



**HOUSE OF COMMONS
CANADA**

**SAFE AND WELL-FUNDED SMALL CRAFT
HARBOURS: A CLEAR PRIORITY**

**Report of the Standing Committee on
Fisheries and Oceans**

**Fabian Manning, M.P.
Chair**

DECEMBER 2007

39th PARLIAMENT, 2nd SESSION

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has the honour to present its

SECOND REPORT

Pursuant to its mandate under Standing Order 108(2), the Committee has studied the Operation and Maintenance of Small Craft Harbours and has agreed to report the following:

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SAFE AND WELL-FUNDED SMALL CRAFT HARBOURS: A NECESSARY PRIORITY

Introduction

Safe efficient harbours are essential to the economic well-being of Canada's coastal communities. Federal harbours and wharves are operated by both Transport Canada and Fisheries and Oceans Canada (DFO). For its part, DFO operates and maintains a system of harbours indispensable to the commercial fishing industry. Fishing harbours are frequently the only visible federal presence in rural and remote communities, and in many locations these facilities offer the only public access to waterways.

The Small Craft Harbours (SCH) program was created by DFO in 1972 under the authority of the *Fishing and Recreational Harbours Act* and the *Federal Real Property and Federal Immovables Act*. The program has been responsible for the construction, maintenance, and the operation of commercial fishing harbours. Through this program, DFO provided services such as moorage to commercial and recreational vessels.

Small Craft Harbours is now one of DFO's nine Program Activity sectors; it serves one of the department's three strategic outcomes: Safe and Accessible Waterways. The SCH program has three program subactivities: operations, maintenance, and divestiture. DFO expects from this program a network of harbours essential for Canada's commercial fishing industry that is open, safe, efficient and in good repair. DFO also articulated a vision for the SCH program:

The existence of a critical national network of harbours, in good working condition, capable of meeting the principal needs of the commercial fishing industry. These harbours will be operated and managed by strong, professional and independent Harbour Authorities (HAs). These HAs, representing users and local communities, will assume full responsibility for all activities at their harbours, including the management and conduct of minor maintenance activities, and provide significant financial contributions to funding their harbours.¹

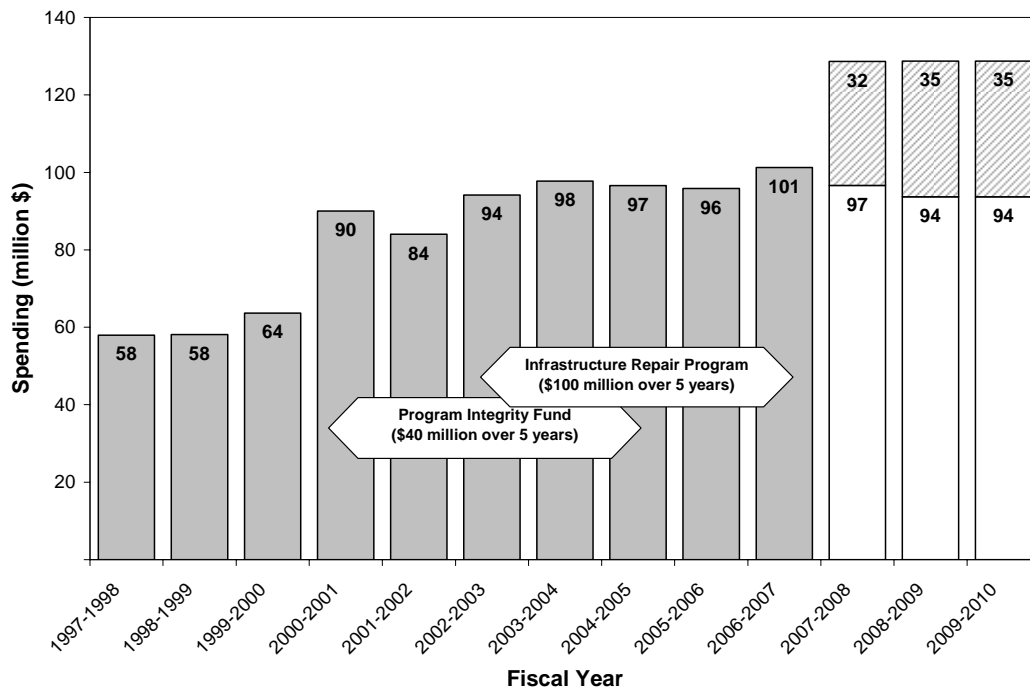
In December 2001, the House of Commons Standing Committee on Fisheries and Oceans (the Committee) presented its report on *Marine Infrastructure (Small Craft Harbours)*, which addressed the problem of chronic underfunding of DFO's SCH program. Following Program Review in 1995, the government had confirmed its previous decision to divest itself completely of its recreational harbours and rationalize the fishing harbours. As no additional funds were set aside for the divestiture process, SCH was forced to divert

1 Fisheries and Oceans Canada, document for the Committee, May 29, 2007 and November 19, 2007.

funds from its regular maintenance program with the result that, by the time of the Committee's study, 21% of the remaining facilities were in a poor or unsafe state. In its report, the Committee recommended an infusion of \$400 million over five years to bring the remaining core harbours up to an acceptable state of repair, and an additional \$28 million annually thereafter to ensure that harbours would be maintained.

In response, the federal government indicated that in Budget 2001 it had included \$20 million per year for each of the next five years for infrastructure repairs to active fishing harbours. As a result of this investment, combined with \$40 million in rust-out funding received as part of five-year Program Integrity funding, the SCH program budget was \$94 million in 2002-2003, up from \$58 million in 1997-1998 (see Figure 1). The government stressed that this would allow SCH to address all urgent safety related repairs at core fishing harbours.

Figure 1 — Actual and Planned SCH Spending, 1997-2010



Source: Public Accounts of Canada, DFO's *Report on Plans and Priorities 2007 – 2008*, and DFO, Committee Evidence, November 19, 2007.

Note: Grey bars = Actual spending; white bars = Planned or forecast spending; and hatched bars = planned spending shortfall.

Successive governments have not fully taken action on the Committee's recommendation of 2001 of investing \$400 million to bring the core harbours up to an acceptable state of repair. This recommendation had stemmed from evidence introduced by the Director General of Small Craft Harbours before the Committee. In 2001, the SCH program had assessed internally the costs to repair, to good condition, facilities in poor or unsafe condition at all its active fishing harbours. Active harbours had been reviewed individually by SCH field staff and all repair requirements were compiled and costed.

In March 2007, the Small Craft Harbours Infrastructure Repair Program came to an end after five years. The Program Integrity Fund, launched in 2000-2001, was terminated two years before, in March 2005. The Committee presented a second report in 2006, in which it recommended that the government raise the 2006-2007 Small Craft Harbours budget of \$86.6 million by \$15 million for the fiscal year 2007-2008. The report was concurred in by the House on June 6, 2006. In fact, the *Main Estimates 2007-2008* initially showed a reduction of \$20 million in the SCH budget because of the sunset of the infrastructure repair program. Committee members, as well as representatives of the National Harbour Authority Advisory Committee (NHAAC), were informed for the first time of the intention of the government to indefinitely add \$20 million to the program's base budget at a Committee hearing on March 22, 2007. The *Supplementary Estimates (A) 2007-2008* confirmed the additional funding of the program. The base budget of the SCH program now stands at \$97 million for 2007-2008, still 4.5% lower than the preceding fiscal year (see Figure 1).

Economic importance of small craft harbours

It is often said that small craft harbours are essential to the economic well-being of Canada's coastal communities. In many coastal communities, fishing harbours represent the only light industrial moorage; but in addition to moorage, harbours offer a variety of services and facilities to commercial fisheries, marine-based recreation, and other marine business and activity sectors, such as the aquaculture and commercial sport fishing industries. There are however only a few studies that have estimated the economic importance of small craft harbours in Canada.

In 2003, DFO commissioned a study to assess the economic impacts of the SCH network of fishing harbours in British Columbia. According to this study, the economic activity related to expenditures associated with the region's 101 fishing harbours for 2001-2002 totalled \$800 million (\$500 million from commercial fishing, \$200 million from marine recreation, and \$100 million from other activity such as aquaculture, marine transport, etc.). The direct economic impacts of these expenditures were estimated at \$485 million in annual gross domestic product (GDP), \$245 million in annual labour income (wages plus benefits), and 6,135 person-years of annual employment. The total impacts including direct, indirect supplier, and induced consumer spending impacts were even more important.²

2 Edna Lam and Gordon Gislason (GSGislason & Associates Ltd.), *The SCH Harbours of BC: A Major Economic and Community Asset*, Prepared for Fisheries and Oceans Canada, Small Craft Harbours, Vancouver, 2003, 27 pages.

In DFO's Maritimes and Gulf Region, harbour infrastructure supports a significant commercial fishery with landings valued at \$1.1 billion, as well as aquaculture which has a production value of about \$300 million per year. In addition, there is an important impact from processing plants and local employment in communities.³

To illustrate the economic impact of SCH at the national level, it is estimated that the 2004 total production value of the commercial fisheries, aquaculture and processing sectors reached \$7.2 billion.⁴ Approximately 90% of commercial fishermen use the SCH facilities to land their catches.⁵ In 2004, the commercial fishing harvesting, the aquaculture, and the seafood processing industries provided employment to about 87,000 people. In 2006, the combined GDP of the commercial fishing harvesting and the seafood processing industries was approaching \$2 billion.⁶

Stabilizing the SCH program base budget and securing additional funding to address the current infrastructure deficit

DFO officials have identified what they believe are the following key program challenges for Small Craft Harbours:

- Stabilization of the program base budget;
- Securing additional funding for the maintenance of core harbours;
- Addressing volunteer fatigue and need for additional support within Harbour Authorities;
- Increasing the pace of non-core harbour divestitures; and
- The need for seven new commercial fishing harbours in Nunavut.⁷

3 Jackey Richard, Committee Evidence, November 26, 2007.

4 Fisheries and Oceans Canada, Canadian Fisheries Statistics 2004, Ottawa, 2005, available at http://www.dfo - mpo.gc.ca/communic/statistics/publications/commercial/cfs/index_e.htm.

5 National Harbour Authorities Advisory Committee, Brief to the Committee, March 22, 2007.

6 Statistics Canada. This number is in 1997 constant dollars. It combines the GDP estimates for fishing, hunting and trapping (NAICS 114; the GDP estimate for the primary fishing industry accounted for 99% of this estimate in 2004) and seafood product preparation and packaging (NAICS 3117).

7 Fisheries and Oceans Canada, document for the Committee, May 29, 2007 and November 19, 2007.

According to DFO, it has addressed the first challenge with the addition of \$11 million of its 2006 \$99 million *Transformational Plan* to the SCH budget base, followed by \$8 million per year in subsequent years, as well as the annual \$20 million investment for *Small Craft Harbours — Moving toward sustainability and getting infrastructure right*. In a letter to the Committee, the Minister of Fisheries and Oceans, the Honourable Loyola Hearn, “recognize[d] that there remains a budget shortfall for the Program”⁸ despite these recent investments.

Six years after its first report on the Small Craft Harbours program, the Committee notes that some Small Craft Harbours are still by many accounts in dismal shape throughout the country. There are however, some successes also. The Committee believes that the Small Craft Harbours program deserved to be supported at a level where it would be fully functional.

The SCH infrastructure deficit, which is defined as the cost to bring fishing harbours to an acceptable state of repair, has widened in the past six years. According to Mr. Robert Bergeron, SCH Director General, it now appears that 28% of the SCH core infrastructure is in a poor or unsafe state.⁹ This is 7% more than the 2001 estimate. Mr. Bergeron further stated that:

A large majority of those structures must therefore be fenced or their use must be restricted in order to ensure people’s safety. Those structures need to be rebuilt.¹⁰

Mr. Gervais Bouchard, SCH Regional Director for the Québec region testified that:

There is no doubt, in light of our current financial resources, that we are having a very hard time keeping operations safe in all locations...So we face many problems, including user dissatisfaction because of safety and accessibility issues in inactive harbours. This is a result of the low rate of recapitalization.¹¹

He added that the safety and accessibility problems

are going to increase, because the infrastructure does not necessarily deteriorate in a linear fashion. The process speeds up over time.¹²

8 Letter of the Minister of Fisheries and Oceans to the Chair of the Committee, Mr. Gerald Keddy, received on May 28, 2007.

9 Robert Bergeron, Committee Evidence, May 29, 2007.

10 Ibid.

11 Gervais Bouchard, Committee Evidence, May 31, 2007.

12 Ibid.

In the Maritimes and Gulf Region, 66% of the infrastructure base has reached the limit of its useful lifespan, and 26% of the infrastructure is in a poor or unsafe state. Ms. Jackey Richard, Acting SCH Regional Director for that region testified that there were indeed :

a lot of structures where the barricades are causing more pressure on the other facilities there.¹³

In 2004, SCH staff updated the 2001 estimate of \$400 million to bring the core harbours up to an acceptable state of repair. The revised total cost estimate of \$475 million reflected inflation (an additional \$50 million) and continued deterioration of facilities since 2001 (an additional \$25 million). A similar figure was entered into evidence at the Committee's hearing of November 19, 2007. However, the Committee also learned that, in the absence of additional funding to address crumbling infrastructure, deterioration was estimated at 2% per year.¹⁴

Given this annual 2% deterioration rate as well as an average price index of 7.6% for non-residential building construction since 2004, the Committee believes that the amount needed to address the infrastructure deficit could be more than likely higher than \$475 million. Mr. Robert Bergeron acknowledged this when he stated:

In 2001, we stated that it would be necessary to make repairs totalling \$400 million. We haven't really done a case-by-case breakdown since then to determine whether that amount has increased to \$500 or \$600 million. We've only done updates to reflect inflation.¹⁵

The Committee recognizes that the government has invested \$100 million over five years in the Small Craft Harbours Infrastructure Repair Program in an attempt to maintain an acceptable level of repair and maintenance activity at core commercial fishing harbours. While that money, as it was originally intended, was used to address the problem of deteriorating infrastructure, it did not slow down the process. In fact, some witnesses have questioned the value of an investment that would not fully cover the need for repairs that had been assessed by the department.

What worries me the most today is that for five years the government spent 100 million dollars. All of the money was well spent, I have no doubts about that. The regions were fighting amongst themselves in order to get as much money as possible.

...

13 Jackey Richard, Committee Evidence, November 26, 2007.

14 Cal Hegge, Committee Evidence, November 19, 2007.

15 Robert Bergeron, Committee Evidence, May 29, 2007.

The 100 million dollars were so stretched out and reduced at one point in time that we are wondering if the work is sufficient to respond effectively to any and all circumstances, be it with regard to operations, to the needs of the harbour authorities or, most importantly, to the bad weather we are now seeing. The question must be put.

If today you are saying that you will be giving out 100 million dollars over five years, it is the same situation. However, if you are going to be carrying out work in fishing harbours, make sure that you are granting 20 million dollars if the cost is of 20 million dollars. Do not go putting 15 million dollars into the pot to save money when we know full well that what will be built will not be up to standard, according to Public Works and Government Services Canada or the engineers. We must be careful. At the monetary level, prudence is key. We can invest 100 million dollars in infrastructure elements that will not last 20 years as planned, but rather 10 years. This is where we have to be prudent.¹⁶

The current infrastructure deficit is in large part due a funding gap in annual maintenance and recapitalization costs that has accrued over many years. SCH is currently responsible for 1,170 harbours that together include almost 6,000 structures valued at over \$3 billion. In 2006, DFO estimated the annual maintenance and recapitalization costs at \$114 million per year based on Life Cycle Management principles applied to marine infrastructure.¹⁷ According to Mr. Robert Bergeron:

The \$114 million would enable [the program] to have a self-sufficiency budget. We could stop the deterioration and subsequently maintain all our facilities properly, repair them as necessary until they reached the end of their economic life.¹⁸

In 2007-2008, approximately 85% of the SCH program budget (not including the departmental overhead¹⁹ or “program enabler”) or \$82 million is for harbour maintenance. Of the \$82 million, \$33 million was planned for major capital spending, \$4 million for minor capital spending and \$45 million for operation and maintenance.²⁰ For the next few fiscal years, the department has planned \$79 million per year for harbour maintenance. The difference between the estimated annual maintenance and recapitalization costs and current maintenance and repair budget therefore leaves a funding gap of \$32 million this year, increasing to \$35 million in 2008-2009 and ongoing (see Figures 1 and 2).

16 Luc Legresley, Committee Evidence, November 21, 2007.

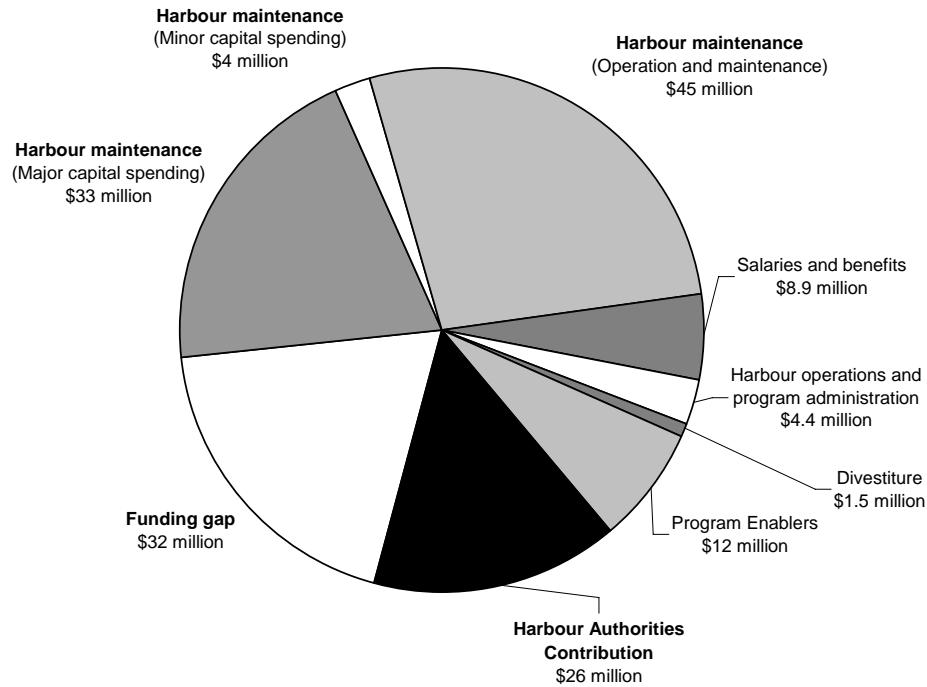
17 Fisheries and Oceans Canada, document for the Committee, May 29, 2007 and November 19, 2007.

18 Robert Bergeron, Committee Evidence, May 29, 2007.

19 When including the departmental overhead, harbour maintenance represented 75% of the budget planned for this program activity.

20 Fisheries and Oceans Canada, document for the Committee, May 29, 2007 and November 19, 2007.

**Figure 2 — Summary of the 2007-2008
Small Craft Harbours program budget and funding gap.**



Harbour Authorities representatives testified that as a result of the recurrent funding gap, the effectiveness of the Harbour Authority program has been compromised. “Some [Harbour Authorities] have not seen major repairs or improvements to their harbours for many years.”²¹ There are also added pressures to the SCH program that have not been taken into consideration. In addition to the natural erosion of infrastructure, which is believed to be amplified by climate change, and the increased costs of dredging, some of the biggest impacts on the SCH budget will come from changing fisheries. The increased usage of the harbours by Aboriginal people or by the aquaculture industry leading to overcrowding in some harbours is an example of the upcoming challenges. DFO has to ensure that all these factors are properly considered when the Life Cycle Management principles are applied.

21 National Harbour Authorities Advisory Committee, Brief to the Committee, March 22, 2007.

Status of divestiture of recreational, non-essential, and derelict harbours

Prior to Program Review in 1994-1995, DFO maintained a base of some 2,100 small craft harbours, comprising approximately 1,300 commercial and 800 recreational harbours. These harbours provided services for approximately 74,000 fishermen and 34,000 fishing vessels and represented 5% of all recreational berths in Canada. Following the review, the government decided to divest itself completely of its recreational harbours and rationalize the fishing harbours. All recreational harbours were targeted for divestiture, as well as low -activity and derelict fishing harbours (classified as “non-core”).

SCH is currently responsible for 1,170 harbours comprised of 987 fishing harbours and 183 recreational harbours. Approximately 750 fishing harbours are considered to be “core” harbours. Of the 183 recreational harbours to be divested, the process has begun for 144, and has yet to start for 39. Eighty percent of the recreational harbours still in DFO’s inventory are in Quebec and Ontario. The divestiture status of the 237 non-core fishing harbours was not entered into evidence. According to DFO however, a total of 340 harbours remain to be divested.²² There were a total of 845 recreational harbours to be divested in 1995-1996. To date, 662 recreational harbours and 308 fishing harbours have been divested.

Harbours are first offered to other federal department, provinces, municipalities, and local non-profit associations or Aboriginal people, and then divested through a tendering process to the private sector. Most of the facilities were transferred to local municipalities and non-profit associations of small coastal communities. DFO has to provide the necessary (reasonable) harbour repairs and environmental clean-up associated with transfer by either undertaking this work prior to disposal or by providing a comparable grant to the recipient instead. As part of the program, DFO also encourages harbour consolidations in areas where it would be cost effective.

As of 2005, a total of \$61.8 million has been spent since 1994-1995 on divestiture–related activities.²³ The Committee understands that a significant portion of this amount was diverted from the SCH budget for operation and maintenance leading in part to the current program funding gap for operation and maintenance. According to DFO, there has not been special divestiture funding available to the program since 2002-2003, and currently SCH is divesting approximately 15-25 harbours per year by diverting approximately \$1.5 million from the existing core maintenance budget.²⁴ At this rate, divestiture program should be completed in 17 years.

22 Fisheries and Oceans Canada, document for the Committee, May 29, 2007 and November 19, 2007.

23 Fisheries and Oceans Canada, *Departmental Performance Report 2004 - 2005*, Ottawa, 2005.

24 Fisheries and Oceans Canada, document for the Committee, May 29, 2007 and November 19, 2007.

In November 2006, DFO's Deputy Minister, Mr. Larry Murray, stated that "As far as the divestiture program is concerned... [DFO] will need about \$82 million over five years to settle the issue,"²⁵ an amount that was recently confirmed by DFO officials on November 19, 2007. Mr. Cal Hegge, Assistant Deputy Minister at DFO, said that:

Because we don't have [\$82 million], what we're doing is picking away at it piecemeal by diverting \$1.5 million out of our existing budget for them.²⁶

DFO however recognized that "even with adequate new funding of \$82 million (based on estimated reasonable pre-divestiture harbour repairs) over five years, completing divestitures within that timeframe would be optimistic because of increasing complexities."²⁷

Some of the factors contributing to this include the accelerated rate of degradation due to increased storm damages, and the cost and complexity of decontaminating SCH sites to be divested. NHAAC representatives testified that as the condition of SCH facilities to be divested is worsening and compromising either the safety or the access of users, increasing divestiture costs are to be expected.

Addressing volunteer fatigue and the need for additional support within Harbour Authorities

DFO expects to fulfil its mandate regarding SCH in part by promoting the establishment of Harbour Authorities to ensure local control over management of commercial fishing harbours. Harbour Authorities are typically non-profit, locally controlled organizations which operate and manage harbours. According to DFO, they are an efficient way of offering services, strengthening public investment and providing opportunities for communities to participate fully in the planning, operation and maintenance of harbour facilities. Each Harbour Authority is recognized as a separate legal entity, having the freedom and independence of a private business to make its own decisions, and the responsibility for its actions. There are currently 576 Harbour Authorities managing 700 fishing harbours. Harbour Authorities are responsible for all harbour operations including:

- overseeing harbour operations such as moorage and landing catches;
- providing utilities, security, recycling, and vessel launching;
- ensuring proper maintenance and clean up of the harbour;

25 Larry Murray, Committee Evidence, November 21, 2006.

26 Cal Hegge, Committee Evidence, May 29, 2007.

27 Fisheries and Oceans Canada, document for the Committee, May 29, 2007 and November 19, 2007.

- collecting fees; and
- managing the Harbour Authority business.²⁸

On March 22, 2007 and again on November 21, 2007, the Committee heard from representatives of the Harbour Authorities. The majority of Harbour Authorities is relying on volunteers to fulfil their mandate. For a few years now, these volunteers have experienced frustration due to insufficient budgets to maintain the harbours; increased complexity in harbour management; the difficulty of recruiting new volunteers; and, apprehension regarding the responsibilities and liability related to management of deteriorating facilities. Mr. Luc Legresley, Vice-Chair of the NHAAC, testified that: "Volunteers are experiencing frustration. They are physically and morally affected by the present situation. They have given a lot to their community, and when they see their fishing harbour deteriorate from year to year for lack of funding, they become discouraged."²⁹

According to NHAAC representatives, the contribution by volunteers is significant: "there are currently more than 5,000 volunteers working in fishing harbours in Canada. Harbour authority revenues total approximately \$11 million annually. The volunteer effort approximates 135,000 hours a year, which corresponds to about 70 full-time people. In addition, harbour authorities engage approximately 125 full-time staff. When you combine the two, you see that harbour authorities provide approximately \$25.5 million a year in time and money in the context of the Small Craft Harbours Program. If the harbour authorities did not exist, taxpayers across Canada would have to find a way to pay \$25.5 million more every year to satisfy fishing harbour users. Consequently, the contribution of all administrators and members of harbour authorities cannot be neglected."³⁰ These estimates were confirmed by DFO officials.³¹

The Committee heard that, despite the current funding pressures, by all accounts the relationship between the Harbours Authorities and the DFO's SCH staff is very good. In response to the Harbour Authorities' concerns, DFO has increased its support to Harbour Authorities, although constrained by the current financial resources of the program. This support includes the following:

- providing \$100,000 per region annually to deal with volunteer fatigue;
- covering the costs for third party liability insurance;

28 National Harbour Authorities Advisory Committee, Brief to the Committee, March 22, 2007.

29 Luc Legresley, Committee Evidence, March 22, 2007.

30 Ibid.

31 Cal Hegge, Committee Evidence, November 19, 2007.

- providing contribution to the newly incorporated Harbour Authority Corporation for Director & Officers and Accidental Death & Dismemberment insurances; and
- working jointly with the NHAAC on various initiatives such as promotion programs, training packages, administration, operations and maintenance manuals.

DFO would also like to improve harbour conditions to a level that would facilitate moving to a market rate fee structure which would provide more revenues for harbour reinvestment, hiring professional staff, and consequently place less dependence on volunteers to do the work. According to the department, “these improvements combined with other opportunities for [Harbour Authorities] to share staff and amalgamate into larger entities would permit them to take a more hands-on involvement in managing the maintenance and repair work at their harbours and would facilitate the planning of harbour infrastructure on a broader area basis.”³² Ms. Geraldine Nickerson, Harbour Manager, Harbour Authority of Woods Harbour (Nova Scotia), echoed the department’s goal when she said that:

As far as major repairs, expansions, and being dependent on the government, ... we don’t feel we should be constantly going to the government with our hand out. It isn’t the right way to do business. If we’re going to be looking at operating as a business, then we should be taking some responsibility for generating our own revenue.³³

The Committee has requested from the representatives of Harbour Authorities information to determine their minor and major capital requirements in the next few years to meet the emerging needs in new fisheries, including aquaculture and aboriginal fisheries, to accommodate vessel size changes, as well as meet the expectations from their membership. Understandingly, given the short time since this request was made, the Committee has not yet received a response. It will however, pursue the matter further in the next phase of its study on Small Craft Harbours.

Development of new SCH infrastructure in Nunavut

Nunavut has entered a period during which it will have to build new infrastructure to sustain its economic development. In terms of fisheries, commercial fisheries such as the eastern Arctic shrimp and turbot have the most immediate and greatest development potential. Significant increase in economic spin-offs in terms of employment and capacity building are expected to emerge from the development of the territory’s fish harvesting, processing and marketing sectors. Without functional harbours however, this will likely not happen. For a few years now, the governments of Canada and Nunavut have discussed to find out how to best address the infrastructure challenge. An intergovernmental committee

32 Fisheries and Oceans Canada, document for the Committee, May 29, 2007 and November 19, 2007.

33 Geraldine Nickerson, Committee Evidence, November 26, 2007.

established by the Deputy Minister of Nunavut's Department of Community Development and Transportation, and DFO's Deputy Minister was mandated to review and assess Nunavut's request for financial assistance for harbour infrastructure from SCH. The joint assessment was completed in 2004-2005, and a revised report was released in 2006.³⁴ It supports Nunavut's request for fishing harbour infrastructure in seven small communities, namely Pangnirtung, Clyde River, Qikiqtarjuaq, Pond Inlet, Chesterfield Inlet, Repulse Bay and Kugaaruk. According to DFO officials, building this infrastructure is within the mandate of the SCH Program, but additional funding would be required: \$43.9 million (2008 estimate) for the construction of the seven harbours, \$2.2 million for project implementation, both over five years, and \$1.84 million ongoing for their future maintenance and repair.³⁵

Small Craft Harbours as a government priority

The *2007-2008 Report on Plans and Priorities* for DFO describes seven program priorities, all of which are ongoing. They include: Fisheries Renewal; International Governance; Aquaculture Governance; Oceans Action Plan; Science Renewal; Canadian Coast Guard Rejuvenation; and, Environmental Process Modernization.³⁶ Under each of these priority areas, the department has described deliverables and expected results. The SCH program is not included in these priority areas. The Committee believes that identifying the SCH program as a departmental priority would help secure more funding for the program. Nevertheless, the Committee also believes that DFO officials are convinced of the urgent need for increased funding for the SCH program and are committed to further proposals to Cabinet and Treasury Board for increased funding.

Concluding remark and recommendations

Whereas the House of Commons Standing Committee of Fisheries and Oceans:

- Understands that safe efficient harbours are essential to the economic well-being of Canada's coastal communities;
- First studied the deterioration of Small Craft Harbour facilities in 2001 and, at that time, called on the government to make a significant investment to bring core harbours up to an acceptable state of repair;

34 Government of Nunavut and Fisheries and Oceans Canada, *Nunavut Small Craft Harbours Report*, 2006 (revised), 115 pages.

35 Fisheries and Oceans Canada, document for the Committee, May 29, 2007 and November 19, 2007.

36 Fisheries and Oceans Canada, *2007-2008 Estimates: Part III — Report on Plans and Priorities*. Treasury Board of Canada Secretariat, Ottawa, 2007, http://www.tbs-sct.gc.ca/rpp/0708/FO-PO/FO-PO_e.asp.

- Understands that many communities are risking the loss of an essential building block of their economic development;
- Due to the urgency of the state of small craft harbours agreed to submit this interim report to address only immediate funding needs as the timing coincides with the current planning period of the next budgetary cycle;
- Intends to pursue its study of Small Craft Harbours further in 2008 by exploring a number of issues including:
 - The state of disrepair of SCH by region;
 - Identification of the most critical needs for added funding;
 - A review of the Harbour Authorities management model after 20 years;
 - The consistency of SCH management across regions;
 - Successes and failures of divestiture of harbours and transfer to local interests;
 - The status of divestiture of recreational, non-essential, and derelict harbours;
 - The impact of changing fisheries, climate change, increased dredging needs and costs, and wharf overcrowding;
 - The need of emerging sectors such as Aboriginal fisheries, aquaculture and commercial sport fishing;
 - The need in Canada's North for more fishing harbour infrastructure than the seven proposed facilities in Nunavut.

The Committee therefore recommends the following:

That the Government of Canada invest sufficient funds to bring the Small Craft Harbour core infrastructure up to a quality and safety level corresponding to approved engineering standards.

That the Government of Canada immediately increase the budget for Small Craft Harbour maintenance and recapitalization to a level consistent with the principles of life cycle management.

That the Government of Canada invest \$82 million over the next five years to complete the Small Craft Harbour divestiture program.

That the Government of Canada follow through with its commitment to invest \$46 million over five years for the construction of the seven harbours in Nunavut and for project implementation. Furthermore, the Small Craft Harbour base budget should be increased to fund the future maintenance and repair of the Nunavut harbours.

Also, the Committee recommends:

That the Government of Canada increase financial contributions to Harbour Authorities and to regional Small Craft Harbour branches to alleviate the excessive responsibilities of volunteers, and address training needs.

That Fisheries and Oceans Canada undertake a study to determine the impact of changing fisheries, climate change, increased dredging needs and costs, wharf overcrowding and the need of emerging sectors such as Aboriginal fisheries, aquaculture and commercial sport fishing on the Small Craft Harbours infrastructure. This study should determine to what extent there is a need to enhance existing or build new facilities, as well as estimate any necessary funding requirements.

Furthermore, the Department should analyze the impact of departmental policies such as the vessel replacement rules on boat size and the current capacity of fishing wharves.

SUPPLEMENTARY OPINION BY THE NEW DEMOCRATIC PARTY

The Standing Committee on Fisheries and Oceans Report on Safe and Well-Funded Small Craft Harbours:

A Necessary Priority Supplementary Opinion

Peter Stoffer, MP (Sackville-Eastern Shore) December 2007

I have been a member of the Standing Committee on Fisheries and Oceans for the last ten years, and was pleased to participate in the process that led to the creation of this interim report. I have no objections to the overall foundation, direction and structure of this report but ask that the Committee strengthen and clarify several points in the report. They include the following:

Stabilizing the SCH program base budget and securing additional funding to address the current infrastructure deficit

This section states (page 9):

DFO has to provide the necessary (reasonable) harbour repairs and environmental clean-up associated with transfer by either undertaking this work prior to disposal or by providing a comparable grant to the recipient instead.

It is the NDP's position that any divestiture of wharves or small craft harbours must have financial and human resources in place long before the divestiture takes place.

Furthermore, the NDP maintains that the federal government must continue to be a partner in supporting small craft harbours and wharves - even after the divestiture of a small craft harbours (SCH) to local Harbour Authorities. The federal government should continue to remain a partner after the divestiture to assist with necessary maintenance like dredging or critical repairs to infrastructure. Fishermen and SCH boards simply cannot afford to pay or raise money for critical infrastructure improvements. Fishermen and coastal communities should not be required to shoulder the burden for critical infrastructure improvements to small craft harbours. In so many remote regions of our country, small fishing harbours are indispensable and remain critical infrastructure for economic development opportunities in our coastal communities.

I want to thank all the members of the Committee and witnesses who participated in the process that led to the development of this report. I trust that you will give my suggestions serious consideration and I thank you for the opportunity to provide my input.

Sincerely,

Peter Stoffer MP
Sackville - Eastern Shore

APPENDIX A LIST OF WITNESSES

Organizations and Individuals	Date	Meeting
39th Parliament, 1st Session		
<p>Department of Fisheries and Oceans</p> <p>Cal Hegge, Acting Assistant Deputy Minister, Human Resources and Corporate Services</p> <p>Robert Bergeron, Director General, Small Craft Harbours</p> <p>Bill Goulding, Regional Director , Small Craft Harbours, Newfoundland and Labrador Region</p>	2006/05/30	4
<p>National Harbour Authority Advisory Committee</p> <p>Osborne Burke, Chairperson, Maritimes and Gulf</p> <p>Luc Legresley, Vice-Chair, Quebec</p> <p>Bob Baziuk, Secretary, British Columbia</p>	2007/03/22	45
<p>Department of Fisheries and Oceans</p> <p>Cal Hegge, Assistant Deputy Minister, Human Resources and Corporate Services</p> <p>Robert Bergeron, Director General, Small Craft Harbours</p> <p>Micheline Leduc, Director, Harbour Operations and Engineering</p>	2007/05/29	57
<p>Department of Fisheries and Oceans</p> <p>Gervais Bouchard, Regional Director, Small Craft Harbours, Quebec Region</p> <p>Bill Goulding, Regional Director , Small Craft Harbours, Newfoundland and Labrador Region</p> <p>Al Kathan, Acting Regional Director, Small Craft Harbours, Central and Arctic Region</p>	2007/05/31	58
<p>Jacobs Consultancy Canada Inc.</p> <p>Matthew Bol, Director</p>	2007/06/05	59

39th Parliament, 2nd Session

Department of Fisheries and Oceans

2007/11/19

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Cal Hegge, Assistant Deputy Minister,
Human Resources and Corporate Services

Robert Bergeron, Director General,
Small Craft Harbours

Micheline Leduc, Director,
Harbour Operations and Engineering

National Harbour Authority Advisory Committee

2007/11/21

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Osborne Burke, Chairperson,
Maritimes and Gulf

Luc Legresley, Vice-Chair,
Quebec

Bob Baziuk, Secretary,
British Columbia

Bruce Benson, Member,
Central and Arctic

Morris Fudge, Member,
Newfoundland and Labrador

David Tomasson, Member,
Central and Arctic

Department of Fisheries and Oceans

2007/11/26

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James Boland, Regional Director,
Strategic Initiatives, Pacific Region

Jackey Richard, Acting Regional Director,
Small Craft Harbours, Maritimes and Gulf Region

Harbour Authority of Woods Harbour

Geraldine Nickerson, Harbour Manager

Association des pêcheurs propriétaires des Îles-de-la-Madeleine

2007/11/28

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Mario Desrape, President

Léonard Poirier, Director General

Harbour Authority of North Lake

Sheila Eastman, Harbour Manager

APPENDIX B LIST OF BRIEFS

Organizations

39th Parliament, 1st Session

Jacobs Consultancy Canada Inc.

National Harbour Authority Advisory Committee

39th Parliament, 2nd Session

National Harbour Authority Advisory Committee

MINUTES OF PROCEEDINGS

A copy of the relevant Minutes of Proceedings [\(39.1 Meetings Nos.4, 45, 57, 58 and 59\)](#) and [\(39.2 Meetings Nos. 2, 3, 4, 5, 7 and 8\)](#) is tabled.

Respectfully submitted,

Fabian Manning, MP
Chair

MINUTES OF PROCEEDINGS

Meeting No. 8

Monday, December 10, 2007

The Standing Committee on Fisheries and Oceans met *in camera* at 3:38 p.m. this day, in Room 208, West Block, the Chair, Fabian Manning, presiding.

Members of the Committee present: Raynald Blais, Hon. Gerry Byrne, Blaine Calkins, Randy Kamp, Yvon Lévesque, Hon. Lawrence MacAulay, Fabian Manning, Bill Matthews, Scott Simms and Peter Stoffer.

Acting Members present: Rick Dykstra for Gerald Keddy, Rob Moore for Mike Allen and Daniel Petit for Gerald Keddy.

In attendance: Library of Parliament: François Côté, Analyst. *House of Commons:* Julia Lockhart, Committee Clerk.

Pursuant to Standing Order 108(2) and the motion adopted by the Committee on November 14, 2007, the Committee resumed its study of the Operation and Maintenance of Small Craft Harbours.

The Committee resumed consideration of a draft report.

It was agreed, — That the draft report , as amended, be adopted.

It was agreed, — That the report be entitled: Safe and Well-Funded Small Craft Harbours: A Necessary Priority.

It was agreed, — That the Chair, Clerk and Analyst be authorized to make such grammatical and editorial changes as may be necessary without changing the substance of the report.

It was agreed, — That the Chair present the report to the House.

It was agreed, — That the Committee append to its report dissenting and / or supplementary opinions provided that they are no more than two (2) pages in length and submitted electronically to the Clerk of the Committee no later than 12:00 p.m., on Tuesday, December 11, 2007.

The Committee proceeded to the consideration of matters related to Committee business.

It was agreed, — That the Clerk prepare travel plans with a budget for the continuation of the study on the Operation and Maintenance of Small Craft Harbours in 2008.

At 5:09 p.m., the Committee adjourned to the call of the Chair.

Stephen Knowles
Clerk of the Committee