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## **Standing Committee on Fisheries and Oceans**

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**EVIDENCE**

**Thursday, May 2, 2013**

**Chair**

**Mr. Rodney Weston**



## Standing Committee on Fisheries and Oceans

Thursday, May 2, 2013

•(1145)

[English]

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

I apologize for starting late this morning. Obviously it's beyond our control with the votes in the House.

Before we begin, Mr. MacAulay would like a moment to provide a notice of motion.

Mr. MacAulay, the floor is yours.

**Hon. Lawrence MacAulay (Cardigan, Lib.):** Thank you, Mr. Chair.

I'd like to present the following motion:

That, due to the significant concerns over the sustainability of Canada's search and rescue services raised by the Spring 2013 Report of the Auditor General, the Standing Committee on Fisheries and Oceans immediately undertake a study on the Canadian Coast Guard's search and rescue capabilities and challenges to be tabled in the House of Commons no later than June 2013, and begin the study by calling Auditor General Michael Ferguson and Minister of Fisheries and Oceans Keith Ashfield as witnesses.

Then I would like to present another motion.

**The Chair:** Mr. MacAulay, thank you for providing your notice of motion. Certainly it will be in order as early as Tuesday of next week. We'll deal with it at that point.

You now have another notice of motion, Mr. MacAulay?

**Hon. Lawrence MacAulay:** I'd also like to present a motion that this committee have the Department of Fisheries and Oceans officials return to the committee on Tuesday because of this report: the shortage of time we have to give it justice, to get answers on a lot of the changes and cuts that have been taking place, and to understand exactly where the department stands with these massive cuts.

Thank you, Mr. Chair.

**The Chair:** I believe at this point in time, Mr. MacAulay, you're moving a motion that this committee ask officials to return on Tuesday to appear before this committee.

You don't have to give notice, because it is the subject at hand. That motion is on the floor at this point in time.

I take it you're moving that motion, Mr. MacAulay?

**Hon. Lawrence MacAulay:** Yes, I am. I so move the motion, Mr. Chair.

**The Chair:** Thank you very much, Mr. MacAulay.

It has been moved by Mr. MacAulay that this committee ask the department officials to return on Tuesday to continue the discussion on the subject matter at hand, the 2013-14 report on plans and priorities.

Is there anything on the motion, or any debate?

Mr. MacAulay.

**Hon. Lawrence MacAulay:** I just feel, Mr. Chair, looking at, for example, the slashing of the small craft harbours budget and a number of other cuts to funding, that it would be a very....

We only have a little over an hour to deal with the officials in order to get the answers to the questions that we and the public and the people involved in the fishery need to have. I think it's very important that this fisheries committee get the details from the Department of Fisheries on where in fact we stand with the changes taking place in the next couple of years, as presented by the government.

**The Chair:** Thank you, Mr. MacAulay.

Mr. Donnelly.

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

I think it's a good motion, and it makes sense. Unfortunately, our votes cut into half the committee time, and there are quite a few issues that need attention.

I know we could certainly use more time with the officials here. There are just too many issues right now, especially given that the department received the most cuts, or certainly was very affected in the last budget.

So I think this motion makes sense. We'll certainly be supporting it.

**The Chair:** Thank you, Mr. Donnelly.

Mr. Kamp.

**Mr. Randy Kamp (Pitt Meadows—Maple Ridge—Mission, CPC):** Well, it seems a little strange to me that while we're debating this, we're taking up the time we would have to be asking the very questions he wants to ask.

And in fact, Mr. MacAulay gets more time than any other single member on this committee to ask those questions when the time does come.

You know, we had that opportunity as well on main estimates. That was the primary place to be asking those questions. We did ask those, and we have the opportunity today as well.

So I don't think we'll be supporting this motion.

**The Chair:** Thank you, Mr. Kamp.

Is there anything further on the motion?

Mr. MacAulay.

**Hon. Lawrence MacAulay:** I thank Mr. Kamp for his...not for indicating that they will not support the motion, but for indicating that the way the committee is set up, and the way this fisheries committee has operated, not only now but over the years, is that we've issued a lot of reports as a committee, mostly with all-party support.

And I do know that the set-up is quite fair. I hope this interjection does not change my standing with the committee.

Thank you very much, Mr. Chair.

• (1150)

**The Chair:** Thank you very much, Mr. MacAulay.

Is there anything further on the motion?

Mr. Donnelly.

**Mr. Fin Donnelly:** I'd like a recorded vote.

(Motion negatived: nays 6; yeas 5)

**The Chair:** We'll now move to our committee business today.

We have before us officials from the Department of Fisheries and Oceans, who are here to answer questions and make a presentation on the 2013-14 report on plans and priorities.

I believe, Mr. Balfour, you're going to make an opening statement, and then you're going to turn the floor over to Mr. Huppé to complete the presentation on behalf of the officials.

Mr. Balfour, the floor is yours. I'd ask you, Mr. Balfour, to introduce the associates with you here today as well. Thank you.

**Mr. David Balfour (Senior Assistant Deputy Minister, Ecosystems and Fisheries Management Sector, Department of Fisheries and Oceans):** Thank you, Mr. Chair.

Given the late start, I'm going to dispense with opening remarks. I'll introduce my colleagues, and then I'd ask Mr. Huppé to give you a bit of an overview of our report on plans and priorities in order to enable the discussion to follow.

With us is Trevor Swerdfager, our assistant deputy minister for program policy; Jody Thomas, our deputy commissioner of the Canadian Coast Guard responsible for operations; Mr. Michel Vermette, deputy commissioner of the Canadian Coast Guard responsible for vessel procurement; Mr. Roch Huppé, our CFO; Kevin Stringer, our assistant deputy minister for ecosystems and ocean science; and France Pégeot, senior assistant deputy minister for strategic policy.

With that, I'm going to ask Mr. Huppé to go through the overview of our RPP. I believe you've all received a copy of the presentation.

Mr. Huppé.

**Mr. Roch Huppé (Chief Financial Officer, Department of Fisheries and Oceans):** *Merci, monsieur le président.*

I will briefly walk you through the small deck you would have received. I will provide you with an overview of the structure of the RPP, what is in there, basically, and provide you with an outline of our key priorities and the risks we have identified. I will also present a short analysis of some of the key funding fluctuations that you would see in this document.

I'll take you to page 3. A key piece of the RPP is the minister's message. The second portion of it provides an organizational overview, where you would find, notably, a list of the program activities of the department, that is, our key priorities, risks, and planning summaries.

The third portion, and one of the key aspects of the document, is a program-by-program analysis, providing key information on resource utilization, planning highlights that we have identified, and performance measurements for each of these programs. There is also some supplemental information that can be found throughout the document and by accessing other documents, financial statements and other information around ship building, for example, transfer payments and revenues.

On page 4, the minister's message, which, as I said, is a key piece to the document, highlights important changes to the Fisheries Act that will help the department focus our resources on the long-term sustainability and prosperity of Canada's fisheries. It also highlights some of our key work for the coming year—notably the focus on science and moving forward with our strategic investments in the Canadian Coast Guard. It introduces the four organizational priorities—which I'll cover in a second—and presents three strategic outcomes.

Next is page 5. The work we do and the priorities we've set are in direct support of these three strategic outcomes. The first one is economically prosperous maritime sectors and fisheries, and this includes the programs that support the sustainable and effective use of Canada's water resources. The second is sustainable aquatic ecosystems, which include the programs that contribute to the conservation, protection, and sustainability of Canada's aquatic ecosystems. The third is safe and secure waters, which include the programs that contribute to maintaining and improving maritime safety and security.

Page 6 lists our four key organizational priorities, in no particular order, the first one being the renewal of Canadian Coast Guard assets and service delivery. As you would understand, CCG's assets are a key success factor for the delivery of their programs. You may remember that in budget 2012 the department received \$5.2 billion for fleet renewal. That was in addition to the \$1.6 billion received for this in previous budgets. The second priority is advancing management and operational excellence. That means ensuring that our corporate functions are efficient and effective in supporting our program delivery. The third one is to ensure that we are able to align the legislative and regulatory frameworks to support long-term sustainability and prosperity. And the last, but obviously not the least, is improving fisheries management.

On page 7 we have identified key risks that we need to manage and mitigate well. There is physical infrastructure. There is no surprise that we are one of the largest, if not the second-largest, asset-based departments in the government, so this is key to our success. We deliver our programs with our people and our assets. Financial and human resources are an area of risk that we need to manage well in today's environment—human resources for sound employee engagement and to ensure that we have the right workforce, the right people in the right jobs, and financial resources to ensure that we manage our finances prudently. The last one we have identified is a risk related to hazard and crisis and ensuring that we have the capacity to deal with any crisis that may come up.

• (1155)

The next three pages are about the funding, and funding fluctuations. Page 8 provides you with an overview, a picture of the funding, broken down by strategic outcomes.

The first point I'd like to make is that the RPP compares the actual spending in previous years to the planned spending of the coming years. I have to say it's a little bit like comparing apples to oranges, because there are key differences between the two aspects. When we talk about actual spending, it's basically a reflection of our true spending in a year, which reflects the full funding authorities that were received. We all know that during any fiscal year we do receive some adjustments to our funding authorities through the supplementary estimates process. As an example, the forecast spending in 2012-13 is just over \$1.9 billion, which is basically a reflection of our full authorities for 2012-13, the year that just ended. We started the year with just over \$1.6 billion in the main estimates. There's been an additional \$250 million or \$260 million adjusted through supplementary estimates. The actual spending in 2012-13 should be just over \$1.8 billion. Now we're closing the books as I speak, and we should be around that number.

The planned spending is basically a reflection in time of what we know about our authorities for the coming year. There will obviously be adjustments to these authorities. On the last page I will go through the adjusted planned spending from 2013-14, basically giving you an update, bringing the numbers considering the things we know now that we didn't know at the time of the production of the RPP.

I'll move you to page 9 and drill down a little bit into the key variances at a program activity level for some of the key programs.

In the first program, integrated fisheries management, you will notice a considerable swing between actual spending in 2011-12 and

2012-13 to the planned spending in 2015-16, basically just over \$35 million. The key reason for this decrease is the long-term lobster sustainability program, which is in its phasing-out years and will terminate in 2013-14. As an example, in 2011-12, we spent over \$21 million for that program. Basically, in 2013-14, in our last year, we're spending about \$5 million.

Also, there's what we call the Larocque funding, which is funding that was sunseting at the end of 2012-13. There's no renewal for that. Just over \$10 million accounts for it.

In the second item, aboriginal strategies and governance, again, there's a considerable decrease in funding from the actual and forecast spending on the plan. The difference here can be explained by two key programs, the Pacific integrated commercial fisheries initiative and the Atlantic integrated commercial fisheries initiative, both of which sunsetted at the end of 2012-13 and for both we have renewal through budget 2013. Obviously, this renewed funding does not appear in this RPP and will be accessed through supplementary estimates, whereby we're going to get \$22 million for the renewal of PICFI, which was a one-year renewal, and there's \$11 million for the renewal of AICFI, bringing the total spending in 2013-14 in line with the projected spending in 2012-13.

In the third item, the sustainable aquaculture program, the reason for the decrease is that the new aquaculture program funding was sunseting in 2012-13. We did receive renewed funding through budget 2013. The department received \$57.5 million over five years, so \$11.5 million a year. To the \$20 million you see in the out years, we should be adding \$11 million. The department will bring that in through supplementary estimates again.

• (1200)

In the small craft harbours program, here again there is a considerable decrease. Actually, the planned spending that you see for that program is the normal spending we usually have. We had received in budget 2011 \$57 million as a result of the damages caused by the storm in December 2010 out east. We had received that money to repair all the damages to the harbours that had occurred because of the storm. We spent \$43 million of that \$57 million in 2011-12, and the remaining \$14 million was spent in 2012-13. This is the main reason you see that funding decrease. It was a two-year temporary funding to help us go through that issue.

Turning to fisheries protection and the key reasons for the decrease here, the main reason is in relation to the efficiency savings that were identified through the deficit reduction action plan, budget 2012. We had over \$15 million identified in relation to renewing the habitat program. Obviously, fisheries protection is what used to be called the habitat program. Also, a portion of it is due to the funding we received in support of the regulatory reviews and to modernize the regulatory system for major resource projects, what we refer to as MPMO. We had received funding in budget 2012, \$21 million over three years. That money is actually sunsetting at the end of 2014-15, so that's why you see a \$6 million plus drop there.

Looking at species at risk management, again, the decrease is in relation to money sunsetting. Part of the funding in that program was sunsetting at the end of 2011-12. Budget 2012 provided the department with \$24 million over three years, so that program will sunset now at the end of 2014-15. That's why you see a decrease from 2014-15 to 2015-16.

In marine communications and traffic services, the key reasons for the decrease here are efficiencies that were identified through the deficit reduction action plan as announced in budget 2012. Close to \$7 million of these savings through budget 2012 are a key reason for the decrease that you see here, along with other savings that were also identified in budget 2011.

Turning to fleet operational readiness, the fluctuations you see here, up and down, are largely all due to what I call cashflow fluctuation in relation to shipbuilding. We are in the works of acquiring, building, and modernizing quite a few ships. As I say, if we get \$100 million for five years, we don't spend \$20 million each year. Actually, the needs fluctuate. That's why we have a fluctuation.

I will also step out on a limb and say that in relation to the \$5.2 billion that we got last year, as we start bringing the money inside the department, you will see the amounts in the out years actually grow considerably in the following documents and the following RPP. Basically, it relates to midshore patrol vessels that are in the works now, many vessel life extensions and mid-life modernizations, the \$360 million that was announced in relation to the \$5.2 billion that we got last year, the polar icebreaker air-cushion vehicle, for which we got \$27 million in budget 2010, and the three science vessels and one oceanographic vessel, for which we got \$388 million overall to acquire those.

I'll finish off with the last page to give you an update on the planned spending for 2013-14.

At the time of the production of the RPP, our known authorities were just shy of \$1.7 billion, as indicated in the RPP. If we add the impact of budget 2013 decisions on to the year 2013-14, it will provide us with an increase of \$57 million. Then we add our projected carry forward from 2012-13 to 2013-14. Every year we carry forward some funding from one year to the other, which we're entitled to. That's why I was saying that other authorities for 2012-13 are at \$1.9 billion, and that's why I mentioned that we should be spending around \$1.8 billion. Part of that money will be carried over to next year. Then we add funding that is pending approval from Treasury Board: \$23 million in relation to shipbuilding, and another \$7.7 million for the development of complementary measures related

to the northern gateway project. So our projected authorities now for the coming year are closer to \$1.9 billion.

*Merci beaucoup.*

● (1205)

**The Chair:** Thank you very much, Mr. Huppé.

We'll move right into questions.

Mr. Woodworth.

**Mr. Stephen Woodworth (Kitchener Centre, CPC):** Thank you very much, Mr. Chair, and my thanks to the witnesses here today, particularly for that pretty masterful analysis of the numbers. I appreciated that. I'm not a numbers person myself, but I was able to follow you very well. Thank you.

I'm interested in the role that new developing technologies play in your department's delivery of services. To give you a sense of what I'm talking about, I'll give you examples of what I'm personally familiar with, and not necessarily relating to fisheries. I recently got a voice dictation program, so I'm now going to dictate my letters. They'll be produced at about 25% of the time that was required to deal with letters previously.

I have a company in my riding that will sort the data that's received from every ocean-going vessel on the face of this planet, not only location but capacity and what they're carrying. I'm sure there are technologies that influence the delivery of your services, in particular in the area of MCTS, marine communications and traffic services, and perhaps in other areas too.

I know the committee would want you to be taking advantage of technologies in order to deliver services effectively, and perhaps even at less cost. Can you give us one or two examples, if there is such a development in your department, please?

● (1210)

**Mr. David Balfour:** Perhaps I'll deal with some of the fisheries aspects of the question, and then I'll turn things over to Jody with respect to the coast guard.

The use of new technologies is a key element of our strategy for modernizing fisheries management and improving the effectiveness and efficiency of the services we deliver to fish harvesters. One example I would cite is the initiative we have brought into place to permit fish harvesters to renew their commercial fishing licences online. Whereas in the past fish harvesters had to come to DFO offices, line up, and go through a transaction to be able to receive their licences, which took them away from more critical work, like getting geared up to actually go out in the fishery, they can now renew their licences and receive their conditions of licence and other documents online 24/7. This is all part of improving the services.

We're also at a pilot stage of looking at what we call electronic log books, as opposed to fish harvesters using a manual record of recording where they're fishing, what they're catching, and so on. They'll be able to do that electronically and transmit that information to the department on a real-time basis, so it can be immediately actionable by the department.

We've introduced vessel monitoring systems in many fisheries, where we have transponders on vessels that signal the location of vessels, so we're able to confirm that vessels are fishing in areas that are open to fishing rather than areas that are closed to fishing. It allows us to be a lot more effective in terms of delivering conservation outcomes.

Maybe with that I can pass it over to Jody for some of the initiatives in the coast guard.

**Ms. Jody Thomas (Deputy Commissioner, Operations, Canadian Coast Guard, Department of Fisheries and Oceans):** Absolutely. Thank you, David.

As you're aware, the coast guard is undertaking a significant project to consolidate our marine communication and traffic services centres. That consolidation is predicated on a complete overhaul of the technology behind the operators, with entirely new consoles, entirely new screens, and entirely new views of the vessels and safety systems they're managing. It includes much of the technology that you've discussed, voice to text, so they'll no longer be doing the laborious process of recording marine and weather information; it will be text-converted. That will reduce their workload significantly. It will improve services for mariners, as it will be consistent. They'll hear one voice and it will be timely; it won't be delayed because the operator is busy with something else.

This project was under way for three years before we announced the consolidation of the marine communication and traffic services centres. We'll carry on for about two years after, as we continue to refine the technology being used.

The coast guard is constantly looking at new technologies and ways of improving communication with vessels, with mariners, and improving the entire safety network.

**Mr. Stephen Woodworth:** I assume the increased level of technology has been incorporated into the budget plans we've just had reviewed. Is that correct?

**Ms. Jody Thomas:** Absolutely.

**Mr. Stephen Woodworth:** Very good. That's the kind of information I was hoping for.

I'll go off for a moment in another direction. One of the terms that I've heard used is "tradeable shares" or "quotas". I am told there is a plan to extend tradeable shares and quotas where feasible. Being somewhat new to this committee, I have no idea what that means, and I would be grateful for your interpretation and for a little detail about how that is going to come about.

• (1215)

**Mr. David Balfour:** I have to be the first to admit that we don't necessarily have a standard set of definitions. What we do have is a continuum of categories of fisheries—what we call competitive fisheries—where there is an overall TAC established. Participants will catch as they can until the total limit is taken and then the fisheries close.

Then we have a series of fisheries that operate on individual quotas, where each fish harvester is assigned a share, in effect, and can then plan their harvest operations so that they can maximize the value potential of that share, plan properly for the fishery, and so on.

Then we have the ability to have a transfer of these individual quotas or shares in a number of fisheries. That has enabled, in many instances, a self-rationalization by the industry itself to be able to effectively balance the capacity of the catch with the ability for it to be sustained by the resource. Within a framework, the participants would be able to secure a prosperity in their operations and operate on business terms.

**Mr. Stephen Woodworth:** Is there a plan to extend that practice?

**Mr. David Balfour:** Our plans are to be working with fleets that are interested in introducing such mechanisms. Our plan is to pursue that where fleets are interested in establishing individual shares.

It takes different forms as well, where we have individual quotas. For example, with crab fishing off the northeast coast of Newfoundland, we have measures in place working with the industry that would allow for a fish harvester to combine the equivalent of three quotas within his enterprises and fish that. That's allowing for a self-rationalization of the fishery.

**The Chair:** Thank you very much. We're out of time.

Go ahead, Mr. Donnelly.

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

Thank you to the officials and our witnesses for being here to talk about the report on plans and priorities for 2013-14.

I want to note that I'll be splitting my time with Mr. Toone.

I have three questions. Hopefully I can get through them quickly.

One is in regard to the coast guard. You've identified that you have closed the Kitsilano coast guard station and that you're closing the MCTS station in Vancouver, and I understand you're building a new facility in Stanley Park. I'm wondering what the overall cost savings of these moves will be in Vancouver.

**Ms. Jody Thomas:** The closure of the Kitsilano coast guard station has cost savings that have been announced, and they are, as stated, about \$700,000. The cost of creating the small structure for the inshore rescue boat was part of the plan, and it was considered in the gross costs; therefore, the net savings are \$700,000.

MCTS is being amalgamated into the MCTS centre in Sydney-Victoria. The overall cost savings for that project are about \$7 million.

We've already moved the safety desk—that's the desk that monitors safety radio from Vancouver to Victoria—primarily because it is very difficult for us to get radio operators to live in Vancouver. That centre has always been short staffed because there's a high cost of living in Vancouver. We are better able to recruit people for Sydney. That work has already been taken over seamlessly. The rest of the amalgamation will occur in 2015 as planned, as the new technology is integrated into the Sydney centre.

**Mr. Fin Donnelly:** Thank you.

It's been about half a year since Commissioner Cohen presented his 75 recommendations on the Fraser River sockeye to the federal government. I'm wondering why none of the recommendations has yet been implemented and when you plan on acting on these recommendations.

**Ms. France Pégeot (Senior Assistant Deputy Minister, Strategic Policy Sector, Department of Fisheries and Oceans):** The report has indeed been tabled. There were about 75 recommendations, and about 65 involved the Department of Fisheries and Oceans. We are reviewing the report, which is exhaustive, and we thank the commission very much for the work they've done.

Through the Department of Fisheries and Oceans' day to day work and in our current approach to managing domestic salmon, we're already addressing some of the report's recommendations, and we will continue to consider Commissioner Cohen's recommendations in our ongoing work, when and where applicable.

I could add that since 2006, between \$16 million to \$19 million was spent annually by the Department of Fisheries and Oceans on Pacific salmon research alone. The recent budget also provided \$57.5 million over five years to enhance regulatory certainty for the aquaculture sector.

We believe these are examples of investments that will allow the department to take into account and implement what Commissioner Cohen has indicated.

• (1220)

**Mr. Fin Donnelly:** Thank you.

Would it be possible to send a written progress report of what has been acted on to this committee as a follow-up?

**Ms. France Pégeot:** We can look into this.

**Mr. Fin Donnelly:** Thank you.

Another question is on the subject of importation of shark fins into Canada. During the last hour of debate, LaVar Payne announced that the government would be amending the regulations to CFIA regarding shark fin imports. I'm wondering if this has happened yet. If not, when will this happen?

**Ms. France Pégeot:** As you know, the Government of Canada has been prohibiting shark finning since 1994. We have certainly been promoting the full use of sharks harvested by Canadians in support of our country's shark fisheries. As well, we're promoting the protection of sharks in the various international organizations we belong to.

My understanding is that CFIA is in the process of doing the work they committed to do. CFIA would be in a better position than I to provide an update to you on this work.

**Mr. Fin Donnelly:** So we should request an update from CFIA then?

**Ms. France Pégeot:** That would be more appropriate, yes.

**Mr. Fin Donnelly:** Okay, thank you.

I'll turn it over to my colleague.

**Mr. Philip Toone (Gaspésie—Îles-de-la-Madeleine, NDP):** Thank you.

The small craft harbours program has some serious problems. A lot of small craft harbours are falling into the sea right now. I see we're cutting back significantly, and I'm wondering if those specific

projects are very costly. What is the state of the divestiture? Is that still the priority?

Today in my riding we announced the closure of a wharf, a small craft harbour, in Percé, possibly one of the most iconic locations in all Quebec. Although it's a fisheries wharf, it's also used largely as a backdrop for tourism; Percé Rock is right behind it. A lot of people take their photos.

If not a lack of planning, this is certainly a catastrophe for the people who live in my riding. We're wondering what's going on with this program. What is the state of divestiture, or if not, what is the state of investments to bring this back into proper service?

**Mr. David Balfour:** I want to start by referring back to the presentation Roch Huppé provided and the reductions you would see to the small craft harbours program, which are the result of the sunset of temporary measures that had been established, such as the funding to provide for emergency repairs for significant storm damage to harbours in the Atlantic. Those projects have been carried out and the funding has sunset as planned.

In the same way, there was I think about \$200 million that had been provided to the department under the economic action plan to enhance their ability to do repair and maintenance at harbour facilities. That funding has also sunset.

There had been an investment by this government enabling the department to move ahead with divestitures of harbours. We had \$45 million over I believe three years—

**A voice:** Four years.

**Mr. David Balfour:** It was over four years, and that has also sunset.

What we're really looking at now, and what you see in the RPP document, is the core A-base funding of the small craft harbours program. There are no reductions to the program other than the phasing out of planned sunset programming.

The only adjustment you would see to the small craft harbours program in the year-over-year basis would be the \$5 million in the 2013-14 estimates to complete a project at Digby Harbour. It was a total of \$7.5 million over two years, and that's the only adjustment you would see. Looking forward, what you have is the ongoing regular budget for the program to carry out its work.

• (1225)

**The Chair:** Thank you very much.

Mr. Weston, please.

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

Thank you for joining us in such numbers and for giving such an in-depth review in such a succinct way.

I have questions that are also following up on what my colleague Mr. Woodworth was asking about in looking at the numbers you were discussing.



You've talked about consolidation of resources. That's certainly something that is welcome news in terms of following up on the whole government's approach of reducing expenditures. I'm wondering if you could give us a little more indication of how that's proceeding.

I'm particularly interested in the reduction in costs under coast guard expenditures and the related expenditures that are being consolidated. I don't know whether that's for you, Mr. Balfour, or for Mr. Swerdfager.

**Mr. David Balfour:** I think it's a question for Ms. Thomas.

**Ms. Jody Thomas:** Well, I'm not quite sure what you're asking.

**Mr. John Weston:** If you can elaborate.... You had to go so quickly in explaining those numbers, and it's something that comes up consistently, I think, certainly for British Columbians. If you can explain that in greater depth, that would be welcomed.

**Ms. Jody Thomas:** Okay. The changes that the coast guard has made as a result of the deficit reduction action plan, the cuts we're making, have been effectively conducted this year. We did close the Kitsilano coast guard station, but we have opened the inshore rescue boat, as committed to. The hovercraft out of Sea Island has responded effectively to search and rescue in the Vancouver area.

We're now embarking on and are a third of the way through a major consolidation of our marine communications and traffic services centres. That is a significant portion of the savings that we are making, but we are investing a lot of money in order to do it. We will see savings down the road as we consolidate the centres. We are very pleased with the progress that has been made so far.

The first consolidated centre, the one that consolidates Inuvik into Iqaluit, will be operating this summer. All the testing and the user acceptance testing on the new equipment and new systems that are being put in place worked extremely effectively. We're very pleased with the progress that is being made, and we're convinced that mariners will be receiving a better level of service, because of the redundancies that are being built in and the way we are changing their duties to automate much of what they've had to do manually over the years.

We have also, in the course of this year, gone from five regions to three regions. We're having a major restructuring of coast guard administration, essentially, and management. In our headquarters, we have totally restructured our approach to management and have reduced by about 30%.

In our regional service delivery, we have reduced from five administrative areas to three. Not affecting the front-line services but taking out a layer of management I think allowed us in fact to operate more effectively to ensure consistency across the country, with the notion of one coast guard rather than five regional coast guards, which the OAG has previously criticized us for.

**Mr. John Weston:** Can I ask the same question about the fisheries protection area, and perhaps ask for some specific on-the-ground examples of how these cost savings have been achieved so that the average British Columbian Canadian, who may not be as familiar as you are with the whole administration, can understand it in really graphic terms?

**Mr. David Balfour:** With respect to the fish protection program, we are in a state of transition with the new fish protection provisions in the Fisheries Act. We are moving our organization to effectively deliver on the new approaches that are laid out in the act. In the past, many of the activities carried out by staff in the department involved reviewing projects that did not require departmental authorization, because they didn't involve a significant adverse impact on the production of fish habitat or fish. We have reoriented our program so that we are focusing our efforts where they make a difference on critical issues that would have an impact on commercial, recreational, and aboriginal fisheries.

We have consolidated our delivery points for the program from I think approximately 63 to now 16 locations. Staff in those new locations will be focusing on higher risks, taking kind of a risk-based approach, and on priorities in terms of where we think we can make a difference in protecting fisheries and fish habitat.

• (1230)

**Mr. John Weston:** Do you want to comment at all on how an individual is likely to be more effective than in the past, perhaps with reference to the things said in response to Mr. Woodworth's questions, or on anything else?

**Mr. David Balfour:** As we move into the future, we will continue to rely more and more on partnerships with provinces, municipalities, industry, and other organizations that can do screenings of projects so that we won't have to be directly engaged in doing the work, and thereby resulting in savings for us.

**Mr. John Weston:** This is on the enforcement side?

**Mr. David Balfour:** This is on the fish protection side, in terms of the review of projects. On the enforcement side, the new act has provisions that will make enforcement more effective. Under the previous act, if there was an infraction where an authorization had been issued and it had not been followed through by a project proponent, the department still had to be able to demonstrate and prove that there was an adverse impact on fish or fish habitat. With the new act, we will be able to take an enforcement action even on the basis that there is non-compliance with the condition itself. We also have a significant increase in penalties, which will I think incent compliance and make our operations more efficient.

I think, all in, we believe we will be able to elicit a higher compliance with the requirements of the act without having to use enforcement.

**The Chair:** Thank you very much, Mr. Weston. You used up all your time.

Mr. MacAulay.

**Hon. Lawrence MacAulay:** Thank you very much, Mr. Chair.

Welcome, witnesses.

Mr. Balfour, I don't want to have you repeat, but regarding the "tradeable shares and quotas", I would like you to inform the committee as to what types of discussions have taken place in the department in this area. Was there any discussion with different groups or processing companies or this type of thing?

Looking at the Atlantic region and the lobster fishery, was there any discussion whatsoever in the department concerning...? I'm certainly not against rationalization, and I have certainly supported some buy-back programs over the years. There are a number of ways to reach an end, and I'm concerned that there could be an awful lot fewer fishermen if that were the case. I'll just leave it to you to explain to the committee.

**Mr. David Balfour:** Okay.

If I understood the question—

**Hon. Lawrence MacAulay:** I would just like to know, sir, if there's been any discussion in the department with any corporations, fish processors, or things along this line, concerning the Atlantic lobster fishery.

**Mr. David Balfour:** I think the short answer to that is no. But I would say that the department is open to discussing with the commercial fishing industry proposals that would come from them about moves to individual quotas or tradeable quotas, or anything of that sort that would assist the industry in securing their own prosperity and improving on their economic results.

I think what's laid out in the report is an expression of our willingness to work with industry, where they see that this is in their best interest to adjust the structure of the way the fisheries are managed in order to improve on their economic results.

• (1235)

**Hon. Lawrence MacAulay:** Thank you very much, Mr. Balfour.

You did mention boat quotas, which again is a great concern. I think it came primarily from a government minister. Was there much discussion on that issue with the department or within the department on boat quotas for lobster fishermen?

**Mr. David Balfour:** Again, I would just say that we will be responding to requests from the industry to move in different directions. We haven't had those types of discussions. I do know that if, let's say, a lobster harvester in a particular LFA came to us and asked us to consider measures to improve their economic performance, we would be prepared to sit down and discuss it with them.

**Hon. Lawrence MacAulay:** Well, I appreciate the answer very much, as long as it comes from the lobster fishermen.

Also, on page 12, DFO is challenged, engaged, motivated, and equipped for change, and it will impact the ability of DFO to advance its agenda. Could you explain how the staff has been affected with over 400 job losses that will come into effect in a couple of years' time?

**Mr. David Balfour:** I don't see a reference, just looking at it quickly, to a figure of 400 on that page.

Did you want to speak to that one, Roch?

**Mr. Roch Huppé:** As I mentioned in my presentation, we have identified some key risks that we need to deal with. Obviously, we're in an environment where we are reducing, generating more efficiencies. As I said earlier, our business is basically delivered through our people and our assets, so we have to make sure we have the right mitigation and management strategies to deal with the workforce we have.

I think it's safe to say that since the decisions of budget 2011 and 2012, we've been very diligent in how we go about ensuring that the reduction of the workforce happens, ensuring that we have the processes in place to retain as many people as possible, and to affect as little as possible the people we have. We're trying to replace people. We're trying to ensure that people who retire are the first ones who are being tagged. I think we've been very diligent.

We've also been very diligent in ensuring that we have the right strategies to address anything that came out of the public service survey, ensuring that our people stay motivated. We've communicated with our people on many occasions. I think one of the secrets is to ensure that they have the information. That's always very helpful.

**Hon. Lawrence MacAulay:** Thank you very much, but basically, whether it's not replacing or people are sent home, there are 400 people who are not going to be there after 2015-16. How do you expect to operate? Were these people basically not needed, or is it through all this new technology that we don't need the people?

Again, sir, all you're doing is implementing—I'm well aware.

• (1240)

**Mr. Roch Huppé:** In a lot of the measures that we have put forward, we've talked about consolidation. We've talked about generating efficiency. I'll give one example that's directly in my area. We've consolidated the provision of financial services and contracting services. I'm going to be delivering everything that's transactional in nature—so account verification—from one service hub, instead of doing it from seven different locations across Canada. The same job gets done, but because I'm centralizing the function I can do it in a leaner fashion today.

I'm also introducing new technology, what we call an imaging system, where the documents will be imaged over to that new hub at which the account verification will take effect.

This is an example of where the reduction of FTEs...and as I said, we're trying to limit the actual number of people. We're talking about FTEs being reduced. We're trying to replace our folks, so yes, there will be fewer FTE positions, but in my case and in the example I just gave, the same type of job will get done. It doesn't affect the level of work. It's only a different way of doing it.

**The Chair:** Thank you very much, Mr. Huppé.

Mr. Toone.

**Mr. Philip Toone:** Thank you, Mr. Chair.

[Translation]

I would like to discuss marine protected areas. Last fall, the Commissioner of the Environment and Sustainable Development did not go as far as to say that we were dragging our feet, but he did say that we had not achieved our objectives.

Where do things stand with regard to marine protected areas? What awareness-raising projects have you set up? What projects are planned over the coming years? Will any other marine areas be proposed over the next few years? Eight official marine areas are currently being established. What is being done to move things forward?

[English]

**Mr. David Balfour:** The department remains committed to advancing forward our plans on the establishment and operation of marine protected areas. We have currently eight marine protected areas in place now, which represents, I believe, protecting in the order of 1% of Canada's marine spaces. We have plans to establish another seven MPAs, and that would likely bring our number up to about 3% of ocean spaces being protected.

The objectives cited by the Commissioner of the Environment internationally at 10% are a target, not a commitment. It's a goal we're seeking to advance toward.

We are also working with other federal partners around establishing an overall framework of marine protected areas that would involve Parks Canada, Environment Canada, and others, in taking a look at how that would come together in meeting those kinds of goals, along with areas that we close for fisheries purposes. We have a collaboration in place with the provinces about how, within this network, we would also take into account areas that are protected under provincial legislation and so on.

I should mention that in budget 2013 there was a provision of a renewal of the health of the oceans initiative at \$4 million annually for one year, of which I believe about \$2.97 million will be invested in the department's programs. The balance will go to Environment Canada for related initiatives they're undertaking.

I think it's fair to say that we are on a track in advancing forward our programs—

**The Chair:** Thank you.

I'll have to pass to Mr. Tremblay. We're a bit short of time.

**Mr. Jonathan Tremblay (Montmorency—Charlevoix—Haute-Côte-Nord, NDP):** Thank you.

[Translation]

On April 22 of this year, in a Radio-Canada report, the former coordinator of the Centre de sauvetage maritime de Québec—Quebec City's marine rescue centre—Hubert Desgagné said that there was a risk of confusion associated with delays. According to him, people had often been rescued in last minute situations, so any delays would result in deaths.

Mr. Desgagné spent over 30 years at the Quebec City centre.

A rescue simulation was also carried out on February 27 and 28. The goal was to determine whether the staff was ready to take over for the Quebec City centre. However, the exercise was a failure, even though the staff was larger than that used during regular shifts. The language barrier was to blame. Some people had insufficient languages skills, and those with sufficient skills were overworked. So they were ineffective.

How will you ensure the safety of francophones when the current strategy calls for just one bilingual employee at the Halifax and Trenton centres?

• (1245)

**Ms. Jody Thomas:** As announced by the Commissioner of the Canadian Coast Guard, they are waiting for the Commissioner of

Official Languages' report before they close the Centre de sauvetage maritime de Québec.

[English]

The discussion in the media about the exercise that occurred in Halifax is not quite accurate. It was an exercise designed to test the limits of the system. It wasn't a pass/fail situation. We saw where we had things we needed to work on, elements of the process. It took live examples of events and compressed them, both in time and severity, just to test the limits of the system. Now we know where we have work to do.

We will not close the centre until we're confident that lives will not be at risk, and we're waiting for the Commissioner of Official Languages. We're very confident with the plans we have made.

[Translation]

**Mr. Jonathan Tremblay:** However, how will they be able to respond to emergencies if the one bilingual employee at the Halifax centre is busy?

[English]

**Ms. Jody Thomas:** There's more than one bilingual employee. There are three stands, one English and two bilingual, in the Halifax search and rescue centre. I'm not sure where the idea of one person came from. That's not in fact accurate. In MRSC Quebec, there's a single stand. It's one person who meets bilingual standards of BBB, so generally speaks in French rather than English. The situation in Halifax is that we've improved bilingual service and the number of people providing bilingual service to mariners over the single stand in Quebec.

That said, again, we will ensure that there is no impact on our delivery of service before we close the MRSC in Quebec or take any additional steps to do any further mergers.

**The Chair:** Thank you very much, Mr. Tremblay.

Go ahead, Mr. Sopuck.

**Mr. Robert Sopuck (Dauphin—Swan River—Marquette, CPC):** Thank you.

I was working for a forest company in Manitoba in the late 1990s. I was its environmental director. I saw the process DFO went through when it ramped up its fisheries habitat enforcement work in Prairie Canada: the rush to staff up, the greatly increased budgets. Those of us in the fisheries business and the forestry business were wondering what you were going to do, because the fish seemed to be doing fairly well before this time. Again, this is something that was thrust upon you. I think the budget increment for Manitoba, or perhaps for Prairie Canada, was about \$20 million per year—just the increment to get that program up and running.

My question is—and I'd like as specific an answer as possible—in terms of real fish populations and in terms of real fisheries that people actually utilized and wanted, what did we get for that \$20 million?

**Mr. David Balfour:** I don't know if we have the information with us to be able to answer that specific a question. I do think that with the investment we did have a capability throughout the prairie provinces and Ontario to review projects. We certainly were involved in doing that. But I think I'd put the emphasis on the design of the new program that we have that really will have us focused, in those areas and other areas of the country, on those projects that would have a critical impact on productive fisheries. That's really where we're headed, and that's the focus of the new alignment of our program.

• (1250)

**Mr. Robert Sopuck:** Understood, and I'm a strong supporter of the realignment of the programming. And again, I don't doubt that back in those days there was lots of activity. I'm sure there was. But being on the ground there at the time, I saw little or nothing in terms of actual outcomes for fish populations that people wanted to fish.

As I said, we cannot mistake activity for actual results.

**Mr. David Balfour:** I would agree with you about the point, I will pass it over to my colleague Mr. Swerdfager to add to it.

But in terms of the analysis—and we don't have it here, but it can be provided on a province-by-province basis—historically we had been reviewing in the order of 8,000 referrals of projects. This was resulting, on average, in just above 800 actual authorizations, whereby the projects would be required to have advice and maybe approaches to mitigation to protect critical fisheries.

I think where we're headed is to see that the resources of the department are concentrated on those more critical projects and where we would be able to work with partners on the non-critical work that had been occurring in the past. As well, we would be continuing to provide operational statements and guidelines so that people could self-comply to be onside with the fish protection requirements.

Do you want to add? No?

That's the direction we're heading in, so as we go forward you'll see that the investment we'll be making is focused on what's critical.

**Mr. Robert Sopuck:** What I'm getting at is that I used to be head of a group that rehabilitated lakes. We put aerators on the lakes and allowed fish populations to grow and thrive. That is a real fisheries result. Again, that activity by itself may not generate, and more often than not does not generate, the results people want for the fish population.

You were given a fairly impossible task, then, the broad definition of fish habitat, and so on. I think the new regime we're working under now will be immeasurably better. I was very pleased to hear you talk about its benefits.

I'd like to switch gears completely now, to talk about the silver lamprey issue. It's been brought to our attention that there is a possible listing of the silver lamprey under SARA.

As you know, this committee just undertook a major study on invasive species in the Great Lakes. On the DFO website, regarding the silver lamprey, it's pointed out that the use of lampricides is one of the reasons the silver lamprey is potentially going to be listed.

What does this mean for the overall lamprey control program in the Great Lakes, which is absolutely critical to the fisheries that people want?

**Mr. David Balfour:** I'm afraid I'm going to give you a bit of a process answer, because we have advice from COSEWIC about the listing of the silver lamprey.

What lies ahead for us is to go through a recovery potential assessment and what that would require.

We would also need to carry out consultations, taking into account socio-economic considerations and so on, before we come to the minister with a recommendation about whether to go forward to the Minister of the Environment with a recommendation to list or not list. We're in the early stages of a process.

But clearly the point you've cited around the work that's being carried out in terms of the suppression of invasive sea lamprey and the implications for an indigenous lamprey species is going to be a critical point of consideration as we move forward.

I would expect that will be taken into account as we move forward with the advice.

**The Chair:** Thank you very much.

I'd like to thank officials for being with us here today and for taking the time to answer our questions. We appreciate it.

Once again, I apologize for starting late today. I think we've covered a lot of ground.

There being no further business, this committee stands adjourned.







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