministers, whether Liberal or Tory. We never approached them to ask them to change the management plan sharing formula. We lived with it. We prayed every night that the TAC would surpass 9,700 tonnes. In 2009 our prayers were answered. The only thing is that DFO didn't deliver on them.

I know the minister gets most of the flak and the black eyes from this. But DFO officials in Halifax are the key boys. They're the ones

who should have their knuckles rapped on this. The minister can only take advice from her advisors and she follows that advice and believes in those advisors. The sad thing is that some of these advisors aren't to be trusted. We well know what happened here. Gus van Helvoort wrote a personal note and it resulted in this. I would say they pored through this document for months and months and came up with the "equal", hoping that we wouldn't hold on to documents, that we would just discard them because we had a management plan and, hey, we were trusting that DFO would give us our 50-50 if and when the day happened. We held on. We held on to all notes. We held on to every document. As I stated earlier, Gus van Helvoort tried to convince me that DFO misinterpreted its own documents along with statements that, oh, we agreed to give our crab away. How stupid would we be? If we lobbied to get crab, are we going to give it up easily?

In e-mails between, as I stated, Mike Eagles of DFO, Gus van Helvoort of DFO, Gordon MacDonald of the permanent fleet, and Fred, who is here today, it clearly shows that back in April of 2005, through the communication back and forth, they understood that 50-50. There was no talk about the 50-50. The only thing they were worried about was why the Millbrook 250-tonne allocation was tucked into the CFA 23 when it shouldn't have been there. It was just words twisted around. They did not question the 60-40 or 50-50. They were accepting, but they were also praying that it would never go over the 9,700 tonnes.

• (0930)

The Chair: Mr. MacDonald, do you have a quick comment?

Mr. Bernie MacDonald: My idea is pretty simple. To make it better it's true co-management—not this farce that's going on now, but true co-management, where the industry really has a say in what's going to happen.

The Chair: Thank you, Mr. MacDonald.

Mr. Kamp.

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

Thank you, ladies and gentlemen, for being here. It's always good to be out in this direction. I'm also from British Columbia, as some of you know. It's my first time to Cape Breton, so I appreciate the chance to be here.

You made a point near the end, Josephine, that since the independent report in 2004, I guess it was, and then the decision of the minister of the day accepting the recommendations, as you put, that everyone accepted that as the way to go. Is that really the case? That's not the information I've heard, that it has remained contentious since 2005. I think you have said that everyone thought that was fine, the traditional fleet as well, and they were just reluctant to get there, hoping that the quota didn't hit that magic plateau. We will have an opportunity to ask the other sides of this debate as well as the DFO officials involved, which we will do.

Is that your perspective, as you've said, that everyone liked the arrangement as laid out in that report?

Ms. Josephine Kennedy: No, we didn't like the arrangement that had been accepted when it didn't go through with the full recommendation of 50-50 from day one.

You said you received information that since 2005 it has been contentious. We haven't had any problems or issues, other than arguing with DFO over what the exploitation rate would be in any given year. So whoever fed the minister the information that there has been disharmony and instability since 2005, that has not been the case.

Mr. Randy Kamp: Of course this is what we're here to clarify. As I said, we will be asking other participants in this as well, but your perspective is that everyone accepted the 50-50 arrangement and there was no disagreement from 2005 until now.

Ms. Josephine Kennedy: No. If you go back and look through DFO's documents, we protested in 2005 when the minister decided to go forward instead of putting in the 50-50 immediately. His documents said the sharing arrangement was to be maintained until the increase of 9,700 tonnes, which at the TAC levels at a 50% share would give the quota holders the same quota they enjoyed in 2004, and that was just to give them time to adjust to a 50-50 split. That's why he maintained the 60-40 and put that codicil in there that it would be at 9,700 tonnes.

Mr. Randy Kamp: I understand why you weren't necessarily fully pleased with the delay in implementing the 2005 agreement. Is it your understanding that once the 2005 arrangement was public and accepted in some way, at least by the minister of the day, everybody was fine with that—the other side, the traditional licence holders, the first nations, for example?

• (0935)

Ms. Josephine Kennedy: In my understanding, everybody who walked away understood what the arrangement was going to be if it reached 9,700 tonnes. Nobody approached us—

Mr. Randy Kamp: And they were okay with that.

Ms. Josephine Kennedy: —and said they would be disenchanting if it hit the 9,700 tonnes, and that there would be issues.

We had no idea that discussions or anything was happening until after the fact, and we picked up licence conditions for 2009 and found out we were shortchanged 10%. We had no idea—

Mr. Randy Kamp: Sure, and that's fair enough. Thank you, Josephine, for that information.

Ms. Nellie Baker Stevens: Let me answer the question as well.

When we first found this out, that we had 50-50, I was at a meeting for groundfish when I was reading my e-mails, and it came out. Mike Eagles happened to be up on the fifth floor, so I left that meeting and went flying up there. I asked him what it meant, to explain it to me, to tell me what we really got, because—

Mr. Randy Kamp: Is that 2005 you're talking about?

Ms. Nellie Baker Stevens: Yes, when it came out, because I asked what it really meant. So he explained it to me, and I said “woohoo”. I went down, and Tim Martin, from the first nations, was at the groundfish meeting, so I came up behind him and said that we got it—not gloating, but very excited. I understood it was 50-50. So he asked if I got something. I said yes, that it had just come out. So needless to say, he was well aware that the announcement came out.

I saw him many times after that at meetings, and not once did he come up and say that we got screwed. There was no outrage. That was when there should have been outrage. If it were us and we were all unhappy that it was going to go 50-50, do you think I'd wait four years and then say we didn't understand it, it wasn't right, we didn't consult right? No, I would have been on the doorstep; I would have been at Mike Eagles right there and given him hell that same afternoon.

What I can tell you—and I can't verify this, since it's third or fourth or fifth hearsay or whatever—was that the natives, the first nations, were guaranteed by DFO it will never go above 9,700, don't worry. I was told this. So that could be the reason they didn't do this big “oh no”.

I would love that guarantee sometime. I would love to sit in their office and hear them say “Nellie, you're guaranteed to get 50-50, don't worry about it. It doesn't matter whatever else happens, you're getting that.”

So no, they're not happy. I'll tell you, it's only been the last few years at our advisory meetings, as our quotas have been going this direction, that all of a sudden it comes up. We're not sure what that panel report means.

A couple of years ago, I believe Gordon was the one in crab fishing area 23 who said we wanted the minister to clarify what this 50-50 means. So at our meeting it was said to us that they wanted to know. I said we wanted to know too. If anybody was unsure, we should get a clarification.

Then this last year, when we had our meeting—

Ms. Norma Richardson: It wasn't on the agenda.

Ms. Nellie Baker Stevens: —I brought it up. It wasn't on our agenda.

Mr. Randy Kamp: Was that in March 2010, the advisory board meeting?

Ms. Nellie Baker Stevens: Yes. It wasn't on the agenda, but I brought it up because it was in the minutes that we were supposed to have had some correspondence from the minister as clarification. So I asked where it was. Mike Eagles was no longer the head of it, but he was sitting there. I asked Mike if he had sent that letter, and he said yes. I asked where the response was, and he said he never got any. So if you call that consultation, I'm sorry.

What I'm trying to tell you is that there was no outrage at the beginning. It was only as the quota got closer to 9,700 that we started hearing peeps from the traditional fleet that they thought it didn't mean what it meant and they wanted clarification.

Mr. Randy Kamp: Thank you for that clarification.

Let's go back a year to the advisory board meeting in March 2009. Was it discussed there? Then between that and March 2010, I guess a decision had come from the minister about the equal licence-sharing or however that was described. Was it a contentious issue at the March 2010 advisory meeting?

• (0940)

Mr. Bernie MacDonald: Can I answer that, please?

At our March 2009 an addendum was put on the agenda. Mr. MacDonald was there that morning. He put an addendum. He said he wanted to talk about the sharing formula. It was the last item on the agenda. He got up and said what he wanted to say. We didn't know anything was going to be on it. He talked about this equity in licence, equal licence: a licence is a licence. When Mr. MacDonald was done speaking, the meeting was adjourned. That's the extent to which it was brought up.

In June I got a fax from the minister stating what the TAC was going to be, and almost word for word what Mr. MacDonald said in the advisory board meeting was on the fax. That's all the discussion.

As an advisory board, our part of it had no idea it was even under discussion.

Mr. Randy Kamp: What about this past one in March this year?

Mr. Bernie MacDonald: On this past one, we were told the minister had made her decision and that was what it was going to be.

Mr. Randy Kamp: Were the majority of participants okay with that?

Mr. Bernie MacDonald: No. They knew we weren't okay, but we weren't at the advisory meeting to argue sharing formula. We were at the advisory meeting to set our start dates and to set our trap limits and to set our TAC, but they knew we were fighting this.

The Chair: Ms. Kennedy.

Ms. Josephine Kennedy: Getting back to the March 2009 meeting, in the notes, on page 12 at the bottom, we were discussing exploitation rates, whether it should be 13%, 17%, or whatever. Option two was 20%, and here is Claire MacDonald, the senior advisor for snow crab at DFO:

It should be noted that the 20% ER will trigger the permanent 50%-50% Sharing Arrangement recommended by the Advisory Panel on Access and Allocation in 2005.

Then it goes on to say on the last page, as Bernie said, that Gordon MacDonald got up and spoke, and he opened the discussion on sharing formula. He noted that if the TAC exceeded 9,700 tonnes, this would trigger a permanent reallocation. They did not have any reason to not understand what the sharing formula said from 2005. They knew it perfectly, but as Nellie stated, they were guaranteed that it wasn't going to go over 9,700 tonnes. The only thing is that science one-upped everybody and did a fair analysis of the biomass out there and put out 10,800 tonnes for 2009, and it's over 13,000 tonnes for 2010.

But fast-forward to the March 2010 management board. Prior to the start of the meeting I brought it up with Paul Gentile. We had a heated conversation over it, but it was not to be spoken of at the general meeting that would be recorded because—in Paul's words—the minister had made her decision and it was the final decision and they were not there to discuss it. They basically told us that if we were going to bring it up, the meeting was going to be shut down.

On the consultation part, if they talk about consultation before their changing this, there was absolutely none with us—maybe with the members of the permanent fleet, but we weren't party to that. When we tried to find out what went on.... This is when they were throwing in that we were consulted. We were not consulted. We're still fighting today, on May 27, to find out what in the name of God went on to change all this. It is something we lived through and practically gave up our first-born to get, and here we are back to fighting, back to the old status quo of arguing and nobody really wants to talk to anybody and looking at everybody as if to say “You're ugly; we don't want to talk to you.”

This has to change. I'm hoping this panel will go back to the minister and say “Look, Ms. Minister, all the DFO documents—not documents that Nellie wrote or Josephine Kennedy wrote or Bernie MacDonald wrote—are DFO's documents, every bit of it, and that was paid for by the taxpayer of Canada and the permanent fleet knew exactly what was going on right from the get-go”.

As Bernie said, Gordon MacDonald said the only way would be to divide the TAC equally. Well, how come Mr. Gordon MacDonald's words can be carried off to the minister and change a complete plan, but anything that we're supposed to be co-managing doesn't even see the light of day? It's thrown in the garbage before we get out the door.

That has to change, and if there's anything going to happen within DFO, those people in Halifax, those policy advisors and those ones who write the briefing notes, have to be held accountable, which they are not. They are not. They hide behind the minister's skirt or the minister's suit, whoever happens to be there, and when they're on the hot seat, what do they come back with? “Well, it's the minister who has the final decision”. But the minister can only go by what they're telling her to do.

• (0945)

The Chair: Thank you very much, Ms. Kennedy.

Ladies and gentlemen, thank you very much on behalf of the Standing Committee on Fisheries and Oceans for coming to this meeting with us this morning and for taking time to offer your comments and to answer the questions of the members. We do really appreciate your time here today.

We'll take a short break while we set up for the next guests.

Thank you.

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_____ (Pause) _____

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• (1000)

The Chair: I'll call the meeting back to order.

I want to thank you very much for joining us here today. The Standing Committee on Fisheries and Oceans is, as I'm sure you're well aware, studying the snow crab industry in eastern Canada. We look forward to your comments today.

We try to limit the comments to approximately four minutes per individual in the interest of time and trying to get everyone in and to allow the members time to ask questions. The members have timeframes that they have to remain within while asking and enjoying the answers to their questions.

We'll start with you, Mr. MacDonald, if you have some opening comments you'd care to make.

• (1005)

Mr. Gordon MacDonald (President and Managing Director, Area 23 Snow Crab Fishermen's Association): If I could just defer to Leonard, he'd like to start, actually.

The Chair: Sure.

Mr. Denny, please.

Mr. Leonard Denny (Chief Executive Officer, Crane Cove Seafoods, Eskasoni First Nation): I just want to make sure that you guys hear me, first of all, and do you guys see me as well? I'm first nation; are you able to see me?

The Chair: Yes.

Mr. Leonard Denny: Great, because it doesn't seem as though all the parties want to acknowledge first nations participation in this, so I just want to make sure I'm seen, right?

First of all, I want to welcome you guys to Unama'ki, also sometimes known as Cape Breton.

My name is Leonard Denny. I am the chief executive officer for Crane Cove Seafoods, which is owned by Eskasoni First Nation.

In the last ten years or so we've been able to start participating in commercial fishing activities due to the Marshall court decision. I'm happy to say that we've been able to build really strong relationships with DFO. We're actively participating in the management of the resource and of the oceans as well. We're also building strong relationships with the non-native fishers, the non-native communities, and the buyers.

As a first nation we take a balanced approach to fishing. We always look at the economic side of it, and I'm happy to say that we manage our own fishery. We look at the environmental side of it. We're always trying to use environmentally friendly practices in fishing. There's also the conservation side. We've been talking about marine protected areas and we've kept an open mind on that.

Conservation, the environment, and economics are all key. I think there is a balance so that you can do all that and still be successful.

The one thing I want to make clear that is not being made clear is that you always talk about the two groups sharing 50-50. It's 50-50 for two groups or 60-40 for two groups. Well, I want to let you know there are three groups here, not two groups. It works out to the traditional having about 20 licences and the first nations having about 20 licences and the temporaries—now permanent—having about 20 licences. The thought of taking two groups and sharing half

and giving the other half to one group again makes us invisible. That's how I read it, because there are three groups equally sharing the three sets of 20-some licences.

Eskasoni fishes mostly out of area 23. Right now each group holds approximately one-third of the licences, so if you want to talk about fairness, I think it's right on the nose right now. I think the minister in her wisdom saw that and adjusted accordingly.

I know these plans were developed years ago and I want to state for the record that we were never consulted on these management plans. We were never consulted. It was never explained to us. Due process and due diligence were never done on this. I want to explain that.

We were also not consulted when they issued a new licence in area 23. To me it's very irresponsible and very cowardly for an outgoing minister to make such a decision, leave, and not have to deal with the consequences or the outcry from it. It's very cowardly and very irresponsible. It makes other MPs look bad. I know you guys aren't all bad, but it is very irresponsible.

They also talk about traditional licences and how there is one owner. It's one owner. Then they tell us that with us, there are 350 owners. Well, with our licences there are 10,000 owners, okay? It's 10,000, not 350. There are 10,000 owners.

I'll tell you about the benefits that the crab and fishing activities have brought so far to first nations in Eskasoni specifically. There are five processors, plus two on the mainland.

• (1010)

I'm not going to speak for the others, but in Eskasoni, we currently employ 100 fishermen and about eight administrators or managers, whatever you want to call them. We also employ 25 processors who are all native. We have 25 processors who repackage frozen crab caught by the industry.

Is it all about us? It isn't. We also help employ more than 200 non-natives in Arichat with our snow crab. We also help employ non-natives with our shrimp. We land our shrimp in North Sydney. So it's not all about us. Again, we're trying to find a balance here.

The income generated from that, the profits, is shared among the community whether that is debt reduction or offsetting shortfalls with programs in Eskasoni. The biggest thing for us is that if this change did occur, if they got their way and it did occur—and we've had these conversations before and apparently we were forgotten about today when they had their say—it would have meant 400,000 pounds lost to Eskasoni. I'm sitting in my office and I'm telling 20 fishermen with families who are used to welfare, because we are on reserves, that they are going back onto welfare and won't get to fish this year. That's not something I ever want to have to do.

Eskasoni is a proud first nation, but it is also a struggling first nation. Our community is 70% unemployed, 70% plus. It's always like that. Let alone the high suicide rate, our unemployment rate is enormous. I know it is easy to sort of... It's like watching TV showing third world children. Turn the channel and it will go away. It is easy to turn the channel on us and forget about it, but we're going to try to make a fuss about that.

Again, for the record, we were never consulted on any of this, and I don't like it being implied that there were some backroom dealings here. We've always been upfront. We always participate in management decisions. We respect the rules. We've been following the rules since we have participated, so all this conspiracy theory stuff is just a pile of... I don't want to say. Let's get realistic. The minister was able to adjust, but politics doesn't always make the right decisions, and believe you me, there is enough blame to go around. But let's do it case by case. We can't always blame you guys. You can't always blame us. So we do it case by case.

What I would also like to let you guys know about is that in area 23 and area 24 I would like to say it's a little bit different. We've been taking the cuts. When science tells us to cut, we cut. We work together. We have made sacrifices over the years. Our stock is healthy. Ours went up this year. In other areas it went down. But we don't fight it. We don't argue. When we are told to cut, we cut, and we manage our resource. So we should never be punished for doing that. We are managing a healthy resource.

For now that's all I want to say.

Again, thank you, guys.

• (1015)

The Chair: Thank you very much, Mr. Denny.

I'm not sure who wants to go next.

Mr. MacDonald.

Mr. Gordon MacDonald: Excuse me as well. I'm not exactly at my best right now. We're in the middle of fishing season, and I've just spent three days on two different boats trying to harvest lobster and snow crab at the same time. I was up until two o'clock in the morning trying to write what I was going to say to you folks today.

I have a little bit of a benefit because I've probably been at this business longer than any DFO or other person. My uncle started fishing when the first permits were issued in 1978; I started in 1979, and I've been in this fishery for a very long time. I've been working with the executive of the association and leading it pretty well since 1996, through the growth and expansion, the collapses, and the regrowth.

My name is Gordon MacDonald. I've been well addressed in the earlier presentations. I'm the managing director of the Area 23 Snow Crab Fishermen's Association. We're a collective of the traditional fishermen who have been around since the fishery was started and the aboriginal fleets that have been part of us since their being made permanent in the fleet.

Thank you very much, Mr. Chairman and members, for coming to Cape Breton. That certainly makes it a lot easier. Welcome to our home.

We're here to discuss what's become one of Canada's most successfully managed fisheries, the eastern Nova Scotia snow crab fishery. This fishery's been active for over 30 years, and it has proven to have highly variable biomass levels, as have all snow crab fisheries throughout the world. In Alaska and the gulf there are high fluctuations. Biomass gets very high, and then it drops.

In area 23 this resource, as such, has proven to both require and respond to good management practices, the foundation of which is found through the United Nations Food and Agriculture Organization's fundamental reliance on conservation through the reliance on fishermen as owners of the fishery resource. Because they're most tied to it, they suffer most or benefit most from the decisions that are made. If you can put that in their hands and give them a long-term feel, then you will achieve greater success than any level of policing or upper-hand management can achieve.

The snow crab fishery has progressed from an effort-based competitive fishery to a fishery managed by quotas that were implemented to avoid a stock collapse of the kind that was experienced in the mid-1980s. Quotas were set at the behest of the fishermen. The value had gone up in the 1990s, the price was around \$3 a pound, the effort was going high, and we'd just gone through the collapse in the mid-1980s; the fishermen said, "We're going to drive this right back into the ground, and it's worth something. We need to protect this, and quotas will take care of that."

However, when DFO implemented the quotas, they used a ten-year average that also included the collapse period, so they were set at a relatively low level. If you average zero into your numbers, it gets to be that. With a relatively low quota, the science then came on board to advise what the biomass levels were. They used something called a Leslie analysis, which pretty well says that if your catch rates are high and drop off rapidly, the resource can't handle the pressure, so the stock is in decline.

The fishermen had very little need for effort, because the season was long enough and the quotas were low enough that it didn't really matter. One played into the other, and the net result was that the scientific recommendation was that the stock was in collapse. The fishermen were going, "You're crazy. It's easier to catch these things than it ever has been."

That said, DFO offered the industry the opportunity to use this trawl survey that had been done in the gulf. They'd bring the survey, at a quarter-million dollar price, if we paid the money, which we did. It's one of the examples of a fishing industry that has led for a long time in the proper types of management, from the recognition of collapse to the need for quotas to the need to then bring more science. They put their own money where their mouth is.

When the trawl survey came, they discovered that in actual fact the fishermen were right: the biomass had been skyrocketing during the whole period of time that we had been allocated quotas at low levels and told that those quotas were declining.

• (1020)

The resource was initially treated as a built-up biomass. The total allowable catches were increased for the traditional fleet, but they set aside 65% of what had been 100% traditional fleet fishery and gave that 65% away to new temporary access, which was divided among new participants and aboriginal fleets.

The idea was that this was a built-up biomass; it was there. We'd just gone through a cod collapse, there was no money, the lobster fishery was poor in a lot of areas, and fishermen were starving. There was a need to help. This was a bonanza.

The problem, of course, if you recognize snow crab biomass problems, is that it can be very high and it will drop very low. The idea was that we would bring in temporary participants and share in times of abundance, but when the abundance went down, the temporary participants would then exit, and that would provide a level of stability for the existing participants.

In 2002, after the Marshall decision, the aboriginal communities were created as full participants. Their temporary access was converted to permanent access. They were key pieces. The snow crab licences were key pieces to the Marshall agreements, because it was the fishery that had the largest economic value. There were all kinds of other parts to it, but these were key pieces.

This expanded the traditional fleet by 54%, from 24 to 37 licences, and it met with no protests by the permanent fleet. We welcomed the aboriginal fleet. We recognized that with the size of the biomass, the expansion was available. There was no compensation by DFO or anything for the extra inclusion into our fleet.

By 2004, in area 23 there were over 300 temporary quota holders and only 37 traditional aboriginal licence holders, and politics began to interfere with the best management practices and science advice. As we, societally, have failed to learn from history as understood in the tragedy of the commons on the cod fishery, existing participants would do anything to remain as the biomass showed its first signs of reduction. We had lost recruitment levels coming in. There was no sign of a future, and the biomass was headed for a steady fall, based on the independent trawl survey.

At the threshold of the time, 90% of the quota increases would go to the temporary fleet, because we were sharing at the times of abundance when we were up at a particular level; however, if there was any reduction, 90% of the reduction would also come from the temporary fleet as the resource went down. There was a recommendation for a 10% reduction in the TAC in 2004, and 90% was to come from the temporary fleet. Further, with poor scientific prognosis, the effort to convert temporary access into permanent access was about as rampant as you can imagine.

Sharing in times of abundance and traditional fleet protection in times of low abundance was gone. In a strange bout of math, the Department of Fisheries and Oceans actually treated the aboriginal communities as if they were temporary in 2004—after providing permanent access in 2002—and assessed them a 90% share of the reduction and then blended that through the permanent fleet. The net drop of 10% should have been shared 10% by the permanent fleet and 90% by the temporary fleet, but it was actually 39% for the permanent fleet and 61% for the temporary fleet. It's interesting, because it will play as we go along.

Further, in 2005 the minister of the day tasked the panel to implement new permanent access. We have serious concerns of abuse with this type of tool and its independence. Still, a large number of recommendations were implemented, including the conversion of all temporary access into permanent access, again with no compensation for the founding fishermen who invested significantly to bring this fishery to its development. As in the story of the little red hen, when the bread was ready, everyone was hungry; prior to that, there was no interest in effort or participation.

I'm sorry; I'll go more quickly.

• (1025)

The Chair: Yes, could you bring it to a conclusion?

Mr. Gordon MacDonald: While the panel report was largely implemented and a success story compared with most government reports, it wasn't wholly accepted. The panel report recommended sharing the resource 50:50 between permanent and new corporate fleets. The permanent fleet was a composition of traditional and aboriginal fleets, which were roughly equal partners. The panel recommended reducing the aboriginal access that was part of a negotiated agreement, on top of the devalued treatment by DFO of these licences as temporary, for reductions for 2004. The net result of the recommendation for equity would see the traditional, aboriginal, and corporate fleets moved from 30-30-40 to—

The Chair: I'm sorry, I asked you to speed up and now I have to ask you to slow down a little bit. The interpreters are having a hard time.

Mr. Gordon MacDonald: *Je m'excuse.*

The point is that there are three groups. As Leonard said, there was no recognition of the aboriginal fleet being part of the traditional fleet. Roughly, it meant that instead of being one-third, one-third, one-third, in some cases there was a disproportionate amount given to the temporary access, in the sense that the net result was 30-30-40, as opposed to 33-33-33. There was more given there. Then the concept that you would step even beyond that, into 25-25-50, is not equity by any stretch of the imagination.

Again, you can sit there and play the numbers and say that there are 350 of them and only 37 of us. That's the politics. To some extent that's the vote-buying that got them permanently fixed into place at a time when the resource was sliding off the scale with no sign of a future. It's part of the problem with the politics of the masses. You get people screaming and jumping up and down, and it becomes very difficult to ignore that as we're here today.

The minister didn't accept the 50-50 or the 25-25-50 recommendation, but chose to phase this in with a trigger threshold of 9,700 tonnes. I'll answer some of your questions later about why we didn't speak earlier about that. This was something that was completely contrary to the report. The report said there should be no thresholds, no triggers; just do it. The minister did not accept that. He chose a different path, essentially to put it outside of his mandate to some extent.

Unfortunately, the resource has been determined to be highly cyclical, and although resource abundance is high presently—today—it will inevitably drop again to low levels, regardless of management precautions, so when the minister implemented this, he said, “Listen, I can't implement this now because it's going to collapse, and this is going to create great suffering and economic viability pain to the fleet, but when it goes up, we'll do it then.”

The problem, as we now recognize, is that you can't keep it at that level. You can't make it take off to 30,000 feet and stay there; it's going to go up and it's going to go back down. If you permanently implement a change at this point, you're going to be in the same situation you were five years ago once it goes down again.

The Chair: Excuse me. We'll get to a lot of the data during the questions, so if you don't mind, could you just...?

Mr. Gordon MacDonald: I have just one more paragraph and then I'll get to the bitter end for you. I'm sorry about this.

You know that Minister Shea decided to change the idea. I'll go through it as quickly as I can. Minister Shea decided in 2009 to fix the equity licences as established following the panel report in 2005. She just locked in the way they made the decision and didn't change it.

We were consulted in what we understood was a major review of that decision this winter, and we were informed upon the review that the May 2009 decision was to remain. She made the decision in 2009, then went through a big review, and then decided to implement it. Of course, now you folks are here.

Unfortunately, the success that is the eastern Nova Scotia snow crab fishery is tainted by a few who've become addicted to free handouts and have learned that bad behaviour and skewed truth reap rewards: money for nothing and your crab for free. It's sad that the politics of the numbers can yet again rise up to attempt to destroy yet another fish resource. Cod alone should have provided the lessons that we needed. The resource is shared among fishermen outside the fishery who own the rights to the resource, receive royalty rights for this ownership, and the gift isn't big enough.

Sadder still is the failure to respect the conservational, financial, and historic investments by the traditional fleet that have provided the basis for this resource success. Access of 100% is down to 30% access and possibly less. Saddest of all is the bait-and-switch treatment of the snow crab access values negotiated in good faith by aboriginal people under the rights deemed by the Supreme Court of Canada. They provide that under the negotiations, this is going to be the level that you have; then they take away from that under the temporary measure in 2004, and then they take away again to provide more access to non-aboriginal...well, new corporate entity fishermen.

The traditional and aboriginal fleets have cooperatively worked towards the continued best management practice of this fishery regardless of financial hardship, as noted by a further cut in quota of 17% in 2005 right after the panel report, followed by a 29% cut in 2006, which came on top of the lowest shore price that we'd seen in a decade. We took those cuts specifically because we had to, because that's what the science was saying. The net result is that we've actually seen a rebounding effect that's gone beyond.

We are the stewards of the resource envisioned by the UNFAO, and while we're not here asking for more than can be justified, we're asking for no less. We support Minister Shea's decision in 2009, and the wisdom on behalf of the Government of Canada and the fishery that she used in making it.

We urge this committee to support the minister's decision on the allocation distributions to ensure that there's a viable snow crab fishery for generations to come.

• (1030)

The Chair: Thank you, Mr. MacDonald.

Please go ahead, Mr. Gardner.

Mr. Michael Gardner (President, Gardner Pinfold Consulting Economists Ltd.): Good morning. Welcome.

I'm here as the chair of the panel that made the recommendations that the ministers have acted on. Having heard the discussion earlier on with the previous group, I'm going to zero in on one issue, which is what the report said about 50-50, and I'll be happy to entertain questions around that.

The approach we used was based on the principle of equity, but also on other principles, and they are all laid out in the report. We labelled each of the so-called temporaries at the time as "quota holders" because each had an individual share, and the idea was that each one of those quota holders would be organized into a company of some kind. They could determine whatever organization they wished to aggregate or to consolidate those quota holdings so that the overall increase in the number of vessels or the increase in effort really wouldn't change. In other words, the fishery prior to and after the entry of the temporaries would remain roughly similar, at just over 200 vessels. To do that meant consolidating those quotas into some form of entity.

The key, though, is that regardless of how many participants—how many quota holders—formed a company, that company's overall quota would be the sum of the individual quotas held. In other words, if you had 10,000 pounds and 10 licence holders formed a company, that company would have 100,000 pounds; if there were 10,000 pounds and 15 formed a company, it would have 150,000 pounds.

What seemed to get lost in the recommendations after the TAC hit the magic 9,700 tonnes was that each of the licences was simply treated as another licence and the overall quota was divided equally among them. The trouble was the tonnage in each one of these new companies either exceeded or fell short of the sum of the individual quotas that each of the quota holders took into the company when it was formed. As a result, when you aggregated these things, it no longer added up to 50-50, but fell somewhat short of that. It was effectively still a 60-40 arrangement.

I think the document makes clear the intention and how the mechanism was supposed to work. In the report the annex B that's referred to was used as an illustration of what an end result would look like, but we had no way of knowing at the time how the various quota holders would aggregate themselves into companies or how many companies would end up in the final result. However, it didn't matter how many companies there were; as long as each of the quota holders took in their allocation, it would sum to the 50%, the equitable level that had been intended.

Somewhere along the way there was a misinterpretation of how this was supposed to work.

Another important element here is that there is a recommendation, which had been accepted by the minister, of complete transferability of quota among the quota holders: company A could acquire quota from company B, or there could be consolidation within company A. The idea was that it was to be fluid, so that issues around viability could be addressed naturally through consolidating more quota to make sure your vessel was viable.

• (1035)

The recommendations were of a piece. They were meant to be taken as a whole, and that's the way the minister accepted them, with the exception of the 50-50 sharing, which was to be engaged at the trigger point of 9,700 tonnes.

So the idea of this one-third, one-third, one-third, or 25, 25, 50% share, and so on, is certainly one way of looking at it. But our mandate was to look at this as a fishery that could be put and maintained on a viable basis. Those recommendations were directed to that end, and not along classes of individuals. All of the licence holders participated, or had the opportunity of participating in the hearings, including the first nations, who were represented, and the permanent and the temporaries. Everybody participated, and we had briefs from all of them. These were the recommendations and those were the ones that were accepted by the minister.

My reading of this is, yes, there was a misinterpretation of how this equity was to be applied, and it was not applied in the way the report had intended.

The Chair: Thank you, Mr. Gardner.

Mr. Nicholas.

Mr. Hubert Nicholas (Commercial Fisheries Liaison Coordinator, Unama'ki Institute of Natural Resources): First of all, I want to thank you for inviting me and Leonard Denny. We speak on behalf of 10,000 Mi'kmaq of Nova Scotia. There were five in the earlier group representing the corporate licences, so if we're talking equity here, I think what we should do is invite another 100 or so Mi'kmaq people to say what they have to say and how the snow crab industry affects them.

I prepared a little speech here. I work for UINR, the Unama'ki Institute of Natural Resources. It's an umbrella organization of the five Mi'kmaq communities of Nova Scotia. I can only speak for these five communities. As Leonard mentioned earlier, there are seven that currently fish in the Scotian Shelf for snow crab.

There are 10,000 residents who fish in the Scotian Shelf, and they represent 74% of the Mi'kmaq population of Nova Scotia. This equates to 21 and a half licences in area 23 and eight and a half licences in area 24. In addition to these licences, the Mi'kmaq communities currently own one, as mentioned earlier; Millbrook owns a fixed allocation.

The 30 licences and the fixed allocation equate to approximately 176 jobs for seven communities. That's just in the snow crab industry alone. These jobs mean that 176 families benefit from employment and a sense of well-being and belonging that being part of a community provides. The money generated from the snow crab industry and the commercial fisheries goes directly back into the community.

I want to go back. When I was contacted to do a presentation here, I asked why. It seemed as though the group before and a few now, maybe, were concentrating on the sharing formula. When I was asked to do a brief little presentation on what my view is, it was on how the snow crab industry affects the first nations Mi'kmaq communities that I represent. Based on that, I made a presentation based on how it affects the Mi'kmaq communities. I'll briefly mention the sharing formula, but it seems to me that this whole meeting here is focusing on that instead.

The money generated from the snow crab fishery and the commercial fishery goes back directly to communities. The chief and councillors of each community determine how best to allocate the money generated from the commercial fishery enterprises. Money that is generated for each community goes towards essential services within the community, such as housing, education, infrastructure, social services, health, community services, job creation, community enterprises, and improved well-being. Snow crab jobs provide opportunities and increased well-being that did not exist prior to the Marshall decision.

The amount of money generated from the fishery and the number of jobs it creates do not equate to a moderate livelihood for each community member; in most communities, snow crab revenue is used to help bail out other fisheries that are losing money, in hopes that the employees can accumulate enough income and enough employment insurance benefits to help them through the non-fishing season. Chiefs and councils decide for the communities how best to benefit the greatest number of people through work projects and supporting essential services, as well as supporting businesses and fisheries that are not profitable, in the name of job creation.

As you can see, there's a dependence on the snow crab fishery. We realize the importance of not fishing at all costs and want this resource to be there for generations to come to help our communities and their people; therefore, we support science recommendations and advice.

We feel that the definition of moderate livelihood has not been taken seriously. No moderate livelihood agreements have been honoured since the Marshall decision. The Marshall response initiative was a great thing for our communities, and things were much worse prior to the decision, but they are a long way from where we want them to be. More needs to be done to support economic opportunities and employment opportunities within Mi'kmaq communities, and more access to the snow crab industry is a start.

The snow crab industry on the Scotian Shelf is in good condition because of the cuts and management decisions that the participants made in the past. This has resulted in a high abundance of crab this year; the biomass has reached it peak and is now heading for a decline. This is a natural occurrence in snow crab and something that is easy to predict, whereas prices and political involvement are not.

•(1040)

The TAC is now at high levels never seen before, but unfortunately we have had to live with low prices because of the economy. With low prices for crab and increased operating costs, communities have had to adjust their budgets to compensate and have had to make decisions that affect the well-being of their members.

Any negative adjustments in quota affect the seven Mi'kmaq communities that fish snow crab and their approximately 10,000 members. This includes the new licence that was issued as well as the effects that will occur if the proposed sharing formula is implemented. Less quota available for first nation communities means fewer jobs and less money for essential services within the communities.

The IFMP did not support additional access to the snow crab areas of area 23 and area 24, as it stated that the fishery was fully subscribed. The seven Mi'kmaq communities of Nova Scotia that fish on the Scotian Shelf asked for more access prior to the Rhyno decision and were denied, only to watch the minister of the day issue a new licence without any fee to a non-native and with no benefit to any Mi'kmaq community.

The Supreme Court decision should have been considered prior to making the Rhyno decision. The Rhyno decision made us lose faith in DFO and the entire process, and we are left to question whether the courts and the federal government are indeed protecting our rights. We are now all wondering how a person can receive a licence in this lucrative fishing area without consulting the Mi'kmaq of Nova Scotia or the fishermen who have been affected. The Mi'kmaq should have had first right to more access to this area to help meet the premise of what was promised in the Marshall decision, a moderate livelihood. The Rhyno decision took quota away from each Mi'kmaq person and community, and any adjustment to the sharing formula will do the same.

The issuance of the Rhyno licence goes directly against the commercial fisheries 1996 licensing policy for eastern Canada, whereby DFO gives special consideration to aboriginal peoples for commercial licences when opportunities arise. The opportunity was there for the minister to live up to the Marshall response initiative and support Mi'kmaq communities in receiving additional access, but the minister did not. This decision was made with total disregard to conservation, first nations, and management protocols in place at the time. The Rhyno decision causes first nation communities to question DFO's managerial ability. We are left to wonder if DFO considers treaty rights or first nation community sustainability when making decisions.

Thank you.

The Chair: Thank you, Mr. Nicholas.

Go ahead, Mr. Byrne.

•(1045)

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

To our witnesses, thank you very much for appearing before us. We don't have a huge amount of time for questions, but thank you for your input and your opening remarks.

We will hear more from Mr. Rhyno later on. He was included in the original list of witnesses—in the original motion that called this committee to study this issue. I understand that he's prepared to come to Ottawa now so we can hear from him directly.

I want to delve into it with Mr. Gardner. We have a couple of options here, I guess. We can either try to elucidate from the meeting of the minds what was the intent or understanding of parties from 2004-05 to 2009 based on the test of a reasonable person; or we can simply test the actual management, the final decision from Minister Regan, that was set in place from 2005 until 2009.

You could argue that there weren't two groups or three groups; there were actually four groups. There were the traditional fishers who had longstanding access. There were the aboriginal first nations that had their temporary access made permanent—albeit very succinctly done for a very special and unique purpose, a communal purpose, for the benefit of those nations—as per the Marshall decision. The third group was the core company fleet. The fourth group was the actual individual temporary licence quota holders—the individual fishermen who assembled those licences.

But the issue here, the former has minister decided, is that for the purposes of administration there will be two groups. For the traditionals and the first nations, while the purposes of their licences were very distinct, unique, and different from each other, the actual administration of the licence conditions was almost identical—that's a fair statement, isn't it, Mr. Gardner? For the non-traditionals, the core company fleet, from the groundfish displaced fleet, their licences were somewhat different.

The point is that there are only two sets of licence holders per se: the traditional aboriginal, and the core company fleet. But they are licence holders. The plan of the minister says, and I'll quote directly from the plan: “When the TAC reaches 9,700 mt the distribution of quota will be calculated as follows. The permanent licences existing prior to 2005”—that would make up the traditional fleet plus the aboriginal first nations—“will equally share 50% of the TAC and all licences converted to permanent status in 2005 will share the remaining 50%.”

In the test of a reasonable person, how would someone interpret that any differently than that 50% of the quota, once it reaches 9,700 tonnes, would go to the traditional and aboriginal fleet licences on an equal basis? And since there are no individual licences issued to all 650 or 300, there are approximately 40 licences. But there are licences—the key term here is “licences”. The other 50% of the quota will be issued to those licence holders.

How, as a committee, do we decipher what the meeting of the minds was on that? It seems pretty well spelled out in black and white what the minister's final intention was.

Could you offer some comments on that?

Mr. Michael Gardner: The only comment I have is that I agree with your interpretation. It's very clear. I think the wording was carefully chosen in the management plan. It captures essentially what the recommendations were from the panel. I don't know how it got to where it ended up in 2009. I'm not privy to that, so I have no idea.

• (1050)

Hon. Gerry Byrne: When you say there was a misinterpretation somewhere down the road, was it Minister Geoff Regan who misinterpreted your panel, or the licence holders?

Mr. Michael Gardner: It seems to be fine, insofar as the management plan reflects Minister Regan's understanding of the panel report and the recommendations that flowed from it. The misinterpretation is on how it was actually applied in 2009.

Hon. Gerry Byrne: As I said, it's in black letters here. There are two categories of licence holders, and each one can arguably be made up of two different groups. But the black letters say it cannot be interpreted in any other way:

When the TAC reaches 9,700 mt the distribution of the quota will be calculated as follows. The permanent licences existing prior to 2005 will equally share 50% of the TAC and all licences converted to permanent status in 2005 will share the remaining 50%.

As to the 9,700-tonne threshold, would you say as an economist that this was created to ensure stability? It created a guarantee of special status for the traditionals and first nations. It stipulated that the economic viability of their licences would be assured after the threshold of 9,700 tonnes is reached. There can be a different or new sharing pattern, while maintaining stability and economic liability. Is that the rationale, do you think?

Mr. Michael Gardner: It goes to the issue of viability. One of the concerns we had as a panel in developing the recommendations was that we knew the resource was heading for a decline. It was already under way and would bottom out and then increase in a few years. So I understood the minister's reluctance to implement the recommendations as framed. The panel report addresses the concern about the decline and what the optimal time might be. But it seems to me that selecting a relatively high quota level—9,700 tonnes—implies a concern for viability. If it doesn't ensure viability, it at least supports it.

As for the other issues around stability, there was a huge problem in this fishery before 2004. It had to do with the thresholds and the way they were triggered. There was pressure from one group to keep below the threshold and pressure from the other group to keep above it, or to get it up there to ensure participation. Settling these issues was one of the major reasons for the panel. In our view, the issues could best be settled by first eliminating all the labels, so that at some point a licence holder is a licence holder. A licence is a licence, and there are no distinctions. It makes no difference whether you were adjacent or non-adjacent, temporary or not, or this or that. Everybody is a commercial participant in this industry.

A mechanism for getting at that, and for achieving stability and viability, was to allow transferability and divisibility of the quota. This allowed people to trade. If you had a bigger boat, higher costs, you could buy quota to make your enterprise more viable. If you wanted to get out of the business, you could sell your quota. This device is more commonly used on the west coast, but there are

several fisheries using it on the east coast as well. You have individual quotas, but there is transferability. This became a cornerstone of this set of recommendations. Viability would be there, and people could, with transferability, trade, buy, sell, and adjust to changes in quota over time.

Hon. Gerry Byrne: We understand this is occurring right now. I think members of the panel will have some personal knowledge that quota is now being traded. In fact, I have second-hand information that Mr. Rhyno, for example, just sold off 10,000 pounds of his quota, indicating that the 10,000 pounds, now that it's gone above his current quota levels, are surplus to his overall enterprise as economic viability. Otherwise, you couldn't do that and maintain an enterprise.

So, Mr. Gardner, you're suggesting that the recommendations, the panel, and the 2005 management plan are pretty well meshed.

• (1055)

Mr. Michael Gardner: I think it's operating the way we had envisioned it would, subject to the sharing formula. People adjust their enterprises to economic circumstances, to quota, so it becomes a more stable and more viable fishery.

Hon. Gerry Byrne: And that's no longer the case as of 2009.

Mr. Michael Gardner: Well, I think reality is different from the expectation.

Hon. Gerry Byrne: Thank you, Mr. Gardner. I appreciate it.

The Chair: Thank you.

Monsieur Blais.

[*Translation*]

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

Good day, gentlemen. Thank you for your welcome.

I would like to hear Mr. Gordon MacDonald who was alluding, earlier... Perhaps he could provide us with further explanations about why there was no earlier intervention. We are talking about a program, a plan or a type of agreement that was launched in 2005. In 2009, this was changed and you intervened, it would seem, in 2009.

Unless I am mistaken, you said earlier that you could perhaps explain to us why you did not intervene prior to that.

[*English*]

Mr. Gordon MacDonald: Merci.

The independent panel report came out in 2005, just prior to the fishing season. The recommendation on the 50-50 was not accepted by the minister. There were a series of meetings that were held after that to discuss how that was going to be implemented. The eventual recommendation was the 50-50, as discussed.

The interpretation of a reasonable man, though, is an interesting point. I consider myself to be reasonable, and I know other people who consider themselves to be reasonable, who completely misunderstood the concept of the trigger value, in the sense that we thought the 60-40 was actually a threshold and not a trigger.

The subtlety is in the word and what it means. A trigger, like a gun, goes off and shoots you in the head. The threshold, on the other hand, applies when you're beyond that level and it retracts when you're not. Having come from a series of thresholds and adjustments, we thought it was something that was in place when you were beyond that level—in other words, in times of excess.

This was implemented in the management plan, 2007-11, which I see some people have on the table. The management plan was not available to us until the 2008 advisory meeting, which was the first time we recognized some kind of problem.

So the panel report was in 2005. I mean, I fish for a living—that's what I do—and we don't hover over documents. We get an understanding of what we think it means and we go on.

When we saw it in the integrated fisheries and management plan in the March meeting of 2008, we recognized there was an interpretation problem, that it was trigger, not a threshold. At that point we started asking questions for clarification. We asked for clarity on what it meant, whether it was the trigger or the threshold. We spoke again....

A lot has been made about the Joan Reid letter that said if we hit this level this is going to implement this. Absolutely. I mean, with the minister's report Mr. Byrne was talking about, his announcement, there was clarity in what they intended to do; we just misunderstood it. We misunderstood it because we didn't get the fact that it was a threshold versus a trigger. But as soon as we did, again, we presented cases, and we made recommendations and spoke publicly. We went into the advisory meetings. We talked openly. There hasn't been anything done behind closed doors.

Again, with the different things that the panel took into account, it had a very difficult job. The bulk of the recommendations were implemented. Whether it was 50-50 or 60-40 is an interesting problem. It has a series of dilemmas attached to it, and ultimately it's the reason it wasn't directly accepted at the beginning.

The problem doesn't change. But what has changed is that the economic value of snow crab in the 2004 season was over \$3 a pound. We put a price of \$2.50 in our economic analysis to the panel, which was scoffed at because it was never going to go below that. We haven't seen \$2.50 since. I mean, you add an economic crisis and the rest, and beyond that you've got resource fluctuations; you have economic fluctuations. You can't just give your quota away for free and then say you can be viable by buying it back. In low times you don't have the money, and in high times, again, it's expensive. The value goes up and the value goes down.

We misunderstood trigger versus threshold. We didn't get the IFMP until three years from this report. I mean, even this meeting here today is on a decision that was made over a year ago. We're in the second fishery from there. Sometimes it just takes time to get down to what's going on. It doesn't happen overnight.

• (1100)

[*Translation*]

Mr. Raynald Blais: I would now like to discuss with you some matters involving the resource as such, the way in which you harvest it, and how things work regarding price-setting. A little earlier, you talked about the price. What is the price you have here? Does the fact that there are more marine traps have an impact on the resource, according to you? We're not talking about overfishing here, if I understood correctly.

I would like to hear your comments on how the season unfolds, prices, and the number of marine traps. Is there a problem there or not, in your opinion?

[*English*]

Mr. Gordon MacDonald: I guess I can speak to that.

The price is an interesting.... I know that you gentlemen and ladies are looking at the snow crab fishery in Atlantic Canada, including Newfoundland, which has a price problem. We feel that to some extent we have the same problem.

When you bring in large volumes of a product that is sensitive, that product needs to be processed in a short period of time. There are only so many players who can do that. Again, it provides incentives for people to get together and save money by working collectively.

I don't know; we had the Competition Bureau come around in 2001, investigating processing companies, and while they said that they found no collusion, there was certainly a difference on the shore in the way the competitive pricing structure went.

The number of participants hasn't directly affected the price, per se, because we're more governed, as we've always been, by the science of the resource. The trawl survey provides us pretty well a two-year crystal ball that gives us a bit of an idea of what the future's going to look like, and we can adjust our management accordingly.

It's interesting; we were accused by various parties in the past of manipulating the resource to eliminate participants. That was one of the things Mr. Gardner referred to a second ago, about people fighting to keep thresholds one way or the other. In actual fact it's pretty hard to be straight up. You can tell people that you're honest, and that you mean well, and that you're trying to do the best, but that doesn't matter; you get thrown out with the bathwater.

At the end of the day, the proof is in the pudding since the panel report. We took the cuts—a 17% cut, a 29% cut—and the resource rebounded. That's management by science and trying to pay attention to what's going on.

So the number of traps, per se, hasn't had an effect, because we have an independent trawl survey analysis that comes afterwards and makes the difference. The price is a different issue. Again, we need to have the support of the fisheries committee in the sense that it tries to find a way for us to make the best bang for our buck here in Canada without having to ship the product outside of the country.

It's a big export product and it's great for our GDP, and we need value added to that point, but sometimes we don't see the benefit down on the wharf as much as we should. The price is not as good.

• (1105)

The Chair: Thank you.

Mr. Denny, you wanted to add something.

Mr. Leonard Denny: I'd like to just comment on the question you asked, but I want to make a comment first.

With no disrespect, Gerry, I wanted you to see, and not to see double. I don't know where you get this four-group stuff. It is three groups.

And you asked about the industry and how we're getting along out in the water and stuff like that, and are we bumping into each other, and are there too many traps. Well, the reality is that the first nations fish and we create employment. We actually go out there and fish. The traditional licences do the same: they go out there and fish. The temporary ones don't do that. They sell it in the water and somebody else fishes it. So they get a cheque at the end of the day, and they don't go fishing for it.

And if you want to talk about price, the problem is that when they sell it in the water it usually ends up in a processor's hand, so that drives our price down because the processor now has a great deal of quota. So it does bring the price down; it doesn't help anything.

So just to answer your comment, no, we're out there. We're fishing. We employ safe practices. Our community does drug testing. We're the only ones who do drug testing for all our fishermen, so we're out there doing the safe thing. We're creating employment. We're doing conservation and we're going to these meetings.

This is an example. This is a leader in snow crab Atlantic fishery. You're going to be all over the Maritimes, but area 23 and 24 is a leader. We didn't fight when we were told to cut. We didn't write letters when we were told to cut. We didn't protest when we were told to cut.

And in the gulf they've experienced a huge cut—63%. But the question I would ask you to ask is whether they were told for years and years and years to cut. I think they were, and they fought it. And now they blame government.

We don't do that. We manage it. We work with DFO, all us groups, and we manage it as a collective group. So you cannot punish us for that. There was actually talk about taking some other areas and bringing them to our area. So punish us for managing our own resources properly, for taking the cuts when we were told to take the cuts? I don't agree with that.

And again, we do a great job here. This is a leader. Take note: this is a leader in industry.

The Chair: Just briefly, Mr. Gardner.

Mr. Michael Gardner: In response to the question about pricing, broadly speaking the industry ships to two markets: the United States and Japan. Others are very minor.

The product is a commodity, first of all. There is really just one product: cooked, frozen crab sections. They find their way into the mid-range to low-end restaurants, food service. As a consequence, the industry is driven by price, price, price. So the real power in the industry is at the distribution end—this is in the product markets, either importers in Japan or major distributors in the U.S. They are commodity traders, effectively. They take a position in the market and have a great deal of influence over price.

The processors in Atlantic Canada are smaller. They can easily be played off by the larger distributors, one against the other, and that forces price down. The processors, for their part, are most anxious to cover their investment, so they are buying as much volume as they can. That tends to bid up the price at the wharf.

And Gordon referred to a competition investigation. He's absolutely right; that did occur, and there were reasons for that. But the industry itself, notwithstanding that, tends to be fairly competitive, and it's driven by price because it's essentially a commodity.

• (1110)

The Chair: Mr. Donnelly.

Mr. Fin Donnelly: Thank you, Mr. Chair.

I thank all the panellists for coming to present your information. Your testimony today is appreciated.

We certainly would like to acknowledge the traditional territory of the first nation Mi'kmaq people.

I have two questions, and I'll put them out to all the panellists. One is on biomass and the other is on the quota-sharing formula or management plan.

I'm wondering if any of you could comment on the cycle. There's a four-year cycle, a 20-year cycle. Could you comment about the cycle of the snow crab and the outlook beyond 2010, to say 2012 and as far beyond as you can foresee?

In terms of the quota-sharing formula or the management plan, there has been reference to the 2005 agreement, and I simply want to know how relations are now among all the stakeholders and interest groups.

I'll open it up to anyone who wants to comment.

Mr. Gordon MacDonald: I could talk a little bit about.... I could talk a lot about it.

Mr. Fin Donnelly: I have five minutes.

Mr. Gordon MacDonald: Yes, I know. I'm going to be very quick.

With regard to the biomass projections, we've had a wonderful set of scientists. It started when we brought the trawl survey over in 1996-1997 with Mikio Moriyasu and the gulf-based snow crab assessment unit. In about 2002 or 2003 the Scotia-Fundy region took over its own science assessment with Dr. Jae Choi, a brilliant scientist, and we've had a spectacular relationship. I myself have a master's degree in science, and we have a great ability to communicate effectively.

We had the built-up biomass that came in the early 2000s and started to fish it. Unfortunately, for some particular reason, we lost all forms of recruitment. The female population disappeared. Everything looked bleak. In 2005 it looked very bleak, and we continued to take rapid serious cuts because that was the recommendation.

What ended up happening was that in about 2007 it attenuated on the bottom end, and then we've seen recruitment pulses start to come. There was a little blip, and it's grown. There is a series of histograms, and the picture would speak 1,000 words, but it has grown significantly.

Through that period of time, the 61 licences that were created in 2005 have all shared equally in the growth. Last year there was a 31% increase in the TAC. This year there is another 22% increase. The new corporate participants received a 31% increase last year and a 22% increase this year. They're over 50% above where they were just a few years ago, as all of us are, because it's been shared equally among us.

The prognosis for the future is that we still have recruitment pulses or waves coming in. The fishery looks very bright for the next two or three years. Then we are likely to experience some form of decline, as with all fisheries.

The increase that we're experiencing right now has occurred significantly more rapidly than what the scientists would have predicted. In 2005 there was no vision of any rebound at all, but it seems that the serious and significant cuts that we took have led to a more rapid rebound, and we're actually at the point now of having quite a bit of recruitment as well as fishing the resource. Last year, for example, the fishable biomass rose 45%. We took a 22% increase because there are reasons to be cautious still, but there was a 45% increase in our fishable biomass estimates from 2009 to 2010, which is huge. Again, a lot of that is attributed to the kind of cuts we have made. That is where we say we try to make the right decisions, because we interact with the science and respond to it.

I don't want to talk too much about what was discussed in the previous group, but the permanent fleet and the aboriginal fleet fully funded the trawl survey before the corporate licence holders came, and they will continue to pick up the slack. It will be funded 100%, regardless of whether they pay or they don't. It was crucially important to get them here, and it is still crucially important, so we have funded the survey for the last three years. They haven't fully paid in any one of those years, but it has just gotten worse.

That was the biomass issue.

I'm sorry; what was your formula question?

•(1115)

Mr. Fin Donnelly: How are relations now?

Mr. Gordon MacDonald: You know what, since the panel thing has come along, as people have said, once it's done and they tell you it's done, it doesn't matter—it's over. So you just have to get along, because that's the way it is. But as soon as there's an expectation or there's blood in the water that something can change if they just turn ignorant and start jumping up and down and screaming bloody murder, it gets to be in a really bad way.

An example would be what happened at the advisory meeting this spring. This spring the word was that the issue was over. The minister sent people to talk to the temporary fleet, the aboriginal fleet, and the permanent, traditional fleet. They came back with a decision and said the issue was dead. At the advisory meeting, people were unhappy, but it was probably the easiest advisory meeting that I had been to in 15 years. So externally things are good, but as soon as the opportunity to gain something comes out of it and people think they can get something by acting in a particular way, it just creates animosity and makes bad friends of everybody.

The Chair: Thank you.

Mr. Denny.

Mr. Leonard Denny: I'll comment on the relationship aspect.

I'm happy to say that over the years—and I'm talking about snow crab specifically—we've been able to develop strong relationships with DFO resource management and non-native fishers. We've made a lot of strides in that. To answer your question, yes, relations are good. This bickering causes friction, but in general relationships are good.

The Chair: Mr. Kennedy.

Mr. Fred Kennedy (Consultant, Area 23 Snow Crab Fishermen's Association): I'll make just one point.

You asked about the cycle of the biomass. Typically speaking, I don't think there's any absolutely definitive answer, but by and large cycles in the biomass of the snow crab here and in the gulf, and I think in Newfoundland as well, are ten years. So it will go to the bottom after whatever period of time, and it will go up, and in ten years it will come back to the ten-year bottom. So from top dead bottom to top dead top, you have a ten-year cycle.

Now, in addition to all of that, snow crab—and I don't know if you know this—is not like lobster, which lives for 80 or 100 years. Snow crab typically will live for 13, 14, and sometimes 15 years. It takes about—and nothing is precise, because it varies by what's going on in the water—seven years for it to become what's called commercial size, 94 to 95 millimetres, at which point we can actually harvest this thing. Then we have a situation of having three or maybe four years to get it out of the water before it then gets too old and is no longer acceptable in the marketplace. It's kind of a sensitive thing you have to manage, and manage very delicately.

The Chair: Thank you.

Mr. Allen.

Mr. Mike Allen (Tobique—Mactaquac, CPC): Thank you very much, Mr. Chair, and I thank the witnesses for being here.

I have just a few questions.

Mr. Gardner, when you brought up the report, one of the comments you made was that there was no way of knowing how quota holders would aggregate. I guess that wasn't contemplated in 2005. I guess what I'd like to ask you and the other panellists as well is, if that wasn't contemplated, could that change the potential interpretation for how the sharing would be done? Mr. MacDonald and Mr. Denny talked about the equity principle that the minister used. Is it fair to say that there could be some interpretations?

I'd also like to get the panellists' thoughts on this situation in which the quota is on the way up, and their interpretation, based on the minister's decision, of what will happen on the way down in a couple years' time. Could you address that, please?

Mr. Michael Gardner: Sure.

On the first point, when we say there was no way of knowing how they would aggregate, whether five would come together and form a company, or 15, I think that's the point. Appendix B simply averaged it, and we had 10 or 12 per organization. The more important point is it didn't matter if it was five or 15 because each were taking in their own quota shares. That licence would then be assigned whatever the aggregate of those quota shares was, if that was 5%, 7%, or 2%, as the case may be.

Where it made a difference is in the way the actual decision was made in 2009. If I'm a quota holder and I think ahead that we're all going to be equal, then I'll combine with two or three others, because I'm going to get a huge gain. I go in with only 2%, but I stand to get 10% when they're all equalized, if you follow the logic. The people who are penalized are the ones who organize more than the average. If there were 15 or 20 in a company that pool their quotas, then they're leveled to a point well below that, and they're losers.

If you follow the logical extension of what the department did and look back at the report, in my mind it's almost inconceivable that you could arrive at this approach.

I'm not going to comment on the second part. That's more for the people who are participating in the fishery. As far as the mechanism is concerned, there's the explanation.

• (1120)

Mr. Mike Allen: I see some head-shaking over there.

I wonder if you have a comment on that.

Mr. Gordon MacDonald: I think Mr. Gardner has misinterpreted what has gone on, even in the distribution.

The licences were created equal, but the quota shareholders haven't been punished. If there were 22 quota shareholders on one licence and 14 on the other, the licences were adjusted to meet that. It was based on the concept that 16 quota shareholders would equal one permanent fleet licence. So if there were 16 licences, they would be identical to a traditional licence. If there were 14 it would mean two units less or two units more, but they would be equally distributed because there are 16 shares to a licence for the number of licences that are there.

On how they're bantered about—some may have 22 and some may have 14—you just do the math. It all works out and everybody

gets an equal share. There is no more for one particular person because they're bound to one group, or less for another.

The resource is up. It's at its highest level now, and that's great. We do our best through science to manage that. Unfortunately, we don't have any management capabilities over the economic value.

In the panel they were talking about a \$3 price. Currently the shore price is around \$1.45 here, and I think it's \$1.35 in Newfoundland. That's less than half of what the value was back then. You can do the math any way you want, but if you catch twice as much fish and get half the money for it, you're at the same level.

The problem is, you have to average all of these things. There are three different things. You have to contend with the biomass, the economics, and the government, which can come along and say "You're making too much. We'll take it away." But they're never really there when you're not making enough. Then they tell you, "You can just rationalize. You can just get together with your friends."

Further to one of the questions that Mr. Blais asked earlier, our industry is over capacity. That has always been an issue in any kind of fishery, because when you have too much capacity, not enough fish, and too many fishermen there is a problem. When your economic viability starts to go south, at the end of the day nobody wants to leave. I was talking earlier about the temporaries who were looking at elimination from the fishery because the stock was going down and they didn't want to leave. So you do whatever you have to do. It doesn't matter about the level of C and P, policing, or whatever. If your choice is not feeding your family or giving up fishing, you take whatever you can until the bitter end.

If ultimately in your next step you're headed to the gulf, what they're facing right now is based on a wholesale push-back against new access to their fishery. They felt they were not stewards of their resource. The value of the resource was not theirs and it was going to be given away, so they fought tooth and nail against absolutely everything. They took a different approach from what we did, and they're in a different place from where we are. They used to have an excellent relationship with the scientists from the gulf, and now they don't.

We have to face the cycles up and down, as you've said. But we have to put away money, pay down debt, and get things prepared, because we know full well the resource is going to decline whether we like it or not. We have no control over the economic value. It has not been good in the last five years, and it doesn't have any prognosis of getting any better.

So those are factors that the minister took into consideration as well. She changed what former minister Regan had said, but Minister Regan was making his best decision based on the information available. It's five years later now. There is more information available and more understanding, and things change.

Talking about an integrated fisheries management plan—the bible—and that we need to follow this and listen, in 2004 they threw out the integrated fisheries management plan. The area 23 fleet and the aboriginal participants went to a judicial review because they didn't use the IFMP of the day. At the end of the day, the court said this was just a policy document, guidance, not something that needed to be held to. You cannot fetter the minister's discretion, because as the information becomes available they need to have the opportunity to make the best decisions based on the best information.

Things have changed. These things needed to be factored into consideration, and they were.

• (1125)

Mr. Leonard Denny: Gardner mentioned that a licence is a licence is a licence. I have some difficulty with that.

The permanent ones have licences. The first nations have licences. The others formed a licence because a licence wasn't given to each of them. It was an allocation to offset their losses in lobster when the abundance was high. They weren't given a licence; it was an allocation.

Is it our fault that it takes 16 allocations to mirror a licence? That's just math. I take exception to that and don't agree with it.

Mr. Michael Gardner: And that's fine.

Mr. Leonard Denny: They are allocations.

Mr. Michael Gardner: Sure. They started out as allocations.

One of the objectives of the panel and one of the objectives of the minister in establishing the panel was to find ways of eliminating the instability in the fishery. Our approach to this was to do what we could to redefine the basis of participation of all the various participants. One way to do that was to eliminate the labels and designations and say that if everybody's going to participate in this fishery on an equal footing, then everybody holds a licence. Over time—and we were taking a very long view of this—these distinctions that had been there at the beginning would gradually melt away, people would forget, and you'd just have a licence, a basis for participation, as it is in every commercial fishery.

Mr. Mike Allen: How much time do I have, Mr. Chair?

The Chair: You have nine seconds.

Mr. Mike Allen: I don't think I can use all that.

Go ahead.

Mr. Gordon MacDonald: Is Mr. Gardner suggesting the creation of 350 licences for the quota shareholders in our area? Again, it boils down to capacity. There are issues about sustainability, and they are well-recognized issues.

On the transferability of quota among participants, even today you cannot temporarily transfer a quota from a traditional licence to an aboriginal licence, from an aboriginal licence to a corporate licence, or vice versa. You can make permanent transfers, so you can buy quota and own it and make that type of transfer. But you are not able to, on an interim basis, temporarily transfer a quota among any one of the three different fleets. There are three different distinct fleets within DFO right now in the quota transfer area.

Mr. Mike Allen: Mr. Chair, I think Mr. Nicholas has a comment.

Mr. Hubert Nicholas: On what Fred was saying about the cycle of the crab, from all the science meetings we attended, the science suggests we're at that peak right now and we're heading toward a decline.

The Chair: Thank you.

Mr. Denny.

Mr. Leonard Denny: When these allocations are listed for sale, they're not listed as licences for sale; they're listed as allocations. So they can form a licence, but then they can be sold off individually. And there have been a lot for sale recently.

As far as quota going up and down, when it goes back down we are going to make the sacrifices again. We're going to cooperate with science. First nations—and I'm sure everybody else feels this way—want it to last forever, so we're going to manage it that way. We're not going to manage it five years at a time. When it goes back down we'll adjust accordingly.

We'll always support the viability of the industry. That's our way, and we'll continue to do that. We've seen so many shutdowns of industries because nobody thought that way. Everybody thought about how far they could see the dollar bill, and not about years and years down the road. So when it goes back down we'll definitely support it and adjust.

• (1130)

The Chair: Mr. Kennedy.

Mr. Fred Kennedy: At all of these annual DFO science meetings we have a series of things to talk about, like the biomass. But they also talk about the temperature of the water, the trends of the tides, and things of that nature. There are a few exhibits that we've been shown over the years from the Bedford Institute of Oceanology that a lot of the crab that ends up in this neck of the woods—notwithstanding the fact that we generate a lot out of their own home base—comes down from the gulf. Now we're seeing the gulf at a 63% cut and going lower. So if some of that tends to come to us from the gulf in the tides, then we have some sad years ahead of us.

In making decisions today, or in 2005, we have to look forward. I'm not asking for a rebuttal, but if the panel had withheld when we were at drop-dead bottom and the price was \$1.35, would the decision have been the same? In that decision it's not possible that we could have been viable as a remaining fleet.

The Chair: Thank you very much.

Gentlemen, on behalf of the Standing Committee on Fisheries and Oceans I want to take this opportunity to thank you all for coming today, meeting with the committee, and taking the time to make presentations and answer questions from the committee members. We really do appreciate your time.

Mr. Nicholas, do you have a question?

Mr. Hubert Nicholas: It was mentioned earlier that Tim Martin represents the first nations. I just want to clarify that he does not represent any first nation community.

The Chair: Thank you.

Once again, thank you on behalf of the committee.

We look forward to our next guest. We'll take a brief break while we set up for the next guest.

Thank you.

• _____ (Pause) _____

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• (1145)

The Chair: We're ready to resume our meeting.

I would like to thank Mr. Roach for joining us this morning.

Mr. Roach, I believe you have some opening comments you'd like to make. I'll ask you to proceed. We have some time constraints we work within, and I'm sure you're well aware of them.

• (1150)

Mr. Greg Roach (Assistant Deputy Minister, Department of Fisheries and Aquaculture, Government of Nova Scotia): Thank you, Mr. Chairman and members of the committee, for allowing the opportunity to present today.

I'd like to bring greetings from Minister Belliveau. He's at cabinet today, but he would like to be here with me as we speak about the snow crab industry in Nova Scotia. Unfortunately, I have to fly solo today.

As you know, we have fisheries all around our coast, so I'd like to speak a little more generically. I realize you're here in the Maritimes region focusing a bit more on area 23 and 24. However, I'm going to speak to the gulf areas as well. I understand you're going to be in Moncton tomorrow, so some of the items I'm going to cover would be the types of issues you'll be dealing with tomorrow.

I'm going to speak on a number of points. First, I want to talk a bit about crab conservation. I'll talk about crab management.

I handed around some graphs and maps. I wish I had been able to get this material to you earlier. I apologize for that. It was just completed yesterday, and we couldn't get it forwarded to translation in time.

You see around Nova Scotia we have the gulf activity in areas 12, 12F, 19, and former area 18, which is now included in area 12. In the Maritimes region, we have in Sydney Bight 20 to 22, and then along the outer coast areas 23 and 24, and in the southern Nova Scotia area, 4X. I'm going to talk about the management approaches and

some of the issues in each of those areas. Of course I'm going to talk about the economic importance to the province.

Snow crab has been, in roughly the last ten years, in the top three and sometimes four fisheries in Nova Scotia. It's been as high as two. Our biggest fishery, of course, is lobster. It's usually valued anywhere from \$300 million to \$500 million, but in the last few years snow crab is anywhere from second, third, or fourth most important fishery for the province.

I did hand around a graphic as well to give a little information on the value and the landings. You can see that the landings would range anywhere from about 12,000 tonnes provincially up to roughly 20,000 tonnes provincially. The value is where you'll find the real extremes, and you'll see anywhere from about \$34 million to in the order of \$122 million. I know you're going to be talking a lot about the resource during your hearings, but in Nova Scotia the impact on the price has been far more extreme on the impact on our communities, and even on the resource. The snow crab resource goes up and down, but the dramatic change in the price, largely because of exchange rates and our reliance on the U.S., has had a huge impact on our coastal community and our fishermen.

A little bit about conservation.... You probably touched on this a bit this morning. I'd like to stress that we are very fortunate in dealing with snow crab that they have a number of built-in conservation measures. First, and most importantly, the reproduction is largely protected in snow crab. We don't direct or land female crabs. The size limit and their distribution will largely protect them from the fishery. Males will not be harvested or targeted before they mature and reach terminal molt. Therefore, the males get a chance to reproduce at least once, and depending on how many are left behind after each harvest year, they'll have multiple reproductions. There's a group of crabs that mature but never reach legal size. They're known as pygmies in the industry. They are always going to be there to reproduce. So we have a situation we're very fortunate with. Fish population can have reproductive potential of a virgin biomass. The females are there, they're reproducing, and they're able to contribute to future stocks.

Now there are some concerns in the scientific community that maybe just removing males could have an impact on reproductive potential. That's a could; that's a possibility. I think it deserves some research, but by and large we would wish to have such a scenario in lobster, in groundfish, and some of the other fisheries, and be able to say we don't target any females, that all males finish their growth and are able to reproduce. So it is a very good situation for stock reproduction.

•(1155)

Also from a conservation perspective, I talked about the terminal-moult males. They finish their growth before they enter the fishery. They reach a terminal moult. Initially they're soft-shell crab, then in about a year they recover to be a good hard-shell crab. They're good quality for one or two years, and then their quality deteriorates and they're going to die. You have two to four years to be able to harvest these crabs—after that they're gone. So the idea of leaving large numbers there for long-term harvest is untenable. We don't have that luxury in snow crab. From a biological perspective, it's a good stock to be able to fish.

There are a couple of key areas. The protection of white crab, the moulted crab, is key, particularly those that moult to the size that are terminal and can be caught. It's imperative that we allow those to be left on the bottom without damage until they recover and they're able to serve the fishery. Those are your valuable crabs for the following year. Most fisheries have protocols that protect white crab.

Good science is also key. The trawl survey has been applied successfully in the snow crab fishery. We're fortunate. It's probably some of the best fishery science we have for stock assessment. However, let's not be overconfident. It is a tool. It's not 100% accurate. There are ranges in the estimations. The number we always talk about is the one that's in the middle, but depending on how many samples are done there's quite a range. Still, we are fortunate to have this trawl survey data for managing this fishery.

Enforcement is a priority, particularly for conservation, when we deal with going over lines. It's probably more of an issue in the gulf, where there are so many different fishing areas. In Scotia-Fundy the landing of the quota is an issue. There's a concern with over-harvesting. They have to make sure that the landings are monitored properly to ensure that the quotas are actually followed and not abused. These are key points for our conservation.

I want to talk a little about management. I think there should be some flexibility in management, particularly on things like exploitation rights. I know that you're going to hear tomorrow about the precautionary approach. You're going to hear about the overharvest in area 12 and the need for a dramatic reduction this year. That's a legitimate perception. At the same time, it's a bit like motherhood. People talk about how a stock is going down fast, so we have to take drastic measures. It's hard to argue against that.

However, we have to keep in mind that we're talking about exploitation rights on a small percentage of the population out there. We don't fish any females. We don't fish any juvenile males. We only fish the terminal-moult male crabs, the large males. When you talk about an exploitation rate of 50%, people think it's very aggressive. But you have to realize that probably 75% of the population is not even in the mix to be harvested. It's 50% of the available biomass, or 20% of the available biomass—males that have finished their growth and are now terminal. That's a message I'd like you to take from me today. When people are talking about exploitation, they're not talking about the whole population. It's just a small fraction that you fish.

•(1200)

I believe that, within limits, the industry should be given some flexibility in choosing their exploitation rights. There should be a

range that's considered reasonable. The long and short of it is that if you take them this year, they're not going to be there next year. But a number of those are going to die through natural mortality. You can't leave them there for long periods of time, so you want to find the balance of some stability and responsible management with utilizing the terminal molts that are available as the pulses come through the fishery, because it is a pulse resource. I've seen them cycle in the gulf. That fishery is a mature fishery, has been there since the early seventies. They've cycled up and down. It's a relatively newer fishery in the outer coast of Nova Scotia, but the same cycles are there.

I also want to mention the precautionary approach in management. I'm all for precautionary measurements and being responsible resource managers in our fishery. We have to manage for sustainability, but if we get to the point where we're doing it on principle rather than really good scientific reasons, then I have some concerns. I fear that's sometimes the case with snow crab, that people just give the motherhood notion out there that stocks are way down so we have to cut back on our harvest. It could be a very natural cycle. There's nothing we're going to do. So if we have a very small biomass, we can do our best to work through it from the fishery, or stand back, maybe be very conservative on the harvest approach, and watch as they are going to die within one or two years anyway through natural causes.

So again, it's almost sacrilegious to talk like this, but I'm putting it on the table, just for your consideration.

Quickly, I'll go through the areas. Area 12, 18, and 12F has been the most productive crab zone in the Maritimes. It has the longest commercial history. It was explored—Cape Breton, Prince Edward Island, and New Brunswick—in the mid-sixties. It was established as a commercial fishery in the late sixties or early seventies in New Brunswick and Quebec, and in the early seventies in Cape Breton, and later in Prince Edward Island. It has followed very cyclical landings. I recall, I believe it was in the late eighties, when the TAC was 7,000 tonnes. So that was quite a shocker at the time. I remember in the mid-eighties, the landings, before TAC management, were in the order of 32,000 tonnes. So the stock has cycled up and down, and since science has done the trawl survey, it has been very apparent. You can see the waves of year classes moving through that fishery. So it has gone up and down.

On old area 18, you're going to hear a number of different perspectives tomorrow. One is the mismanagement from an allocation perspective. You will hear from traditional area 12 folks. Part of that concern was the movement of the P.E.I. areas into the full area 12 fishery, and of area 18. Area 18 is a Nova Scotia area, and that is of significant interest to us. That area is a very productive area as well and has had a long history of white crab. So basically there was a lot of recruitment and growth in the area, and the crab would move out into the larger gulf area, so to speak. So the decision was made for area 18 to combine, to take their crab that is traditionally produced in area 18 and put it in the bigger pot and join with area 12. That enabled the area 18 fishery to stabilize on the white crab problems. It was a very good deal for the resource, and it was a good management decision for the area 18 fishermen.

It's the same situation for the area 25 and 26 fishermen in Prince Edward Island. So some will argue that it was part of the problem in area 12. Well, as I mentioned, the area 18 merger came with the resource that they brought into the bigger pool. So it really had no impact on the other fishermen but was able to stabilize the fishery in area 18. So it was a good thing.

Area 12F is a fringe area up in northern Cape Breton, a very small fishery, with localized crab that would have died there had they not been harvested in the area. So it's not very big but it's very important for the few fishermen who are in that area, and as in all other areas, the big issue for the economy up there is the prices.

Area 19 has been fished since the sixties. It's a highly productive area. If you look on your charts, that's the area off Cheticamp and there have been cyclical fisheries through that time. That fishery expanded from six inshore licences to 180 inshore licences, and contrary to many other areas, this was largely industry-led. They put forward various plans to include multi-species fishermen, largely the lobster fishermen.

• (1205)

Each of the 180 fishermen can have anywhere from three traps to 26 traps. So there are quotas associated with traps. They have an industry-designed management plan that is quite unique, which shares the resources but allows transferability as well. It's a summer fishery, so they do multiple fisheries. They do lobster and then snow crab, and they have a white crab protocol to protect their resource.

Area 19 is relatively small compared to area 12. It's a very dynamic area as far as movement of snow crab goes. So there are crabs coming in and going out. The fall survey in a small area such as area 19 is not very good for predicting what you're going to have in a fishery the following summer. That's the biggest issue in area 19, and I hope you hear about that tomorrow.

The way the industry has gotten around that in the last few years is to have a spring survey. Basically, when the crabs are harvested out in summer, then there's mobility of crabs—they mix around. In a small area such as area 19, a little bit of movement can make a dramatic impact on the biomass that's available for the fishery, and that movement can take place largely after the trawl survey. So the spring survey, which takes place just before the fishery, gives an accurate scientific assessment of what's available in area 19.

There's some talk that the 2010 fishery will not have a spring survey in area 19. There's a connection with area 12. The area 12 industry is asking why there are special deals for 19. Area 19 is unique. It has a unique set of circumstances, so that spring survey is essential. They also have a long-term co-management plan. They've been probably the most cooperative group of fishermen, for any species, I've observed as far as working with DFO to come together with a collective fishing plan over multiple years goes. They've been doing this for over a decade in area 19. That plan has a range for exploitation rates. It has a season range, and it spells out how they're going to manage that fishery.

The other message that "we just did something to area 12, so now we're going to do it to you in area 19 as well" causes concern. You have an industry group that has cooperated fully with DFO and will potentially be punished because of issues in another area. So it is essential to have the spring survey to set an accurate biomass level for the 2010 fishery and to maintain that long-standing co-management plan that has been agreed to between DFO and the industry. Time is running out, so I'm hopeful that you folks in the committee may be able to influence that survey that's needed within the next several weeks and will be able to maintain the good relationship and the positive fishery that we have in area 19.

Just turning briefly to the outer coast of Nova Scotia, in areas 20 to 22 there is relatively low productivity. It's important for the number of multi-species fishermen who are there, but it's been a challenge, particularly with low prices.

You've heard a lot about areas 23 and 24 today. Those opened up in the mid-1970s. There's been a huge expansion in the last ten years. These are very large areas, so there's a concern that the province is on some of the sub-areas. Initially, when the areas opened up, there were areas 23A, 23B, 23C, and 23D, and a slope area—you probably heard about that—and the same was true in area 24. When the fishery was changed about five years back, the sub-areas were removed. Back at the time when we made our presentation, we said we would like to see the sub-areas maintained at least until there was another tool to ensure distribution of fishing effort throughout the area.

Regarding the crab population, as I mentioned, you can harvest the terminal-molt crab only in a certain window. If they reach terminal molt and people are not fishing them, then there's lost opportunity, and fishermen will crowd in on areas that are easiest to get to. That becomes a real problem with low prices. You're going to try to spend as little money as you can to harvest your resource, so there's concern about lost opportunity in areas 23 and 24 for crab that may not be harvested because of these distant areas.

•(1210)

Also, there is a concern that as crabs age from a terminal molt they grow barnacles on their shells. So an issue we need to address in areas 23 and 24 is some kind of a protocol that will accommodate for this. If fishermen are bringing in crab that are lower quality, the price will be lower. And if the processors are saying that on that crab they're going to lose 10% because they have to scrape the barnacles off and they will lose the quality, that becomes an issue. So the way around that is to have a protocol that will allow some adjustment for barnacled crab. It's done in Newfoundland, so it would be the same thing in this region, to have an adjustment for the weight if it's barnacled crab.

The alternative will be high-grading so people will take only the best-quality crab. Then, of course, the older crab is discarded. It is going to be an economic opportunity lost to the fishery.

You've heard about the access issues. I'm sure that's one of the main reasons you're here. Minister Belliveau has heard both sides, and both sides are passionate about their position. In this fishery and in several others he has put forward the concept of a tribunal to be an independent arbitrator of these sorts of disputes. If you recall the Fisheries Act—the last two attempts at that—that concept was in there and it probably will be there again when the Fisheries Act is reintroduced. We've had a few goes at this, and we still haven't got a new Fisheries Act. So what the minister would like to see is a tribunal mechanism set up to deal with disputes such as access in crab fisheries and in others to hear both perspectives and then put forward a balanced and objective position.

Those perspectives may change from year to year, as you've heard around here. What may have happened in some areas in 1990 or in 2005 in the case of snow crab may be different in 2010. We usually always talk about resource. As I mentioned, the price factor is critical.

Finally, the processing is an extremely important industry in eastern Nova Scotia—crab processing. What's really hurting us are the exchange rates in the U.S. and the economic downturn in the U.S. In Canada, particularly in the fish industry, we can't dictate exchange rates, but what we can do is try to expand our market so we don't have all our eggs in one basket. They're having trouble in Europe. In Asia, we're into Japan with snow crab, and there are great opportunities in China, so we have to explore that.

In Europe, Marine Stewardship Council certification is key in some areas. There is an interest that's developing here in eastern Nova Scotia for snow crab. The province has basically financed a number of MSC activities in other fisheries, and we're prepared to help in the snow crab fishery as well. We think that is critical to get into new markets in Europe. So if the industry is prepared to move in that direction, we are prepared to work with them.

Landing gluts are a problem for the processing sector, as well as quality. So that's either white crab, which is largely managed by the industry, or barnacles, which need to be addressed, as I mentioned.

Unfortunately, we still have the processor-harvester disputes on pricing, and there is a lot of distrust. We see these two sectors as industry partners out in the much larger global marketplace, and

again, we would like to encourage or assist in any way we can to improve those trust levels and have the two sectors work as partners.

So those are my not so brief remarks. I thank you for giving an opportunity to put our perspective on the table.

•(1215)

The Chair: Thank you, Mr. Roach.

Mr. Andrews.

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

Thank you, Mr. Roach, for appearing.

I have four questions. My first question leads off where you finished, on price setting. We heard a lot of it in Newfoundland yesterday. What role does your government play in price setting, in where we're to with the price in Nova Scotia? Just give a little bit more detail around that.

The second question is on the processing side. Are you comfortable with the number of processing facilities that are in the province right now? Is there a need to reduce the number of processing facilities?

Third question: do you believe that the number of harvesters needs to be reduced and taken out of the industry?

My fourth question is on interprovincial competition for a product. Is that an issue? Is that something that would benefit or not benefit your province?

Mr. Greg Roach: Starting with price setting, Nova Scotia does not have a price-setting mechanism. This is a total harvester-buyer arrangement. We do not intervene in any way with any legislative price mechanism or system to negotiate prices.

Historically, we have had serious issues on price setting and our pricing of crab. We've actually had a task group with industry, and both the processors and the harvesters sat down and worked on trying to resolve some of these issues. We resolved the immediate ones, not the long-term ones. There will always be questions about whether the prices are fair. We will have the harvesters' concern that they're too low, the processors' concern that they simply can't make any money at some of the prices. But by and large, it's a free enterprise system on pricing in Nova Scotia.

On the processing facilities, there are probably in the order of a dozen plants that are geared up to process snow crab in Nova Scotia. I'd have to count around the province, but there are probably seven or eight of them that are active now.

Again, as a province we don't dictate where and how crab processing should be established. We don't give government money to establish a crab plant, for example. If someone came in and said this community has landed all kinds of crab, and we want to build a crab plant here, so give us so much money.... We do license the crab plants, but we don't actively go out there and try to build plants. We don't actively go and try to remove them. I guess some of the business forces have made that happen.

We only had a couple of crab plants in Nova Scotia. Then particularly with the huge expansion in area 23 and 24, a lot of people saw opportunities and built plants. Some of them have come and gone, and others are surviving and providing very important employment in the community.

On the number of harvesters, the example of probably the extreme is when I spoke about area 19. There are 180 fishermen there. If it was crab alone, there's no way this area would support those. But if the approach is a multi-species-type fishery with supplement lobster and what little groundfish is left—not much any more—maybe some herring and some other fisheries.... There is some transferability within that fishery where you could buy more traps, but not more than.... You can't eliminate a three-trapper, basically. That three-trapper has to be transferred to a new fisherman. So the fishermen themselves set up a system where there's still an opportunity for a young fisherman to get in at a low price and a low trap number and in time work his way up.

It has worked fairly well. The question is if it can survive the low prices that we've experienced in the last couple of years. That's a real concern. I'm sure industry, when they're faced with that, will have to deal with that in area 19.

In the other areas, the outer coast, 20 to 22, it's tough going, because landings are very low, but it's a multi-species fishery set-up there, so crab is a contribution.

The set-up in area 23 and 24, all the new players came in groups, as you've heard, rather than as individuals. So that dramatically reduced the number of fishing enterprises that could be out there, which kept the capacity down. There is some transferability there as well.

With interprovincial competition, we have open borders and movement of crab in the Maritimes. We have a problem with Newfoundland. We have a situation where there is a restriction of movement of crab, unprocessed crab, from Newfoundland to anywhere else. We asked the Newfoundland government multiple times to remove that to have unrestricted movement of crab and other fish products. But it's a priority policy area for Newfoundland, so we haven't been successful there.

• (1220)

So we have one restriction when it comes to movement of fish, and that's on crab in Newfoundland and Quebec. It is basically a countermeasure, because our industry was being hurt so badly by one-way movement of crab. We used the interprovincial trade agreement, the clause that states that if one jurisdiction has a barrier, another jurisdiction can use the same one if your industry is being hurt. These are the only restrictions we have. Other than that, we

have interprovincial trade in all fish, and in the Maritimes for snow crab.

Mr. Scott Andrews: Mr. Chair, I have one more question.

You talked about new fishers and young people getting into the industry. Do you see a lot of that happening? Are there any barriers, and has your government put in place any incentives to help young fishers get into the industry? It is quite costly.

Mr. Greg Roach: Yes. The largest barrier is access to capital. In Nova Scotia, the traditional way to get in has been through private financing from another processor, another fisherman, and they're commonly known as trust agreements. Trust agreements, in their own right.... If it's just a money arrangement, it's not that big a deal. But the problem for many who were very strong supporters of owner-operator were the controlling trust agreements, where you were really an employee rather than an independent fisherman. Those are gone now, but still, access to capital is the big problem.

In Nova Scotia, our Fisheries and Aquaculture Loan Board started a program last June. We have independent capital that we lend to fishermen on a kind of mortgage time period of up to 20 years and we take the licence as collateral. We lend directly to new entrants and for new species. If a first-time fisherman wants to buy a licence, he could get access to that loan board capital. Or if a fisherman who bought a lobster licence, or has a lobster licence, wants to buy a crab licence—he never had one before and is a first-time entrant to a crab fishery—he could get that loan to expand his enterprise to be viable.

There's no free money. But our loan board is providing fair, independent capital, with terms that allow fishermen to survive over longer periods of time, and not pay back within seven years or whatever.

Mr. Scott Andrews: Thank you.

The Chair: Mr. Byrne.

Hon. Gerry Byrne: On the issue of science, I take what you're saying. Science for shellfish, for crab in particular, where you directly target or harvest males, is a special circumstance that is not well understood by the general public. It's hard to communicate contrary opinions about the actual status of the stock, because we do live in a world where science is somewhat sacrosanct, we'll say.

With that being said, do you agree with the science that led to the 63% cut in the southern Gulf of St. Lawrence?

Mr. Greg Roach: That's a tough one. I'll tell you, I've worked with scientists for many years. I participated in CAFSAC. I participated in the RAP sessions for decades. If I had been at those meetings this year, I would have been fairly aggressively arguing, why do we have these precautionary concepts? What are we really trying to do here?

If you were to introduce conservative measures at the start of a pulse and ask if we could spread this over four years, and then you were to slack back on the conservation, I would be a little more supportive of that approach. To be on the tail end of it.... I would have liked to see the numbers—what are we going to get from our productivity for the fishery out of this?

Some will say you have to keep these terminal-molt males around a long time for reproductive purposes. I mentioned earlier the reproductive strategies the stock has. Females can even have multiple clutches from one reproductive activity. The numbers in invertebrates, the number of larvae produced for.... The strategy is to make billions of them, with the idea that a small fraction will survive into the future.

In terms of this idea that we have to have every male hanging around for a long time to do the deed, I would love to have some good science that says yes, that's what we need. I was told of people who have seen videos of reproductive activity where multiple males competing can do quite a bit of damage trying to pull females from other males. These are real observations, versus this concept that maybe we need all the males.

The way it was, you'd make those points within the scientific RAP sessions. I wasn't there, so I really can't say whether or not I agree with them. But I would have argued those other points I made here.

• (1225)

The Chair: Thank you, Mr. Roach.

Go ahead, Monsieur Blais.

[Translation]

Mr. Raynald Blais: Thank you very much, Mr. Chair.

Good day, gentlemen. There are two or three points I would like to discuss with you.

The Fisheries Resource Conservation Council, the FRCC, did a review of the snow crab industry in 2005. You were probably made aware of all of that. The FRCC recommended in particular “that an independent, third party, apolitical structure be established to hold public hearings and make public recommendations on access and allocation issues”. The FRCC also recommended that “a framework for co-management including provisions for participatory decision-making by stakeholders, an open-transparent process, and dispute settlement mechanisms be developed and published”.

This year's catastrophe in zone 12 has had some very serious impacts. That is the criticism I want to make, that we make and that we will probably make together, I expect: since it is the Department of Fisheries and Oceans' responsibility to establish quotas, it should also have an attendant responsibility so as to be able to attenuate impacts.

This formula was proposed in 2005 and I imagine that there are others. You may have one as well. It could eventually enable us to avoid catastrophic situations like the one we saw this year. Sudden 63% cuts indicate that something is wrong. It is as though what we were told in previous years was negated. We know that insofar as the snow crab is concerned, there is a multi-year cycle. So things can be foreseen. So, either people didn't want to see what was coming, or chose to set the facts aside.

The creation of such a committee, which could conceivably be the FRCC, or some other organization, would allow us to prevent catastrophic situations like the one we saw this year. Do you have any comments to make on that?

[English]

Mr. Greg Roach: I mentioned earlier on the issue of allocation disputes that our minister has put forward the concept of some kind of board or panel to hear issues when there are serious conflicts. In the case of routine management, I don't think you would need such a panel year after year. I think the best way is to have co-management plans that are developed with the industry and DFO. Those are the best approaches, and that's pretty much what we have in area 19.

On the dramatic change in the recommendation in area 12, I mentioned already that I wasn't at the RAP meeting this year. Each year there's somewhat of a change in the number of scientists who are there. I suspect that this year the scientists who sat around the table saw the declining stock and decided they had to recommend a dramatic reduction in the harvest percentage. I'm willing to bet there wasn't consensus on that, but by the end of the day there was a recommendation that came out, and as was mentioned, it's pretty hard to go against a scientific recommendation.

• (1230)

[Translation]

Mr. Raynald Blais: According to my information, the scientific advice was available in 2009, and perhaps even in 2008, and its objective was to reduce quotas. But quotas were not reduced at that time.

[English]

Mr. Greg Roach: It's my understanding that the decline in the biomass was being observed. It was going to go in a downward cycle. It gets back a bit to the whole idea of industry flexibility. If the industry decides to take them now because they're not going to be there in two years' time and it's really not going to make a difference at a stock level, then it's more of an economic decision of those who benefit or don't from the resource. I think some of the decisions were leaning more towards that principle—and this is my opinion—in 2008–2009; then in 2010 the scientific statements were far stronger and more inflexible, and that led to the decisions.

Going back to the earlier discussion I had with Mr. Byrne, I would have been interested in having that scientific discussion in 2010. Is there a real, scientific, biological reason to say we have to put the screws on it this year or we'll be in big trouble? It's like trying to debate motherhood, but I would have engaged in that debate.

[Translation]

Mr. Raynald Blais: Are you worried about what is happening in the Gulf of Mexico, just as people may be worried in the Magdalen Islands or in the Gaspé, in the Gulf of St. Lawrence? This oil spill in the Gulf of Mexico following the problems with the drilling rig is a catastrophic situation. There are several questions we could ask ourselves with regard to what could happen in the Gulf of St. Lawrence.

[English]

Mr. Greg Roach: Excuse me, are you talking about a connection with that spill now, or that something similar could happen in the Gulf of St. Lawrence?

[Translation]

Mr. Raynald Blais: Something similar could happen here. Indeed, there have been other catastrophes. I am thinking of the Irving Whale which caused some problems off of the Magdalen Islands. There could be other, subsequent catastrophes in relation to this type of rig, other catastrophes we thought were avoidable but which may in fact be unavoidable. This could have an impact on the snow crab and on other resources.

Have you ever examined this? Have you ever expressed any concerns in regard to this? Has an emergency plan been prepared, and so forth?

[English]

Mr. Greg Roach: I guess I am way beyond my expertise on this one, but I have discussed some of the concerns involved with some folks, and I've been watching this very closely, as all of us have in Canada. I guess some good news, if there is any good news, is that some of the major currents in the Gulf of Mexico change over time, but the pattern that exists today is that there is a bit of a gyre in the northern part of the Gulf of Mexico. So that oil is actually staying in a bit of a circle at present. Now, that could change over time, and it could exit the Gulf of Mexico. For now, there are no signals that it is going to exit and get into the Gulf Stream.

I would be more concerned about our tuna fisheries. One of the major reproductive areas for bluefin is the Gulf of Mexico. Outside of that, if the oil does get into the Gulf Stream, then I would be worried about some of the migratory fishes like mackerel, for example, and the other tunas and swordfish.

As far as the Gulf of St. Lawrence is concerned, there's a reason we have ice up there. I don't think too much of the Gulf Stream gets up there. It crosses the Atlantic; it goes across Nova Scotia quite a bit offshore. So I'm not sure if the Gulf of St. Lawrence crab fishery will be impacted by that; but again, I am way, way beyond what I would be able to speculate about.

My concerns are with the bluefin tuna, mackerel, and swordfish, if the oil exits and ends up hitting the Gulf Stream.

• (1235)

The Chair: Thank you.

Mr. Donnelly.

Mr. Fin Donnelly: Thank you, Mr. Chair.

I think Mr. Roach touched on one of the questions I had about the number of licences and whether those were over-subscribed. He answered that one.

I have a few other questions, and I'm just wondering if you could comment on the following. You mentioned the tribunal, and I am wondering if you think there is a role the federal government can play in terms being involved with that.

Mr. Greg Roach: Yes, Minister Belliveau made that recommendation to DFO on a couple of occasions. The idea is to have such a

mechanism, if there is to be a new fisheries act. So if a new fisheries act is coming soon and will be in place soon, then it's going to be addressed. But as I mentioned earlier, if that's not a reality, then maybe it should be addressed in its own right.

And again, we'd have to have a situation where everyone who doesn't like the decision doesn't run to the tribunal. The tribunal has to be there for some of the bigger issues, and there have been some with snow crab, for sure, and some with scallop.

Mr. Fin Donnelly: For my second question, do you think the department is putting enough money, funds, or resources into research and science?

Mr. Greg Roach: I am assuming you mean DFO. Again, that's a tough one to answer. You will never really be able to do everything that needs to be done; it's a balancing act. I've always been a proponent of as much field research as possible, and that we apply the federal DFO dollars to hands-on research out there. The snow crab trawl survey is an example of that: you are actually out there taking real measurements on the real bottom and working with the industry on that. The industry has been very cooperative on the snow crab science, even to the point of funding many of the trawl surveys. For that spring survey in area 19 that I talked about, the fishermen said they'll pay for it, pay the whole thing. So that's a pretty strong incentive and shows how important it is for that sector to get accurate information.

So the answer is that there is never enough, but this is the real world. I have budgets in my own department, and you can only deal with what you have.

Mr. Fin Donnelly: And just to comment on the spring survey, I've certainly sent a letter to the minister on that point. Certainly there are a number of us who recognize the importance of that.

Mr. Greg Roach: I believe even the science folks are pretty supportive. We're really concerned that this concept of not giving any special deals might be a factor in the decision. And as everyone knows, there is a lot of turmoil and there are a lot of unhappy campers in area 12 right now. That situation should not dictate how things are managed in area 19.

Mr. Fin Donnelly: In the remaining time—I have less than five minutes—would you be able to summarize what you would consider to be the key challenges and the key recommendations when it comes to snow crab? Could you do that in a minute or two?

Mr. Greg Roach: One of the challenges would be the allocation disputes. It would be a good thing if we could move past those—in area 12, for example, or in areas 23 and 24—and have all the harvesting sector working together for their interests.

Another challenge is the harvester-dealer distrust. We should try to have the two sectors work as partners in a global industry, because oftentimes we find ourselves, in Atlantic Canada, as price-takers. We don't work collectively to manage the timing of landing, the quality, and the marketing of the crab and other species. So the people who want our products globally would then have to compete a little more for them, instead of just saying "Here's what you get, take it or leave it", and then the low price falls all the way down the line.

Another challenge we have is this balance of exploitation rate. It should be done based on sound resource management principles, and not based on fear or motherhood issues. You know, the science says be really conservative and have a precautionary approach, when the whole fishery may have a built-in precautionary approach, a built-in perfect set-up for resource harvesting.

We need to expand our markets. The U.S. dollar is killing us in all our fisheries. See if China wants to eat snow crab. I can't see why they wouldn't. It's a great product, and there are a lot of people getting a lot of money in China now who like shellfish and western food.

• (1240)

The Chair: Thank you.

Ms. O'Neill-Gordon.

Mrs. Tilly O'Neill-Gordon (Miramichi, CPC): Thank you, Mr. Chair.

Thank you, Mr. Roach, for being with us this afternoon.

First of all, I have to say I am from Miramichi, New Brunswick, and we certainly have lots of fishing communities. I am formerly from the fishing community of Escuminac, so I do have a little bit of knowledge, but I still have lots more to learn.

Most of my questions have already been asked along the way by my colleagues, but I do have one left. I'm wondering how closely you work with your DFO counterparts.

Mr. Greg Roach: I work, I believe, quite closely with them. My background is in invertebrate science, so earlier in my career I was doing more fisheries management and fisheries research work, and I worked very closely with the scientists in the gulf region on snow crab and lobster, as well as in the Scotia-Fundy region. I participated, as I mentioned, in CAFSAC and I participate now in the RAP sessions.

I also work very closely with fisheries managers. In my role now as associate deputy minister, I still work with the rank and file, and I really appreciate doing it. And I work closely with intergovernmental affairs and the folks at DFO, with the regional directors, and the regional directors general, and with those throughout the ranks. So I do still work very closely with DFO, and for the most part it's positive.

Mrs. Tilly O'Neill-Gordon: Thank you.

I'll pass it on. Randy, did you have anything?

The Chair: Mr. Kamp.

Mr. Randy Kamp: Thank you, Mr. Chair.

Thank you, Mr. Roach. It's good to see you again. We always get clear testimony from you, and we appreciate that, although I'm having a little trouble getting that pornographic crab video out of my mind.

Voices: Oh, oh!

Mr. Randy Kamp: Are you in competition or in cooperation with the American fisheries industry, especially crab?

Mr. Greg Roach: One thing I didn't talk much about today is area 4X. You can see on your chart that's in southwest Nova Scotia, which is pretty much the southern range. There are a few pockets of snow crab in the Gulf of Maine, but there's no commercial industry as such. Lobster is our challenge with the U.S., not snow crab. They're our market but not our competitors for harvest.

Mr. Randy Kamp: Okay.

You mentioned marketing a moment ago. Is your government involved in any initiatives along that line?

Mr. Greg Roach: We promote snow crab at various events and in various circumstances. We had a snow crab promotion in Europe a couple of years ago at the European seafood show. This usually has theme years, and one year we had a snow crab theme.

To be perfectly honest, again, it comes to resources. In the last two years lobster has hit the wall so hard that it has been a bit of a focus.

We have focused on snow crab. We still do. As I mentioned, we're working a lot on China now with lobster, and at every opportunity we like to tag snow crab along.

The thing about snow crab is that there are opportunities for live crab, but for the most part we sell frozen sections. You don't have all the logistical issues in China or other Asian countries that you have with live lobster, for example. Frozen lobster products or frozen snow crab are a lot easier to deal with when you get into some of these new markets.

We certainly will be looking, and we have looked, at opportunities for snow crab.

• (1245)

Mr. Randy Kamp: Thank you.

I have a final question, and I think it might be an underlying question we've been encountering with this study.

If you have any advice for us based on your background, it's along the lines of how you control access and manage a cyclical fishery that doesn't have just highs and lows but actual cycles of highs and lows. Obviously it can support a number of entrants in the high years, but when you get to the low years what do you do about those? Do you have just enough so they can survive when it's low and then they make a lot of money when it's high? Or do you have enough so they can survive when it's high and then they starve when it's low?

Do you have any advice on how you manage that kind of a fishery?

Mr. Greg Roach: That's really a tough question, and I'm not saying that because I don't want to give an answer.

There are pros and cons to different approaches. I'm sure you're going to hear about the last-in, first-out approach with the shrimp fishery in Newfoundland. Brace yourselves; it's going to be interesting.

The pros about that is you can have new players enter the fishery during the highs. Some of those are even based on more than resource, also on resource and price. As I tried to state earlier, the price can have a bigger impact than the resource.

The problem with that is investing. If someone wanted to invest in equipment, in gear, or even in predicting their business enterprise from year to year, it's very difficult if you don't know if you're in or not. I think that was a lot of what was behind the idea of putting everybody in and ending it once and for all. Every year you would have the temporaries saying they're not getting a fair enough shake and you'd have the permanents saying we shouldn't have temporaries in. Sometimes the TAC arguments would be based on it should be high for those who wanted in, and it should be low for those who want to keep people out. It wasn't based on good resource management.

The idea of putting everybody in was to avoid those kinds of issues. Then when you have everybody in—permanent, predictable—you run into trouble during the downtimes in price and resource...or a combination of both is worse.

It's a real difficult one. Somewhere in the middle, where you can have everyone in and have some kind of a combination of enterprises, doesn't work either, but that's something that will help it a little bit.

There is no real easy answer for that one.

Mr. Randy Kamp: You're right. Thank you very much.

The Chair: Thank you.

Mr. Roach, on behalf of the committee I'd like to thank you very much for taking the time out of your busy schedule today to meet with us. We really do appreciate your input, your comments, and taking the time to answer our questions.

Thank you once again.

Mr. Greg Roach: Thank you all very much.

The Chair: This meeting stands adjourned.

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